

**APPROVED**  
**by the General Shareholders Meeting**  
**Protocol No. \_\_ dated \_\_\_\_\_, 2007**

**REGULATIONS**  
**ON THE BOARD OF DIRECTORS**  
**OF OJSC EnergoPolyus**

**2007**

## **1. GENERAL PROVISIONS**

1.1 These Regulations shall define the operating procedures of the Board of Directors of OJSC EnergoPolyus (hereinafter – the Board of Directors).

1.2 Activities of the Board of Directors shall be governed by the Russian law, the Charter of OJSC EnergoPolyus (hereinafter – the Company), the present Regulations, and resolutions of the General Shareholders Meetings of the Company (hereinafter – the Shareholders Meeting).

1.3 The scope of authority of the Board of Directors shall be determined by the law of the Russian Federation and by the Company's Charter.

1.4 Chairman of the Board of Directors shall:

- organize the work of the Board of Directors, call, chair its meetings, and arrange for absentee voting;
- make arrangements for minutes to be taken at meetings of the Board of Directors;
- chair the Shareholders' Meeting.

When the Chairman of the Board of Directors is unavailable, his/her responsibilities shall be assumed by Vice-Chairman of the Board of Directors or by a member of the Board of Directors appointed by the Board of Directors.

1.5 Members of the Board of Directors shall be obliged:

- to perform their duties in good faith;
- to remain loyal to the Company;
- not to disclose any confidential information on Company operations or make public any insider information.

Members of the Board of Directors shall not be allowed to found organizations or participate in organizations competing with the Company without a prior approval from the Board of Directors.

1.6 Members of the Board of Directors are entitled to:

- receive remuneration and compensation in the amount established by the Shareholders Meeting;
- obtain any information related to Company operations in any divisions and structural units of the Company;
- obtain independent consultants' conclusions and opinions regarding the issues on the agenda of the Board of Directors' meeting.

The member of the Board of Directors seeking an independent consultant's opinion on any agenda item shall present an application to that effect to the Secretary of the Board of Directors.

The Secretary of the Board of Directors shall arrange for entering into agreement with an independent consultant in accordance with the contracting procedure established in the Company.

1.7 The Company Secretariat headed by the Corporate Secretary shall ensure that the Board of Directors is able to exercise its authority.

The Corporate Secretary shall be appointed by the Board of Directors.

The Corporate Secretary shall be the head of the Company Secretariat.

Duties and responsibilities of the Corporate Secretary and the Company Secretariat shall be determined by the Regulations on the Company Secretariat approved by the Board of Directors.

1.8 Members of the Board of Directors are entitled to establish Committees of the Board of Directors (audit committee, nomination and remuneration committee, etc.) for preliminary review of the most important issues and preparation of recommendations for the Board of Directors regarding these issues. The Committees of the Board of Directors shall be chaired by the members of the Board of Directors who are not members of any executive body of the Company, and they shall include Independent Directors as their members.

1.9 The Board of Directors is entitled to appoint a Secretary of the Board of Directors to keep protocols of the meetings of the Board of Directors.

1.10 The Board of Directors shall appoint the Secretary for a term and on conditions they deem appropriate.

## **2. COMPOSITION AND STRUCTURE OF THE BOARD OF DIRECTORS**

2.1 The Chairman of the Company's Management Board cannot not occupy the position (perform the duties) of the Chairman of the Board of Directors.

2.2 The Board of Directors shall be comprised of 9 (nine) members. The Board of Directors may recommend that the Shareholders' Meeting modify the Company's Charter in its part concerning the numerical composition of the Board of Directors.

