

APPROVED by  
General Meeting of Shareholders of  
PIK Group

Minutes No. 4 of October 06, 2009

**BYLAW on  
BOARD OF DIRECTORS of  
PIK Group**

Moscow

## **1. GENERAL PROVISIONS**

1.1. According to the Civil Code of the Russian Federation, the Federal Law “On Joint Stock Companies” and the Charter of the Company, the present Bylaw on the Board of Directors (hereinafter referred to as the “Bylaw”) defines the procedure for convocation and holding of meetings of the Board of Directors, an amount and a procedure for payment of fee and reimbursements to the members of the Board of Directors of the Company.

1.2. The Board of Directors is a collegial management body of the Company effecting general management of its activity, except for issues relegated by federal laws and the Charter of the Company to competence of the General Meeting of Shareholders of the Company.

## **2. GOALS AND PRINCIPLES OF ACTIVITY OF THE BOARD OF DIRECTORS**

2.1. Purposes of activity of the Board of Directors are ensuring maximum profit and increase in assets of the Company, protection of rights and legal interests of shareholders, ensuring completeness, reliability and objectivity of public information about the Company.

2.2. In order to implement purposes of activity, the Board of Directors is to be guided by the following principles:

- taking decisions based on reliable information about activity of the Company;
- elimination of limitations of shareholders’ rights to participation in management of the activity of the Company, receipt of dividends and information about the Company;
- achievement of balance of interest of various groups of shareholders and taking the most objective decisions by the Board of Directors for the benefit of all shareholders of the Company.

## **3. RIGHTS AND DUTIES OF THE MEMBER OF THE BOARD OF DIRECTORS, PROCEDURE FOR THEIR FULFILMENT**

3.1. A member of the Board of Directors has the right to do as follows:

3.1.1. to demand from officers of the Company any information about activity of the Company, as well as documents stipulated in cl. 89 of the Federal Law “On Joint Stock Companies”, according to the procedure established by the Bylaw;

3.1.2. to receive for performance of his/her duties remuneration and reimbursement of expenses related to exercise of functions of the member of the Board of Directors, in cases and in the scope as established by the present Bylaw;

3.1.3. to demand inclusion of his/her specific opinion regarding issues on an agenda and resolutions into the minutes of a meeting of the Board of Directors.

3.2. A member of the Board of Directors shall do as follows:

3.2.1. to be loyal to the Company, i.e. refrain from the use of his/her position in the Company in the interests of third parties;

3.2.2. to act within his/her powers in compliance with the goals and principles of the activity of the Board of Directors;

3.2.3. to act reasonably and in good faith with regards to the Company;

3.2.4. not to disclose confidential information about activity of the Company which he/she became aware of;

3.2.5. to initiate meetings of the Board of Directors for solving urgent issues;

3.2.6. to participate in decision-making by the Board of Directors by voting on issues of an agenda of its meetings;

3.2.7. to make reasonable decisions, for that to study all necessary information (materials);

3.2.8. to make decisions with due consideration of risks and possible adverse effects;

3.2.9. to timely advise the Company of his/her affiliation and changes in it;

3.2.10. to inform the Board of Directors of proposed transactions in execution of which he/she may be considered interested;

3.2.11. to notify the Board of Directors in writing on his/her possession of securities of the Company, intention to conclude transactions with securities of the Company, its subsidiary and dependent Companies, as well as concluded transactions with such securities.

3.3. Activity of a member of the Board of Directors has a continuous nature and goes beyond participation in a decision-taking process of the Board of Directors.

3.4. On request of a member of the Board of Directors made in an oral or in a written form, the Company shall ensure his/her access to information and documents stipulated by cl.3.1.1 of the present Bylaw.

The requested information and documents are to be provided for review of a member of the Board of Directors within five days from delivery of presentation of the relevant request.

On request of a member of the Board of Directors the Company shall provide him/her with copies of the required documents.

