



**EuroChem**

Mineral & Chemical Company, OJSC

APPROVED

By Extraordinary General Shareholders Meeting  
of EuroChem Mineral & Chemical Company, OJSC  
Minutes dated 24 September 2007

# **Revision Commission Regulations**

**EuroChem Mineral & Chemical Company, OJSC**

(new revision)

**Moscow  
2007**

## Contents

1. GENERAL PROVISIONS .....	3
2. THE TERMS OF REFERENCE OF THE REVISION COMMISSION .....	3
3. RIGHTS AND RESPONSIBILITIES OF THE REVISION COMMISSION .....	4
4. STRUCTURE OF THE REVISION COMMISSION, TERMS OF APPOINTMENT OF ITS MEMBERS .....	4
5. ORGANIZATION OF WORK OF THE REVISION COMMISSION .....	5
6. STORAGE OF DOCUMENTS OF THE REVISION COMMISSION .....	6
7. CONCLUSIONS .....	6

## **1. GENERAL PROVISIONS**

- 1.1. These Regulations on the Revision commission (hereinafter referred to as «The Regulations») of the EuroChem Mineral and Chemical Company, an Open Joint Stock Company (hereinafter referred to as «the Company») are developed in accordance with the Federal Law «On joint-stock companies», the Charter of the Company and the Corporate Code of the Company.
- 1.2. The Regulations determine the Terms of Reference, the order of activities and the structure of the Revision commission, the rights and responsibilities of the Revision commission members.
- 1.3. The activity of the Revision commission is performed within the interests of the Company and its shareholders in order to minimize the risks of the operating activities of the Company, to improve its financial performance, and also in order to assist the Company in analytical, consulting and other tasks, including the assistance to its sole executive body.
- 1.4. Within its activity the Revision commission is independent from the governing bodies' officials of the Company, heads of divisions, officers of the Company and is reporting to the General Shareholders meeting.
- 1.5. The activity of the Revision commission is governed by the legislation of Russian Federation, the Charter of the Company, these Regulations and other internal documents of the Company approved by the General Shareholders meeting of the Company.

## **2. THE TERMS OF REFERENCE OF THE REVISION COMMISSION**

- 2.1. The Revision commission is an independent and permanent control organ of the Company over financial and business activities of the Company, its divisions, activity of the governing bodies' officials, heads of divisions and departments, officers of the Company, as well as the Company's compliance to the Russian Federation legislation requirements, the Charter of the Company and the Company's internal documents.
- 2.2. The Revision commission:
  - 2.2.1. Inspects financial and business activities of the Company and its Subsidiaries', including the following activities:
    - review of the financial documentation;
    - review of the legality of the resolutions and actions of the executive bodies of the Company, including concluded contracts and effected transactions;
    - analysis of conformity of accounting and tax records and statements to the existing regulating documents;
    - analysis of the financial position, financial solvency, quality assessment of assets, revealing potential for financial improvement of the Company;
    - analysis of timeliness and accuracy of transactions with the counterparties, tax authorities, shareholders and creditors of the Company;
    - analysis of settlements with debtors of the Company, including the timeliness and effectiveness of actions taken by the executive bodies regarding cash collection.
  - 2.2.2. Carries out control over The Company and its Subsidiaries' compliance to the requirements of the current legislation of the Russian Federation, resolutions made by the governing bodies of the Company, the Company's internal documents, including the following activities:
    - review of the existence and status of the title documents and approvals necessary for the Company's day- to- day operation;
    - review of the execution of the Company's governing bodies' resolutions (the General shareholders meeting and the Board of Directors of the Company);
    - review of competency of the Company's executive body resolutions made within the Company's business activity, their correspondence to the Charter of the Company, the resolutions of the General shareholders meeting and the Board of Directors of the Company;
    - review of execution of the external (state) controlling bodies' acts;
    - review of execution of the internal regulatory documents of the Company.
  - 2.2.3. Confirms the reliability of data containing in the annual report, the annual financial statements other documents of the Company.
- 2.3. The Revision commission has the right to determine the areas for investigation and types of investigation independently.

