


APPROVED

by the General meeting of shareholders
of the Public Joint Stock Company
"M.video"
(Minutes №21 dated June 23, 2016)


/John Coleman/
Chairman of the General meeting of shareholders

**REGULATION
ON
THE BOARD OF DIRECTORS
Public Joint Stock Company
"M.video"**

Article 2. Composition of the Board of Directors

2.1. As set out in the Charter of the Company, at least 7 (seven) persons shall be elected to the Board of Directors of the Company. The quantitative composition of the Board of Directors shall be determined by the decision of the General meeting of shareholders as provided by legislation of the Russian Federation and Charter of the Company.

2.2. Only individuals may become members of the Board of Directors of the Company. A member of the Board of Directors may own shares of the Company.

2.3. Persons elected to the Board of Directors of the Company may be re-elected to the same governing body an unlimited number of times.

2.4. The Board of Directors shall be headed by the Chairman of the Board of Directors Independent Director.

2.5. The Board of Directors shall be composed by not less 1/3 of the all the Board members and not less than 3 (three) independent directors. The director is not independent if he/she:

- 2.5.1. Is tied up with the Company
- The director shall be recognized as the person tied up with the Company if he/she is listed related person:
- is or was during last 3 (three) years a member of the executive bodies or an employee of the Company (its subsidiary or persons controlling the Company);

Moscow, 2016

Article 1. General Provisions

1.1 This Regulation on the Board of Directors (hereinafter – the “Regulation”) was approved pursuant to the Federal Law “On joint stock companies” (hereinafter – the “Law”) and other laws of the Russian Federation and the Charter of PJSC “M.video” (hereinafter – the “Company”), and determines the time and procedure of calling and holding meetings of the Board of Directors, the procedure of taking decisions by it, rights and obligations of the members of the Board of Directors and other matters related to the activity of the Board of Directors.

1.2. The Board of Directors is a collegial governing body and shall provide general governance of the Company’s activities excepting the matters referred to the authority of the General meeting of shareholders.

The authority of the Board of Directors, the number of votes of Board members required to pass a decision on matters referred to the authority of the Board of Directors shall be determined in accordance with the Law and the Company’s Charter.

1.3 In its activity the Board of Directors shall be guided by legislation of the Russian Federation, the Company’s Charter, this Regulation and other internal documents of the Company.

1.4 The main objectives of the Board of Directors shall be increase of the profitability and competitiveness of the Company, maintenance of its stable financial and economic condition, assistance in implementation of, adherence to and protection of rights and legal interests of the Company’s shareholders and procurement of completeness, reliability and objectivity of public information about the Company.

1.5. The Board of Directors provides strategic advice to the Company’s management by following the main principles:

- decision making based on reliable information on the Company’s activity;
- exclusion of any limitations of shareholders’ rights on participation in the management of the Company’s activity and on receipt of the dividends;
- finding a balance of interests of different shareholders and objective decision making in the interests of all shareholders of the Company.

Article 2. Composition of the Board of Directors

2.1. As set out in the Charter of the Company, at least 7 (seven) persons shall be elected to the Board of Directors of the Company. The quantitative composition of the Board of Directors shall be determined by the decision of the General meeting of shareholders as provided by legislation of the Russian Federation and Charter of the Company

2.2. Only individuals may become members of the Board of Directors of the Company. A member of the Board of Directors may own shares of the Company.

2.3. Persons elected to the Board of Directors of the Company may be reelected to the same governing body an unlimited number of times.

2.4. The Board of Directors shall be headed by the Chairman of the Board of Directors – independent director.

2.5. The Board of Directors shall be composed by not less 1/5 of the all the Board memebtrs and not less than 3 (three) independent directors. The director is not independent if he/she:

2.5.1. Is tied up with the Company:

The person shall be recognized as the person tied up with the Company if he/she or his/her related persons:

- is or was during last 3 (three) years a member of the executive bodies or an employee of the Company (its subsidiarity or persons controlling the Company);

- in the course of the last 3 (three) years received remuneration or any other material benefits from the Company (its subsidiary or persons controlling the Company) in the amount exceeding half of the annual fixed remuneration fee of the Board member of the Company¹;
- is the owner of the Company's shares (or its beneficiary) comprising more than 1% (one percent) of the charter capital of the Company²;
- is a member of the executive bodies or an employee of the legal entity whose remuneration is approved by the RemCom under the Board of this legal entity if such member of the executive bodies or an employee is also a member of the RemCom of this legal entity;
- renders consulting services to the Company (its subsidiaries or persons controlling the Company) or takes positions in the executive bodies of the legal entity rendering such consulting services to the Company (its subsidiaries or persons controlling the Company) or its employees;
- renders or in the course of the last 3 (three) years was rendering to the Company (its subsidiaries or persons controlling the Company) evaluation services, tax advice services or accounting services or during last 3 (three) years took positions in the executive bodies of the legal entity rendering such services to the Company (its subsidiaries or persons controlling the Company) or its employees or took positions in the executive bodies of the rating agency of the Company or was an employee of such legal entity or rating agency personally involved in rendering of the above services;

The person shall be also recognized as the person tied up with the Company if he/she is a member of the BoD of the Company for the period of more than 7 years (in the aggregate).

