



REGISTERED

In the Register of Enterprises
of the Republic of Latvia
On 3 September, 1997

With amendments registered
In the Register of Enterprises of the
Republic of Latvia
on 30 April 1998,
on 2 February 1999,
on 19 August, 1999
on 15 August 2000
on 20 December 2004
on 25 June 2008
on 10 July 2014

With amendments approved
in the Extraordinary Meeting of
Shareholders
on 2 September 2016

With amendments approved
in the Extraordinary Meeting of
Shareholders
on 21 December 2016

With amendments approved
in the Extraordinary Meeting of
Shareholders
on 16 November 2017

JOINT STOCK COMPANY
“LATVIJAS GĀZE”

Articles of Association

Riga,

SECTION I

COMPANY NAME

- 1.1. The company name is the joint stock company “*Latvijas Gāze*” (hereinafter referred to as Company), which is a capital company of the Republic of Latvia, formed in the process of privatization of the state joint stock company “*Latvijas Gāze*” (being transformed into a state joint stock company from a state firm based on the Cabinet of Ministers of the Republic of Latvia Decree No. 175r of December 30, 1993) in accordance with the Law “On Privatization of the State and Municipal Property” and the Law “On Reorganization of State and Municipal Enterprises into Corporations”.

The joint stock company “*Latvijas Gāze*” is the legal successor of the state joint stock company “*Latvijas Gāze*”.

- 1.2. The Shareholders of the Company are individuals and legal entities, which have acquired shares of the Company (hereinafter – Shareholders).

SECTION II

LEGAL STATUS, RIGHTS AND OBLIGATIONS OF THE COMPANY

- 2.1. The Company is incorporated and shall operate in accordance with the legal acts (hereinafter - Law), including The Commercial Law, Group of Companies Law, Financial Instrument Market Law and Energy Law, the present Articles of Association, the resolutions of the Company’s shareholders’ meeting (hereinafter – Shareholders’ Meeting) and the Company’s supervisory council (hereinafter – Supervisory Council).
- 2.2. The Company is a legal entity and has its own individual balance sheet.
- 2.3. The Company has a corporate seal and trade mark(s), bank accounts and such other legal requisites as may be required.
- 2.4. The Company has full civil capacity to act and legal capacity, including the right to act on its own behalf and on behalf of third parties, if duly authorized, to enter agreements and transactions with any legal entity and individual, to acquire and alienate the property and to obtain rights and to undertake obligations, to act as a claimant or defendant in court, arbitration courts and State authorities.
- 2.5. The Company is entitled to undertake any export and import activities necessary for its business.
- 2.6. The Company is entitled to establish enterprises, open representative offices and branches in Latvia and abroad, take part in joint ventures and strategic alliances with other companies, to incorporate foreign companies or obtain shareholding in Latvian or foreign companies, as well as buy and sell securities of other companies. The Company shall be liable with all its property for the obligations of its branches and representative offices, which are not independent legal entities.
- 2.7. The Company is entitled to possess, use, manage and dispose of its assets in accordance with its business objectives, laws of the Republic of Latvia and laws of the site of the assets and other legal enactments.
- 2.8. The Company shall be liable for its own obligations with all its property.

2.9. The Company shall not be liable for the obligations of its Shareholders and obligations of the State; the Shareholders and the State shall not be liable for the obligations of the Company, unless otherwise provided by the Law.

2.10. The official languages of the Company are Latvian, English and Russian. The working language of the Company is Latvian; the books and other documents of the Company shall be kept in Latvian.

SECTION III

TYPES OF COMMERCIAL ACTIVITY

3.1. The objective of the Company is to ensure adequate supply of gas and energy, as well as promote the development and modernization of the Latvian gas and service industries.

