

APPROVED BY
Decision of the Annual General
Meeting of PJSC LSR Group Shareholders
Minutes No. 1/2017
of _____, 2017

Charter
Public Joint Stock Company
LSR Group
(Revised version)

Saint Petersburg
2017

1. GENERAL PROVISIONS

1.1 Public Joint Stock Company LSR Group (hereinafter referred to as the “Company”), is a legal entity, acting in accordance with the Charter (hereinafter referred to as the “Charter”), legislation of the Russian Federation, established by way of reorganization in a form of transformation from Limited Liability Company LSR Group, primary state registration number (OGRN)1047844006946 and registered by the Inter-District Inspectorate No. 15 of the Federal Tax Service for Saint Petersburg on August 14, 2006, primary state registration number (OGRN) 5067847227300.

1.2 The Company is established for an indefinite term.

2. NAME AND REGISTERED OFFICE OF THE COMPANY

2.1. Name of the Company:

2.1.1. Full Company name in Russian: Публичное акционерное общество «Группа ЛСР».

2.1.2. Abbreviated Company name in Russian: ПАО «Группа ЛСР».

2.1.3. Full Company name in English: Public Joint Stock Company LSR Group.

2.1.4. Abbreviated Company name in English: PJSC LSR Group.

2.2. Registered office of the Company: Saint Petersburg, Russian Federation.

3. PURPOSE AND OBJECTIVES OF COMPANY ACTIVITIES

3.1. The purpose of the Company is to generate profit.

3.2. The Company has civil rights and owes civil obligations necessary to engage in any activity not prohibited by federal laws.

3.3. Certain activities, as set forth in the existing legislation, may be carried out by the Company only upon receipt of a special permission (license), joining self-regulated organization or receipt of competency certificate issued by self-regulated organization. Company right to carry out any activity subject to special licensing, membership in self-regulated organization or receiving competency certificate from self-regulated organization shall arise from obtaining such permission (license) or as specified in the license, or from joining self-regulated organization or issuance of competency certificate to the Company, and cease upon expiry of the permission (licensing period), membership in self-regulated organization or issued competency certificate.

3.4. The Company shall carry out the following core business:

- Investments in securities;
- Preparation of equity real estate for sale;
- Purchase and sale of equity real estate;
- Business and management consulting;
- Scientific research and development;
- Legal, accounting and audit activities, business and corporate management consulting;
- Provision granting under obligations of subsidiaries and affiliated companies;
- Activities on financial intermediary.

3.5. The Company carries out transnational operations independently, according to effective laws and regulations, international regulations and treaties.

3.6. The Company may perform any other activity subject to the current legislation.

4. LEGAL STATUS OF THE COMPANY

4.1. The Company is a legal entity established in accordance with the legislation of the Russian Federation. The Company owns an independent property accounted for in its balance sheet.

The Company may exercise and acquire property and individual rights, undertake liability, act as plaintiff or defendant in courts.

4.2. The Company according to prescribed procedures may open bank accounts in the Russian Federation and abroad according to current legislation.

4.3. The Company shall have a stamp with its full name in Russian language and location.

4.4. The Company may have other stamps and letter heads, an emblem as well as a trade mark or other signs of visual identification registered pursuant to the current legislation.

4.5. The Company may establish affiliates on the territory of the Russian Federation as per

legislation of the Russian Federation and out of the borders of the Russian Federation in accordance with a foreign state legislation unless otherwise provided by international contract of the Russian Federation.

4.6. The Company may on voluntary basis participate in unions, associations, be a member of other non-commercial organizations in the Russian Federation and abroad.

4.7. Independent organization with the corresponding license obtained as per legislation shall keep register of Company shareholders and perform functions of the Counting Board at General Meetings of Shareholders (hereinafter referred to as the the “Registrar”).

5. LIABILITY OF THE COMPANY

5.1. The Company is liable for all its undertakings over all and every of its property.

5.2. The Company is not liable for undertakings of its shareholders, excluding cases provided in the Civil Code of the Russian Federation (hereinafter referred to as the Civil Code of the Russian Federation) and other laws.

5.3. The state and its administrative authorities are not liable for the Company obligations, and the Company is not liable for obligations of the government and the administrative authorities.

6. BRANCHES AND REPRESENTATIVE OFFICES

6.1. The Company may establish branches and representative offices in the Russian Federation observing requirements of legislation of the Russian Federation and abroad observing requirements of legislation of a foreign state where branch or representative office is located unless otherwise provided by international contract of the Russian Federation.

6.2. Branches and representative offices shall perform their activities on behalf of the Company; the Company is liable for undertakings of its branches and representative offices.

6.3. Branches and representative offices are not legal entities; they operate based on assets provided by the Company and shall act in compliance with any internal regulations issued by the Company.

The assets of branches and representative offices shall be accounted for on their separate balance and simultaneously on the balance of the Company.

6.4. Branch managers and heads of representative offices shall be appointed by the Executive Committee of the Company and shall act pursuant to a power of attorney issued by the Company.

6.5. The Company shall introduce information regarding its branches and representative offices with indication of addresses to the Uniform State Register of Legal Entities.

7. AUTHORIZED CAPITAL

7.1. Company authorized capital is equal to twenty-five million seven hundred fifty-seven thousand five hundred fifty-three point seventy-five roubles (RUB 25,757,553.75). It consists of nominal value of the Company shares acquired by the shareholders, including:

– One hundred and three million thirty thousand two hundred and fifteen (103,030,215) ordinary registered shares with a nominal value of zero point twenty-five roubles (RUB 0.25) each.

7.2. The quantity of authorized shares, which the Company may additionally place in the market is thirty-two million one hundred eighteen thousand seven hundred twenty-one (32,118,721) ordinary registered shares with a nominal value of zero point twenty-five roubles (RUB 0.25) each.

7.3. Upon their placement, authorized shares shall entitle their holders:

- to take part in the management of the Company, including participation in the General Meetings of Shareholders in person or by proxy with the right to vote on any issues within its competence;
- to share the profit;
- to receive dividends or, in case of liquidation of the Company, to obtain a part of the Company property or its value;
- to obtain information about Company activities as provided by effective legislation;
- to perform transactions with respect to the Company securities at shareholder’s convenience and in accordance with the effective laws and regulations of the Russian Federation;
- to have other rights provided for in the Charter and current legislation.

7.4. Company authorized capital may be increased by increase in the nominal value of its shares or by additional placement of shares.

7.5. Decision on increase in the Company authorized capital by increase in the nominal value of the

shares shall be adopted by the General Meeting of Shareholders.

7.6. Decision on increase in the authorized capital by way of additional placement shall be adopted by the Board of Directors of the Company (hereinafter referred to as the “Board of Directors”), save for circumstances when, according to the federal laws, such decision should be adopted by the General Meeting of Shareholders only.

Decision of the Board of Directors to increase the authorized capital by way of additional placement shall be unanimous of all the members of the Board of Directors.

If the Board of Directors is unable to approve unanimously the increase in the authorized capital by way of placement of additional shares, the matter shall be referred to the General Meeting of Shareholders as the Board of Directors may decide.

7.7. The Company shall increase the authorized capital subject to restriction imposed by federal laws.

7.8. The Company authorized capital may be decreased by decrease of the nominal value of shares or the total quantity thereof, which includes a possibility of partial purchase of the shares.

7.9. The authorized capital may be decreased by reduction of the nominal value of shares or by partial purchase of the shares for the purposes of redemption based on the approval of the General Meeting of Shareholders.

7.10. The authorized capital may be decreased given the approval of the General Meeting of Shareholders to decrease the authorized capital through redemption of shares obtained by the Company in the following circumstances:

- in case shares purchased by the Company pursuant to the shareholder’s request were not sold within one year from the date of the purchase (with the exception of share purchases resulting from the Company reorganization);

- in case shares purchased by the Company, as provided for in Article 72, Clause 2 of the Federal Law “On Joint Stock Companies”, were not sold within one year following the date of purchase.

7.11. If upon expiry of the second or each subsequent reporting year the net value of the Company assets is less than the value of its authorized capital, the Board of Directors for preparing for the annual General Meeting of Shareholders shall include a clause on the status of the net assets of the Company in its annual report.

If the value of the net assets of the Company remains less than its authorized capital upon expiry of the reporting year following the second reporting year, or each subsequent reporting year upon expiry of which the value of net assets is less than its authorized capital, the Company shall, within no more than six months after expiry of the corresponding reporting year, take one of the decisions as follows:

1) on reduction of the Company authorized capital down to the value that does not exceed the net value of its assets;

2) on liquidation of the Company.

In this case, reduction of the authorized capital shall be carried out by decreasing the nominal value of shares.

7.12. Within 3 business days following the date of decision on reduction in the authorized capital the Company shall notify of such decision the legal entities state registration body, and publish notice of reduction in the authorized capital twice with an interval of one month in the mass media publishing data on state registration of legal entities.

