

**Approved by
the Resolution of the Board of Directors
of OJSC Uralkali
Minutes No. 155 of 19 December 2005**

**Code of Corporate Governance
of Open Joint Stock Company Uralkali**

Berezniki, Perm Region

2005

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Section 1. General Provisions

- 1.1. This Code of Corporate Governance of the Open Joint Stock Company Uralkali (hereinafter “the Code”) has been developed on the basis of the recommendations as adopted by the Federal Commission for Security Market and enforced by the Directive No. 421/r of 4 April 2002, in compliance with the law of the Russian Federation, upon consideration of the formed practices of corporate conduct, and of the specific needs and the conditions of business of the Open Joint Stock Company Uralkali (hereinafter “the Company”).
- 1.2. The Company is one of the largest global manufacturers of mineral fertilizers. The shareholders of the Company are constituted of several thousand individuals and legal entities. The Company, recognizing the responsibility to the Company’s shareholders and employees and acknowledging the importance of a high level of corporate governance for a successful performance of the business and for achievement of a mutual understanding among all the persons interested in the Company’s activities, commits to comply in its activities with the principles set forth in this Code, and to make all the reasonable efforts for observance thereof by the Company, its officers and employees in its day-to-day activities.
- 1.3. The Code is intended for affording to the shareholders of the real opportunity to exercise their rights connected with the shareholding in the Company, and for ensuring the effective protection of the rights and interests of the shareholders, the transparency of decision-making, the professional and ethical responsibility of the members of the Board of Directors, other bodies of management of the Company and the shareholders, for a more information openness of the Company, as well as for ensurance of the effective control of the financial and economic operations of the Company.

Section 2. Principles of Corporate Governance

- 2.1. The Company undertakes to develop the corporate governance in compliance with the principles that ensure:
 - (1) a real opportunity of the shareholders to exercise and protect their rights connected with the shareholding in the Company;
 - (2) a performance by the Board of Directors of the strategic management of the Company’s operations and of the effective control on its part of the activities of the executive bodies of the Company, as well as the accountability of the Board of Directors to the General Meeting of Shareholders;
 - (3) the necessity of the Company’s executive bodies to prudently and in good faith carry on the governance of the day-to-day activities of the Company, their accountability to the Board of Directors of the Company and the General Meeting of Shareholders;
 - (4) a timely disclosure of the information concerning the Company, including its financial standing, economic indicators, the structure of ownership and management;
 - (5) an effective control of the financial and economic operations of the Company;
 - (6) the rights of the Company’s employees stipulated by the law of the Russian Federation, a development of the partnership relations between the Company

and the employees in resolving the social issues and regulation of the labor conditions;

- (7) an active cooperation of the Company with the investors, creditors and other interested persons for the purpose of the increase of the assets and the value of the shares of the Company.

Section 3. Rights of the Shareholders

- 3.1. The Board of Directors of the Company, and the Company's Management Board, General Director and employees shall ensure that the rights and legitimate interests of the shareholders are observed.
- 3.2. The shareholders shall not misuse the rights granted to them. No acts of the shareholders shall be allowed, which may be undertaken exclusively with the purpose of injuring the other shareholders or the Company, as well as other misuses of the shareholder rights.
- 3.3. The Company recognized the inalienable right of the shareholders to participate in the management of the Company. The shareholders are entitled to participate in the management of the Company, in the first instance by adoption at the General Meeting of Shareholders of the resolutions on the issues of the most importance concerning the operations of the Company. To exercise this right, the Company shall adopt internal documents that in compliance with the law of the Russian Federation ensure the exercise by the shareholders of the shareholders' right to demand a calling of the general meeting and make proposals to the meeting's agenda, the opportunity to duly prepare themselves for participation in the General Meeting of Shareholders, as well as the opportunity of the realization by each shareholder of the voting right.
- 3.4. The Company shall determine the procedure of holding of the General Meeting of Shareholders, which shall ensure a fair treatment of all the shareholders.
- 3.5. The Company shall afford to the shareholders attending the general meeting to be familiarized with the information required for adoption of the grounded and deliberated resolutions on the items of the general meeting's agenda. The scope of the information and materials to be provided to the shareholders is determined by the Articles of Association and the internal documents of the Company.
- 3.6. At the General Meeting of Shareholders, the shareholders are afforded with the opportunity of discussing the matters of the Company's businesses, as stipulated by the agenda.
- 3.7. At the General Meeting of Shareholders, the shareholders shall hear the report of the executive bodies of the Company on the results of the financial and economic operations of the Company for a year that ended, and shall participate in the discussion thereof and in adoption of the required resolutions.
- 3.8. The shareholders shall be entitled to freely dispose their shares in compliance with the provisions of the law of the Russian Federation.
- 3.9. The rights of the shareholders for the shares held by them shall be protected. The Company shall assure the reliability of registration of the ownership rights to the shares, as well as the opportunity to freely and promptly alienate the shares held by the shareholders.