3.5. A contract may be concluded with the members of the Board of Directors. Terms and conditions of a contract shall be approved by the Board of Directors. A contract with a member of the Board of Directors shall be signed by the Chairman of the Board of Directors, and a contract with the Chairman of the Board of Directors shall be signed by a member of the Board of Directors defined by a resolution of the Board of Directors.

#### **4. CHAIRMAN OF THE BOARD OF DIRECTORS**

4.1. The Chairman of the Board of Directors is elected by the members of the Board of Directors from amongst them at the first meeting by majority of votes of the members of the Board of Directors of the Company taking part at it.

4.2. A person effecting functions of the sole executive body of the Company can not at the same time be the Chairman of the Board of Directors.

4.3. The Board of Directors shall have the right at any time to re-elect the Chairman of the Board of Directors.

4.4. The members of the Board of Directors shall have the right to elect the Deputy Chairman. In case of absence of the Chairman of the Board of Directors, his/her Deputy is to perform all his/her functions (including the signatory authority). In case of absence of the Deputy, one of the members of the Board of Directors is to do so in accordance with a resolution of the Board of Directors of the Company taken by majority of votes of its members participating at a meeting.

4.5. The Chairman of the Board of Directors arranges work of the Board of Directors, convokes its meetings and chairs them, arranges keeping minutes at meetings.

4.6. The Chairman of the Board of Directors shall not have the right to entrust another person with fulfilment of his/her functions.

#### **5. SECRETARY OF THE BOARD OF DIRECTORS**

5.1. The Secretary of the Board of Directors is elected by the members of the Board of Directors at the first meeting by majority of votes of the members of the Board of Directors participating at it.

5.2. The Board of Directors shall have the right at any time to relieve the Secretary of the Board of Directors of his (her) post and appoint a new Secretary of the Board of Directors.

5.3. In case of absence of the Secretary of the Board of Directors, fulfilment of his/her duties is to be imposed on another person by majority of votes of the members of the Board of Directors participating at a meeting.

Should the Board of Directors appoints the Corporate Secretary of the Company, the Corporate Secretary of the Company is to perform functions of the Secretary of the Board of Directors.

5.4. The Secretary of the Board of Directors shall have the right:

5.4.1. to request officers of the Company to provide him/her with information and documents necessary for preparation of materials related to issues on an agenda of meetings of the Board of Directors;

5.4.2. to receive for fulfilment of his/her duties remuneration and reimbursement of expenses related to performance of functions of the Secretary of the Board of Directors, in the amount and pursuant to the procedure specified by a resolution of the Board of Directors.

5.5. The Secretary of the Board of Directors shall do as follows:

5.5.1. to keep and draw up minutes of meetings of the Board of Directors;

5.5.2. to take stock of and keep incoming documentation and copies of outgoing documentation of the Board of Directors;

5.5.3. to notify the members of the Board of Directors of meetings of the Board of Directors pursuant to the procedure and in terms set forth in the present Bylaw;

5.5.4. to deliver materials necessary for consideration of issues on an agenda of meetings of the Board of Directors to the members of the Board of Directors pursuant to the procedure and in terms set forth in the present Bylaw;

5.5.5. to perform other functions stipulated by the present Bylaw.

## **6. MEETING OF THE BOARD OF DIRECTORS**

6.1. A meeting of the Board of Directors may be held in a form of joint attendance (including the use of conference communications) or absentee voting.

6.2. Meetings of the Board of Directors are to be held on a regularly basis in accordance with a work schedule approved at a meeting of the Board of Directors. If necessary, the Board of Directors may consider issues not included into a work schedule.

6.3. A meeting of the Board of Directors is to be convened by the Chairman of the Board of Directors on his own initiative, on request of a member of the Board of Directors, the Audit Commission, an auditor of the Company, the sole or the collegial executive body of the Company.

