

**Approved**  
by the Annual General  
Shareholders Meeting  
of the Moscow Exchange  
on April 27, 2017, Minutes № 56

**Provisions on the Supervisory Board of  
Public Joint-Stock Company  
«Moscow Exchange MICEX-RTS»**

**Moscow,  
2017**

## **1. GENERAL PROVISIONS**

1.1. The present Provisions on the Supervisory Board of the Moscow Exchange Public Joint-Stock Company (hereinafter, the "Provisions") were drawn up in line with the effective Russian laws, namely the Civil Code of the Russian Federation, the Federal Law on Joint Stock Companies, Federal Law "On Organized Trading", other laws of the Russian Federation and on the basis of the Charter of Moscow Exchange Public Joint-Stock Company (hereinafter, the "Company").

1.2. The present provision determine the procedure for calling, preparing and conducting the meetings of the Supervisory Board of the Company, procedure for decision making, rights and duties of the members of the Supervisory Board, and other issues concerning the performance of the Supervisory Board.

1.3. In performing their duties the members of the Supervisory Board shall be governed by the Federal Law "On Joint Stock Companies", the Federal Law "On Organized Trading", other federal laws and regulations of the Russian Federation regulating the issues of the activity of the trade organizers and the area of financial markets, and the issues of corporate governance of joint stock companies, as well as by the Company's Charter, decisions adopted by the General Shareholders Meeting, the present Provisions and other bylaws of the Company, the Corporate Governance Code recommended by the Bank of Russia.

Should in the course of the Supervisory Board activity there be any matters not regulated by the foregoing laws and regulations, documents and resolutions, those matters shall be settled in such a manner that the decisions taken does not cause any harm to the Exchange as a whole or to a Company's shareholder in particular.

1.4. The scope of responsibility of the Supervisory Board of the Company shall include the general running of the Company, except for issues referred by the Federal Law "On Joint Stock Companies" to exclusive jurisdiction of the General Shareholders Meeting.

1.5. The main functions of the Supervisory Board are:

- Establishing basic long-term targets of the Company's activity; determining the strategy and priority directions of the Company's activities;
- Determining principles of and approaches to creation of the risk management and internal control system in the Company;
- Ensuring efficient control over Company's financial and business activity;

- Ensuring shareholders rights exercising and protection, assistance in corporate conflicts settlement;
- Facilitating the Company's executive bodies in their efficient performance, including but not limited to, through control of their activity;
- Procuring that the Company is transparent, discloses information in full and in due time;
- Monitoring the Company's corporate governance practices and its material corporate events.

1.6. With the purpose to ensure control over Company's financial and business activity the Supervisory Board applies the following key performance indicators:

- Net profit;
- Return on equity;
- Earnings per share.

1.7. The powers given to the Supervisory Board members shall be effective as from the resolution of the General Shareholders Meeting on election to the Supervisory Board of the Company and remain till the General Shareholders Meeting elects a new Supervisory Board.

1.8. If the Company does not hold the Annual General Shareholders Meeting within the time limits as prescribed in the Federal Law "On Joint Stock Companies", the office of the Supervisory Board shall be terminated, except for the powers concerning preparing, calling and holding the Annual General Shareholders Meeting.

## **2. MEMBERS OF THE SUPERVISORY BOARD**

2.1. The members of the Supervisory Board of the Company shall be elected at the General Shareholders Meeting for a term ending at the time of the next Annual General Shareholders Meeting.

2.2. The members of the Supervisory Board of the Company shall be elected by cumulative voting.

In cumulative voting the number of votes belonging to each shareholder is multiplied by the number of persons to be elected in the Company's Supervisory Board, and a shareholder shall be entitled to give all votes in his/her possession for one nominee or distribute them among two or more nominees as he/she see fit.

Nominees who received the majority of votes shall be considered elected to

the Supervisory Board.

2.3. A member of the Supervisory Board shall be a natural person only. A member of the Supervisory Board may not be a Shareholder of the Company.

2.4. A member of the Supervisory Board may not be a member of the Revision Commission of the Company.

2.5. The Supervisory Board may include no more than two (2) members of the Executive Board of the Company.

2.6. Members of the Supervisory Board shall meet requirements set by the current legislation of the Russian Federation, including but not limited to, the Federal Law "On Organized Trading", the Federal Law "On Securities Market", and the laws and regulations passed in pursuance thereof.

2.7. Members of the Supervisory Board shall have such knowledge, skills and experience as may be necessary to make decisions on the matters within competence of the Supervisory Board and required for the members of the Supervisory Board to effectively perform their functions.

2.8. The Supervisory Board shall also include members who have required professional skills, expertise and independency sufficient enough for them to define their own position and make objective and bona fide judgments independent of the Company's executive bodies, individual group of shareholders or other related parties (hereinafter, "independent directors").

2.9. The number of independent directors should make at least 1/3 (one third) of the total number of the composition of the Supervisory Board and may not be less than three (3).

2.10. Usually, the Director may not be classed as independent if he/she is

- a) related to the Company;
- b) related to the Company's significant shareholder;
- c) related to the Company's significant counterparty;
- d) related to the Company's competitor;
- e) related to the state (the Russian Federation, a constituent entity of the Russian Federation) or a municipal entity.

2.11. Independency criteria, including criteria regarding being related to the aforesaid persons and their relevance shall be determined by organizer of trading which lists securities of the Company.