2.5.2. Is tied up with the substantial shareholder(s) of the Company:

The person shall be recognized as the person tied up with the substantial shareholder(s) of the Company if he/she or his/her related persons:

- is an employee or a member of the executive bodies in the legal entity being a substantial shareholder of the Company (or legal entities controlling the substantial shareholder of the Company);
- in the course of the last 3 (three) years received remuneration or any other material benefits from the substantial shareholder of the Company (or legal entities controlling the substantial shareholder of the Company or being its subsidiaries (if such information is available)) in the amount exceeding half of the annual fixed remuneration fee of the Board member of the Company.
- **A person authorized** directly or indirectly (through the persons being under his/her control) solely or jointly with other persons (related with him/her by the trust agreement and (or) simple partnership agreement and (or) by agency agreement and (or) by shareholders agreement and (or) any other agreement with the subject matter **to exercise rights of holding of 5% and more percent of the voting shares comparing the charter capital of the Company shall be recognized as a substantial shareholder of the Company.**

2.5.3. Is tied up with the substantial counterparty(ies) or competitor of the Company:

¹ *An actual income received from the Company or its subsidiaries (companies under control) in the course of any of the last 3 (three) years shall be compared to the basic (fixed) Board remuneration payable to the independent Board members as at the moment of the independency assessment according to the Policy on remunerations and compensations payable to the Board of directors of the Company. If such Policy is not adopted or is not available, basic (fixed) Board remuneration approved for payment at the last Annual General Shareholders Meeting shall be used as a comparative base. When financial benefits are analyzed payments or compensations made to such Board members as remuneration and compensation for the performance in the Company's or its subsidiaries' Board of directors, including inter alia payments under D&O insurance policy and income from the dividends per Company or its subsidiaries shares shall not be counted.*

² *An individual who based on the agreement or based on the other grounds finally receives directly or indirectly (through the third parties) financial benefits on the Company shares shall be recognized the beneficiary on the shares of the Company.*

- is an employee or a member of the governing bodies in the legal entity being a substantial counterparty or competitor of the Company;
- is a shareholder or beneficiary of shares in the charter capital of a substantial counterparty or competitor of the Company comprising more than 5%.

By a substantial counterparty is meant the person being the Company's counterparty under agreement which provides payment obligations in the current moment or in the course of the last year amounts 2% (two) or more percent of the balance value of the consolidated Company's assets or such a counterparty as at the last reporting date preceding the moment of assessment of the counterparty as a substantial or amounts 2% (two) or more percent of the consolidated revenue (income) of the Company or such a counterparty as at the last reporting date preceding the moment of assessment of the counterparty as a substantial. If the counterparty does not keep consolidated financial statements, data of the accounting reports can be used.

2.5.4. Is tied up with the State (Russian Federation or constituent of the Russian Federation) and municipal bodies;

The person shall be recognized as the person tied up with the State or municipal bodies if he/she or his/her related persons:

- is or was in the course of one last year preceding the elections to the Board of the Company governmental officer or an employee of the Central Bank of Russia;
- is a representative of the Russian Federation or constituent of the Russian Federation or its municipal unit in the Board of directors of the legal entity which has special rights (golden share);
- undertakes to vote on items within Board's authority according to the Directive of the Russian Federation or constituent of the Russian Federation or its municipal unit;
- is or was in the course of one last year preceding the elections to the Board of the Company an employee or member of the executive bodies of the state or municipal unitary enterprise (organisation) controlled by the Russian Federation or constituent of the Russian Federation or its municipal unit or an employee of the state or municipal unitary enterprise (organisation) excluding educational and scientific organisations however excepting those employees decisions on the appointments of which are taken by the governmental authorities) nominated to the Board of the Company if such a Company is under control of the Russian Federation or constituent of the Russian Federation or its municipal unit holding more than 20% of the charter capital.

2.5.5. The following are the related persons of the individual: spouses, parents, children, adopted children, adoptive parents, full and half - blood sisters and brother, grandmothers, grandfathers and other persons living together with the said individual and keeping the house with him/her.

