

**APPROVED**  
**by the General shareholders meeting**  
**JSC "WEIDMANN - MPM"**  
Minutes # 15 of April 15, 2010

**PROVISION ON SUPERVISORY BOARD**  
of Public joint stock company  
**"WEIDMANN MALYN PAPER MILL"**  
(new edition)

**1. GENERAL PROVISIONS**

1.1. Mentioned below terms in this Provision are used in such a meaning:

«Company» – Public joint stock company « **WEIDMANN MALYN PAPER MILL**»;  
«General meeting» – General meeting of the Company;  
«Statute» – Statute of the Company;  
«Supervisory Board» - Supervisory Board of the Company;  
«Audit committee» - Audit committee of the Company;  
«Management Board» – Management Board of the Company;  
«Shareholders» – Shareholders of the Company.

1.2. The Supervisory Board is the company control authority, which represents the interests of shareholders and within the limits of competence, stipulated by this Statute and law, supervises and governs the activity of Management Board of the Company.

Supervisory Board activity is guided by current legislation of Ukraine, Statute, Provisions herewith, other internal documents and decisions, adopted by General meeting.

1.3. None of the Company authorities except General meeting have any right to give directions to the Supervisory Board regarding order of its functions execution and also other issues of its activity.

1.4. Supervisory Board members sign the civil contracts regulating their rights, responsibility, order and results of jural relationships termination. On behalf of the Company these contracts are signed by the Head of General meeting where the issue of Supervisory Board members electing was considered. The typical contract is included in the addition to this Provision, which is its integral part.

Sizes and order of remuneration receiving by Supervisory Board members are defined according to the Statute.

**2. ORDER OF SUPERVISORY BOARD FORMATION**

2.1. Supervisory Board is elected by General meeting by cumulative voting exclusively. The quantity of Supervisory Board includes 7 members. Person may be elected as Supervisory Board member, if he has higher education, owns knowledge, qualification and experience, necessary for fulfillment his official duties and gave preliminary written consent on his nomination for Supervisory Board member. The shareholder can have his representative in the Supervisory Board – physical person; the appropriate note should be included into the Minutes of General meeting while electing the Supervisory Board. Supervisory Board members are elected for 3 years with the right of commission continuation for new term. Supervisory Board is competent for electing its new staff by General meeting.

2.2. Supervisory Board member can not be a member of Management Board or Auditor of the Company at the same time.

2.3. If the number of Supervisory Board members is less than a half of their quantitative number, General meeting are to be conducted for electing of a new Supervisory Board staff within 3 months.

2.4. Supervisory Board can create constant or temporary committee from its members for studying and preparation of issues which belong to Supervisory Board competence.

Decision about committee creation and list of issues transferred to its studying and preparation, are accepted by simple majority of Supervisory Board votes.

### **3. COMPETENCE OF THE SUPERVISORY BOARD**

3.1. The competence of the Supervisory Board of the Company falls within:

- 3.1.1. approval of Provisions regulating issues connected with the Company activity;
- 3.1.2. decision adoption on conducting the annual and extraordinary General meetings upon request of shareholders or upon Management Board offer;
- 3.1.3. approval of General meeting's agenda, decision adoption about the date of its conducting and including of suggestions to the agenda, approval of draft decisions of General shareholders meeting except cases of conducting the extraordinary General meetings by shareholders;
- 3.1.4. decision adoption on placement other securities, except shares by the Company;
- 3.1.5. decision adoption on purchase of other placed securities, except shares;
- 3.1.6. approval of the property market value in cases stipulated by legislation;
- 3.1.7. electing and revocation of the Chairman and members of Management board;
- 3.1.8. approval of terms of contracts (agreements), which are concluded with members of Management board, defining the amount of their remuneration;
- 3.1.9. decision adoption on suspension of the Management Board chairman from his authorities fulfillment and electing of a person who will fulfill authorities of Management board member;
- 3.1.10. electing of registration committee, except cases stipulated by legislation;
- 3.1.11. electing of the Company auditor and defining of the contract terms to be concluded with him, defining the amount of payment for his service.
- 3.1.12. defining the date of the list conclusion of persons who have a right for dividends receiving, order and terms of dividends payment;
- 3.1.13. defining the date of the list conclusion of persons who should be informed about General meeting conducting and have a right to participate in it;
- 3.1.14. solving of decisions about the Company participation in industrial-financial groups and other associations, about founding of another legal persons, agreement of projects and their statutes or constituent documents;
- 3.1.15. solving of decisions stipulated by the law, in case of merging, joining, separation or reorganization of the Company;
- 3.1.16. decision adoption on committing legal acts if the market value of the property or service that is its subject, makes from 10 to 25 percents of the assets value by information of the last annual financial report of the Company;
- 3.1.17. defining of the probability of the Company recognition as bankrupt as a result of acceptance of duties or their fulfillment, including as a result of dividends payment or shares purchase;
- 3.1.18. decision adoption on electing the Company property estimator and approval of the contract terms to be concluded with him, defining the payment for his service;
- 3.1.19. decision adoption on electing (substitution) of depositary of securities and approval of the contract terms to be concluded with him, defining the payment for his service;
- 3.1.20. sending of suggestions to the shareholders about purchase of controlling interest of the Company by a person (persons who acts together);
- 3.1.21. decision adoption on legal acts commitment, considered to be interested in;
- 3.1.22. approval of the strategy plans of the Company and reports about their fulfillment;
- 3.1.23. defining the terms of remuneration of Audit members of the Company, approval of terms of civil and labor contracts to be concluded with them, defining the size of their remuneration, choosing of a person who is authorized for signing of civil contracts with Audit members;

