

APPROVED BY:  
Resolution of the Board of Directors  
of HALS-Development JSC  
Minutes No. 3  
September 23, 2011

**Regulations on Strategy Committee  
of the Board of Directors of Joint Stock Company HALS-Development**

Moscow, 2011

## **1. General**

1.1. Regulations on the Strategy Committee of the Board of Directors of Joint Stock Company HALS-Development (hereinafter, the “Regulations”) shall be developed in accordance with the laws of the Russian Federation, Articles of Association of HALS-Development JSC (hereinafter, the “Company”), the Regulations on the Company’s Board of Directors.

These Regulations shall define the status and competence of the Strategy Committee of the Company’s Board of Directors (hereinafter, the “Committee”), rights and responsibilities of the Committee, the membership of the Committee, the procedure for its formation, operation and interaction with the management bodies and structural units of the Company.

1.2. The Committee shall be established under a resolution passed by the Company’s Board of Directors.

1.3. The Committee shall be a consultative and advisory body that ensures effective discharge by the Company’s Board of Directors of its functions for general management of the Company’s business and affairs. Resolutions passed by the Committee shall be of advisory nature for the Company’s Board of Directors.

The Committee shall not be a management body of the Company and may not act on behalf of the Company.

1.4. In its work, the Committee shall be guided with the federal laws, other normative acts of the Russian Federation, Articles of Association of the Company, Regulations on the Company’s Board of Directors, these Regulations, other internal documents of the Company, resolutions of the General Meeting of the Company’s Shareholders and the Board of Directors of the Company.

## **2. Objectives and Functions of the Committee**

2.1. The main purpose of establishing the Committee shall be assistance to effective work of the Company’s Board of Directors in terms of resolving issues referred to its competence.

2.2. The following issues shall be included into the Committee’s objectives:

2.3.1. to prepare recommendations on forming a strategy of the Company’s development and investment policy;

2.3.2. to prepare an action plan aimed at implementing the Company’s development strategy;

2.3.3. to prepare proposals on determining the priorities in the Company’s business and affairs;

2.3.4. to develop a program of implementing the Company’s development strategy and investment policy approved by the Company’s Board of Directors;

2.3.5. to assist in summarizing the results of implementing the Company’s development strategy approved by the Company’s Board of Directors;

2.3.6. to prepare recommendations to the Company’s Board of Directors on adjusting the existing development strategy of the Company insofar as it is necessary to enhance operating efficiency of the Company with account of trends on commodity markets and capital markets, operating results of the Company and its competitors, and other factors.

## **3. Rights and Responsibilities (Powers) of the Strategy Committee**

3.1. With a view to implement objectives specified in para.2.2 hereof, the Committee shall be charged with the following powers:

- to hold investigations on matters referred to its objectives;
- to prepare and submit draft amendments into these Regulations to the Company’s Board of Directors for approval;
- to submit to the Company’s Board of Directors effective and legally sound recommendations (opinions) on issues mentioned in para.2.2 hereof;

- to inform the Company's Board of Directors in due time of any risks susceptible to the Company.

3.2. In order to discharge the vested powers and authorities, the Committee shall be entitled to request and obtain any information needed for its work from the sole executive body of the Company, members of the collegiate executive body of the Company, CEOs of the structural units of the Company, and other employees of the Company, who possess such information in virtue of their functions. A request for provision of information and documents shall be executed in writing and signed by the Chairman of the Committee.

The above-mentioned information and documents shall be submitted to the Committee via the Secretary of the Committee.

#### **4. Membership of the Committee and Procedure for Election and Removal of the Committee's Members**

4.1. The Committee shall consist of three (3) persons.

4.2. The members to the Committee shall be elected by the Company's Board of Directors from among members of the Company's Board of Directors by a majority vote of the total number of members of the Company's Board of Directors participating in the meeting.

4.3. The Committee's members shall be elected at the meeting of the newly elected Company's Board of Directors for the period until further members of the Company's Board of Directors will be elected by the General Meeting of the Company's Shareholders.

4.4. Members of the Committee may be re-elected an unlimited number of times.

4.5. If so decided by the Company's Board of Directors, powers of all or a part of members of the Committee may be terminated ahead of time.

4.6. Authority and powers of the Committee's member shall be terminated ahead of time in the following cases:

4.6.1. If the Committee's member resigns from the office of the Committee's member at his/her own will, having notified accordingly the Chairman of the Company's Board of Directors and the Chairman of the Committee by forwarding a relevant written application one (1) month prior to the date of retirement.

4.6.2. If the Company's Board of Directors removes the Committee's member by its resolution.

4.7. If powers of the Committee's member are terminated in virtue of para.4.6.1. hereof, the Company's Board of Directors shall elect a new member of the Committee at the nearest meeting but not later than one (1) month from the date of forwarding a written application for retirement by the said member of the Committee. Until such time, the Committee's member continues to discharge his/her responsibilities in full.