7.13. The authorized capital shall be reduced by partial redemption of shares based on the decision of the General Meeting of Shareholders with respect to the reorganization of the Company in following circumstances:

- as provided in Article 76, Clause 6 of the Federal Law “On Joint Stock Companies”;

- if the Company undergoes a spin-off reorganization through redemption of converted shares.

7.14. When reducing the authorized capital the Company shall observe the restrictions established in federal legislation.

7.15. The value of the Company net assets is estimated by accounting means in accordance with procedures prescribed by laws and regulations of the Russian Federation.

7.16. If upon expiry of the second reporting year, or each subsequent reporting year the value of the net assets of the Company is less than the minimum amount of authorized capital provided for in Article 26 of the Federal Law “On Joint Stock Companies”, the Company shall, within no more than six months after expiry of the reporting year, declare its liquidation.

7.17. If within the period of time specified in Clauses 7.11 and 7.16 hereof the Company fails to fulfill the obligations provided for in the above Clauses, the Company creditors shall be entitled to demand that the Company should fulfill the corresponding obligations ahead of time, or is such early fulfillment is impossible – that the Company terminates its obligations and compensates for the losses incurred, and the authority responsible for state registration of legal entities, or any other government body or self-government authority authorized to file claims under the federal laws, may commence legal action in order to terminate Company activities.

8. COMPANY SHARES

8.1. The Company may issue ordinary shares and one or several types of preferred shares. The Company shall have no right to place preferred shares with nominal cost lower than nominal cost of ordinary shares.

8.2. All shares are issued in a non-documentary form.

8.3. Shareholders shall not be liable for the Company undertakings and shall assume the loss risks related to Company activities in the amount of owned share value.

8.4. Shareholders of the issued shares with incomplete payment are jointly and severally liable for the Company does undertakings in the amount equal to the non-paid part of the share value in their possession.

8.5. A shareholder shall:

- follow the terms and conditions laid in the Charter;
- cover the shares upon their issuing within the time limit, order and procedures stipulated in the legislation, the Charter and the share issue agreement;
- fulfill other obligations prescribed by laws, the Charter and the decisions of the General Meeting of Shareholders adopted within its competence.

8.6. The rights of the shareholders – holders of ordinary shares shall be as follows:

- to take part in the Company management, including personal or proxy participation in the General Meeting of Shareholders with a right to vote on any issue falling within the competence of the Meeting;
- to take part in distribution of profit;
- to obtain dividends, or should the case be, the Company property, its part or corresponding value in case of liquidation;
- to obtain information about Company activities as provided by effective legislation;
- to perform transactions with respect to the Company securities at shareholder's convenience and in accordance with the effective laws and regulations of the Russian Federation;
- to have other rights provided for in the Charter and current legislation.

8.7. Each Company ordinary share has equal nominal value; it grants its holder (shareholder) equal rights.

8.8. A voting share is a share which grants its holder a right to vote on any issue falling within the competence of the General Meeting of Shareholders or on certain issues stipulated in the federal laws.

With the exception of shares in the Company possession, any ordinary share is a voting share and covers all issues of the General Meeting of Shareholders.

9. PLACEMENT OF SHARES AND OTHER SECURITIES

9.1. The Company may place additional shares and other securities through their subscription and converting. The increase in the authorized capital based on the Company assets shall be carried out through placement of additional shares and placement thereof among its shareholders.

9.2. In case of additional placement of shares or securities convertible to subscription shares the Company may perform public and private subscription.

10. ACQUISITION OF ISSUED SHARES BY THE COMPANY

10.1. The Company may purchase its own shares if there is decision of the General Meeting of Shareholders to reduce the authorized capital through purchase of part of the issued shares for the purposes of decreasing the total number of shares.

10.2. The shares purchased by the Company based on the decision of the General Meeting of Shareholders to reduce the authorized capital by purchase of part of the issued shares with the aim to decrease their total number shall be redeemed at the moment of acquisition.

10.3. The Company may purchase its own shares based on the decision of the Board of Directors in cases provided for in Article 72, Clause 2 of the Federal Law “On Joint Stock Companies”.

10.4. Shares purchased by the Company according to Article 72, Clause 2 of the Federal Law “On Joint Stock Companies” do not entitle to the voting right, they shall not be considered when counting votes, shall not accumulate dividends. These shares shall be sold at the price at least equal to their market value not later than within one year from the date of their purchase. Otherwise the General Meeting of Shareholders shall adopt a resolution to reduce the authorized capital through redemption.

10.5. The shares issued and purchased by the Company shall be paid for in monetary form, securities or property, property or other material rights subject to possibility of their pecuniary valuation.

10.6. Decision on acquisition of the Company issued shares by the Company shall comply with restrictions stipulated in federal legislation.

11. DIVIDENDS

11.1. Dividend is a part of the Company net profit distributed among the shareholders in proportion to the number, category and type of the shares.

11.2. The Company has a right to decide (declare) to distribute dividends on issued shares basing on the results of first quarter, six months, nine months of the reporting year and/or the results of the reporting year unless the Federal Law “On Joint Stock Companies” dictates otherwise. The decision on dividend distribution (declaring the dividends) according to the balance of the first quarter, six months, nine months of the reporting year may be adopted within three months subsequent to the expiration of the respective period. The decision on distribution, amount, or form of the dividend for each category (type) of shares shall be made by the General Meeting of Shareholders pertaining to the approval of the profit allocation. The dividend amount shall not exceed the limitation recommended by the Board of Directors.

11.3. Dividends shall be paid in cash.

12. COMPANY GOVERNING BODIES

12.1. Company governing bodies shall include:

- General Meeting of Shareholders
- Board of Directors;
- Collective Executive Body – Executive Committee;
- Sole Executive Body – Chief Executive Officer.

Should the circumstances require it, all governing functions shall be transferred over to the Liquidation Committee.

12.2. The Audit Committee shall be authorized to control Company financial activities and management.

12.3. The Board of Directors and the Audit Committee shall be elected by the General Meeting of Company Shareholders.

12.4. The Executive Committee and the sole executive body shall be elected by the Board of Directors.

12.5. Liquidation Committee shall be elected by the General Meeting of Shareholders if liquidation is voluntary; in case of compulsory liquidation the Liquidation Committee shall be appointed by state commercial (arbitration) courts.

13. GENERAL MEETING OF SHAREHOLDERS

13.1. The Company supreme governing body shall be the General Meeting of Shareholders.

The General Meeting of Company Shareholders can be held as follows:

- meeting;
- absentee voting.

The Company shall call for the annual General Meeting of Shareholders not earlier than 2 months before and not later than 6 months after the end of the reporting year.

13.2. The competence of the General Meeting of Shareholders shall include:

- 1) Approval of amendments and supplements to the Company Charter or approval of a revised version of the Company Charter (excluding circumstances stipulated in Article 12, Clauses 2-6 of the Federal Law "On Joint Stock Companies");
- 2) Reorganization of the Company;
- 3) Liquidation of the Company, appointment of the Liquidation Committee and approval of the interim and final liquidation statements;
- 4) Approval of the number of members on the Board of Directors, election of the members of the Board of Directors and early termination of their authority;
- 5) Making a decision on transfer of authority of the Company sole executive body to corporate (managing company) or individual contractor (manager) under appropriate agreement;
- 6) Making a decision on early termination of authority of the managing company or manager;
- 7) Election of members of the Audit Committee and early termination of their authority;
- 8) Approval of the Company auditor;
- 9) Approval of number, nominal value, category (type) of authorized shares and rights granted by those shares;
- 10) Increase in the authorized capital through increase in nominal value of shares;
- 11) Increase in the authorized capital by share issue by private subscription;
- 12) Issuing of Company securities convertible into shares by private subscription;
- 13) Increase in the authorized capital by public subscription by issue of ordinary shares in the amount exceeding 25 % of ordinary shares issued earlier;
- 14) Issue of bonds and other securities convertible into ordinary shares exceeding 25 % of ordinary shares issued earlier, by public subscription;
- 15) Increase in the authorized capital by public subscription for ordinary shares in amount of 25 % and less than ordinary shares issued earlier, given that the Board of Directors fails to reach unanimous vote in this regard;
- 16) Increase in the authorized capital by issuing additional shares within the quantity and category (type) of authorized shares based on the Company assets, when additional shares are to be distributed among shareholders, if the Board of Directors fails to reach unanimous vote for this issue;
- 17) Increase in the authorized capital by issue of additional preferred shares within the range of the number of authorized shares of this category (type) by public subscription, when additional shares are to be distributed among shareholders, if the Board of Directors fails to reach unanimous vote for this issue;
- 18) Reduction of the authorized capital by reduction of the nominal value of shares through partial share purchase by the Company done with an objective to reduce their total number and by redemption of the acquired and purchased shares (shares in possession of the Company);
- 19) Distribution (declaration) of dividend based on the interim balance for the first quarter, six months, nine months of the reporting year;
- 20) Approval of annual reports, annual account (financial) reports of the Company, and allocation of profits (including distribution (declaration) of dividend), excluding profits distributed as dividend basing on the interim balance sheet for the first quarter, six months, nine months of the reporting year and Company losses during the reporting year;
- 21) Approval of procedure for holding of General Meeting of Shareholders;
- 22) Split of shares and consolidation;
- 23) Making a decision on consent to or on subsequent approval of transactions in the cases provided for in Article 83 of the Federal Law "On Joint Stock Companies".
- 24) Making a decision on consent to or on subsequent approval of major transactions in the cases provided for in Article 79 of the Federal Law "On Joint Stock Companies".
- 25) Making a decision on participation in financial and industrial groups, associations and other unions of commercial organizations;
- 26) Approval of internal documents governing activities of Company bodies;
- 27) Making a decision on remuneration and/or compensation of expenses incurred by members of the Audit Committee pertaining to performance of their duties for the period of duty performance, approval of the amount of said remuneration and/or compensation;
- 28) Making a decision on remuneration and/or compensation of expenses incurred by members of the Board of Directors related to the execution of their duties as members of the Board of Directors for the period of duty performance, approval of amount of remuneration and compensation;
- 29) Making a decision on reimbursement of expenses incurred due to the preparation and holding