- 3.1.24. defining the terms of remuneration of the heads of affiliates, representative offices, and other separate divisions;
  - 3.1.25. decision adoption concerning use of Reserve fund of the Company;
  - 3.1.26. granting a preliminary agreement to Management Board for alienation and mortgage of real assets of the Company;
  - 3.1.27. preliminary consideration of annual financial reporting, balance, and Auditors report of the Company;
  - 3.1.28. approval of reports of Management Board of the Company;
  - 3.1.29. analysis of Management Board activity concerning governing of the Company, implementation of investment, technical and price policy;
  - 3.1.30. organization of extraordinary revisions and audits of business activity of the Company;
  - 3.1.31. hearing of Management Board report concerning Company's activity;
  - 3.1.32. considering conclusions, reports on audits and internal inspections, which are conducted by Auditor of the Company;
  - 3.1.33. decision adoption concerning bringing to property responsibility of Company's officials;
  - 3.1.34. approval of candidates of chief accountant and heads of centers/departments of the Company;
  - 3.1.35. considering of any issues, related to the interests protection of shareholders;
  - 3.1.36. defining of organizational structure of the Company.
- 3.2. The Supervisory Board may also conduct other actions concerning interests protection of shareholders and supervision of Management Board activity.
- 3.3. Issues, which belong to Supervisory Board competence, may be delegated for adoption to Management board by Supervisory Board decision with the exception of issues which fall within exclusive competence of the Supervisory Board.
- Exclusive competence of the Supervisory Board includes commissions, stipulated by the clauses 3.1.1-3.1.35 of this Provision. Exclusive competence of the Supervisory Board includes also other issues stipulated by the effective legislation of Ukraine.
- 3.4. Decisions of the Supervisory Board, adopted within its competence, are mandatory for execution by Company's officials.

#### **4. ORGANIZATION OF SUPERVISORY BOARD PERFORMANCE**

- 4.1. Supervisory Board meeting is to be conducted when required but not rarer than once in a quarter.
- 4.2. The Chairman of the Supervisory Board, its Deputy Head and secretary are to be adopted by simple majority of votes during first Supervisory Board meeting from the quantitative structure of its members.
- 4.3. Chairman of the Supervisory Board:
  - organizes Supervisory Board activity;
  - convokes Supervisory Board meeting;
  - acts as its Chairman;
  - represents Supervisory Board in relations with authorities and other establishments;
  - acts other functions necessary for the Supervisory Board strategy within his competence.
- 4.4. Deputy Head of Supervisory Board helps its Chairman, and during his absence – executes Chairman's duties.
- 4.5. A secretary of Supervisory Board maintains procedures, arranges taking minutes of meetings and other documents of Supervisory Board.
- 4.6. Supervisory Board members should be informed in a written form about the next meeting not later than in 7 days before the meeting date. The information should include the date, time and place of the meeting conducting and also its agenda.
- 4.7. Not later than in 3 days before the meeting date any of Supervisory Board members can propose changes and additions to the agenda.
- 4.8. Extraordinary Supervisory Board meetings are conducted by the Chairman of Supervisory Board ( during his absence – by his Deputy Head), and also upon written request of Supervisory Board member, Chairman or member of Management Board, Audit

committee of the Company. Request about convocation of extraordinary Supervisory Board meeting should include instructions on issues which require Supervisory Board discussion.

