

**APPROVED BY**  
decision of the General Meeting of  
Shareholders of OJSC Uralkali  
Minutes No. 20 dated June 16, 2006

**CHARTER**  
**of Open Joint Stock Company Uralkali**  
**(new version)**

**Berezniki, Perm Krai**  
**2006**

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**Charter of Open Joint Stock Company Uralkali (hereinafter, the "Charter") shall constitute a foundation document of Open Joint Stock Company Uralkali (hereinafter, the "Company").**

**The original Charter was approved by the Perm Region Property Management Committee on October 6, 1992 and registered with the Berezniki City Administration of Perm Region on October 14, 1992.**

**This version of the Charter was drawn up in accordance with the Civil Code of the Russian Federation (Part I) No. 51-FZ dated November 30, 1994, the Federal Law "On Joint Stock Companies" No. 208-FZ dated December 26, 1995 (hereinafter, the "Federal Law "On Joint Stock Companies"), and other regulatory legal acts of the Russian Federation.**

## **1. LEGAL STATUS OF THE COMPANY**

### **General Provisions**

1.1. The Company was incorporated by the Perm Region Property Management Committee by means of reorganisation of, and is a successor to, a state enterprise Production Association Uralkali.

The Company was reorganized by absorption merger of, and is a successor to, Open Joint Stock Company, Avtotransportnoe Predpriyatie.

1.2. The Company is a legal entity, and owns distinctive property as recorded on its independent balance sheet. The Company may, in its own name, acquire and exercise property and personal non-property rights, assume obligations, and act as a claimant and defendant in the court.

1.3. The Company shall be a commercial organization.

1.4. The Company shall exist indefinitely.

1.5. The Company may open bank accounts in and outside the Russian Federation in accordance with established procedures.

1.6. The Company shall have round seals. The Company's principal seal shall feature its full official name, trademark, and indicate its location.

A list of the Company's round seals, their descriptions and procedures for their use, shall be established by internal document of the Company, which shall be subject to approval by the General Director of the Company.

1.7. The Company shall have stamps and letterheads bearing its name, as well as a duly registered trademark. The Company may have its own logo and other means of visual identification.

1.8. The special right of the Russian Federation, constituencies of the Russian Federation or municipalities to take part in governance of the Company (the "golden share") is not effective.

### **Official Name and Location of the Company**

1.9. Official name of the Company

Full:

in Russian	Открытое акционерное общество "Уралкалий"
in English	Joint Stock Company Uralkali

Abbreviated:

in Russian	ОАО "Уралкалий"
in English	JSC Uralkali.

1.10. Location of the Company: 63 Pyatiletki Street, Berezniki, Perm Krai, 618426, the Russian Federation.

### **Purpose and Objectives of Operation of the Company**

1.11. The purpose of the Company shall be to earn profit.

1.12. The Company may engage in any types of operations other than those prohibited by federal laws, including:

- (1) production of potash fertilizers and other products of basic chemistry;
- (2) production, enrichment, processing, and marketing of potash-magnesium salts and rock salts;
- (3) conducting of exploration and assessment, exploration and production of, diamonds, gold and platinum, exploration of other commercial minerals;
- (4) manufacture of products from accessory materials and production wastes;
- (5) geological exploration;

- (6) mine-surveying works;
- (7) topographic and geodesic activity;
- (8) placement of waste disposal to underground workings;
- (9) transportation, including intercity and international carriage;
- (10) loading and unloading, shipping and forwarding works and services;
- (11) freightage operations involving river and sea-going vessels, motor vehicles, aircraft and other types of transport;
- (12) production of construction materials, constructions and products;
- (13) performance of construction and assembly, and repair works;
- (14) engineering surveys;
- (15) design works;
- (16) standardization works, and works on ensuring uniformity of measurements and certification of products and services;
- (17) foreign economic operations;
- (18) commercial mediation;
- (19) investment activity;
- (20) organization of warehousing;
- (21) trade and procurement operations;
- (22) retail trade;
- (23) public catering;
- (24) processing of farm production;
- (25) fishing;
- (26) provision of medical services;
- (27) medical care and health-building activities;
- (28) housing and public utilities maintenance;
- (29) security-guard services;
- (30) education;
- (31) organisation and holding of exhibitions, selling exhibitions, fairs, auctions, bidding in and outside the Russian Federation;
- (32) cultural and educating activity;
- (33) editing and publishing, and printing activities, and issue of newspapers, art products, advertising and informational materials, and other printed matter.

1.13. The Company shall enjoy civil rights and bear such civil obligations as may be necessary in order to perform any types of operations other than those prohibited by federal laws.

1.14. The Company may perform certain types of operations, as specified in federal laws, upon obtaining a special authorization (license).

### **Structure of the Company**

1.15. The Company's organizational structure shall be set forth in the Regulation on the Organisational Structure of the Company, which shall be subject to approval the Board of Directors of the Company.

### **Branches and Representative Offices of the Company**

1.17. The Company may establish branches and open representative offices in the Russian Federation in accordance with the requirements of the Federal Law "On Joint Stock Companies" and other federal laws.

Establishment by the Company of branches and representative offices outside the Russian Federation shall also be performed in consistence with legislation of foreign states where such branches and representative offices are located, unless an international agreement involving the Russian Federation provides otherwise.

1.18. Branches and representative offices are not legal entities, and operate on the basis of the regulation approved by the Board of Directors of the Company. The Company shall provide its branches and representative offices with assets which shall be recorded both on their separate balance sheets and on the balance sheet of the Company.

The heads of branches and representative offices shall be appointed by the Board of Directors of the Company, and shall act on the basis of powers of attorney issued by the General Director of the Company.

1.19. Branches and representative offices shall operate on behalf of the Company. The Company shall be liable for operations of its branches and representative offices.

