

## Consolidated table of comparison of amendments to MTS PJSC Charter with the current version (2017)

No. of clause	Current version	Draft new version	Comments
4.3	4.3. Major transactions and interested-party transactions shall be concluded by the Company solely with approval of the General Meeting of Shareholders or the Board of Directors, according to the procedure stipulated in sub-clauses <b>Error! Reference source not found.</b> – <b>Error! Reference source not found.</b> , <b>Error! Reference source not found.</b> and <b>Error! Reference source not found.</b> hereof, and following requirements of the laws of the Russian Federation.	<b>4.3. Major transactions to be effected by the Company require the obtaining of consent (subsequent approval) of the General Meeting of Shareholders or the Board of Directors in accordance with sub-clauses 27.1(28), 27.1(29), 32.2(16) hereof, as prescribed by the Federal Law “On Joint Stock Companies”. Interested-party transactions shall be effected by the Company as prescribed by the Federal Law “On Joint Stock Companies”.</b>	Regulations on major and interested-party transactions were brought in line with new rules that had been enacted by the Federal Law No. 343-FZ as of July 3, 2016, and had come into effect from January 1, 2017. The Federal Law “On Joint Stock Companies” (hereinafter the “Law on Joint Stock Companies” or the “FL on JSC”) does not require now for a consent to interested-party transactions to be obtained in a mandatory manner. Such consent is to be obtained only if so requested by persons specified in the Law (clause 1, Art. 83) who are to be notified of the planned transaction in advance. Taking this into account, the reference to mandatory approval of interested-party transactions was excluded from the Charter; instead of this, it is proposed to include a general reference to the Law “On Joint Stock Companies”.
4.5 (new)		4.5. Interested-party transactions shall be effected by the Company as prescribed by the Federal Law “On Joint Stock Companies”. No mandatory consent of the General Meeting of Shareholders or the Board of Directors for such transactions is needed. The Company shall notify members of the Board of Directors and the Management Board of the Company on an interested-party transaction at least ten (10) days prior to the date of the transaction; the Company shall notify its shareholders (in cases where such notification is required by law) no later than fifteen (15) days prior to the date of the transaction.	The Law “On Joint Stock Companies” establishes a 15-day period for notifying members of management bodies and shareholders of planned interested-party transactions but allows a company to stipulate another period in its charter (clause 1.1, Art. 81 of the FL on JSC). In order to enable members of the Board of Directors and the Management Board to get familiarized with transaction-related materials, with the efficiency of business processes being maintained, an optimal period of notice would be 10 days. In this regard, there are following arguments by which the company management was guided at proposing related amendments to the MTS charter concerning reduction of 15-days term for

			<p>informing on the mentioned above transactions to 10 days:</p> <ol style="list-style-type: none"> <li>(1) 10-days term of informing is in line with established practice of MTS in addressing materials to the Board of Directors, which existed before the changes. Company intends preserving a well worked-out practice and considers it as meeting interests of all actors involved.</li> <li>(2) Number of transaction considered by the management and directors of MTS decreased sufficiently after legislation changes. 10-days term is adequate for consideration of such scope of transactions. If any questions arise, management and directors are entitled to initiate transaction approval by the Board of Directors.</li> <li>(3) Internal procedures concerning consideration of IPT were tighten in 2016 in accordance with requirements of American PCAOB standards and upon the initiative of independent directors of the company as well (preliminary consideration of all the IPT above 0.1% of book value of company assets by the Audit Committee), which results in minimization of possible risks arising from the transactions.</li> </ol> <p>For the purpose of provision of shareholders with preliminary opportunity concerning transactions consideration prescribed by the Law, we intend to set special 15-days term in the Charter for the cases in which notification of shareholders is required on the scheduled transaction and 10-term for directors and management of the company. This order of notification will meet the interests of the business and shareholders as well and comply with established internal procedures of the company.</p>
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8.6	8.6. The Company’s annual balance sheet is subject to <b>preliminary</b> approval by the Board of Directors not later than thirty (30) days prior to the Annual General Meeting of Shareholders.	8.6. The Company’s annual balance sheet is subject to <del>preliminary</del> approval by the Board of Directors not later than thirty (30) days prior to the Annual General Meeting of Shareholders.	The provision has been adjusted taking into account the proposed transfer of the competence to approve the annual report to the competence of the Board of Directors (for more details, please see the comment to clause 27.1 (19) of the Charter).
20.1	20.1. The shareholders, holding the voting shares, shall be entitled to request the redemption of all or a part of the shares owned by them in the following cases:  (1) reorganization of the Company or entering into a major transaction, which approval is decided upon by the General Meeting of Shareholders according to the Federal Law “On Joint Stock Companies”;  ...	20.1. The shareholders, holding the voting shares, shall be entitled to request the redemption of all or a part of the shares owned by them in the following cases:  (1) <b>making a decision by the General Meeting of Shareholders on the reorganization of the Company or on the consent to, or subsequent approval of, a major transaction that involves a property with a value exceeding fifty percent (50%) of the the book value of the Company’s assets according to the Company’s accounting (financial) statements as of the last reporting date (including that being at the same time an interested-party transaction);</b>  ...	This is an editing correction for the purposes of bringing in line with clause 1, Art. 75 of the Law “On Joint Stock Companies” (as revised on July 3 <sup>rd</sup> , 2016, No. 343-FZ).
