

**APPROVED**  
**By Decree of the Federal Agency**  
**for Federal Property**  
**Management**  
**As of May «27» 2008, No. 492-p**

**REGULATIONS OF THE BOARD OF DIRECTORS OF**  
**RUSSIAN VENTURE COMPANY**  
**(OPEN JOINT STOCK COMPANY)**

**1. GENERAL PROVISIONS**

1.1. The present Regulations have been elaborated in accordance with the Russian Civil Code, Federal Law as of December 26, 1995, No. 208-FZ “On Joint Stock Companies”, the Charter, other in-house documents of Russian Venture Company (Open Joint Stock Company) (hereinafter—Company).

1.2. The present Regulations define the process of generation, status, composition, terms of reference of the Board of Directors of the Company (hereinafter—Board of Directors), order of its functioning and interaction with other managing bodies of the Company.

1.3. The Board of Directors executes the overall management of the Company with the exception of items within the competence of the General Meeting of Shareholders of the Company (hereinafter—General Meeting of Shareholders) based on the present Regulations, the Charter of the Company and the current Russian legislation.

**2. TERMS OF REFERENCE OF THE BOARD OF DIRECTORS**

2.1. In accordance with the Charter of the Company the terms of reference of the Board of Directors shall cover the following issues:

1. Determination of the Company's core activities;
2. Convocation of the annual and extraordinary General Meetings of Shareholders, except for cases envisaged in Clause 8 of Article 55 of the Federal Law "On Joint Stock Companies";
3. Approval of the agenda for the General Meeting of Shareholders;
4. Fixing the date to draft a list of persons entitled to participate in the General Meeting of Shareholders; other issues covered in the terms of reference of the Board of Directors in accordance with Chapter VII of the Federal Law "On Joint Stock Companies" and pertaining to the preparation and the holding of the General Meeting of Shareholders;
5. Determination of the price (monetary valuation) of property, the placement and redemption prices for the issuable securities, in the instances envisaged in the Federal Law "On Joint Stock Companies";
6. Acquisition of bonds and other issuable securities placed by the Company, in the instances envisaged in the Federal Law "On Joint Stock Companies";
7. Approval of a resolution to issue securities, a prospectus, an issuance report, reports on acquisition of shares from the shareholders of the Company, share cancellation reports and share redemption reports;
8. Recommendations concerning the amount of remunerations and compensations payable to the members of the auditing committee, as well as assessment of fees payable for the auditor's services;
9. Recommendations concerning the amount of dividends per share and the procedure for their payment;
10. Resort to the Reserve Fund and other Funds of the Company;
11. Approval of the following in-house documents: "Russian Venture Company (OJSC) Strategy", "Principles of Investment Policy of RVC", "Regulations of Deposition of Cash", "Regulations of Bonuses to the Staff";
12. Establishment of branch offices and opening of representative offices of the Company;
13. Approval of major transactions in the instances envisaged in Chapter X of the Federal Law "On Joint Stock Companies";

14. Approval of transactions envisaged in Chapter XI of the Federal Law “On Joint Stock Companies”;
15. Approval of transactions involving the Company’s taking out of credits and loans, regardless of the agreement value;
16. Approval of transactions involving acquisition and alienation of real estate, regardless of the transaction value;
17. Approval of the Registrar of the Company and conditions of the agreement with the Registrar, as well as rescission of the agreement with the Registrar;
18. Approval of an independent appraiser (appraiser organization) engaged to determine the value of the shares, property and other assets of the Company in the events envisaged in the Federal Law “On Joint Stock Companies”, the present Charter and certain resolutions of the Board of Directors;
19. Placement of issuable securities, except for shares and securities convertible into shares, in the events envisaged in the Federal Law “On Joint Stock Companies”;
20. Determination of the Company’s (Company’s representatives’) attitude to the issues listed in the agendas of General Meetings of Shareholders (participants) and Board meetings (Supervising Council) of subsidiary and dependent companies;
21. Decisions on transactions involving acquisition, alienation and possible alienation of shares (units, shares in the authorized capital) of other profit-making organizations, and investment units of venture funds;
22. Decisions on conclusion of simple partnership agreements;
23. Approval of the transactions (including a set of related transactions) involving property, work and/or services to a value exceeding 1 per cent of the Authorized Capital of the company, to be determined on the grounds of the accounting data as on the last reporting date, except for depositions of the cash of the Company with banks and those transactions that, as per the resent Charter, are to be approved by the General Meeting of Shareholders;
24. Approval of the organizational chart and the maximum staff of the Company, as well as approval of candidate heads of departments of the Company, proposed by the Chief Executive Officer, who will be responsible for the decision-making on financial, strategic and investment issues of the Company;