2.12. Supervisory Board assesses candidates to the Supervisory Board against independency criteria and regular assessment of members of the Supervisory Board towards their compliance with the criteria of independence and decides on their compliance with those requirements.

In some exceptional cases the Supervisory Board at making assessment may acknowledge a candidate as an independent one (elected member of the Supervisory Board) in spite of formal criteria of the latter on being related to the Company, sufficient counterparty or Company's competitor, provided that such criteria have no influence on the ability of the Supervisory Board member to make independent, objective, and faithful judgments.

2.13. An independent Director shall refrain from any actions which may lead his/her losing independency status. Should after election of an independent director to the Supervisory Board the circumstances arise which result in non-compliance of director with independency criteria, such Director shall notify the Supervisory Board thereof. The notification on losing an independent director status shall be filed to the Chairman of the Supervisory Board within a reasonable period of time since the Director has become aware of such circumstances. The notification shall provide details of event which resulted in Director's losing his/her independency status, and, whenever possible, specify the moment and the calendar date the event commences.

When Chairman of the Supervisory Board receives such notification, or when the circumstances that lead to non-compliance of Director to independency criteria became known from other sources, the Supervisory Board shall consider the issue on non-compliance of such Director who has lost his/her independency status.

When the Director loses his/her independency status, this should be disclosed on the website of the Exchange in the section with the information on the Supervisory Board.

2.14. Persons elected to the Supervisory Board may be reelected any number of times without limitation.

2.15. A Supervisory Board member shall have the right to:

- call a Supervisory Board meeting;
- read the minutes of the Supervisory Board meetings, meetings of the Supervisory Board Commissions and other working bodies pursuant to the present Provisions, receive copies of minutes;

- require making a record in the minutes of the Supervisory Board meeting his/ her dissenting opinion on any agenda items and adopted resolutions;

- submit his/her written opinion on agenda items of the meeting he/she could not attend;

- require and receive access to information concerning Company's activity, and information on legal entities controlled by the Company, except for information access to which is restricted by law, other regulations of the Russian Federation and by Company's bylaws;

- receive remuneration and (or) compensation of expenses in connection with performance of their duties in the events and in the amount as may be determined by the General Shareholders Meeting.

2.16. A member of the Supervisory Board shall:

- act in the best interests of the Company, reasonably and in good faith;

- act in the interest of the company as a whole, not in the interest of an individual shareholder, officer of the company or other persons;

- refrain from any actions that lead or may lead to a conflict of interest between the Supervisory Board members and the Company, and in case a conflict of that nature arises, shall disclose such information to the Supervisory Board and notify the Supervisory Board or the Commission of the Supervisory Board before the discussion of such agenda issue starts, and ensure compliance with procedures on actions or exercise of transactions in respect of which he/she may be recognized a related party;

- not accept presents from the persons having interest in decision making, neither shall use any other benefits directly or indirectly furnished by such persons

- participate actively at the meetings of the Supervisory Board, Commissions and Working Groups under the Supervisory Board;

- participate in the events related to performance of his/her duties and in negotiations for the purpose of establishment and maintenance of mutual cooperation of the Company with the investors or the participants of the financial market;

- not to disclose and not to use in his/her interests or in the interests of the third parties any confidential information concerning the company or insider information;

- observe requirements concerning access to and use of confidential and insider information as prescribed by laws and regulations of the Russian Federation and bylaws of the Company;

- inform the Supervisory Board, the Revision Commission and (or) the auditor of the Company on any of the following information:

- on the companies where he/she individually or jointly with his/her affiliated person (persons) owns 20 (twenty) percent or more of voting shares (interest, units);

- provide in writing complete and accurate information on legal entities where he/she holds or intends to hold a position in managerial bodies, and (or) serves as a member of the Supervisory Board or intends to join the Supervisory Board;

- notify in advance in writing the Supervisory Board, the Revision Commission and (or) the auditor of the Company on the deals that as he/she is aware of to be executed or proposed for executing in accomplishment of which he/she (his/her spouse, parents, children, brothers, sisters and their affiliated persons) may be recognized interested;

- abstain from voting on the matters in connection wherewith he/she has a conflict of interests in adopting the decision;

- disclose immediately to the Supervisory Board his/her interest in the concerned matters and the reasons thereof;

- notify in writing the Supervisory Board on his/her intention to execute on its own behalf or as a representative a deal (deals) in securities of the Company and provide the Supervisory Board with information on such deals;

- execute the Orders of the Supervisory Board timely and in good faith;

- prepare and submit for consideration of the Supervisory Board members the issues that are within their competence;

- perform such other functions as assigned by current laws and regulations of the Russian Federation, Charter, present Provisions and other bylaws of the Company.

### **3. CHAIRMAN AND THE SECRETARY**

3.1. The work of the Supervisory Board is governed and organized by the Chairman.

The Supervisory Board members elect and re-elect a Chairman of the Supervisory Board among their number by a majority vote of the members attending the meeting.

3.2. A meeting of the Supervisory Board on election of a Chairman is held generally at the date of election of a new Supervisory Board by the General Shareholders Meeting. If the meeting was not held on the said date, the resolution of the Supervisory Board on election of a Chairman should be adopted not later than in fourteen (14) days as from the date of the meeting of the General Shareholders Meeting at which a new Supervisory Board was elected.

3.3. A person performing the functions of a sole executive body of the Company may not at the same time be or perform functions of the Chairman of the Supervisory Board.

3.4. The Supervisory Board shall have the right to elect among their number one or several deputies by majority vote.

As a rule, the Chairman of the Supervisory Board and his/her deputy (deputies) are elected concurrently.