23.2	23.2. Every ordinary registered share of the Company provides the shareholder holding it the same scope of rights, including:  ...  (14) the right to file a claim for invalidation of a transaction <b>entered into in violation of the procedure established by the Company’s Charter, or a major transaction, or an interested-party transaction, which has been entered into by the Company in violation of the procedure established by the laws of the Russian Federation</b> , and to require application of consequences of their invalidity, and consequences of invalidity of void transactions of the Company;  ...	23.2. Each ordinary registered share of the Company grants the same scope of rights to the shareholder holding it, including:  ...  (14) the right, <b>where provided for by law</b> , to file a claim in court to invalidate a transaction <b>entered by the Company in violation of the procedure established by the Company’s Charter, or a major transaction, or an interested party transaction, which has been entered into by the Company in violation of the procedure established by the laws of the Russian Federation</b> , and to claim the application of consequences of its invalidity, and consequences of invalidity of void transactions of the Company;	The clause has been brought in line with the new rules on major and interested-party transactions. Now, such transactions may be challenged by a shareholder (shareholders) who holds (hold), in aggregate, not less than 1% of shares (clause 6, Art. 79; clause 1, Art. 84 of the FL on JSC, as revised on July 3 <sup>rd</sup> , 2016, No. 343-FZ). Herewith, shareholders, irrespective of their participation interest, retain the right to challenge transactions on the grounds contemplated by Article 174 of the Civil Code of the RF.

<p><b>23.3</b></p>	<p>23.3. The shareholders (shareholder), holding in the aggregate at least 1% (one percent) of the voting shares of the Company shall also have the right to:</p> <p>(1) request the Company to provide a list of persons entitled to participate in the General Meeting of Shareholders, except for information about their will, if they are included in such list;</p> <p>(2) according to the procedure established by law, to put a claim against the Board of Directors, a member of the Board of Directors and President to reimburse the damages caused to the Company.</p>	<p>23.3. The shareholders (shareholder), holding in the aggregate at least 1% (one percent) of the voting shares of the Company shall also have the right to:</p> <p>(1) request the Company to provide a list of persons entitled to participate in the General Meeting of Shareholders, except for information about their will, if they are included in such list;</p> <p>(2) <b>in accordance with the law, demand that consent to an interested-party transaction be obtained;</b></p> <p>(3) <b>request to provide information on the interested-party transaction that has been effected in the absence of consent to do so;</b></p> <p>(4) <b>file a claim in court to invalidate a major transaction that has been effected in violation of the procedure for obtaining consent to such transaction;</b></p> <p>(5) <b>where provided for by law, file a claim in court to invalidate an interested-party transaction;</b></p> <p>(6) according to the procedure established by law, put a claim against the Board of Directors, a member of the Board of Directors and President to reimburse the damages caused to the Company.</p>	<p>The clause has been brought in line with the new provisions of the Law “On Joint Stock Companies” (as revised on July 3<sup>rd</sup>, 2016, No. 343-FZ). According to the new procedure for effecting interested-party transactions, the shareholders who hold at least 1% of the voting shares have a right to require an approval of an interest-party transaction; if such approval has not been obtained, they may request additional information on the transaction; they also may, in certain circumstances, challenge a major transaction and an interested-party transaction (clause 1, Art. 83, clause 1, Art. 84 of the FL on JSC).</p>
<p><b>24.1</b></p>	<p>24.1. The obligations of the shareholders are determined by the laws of the Russian Federation and hereby. The shareholders of the Company are particularly obliged to:</p> <p>...</p> <p>(3) timely notify the Board of Directors, Auditing Commission and Auditor about the transactions conducted by the Company and (or) anticipated transactions, in execution of which they can be deemed interested, as well as about other legal entities, in which they hold personally or jointly with their</p>	<p>24.1. The obligations of the shareholders are determined by the laws of the Russian Federation and hereby. The shareholders of the Company are particularly obliged to:</p> <p>...</p> <p>(3) <b>under the existing laws, notify the Company of their possible interest in conducting transactions by the Company, and communicate to the Company any other statutorily required information;</b></p> <p>...</p>	<p>Amendments to Law “On Joint Stock companies” No. 343-FZ as of July 3<sup>rd</sup>, 2016 have changed the approach to furnishing information on shareholders’ interest. First, this is now not the responsibility of the shareholders who hold over <u>20% of shares</u> but that of controlling shareholders. Features of a controlling shareholder are set forth in the law, and the leading of them is the holding of <u>more than 50%</u> of voting shares of the company (clause 1, Art. 81 of the FL on JSC).</p>

	<p>affiliated persons twenty percent (20%) or more of the voting equities (shares); and about legal entities, where they hold the governing positions;</p> <p>...</p>		<p>Secondly, contents of information that must be furnished by such shareholders has been changed. In accordance with Article 82 of the Federal Law “On Joint Stock Companies”, such information includes information on:</p> <p>1) legal entities, with respect to which they (shareholders), their spouses, parents, children, blood or half-blood brothers and sisters, adopters and adoptees and (or) their affiliates are controlling entities or have a right to give binding instructions;</p> <p>2) legal entities in the management bodies of which they, their spouses, parents, children, blood or half-blood brothers and sisters, adopters and adoptees and (or) their affiliates hold office;</p> <p>3) existing or proposed transactions, known to them, in which they may be recognized as interested parties.</p> <p>Thirdly, the term for furnishing such information has been set (cl. 1, 2, Art. 82 of the FL on JSC).</p> <p>The provisions of Article 82 of the Law are imperative provisions, so they cannot be changed by the Charter.</p> <p>In view of the “direct effect” of the provision of the Law and inexpediency of its posting to the Charter in full, a general wording is proposed with reference to the Law.</p>
<p><b>27.1 (19)</b></p>	<p>27.1. The following matters shall fall within the terms of reference of the General Meeting of Shareholders:</p> <p>...</p> <p><b>(19) approval of the annual reports, annual accounting statement, including Income and Loss Statements (Income and Loss accounts) of the Company, as well as profit distribution (including dividend payment (declaration)), except for the</b></p>	<p>27.1. The following matters shall fall within the terms of reference of the General Meeting of Shareholders:</p> <p>...</p> <p><del>(19) approval of the annual reports, annual accounting statement, including Income and Loss Statements (Income and Loss accounts) of the Company, as well as profit distribution (including dividend payment (declaration)), except for the</del></p>	<p>The Civil Code of the Russian Federation (Art. 65.3) and the Federal Law “On Joint Stock Companies” (s/cl. 11, P.1, Art. 48) allow excluding the approval of the annual report and annual financial (accounting) statements from the competence of the general meeting of shareholders and referring it to the competence of the board of directors of a joint stock company through its charter.</p>

