

**DRAFT**

**CHARTER**  
**of the Open Joint Stock Company**  
**Mining and Metallurgical Company Norilsk Nickel**

**2007**

## **1. GENERAL PROVISIONS**

- 1.1 Open Joint Stock Company Mining and Metallurgical Company Norilsk Nickel, hereinafter referred to as “the Company”, was founded in accordance with the legislation of the Russian Federation through reorganization in the form of spin-off from the Open Joint Stock Company A.P. Zavenyagin Norilsk Mining and Metallurgical Combine. The Company operates in accordance with the Federal Law *On Joint Stock Companies* (hereinafter referred to as “the Federal Law”), other laws and legal acts of the Russian Federation, and the present Charter.
- 1.2 The Company is a legal successor to OJSC A.P. Zavenyagin Norilsk Nickel Mining and Metallurgical Combine with respect to rights and obligations under the separation balance sheet.
- 1.3 Prior to the approval of the Charter version of 21.02.2001, the Company had the following name: Open Joint Stock Company Norilsk Mining Company (OJSC NMC or OJSC Norilsk Mining Company).
- 1.4 The Company is a legal entity and owner of assets recorded on its independent balance sheet; the Company may acquire on its own behalf and exercise property and personal non-property rights on its own behalf, bear liabilities and act as claimant and defendant in the court of law.
- 1.5 The Company is entitled to open bank accounts on the territory of the Russian Federation and beyond.
- 1.6 The Company has a round seal with its full official name in the Russian language and its location. The seal may contain the Company’s name in any other foreign language or language of the other nations of the Russian Federation. The Company is also entitled to have stamps and stationary bearing its name, logo and other means of visual identification.
- 1.7 The Company is liable under its obligations to the full extent of its property. Shareholders bear the risk of losses related to the Company operation to the extent of the value of their shares. The Company bears no responsibility for obligations of its shareholders.

## **2. NAME AND LOCATION OF THE COMPANY**

- 2.1 Full official name of the Company: Otkrytoye aktsionernoye obshchestvo “Gornometallurgicheskaya kompaniya “Noril’skyi Nikel”.  
Abbreviated official name of the Company: OAO “GMK “Noril’skyi Nikel”.  
Full official name of the Company in the English language: “Open Joint Stock Company “Mining and Metallurgical Company “NORILSK NICKEL”.  
Abbreviated official name of the Company in the English language: “OJSC “MMC NORILSK NICKEL”.
- 2.2 Location of the Company: Russian Federation, Krasnoyarsk Territory, the city of Dudinka.  
Postal address of the Company: 663310, Russian Federation, Krasnoyarsk Territory, Norilsk, Gvardeyskaya Square, 2.

### **3. BUSINESS ACTIVITIES OF THE COMPANY**

3.1 The main goal of the Company is to make profit.

3.2 Key business activities of the Company include:

- (1) Prospecting, exploration and development of mineral deposits;
- (2) Building, operation and repair of surface and underground objects and structures designed for prospecting, exploration and development of mineral deposits, as well as for mining and processing of ores and other valuable minerals;
- (3) Development of design and technical documentation related to existing mine production;
- (4) Operation and repair of equipment, transfer devices, communication units, and transportation means; ensuring the safety of production and personnel;
- (5) Blasting works;
- (6) Operation of stationary warehouses and chambers for distribution of explosives;
- (7) Ore concentration, transportation of ore concentrates by pipelines, operation of hydrotechnical structures;
- (8) Sale of primary metals;
- (9) Sale of ore and ore concentrates;
- (10) Metallurgical processing of ore, ore concentrates, secondary non-ferrous and precious metals; production of non-ferrous and precious metal products, production of sulphur and sulphuric acid;
- (11) Generation, transmission, distribution and sale of electrical and heat energy;
- (12) Storage of petroleum and refined petroleum products;
- (13) Operation of surface and underground water intakes, systems of process/potable water supply and water recycling;
- (14) Production and sale of technical and process oxygen;
- (15) Operation and maintenance of telephone and radio relay communication systems;
- (16) Operation and maintenance of petroleum bulk plants and fuel stations including mobile filling stations;
- (17) Assembly, adjustment and operation of electric/thermal energy supply equipment and consumers' power units;
- (18) Conveyance, forwarding and other activities related to transportation by sea, inland waterways and air;
- (19) Passenger and cargo transportation by auto routes and railroads;
- (20) Construction, reconstruction, maintenance and repair of auto roads, railways and traffic infrastructure;
- (21) Works and services in the area of nature preservation;
- (22) Fire safety services;
- (23) Work related to the use of information classified as state secret, protection of information containing state secret, and/or providing services to protect state secret;

- (24) Development of town-planning documents;
- (25) Architectural activities;
- (26) Sanatorium and resort services, health care and medical treatment;
- (27) Planning and survey work, including work related to the use of land;
- (28) Topographic & geodesic and cartographic work during construction activities;
- (29) Engineering & survey work in the construction, design and assembly of buildings and structures of the first- and second-rate significance;
- (30) Operation of engineering systems in towns and populated areas;
- (31) Manufacture of construction materials, structures and articles;
- (32) Educational services in the area of middle, high and post-vocational education and appropriate additional training;
- (33) Refining of precious metals;
- (34) Purchase of jewelry and other consumer items made of precious metals and stones, including scrap of such metals, from individuals;
- (35) Processing of scrap and wastes of precious metals into final products;
- (36) Geological survey, drawing up and publishing of geological maps, including digital and electronic maps;
- (37) Geophysical (including gravimetric) subsoil exploration;
- (38) Drilling of water wells and exploration boreholes for prospecting of solid and other minerals;
- (39) Production, bottling, storage, wholesale and retail sale of alcoholic beverages;
- (40) Drilling of production and exploration boreholes;
- (41) Extraction and transportation of natural gas and gas condensate;
- (42) Processing of natural gas and gas condensate;
- (43) Export and import activities as established by the legislation of the Russian Federation;
- (44) Investment of the Company's working capital and raised funds including foreign currency resources into joint ventures with Russian and foreign organizations, companies and citizens, including the creation of subsidiary and dependent enterprises both in Russia and abroad;
- (45) Construction of oil & gas mainlines;
- (46) Designing factories and facilities for oil and gas industry;
- (47) Operation of oil & gas mainlines;
- (48) Construction of factories and facilities for natural gas industry;
- (49) Operation of factories and facilities of natural gas industry;
- (50) Repair and assembly of oil and gas extraction equipment;
- (51) Personnel training (key professions) for potentially dangerous production plants and facilities;
- (52) Assembly of equipment for explosion and fire hazardous production plants;

(53) Repair of equipment for explosion and fire hazardous production plants.