1.20. The Company has the following representative offices:

- (1) Moscow representative office. Location: Moscow.
- (2) the representative office in the People's Republic of China. Location: Beijing, the People's Republic of China.
- (3) Perm representative office of OJSC Uralkali. Location: Perm.
- (4) the representative office of Open Joint Stock Company Uralkali (the Russian Federation) in the Republic of Belarus. Location: Minsk, the Republic of Belarus.

Moscow representative office and Perm representative office of OJSC Uralkali have a current bank account and an independent balance sheet being part of the balance sheet of the Company. The Representative office in the People's Republic of China and the Representative office of Open Joint Stock Company Uralkali (the Russian Federation) in the Republic of Belarus each have a foreign-currency settlement bank account.

1.21. The Company has no branches.

### **Shareholders Register of the Company**

1.22. The Company shall ensure the shareholders register of the Company to be kept and maintained in accordance with legal acts of the Russian Federation.

1.23. The Company's shareholders register shall be maintained by a registrar.

### **Liability of the Company**

1.24. The Company shall be liable for its obligations to the extent of all of its property.

1.25. The Company shall not be liable for the obligations of its shareholders.

1.26. Shareholders shall not be liable for the obligations of the Company, and shall bear the risk of losses related to its operations to the extent of the value of their shareholdings.

1.27. Neither the state and its agencies shall be liable for the obligations of the Company, nor shall the Company be liable for the obligations of the state and its agencies.

## **2. CHARTER CAPITAL OF THE COMPANY**

### **Charter Capital Amount. Outstanding and Authorized Shares. Types of Shares to Be Placed by the Company**

2.1. The charter capital of the Company shall amount to 1,062,195,000 rubles.

2.2. The charter capital of the Company shall consist of 2,124,390,000 ordinary registered shares, each having a nominal value of 0.5 rubles, purchased by shareholders (hereinafter, "outstanding shares").

2.3. All the Company's shares shall be registered and uncertificated.

2.4. In addition to outstanding shares, the Company may issue 1,500,000,000 ordinary registered shares each having a nominal value of 0.5 rubles (hereinafter, "authorized shares").

2.5. Ordinary authorized shares shall carry the same rights as are represented under this Charter by ordinary outstanding shares.

2.6. Procedures for and terms, and conditions of placement of the Company's of authorized shares shall be prescribed by the decision on issuance of ordinary registered uncertificated shares of the Company, as approved by the Board of Directors of the Company.

### **Charter Capital Increase**

2.7. The charter capital of the Company may be increased by increasing the par value of shares or by placing additional shares.

2.8. A resolution to increase the charter capital of the Company by increasing the par value of shares shall be approved by the General Meeting of Shareholders of the Company.

2.9. A resolution to increase the charter capital of the Company by placing additional shares within the number of the authorized shares (other than in those cases where such decisions may only be made by the General Meeting of Shareholders under the Federal Law "On Joint Stock Companies") shall be taken unanimously by the Board of Directors of the Company, except for exiting members of the Board of Directors.

Failing unanimity at the Board of Directors in this respect, the issue of increasing the charter capital of the Company by placing additional shares may be submitted, should the Board of Directors so decide, for decision to the General Meeting of Shareholders in the Company.

### **Charter Capital Reduction**

2.10. The charter capital of the Company may be reduced by decreasing the par value of shares or reducing its total number, including by acquisition of a portion of shares in the cases set forth in the Federal Law "On Joint Stock Companies".

2.11. The charter capital may be reduced by acquisition and cancellation of a portion of the shares in the Company according to the decision of the General Meeting of Shareholders of the Company.

2.12. The charter capital of the Company shall be reduced in the manner prescribed by federal laws.

2.13. The Company may not reduce its charter capital if as the result of such decrease its amount becomes smaller than the minimum charter capital prescribed by the Federal Law "On Joint Stock Companies" as of the date of filing documents for the state registration of the corresponding amendments to the Company's Charter or, should the Company be obliged to reduce its charter capital in accordance with the Federal Law "On Joint Stock Companies", as of the date of state registration of the Company.

2.14. The Company shall be obliged to reduce its charter capital in the cases set forth in the Federal Law "On Joint Stock Companies".

## **3. RIGHTS AND OBLIGATIONS OF SHAREHOLDERS. DISCLOSURE OF INFORMATION BY THE COMPANY TO SHAREHOLDERS**

3.1. In accordance with the Federal Law "On Joint Stock Companies" and this Charter, shareholders owning ordinary shares in the Company shall be entitled to:

3.1.1. Participate in the governance of Company, including, by:

- taking part in the General Meeting of Shareholders of the Company with the right to vote on all issues falling within its competence;
- by submitting proposals on putting issues on the agenda of the General Meeting of Shareholders;
- by nominating candidates to the Company's bodies;

The requirements for the contents and form of proposals on putting issues on the agenda of the General Meeting of Shareholders and nomination of candidates to the Board of Directors and the Internal Audit Commission of the Company, as well as procedures for consideration of and decision-making on, such proposals and nominations by the Board of Directors of the Company are set forth in the Federal Law "On Joint Stock Companies" and the **Regulation on the General Meeting of Shareholders of the Company**, which is subject to approval of the General Meeting of Shareholders of the Company.

The requirements for the contents and form of nomination of candidates to the Management Board and to the office of the General Director of the Company, as well as procedures for the consideration of and decision-making on, such nomination by the Board of Directors of the Company, are set forth in the Federal Law "On Joint Stock Companies" and the **Regulation on the Management Board of the Company**, which is subject to approval of the General Meeting of Shareholders of the Company.

- by submitting requests for convening an extraordinary General Meeting of Shareholders.

The requirements for the contents and form of requests for convening an extraordinary General Meeting of Shareholders, as well as procedures for the consideration of and decision-making on, such requests by the Board of Directors of the Company, are set forth in the Federal Law "On Joint Stock Companies" and the **Regulation on the General Meeting of Shareholders of the Company**, which is subject to approval of the General Meeting of Shareholders of the Company.