- 3.10. In choosing the registrar by the Company, in the first instance the reliability and the efficiency of its work shall be taken into consideration.
- 3.11. The shareholders shall be entitled to receive dividends. The dividend policy shall be determined by an internal document of the Company approved by the Board of Directors.

Section 4. General Meeting of Shareholders

- 4.1. The procedure of holding of the General Meeting of Shareholders of the Company is established by the Articles of Association and the Regulations “On the General Meeting of Shareholders of the Open Joint Stock Company Uralkali”. In compliance with the Articles of Association of the Company, these Regulations are approved by the supreme management body in the Company – by the General Meeting of Shareholders of OJSC Uralkali.
- 4.2. The procedure of holding of the General Meeting of Shareholders is organized so that the shareholders’ participation in them shall not incur for them any excessive material and time expenses; and it assures an equal treatment of all the shareholders. The Company undertakes to observe the procedure of holding of the general meeting, as established by the Regulations “On the General Meeting of Shareholders of the Open Joint Stock Company Uralkali”, as well as to comply with the provisions set forth below.
- 4.3. In the notice of holding of the intramural general meeting, the Company undertakes to specify the time of commencement of the meeting’s participants registration, and the place of holding of the registration. Should the voting be conducted in the in absentia form, the Company undertakes to specify in the notice the date, prior to which all the voting ballots should have been received.
- 4.4. In determining in the Articles of Association of the printed medium, wherein the notice of holding of the general meeting shall be published, the Company shall be governed by the availability of the printed medium to a majority of the shareholders. The Articles of Association of the Company stipulates that the notice of holding of the general meeting shall be published in not less than two printed media.
- 4.5. In order to afford to the shareholders the opportunity of being familiarized with the list of the persons entitled to participate in the General Meeting of Shareholders, the Company, on the grounds of the written requests of the shareholders holding in aggregate not less than one percent of the votes, shall afford to such shareholders the opportunity of being familiarized with such a list during the period from the date of publication of the notice of holding of the general meeting and until the closing of the intramural general meeting, and in the case of holding of the in absentia voting – until the last date of the acceptance of the voting ballots.
- 4.6. Upon a call of any interested person, the Company shall within three days from the time of delivery of the written call of providing an extract from the list of the persons entitled to participate in the General Meeting of Shareholders deliver to the person an extract from the list of the persons entitled to participate in the general meeting containing the details concerning such a person, or a certificate that such a person has not been included into the list.
- 4.7. The Company shall afford to the shareholders the opportunity of being familiarized with such a list, likewise as to receive extracts therefrom, at the places specified in the

notice of holding of the general meeting, where the materials and documents for the general meeting are made available directly.