3.3 In order to achieve its business objectives, the Company is entitled to perform any other business activities except those prohibited by the legislation of the Russian Federation.

3.4 All business activities that require special permits (licenses) or registration may be performed by the Company only upon obtaining necessary permits (licenses) or registration in accordance with the established procedure.

#### **4. CHARTER CAPITAL AND SHARES OF THE COMPANY**

4.1 Charter capital of the Company is comprised of the total nominal value of the Company's shares amounting to RUB 190,627,747 (one hundred and ninety million, six hundred and twenty-seven thousand, seven hundred and forty-seven).

4.2 Charter capital of the Company is divided into 190,627,747 (one hundred and ninety million, six hundred and twenty-seven thousand, seven hundred and forty-seven) ordinary registered shares with nominal value of 1 (one) ruble per share.

4.3 Decision to increase the Charter capital by increasing the nominal value of share must be made by the general shareholders' meeting of the Company (hereinafter – "the Shareholders' Meeting").

4.4 Decision to increase the Charter capital through the placement of additional shares must be made unanimously by all members of the Company's Board of Directors, whereas votes of former members of the Board of Directors will not be counted.

4.5 Placement of the Company's shares (or other securities convertible into shares) through a private offering can be effected only by the decision of the Shareholders' Meeting to increase the Company's Charter capital through the placement of additional shares (or through the placement of other issued securities of the Company convertible into shares), which must be passed by a three-quarter majority vote of shareholders with voting rights, who take part in the Shareholders' Meeting.

4.6 Placement of ordinary shares through public offering, which shares constitute more than 25 per cent of the earlier placed ordinary shares may only be performed by resolution of the general shareholders' meeting adopted by a majority of three quarters of shareholders with voting right participating in the general shareholders' meeting.

4.7 Public offering of convertible securities, which may be converted into ordinary shares constituting more than 25 per cent of the earlier placed ordinary shares, may only be performed by resolution of the general shareholders' meeting adopted by a majority of three quarters of shareholders with voting right participating in the general shareholders' meeting.

4.8 Payment for the Company's shares may be made by cash, securities, other items, property rights, or by any other rights that have a monetary value.

4.9 If the Company's shares are paid for with non-monetary assets, the monetary value of such assets is to be established by the Board of Directors in accordance with the Federal Law, other legal acts and regulations of the Russian Federation.

4.10 The Company may reduce its charter capital through the purchase and redemption of a portion of shares. The Company may buy back some of its outstanding shares if the Shareholders' Meeting authorizes to reduce the Company's charter capital through the purchase of some of its shares in order to decrease their total number. The Company has

the right to buy back some of its outstanding shares upon the approval by the Board of Directors.

- 4.11 Resolution to reduce the charter capital of the Company through a decrease in the nominal value of shares or through the repurchase of a portion of the shares for the purpose of reducing their total number is to be adopted by the Shareholders' Meeting.
- 4.12 When the Company buys back some of its outstanding shares under the resolution of the Shareholders' Meeting to reduce the Company's charter capital through the purchase of some of its shares in order to reduce their total number, the payment for such repurchased shares may be effected, if so authorized by the Shareholders' Meeting, by cash, securities, other items, property rights or any other rights that have a monetary value.
- 4.13 The Company shall establish a reserve fund in an amount of 15 (fifteen) percent of the charter capital. The reserve fund will be financed by annual installments amounting to at least 5 percent of the net profit until the fund reaches its target size. The reserve fund may be used for covering the Company's losses, for bond redemption, or for the repurchase of shares when no other assets are available. It is not allowed to use the reserve fund for any other purposes.
- 4.14 From the date of state registration of the Company, the Company is to ensure maintenance and safekeeping of the shareholder register in accordance with legal acts of the Russian Federation.

## **5. SHAREHOLDERS' RIGHTS**

5.1 Shareholders shall have the following rights:

- (1) Freely sell their shares;
- (2) Receive dividends;
- (3) Receive a share of property in the event of the Company's liquidation;
- (4) Attend the Shareholders' Meeting and vote on all issues of its competence (voting is based on the principle "one share – one vote", unless otherwise is provided for by the Federal Law or other legal acts of the Russian Federation);
- (5) Preemptive right to buy additionally issued shares and securities convertible into shares in the course of their placement through public offering, in an amount pro rata to the number of shares of the same category (type) already in their ownership;
- (6) Have access to the information on the Company performance, as provided for by the Federal Law, other legal acts of the Russian Federation and this Charter;
- (7) Exercise other rights as provided for by the Federal Law, other legal acts of the Russian Federation, this Charter, and resolutions of the Shareholders' Meeting adopted in accordance with its authority.

5.2 In the cases provided for by the Federal Law, owners of voting shares are entitled to demand that the Company buy back all or a portion of their shares.

