



EuroChem

Mineral & Chemical Company, OJSC

APPROVED

By decision of the Annual General Shareholders Meeting
of EuroChem Mineral & Chemical Company, OJSC
Minutes dated 25 June 2008

Board of Directors Regulations

EuroChem Mineral & Chemical Company, OJSC

(new revision)

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1. GENERAL PROVISIONS

- 1.1. These Board of Directors Regulations ("Regulations") of EuroChem, Mineral and Chemical Company, OJSC ("Company") have been drawn up in accordance with the Civil Code of the Russian Federation, the Federal JSC Law 9No. 208-FZ, dated 26 December 1995, including all subsequent amendments and addenda ("JSC Law"), other statutory and legal acts adopted by the Russian Federation, the Company Charter ("Charter"), and the Company's Code of Corporate Conduct. These Regulations set out the principles governing the Board of Directors ("Board"), its status, the procedures for forming the Board, the Board's terms of reference, the authorities and rights of the Board members, and the procedures for calling and convening the Board meetings and passing the Board rulings.
- 1.2. The Board is a management body which conducts the general management of the Company, save for issues that are referred by Federal Law and the Charter to a General Meeting of Shareholders (GM), the General Director or the Management Board.
- 1.3. The Board of Directors carries out its operations in accordance with the Russian Federal Law, the Company Charter, the rulings passed by a GM, these Regulations, and other Company internal regulatory documents.
- 1.4. The Board will act in the interests of the Company and report to the Company's General Meeting of Shareholders (GM).

2. TERMS AND DEFINITIONS

- 2.1. The terms and definitions used in these Regulations are to be read as they are defined in the Russian Federal Law on Joint-Stock Companies ("the JSC Law") and securities legislation, unless otherwise stated in these Regulations.
- 2.2. For the purposes of these Regulations, the following terms and definitions will be used:
 - "immediate relatives"** – this includes a person's spouse, relatives of the ascending and descending lines, i.e. parents, children and grandchildren, siblings, including half-siblings and step-siblings, adopted parents and adopted children;
 - "executive director"** – a member of the Board of Directors who is an officer of the Company;
 - "independent director"** – a member of the Board of Directors who:
 - is not currently and has not been over the past five years an officer (manager) or employee of the Company, any of the Company's subsidiaries or other legal entities which are directly or indirectly controlled by the Company ("EuroChem companies"), or an officer or employee of one of the Company's managing companies (this rule also applies to all immediate relatives of the Board member);
 - is not currently and has not been for the past three years an officer of another legal entity in which any of the Company's officers was a member of the Board Compensation and/or Appointments Committee (this rule also applies to the Board member's immediate relatives);
 - is not affiliated with the Company, save for affiliation based on membership on the Board of Directors, or an affiliated party of the Company's current or former independent auditor, or an affiliated person of such affiliated party (this rule also applies to the Board member's immediate relatives);
 - is not a party to, beneficiary, intermediary or representative of a transaction with the Company, under the terms and conditions of which said parties may acquire property (or receive monies), the value of which amounts to 10% (ten percent) or more of the total annual income of said persons, save for remuneration for performing the duties of a member of the Board of Directors and/or a member of a Board Committee (committees) and/or the a Board of Directors secretary. This rule also applies to all of the Board member's immediate relatives;
 - does not represent the interests of a major shareholder in the Company (with 10 % (ten percent) or more in the Company);
 - is not a major counter party with the Company (i.e. counter parties with whom the total volume of transactions over the course of one year amounts to 10% (ten percent) or more of the Company's book value). This rule also applies to the Board member's immediate relatives;
 - is not a government representative.
 - "non-executive director"** - a member of the Board of Directors who is not an officer of the Company;
 - "officer"** – a person who carries out the organizational and instruction or administrative and business functions in the legal entity and who has formal employment relations with the legal entity.

3. THE BOARD OF DIRECTORS' GOALS, PRINCIPLES, TASKS AND TERMS OF REFERENCE

- 3.1. The goals of the Board are to ensure the long-term increase in the value of the Company's shares, protect and uphold the rights and legal interest of shareholders, ensure the accuracy, integrity and objectivity of public information about the Company.

- 3.2. In order to achieve the Board's goals, the Board shall be governed in its actions by the following principles:
- taking decisions based on accurate information about Company operations;
 - ruling out any restrictions on shareholder rights with regard to taking part in the management of the Company or receiving dividends and information about the Company;
 - achieving a balance of interests among the different groups of shareholders and taking decisions that are as objective as possible in the interests of all Company shareholders.
- 3.3. The Board will take on tasks within its terms of reference in line with the Company Charter and the current Russian Federal Law.
- 3.4. Any inevitable lack of clarity in the rules set out in the law and other acts must be interpreted by the Board with an aim to protect the rights and legal interests of shareholders.
- 3.5. In line with the Company Charter, the following issues fall within the Board of Directors' terms of reference:
1. defining priorities for the Company and for the legal entities that are directly or indirectly controlled by the Company ("EuroChem companies"), approving promising plans to carry out these priorities, approving the development strategy for the Company and EuroChem companies, and oversee and assess the implementation of development strategies;
 2. calling annual and extraordinary General Meetings of Shareholders (GMs), save for instances envisaged in Article 55, Point 8 of the JSC Law;
 3. approval of GM meeting agendas;
 4. setting the deadline by which the list of persons entitled to take part in GMs must be compiled, in addition to other issues referred to the Board in line with the provisions of Section VII of the JSC Law and related to the preparation and convocation of GMs;
 5. submitting items for consideration by a GM as set out in Point 14.3 of the Charter;
 6. preparing recommendations for the GM on taking decisions on issues that fall under sub-points (2) – (4), (7), (15)–(22), (25), (26) and (30)–(33) of Point 14.3 of the Charter;
 7. recommendations on the amount of dividends to be paid on stock and payment procedures;
 8. election of the General Director, formation of the Management Board (MB) (including determining the number of members to sit on the MB and the individual members of the MB), the early termination of their authorities, approval of the incentive system and the terms and conditions of their employment contracts;
 9. the appointment and dismissal of officers whose positions are included on the succession list approved by the Board of Directors; approving their incentives packages and the terms and conditions of the contracts with them, and approving the succession pool for these positions;
 10. recommendations regarding the amount of remuneration and compensation for expenses paid to the members of the Company's Revision Commission and determining the amount to be paid in audit fees for the Auditor's services;
 11. taking decisions on the approval of major transactions, the subject of which is property valued at 25% (twenty-five percent) to 50% (fifty percent) of the Company's book value in cases envisaged in Section X of the JSC Law;
 12. taking decisions on the approval of transactions with interest in cases envisaged in Section XI of the JSC Law;
 13. the approval of one or more interrelated transactions executed by the Company related to the alienation of the Company's non-working assets, the value of which is over RUR 300 million (three hundred million), given that the approval is not referred to the terms of reference of the GM and the terms of reference of the Board as set out in sub-points 11, 12 and 16.2 of the Charter;
 14. the approval of one or more interrelated transactions executed by the Company related to the possibility of the alienation of the Company's non-working assets, including the encumbrance thereof, the value of which is over RUR 900 million (nine hundred million), given that the approval is not referred to the terms of reference of the GM and the terms of reference of the Board as set out in sub-points 11, 12 and 16.2 of the Charter;
 15. approval of one or more subsequent interrelated transactions in an amount exceeding RUR 600 million (six hundred million): on the Company's any financing, including loans, provision of financing for investment projects, acquisition and use of promissory notes, save for deferment of payments, to third parties (save for legal entities which are directly or indirectly controlled by the Company – "EuroChem companies"); the Company's acceptance of any guarantee provisions (including guarantees, guaranteed promissory notes, and any kind of obligation resulting in a burden on the Company's property) which provide for the execution of third-party obligations (save for those of EuroChem companies) to a third party given that the approval of said transaction(s) is not referred to the terms of reference of the GM and the terms of reference of the Board as set out in sub-points 11, 12 and 16.2 of the Charter;