- 4.8. For familiarization by the shareholders with the information made available during the preparation to holding of the General Meeting of Shareholders, the Company shall make available such information in the scope and during the time allowing for making grounded decisions on the agenda items.
- 4.9. In determining the agenda of the General Meeting of Shareholders, the Company shall distinctly determine the items of the agenda of the General Meeting of Shareholders in order to exclude any possibility of their varying interpretation. The Company undertakes not to specify the agenda items as “other”, “miscellaneous” and otherwise not allowing conceiving, which issue is to be examined.
- 4.10. In determining the place, the date and the time of holding of the General Meeting of Shareholders, the Company shall be governed by the necessity of affording to the shareholders a real and not burdensome opportunity of participation therein; in connection therewith the Company shall hold the meetings in the locality at the place of location of the Company.
- 4.11. For the shareholders’ convenience, the Company shall place on its Internet website the Regulations of the General Meeting of Shareholders, with attachment of the forms of the call of holding of the General Meeting of Shareholders, of the proposal of inclusion of any issues into the agenda of the General Meeting of Shareholders, of the proposal of nomination of a candidate to the Company’s auditors, of the call of delivery of an extract from the list of the persons entitled to participate in the General Meeting of Shareholders, of the call of making available for familiarization therewith of the list of the persons entitled to participate in the General Meeting of Shareholders, as well as the form (formsheet) of the power of attorney for participation in the General Meeting of Shareholders with the description of the procedure of filling in thereof, while the shareholders shall not be obliged to use those forms.
- 4.12. The Board of Directors of the Company shall recommend the procedure of holding of the General Meeting of Shareholders, for the further approval thereof by the General Meeting of Shareholders. The procedure of holding of the General Meeting of Shareholders, as recommended by the Board of Directors, shall provide for a reasonably equal opportunity of all the persons attending the meeting to express their opinions and ask the questions of interest for them.
- 4.13. The Company shall invite for participation in the general meeting the General Director the members of the Management Board, the members of the Board of Directors, the members of the Internal Audit Commission and the representatives of the Company’s auditor. Since not all the members of the management bodies and other persons may be capable to attend the meeting because of various objective reasons, at the commencement of the meeting the chairman, when possible, shall inform the persons attending it about the presence or absence of each of the persons.
- 4.14. The Company shall conduct the registration of the shareholders for participation in the general meeting in the same premise, where the general meeting will be held, or in the close proximity thereto, and on the same day as scheduled for holding the meeting.
- 4.15. No commencement of the proceedings of the General Meeting of Shareholders shall stop the registration of the participants. The shareholders arriving after the general meeting has commenced shall be entitled to participate in adoption of the resolutions on the issues put to vote after they have been registered.

- 4.16. Should the General Meeting of Shareholders be held in the form of a mutual attendance of shareholders, the Company undertakes to summarize and announce the voting results before the general meeting closes.

Section 5. Board of Directors

- 5.1. The primary functions and objectives of the Board of Directors are as follows:
- (1) determination of the strategy of development of the Company;
 - (2) increase of the market capitalization of the Company;
 - (3) control of the financial and economic operations of the Company, including the control over the activities of the executive bodies of the Company;
 - (4) realization and protection of the shareholders' rights;
 - (5) ensuring the disclosure of the information on the Company to the shareholders and other interested persons.
- 5.2. The members of the Board of Directors shall in good faith and prudently perform the duties imposed on them in the best interest of the Company and the shareholders. The terms of reference of the Board of Directors have been distinctly determined in the Articles of Association of the Company and in the internal documents of the Company in compliance with its objectives.
- 5.3. The composition of the Board of Directors of the Company shall ensure the most effective performance of the functions imposed on it. The numerical composition of the Board of Directors of the Company has been determined in the Articles of Association of the Company basing on the requirement of ensuring its effective work through facilitation of a fruitful and constructive discussion, adoption of deliberated resolutions and organization of the effective activities of the Board of Directors' Committees.
- 5.4. To provide for the balance between the control over the activities of the Company's Management Board and the participation in the management, the composition of the Board of Directors may include the members of the Management Board. The Management Board's members may not constitute more than one-fourth of the composition of the Company's Board of Directors.
- 5.5. To ensure the objectiveness of the adopted resolutions, and to maintain the balance between the interest of different members of the Board of Directors and shareholders, and to enhance the shareholders' confidence in the Company, the composition of the Board of Directors shall include independent directors.
- 5.6. As an independent director of the Company, there shall be recognized the Board of Directors' member, who:
- (1) was not, during one year before the election to the office of the Board of Directors' member, the person performing the functions of the individual executive body of the Company, including its manager, a member of its collective executive body, or the person holding offices in the management bodies of the management company;
 - (2) is not a member of the management bodies of another company, in which any of the members of the company's management bodies is a member of the board of directors' staff and compensations committee;