2.6. Upon expiration of 7 (seven) years term of membership in the Board of Directors an independent director can be recognized as an independent director by the Board of directors of the Company in the exceptional cases when the total term of Board membership does not exceed 12 (twelve) years given to the well-reasoned grounds of such recognition of the Board director as an independent and subject to the compliance with all other independency criteria provided in the present Regulation and (or) effective listing rules of the Moscow stock exchange at the date of the decision made by the Board of directors. Such Board's resolution shall be disclosed on the Company's website.

2.7. If status of independency changes due to certain circumstance after elections to the Board of Directors of the Company, the director shall file a notification to the Board of directors indicating such circumstances. The Board of Directors then shall assess these circumstances and take a corresponding decision. .

Article 3. Election of members of the Board of Directors

3.1. Members of the Board of Directors shall be elected by the general meeting of the shareholders for the term till the next Annual general meeting of the shareholders. If Annual general meeting of the shareholders was not convened within provided time period, authority of the Board of directors terminates excluding however authority to call for the Annual general meeting of the shareholders.

3.2. Members of the Board of Directors shall be elected by cumulative voting. Under cumulative voting the number of votes held by each shareholder is multiplied by the number of persons to be elected to the Board of Directors of the Company. A shareholder is entitled to give all votes thus received to one candidate or distribute them among several candidates to the Board of Directors of the Company. Candidates receiving the largest number of the votes shall be deemed elected to the Board of Directors of the Company.

3.3. Shareholder(s) owners in the aggregate of at least 2 (two) percent of the voting shares of the Company are entitled to nominate candidates to the Board of Directors of the Company, and the number of such candidates may not exceed the total number of the Board of Directors. Proposals on such nominations shall be received by the Company not later than 60 days after the fiscal year end. Proposal on nomination of candidates to the Board of Directors of the Company may be part of the request on calling of the Extraordinary general meeting of shareholders of the Company.

If a proposed agenda of the Extraordinary general meeting of shareholders contains an item on the election of members of the Board of Directors, shareholder(s) owners in the aggregate of at least 2 (two) percent of the voting shares of the Company are entitled to nominate candidates to the Board of Directors of the Company, the number of which may not exceed the total number of the Board of Directors. Proposals on such nominations shall be received by the Company at least 30 (thirty) days before the date of the Extraordinary general meeting of shareholders.

Shareholder(s) not registered in the shareholders' register of the Company are entitled to propose items to the agenda of the General shareholders' meeting and propose candidates for nomination to the executive and controlling bodies of the Company also by filing of corresponding instructions to the person carrying out record-keeping of his ownership rights. Such instructions are given in accord to the Laws on securities of the Russian Federation.

3.4. Proposal on nomination (self-nomination) of a candidate (candidates) to the Board of Directors shall contain the following information on the nominated candidates:

- Name of the body to which the candidate is nominated (the Board of Directors of the Company);
- Last name, first name and patronymic;
- Year and Date of birth;
- citizenship and information on having 2 (two) and more citizenships;
- Education (name of the educational institution and year of graduation);
- Details of the document identifying the individual (number of the document, date and place of its issue, body issued the document);
- Name of the position taken at the main place of employment as of the date of filling the proposal on nomination of the candidate, information on membership in governing and controlling bodies of other legal entities for the last 5 (five) years;
- Employment record for the last 5 (five) years, including names of the positions held;
- The candidate's affiliated persons (including last name, first name, patronymic or company name, grounds for affiliation);
- Restrictions (prohibitions) imposed by legislation of the Russian Federation and (or) any court judgments rejecting the occupation of the positions in the governing bodies of commercial organizations and (or) engagement in certain activities;

- Information on whether the candidate independently or together with his affiliated person (persons) holds 20% (twenty) or more percent of the voting shares (contributions) in the commercial organizations;
- The candidate's residence address and contact telephone number.

The proposal on nomination of the candidates to the Company's Board of directors shall be made by the shareholder(s) with an indication to the shareholder(s)' name (company name), number and category (type) of the shares owned and signed by the shareholder(s) or his/her representative submitting such a proposal.

The candidate's written consent to nominations (except for cases of self-nomination) and confirmation by the candidate of completeness and reliability of the personal information listed above shall be enclosed to the proposal on the nomination.

3.5. By decision of the general meeting of shareholders authority of all members of the Board of Directors may be terminated before expiration of their term of office.

3.6. If the number of the Board members becomes less than the number constituting a quorum, the Board of Directors of the Company shall call the Extraordinary general meeting of shareholders for the purpose of electing a new Board of Directors. Remaining members of the Board of Directors are entitled to pass a resolution only on convocation of such Extraordinary general meeting of shareholders.