## 6. GENERAL SHAREHOLDERS' MEETING

- 6.1 The highest managing body of the Company is the Shareholders' Meeting. Decision on the venue of the Meeting is to be made by the Board of Directors. Order of the meeting conduction is set out in the Regulations on the General Shareholders' Meeting adopted by the Company's General Meeting.
- 6.2 The Company holds an Annual Shareholders' Meeting once a year. Any Annual Shareholders' Meeting may be called no sooner than two months and no later than six month after the end of the Company's fiscal year. Annual Shareholders' Meeting is called by the Board of Directors.
- 6.3 A shareholder (shareholders) holding no less than two per cent of the Company's voting shares have the right to submit proposals for the agenda of annual and extraordinary Shareholders' Meetings and to nominate candidates for the Board of Directors and Revision Commission of the Company as provided for by the Federal Law. The deadline for submitting proposals for the agenda of an Annual Shareholders' Meeting and a list of candidates nominated for the Board of Directors and Revision Commission of the Company is 30 days after the end of the fiscal year. In addition to the information defined by Article 53, paragraph 4 of the Federal Law, the shareholder's (shareholders') proposals with regard to candidates for the Company's Board of Directors or Revision Commission, are to contain the following information on the candidates:
- (1) Full name;
  - (2) Date of birth
  - (3) Education;
  - (4) Places of employment for the past five years;
  - (5) Record of convictions, if any, for economic crimes and crimes against the state;
  - (6) Number of Company shares held by the candidate;
  - (7) List of all positions occupied by the candidate in managing bodies of other legal entities (providing a full name of such legal entities and the date the candidate accepted the position);
  - (8) The candidate's written consent to accept the proposed position.
- 6.4 A Notice of the Shareholders' Meeting is to be published in *The Rossiyskaya Gazeta* and *The Taimyr* newspapers at least 30 days prior to the date of the Meeting. In the event when the Shareholders' Meeting is held through absentee voting, the announcement of the Shareholders' Meeting must be published in the aforementioned mass media at least 30 days before the deadline for the acceptance of voting ballots. The Company also may inform the shareholders on the Meeting conduction by posting an announcement on the Company's Web-site or by sending e-mail messages. The Company may publish the Notice of the Meeting prior to the date indicated in the first sentence of this clause 6.4. The Board of Directors may decide to publish additional announcements about the Shareholders' Meeting in other print media.
- 6.5 While preparing the Shareholders' Meeting, the Company's Board of Directors (or another body, as provided for by the Federal Law) is to resolve on the following:
- (1) Form of the Meeting (in person meeting or absentee voting);
  - (2) Date, place and time of the Shareholders' Meeting (including the time for shareholder registration). In the event when in accordance with Article 60 (Paragraph 3) of the

Federal Law the completed voting ballots may be sent to the Company, the postal address for sending the ballots or, in the event the Meeting is conducted by way of absentee voting, the end date on which voting ballots shall be accepted and the postal address for sending the filled in ballots;

- (3) Date of closing the list of shareholders eligible to participate in the Shareholders' Meeting;
- (4) Agenda of the Shareholders' Meeting;
- (5) Procedures for informing the shareholders on the Shareholders' Meeting conduction;
- (6) List of information materials (documents) to be made available to shareholders in advance of the Shareholders' Meeting and the order of access to such information;
- (7) Form and text of the voting ballot;
- (8) Order of the Meeting conduction (total duration of the Meeting, breaks, time limits allocated for presentations and speeches on every item and for discussion, etc.)

6.6 The Notice of a Shareholders' Meeting shall contain

- (1) Full official name and location of the Company;
- (2) Form of the Shareholders' Meeting (in person meeting or absentee voting);
- (3) Date, place and time of the Shareholders' Meeting (including the time for shareholder registration). In the event when in accordance with Article 60 (Paragraph 3) of the Federal Law the completed ballots may be sent to the Company, the Notice shall include the postal address for sending the ballots or, in the event the Meeting is conducted by way of absentee voting, the deadline for ballots acceptance and the postal address for sending the filled in ballots.
- (4) Date of closing the list of shareholders eligible to participate in the Shareholders' Meeting;
- (5) Agenda of the Meeting indicating the persons who proposed to put items on the agenda;
- (6) Procedures for reviewing information (documents) to be furnished in advance of a Shareholders' Meeting, and the address (addresses) where they it is available for review.

6.7 Information (documents) which is to be made available to eligible persons in the period of Meeting preparation shall include the following: annual accounting statements including the auditor's opinion, conclusions of the Company's Revision Commission based on the results of the annual accounts review; information on candidates nominated for the Company's Board of Directors, Revision Commission and management bodies; draft amendments to the Company's Charter or a new draft of the Charter; draft internal regulations of the Company; draft resolutions of the General Shareholders' Meeting; Annual Report; conclusions of the Audit Committee of the Board of Directors with regards to the Auditor's opinion; report of the Board of Directors containing the Board's motivated opinion with regards to the agenda of the Shareholders' Meeting. Also in the period of meeting preparation, the Board of Directors may decide that the shareholders should be provided with individual opinions of the Board members.

6.8 Information on the candidates to the Company's Board of Directors and Revision Commission shall contain the following:

- (1) Full name;



- (2) Date of birth;
- (3) Education;
- (4) Places of employment over the past five years;
- (5) Record of convictions, if any, for economic crimes and crimes against the state;
- (6) Number of the Company's shares held by the candidate;
- (7) List of all positions held by the candidate in managing bodies of other legal entities (providing a full name of such legal entities and the date when the candidate accepted the position).

- 6.9 The list of shareholders having the right to participate in the Shareholders' Meeting is compiled upon the information from the Shareholders' register at the date set up by the Board of Directors of the Company. The register closing date cannot be set prior to the date when a decision to call the Meeting was made and later than 50 days before the date of the Shareholders' Meeting, and in the cases envisaged by Article 53 (Paragraph 2) of the Federal Law – no later than 65 days before the date of the Shareholders' Meeting. If at a Shareholders' Meeting the quorum is to be established and voting ballots are to be counted in accordance with Paragraph 2 of Article 58 of the Federal Law, the date for compiling the list of persons eligible to participate in the Shareholders' Meeting shall be fixed not later than 35 days before the date of the Shareholders' Meeting.
- 6.10 Any general shareholders' meeting other than an annual meeting shall be considered an extraordinary meeting. An Extraordinary Shareholders' Meeting may be called by the Company Board of Directors at its own initiative, or upon a request from the Company's Revision Commission, independent Auditor, or shareholders (shareholder) owning at least 10 percent of voting shares of the Company as at the date the request is submitted.
- 6.11 The Company Board of Directors shall call an Extraordinary Shareholders' Meeting upon the request of the Company's Revision Commission, Independent Auditor or shareholders (shareholder) owning at least 10 percent of voting shares of the Company. A decision or a refusal to call an Extraordinary Shareholders' Meeting upon the request of the Company's Revision Commission, Independent Auditor or shareholders (shareholder) owning at least 10 percent of voting shares of the Company must be adopted by the Board of Directors within 5 days since such a request was made. This decision shall be communicated to the parties requesting for an Extraordinary Shareholders' Meeting no later than 3 days after being made. Circumstances under which the Board of Directors may refuse to call an Extraordinary Shareholders' Meeting are specified in the Federal Law.
- 6.12 When the Extraordinary Meeting is called upon the request of the Company's Revision Commission or shareholders (shareholder) owning at least 10 percent of voting shares of the Company, this Meeting must be held within 40 days after the request is submitted. If election of the Board of Directors is on the agenda of the Extraordinary Shareholders' Meeting, such Meeting must be held within 70 days after the request to call the Meeting is submitted.
- 6.13 The Board of Directors is not authorized to alter the wording of the agenda items or resolutions on these items, or change the suggested form of Extraordinary Shareholders' Meeting called upon the request of the Company's Revision Commission, Independent Auditor or shareholders (shareholder) owning at least 10 percent of voting shares of the Company.