3.1.2. Receive information of the Company's operations and to familiarize with its accounting and other documentation to the extent and in the manner stipulated in the Federal Law "On Joint Stock Companies" and this Charter;

3.1.3. Participate in profit distribution;

3.1.4. Receive dividends;

3.1.5. In the event of the Company's liquidation, to receive a portion of its property remaining after the completion of settlements with the creditors, or its equivalent value.

Shareholders of the Company shall also enjoy other rights provided by the Civil Code of the Russian Federation, the Federal Law "On Joint Stock Companies", this Charter.

3.2. Each of the ordinary shares in the Company shall endow the shareholder holding it the same amount of rights.

3.3. A voting share in the Company shall be an ordinary share that has been fully paid for, with the exception of the Company's treasury shares.

3.4. A shareholder shall be obliged:

- to observe the requirements of this Charter and other internal documents of the Company specified in this Charter;
- to pay for shares during their distribution within the timing, in accordance with the procedures, and in the manner prescribed by legislation, this Charter, and the decisions on their issuance and placement;
- to not disclose confidential information about the Company's operations.

Shareholders of the Company shall bear other obligations prescribed by the Civil Code of the Russian Federation, the Federal Law "On Joint Stock Companies", other legal acts of the Russian Federation, regulatory legal acts of the Federal Commission on the Securities Market of Russia, this Charter, and resolutions of the General Meetings of Shareholders of the Company within its competence.

3.5. Those shareholders who have not paid for shares in full during their placement shall be jointly and severally liable for the Company's obligations to the extent of the outstanding value of their shareholdings.

3.6. The Company shall keep and provide shareholders with access to the documents listed in Article 89.1 of the Federal Law "On Joint Stock Companies".

The Company shall provide access to the documents listed in Article 89.1 of the Federal Law "On Joint Stock Companies" at the location of its sole executive body.

Access to accounting documents and the minutes of Management Board meetings shall be open to shareholder(s) representing, in aggregate, at least 25 percent of the voting shares in the Company.

The Company shall provide the documents listed in Article 89.1 of the Federal Law "On Joint Stock Companies" for familiarization within seven days from the date of the respective request and at the office of its sole executive body.

The Company shall provide to a shareholder upon request copies of the documents listed in Article 89.1 of the Federal Law "On Joint Stock Companies" for a fee.

The fee charged by the Company for the provision of such copies may not exceed the costs incurred by the Company on making such copies. The Company shall prepare an invoice for such payment within 5 (five) business days from receipt of a shareholder's respective request.

The Company shall provide a shareholder with copies of the respective documents not later than in 5 (five) business days from receipt of the document confirming payment of the invoice.

#### **4. PLACEMENT OF SHARES, BONDS, AND OTHER EQUITY SECURITIES BY THE COMPANY. REPURCHASE OF OUTSTANDING SHARES BY THE COMPANY**

4.1. The Company may place additional shares, bonds, and other equity securities by means of subscription and conversion. Should the charter capital of the Company be increased at the expense of its property, the Company must place additional shares through their allocation among its shareholders.

4.2. Should the Company distribute shares and equity securities convertible into shares by means of subscription, the Company may perform both public and private subscription.

4.3. The Company may repurchase its outstanding shares according to the decision of the General Meeting of Shareholders to reduce its charter capital by repurchasing a portion of shares placed in order to reduce their total number. Should it be necessary to repurchase outstanding shares for any other purpose (other reason), the Company may repurchase such shares according to the decision of the Board of Directors.

4.4. Payment for the outstanding shares repurchased by the Company may be effected by cash, securities, property rights having monetary value, other assets.

4.5. The Company may not decide to repurchase or repurchase the outstanding shares in the cases specified in the Federal Law "On Joint Stock Companies".

#### **5. FUNDS**

5.1. The Company shall establish a reserve fund and an accumulation fund out of its net profit.

The funds are formed by the General Meeting of Shareholders of the Company while considering profit distribution issue upon the recommendation from the Board of Directors of the Company.

5.2. The reserve fund of the Company shall be established as equal to 5 percent of its charter capital.

The reserve fund of the Company shall be formed by obligatory annual deductions until it reaches the size prescribed above in this Clause. The rate of annual deductions may not be less than 5 percent of the Company's net profit until it reaches the size prescribed above in this Clause.

The reserve fund of the Company shall be intended for covering its losses, canceling its bonds, and repurchasing its shares in the absence of other funds.

The reserve fund may not be used for other purpose.

5.3. The accumulation fund shall be intended to finance the Company's investment activity and provide for working capital of the Company.

5.4. The Board of Directors of the Company shall handle the funds.

## **6. DIVIDENDS OF THE COMPANY**

6.1. Dividends are the portion of the Company's net profit distributed among the shareholders in proportion to their shareholdings of the respective type and category.

6.2. The Company is entitled to decide on (declare) payment of dividends on outstanding shares based on the results of the first quarter, half year, nine months of a fiscal year and (or) based on the results of a fiscal year.

6.3. The General Meeting of Shareholders of the Company shall take decision (declare) payment of dividends. The amount of dividends may not be higher than that recommended by the Board of Directors of the Company.

A decision to pay (declare) dividends based on the results of the first quarter, half year and nine months of a fiscal year, their amount and timing of payment, may be adopted within three months after the end of respective period. A decision to pay dividends based on the results of a fiscal year shall be made during the approval of profit distribution for the fiscal year under review.

6.4. Dividends shall be payable in the monetary form.

6.5. A list of persons entitled to receive dividends shall be drawn up for payment of dividends. This list shall be composed on the basis of the data from the register of holders of ordinary shares of the Company as of the date of composition of the list of persons entitled to participate in the annual General Meeting of Shareholders.

6.6. The Company may not decide to pay (declare) dividends, nor may it pay declared dividends, in the cases specified in the Federal Law "On Joint Stock Companies".

6.7. The procedures for the accrual and payment of dividends on the Company's shares are established by the **Regulation on the Procedure for Accrual and Payment of Dividends on the Company's Shares**, which is subject to approval by the Board of Directors of the Company.