Article 4. Chairman of the Board of Directors

4.1. The Chairman of the Board of Directors is elected from among members of the Board of Directors by open simple majority voting of the total number of members elected to the Board of Directors of the Company.

The Chairman of the Board of Directors may be reelected at any time by open simple majority voting of the total number of members elected to the Board of Directors of the Company.

A member of the Board of Directors may be elected as the Chairman of the Board of Directors an unlimited number of times.

The General Director of the Company or its subsidiaries may not simultaneously be the Chairman of the Board of Directors of the Company.

4.2. The Chairman of the Company's Board of Directors shall:

- Organize the work of the Board of Directors;
- Call and convene meetings of the Board of Directors on his own initiative, as well as upon request of the Board members, the Revision Commission, the auditor or the General Director (managing company, manager) of the Company;
- Define the form of the Board meeting excluding cases when a request on convention of the Board meeting contains expressly the Board meeting in a joint presence;
- Distribute responsibilities among members of the Board of Directors;
- Determine the date of the Board meetings or the last date of the ballots' receipt if the Board meeting is held by absentee voting;
- Chair, open and close Board of Directors' meetings;
- Announce voting results on items of the agenda and organize record of the minutes of the Board of Directors' meeting;
- Sign on behalf of the Company an agreement with the person elected to the position of the General Director (appointed by the managing company or manager);
- Chair the general meeting of shareholders of the Company unless provided otherwise by the decision of the general meeting of shareholders;
- Organize establishment of the committees of the Board of Directors, ensure effective activity of the committees of the Board of Directors, take the initiative on nomination of the Board

members to this or that committee basing on their professional background, personal skills and proposals of the Board members on the establishment of the committees;

- Ensure timely and accurate date (material) provision to the Board members;
- Cooperate with the corporate secretary of the Company;
- Ensure effective cooperation between the Board of Directors and shareholders of the Company;
- Organize the development of the Board of Directors' action plan, the control over execution of the decisions made by the Board of Directors, the formation of the agenda of the Board meeting, development of the most effective decisions on the agenda items, free discussion of the agenda items, the constructive atmosphere of the Board of Directors' meetings;
- Take all measure to ensure timely and accurate provision to the Board members of materials necessary for taking a decision on items of the agenda of the Board of Directors' meetings;
- Take the initiative on the formation of the draft decisions on items of the agenda of the Board of Directors' meetings;
- Keep a permanent contact with all managing bodies and officers of the Company or its subsidiaries in order to receive maximum full and accurate information necessary for the Board of Directors when decision making;
- Organize the work on assessment of the quality of the Board of Directors' activity.

4.3. In the absence of the Chairman of the Company's Board of Directors one of the Board members appointed by the Board of directors shall perform his functions. The decision shall be taken by the majority of the votes participated in the meeting.

4.4. If necessary, the Board of Directors may elect one or several deputies of the Chairman of the Board of Directors.

Article 5. Procedure of preparation and holding of the Board of Directors' meeting

5.1. A quorum for holding a meeting of the Board of Directors shall be at least half of the elected members of the Board of Directors. In case of absentee voting a quorum shall be deemed present, if by the last date for the ballots' receipt at least half of the elected members of the Board of Directors of the Company signed and submitted to the Corporate Secretary their ballots on items of the agenda of the Board of Directors' meeting.

5.2. Meetings of the Board of Directors are held according to the schedule and can be called as needed by the Chairman of the Board of Directors on his own initiative, upon request of a Board member, the Revision Commission, the auditor or the General Director (managing company, manager) of the Company.

5.3. A request on holding of the Board of Directors' meeting shall be in writing and shall contain:

- Indication as to the initiator of the meeting;
- Items to the agenda and draft resolutions on such items of the agenda;
- Necessity and grounds for inclusion of the items in the agenda;
- Signature of the person initiating the meeting.

The request addressed to the Chairman of the Board of Directors shall be delivered by post or courier or mailed to the Corporate secretary email address or hand delivered personally by the initiator at the legal address of the Company at: Russia, 105066, Moscow, 40/12 Nizhnyaya Krasnosel'skaya str., building 20.

5.4. The Chairman of the Board of Directors shall review the request on calling of the Board of Directors' meeting and decide whether to hold it or not within 5 (five) days from the date when the request was filed.

The Chairman of the Board of Directors shall notify the initiator of the Board meeting convention of his decisions within 2 (two) days from the date of such a decision.

5.5. The Chairman of the Board of Directors is entitled to refuse the initiator in convention of the meeting of the Board of Directors in the following cases:

- The initiator of a the Board meeting is not a person specified by clause 5.2 hereof;
- The item proposed for inclusion to the agenda of the Board of Directors' meeting does not refer to the authority of the Board of Directors;

The request on holding of the Board of Directors' meeting does not comply with the provisions of this Regulation, Charter or other internal documents of the Company.