	<p>Company's profit distributed as dividends based on the results of the first quarter, six months, nine months of a reporting year and losses based on the results of a reporting year;</p> <p>...</p>	<p>Company's profit distributed as dividends based on the results of the first quarter, six months, nine months of a reporting year and losses based on the results of a reporting year;</p> <p>...</p>	<p>Control over executive bodies is among the main objectives of the Board of Directors in a joint stock company. Approval of the annual report and annual accounting statement by the Board of Directors may become one of the forms of such control, if this issue is referred to its competence. Referring this issue to the competence of the Board of Directors fits the logic of general management of the Company's activities by the Board of Directors and assignment of responsibility to BoD members for decisions they take and for the Company's performance.</p> <p>In view of this, it is proposed to refer the approval of the annual report and annual accounting statement to the competence of the Board of Directors.</p> <p>The annual report and the annual financial (accounting) statements are an important source of information for shareholders and investors. These documents will be disclosed and provided to shareholders, in any event, including in preparation for a general meeting (clause 3, Art. 52 of the FL on JSC), which will enable shareholders to take decisions on other issues of the meeting agenda, such as appropriation of profit, payment of dividends, etc.</p> <p>The Code of Corporate Governance approved by the Bank of Russia on April 10, 2014, letter No. 06-52/2463, contains recommendations that are aimed at ensuring that shareholders have the right to be informed and a possibility to ask questions to members of the company's board of directors and management team.</p> <p>In accordance with subparagraph 1.1.3 of the Code of Corporate Governance, shareholders shall have the possibility of obtaining information on the general meeting and materials thereto freely and timely, ask questions to executive bodies and</p>
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			<p>members of the Board of Directors of the company, communicate with each other in the process of preparation and holding of a general meeting of shareholders.</p> <p>For the purposes of implementing the said recommendations, institutional investors may ask questions on the annual report and annual financial statements by contacting the IR Service by phone and sending emails to the address <a href="mailto:ir@mts.ru">ir@mts.ru</a>. Shareholders also have the opportunity to ask members of executive bodies and Board of Directors on issues on the agenda of the General Shareholders' Meeting, and to voice their opinion on issues of the Meeting's agenda by sending e-mails to the address <a href="mailto:shareholder@mts.ru">shareholder@mts.ru</a>. Furthermore, shareholders may ask questions on the annual report and annual financial (accounting) statements at the Annual General Meeting of Shareholders within the framework of the issue "Distribution of profits and payment of dividends" since this issue relates directly to the annual performance results of the company.</p>
<p><b>27.1 (23) – 27.1 (27)</b></p>	<p>27.1. The following matters shall fall within the terms of reference of the General Meeting of Shareholders:</p> <p>...</p> <p>(23) <b>approval</b> of interest-party transactions in accordance with the procedure stipulated by the laws and hereby, when the subject of a transaction or of several interrelated transactions is a property whose value according to the Company's books (offer price of the acquired property) is equal to <b>two percent (2%)</b> or more of the Company's assets book cost according to its accounting (financial) statement as at the last</p>	<p>27.1. The following matters shall fall within the terms of reference of the General Meeting of Shareholders:</p> <p>...</p> <p>(23) <b>making decisions on the consent to, or subsequent approval</b> of interested-party transactions, in accordance with the procedure stipulated by the laws and hereby, when the subject of a transaction or of several interrelated transactions is a property whose value according to the Company's books (offer price of the acquired property) is equal to <b>ten percent (10%)</b> or more of the book value of the Company's assets according</p>	<p>The wordings of sub-clauses 23-27, clause 27.1 of the Charter (competence of the General Meeting of Shareholders to approve interested-party transactions) have been brought in line with clause 4, Article 83 of the Federal Law "On Joint Stock Companies" (as revised on July 3<sup>rd</sup>, 2016, No. 343-FZ):</p> <ul style="list-style-type: none"> <li>- terminology has been updated (now, the Law uses not the conceptions of "approval of transactions", but "obtaining consent to transactions" and "subsequent approval of transactions");</li> <li>- the Law increased the materiality threshold for the approval of interested-party transactions in a general meeting: from 2% to 10% of the book</li> </ul>

<p>reporting date, except for the transactions referred to in sub-clauses <b>Error! Reference source not found.</b> and <b>Error! Reference source not found.</b> hereof;</p> <p>(24) <b>approval</b> of interest-party transactions in accordance with the procedure stipulated by the laws and hereby, when the subject of a transaction or of several interrelated transactions is <b>placement by subscription or by sale</b> of the shares exceeding two percent (2%) of the previously placed ordinary shares of the Company and ordinary shares, to which the previously placed equity securities convertible into shares may be converted;</p> <p>(25) <b>approval</b> of interest-party transactions in accordance with the procedure stipulated by the laws and hereby, when the subject of a transaction or of several interrelated transactions is <b>placement by subscription of equity securities convertible into the shares of the Company which can be converted into ordinary shares exceeding two percent (2%) of the previously placed ordinary shares of the Company and ordinary shares</b>, to which the previously placed equity securities convertible into shares may be converted;</p> <p>(26) <b>approval</b> of interest-party transactions in accordance with the procedure stipulated by the laws and hereby, <b>if all members of the Board of Directors, at the time of taking a decision on the</b></p>	<p>to its accounting (financial) statements as of the last reporting date, except for the transactions referred to in sub-clauses 0 and 0 hereof;</p> <p>(24) <b>making decisions on the consent to, or subsequent approval</b> of interested-party transactions, in accordance with the procedure stipulated by the laws and hereby, when a transaction or several interrelated transactions are <del>the placement by subscription or</del> the sale of the shares exceeding two percent (2%) of