## **7. STRUCTURE OF GOVERNING AND SUPERVISORY BODIES. LIABILITY OF MEMBERS OF THE BOARD OF DIRECTORS, MEMBERS OF THE MANAGEMENT BOARD, AND THE GENERAL DIRECTOR OF THE COMPANY.**

7.1. The governing bodies of the Company are as follows:

- General Meeting of Shareholders;
- Board of Directors;
- Management Board (collective executive body);
- General Director (sole executive body).

7.2. The Internal Audit Commission shall be the supervisory body exercising control over the Company's finances and business.

7.3. While exercising their rights and performing their duties, members of the Board of Directors of the Company, members of the Management Board of the Company, and the General Director of the Company shall act in the interests of the Company and shall exercise their rights and perform their duties in respect to the Company reasonably and in good faith.

7.4. Members of the Board of Directors of the Company, members of the Management Board of the Company, and the General Director of the Company shall be liable to the Company for the losses caused to the Company by their culpable acts (omissions), unless other grounds for and the extent of liability are established by federal laws.



In addition, those members of the Board of Directors of the Company and members of the Management Board of the Company who voted against the decision that caused losses to the Company or did not take part in the vote shall not be liable.

7.5. The Company or shareholder(s) holding, in aggregate, no less than 1 percent of ordinary shares in the Company may sue a member of the Board of Directors of the Company or of the Management Board of the Company or the General Director of the Company for compensation of losses caused to the Company in the case specified in Article 71.2 of the Federal Law "On Joint Stock Companies".

## **8. GENERAL MEETING OF SHAREHOLDERS**

### **General Provisions**

8.1. The General Meeting of Shareholders of the Company shall be the supreme governing body of the Company.

8.2. The Company is obliged to hold an annual General Meeting of Shareholders every year within the term not earlier than 2 months, and not later than 6 months after the end of the fiscal year.

8.3. Those General Meetings of Shareholders which are held besides the annual meeting shall be extraordinary.

8.4. The General Meeting of Shareholders may adopt resolutions in either of the following ways (different forms in which the General Meeting of Shareholders may be held):

- at an actual meeting (joint presence of shareholders in order to discuss issues put on the agenda and take decisions on items put up for vote); or
- by absentee ballots (i.e. without joint presence of shareholders).

### **Competence of the General Meetings of Shareholders**

8.5. The following matters shall come under the competence of the General Meeting of Shareholders:

- (1) to make amendment and addenda to the Company's Charter or to approve a new version of the Company's Charter, other than in those cases which are prescribed in the Federal Law "On Joint Stock Companies";
- (2) reorganization of the Company;
- (3) liquidation of the Company, appointment of the liquidation committee and approval of the interim and final liquidation balance sheets;
- (4) determination of the size of the Company's Board of Directors, election of its members and early termination of their powers;
- (5) determination of the number, par value, and category (type) of authorized shares, and the rights represented by such shares;
- (6) increase of the charter capital of the Company by way of increase of the par value of the shares or by way of placement of additional shares in the cases provided by the federal law and this Charter;
- (7) reduction of the charter capital of the Company by way of reduction of the par value of shares, by way of acquisition by the Company of a portion of shares with a view of reducing their total number, and by way of redemption of shares acquired or repurchased by the Company;
- (8) election of members of the Company's Internal Audit Commission and early termination of their powers;
- (9) approval of the Company's Auditor;
- (10) approval of the Company's annual reports, annual financial statements, including profit-and-loss reports (profit-and-loss accounts), as well as distributions of profits, including, payment (declaration) of dividends, except for profits distributed as dividends upon the results of the first quarter, half year, or nine months of a fiscal year, and losses based on the results of a fiscal year;
- (10.1) payment (declaration) of dividends based on the results of the first quarter, half year, or nine months of a fiscal year;
- (11) determination of the rules of procedure of the General Meeting of Shareholders;
- (12) split and consolidation of shares;

- (13) adoption of resolutions on the approval of transactions in the instances provided for under Article 83 of the Federal Law "On Joint Stock Companies";
- (14) adoption of resolutions on the approval of major transactions in the instances provided for under Article 79 of the Federal Law "On Joint Stock Companies";
- (15) repurchase of the outstanding shares by the Company in the cases set forth in the Federal Law "On Joint Stock Companies";
- (16) adoption of resolutions on the participation in holding companies, financial and industrial groups, associations and other alliances of commercial organizations;
- (17) approval of internal documents: the Regulation on the General Meeting of Shareholders of the Company, the Regulation on the Board of Directors of the Company, the Regulation on the Management Board of the Company, the Regulation on the Internal Audit Commission of the Company;
- (18) resolving other matters referred to the competence of the General Meeting of Shareholders pursuant to the Federal Law "On Joint Stock Companies".

8.6. The General Meeting may not consider and resolve on the matters that do not fall within its competence under the Federal Law "On Joint Stock Companies".

In case of inconsistency of the provisions of the Company's Charter with internal documents approved by the General Meeting of Shareholders, the provisions of the Company's Charter shall prevail for third parties and the shareholders of the Company.

#### **Procedures for Adoption of Resolutions by the General Meeting of Shareholders. Procedures for Notification of Shareholders of the General Meeting of Shareholders.**

8.7. The General Meeting of Shareholders shall adopt resolutions on a matter put up for vote by a majority vote of the Company's shareholders holding voting shares and taking part in the meeting, unless the Federal Law "On Joint Stock Companies" or this Charter provides otherwise.

8.8. The General Meeting of Shareholders shall adopt resolutions on the matters listed in Sub-clauses 2, 6, 11-17 of Clause 8.5 of this Charter on the suggestion of the Board of Directors of the Company only.

8.9. The General Meeting of Shareholders shall adopt resolutions on the matters listed in Sub-clauses 1-3, 5 and 15 of Clause 8.5 of this Charter by a three-quarter majority of votes of the shareholders holding voting shares and taking part in the meeting.