of an extraordinary General Meeting of Shareholders to persons and bodies of the Company – initiators of the Meeting out of the Company budget;

30) Approval of the list of additional documents to be safeguarded by the Company;

31) Making a decision concerning announcement of delisting of Company shares and/or securities convertible into its shares;

32) Making a decision concerning announcement of releasing the Company from the obligation to perform disclosure or presentation of information provided by the legislation of the Russian Federation concerning securities;

33) Resolution of other issues as prescribed by the Federal law “On Joint Stock Companies”.

13.3. The General Meeting of Shareholders shall not discuss or solve issues beyond its competence stipulated by laws.

13.4. The General Meeting of Shareholders shall not make decisions on issues that were not included into the agenda of the General Meeting of Shareholders and shall not amend the agenda.

13.5. Individuals approved by the Board of Directors shall serve as Chairman and Secretary of the General Meeting of Shareholders.

Mandatory attendance of the General Meeting of Shareholders shall be required for the Chief Executive Officer, members of the Audit Committee and Company Auditor.

13.6. The decision of the General Meeting of Shareholders on an issue proposed for voting shall be validated by majority of the shareholders (holders of the Company voting shares) present at the Meeting given the observance of the Federal Law “On Joint Stock Companies”.

13.7. General Meeting of Shareholders shall make decisions on the following issues only in cases whereas such were proposed by the Board of Directors:

1) Reorganization of the Company;

2) Liquidation of the Company, appointment of the Liquidation Committee and approval of the interim and final liquidation statements;

3) Increase in the authorized capital through increase in nominal value of shares;

4) Increase in the authorized capital by share issue by private subscription;

5) Increase in the authorized capital by public subscription by issue of ordinary shares in the amount exceeding 25 % of ordinary shares issued earlier;

6) Increase in the authorized capital by public subscription for ordinary shares in amount of 25 % and less than ordinary shares issued earlier, given that the Board of Directors fails to reach unanimous vote in this regard;

7) Increase in the authorized capital by issuing additional shares within the quantity and category (type) of authorized shares based on the Company assets, when additional shares are to be distributed among shareholders, if the Board of Directors fails to reach unanimous vote for this issue;

8) Increase in the authorized capital by issue of additional preferred shares within the range of quantity of authorized shares of this category (type) by public subscription, when additional shares are to be distributed among shareholders, if the Board of Directors fails to reach unanimous vote on this issue;

9) Reduction of the authorized capital by reduction of the nominal value of shares by purchase of a part of shares by the Company done with an objective to reduce their total number and by redemption of the acquired and purchased shares (shares in possession of the Company);

10) Split of shares and consolidation;

11) Making a decision on consent to or on subsequent approval of transactions in the cases provided for in Article 83 of the Federal Law “On Joint Stock Companies”.

12) Making a decision on consent to or on subsequent approval of major transactions in the cases provided for in Article 79 of the Federal Law “On Joint Stock Companies”.

13) Acquisition of the issued shares by the Company in cases stipulated in the Federal Law “On Joint Stock Companies”;

14) Making a decision on participation in financial and industrial groups, associations and other unions of commercial organizations;

15) Making a decision on transfer of authority of the Company sole executive body to corporate (managing company) or individual contractor (manager) under appropriate agreement;

16) Approval of internal documents governing activities of Company bodies;

17) Making a decision on reimbursement of the members of the Audit Committee and/or compensation of expenses incurred during execution of their duties.

18) Making a decision concerning announcement of delisting of shares of the Company and/or securities of the Company convertible into its shares;

13.8. The General Meeting of Shareholders adopts decisions on the issues mentioned below by majority, three fourth of votes of the shareholders – holders of the voting shares – participating in the General Meeting of Shareholders:

- 1) Approval of amendments and supplements to the Company Charter or approval of a revised version of the Company Charter (excluding circumstances stipulated in Article 12, Clauses 2-6 of the Federal Law “On Joint Stock Companies”);
- 2) Reorganization of the Company;
- 3) Liquidation of the Company, appointment of the Liquidation Committee and approval of the interim and final liquidation statements;
- 4) Approval of number, nominal value, category (type) of authorized shares and rights granted by those shares;
- 5) Increase in the authorized capital by share issue by private subscription;
- 6) Issuing of Company securities convertible into shares by private subscription;
- 7) Increase in the authorized capital by public subscription by issue of ordinary shares in the amount exceeding 25 % of ordinary shares issued earlier;
- 8) Issue of securities convertible into ordinary shares, in amount exceeding 25 % of ordinary shares issued earlier, by public subscription;
- 9) Making a decision on consent to or on subsequent approval of major transactions in the cases provided for in Article 79 of the Federal Law “On Joint Stock Companies”.
- 10) Making a decision concerning announcement of delisting of Company shares and/or securities convertible into its shares;
- 11) Resolution of other issues as prescribed by the Federal law “On Joint Stock Companies”.

13.9. The counting of votes at the General Meeting of Shareholders on issues proposed for voting, whereas shareholders – holders of the Company ordinary and preferred shares have a right to vote on this issue, is performed by consideration of all voting shares in total.

Counting of votes on amendments and supplements to the Company Company Charter that restrict rights of shareholders/holders of preferred shares of certain type, is performed separately for preferred shares of that certain type and other voting shares. Decision on those amendments and supplements shall be considered approved if not less than three quarters of votes shareholders – holders participating in the General Meeting of Shareholders, excluding votes of the shareholders – holders of preferred shares – subject to restriction of their rights, plus three quarters of all shareholders – holders of preferred shares of the type subjected to restriction of their rights, vote for given amendments and supplements.

13.10. Decisions approved by the General Meeting of Shareholders and vote results shall be reported to persons included in the list of persons having the right to participate in the General Meeting of Shareholders in the order prescribed by the Federal Law “On Joint Stock Companies”.

Minutes of General Meeting of Shareholders are placed on the Internet site www.lsrgroup.ru of the Company not later than three days from the minutes drawing up date.

13.11. The notice of General Meeting of Shareholders shall be served in advance, not later than in 30 days before the meeting date, including notification of General Meeting of Shareholders when agenda includes reorganization of the Company. In the cases stipulated in Article 53, Clauses 2 and 8 of the Federal Law “On Joint Stock Companies”, notice of extraordinary General Meeting of Shareholders shall be given not later than within 50 days before the meeting date.

Within the time period mentioned above, the notice of General Meeting of Shareholders shall be uploaded on the Company website www.lsrgroup.ru.

The Company may inform shareholders regarding the General Meeting of Shareholders additionally via mass media (television, radio).

When holding the General Meeting of Shareholders in the form of a meeting, information and communication technologies may be used to provide for remote participation in the Meeting, discuss the issues of the agenda and make decisions on voting issues without presence at the place where the Meeting is held.

13.12. Information (materials) due for provision to the persons entitled to attend the General Meeting of Shareholders during preparation of the General Meeting of Shareholders shall include, particularly, annual statements as well as the annual statement assessment report prepared by the Audit Committee, annual accounting (financial) statement, including audit statement and assessment of Company audit statement prepared by the Audit Committee of the Board of Directors, information on the candidates to the Board of Directors, the Audit Committee, the Company auditors, drafts of amendments and supplements to the Company Charter or drafted new revision of the Company Charter, drafts of

Company internal documents subject to approval by the General Meeting of Shareholders, drafts of decisions of the General Meeting of Shareholders and other documents approved by the Board of Directors.

