

**APPROVED**  
by the Extraordinary General Shareholders' Meeting  
of JSC CZP  
on August 18, 2006

Minutes of the meeting dated August 18, 2006

**REGULATIONS**  
**on the GENERAL DIRECTOR**  
*of Joint-Stock Company*  
*Chelyabinsk Zinc Plant*

Chelyabinsk, 2006

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The Regulations hereunder govern the status, composition, functions and competence of the General Director of Joint-Stock Company Chelyabinsk Zinc Plant (the "Company"), the procedure for his/her appointment and early termination of his/her authority, as well as the order of work of the General Director and his/her interaction with other management bodies of the Company.

### **1. Status of the General Director**

- 1.1 The General Director shall exercise control over the Company's day-to-day business.
- 1.2 The General Director is accountable to the Board of Directors of the Company and the general shareholders' meeting.
- 1.3 The General Director shall be chairman of the Management Board (collective executive body of the Company) and shall cast the deciding vote in the event that voting on an item is split evenly between members of the Management Board.
- 1.4 The General Director may not simultaneously be chairman of the Company's Board of Directors.
- 1.5 An agreement (contract) shall be concluded with the General Director setting forth his/her rights and obligations, term and level of remuneration for services, and limit of liability. The agreement with the General Director shall be signed by the chairman of the Board of Directors.
- 1.6 The General Director shall undertake his/her duties in accordance with Russian law, the Company Charter, these Regulations, and other Company by-laws in respect of any decisions subject to approval by the general shareholders' meeting and the Board of Directors.

### **2. Rights, Duties and Authority of the General Director**

- 2.1 The General Director shall arrange for the implementation of resolutions passed by the Company's general shareholders' meeting and the Company's Board of Directors.
- 2.2 The General Director shall be authorized to deal with all Company day-to-day activities except those matters which are referred to the exclusive competence of the Company's general shareholders' meeting and the Company's Board of Directors.
- 2.3 The General Director shall represent the Company and act on its behalf without a power of attorney, including:
  - 2.3.1. exercise of the day-to-day running of the Company;
  - 2.3.2. right of first signature on financial documents;
  - 2.3.3. management of the Company's property for the purpose of supporting its current business to the extent specified by the Charter;
  - 2.3.4. representing the Company within the Russian Federation and abroad;
  - 2.3.5. approval of personnel, signing of employment contracts with Company staff, providing incentives and imposing fines;
  - 2.3.6. presenting the point of view of the Company's executive bodies at meetings of

- the Board of Directors;
- 2.3.7. supervision of the Management Board, presiding at its meetings, convening meetings and setting its agendas;
- 2.3.8. tabling items in relation to the appointment of directors of various divisions of the Company and heads of Company departments as well as the termination of their appointment for collective discussion at meetings of the Management Board;
- 2.3.9. recommending candidates to the Management Board for approval by the Board of Directors;
- 2.3.10. entering into transactions on behalf of the Company except for cases provided for by the Federal Law On Joint-Stock Companies and the Company Charter;
- 2.3.11. decisions on filing claims and suits on behalf of the Company against legal entities and individuals;
- 2.3.12. issuing powers of attorney on behalf of the Company;
- 2.3.13. opening Company bank accounts;
- 2.3.14. organizing the Company's financial accounting and reporting;
- 2.3.15. issuing instructions and giving orders binding on all Company employees;
- 2.3.16. approving the list of information potentially classifiable as commercial in confidence;
- 2.3.17. performing other duties and dealing with other issues related to the Company's day-to-day financial and economic activities required to achieve the Company's business objectives and to ensure normal operation in compliance with current legislation and the Company Charter, except for duties vesting in other management bodies of the Company in accordance with the Federal Law on Joint-Stock Companies and the Company Charter.

### **3. Appointment of the General Director and Early Termination of His/Her Authority**

- 3.1 Any individual may be appointed General Director of the Company, whether a Company shareholder or not, if such individual has the legal capacity and is not disqualified under the law from holding such a position.
- 3.2 Candidates for the position of General Director shall be proposed by members of the Board of Directors of the Company by submitting written nominations to the chairman of the Board of Directors of the Company not later than 30 days prior to the meeting at which the matter of electing the General Director is to be considered.
- 3.3 The General Director (sole executive body) shall be appointed by the Board of Directors for a term of three years.
- 3.4 Decisions on the appointment or early termination of the authority of the General Director shall be adopted by a majority of the votes of all members of the Board of Directors.
- 3.5 The contract with the General Director may be terminated early on the basis of a resolution of the Board of Directors for early termination of the authority of the General Director, or by mutual agreement or unilaterally by the General Director.
- 3.6 The General Director may at any time and at his/her own discretion tender his/her resignation in writing to the Board of Directors not later than 1 (one) month prior to the date of the proposed termination of the contract.