8.10. The General Meeting may neither adopt resolutions on the matters other than those put on the agenda of the meeting, nor may it alter the agenda.

8.11. The resolutions adopted by the General Meeting of Shareholders and the results of voting shall be announced at the meeting where the voting has been taken or shall be brought to the notice of the persons included into the list of persons entitled to participate in the General Meeting of Shareholders within 10 days from the drawing up of the minutes on the results of the voting in the form of a report on the results of such voting, which shall be published in the printed periodicals specified in Clause 8.13 of this Charter.

#### **Announcement of General Meetings of Shareholders**

8.12. A notice of the General Meeting of Shareholders shall be given no later than 30 days prior to the date of its holding, unless a longer period is prescribed by legislation.

If the agenda proposed for an extraordinary General Meeting of Shareholders includes the item concerning election of members to the Board of Directors of the Company, a notice of such meeting shall be given no later than 50 days prior to the date of its holding.

8.13. The form of notification of shareholders of the General Meeting of Shareholders - publishing the notification of holding of the General Meeting of Shareholders in the following printed periodicals: Perm independent regional newspaper Zvezda (Registration No. E-0608) and Sol Zemli (founder OJSC Uralkali, registration No. E-0338).

8.14. A list of information (materials) to be provided to shareholders in the course of preparations for the General Meeting of Shareholders of the Company, as well as the procedures for familiarization with such information, shall be determined by the Board of Directors of the Company in accordance with the Federal Law "On Joint Stock Companies".

8.15. The information (materials) to be provided to shareholders in the course of preparations for the General Meeting of Shareholders of the Company shall be made available within 20 days or, in the event the agenda of the General Meeting of Shareholders includes the item on the Company's

reorganization, within 30 days prior to the meeting for familiarization to the persons entitled to participate. Such information (materials) shall be made available to the participants of the General Meeting of Shareholders during its course.

At the request of a person entitled to participate in the General Meeting of Shareholders the Company shall provide him or her with copies of such documents for a fee. The fee charged by the Company for provision of such copies may not exceed the costs incurred by the Company to make such copies. The Company shall prepare an invoice for such payment within 2 (two) business days from receipt of a shareholder's respective request.

The Company shall provide a shareholder with copies of the respective documents not later than in 2 (two) business days from receipt of the document confirming payment of the invoice.

### **Procedures for Preparing and Holding the General Meeting of Shareholders**

8.16. In the course of preparations for the General Meeting of Shareholders, the Board of Directors of the Company shall:

**determine:**

- the form of holding of the General Meeting of Shareholders;
- the date, place and time of the General Meeting of Shareholders, and the commencement time for the registration of participants of the General Meeting (except if the General Meeting of Shareholders is held by absentee ballots);
- the date of sending (delivery) of the voting ballots;
- the mailing address(es) to which completed ballots are to be sent;
- the date and time of termination the acceptance of completed ballots;
- the record date for the list of persons entitled to participate in the General Meeting of Shareholders;
- the agenda of the General Meeting of Shareholders;
- the list of information (materials) to be provided for shareholders in the course of preparations for the General Meeting of Shareholders, and procedures for its provision;
- the procedure for notifying shareholders of the General Meeting of Shareholders;
- the form and text of ballots;

**approve:**

- the membership of the organizing committee on preparing the General Meeting of Shareholders;
- the chairman and deputy chairmen of the organizing committee on preparing the General Meeting of Shareholders;
- the person to preside over the General Meeting of Shareholders and the secretary of the General Meeting of Shareholders;
- the presidium of the General Meeting of Shareholders;
- the reporters on the agenda items;
- the text of the notice of holding of the General Meeting of Shareholders;
- the voting instructions;
- the annual report for further approval by the annual General Meeting of Shareholders;
- the General Director's report for the annual General Meeting of Shareholders;
- data in respect of the candidates to the Company's bodies and for its Auditor, presented to the General Meeting of Shareholders;

**recommend to the General Meeting of Shareholders for approval:**

- procedures for holding of the General Meeting of Shareholders, which are subject to further approval by the General Meeting of Shareholders;
- amendments and addenda to the Company's Charter or new version of the Company's Charter;
- amendments and addenda to the Company's internal documents that are subject to approval by the General Meeting of Shareholders, and new versions of such internal documents;
- profit distribution;
- amount of dividends and procedures for their payment;
- the Company's Auditor;
- other draft decisions in the cases specified in the Federal Law "On Joint Stock Companies" and this Charter.

The agenda of the annual General Meeting of Shareholders shall necessarily include items on election of the Board of Directors of the Company, the Internal Audit Commission of the Company, approval of the Company's Auditor, and items prescribed by Sub-clause 10 of Clause 8.5 of this Charter.

8.17. Procedures for holding of the General Meeting of Shareholders shall be proposed by the Board of Directors of the Company, and shall be approved by the General Meeting of Shareholders at the beginning of each General Meeting of Shareholders in the manner stipulated in Clause 8.7 of this Charter.

8.18. Voting at the General Meeting of Shareholders on the agenda items shall be effectuated by voting ballots only.

The Company shall send voting ballots to shareholders and accept such ballots within the periods prescribed by the Federal Law "On Joint Stock Companies" and the decision of the Board of Directors of the Company.

Voting ballots shall be sent by registered mail or delivered to a shareholder in person against a signed acknowledgement of receipt.

8.19. Votes cast during voting shall be counted where the voter has left only one of the available voting options still standing. Ballots, which have been completed in breach of the above requirement shall be deemed invalid and the votes cast on the matters covered by such ballots shall be disregarded.

Should a ballot include several items put up for vote, failure to keep the above requirement in respect of one or several items shall not entail the invalidation of the voting ballot in full.

8.20. The counting commission shall execute and sign the minutes on the results of voting in follow-up of such voting. The minutes on the results of voting shall be executed no later than 15 days after the closing of the General Meeting of Shareholders or of the date of termination of acceptance of ballots during the General Meeting of Shareholders held by absentee ballots.

