

**APPROVED**

as amended by Acron's  
annual shareholders meeting  
on May 28, 2009  
(Minutes No. 37 dd. June 3, 2009)

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Alexander Popov  
Chair of the Board of Directors

**REGULATION ON  
JSC ACRON  
MANAGING BOARD**

**2009**

## **1 General**

- 1.1 This Regulation on the Managing Board, the collegial executive body of the Open Joint Stock Company Acron (hereinafter “Regulation” and the “Company,” respectively) is elaborated in accordance with current Russian law and the Company’s Charter and bylaws, and in compliance with the recommendations of the Corporate Code of Conduct developed by the Federal Commission for the Securities Market.
- 1.2 This Regulation regulates the activities of the Company’s Managing Board (hereinafter, the “Managing Board”), determines the procedure for its establishment, sets the conditions and the procedure for convening and holding meetings of the Managing Board and the procedure for adopting resolutions, and defines the rights, obligations and responsibilities of members of the Managing Board.
- 1.3 The Managing Board is a collegial executive body of the Company and manages the Company’s day-to-day business within the scope of its authority by current Russian law, the Company’s Charter and this Regulation.
- 1.4 The Managing Board shall report to the Board of Directors of the Company and the general shareholders meeting of the Company.

## **2 Members of the Managing Board**

- 2.1 The Managing Board of the Company shall consist of six (6) persons (the Chair and members of the Managing Board). Members of the Managing Board shall be elected by the Board of Directors of the Company as advised by the Chief Executive Officer in accordance with the procedure stipulated by the Charter of the Company and this Regulation.
- 2.2 Persons elected to the Managing Board shall acquire their powers upon the adoption by the Board of Directors of the resolution electing members to the Managing Board. Persons elected to the Managing Board may be re-elected an unlimited number of times.
- 2.3 An individual only can serve as a member of the Managing Board. A member of the Managing Board does not need to be a shareholder of the Company. Members of the Managing Board shall be allowed to hold positions in governing bodies of other organisations only with the consent of the Company’s Board of Directors.
- 2.4 In the event of early termination of the powers of a member of the Managing Board, his/her powers shall be deemed terminated upon the adoption by the Board of Directors of a resolution on early termination of powers of the member (members) of the Managing Board.
- 2.5 The Managing Board shall be presided over by its Chair, whose functions are exercised by the Chief Executive Officer, who is elected (appointed) and dismissed by the Board of Directors.
- 2.6 One or several Deputy Chairs of the Managing Board shall be appointed from among the members of the Managing Board by its Chair. Should more than one Deputy Chair of the Managing Board be appointed, one of them may be appointed Senior Deputy Chair.

### **3 Rights and Obligations of Managing Board's Members and Chief Executive Officer**

3.1 The rights and obligations of the Managing Board's members with respect to management of the Company's day-to-day business shall be determined by current Russian law, other regulations of the Russian Federation, this Regulation on the Managing Board and the agreement concluded between each of them and the Company. The agreement on behalf of the Company shall be signed by the Chair of the Board of Directors or a person authorised by the Board of Directors.

The Board of Directors may at any time terminate this agreement with a member (members) of the Managing Board and terminate his/her (their) powers.

3.2 The agreements concluded between the Company and members of the Managing Board shall determine the rights, obligations and responsibilities of the Managing Board's members before the Company, as well as the forms, procedure and terms of remuneration and social benefits granted.

3.3 Members of the Managing Board and the Chief Executive Officer shall act in the Company's interests in good faith and with due care.

3.4 Members of the Managing Board and the Chief Executive Officer of the Company must provide the Audit Committee of the Board of Directors, the Internal Audit Team of the Company and the Company's auditor with the following information:

- Details of the legal entities in which they hold, independently or jointly with their affiliated person (persons), 20 or more per cent of voting shares (stakes, interests);
- Details of the legal entities in whose governing bodies they hold offices;
- Details of any past or prospective transactions which are known to them and in which they may be recognised a related party.

3.5 Members of the Managing Board and the Chief Executive Officer of the Company shall inform the Audit Committee of the Board of Directors about their interest (interest of their spouse, parents, children, full and half brothers and sisters, adoptive parents and adoptees and/or their affiliated persons) in the Company's transactions.

3.6 Members of the Managing Board and the Chief Executive Officer of the Company shall inform the Audit Committee of the Board of Directors in writing of:

- Shares and other securities of the Company and/or its subsidiaries or affiliated affiliates they hold within ten (10) calendar days upon their election;
- Their transactions with shares and other securities of the Company and/or subsidiaries and dependent companies within ten (10) calendar days upon such transactions. For the purpose of this clause, the transaction shall mean any transaction with shares and other securities of the Company and/or its subsidiaries of affiliates in which the relevant member of the Managing Board is a beneficiary, an intermediary or a representative.

3.7 Members of the Managing Board and the Chief Executive Officer of the Company shall use any information that is considered the Company's proprietary or confidential information, as well as other insider information of the Company, in good faith and with due care exclusively in the

Company's interests, to perform the Company's financial and business activities and shall prevent such information from undue disclosure.