Should the Board of Directors receive written notice from the General Director of termination of contract it must promptly elect a new General Director or appoint an acting

General Director of the Company. The authority of the General Director shall not cease before the Board of Directors has taken such decision.

- 3.7 The Board of Directors may terminate the employment contract with the General Director at any time on the following grounds:
- 3.7.1 the General Director is physically unable to perform his/her duties;
  - 3.7.2 the General Director fails to meet the requirements of the Company Charter or comply with the decisions of the general shareholders' meeting or the Board of Directors of the Company;
  - 3.7.3 the General Director commits a first violation of the terms of his/her contract with the Company;
  - 3.7.4 the General Director performs an action (omission) with adverse consequences for the Company;
  - 3.7.5 other grounds provided for under Russian law, including the RF Labor Code and the Company Charter.

#### **4. Liability of the General Director**

- 4.1 The General Director must act in the best interests of the Company and exercise his/her rights and responsibilities in relation to the Company reasonably and in good faith.
- 4.2 The General Director must within 10 days of confirmation of his/her appointment by the Board of Directors of the Company inform the Board of Directors of the Company, the internal audit commission and Company auditor in writing of any transaction in which he/she is an interested party, including details of:
- 4.2.1 Any legal entity in which he/she, either individually or together with his/her affiliates, holds 20 percent or more of the voting shares (equity, participation interest);
  - 4.2.2 Any legal entity, in the management bodies of which he/she holds any position;
  - 4.2.3 Any transactions entered into or contemplated by the Company in which he/she may be an interested party;
- And also advise the above persons of any changes in the details previously notified within 5 (five) days from the date when such changes become known to the General Director.
- 4.3 The General Director must notify the Board of Directors of the Company, the internal audit commission and Company auditor in writing that he/she owns Company securities, or that he/she has disposed of and/or acquired Company securities, within 5 (five) days from the date that such event takes place.
- 4.4 In the event that the General Director is an interested party in a transaction in which the Company is or proposes to be one of the parties, or in any other situation where there is a conflict of interests between the General Director and the Company in respect of an existing or proposed transaction, the General Director must notify the Board of Directors of the Company, the General Director of the Company, the internal audit commission and Company auditor in writing that he/she is an interested party prior to adoption of the decision on entering into such transaction.
- 4.5 In the event that the General Director has an interest, whether direct or indirect, in any other company, he/she must not later than one month from the date of confirmation of his/her appointment by the Board of Directors of the Company notify the Company in

writing by forwarding the respective notification to the Chairman of the Board of Directors of the Company.

During his/her term of office the General Director may not take part in organizations that are in competition with the Company. The General Director may not become involved in any other business, whether or not in his/her own name, without the consent of the Board of Directors.

- 4.6 The General Director may take up positions in the management bodies of other organizations only with the consent of the Board of Directors. The General Director may only enter into an agreement for the provision of services to another organization with the consent of the Board of Directors of the Company.

This proviso does not apply in those cases when the General Director takes up a position in any management body of another organization that is a subsidiary or dependent company of the Company.

- 4.7 The General Director shall be liable to the Company and Company shareholders for any losses incurred by the Company or any shareholder (shareholders) as a result of his/her wrongful action (omission), in the manner and on the grounds set forth in the Federal Law on Joint-Stock Companies.
- 4.8 In determining the grounds and extent of liability of the General Director, normal business practices and other circumstances relevant to the case should be taken into account.
- 4.9 The General Director must provide full and accurate information in a timely manner in response to requests from members of the Board of Directors. The information requested shall be forwarded to the Company Secretary, who shall onforward it to the particular member of the Board of Directors who requested it.

## **5. Procedure for Approving and Amending the Regulations on the General Director**

- 5.1 These Regulations and any amendments and addenda thereto shall be approved by the general shareholders' meeting.

The resolution shall be adopted by a simple majority of shareholders holding voting shares who are present at the general shareholders' meeting.

- 5.2 Any additions and amendments to these Regulations as proposed by the Board of Directors shall be voted into effect by a simple majority of the votes of members thereof who are present at the meeting or have taken part in absentee voting.
- 5.3 In the event that certain sections of these Regulations come into conflict with Russian legislation and/or regulatory acts as a result of changes thereto, such sections shall become inoperative, and until the Regulations are amended the General Director shall be governed by Russian law and regulatory acts.