25. Establishment of committees and commissions of the Board of Directors, approval of their membership structures and relevant regulations;
26. Submission to the General Meeting of Shareholders of the following issues:
  - a) Reorganization of the Company;
  - b) Liquidation of the Company, appointment of the liquidation commission and approval of the interim and final liquidation balance sheets;
  - c) Increase of the authorized capital through the increase of the par value of the shares or through additional placement of shares (above-mentioned number and class of shares to be observed);
  - d) Resolution on transfer of the powers of the sole executive body to a management organization or a manager;
  - e) Splitting and consolidation of shares;
  - f) Resolutions on approval of transactions mentioned in Article 83 of the Federal Law “On Joint Stock Companies”;
  - g) Resolutions on approval of transactions mentioned in Article 79 of the Federal Law “On Joint Stock Companies”.
27. Approval of the budget of the Company for the next financial year;
28. Other issues covered in the exclusive terms of reference of the Board of Directors in accordance with the legislation of the Russian Federation and the Charter.

The issues covered in the terms of reference of the Board of Directors may not be submitted for resolution to an executive body of the Company.

### **3. ELECTION OF THE BOARD OF DIRECTORS**

3.1. The Board of Directors shall be elected by the General Meeting of Shareholders in the order envisaged by the current Russian legislation and by the Charter of the Company and shall remain in office until the next annual General Meeting of Shareholders. If the annual General Meeting of Shareholders doesn't take place on time envisaged by the Charter of the Company the Board of Directors resigns office, but exercises authority in preparing, convening and holding the annual General

Meeting of Shareholders.

3.2. Persons elected into the Board of Directors may be re-elected an unlimited number of times.

3.3. The Board of Directors shall consist of 9 members.

3.4. Chief Executive Officer may not combine his position with that of a Board Member.

3.5. The Board of Directors, by a simple majority vote of its total membership, shall elect one of its members to be the Chairman of the Board of Directors and shall have the right to re-elect its Chairman at any time. A Member may be re-elected the Chairman of the Board of Directors an unlimited number of times.

3.5. Only a legally capable physical person may become a Board Member. A Board Member may hold no shares of the Company.

#### **4. EXERCISE OF AUTHORITY**

4.1. Board members at the proposal of the Chairman of the Board of Directors appoint the Corporate Secretary of the Company who prepares Board Meetings, keeps minutes of Board Meetings and holds all documents of the Board of Directors.

4.2. When necessary the Board of Directors may set ad-hoc committees from among its members and (or) from among employees of the Company.

4.3. Board Meetings are convened by the Chairman of the Board of Directors at his own initiative, at the request of a Board Member, the Checkup committee of the Company or the Auditor of the Company, the Chief Executive Officer.

4.4. The Chairman of the Board of Directors shall organize its work, convene and preside over Board Meetings, prepare the agenda, provide for the taking of minutes at Board Meetings, sign on behalf of the Company the labor agreement with the Chief Executive Officer. The Chairman of the Board of Directors shall be personally responsible for organizing the work of the Board of Directors.

4.5. In his absence, the Chairman's duties shall be carried out by one of the Board members, subject to approval of the Board.

4.6. The Chairman of the Board of Directors shall notify each Board Member on a meeting appointed, provide draft decisions on agenda items and all required materials on the agenda of a Board meeting 15 days prior to the day of the meeting at latest. A notification

shall be prepared in one copy and include the agenda, date, time, venue and the form of the meeting.

4.7. The notification is either dispatched as a registered letter with a return receipt to the address specified in the list of Board Members, or handed against receipt and (or) through facsimile.

4.8. The Board Meeting quorum shall be at least one half of all elected Board Members. In the event that the number of Board Members becomes less than the number required for a quorum, the Board of Directors shall adopt the resolution to hold an extraordinary General Meeting of Shareholders for the purpose of electing new Board Members. The remaining Board Members shall have the right to adopt the resolution solely on convocation of such extraordinary General Meeting of Shareholders (See 7.2).

4.9. Each Board member shall have one vote. A resolution of the Board of Directors shall be considered to have been adopted if voted for by 5 (five) or more Board Members, except the events envisaged in the legislation of the Russian Federation or the present Charter. The right to vote may not be transferred from one Board Member to another.

When establishing quorum and the results of voting on the agenda of a Board Meeting, the written opinions of the Board Members not in attendance shall be taken into account (See 7.2).