Following the drawing up of the minutes on the voting results and the signing of the minutes of the General Meeting of Shareholders, the counting commission shall seal the voting ballots and surrender them for custody to the Company's archive.

8.21. The minutes on the on the voting results shall be attached to the minutes of the General Meeting of Shareholders.

8.22. The minutes of the General Meeting of Shareholders shall be executed not later than in 15 days after its closing and in duplicate. Both copies shall be signed by the person that presided over the General Meeting of Shareholders and by the secretary of the General Meeting of Shareholders.

8.23. The counting commission shall check the powers of, and register participants of the General Meeting of Shareholders, shall determine the quorum of the General Meeting of Shareholders, shall clarify issues arising in connection with the exercise by shareholders (their representatives) of voting rights at the General Meeting, shall explain voting procedures in respect of items put up for vote, shall ensure established voting procedures and shareholders' rights to take part in voting, shall count the votes and sum up the results of voting, shall draw up the minutes on the voting results, and shall surrender the voting ballots to the Company's archive..

8.24. The registrar shall perform the functions of the Company's counting commission.

8.25. The other aspects of procedures for preparing and holding the General Meeting of Shareholders are set forth in the Federal Law "On Joint Stock Companies" and the **Regulation on the General Meetings of Shareholders of the Company**.

## **9. COMPANY'S BOARD OF DIRECTORS**

### **General Provisions**

9.1. The Board of Directors shall provide general governance of the Company's operations, except for the issues falling within the competence of the General Meeting of Shareholders under the Federal Law "On Joint Stock Companies".

9.2. The General Meeting of Shareholders of the Company shall elect the Board of Directors of the Company.

During their service on the Board of Directors of the Company, its members shall be paid compensation and reimbursement for their expenses related to performance of their duties. The amounts of such compensation and reimbursement and procedures for their payment shall be as set forth in the **Regulation on the Board of Directors of the Company**, which is subject to approval by the General Meeting of Shareholders.

### **Competence of Board of Directors**

- 9.3. Within the scope of its competence of the Board of Directors of the Company shall:
- (1) approve the Company's strategic plans;
  - (2) set priority guidelines for the Company's operations;
  - (3) approve the Company's annual budget;
  - (4) use the Company's reserve fund and other funds;
  - (5) convene annual and extraordinary General Meetings of Shareholders, other than in the cases set forth in Article 55.8 of the Federal Law "On Joint Stock Companies";
  - (6) approve agenda of the General Meeting of Shareholders;
  - (7) set the record date for the list of persons entitled to participate in the General Meeting of Shareholders, and resolve other matters related to the preparation and holding of the General Meeting of Shareholders, which fall within the competence of the Board of Directors of the Company in accordance with Chapter VII of the Federal Law "On Joint Stock Companies" and this Charter;
  - (8) tentatively approve the Company's annual reports;
  - (9) give recommendations to the General Meeting of Shareholders regarding the amounts of compensation and reimbursement payable to members of the Company's Internal Audit Commission;
  - (10) give recommendations to the General Meeting of Shareholders regarding procedures for distribution of the Company's profits and losses based on the results of a fiscal year, as well as concerning profit distribution in the form of dividends based on the results of the first quarter, half year, and the nine months of a fiscal year;
  - (11) give recommendations to the General Meeting of Shareholders regarding the amount of dividends payable on the Company's shares, and procedures for effectuating such payments;
  - (12) elect the Chairman and Deputy Chairmen of the Board of Directors;
  - (13) determine the numerical membership of the Management Board of the Company;
  - (14) appoint and dismiss the Company's General Director, and approve the terms and conditions of the contract to be signed with the General Director;
  - (15) set operating objectives and guidelines for the General Director, exercise control over the General Director's performance of the duties and exercise of the powers granted to the General Director, and exercise other employer's rights in respect of the General Director;
  - (16) approve the persons specified in Clause 14.3 of this Charter in their respective positions;
  - (17) increase the charter capital of the Company through an additional share placement within the number and categories (types) of its authorized shares in the cases provided for in Clause 2.9 of this Charter;
  - (18) decide on the Company's placement of bonds and other securities;
  - (19) approve decision on securities issuance, securities placement prospectus, report on the results of securities placement, and insert amendments and supplements to them;
  - (20) repurchase by the Company of its outstanding shares, bonds, and other securities in the cases specified in the Federal Law "On Joint Stock Companies";
  - (21) approve reports on the results of share repurchases carried out in accordance with Article 72.1 of the Federal Law "On Joint Stock Companies";
  - (22) decide to transfer the Company's outstanding shares belonging to the Company;
  - (23) approve the issuer's quarterly reports;
  - (24) establish and close down branches and representative offices of the Company, to approve regulations on such branches and representative offices, to appoint and dismiss their heads at the proposal of the Company, and approve costs estimates for the branches and representative offices concerned;
  - (25) approve major transactions in the cases set forth in Chapter X of the Federal Law "On Joint Stock Companies";
  - (26) approve transactions in the cases set forth in Chapter XI of the Federal Law "On Joint Stock Companies";
  - (27) decide to found, incorporate, or wind up commercial organizations and non-commercial organizations;

