APPROVED
Resolution of the Annual General
Meeting of Shareholders of KAMAZ
PTC of 04.06.2021 (Minutes No. 44)

Terms of referenceon the Board of Directors of KAMAZ Publicly Traded Company

1. General

1.1. The Terms of Reference on the Board of Directors of KAMAZ Publicly Traded Company (hereinafter referred to as the Terms of Reference) define the status, the procedure of forming and the remit of competence of the Board of Directors of KAMAZ Publicly Traded Company (hereinafter referred to as the Company), the rights, obligations, the grounds and the scope of responsibility of its members, the procedure of calling and holding the meetings of the Board of Directors of the Company (hereinafter referred to as the Board of Directors), the procedure of approving and executing its resolutions.

1.2. The Terms of Reference have been developed in accordance with the law of the Russian Federation, the Charter of the Company and shall be approved by the Company Shareholders' General Meeting.

1.3. In its activities, the Board of Directors shall be guided by the law of the Russian Federation, the Charter of the Company, the present Terms of Reference and other internal documents of the Company.

1.4. The Board of Directors shall be the governing body of KAMAZ Open Joint Stock Company (hereinafter referred to as the Company) which carries out the overall running of the Company's operations, except for the handling of the matters referred to the competence of the Company Shareholders' General Meeting. The Board of Directors shall be accountable to the Company Shareholders' General Meeting.

1.5. The Company shall be guided by the following principles:

1.5.1. The Board of Directors shall carry out strategic management of the Company, shall define the basic principles and approaches to organizing and putting in place in the Company the risk management and internal control system, shall control the activities of the Company's executive bodies as well as perform other key functions.

1.5.2. The Board of Directors shall be answerable to the shareholders in the Company.

1.5.3. The Board of Directors shall be an effective and professional governing body of the Company, capable of passing unbiased and independent judgments and make decisions consistent with the interests of the Company and its shareholders.

1.5.4. The Chairman of the Board of Directors must be instrumental in the most efficient performance of the functions entrusted to the Board of Directors.

1.5.5. The members of the Board of Directors must act conscientiously and reasonably in the interests of the Company on the basis of sufficient awareness with proper degree of care and circumspection.

1.5.6. The meetings of the Board of Directors, preparation for them and participation in them by the members of the Board of Directors must ensure that the activities of the Board of Directors are effective.

1.5.7. The Board of Directors shall set up committees for preliminary review of the most important issues relating to the activities (business) of the Company.

1.5.8. The Board of Directors must ensure that the quality of the performance of the Board of Directors, its committees and the members of the Board of Directors is assessed.

2. Competence of the Board of Directors

2.1. The competence of the Board of Directors shall encompass dealing with all the matters relating to general management of the Company's operations except for those referred by the existing law of the Russian Federation and the Charter of the Company to the competence of the Company Shareholders' General Meeting.

2.2. Referred to the competence of the Board of Directors shall be the following matters:

2.2.1. Identifying priority activities of the Company's operations.

2.2.2. Calling the Company Shareholders' Annual and Special Meetings except for the cases contemplated by Clause 8 Article 55 of the Federal law "On Joint Stock Companies".

2.2.3. Approving the agenda of the Shareholders' General Meeting.

2.2.4. Fixing the date of determining (firming up) the persons entitled to participate in the Shareholders' General Meeting and other issues referred to the competence of the Company's Board of Directors pursuant to the provisions of Chapter VII of the Federal law "On Joint Stock Companies" and bearing on preparation as well as the holding of the Shareholders' General Meeting.

2.2.5. Increasing the charter capital of the Company by the Company's placing additional shares within the quantity and classes (types) of the authorized shares except for the cases contemplated by Clauses 2.5.3 and 2.5.4 of the Company Charter.

2.2.6. Company's placement of bonds and other issuance securities except for the cases provided by Clauses 2.5.3 and 2.5.4 of the Charter of the Company.

2.2.7. Determining the price (cash valuation) of the property, placement price and the procedure of its determination as well as the buy-out price of issuance securities in the cases provided by the Federal law "On Joint Stock Companies".

2.2.8. Acquisition of the shares, bonds and other issuance securities placed by the Company in the cases provided by the Federal law "On Joint Stock Companies" or other Federal laws.

2.2.9. Appointment of the Company's General Director and early termination of his or her powers; approval of the terms and conditions of his or her employment contract; establishment of the amounts of the remunerations and compensations payable to the Company's General Director.

2.2.10. Appointment of the Members of the Company's Management Board and early termination of their powers; establishment of the amounts of the remunerations and compensations payable to the Members of the Company's Management Board.

2.2.11. Establishing the Committees of the Board of Directors, determining their quantitative composition, appointing the chairman and members of the Committee of the Board of Directors, terminating their powers.

2.2.12. Determining the amount of the fees for the auditors' services and recommendations regarding the amount of remunerations and compensations payable to the members of the Company's Auditing Board.

2.2.13. Recommendations regarding the amount of dividend on the Company's shares and the procedure of paying it.

2.2.14. Utilization of the reserve fund and other funds of the Company.

2.2.15. Approval of the Company's internal documents except for the internal documents whose approval is referred to the competence of the Shareholders' General Meeting as well as other internal documents of the Company whose approval is referred by the Charter of the Company to the competence of the Company's executive bodies, including:

– Rules on the Preparation and the Holding of the Meetings of the Company's Board of Directors;

- Internal documents which define the remit of competence of the Committees of the Board of Directors and their procedure of operation;

– Terms of Reference on the Company's Corporate Secretary;

- Company's Policy on remuneration for the members of the Board of Directors, the Company's Management Board and the Company's General Director;

- Company's internal documents defining the Company's policy in the area of organizing risk management and internal control;

- Company's internal documents defining the Company's policy in the area of organizing and performing internal audit;

– Activity Plan of Internal Audit and Budget of the Company's Structural Division Which Performs Internal Audit;

– Corporate Governance Code of the Company;

– Information Policy of the Company;

– Terms of Reference on Insider Information of the Company;

– Terms of Reference on the Dividend Policy of the Company;

– Company's Compliance Program.