6.14 If the Board of Directors fails to call the Extraordinary Shareholders' Meeting within the aforementioned period of time or refuses to call the Meeting, the Meeting may be called by the parties requesting it.

In this case, expenses related to the preparation and convening of the Shareholders' Meeting may be reimbursed by the Company if approved by the Shareholders' Meeting.

6.15 If proposed agenda of the Extraordinary Shareholders' Meeting includes election of members of the Board of Directors who must be elected by cumulative voting, the shareholder (shareholders) owning in total at least 2 per cent of the voting shares of the Company may propose candidates for the Board of Directors, but the number of such candidates may not exceed the established membership of the Board of Directors of the Company. Such proposals shall be made available to the Company at least 30 days before the date of the Extraordinary Meeting.

6.16 The right to participate in the meeting may be exercised by a shareholder either in person or through a proxy. At the general shareholders' meeting a shareholder's proxy shall act in accordance with the latter's authorities, which are based on the provisions of federal laws or acts of duly authorized governmental bodies or local self-government bodies, or on the basis of a written power of attorney executed in accordance with the requirements of the federal laws. Shareholder may at any time replace their proxies at the general shareholders' meeting or participate in person at the general shareholders' meeting.

6.17 Voting on items in the agenda of a general shareholders' meeting shall be conducted by voting ballot. A voting ballot must be sent no later than 20 days prior to the date of the meeting.

6.18 The Shareholders' Meeting shall be valid (quorate) if shareholders representing a total of more than one-half of the votes conferred by placed voting shares in the company have participated in such meeting. Shareholders shall be regarded to have participated in a general shareholders' meeting where they have been registered to participate in such meeting and those shareholders whose ballots were received no later than two days in advance of the date at which the general shareholders' meeting is held. Shareholders shall be regarded to have participated in a general shareholders' meeting held by absentee voting where their ballots were received before the end date for receiving the ballots.

## **7. AUTHORITY OF THE GENERAL SHAREHOLDERS' MEETING**

7.1 The general shareholders' meeting shall be authorised to take action on:

7.1.1 amending the Company's charter or approving an amended and restated charter;

7.1.2 reorganization of the Company;

7.1.3 liquidation of the Company; appointment of a liquidation committee and approval of the interim and final liquidation balance sheets;

7.1.4 determination of the number of members on the Board of Directors of the Company, election of its members and early termination of their powers;

7.1.5 determination of the number, nominal value, category (type) of authorized shares and the rights conferred by such shares;

- 7.1.6 increase of the Company's charter capital through an increase in the nominal value of its shares or through the placement of additional shares as provided for by the Federal law;
- 7.1.7 any reduction in the Company's charter capital through a decrease in the nominal value of its shares, through the repurchase of a portion of the shares by the Company for the purpose of reducing their total quantity, or through the redemption of shares repurchased or bought back by the Company;
- 7.1.8 election of members of the Revision Commission and early termination of their powers;
- 7.1.9 approval of the external auditor of the Company;
- 7.1.10 approval of annual reports, annual accounting reports including profit-and-loss statements (profit-and-loss accounts) of the Company and the distribution of profits (including the payment (declaring) of dividends, with the exception of profits distributed in the form of dividends based on results of the first quarter, six months and nine months of the financial year) and losses of the company based on the results of the financial year;
- 7.1.11 establishing the procedures for conducting the general shareholders' meeting;
- 7.1.12 electing members of a counting commission and early termination of their powers;
- 7.1.13 share splits and consolidations;
- 7.1.14 adopting resolutions on approving transactions in the instances set forth in Article 83 of the Federal Law;
- 7.1.15 adopting resolutions on approving major transactions in the instances set forth in Article 79 of the Federal Law;
- 7.1.16 repurchase of placed shares by the Company in the instances set forth by the Federal Law;
- 7.1.17 adopting resolutions on participation in financial and industrial groups, associations or other unions of commercial organizations;
- 7.1.18 approving internal documents governing the activity of the Company's bodies;
- 7.1.19 payment (declaration) of dividends based on results from the first quarter, six months or nine months of the financial year;
- 7.1.20 other issues envisaged by the Federal Law.
- 7.2 The general shareholders' meeting shall adopt resolutions on items put to a vote by a majority vote of the shareholders that own voting shares in the Company and participate in the meeting, except where the Federal Law requires otherwise in order for such a resolution to be adopted.
- 7.3 A resolution on any of the items indicated in paragraphs 7.1.1-7.1.3, 7.1.5 and 7.1.16 hereof shall be adopted by the general shareholders' meeting by a three-fourths majority of votes of the shareholders owning voting shares if the Company and participating in the general shareholders' meeting.
- 7.4 A resolution on any of the items set forth in paragraphs 7.1.2, 7.1.6, 7.1.13 – 7.1.18 hereof shall be adopted by the general shareholders' meeting only pursuant to a proposal of the Board of Directors.

- 7.5 A resolution of the general shareholders' meeting may be adopted without conducting a meeting (joint presence of shareholders for the discussion of items on the agenda and the approval of resolutions on items put to a vote) by means of absentee voting.
- 7.6 Shareholders shall be informed on the resolutions adopted by the General Shareholders' Meeting and voting results as provided for by the Federal Law.
- 7.7 Determination if the Meeting is quorate, vote counting and some other functions of the counting commission shall be performed by the Company's Registrar, who maintains the Register of the Company's shareholders in accordance with relevant resolution of the Shareholders' Meeting.