3.5. The Chairman of the Supervisory Board, or, in the absence of the Chairman, a Deputy Chairman:

- Organizes the work of the Supervisory Board;
- Calls and chairs meetings of the Supervisory Board;
- Arranges for developing a plan of work for the Supervisory Board, and exercises control over implementation of its resolutions.
- Determines the form, date and time of the meeting, approves (signs) the agenda, take all necessary measures to ensure timely communication of information necessary for the members of the Supervisory Board to adopt resolutions on agenda issues;
- Determines the list of persons to be invited to attend the meeting of the Board;
- Organizes for discussing the issues on agenda and ensures hearing opinions of persons invited for the Supervisory Board meetings, takes the initiative in drafting resolutions on the respective agenda issues;
- Organizes keeping the Minutes of the Supervisory Board meetings, signs the Minutes - Ensures efficient operation of the commissions of the Supervisory Board, takes the lead in nominating members of the Supervisory Board to a particular commission based on their professional and personal qualities and



taking account of proposals of the Supervisory Board members regarding the composition of the commissions;

- Chairs General Shareholders Meetings of the Company, signs minutes of the General Shareholders Meetings and documents adopted by the General Shareholders Meetings within their competence;

- Represents the Supervisory Board in interaction with executive bodies of the Company, other authorities and entities;

- Maintains official correspondence, signs enquires, letters and other documents on behalf of the Supervisory Board;

- Prepares a report on Supervisory Board's performance results and activities and delivers it to the General Shareholders Meeting;

- Performs such other functions as assigned by current laws, Charter and other bylaws of the Company.

3.6. In the absence of the Chairman and his/her deputy (deputies) at a meeting of the Supervisory Board, members of the Supervisory Board elect one among their numbers by a majority vote of the members present to preside the meeting.

3.7. The Secretary of the Supervisory Board who is not a member of the Supervisory Board ensures documentary and equipment support to the Supervisory Board at the meetings, as well as during the period between the meetings. The Secretary of the Supervisory Board, and in his/her absence – a person performing his/her functions, shall be appointed from among the Company's members by a resolution of the Supervisory Board.

3.8. The Secretary of the Supervisory Board, (a person performing his/her functions):

- Receives enquiries on calling meetings of the Supervisory Board and documents needed to draft the agenda and prepare for the meeting of the Supervisory Board;

- Prepares a draft agenda of the meeting and submits it to the Chairman for signing;

- Informs the Supervisory Board members of the meeting (including a meeting to be held by absent voting) through giving a notice of holding the meeting and sending the signed agenda, documents and materials for the meeting, and voting ballots if the meeting is held by absent voting;

- Receives filled in voting ballots and summarizes the results of voting on the issues, resolutions on which are taken by absent voting;
- Keeps the records (Minutes) of meetings of the Supervisory Board held in the form of joint presence, prepares the Minutes of meetings held by absent voting and submits the Minutes to the Chairman or to the other person chairing the meeting for signing;
- Controls issuance of documents proposed to the Supervisory Board for consideration and approval pursuant to Company's bylaws;
- Assists the members of the Board in planning the work of the Supervisory Board;
- Makes arrangements for preparing and signing the abstracts of the Minutes;
- Distributes abstracts of the Minutes to the Company's departments involved in executing resolutions adopted by the Supervisory Board;
- Certifies as true the copies of the Minutes of the Supervisory Board's meetings and of the documents approved by the Supervisory Board;
- Performs such other functions as assigned by these Provisions, Company's bylaws and instructions of the Supervisory Board the present Provisions.

#### **4. SENIOR INDEPENDENT DIRECTOR**

4.1. If the Chairman of the Supervisory Board is not an independent director, the Supervisory Board may elect the Senior Independent Director from among the independent directors elected to the Supervisory Board.

4.2. The Senior Independent Director shall be elected at the suggestion of the independent directors by a single majority of votes cast by those members of the Supervisory Board who attend the meeting. The suggestions related to a candidacy of the Senior Independent Director shall be made by the independent directors unanimously (verbally or in writing) at the first meeting after election of the new composition of the Supervisory Board.

4.3. The Senior Independent Director shall act as such until a new Supervisory Board is elected. The powers of the Senior Independent Director shall terminate immediately in case he ceases to be an independent director. The

Supervisory Board may also resolve to terminate the powers of the Senior Independent Director at any time. In any of the above cases, the Supervisory Board may, on the proposal from any independent director, elect a new Senior Independent Director.

#### 4.4. Functions of the Senior Independent Director:

##### 4.4.1. Coordinating interaction among independent directors.

The Senior Independent Director shall coordinate interaction among independent directors, including convoking, from time to time, the meetings of independent directors, and chair the meetings of independent directors. The independent directors can hold meetings without the Senior Independent Director, bringing the resolutions adopted or the positions made to his attention.

4.4.2. Communicating with the Chairman of the Supervisory Board, assessing his efficiency and succession planning with respect to the Chairman of the Supervisory Board.

The Senior Independent Director shall communicate with, give advice to, and assist the Chairman of the Supervisory Board, thus contributing to the overall efficiency of the Supervisory Board.

The Senior Independent Director shall manage the assessment of the Chairman of the Supervisory Board performance. Such assessment shall be carried out by independent directors, taking into account the opinions of all members of the Supervisory Board.