2.2.16. Setting up branches and opening representative offices of the Company.

2.2.17. Consenting to execution or subsequently approving major transactions in the cases foreseen by Chapter X of the Federal law "On Joint Stock Companies" (major transactions).

2.2.18. Consenting to execution or subsequently approving the transactions foreseen by Chapter XI of the Federal law "On Joint Stock Companies" (interested party transactions).

2.2.19. Approving the Company's registrar and the terms and conditions of the agreement with it as well as termination of the agreement with it.

2.2.20. Making a decision to apply for the listing of the Company's shares and (or) the Company's issuance securities convertible into the Company's shares.

2.2.21. Submitting for consideration by the General Meeting of the issues in the cases foreseen by the existing law and Clause 8.25 of the Company Charter.

2.2.22. Approval of the decision to appoint to, dismiss from the position occupied, the Company's Corporate Secretary, determination of the amount of remuneration for the Company's Corporate Secretary, the terms and conditions and procedure of paying it.

2.2.23. Approving appointment and dismissal from the position occupied by the head of the structural division, in charge of organizing and performing internal audit, approving the terms and conditions of his or her employment contract, determining the amount of remuneration for the head of the Company's structural division, in charge of organizing and performing internal audit, terms and conditions and the procedure of payment.

2.2.24. Approving civil and legal transactions including those involving alienation and (or) acquisition of property whose value comprises from 10 to 25 percent of the book value of the Company's assets.

2.2.25. Approving the decisions to issue guarantees and (or) for the Company to assume obligations in the amount accounting for 10-25 percent of the book value of the Company's assets.

2.2.26. Approving the decisions:

– for the Company to participate in the legal entities together with other persons which are automobile industry enterprises and (or) government authorities of foreign countries as well as with the parties affiliated with them (unless approval of decisions regarding such matters are referred by the existing law to the competence of the Shareholders' General Meeting);

– to perform any actions which lead to or may lead to reduction in the Company's participation interest in the legal entities in favor of the automobile industry enterprises and (or) government authorities of foreign countries as well as the persons affiliated with them (including the transactions involving alienation of shares (stakes) in the charter capital of legal entities).

2.2.27. Approving decisions and determining the Company representatives' position (stance) on the governing bodies of the Company's subsidiaries on such issues as:

- subsidiaries' participation in the legal entities together with other persons who are automobile industry enterprises and (or) government bodies of foreign countries as well as the parties affiliated with them;

- performance of any actions which result in or may result in reducing the participation interest of the subsidiaries in the legal entities in favor of the automobile industry enterprises and (or) government bodies of foreign countries as well as the parties affiliated with them (including the transactions involving alienation of shares (stakes) in the charter capital of the legal entities);

- execution of major transactions by subsidiaries.

2.2.28. Approving the transaction or several inter-related transactions to be executed by the Company with the parties who are not part of its "group of parties"(as this concept is defined in the Federal law "On Protection of Competition") on the terms and conditions which differ from the common market ones.

2.2.29. Approving the Business Plan of KAMAZ PTC Group of Organizations.

2.2.30. Review of the following reports:

– on Compliance with the Requirements at KAMAZ PTC of the Law on Insider Information;

– on Organization and Functioning of the Internal Control, Risk Management and Corporate Governance Systems;

– on Implementation of the Company's Compliance Program.

2.2.31. Approval of the report on the interested party transactions concluded by the Company during the reporting year.

2.2.32. Other issues provided by the Federal law "On Joint Stock Companies" and the Charter of the Company.

2.3. The matters assigned to the competence of the Board of Directors cannot be delegated to the Company's executive bodies for them to deal with such matters.

3. Composition of the Board of Directors and the Term of Its Members' Powers

3.1. The members of the Board of Directors shall be elected by the Shareholders' General Meeting for a period lasting until the next Company Shareholders' Annual General Meeting. The number (quantitative composition) of the Board of Directors' members shall be determined by the Charter of the Company.

3.2. The members of the collegiate executive body of the Company, i.e. the Company's Management Board cannot account for more than one quarter of the quantitative composition of the Board of Directors.

3.3. The members of the Board of Directors cannot be simultaneously members of the Company's Auditing Board.

3.4. A member of the Board of Directors can be any physical person whose activities in the capacity of a member of the Board of Directors are not prohibited by the existing law of the Russian Federation.

3.5. The powers of the members of the Board of Directors shall be in operation effective from the time of their election by the Company Shareholders' Annual General Meeting for the period lasting until the next Company Shareholders' Annual General Meeting.

In case the Company Shareholders' Annual General Meeting was not held within the time scale stipulated by Item 1 Article 47 of the Federal law "On Joint Stock Companies" the powers of the Company's Board of Directors shall terminate, except for the powers to prepare, convene and hold the Company Shareholders' Annual General Meeting.

3.6. In case the number of the members of the Company's Board of Directors becomes less than half the number of the elected members of the Board of Directors, the Company's Board of Directors shall be obliged to make a decision to hold the Shareholders' Special General Meeting to elect the new composition of the Company's Board of Directors. The remaining members of the Company's Board of Directors shall be only entitled to make a decision to call the Shareholders' Special General Meeting.

3.7. The Company Shareholders' General Meeting whose agenda included the item concerning election of the Board of Directors cannot be held in the format of absentee voting.

3.8. The powers of the Board of Directors' members can be terminated ahead of schedule by resolution of the Company Shareholders' General Meeting. The resolution of the Company Shareholders' General Meeting to terminate ahead of time the powers can only be taken with respect to all the members of the Board of Directors concurrent with the item concerning election of the new composition of the Board of Directors.