## **8. THE BOARD OF DIRECTORS**

- 8.1 The Company's Board of Directors (hereinafter referred to as "the Board of Directors") is a managing body that carries out the general management of the company's activities, except for resolving on issues which under the Federal Law and this Charter are referred to the competence of the general shareholders' meeting.
- 8.2 Members of the Board of Directors are to be elected by the Annual Shareholders' Meeting in accordance with the procedure defined by the Federal Law, for the period until the next Annual Shareholders' Meeting.
- 8.3 The Board of Directors is comprised of nine members. The Board of Directors may recommend that the Shareholders' Meeting modify this Charter in order to change the number of members on the Board of Directors.
- 8.4 Chairman of the Board of Directors (hereinafter referred to as "the Chairman" or "Chairman of the Board of Directors") is elected by members of the Board of Directors by a majority vote of all members of the Board of Directors. The Board of Directors is entitled at any time to re-elect its Chairman by a majority vote of all members of the Board of Directors.
- 8.5 In exercising their rights and performing their duties, members of the Board of Directors shall act in the interests of the Company wisely and in good faith. They shall be liable to the Company for any losses incurred by the Company due to their wrongful actions (or inactions), unless federal laws provide for other grounds or extent of such liability. Members of the Board of Directors who vote against a decision that resulted in losses for the Company or do not participate in such voting shall not be held liable. While determining the grounds and the extent of liability of the Board members, it is necessary to take into account regular business practices and other relevant circumstances.
- 8.6 Upon the resolution of the Shareholders' Meeting, members of the Board of Directors during the term of their service may be remunerated and/or compensated for expenses incurred by them in relation to their duties as members of the Board of Directors. The Company may also arrange for liability insurance for members of the Board of Directors, and enter into agreements on indemnification of their potential losses caused by their performance as Board members.
- 8.7 Chairman of the Board of Directors, or, if the Chairman is unavailable, one of the members of the Board of Directors elected by the Board of Directors, shall organize the work of the Board of Directors, call and hold its meetings, arrange for minutes of the meetings, and chair the meetings.

8.8 Meetings of the Board of Directors shall be held in accordance with this Charter as often as necessary but not less than once every six weeks. Meetings shall be called by the Chairman of the Board of Directors at his/her own initiative, or at the request of a Board member, Revision Commission, independent auditor of the Company, the Management Board, General Director or shareholders owning totally at least 10 (ten) percent of ordinary common shares of the Company. Such request shall be submitted in writing and outline the reasons for the meeting.

The procedure for calling and holding the Board meetings is defined in the Company's internal document named *The Regulations on the Board of Directors*.

8.9 The Board of Directors is entitled to pass resolutions by absentee vote.

8.10 Resolutions of the Board of Directors must be adopted by a majority vote of the Board members participating in the meeting, unless the legislation of the Russian Federation or the present Charter provide otherwise.

8.11 Members of the Board of Directors, who are also members of the Company's executive bodies, are not allowed voting on issues related to the remuneration and compensations for the General Director and members of the Company's Management Board, or to the terms of employment agreement with aforementioned persons.

8.12 When establishing if the Board of Directors' meeting is quorate and in the vote counting, a written opinion from the absent Board member shall be taken into account, provided that such written opinion was received by the Board of Directors before the meeting.

8.13 Each member of the Board of Directors has one vote at the Board meeting. If the votes of the Board members split even, the Chairman of the Board shall have the deciding vote.

8.14 The Board meeting shall be deemed quorate if at least half of the elected members of the Board of Directors attend the meeting. In the event a meeting's agenda includes issues listed in clauses 9.3.1, 9.3.11, 9.3.15 and 9.3.25 of this Charter, or the issues related to reorganization or liquidation of the Company, or increase or decrease in the Company's charter capital, the Board of Directors' meeting shall be deemed quorate if at least two-thirds of all elected members of the Board of Directors attend the meeting and provided that at least one Independent Director is present, if such a Director has been elected and has not been dismissed from the Board.

8.15 Except for the circumstances where an independent director is defined for the purposes of transactions with interested parties as defined in Article 83 of the Federal Law, a member of the Board of Directors is recognized as an Independent Director if such member meets the following criteria:

(a) During the year preceding his/her election to the Board of Directors, this person has not been an officer (manager) of the Company (except member of the Board of Directors) and has not been an employee of the Company;

(b) This person is not an officer of another company in which any of the officers of the Company is a member of the nomination and compensation committee of the board of directors;

(c) Is not an affiliate of the Company (except for affiliation on the grounds of being a member of the Company's Board of Directors) or an affiliate of such persons;

(d) Is not a significant counter-party of the Company with the total annual transaction turnover with the Company worth in excess of 10% of the book value of the Company's assets;

(e) Is not a party to a any contract with the Company under the terms of which he/she may acquire property (receive cash) with the value of 10% or more of the total annual income of this party, other than compensation for participating on the Board of Directors;

(f) Is not a representative of the government, i.e. a person representing the Russian Federation or any of the Russian Federation's subjects in the board of directors of a joint-stock company where the state holds a special right ("golden share"), or a person elected to the Board of Directors from candidates nominated by the Russian Federation, any of the Russian Federation's subjects or a municipal entity, if such member of the Board of Directors has to vote in accordance with written orders (instructions, etc.) given by the subject of the Russian Federation or by municipal entity;

(g) is not an immediate family member (spouse, parent, child, brother or sister) of any of the Company's officers.

If a member of the Board of Directors who meets the independence criteria serves as member of the Board of Directors for a period of seven years, upon expiry of this period this member is no longer recognized as an Independent Director.

8.16 Protocols of all meetings of the Board of Directors must be kept in accordance with the procedure established by the Federal Law. All protocols must be signed by the Secretary of the Board of Directors, and by the person who chairs a meeting of the Board of Directors and is responsible for the protocol accuracy.

## **9. AUTHORITY OF THE BOARD OF DIRECTORS**

9.1 Authority of the Board of Directors shall cover general governing of the Company's activities, with the exception of issues which are placed within the authority of the general meeting of shareholders.

9.2 Issues which are placed within the authority of the Board of Directors by the Federal Law and this Charter may not be submitted to the company's executive body for decision.