3.2. The principal lines of activity of the Company according to the General Classification of Economic Activities (NACE, 2nd ed.) shall be as follows:

- 1) Manufacture of gas (35.21) and Trade of gas through mains (35.23), including acquisition and trade (wholesale and retail trade) of natural gas;
- 2) Other retail sale in specialized shops (47.78), other retail sale outside shops (47.99), including sale of liquefied gas with transportation;
- 3) Retail trade of automotive fuel in fuel filling stations (47.30), including retail sale of natural gas as automotive fuel;
- 4) Wholesale trade of solid, liquefied and gaseous fuel and similar products (46.71), including wholesale of natural gas and wholesale trade of natural gas as automotive fuel;
- 5) Pipeline transportation (49.50), including import and export of natural gas;
- 6) Storage and warehousing (52.10);
- 7) Engineering activities and related technical consultancy (71.12), including all outer and inner gas main engineering, supervision and management of construction;
- 8) Development of construction design (41.1), construction of residential and non-residential buildings (41.2) and engineering-technical works (42.), including construction and assembly works on gas mains;
- 9) Installation of plumbing, heating and acclimatization techniques (43.22), as well as elsewhere not classified construction works (43.99);
- 10) Installation of other engineering systems (43.29);
- 11) Production of electricity (35.11), supply of electricity (35.12) and distribution of electricity (35.13), and sales of electricity (35.14);
- 12) Other human health activities (86.90);
- 13) Freight transport by road (49.41);
- 14) Elsewhere not classified land passenger transport (49.39);
- 15) Steam supply and air-conditioning (35.30);

16) Elsewhere not classified education (85.59)

- 3.3. The Company is entitled to undertake other activities necessary for fulfilment of the main objectives of the Company.
- 3.4. The Company is entitled to manufacture, develop, acquire and sell, import and export products and render services, master, develop and use any kind of technology and know-how which is relevant for the operation and activities of the Company, sell such products and services in Latvia and abroad, as well as perform any other commercial activity, performance of which is not prohibited by the Law.
- 3.5. Activities performance of which is subject to a special permission (license), shall be commenced only after receipt of such license(s) pursuant to the procedure specified by the Law.

SECTION IV

THE CAPITAL OF THE COMPANY

- 4.1. The fixed capital of the Company is EUR 55 860 000 (fifty-five million eight hundred sixty-six thousand Euros). The fixed capital of the Company is formed by 39 900 000 (thirty-nine million nine hundred thousand) shares. The par value per one share is EUR 1.40 (one Euro and forty cents).
- 4.2. All 39 900 000 (thirty-nine million nine hundred thousand) shares of the Company grant their owners equal rights, namely: rights to receive dividends and liquidation quotas, as well as voting rights at the Meeting of Shareholders.
- 4.3. 14 571 480 (fourteen million five hundred and seventy-one thousand four hundred and eighty) shares of the Company are registered shares. 25 328 520 (twenty-five million three hundred and twenty-eight thousand five hundred and twenty) shares of the Company are bearer shares being in public circularisation.
- 4.4. All shares of the Company are dematerialised shares.
- 4.5. The fixed capital of the Company can be increased or decreased under a resolution of the Meeting of Shareholders, which approves regulations for an increase or decrease of the fixed capital and makes amendments to the Articles of Association.
- 4.6. Money and securities, property and intellectual property invested by the Shareholders form the property of the Company.

SECTION V

SECURITIES OF THE COMPANY

- 5.1. The Company may issue shares and convertible bonds.
- 5.2. The Meeting of Shareholders determines the volume, timing, conditions and other issues related to the issue of Company's shares. The Meeting of Shareholders approves the rules and prospectus of such issue. The issue and distribution of the shares is carried out by the Board in accordance with the procedures set forth by the Meeting of Shareholders.

In respect of the securities of the Company being on public sale, the Board shall comply with the duties and obligations of an issuer prescribed by the Law "On the Market of Financial Instruments", except for duties and obligations being in competence of the Meeting of Shareholders or the Council.

- 5.3. Information on the owners of registered shares, as well as transfers of registered shares shall be recorded in the Register of Shareholders of the Company. Owners of registered shares shall obtain rights of a Shareholder only upon registration in the Register of Shareholders.

The rights arising from the bearer shares are granted to a person who owns these shares.

- 5.4. The acquirer of a registered share shall notify the Company about the acquisition of share in the form of a common application, which is prepared by the person alienating his shares and the person buying the shares, or by means of an act evidencing the transaction. The record in the Register of Shareholders of the Company shall be made no later than on the next day after the Board receives the information on changes in the records of the Register of Shareholders of the Company.