2.3 Except for the "independent director" definition for the purpose of interested party transactions under 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. over the last three years preceding election to the Board of Directors, this member has not been an officer (manager) of the Company (other than the member of the Board of Directors), or an employee of the Company;

b. is not an officer of another company in which any of the Company's officers is a member of the Nomination and Remuneration 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);

d. is not a significant counter-party of the Company, i.e. such a party with whom the Company enters during a year into transactions totally worth ten and more percent of the book value of the Company's assets;

e. is not a party to any agreement with the Company under the terms of which this member may acquire assets (including cash) totally worth ten more percent of the total annual income of this person, excluding his/her remuneration for membership in the Board of Directors;

f. is not a representative of the government, i.e. a representative of the Russian Federation or a constituent entity of the Russian Federation in the board of directors of joint stock companies subject to the rule of "golden share" or a person nominated to the board of directors by the Russian Federation or its constituent entities or a municipal unit if such member of the board of directors is to vote on the basis of written instructions (orders, etc.) of the relative constituent entity of the Russian Federation or a municipal unit;

g. is not a spouse, parent, son (daughter), brother (sister) of the Company's officers.

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

2.4 An efficient fulfillment of duties by the Board of Directors, including representation of the shareholders' interests, is based on the independence of members of the Board of Directors. In order to increase the independence of the Board of Directors, the Company shall invite Independent Directors to serve on the Board of Directors.

2.5 By the relevant resolution of the Shareholders' Meeting, during the term of their service on the Board of Directors, the members of the Board of Directors may receive remuneration and compensation for the expenses incurred in connection with the performance of their duties as members of the Board of Directors. Amounts of such remuneration and compensation shall be determined by resolution of the Shareholders Meeting on the basis of recommendations submitted by the Board of Directors.

### **3. MEETINGS OF THE COMPANY BOARD OF DIRECTORS**

3.1 Meetings of the Board of Directors (hereinafter – the Meetings) shall be held as often as necessary, but not less than once every quarter.

3.1.1 Resolutions of the Board of Directors may be passed by absentee voting.

3.1.2 Decisions on the following issues shall be passed by the Board of Directors at the in-person meeting only with regard to:

3.1.2.1 identification of priorities for the Company performance; approval of concepts and strategies of the Company development, including ways for their implementation; approval of corporate plans and budgets, and any changes to these plans and budgets;

3.1.2.2 calling an Extraordinary General Shareholders' Meeting or rejecting the proposal to call such a meeting; other issues covered by the competence of the Board of Directors under the Federal Law and referring to the preparation and holding of the Extraordinary General Shareholders' Meeting;

3.1.2.3 formation of the Company's executive bodies 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;

3.1.2.4 preliminary approval of the Company's Annual Report;

3.1.2.5 election and dismissal of the Chairman of the Board of Directors;

3.1.2.6 making proposal to the General Shareholders' Meeting with regards to the reorganization or dissolution of the Company;

3.1.2.7 increase in the Company's authorized capital through placement of additional shares in accordance with announced terms of such placement;

3.2 Meetings shall be called by the Chairman of the Board of Directors at his/her own initiative, or at the written and well-grounded request of any member of the Board of Directors, Revision Commission, Auditor of the Company, its Management Board, General Director or shareholders totally owning at least 10 (ten) percent of ordinary shares of the Company (or their representatives);

3.3 The request to call a meeting must contain the following information:

- name of the person requesting the meeting;
- proposed agenda for the meeting specifying the reasons to have such an agenda;
- form of the meeting;

- signature of the person requesting to call a meeting.

3.4 The written request must be sent to the Chairman of the Board of Directors at the Company's address by any means which allows confirming the dispatch (e.g. by letter, telegram, teletype, facsimile transmission, etc.).

3.5 The date of the meeting request shall be established according to the date such request is registered by the Company's Secretariat.

3.6 The Chairman of the Board of Directors may decide to withhold convening a meeting only in the following circumstances:

- if the issue (issues) proposed for the meeting agenda do not fall within the authority of the Board of Directors;
- if the party requesting a meeting is not authorized to do so by the Federal Law *On Joint Stock Companies* and the Charter of the Company;
- if requirements set out by Article 3.3 of the present Regulations are not observed.

3.7 The Chairman of the Board of Directors shall decide on the form of the meeting of the Board of Directors, either by personal attendance or by voting in absentia.