9.3 The following issues shall fall within the authority of the Board of Directors of the Company:

9.3.1 Identification of priority directions for the Company operation, its development concepts and strategies and ways of their implementation, approval of the Company's plans and budgets, and approval of changes to the Company plans and budgets;

9.3.2 Calling annual and extraordinary Shareholders' Meeting, unless otherwise provided for by the Federal Law;

9.3.3 Approval of agenda for the General Shareholders' Meeting;

9.3.4 Determining the date of compilation of the list of persons who have the right to participate in the general meeting of shareholders, and other issues which are placed within the authority of the Board of Directors in accordance with the Federal Law, and which are associated with preparation for and the holding of the General Meeting of Shareholders;

- 9.3.5 Submission to the consideration of the Shareholders' Meeting of issues set out in clauses Articles 7.1.2, 7.1.6, 7.1.13-7.1.18 of this Charter;
- 9.3.6 Placement of bonds and other securities of the Company, including bonds convertible into shares, and other securities convertible into shares in cases provided for by the Federal Law;
- 9.3.7 Determining the price (monetary value) of property, as well as placement and repurchase price of issued securities in instances envisaged by this Federal Law;
- 9.3.8 Repurchase of shares, bonds and other securities placed by the Company, as provided for by the Federal Law;
- 9.3.9 Formation of executive bodies of the Company and termination of their authority:
- appointment and dismissal of the General Director of the Company, determination of his remuneration and compensation package; approval, modification and termination of employment agreement with the General Director;
  - appointment and termination of authorities of members of the collegiate executive body – the Company's Management Board (upon presentation by the General Director); determination of their remuneration and compensation packages; approval, modification and termination of their employment;
- 9.3.10 Making recommendations on the amount of remuneration and compensation payable to members of the Company's Revision Commission; determination of amounts payable for services rendered by the Company's auditors;
- 9.3.11 Making recommendations on the size of dividends payable, and the procedure of their payout;
- 9.3.12 Use of reserve fund and other funds of the Company;
- 9.3.13 Approval of the Company's internal documents, except for those whose approval is delegated to the authority of the Shareholders' Meeting by the Federal Law; approval of other internal documents of the Company, the approval of which is delegated by the present Charter to the authority of the Company's executive bodies;
- 9.3.14 Creation (liquidation) of branches and opening (closing) of representative offices of the Company;
- 9.3.15 Making decisions on the Company participation in other organizations (excluding those listed in sub-clause 7.1.17 above), and on transactions which will or may lead to acquisition, alienation or encumbrance of shares, derivative financial instruments serving as equity right certificates, or interest shares in the charter capital of other business entities;
- 9.3.16 Approval of major transactions in cases provided for by the Federal Law;
- 9.3.17 Approval of interested party transactions in cases provided for by the Federal Law;
- 9.3.18 Approval of the Company's Registrar and terms of Registrar Agreement; termination of Registrar Agreement;
- 9.3.19 Increase of the Company charter capital through placement of additional shares within the established limits as for the quantity and categories (types) of declared shares;
- 9.3.20 Approval of a Company's securities issue, securities' placement report and securities prospectus, prepared in accordance with the Federal Law and other applicable legislation;

- 9.3.21 Making decisions on calling a general shareholders' meeting of a subsidiary company and approval of its agenda, if by the power of the subsidiary's charter this matter is not delegated to the authority of another party or body of that company;
- 9.3.22 Introduction of amendments and making changes to the Company's Charter, in cases provided for by the Federal Law;
- 9.3.23 Control over execution of budgets approved by the Board of Directors;
- 9.3.24 Approval of regulations on branches and representative offices of the Company;
- 9.3.25 Approval of the Company's dividend policy;
- 9.3.26 Approval of internal control system and procedures, and approval of management information system;
- 9.3.27 Appointment (dismissal) of the Company's head of control & audit unit, and determination of his/her remuneration amount;
- 9.3.28 Approval of requirements to candidates and appointment procedures for the control & audit unit of the Company;
- 9.3.29 Approval of regulations on the Company's control & audit unit;
- 9.3.30 Setting up qualification requirements for candidates to the Management Board and General Director of the Company;
- 9.3.31 Appointment (dismissal) of the Corporate Secretary, and setting up the terms of his/her employment agreement including remuneration package;
- 9.3.32 Approval of regulations on the Company's Secretariat;
- 9.3.33 Approval of transactions worth 2 (two) or more per cent of the book value of the Company's assets as at the end of the last reporting quarter preceding the date of the transaction;
- 9.3.34 Identification of main risks related to Company activities and implementation of measures and procedures to manage these risks;
- 9.3.35 Approval of policies for public relations and investor relations;
- 9.3.36 Supervision over the Company management, and financial and economic activities of the Company, assessment of performance of the General Director and members of the Company Management Board; control of decisions made by the Board of Directors;
- 9.3.37 Making decisions on the invitation of independent observers to control the vote-counting procedure at the Shareholders' Meeting;
- 9.3.38 Formation of Committees of the Board of Directors made up of the members of the Board of Directors;
- 9.3.39 Delegation of responsibilities to the members of the Management Board to manage certain business activities of the Company;
- 9.3.40 Election and dismissal of a deputy (deputies) to the Chairman of the Board of Directors;
- 9.3.41 Appointment and dismissal of the Secretary of the Board of Directors;
- 9.3.42 Decision on how the Company should vote at general meetings of shareholders (members) of other companies, whose shares or equity stakes are owned by the Company, in relation to the issues of charter capital changing, on reorganization or liquidation of these companies;