### **3. RIGHTS AND RESPONSIBILITIES OF THE REVISION COMMISSION**

- 3.1. The Revision commission at performance of its functions has the right:
- 3.1.1. to demand and receive from the officials of the governing bodies of the Company and its Subsidiaries, heads of divisions and officers of the Company and its Subsidiaries the documents of the Company and its Subsidiaries (including constituent, registration, title documents, reporting documents, accounting, financial, management and other documents; minutes of the shareholders' meetings (meetings of the committees) governing bodies of the Company, business correspondence, auditors reports, documents of the state controlling bodies made during the state revisions of the Company), information, oral and written explanatory notes and briefing notes on the items arising during the revisions.  
Documents and information are provided in paper and (or) in an electronic form according to the requirement and terms specified in inquiry, but no later than in 3 working days from the moment of reception of corresponding inquiry.
  - 3.1.2. to enter at any time into all premises of the Company including the premises used for the storage of documents (archives) with involvement of the officers of the Company for support (if necessary);
  - 3.1.3. to issue to the officials of the governing bodies of the Company and its Subsidiaries, heads of divisions and officers of the Company and its Subsidiaries directions on the corrective actions to be taken according to the revealed violations if non-acceptance of such actions may result in loss of values, documents or result in further misuse. To request reports on implementation of these corrective actions;
  - 3.1.4. to demand assembling of the Extraordinary General Shareholders meeting or the Board of Directors meeting, if the issues revealed during revisions significantly endanger the interests of the Company;
  - 3.1.5. to participate in the General Shareholders meetings, the Board of Directors meetings, the meetings of the Committees of the Board of Directors, the Management Board meetings on the issues relating to the Revision Commission activity;
  - 3.1.6. to invite to participate in the revisions specialists / experts from outside of the Company, if necessary.
- 3.2. The Revision commission is obliged to:
- 3.2.1. to carry out the revision of the Company's financial performance on the annual basis, and also at any time under its own initiative or according to the resolution of the General Shareholders meeting, the Board of Directors, or under the demand of the shareholders (shareholder) of the Company owning in total not less than 10 % of the Company's voting shares;
  - 3.2.2. to provide to the Board of Directors the conclusion on the reliability of data included in the Company's annual report and the financial statements not later than 40 days before the date of the Annual General Shareholders meeting;
  - 3.2.3. to provide to the initiators of revision report on the revision results not later than 15 working days after the revision is completed;
  - 3.2.4. to reflect objectively in the revision materials all revealed deviations, violations, misuses with indication of reasons and responsible persons;
  - 3.2.5. not to disclose and not to use in the personal interests or in the third party interests the confidential data of the Company, and also another information of the activities of the Company, which disclosure or use may contradict interests of the Company, particularly, negatively affect its business reputation, excluding cases when submission of this information to third parties is required in accordance to the Company's Charter, Company's internal documents and procedures or current legislation of the Russian Federation.

### **4. STRUCTURE OF THE REVISION COMMISSION, TERMS OF APPOINTMENT OF ITS MEMBERS**

- 4.1. The Revision commission shall be elected at the General Shareholders meeting of the Company, for the period till the next Annual General Shareholders meeting. The number of members elected to the Revision Commission is determined by the Company's Charter. Resolution on election of a particular person to the Revision commission is made by the majority of votes of shareholders – the owners of voting shares of the Company that are participating in the General Shareholders meeting of the Company.
- 4.2. The General Shareholders meeting has the right to terminate participation of any member in the Revision commission at any time.

- 4.3. At the first meeting of the newly elected Revision commission the members of the Revision commission will elect the Chairman by the majority of votes. The Chairman of the Revision commission may be re-elected at any time by the majority of the Revision commission members participating at the meeting.
- 4.4. The Chairman of the Revision commission will organize current work of the Revision commission, divide the duties among its members and supervise their work, act as a Chairman at its meetings, represent the Revision commission in relationships with the governing bodies of the Company.
- 4.5. The members of the Revision commission cannot be current members of the Board of Directors or hold positions in the governing bodies of the Company (including the Chief Accountant of the Company and its Subsidiaries).
- 4.6. The members of the Revision commission may be paid remuneration and (or) reimbursed expenses related to execution of their duties. The amount of such remunerations and reimbursements as well as the timing of the payment is determined by the General Shareholders meeting.