##### 4.4.3. Communicating with the Company shareholders.

Company shareholders may communicate with the Senior Independent Director through the Head of the structural unit, which performs Corporate Secretary's functions, the Investor Relations Director or the feedback forms posted on the Company's website, in the manner set forth in the Information Policy of the Company.

4.5. When needed, the Senior Independent Director may request the Company to provide him any technical or administrative support in holding a meeting of independent directors. Technical support, including dissemination of documents and keeping of minutes, shall be provided by the Secretary of the Supervisory Board or, if the Secretary is absent, by another Company employee appointed to act as the Secretary.

4.6. Any resolution adopted at the independent directors' meetings, including the independent directors' position on major corporate actions, shall be communicated by the Senior Independent Director to all other members of the Supervisory Board, if possible, before the Supervisory Board starts to discuss the issue regarding to which the independent directors approved the resolution or determined their position

4.7. Rights and responsibilities of the Senior Independent Director.

4.7.1. The Senior Independent Director may:

- interview the Chairman of the Supervisory Board for the purposes of his performance assessment;

- notify the Supervisory Board about a consolidated opinion the independent directors arrive at their meeting(s);

- receive requests from the Company shareholders and, after consultation with other independent directors, members and the Chairman of the Supervisory Board and, if needed, other persons, and draw and send responses to the Company shareholders in accordance with the Information Policy of the Company.

4.7.2. The Senior Independent Director shall:

- exercise, in good faith, the powers of the Senior Independent Director, as set forth in these Regulations and the Code of Corporate Governance;

- avoid any conflict of interest in exercising his powers of the Senior Independent Director and promptly notify other independent directors and the Chairman of the Supervisory Board about any such conflict;

- join the Nomination and Remuneration Commission in succession planning with respect to the Chairman of the Supervisory Board;

- assure equal awareness of independent directors on matters submitted by the Senior Independent Director for their consideration, to the extent required to form an opinion thereon.

## **5. COMMISSIONS OF THE SUPERVISORY BOARD**

5.1. The Supervisory Board may create standing advisory bodies (commissions) under the Supervisory Board to facilitate efficient performance of functions and with the purpose of preliminary consideration and preparing recommendations on key issues for further decision-making by the Supervisory Board.

5.2. The decision on creating committees and other advisory bodies under the Supervisory Board as well as determination of the quantitative composition of those bodies, election of their chairmen and members and approval of regulations shall be taken by majority vote of the Supervisory Board attending the meeting.

5.3. The Chairmen of Commissions under the Supervisory Board are elected among the members of the Supervisory Board. The quantitative composition, election procedure and functions of the Commissions are determined by the Provisions regulating the practice of the Commissions.

## **6. PROCEDURE OF CONVOCATION OF AND PREPARATION FOR THE MEETINGS OF THE SUPERVISORY BOARD**

6.1. The Supervisory Board holds its meeting as it deems necessary, but, in general, at least once per six (6) weeks. The Supervisory Board is entitled to approve a schedule of the meetings.

In general, the meetings of the Supervisory Board shall be held at the Company's venue: 13 Bolshoy Kislovsky pereulok, Moscow, Russian Federation. The Supervisory Board hold its meetings in a form of joint presence (joint attendance of the members) or by absentee voting (without joint attendance of the members).

At the meetings in a form of joint presence information and communication technologies providing the possibility of remote participation at the meeting, agenda items discussion and adopting resolutions put to vote without presence, may be used. Remote participation of the Supervisory Board members at the meeting equals to their presence at the meeting in case of their evident identification (authentication).

6.2. The Executive Board and the Head of the structural unit, which performs the Corporate Secretary's functions of the Company, shall ensure normal functioning of the Supervisory Board.

6.3. A meeting of the Supervisory Board is called by the Chairman of the Supervisory Board or the person performing the functions of the Chairman on his initiative, at request of a member of the Supervisory Board, Chairman or a member of the Revision Commission or the Exchange's auditor, Executive Board or any its member, , Chairman of the Executive Board of the Exchange and the shareholder (shareholders) of the Company in cases and pursuant to the procedure established by the Charter of the Company.

6.4. A meeting of the Supervisory Board initiated by a member of the Supervisory Board, Chairman or a member of the Revision Commission or the Exchange's auditor, Executive Board or a member of Executive Board, and Chief Executive Officer of the Company, should be held within fifteen (15) days as from the date the request for calling a meeting was submitted, and should the issue is firstly to be referred to the Commission under the Supervisory Board and (or) Company's Committee – within one (1) month as from the date of such request. The date of request for convening the meeting of the Supervisory Board shall be the date of request receipt by the Chairman of the Supervisory Board or by the person performing the functions of the Chairman.

6.5. A request for calling (convening) a meeting of the Supervisory Board shall be sent to the Chairman of the Supervisory Board at the address of the sole executive body of the Company and must include:

- Data on the person (bodies) submitting the request;
- Wording of the items on the agenda of the meeting;
- Substantiation of the necessity for consideration of the issue;
- List of documents and other accompanying materials necessary for consideration of issues on the agenda;
- Address where the reply to the request should be sent to;
- Signature of the person (his/her senior officer or bodies) requesting to call a meeting.

A request on calling a meeting of the Supervisory Board may be attached with accompanying materials necessary for considering the issues proposed for inclusion on the agenda of the meeting.