3.8 Members of the Board of Directors shall observe the limitations on the use of insider information envisaged by the Company's Regulation on the Insider Information.

#### **4 Scope of Authority**

4.1 The following issues shall be reserved to the Managing Board:

- 4.1.1 Considering and making recommendations on key matters of the Company's day-to-day business;
- 4.1.2 Coordinating the implementation of resolutions passed by the Company's general shareholders meeting and the Board of Directors;
- 4.1.3 Preparing information, materials and proposals on issues proposed for consideration of the Board of Directors and the Company's general shareholders meeting;
- 4.1.4 Approving forward-looking plans for the Company's operations, including business plans of the Company;
- 4.1.5 Drawing up the Company's production programme and setting production volumes;
- 4.1.6 Considering and drawing up recommendations on setting up new production units, revamping and technical upgrading;
- 4.1.7 Considering and drawing up recommendations on implementing the Company's social development programme;
- 4.1.8 Ensuring systematic improvement of labour conditions, living conditions, leisure facilities and medical services for the Company's employees and their families and improvement of the Company's social development in general;
- 4.1.9 Coordinating the work of the Company's departments and their effective interaction;
- 4.1.10 Controlling product quality and improvement;
- 4.1.11 Recruitment;
- 4.1.12 Adopting resolutions within the scope of its authority on other issues proposed to the Managing Board by the Chief Executive Officer or other members of the Managing Board.

#### **5 Chair of the Managing Board**

5.1 The Chief Executive Officer (President), being the sole executive body of the Company, shall manage the Company's day-to-day business.

The names of the office – Chief Executive Officer and President – are interchangeable.

5.2 The Chief Executive Officer shall exercise the functions of Chair of the Managing Board and shall be granted all necessary powers to directly manage the Company's business in accordance with the current law and the Company's Charter.

- 5.3 The powers of the Chief Executive Officer shall commence upon adoption by the Company's Board of Directors of a resolution on appointment of the Chief Executive Officer, and shall terminate upon adoption by the Board of Directors of the Company of a resolution on termination of the powers of the Chief Executive Officer.
- 5.4 The candidate who receives the most votes of members of the Board of Directors of the Company participating in such meeting of the Board of Directors shall be deemed elected to the post of Chief Executive Officer.
- 5.5 Should the Chief Executive Officer temporarily fail to exercise his/her functions, the person appointed as acting Chief Executive Officer of the Company shall exercise his/her functions. An acting Chief Executive Officer shall be appointed by order of the Chief Executive Officer and shall act on behalf of the Company within the term and limits of the powers determined by the corresponding order of the Chief Executive Officer and a Power of Attorney issued by the Chief Executive Officer on behalf of the Company.
- 5.6 The rights and obligations of the Chief Executive Officer shall be determined by the legislation of the Russian Federation, the Company's Charter, this Regulation and the agreement entered into between the Company and the Chief Executive Officer. The Board of Directors may at any time terminate this agreement with the Chief Executive Officer and terminate his/her powers.
- 5.7 The agreement concluded between the Company and the Chief Executive Officer shall determine the rights, obligations and responsibilities of the Chief Executive Officer before the Company, the form, procedure and terms of his/her remuneration and social benefits granted, labour conditions, the term of the agreement, and the terms and conditions of his/her dismissal.
- 5.8 Issues relating to the management of the Company's day-to-day business shall be reserved to the Chief Executive Officer, except for issues reserved to the general shareholders meeting of the Company, the Board of Directors and the Managing Board of the Company.
- 5.9 Within the scope of his/her authority, the Chief Executive Officer shall:
- 5.9.1 Represent the Company's interests and act without a Power of Attorney on behalf of the Company;
- 5.9.2 Dispose of the cash and other assets of the Company subject to current legislation and the Company's Charter;
- 5.9.3 Have the primary authority to sign financial and payment documents;
- 5.9.4 Transact on behalf of the Company, subject to current legislation and the Company's Charter;
- 5.9.5 Carry out day-to-day management of the Company's operations and direct management of the Managing Board;
- 5.9.6 Approve the Company's organisational chart and organise the functions and effective interfacing of the Company's divisions;
- 5.9.7 Issue Powers of Attorney on behalf of the Company;
- 5.9.8 Organise the Company's accounting and reporting;

- 5.9.9 Approve job descriptions, issue orders and give instructions that are binding for all the Company's employees, except in cases stipulated by the Company's Charter;
- 5.9.10 Approve the staff schedule, hire and dismiss Company employees, enter into labour agreements with Company employees, and apply incentive measures and impose penalties upon them;
- 5.9.11 Organise and provide for the implementation of resolutions passed by a general shareholders meeting, the Board of Directors and the Managing Board of the Company;
- 5.9.12 Provide for the timely release of the Company's information in accordance with current Russian law;
- 5.9.13 Provide for information disclosure in accordance with current Russian regulations;
- 5.9.14 Ensure provision of information upon request by members of the Board of Directors, the Managing Board and shareholders of the Company;
- 5.9.15 Propose Managing Board candidates to the Board of Directors;
- 5.9.16 Appoint Deputy Chairs of the Managing Board;
- 5.9.17 Organise record-keeping at Managing Board meetings;
- 5.9.18 Perform other actions necessary for achieving the Company's goals and its normal operation, in accordance with current law and the Company's Charter, except for the issues reserved to the general shareholders meeting, the Board of Directors and the Managing Board of the Company.