13.13. Shareholders (shareholder) possessing in total not less than 2 % of voting shares reserve the right to add items to the agenda of the annual General Meeting of Shareholders and propose candidates to the Board of Directors and Audit Committee.

Those proposals shall be furnished to the Company not later than 60 days following the end of the reporting year.

13.14. Proposals to the agenda of the General Meeting of Shareholders shall include statement of each proposed issue. Proposals to the agenda of the General Meeting of Shareholders may include decisive on each proposed issue.

13.15. Proposal on nomination of candidates shall include name, registration data of the identifying document (series and/or number of the document, date and place of issue, issuing body) of each proposed candidate and the name of the body to which this candidate was nominated, as well as other information concerning him, provided by the Company internal documents.

13.16. Proposal on addition of issues into agenda of the General Meeting of Shareholders and on nomination of candidates shall be presented in writing and include name of presenting shareholders (shareholder), number and category (type) of shares owned by them and signed by the shareholders (shareholder) or their representatives. Company Shareholders (shareholder) not included in the register of Company shareholders shall be entitled to make proposals on the agenda of the General Meeting of Shareholders and proposals on the nomination of candidates by instructing the person who accounts their rights to shares. Such directions (instructions) shall be given in accordance with the laws of the Russian Federation on securities.

13.17. The Board of Directors shall discuss delivered proposals and make decision to include amendments to the agenda of the General Meeting of Shareholders or to reject amendments to the mentioned agenda not later than in 5 days after expiration of period allocated for proposals to agenda of the General Meeting of Shareholders and candidates to respective Company bodies, by the Charter.

13.18. Issue proposed by shareholders (shareholder) is subjected for inclusion into agenda of the General Meeting of Shareholders and nominated candidates are subjected to inclusion into the voting paper to the respective Company body, excluding the following circumstances:

- Shareholders (shareholder) failed to observe time period established in the Charter for introduction of amendments to the agenda and nomination of candidates for the voting paper at the annual General Meeting of Shareholders;

- Shareholders (shareholder) failed to observe time period established in the Charter for nomination of candidates to the Board of Directors at an extraordinary General Meeting of Shareholders;

- Shareholders (shareholder) do not own the number of voting Company shares stipulated in Article 53, Clauses 1 and 2 of the Federal Law “On Joint Stock Companies”;

- The proposal failed to meet requirements stipulated in Article 53, Clauses 3 and 4 of the Federal Law “On Joint Stock Companies” and requirements of the Company Charter based on that law.

- Issue proposed to be included in the agenda of the General Meeting of Shareholders falls beyond its competence as established by legislation and the Charter and/or fails to comply with requirements of the Federal Law “On Joint Stock Companies” and other regulations of the Russian Federation.

13.19. Reasoned decision of the Board of Directors on refusal to include the proposed issue in the agenda of the General Meeting of Shareholders or candidates to the respective Company body in the voting paper shall be presented to the shareholders (shareholder) who proposed the issue or nominated the candidate within 3 days from the date of when such decision was made. If these proposals were received by the Company from the persons not included in the register of shareholders and accordingly instructed the person who accounts their rights to shares, the mentioned decision of the Board of Directors shall be sent to such persons not later than 3 days from the date of its adoption in accordance with the legislation of the Russian Federation on securities to provide information and materials to the persons exercising their rights to securities.

13.20. The Board of Directors shall not make any changes into issue phrasing proposed for including into agenda of the General Meeting of Shareholders or phrasing of draft decisions on those issues.

13.21. Above issues proposed by shareholders to agenda of the General Meeting of Shareholders and in case of absence of such proposals, absence or insufficient number of candidates nominated by the

shareholders to the respective Company body, the Board of Directors may include in agenda of the General Meeting of Shareholders issues and candidates at its own discretion.

13.22. An extraordinary General Meeting of Shareholders shall be initiated by the Board of Directors, by demand of the Audit Committee, the Company Auditor and shareholders (shareholder) – holders of not less than 10 % of voting Company shares on the date of bringing the request.

Call for an extraordinary General Meeting of Shareholders on the request of the Audit Committee, Company Auditor or shareholders (shareholder) owning not less than 10 % of voting shares shall be executed by the Board of Directors.

13.23. Within 5 days from the date when the claim was submitted to the Audit Committee, Company Auditor or shareholders (shareholder) owning not less than 10 % of voting shares to call an extraordinary General Meeting of Shareholders, the Board of Directors shall make decision to call for an extraordinary General Meeting of Shareholders or to reject this request.

Decision of the Board of Directors to call for an extraordinary General Meeting of Shareholders or motivated reject shall be delivered to persons who brought the request not later than in 3 days after decision was adopted. If a request to call for an extraordinary General Meeting of Shareholders was received by the Company from the persons who are not registered in the shareholders register and accordingly instructed the person who accounts their rights to shares, the mentioned decision of the Board of Directors shall be sent to such persons within 3 days from the date of its adoption in accordance with the legislation of the Russian Federation on securities to provide information and materials to the persons exercising their rights to securities.

Decision on refusal to call for an extraordinary General Meeting of Shareholders brought by the Audit Committee, Company Auditor or shareholders (shareholder) owning not less than 10 % of voting shares shall be made only due to reasons specified in the Federal Law “On Joint Stock Companies”.

13.24. An extraordinary General Meeting of Shareholders called on request brought by the Audit Committee, Company Auditor or shareholder(s) in possession of not less than 10 % of voting shares should be conducted within 40 days from the date of bringing request to call such extraordinary General Meeting of Shareholders.

For the purposes of this Clause the date of bringing request to call an extraordinary General Meeting of Shareholders is the date when such request was received by the Company.

13.25. In case when under Articles 68 – 70 of the Federal Law “On Joint Stock Companies” the Board of Directors shall call an extraordinary General Meeting of Shareholders such General Meeting of Shareholders shall be held within 40 days from the date when the Board of Directors made respective decision.

13.26. If the Board of Directors fails to call an extraordinary General Meeting of Shareholders or refuses to call an extraordinary General Meeting of Shareholders within the period established by the Federal Law “On Joint Stock Companies”, the body of the Company or individuals requesting such convocation may appeal to the court in order to compel the Company to hold an extraordinary General Meeting of Shareholders.

Thereat, the body of the Company or the individuals that in compliance with the court judgment carry out an extraordinary General Meeting of Shareholders shall enjoy all the powers provided for in the Federal Law “On Joint Stock Companies” and necessary to convene and conduct the General Meeting of Shareholders.

In the event that in accordance with the court judgment an extraordinary General Meeting of Shareholders is carried out by the plaintiff, the expenses incurred in the preparation for and carrying-out of such General Meeting may be reimbursed out of the funds of the Company by decision of the General Meeting of Shareholders.

13.27. The General Meeting of Shareholders shall be considered as qualified (having the quorum) if participating shareholders own in total more than half of the votes represented by issued Company voting shares.

Shareholders who have registered for participation in the Meeting not later than 2 days before the Meeting are considered participants of the General Meeting of Shareholders. Registration shall include electronic registration on the website specified in the respective notification of the meeting within the specified period. Shareholders who sent voting papers or filled in electronic voting papers on the website specified in the respective notification of the Meeting within the specified period are considered participants of the General Meeting of Shareholders.

Shareholders who sent voting papers or filled in electronic voting papers on the website specified in the respective notification of the Meeting before the due date are considered participants of the General

Meeting of Shareholders held in the form of absentee voting.

Shareholders who, in accordance with the legislation of the Russian Federation on securities, instructed the persons accounting their rights to shares on voting are considered participants of the General Meeting of Shareholders if their declaration messages were received no later than 2 days before the date of the General Meeting of Shareholders or before expiry of the time limit for accepting votes for the General Meeting of Shareholders held in the form of absentee voting.

13.28. If the annual General Meeting of Shareholders fails to have the quorum the Company shall arrange another General Meeting of Shareholders with the same agenda. If an extraordinary General Meeting of Shareholders fails to have the quorum another General Meeting of Shareholders with the same agenda may be held.

General Meeting of Shareholders shall be considered as qualified (having the quorum) if participating shareholders own in total not less than 30 % of votes represented by placed voting shares of the Company.

13.29. Voting on the issues of the agenda of the General Meeting of Shareholders, as well as voting on the issues of the agenda of the General Meeting of Shareholders held in the form of absentee voting, shall be carried out by voting papers.

Vote by voting papers shall be equal to receipt by the Registrar of the proposals from the persons who have the right to participate in the Meeting, but are not registered in the shareholders register and accordingly instructed the person who accounts their rights to shares on voting (in accordance with the legislation of the Russian Federation on securities).

13.30. If the General Meeting of Shareholders is held in the form of absentee voting, the voting papers shall be delivered against a receipt signed by each person included in the register of shareholders with a right to participate in the General Meeting of Shareholders not later than 20 days before the date of the General Meeting of Shareholders.