9.3.43 Other issues as envisaged by the Federal Law and this Charter.

## **10. EXECUTIVE BODIES OF THE COMPANY**

- 10.1 Management of the Company day-to-day operation is carried out by the General Director (one-person executive body) and the Management Board (collegiate executive body). General Director of the Company (hereinafter – “the General Director”) and the Management Board of the Company (hereinafter – “the Management Board”) must perform their duties in strict compliance with the Federal Law, other legislation and regulations of the Russian Federation, this Charter, internal documents of the Company and employment agreements with the General Director and members of the Management Board.
- 10.2 Rights and duties of the General Director and members of the Management Board with regard to management of day-to-day operations of the Company are specified in the Federal Law, other legal acts of the Russian Federation, this Charter, internal corporate regulations and employment agreements between the Company and each of the officers mentioned above. The employment agreements are to be signed by the Chairman of the Board of Directors or another person authorized by the Board of Directors. The Board of Directors may also decide to arrange for civil liability insurance for the General Director and members of the Management Board, and enter into agreements on indemnification of their losses caused by performing their duties.
- 10.3 General Director and members of the Management Board shall be elected for an indefinite term. The Board of Directors has the right to terminate the agreement with the General Director or any member of the Management Board at any time.
- 10.4 General Director without Power of Attorney acts on behalf of the Company, represents its interests, enters into transactions on behalf of the Company, approves staff schedule, issues orders and gives instructions obligatory for all employees of the Company; approves internal corporate documents that regulate production & technological, financial, accounting, economic, staffing and social issues, as well as documents related to labor safety, security and records management; makes decisions concerning other aspect of the current operation of the Company unless this Charter does not require that such decisions should be made by the General Shareholders' Meeting, Board of Directors or the Management Board.
- 10.5 General Director is Chairman of the Management Board.
- 10.6 With regard to the matters delegated to the authority of the Management Board, the General Director shall act in accordance with decisions of the Management Board.
- 10.7 The Management Board shall manage the Company's operation within the limits of its authority as determined by this Charter, and ensure the implementation of resolutions adopted by the General Shareholders' Meeting and the Board of Directors.
- 10.8 Authority of the Management Board shall cover the following issues:
- 10.8.1 Preparation of amendments to the Company Charter for their further review by the Board of Directors;
- 10.8.2 Preparation and presentation of preliminary reports on financial and economic activity of the Company to the Board of Directors;
- 10.8.3 Preparation of recommendations on transactions which must be authorized by the Shareholders' Meeting or the Board of Directors;

- 10.8.4 Analysis and evaluation of the results of financial and economic activity of the Company, including the results of earlier approved plans and programs; review of reports and other information on the performance of the Company, its subsidiaries, branches and offices;
- 10.8.5 Preparation of proposals on the use of the reserve fund of the Company;
- 10.8.6 Preliminary review of materials to be presented at the Board of Directors' meeting and covering such issues as priority lines for the Company operation, implementation of its development strategies and plans; approval of plans and budgets and any modifications therein;
- 10.8.7 Appointment of executive officers who will manage operation of branches and representative offices of the Company;
- 10.8.8 Preliminary review of alternatives for voting at general meetings of shareholders (members) of other companies where the Company has an interest share (share in the charter capital), as envisaged by clause 9.3.42 of this Charter.
- 10.9 Exercising their rights and performing their duties, the General Director and members of the Management Board shall uphold the Company's interests, exercise their rights and perform their duties wisely and in good faith. They are liable to the Company for losses caused to the Company by their wrongful actions (inaction), unless other grounds for holding liable are not provided for by the federal legislation. However, members of the Management Board who voted against the decision which resulted in losses for the Company or a shareholder, or members who abstained from voting on these issues, shall not be held liable. When determining the grounds for and the extent of liability, the terms of employment agreements (including indemnity agreements) and standard business practices must be taken into account, as well as other circumstances pertinent to the case.
- 10.10 General Director shall be responsible for organizing the work involving the use of information recognized as state secret, and for implementation of a system to protect such information; he shall arrange for proper keeping of documents containing employees' personal files and ensure that the Company and its employees duly perform their responsibilities arising under the Federal Law "On Defense".
- 10.11 General Director and members of the Management Board shall provide information on their holding of the Company's securities, and on any acquisition or sale of the Company's registered securities, on a quarterly basis.

## **11. CORPORATE SECRETARY**

- 11.1 The Corporate Secretary shall be elected by the Board of Directors for the term of one year.

The Board of Directors may terminate the powers of the Corporate Secretary at any time.

- 11.2 Functions of the Corporate Secretary shall include the following:

- (1) Ensure that the Company's bodies and executive officers follow and comply with procedures that guarantee the rights and interests of its shareholders;

- (2) Supervise the preparation and conduction of Shareholders' Meetings in accordance with the current Russian legislation, this Charter, and other internal regulations of the Company;
- (3) Provide assistance to members of the Board of Directors performing their functions on the Board;
- (4) Ensure the storage of the Company's statutory documents, protocols of Shareholders' Meetings and meetings of the Board of Directors, voting ballots, and powers of attorney (or their copies) for participation in Shareholders' Meetings;
- (5) Supervise the disclosure of information on the Company that may be requested by shareholders, federal executive body regulating the securities market, or other state authorities;
- (6) Run the operation of the Company's Secretariat;
- (7) Review the shareholders' requests arising at the time of their registration at the General Meeting;
- (8) Certify excerpts from the resolutions of executive bodies of the Company, and copies of other documents.

## **12. CONTROL OF FINANCIAL AND BUSINESS ACTIVITY OF THE COMPANY**

12.1 Control over financial and Business activities of the Company shall be performed by the Revision Commission.

12.2 The Revision Commission consisting of 5 (five) members shall be elected by the Shareholders' Meeting. The Commission shall operate under Regulations on the Revision Commission as approved by the Shareholders' Meeting.

Members of the Revision Commission cannot be members of the Board of Directors or hold any positions in the Company's managing bodies at the same time.

12.3 The Revision Commission shall examine the results of the Company performance upon the year completion, or at any other time at the discretion of the Revision Commission, under the resolution of the General Meeting or the Board of Directors, or upon the request of shareholders owning at least 10 (ten) percent of voting shares of the Company.

12.4 At the request of the Revision Commission, members of the Company's managing bodies must provide documents on financial and business activities of the Company.

12.5 An external auditor shall examine financial and business activities of the Company in accordance with legal acts of the Russian Federation, on the basis of the contract entered into between the Company and the external auditor.

12.6 Having examined the results of financial and business activities, the Revision Commission and external auditor shall prepare conclusions (opinion) in the format specified by the Federal Law and other legal acts of the Russian Federation.

12.7 The Revision Commission and the external auditor are entitled to call an extraordinary Shareholders' Meeting in accordance with procedure prescribed by the Federal Law.