SECTION VI

COMMERCIAL AND FINANCIAL ACTIVITIES OF THE COMPANY

- 6.1. The Company's report (financial) year shall start on January 1 and end on December 31.
- 6.2. The Company's annual report shall give a true and fair view of the Company's assets, liabilities and equity, its financial position and income and expenses for the reporting year.
- 6.3. Immediately, but no later than within 2 (two) months after the end of the operating year the Board shall submit the Company's annual report for audit to an internationally recognized sworn (certified) auditor registered in the Republic of Latvia or a commercial company of sworn (certified) auditors (hereinafter the Auditor).
- 6.4. The audit of the Company's annual report shall also include the audit of the Company in order to make sure that accounting records in the Company comply with the basic principles of accounting and that aforementioned documents give a true and fair view of the Company's financial position.
- 6.5. The Company shall organize its bookkeeping and accounting and keep its records as required by the Law.
- 6.6. The Board shall be responsible for bookkeeping and accounting records.
- 6.7. The dividend and financial policy of the Company shall be based on the following principles:
- 1) In order to reach a sound financial basis, the Company shall pursue adequate equity/financing ratios. In order to reach these ratios, retained earnings will be established from net profit after tax as long as it will be necessary;
 - 2) The Company will operate in accordance with such basic principles, so that an adequate net profit after tax is achieved;
 - 3) The distribution of an adequate dividend to the Shareholders will be carried out each fiscal year, while determination and payment of interim dividends (within the meaning given to this term under the Latvian Commercial Law) shall be made no earlier than 3 months after last decision of the Meeting of Shareholders for distribution of dividends.
 - 4) The distribution of dividends will only be paid from available cash funds of the Company.
- 6.8. All the annual net profit of the Company after mandatory payments into the State budget in accordance with the Law, payments into the funds of the Company and other payments

determined by the Meeting of Shareholders is distributed among the Shareholders in proportion to their shareholding in the fixed capital of the Company.

- 6.9. The property of the Company shall be insured with a Latvian or foreign insurance company. The insurance coverage and form of insurance shall be determined by the Board.
- 6.10. The Company determines, calculates and makes payment of interim dividends in accordance with provisions of the Commercial Law.
- 6.11. Subject to demonstration of a profit in the Company's financial statement covering a period of at least 3 months after last financial accounting period, and subject to discretion of the Board in there being a financial or economic basis for payment of interim dividends, the Board is authorised to convene an extraordinary Meeting of Shareholders, in accordance with provisions of this Articles of Association, regarding decision for determination of interim dividends.

SECTION VII

MANAGEMENT OF THE COMPANY

- 7.1. The management institutions of the Company shall be the Meeting of Shareholders, the Council and the Board.
- 7.2. The Meeting of Shareholders shall be the superior management institution of the Company.
- 7.3. Only the Meeting of Shareholders shall be entitled to decide on:
 - 1) The annual report of the Company;
 - 2) Distribution of the profit of the previous operating year;
 - 3) Appointment and dismissal of the members of the Council, auditors, Company's controllers and liquidators;
 - 4) Bringing of claims against members of the Board and the Council and the auditor, or dismissal of claims against them, as well as appointment of a representative of the Company for upholding the claim against the members of the Council;
 - 5) Making amendments to the Articles of Association of the Company;
 - 6) Increase or decrease of the fixed capital of the Company;
 - 7) Termination or continuation of the activities of the Company or reorganization of the Company;
 - 8) Issue and conversion of the securities of the Company;
 - 9) Determination of remuneration for members of the Council and the auditors;
 - 10) Other issues if directly envisaged by the Law.
- 7.4. The regular Meetings of Shareholders shall be every year convened by the Board. When convening a regular Meeting of Shareholders, the Board shall take into account the period prescribed in the Law for approval of annual reports.
- 7.5. The Board shall notify Shareholders on convening of the Meeting of Shareholders at least 30 (thirty) days before the expected Meeting of Shareholders through an announcement in the newspaper *Latvijas Vēstnesis* and in at least one more newspaper. The announcement shall specify the Company (name) and the registered address of the Company, place, date and time of calling the Meeting, type of the Meeting (regular or extraordinary), the body

which calls the Meeting, the activities which the Shareholders should perform in order to take part and vote at the Meeting, the status of the regulations on representation of Shareholders at the Meeting, agenda of the Meeting, as well as the information on where and when the Shareholders may familiarize themselves with the draft resolutions on the issues included in the agenda of the Meeting, as well as other issues to be discussed in the Meeting.