13.31. Voting papers shall be sent by registered mail.

In case the General Meeting of Shareholders is held in person, the persons listed as the persons entitled to attend the General Meeting of Shareholders (or their representatives) shall be entitled to attend the Meeting or send filled-in voting papers to the Company. Shareholders may fill in electronic voting papers on the website specified in the notification of the General Meeting of Shareholders during the General Meeting of Shareholders, unless they exercise their right to participate in the General Meeting of Shareholders otherwise. Date and time when electronic voting papers are filled in on the website are registered.

13.32. Voting paper shall include information stipulated in Article 60(5) of the Federal Law "On Joint Stock Companies". Voting papers may include additional information as determined by the Board of Directors at the moment of approval of its form and content.

13.33. In case of absentee voting only those votes shall be counted for which the voter identified only one possible option for each issue at question. Voting papers completed in violation of this requirement shall be invalidated and votes contained therein shall be not counted.

If the issue specified in voting papers includes more than one option indicating a 'yes' decision and if such is selected more than once, the voting paper shall be considered void.

In voting for approval of the Company Auditor if more than one candidate is selected, the voting paper shall be considered void.

In electing the Audit Committee if the number of 'pro' answers exceeds the number of vacancies, the voting paper shall be void.

If during election of the Board of Directors done through cumulative voting a shareholder distributes more votes than there are in his/her possession among the candidates, the voting paper shall be considered void.

If the voting paper contains several questions submitted for voting, the failure to observe requirements mentioned above in respect of one or several issues shall not render the entire voting paper void.

If the voting paper prevents identification of the person (shareholder or representative of the shareholder) who voted by the voting paper in question, the votes shall not be taken into consideration when counting votes.

13.34. Whereas the General Meeting of Shareholders was held through absentee voting, voting papers received by the Company after expiration of the time limit designated for receipt of voting papers shall be considered void.

If a voting paper is considered void, the votes in the voting paper in question shall not be taken into consideration when counting votes.

14. BOARD OF DIRECTORS

14.1. The Board of Directors executes general guidance of the Company activities with the exclusion of decisions pertaining to issues which fall within the competence of the General Meeting of Shareholders as established by the federal legislation and the Charter.

14.2. The Board of Directors shall have competence over the following:

1) Setting priorities in the Company activities, including approval of strategic plans, annual and quarterly budgets;

2) Calling for the annual or extraordinary General Meeting of the Shareholders safe for cases stipulated in Article 55, Clause 8 of the Federal Law “On Joint Stock Companies”, and making decisions required for calling and conducting them;

3) Approval of agenda of the General Meeting of Shareholders;

4) Setting the date for compilation (registration) of the list of persons entitled to participate in the General Meeting of Shareholders and other issues within the competence of the Board of Directors according to the provisions of chapter VII of the Federal Law “On Joint Stock Companies” and issues related to the preparation and realization of the General Meeting of Shareholders;

5) Preliminary approval of the Company annual statements;

6) Approval of the Company financial plans and reports in the cases provided for in the internal documents of the Company;

7) Formation of the Company executive bodies and early termination of their authority including:

- election and early termination of powers of the Chief Executive Officer, the right to determine the amount of gratifications and compensations payable to him, approve and revise the terms and conditions of the contract defining his rights and obligations, and termination of such contract;

- determination of the number of members of the Executive Committee and its term of authority, election and early termination of powers of Executive Committee members upon claim of the Chief Executive Officer, the right to determine the amount of gratifications and compensations payable to them, approve and revise the terms and conditions of the contracts defining their rights and obligations, and termination of such contracts;

- bringing for consideration of the General Meeting of Shareholders the issue of transferring powers of the Company sole executive body to a managing company / manager and early termination of powers of the managing company / manager;

8) Increase in the authorized capital by issuing of additional shares within the range of number and category (type) of authorized shares based on the Company assets, when additional shares are to be distributed among shareholders;

9) Increase in the authorized capital by public subscription through additional ordinary shares with observance of limits of authorized shares of that category (type) in the amount of 25 % or less than ordinary shares issued earlier;

10) Increase in the authorized capital by additional placement of preferred shares within the number of authorized shares of this category (type) through public subscription;

11) Issuing of bonds and other securities convertible into ordinary shares, as well as other securities convertible into ordinary shares, in the amount of 25 % and less than ordinary shares issued earlier, by public subscription;

12) Placing of bonds convertible into shares and other securities convertible into shares by public subscription;

13) Placing of non-convertible bonds and other securities not convertible into preferred shares;

14) Approval of securities placement, securities prospect, amendments and supplements thereto;

15) Setting the value (cash price) of property, placement and redemption of securities in cases stipulated by the Federal Law “On Joint Stock Companies”;

16) Acquisition of shares issued by the Company according to Article 72, Clause 2 of the Federal Law “On Joint Stock Companies”;

17) Acquisition of bonds and other securities issued by the Company according to provisions of the Federal Law “On Joint Stock Companies”;

- 18) Approval of statement on acquisition of shares purchased according to Article 72, Clause 1 of the Federal Law "On Joint Stock Companies";
- 19) Proposals to the General Meeting of Shareholders with regards to the amount of reimbursement and compensation of the Audit Committee members;
- 20) Determination of remuneration for services of the Company auditor;
- 21) Proposals to the General Meeting of Shareholders with regards to the amount of dividend on shares and procedure of its payment;
- 22) Proposals to the General Meeting of Shareholders on distribution of Company profits and losses according to the results of the reporting year;
- 23) Transactions over Company Reserve Fund and other funds of the Company;
- 24) Approval of the Company internal documents excluding internal documents regulating the proceedings of the governing bodies of the Company subject to approval by the General Meeting of Shareholders and other internal documents within the competence of the Company executive bodies as provided for in the Charter;
- 25) Approval of the Company internal regulations governing use of information on the Company activities, Company securities and respective operations closed to public access and disclosure of which may significantly influence the market value of the Company securities;
- 26) Making a decision concerning the appointment of the director of the structural unit performing the internal audit of the company, releasing him from the position he currently occupies, and approval of the Regulations on the indicated structural subdivision;
- 27) Setting up and dissolving of branches, establishing and closing down of Company representative offices, approval of regulations on branches and representative offices, amendments and supplements thereto;
- 28) Adoption of an agreement that serves as the basis when a shareholder contributes to Company property;
- 29) Consent to or subsequent approval of extraordinary transactions according to Chapter X of the Federal Law "On Joint Stock Companies";
- 30) Consent to or subsequent approval of transactions according to Chapter XI of the Federal Law "On Joint Stock Companies";
- 31) Approval of transactions worth 10 % and more of the value of the Company assets determined on the basis of the accounting (financial) statements of the Company as of the latest reporting date, performed in the ordinary course of operations of the Company;
- 32) Approval of transactions performed by subsidiary and related companies as well as companies where the Company indirectly, via its subsidiaries, holds a stake in the authorized capital in excess of 50 %, and involving acquisition, disposal, or a possibility of disposal by the aforesaid companies, directly or indirectly, of property the value of which constitutes 25 % and more of the book values of the assets of the above companies determined on the basis of their accounting (financial) statements as of the latest reporting date but not less than one hundred million roubles (RUB 100,000,000) other than:
 - transactions performed by the companies concerned in the ordinary course of their operations;
 - transactions involving granting by the companies concerned of a collateral to secure the obligations of the Company and/or its subsidiary and related companies to credit institutions, foreign banks or state corporations;
- 33) Approval of the Company Registrar as well as terms and conditions of the contract concluded with the Registrar and its termination;
- 34) Making a decision concerning check of Company financial and operational activities at any time;
- 35) Making a decision to suspend authorities of the managing company / manager;
- 36) Approval of the list of additional documents to be safeguarded by the Company;
- 37) Assessment of program and budget implementation by executive bodies of the Company;
- 38) Establishment of committees of the Board of Directors, regulations on the same, appointment of committee chairmen and members of the Board of Directors;
- 39) Making a decision on approval of candidates for the position of Corporate Secretary of the Company and the termination of his/her powers, approval of the regulation on the Corporate Secretary of the Company;
- 40) Making a decision concerning the announcement of listing shares of the Company and/or securities of the Company convertible into shares of the Company.