the previously placed ordinary shares of the Company and ordinary shares, to which the previously placed equity securities convertible into shares may be converted;</p> <p>(25) <b>making decisions on the consent to, or subsequent approval</b> of interested-party transactions, in accordance with the procedure stipulated by the laws and hereby, when a transaction or several interrelated transactions involve the sale of <b>preferred shares of the Company amounting to over two percent (2%) of the previously placed shares of the Company and shares</b> to which previously placed equity securities convertible into shares may be converted;</p> <p>(26) <b>making decisions on the consent to, or subsequent approval</b> of interested-party transactions, in accordance with the procedure stipulated by the laws and hereby, <b>if the number of directors who are disinterested in the transaction and meet the requirements established by clause 3, Article 83 of the Federal Law “On Joint Stock Companies” becomes less than two;</b></p> <p>(27) if the Company receives a voluntary or compulsory offer to purchase shares, as well as any</p>	<p>value of assets, therefore the corresponding threshold has been changed in sub-clause 23;</p> <ul style="list-style-type: none"> <li>- terms of reference of the General Meeting has been updated in terms of approval of transactions with shares and securities of a joint stock company convertible to shares: transactions involving their placement do not fall within the scope of the rules on interested-party transactions (sub-clause 4, clause 2, Art. 81 of the FL on JSC); in view of this, the corresponding terms of reference of the general meeting has been updated (the wordings of sub-clauses 24 and 25 have been brought in line with clause 4, Art. 83 of the FL on JSC);</li> <li>- rules for approval of a transaction by the Board of Directors has been changed by the Law; in view of this, sub-clause 26 has been brought in line with clause 3.1, Art. 83 of the FL on JSC;</li> <li>- according to the Law, the percentage of votes necessary to adopt a resolution is now calculated not on the basis of the total number of disinterested shareholders, but of the number of such shareholders who <u>participated in voting</u>.</li> </ul>
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	<p><b>interest-party transaction approval by the Board of Directors, in all cases other than those stipulated in sub-clauses Error! Reference source not found. – Error! Reference source not found. hereof, have been recognized as interested persons and/or are not independent directors, and the relevant issue shall be referred by the Board of Directors to the General Meeting of Shareholders;</b></p> <p>(27) if the Company receives a voluntary or compulsory offer to purchase shares, as well as any other equity securities, convertible into the Company’s shares, the General Meeting of Shareholders shall <b>approve interested-party transactions</b> according to the procedure prescribed by the legislation of the RF;</p> <ul style="list-style-type: none"> <li>• (decisions on the approval of interested-party transactions in all cases referred to in sub-clauses <b>Error! Reference source not found. – Error! Reference source not found.</b> above shall be taken only at the request of the Board of Directors by a simple majority (more than a half)) of the votes of all disinterested shareholders owning the Company’s voting shares);</li> <li>• (decisions on the approval of interested-party transactions in the case referred to in sub-clause <b>Error! Reference source not found.</b> above shall be taken by a simple majority (more than ½ (a half)) of the votes of all disinterested shareholders owning the Company’s voting shares)</li> </ul> <p>...</p>	<p>other equity securities, convertible into the Company’s shares, the General Meeting of Shareholders <b>shall make a decision on the consent to, or subsequent approval of interested-party transactions</b> according to the procedure prescribed by the legislation of the RF;</p> <ul style="list-style-type: none"> <li>• (decisions on the approval of interested-party transactions in all cases referred to in sub-clauses 0 – 0 above shall be taken only at the request of the Board of Directors by a simple majority (more than ½ (a half)) of the votes of all disinterested shareholders owning the Company’s voting shares, <b>who participate in voting</b>);</li> <li>• (decisions on the approval of interested-party transactions in the case referred to in sub-clause 0 above shall be taken by a simple majority (more than ½ (a half)) of the votes of all disinterested shareholders owning the Company’s voting shares, <b>who participate in voting</b>).</li> </ul> <p>...</p>	
<p><b>27.1 (28), 27.1 (29), 27.1 (32)</b></p>	<p>27.1. The following matters shall fall within the terms of reference of the General Meeting of Shareholders:</p> <p>...</p>	<p>27.1. The following matters shall fall within the terms of reference of the General Meeting of Shareholders:</p> <p>...</p>	<p>The wordings of sub-clauses 28, 29, 32, clause 27.1 of the Charter (competence of the General Meeting of Shareholders to approve major transactions) have been brought in line with Art.</p>

<p>(28) <b>approval</b> of major transactions in accordance with the procedure stipulated by the laws and hereby in the case when the subjects of the transaction is a property the value of which exceeds fifty percent (50%) of the Company’s assets book cost defined according to its accounting (financial) statement as at the last reporting date;</p> <ul style="list-style-type: none"> <li>• (decision is made only at the request of the Board of Directors by a qualified ¾ (three fourths) majority of votes of shareholders holding the Company’s voting shares, who participate in the General Meeting of Shareholders)</li> </ul> <p>(29) <b>approval</b> of major transactions in accordance with the procedure stipulated by laws and hereby in the case, when the members of the Board of Directors fail to reach unanimous decision with respect to the <b>approval</b> of such major transaction, as requested by sub-clause <b>Error! Reference source not found.</b> hereof, and the relevant issue has been referred by the Board of Directors to the General Meeting of Shareholders in accordance with the procedure stipulated by the laws of the Russian Federation;</p>	<p>(28) <b>making decisions on the consent to, or subsequent approval</b> of major transactions in accordance with the procedure stipulated by the laws and hereby in the case when the subject of such transaction is a property the value of which exceeds fifty percent (50%) of the book value of the Company’s assets according to its accounting (financial) statements as at the last reporting date;</p> <ul style="list-style-type: none"> <li>• (decision shall be made only at the request of the Board of Directors by a qualified ¾ (three fourths) majority of votes of shareholders holding the Company’s voting shares, who participate in the General Meeting of Shareholders);</li> <li>• <b>(if a major transaction is at the same time an interested-party transaction and if the issue on the consent to its settlement is put before the General Meeting of Shareholders for consideration in accordance with Chapter XI of the Federal Law “On Joint Stock Companies”, the decision shall be deemed made if ¾ (three fourths) of votes of shareholders holding the Company’s voting shares, who participate in the General Meeting of Shareholders, and the majority of all disinterested shareholders holding voting shares, who participated in the General Meeting of Shareholders cast in favour of the decision.