- (3) is not connected with the Company by whatever relations (labor, contractual), save as the participation in the proceedings of the Board of Directors and holding the Company's shares, directly or indirectly, in the amount not exceeding one percent of the voting shares;
- (4) is not a major contracting party of the Company (such a contracting party, the aggregate amount of the transactions with which within one year amounts to 10% or more of the of the book value of the Company's assets;
- (5) is not a representative of the state.

In the cases, when the imperative norms of the Russian Federation law employ the concept of "independent director" otherwise and stipulate other meaning of the concept, in particular concerning the norms of the transactions, in performance whereof an interest exists, then the provisions of this paragraph 5.6 shall not apply.

5.7. The members of the Board of Directors shall in good faith and prudently perform the duties imposed on them in the best interests of the Company.

5.8. Any member of the Board of Directors shall be obliged:

- (1) to act prudently, in good faith, with due diligence in respect of the Company's affairs;
- (2) to act in the best interests of the Company as a whole, and not of individual shareholders, officers and other persons;
- (3) to act within the terms of reference of the Board of Directors and in compliance with the objectives of activities of the Board of Directors;
- (4) to not disclose any confidential information of the Company's activities, as may become known to him;
- (5) to initiate the meetings of the Board of Directors for resolving of urgent issues;
- (6) to attend the meetings of the Board of Directors;
- (7) to participate in the adoption of the resolutions of the Board of Directors by voting on the items of the agenda of its meetings;
- (8) to make grounded decisions, to assess any risks and unfavorable consequences in the decision-making;
- (9) to notify to the Company the address (mailing and/or electronic), whereto there shall be dispatched any communication (notices, voting ballots, information (materials), etc.) for the performance of the functions of a member of the Board of Directors; to timely notify the Company about any changes of the address (mailing and/or electronic);
- (10) to notify to the General Meeting of Shareholders, the Internal Audit Commission and the Company's auditor the information stipulated by Article 82 of the Federal Law "On Joint Stock Companies"; to timely notify the Company about any changes in the specified information;
- (11) to participate in holding of expert examinations of any projects and programs offered by the Board of Directors;
- (12) to participate in the proceedings of the committees formed within the Board of Directors in compliance with the regulations of those committees.

- 5.9. The Board of Directors of the Company shall be chaired by the Chairman, who shall organize the activities of the Board of Directors, as well as shall cause a successful attainment by the Board of Directors of its objectives.
- 5.10. The Chairman of the Board of Directors shall be responsible for the formation of the agenda of the meetings of the Board of Directors, shall organize the working out of the most effective resolutions on the agenda items and, when necessary, a free discussion of those items, along with a good-natured and constructive atmosphere of holding the meetings of the Board of Directors.
- 5.11. The Chairman of the Board of Directors shall afford to the members of the Board of Directors an opportunity to express their point of view on the issues under discussion, shall contribute to the seeking of a concerted decision by the members of the Board of Directors in the best interests of the shareholders, whereby he shall demonstrate consistency and act in the best interests of the Company.
- 5.12. The Chairman of the Board of Directors shall ensure the effective work of the Board of Directors' Committees, shall make the nominations of the Board of Directors' members to this or that Committee, basing on the nominees' professional and personal characteristics and taking into consideration the proposals of the Board of Directors concerning the formation of the Committees, in each case causing, when necessary, the delivery of the issues being examined by a committee, for the discussion of the Board of Directors as a whole. The meetings of the Board of Directors shall be held not less than once in two months.
- 5.13. The meetings of the Board of Directors may be held either in the form of a mutual presence of the members of the Board of Directors, or by balloting (in the form of the in absentia voting).
- 5.14. In holding the meeting of the Board of Directors in the form of a mutual presence, to each of the members of the Board of Directors not capable to personally attend the meeting there shall be afforded the opportunity to express in written his opinion on the item(s) of the agenda.
- 5.15. The General Meeting of Shareholders shall not be entitled to adopt by in absentia voting any of the following resolutions:
 - (1) approval of the strategic plans of the Company;
 - (2) determination of the priority lines of operations of the Company;
 - (3) approval of the annual budget of the Company;
 - (4) preliminary approval of the annual statement of the Company;
 - (5) appointment and earlier termination of the authorities of the General Director of the Company.
- 5.16. The members of the Board of Directors of the Company shall be held liable to the Company for any losses as incurred to the Company by their guilty activities (failure to act), should other grounds and the liability amount not be established by the federal laws.