- 41) Approval of general policy with regard to risk control and the Company internal audit;
- 42) Approval of information policy of the Company;
- 43) Approval of the Company policy with regard to rewarding of and/or reimbursement of expenses (compensation) of members of the Board of Directors, executive bodies and other key managerial personnel of the Company;
- 44) Approval of the Company policy with regard to the Board of Directors members' possession of the Company shares or shares of legal entities under the control of the Company;
- 45) Approval of dividend policy of the Company;
- 46) Definition of development strategy, examination of significant issues regarding operations of legal entities under the control of the Company and evaluation of operation results of the entities;
- 47) Adoption of recommendations in relation to voluntary or obligatory proposal proceeded to the Company;
- 48) Approval of transactions on sale of stock (shares) of legal entities under the control of the Company that are significant for the Company with consequent loss of such control after completion of the transactions.
- 49) Other issues as provided for in the Federal Law "On Joint Stock Companies", the Charter, and also the issues referred to the competence of the Company Executive Committee and/or Chief Executive Officer Company, and accepted by the Board of Directors for consideration.

14.3. Issues which fall within the scope of competence of the Board of Directors shall not be referred to the Company executive bodies.

14.4. Members of the Board of Directors shall be elected by the General Meeting of Shareholders; their number is subjected to approval by the General Meeting of Shareholders, but at least 7 (seven) members, with terms of office until the next annual General Meeting of Shareholders. Members of the Board of Directors shall be elected by a cumulative vote.

If the annual General Meeting of Shareholders was not held in time stipulated in Article 47, Clause 1 of the Federal Law "On Joint Stock Companies", the powers of the Board of Directors shall cease with the exception of authority to prepare, call and hold the Annual General Meeting of Shareholders.

If the authority of the Board of Directors has expired whereas the annual General Meeting of Shareholders failed to elect members of the Board of Directors in a number to ensure the Board of Directors quorum, the authority of the Board of Directors shall be considered terminated, with the exception of authority to prepare, call and hold the annual General Meeting of Shareholders.

14.5. A member of the Board of Directors shall not be Company shareholder. Only a physical person can be a member of the Board of Directors.

14.6. A member of the Board of Directors has a right to retire voluntary at any time through notification in writing delivered to the Board of Directors with identification of the date of retirement.

14.7. The General Meeting of Shareholders shall have power to decide on early termination of authority of the Board of Directors as a whole at any time.

14.8. The Chairman of the Board of Directors shall be elected by the members of the Board of Directors from among its members by majority of votes within the Board of Directors, excluding retired members of the Board of Directors.

14.9. The Board of Directors shall have the power to re-elect the Chairman at any time, the decision subject to approval by the majority of members of the Board of Directors, excluding retired members of the Board of Directors.

14.10. The Chairman of the Board of Directors shall organize its operation, call for the meetings of the Board of Directors and preside at the meetings, manage keeping of minutes at the meetings. The minutes of the meeting of the Board of Directors shall be signed by the Chairman of the Board of Directors or the one presiding at the meeting, and two members of the Board of Directors appointed by the Chairman of the Board of Directors.

14.11. If the Chairman of the Board of Directors is absent, one of the members of the Board of Directors shall fulfill his duties given the corresponding decision of the Board of Directors.

14.12. The Chairman of the Board of Directors shall call for the meeting:

- 14.12.1. At his/her own discretion;
- 14.12.2. upon request of a member of the Board of Directors;
- 14.12.3. upon request of the Audit Committee ;
- 14.12.4. upon request of the Company auditor;
- 14.12.5. upon request of the Company executive body;

14.12.6. upon request of the Company shareholder(s)/holder(s) of 10 % or more of voting shares;

14.12.7. upon request of committee of the Board of Directors.

14.13. In determination of quorum and in counting votes for agenda a written opinion of an absent member of the Board of Directors shall be taken into consideration.

14.14. Meeting of the Board of Directors shall be considered as having the quorum if the meeting is attended by more than half of elected members of the Board of Directors, and the attendance by at least one independent director if any shall be mandatory, with the exception of the quorum on issues which require unanimous vote or majority of three quarters of votes to endorse a decision as stipulated in the Federal Law "On Joint Stock Companies" and the Charter. The quorum of the meeting of the Board of Directors on issues related to approval or subsequent approval of major transactions and interested party transactions is specified in Clauses 23.2 and 24.3 hereof accordingly.

14.15. Decisions shall be adopted by the meeting of the Board of Directors by majority votes of the members of the Board of Directors present at the meeting unless more number of votes for adopting corresponding decisions stipulated by the Federal Law "On Joint Stock Companies" or the Charter.

14.16. The following decisions shall be adopted unanimously by all members of the Board of Directors:

1) Increase in the authorized capital by issuing of additional shares within the range of number and category (type) of authorized shares based on the Company assets, when additional shares are to be distributed among shareholders;

2) Increase in the authorized capital by public subscription by issuing of additional ordinary shares within the limits of authorized shares of that category (type) in amount 25 % and less of ordinary shares issued earlier;

3) Increase in the authorized capital by additional placement of preferred shares within the range of the number of authorized shares of this category (type) by public subscription;

4) placement of bonds convertible into shares, and other securities convertible into shares, by the Company;

If the Board of Directors fails to reach unanimity on the aforementioned issues, the Board of Directors may submit said issues to voting at the General Meeting of Shareholders.

14.17. Decisions with regard to issues from Subclauses 1, 15, 21, 31-32, 40, 45-48, Clause 14.2 hereof, as well as decisions on putting issues from Subclauses 1-3, 10-11, 13, 15-18, 31, Clause 13.2 hereof to General Meeting of Shareholders shall be made by the majority of votes of the elected members of the Board of Directors.

14.17. For approval of the terms and conditions of contract with the Chief Executive Officer (managing company /manager) and members of the Executive Board, the votes cast by members of the Board of Directors who are Chief Executive Officer and members of the Executive Board shall not be taken into account.

14.18. Each member of the Board of Directors shall have one vote at the meeting of the Board of Directors.

A member of the Board of Directors shall not pass his/her vote to another person, including other members of the Board of Directors.

In case of a tie at the meeting of the Board of Directors the Chairman shall have the casting vote.

14.19. The Board of Directors may establish dedicated committees.

15. COMPANY EXECUTIVE BODIES

15.1. The day-to-day operations of the Company shall be managed by the Company sole executive body – the Chief Executive Officer, and its collective executive body – the Executive Committee. The Chief Executive Officer and the Executive Committee shall report to the General Meeting of Shareholders and the Board of Directors.

15.2. Formation of executive bodies of the Company and early termination of their authority shall be carried out by resolution of the Board of Directors.

15.3. The rights and duties of the Chief Executive Officer for managing the day-to-day operations of the Company are stipulated by the legislation of the Russian Federation, the Charter and the contract with the Company.

The contract shall be signed for the Company by the Chairman of the Board of Directors or a person authorized by the Board of Directors. Conditions of the contract, including the term of office, shall be determined by the Board of Directors.

15.4. The Chief Executive Officer and Executive Committee members may have positions with governing bodies of other entities, or other remunerated positions with other entities, only with the consent of the Board of Directors.

15.5. The term of office of the Chief Executive Officer and the Executive Committee shall be established by the Board of Directors.

15.6. In the event that the powers of Company sole executive body are transferred to a managing company / manager such persons may not carry out the same responsibilities with any competing company; such persons may not have any ownership relations with the Company that could potentially result in a conflict between their interests and those of the Company. In case of such conflict, the above persons are obliged to inform the Board of Directors thereof.

16. COMPANY EXECUTIVE COMMITTEE

16.1. In its activities the Executive Committee shall be guided by the Charter as well as the Regulations on the Executive Committee approved by the General Meeting of Shareholders and defining the time frame and procedure for convening its meetings, and also the decision-making procedure.

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

- 1) developing and submitting to the Board of Directors long-term plans for implementing the key objectives of the Company business;
- 2) exercising follow-up control of the activities aimed at implementing the long-term and financial plans of the Company;
- 3) reviewing the quarterly, semi-annual and annual financial plans of the Company;
- 4) reviewing reports on the fulfillment of annual, semi-annual and quarterly financial plans of the Company;
- 5) pre-reviewing draft Company internal documents the approval of which is referred to the competence of the General Meeting of Shareholders and the Board of Directors by the Charter, and also draft amendments and supplements thereto;
- 6) making a decision on appointment of heads of Company subsidiaries and representative offices and early termination of their powers;
- 7) establishing social benefits and guarantees for Company employees;
- 8) making decisions on the Company participation and termination thereof in other entities (excluding entities specified in Subclause 25, Clause 13.2 hereof);
- 9) approving a transaction or multiple related transactions performed by the Company with Company shares, or equity stakes in subsidiary and related companies;
- 10) approving the acquisition by the Company of ownership of shares, or equity stakes in other companies through one or multiple transactions if such companies will become subsidiary or related companies in relation to the Company;
- 11) making decisions on participation and termination of participation of subsidiary and related companies in other entities;
- 12) approving a transaction or multiple related transactions performed by subsidiary and related companies with shares, or equity stakes in subsidiary and related companies held by subsidiary and related companies;
- 13) approving the acquisition by subsidiary and related companies of ownership of shares, or equity stakes in other companies through one or multiple transactions if such companies will become subsidiary or related companies in relation to subsidiary and related companies of the Company;
- 14) approving the transactions specified in Subclauses 11-13, Clause 16.2 hereof, performed by companies in which the Company has an indirect stake in the authorized capital in excess of 50 %.