4.8. If powers of the Committee's member are terminated in virtue of para. 4.6.2. hereof, the Company's Board of Directors shall elect a new member of the Committee at the same meeting.

4.9. If the membership of the Committee falls below three in number, the Committee shall suspend its activity. In such case the Company's Board of Directors should pass a resolution to elect new members of the Committee.

#### **5. Chairman of the Committee and his/her Election Procedure**

5.1. The Committee and organization of its functioning shall be managed by the Chairman of the Committee.

A Chairman of the Committee shall be elected by the Company's Board of Directors by a simple majority vote of the total number of members of the Company's Board of Directors present at the meeting. The Board of Directors shall be entitled to re-elect the Chairman of the Committee at any time.

5.2. The Chairman of the Committee may not be elected from among executive directors.

5.3. The Chairman of the Committee shall:

5.3.1. Call for meetings of the Committee (ensure informing the members of the Committee on the date, time and place of the nearest meeting under the procedure specified herein, approve the agenda and the form of the meeting (joint presence or absentee voting), oversee the absentee voting process.

5.3.2. Discharge functions of the Chairman at meetings of the Committee:

- announce presence of quorum for passing resolutions;
- decide on adjournment of the Committee's meeting in absence of quorum;
- put draft resolutions to vote, arrange for voting on the draft resolution;
- announce resolutions passed by the Committee's meetings held in the form of joint presence;
- arrange for activity of the Committee's Secretary;
- sign minutes of the Committee's meeting.

5.3.3. Represent the Committee in its relations with third parties, including the Chairman of the Company's Board of Directors, the sole executive body of the Company, members of the collegiate executive body of the Company.

5.3.4. Arrange for maintenance of official correspondence of the Committee, sign letters and other documents on behalf of the Committee with account of rights vested in the Committee.

5.3.5. Perform other functions pursuant to these Regulations.

## **6. Secretary of the Strategy Committee**

6.1. Functions of the Secretary of the Strategy Committee shall be performed by the Secretary of the Company's Board of Directors.

6.2. The Committee's Secretary shall be accountable to the Chairman of the Committee and shall perform the following functions, s/he shall:

6.3.1. Perform organizational and information support of the Committee's activity related to preparing and holding its meetings, and in the period between meetings of the Committee, *inter alia*:

- inform all members of the Committee on the date, time and place of the Committee's meetings under instructions of the Committee's Chairman;
- furnish the members of the Committee with documents and materials necessary for holding a meeting of the Committee;
- keep records of correspondence addressed to the Committee and/or Committee's members (enquiries, requests, petitions) and arrange for preparation of appropriate responses, explanations; furnish the members of the Committee with correspondence received for them;
- arrange for keeping minutes at meetings of the Committee;
- render technical and organizational assistance to members of the Committee responsible for preparing a relevant issue for a meeting of the Committee;
- provide for editing, printing, copying, translating and forwarding draft resolutions of the Committee, documents, and materials to a meeting to relevant persons;
- arrange for preparing meetings of the Committee in the form of joint presence (a room, materials, unimpaired access of the Committee's members and invited persons to the rooms, etc.).

6.3.2. Keep minutes of the Committee's meetings.

6.3.3. Discharge commissions given by the Chairman of the Committee within the competence of the Committee's Chairman.

6.3.4. Provide for archiving and storing minutes of Committee's meetings, documents and materials relating to the Committee's activity.

6.3.5. Perform other powers envisaged herein.

## **7. Time and Procedure for Calling Meetings of the Committee, Proceedings at Meetings and Execution of Resolutions Passed by the Committee**

7.1. Meetings of the Committee shall be held as and when necessary.

7.2. Meetings of the Committee shall be held at the initiative of the Committee's Chairman, by request of any member of the Committee, member of the Company's Board of Directors, the sole executive body of the Company.

A decision to hold meetings of the Committee, their date, time, place and agenda items, as well as a decision on a list of persons invited for attending the meeting shall be made by the Chairman of the Committee.

7.3. Any persons entitled, under para.7.2 hereof, to demand calling a meeting of the Committee shall furnish the Secretary of the Committee with a request for holding a meeting of the Committee, not later than seven (7) business days prior to the proposed date of holding the same. The Secretary of the Committee shall communicate such request to the Chairman of the Committee not later than the day following the day when the said request has been received.

7.4. Within five (5) business days from the date when the request for holding the meeting has been submitted, the Chairman of the Committee shall make a decision to hold a meeting of the Committee, to appoint the date, time and place of its holding or the absentee voting date or to refuse to hold a meeting of the Committee. A motivated refusal to hold a meeting of the Committee shall be sent to the requesting person or the Company's body within two (2) business days from the time when the Chairman of the Committee has decided to refuse to hold the meeting.