- (28) decide on the Company's acquisition or transfer of shares, ownership interests, or equities in other commercial organizations, and on the Company's participation in or withdrawal from non-commercial organizations;
- (29) approve the Company's representatives as candidates for the governing or supervisory bodies of organizations in which the Company has equity participation;
- (30) consent to the General Director of the Company and members of the Management Board for taking up paid positions at other organizations;
- (31) form the Board of Directors' committees, and to approve regulations on such committees;
- (32) approve the Regulation on the Organizational Structure of the Company;
- (33) make such amendments to the Company's Charter as are connected with increases of the charter capital of the Company on the basis of decisions on increase of its charter capital through an additional share placement; and such amendments and supplements as are connected with the establishment and liquidation of the Company's branches and representative offices;
- (34) determine the price (monetary value) of assets (services), and the distribution and repurchase prices for equity securities in the cases provided in the Federal Law "On Joint Stock Companies";
- (35) determine the amount of compensation payable for the services of the Auditor;
- (36) appoint the Company's registrar, to approve the terms and conditions of the contract with the registrar, and to terminate the contract with the registrar;
- (37) approve internal documents of the Company: the Regulation on the Company's Dividend Policy, the Regulations on the Organizational Structure of the Company, the Company's Code of Corporate Governance, the Principles for the Company's Participation in Other Organizations, the Regulation on Procedures for Using Funds for Representative Purposes, and other internal documents designating the Company's policies to be followed in its operations;
- (38) appoint the Secretary of the Board of Directors, to determine the amount of compensation payable to the Secretary of the Board of Directors, and to prescribe procedures for making such payments; and
- (39) deal with other issues set forth in the Federal Law "On Joint Stock Companies" and this Charter.

9.4. No issue falling within the competence of the Board of Directors of the Company may be delegated for decision-making to any of the executive bodies of the Company.

#### **Election of the Board of Directors**

9.5. A General Meeting of Shareholders shall elect members of the Company's Board of Directors being in office until the next annual General Meeting of Shareholders.

9.6. The Board of Directors of the Company shall be elected to consist of 9 members.

9.7. Members of the Company's Management Board may not account for more than one-fourth of the membership of the Board of Directors.

Any persons elected to serve on the Board of Directors of the Company may be re-elected for an unlimited number of terms.

9.8. Elections to the Board of Directors shall proceed by cumulative voting. During such voting, the number of votes represented by each shareholder shall be multiplied by the number of vacancies on the Board of Directors of the Company, and the shareholder shall have the right to give all of the resulting votes for a single candidate or to distribute such votes among two or more candidates.

The candidates winning the highest numbers of votes shall be deemed as elected to the Board of Directors of the Company.

9.9. A General Meeting of Shareholders may only make a dismissal decision in respect of all of the members of the Board of Directors of the Company.

#### **Requirements to Members of the Board of Directors**

9.10. A member of the Board of Directors may not be a shareholder in the Company. Only individuals may be the members of the Board of Directors of the Company.

9.11. No person disqualified in accordance with effective legislation may be a member of the Board of Directors.

### **Chairman of the Board of Directors**

9.13. The Chairman, the First Deputy Chairman, and the Second Deputy Chairman of the Board of Directors of the Company shall be elected by the members of the Board of Directors of the Company from among their own number and by a majority vote of the total membership of the Board of Directors, of the Company, the votes of the members of the Board of Directors no longer incumbent shall be disregarded.

The General Director of the Company may not simultaneously serve as the Chairman of the Board of Directors of the Company.

9.14. The Board of Directors of the Company may at any time re-elect its Chairman and his deputies by a majority vote of the total membership of the Board of Directors, the votes of the members of the Board of Directors no longer incumbent shall be disregarded.

9.15. The Chairman of the Company's Board of Directors shall organize its work, shall call and preside over meetings of the Board of Directors, shall cause minutes of such meetings to be maintained, and shall exercise such other powers as established by the **Regulation on the Chairman of the Board of Directors of the Company**.

9.16. In the absence of the Chairman of the Board of Directors of the Company, one of his deputies shall perform his functions, and should the Chairman of the Board of Directors of the Company be absent along with the deputies, one of the members of the Board of Directors of the Company, as designated by the decision of the Board of Directors of the Company made by a majority of the members of the Board of Directors of the Company in attendance at the meeting, shall perform the functions of the Chairman of the Board of Directors of the Company.

### **Meeting of the Board of Directors**

9.17. The Chairman of the Board of Directors of the Company shall convene its meeting on the Chairman's own initiative, upon request from a member of the Board of Directors of the Company, of the Internal Audit Commission of the Company, or from the Company's Auditor, the Management Board or the General Director of the Company.

9.18. The quorum for a meeting of the Board of Directors of the Company shall be constituted by 5 elected members of the Board of Directors of the Company.

In the course of determination of the required quorum and the results of voting on the agenda items the written opinions submitted prior to the start of the meeting by a member of the Board of Directors of the Company absent from such meeting of the Board of Directors of the Company in respect of certain item(s) on the agenda, shall be taken into account.

9.19. Resolutions of the Board of Directors of the Company are adopted by majority vote of the Board of Directors members taking part in the meeting and/or having expressed their opinions in writing, unless otherwise is stipulated in the Federal Law "On Joint Stock Companies" and this Charter.

9.20. The Board of Directors of the Company may adopt its resolutions by absentee ballots (i.e. by poll).

Such absentee ballots voting shall be effectuated through ballots.

The meeting shall be deemed competent if ballots from 5 or more members of the Board of Directors of the Company are received before the start of such meeting.

The Board of Directors' resolution adopted by absentee ballots shall be deemed adopted if supported by majority of its members from whom ballots were received, unless otherwise set forth in the Federal Law "On Joint Stock Companies" and this Charter.

9.21. In the course of resolving matters at a meeting of the Board of Directors of the Company, each member of the Board of Directors shall have one vote.

No member of the Board of Directors of the Company may delegate votes to another person, including other members of the Board of Directors.

In the event of a tie during resolving matters by the Board of Directors, its Chairman shall have the casting vote.

9.22. The procedures for the Company's Board of Directors activity, convening and holding, as well for resolving matters by absentee vote, shall be set forth in the Regulation on the Board of Directors of the Company, which shall subject to approval by the General Meeting of Shareholders of the Company.

## **10. COMPANY'S EXECUTIVE BODIES**

### **General Provisions**

10.1. The day-to-day operations of the Company shall be managed by the Management Board of the Company and the General Director of the Company.

These executive bodies shall be accountable to the Board of Directors of the Company and the General Meetings of Shareholders.