4.10. The decision on the item specified in sub-paragraph 12) of paragraph 2.1. of the present Regulations are taken unanimously by all board members not taking into consideration the opinions of resigned Board Members.

4.11. Minutes of the meeting are kept at every Board Meeting. The minutes of a Board Meeting are kept in Russian. The Corporate Secretary of the Company ensures translation of the minutes into English for those Board Members who are citizens (nationals) of foreign states.

The minutes of the Board Meeting are prepared three days after the meeting at latest according to the procedure set by the Russian legislation. The minutes of the meeting are signed by the Chairman of the meeting, who is responsible for correctness of the minutes, and the Corporate Secretary of the Company. The Corporate Secretary of the Company organizes the minutes keeping at the meetings and ensures the minutes' security. The minutes of the meeting include: the venue and time of the meeting; persons attending the meeting; the agenda of the meeting; the items put to vote and vote returns;

the summary of reports delivered at the meeting and the decisions adopted. The minutes of the meeting may also contain other required information.

4.12. The Board may resort to absentee voting (by poll).

4.13. The decision to hold a Board Meeting by absentee voting (by poll) is adopted by the Chairman of the Board of Directors.

The decision approves:

1. Agenda;
2. Vote ballot form (written opinion);
3. List of materials presented to Board Members;
4. Address, date and deadline for admission of the vote ballots.

4.14. Board Members are deemed to have participated in the vote if they submitted their vote ballots on or before the deadline for admission of the vote ballots.

4.15. The decision of the Board of Directors adopted by poll is considered valid provided at least one half of the Board Members participated in the vote.

4.16. If the decision is taken by poll, opinions (or absentee ballots) of Board Members formalized in written form and signed by these members are attached to the minutes of the meeting.

## **5. RIGHTS AND OBLIGATIONS**

5.1 While executing obligations and enforcing their rights the Board Members shall act for the benefit of the Company, execute their obligations and enforce their rights in relation to the Company in good faith and reasonably, remain loyal to the Company, not disclose confidential information on the activity of the Company.

5.2. The Board of Directors has the right to:

- Give hearing to reports of the Company's officials;
- Get acquainted with and check books and documents of the Company, minutes of meetings of the Management Board of the Company, check securities and goods available;
- Demand inspections (the economic activity review) to be carried out by the Checkup committee of the Company;
- Establish ad-hoc committees and commissions with involvement of Board Members and external experts;

- Nominate candidates to the Board of Directors if no candidates are nominated by shareholders or if the number of candidates nominated is insufficient;

- Re-elect at any time the Chairman of the Board of Directors by a majority of votes from the number of Board Members;

- Demand from the executive bodies of the Company to present documents safe kept with the Company or statements thereof if data of those documents make no commercial secret in accordance with in-house documents of the Company;

- Perform other actions within its terms of reference. Board Members have other rights in accordance with the Charter of the Company and the current Russian legislation.

5.3. A person vested with the duties of a member of the Checkup committee of the Company member may not be a Board Member.

5.4. Board Members are liable to the Company for losses inflicted by their wrongful acts (omissions) unless other grounds and the amount of liability are defined by the federal legislation.

State representatives at the Board of Directors bear the same responsibility as other Board Members do.

At the same time Board Members bear no responsibility if they voted against the decision which resulted in losses for the Company or didn't participate in the vote.

5.5. When defining the ground and the amount of liability of Board Members a consideration shall be given to the current business practice and other factors important for the matter

5.6. In case when pursuant to the present paragraph several persons are held liable they have joint and several liability to the Company.

5.7. The Company and the shareholders (a shareholder) who together own at least 1 (one) % of placed common shares of the Company have the right to lay a damage claim against a Board Member for compensation of losses inflicted on the Company in the case stipulated by paragraph 5.6. of the present Regulations.

5.8. A Board Member has no right to establish or participate in enterprises competing with the Company unless he is authorized to do so by the Board of Directors.

5.9. Board Members have no right to directly or indirectly receive remuneration for influencing the decisions made by the Board of Directors or other managing bodies of the Company.

5.10. The Chairman and Board Members may resign office before the end of term

of office grounded on:

- Acts of the Board Member which inflict losses;
- Damaging the business reputation of the Company;
- Conviction under a criminal case;
- Non-disclosure of one's interest in making a transaction with participation of the Company;
- Negligent execution of one's obligations;
- Violation of the Charter of the Company as well as of norms of the federal legislation which regulates activities of joint stock companies and securities circulation;

The Board of Directors may resign office before the end of term of office also for other reasons.

