

**APPROVED BY**

Resolution by the UMP JSC Board of Directors

No. 5 dd. March 5, 2012

**AGREED BY**

Resolution by the UMP JSC Board

Protocol No. 32/727 dd. September 21, 2011

**STATUTE**

**of the Board**

**of the Ulba Metallurgical Plant Joint-Stock Company**



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This Statute of the Ulba Metallurgical Plant JSC Board (hereinafter further referred to as Statute, Company, as appropriate) covers the arrangement and functioning of the Company Board (hereinafter referred to as Board), the rights and duties of the Board members, the procedure of Board sessions call for and performance, approval and issue of the Board resolutions and also monitoring their execution.

## **1 GENERAL PROVISIONS**

1.1 This Statute is developed according to the Republic Kazakhstan Law «On the joint-stock companies», the Republic Kazakhstan Law «About National Welfare Fund» and the Company Charter (hereinafter referred to as Charter).

1.2 The Board carries out its activity according to the existing legal acts of the Republic Kazakhstan, the Charter, decisions by a sole shareholder and the Company Board of Directors, the Company Corporate Governance Code, this Statute and other internal documents of the Company.

1.3 The Board is a joint executive office of the Company which is created for the purpose of managing current activity of the Company.

1.4 The Board shall be entitled to make decisions on any issues of the Company's activity, not referred to by the Republic of Kazakhstan acts, the Charter and the Company Corporate Governance Code to the competence of other bodies and officials of the Company.

1.5 The Board is headed by the Chairman. The Board Chairman shall report to the sole shareholder (General meeting of shareholders) and Company Board of Directors.

1.6 The Board shall be obliged to execute resolutions of the Sole Shareholder and Company Board of Directors and bear responsibility to the above Company authorities for its liabilities as laid onto the Board by the Company authorities of concern.

## **2 BOARD ARRANGEMENT AND STRUCTURE**

2.1 Election (assignment) of the Board members and early termination of powers of the Board members shall be performed according to the legislation of the Republic of Kazakhstan, the Charter and this Statute.

2.2. Shareholders and the Company employees, who are not its shareholders, can act as Board members. Board members could not be as persons condemned by court to imprisonment and released from the rights to be engaged in the administrative or other activity connected with material assets.

2.3 Chairman of Board can provide the Board of Directors of the Company with the offer on the candidates for election to Board membership.

2.4 Chairman of Board shall be appointed and released according to the Republic of Kazakhstan legislation.

2.5 The Board shall be selected by the Company Board of Directors as 9 (nine) persons for a period of 3 (three) years. Board members can be re-elected unlimited number of times. The date of the new Board member election shall be considered the date of the Company Board authorities as a whole.

2.6 The powers of the Board members can be terminated at any time by the Company Board of Directors under own initiative or Board member initiative.

The powers of the Chairman of Board can be terminated at any time in the order established by the legislation of the Republic of Kazakhstan, under the initiative of the authorized body or the initiative of the Chairman of Board in the order established by the legislation of Republic of Kazakhstan.

2.7 The powers of the Chairman of Board / Board members shall be considered terminated from the date defined in the resolution by the authorized body, approved according to the Republic of Kazakhstan legislation and, if not defined, from the date of resolution approved by the authorized body.

Thus, termination of an employee's powers as Board member shall not result in the termination of labor partnership with the Company, except for the Chairman of Board.

The termination of the labor relations with the Company employee acting as the Board member, leads to the early termination of its membership in Board. In this case the executive office of the Company shall inform Company Board of Directors on the necessity of the early termination of powers of a certain member and the election of a new one.

In case of the early termination of powers of a Board member, except for the Chairman of Board, and election of a new member by the Company Board of Directors, the powers of the latter shall expire simultaneously with the expiry of the term of powers of Board as a whole.

New Board shall immediately be elected and assigned upon the early termination of powers of all members of the Company Board of Directors.

2.8 Should total number of the Board members not be sufficient for quorum as defined by the Charter and this Statute, the Company Board of Directors shall select new Board in the order established by the legislation of the Republic of Kazakhstan, the Charter and this Statute.

2.9 Labor contract on behalf of the Company with the Chairman of Board shall be signed by the Chairman of the Company Board of Directors or a person authorized to act as above by General Meeting of Shareholders (the Sole shareholder) or Company Board of Directors. The labor contract with the other Board members shall be signed by the Chairman of Board.

### **3 PAYMENT TO BOARD MEMBERS**

3.1 Rates of official salaries, labor payments and awarding of the Chairman and Company Board members shall be defined and determined according to the resolutions of the Company Board of Directors.

### **4 BOARD COMPETENCE**

4.1 Issues provided by the legislation of the Republic of Kazakhstan and the Company Charter shall be covered by the Board competence.