3.9. If the General Director of the Company is a member of the Company's Board of Directors, early termination of his powers as a member of the Company's Board of Directors shall not result in termination of his powers as the General Director of the Company.

3.10. In the case of early termination of the powers of all the members of the Board of Directors, the powers of the newly elected members of the Board of Directors shall be in force until the next Company Shareholders' Annual General Meeting.

3.11. Independent Directors (Independent members of the Board of Directors) can sit on the Board of Directors. A Member of the Board of Directors cannot be an independent Director, if he or she:

- is related with the Company;
- is related with the essential shareholder in the Company;
- is related with the essential contractual party of the Company;
- is related with the competitor of the Company;
- is related with the government (Russian Federation, subject of the Russian Federation) or municipal entity.

Determination of independence of the members of the Board of Directors shall be made in accordance with the Criteria for Determination of Independence of the Members of the Board of Directors (Supervisory Board) envisaged by the Regulations on the Listing of MICEX Stock Exchange OJSC and under the law of the Russian Federation.

4. Election of the Members of the Board of Directors

4.1. Nomination and consideration of the proposals naming candidates for the Board of Directors can be made under the existing law in line with the procedure defined by the Charter of the Company and the Terms of Reference on the Company Shareholders' General Meeting.

4.2. The number of candidates in one proposal cannot exceed the quantitative composition of the Board of Directors determined in the Charter of the Company.

4.3. Candidates for the membership of the Board of Directors must confirm their consent in written form to be elected to the Board of Directors.

4.4. Particulars about the candidates for the Board of Directors as well as the information about availability or lack of their written consent to election to the membership of the Board of Directors, are to be furnished to the shareholders on mandatory basis as part of preparation for and the holding of the Company Shareholders' General Meeting.

4.5. Election of the Board of Directors shall take place using cumulative voting. In the course of cumulative voting, the number of votes held by each shareholder in the Company shall be multiplied by the number of persons who must be elected to the Company's Board of Directors and the shareholder shall be entitled to award the votes thus obtained to one candidate or distribute them among two or more candidate members of the Company's Board of Directors.

Elected to the membership of the Board of Directors shall be considered the candidates who have scored the greatest number of votes.

4.6. The persons elected to the membership of the Board of Directors may be re-elected an infinite number of times.

5. Chairman of the Board of Directors

5.1. The Chairman of the Company's Board of Directors shall be elected by the members of the Company's Board of Directors out of their number by the majority of votes of the total number of the Company Board of Directors' members.

5.2. The Board of Directors shall be entitled, at any time, to re-elect the Chairman of the Board of Directors.

5.3. The person who performs the functions of the Company's single person executive body, i.e. the General Director, cannot be the Chairman of the Board of Directors at the same time.

5.4. When electing the Chairman of the Board of Directors of the previous composition to the new composition of the Board of Directors, he or she shall continue to carry out his or her responsibilities of the Chairman until election of the new Chairman of the Board of Directors. If the Chairman of the Board of Directors of the previous composition is not elected to the new composition of the Board of Directors, the responsibilities of the Chairman of the Board of Directors until his election shall be performed by the most senior, in terms of age, member of the Board of Directors.

5.5. The Chairman of the Board of Directors:

- shall organize the operation of the Board of Directors;
- shall convene the meetings of the Board of Directors or shall organize absentee voting;
- shall chair the meetings of the Board of Directors;
- shall organize the keeping of the minutes of the Board of Directors meetings;
- shall carry out other functions envisaged by the law, the Charter of the Company and the internal documents which regulate the activities of the governing bodies of the Company.

5.6. If the Chairman of the Board of Directors is unavailable, his or her functions relating to the organization of the operation of the Board of Directors, the calling of its meetings and the presiding over them, arrangements for minutes of the meetings to be kept, passage of the decision to conduct absentee vote by the members of the Board of Directors shall be carried out by one of the members of the Board of Directors by resolution of the Board of Directors.

The Chairman of the Board of Directors shall be entitled to task another person to perform his or her functions.

5.7. When there is parity of votes cast by the members of the Board of Directors "in favor of" and "against" the draft resolution being under review at the meeting of the Board of Directors, the version of the resolution for which the Chairman of the Board of Directors has voted shall be considered to have been carried.

6. Supporting the Operation of the Board of Directors, Remunerations and Compensations To the Members of the Board of Directors

6.1. The expenses connected with the operation of the Board of Directors shall be incurred in keeping with the procedure in place at the Company.

6.2. The technical support (logistics) of the operation of the Board of Directors shall be provided by the Corporate Secretary of the Company. The Corporate Secretary of the Company shall provide the conditions necessary for the members of the Board of Directors to perform his or her functions, shall arrange for the premises to be provided for the meetings of the Board of Directors, shall organize transport support, accommodations for non-resident members of the Board of Directors, passes to gain access to restricted areas where meetings are to be held.

6.3. The Corporate Secretary of the Company shall procure that a member of the Board of Directors who is not an employee of the Company, signs the Confidentiality Agreement with the duration of the Agreement to be until the time of election of the new composition of the Board of Directors.

6.4. The Corporate Secretary of the Company ensures that arrangements are made to store and register the minutes of the meetings of the Board of Directors.

6.5. The Company's internal documents which regulate the passes and internal assess regime to gain access to different Company facilities, shall envisage the issue to the members of the Board of Directors company documents granting them the rights of passage (travel) to the restricted facilities or areas in the scope to be determined by the General Director of the Company. The foregoing internal documents shall executed to be issued to the members of the Board of Directors on the basis of their request after two photographs of the approved type have been provided.