16. approval of one or several interrelated transactions with a third party (save for EuroChem companies) which involve provisions on the Company's granting payment deferrals for an amount exceeding RUR 900 million (nine hundred million) for a period of over 3 months, and provisions on the Company's granting of a payment deferral for an amount exceeding RUR 1.5 billion (one and a half billion) (regardless of the period) given that the approval of said transaction(s) is not referred to the terms of reference of the GM and the terms of reference of the Board as set out in sub-points 11, 12 and 16.2 of the Charter;
17. approval of one or several interrelated transactions with third parties (save for EuroChem companies) on the Company's receipt of any financing, including loans, credit and the issue of its own promissory notes exceeding RUR 900 million (nine hundred million) given that the approval of said transaction(s) is not referred to the terms of reference of the GM and the terms of reference of the Board as set out in sub-points 11, 12 and 16.2 of the Charter;
18. approving the Company's participation in contracts surrendering or creating an encumbrance to the exclusive rights to a trademark;
19. taking decisions on the Company's placement of bonds and other securities that are non-convertible into shares as envisaged in the Charter and the JSC Law;
20. determining the prices (monetary value) of property, placement prices and purchasing prices for securities in cases envisaged by the JSC Law;
21. the acquisition of bonds and other securities issued by the Company that are not convertible into shares in instances envisaged by the current Russian Federal Law;
22. reviewing the annual consolidated budget of the Company, including the consolidated capital expenses budget, amendments to these budgets in terms of increasing expenses to an amount exceeding RUR 300 (three hundred million) million over the course of one year; approving reports on Company budget execution;
23. approval of the investment management system for the Company and EuroChem companies, approval of the investment projects for the Company valued at over RUR 300 (three hundred million) million and submission of recommendations to the management bodies of EuroChem companies on the approval of the investment projects valued at over RUR 300 million (three hundred million);
24. determining the principles, oversight and evaluation of the budget system for the Company and EuroChem companies;
25. determining the principles for management reports and approval of the principles for building a system for reporting on the operations of the Company and EuroChem companies, including financial reports; control and evaluation of the effectiveness of these systems;
26. approving the reporting system for the Company and EuroChem companies operations, reviewing consolidated reports on the financial and business operations of the Company (quarterly and annual) and taking decisions on these reports;
27. review of Auditor statements (reports, other information);
28. taking decisions on conducting Revision Commission audits (inspections) of the Company's financial and business operations; review of the results of audits conducted by the Revision Commission as per the instructions of the Board of Directors, and other materials submitted by the Revision Commission and decisions relating thereto;
29. approval of the risk management system for the Company and EuroChem companies;
30. election and dismissal of the Corporate Secretary; and approval of the Corporate Secretary's incentives package and contractual terms and conditions;
31. forming the committees and commissions under the Board of Directors, approval of the Regulations for each committee/commission and determining the number of members and individual membership of each, the early termination of the authorities of the Board committee and commission members, and setting out their duties; establishing the amounts of remuneration and approval of the compensation for expenses for members of the Board committees and commissions who are not also members of the Board of Directors; approval of the terms and conditions of the contracts sealed between the Company and the Board committee/commission members, as well as determining the specific people authorized to sign contracts with members of the Board committees and commissions on behalf of the Company; election (reelection) of the chairmen of the Board committees and commissions;
32. approving the Company's Code of Ethics, as well as the Company's information, social, dividend and financial policies, as well as other policies according to the list approved by the Board of Directors, and approval of amendments and addenda to said internal regulatory documents;
33. approval of the Company's internal regulatory documents, save for internal documents which are under law to be approved by a GM, as well as internal regulatory documents which are to be approved by other executive bodies of management under the Company Charter;
34. taking decisions on the Company's participation (increased share) in commercial organizations for an amount exceeding RUR 300 million (three hundred million), taking decisions on terminating the

Company's participation (reduced share) in a commercial organization, or creating an encumbrance to the Company's shares (stake) in commercial organizations also, taking decisions on the Company's participation in non-commercial organizations, termination of the Company participation in non-commercial organizations; under the conditions that approval of said transactions are not referred to the Company's GM terms of reference;