The Board shall notify the owners of registered shares about the Meeting of Shareholders at least 30 (thirty) days before the Meeting by personal delivery of a notice or a notice sent by telefax and letter to the addresses of owners of public shares indicated in the Register of Shareholders. The notice shall be considered received as of the date when the facsimile message is received. Such a notice shall specify the Company's name and the registered address of the Company, place, date and time of calling the Meeting, type of the Meeting (regular or extraordinary), the body which calls the Meeting, the activities which the Shareholders should perform in order to take part and vote at the Meeting, the status of the regulations on representation of Shareholders at the Meeting, agenda of the Meeting, as well as shall include draft resolutions on amendments to the Articles of Association of the Company, if any.

- 7.6. The extraordinary Meeting of Shareholders shall be convened by the Board on its own initiative or if requested by the Council, auditor or Shareholders representing together at least 5% (five per cent) of the Company's fixed capital, by indicating the reasons and agenda of the extraordinary Meeting of Shareholders. The Board shall call the extraordinary Meeting of Shareholders not later than within 2 (two) weeks after receipts of the respective request.
- 7.7. The Meeting of Shareholders has the quorum if at least one half of the paid-up fixed capital is represented at the Meeting.

If the regular Meeting of Shareholders announced on time is not competent because of the lack of quorum, then a repeated Meeting of Shareholders with the same agenda shall be convened not later than within a month. Such a repeated Meeting of Shareholders shall be announced not less than 20 (twenty) days prior to its date and it is entitled to decide on all issues included in the agenda regardless of the paid-up fixed capital of the Company represented at this Meeting.

If the extraordinary Meeting of Shareholders announced on time is not competent because of the lack of quorum, a repeated extraordinary Meeting of Shareholders with the same agenda shall be convened not later than within a month and it may proceed on all issues listed in the agenda if at least on quarter of the paid-up fixed capital is represented at the Meeting. If there is no such quorum, the Meeting of Shareholders shall be postponed and convened again within 2 (two) months after the initial Meeting of Shareholders. The repeatedly convened Meeting of Shareholders is entitled to decide on all issues of the agenda regardless of the paid-up fixed capital of the Company represented at this Meeting.

Paragraph 4 is deleted pursuant to the decision of the Civil Division of the Riga Regional Court of April 10, 2007.

- 7.8. The Meeting of Shareholders shall adopt resolutions by open ballot and simple majority vote of Shareholders with voting rights being present. The Meeting of Shareholders may decide that all the issues or specific issues on the agenda shall be decided by secret ballot.
- 7.9. The following issues may be decided by the Meeting of Shareholders only if at least three fourths ($\frac{3}{4}$) of the paid-up fixed capital of the Company are represented and the resolutions of the Meeting of Shareholders on those issues are adopted if voted for by 85% (eighty-five per cent) of the Shareholders represented at the Meeting of Shareholders:
 - 1) Making of amendments to the Company's Articles of Association;
 - 2) Increase of the fixed capital of the Company;

- 3) Decrease of the fixed capital of the Company;
- 4) Liquidation or reorganization of the Company;
- 5) Issue of new types and/or categories of shares of the Company;
- 6) Public issue of the Company's shares or issue of the Company's bonds;
- 7) Merger of the Company or acquisition of the Company by another company.

Amendments pursuant to the decision of the Civil Division of the Riga Regional Court of April 10, 2007.

- 7.10. Minutes of the Meeting of Shareholders shall be kept. Minutes shall be signed by the chairman of the Meeting of Shareholders and two Shareholders elected by the Meeting of Shareholders, as well as by the secretary of the meeting.
- 7.11. The Council is a supervisory body of the Company, which represents interests of the Shareholders between Meetings of Shareholders and performs supervision of activities of the Board within the limits provided by the Law and these Articles of Association. The Council shall operate in accordance with its approved regulation.
- 7.12. The Council shall be represented by 11 (eleven) Council members.
- 7.13. The Council shall be elected by the Meeting of Shareholders for the term of three years.

A Shareholder or a group of Shareholders are entitled to nominate their representatives for election to the Council. There may be nominated such a number of representatives that if dividing the capital with voting rights represented by a Shareholder or a group of Shareholders by the number of representatives to be nominated, each representative has not less than five per cent of whole capital with voting rights represented at the Meeting of Shareholders. The Meeting of Shareholders shall include each nominated candidate in the list of candidates to the Council.

When voting for members of the Council, each Shareholder with voting rights is entitled to give all votes belonging to him/her to one or several representatives included in the list in whole numbers in any proportion. Simultaneous voting for all the candidates included in the list shall be made.