Section 6. Committees of the Board of Directors

- 6.1. To preliminary or additionally examine the objectives faced by the Board of Directors, the Board of Directors shall form the following committees: the Information

Disclosure Committee and the Audit Committee. When necessary, the Board of Directors may form other committees.

- 6.2. The committees shall act pursuant to the regulations, as approved by the Board of Directors. The personal and the numerical compositions of the committees shall be formed by the Board of Directors.
- 6.3. The committees of the Board of Directors shall convene the meetings upon necessity, however not less than once in each six months. The committees may hold mutual meetings.

Section 7. Executive Bodies

- 7.1. The executive bodies of the Company, which are constituted by the collective executive body (the Management Board) and the individual executive body (the General Director), are among the major bodies of the corporate governance structure.
- 7.2. The executive bodies shall be vested with the day-to-day management of the Company's operations, what stipulates their responsibility for implementation of the objectives, the strategy and the policy of the Company.
- 7.3. The executive bodies shall serve in the best interests of the Company, i.e. to perform the management of the Company's operations so as to assure both the receipt of dividends by the Company's shareholders and the feasibility of the development of the Company as is.
- 7.4. To attain these missions, the executive bodies shall in the first instance attain the following objectives: they are responsible for the day-to-day operations of the Company and the compliance thereof with the financial and economic plan; they shall as well in good faith and time, and effectively fulfill the resolutions of the Board of Directors and the General Meeting of Shareholders.
- 7.5. In performance of the functions imposed on them, the executive bodies enjoy the wide responsibilities of disposition of the Company's assets; therefore, the work of the executive bodies shall be organized so as to exclude any distrust in them on the part of the shareholders. The trust shall be ensured both by the high requirements to the personalities and professional characteristics of the Management Board's members and the General Director, and by the effective control procedures on the part of the shareholders that are in place within the Company.
- 7.6. Within the terms of reference of the Company's Management Board there has been vested the resolving of the most complex issues of management of the day-to-day operations of the Company, including such as the preliminary approval of the annual budget of the Company and the annual business plan, and the delivery of the same for the examination by the Board of Directors of the Company, the approval of the accounting policy of the Company, the control of the implementation of the Company's budget and business plan, the control of entering into and performance of any civil law contracts, the approval of a number of the internal documents, as well as the advising of the Board of Directors of the Company concerning the relations of the Company with the Company's subsidiaries and affiliates.
- 7.7. Within the terms of reference of the General Director of the Company there is vested the management of the day-to-day operations of the Company. The General Director

simultaneously holds the office of the chairman of the Management Board of the Company.