6.4. A request to convene a meeting of the Board of Directors shall contain the following information:

6.4.1. a name of an initiator of convocation or a name of a body or a legal entity which made a request;

6.4.2. a form of holding a meeting (joint attendance or absentee voting);

6.4.3. a date of holding a meeting in a form of joint attendance or, in case of holding a meeting in a form of absentee voting, a final date of receipt of written opinions of the members of the Board of Directors regarding issues on an agenda;

6.4.4. an agenda of a meeting;

6.4.5. a list of information (materials) to be delivered to the members of the Board of Directors before a meeting.

In addition to that, a request to convene a meeting of the Board of Directors may contain the following information:

6.4.6. time and a venue of holding a meeting (if a meeting is held in a form of joint attendance);

6.4.7. draft decisions regarding issues on an agenda;

6.4.8. other information at discretion of an initiator of convocation of a meeting.

6.5. The notification about convocation of a meeting of the Board of Directors is to be sent to each member of the Board of Directors, jointly with necessary materials, not later than 5 business days before a meeting.

Should it appears necessary, in accordance with the current legislation, to hold a meeting of the Board of Directors in a quicker term, a term for sending the notification, jointly with necessary materials, is to be reduced.

All the above mentioned terms may also be reduced in case of necessity to urgently settle some issues, provided that no member of the Board of Directors objects to that.

The notification about convocation of a meeting is to be sent to the members of the Board of Directors in a written form or in some other way convenient to them (including a post, a telegraph, a teletype, a telephone, an e-mail or other way of communication).

The notification about holding a meeting shall contain information indicated in sub-clauses 6.4.3.-6.4.7 of the present Bylaw, as well as reference to address to which the members of the Board of Directors may send their written opinions.

Should circumstances appear which make holding a meeting of the Board of Directors at a venue and/or at the time about which the members of the Board of Directors have been notified impossible or difficult, a meeting devoted to a scheduled agenda may be held at some other venue and/or at some other time.

All the members of the Board of Directors are to be notified of change in a venue and/or time of a meeting of the Board of Directors taking into consideration reasonable time necessary for arrival of the members of the Board of Directors at a meeting. The notification of the stated changes may be sent to the members of the Board of Directors in any form ensuring receipt of the notification by a member of the Board of Directors at the address of location of a member of the Board of Directors or at the address of receipt of his/her correspondence.

The first meeting of the Board of Directors (of an organizational nature) is being held without a preliminary delivery of notifications on a day of a general meeting of shareholders at which the Board of Directors has been elected (in case if a decision regarding election of the members of the Board of Directors, as well as voting results on this, have been revealed at a general meeting of shareholders in course of which voting was held).

6.6. A member of the Board of Directors shall have the right to request the Company to provide him/her with documents (information and explanations) on the merits of an issue on an agenda of a meeting of the Board of Directors. This inquiry is made by sending it to the Secretary of the Board of Directors. The requested documents (information and explanations) are to be presented to the members of the Board of Directors before a meeting of the Board of Directors or in course of a meeting.

The members of the Board of Directors are to receive the same materials before a meeting of the Board of Directors.

6.7. In course of taking decisions by the Board of Directors, the members of the Board of Directors present at a meeting are to express their opinions regarding issues on an agenda by voting.

6.8. Should a member of the Board of Directors fails to personally attend a meeting or a meeting is being held by absentee voting, a member of the Board of Directors is to express his/her opinion regarding issues on an agenda in a written form.

In case when a written opinion of a member of the Board of Directors contains his/her voting, it is to be taken into account when defining a quorum and voting results.

A member of the Board of Directors is to present his/her written opinion to the Secretary of the Board of Directors before a meeting of the Board of Directors or, in case of holding a meeting by absentee voting, not later than on a date of end of receipt of written opinions of the Board of Directors.

6.9. The chairman is to read out a written opinion of a member of the Board of Directors absent at a meeting of the Board of Directors before the beginning of voting regarding an issue on an agenda to which this opinion is related.