5.11. The responsibility for safety and correctness of documents of Board Meetings and of the General meetings of shareholders is with the Chairman of the Board of Directors.

## **6. PROCEDURE AND TIMEFRAME OF CANDIDATES NOMINATION TO THE BOARD OF DIRECTORS**

6.1. Shareholders who collectively own at least 2 (two) % of voting shares of the Company by all items referred to the competence of the General Meeting of Shareholders as of the date of the proposal submission in time no later than 30 calendar days after the end of the financial year annually have the right at the annual General Meeting of Shareholders to nominate candidates for election to the Board of Directors with their number not exceeding the total number of Board Members.

6.2. An application to nominate candidates shall be formalized in written form and dispatched as a registered letter with a return receipt to the address of the Company or be submitted to the administrative office of the Company.

The date of the application submission is defined by the date of the postal dispatch or by the date of its submission to the administrative office.

- 6.3. The application shall include:
- Full name of the candidate and data of the identification document (series and (or) number of the document, date and place of issue, authority);
  - In case the candidate is a shareholders of the Company the application shall

specify the number and the category (type) of shares he owns;

- Full name (title) of shareholders who nominate the candidate, the number and the category (type) of shares they own, shareholder numbers in the register.

The application shall be signed by the shareholder or by his authorized representative.

6.4. The Board of Directors shall consider the applications submitted and resolve on inclusion of the candidates nominated in the list for election to the Board of Directors or on denial to include them in the list five days at latest after the deadline for submitting applications.

6.5. The substantiated decision of the Board of Directors to deny the candidate's inclusion in the vote list for election to the Board of Directors is forwarded to the shareholder (shareholders) who initiated the proposal three days at latest since the date of its admission.

6.6. Shall elections to the Board of Directors fail then the Board of Directors within three days at latest since the elections are declared failed shall resolve on convening an extraordinary General Meeting of Shareholders with an agenda item on election of the Board of Directors.

## **7. BOARD MEETING REGULATIONS**

7.1. The Board of Directors holds meetings when necessary though it shall:

- Five days at latest after the termination of introducing proposals to the agenda of the General Meeting of Shareholders defined by the Charter of the Company, hold meetings to resolve on inclusion in the agenda of the annual General Meeting of Shareholders of proposals submitted by shareholders;

- 30 days at latest before the date of the General Meeting of Shareholders hold meetings to approve the annual report of the Company and the annual accounting statements submitted to the annual General Meeting of Shareholders;

- Five days at latest after receiving requirements from the Checkup Committee of the Company, the Auditor of the Company or shareholders (shareholder) who collectively own at least 10% of voting shares of the Company on convening an extraordinary General Meeting of Shareholders hold meetings to resolve on convening an extraordinary General Meeting of Shareholders or on

denying to convene it.

7.2. The Board Meeting quorum shall be at least one half of all elected Board Members. When establishing quorum and the results of voting on the agenda of a Board Meeting, the written opinions of the Board Members not in attendance shall be taken into account.

7.3. The Chairman of the Board of Directors:

- Opens and ends the meeting;
- Announces the speakers;
- Ensures compliance the present regulations;
- Puts to vote agenda items;
- Signs the minutes of the meeting.

7.4. The Corporate Secretary of the Company:

- Arranges the preparatory work (prepares and sends notifications on holding Board Meetings as well as other necessary information);
- When necessary prepares voting ballots by the form approved by the Board of Directors;
- Registers Board Members attending the meeting;
- Makes a list of those who want to deliver a speech;
- Defines the quorum of the meeting;
- Explains the voting procedure by agenda items;
- Provides compliance with the voting procedure;
- Collects voting ballots (in case of vote by ballot);
- Brings the vote returns to the notice of the Board Members;
- Provides shareholders with the information requested on the Company;
- Provides for the minutes and ballots safekeeping.

7.5. When shifting the date of the meeting in no-quorum case the adjourned meeting may resolve items of the initial agenda only.

7.6. Board Meetings are held in Russian. Board Members who are foreign citizens (nationals) are provided with simultaneous translation into English as well as with written translation into English of drafts, originals, copies of the minutes, voting ballots and other documents presented to the persons specified or considered at the Board Meeting. The meeting lasts till all the agenda items are considered. A 10-minute break is announced after each 2 (two) hours of work, a 45-minute break is announced after each 4 (four) hours of

work.

7.7. Speaking time:

- Keynote speech—up to 25 minutes;
- Co-reports (in total)—up to 10 minutes;
- Speeches in debates—up to 3 minutes;
- Q&A—up to 15 minutes.

Debates on one item may not last more than 15 minutes.