5.6. Preparation on holding of the Board of Directors' meetings is the responsibility of the Corporate secretary. When preparing for a meeting the corporate secretary shall:

- Prepare and submit to the Chairman of the Board of Directors for approval the agenda of the Board of Directors' meeting;
- Organize notification of the Board of Directors and attendees of the time, place and form of the Board of Directors' meeting by e-mail delivery and/or by registered mail delivery or by courier;
- Organize preparation of the materials related to the agenda of the Board of Directors' meeting;
- Make available the materials related to the agenda of the meeting to all members of the Board of Directors not later than 5 (five) days before the date of the Board of Directors' meeting (through uploading the materials by using a special software and/or by e-mail delivery and/or by registered mail delivery or by courier);
- Perform other functions provided by the Regulation on the Corporate secretary of the Company, Charter or other internal documents of the Company.

The Chairman of the Board of Directors shall be responsible for preparations of the Board of Directors' meetings.

5.7. Any additional items may be included to the agenda in the course of the Board meeting, subject to the consent of all members of the Board of Directors participated in the meeting excepting those Board members who quit its service. Information on such a consent shall be reflected in the Board Minutes.

5.8. A written notification on holding of the Board of Directors' meeting shall be made to each member of the Board of Directors and each attendee in the manner prescribed by clause 5.6. of this Regulation not later than 5 (five) days before the date of the Board of Directors' meeting. Notification on holding of the Board meeting (absentee voting) shall contain the postal and (or) email address where signed ballots or written opinions of the Board members can be delivered. If the Board meeting is held by absentee voting ballot paper shall be enclosed to the notification on holding of the Board of Directors' meeting.

If the Board of Director's meeting is held in a form of the joint presence, any member of the Board of Directors may participate personally or such Board meeting may be held by means of video/telephone/internet connection. In the meeting of the Board of Directors is digitally recorded, minutes of the Board meeting shall contain information on the consent of all Board members on such recording.

5.9. If holding of the Board of Directors' meeting turns to be impossible in place and/or at a time on which the Board members were notified, the Board meeting can be held in another place and/or at another time however with the same agenda. The Board of Directors shall be notified on any such changes beforehand so that the Board members have enough time to get to the Board meeting on time. Notification on such changes can be made in any manner which guaranteed the Board members receive the notice at their residence address or at the address where they receive correspondence. Notification on changes introduced to the agenda of the Board meeting shall be made by manner provided for notification on holding of the Board of Directors' meeting (absentee voting).

5.10. Board members and persons invited to the Board meeting on separate items of the agenda are entitled to speak when discussing materials of the agenda, make proposals, provide comments and

specifications, and give clarifications as to the subject matter of the issues discussed. Discussion of the agenda item terminates upon motion of the Chairman of the Board of Directors.

5.11. Meetings of the Board of Directors are held when necessary but not less than once a quarter. Schedule of the Board of Directors' meetings is discussed and agreed by all Board members in the ordinary course of business and is kept by the Corporate secretary.

5.12. Once a year the Board of Directors' shall evaluate as an additional agenda item, in absence of the Chairman, the Chairman's performance.

Article 6. Procedure of decision making by the Board of Directors

6.1. When taking decisions at the Board of Directors' meeting each member of the Board of Directors shall have 1 (one) vote. Transfer of a vote from one member of the Board to any other person, including another Board member is prohibited.

6.2. The decision is taken if more than half of the elected Board members voted for it (unless more votes required by law, Charter of the Company). In the event of a tie the Chairman of the Board shall have a casting vote.

A member of the Board of Directors shall be deemed present at a meeting, if he/she:

- Participates in the meeting (including by means of telephone and/or video conference call and in any other manner) and can in the process of the meeting express his/her opinion and vote on items under discussion;
- By the beginning of the Board of Directors' meeting expressed his/her will (in a form of a written opinion) – “for” or “against” the decision on the item of the agenda put for voting the draft of which he/she had previously received.

6.3. Whenever possible the Board of Directors' of the Company takes decisions on the most important matters as provided by clause 168 of the Code of corporate governance adopted by the Bank of Russia at the Board meetings held by joint presence.

6.4. Written opinion of the Board member shall contain his/her voting on all items of the agenda or just on separate items of the agenda and shall be signed by the Board member. Written opinion shall express unambiguously position of the Board member on the item of the agenda (“for”, “against”, “abstained”). Written opinion is taken into consideration for the purposes of quorum determination and counting of the voting results. If copy of the written opinion of the Board member was not included to the materials provided to the Board of Directors, then the Chairman of the Board must declare such written opinion of the Board member not present at the meeting before voting on the item of the agenda on which such written opinion was presented.