16.3. The members of the Executive Committee shall be elected by the Board of Directors. Nominations to the Executive Committee shall be brought by the Chief Executive Officer to the Board of Directors for consideration. If the nominations to the Executive Committee proposed by the Chief Executive Officer are disapproved by the Board of Directors, it may elect to the Executive Committee the candidates proposed by a member(s) of the Board of Directors. In the event that the Chief Executive Officer fails to propose nominations to the Executive Committee in the number required for its formation, the Board of Directors may elect the remaining members of the Executive Committee from among the

candidates proposed by a member(s) of the Board of Directors. The Executive Committee may not be composed of less than three members.

16.4. The powers of Executive Committee members may be prematurely terminated at any time by the Board of Directors at its own initiative, at the proposal of the Chief Executive Officer or at the initiative of the Executive Committee member concerned. The powers of a Executive Committee member shall be deemed terminated from the date established by resolution of the Board of Directors and, if not so established, from the adoption of the resolution by the Board of Directors.

16.5. The meeting of the Executive Committee shall be considered as qualified (having the quorum) if not less than half the elected members of the Executive Committee take part in the meeting (absentee voting).

All the decisions at the meeting of the Executive Committee shall be passed by a simple majority of votes cast by the Executive Committee members attending the meeting (taking part in absentee voting).

For decision-making each Executive Committee member shall have one vote. Vote transfer from one member of the Executive Committee to another member of the Executive Committee, or to any other person shall not be allowed.

In case of a tie vote of Executive Committee members, the vote of the chair of the Executive Committee meeting shall be decisive.

17. CHIEF EXECUTIVE OFFICER

17.1. The Chief Executive Officer shall manage the day-to-day operations of the Company in compliance with the decisions of the General Meeting of Shareholders Board of Directors and Executive Committee adopted in accordance with their competence.

17.2. The competence of the Chief Executive Officer shall include all the issues dealing with the management of the day-to-day operations of the Company, save for the issues included in the competence of the General Meeting of Shareholders, Board of Directors and Executive Committee.

17.3. The Chief Executive Officer shall act on behalf of the Company without a power of attorney including:

- 1) representing the Company interests both within the Russian Federation and abroad;
- 2) ensuring the fulfillment of the Company operational plans necessary for achieving its objectives;
- 3) making arrangements for and ensuring accurate financial accounting of the Company and timely submission of annual reports and other financial statements to the respective authorities;
- 4) managing the Company property, entering into transactions on behalf of the Company within the scope established in the Federal Law "On Joint Stock Companies" and the Charter, issuing powers of attorney, opening current and other accounts of the Company with banks and other credit institutions (as well as with professional participants of the securities market in the cases provided for by law);
- 5) issuing office orders and instructions compulsory for all the employees of the Company;
- 6) establishing procedures for making Company information available to the shareholders of the Company;
- 7) approving the payroll plan and official salaries of the Company employees.
- 8) exercising in respect of Company employees the employer's rights and duties stipulated by the labor legislation and being entitled, by means of issuing a power of attorney, to authorize particular persons to exercise the employer's rights and duties stipulated by the labor legislation of the Russian Federation in full or in part;
- 9) performing the responsibilities of Chairman of the Executive Committee;
- 10) approving securities issue reports;
- 11) signing extract minutes of the General Meeting of Shareholders, meetings of the Board of Directors, meetings of committees of the Board of Directors and meetings of the Executive Committee;
- 12) approving internal documents of the Company other than the internal documents regulating the activities of Company bodies to be approved by decision of the General Meeting of Shareholders, and also such other documents of the Company, which in conformity with the Charter are to be approved by the Board of Directors, and introducing amendments and supplement thereto;
- 13) dealing with any other matters pertaining to the current operations of the Company, save for the issues included in the competence of the General Meetings of Shareholders, Board of Directors or the Executive Committee;
- 14) making a decision on change of the Company address within its location.

17.4. Chief Executive Officer of the Company shall be elected by the Board of Directors by a majority of votes of the directors attending the meeting.

18. LIABILITY OF MEMBERS OF THE COMPANY BOARD OF DIRECTORS AND EXECUTIVE BODIES

18.1. The members of the Board of Directors, members of the Executive Committee, the Company sole executive body (President) as well as the managing company / manager shall act to the best interests of the Company in implementing their rights and duties reasonably and in good faith.

18.2. The members of the Board of Directors, members of the Executive Committee, the Company sole executive body (President) as well as the managing company / manager shall be liable to the Company for any losses resulting from their guilty actions/omissions unless other liability is provided by law.

The members of the Board of Directors and the Chief Executive Officer are responsible for the Company and shareholders' losses resulting from their guilty conduct (omission to act) which violates procedures regulating purchase of the Company shares as provided in Chapter XI.1 of the Federal Law "On Joint Stock Companies".

However, the members of the Board of Directors and the Executive Committee who voted against the decision which caused losses to the Company or to the shareholder, or members who did not take part in voting, are released from responsibility.

18.3. The Company or a shareholder(s) in possession of a total of not less than 1 % of outstanding ordinary shares of the Company may file legal actions against a member of the Board of Directors, a member of the Executive Committee, the Chief Executive Officer or the managing company / manager claiming damages incurred by the Company in the case stipulated in the first paragraph, Clause 18.2 hereof.

The Company or a shareholder may file legal actions against a member of the Board of Directors a member of the Executive Committee, the Chief Executive Officer or the managing company / manager claiming reimbursement for damages incurred in cases stipulated in the second paragraph, Clause 18.2 hereof.

19. COMPANY CORPORATE SECRETARY

19.1. The Company Corporate Secretary shall ensure the compliance by the Company officials and bodies with the procedural requirements that guarantee the exercise of their rights and lawful interests by Company shareholders.

19.2. The Corporate Secretary of the Company is accountable to the Board of Directors, shall be appointed to the position and released from the position he occupies by the sole executive body of the Company by decision of the Board of Directors.

19.3. The Corporate Secretary of the Company shall have higher legal or economic education, and also have no less than 2 years of experience in work in the area of corporate management or managing work in the field of jurisprudence and/or economics.

19.4. The Corporate Secretary performs his/her duties in accordance with the Charter and Regulations concerning the Corporate Secretary approved by the Board of Directors.

20. AUDIT COMMITTEE

20.1. The Audit Committee is a body authorized to supervise the financial and business activities of the Company.

20.2. The Audit Committee shall be elected by the General Meeting of Shareholders, consists of three members, with terms of office of one year until next annual General Meeting of Shareholders. Procedures and activities of the Audit Committee shall be regulated in the Regulations on the Audit Committee approved by the General Meeting of Shareholders.

If by any reasons election of the members of the Audit Committee at the annual General Meeting of Shareholders fails to take place authority of the acting members of the Audit Committee shall be prolonged to the election of the members of the Audit Committee.

20.3. Authority of members of the Audit Committee may be terminated early by decision of the General Meeting of Shareholders.

20.4. The Company shareholder or any other person may be elected to the Audit Committee. A member of the Company Audit Committee may not be at the same time a member of the Board of Directors or have any other positions with the governing bodies of the Company.

20.5. The scope of competence of the Audit Committee shall include:

- Verification of the Company accounting (financial) documents, accounting books, statements of the inventory committee, comparison of the mentioned documents with the primary accounting records;
- Analysis of integrity and completeness of accounting, tax, management and statistical records;
- Analysis of financial status of the Company, financial solvency, assets liquidity, assessment of leverage, net assets and authorized capital, identification of sources for improvement of the Company economical situation, advising to the management bodies of the Company;

- Verification of the timeliness and correctness of payments to the providers of goods and services, payments to the state budget and non-budget funds, dividend charges and payments, bond interest charges and payments, redemptions and other liabilities;

- Confirmation of information accuracy in annual statements of the Company, annual accounting (financial) statements, profit allocation, tax and statistical reports, reports to the government bodies;

- Verification of the competence of the sole executive body to conclude contracts on behalf of the Company;

- Verification of the validity of decisions taken by the executive bodies, the Board of Directors, the Liquidation Committee, compliance with the Charter, Company internal documents, decisions of the General Meeting of Shareholders.

- Analysis of the compliance of the decisions of the General Meeting of Shareholders with the legislation, the Charter and Company internal documents.

The Audit Committee shall be authorized:

- To demand personal explanations from the Company employees, including any officers in charge, about issues that fall within the competence of the Audit Committee;

- To bring up issues of the Company employees' responsibility at the governing body level including that of the officers should there be a violation of provisions of the Charter, regulations, rules and instructions adopted by the Company;

- To outsource experts external to the Company to facilitate its work.