- 7.8. The composition of the executive bodies of the Company shall ensure the most effective performance of the functions imposed on them. To perform the duties of the General Director and a member of the Management Board, an individual shall possess the professional qualifications required for the management of the day-to-day operations of the Company. The Company shall make the best efforts to ensure that the body of the Management Board consists of the persons who have the knowledge required within the Company's field of activities.
- 7.9. As a rule, to the office of the General Director of the Company there shall be appointed the person possessing experience both in the Company's field of activities and in the field of management.
- 7.10. The General Director and the members of the Management Board shall act in the best interests of the Company. The personal qualifications of the General Director and the members of the Management Board shall not raise any hesitations as per whether they will act in the best interests of the Company; therefore, the persons of impeccable reputation shall be appointed to those offices, whereby any commitment by the person of any crimes in the area of economic activities or against the state authorities, against the interests of public service and the local self-governance service, as well as any administrative violations, in the first instance in the area of business activities, in the areas of finance, taxes and levies, security market, shall be among the factors negatively affecting his reputation. No person disqualified in compliance with the law of the Russian Federation shall hold the office of the Management Board's member or the General Director.
- 7.11. Any holding by the General Director and the members of the Management Board of any offices of profit in other organizations shall be subjected to the consent by the Board of Directors of the Company.
- 7.12. The members of the Management Board shall bear the responsibility for the management of the day-to-day operations of the Company. To effectively exercise this task, they shall possess the sufficient information on the current issues of the Company's operations and shall work directly with the heads of the Company's structural units.
- 7.13. In determining the number of the members of the Management Board, the Board of Directors of the Company shall proceed from the fact that the number of the Management Board's members shall be optimal for a productive and constructive discussion of any issues, as well as for making the timely and deliberated decisions.
- 7.14. The General Director and the members of the Management Board shall act prudently and in good faith in the best interests of the Company, i.e. employ, while exercising their rights and performing their duties, the diligence and care which may be expected from a decent manager in a similar situation under similar circumstances.
- 7.15. The Management Board adopts any resolutions at its meetings. The meetings of the Management Board may be the scheduled and extraordinary. The scheduled meetings shall be held not less than once a month. Upon a request of any member of the Board of Directors or any Management Board's member, the chairman of the Management Board shall call the extraordinary meeting of the Management Board.

- 7.16. The meetings of the Management Board shall be called in such a manner that all the members of the Management Board would have received in advance the notice of the forthcoming meeting of the Management Board, the agenda and the information of the procedure of familiarization with the information (materials), so as to enable the members of the Management Board to prepare for that in respect of all the agenda items.
- 7.17. No delegation of the voting right by the members of the Company's Management Board to another person, another member of the Company's Management Board inclusive, shall be allowed.
- 7.18. The compensation of the General Director and the members of the Management Board shall conform to their qualifications and account for their actual contribution to the results of the Company's operations.
- 7.19. The compensation of the General Director and the members of the Management Board shall be determined so as to ensure its competitiveness as compared with the comparable companies.
- 7.20. The General Director and the members of the Management Board of the Company shall act prudently, in good faith and diligently in respect of the Company's affairs. The General Director or any member of the Management Board shall be deemed acting prudently and in good faith, when he is not personally interested in adoption of a particular resolution and has carefully examined all the information required for adoption of the resolution.
- 7.21. The members of the Management Board and the General Director shall be held liable to the Company for any losses incurred to the Company for any losses as incurred to the Company by their guilty activities (failure to act), should other grounds and the liability amount not be established by the federal laws.

Section 8. Corporate Secretary

- 8.1. The prerequisite of the ensuring of the shareholders' rights and interests is the strict observance by the Company's bodies and employees of the procedures established by the law of the Russian Federation, the Articles of Association and other internal documents of the Company. Of the special importance there is the due compliance with the procedures of preparation and holding of the General Meeting of Shareholders, the activities of the Board of Directors, and the disclosure and presentation of the information on the Company. To effectively assure the compliance with the said procedures, the Board of Directors shall appoint the corporate secretary of the Company.
- 8.2. The functions of the corporate secretary of the Company shall comprise:
 - ensuring the preparation and holding of the General Meeting of Shareholders in compliance with the requirements of the law of the Russian Federation, the Articles of Association and other internal documents of the Company;
 - taking of any steps to resolve any conflicts, should there arise such in connection with the procedure of preparation and holding of General Meeting of Shareholders;
 - exercising of the control over the timely examination of any shareholders' requests by the Company's bodies and units;