6.6. The informational support of the operation of the Board of Directors shall be provided by the Corporate Secretary of the Company which is to include:

- dissemination of the materials in advance of the meeting (absentee vote) of the Board of Directors;
- informing the Chairman of the Board of Directors on whether there exists the quorum for the holding of the meeting of the Board of Directors;
- formulation of the Work Plan of the Board of Directors;
- communicating the resolutions taken by the Board of Directors to the knowledge of the officers of the Company;
- arranging for the minutes of the Board of Directors and the materials in advance of the meetings (absentee votes) of the Board of Directors to be kept on file;
- sending the voting ballots to the members of the Board of Directors in case the Board of Directors approves decisions by way of absentee vote;
- summing up the voting results on the agenda items the resolutions on which are to be taken by way of absentee vote;
- counting votes cast by the members of the Board of Directors;
- keeping and executing the minutes of the meetings (absentee votes) and managing the files of the Board of Directors.

6.7. By resolution of the Company Shareholders' General Meeting the members of the Board of Directors, during the period in which they perform their duties, can be paid remunerations and (or) their expenses connected with the performance of their responsibilities can be compensated for. The amount of such remunerations and compensations shall be established by the resolution of the Company Shareholders' General Meeting.

6.8 To make a preliminary review of the most important issues relating to the activities of the Company, the Board of Directors of the Company may, by its resolution, create, from among the members of the Company's Board of Directors, the employees of the Company and other persons, committees which are to be headed by members of the Company's Board of Directors.

The Board of Directors shall establish the Budget and Audit Committee of the Board of Directors for preliminary review of the matters relating to control of the Company's financial and business operations including those relating to assessment of the Company auditors' independence and the auditors' lack of conflict of interest as well as quality assessment of audit conducted to check the Company's accounts (financial statements).

The committees are to operate on the basis of the terms of reference which are to define their competence (remit of responsibilities) and the procedure of appointing their members approved by the Board of Directors. The committees are to be headed by members of the Company's Board of Directors.

A member of the Board of Directors can be the chairman of one committee of the Board of Directors at a time.

The Chairman of the Board of Directors cannot be the chairman of a committee of the Board of Directors at the same time.

A member of the Board of Directors cannot participate in the proceedings of more than two committees of the Board of Directors.

7. Meetings of the Board of Directors

7.1. Meetings of the Board of Directors shall be held on planned basis. The Work Plan shall be made for a corporate year and shall provide for the matters in accordance with the law, the Charter of the Company as well as the items proposed by the members of the Board of Directors. Scheduled or planned meetings are to be held, as a rule, no rarer than twice a quarter. The Plan of the Board of Directors shall be approved by the resolution of the Board of Directors.

The corporate year shall be the period of time from the date of holding the Company Shareholders' Annual General Meeting until the date of the next Company Shareholders' Annual General Meeting.

7.2. The meeting of the Company's Board of Directors (absentee vote of the members of the Company's Board of Directors) shall be called (held) by the Chairman of the Company's Board of Directors at his or her own initiative, at the request of a member of the Company's Board of Directors, the Company's Auditing Board, the Company's auditor, the Head of the structural division responsible for organizing and performing internal audit or an executive body of the Company.

7.3. A scheduled meeting of the Board of Directors (absentee vote by members of the Board of Directors) shall be called (conducted) by resolution of the Chairman of the Board of Directors which is sent to the Company's General Director for the holding of the scheduled meeting of the Board of Directors to be organized.

7.4. Unscheduled meeting of the Board of Directors (absentee vote by the members of the Board of Directors) shall be called (held) by resolution of the Chairman of the Board of Directors on the basis of a written request. A written request to call an unscheduled meeting of the Board of Directors must contain:

– specification of the initiator of the calling of the unscheduled meeting;

– wordings of the items to be placed before the Board of Directors for review, clearly worded justifications for these items to be raised, draft resolutions on the items;

– form of decision making (holding a meeting or absentee vote);

– back up briefing materials.

The request shall be signed by the initiator of the calling of the unscheduled meeting of the Board of Directors.

7.5. Within 7 calendar days from the date of service of the request to call an unscheduled meeting of the Board of Directors, the Chairman of the Board of Directors must make a decision to call the unscheduled meeting of the Board of Directors which is to be sent to the Company's General Director for the holding of the unscheduled meeting of the Board of Directors to be organized.

7.6. The Chairman of the Board of Directors shall be entitled to deny the holding of the unscheduled meeting or the inclusion of the proposed agenda item into the agenda of the next regular meeting in such cases as follow:

– if the request to hold a meeting or to include an item into the agenda has been served by an unauthorized person;

– if the item raised does not belong to the competence of the Board of Directors;

– if the requirements as per Clause 7.4. of the present Terms of Reference have not been met;

7.7. The right to put items before the Company's Board of Directors for review shall be exercised by the members of the Board of Directors, the Management Board, the General Director, the Auditing Board and the auditors of the Company.

7.8. The date, place and time for holding the meetings of the Board of Directors shall be determined in the resolution of the Chairman of the Board of Directors to hold the meeting.

The list of the items for inclusion into the agenda of the meeting of the Board of Directors and the list of the persons to be invited to the meeting of the Board of Directors shall be drafted by the Corporate Secretary of the Company subject to the Work Plan of the Board of Directors and the proposals made.

The agenda of the meeting shall be approved by the Board of Directors directly at the meeting. The agenda of the meeting of the Board of Directors shall contain a full list of specific items being placed for discussion before the Board of Directors.

7.9. The notice of the calling of the Board of Directors' meeting shall be sent to each member of the Board of Directors in written form (by fax, e-mail, registered mail or courier but in any case with acknowledgement of receipt of the notice by each member of the Board of Directors) no later than 10 calendar days before the appointed date of the meeting.

The notice must contain details about the date, place and time of the meeting and the list of the items proposed for consideration at the meeting. Attached to the notice shall be an explanatory note on the issues proposed for review at the meeting of the Board of Directors as well as the materials necessary for preliminary review by the members of the Board of Directors relevant draft resolutions of the Board of Directors.