35. submission of recommendations to the management bodies of EuroChem companies regarding their participation (increased share) in commercial organizations for amounts exceeding RUR 300 million (three hundred million), and regarding the participation of EuroChem companies in non-commercial organizations; submitting recommendations to the management bodies of EuroChem companies regarding the transfer of ownership rights or creation of an encumbrance to the shares (stake) in commercial organizations and termination of participation in non-commercial organizations;
 36. the creation / liquidation of branches and opening / closure of Company representative offices, and entering the appropriate amendments and addenda to the Company Charter;
 37. approval of the Company's registrar, the terms and conditions of the contract with the registrar, and termination of said contract, issuing recommendations to the management bodies of EuroChem companies regarding the approval of registrars for EuroChem companies ;
 38. taking decisions on the appointment of a depository (depositories) and the approval of the terms and conditions of working with the depository (depositories), as well as the termination of said contract(s); issuing recommendations to the management bodies of Affiliate Companies with regard to the approval of depositories;
 39. taking decisions on the Company exercising its rights on all authorities it holds as a shareholder /participant in EuroChem companies in line with the list of EuroChem companies approved by the Board of Directors and published on the Company's website ("**Key EuroChem Companies**"), including: introducing amendments and addenda to the Charter or approving a new revision of the Charter; liquidation or reorganization; stock splits/consolidation; approving the auditor; payment of dividends; acquisition of previously placed shares; approving major transactions, save for transactions that are referred by the Company Charter to the terms of reference of the Company's executive bodies;
 40. use of the Company's reserve fund and other funds, the approval procedures for forming the funds and the amounts to be allocated to said funds;
 41. taking decisions on the regulation of any legal, arbitration or other related court proceedings which have a material (over RUR 300 million (three hundred million) impact on the Company's operations;
 42. approval of the Board of Directors meeting schedule;
 43. setting out the procedures under which the Company's executive management is to submit information and reports on Company operations to the Board of Directors;
 44. taking decisions on the suspension of the authorities of managing organizations or managers;
 45. pre-approval of the Company's annual report;
 46. approval of decisions on the issue (additional issue) of Company securities;
 47. approval of reports on the results of an issue (additional issue) of Company securities;
 48. approval of the report on the results of purchasing Company shares in the event that the Company's chartered capital is reduced via the acquisition of Company shares for clearance purposes;
 49. approval of the report on clearing Company shares in the event that the Company's chartered capital is reduced via the acquisition of Company shares;
 50. approval of the report on the results of upholding shareholder requests to buyback their stock in instances envisaged in Point 9 of the Charter;
 51. recommendations to a GM on decisions regarding approval to reduce the Company's chartered capital in the situation envisaged in Point 7 of Article 35 of the JSC Law;
 52. taking decisions on the sale, exchange, deposit, etc of the Company's own stock on the balance;
 53. taking decisions on (i) the Company sending voluntary proposals or mandatory proposals or (ii) acquisition of stock in another open joint-stock company in compliance with the procedures set out in Article 84.8 of the JSC and Article 7 of Federal Law No. 7 (05.01.06) on amendments to the Federal JSC Law and a number of other Russian Federal legislative acts;
 54. decisions on other issues as envisaged in the JSC Law and the Company Charter.
- 3.6. Issues that are referred to the Board of Directors may not be subsequently referred for a final decision to the General Director or the Management Board.

4. MEMBERS OF THE BOARD OF DIRECTORS

- 4.1. Only private individuals may be members of the Board of Directors. Members of the Board of Directors do not have to be Company shareholders.
- 4.2. Members of the Board of Directors may not also be members of the Company's Revision Commission.

- 4.3. Members of the Board of Directors are to be elected at a General Meeting of Shareholders (GM) for the period until the next annual GM (AGM). If an AGM was not held during the period specified in the Charter, the authorities of the Board are to be terminated, save for the authorities to prepare, call and hold an AGM.
- 4.4. The authorities of all members of the Board may be terminated early by resolution of a GM.
- 4.5. The parties elected to the Board may be reelected an unlimited number of times. The ability of a Board member to effectively carry out his duties is to be reviewed by the Board Committee for Corporate Governance and Personnel each time a review of his or her (re)appointment for a new period is due.
- 4.6. The number of members to sit on the Board is to be determined in a ruling passed by a GM, and must not be less than five people. The members of the Management Board may not represent more than one-fourth of the Board of Directors. At least three members of the Board must be independent directors based on the criteria set out in these Regulations.
- 4.7. If the number of independent directors falls to below three, the Board must call a GM within 10 (ten) business days after this fact becomes known and include the election of a new Board on the GM agenda.

5. THE RIGHTS AND RESPONSIBILITIES OF THE BOARD MEMBERS AND RELATED PROCEDURES

- 5.1. A member of the Board of Directors has the right to:
 - each Board member has the right to receive any information (save for Regulations (excerpts), access to which is restricted by the current Federal Law on state secrets) about the Company and EuroChem companies via the Corporate Secretary if he believes that he requires said information in order to discharge his functions as a member of the Board of Directors. The Company's General Director must submit to the Corporate Secretary all information requested by a Board member by the established deadline, or submit a written explanation outlining the reasons why said information cannot be provided by the established deadline;
 - submit written proposals concerning the Board's work schedule and the Board meeting agendas;
 - express in writing his disagreement with the Board rulings and submit written statements to the Chairman of the Board of Directors;
 - request that a Board meeting be called;
 - submit proposals, discuss and vote on agenda items at the Board meetings;
 - review the minutes of the Board, the Board Committee and the Board Commission meetings;
 - request that the Company provide the conditions needed in order to discharge the a Board member's functions;
 - voluntarily surrender his authorities, preliminarily notifying the Company of such in writing at least 75 (seventy-five) calendar days in advance, and the authorities of said Board member will be declared terminated as of the election of a new Board at an extraordinary GM;
 - the Board members have other rights in line with the Charter and the current Russian Federal Law.
- 5.2. A member of the Board of Directors must:
 - demonstrate loyalty to the Company;
 - act within the limits of his authorities and in alignment with the goals, principles and tasks of the Board of Directors;
 - carry out his activities in good faith and rationally in the interests of the Company;
 - conscientiously carry out his functions and responsibilities as a member of the Board of Directors;
 - personally attend the Board meetings, except for instances envisaged by the Charter or current law, or cases in which the Board member cannot attend a meeting for an acceptable reason;
 - promptly inform the Board of Directors of his inability to attend a Board meeting and provide acceptable reasons for such;
 - make sound decisions during voting on agenda items at the Board meetings, and in order to do so study all required information (materials) provided for the Board meeting and inform all Board members of all information he possesses in relation to the decision at hand;
 - evaluate the risks and negative consequences during the decision-making process, including during voting on the Board meeting agenda items;
 - refrain from disclosing or using confidential information about the company in his own interests or the interests of a third party; this includes other information about the Company, the disclosure or use of which could come to contradict the interests of the Company, in particular by having a negative impact on the Company's business reputation, save for cases in which disclosure of information to third parties is envisaged in the Charter, the Company's internal regulatory documents or current legislation;

- inform the Company of the legal entities in which he or she owns 20% (twenty percent) or more of the voting stock (shares, stake) and the legal entities at which he or she holds an officer position; this information should be submitted to the Board of Directors in writing within a reasonable period of time, but no later than 2 (two) business days after the purchase of said stock or the appointment to an officer position;
 - provide information about potential transactions to which the Board member would be an interested party; this information must be submitted to the Board of Directors in writing within a reasonable period of time and no later than 2 (two) business days after the Board member learns of said transaction;
 - refrain from voting on issues in which the Board member holds interest; furthermore the Board member must immediately disclose to the Board if he holds interest and how the interest arose;
 - refrain from using or providing other parties with any information that becomes known to him regarding the Company's operations that could have a material impact on the state of the Company and its business reputation;
 - refrain from taking any action which could potentially lead to a conflict of interests between the Board member and the Company; comply with the following rules and requirements concerning conflicts of interest:
 - immediately inform the Chairman of the Board of Directors of any personal, commercial or other type of interest (direct or indirect) in transactions, contracts, or projects related to the Company no later than 2 (two) business days after the Board member learns of said interest;
 - refrain from receiving gifts, services or any advantages from private individuals or legal entities which could be perceived as remuneration for taking a decision or an action as a Board member, save for ordinary gifts, the cost of which do not exceed five monthly minimum wages as defined by law;
 - in working onsite at Company premises, comply with the rules and procedures set out in the Company's internal regulatory documents related to the security system and working with the Company's confidential information.
 - notify the Board of Directors in writing regarding the intent to execute a transaction with the Company's securities or the securities of the Company's subsidiaries and dependent companies which are owned by said Board members, and disclose to the Company any information about transactions with securities that they executed in line with the procedures set out for the disclosure of material information;
 - during his term of work as a Board member, inform the Board of his intent to institute or take part in companies that are the Company's competitors;
 - carry out the decisions taken by the GM and the Board of Directors;
 - disclose all information about his affiliates prior to his election to the Board and within 15 (fifteen) business days after any changes are made to his affiliates.
- 5.3. A Board member's interest is to be determined in line with Article 81 of the JSC Law.
- 5.4. Independent directors must refrain from taking any actions which could result in the loss of their independent status, and promptly inform the Company of any changes to their status.
- 5.5. The activities of a Board member are continuous and are not restricted to taking part in the Board's decision-making process.