6.5. The Board of Directors is entitled to take decisions by absentee voting. Absentee voting shall be conducted by filling in the ballot papers distributed to the members of the Board of Directors.

Members of the Board whose ballot papers are received not later than the last date for the ballots' receipt stated in the notification forwarded to the Board members shall be deemed to have participated in absentee voting.

6.6. Distribution and collection of the ballot papers are functions of the Corporate secretary however the Chairman of the Board of Directors shall be responsible for distribution and collection of the ballot papers.

6.7. Absentee voting results shall be communicated to the members of the Board of Directors by the provision to them copies of the Minutes of the Board of Directors' meeting not later than 3 (three) days from signing of such Minutes.

6.8. Board of Directors' decision enters into force from the date of signing of the Minutes and are mandatory for execution by all executive bodies of the Company and/or its subsidiaries.

Article 7. Minutes of the Board of Directors' meeting

7.1. Decisions of the Board of Directors shall be documented in the form of the Minutes. Minutes of the Board of Directors' meeting shall be prepared and drafted by the Corporate secretary.

7.2. Minutes of the Board of Directors' meeting shall be prepared not later than 3 (three) days from the date of the meeting (the last date for the ballots' receipt in case of absentee voting). Minutes shall include the following information:

- Place and time of the meeting (last date for the ballots' receipt in case of absentee voting);
- Persons present at the meeting (persons provided ballot papers);
- Agenda of the meeting;
- Items put for voting and voting results;
- Decisions taken;
- Other details if required by legislation of Russia and internal documents of the Company.

7.3. Minutes shall be signed by the Chairman of the Board of Directors (his/her deputy) and the Corporate secretary. Extract(s) from the Board Minutes on the separate items of the agenda shall be made and signed by the Corporate secretary.

7.4. The Chairman of the Board of Directors shall be responsible for the correctness of the Minutes of the Board of Directors' meeting.

7.5. When the Board of Directors' meeting is held by absentee voting, ballot papers shall be attached to the Minutes of the meeting.

Article 8. Rights, obligations and liability of members of the Board of Directors

8.1. Members of the Board of Directors of the Company are entitled to request from the General Director (managing company, manager) and from other officers and employees of the Company and its subsidiaries complete and reliable information, documents and materials required by the Board members for the performance of their functions. Members of the Board of Directors of the Company are entitled get professional consultancy on the issues within its authority at the Company's expense.

8.2. When exercising their rights and performing their obligations members of the Board of Directors shall act in good faith, reasonably and in the interests of the Company, , shall refrain from any disclosing of the commercial and any other confidential information about the Company's activity that became known to them.

8.3. Members of the Board of Directors shall not use or allow to use opportunities of the Company for any personal aims.

8.4. Members of the Board of Directors shall:

- be loyal to the Company i.e. refrain from use of his/her position in the Company for the benefit of any other third parties or for his/her personal interests;
- act within one's authority and according to the corporate governance principles and those of the Board of Directors' activity;
- initiate the Board meeting or absentee voting in order to take urgent decisions;
- participate in decision making on items of the agenda by voting;
- make reasonable decisions and therefore examine all necessary materials;
- evaluate and take into account any potential risks or negative consequences for the shareholders of the Company when making the decisions;
- not found or contribute to the charter capital of any organizations competing with the Company unless otherwise decided by the majority of the Board of Directors;
- provide his/her bank details for transfer of the remuneration/compensation by the Company and notify in writing the Corporate secretary on any changes;

- prepare the position (opinion) regarding the independency of each Board director and provide to shareholders of the Company;
- notify in writing the Board of directors of the Company (by sending the e-mail notice to Corporate secretary or by the notice hand-delivery) of the cases related to any conflicts of interest arising from the agenda items of the Board of directors' meeting or any committee meeting before the discussion of such agenda items;
- abstain from voting on any agenda item of the Board of directors' meeting or the committee meeting with which he/she has conflict of interest;
- notify in writing the Corporate secretary in case of having the intention to perform functions of the Board member on a pro-bono basis.

8.5. Independent members of the Board shall inform the Company (by sending the e-mail notice to Corporate secretary or by the hand-delivery) on his/her position regarding significant corporate actions before its approval.

8.6. Members of the Board of Directors shall use information about the Company's activity and the Company's securities and transactions with them, which is not in the public domain and disclosure of which may have a material effect on the market value of the Company's securities, and other information constituting a business or commercial secret, only in the interests of the Company in accordance with internal documents of the Company and legislation of Russia on insider information.