English translation of the notice, the explanatory note and all the materials as well as draft resolutions of the Board of Directors shall be sent to all the members of the Board of Directors who do not speak Russia by e-mail with acknowledgement of receipt by each such member of the Board of Directors no later than 7 calendar days before the date of holding the meeting of the Board of Directors.

7.10. Taking part in the meetings of the Board of Directors shall be the members of the Board of Directors, the persons who have initiated the meeting of the Board of Directors as well as other persons invited to the meeting of the Board of Directors on each of the items under consideration.

Invitation to the meeting of the members of mass media as well as video taping or telecasting of the meeting shall be allowed only based on the resolution of the Board of Directors taken unanimously by those members of the Board of Directors who are attending the meeting.

8. Quorum and Procedure of Decision Making

8.1. Quorum of the meeting of the Board of Directors shall be determined by the Chairman of the Board of Directors when he or she opens the meeting.

The meeting of the Board of Directors (absentee vote by the members of the Board of Directors) shall be considered to be competent if more than half the number of elected members of the Board of Directors are participating in it, however for quorum to exist on the items mentioned in Clause 8.5 of the present Terms of Reference, it is required that all the elected members of the Company's Board of Directors, except for those departed, participate or send their written opinion.

If the agenda of the Board of Directors includes the items decision making on which requires different numbers of votes, quorum is to be determined on each agenda item separately. The meeting of the Board of Directors shall be held on those agenda items for which there is quorum available.

8.2. If the quorum is lacking on all the agenda items, the new meeting of the Board of Directors shall be called again with the same agenda and set up for a new date but no earlier than 7 calendar days after the initial meeting. All the members of the Board of Directors shall be notified of such new meeting, at least, 7 calendar days before such a meeting in written form with acknowledgement of notice delivery to each member of the Board of Directors, except for the cases where all the members of the Board of Directors have reached a different understanding. Such a newly convened meeting of the Board of Directors shall be considered to be competent (to have quorum) only provided the requirements set out in Clause 8.1 of the present Terms of Reference are respected.

8.3. When making decisions at the meeting of the Board of Directors, each member of the Board of Directors shall have one vote.

Transfer of the rights to vote by a member of the Board of Directors to another person, including that to another member of the Board of Directors shall not be permissible.

The members of the Board of Directors can participate in the proceedings of the meetings of the Board of Directors by using conference call facilities (audio or video conferencing systems).

The votes of the members of the Board of Directors who are participating in this way in the proceedings of the meeting of the Board of Directors shall be taken into account when the quorum is determined at the meeting and when agenda items of the meetings are voted on.

The written opinions of the members of the Board of Directors, absent from the meeting of the Board of Directors, on the agenda items, shall be taken into account when determining availability of quorum and the voting results on the agenda items of the meeting.

8.4. Resolutions of the Board of Directors shall be passed by the majority of votes of its members attending the meeting or taking part in the absentee vote unless the existing law of the Russian Federation or the Charter of the Company foresee otherwise.

8.5. The resolutions of the Company's Board of Directors shall be carried if voted on unanimously by all the elected members of the Company's Board of Directors except for the departed ones, with respect to the following matters:

8.5.1. On placement for consideration by the Shareholders' General Meeting of the item concerning the reorganization of the Company.

8.5.2. On placement for consideration by the Shareholders' General Meeting of the item concerning increase in the charter capital of the Company by increasing the nominal value of the shares and by placing additional shares in the cases envisaged by Clauses 2.5.3 and 2.5.4 of the Charter of the Company.

8.5.3. On placement for consideration by the Shareholders' General Meeting of the item concerning the breaking-up and consolidation of the shares.

8.5.4. On placement for consideration by the Shareholders' General Meeting of the item concerning adoption of decisions toconsent to execution or to subsequently approve major transactions foreseen by Chapter X of the Federal law "On Joint Stock Companies".

8.5.5. On placement for consideration by the Shareholders' General Meeting of the item concerning acquisition by the Company of the placed shares in the cases foreseen by the Federal law "On Joint Stock Companies".

8.5.6. On placement for consideration by the Shareholders' General Meeting of the item concerning adoption of decisions concerning participation in financial and industrial groups, associations and other amalgamations of commercial organizations.

8.5.7. On placement for consideration by the Shareholders' General Meeting of the item concerning adoption of decisions to place the Company's issuance securities convertible into shares in the cases foreseen by Clause 2.5.3 and 2.5.4 of the Company's Charter.

8.5.8. Identification of the priority activities of the Company's business.

8.5.9. Increasing the charter capital of the Company by the Company's placing additional shares within the quantity and classes (types) of authorized shares, except for the cases foreseen by Clauses 2.5.3 and 2.5.4 of the Charter of the Company.

8.5.10. Consent to execution or subsequent approval of major transactions in the cases foreseen by Chapter X of the Federal law "On Joint Stock Companies" (major transactions).

8.5.11. Approval of the Company's registrar as well as the terms and conditions of the agreement with it as well as termination of the agreement with it.

8.5.12. Approval of the following decisions:

– for the Company to participate in legal entities together with other persons which are automobile industry enterprises and (or) government authorities of foreign countries as well as persons affiliated with them (unless approval of decisions on such items is referred to the competence of the Shareholders' General Meeting by the existing law);

– concerning execution of any actions which lead to or may lead to reduction in the participation interest of the Company in the legal entity in favor of the automobile industry enterprises and (or) government authorities of foreign countries as well as persons affiliated with them (including transaction involving alienation of shares (stakes) in the charter capital of legal entities).

8.5.13. Approving decisions and determining the position of the Company's representatives of the Company subsidiaries' governing bodies on such matters as:

– participation by the subsidiaries in the legal entities together with other persons who are automobile industry enterprises and (or) government bodies of foreign countries, as well as persons affiliated with them;

– performing any actions which result or may result in reducing the participation interest of the subsidiaries in the legal entities in favor of the automobile industry enterprises and (or) government bodies as well as parties affiliated with them (including transactions involving alienation of shares (stakes) in the charter capital of the legal entities);

– executing major transactions by subsidiaries.