6. THE CHAIRMAN OF THE BOARD OF DIRECTORS

- 6.1. The Chairman of the Board of Directors is elected by the members of the Board of Directors by a majority vote among the members of the Board of Directors taking part in the voting process. The Board of Directors may reelect the Chairman of the Board of Directors at any time by a majority vote among the members of the Board of Directors taking part in the voting process.
- 6.2. The person who carries out the functions of the Sole executive body may not also be the Chairman of the Board of Directors.
- 6.3. In the absence of the Chairman of the Board of Directors, his functions are to be discharged by one of the members of the Board of Directors as per the Board's decision taken by a majority vote among the members of the Board taking part in the voting process.
- 6.4. The Chairman of the Board of Directors:
- organizes the Board's work, ensures the effective organization of the Board's activities and the activities of the Board Committees;
 - facilitates collaboration and supports contacts with other management bodies and officers within the Company in order to promptly receive the maximum amount of complete and accurate information required in order for the Board to be able to take sound decisions and ensure smooth communications among these bodies and officers, the Board, and third parties;

- represents the Board in relations with the Company's General Director;
- takes all necessary measures towards the timely submission of information to members of the Board of Directors as required for taking sound decisions on agenda items;
- calls meetings of the Board of Directors;
- approves the agendas for Board meetings;
- chairs the Board meetings, ensures that meeting procedures are complied with, including the official opening and closure of meetings, and takes measures to ensure that meetings are postponed if a meeting is not quorate;
- ensures that the Board members have an opportunity to voice their opinion on the issues under discussion, ensure a constructive and friendly atmosphere at the Board meetings, and facilitate the search for and agreement on effective Board rulings by the Board members in the interests of the Company;
- organizes the preparation of the most effective rulings possible on agenda items;
- organizes the preparation of the Board meeting minutes, sign them, and bear liability for the integrity and timeliness of meeting minutes;
- oversees the activities of the Corporate Secretary and the Corporate Secretary's Support Staff;
- organizes on behalf of the Board monitoring of the enforcement of GM and the Board rulings;
- oversees the Board's execution of its work and meeting schedule as approved by the Board;
- oversees the Board members', Corporate Secretary's and Corporate Secretary Support Staff's compliance with the requirements of these Regulations;
- chairs General Meetings of Shareholders and performs the functions set out in the Charter and the Federal JSC Law;
- signs letters and other documents on behalf of the Board of Directors;
- discharges other functions as set out in the Russian Federal Law and the Company Charter.

7. THE CORPORATE SECRETARY

- 7.1. The Corporate Secretary is an officer of the Company who ensures the Company's compliance with the requirements of current legislation, the Charter, and the Company's internal regulatory documents which guarantee and uphold the rights and legal interests of the shareholders.
The tasks and responsibilities of the Corporate Secretary are to be set out in the Company's Charter.
- 7.2. The Corporate Secretary is to perform his (her) function in accordance with the standards of Russian federal legislation, the Charter, these Regulations, rulings passed by a GM and the Board of Directors and the Company's internal organizational and regulatory documents.
- 7.3. A ruling on the election of the Corporate Secretary is to be passed by a majority vote of 2/3 (two-thirds) of the members of the Board of Directors voting at the meeting.
- 7.4. The Corporate Secretary is to be elected from a number of private individuals and may not be a member of the Board of Directors. A person acting as the CEO or a member of the Management Board may not also serve as the Corporate Secretary.
- 7.5. The Corporate Secretary is to be elected for an unspecified period of time. The termination of the authorities of the members of the Board of Directors or the election of a new Board of Directors shall not serve as grounds for the termination for the authorities of the Corporate Secretary.
- 7.6. The Board of Directors may relieve the Corporate Secretary of his (her) duties and elect a new Corporate Secretary
- 7.7. The Corporate Secretary is to report directly to the Board of Directors.
- 7.8. The amount, means of payment, procedures for and frequency of payment of remuneration and compensation to the Corporate Secretary is to be established by a Board ruling.
- 7.9. The Corporate Secretary must meet the following requirements:
- higher education
 - possess knowledge and work experience necessary to discharge the functions assigned to him (her)
 - the Corporate Secretary may not be an affiliate of the Company or an affiliate of any Company officer.
- 7.10. Corporate Secretary functions:
- 7.10.1. Prepare and conduct General Shareholder Meetings (GMs) in accordance with the requirements posed in legislation, the Company's Charter and internal regulatory documents based on the relevant ruling to hold a GM. Within the preparation procedures to the EGM the Corporate secretary shall:
- prepare the list of persons authorized to attend General Shareholder Meetings;
 - carry out the appropriate notification of persons entitled to take part in a GM of upcoming GMs and prepare and deliver voting ballots to them;

- prepare and organize the papers which must be made available for a GM, ensure access thereto, verify and present copies of the relevant documents upon the request of people who are entitled to attend GMs;
- collect completed voting ballots, count the votes and prepare the voting results or ensure the prompt submission of voting ballots to the company's voting commission;
- monitor compliance with meeting registration procedures, organize the preparation of the GM minutes and prepare a document stating the voting results;
- ensure that the people on the list of persons entitled to attend GMs are promptly informed of the voting results of a GM (as needed);
- answer questions posed by GM attendees related to the procedures for preparing and holding the meeting, and take measures to resolve any conflicts related to these procedures.

7.10.2. Provide support for the activities of the Company's Board of Directors, prepare and hold Board meetings in line with the requirements set out in current Russian federal legislation, the Charter and other internal regulatory documents, including:

- performing the functions of the Board of Directors Secretary; If the Corporate Secretary is not present at a Board of Directors meeting, the Corporate Secretary's function shall be assigned to another person in line with a ruling passed by a majority vote among the members of the Board of Directors in attendance;
- notify members of the Board of Board meetings (including absentee votes) by the deadlines set out in these Regulations and, as needed, prepare and deliver voting ballots to Board members, collect the written statements of those who cannot attend a Board meeting, completed voting ballots, prepare the voting results and processing;
- arrange the circulation of meeting materials to Board members in preparation for meetings (absentee votes) in line with the procedures and by the deadlines set out in these Regulations;
- prepare the results of voting on rulings;
- keep and prepare minutes for Board meetings and absentee votes, compile and prepare copies and excerpts of Board meeting minutes, authorized by his (her) signature, upon request;
- ensure the storage of Board meeting minutes, as well as voting ballots sent to Board members for passing rulings by absentee votes.
- provide support for Board members in obtaining information which they need in order to perform their functions.