Should a received written opinion contains a draft resolution which differs significantly from the one which has been originally proposed for voting, the Secretary of the Board of Directors is to familiarize the remaining members of the Board of Directors with the stated opinion, having

suggested to express their opinions on it by voting, in a written form or in some other way convenient to them (including a post, a telegraph, a teletype, a telephone, an e-mail or other way of communication).

6.10. Prior to taking a decision regarding an issue which has been preliminary considered by the committees of the Board of Directors, the members of the Board of Directors shall have the possibility to beforehand familiarize themselves with conclusions (recommendations) of the relative committees.

6.11. Each member of the Board of Directors has one vote during a decision-taking process at a meeting.

Transfer of a vote by a member of the Board of Directors to another person, including another member of the Board of Directors, shall not be permitted.

In case of equality of votes of the members of the Board of Directors of the Company during a decision-taking process, the Chairman of the Board of Directors has a decisive vote.

6.12. The Secretary of the Board of Directors keeps the minutes at a meeting of the Board of Directors.

The minutes of a meeting of the Board of Directors is to be drawn up not later than 3 days after a meeting held in a form of joint attendance (a final date of receipt of written opinions in case of absentee voting).

The minutes shall contain the following information:

- a venue and time of its holding in a form of joint attendance or, in case of absentee voting, a venue of drawing up the minutes and a final date of receipt of written opinions of the members of the Board of Directors;
- persons present at a meeting (in case of holding a meeting in a form of joint attendance);
- persons who expressed written opinions regarding issues on an agenda;
- an agenda of a meeting;
- issues put to the vote and voting results on them;
- approved resolutions.

The minutes of a meeting of the Board of Directors is to be signed by the chairman of a meeting.

Should a written opinion of a member of the Board of Directors is taken into consideration when defining a quorum and voting results regarding issues on an agenda, written opinions regarding issues on an agenda received from the members of the Board of Directors are to be enclosed to the minutes.

The Company is obliged to keep the minutes of meetings of the Board of Directors at a location of its executive body according to the procedure and in terms stipulated by the federal executive agency on securities market. Should such terms are not stipulated, the Company is to permanently keep the minutes of meetings of the Board of Directors.

The Company is obliged to secure an access to the minutes of meetings of the Board of Directors to shareholders, as well as to the members of the Board of Directors, the Audit Commission, an auditor of the Company.

6.13. In cases when, in accordance with the Charter of the Company, a resolution is taken by majority of three fourths of votes or unanimously by all the members of the Board of Directors, without taking into consideration votes of those members of the Board of Directors who have retired, the retired members of the Board of Directors mean those who has passed away, are missing and were considered to be incapable.

## **7. REMUNERATION TO MEMBERS OF THE BOARD OF DIRECTORS AND REIMBURSEMENT OF EXPENSES RELATED TO PERFORMANCE OF THEIR DUTIES**

7.1. By a resolution of the General Meeting of Shareholders, the members of the Board of Directors of the Company in a period of performance of their duties may have remuneration paid

and/or expenses related to performance of their functions of the members of the Board of Directors of the Company reimbursed. The amount of such remunerations and reimbursements shall be specified by a resolution of the General Meeting of Shareholders of PIK Group.

## **8. PROCEDURE FOR APPROVAL OF THE BYLAW AND INTRODUCING AMENDMENTS TO IT**

8.1. The present Bylaw is to be approved by the General Meeting of Shareholders by majority of votes of shareholders – owners of voting shares of the Company.

8.2. The present Bylaw may be supplemented and amended by the General Meeting of Shareholders by majority of votes of shareholders – owners of voting shares of the Company.

8.3. Should, in the result of change in the legislation of the Russian Federation or the Charter of the Company, some articles of the present Bylaw become contradictory with it, the Bylaw is to apply in its part, not contradictory with the current legislation and the Charter of the Company.