Those persons of the Shareholders shall be deemed to be elected, for whom the maximum number of the Council members according to the Articles of Association cast their votes.

If a member of the Council leave his/her post or is dismissed from his/her post before the expiry of the Council mandate, then new elections are held during which the whole composition of the Council is re-elected.

- 7.14. The Chairman of the Council and 2 (two) Vice-Chairmen shall be elected by simple majority of votes of the Council from amongst themselves.
- 7.15. Assignments of the Council shall be as follows:
 - 1) Elect and recall the members of the Board, regular supervision of activity of the Board, specifying remuneration for members of the Board;
 - 2) Supervise that the operations of the Company are performed in accordance with the Laws, the Articles of Association and resolutions of the Council of the Company;
 - 3) Consider the annual report of the Company and give recommendations to the Board on distribution of the profit and preparation of its statement;

- 4) Represent the Company's interests in the court regarding all claims brought by the Company against the members of the Board, including all claims brought by the members of the Board against the Company and representation of the Company in other court relations with the members of the Board;
- 5) Approve the deals to be closed between the Company and a member of the Board or the auditor;
- 6) Preliminary consider all issues included in the agenda that are in the competence of the Meeting of Shareholders or proposed for discussion in the Meeting of Shareholders at the request of the members of the Board or the Council and submission of conclusions on these issues.
- 7.16. The Council shall be entitled to form permanent or temporary commissions to consider particular issues and to prepare reports on them.
- 7.17. The Council shall be entitled at any time to demand from the Board a report on the overall position of the Company, structural units of the Company, enterprises, branches and representative offices, to receive full information on their position and transactions entered into, to review budgets, balance sheets and auditors' reports on the Company, its branches, representative offices and enterprises, to review registers and books of the Company, its branches, representative offices and enterprises, to inspect other registers and documents, cash register and securities of the Company. Any two (2) members of the Council together shall be entitled to request such report from the Board to be given to the Council.
- 7.18. Meetings of the Council are convened by the Chairman of the Board as of necessity, but at least once in a quarter. The Board and each member of the Council are entitled to demand calling of an extraordinary meeting by indication on the reason and purpose of the meeting.
- 7.19. The Chairman of the Council shall notify the members of the Council in writing on the meeting at least two (2) weeks ahead. In urgent cases, the Chairman may decide to shorten this period to one (1) week. Notice on the meeting shall be accompanied by the agenda and draft resolutions. The Council may discuss issues not properly notified only with the consent of all the members of the Council present at the meeting. A resolution on such issues can only be taken if no member of the Council objects to this procedure.
- 7.20. The Supervisory Council is authorised if more than half of the Supervisory Council members participate in the meeting. The Supervisory Council is authorised to resolve the issues specified in Sub-section 18 of Section 7.26 of the Articles of Association if all Supervisory Council members participate in the meeting. Supervisory Council members not present at the meeting may vote on any issue by handing over their written vote to another Supervisory Council member and in such case they shall be deemed present at the resolution of the issue in question. Voting by phone or otherwise is only permitted if the means of communication used enable the Supervisory Council members to simultaneously participate in the discussion and resolution of the issue and if such activity is duly recorded in a document.
- 7.21. The Supervisory Council adopts decisions with the majority of the votes of the members of the Supervisory Council present. Decisions on the issues specified in Sub-section 18 of Section 7.26 of the Articles of Association are adopted if at least 10 (ten) out of 11 (eleven) Supervisory Council members cast vote in favour of adopting the said decisions.
- 7.22. Minutes of the meetings shall be kept. Minutes of the meeting shall be signed by all the members of the Council physically present.
- 7.23. The Board of the Company shall be represented by 5 (five) members. The members of the Board shall be elected by the Council for a term of 3 (three) years.

- 7.24. The members of the Council shall elect the Chairman and two (2) Vice-Chairmen of the Board from amongst the members of the Board.
- 7.25. The Council may recall any member of the Board if there is a serious reason. A serious reason in any case shall be a gross violation of powers, non-fulfilment or improper fulfilment of duties, inability to manage the Company, harming interests of the Company, as well as a vote of no confidence manifested by the Meeting of Shareholders.
- 7.26. The Board supervises and manages all activities of the Company, represents the Company and manages the Company's property in accordance with the Law, these Articles of Association and the resolutions of the Meeting of Shareholders and the Council. The Board decides on all issues, which are not in the competence of the Council or the Meeting of Shareholders.