7.10.3. Oversee disclosure (submission) of information about the Company in line with legal requirements and in line with the Company's voluntary internal standards.

7.10.4. Initiate and take part in the preparation of documents and procedures aimed at improving the Company's corporate governance system.

7.10.5. Submit a report on compliance with corporate governance standards and the introduction of measures aimed at improving corporate governance practices to the Board.

7.10.6. Ensure the enforcement of rulings passed by the Board of Directors and GMs.

7.10.7. Inform the Chairman of the Board of Directors about all factors hindering compliance with procedures which fall within the Corporate Secretary's terms of reference, including the actions (or failure to act) Company officers, the registrar, and other instances of violating the procedures for preparing for and conducting GMs, Board meetings, and information disclosure.

7.10.8. Ensure the storage of Company documents relevant to the activities of the Board and GMs, including:

- the Company's annual reports;
- lists of the Company's affiliates;
- issue prospectuses, quarterly reports and other documents containing information that is subject to publication or disclosure by another means in accordance with Russian federal legislation.

7.10.9. Ensure the Company's appropriate and timely review of the appeals from shareholders, provide shareholders with consultation regarding their rights, take measures to prevent and resolve conflicts related to the violation of shareholder rights. The Corporate Secretary may contact the registrar directly in connection with shareholder complaints.

7.10.10. Organize communications among the Company's divisions and obtain the necessary information and materials from the Company.

7.10.11. Collect information about the presence of interest of the General Director, members of the Management Board, and members of the Board of Directors.

7.10.12. Keep records and store incoming documentation and copies of outgoing documents pertaining to the Board.

7.10.13. Monitor Company Communications with the registrars of the Company and EuroChem companies, as well as the depositaries with which the Company and EuroChem companies have and will have contractual relations.

- 7.10.14. Carry out other functions in accordance with these Regulations, the Company's internal regulatory documents and the orders of the Chairman of the Board.
- 7.11. The Corporate Secretary is to be provided with the following terms of reference:
- 7.11.1. Attending meetings of the Company's bodies of management and control. Propose items within his (her) terms of reference on the agendas of Board of Directors, Board committee and Management Board meetings.
- 7.11.2. Request and receive from the Company's officers information (materials) required in order for the Corporate Secretary to perform his (her) functions; progress reports on enforcing the rulings passed by GMs and the Board of Directors and, as necessary, provide information about the reasons why rulings, legislative requirements, or requirements posed in the Charter or other internal regulatory documents were not carried through.
- 7.11.3. With the consent of the General Director or of the managers of the Company's relevant divisions, involve Company experts in the preparation of draft documents, the organization of which is referred by these Regulations to the Corporate Secretary.
- 7.11.4. Request that Company officers cease to take actions which violate shareholder rights or which may result (or potentially result) in corporate conflicts and immediately inform the Board of Directors.
- 7.11.5. Authorize with his (her) signature copies of the Company's institutional documents, minutes (and excerpts thereof) of Board meetings, GMs and other documents indicated in point 7.10.8 of these Regulations.
- 7.11.6. Keep records of incoming shareholder correspondence, inquiries and statements, including the date and time these were received by the company, and maintain correspondence on issues referred to the Corporate Secretary's terms of reference.
- 7.11.7. Request information from the Company's Registrar in line with the current Registrar contract and ensure compliance with legislative regulations in entering shareholders into the register. The Corporate Secretary has the right to sign requests, inquiries and other documents related to the Company's communications as an issuer with the Registrar (including the right to sign the Register's issuer form).
- 7.11.8. The Company's executive management and officers must assist the Corporate Secretary in performing his (her) functions.
- 7.12. In order to support the activities of the Board and the Corporate Secretary, the Corporate Secretary Support Staff division may be established within the company (Support Staff).
- 7.13. The Corporate Secretary shall manage the Corporate Secretary Support Staff. The number of members and the individual members comprising the support staff are to be determined by the Corporate Secretary within the budget approved by the Board of Directors.
- 7.14. Support staff members may be secretaries of the Board committees.
- 7.15. Expenses for the Corporate Secretary and the Support Staff, and employee compensation are to be covered by the Company within the budget approved by the Board of Directors.

8. MEETINGS OF THE BOARD OF DIRECTORS

- 8.1. The meetings of the Board of Directors are to be held regularly and at least once per quarter.
- 8.2. The Board meetings on issues related to the preparation and convocation of Annual General Meetings (AGMs) are to be held no later than 45 (forty-five) business days after the deadline set out in the Russian Federal Law on submitting annual accounting reports in order to review the draft accounting reports, the Company's balance sheets, including the P&L statement, the allocation of profits and losses based on the previous fiscal year, and the independent auditor statement.
- 8.3. At least once per year, the Board of Directors must address the following issues at one or more meetings:
- the effectiveness of the Board's activities;
 - collaboration and communications between the Board of Directors and the Company's executive management;
 - an evaluation of the Company's management bodies and management members;
 - the policies on remuneration and compensation for the General Director, the members of the Management Board and other Company managers who report directly to the General Director ("senior management");
 - strategic planning for the Company's financial and business operations and related risks;
 - the corporate governance system and the results of operations in internal control as reflected in management reports;
 - recommendations on the independent auditor and audit fees.
- 8.4. Rules and regulations for conducting the Board meetings concerning issues that are not envisaged in these Regulations are to be determined by the Chairman of the Board of Directors.