6.5.1. In cases stipulated by Federal Law "On Joint-Stock Companies" the Company no later than 15 (fifteen) days prior to the date of the related party transaction's conclusion shall send to the members of the Supervisory Board the notification containing the information on the terms and conditions of the transaction. To provide receiving the consent of the Supervisory Board to conclude the transaction prior to the date of its conclusion, the Supervisory Board member is recommended to send the request to convene a Supervisory Board meeting to decide on giving the consent to execute a related party transaction no later than 15 (fifteen) days after the receipt of the notification from the Company.

The Secretary of the Supervisory Board shall promptly inform the Chairman on the received request. A copy of the request shall be forwarded to the Chairman of the Board via fax, e-mail or otherwise.

6.6. Within three (3) days after the date when a request for convocation of a meeting of the Supervisory Board was filed, the Chairman of the Supervisory Board, or other person performing the functions of the Chairman, makes a decision on calling a meeting of the Supervisory Board (putting an issue on the agenda) or refuses to convene a meeting and informs the person filed the request thereof.

6.7. The Chairman of the Supervisory Board or other person performing functions of the Chairman, shall be entitled to refuse to convene a meeting if the matter to be discussed is not within competence of the Supervisory Board, or was submitted by a person not empowered thereto, or the request does not provide all the data as envisaged by these Provisions.

6.8. Apart from the meetings held at requests, the Chairman calls meetings as deemed necessary, also in consideration of received proposals on items to be included on the agenda and approved schedule of the meetings.

6.9. Proposals for putting issues on the agenda of a meeting of the Supervisory Board may be submitted by members of the Supervisory Board, Chairman of the Executive Board, Executive Board, members of the Executive Board, Chairman or any member of the Revision Commission, the Exchange's auditor. The shareholder (shareholders) of the Company owning in total not less than 5 percent of voting shares of the Company, have the right to submit proposals to the agenda, regarding:

- Proposals on registrar's candidacy;
- Internal Audit Service reports on IAS performance;
- Extra audits to be performed by the Internal Audit Service
- Reports of the Head of structural unit performing Corporate Secretary's functions.

The foregoing persons shall file the proposals to the Secretary of the Supervisory Board. Along the proposal shall be sent all the necessary materials.

6.10. The Secretary prepares a draft agenda based on the received proposals and forwards it for approval to the Chairman of the Supervisory Board or to other person, performing the functions of the Chairman of the Supervisory Board.

6.11. The Chairman of the Supervisory Board or the person, performing the functions of the Chairman shall determine:

- Form of the meeting;
- Date, venue and time of the meeting as well as the possibility of remote participation at the meeting if it is held in the form of joint presence;
- Date on which ballots will no longer be accepted (ways of voting if the meeting is held by absentee voting (filling in the hard copy of voting ballot with its subsequent transfer to the Company and (or) filling in the voting ballot using e-voting software);
- A method of voting at the meeting in the form of joint presence (open voting by raising hands and (or) using e-voting software ).

6.12. After the Chairman of the Supervisory Board (or the person performing functions of the Chairman) approves the agenda and the form, date and time of the meeting are determined, the Secretary of the Supervisory Board notifies the members of the Supervisory Board and the CEO, normally not later than ten (10) business days prior to the date of the meeting on the following:

- Form of the meeting;
- Date, venue and time of the meeting as well as the possibility of distant participation (if the meeting is held in the form of joint presence);
- Date on which ballots will no longer be accepted (if the meeting is held by absent voting);
- Way of voting.

The notification of the meeting shall be attached with:

- A copy of the agenda of the meeting signed by the Chairman of the Supervisory Board;
- Documents, explanatory notes with a substantiation of necessity to adopt a proposed resolution, other needed information materials;
- Draft resolutions (wording) on each item on the agenda put to the vote;
- Ballot papers (if the meeting is held by absent voting, or if the resolution is to be adopted through a poll at the meeting in the form of joint presence).

Notification of the meeting of the Supervisory Board and necessary materials and documents shall be forwarded to each member via e-mail or via special software or delivered against signature.



Notification of the meeting of the Supervisory Board with materials and documents attached may also be communicated to other persons, invited or entitled to participate at such meeting if so decided by the Chairman of the Supervisory Board.

6.13. Should there any circumstances arise that prevent from or make it exceedingly difficult to hold a meeting at the place and (or) at the time the members of the Supervisory Board were advised of pursuant to these Provisions, the meeting with the same agenda may be held at other venue and (or) time.

The Chairman or Secretary of the Supervisory Board shall inform all the members of the Board on any changes in venue and (or) time of a meeting in consideration of reasonable time needed for the members to arrive to the place of the meeting. The notification of changes in venue/timing of the meeting shall be communicated to the members in any for ensuring its receipt by the members of the Supervisory Board.

6.14. If so allowed by the Chairman of the Supervisory Board or by the person performing the functions of the Chairman, materials and papers needed for consideration of the item on the agenda may be sent at the later date than the date prescribed hereunder.

Materials and documents necessary for consideration of the issues on the Agenda at the first meeting after election of the new composition of the Supervisory Board may be provided to the members of the Supervisory Board directly at the meeting, without a prior delivery.

6.15. If the Chairman of the Supervisory Board, or the person performing functions of the Chairman of the Supervisory Board receives a written enquiry from the person who proposed on items on the agenda of the meeting to exclude such item from the agenda due to failure to submit materials or documents, or otherwise, the Chairman of the Supervisory Board or the person performing functions of the Chairman of the Board shall be entitled to exclude such issue from the agenda of the meeting.

