

Explanatory note
to the draft Provisions concerning the Board of Directors of OJSC LSR Group in the new edition
presented to the Meeting of Shareholders of OJSC LSR Group on 07/04/2015.

The changes to the Provisions concerning the Board of Directors of the Company in effect, approved by the Meeting of Shareholders of 20/06/2014, are basically stipulated by the necessity of bringing the standards of the Provisions in accordance with the changed legislation of the Russian Federation, recommendations of the Code of Corporate Governance and the new Listing Regulations of the CJSC FB MMVB (hereinafter - Listing Regulations).

The following basic changes and specifications are introduced into the Provisions:

1. Name of the Company is cited in accordance with the RF law.
2. Drafting of the Provisions is cited for the unified standard of document turnover of OJSC LSR Group.
3. In accordance with the recommendations of the Code of Corporate Governance, the competence of the Company's Board of Directors was supplemented with the following new powers:
 - 1) approval of the general policy in risk management and internal control of the Company;
 - 2) approval of the Company's information policy;
 - 3) approval of the Company's policy on compensating and/or reimbursing expenses (compensations) of members of the Board of Directors, executive bodies and other key company managers;
 - 4) approval of the Company's policy regarding ownership by members of the Board of Directors of company shares and shares (stakes) of legal entities under Company control;
 - 5) approval of the Company's dividend policy;
 - 6) determination of the development strategy, review of important issues of the activity of legal entities under Company control and assessment of their performance results;
 - 7) adoption of recommendations regarding voluntary or mandatory suggestion submitted to the Company;
 - 8) approval of sales transactions of shares (stakes) of legal entities under Company control which are significant for it, as a result of the execution of which the Company loses control over such legal entities.
4. In accordance with the Listing Regulations and recommendations of the Code of Corporate Governance the Provisions secured the standard that the number of independent directors shall be no less than one-third of the composition of the Board of Directors and may not be less than three.
5. In accordance with the recommendations of the Code of Corporate Governance the Provisions secure the procedure to be applied if a member of the Board of Directors loses status of an independent director.
6. The list of requirements for mandatory submission of information about candidates when candidates are advanced to the Company's Board of Directors was supplemented with the requirement to provide contact information for communication with the candidate.
7. In accordance with the recommendations of the Code of Corporate Governance the Provisions include additional obligations of member of the Board of Directors:
 - notify the Company of ownership of its securities and transactions performed with such securities by the Board of Directors member;
 - not accept gifts from parties interested in decision making, along with profiting by any other direct or indirect advantages provided by such parties (with the exception of symbolic token of consideration in accordance with generally accepted rules of courtesy or a souvenir from official events).
8. In accordance with the approval by the Board of Directors of a separate Provision on the Company's Corporate Secretary the new edition of the Provisions excludes the standards concerning the corporate secretary.
9. Due to the Company's attempt to create comfortable conditions for all members of the Board of Directors for their execution of their obligations, especially with regard for the planned increase in the number of independent Board of Directors members, the new edition of the Provisions excludes a number of issues which should be reviewed at the meetings to be held in the physical meetings.
10. In accordance with the recommendations of the Code of Corporate Governance the Provisions toughen the procedure for decision making on a number of issues belonging to the competence of the Board of Directors: previously established requirement to reach a simple majority of votes needed for decision making, was amended as the requirement to reach the majority of votes of all elected members of the Board of Directors.