- ensuring the preparation and holding of the meetings of the Board of Directors of the Company in compliance with the requirements of the law of the Russian Federation, the Articles of Association and other internal documents of the Company;
 - rendering of assistance to the members of the Board of Directors in performance by them of their functions;
 - advising the members of the Board of Directors on the requirements of the law of the Russian Federation, the Articles of Association and other internal documents of the Company concerning the procedural issues of preparation and holding of the General Meeting of Shareholders, the meetings of the Board of Directors, and the disclosure and presentation of the information on the Company;
 - ensuring the appropriate disclosure and presentation of the information on the Company.
- 8.3. The corporate secretary of the Company shall possess the knowledge required for performance of the functions imposed on him, as well as enjoy the confidence of the shareholders and the members of the Board of Directors.

Section 9. Disclosure of Information

- 9.1. The primary principles of disclosure of the information on the Company shall be regularity and timeliness, availability of such information for a majority of the shareholders and other interested persons, credibility and completeness of its content, preservation of a reasonable balance between the Company's openness and the adherence to its commercial interests.
- 9.2. The information disclosed by the Company, including the annual and quarter statements, the Articles of Association and any amendments thereto, the internal documents governing the activities of the Company's bodies, this Code, and the material fact notices, shall be published on the Company's Internet website, because this source of information is the most accessible and the least costly manner of receipt of the information on the Company by any interested persons.
- 9.3. The Company shall ensure the timely and distinct disclosure of the information on all the material matters of its activities by fulfillment of the requirements enforced by the law of the Russian Federation, as well as by voluntarily disclosing any further information.
- 9.4. Upon necessity, the Company shall determine the scope of the confidential information and the procedure of performance of any transactions with using the same.

Section 10. Control of the Financial and Economic Operations

- 10.1. The system of control of the financial and economic operations that is in place within the Company is aimed at ensuring the confidence of investors in the Company and the management bodies. The primary objective of such a control is the protection of the shareholders' investments and the Company's assets.
- 10.2. The control of the financial and economic operations of the Company is exercised by the Board of Directors of the Company, the Internal Audit Commission of the

Company, the Internal Audit Department of the Company, as well as by an independent audit organization (auditor) of the Company.

- 10.3. To exercise the control of the financial and economic operations of the Company, the Internal Audit Commission is formed within the Company, and an independent audit organization (auditor) is engaged. The audit examination shall be held so that it results in obtaining the objective and full information on the Company's activities, and for that purpose the Company engages for the annual audit and attestation an auditor not connected with the Company or its shareholders by any proprietary interests.
- 10.4. To test the internal control system, within the Company there exists the Internal Audit Department – a structural unit of the Company responsible for holding of the periodic assessments of the internal control system. The terms of reference and the composition of the Internal Audit Department, and the requirements to this service's employees, are determined by an internal document of the Company.

Section 11. Dividend Policy

- 11.1. The Company's policy in respect of payment of dividends considerably affects the shareholders' interests. In connection therewith, the Company shall approve the dividend policy, by which the Board of Directors shall be governed in making the dividend payment recommendations to the General Meeting of Shareholders. This policy shall be formulated in the Dividend Policy Regulations – an internal document of the Company approved by the Board of Directors.
- 11.2. The Company shall keep advised its shareholders and other interested persons concerning its dividend policy in view of its great importance in making the investment decisions. For this purpose, the Company's Dividend Policy Regulations and any amendments made thereto shall be published on the Company's Internet website.
- 11.3. The resolution of payment of dividends shall enable any shareholder to receive the comprehensive information concerning the amount of the payable dividend. In connection therewith, the resolution of payment of dividends shall specify the amount of the dividend with breakdown to each category (type), as well as the form of payment of the dividend.
- 11.4. The procedure of determination of the amount of dividends shall exclude any chance of shareholders' misinformation concerning their amount.
- 11.5. The procedure of payment of dividends shall to the best facilitate the exercise by the shareholders of their right to receive them. The payment of dividends shall be made in species, because in the case of payment thereof otherwise, the evaluation of the actually paid dividends is seriously aggravated, and furthermore, the receipt of other assets may be complemented for the shareholders by additional obligations.