6.16. While planning for and holding the meeting of the Supervisory Board, the Chairman of the Supervisory Board or the person performing functions of the Chairman of the Board informs the Chairman of the Executive Board or the person duly authorized on the possible date of the meeting, the agenda, list of activities and documents needed to hold the meeting.

The Chairman of the Executive Board or the person duly authorized instructs the heads of the related business units of the Company on activities for preparation of materials and documents needed to convene the meeting of the Supervisory Board. The business units of the Company prepare needed materials and documents for consideration at the meeting of the Supervisory Board and forward it to the Secretary of the Supervisory Board for delivery to the Chairman of the Executive Board not later than fourteen (14) days before the meeting date or the date of voting papers acceptance if the meeting is held by absent voting.

Should the company's bylaws require first to refer the issue to be discussed at the meeting of the Supervisory Board for consideration to the related Commission under the Supervisory Board or any other advisory body of the Company, materials for the meeting of the Supervisory Board shall be forwarded to the Secretary of the Supervisory Board on the date stated after such material have been considered by the foregoing Commission or advisory board.

6.17. Materials for items on the agenda with information marked as "confidential" normally are not distributed.

If the members need to read the papers for the meeting beforehand, such papers may be provided to the members of the Supervisory Board for reading at the premises of the Company or delivered with the courier against receipt, mail service with notification of delivery, or registered letter with a return receipt.

A decision on distributing materials marked as "confidential" shall be made by the Chairman of the Supervisory Board or by the person, performing functions of the Chairman, at the suggestion of the Chairman of the Executive Board.

6.18. A complete package of documents for the items to be discussed at the meeting of the Supervisory Board shall be provided to all members of the Supervisory Board immediately at the meeting held in the form of joint presence.

Whereby the confidential materials shall be returned to the Secretary of the Supervisory Board on the day of the meeting of the Supervisory Board at which the concerned issues have been discussed immediately after the meeting's closure, unless the Supervisory Board decides otherwise.

6.19. The Chairman of the Supervisory Board or the person performing functions of the Chairman of the Supervisory Board shall exclude the item from the agenda of the meeting to be held by absent voting, if not later than one (1) day before the date of such meeting at least twenty (20) percent of the members of the Supervisory Board submitted to the Chairman of the Supervisory Board or to

the person performing functions of the Chairman of the Supervisory Board a written opinion on including such item (items) for discussion at the meeting in the form of joint presence. As instructed by the Chairman of the Supervisory Board or by the person performing functions of the Supervisory Board, the Secretary of the Supervisory Board shall on the same day inform all the members of the Supervisory Board on exclusion of such issue (issues) from the agenda of the meeting to be held by absent voting.

## **7. HOLDING THE MEETINGS AND DECISION MAKING BY THE SUPERVISORY BOARD**

7.1. The Chairman of the Supervisory Board or the person performing functions of the Chairman of the Board organizes for holding the meeting in accordance with the agenda of the meeting.

7.2. If so decided by the Chairman, the members of the Executive Board, Managing Directors and Heads of Company's business units, members of the Revision Commission of the Company, persons who have prepared materials and documents for the items on the agenda to be discussed at the meeting, Company's employees, representatives of the companies where the Company is a shareholder (participant, member), assistants of the members of the Supervisory Board, or other persons may attend the meeting of the Supervisory Board only on the issues they have been invited to discuss.

The Chairman of the Exchange Council may be invited for considering the issues concerning activities of the Exchange Council.

7.3. The Supervisory Board may in advance of consideration at the meeting decide to change or to amend the agenda of the meeting, such as but not limited to excluding items from or adding to the agenda of the meeting.

7.4. If necessary, the meeting may be adjourned maximum for the period of seven (7) days. The meeting shall be continued not later than by the foregoing date with the same agenda as it was before the adjournment.

7.5. A quorum for holding meetings of the Supervisory Board shall constitute at least a half of the total number of the members elected to the Supervisory Board.

When the number of members of the Supervisory Board is less than the quantity making up said quorum the Supervisory Board of the Company shall adopt a decision to convene the Extraordinary General Shareholders Meeting in

order to elect the new members to the Board. The remaining members of the Supervisory Board shall have the right to adopt a decision only concerning the convocation of such the Extraordinary General Shareholders Meeting.

7.6. Generally, the Supervisory Board makes decisions (vote on items on the agenda of the meeting) by a roll call vote or by using special e-voting software.

7.7. Resolutions at the meeting of the Supervisory Board are adopted by the majority of votes of the members attending the meeting, unless provided otherwise by the laws of the Russian Federation, Charter of the Company or by these Provisions.

7.8. After consideration of each issue on the agenda of the meeting of the Supervisory Board, the Chairman of the Supervisory Board or the person performing the functions of the Chairman of the Board declares the voting results and announces the adopted decision.

7.9. When deciding matters at a meeting, each member of the Supervisory Board shall have one vote. A member of the Supervisory Board of the Company is prohibited to transfer his/her vote to another person, in particular, another member of the Supervisory Board of the Company. In the event of tie vote, the Chairman of the Supervisory Board, the person performing the functions of the Chairman of the Supervisory Board in this/her absence are not entitled to the casting vote.

7.10. When deciding on the meeting's quorum and on voting results, written opinions of Supervisory Board's members not present at the meeting shall be taken into consideration provided that:

- A written opinion on the issue concerned is received prior to the opening of the meeting;
- A member of the Supervisory Board clearly states his/her opinion on issue put to the vote in writing by choosing either "for", "against" or "abstained" voting option;
- A written opinion is signed off by the member of the Supervisory Board personally.
- The meeting was personally attended by at least five (5) members of the Supervisory Board.