20.6. Company financial and economic activities shall be subject to inspection (check) on yearly basis or any time such inspection is requested by Audit Committee, General Meeting of Shareholders, Board of Directors or Company shareholder(s)/holder(s) of total not less than 10 % of voting shares.

20.7. Company officials representing Company governing bodies shall provide access to documents on financial and economic activities requested by the Audit Committee.

The documents mentioned above shall be provided within three days from the day of receipt of the request in writing.

20.8. The Audit Committee is authorized to require a call for an extraordinary General Meeting of Shareholders according to procedure established in Article 55 of the Federal Law "On Joint Stock Companies" and the Charter.

20.9. The members of the Audit Committee during execution of their duties may receive reimbursement and/or compensation of expenses incurred in connection with the execution of their duties. The amount of such reimbursement and compensations shall be approved by the General Meeting of Shareholders.

21. AUDIT

21.1. For the purpose of conducting annual audit of accounting (financial) statements, the Company shall engage an audit company not connected by property interests with the Company or its Shareholders.

22. FUNDS OF THE COMPANY

22.1. The Company shall establish a Reserve Fund in the amount of 5 % of the Company authorized capital.

Annual deductions to the Reserve Fund shall be equal to 5 % of the Company net profit. Such deductions shall be made until the amount of the Reserve Fund reaches the amount stipulated in the Charter.

The objective of the Reserve Fund is to cover Company losses, redeem Company bonds and purchase Company shares in case no other financial resources are available.

23. MAJOR TRANSACTIONS

23.1. Major transactions are subject to the consent of the Board of Directors or the General Meeting of Shareholders in accordance with the Federal Law “On Joint Stock Companies” and the Charter.

23.2. Decision on consent to or subsequent approval of a major transaction the subject of which is the property worth 25 to 50 % of the Company balance sheet assets shall be made mutually by members of the Board of Directors; votes of the retired members of the Company Board of Directors shall not be taken into consideration.

If the Board of Directors is unable to make mutual decision on consent to or subsequent approval of a major transaction, the issue shall be referred to the General Meeting of Shareholders as the Board of Directors may decide. In such cases the decision on consent to or subsequent approval of a major transaction shall be made by the General Meeting of Shareholders by the majority vote of Shareholders – owners of the voting shares attending the General Meeting of Shareholders.

Decision on consent to or subsequent approval of the a major transaction the subject of which is the property worth more than 50 % of the Company balance sheet assets shall be made by the General Meeting of Shareholders by the majority of three fourths of votes of Shareholders – owners of voting shares attending the General Meeting of Shareholders.

The Board of Directors shall approve resolution on major transactions that includes, particularly, information about possible consequences of such transactions for Company activities as well as assessment of viability of such transactions.

24. INTERESTED PARTY TRANSACTIONS

24.1. The Company shall notify of interested party transactions with members of the Board of Directors and the members of Executive Committee being stakeholders no later than the day when the transaction is made using any of the following ways:

- by posting a notification on the Company website www.lsrgroup.ru;
- by sending a notification by fax or E-mail;
- by delivery of a notification with signed acknowledgment.

If all members of the Board of Directors are stakeholders of the transaction, the Company shall, not later than on the date of the respective interested party transaction, notify its shareholders in the manner provided for the notification of holding the General Meeting of Shareholders.

24.2. Within two months from the day when a member of the Board of Directors, CEO (Chairman of the Executive Committee), a member of the Executive Committee, a Company controlling person or a person having the right to give binding instructions to the Company acknowledged or were to acknowledge the circumstances due to which they can be recognized as stakeholders of Company transactions, they shall notify the Company of the following:

- any legal entities, in which they, their spouses, parents, children, siblings and half siblings, adoptive parents and adopted children and/or their controlled organizations are controlling persons or have the right to give binding instructions;
- any legal entities, in the management bodies of which they, their spouses, parents, children, siblings and half siblings, adoptive parents and adopted children and/or their controlled persons hold positions;
- transactions they are aware of, both committed and planned, where they may be recognized as stakeholders.

The Company shall communicate the information included in such notifications to the Board of Directors, the Audit Committee, as well as the Auditor, upon request.

24.3. Interested party transactions do not require any preliminary approval.

The Board of Directors or the General Meeting of Shareholders shall approve interested party transactions upon request of CEO (Chairman of the Executive Committee), a member of the Executive Committee, a member of the Board of Directors or a shareholder (shareholders) possessing not less than 1 % of the voting shares of the Company.

An interested party transaction shall be approved by the Board of Directors by majority of votes of the board members lacking conflict of interests in this transaction, who are not and have not been, for one year preceding the approval thereof:

- CEO and Chairman of the Executive Committee, a member of the Executive Committee,
- a controlling person of the Company, or a person with the right to give binding instructions to the Company.

If the number of directors who are not interested in the transactions and who meet the requirements set by this Clause hereof is less than two (the quorum for holding a meeting of the Board of Directors on this matter), the transaction requires the approval of the General Meeting of Shareholders.

The decision on approval of an interested party transaction shall be taken by majority of votes of shareholders - owners of voting shares lacking conflict of interests in this transaction in the following cases:

- if the subject of the transaction or several interrelated transactions is the property with the value (the bid price of the purchased assets) of 10 % or more of Company balance sheet assets according to its accounting (financial) statements for the last reporting date, with the exception of the transactions stipulated by the following Subclauses of this Clause;

- if the transaction or several interrelated transactions provide for sale of the ordinary shares that make up more than 2 % of the ordinary shares previously issued by the Company, and of the ordinary shares to which previously issued securities may be converted;

- if the transaction or several interrelated transactions provide for the disposition of the privileged shares that make up more than 2 % of the shares previously issued by the Company, and of the shares to which previously issued securities may be converted;

If a transaction requires approval in accordance with this paragraph of the Charter and all shareholders - owners of voting shares are recognized as interested parties when there is an interested party (parties) in accordance with Clause 24.2 hereof, this transaction may be approved by majority of votes of shareholders - owners of voting shares as involved in voting.

25. SHAREHOLDERS' ACCESS TO INFORMATION

25.1. The Company shall provide shareholders with access to the documents specified in Article 89, Clause 1 of the Federal Law "On Joint Stock Companies". Access to accounting records and minutes of the collegiate executive body shall be provided to shareholder(s) with total of not less than 25 % of the voting shares.

25.2. The documents mentioned in Article 89, Clause 1 of the Federal Law "On Joint Stock Companies" shall be furnished by the Company within seven business days from the date of the request to study the documents within the premises of the Company sole executive body. The Company shall provide copies of mentioned documents on request to those with a right to access the documents listed in Article 89, Clause 1 of the Federal Law "On Joint Stock Companies". The Company costs of provision of copies shall not exceed the manufacturing expenses thereof.

26. STORAGE OF INFORMATION

26.1. The Company shall keep the following documents:

- Company Contract of Association;
- The Company Charter, amendments and supplements to the Company Charter registered according to the established procedures, decision on the Company foundation, Company State Registration Certificate;
- Documents confirming the Company rights to property accounted on its books;
- Company internal documents;
- Regulation on branch or representative office of the Company;
- Annual statements;
- Accounting records;
- Accounting (financial) statements;
- Minutes of the General Meeting of Shareholders (decisions of the shareholder, the whole-holder of all voting shares);
- Voting papers and power of attorney (copies of powers of attorney) issued for the purposes of participation in the General Meeting of Shareholders;

- Reports of appraisers;
- Lists of the Company affiliates;
- Lists of persons eligible to participation in the General Meeting of Shareholders, receipt of dividend profit and other lists compiled by the Company to ensure that shareholders exercise their rights in compliance with requirements of the Federal Law “On Joint Stock Companies”;
- Statements of the Company Audit Committee, the Company Auditor, government and municipal bodies for financial inspection;
- Emission prospects, quarterly issuer’s reports and other documents containing information due to publication or disclosure in any other way according to the federal laws;
- Other documents stipulated by the Federal Law “On Joint Stock Companies”, the Charter, internal Company documents, decisions of the General Meeting of Shareholders, of the governing bodies of the Company and documents stipulated by regulations of the Russian Federation.

26.2. The Company shall keep the documents stipulated in Clause 26.1 hereof on the premises of its sole executive body in accordance with prescribed procedures and for the period of time stipulated by the Bank of Russia.

27. FINAL PROVISIONS

27.1. If any of the provisions of the Charter becomes void, other provisions shall remain in force.

The void provision shall be replaced by a provision close in meaning and acceptable in legal sense.

27.2. Amendments and supplements to this Charter which do not contradict the effective Russian legislation can be made based on the decision of the General Meeting of Company Shareholders or, as provided for in the existing Russian legislation, or the Charter, based on the duly registered decision of the Board of Directors.

27.3. This version of the Charter shall take effect for third parties from its state registration.