**EXPLANATORY MEMORANDUM 1**

**on item 2:**

**"Recommendations of the Board of Directors of TransContainer, JSC on the agenda of the Annual General Meeting of Shareholders "On Approval of the Articles of Association of TransContainer, PJSC in a new edition"**

The current Articles of Association of TransContainer, JSC in a new edition was approved by the Annual General Meeting of Shareholders of the Company (Minutes dated June 26, 2009 No. 10). In the period from 2009 to 2014, to the Articles of Association there were introduced amendments and additions, adopted by:

* The Extraordinary General Meeting of Shareholders (Minutes dated September 25, 2009 No. 11);
* The Annual General Meeting of Shareholders (Minutes dated June 25, 2010 No. 13);
* The Extraordinary General Meeting of Shareholders (Minutes dated December 22, 2010 No. 16);
* The Annual General Meeting of Shareholders (Minutes dated June 29, 2011 No. 18);
* The Annual General Meeting of Shareholders (Minutes dated June 26, 2012 No. 20);
* The Annual General Meeting of Shareholders (Minutes dated June 28, 2013 No. 23);
* The Annual General Meeting of Shareholders (Minutes dated June 25, 2014 No. 25);

The Articles of Association of the Company complies with the requirements, stipulated by the legislation of the Russian Federation, and corresponds with established corporate practice.

However, there appeared a need to introduce amendments and additions, concerning the establishment of a collegial executive body of the Company (the Board) and in connection with it - the adjustment of competence of the Company's management bodies (the Board of Directors and the Director General of the Company), as well as bringing the Articles of Association of the Company in accordance with the Listing Rules of Moscow Exchange, OJSC.

In addition, the Company's Articles of Association should be amended in accordance with the Federal Law dated May 5, 2014 No.99-FZ "On Introduction of Amendments to Chapter 4, Part 1 of the Civil Code of the Russian Federation and on Annulment of Certain Provisions of Legislative Acts of the Russian Federation" (hereinafter referred to as FL No.99). FL No.99 comes into force from September 1, 2014 and provides for bringing the constituent documents and the names of legal entities to the conformity with the provisions of Chapter 4 of the Civil Code of the Russian Federation at the first amendments of constituent documents.

Major amendments and additions, which are proposed to be introduced into the Articles of Association of the Company:

* Amendments in accordance with FL No.99:

Changing the name of the Company (from Open Joint Stock Company to Public Joint Stock Company);

Indication of the Company's location: Moscow city;

Exclusion of information about the location of branches out of the Articles of Association (in future, the Company will be able to avoid the introduction of changes to the Articles of Association in connection with the change of the name or location of branches);

Clarifying the rights of shareholders.

* Addition of functions of the Internal Audit Service by assessing corporate governance in the Company.
* Creation of the Board of the Company:

the quantitative composition of the Board shall be determined by the decision of the Board of Directors, but cannot be of more than 11 (eleven) members;

the relations with the members of the Board are to be governed by the provisions set out in Chapter 43 of the Labour Code of the Russian Federation "Special features of regulation of the labour of the head of the organization and members of a collegial executive body of the organization";

* The attribution of the following issues to the competence of the Company's Board of Directors:

determination of the quantitative composition of the Board of the Company, formation of the Board, determination of the authorisation period for the Board's members and early termination of their powers;

definition of conditions of employment contracts with members of the Company’s executive bodies;

approval of the Report on the Company's Activities Results (on implementation of the budget and contracts, on personnel policy and credit policy, on social programs, on insurance protection, bank guarantees ;

consideration of forecasts for the Company's activities;

adopting resolutions with respect to granting and obtaining by the Company of guarantees, suretyships and pledges if the amount of the transaction exceeds 1% of the book value of the Company’s assets determined at the date of adoption of the resolution to consummate the transaction;

adopting resolutions with respect to entry by the Company into facility and loan agreements unless otherwise is prescribed by internal documents approved by the Board of Directors;

coordination of combining by the Company’s General Director and members of the Board of positions in the management bodies of other organizations, as well as other paid positions in other organizations;

coordination of applying sanctions to members of the Board in accordance with the labor laws of the Russian Federation and granting incentives to them in the events prescribed by internal documents approved by the Board of Directors