## **5. ORGANIZATION OF WORK OF THE REVISION COMMISSION**

- 5.1. Inspections (revisions) carried out by the Revision commission of finance and business activities of the Company and its Subsidiaries may cover all main areas of activity ("Comprehensive revision") or particular areas of activity ("Specific revision").
- 5.2. Within 10 working days from the date of receipt by the Revision commission of request for inspection, the Revision commission should make resolution on conducting of the inspection (revision) or provide a detailed explanation why inspection can not be performed.
- 5.3. The timing, purpose, and subject of the inspection (revision), as well as forms and methods of performing the revision are determined by the Revision commission.

The notice on the beginning of the inspection (revision) shall be forwarded to the executive body of the Company and the head of separate division of the Company, which is to be inspected, not later than one week prior to the start of the inspection. The Head of the Revision should be indicated in the notice. The notice could also include inquiry of documents and data necessary to perform inspection.
- 5.4. The revision is considered to be completed after receiving all necessary data (documents) and preparation of the summary report. The moment of completion of Revision is not connected directly to the moment of termination of work at the revision object
- 5.5. According to the results of the inspection, the Revision commission prepares summary report that should include the systemized presentation of documentary confirmed facts revealed during inspection relating to the violations of the Russian Federation legislation, the Charter of the Company and the internal documents of the Company and also the corresponding conclusions and recommendations.

The draft report should be preliminary presented for familiarization to the sole executive body of the Company (to the head of the separate division – in case of carrying out of revision at the location of division of the Company).
- 5.6. On the results of the annual revision of the financial and business activity of the Company the Revision commission makes the conclusion on the reliability of data contained in the annual report of the Company and in the annual financial statements of the Company.

The financial statements and other materials that reflect the financial and business activity of the Company (copies certified by the sole executive body of the Company and by the stamp of the Company), should be presented to the revision commission for review after they are finalized and reported to the relevant authorities, but not later than 50 days before the actual date of holding the Annual General Shareholders meeting.
- 5.7. The Revision commission carries out its activity on the basis of the collegiality. The meetings of the Revision commission are held in the form of joint presence of its members for the discussion and making resolutions on the items put on voting. The meeting of the Revision commission is considered as authorized (has the quorum), on condition that not less than a half of the total number of the Revision commission elected members is present at the meeting.
- 5.8. The resolutions of the Revision commission are made by the majority of votes of the Revision commission members participating at the meeting. Every member of the Revision commission has one vote. At the equality of votes the vote of the Chairman is the decisive vote.
- 5.9. The meeting of the Revision commission is minuted; the minutes are signed by all members of the Revision commission participating at the meeting.
- 5.10. The members of the Revision commission have no right to transfer their powers to other persons, including by the means of the power of attorney.

## **6. STORAGE OF DOCUMENTS OF THE REVISION COMMISSION**

- 6.1. Reports, Minutes of the Revision commission meetings and other documents related to the Revision commission activity are kept on the Company's location.
- 6.2. Reports and other data may be submitted for familiarization to the shareholders of the Company and other persons having the right to access these documents on the basis and in the order stipulated by the current legislation of the Russian Federation and the Charter of the Company.
- 6.3. The originals of the documents of the Revision commission are transferred by the Chairman of the Revision commission to the archive of the Company for the storage. This transfer is documented by transfer – receipt act.

## **7. CONCLUSIONS**

- 7.1. These Regulations shall be approved at the General Shareholders meeting of the Company.
- 7.2. These Regulations may be supplemented and amended in the order stipulated by the Charter of the Company and the current legislation of Russian Federation.
- 7.3. In the event of changes in the Russian Federation legislation or changes in the Charter of the Company if separate articles of these Regulations become inconsistent with the changes, these inconsistent articles shall become invalid. Until the moment these Regulations are modified and all inconsistencies eliminated, the members of the Revision commission shall be governed by the current legislation of the Russian Federation and the Charter of the Company respectively.
- 7.4. The activities of the Revision commission not stipulated by these Regulations shall be governed by the Charter of the Company and the current legislation of the Russian Federation.