4.2 The Board shall be entitled to make decisions on any issues of Company activity, not covered by the legislation of the Republic of Kazakhstan and the Company Charter as under the competence of the other bodies and officials of the Company.

Sole shareholder (General meeting of shareholders) of the Company shall be entitled to cancel any decision of Board on the issues concerning internal activity of the Company if otherwise not defined by the Company Charter.

### **5 BOARD CHAIRMAN COMPETENCE**

5.1 Issues stipulated in the legislation of the Republic of Kazakhstan and the Charter of the Company shall be covered by the competence of the Chairman of Board.

5.2 Chairman of Board shall be entitled to place issues questions concerning its competence for the Board consideration for discussion and joint decision approval.

## **6 RIGHTS, LIABILITIES AND RESPONSIBILITY OF BOARD MEMBERS**

6.1 Functions, rights and duties of each Board member shall be defined by the Republic of Kazakhstan acts, the Charter, the Code of a corporate governance of the Company, this Statute and also labor contract signed between the Board member and the Company.

6.2 Board members shall be entitled to cooperate with the other agencies only with the consent of the Company Board of Directors.

6.3 Chairman of Board shall not be entitled to hold a position of a head of an executive office or a person individually carrying out functions of an executive office, other legal person.

6.4 Board members shall act as the Company officials, who:

6.4.1 Carry out their duties in good will and use ways which, to the greatest degree, reflect interests of the Company and its shareholders;

6.4.2 should not use the property of the Company or suppose its use in the contradiction with the Charter and the Company Corporate Management Code, resolutions of a sole shareholder (General meeting of shareholders) and the Company Board of Directors, including for personal use, and to abuse during the fulfillment of transactions with the affiliated persons;

6.4.3 Are obliged to provide integrity of book keeping and the financial reporting systems, including independent audit performance;

6.4.4 Supervise disclosure and provision of the information on the Company activity according to the requirements of the legislation of the Republic of Kazakhstan;

6.4.5 Observe confidentiality of the information on the Company activity, including that for 3 (three) years from the moment of cessation of work in the Company, if otherwise not established by internal documents of the Company. Board members are prohibited to use information obtained from the Company and corresponding commercial possibilities for personal use.

6.4.6 Counteract corruption.

6.5 Board members bear the responsibility established by the laws of the Republic of Kazakhstan to the Company and shareholders for the harm resulted from their actions and (or) inaction, and for the losses the Company suffer from, and also for the offence associated with corruption (corruption offences) or offence creating conditions for corruption.

6.6 Board members are prohibited to accept gifts from any person interested in any decision-making process, and also to use any other direct or indirect benefits represented by such persons, except for the symbolical signs of attention according to the standard rules of politeness or souvenirs presented during formal events.

## **7 BOARD SECRETARY**

7.1 Board secretary shall arrange for organizational maintenance of the Company Board activity.

7.2 Board secretary shall be appointed by the Company Board from among the Company employees who do not act as Company Board members, based on the Chairman of Board appointment by majority of votes of the Board members taking part in session.

Should the Board secretary be not available, The Board shall re-assign his duties to another person from among the Company employees.

7.3 Board Secretary shall be entitled to request Board members and Company employees for the documents and information necessary for the Board functioning.

7.4 Board Secretary shall:

7.4.1 arrange for filing and keeping the meetings of the Board and other paperwork of the Board sessions;

7.4.2 Notify Board members and the invited persons on the date, place and time of Board meetings and provide Board materials as appropriately provided by the structural divisions;

7.4.3 Keep minutes of the Board meetings;

7.4.4 Carry out other functions according to the Company internal documents, this Statute and commissions by the Chairman of Board.

7.5 Board Secretary shall bear responsibility for the accuracy of the meetings of Board sessions and extracts thereof.

7.6 Board Secretary shall be obliged not to disclose any commercial and other confidential information about the Company to any third parties.

## **8 CALL FOR AND PERFORMANCE OF BOARD SESSIONS, BOARD RESOLUTION APPROVAL AND ISSUE**

### **8.1 CALL FOR AND PREPARATION OF MATERIALS SUBJECT TO BOARD REVIEW**

8.1.1 Board sessions shall be called for as required, but at least once a month, by the initiative of any Board member.

8.1.2 Board Chairman shall be responsible for the definition of terms, Board session agenda and the way of the Board resolution approval.

8.1.3 Right to submit issues for Board consideration belongs to Board members, the Chairman and the members of the Company Board.

8.1.4 Offer on board meeting convocation (about issues for the Board consideration) goes to the Chairman of Board by directing of the corresponding written message (service record) containing the offered agenda of session (an issue for the Board consideration), attaching all and any necessary materials coordinated in the order as stipulated herein.