The Board shall get consent of the Council for adoption of resolutions on the following issues:

- 1) Acquiring shares in other companies, increase or decrease of such shareholding;
- 2) Foundation of the subsidiaries of the Company;
- 3) Purchase and sale of the assets substantial for the operation of the Company;
- 4) Foundation or closure of companies, branches and representative offices, as well as approval of their regulations (Articles of Associations), purchase, sale and lease of Company's property, or suspension of Company's operations;
- 5) Not stipulated in the respective annual budget of the Company:
 - 5.1. Purchase of the real estate at a price over EUR 100 000 (one hundred thousand Euros);
 - 5.2. Purchase of any real estate if the annual purchase amount of real estate exceeds EUR 400 000 (four hundred thousand Euros) of not planned annual budget of the Company;
 - 5.3. Sale of the real estate at a price above EUR 200 000 (two hundred thousand Euros)
 - 5.4. Lease of the real estate at the lease payment, which per year is higher than EUR 100 000 (one hundred thousand Euros)
 - 5.5. An encumbering of the real estate;
- 6) Granting guarantees, except for guarantees to be granted to fulfil the measures stipulated in the Company's business plan or the approved budget;
- 7) Conclusion of deals between the Company and persons related to it (Shareholders, members of the Council or the Board);
- 8) Closing of transactions, which are not stipulated in the Company's respective annual budget and amount of which exceed EUR 300 000 (three hundred thousand Euros) or the term is longer than 1 (one) year;
- 9) Entering strategically important long-term agreements on cooperation, as well as conclusion of such cooperation agreements, which require Company's financing, which exceeds the amount stated in the Paragraph 8 of Clause 7.26.;
- 10) Involving legal advisors, broker companies, advisors, investment consultants or auditor companies to prepare the public issue prospectus of Company's securities;

- 11) Granting of loans and taking of loans not stipulated in the Company's respective annual budget;
 - 12) *Subparagraph has been struck with the resolution of the Extraordinary Meeting of Shareholders held on December 21, 2016;*
 - 13) Preliminary review of the issue regarding a merger with another company or acquisition by another company;
 - 14) Approval of the Company's business plan;
 - 15) Approval of the annual budget of the Company;
 - 16) Establishment and use of the Company's reserves;
 - 17) Approval of the Regulations of the Board;
 - 18) exercise of the voting rights in the shareholders' meeting of the joint stock company "Gasol" (hereinafter - Gasol) on the following issues:
 - 18.1 Amendments to the Articles of Association of Gasol;
 - 18.2 Increase of the share capital of Gasol;
 - 18.3 Decrease of the share capital of Gasol;
 - 18.4 Liquidation or reorganization of Gasol;
 - 18.5 Issue of new types or categories of shares of Gasol;
 - 18.6 Issue of Gasol's securities;
 - 18.7 Conversion of Gasol's registered shares into bearer shares and vice versa;
 - 18.8 Entering into, amending or terminating a group of companies' agreement;
 - 18.9 Inclusion of Gasol or consent to inclusion in accordance with the Group of Companies Law;
 - 18.10 Inclusion of Gasol's shares on the regulated market of financial instruments or exclusion therefrom;
 - 18.11 Election or recall of members of the Supervisory Council of Gasol
 - 19) decisions on other substantial issues.
- 7.27. The Board shall act according to the instruction of the Council and the Regulations of the Board, which after agreement with the Council have been approved by the Board.
- 7.28. Members of the Board may at any time demand from employees of the Company a report on the overall position of the Company, receive full information on the operations and transactions of the Company, its branches, enterprises and representative offices, check the budgets, balance sheets, auditors' reports on the Company and its branches, representative offices and enterprises, check other Company's records and documents.
- 7.29. Meeting of the Board shall be convened at necessity but at least 1 (one) time in a month. Meetings are convened by the Chairman of the Board. The Board is entitled to decide on issues if at least 3 (three) members of the Board are present. Board meetings shall be held in accordance with the procedure stipulated by the Regulations of the Board.