</b></li> </ul> <p>(29) <b>making decisions on the consent to, or subsequent approval</b> of major transactions in accordance with the procedure stipulated by laws and this Charter in the case, when the members of the Board of Directors fail to reach unanimous decision on the <b>obtaining a consent to, or subsequent approval of</b> such major transaction, as requested by sub-clause <b>0</b> hereof, and the relevant issue has been put by the Board of Directors to the General Meeting of Shareholders for resolution;</p>	<p>79 of the FL “On Joint Stock Companies” (as revised on July 3<sup>rd</sup>, 2016, No. 343-FZ):</p> <ul style="list-style-type: none"> <li>- terminology has been updated (now, the Law uses not the conceptions of “approval of transactions”, but “obtaining consent to transactions” and “subsequent approval of transactions”);</li> <li>- the Law has changed the procedure for decision-making on approval of a major transaction, if such transaction is at the same time an interested-party transaction (clause 5, Art. 79 of the FL on JSC); in view of this, sub-clauses 28 and 29, clause 27.1 of the Charter have been supplemented in terms of the number of votes necessary to adopt such resolutions.</li> </ul>
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	<ul style="list-style-type: none"> <li>• (decision is made only at the request of the Board of Directors by a simple majority (more than ½ (a half)) of the shareholders holding the Company’s voting shares, who participate in the General Meeting of Shareholders)</li> <li>• ...</li> </ul> <p>(32) if the Company receives a voluntary or compulsory offer to acquire the shares, as well as any other equity securities convertible into the Company’s shares, <b>approval</b> of the transaction or several interrelated transactions connected with the acquisition, alienation or an opportunity of alienation by the Company, directly or indirectly, of any property amounting to ten percent (10%) or more of Company’s assets book cost, defined based on its accounting statement as at the last reporting date, unless such transactions are entered into in the course of the Company’s regular business activities or have been made before the Company received such voluntary or compulsory offers;</p> <ul style="list-style-type: none"> <li>• (decision shall be made by simple majority (more than ½ (a half)) of the shareholders holding the Company’s voting shares, who participate in the General Meeting of Shareholders)</li> <li>• ...</li> </ul>	<ul style="list-style-type: none"> <li>• (decision is made only at the request of the Board of Directors by a simple majority (more than ½ (a half)) of votes of shareholders holding the Company’s voting shares, who participate in the General Meeting of Shareholders)</li> <li>• <b>(if a major transaction is at the same time an interested-party transaction and if the issue on the consent to its settlement is put before the General Meeting of Shareholders for consideration in accordance with Chapter XI of the Federal Law “On Joint Stock Companies”, the resolution shall be adopted by a simple majority (more than ½ (a half)) of votes of all disinterested shareholders holding voting shares, who participated in the General Meeting of Shareholders).</b></li> </ul> <p>(32) if the Company receives a voluntary or compulsory offer to acquire shares or other equity securities convertible into the Company’s shares, taking a decision on <b>the consent to, or subsequent approval</b> of the transaction or several interrelated transactions connected with the acquisition, alienation or an opportunity of alienation by the Company, directly or indirectly, of any property amounting to ten percent (10%) or more of the book value of the Company’s assets defined based on its accounting statements as at the last reporting date, unless such transactions are effected in the course of the Company’s normal business activities or have been made before the Company received such voluntary or compulsory offer;</p> <ul style="list-style-type: none"> <li>• (decision shall be made by a simple majority (more than ½ (a half)) of votes of shareholders holding the Company’s voting shares, who participate in the General Meeting of Shareholders)</li> <li>• ...</li> </ul>	
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28.12	28.12. The agenda of an annual General Meeting of Shareholders must include the issues relating to the election of members of the Board of Directors, the Auditing Commission, approval of the Auditor, and <b>to the approval of the Company’s annual reports, annual accounting statements, profits and losses distribution.</b>	28.12 The agenda of an annual General Meeting of Shareholders must include the issues relating to the election of members of the Board of Directors, the Auditing Commission, approval of the Auditor, <del>and to the approval of the Company’s annual reports, annual accounting statements,</del> <b>profit distribution (including dividend payment (declaration)), except for Company’s profit distributed as dividends based on the results of the first quarter, six months, nine months of a reporting year) and losses based on the results of a reporting year.</b>	See comment to clause 27.1.(19)
29.12	29.12. If quorum is present, the number of the votes necessary to take a corresponding decision at the General Meeting of Shareholders, stated in clause <b>Error! Reference source not found.</b> hereof, is defined according to the total number of the votes of the shareholders participating in the General Meeting of Shareholders, except for voting on the issue of <b>approval</b> of an interested-party transaction (sub-clauses <b>Error! Reference source not found.</b> – <b>Error! Reference source not found.</b> hereof). In the above stated case the number of votes required to make a corresponding decision at the General Meeting of Shareholders is defined according to the total number of the votes of the shareholders holding the Company’s voting shares <b>who are entitled to vote on the relevant issue.</b>	29.12. If a quorum is present, the number of votes necessary to take a corresponding decision of the General Meeting of Shareholders, stated in clause <b>Error! Reference source not found.</b> hereof, is determined based on the total number of votes of the shareholders present at the General Meeting of Shareholders, except for voting on <b>the consent to, or subsequent approval</b> of an interested-party transaction (sub-clauses 0 – 0 hereof). In the above stated case the number of votes required to make a corresponding decision of the General Meeting of Shareholders is determined based on the total number of votes of shareholders holding the Company’s voting shares <b>who are not interested in the transaction and participate in the voting.</b>	The clause has been brought in line with the Law “On Joint Stock Companies” as revised on July 3 <sup>rd</sup> , 2016, No. 343-FZ: - terminology has been updated (now, the Law uses the conceptions of “obtaining consent to the transaction” and “subsequent approval of the transaction” instead of “approval of the transaction”); - a decision of the General Meeting on interested-party transactions is taken now by a majority of disinterested shareholders <u>participating in the voting</u> but not on the basis of the total number of such shareholders (clause 4, Art. 83 of the FL on JSC).