8.1.5 Materials on the issues placed for the Board consideration shall be prepared by structural divisions of the Company against the instructions of the Company Board Chairman, and also under own initiative when placing an issue for the Board consideration.

8.1.6 Materials as prepared by the Board for consideration should include the following:

feasibility study on the required consideration of a certain issue and making decision as appropriate;

draft documents coordinated with the concerned structural divisions of the Company;

draft resolution of the Board;

a list of persons invited to participate in the session to consider a certain issue (if needed);

other necessary documents.

Feasibility study on the issues for the Board consideration shall be signed by the head of a service (structural division) of the Company and coordinated with the concerned structural divisions of the Company, if required.

In case if the issue placed for Board consideration covers financial and economic aspects of the Company activity, feasibility study should mandatorily contain financial and economic notation and calculations, and also information disclosing financial and economic effect if making positive decision by the Board on a certain issue.

8.1.7 Documents for review and approval by the Board (draft internal documents, contracts, agreements, etc.) of the Company should be coordinated with the corresponding structural divisions of the Company on the subject of their activity in the order established by Company internal documents.

8.1.8 If an issue placed for consideration by the Board is further to be, according to the legislation of the Republic of Kazakhstan and (or) the Charter, placed for the consideration of the Board of Directors and (or) a Sole shareholder of the Company, materials submitted for the Board consideration should also correspond to the requirements shown to materials for the Company Board of Directors consideration.

8.1.9 Responsibility for good quality preparation of materials for Board session shall be assigned to the head of a structural division, which placed this point in question for the Board consideration.

8.1.10 No later than three (3) working days after receiving a set of documents (materials) signed by the Board Chairman as per subparagraph 8.1.4 of this Statute, Board Secretary shall check the submitted set of documents for its conformity to the requirements of this Statute.

In case set of documents (materials) is appropriate and complete for the Board to make decision, the Board Secretary shall distribute it among Board members and the concerned units of the Company in the order established by the legislation of the Republic of Kazakhstan.

In case set of documents (materials) is not appropriate and complete for the Board to make decision, the Board Secretary shall distribute it to the initiating structural division of the Company for finalizing (representation of the missing materials). Term for finalizing or representation of missing materials should not exceed 2 (two) working days from the date of their transfer by the Board Secretary to the initiating structural division of the Company. If not provided timely by the initiating structural division of the Company, the Board Secretary shall notify the Chairman of Board accordingly.

8.1.11 Reports of Board meetings shall be kept by the Company at its legal address.

8.1.12 Board secretary shall provide for the storage of the original documents for the Board consideration and approval together with the original reports of Board meetings.

## **8.2 BOARD RESOLUTION APPROVAL AND ISSUE**

8.2.1 Decisions of the Board can be made as follows:

Internal voting (internal session);

Correspondence voting (correspondence session);

Mixed voting.

8.2.2 Quorum for internal board meeting should make no less than two thirds of the number of Board members, if otherwise not established by the Republic of Kazakhstan legislation. The board shall be entitled to make decisions by either correspondence or mixed voting provided for the participation in voting as no less than two thirds of the number of the Board members of the Company (quorum for decision-making by correspondence voting), if otherwise not established by the Republic of Kazakhstan legislation.

8.2.3 Decisions of internal board meeting shall be accepted by voting by show of hands by simple majority of votes of the number of present persons (expressed the opinion in written form – at the mixed voting) at internal session of the Board members of the Company. Decisions by correspondence voting shall be accepted by majority of votes of the number of the Board members of the Company participating in voting. In case of voice equality, the voice of the Chairman of Board or the person fulfilling its duties, shall be considered as final.

8.2.4 When making decision each Board member has one vote. The vote transfer by a Board member to any other person, including other Board member, shall not be allowed.

8.2.5 Internal board meeting shall take place at the Company location, as specified in the Charter. If necessary, Board meeting can take place at any other place defined by the Chairman of Board.

8.2.6 Draft agenda of internal Board meeting shall be issued by the Board Secretary and approved by the Board Chairman.

The draft agenda will cover issues for consideration by the Board, presenters, prospective time and the place of the session, the invited persons shall also be specified.

The approved agenda of internal Board meeting with applied materials will be distributed among the Board members as no later than 2 (two) working days prior to the internal Board meeting.

8.2.7 In exceptional cases the Board shall be entitled to consider additional issues at the session as not included in the agenda, provided for the presence and the consent of all Board members and provided for all necessary materials on the concerned issue.

8.2.8 Board meeting shall have the members of the Company Board of Directors, Company management and other persons can also participate.



8.2.9 Resolutions by the Board which have been approved at internal or correspondence session, shall be reported (hereinafter referred to as Report) in written form on the form of the Board by the Board Secretary. The report shall be assigned with both the current reference number (from the beginning of the year) and serial (from the beginning of the Company Board establishment.