Discussion of one agenda item may not last more than 40 minutes (not taking into account the keynote speech).

7.9. Applications to get the floor in debates are admitted by the Secretary both in oral and written forms, get registered on a FIFO basis and are forwarded to the Chairman of the meeting. The Board of Directors has the right to resolve on the agenda items only.

7.10. Prior to voting the Secretary informs Board Members on the voting procedure on the item given and on the formalization of a voting ballot in case of voting by ballots.

7.11. A voting ballot is considered valid provided that the following requirements are fulfilled:

- A voting ballot conforms to the form approved by the Board of Directors;
- A voting ballot includes only one voting option;
- A voting ballot includes no corrections;
- A voting ballot is submitted on time set by the notification on the Board Meeting;
- A voting ballot is signed by the voting Board Member.

7.12. Vote returns are formalized by the Secretary in the minutes and announced to Board Members.

7.13. The minutes also include:

- The venue and time of the Board Meeting;
- Items put to vote and vote returns (agenda);
- The list of the Board Members attending the meeting;
- General provisions of the reports delivered by speakers at the meeting;
- Core reasons for a particular decision to have been resolved or dismissed;
- Literal text of decisions resolved (including dismissed decisions).

The minutes of a meeting may also include other required information.

7.14. The minutes of a meeting are prepared in 2 (two) copies (the original copy and the insurance copy). The originals as well as voting ballots get sealed and are safekept in the archive of the Company, the insurance copies of the minutes are kept by the Secretary of the Board of Directors.

7.15. At the request of Board Members the minutes of the meeting are provided for acquaintance by the Secretary of the Board of Directors. Board Members have the right to copy the minutes of the meetings.

## **8. INTEREST OF BOARD MEMBERS**

8.1. Board Members are declared to be interested in a transaction if these persons, their marriage partners, children, blood and half brothers and sisters, adoptive persons and adopted and (or affiliated) persons:

- Make a party, a beneficiary, a mediator or a representative in the deal;
- Own (separately or collectively) 20% and more of shares (stakes, units) of the legal entity which is a party, a beneficiary, a mediator or a representative in the deal;
- Hold positions in managing bodies of the legal entity which is a party, a beneficiary, a mediator or a representative in the deal as well as positions in managing bodies of the management organization of this legal entity.

Board Members of the Company shall escalate to the Board of Directors of the Company, the Checkup Committee of the Company information on:

- Legal entities where they independently or together with their affiliated entities own 20% and more of voting shares (stakes, units);
- Legal entities where they occupy positions;
- Known to them executed or planned deals where they may be considered interested parties.

8.2. A Board Member is declared an independent Director if he is not and was not over the year to proceed the decision-taking:

- General Director or his manager, a member of the Management Board, the person to occupy a position in managing bodies of the company;
- The person whose marriage partner, parents, children, blood and half brothers and sisters, adoptive persons and adopted persons hold positions with the specified managing bodies of the Company, of the managing organization of the Company, or function as the

Managing Director of the Company;

- The affiliated person of the Company except for the Board Member.

## **9. APPROVAL AND AMENDMENTS IN THE REGULATIONS OF THE BOARD OF DIRECTORS**

9.1. The Regulations of the Board of Directors as well as decisions on amending the Regulations are approved by the General Meeting of Shareholders by a simple majority of votes from the overall number of votes attending the General Meeting of Shareholders.

9.2. In case provisions of the present Regulations contradict with the current Russian legislation the norms of the current Russian legislation shall be applied.

## **10. AMOUNT AND PROCEDURE OF REMUNERATION AND COMPENSATION TO BOARD MEMBERS**

10.1. The annual remuneration to a Board Member who is not a public servant or state employee and who is not employed by the Company (hereinafter—Annual Remuneration) shall be determined by a resolution of the General Meeting of Shareholders.

10.2. The remuneration to each Board Member is calculated based upon the actual time of this Board Member executing his obligations during the calendar year by dividing the amount of Annual Remuneration by the number of days in the calendar year and multiplying by the number of days in this year when the Board Member executed his obligations.

10.3. The remuneration to Board Members shall be paid within 30 days since the end of a calendar year. At the request of a Board Member but at most once in a quarter a partial payment of remuneration is possible based on the actual (by the time of submission of the application) period of the Board Member executing his obligations during the calendar year subject to previous payments of remuneration to the Board Member.

10.4. The following expenses of Board Members related to participation in Board Meetings shall be compensated:

- Travel expenses (air/railway tickets, taxi);
- Accommodation expenses;

- Entertainment program expenses.