8.7. A member of the Board of Directors shall provide the Company (notify in writing the Corporate secretary) with the information about ownership of the Company's securities and information about sale and/or purchase of the Company's securities in accordance with internal documents of the Company and legislation of Russia on insider information. .

8.8. A member of the Board of Directors of the Company shall inform the Company (notify in writing the Corporate secretary) of any changes in his/her share in the charter capital of subsidiaries and dependent companies of the Company and/or of any changes in the number of the ordinary shares constituting the charter capital of subsidiaries and dependent companies of the Company owned by him/her within 3 (three) days of the occurrence of a relevant event, afterwards the Company shall disclose such information in cases and following the procedure provided by legislation of Russia and requirements of the stock exchange on which the Company's securities are traded.

8.9. A member of the Board of Directors of the Company shall inform the Company (notify in writing the Corporate secretary) on his/her intention to become a member of the governing bodies of the other legal entities and on the actual appointment (election) within 3 (three) business days.

8.10. Within the last 10 (ten) days of each quarter of a fiscal year members of the Board of Directors shall inform the Board of Directors (notify in writing the Corporate secretary) of the following:

- legal entities, in which they own independently or together with their affiliated person(s) 20 or more percent of the voting shares (contributions);
- legal entities, in the governing bodies of which they hold positions (irrespective of the nature of legal relations);
- any executed or planned transactions known to them, to which they may be recognized as interested parties.

8.11 Members of the Board of Directors shall be bear liability to the Company for losses caused to the Company by their wrongful acts (failures to act), unless provided otherwise by the legislation of Russia. Members of the Board of Directors shall not bear liability if they voted against the decision that caused losses to the Company or did not participate in the voting.

Ordinary course of business and other circumstances significant for the case shall be taken into account when grounds and scope of liability of members of the Board of Directors is determined.

If pursuant to the provisions of this article several persons are liable, their liability to the Company shall be joint and several.

The Company or a shareholder(s) owner in the aggregate of at least 1 (one) percent of the placed ordinary shares of the Company are entitled to bring a court action against the member of the Board of Directors and ask for damages caused to the Company in cases provided by this clause.

8.12. A member of the Board of Directors not participated in the voting or voted against the decision taken by the Board of Directors in violation of the procedures established by the Law, other legislation of Russia, the Charter of the Company and this Regulation is entitled to dispute such a decision in the court, if such a decision violated his rights and lawful interests. Such claim may be submitted to the court within 1 (one) month from the date when the Board member learnt or should have learnt of such a decision taken.

Article 9. Committees of the Board of Directors

9.1. For the purposes of preliminary, more operative and qualified review of items referred to the authority of the Board of Directors the Board of Directors and in order to improve effective cooperation with executives of the Company and its subsidiaries, the Board of Directors establish the following permanent committees;

- Audit Committee;
- Remuneration and Nomination Committee.

The Board of Directors can establish any Committees. The Committees are composed by the Board members having corresponding professional background and knowledge.

9.1.1. Audit Committee shall consist only of independent directors and if it is not possible due to objective reasons the majority of the Audit Committee members shall be independent while other Audit Committee members can be members of the Board not taking position of the General Director (managing company, manager) or member of the collegial body of the Company or its subsidiaries. Only independent director shall be elected as the Chairman of the Audit Committee.

9.1.2. Remuneration and Nomination Committee shall consist only of independent directors and if it is not possible due to objective reasons the majority of the Remuneration and Nomination Committee members shall be independent while other Remuneration and Nomination Committee members can be members of the Board not taking position of the General Director (managing company, manager) or member of the collegial body of the Company or its subsidiaries. Only independent director shall be elected as the Chairman of the Remuneration and Nomination Committee.

9.2. Items which fall under the authority of the relevant committee shall be examined preliminary by the committee before their discussion at the Board of Directors meeting. The item can be excluded from the agenda of the Board of Directors' meeting by motion of the Board Chairman in cases when recommendation of the corresponding committee is not presented to the Board. Decisions made by the committees serve as recommendation to the Board of Directors. Committees are not governing bodies of the Company.

9.3. Committees of the Board of Directors shall act on the basis of corresponding Regulations approved by the Board of Directors. When taking decisions on items of the agenda which fall under committees' authority the Board of Directors shall preliminary study the recommendation of the relevant committee of the Board of Directors.

9.4. If necessary, experts possessing necessary professional knowledge and/or officers/ employees of the Company or its subsidiaries may be engaged in the work of the committees.

9.5. Each committee reports to the Board of Directors regularly during the Board of Directors meetings, but at least on the annual basis and if needed in writing.