Calling the Board meetings

- 8.5. A Board meeting is to be called by the Chairman of the Board of Directors as per his own initiative, or by the request of a Board member, a member of the Revision Commission or the Company's auditor, the Company's executive management, or a request from a shareholder who owns 2% (two percent) or more of the Company's voting stock.
- 8.6. The Board meetings may be called on a regular schedule in line with the approved Board meeting schedule. These are regular Board meetings (scheduled). Regular Board meetings are to be held at least 1 time (once) per quarter as a joint-presence meeting.
- 8.7. In order to take a decision on issues that are not included on the agenda of a regular Board meeting, the Board may also hold extraordinary (special) meetings.
- 8.8. If the Chairman of the Board of Directors has an objective reason, including illness or business trip, and cannot call a Board meeting, then the Board meeting will be called by another member of the Board as per the request of the person specified in Point 8.5 of these Regulations.
- 8.9. The first meeting of a newly elected Board must have an agenda that includes the election of the Chairman of the Board of Directors and the Corporate Secretary and must be called by the General Director as soon as possible after the General Meeting (GM) at which the Board was elected.
If the General Director for any reason has not called a Board meeting within 15 (fifteen) business days after the GM has elected the new Board, then the Board meeting may be called by any of the new Board members. The initiator of the first meeting of a newly elected Board will send notification of the meeting to all of the members of the Board of Directors inviting them to attend to elect the Chairman of the Board.
- 8.10. The Chairman of the Board of Directors must call a Board meeting in order to address the following issues:
- calling a GM and passing the rulings required in order to call and convene a GM as set out in Point 1 of Article 54 of the Federal JSC Law;
 - pre-approval of the Company's annual report in line with Point 4 of Article 88 of the JSC Law, as well as recommendations on the amount of dividends to be paid out and payment procedures;
 - review of shareholder proposals for agenda items to be considered for the AGM and candidates for Company positions in line with the procedures set out in Points 1 and 2 of Article 53 of the JSC Law; taking decisions on including agenda items on the AGM's agenda, and including the list of candidates for election to posts within the Company;
 - calling a GM in instances envisaged in Point 2 of Article 68 of the JSC Law and other cases envisaged in the Russian Federal Law.
 - election of the Chairman of the Management Board in the event of his early dismissal;
 - the early termination of the authorities of the Chairman of the Management Board in instances envisaged in the Russian Federal Law, the Charter, these Regulations and other internal regulatory documents.
 - In the absence of the Chairman of the Board of Directors, his functions are to be discharged by one of the members of the Board of Directors as per the Board's decision via a majority vote among the members of the Board in attendance.
- 8.11. Requests to call a Board meeting are to be send to the Corporate Secretary and must contain the following information:
- the name of the person requesting the meeting, the name of the body or legal entity submitting the request;
 - an explanatory note explaining the substantiation for reviewing the proposed agenda item (a draft paper) at a Board meeting;
 - a draft ruling (rulings) for the Board to pass on said agenda item;
 - other papers or materials.

Furthermore, a request to call a Board meeting may contain other information at the discretion of the party submitting the request for a Board meeting.

In order to receive the Board approval of a transaction, according to the terms of reference of the Board, the request to call a meeting must also include the following information:

- the type of transaction;
- the name(s) of the counter party (parties);
- the purpose of the transaction;
- the value of the transaction (including based on the statement of an independent appraiser if such is required by the Federal JSC Law);
- deadlines and other material terms and conditions of the transaction;
- the sanctions to be imposed if the transaction terms and conditions are not met;
- a financial and economic substantiation of the advisability of the transaction, including the transaction value;

- the deadlines for signing and bringing into force the corresponding contract(s);
- a justified opinion on the presence (or absence) of interest on the part of specific persons (parties) in relation to the transaction in question with due consideration for the requirements set out in Articles 81-83 of the JSC Law.

A request to call a meeting must be appended with a draft of the corresponding contract(s) or an agreement of intent.

If the party requesting the Board meeting is the Management Board, the request must also be appended with an excerpt from the corresponding Management Board meeting minutes stating the ruling passed by the Management Board to submit the issue for the Board review (a draft document).

- 8.12. Control over compliance with requirements to call a Board meeting (including the presence of an explanatory note, draft Board rulings, other accompanying material or other required information and documents as specified in sub-points 8.5 and 8.11 of these Regulations) is to be carried out by the Corporate Secretary.

In the event of noncompliance with these requirements to call a Board meeting in line with sub-points 8.5 and 8.11 of these Regulations, and given the need to receive additional information or explanations on the proposed agenda item, the Corporate Secretary may send a request for such to the party requesting the Board meeting.

The Corporate Secretary and the Chairman of the Board of Directors may decline a request to call a Board meeting if:

- the request does not comply with the requirements for calling a Board meeting as set out in Point 8.11 of these Regulations;
- the party requesting the meeting is not a party listed in Point 8.5 of these Regulations;
- the issue for which the meeting is being requested does not fall within the terms of reference of the Board of Directors.

Reviewing requests to call a Board meeting

- 8.13. A request to call a Board meeting that is received in line with Points 8.5 and 8.11 of these Regulations must be reviewed by the Chairman of the Board of Directors no later than 3 (three) calendar days from the date on which the Corporate Secretary receives the request. Based on the review of the request, a decision must be made on whether or not to include the proposed issues on the agenda of the next regular Board meeting, or to call an extraordinary Board meeting.
- 8.14. The agenda for the Board meeting will be drawn up by the Corporate Secretary and approved by the Chairman of the Board of Directors. The agenda for the Board meeting will include issues that are proposed for review by the Board of Directors, the Revision Commission, the Company's Auditor, shareholders who own 2% (two percent) or more of voting stock and the General Director or the Management Board.
- 8.15. The Board meetings in session will not consider issues that are not specifically included in the Board meeting notification except for when a decision is made to consider these items based on a unanimous vote among all Board members in attendance, and the votes of former Board members will not be counted.

Notifying the Board members of an upcoming Board meeting

- 8.16. The notice is signed by the Chairman of the Board of Directors or the Corporate Secretary. The Chairman of the Board of Directors or the Corporate Secretary will notify the Board members that a member has been called and send each Board member all of the required meeting materials no later than 7 (seven) calendar days prior to the scheduled meeting date.
- 8.17. If according to the Russian Federal Law, the Charter or the Company's internal regulatory documents, the Board meeting must be held sooner, the deadline for sending notification and circulating all meeting materials must be reduced. This deadline may also be shortened as needed to accommodate an urgent decision for certain issues as per the decision of the Chairman of the Board of Directors.
- 8.18. Notification of an upcoming meeting is to be sent to the members of the Board of Directors in writing (by registered mail, courier, or the Company's office services) or via a different means as agreed upon by the Board member(s).
- 8.19. Notification of an upcoming meeting must contain the full meeting agenda, the address to which the Board members may send their written statements; notifications must be appended with all required meeting materials.

Changes in the time or location of a Board meeting

- 8.20. Should any circumstances arise making it impossible or difficult to convene a Board meeting at the place or the time specified in the notification sent out to the members of the Board, the meeting and planned agenda may be held at a different location or at a different time.
- 8.21. The Board members must be informed of any changes in the place or time of a Board meeting far enough in advance so that they still have time to attend the meeting. Notification of said changes are to be sent to

the Board members in any format that guarantees the members' receipt of the information to their place of residence and(or) the address at which they receive correspondence.