31.11	31.11. The duties of the members of the Board of Directors shall be defined by the laws of the Russian Federation, hereby and by internal documents of the Company. The members of the Board of Directors shall, in particular: (1) comply with the requirements hereof and of the decisions of the General Meeting of Shareholders;	31.11. Obligations of members of the Board of Directors shall be determined by the laws of the Russian Federation, hereby and by internal regulations of the Company. Members of the Board of Directors shall be obliged, in particular: (1) comply with the requirements hereof and the decisions of the General Meeting of Shareholders;	The clause has been brought in line with the new requirements of Art. 82 of the Law “On Joint Stock Companies” in terms of the obligations of members of the Board of Directors to provide information to the Company. It is proposed to state the obligation generally, with a reference to the requirements of the legislation of the RF, since it is not practical to give the full list of information.

	<p>(2) timely provide the Company with their personal data and information about their <b>relationships with affiliated persons</b> of the Company, and notify of any changes of these data in accordance with the procedure stipulated by laws;</p> <p>(3) <b>timely inform the Board of Directors, the Auditing Commission and the Auditor about the transactions conducted the Company and/or anticipated transactions, in execution of which they can be deemed interested, as well as about legal entities, in which they hold (personally or jointly with their affiliated persons) twenty percent (20%) or more of the voting shares (equities), and about legal entities where they hold the governing positions.</b></p>	<p>(2) provide information to the Company, in a timely manner, about themselves, <b>their possible interest in conducting transactions by the Company, and any other information provided for by the legislation of the RF</b>, notify the Company of any changes in such information in accordance with the procedure prescribed by the legislation of the RF;</p> <p><del>(3) — timely inform the Board of Directors, the Auditing Commission and the Auditor about the transactions conducted the Company and/or anticipated transactions, in execution of which they can be deemed interested, as well as about legal entities, in which they hold (personally or jointly with their affiliated persons) twenty percent (20%) or more of the voting shares (equities), and about legal entities where they hold the governing positions.</del></p>	
32.2 (3)	<p>32.2. The following shall fall within the terms of reference of the Board of Directors:</p> <p>...</p> <p>(3) examining the results of the financial and economic activity of the Company and its subsidiaries; <b>preliminary examination</b> of the Company’s annual reports and annual accounting statements</p> <ul style="list-style-type: none"> <li>• (decision shall be made by a simple majority (more than a half) of the members of the Board of Directors participating at the meeting)</li> </ul> <p>...</p>	<p>32.2. The following shall fall within the terms of reference of the Board of Directors:</p> <p>...</p> <p>(3) examining the results of the financial and economic activity of the Company and its subsidiaries; <b>approval</b> of the Company’s annual reports and annual accounting (financial) statements</p> <ul style="list-style-type: none"> <li>• (decision shall be made by a simple majority (more than a half) of the members of the Board of Directors participating at the meeting)</li> </ul> <p>...</p>	<p>It is proposed to refer the approval of annual report and annual accounting statements to the competence of the Board of Directors. For more details, please see the comment to clause 27.1 (19).</p>
32.2 (8)	<p>32.2. The following matters shall fall within the terms of reference of the Board of Directors:</p> <p>...</p> <p>(8) defining, in cases stipulated by law, the price (monetary value) of the property subject to transactions conducted by the Company, as well as the placing price or the procedure for determining thereof</p>	<p>32.2. The following matters shall fall within the terms of reference of the Board of Directors:</p> <p>...</p> <p>(8) determining, in cases stipulated by law, the price (monetary value) of the property that is the subject of transactions conducted by the Company, as well as the placing price or the procedure for</p>	<p>The procedure for taking decisions on determination of the monetary value of property has been brought in line with the new provisions of clause 1, Art. 77 of the Law “On Joint Stock Company” (as revised on July 3<sup>rd</sup>, 2016, No. 343-FZ).</p>

	<p>and for the redemption of the Company's equity securities;</p> <ul style="list-style-type: none"> <li>(decision shall be made by a simple majority (more than ½ (a half)) of the members of the Board of Directors participating in the meeting. If a person interested in one or several transactions when the property price (monetary value) is defined by the Board of Directors is a member of the Board of Directors, <b>the price (monetary value) of the property shall be defined by the members of the Board of Directors who are not interested in such transaction).</b></li> </ul>	<p>determining thereof and repurchasing the Company's equity securities;</p> <ul style="list-style-type: none"> <li>(decision shall be taken by a simple majority (more than ½ (a half)) of the members of the Board of Directors present at the meeting. If a person interested in one or several transactions, where the property price (monetary value) is determined by the Board of Directors, is member of the Board of Directors, <b>decision shall be taken by a simple majority (more than ½ (a half)) of votes of directors who are not interested in the transaction and meet the requirements set forth in clause 3, Article 83 of the Federal Law "On Joint Stock Companies". If the number of such directors is less than a half (1/2) of the elected members of the Board of Directors, a decision shall be taken unanimously by all members of the Board of Directors, herewith votes of retired members of the Board of Directors shall not be taken into account.</b></li> </ul> <p>...</p>	