8.6. The decision to consent to execution or to subsequently approve an interested party transaction shall be taken by the Board of Directors by the majority of votes cast by independent Directors uninterested in its consummation who are not and who have not been for one year prior to passing the resolution:

– the person carrying out the functions of the Company's General Director, a member of the Company's Management Board;

- the person controlling the Company or entitled to give the Company mandatory or binding instructions.

8.7. When approving the terms and conditions of the employment contract with the Company's General Director, establishing the amounts of remunerations and compensations payable to the General Director and the members of the Company's Management Board, votes of the members of the Company's Board of Directors who are members of the Company's Management Board, in the vote count shall not be considered.

8.8. Departed members of the Board of Directors shall mean the deceased, absent without reasonable explanation and legally incapable who have been recognized to be such in due legally established course.

8.9. The resolutions of the Board of Directors shall be binding on the Company's executive bodies and shall be brought to their knowledge as extracts from the minutes of the Board of Directors' meetings.

9. Form of holding a meeting

9.1. The Company shall ensure that meetings of the Board of Directors can be held both in face-to-face format and absentee format.

9.2. The form of holding the meeting of the Board of Directors shall be decided upon by the Chairman of the Board of Directors.

The matters that require all-round discussion and elaboration of the balanced-out position of the Members of the Board of Directors, shall be dealt with at the meetings held in face-to-face format.

Referred to such matters shall be the following ones:

– approval of priority activities in operations and the financial/business plan of KAMAZ PTC;

– the calling of the Company Shareholders' General Meeting and passage of decisions necessary for it to be convened and held, the calling of or denial of the calling of the Company Shareholders' Special General Meeting;

– preliminary approval of the Company's Annual Report;

– election and re-election of the Chairman of the Company's Board of Directors;

– appointment and early termination of the powers of the Company's General Director and the Members of the Company's Management Board;

– placement before the Company Shareholders' General Meeting of the matters relating to reorganization (including determination of the conversion coefficient for the shares in the Company) or liquidation of the Company;

– approval of the Company's material transactions;

– approval of the Company's registrar as well as the terms and conditions with the registrar as well as termination of the agreement with the registrar;

– placement before the Company Shareholders' General Meeting for consideration the issue of transferring the powers of the sole executive body of the Company to a management company or an administrator;

– consideration of material aspects of the operations of the legal entities under the Company's control;

– the matters relating to the Company's receipt of mandatory or voluntary offer;

– the matters connected with increase in the Company's charter capital (including determination of the price of the property contributed as payment for the additional shares being placed by the Company);

– consideration of the Company's financial activities for the reporting period (quarter, year);

– the matters related to listing, and the matters concerning placement before the Company Shareholders' General Meeting of the matters relating to delisting of the Company's shares;

– approving decisions regarding remunerations for the members of the Company's executive bodies;

– consideration of the Company's risk management policy;

– approval of the Company's dividend policy;

– consideration of the results of assessing candidate members of the Company's Board of Directors, information about conformity of the candidates to independence criteria.

The Company's “Significant transactions” of the Company shall mean the transactions foreseen by clauses 2.2.25 and 2.2.26 of these Terms of Reference.

"Significant aspects of the activities pursued by the legal entities controlled by the Company shall mean the issues foreseen by clauses 2.2.27 and 2.2.28 of these Terms of Reference.

9.3. In case it should be impossible to hold the meeting of the Board of Directors in face-to-face format within the time frame stipulated by the law of the Russian Federation, the Listing Regulations of Moscow Stock Exchange Publicly Traded Company, as well as if it should be required to urgently consider some matters, the decision of the Board of Directors on the matters listed in item 9.2 of the Charter can be taken by absentee vote.

9.4. The decision to hold an absentee vote shall be taken by the Chairman of the Board of Directors at his initiative or on the basis of the relevant request for a meeting of the Board of Directors to be called.

This decision shall specify:

- wordings of the topics and decisions put for consideration by the Board of Directors;
- list of the information (briefing materials) furnished to the members of the Board of Directors;
- date that voting ballots and (or) other information (briefing materials) are due to be provided to the members of the Board of Directors;
- final date for acceptance of the ballots for absentee voting;
- the person who filed the request in the event that the absentee vote is being conducted by request.

10. Minutes of the Board of Directors' Meeting

10.1. At the meeting of the Board of Directors, minutes are to be kept as well as audio taping of the meeting is to be made.

10.2. The minutes of the meeting of the Board of Directors shall be made no later than 3 days after holding the meeting. The minutes are to indicate:

- place and time of holding the meeting;
- persons attending the meeting;
- agenda;
- agenda items put to vote and the voting results on them;
- decisions made.

The minutes of the meeting of the Company's Board of Directors shall be signed by the Presiding person at the meeting who shall be liable for the correctness of the minutes compiled.

10.3. Opinions of the members of the Board of Directors expressed in written form and signed in their own hand as well as the ballots for voting in case absentee voting by the members of the Board of Directors is conducted shall be joined to the minutes.

10.4. The Company shall be obliged to provide the minutes of the meetings of the Board of Directors for perusal at the request of the Company's Auditing Board, the Company's auditors and the Company's shareholders as well as copies of the minutes to the shareholder at his or her request for a charge not exceeding the expenses incurred in producing copies and postal services.

The minutes of the Board of Directors must be provided to the shareholders within 7 days from the day of service of the respective request for perusal on the premises of the Company‘s executive body.