### **13. ACCOUNTING AND REPORTING IN THE COMPANY**

- 13.1 The Company shall keep accounting records and submit financial reports as provided for by the Federal Law and other legal acts of the Russian Federation.
- 13.2 The Company shall store its documents and provide access to these documents for shareholders, as provided for by the Federal Law and other legal acts and regulations of the Russian Federation.
- 13.3 General Director of the Company shall be responsible for organization, status and reliability of accounting procedures established in the Company, and for timely submission of annual reports, financial statements and other information on the Company's performance to appropriate authorities, shareholders, creditors and mass media, as envisaged by the Federal Law, other legal acts and this Charter.
- 13.4 Members of the Board of Directors and executive bodies of the Company shall not disclose any confidential or insider information, except in cases when the disclosure of such information is required by applicable legislation of the Russian Federation, and they shall not use confidential or insider information for purposes not related to their professional activities. The insider information means herein any material information on the Company's operations, on its shares and other securities, and on transactions therewith, which is not publicly available and the disclosure of which may have a significant impact on the price of shares and other securities of the Company.
- 13.5 Members of the Board of Directors and other executive bodies of the Company shall bear liability for disclosure of confidential and insider information in accordance with applicable legislation of the Russian Federation.
- 13.6 The Annual Report of the Company is subject to prior approval by the Board of Directors not later than 30 days prior to the date of the Annual Shareholders' Meeting. The Annual Report must contain (inter alia) the list of shareholders owning five or more percent of voting shares of the Company, according to the shareholders' register, and a report of the Board of Directors.
- 13.7 The following documents shall be kept by the Company:
- (1) The corporate Charter with amendments and changes registered in accordance with the established procedure; resolution on the Company formation and its state registration certificate;
  - (2) Documents confirming the Company's rights to property recorded on its balance sheet;
  - (3) Internal corporate documentation;
  - (4) Regulations on branches and/or representative offices of the Company;
  - (5) Annual reports;
  - (6) Accounting records;
  - (7) Accounting statements;
  - (8) Protocols of Shareholders' Meetings, meetings of the Board of Directors, Revision Commission and Management Board;
  - (9) Voting ballots and powers of attorneys (or their copies) for participation in Shareholders' Meetings;
  - (10) Reports of independent assessors;

- (11) Lists of affiliated entities;
  - (12) List of persons eligible to attend Shareholders' Meetings and receive dividends, as well as other lists compiled by the Company in order to secure shareholders' rights in accordance with the requirements of the Federal Law;
  - (13) Conclusions of the Revision Commission, external auditors, state and municipal agencies involved in financial control;
  - (14) Security prospecti, the Issuer's quarterly reports and other documents that contain information obligatory for publication or disclosure through other means in accordance with the Federal Law and other federal legal acts;
  - (15) Other documents specified in the Federal Law, corporate Charter and internal documents of the Company, resolutions of Shareholders' Meetings and Board of Directors, and documents specified in the legal acts of the Russian Federation;
- 13.8 The Company shall make available to shareholders the documents outlined in clause 13.7 above, provided that the accounting records and protocols of the Management Board meetings may be made available only to shareholders (shareholder) owning at least 25 percent of voting shares of the Company
- 13.9 In the mass media accessible by all shareholders the Company shall every year publish the following information:
- (1) Annual report of the Company, its balance sheet and profit and loss account;
  - (2) Security Prospectus in cases envisaged by the legal acts of the Russian Federation;
  - (3) Notice of Shareholders' Meeting shall be published in accordance with requirements of the Federal Law and this Charter;
  - (4) Lists of the Company's affiliated entities, showing the number and category (type) of shares owned by these entities;
  - (5) Other information that may be stipulated by the Russian legislation in force.
- 13.10 Affiliated entities of the Company must notify the Company in writing about any shares of the Company in their ownership, indicating the number and category (type) of such shares not later than 10 (ten) days from the date of their acquisition.
- If as a result of failure to present or due to untimely submission of the aforementioned information by an affiliated entity the Company suffers material losses, this affiliated entity will be held liable to the Company for the amount of such loss.

## **14. CLOSING PROVISIONS**

- 14.1 By the resolution of the Shareholders' Meeting, the Company may be reorganized in accordance with the procedure established by the legislation and regulative acts of the Russian Federation.
- 14.2 The Company may be liquidated in the following circumstances:
- voluntarily, under the resolution of the Shareholders' Meeting, in accordance with procedures set out by the Civil Code of the Russian Federation and taking into consideration the requirements of the Federal Law and this Charter;

- in accordance with the court order based on grounds specified by the Civil Code of the Russian Federation.

Liquidation of the Company will lead to its closure, without re-assignment of rights and obligations to any successors.

14.3 In the case when the form of ownership changes, or when the Company becomes subject to reorganization or liquidation, or upon termination of work involving the use of information classified as state secret, the General Director shall take necessary steps to ensure protection of such information and information carriers.

14.4 The Company has the following separate divisions:

- (1) Polar Division of MMC Norilsk Nickel: 663300, Norilsk, Gvardeyskaya Square, 2;
- (2) Krasnoyarsk Office – a branch of MMC Norilsk Nickel (Krasnoyarsk Office of MMC Norilsk Nickel): 660059, Krasnoyarsk Territory, Krasnoyarsk, ul. Kommunalnaya, 2a;
- (3) Murmansk Transport Division of MMC Norilsk Nickel: 183024, Murmansk, Portovy Proezd, 29;
- (4) Archangelsk Office – a branch of MMC Norilsk Nickel (Arkhangelsk Office of MMC Norilsk Nickel): 163026, Archangelsk, ul. Kosmonavta Komarova, 12;
- (5) Norilskenergo – a branch of MMC Norilsk Nickel: 663310 Russian Federation, Krasnoyarsk Territory, Norilsk, ul. Veteranov, 19;
- (6) Polar Transport Division of MMC Norilsk Nickel: 647000, Russian Federation, Krasnoyarsk Territory, Dudinka, ul. Sovetskaya, 43.

14.5 The Company has another separate unit – a representative office:

Krasnoyarsk Representative Office of MMC Norilsk Nickel 660021, Russian Federation, Krasnoyarsk Territory, Krasnoyarsk, ul. Kopylova, 2a.