An opinion submitted in writing with proposals on amendments and alteration to the proposed draft decision shall not be taken into consideration when

deciding on quorum of the meeting and voting results. Should amendments to the draft decision are made during the meeting of the Supervisory Board, opinions submitted in writing also shall not be taken into account in deciding on quorum and voting results with regard to related issue.

Opinions submitted in writing shall be considered when deciding on quorum and voting results per each issue of Agenda separately and must be recorded in the Minutes of the meeting.

7.11. The written opinion of the member of the Supervisory Board may contain information on his/her voting both on all items of the agenda of the meeting, and on specific items separately.

The Chairman of the Supervisory Board should deliver a written opinion of the person not attending the meeting on agenda items prior to start of voting on the related issue.

If the member of the Supervisory Board attends the meeting, his/her written opinion submitted prior to the opening of the meeting, shall not be delivered at the meeting and shall not be considered in deciding on quorum and summing up results of voting on agenda items.

## **8. SUPERVISORY BOARD'S ABSENT VOTING**

8.1. When the Chairman makes a decision to hold the meeting of the Supervisory Board by absent voting, the Secretary of the Supervisory Board shall not later than 4 (four) business days prior to the deadline for return of voting papers notify (advise) the members of the Supervisory Board of holding the meeting by absent voting. The notification of the meeting shall be attached with voting papers and materials necessary for adopting a resolution.

8.2. Voting papers shall include:

- Full corporate name of the company
- Form of the meeting;
- Date (date the voting ballots will be no longer accepted) and way of filled in voting ballot delivery;
- Wording of each item on the agenda put to the vote;
- Wording of resolutions on items put to the vote and voting options formulated as "for", "against" and "abstained";
- Notice that only one voting option may be chosen;
- Notice that the voting papers need to be signed off personally by a member

of the Board;

- Other necessary information.

8.3. Ballot voting may be done both on hard copy of the ballot and by using e-voting software subject to providing of sufficient reliability and data protection, as well as identification (authentication) of the directors taking part in such voting.

In case a director uses both e-voting and paper voting, i. e. sends a filled hard copy of the ballot to the Company, ballot vote will be prioritized and information from the hard copy will determine the vote outcome.

8.4. The members whose duly exercised voting papers were received (also via fax or e-mail with a paper copy to be further delivered) prior to the date determined as the deadline for returning the voting papers or voted using special e-voting software shall be considered to have participated at the meeting of the Supervisory Board held by absent voting.

8.5. When counting the votes, only the voting ballots where one voting option, i.e. "for", "against" or "abstained" is marked, are taken into consideration. The other options shall be struck out.

The voting ballots with more than one option selected shall be deemed invalid.

If more than one voting option for one issue or several issues put to the vote is selected on a voting ballot, votes it contains on such issues are not counted.

If two or more filled in voting ballots with different voting options selected on one and the same issue are revealed while counting votes, voting ballot will be deemed invalid to the extent of voting on such issue.

If a voting ballot is with comments and amendments to resolutions regarding one issue or several issues put to the vote, votes it contains on such issues are not counted.

The existence of invalid ballot to the extent of one issue, several or all issues put to the vote shall not exempt votes under such ballots when determining the quorum of the Supervisory Board held by absent voting.

The voting papers shall be signed by a member of the Supervisory Board of the Company personally.

## **9. MINUTES OF THE MEETINGS OF THE SUPERVISORY BOARD**

9.1. The Secretary of the Supervisory Board or the person performing the functions of the Secretary keeps the records (Minutes) of the meetings of the Supervisory Board.

9.2. The Minutes shall be drawn up by the Secretary in three (3) authentic copies not later than in three (3) days as from the date it is held and shall be signed by the Chairman of the Supervisory Board, or, in the absence of the Chairman, by the person performing the functions of the Chairman who will be liable for accuracy and correctness of the Minutes.

The Secretary of the Supervisory Board shall deliver one authentic copy of Minutes of the meeting to the Law Department of the Company, one copy shall be kept by the Secretary, and one shall be kept by the Chairman of the Supervisory Board at Company's office at the address: 13 Bolshoy Kislovsky pereulok, Moscow, Russian Federation.

Audio records of the meeting of the Supervisory Board are being made in the course of its proceeding. As decided by the Chairman of the Supervisory Board or the person performing functions of the Chairman, the Secretary shall make the meeting's audio records transcript.

The audio records of the meeting of the Supervisory Board shall be kept by the Secretary of the Supervisory Board for one 1 (one) month as from the date of the meeting. Within the said period any member of the Supervisory Board shall have the right to send a written enquiry addressed to the Chairman of the Supervisory Board or to the person performing functions of the Supervisory Board to access to the audio records of the meeting at the office of the company located at 13 Bolshoy Kislovsky pereulok, Moscow, Russian Federation.

The verbatim transcript of the meeting of the Supervisory Board, if any, shall be kept by the Secretary of the Supervisory Board. Any member of the Supervisory Board may within 1 (one) year as from the date of the meeting have an access to the records upon a written enquiry sent to the Chairman of the Supervisory Board or to the person performing functions of the Chairman.

9.3. Minutes of the Board meetings shall state:

- Full company name and location;
- Form of the meeting;
- Agenda of the meeting;

- Information on presence/absence of the quorum necessary for holding the Board meeting and for voting on each item on the meeting's agenda;

- information on recommendations of a commission of the Supervisory Board regarding the respective issue of the Agenda;

- Items put to the vote at the meeting and voting results;

- Resolutions adopted;

- Date of the Minutes;

- Other necessary information.