8.2.10 The report of internal Board meeting shall be made out by the Board Secretary within 3 (three) working days after session and should contain:

Reference number, session date and place;

Time of the Board session beginning;

Name of the Board members participating in the session and of those absent specifying the reason of absence;

Name of the invited persons;

The questions put on voting, and results of voting by them specifying the results of voting of each member of an executive office on each issues;

Reports on the issues subject to discussion;

Decisions approved by the Board;

Other data.

Date of the Board session shall be considered the date of internal Board meeting report.

8.2.11 Report of the internal Board meeting should be signed by all Board members present (expressed the will in absentia in written form) at the session and by the Board Secretary, upon signing by the head of the structural division responsible for legal issues participating in the session.

8.2.12 Should any Board member not be possible to participate in the internal Board meeting, he can express his will in absentia in writing (written opinion) concerning the decision taken out on voting with the draft as pre-familiarized.

The written opinion should be presented by the Board member to the Company Chairman of Board prior to the internal Board meeting performance.

The written opinion of the Board member should reflect his position concerning the session agenda (pro, contra, abstain). The written opinion of the Board member shall be considered when defining the results of voting by agenda issues.

If a copy of the written opinion of the Board member has not been included into the information (materials) distributed among the Board members during session, the Chairman of Board shall announce written opinion of the Board member, who is absent during Board meeting, prior to the beginning of voting by agenda issues, on which this opinion is presented.

8.2.13 Should the Board member appear, as expressing his opinion in writing before, during the internal Board meeting, his written opinion received before session, shall not be disclosed and not considered when defining the results of voting.

8.2.14 In case of accounting, when defining the results of voting by agenda issues of a session, written opinion of the Board member, who is absent on the Board meeting, the written opinion received from the Board member shall be adjoined in the form of the appendix to the Report (mixed voting).

8.2.15 By the initiative of the Chairman of Board the Board can make decisions by correspondence voting.

8.2.16 Decisions approved by correspondence voting, shall be accepted in the terms established by the Chairman of Board.

8.2.17 Report of correspondence voting of the Board should contain:

Reference number, voting date and place;

Name of the Board member participating in voting and those as absent specifying the reason of absence;

Issues put on voting, and results of voting specifying the results of voting of each member of an executive office on each issue;

Decisions approved by the Board;

Other data.

Date of the Board session shall be considered the date of internal Board meeting report.

8.2.18 Term of consideration and signing the draft report of correspondence voting of Board by each Board member and each interested structural division should not exceed 3 (three) working days from the date of its receipt. In case of promptness of a case in point the draft report of the correspondence voting of Board should be considered and signed by each Board member and the head of the structural division responsible for legal issues, in time, not exceeding 1 (one) working day from the date of its receipt.

8.2.19 The report of correspondence voting of Board should be signed by all Board member participating in voting and the Board Secretary upon signing by the head of structural division of the Company responsible for legal issues.

Should a Board member vote contra decision-making on the corresponding issue or has abstained from acceptance of the corresponding decision, he should express the opinion in written form and transfer to the Board Secretary within the terms established by subparagraph 8.2.18 of this Statute.

The written opinion of the Board member shall be attached to the draft report on the correspondence voting of the Board and considered when defining quorum and results of voting for decision-making.

8.2.20 The materials which have formed the basis for decision approval by the Board, and the documents confirmed during Board meeting.

8.2.21 Within 3 (three) calendar days from the date of Report signing the Board Secretary shall represent extracts from it for execution of the approved decisions.

8.2.22 Extract from the Report should be signed by the Board Chairman and the Secretary of Board. If distributed to the foreign organizations and other bodies, the extract should be signed by the Chairman and the Secretary of Board and certified with the appropriate stamp of the Company.

Pages in the Report containing more than one page shall be numbered, stitched and fastened on the last back page and signed specifying figures and (or) in words the number of the numbered pages, signed by the Chairman of session (or the person to whom the granted right is delegated by the corresponding document) with decoding of the signature, stamp and specifying the date of issue and the corresponding stamp of the Company.

## **9 MONITORING BOARD RESOLUTION ENFORCEMENT.**

9.1 Board resolutions enforcement shall be monitored and controlled for the purpose of maintenance of their qualitative and timely execution in the order established in the Company, according to Business Administration Department Statute. Where necessary, the Board shall be entitled to consider an issue of the Board approved resolutions during its session.

9.2 Board members or the heads of structural divisions of the Company specified in the Board approved resolutions shall bear responsibility as established by the legislation of the Republic of Kazakhstan for timely and qualitative performance of the Board approved decisions and resolutions.

## **10 FINAL PROVISIONS**

All and any provisions as not provided by this Statute shall be subject to the norms and requirements established by the legislation of the Republic of Kazakhstan.