Voting at the Board meetings

- 8.22. When taking decisions, the members present at the Board meeting must voice their opinions on agenda items by voting.
- 8.23. In taking a decision at the Board meetings, each Board member will have one vote.
- 8.24. Decisions at the Board meetings are to be taken by a majority vote among the members of the Board meeting in attendance, if not otherwise stipulated in the JSC Law, the Company Charter, or these Regulations. In taking a decision at the Board meetings, each Board member will have one vote.
- A Board ruling on an item indicated in sub-points (6)-(8), (13)-(16), (19), (21), (30)-(31), (34)-(36), (38) or (40) of point 3.5 of these Regulations are to be passed by a majority vote of two-thirds of the members of the Board of Directors in attendance.
- A Board ruling on an item specified in sub-point (11), (51) or (52) of Point 3.5 of these Regulations is to be passed unanimously by all elected Board members, and the votes of former Board members will not be counted.
- A Board ruling on an item specified in sub-point (44) of Point 3.5 of these Regulations is to be passed by a majority vote among three-fourths of all elected Board members, and the votes of former Board members will not be counted.
- 8.25. The transfer of voting rights from one Board member to any other person, including another Board member, is not permitted.
- 8.26. If voting results show an equal split among votes, the Chairman of the Board of Directors will have the deciding vote. In the event that one of the Board members is discharging the functions of the Chairman of the Board of directors in line with Point 6.3 of these Regulations, he or she will not hold the deciding vote.
- 8.27. A Board meeting can only be held if declared quorate. A quorum for a Board meeting means at least 50% (fifty percent) of the total number of elected Board members. A quorum is to be determined by the Chairman of the Board before the meeting is opened. If a meeting is not quorate, the meeting will not be opened.

Holding the Board meetings as telephone conferences

- 8.28. In special cases, the Board meetings may be held as a telephone conference among the members of the Board of Directors given that each of the participants in the conference are able to converse with all of the other participants.
- 8.29. The place of the Board meeting held as a telephone conference is the location where the majority of the Board members are in attendance. If a Board meeting is held as a telephone conference, within one day after the meeting is finished, each of the Board members must send their completed, written ballot with their votes to the Corporate Secretary (via registered mail, a courier or other form of delivery with signature upon delivery).
- 8.30. In this case, a Board ruling is to be passed by counting the votes sent in by the Board members, and a quorum and the voting results of the Board meeting are to be determined based on the ballots received.

Counting the written statements of absent Board members

- 8.31. If a member of the Board of Directors cannot attend a meeting in person or participate via a telephone conference, that Board member may submit a written statement on the agenda items. If a Board meeting is being held as an absentee vote, the Board member in question may express his vote by completing the voting ballot and attaching a statement of his opinion as necessary.
- 8.32. If a Board member's ballot or written statement contains information about his vote on all or several agenda items, then these will be counted in determining a quorum and voting results.
- 8.33. A written statement from an absent Board member must be submitted at least one day prior to the Board meeting. Completed ballots on items for an absentee-vote Board meeting must be sent to the Corporate Secretary by the ballot submission deadline. A written statement or ballot is to be submitted (sent) to the Corporate Secretary by registered mail, courier, or other means of delivery upon signature.
- 8.34. The person chairing the Board meeting must read aloud the written statement of the absent Board member before the voting is started on an agenda item addressed in the written statement.

The Board Meeting Minutes

- 8.35. The Board meeting minutes are to be kept by the Corporate Secretary. If the Corporate Secretary is absent, then another person as decided by the Board of Directors.
- 8.36. Meeting minutes (or absentee voting results) are to be finalized no later than 3 (three) days after the meeting is held (or after the final day on which ballots may be submitted, in the event of absentee voting).
- 8.37. The meeting minutes must include the following information:
- the place, date and time the meeting is to be held; and the location at which the minutes are to be finalized and the deadline for ballot submissions, in the event of an absentee vote;

- the people in attendance at the meeting, or the people who have submitted their ballots, in the event of an absentee vote;
 - the people who submitted a written statement on agenda items;
 - the meeting agenda;
 - the agenda items put up for vote and voting results;
 - the rulings passed.
- 8.38. The Board meeting minutes are to be signed by the meeting chairman and the meeting secretary. The Board meeting minutes are to be prepared in two copies and sorted with the Corporate Secretary's staff, and one copy of the minutes are to be sent to the Company (the General Director).
- 8.39. If a quorum and voting results are to be determined for agenda items based on written statements received from the Board members, these written statements must be appended to the meeting minutes. If a meeting is held as an absentee vote, the completed and submitted voting ballots must be appended to the meeting minutes.
- 8.40. The Corporate Secretary may transfer the minutes of the Board of Directors meetings, voting ballots, written statements, questionnaires and notices received from the Board members for storage in the Company archives. The Company must store the Board meeting minutes, ballots, written statements, questionnaires and notices received from the Board members in the proper storage space for the management body and in line with the procedures and for the period of time set out by the federal body of executive power for the securities market. If there are no specified periods of time for document storage, the Company must store the Board meeting minutes, ballots, written statements questionnaires and notices received from the Board members indefinitely.
- 8.41. The Company must provide members of the Board of Directors, the Revision Commission, the Company's independent Auditor and provide Company shareholders with access to these documents in line with the procedures set out in current legislation.

The Board of Directors rulings

- 8.42. The Board rulings are to be passed as follows:
- at the Board meetings, including meetings at which a quorum and voting results are determined in part based on the written statements submitted by absent Board members or meetings conducted as a telephone conference;
 - by absentee voting.
- 8.43. In cases when the Company Charter and these Regulations stipulate that the votes of former members of the Board of Directors are not to be counted in taking decisions, "former" member of the Board means those who have passed away or who have been declared incompetent.
- 8.44. The decision to hold an absentee vote meeting is to be taken by the Chairman of the Board of Directors.
- 8.45. Decisions taken by the Board of Directors by absentee vote and the voting results are to be reported to all Board members no later than 2 (two) calendar days after the meeting minutes are finalized. A copy of the meeting minutes must also be sent to the Board members.
- 8.46. If a Board meeting is held as an absentee vote, the voting ballots are to be sent together with the meeting notification and required meeting materials. The voting ballot must contain the following information:
- the Company's complete official name;
 - the date and time of the ballot submission deadline;
 - the address to which the completed ballots must be sent;
 - the surname, first name and patronymic (middle name) of the Board member;
 - the wording of the items put up for vote and draft rulings for each item;
 - the voting options for each item: "in favor", "against", and "abstain".
- 8.47. The Board rulings are mandatory for the executive members of the Board of Directors, the Company's executive bodies, all Company divisions and departments and Company employees.
- 8.48. The Board rulings are to be relayed to executives in the form of excerpts from the Board meeting minutes or in line with the Company's rules and regulations on enforcing management decisions. Excerpts from meeting minutes are to be prepared by the Corporate Secretary.

9. CONFLICTS OF INTEREST BETWEEN THE BOARD MEMBERS AND THE COMPANY

- 9.1. A Board member may not carry out any actions that are competitive to the Company's operations, participate or hold a stake in the charter (pool) capital of a legal entity which is a competitor of the Company, if not otherwise set out in the Company Charter, or hold a post in a legal entity which is a competitor of the Company.
- 9.2. If a Board member is unsure of whether or not his actions are competitive to the Company's operations or if another person's actions are competitive in relation to the Company, this Board member may submit a written statement to the Board of Directors explaining the situation, and the reply to this statement must be sent within 10 (ten) days after receipt by the Board of Directors if another deadline is not

established by resolve of the Board. A member of the Board of Directors must inform the Board of Directors of any combined posts held on the management bodies of other legal entities.