<p><b>32.2 (16), 32.2 (17)</b></p>	<p>32.2. The following matters shall fall within the terms of reference of the Board of Directors:</p> <p>...</p> <p>(16) <b>approval</b> of transactions involving the property valued at twenty five percent (25%) to fifty percent (50%) of the Company's assets book cost, defined based on the Company's accounting (financial) statement as at the last reporting date, as well as the <b>approval</b> of transactions, recognized as major transactions in accordance with the Federal Law "On Joint Stock Companies";</p> <ul style="list-style-type: none"> <li>(decision on approval of <b>major</b> transactions, referred to herein, shall be made unanimously by all members of the Board of Directors with exception of the retired members of the Board of Directors)</li> </ul>	<p>32.2. The following matters shall fall within the terms of reference of the Board of Directors:</p> <p>...</p> <p>(16) <b>making decisions on the consent to, or subsequent approval</b> of transactions involving the property valued at twenty five percent (25%) to fifty percent (50%) of the book value of the Company's assets determined according to its accounting (financial) statements as the last reporting date, including <b>making decisions on the consent to, or subsequent approval</b> of transactions recognized as major transactions in accordance with the Federal Law "On Joint Stock Companies";</p> <ul style="list-style-type: none"> <li>(decision on approval of <del>major</del> transactions, referred to herein, shall be taken unanimously by all</li> </ul>	<p>The wordings of sub-clauses 16-17, Art. 32.2 of the Charter have been brought in line with the provisions of the Federal Law "On Joint Stock Companies" (as revised on July 3<sup>rd</sup>, 2016, No. 343-FZ):</p> <ul style="list-style-type: none"> <li>- terminology has been updated (now, the Law uses the conceptions of "obtaining consent to the transaction" and "subsequent approval of the transaction" instead of "approval of the transaction");</li> <li>- the Law has changed the procedure for decision-making by the Board of Directors on an interested-party transaction (clause 3, Art. 83 of the FL "On Joint Stock Companies"): decision shall be made by a majority of votes (unless the charter of a public company does not require a larger number of votes) of directors who are not interested in the</li> </ul>

	<p>(17) <b>approval</b> in the manner stipulated by law of interested-party transactions, except for the cases where the relevant decision-making falls within the terms of reference of the General Meeting of Shareholders under clauses <b>Error! Reference source not found.</b> – <b>Error! Reference source not found.</b> hereof;</p> <ul style="list-style-type: none"> <li>(decision shall be made by a simple majority (more than ½ (a half)) of votes of all <b>independent members of the Board of Directors disinterested in the transaction</b>)</li> </ul> <p>...</p>	<p>members of the Board of Directors with exception of the retired members of the Board of Directors)</p> <p>(17) <b>making decisions on the consent to, or subsequent approval of</b> interested-party transactions in the manner prescribed by law, except for the cases where the relevant decision-making falls within the terms of reference of the General Meeting of Shareholders under clauses 0 – 0 hereof;</p> <ul style="list-style-type: none"> <li>(decision shall be made by a simple majority (more than ½ (a half)) of votes of all <b>directors who are not interested in the transaction and meet the requirements set forth in clause 3, Article 83 of the Federal Law “On Joint Stock Companies”</b>)</li> </ul> <p>...</p>	<p>transaction and are not/were not during the previous year:</p> <ol style="list-style-type: none"> <li>1) a person who performs the functions of the sole executive body of the company; member of the collective executive body; a person who holds office in management bodies of the company’s management organization;</li> <li>2) a person, whose spouses, parents, children, blood or half-blood brothers and sisters, adopters and adoptees are persons holding office in management bodies of the company’s management organization, or a person who is the manager of the company;</li> <li>3) a person controlling the company or management organization (or the manager), to whom the functions of the sole executive body have been transferred or who has a right to give binding instructions to the company.</li> </ol>
<p><b>32.3 – 32.5 (new clauses)</b></p>		<p><b>32.3. The Board of Directors shall play a key role in major corporate actions of the Company.</b></p> <p><b>32.4. Major corporate actions include: reorganization of the Company, acquisition of 30 or more percent of the Company’s voting shares (merger), settlement of major transactions by the Company, as well as transactions provided for by clauses 32.2(29), 32.2(32) и 32.2(38) hereof, increase or decrease of the authorized capital of the Company, listing or delisting of the Company’s shares.</b></p> <p><b>32.5. With respect to major corporate actions, the Board of Directors shall take decisions on the performance of such actions in accordance with sub-clauses 32.2(16), 32.2(29), 32.2(30), 32.2(31), 32.2(32), 32.2(38), 32.2(43) hereof, or develop recommendations for the General</b></p>	<p>It is proposed to add new provisions to the Charter relating to major corporate actions in order to implement recommendations of the Code of Corporate Governance that was approved by Letter of the CB of Russia No. 06-52/2463 on April 10<sup>th</sup>, 2014 (hereinafter the “Code”).</p> <p>Clause 7.1.1 of the Code recommends that a list (criteria) of transactions or other actions being major corporate actions be set out in the Charter. Herewith, the Code recommends that such major corporate transactions shall mean reorganization, acquisition of 30 or more percent of the Company’s voting shares (merger), settlement of major transactions by the Company, increase/decrease of the authorized capital of the Company, listing/delisting of the Company’s shares, as well as other actions that may result in major</p>