## **6 Proceedings at the Managing Board's Meetings**

- 6.1 The Managing Board shall adopt resolutions on issues within the scope of its authority at its meetings or by absentee vote.
- 6.2 Meetings of the Managing Board shall be convened by the Chief Executive Officer or acting Chief Executive Officer when necessary.
- 6.3 The Chair of the Managing Board – the Chief Executive Officer – shall preside over meetings of the Managing Board. In case of his/her absence, an acting Chief Executive Officer shall chair meetings of the Managing Board.
- 6.4 The Secretary of the Managing Board, appointed by a resolution of the Managing Board, shall organise and ensure the convening and holding of meetings of the Managing Board, take the minutes of meetings and monitor implementation of resolutions of the Managing Board, as well as perform other obligations in accordance with orders and instructions of the Chair of the Managing Board.
- 6.5 Motions proposed by the Chief Executive Officer, the Chair of the Board of Directors, members of the Board of Directors and members of the Managing Board shall be considered at the Managing Board's meetings.
- 6.6 A meeting of the Managing Board shall be deemed duly constituted (have a quorum) if attended by at least one-half of the elected members of the Managing Board.

When determining the presence of a quorum and the voting results at a meeting of the Managing Board, the written opinion on agenda items of a member of the Managing Board who is absent from the meeting shall be taken into account.

In the event that the number of members of the Managing Board is less than the number required for quorum, the powers of the members of the Managing Board shall be terminated.

- 6.7 All resolutions at a meeting of the Managing Board shall be adopted by a majority of votes of the members of the Managing Board participating in the meeting.

When voting at meetings of the Managing Board, each member of the Managing Board shall have one vote. A member of the Managing Board may not transfer his/her voting right to another member or other persons. If there is a deadlock, the Chair of the Managing Board shall have the casting vote.

- 6.8 The Managing Board may adopt resolutions by absentee vote. In order to adopt a resolution by absentee vote, the secretary of the Managing Board, upon instructions of the Chair of the Managing Board, shall send members an absentee ballot specifying the draft resolution and voting options on this issue, as well as other materials required for adopting a resolution.

- 6.9 Within two business days upon receipt of the absentee ballot, members of the Managing Board shall sign it and send it with their vote to the Secretary of the Managing Board. When calculating results of the absentee vote, absentee ballots received after the admission deadline specified therein shall not be taken into account.

- 6.10 A majority of all elected members of the Managing Board must participate in an absentee vote in order for a resolution to be adopted.

- 6.11 A resolution adopted by absentee vote shall be deemed adopted by the Managing Board if the majority of members of the Managing Board participating in the absentee vote voted in favour of it.

- 6.12 Following the vote, the Secretary of the Managing Board shall execute the minutes signed by the Chair of the Managing Board.

- 6.13 Within 5 (five) business days after the Chair of the Managing Board signs the minutes of a Managing Board meeting held by absentee vote, the Secretary of the Managing Board shall notify members of the Managing Board of the adopted resolutions.

- 6.14 Notices, announcements, absentee ballots and other materials that are to be sent to members of the Managing Board subject to this Regulation shall be forwarded to members of the Managing Board by post, telegraph, teletype, telephone, electronic or other means of communication enabling them to identify that the corresponding documents were sent by the Secretary of the Managing Board.

## **7 Responsibilities of the Managing Board's Members**

- 7.1 Members of the Managing Board shall be liable to the Company for the damage incurred by the Company through their wrongful acts (omission), unless the federal laws otherwise provide.

- 7.2 Members of the Managing Board, the Chief Executive Officer of the Company, acting chief executive officer, as well as the managing organisation or manager shall be liable to the Company or its shareholders for any damage incurred through their wrongful acts (omission) in violation of the procedure for acquisition of shares of an open joint stock company prescribed by Chapter 11.1 of the Federal Law *On Joint Stock Companies*.

Members of the Managing Board who voted against the resolution that triggered the infliction of damage upon the Company or its shareholders and members of the Managing Board who did not participate in the vote shall not be liable for the damage.

- 7.3 If several persons are liable for the damage caused to the Company or to a shareholder as per Clause 7.2 hereof, their liability shall be joint and several.

## **8 Final Provisions**

- 8.1 This Regulation as well as any changes or addenda hereto shall be approved by a general shareholders meeting upon the proposal of the Company's Board of Directors.
- 8.2 This Regulation shall enter into force upon its approval by a general shareholders meeting of the Company.
- 8.3 Should any clauses of this Regulation for any reason come into conflict with the regulatory requirements imposed on the Company by the legislation of the Russian Federation (imperative provisions), such clauses of the Regulation shall become invalid, and until corresponding changes are introduced to this Regulation, the Company shall be governed by the current Russian law.