3.8 Notification of the meeting shall be sent to each member of the Board of Directors by any means which allows confirming the fact of its dispatch, or it may be hand delivered not later than 2 (two) calendar days before the scheduled date of the meeting.

The Notification shall contain the following information:

- date, place and time of the meeting (if the meeting is to be held in absentia, the notification shall include the deadline for receiving voting ballots, and the address to which the voting ballots must be sent);
- agenda of the meeting;
- form of the meeting.

The notification shall be accompanied by all necessary materials (information) relevant to the agenda of the meeting.

Before considering the issues that were preliminarily discussed by Committees of the Board of Directors, conclusions reached by the respective Committees should be made available to the members of the Board of Directors prior to the meeting.

In the event a decision to hold a meeting in absentia is made, each member of the Board of Directors shall also receive a voting ballot (ballots).

3.9 At the decision of the Board of Directors, guests may be invited to attend a meeting of the Board of Directors.

3.10 In accordance with the Company's Charter, a meeting of the Board of Directors shall be deemed authorized if a quorum is present, i.e. at least half of the elected members of the Board of Directors are in attendance.

If a member of the Board of Directors is unable to attend a meeting of the Board of Directors for whatever reason, this member may contribute to the decision making on the agenda items by expressing his opinion in writing and sending it to the Company Secretariat using any means which allow to witness the fact of its dispatch, or with a special courier. Such written opinion will be accounted for when quorum of the meeting is determined and when votes on the agenda items are counted, if such opinion was received before the commencement of the Board of Directors' meeting.

In the case of in-person meeting, while the meeting is in progress the Board of Directors may modify the agenda of the Meeting by majority vote of the Board members who are in attendance (including an additional examination of and deciding upon items that have not been previously put on the agenda).

At the request from members of the Board of Directors, the Company officers shall furnish them with additional information necessary for the decision making.

3.11 Resolutions of the Board of Directors shall be adopted by a majority vote of the Board of Directors members participating at the Meeting unless the law of the Russian Federation or the Company Charter provide otherwise.

At the Meeting each member of the Board of Directors has one vote.

Members of the Board of Directors cannot transfer their voting right to any other party, including any other member of the Board of Directors.

In the event of absentee voting, a ballot filled in and signed by the member of the Board of Directors is to be presented to the Company Secretariat (using any means of delivery which allow to witness the fact of its dispatch, or personally).

Should the votes of members of the Board of Directors split even, the Chairman of the Board of Directors shall have a deciding vote.

A member of the Board of Directors who does not agree with an adopted resolution has the right to express a personal opinion in writing.

3.12 Protocols of the Board of Directors' meetings shall contain the following information:

- time and place of the meeting;
- names of persons in attendance;
- agenda of the meeting;

- issues put to a vote and voting results specifying members of the Board of Directors who voted “For”, “Against” or abstained from voting;
- adopted resolutions.

3.13 Protocol of the Board of Directors’ meeting shall be prepared not later than in 3 (three) days after the meeting, and it must be signed by the person who chaired the meeting and bears responsibility for the accuracy the protocol, and by the Secretary of the Board of Directors. In the case of absentee voting, the voting ballots as well as any opinions expressed in writing and duly signed by members of the Board of Directors shall be attached to the protocol.

#### **4. CLOSING PROVISIONS**

4.1 Members of the Board of Directors may not receive gifts from parties interested in resolutions of the Board of Directors, nor receive any other direct or indirect benefits from such parties.

If a conflict of interest arises, members of the Board of Directors must notify the Board of Directors in writing through the Corporate Secretary, and to refrain from voting on items on the agenda of the Board of Directors’ meeting in which they have a personal interest.

Members of the Board of Directors must notify the Board of Directors in writing of their intention to perform a transaction with any securities of the Company before such a transaction occurs.

4.2 At a request by the Corporate Secretary, a member of the Board of Directors shall be provide the information sufficient to establish if this member of the Board of Directors is an affiliated party of a shareholder and/or a counter-party of the Company in accordance with applicable legislation of the Russian Federation.