4.9. Extraordinary Supervisory Board meeting should be conducted not later than 7 days after receiving request by Supervisory Board from people specified in item 4.8 of this Provision.

The notification order about extraordinary meeting is the same as about regular.

4.10. Supervisory Board member can take part in the meeting personally or through his representative with the appropriately concluded warrant. Supervisory Board member can not transfer his authorities at the meeting to another Supervisory Board member concluded by the warrant. One Supervisory Board member can not have more than one warrant from other members.

Supervisory Board member, who is the representative of shareholder – legal - juridical person, can not transfer his authorities to another person.

4.11. Supervisory Board is empowered to accept decisions, if less than half of its staff takes part in it.

4.12. Each Supervisory Board member has one vote during voting.

4.13. All issues decisions are accepted by simple majority of Supervisory Board members' votes who take part in the meeting and have a voting right, excluding issues consideration regarding holding responsible of the Company officials, hen decisions are accepted by majority of 2/3 of votes of Supervisory Board members who take part in the meeting and have a voting right. In case of equal distribution if votes, the vote of the Supervisory Board Chairman (in case of his absence - Vice Chairman) is decisive.

In exclusive cases upon initiative of the Supervisory Board Chairman and upon consent of all members the decision can be accepted by absent vote (questioning) or with the use of telecommunication.

4.14. Supervisory Board secretary keeps Minutes of Supervisory Board meetings.

4.15. Minutes of Supervisory Board meeting executes not later than within five days after the meeting conducting.

Minutes of Supervisory Board include: place, date and time of conducting; participants; meeting agenda; issues to be voted for and results of voting with the surname specifying of Supervisory Board members who voted "for", "against" (or abstained from voting ) from each issue; content of accepted decisions.

4.16. Supervisory Board Minutes is signed by the Chairman and Supervisory Board secretary.

4.17. Supervisory Board members who do not agree Supervisory Board decision can express a separate opinion, which is noted in Minutes and informed at the meeting together with the Supervisory Board decision.

4.18. Supervisory Board meeting or consideration of a separate issue upon its decision can be fixed by technical means.

4.19. Supervisory Board meeting Minutes or attested abstract from them must at any time be given for any Supervisory Board member, Management Board, General meeting or shareholders in order to get familiar with them. The copies of Minutes are to be send to Supervisory Board members.

4.20. Expenses connected with the Supervisory Board work (including providing of Supervisory Board members with premise for work, lodging, transport) are compensated by the Company.

## **5. RESPONSIBILITY AND RIGHTS OF SUPERVISORY BOARD MEMBERS**

5.1. Supervisory Board members are personally responsible for General meeting decisions fulfillment if they are not in contrary to the current legislation of Ukraine and Statute.

5.2. In case of non fulfillment or not proper fulfillment of their duties Supervisory Board members bear disciplinary liability, administrative and other types of liabilities according to the current legislation of Ukraine.

5.3. Supervisory Board members bear property liability for damages caused to the Company by violating commitments imposed on them according to the current legislation.

5.4. With the purpose of issues preparation for the meeting, Supervisory Board member is entitled to apply to the Company officials with the appropriate request for rendering of

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necessary information. Chairman of the Management Board is responsible for providing of objective and complete answers for such requests.

## **6. PRE-TERM TERMINATION OF THE SUPERVISORY BOARD AUTHORITIES**

6.1. In case of non-fulfillment or improper fulfillment of Supervisory Board duties set by the Statute, this Provision and effective legislation of Ukraine the General meeting can accept decision on pre-term authorities termination (recall from position) of the Supervisory Board members and simultaneous election of new members.

6.2. The authorities of Supervisory Board member with the simultaneous termination of the contract, concluded with him are terminated without General meeting decision:

- at his own will on condition of writing report about it for the Company in two weeks;
- in case of impossibility of Supervisory Board duties execution because of state of health;
- in case of coming into effect of the court verdict or decision convicted the Supervisory Board member to punishment which excludes his duties fulfillment;
- in case of death of Supervisory Board member, incapability of duties fulfillment, partially capable, disappeared, died.

## **7. FINAL PROVISIONS**

7.1. This Provision comes into effect since the date of its approval by the General meeting.

7.2. Changes and addendums to this Provision are included by General meeting decision.

**Head of the meeting**

**A.Kostiuchenko**