11. Inter-relationship Between the Board of Directors and the Other Governing and Control Bodies of the Company

11.1. The Board of Directors shall be entitled:

- to listen to the reports of the Company’s officers in line with its competence;
- to request that an audit be made of the financial and business operations of the Company by the Auditing Board of the Company;
- to retain for work on the committees of the Board of Directors of the Company employees of the Company and external experts;
- to nominate candidates for election to the membership of the Board of Directors and the Auditing Board of the Company if the shareholders have not nominated their candidates or have nominated an insufficient number of candidates at their discretion;
- to include in the agenda of the Company Shareholders’ General Meeting items at their discretion;
- to perform other actions within their competence.

11.2. The resolutions of the Company Shareholders’ General Meeting taken within its competence shall be binding on the Board of Directors.

The resolutions of the Board of Directors taken within the framework of its competence shall be binding on the Company’s executive governing bodies.

The Company’s executive bodies shall organize implementation of the Board of Directors’ resolutions.

11.3. At the Company Shareholders’ General Meeting it shall be the Chairman of the Board of Directors who represents the point of view of the Board of Directors. A member of the Board of Directors who has a special opinion shall be entitled to expound it at the Company Shareholders’ General Meeting.

At the meetings of the Board of Directors, the point of view of the Company’s executive bodies shall be represented by the General Director of the Company.

11.4. The General Director of the Company shall procure that a status report on performance of the Business Plan of KAMAZ PTC Group of Organizations is presented for the three months, six months, nine months, twelve months at the meetings of the Board of Directors.

11.5. The executive bodies and the heads of the structural divisions of the Company shall be obliged, at the written request of a member of the Board of Directors, to provide the necessary materials and documents or justified denial of their provision within 7 days from the day of receipt of the request. The executive bodies and the heads of the Company’s structural divisions shall be liable for failure to provide the information necessary for the members of the Board of Directors to perform their functions.

12. Rights, Obligations and Liability of the Board of Directors’ Members

12.1. The members of the Board of Directors, in the exercise of their rights and in the performance of their obligations must act in the interests of the Company, must

exercise their rights and perform their responsibilities vis-à-vis the Company in a diligent and reasonable manner.

12.2. A member of the Board of Directors shall have the right:

12.2.1. To request from the executive bodies and the heads of the structural divisions of the Company any information (documents and materials) following the procedure authorized by the Terms of Reference. A member of the Board of Directors who is an employee of the Company shall be entitled to obtain the information which represents a commercial secret on the terms and conditions and within the framework of the employment contract concluded with him or her. A member of the Board of Directors who is not an employee of the Company shall be entitled to obtain the subject information when he or she concludes with the Company the Confidentiality Agreement.

12.2.2. To be recipient of a remuneration for performing his or her duties and or compensation for the expenses connected with the performance of the functions of a member of the Board of Directors in the amount established by the resolution of the Company Shareholders' General Meeting;

12.2.3. To familiarize himself or herself with the minutes of the meeting of the Board of Directors, the Auditing Board of the Company and the Company's collegiate executive body and to obtain copies thereof;

12.2.4. To demand that his or her special opinion be entered into the minutes of the meeting of the Board of Directors on the agenda items and the resolutions taken.

12.3. A member of the Board of Directors shall be obliged:

12.3.1. To be loyal to the Company, that is to refrain from using his or her position in the Company in the interests of other persons.

12.3.2. To act within the range of his or her rights in keeping with the aims and principles of the Board of Directors' activities.

12.3.3. To act reasonably, diligently with proper care in relation to the Company's affairs.

12.3.4. To act in the interests of the Company as a whole rather than separate shareholders, officers and other persons.

12.3.5. To refrain from actions which could lead to or potentially are capable of causing conflict between his or her interests and those of the Company while in the case of such conflict arising, he or she shall be obliged to disclose to the Board of Directors the information about this conflict, and to abstain from voting.

12.3.6. **Not to accept gifts from the parties interested in making decisions, just as use of any other direct or indirect benefits, provided to such persons (except for regular tokens of attention in keeping with universally accepted rules of politeness or souvenirs in the conduct of official functions).**

12.3.7. Not to divulge the confidential information which has come to his or her knowledge about the Company's activities and to comply with other commercial secret regime requirements with respect to the information which is confidential and obtained by him or her in connection with pursuit of his or her activities on the Board of Directors.

12.3.8. To initiate meetings of the Board of Directors to deal with urgent issues.

12.3.9. To attend the meetings of the Board of Directors.

12.3.10. To participate in decision making process of the Board of Directors by voting on the agenda items of its meetings.

12.3.11. To take justified decisions for which purpose to study all the necessary information (materials) and to bring to the knowledge of all the members of the Board of Directors the entire information without exception which has a bearing on the decisions being taken.

12.3.12. When making decisions, to evaluate the risks and unfavorable consequences.

12.3.13. To inform the Company in due time of his or her affiliated persons as well as of the makeup of the group of the persons to whom the member of the Board of Directors belongs.

12.3.14. To notify the Company's Board of Directors in written form of ownership of the Company's securities and (or) those of its subsidiary (dependent) companies, of the intention to execute the transactions involving the securities of the Company and (or) its subsidiary (dependent) companies as well as to disclose the information about the execution by him or her of the transactions involving such securities.

12.3.15. Within two months from the day that he or she got to know or must have gotten to know about the onset of the circumstances due to which he or she may be recognized to be interested in the Company's executing the transaction, he or she is to send the Company a notification:

– of the legal entities with respect to whom he or she, their spouse, parents, children, full and half siblings, adopted parents and adopted children and (or) the organizations under their control are controlling persons or entitled to give mandatory instructions;

– about the legal entities on whose governing bodies he or she, their spouse, parents, children, full and half siblings, adopted parents and adopted children and (or) persons under their control occupy positions;

- about the transactions known to him or her as being executed or anticipated in which he or she can be recognized to be an interested person.

12.3.16. In the case of changes in the particulars given in clause 12.3.14 of the present Terms of Reference, to inform of change in such particulars within 14 days from the day that he or she found out or must have found out about their change.