- 7.30. Resolutions shall be adopted by simple majority of votes of the member of the Board.
- 7.31. Minutes of the meetings of the Board shall be kept. Minutes shall be signed by all the members present.
- 7.32. The Board shall submit at least once a quarter to the Council and once a year to the Meeting of Shareholders a written report on its activities and most significant intentions regarding commercial operations and management, financial results of the Company, cash flow, main commercial activities conducted, sale of the goods and services, movement of securities and other activities important for the operation of the Company.
- 7.33. The Chairman of the Board shall manage the activities of the Board and organize everyday management of the Company, including:
- 1) Informing the Council on any significant aspect of the Company's operations'
 - 2) Submitting the Company's structure for approval to the Board;
 - 3) Deciding on all operational issues of the Company within his competence;
 - 4) Organizing fulfilment of the resolutions of the Meeting of Shareholders;
 - 5) Performing other functions provided in the Regulations of the Board;
 - 6) Reporting to the Council on transactions closed with the Shareholders and other persons related to the Company;
 - 7) Organizing preparation of the Regulations of the Board and coordination thereof with the Council.
- 7.34. The Chairman of the Board shall represent the Company individually; any other Board member shall represent the Company together with another Board member.

SECTION VIII PUBLICATION OF INFORMATION ON THE COMPANY

The Board of the Company in the established order shall publish in the official newspapers the Company's financial and operating results approved by the Meeting of Shareholders.

SECTION IX AUDIT OF THE COMPANY'S OPERATIONS

- 9.1. The financial statements of the Company shall be audited by an independent internationally recognized auditor.
- 9.2. The Meeting of Shareholders each year shall decide on appointment of a specific auditor. Auditors shall audit the activities performed during the reporting year and perform their duties until the next Meeting of Shareholders.
- 9.3. When detecting violations and inaccuracies, auditors shall immediately inform the Board.
- 9.4. Immediately, but no later than 2 (two) months after the end of the reporting year, the Board shall inform the auditors that the Company's annual report has been prepared, the balance sheet closed and the documents are ready for the audit.
- 9.5. The auditors shall draw up an opinion on the results of the audit of Company's operations where they indicate whether the annual report and the auditor's report, as well as the Company's accounting complies with the requirements of the Law, whether the financial

statements give a true and fair view of the Company's assets, liabilities and equity and the Company's financial position at the end of the reporting year, as well as income and expenses in the reporting year, and whether the Board has provided all the necessary information, documents and explanations for the annual report audit. The auditors shall inform the Meeting of Shareholders of their auditor's report.

- 9.6. If the Meeting of Shareholders deems it necessary, it may elect one or several controllers of the Company who may conduct audit of the Company's operations at any time if the Board is properly informed of such action.

SECTION X PERSONNEL OF THE COMPANY

- 10.1. The Company's personnel shall include the employees employed on the basis of employment contracts.
- 10.2. Remuneration, employment conditions, social insurance and other issues related to the employment in the Company shall be determined by the Board in accordance with the Law and shall be included in the employment contracts, collective agreements and internal regulations of the Company.

SECTION XI TERMINATION OF ACTIVITY AND LIQUIDATION OF THE COMPANY

- 11.1. The Company shall terminate its activity:
- 1) By a resolution of the Meeting of Shareholders;
 - 2) By an order of the court;
 - 3) Upon commencement of bankruptcy proceedings;
 - 4) In other cases, stipulated by the Law.
- 11.2. The Company's liquidation according to the Law shall be performed by liquidators elected by the Meeting of Shareholders which shall set forth the procedure and terms of liquidation, as well as the amount and procedure of paying the remuneration to the liquidator.
- 11.3. The resolution on termination of the Company's operation shall be registered by the Board in the Commercial Register within 3 (three) days after adoption of this resolution.
- 11.4. After satisfying the creditors' claims or disbursing the amount due to them and covering of expenses related to liquidation, the liquidator shall prepare the final liquidation financial statement and a plan for distribution of the remaining Company's property where liquidation quota is prescribed.
- 11.5. The remaining property of the Company shall be distributed among the Shareholders in accordance to the plan of property distribution prepared by the liquidator pro rate the share of each Shareholder. The property is allowed to be distributed not earlier than in six months' time after publication of the announcement on termination of the Company's activities and two months after sending to the Shareholders the final liquidation financial statement and a plan for distribution of the remaining Company's property, or publication of the announcement on the possibility to get acquainted with these documents.
- 11.6. Until the Company completely ceases its operations, it shall fulfil the obligations pursuant to the Law and these Articles of Association.