		<p><b>Meeting of Shareholders on the matters provided for by sub-clauses 27.1(2), 27.1(6), 27.1(7), 27.1(8), 27.1(9), 27.1(10), 27.1(11), 27.1(12), 27.1(28), 27.1(29), 27.1(35) hereof.</b></p>	<p>modification of rights of shareholders or violation of their interests.</p> <p>In accordance with clause 7.1.2 of the Code, the Board of Directors shall play a key role in making decisions and developing recommendations with respect to major corporate actions.</p> <p>In view of this, it is proposed to set forth special provisions on major corporate actions in the Charter, having established a list of such actions (besides of those directly provided for in the Code, it is proposed to also include therein transactions with certain property and transactions in excess of the established threshold values (sub-clauses 29, 32 and 38, clause 32.2 of the Charter) that still now can be considered as major corporate actions, since the approval of them is referred by the Charter to the terms of reference of the Board of Directors.</p> <p>It is also proposed, in accordance with clause 7.1.2 of the Code, to set forth that the Board of Directors should develop recommendations on those major transactions, the decision-making on which falls within the terms of reference of the General Meeting of Shareholders.</p> <p>Approval of supplements will allow to improve the level of compliance with the Code of Corporate Governance.</p>
33.3	<p>33.3 Not later than 30 (thirty) days before the annual General Meeting of Shareholders, the meeting of the Board of Directors shall be held in order to approve <b>preliminarily</b> the Company's annual report, annual accounting (financial) statement, including profits and losses statements , the Auditor's report, report of the Auditing Commission following the results of examination of the annual accounting (financial) statement, <b>that shall be submitted for approval of the annual General Meeting of Shareholders.</b> At the meeting of the Board of Directors, the Chairman of the</p>	<p>33.3 Not later than 30 (thirty) days before the annual General Meeting of Shareholders, the meeting of the Board of Directors shall be held in order to approve <del>preliminarily</del> the Company's annual report approval, annual accounting (financial) statement, including profits and losses statements , the Auditor's report, report of the Auditing Commission following the results of examination of the annual accounting (financial) statement <del>that shall be submitted for approval of</del></p>	<p>See comment to clause 27.1.(19)</p>

	Board of Directors shall submit to the Board of Directors complete current financial information, as well as complete report on the current state of the Company and on basic results of the Company's business activity and plans	<del>the annual General Meeting of Shareholders.</del> At the meeting of the Board of Directors, the Chairman of the Board of Directors shall submit to the Board of Directors complete current financial information, as well as complete report on the current state of the Company and on basic results of the Company's business activity and plans	
<b>35.1 (19)</b>	<p>35.1. The Management Board shall, within its terms of reference, set forth hereby, by decisions of the General Meetings of Shareholders and of the Board of Directors, and by internal documents of the Company endorsed by the General Meetings of Shareholders, be responsible for the following issues:</p> <p>...</p> <p>(19) development and submission to the Board of Directors of proposals on the issues set forth in sub-clause <b>Error! Reference source not found.</b> hereof and in cases, when decision-making by the Board of Directors on reorganization <b>and transactions</b> set forth in sub-clause <b>Error! Reference source not found.</b> hereof is not required, preliminary approval of such reorganizations and <b>transactions, including the approval of material terms and conditions of such transactions, including, but not limited to, provisions specifying the number of the acquired, alienated or encumbered shares or provisions specifying the size of the acquired, alienated or encumbered participations interests and the price of the transaction;</b></p>	<p>35.1. The Management Board shall, within its terms of reference, set forth by this Charter, decisions of the General Meetings of Shareholders and the Board of Directors, and by internal documents of the Company approved by the General Meetings of Shareholders, be responsible for the following issues:</p> <p>...</p> <p>(19) development and submission to the Board of Directors of proposals on the issues set forth in sub-clause <b>Error! Reference source not found.</b> hereof and in cases when decision-making by the Board of Directors on reorganization <del>and transactions</del> set forth in sub-clause <b>Error! Reference source not found.</b> hereof is not required, preliminary approval of such reorganizations; <del>transactions, including the approval of material terms and conditions of such transactions, including, but not limited to, provisions specifying the number of the acquired, alienated or encumbered shares or provisions specifying the size of the acquired, alienated or encumbered participations interests and the price of the transaction;</del></p> <p>...</p>	This is an editing correction designed to remove the uncertainty. Sub-clause 32.2(39) of the Charter provides for the Board of Directors' terms of reference to develop a position with respect to a number of decisions taken by subsidiaries, herewith no decision of the Board of Directors on intra-group reorganization of subsidiaries is needed for removal from general provisions of 32.2(39). There are no removals with respect to transactions in clause 32.2(39), that is why the reference to transactions in clause 35.1(19) is incorrect.
<b>38.11</b>	<p>38.11. The following shall fall within the terms of reference of the Auditing Commission:</p> <p>...</p>	<p>38.11. The terms of reference of the Auditing Commission include:</p> <p>...</p>	In accordance with clause 1.1, Art. 81 of the Federal Law "On Joint Stock Companies" (as revised on July 3 <sup>rd</sup> , 2016, No. 343-FZ), a company must prepare a report on interested-party

		<b>(9) confirmation of integrity of data contained in the report on interested-party transactions concluded by the Company in the reporting year.</b>	transactions concluded by the company in the reporting year for the Annual General Meeting of Shareholders, and the integrity of data contained therein must be confirmed by the Auditing Commission of the company. In view of this, the terms of reference of the Auditing Commission have been supplemented with corresponding provisions.
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