7.5. The Chairman of the Committee may decide to refuse to hold the Committee's meeting in the following cases:

7.5.1. An issue (issues) proposed for the agenda of the Committee meeting is (are) beyond its competence as specified by these Regulations.

7.5.2. An agenda item that is contained in the request for holding the Committee meeting has been already entered into the agenda of the nearest meeting to be held according to the decision made by the Chairman of the Committee before the receipt of the above request.

7.5.3. The procedure for submission of requests for holding a Committee's meeting specified herein is not complied with.

7.6. A notice of the Committee's meeting with its agenda should be executed by the Committee's Secretary and forwarded to persons participating in the meeting, not later than one (1) business day before the date of the Committee's meeting.

7.7. The Committee's Secretary shall prepare a meeting of the Committee under the guidance of the Chairman of the Committee.

7.8. The Chairman of the Committee shall take a chair at the Committee's meetings.

7.9. A meeting of the Committee shall be competent (have a quorum), if most members of the Committee are present there. If no quorum required for holding a meeting of the Committee is present, the adjourned meeting of the Committee with the same agenda should be held within five (5) business days.

7.10. Meetings of the Committee may be held in the form of joint presence of the Committee's members or in the form of absentee voting.

7.11. Every member of the Committee shall have one vote for voting. Resolutions of the Committee shall be passed by a simple majority vote of the total number of the Committee's members present at the meeting.

7.12. The Secretary of the Committee shall make the minutes of the held meeting within three (3) business days following the meeting of the Committee in the form of joint presence of the Committee's members or absentee voting.

The minutes of the Committee meeting shall be signed by the Chairman of the Committee, who is responsible for correctness of the minutes, and by the Secretary of the Committee. The Company's seal shall be affixed on the minutes. The minutes shall be made in

two original copies, one of them shall be forwarded to the Company's Board of Directors accompanied with the prepared materials and recommendations, and the second copy shall be kept on file with the Committee.

The minutes of the Committee meeting shall contain the following:

- date, place and time of the meeting (or the date of absentee voting);
- list of the Committee's members, who participated in the meeting (absentee voting);
- agenda;
- items put for voting and voting results (with indication of voting results per every member of the Committee, who participated in the meeting);
- resolutions passed.

The minutes shall be appended with the prepared by the Committee materials, opinions, proposals and recommendations, as well as dissenting opinions of the Committee's members.

7.13. The Company's officials and employees, including a person exercising functions of the sole executive body of the Company, members of the collegiate executive body of the Company, experts engaged by the Committee and other persons may be invited to meetings of the Committee for delivering reports and explanations.

## **8. Accountability of the Committee**

8.1. The Committee shall submit an annual progress report to the Company's Board of Directors.

8.2. The report of the Committee should contain information on its operations during a year.

8.3. The Company's Board of Directors shall review the report of the Committee at the nearest meeting of the Company's Board of Directors.

8.4. The Committee's report shall be submitted to the Company's Board of Directors by the Chairman of the Committee.

8.5. The Company's Board of Directors shall be entitled to entrust the Committee with submission of an opinion on individual issues. In such case the Company's Board of Directors should establish in its mandate the reasonable time limits of its fulfillment by the Committee.

8.6. The Committee shall be entitled to furnish, at its discretion, the Company's Board of Directors with its recommendations on any issue within its competence, and in cases specified herein, it should prepare an opinion for the Board of Directors.

8.7. The Company's Board of Directors shall have the right to demand at any time during a year that the Committee submits a report on the current progress of the Committee. The time limits for preparation and submission of such report shall be determined by a resolution passed by the Company's Board of Directors.

## **9. Insider Information**

9.1. Any material information relating to the Company's operations, shares and other securities in the Company and transactions with them, which is not in the public domain and disclosure of which may have a material affect on the market value of the shares and other securities in the Company, shall be referred to insider information.

9.2. Members of the Committee and the Committee's Secretary shall not be entitled to disclose insider and other confidential information.

## **10. Approval and Amendment of these Regulations**

10.1. These Regulations as well as all additions and amendments hereto shall be approved by the Company's Board of Directors by a majority vote of the total number of members of the Company's Board of Directors present at the meeting.

10.2. All issues not covered herein shall be governed under the laws of the Russian Federation, Articles of Association of the Company, Regulations on the Company's Board of Directors and other internal documents of the Company.

10.3. If changes in the laws of the Russian Federation result in contradiction of some articles of these Regulations to the provisions of redrafted federal laws and/or subordinate legislation, such articles shall not be applicable, and until these Regulations are amended the members of the Committee shall be governed with federal laws and subordinate legislation of the Russian Federation.

10.4. The report of the Committee to be submitted to the Company's Board of Directors pursuant to Article 8 hereof may contain recommendations to the Company's Board of Directors stating that amendment of these Regulations is necessary.