* The attribution of the following issues to the competence of the Company's Board:
1. preliminary approval of the Company's priority activities, including the draft Development Strategy of the Company, consideration of reports on the implementation of the Development Strategy of the Company, preparation of offers for introduction of amendments (corrections) to the Development Strategy of the Company;
2. preliminary approval of the Company's investment projects, projects of other perspective plans and the main programmes of the Company's activities, introduction of amendments (corrections) to them, as well as approval of reports on their implementation;

 preliminary approval of the draft budget of the Company for the relevant period, preparation of offers for the Board of Directors on introduction of amendments (corrections) to the budget of the Company, consideration of reports on implementation of the budget and forecasts of the Company's activities results;

 preliminary approval of issue of the Company's participation in other organizations, change of the Company's participation share and termination of the Company's participation in other organizations;

 preliminary approval of the agenda issues, which are not within the competence of the Board of Directors, for management bodies, performing overall management of activities of the Company's subsidiaries and associated companies, which are members of the list of subsidiaries and affiliated companies of the Company, approved by the Board (determination of main activities of subsidiaries and affiliated companies, including the approval of budgets, business-plans, strategies, investment programmes and introduction of amendments to them, approval of reports on implementation of budgets, business-plans, strategies, investment and other programmes, changing the size of the authorized capital of subsidiaries and affiliated companies, recommendations on the amount of dividends and procedures of their payment);

 approval of the Company's internal documentation relating to the current business of the Company, except for internal documents, approval of which under the Company's Articles of Association is within the competence of other management bodies;

 preliminary consideration of transactions, which are within the competence of the Board of Directors and the General Meeting of Shareholders, exceeding 5 percent of the carrying value of the Company's assets, determined on the date of the decision making on the transaction conclusion;

 making decisions on conclusion of a transaction or series of related transactions, involving property, works and services, the value of which ranges from 2 to 5 percent of the carrying value of the Company's assets, defined for the date, when the decision on the conclusion of the transaction is made save for transactions the approval of which falls within the competence of the Company’s General Meeting and the Board of Directors;

making decisions regarding obtaining and issuance by the Company of guarantees, suretyships, pledges if the value of the transaction is less or equal to 1% of the book value of the Company’s assets defined as at the date when the decision to consummate such transaction is made;

; forming commissions and committees of the Board, approval of provisions on the committees and commissions of the Board;

 approval of a working plan for the Board for the relevant period;

 election of the secretary of the Board;

 approval of terms and conditions of collective agreements and agreements on the part of the Company;

 election of the competition committee of the Company;

 approval of organizational and staff structure of the Company and its amendments, system of remuneration and motivation of the Company's employees, except for the issues, referred to the competence of the Board of Directors under the Company's Articles of Association and the Federal Law "On Joint Stock Companies", perspective staff planning and preliminary approval of priorities in work with the personnel of the Company;

 consideration of reports of the heads of branch offices and other structural subdivisions, as well as making suggestions for optimization of their activities;

 solving other issues, concerning current activities of the Company, introduced to its agenda by the Chairman of the Board.

All amendments to the Articles of Association are proposed to be introduced by the adoption of a new edition of the Articles of Association, eliminating the multiplicity of amendments and additions, forming a single document, greatly simplifying the work of the Company's Articles of Association.

According to clause 1, Article 12 of the Federal Law "On Joint Stock Companies" and sub-clause 1, clause 10.2, section 10 of the Company's Articles of Association, introduction of amendments and additions to the Articles of Association or approval of the Company's Articles of Association in a new edition, is performed by decision of the General Meeting of Shareholders.

In connection with the above-mentioned we suggest to recommend to the Extraordinary General Meeting of Shareholders to approve the Articles of Association of TransContainer, PJSC in a new edition.

The Director General P.V. Baskakov