- 9.3. The Company's annual reports are to include information about the transactions executed by the Company with the Board members, the immediate relatives of the Board members or the affiliated parties of the Board members, and if these persons have participated in a transaction with the Company as a beneficiary, intermediary or representative in the transaction or if they own 20% (twenty percent) or more in shares (stake, fund) of a legal entity which is a party to, beneficiary of, intermediary or representative in a transaction with the Company, or if they hold a position in a Management Board of a legal entity which is a party to, a beneficiary of, intermediary or representative in a transaction, or a position on the management body of a managing organization of said legal entity.
- 9.4. Information about the above-listed transactions must include information about all parties to the transaction, the time during which the transaction was executed and signed, the value and approval of the transaction by the Board of Directors or a General Meeting of Shareholders (GM).
- 9.5. A Board member must comply with the requirements set out in Point 5.2 of these Regulations with regard to a conflict of interests.

10. BOARD MEMBER REMUNERATION

- 10.1. Decisions about the amount of remuneration to be paid to a member of the Board of Directors are to be taken by a GM.
- 10.2. The Board Committee for Corporate Governance and Personnel is responsible for preparing recommendations for the Board of Directors on the composition and amounts of remuneration for the Board members and will annually review its recommendations in preparation for the AGM. When performing these duties, the Committee for Corporate Governance and Personnel will be guided by the following goals:
- remuneration for members of the Board of Directors must be fair in relation to the work required by the Company;
 - when determining the amount of remuneration interest of the Board members, the long-term interests of the shareholders must be accounted for;
 - the structure of remuneration must be simple, transparent and accessible to shareholders.
- 10.3. Executive directors do not have the right to receive any remuneration from the Company for their services as a member of the Board of Directors.
- 10.4. The Board members may receive compensation for expenses related to the performance of the Board member duties. The amounts of compensation are to be set by a GM based on recommendations from the Board of Directors.
- 10.5. The Company, represented by the General Director and the Management Board, will provide the required financing, organizational and technical support for the Board of Directors' activities.

11. BOARD COMMITTEES

- 11.1. In order to increase the effectiveness of its activities and in order to provide preliminary consideration of specific issues which require more in-depth review, the Board of Directors will form the Board Committees. The Committees are not the bodies under the Company, and the Company will not undertake any civil rights or responsibilities via the Board Committees.
- 11.2. The Board of Directors will determine the individual membership of the Committees.
- 11.3. The Company is required to have the following Board Committees:
- the Corporate Governance and Personnel Committee;
 - the Audit Committee;
 - the Strategy Committee.
- 11.4. Each committee must have its own regulations setting out the key goal and responsibilities of the committee, as well as requirements for Committee member qualifications, procedures for appointing committee members and combining these responsibilities with other positions, the structure and functions of the committee, and the procedures for submitting reports to the Board of Directors.
- 11.5. As much as it is possible, the committees will be comprised of independent directors. In cases when such is necessary, the chairmen of the Board Committees are to be elected from the independent members of the Board of Directors, and the other committee members may be persons approved by the Board of Directors.
- 11.6. The members of the Board Committees and the Chairman of the Board Committees are to be appointed by the Board of Directors by a two-thirds vote among the Board members taking part in the voting process, based on recommendations from the Committee for Corporate Governance and Personnel.
- 11.7. Rotation of committee chairmen and members is to be done based on recommendations from the Committee for Corporate Governance and Personnel.

- 11.8. The chairman of each committee, in agreement with the other committee members, will determine the frequency and duration of committee meetings.
- 11.9. The chairman of each committee, in agreement with the appropriate managers and other members of the committee, will compile the agendas for each committee meeting. The agenda for each meeting must be sent to all members of the Board of Directors in advance. Each independent director, as well as the Chairman of the Board, has the right to attend any Committee meeting regardless of whether he is a member or not, except for instances in which the Committee for Corporate Governance and Personnel is reviewing said director's remuneration package or performance.
- 11.10. The member of one Board Committee may be elected to sit on another Board Committee, with the following exception:
 - a Board member may not be the chairman of two committees at once.
- 11.11. Each committee must inform the Board of its activities by submitting a report on Committee activities to the Board at least once per quarter.
- 11.12. Each committee must submit an annual progress report to the Board. Annual committee reports, save for confidential information must be include in the materials that are subject to submission to persons who are entitled to take part in a GM in preparation for the GM.
- 11.13. If needed, the services of experts and consultants may be engaged to assist in committee activities. These experts or consultants must possess the requisite professional knowledge in order to work on a specific committee. The Board may also rule to appoint an outside expert or consultant as a member of a committee.
- 11.14. As per the instructions of the Board of Directors, the committees must submit a statement on all issues which fall within that committee's terms of reference to aid the Board's decision-making process. The members of the Board who are not members of a committee that has submitted a statement on a particular issue will be relying on the information and conclusions contained in the statements, except when: (i) a Board member who is acting with reason and in good faith should clearly see that the contents of and information in a statement and (or) conclusion are erroneous or incomplete, or (ii) a Board member has sufficient reason to believe that the accuracy and (or) completeness of the information and (or) conclusions may be dubious.
- 11.15. In order to ensure committee operations under a budget, the Company may review financing for operations for each existing or newly-formed committee.
- 11.16. Committee activities are to be governed by internal regulatory documents (a set of Regulations for each committee) approved by the Board of Directors. These documents will contain provisions regarding the structure, terms of reference, and operational procedures, as well as the rights and responsibilities of committee members.

12. PROCEDURES FOR APPROVING THESE REGULATIONS; AMENDMENTS AND ADDENDA

- 12.1. These Regulations are to be approved by a General Meeting of Shareholders by a majority vote among the shareholders owning voting stock and in attendance at the GM.
- 12.2. These Regulations may be amended or supplemented by a General Meeting of Shareholders by a majority vote among the shareholders owning voting stock and in attendance at the GM.
- 12.3. Should the standards set out in these Regulations come to contradict the requirements of the Charter, the provisions of the Charter shall take precedence, and these Regulations will be subject to alignment with the Charter.
- 12.4. If as the result of amendments to the Russian Federal legislation or the Company's Charter, specific provisions of these Regulations come to contradict the newly-amended provisions, the contradictory standards will become invalid. The Board members must be guided by the current Russian Federal legislation and the Company Charter until such time as these Regulations are amended in alignment with the Charter and Federal Law.
- 12.5. Should any separate clauses or provisions of these Regulations be declared invalid (either in full or in part), these Regulations will remain valid as a whole, with the exception of said provisions.