12.3.17. To participate in the conduct of audits of the projects and programs proposed by the Board of Directors.

12.3.18. To prepare proposals aimed at improving on the financial and business operations of the Company at the instructions of the Board of Directors.

12.3.19. To inform the other members of the Board of Directors of the acts of violation by the Company's employees which have come to his or her knowledge, including officers, of the law of the Russian Federation as well as the Charter, the terms of reference, regulations and instructions of the Company.

12.3.20. To prepare and put before the Board of Directors for review the issues which belong to his or her competence.

12.3.21. To work out his or her opinion with respect to the annual reports, annual accounts including the accounts of profits and losses (statements of profits and losses) of the Company, regarding the procedure of distributing profit, including payment (announcement) of dividends and losses of the Company based on the performance results of the financial year.

12.3.22. To attend the Company Shareholders' General Meeting and to answer the questions put by its participants.

12.4. When it is required that a member of the Board of Directors has refresher training, if a member of the Board of Directors requests professional consultations on the matters related to the competence of the Board of Directors, such an opportunity can be provided to this member of the Board of Directors (based on a written request of the member of the Board of Directors addressed to the Chairman of the Board of Directors). Expenses associated with financing the professional consultations, shall be accounted for as part of the expenditures incurred in supporting the operation of the Board of Directors.

12.5. When there a potential conflict of interest of a member of the Board of Directors arising, including the case of interest existing in the Company's executing a transaction, it shall be incumbent on such member of the Board of Directors to inform the Board of Directors thereof, based on the Company's priority of interests over his or her own interests, as well as abstain from voting on the matters with respect to which he or she has a conflict of interest or refrain from attending the discussion of such a matter at the meeting.

A conflict of interest shall be recognized to be any contradiction between the Company's interests and personal interests of a member of the Board of Directors, by which any direct or indirect personal interests are meant or interests in favor of a third person, including those resulting from his or her business, friendly, family and other bonds and relations, his or her occupation or the persons connected with him or her of positions in another legal entity, his or her ownership of ownership by the persons connected with him or her shares in another legal entity, contradiction between his or her obligations with respect to the Company and those with respect to another person..

12.6. An independent director, apart from the obligations foreseen by items 12.3, 12,4, 12.5 of these Terms of Reference, shall refrain from executing actions as a result of which he or she may cease to be independent. The independent director shall be obliged to inform the Board of Directors immediately of the circumstances arising which are capable of influence his or her independence.

12.7. The members of the Board of Directors shall be liable and responsible to the Company for the losses caused to the Company due to actions (inaction) they are to blame for unless other grounds and amount of liability are not established by the existing law of the Russian Federation.

The members of the Board of Directors shall be responsible to the Company or the shareholders for the losses caused by their actions (inaction) they are to blame for which contravene the procedure of acquiring the shares in the Company envisaged by Chapter XI.I of the Federal law "On Joint Stock Companies".

At the same time, however, no liability shall be borne by those members of the Board of Directors who had voted against the resolution which resulted in causing the Company or the shareholder damages or who had not taken part in the voting.

12.8. When determining the grounds and amount of liability of the members of the Board of Directors, regular business practices and other circumstances which have significance for business are to be taken into consideration.

12.9. In the case where liability is borne by several persons their responsibility to the Company or the shareholder shall be joint and several.

12.10. The Company and the shareholder (shareholders) who own cumulatively no less than 1 percent of the placed ordinary shares in the Company shall be entitled to bring legal action against a member of the Board of Directors seeking reimbursement for losses caused to the Company or the shareholder in the cases envisaged by Item 2 Article 71 of the Federal law "On Joint Stock Companies".

13. Independent directors and senior independent director

13.1. An independent director shall be recognized to be a person who shall satisfy the following criteria:

1) unconnected with the Company;

2) unconnected with the Company's major shareholder;

3) unconnected with major contracting party or competitor of the Company;

4) unconnected with the state or government (Russian Federation, subject of the Russian Federation) or municipal entity.

13.2. The Senior independent director shall be the Chairman of the Budget and Audit Committee of the Board of Directors of KAMAZ PTC.

Senior independent director shall coordinate interaction of independent directors.

13.3. The Senior independent director:

1) shall organize meetings of the independent directors;

2) shall explain to the Board of Directors roles, functions and tasks of independent directors;

3) shall organize settlement of conflicts in the Board of Directors;

4) shall liaise with the shareholders in the Company.

13.4. To exercise his powers, the Senior independent director shall be entitled:

1) to call meetings of independent directors;

2) to request information about the Company's activities using the procedure and on the terms and conditions foreseen by the internal documents of the Company.

13.5. An independent director, in the event that he loses his or her status of an independent director, shall inform the Company's Board of Directors thereof.

Loss of independent director's status shall mean incapability to satisfy the independence criteria established by these Terms of Reference, except for cases where the Board of Directors recognizes a member of the Board of Directors to be independent despite his or her having formal criteria of being affiliated with the Company, major shareholder in the Company, the Company's major contracting party or competitor.

14. Assessment of the Board of Directors' performance.

Assessment of the Board of Directors' performance shall be conducted by engaging an independent external consulting organization (consultant), possessed of necessary qualifications to be able to make such an assessment. Independent assessment shall be carried out no less often than once every three years.

15. Operation of the Terms of Reference. Procedure of Introducing Amendments and Addenda To the Terms of Reference

13.1. Amendments and addenda to the present Terms of Reference may be introduced by the resolution of the Company Shareholders' General Meeting.

The Company Shareholders' General Meeting can terminate the operation of the present Terms of Reference and approve new Terms of Reference on the Company's Board of Directors.

13.2. In case there is a contradiction between the norms of the law of the Russian Federation and the present Terms of Reference the norms of the existing law of the Russian Federation shall prevail.