Article 10. Corporate Secretary of the Company

10.1. Technical support (informative, documentary, secretarial assistance) of the current activity of the Board of Directors is the responsibility of the Corporate secretary. The Corporate secretary ensures preparation and holding of the Board of Directors' meetings within his/her authority and acts in accordance to provisions of this Regulation, the Charter and other internal documents of the Company and instructions of the Chairman of the Board.

10.2. The Corporate Secretary of the Company shall be elected by the Board of Directors of the Company by the majority of the votes of members participated in the meeting.

The Board of Directors shall be entitled to reelect the Corporate Secretary of the Company at any time. The Chairman of the Board of Directors shall nominate the candidate for the Corporate Secretary of the Company.

If the nominated candidate is an employee of the Company, his candidature shall be approved by the General Director (managing company, manager) of the Company.

10.3. The Corporate Secretary of the Company shall provide coordinated operational interaction between members of the Board of Directors and shareholders of the Company and their representatives, the General Director (managing company, manager) of the Company, officers and employees of the Company and/or its subsidiaries in order to ensure efficient operation of the Board of Directors.

10.4. The Corporate Secretary of the Company shall be entitled to request and receive information necessary for the operation of the Board of Directors, including information requested by members of the Board of Directors, from executive bodies, officers and employees of the Company and/or its subsidiaries. Information from the Remuneration & Nomination committee is excluded from this entitlement, but can be provided voluntarily by the Committee's Chairman.

10.5. The Corporate Secretary of the Company shall be responsible for:

- timely provision to members of the Board of Directors of notifications of holding of the Board of Directors' meetings and materials for such meetings;
- correctness of execution and reliability of information contained in Minutes of the Board of Directors' meetings;
- timely provision of the Minutes to members of the Board of Directors;
- timely disclosure of information, including information on separate decisions taken by the Board of directors, on the date of the Board of Directors' meeting and its agenda, on the closing date of the shareholder's register for the purposes of drawing up the list of persons entitled to participate in the general meeting of shareholders and any other information according to the requirements of the legislation of Russia.

The Corporate secretary ensures among others disclosure of the information on the closing date of the shareholder's register for the purposes of drawing up the list of persons entitled to participate in the general meeting of shareholders not later than 7 (seven) days before such closing date.

10.6. Bodies and officers of the Company and/or its subsidiaries shall assist the Corporate Secretary of the Company in performing his/her functions.

Article 11. Remuneration and compensation to the Board of Directors

11.1. Within the time period of performing functions of members of the Board of Directors, the Company according to the decision of the General meeting of shareholders and Policy on the Remunerations and Compensations payable to the Board of directors of the Company pays the remuneration fees and (or) compensates the expenses related to the performance of Board functions.

11.2. For participation in the work of the Board of Directors and/or Committees the following types of remuneration shall be paid to the members of the Board of Directors:

- (1) basic remuneration (fixed);
- (2) additional remuneration for the performance of the additional functions (variable);

11.3. The remuneration fee to the Board member is paid by 4 equal quarter payments not later than 15th date of the last month of the payment quarter based on the order of the sole executive body of the Company and extract from the Minutes of the General Shareholders' Meeting on the election of the Board of Directors and on the approval of the total remuneration and compensation amounts payable to the Board of Directors of the Company.

11.4. According to the Resolution of the General Shareholders' Meeting for the performing functions of the Board members remuneration, additional remuneration, bonuses and other payments and compensations of the expenses can be made. The Company shall disclose information about remunerations paid to members of the Board of Directors according to the requirements of the legislation of Russia and others requirements set by the stock exchanges where the Company's securities are circulated.

Article 12. Final provisions

12.1. The present Regulation shall be approved by the general meeting of shareholders (by the majority votes of shareholders-owners of the Company's voting shares) and shall be amended or changed only at the decision of the general meeting of shareholders.

12.2. Requirements of this Regulation shall be binding on the Company, its shareholders, members of the Board of Directors, other officers and employees of the Company and/or its subsidiaries.

12.3. In case of absence in this Regulation or in the Company's Charter of the provisions regulating separate issues of the Board of Directors' activity, current legislation of Russia as well as decisions of the general meeting of shareholders and of the Board of Directors of the Company and other internal documents of the Company shall provide guidance.

12.4. If, following any changes of the applicable legislation of the Russian Federation, any provisions of the present Regulation comes into conflict therewith, provisions of the legislation of the Russian Federation in effect shall prevail. Conflicting provisions of this Regulation shall not legally affect other provisions of this Regulation. The Company shall take all measures to replace conflicting provisions of this Regulation by those not conflicting with the legislation of Russia.

12.5. In case of incongruity between this Regulations and the Charter of the Company, Company's Charter shall prevail.