If the meeting is held in the form of joint presence, the Minutes of the meeting shall contain the following information:

- Date, time and venue of the meeting;

- Members of the Supervisory Board present at the meeting;

- Members of the Supervisory Board not present at the meeting;

- Members of the Supervisory Board submitted their written opinions;

- List of persons invited to attend the meeting;

- Persons reporting on items on the meeting's agenda.

If the meeting is held by absent voting, the Minutes of the meeting shall also specify:

- Date of summing up the results of voting (date of the meeting);

- Members of the Supervisory Board who took part in absent voting;

- Members of the Supervisory Board who did not take part in absent voting.

Minutes of the meeting shall not state opinions of the persons reported on agenda items, other than a dissenting opinion of the member of the Board who demanded to enter such opinion in the meeting's records.

The Secretary keeps the Minutes with the following accompanying documents:

- Documents adopted or approved by Supervisory Board's resolution;

- Written opinions on items on the agenda submitted by the members absent at the meeting taken into consideration while determining the quorum and the results of voting;

- dissenting opinion of the Supervisory Board's member on the issue of the Agenda submitted in a written form;

- Registration list of the members of the Board attending the meetings held in presentia;



- Filled in voting ballots (in case of using their hard copies) or print version of electronic equivalent of the voting ballot (in case of using special e-voting software);

- Other documents and materials as may be necessary.

The documents adopted or approved by the resolutions of the Supervisory Board may be signed by the Chairman of the Supervisory Board (in case of his/her absence, by the Deputy Chairman of the Supervisory Board) or by the Chairman of the Executive Board.

9.4. The Minutes of the Board meetings shall be numbered through continuous numbering in chronological order during the period from the date of election of the current Supervisory Board till the date the new Supervisory Board is elected by the General Shareholders Meeting, filed and kept in line with procedures prescribed for the documents containing information that represents a non-public information and commercial secret of the Company.

9.5. As instructed by the Chairman or by the person performing functions of the Chairman of the Supervisory Board or the Chairman of Executive Board the copies of the Minutes may be certified by the Secretary and sent to the members of the Supervisory Board, shareholders, members of the Revision Commission of the Company or the company's auditor upon their written enquiry.

When the current legislation provides for the copies of Minutes to be submitted to particular persons, such copies should be certified and sent by the Secretary of the Supervisory Board as instructed by the Chairman of the Supervisory Board or the person performing the functions of the Chairman, or by the Chairman of the Executive Board.

9.6. The Minutes should be made available to the shareholders for reading in the office of the Company's Executive Body within seven (7) calendar days as from the date of a written enquiry.

9.7. The Secretary of the Supervisory Board prepares and sends abstracts of the Minutes to Company's departments responsible for implementation of resolutions of the Supervisory Board. Abstracts of the Minutes shall be signed by the Secretary of the Supervisory Board. Copies of the Minutes certified by the Secretary of the Board shall be sent to Company's departments responsible upon their written enquiry.

## **10. THE ENTRY INTO FORCE AND IMPLEMENTATION OF RESOLUTIONS ADOPTED BY THE SUPERVISORY BOARD**

10.1. Resolutions adopted by the Supervisory Board at the meetings shall enter into force as from announcement of voting results on the concerned item on the agenda, unless the resolution provides otherwise.

10.2. Resolutions of the Supervisory Board adopted by absent voting shall enter into force as from the date of summing up the voting results (date of holding the meeting by absent voting).

10.3. Resolutions adopted by the Supervisory Board shall be implemented within a term determined by the resolution of the Supervisory Board or within a reasonable time frame, if such term for implementation is not determined.

10.4. Control over implementation of resolutions adopted by the Supervisory Board shall be performed by the Chairperson of the Supervisory Board, Executive Board and the Chairman of the Executive Board, as well as by other persons, if the relevant resolution of the Supervisory Board expressly provides for the same and is recorded in the minutes of the meeting.

10.5. Resolutions adopted by the Supervisory Board shall be binding upon all management bodies of the Company, Company's officials and employees.

10.6. The Chairman of the Executive Board shall bear liability for proper and timely implementation of resolutions adopted by the Supervisory Board. The Chairman of the Executive Board of the Company shall on quarterly basis and within 2 (two) days after expiration of a reporting quarter period provide a quarterly report on implementation of resolutions adopted by the Supervisory Board to the Supervisory Board for consideration. Following the results of quarterly report discussion, the Supervisory Board shall adopt a resolution accordingly.

## **11. LIABILITY OF THE MEMBERS OF THE SUPERVISORY BOARD**

11.1. In exercising their powers and duties the members of the Supervisory Board must act in the best interest of the Company, reasonably and in good faith.

11.2. The member of the Supervisory Board shall reimburse by the demand of the Company or its shareholders acting in the Company's interests the damage incurred through his/her fault by the Company.

The member of the Supervisory Board shall bear the liability, if it is proved that in exercise of his/her rights and duties he/acted male fide or unreasonably, including but not limited to, if his/her actions (omission to act) were not in

compliance with ordinary course of practice or ordinary entrepreneurial risk.

11.3. The member of the Supervisory Board who voted against the resolution that resulted in occurrence of damage or, acting bona fide, did not participate in voting, shall not bear the liability stipulated in item 11.2.