10.2. The General Director of the Company shall simultaneously be the Chairman of the Management Board of the Company.

10.3. The rights and obligations of a member of the Management Board, the General Director in the exercise of direction over the Company's day-to-day operations shall be as defined in the Federal Law "On Joint Stock Companies", other legal acts of the Russian Federation, and the contract concluded between each of them and the Company. The contract on behalf of the Company shall be signed by the Chairman of the Board of Directors of the Company or by a person authorized by the Board of Directors of the Company.

10.4. The General Director of the Company and members of the Management Board of the Company may combine their service in the respective paid positions with positions in governing bodies of other organizations is probable only with sanction of the Board of Directors of the Company.

10.5. The Board of Directors of the Company may at any time terminate the contract with the General Director of the Company and members of the Management Board of the Company.

10.6. The Management Board of the Company and the General Director of the Company may not make decisions on the issues falling within the competence of the General Meeting of Shareholders of the Company and the competence of the Board of Directors of the Company.

The Management Board and the General Director of the Company shall arrange the fulfillment of decisions made by the General Meeting of Shareholders and the Board of Directors of the Company.

### **Management Board of the Company**

10.7. The Management Board of the Company shall be formed by the Board of Directors of the Company, which shall approve the size and manning of the Management Board of the Company.

Members of the Management Board shall be appointed for the term of office of the Board of Directors, which has appointed them. The Board of Directors shall obtain from the person appointed to the position of a Management Board member a written consent to such appointment.

The Board of Directors of the Company may at any time alter the size and manning of the Management Board of the Company.

10.8 A member of the Management Board may not be a shareholder in the Company. Only individual may be a member of the Management Board of the Company.

No person disqualified in accordance with effective legislation may be a member of the Management Board.

10.9. The Management Board of the Company shall be competent:

- (1) to define short-term objectives of operation of the Company;
- (2) to tentatively approve the Company's annual budget and annual business plan of the Company and to submit them to the Board of Directors for consideration;
- (3) to approve the accounting policy of the Company;
- (4) to make recommendations for the Board of Directors on Company's participation in other organizations;
- (5) to make a decision on production of the seals of the Company;
- (6) to approve the conditions of the collective-bargaining agreement on the part of the Company, and to submit it to the General Director of the Company for signing;
- (7) to appoint the persons specified in Clause 14.3 of this Charter;
- (8) to exercise control over the execution of the budget of the Company;
- (9) to exercise control over the implementation of the Company's business plan;



- (10) to exercise control over the activity of the separate subdivisions, organization departments of the Company;
- (11) to exercise control over the execution and fulfillment of civil-law contracts;
- (12) to approve the internal documents: the Regulations on the Company's Trade Secret, the Internal Work Regulations;
- (13) to appoint the Management Board's Secretary, to determine the amount and procedures of payment of his consideration;
- (14) to make decisions on the issues proposed to the Management Board by the General Director of the Company.

10.10. The Management Board shall make decisions at its meetings.

Minutes shall be kept at Management Board meetings.

The Chairman of the Company's Management Board of the Company shall call its meetings on his own initiative, upon request from a member of the Board of Directors of the Company, a member of the Management Board.

10.11. A Management Board meeting shall be deemed competent (has a quorum) if attended by the members of the Management Board comprising one-half or more of the membership of the Management Board of the Company.

10.12. Decisions at the Management Board's meetings shall be made by a simple majority vote of the members of the Management Board of the Company taking part in the meeting.

10.13. All meetings of the Management Board shall be held in the form of joint presence (meeting).

10.14. During decision-making at a meeting of the Management Board, each member of the Management Body shall have one vote.

A member of the Management Board may not transfer vote to another person, including another Management Board member.

In the event of a tie during decision-making, the Chairman of the Management Board shall have the casting vote.

10.15. The procedures and terms for calling meetings of the Management Board of the Company and procedures for decision-making by the Management Board of the Company shall be as prescribed in this Charter and in the **Regulation on the Management Board of the Company**, which shall be approved by the General Meeting of Shareholders of the Company.

### **General Director**

10.16. The Board of Directors of the Company shall appoint the Company's General Director for the term determined in the labor contract, but for no more than two years.

10.17. The General Director shall have higher education.

No person disqualified in accordance with effective legislation may be the General Director.

10.18. The General Director shall act on behalf of the Company without a power of attorney, including, representation of the Company's interests before all organizations and in its dealings with individuals, both in and outside the Russian Federation.

10.19. The General Director shall:

- (1) make transactions on behalf of the Company. The General Director shall make the transactions, which require approval from the General Meeting of Shareholders or the Board of Directors of the Company or another go-ahead decision from such bodies under the Federal Law "On Joint Stock Companies", after such approval or decision has been obtained;
- (2) approve the staffing structure;
- (3) issue orders (directions) and give instructions binding on all of the Company's employees;
- (4) execute a collective-bargaining agreement on behalf of the Company with the employees of the Company on the conditions approved by the Management Board of the Company;
- (5) execute employment contracts with the Company's employees, award incentives to them, and discipline them;
- (6) issue powers of attorney;
- (7) delegate his powers by appointing an acting General Director or another person authorized to make decisions on the specified range of issues. Grounds for the appointment of an acting General Director shall be only the vacation, business trip, and temporary incapacity;

- (8) approve the Company's internal documents other than those subject to approval by the General Meeting of Shareholders, the Board of Directors and the Management Board of the Company under the Federal Law "On Joint Stock Companies" and this Charter; and
- (9) make decisions on other issues, not assigned to the exclusive competence of the General Meeting of Shareholders, the Board of Directors and the Management Board of the Company by legislation and this Charter.

10.20. The General Director shall make decisions within his competence at his own discretion.

The decisions of the General Meeting of Shareholders, the Board of Directors, and the Management Board of the Company which have been made within their competence shall be binding on the General Director of the Company.

## **11. COMPANY'S INTERNAL AUDIT COMMISSION**

### **General Provisions**

11.1. The Internal Audit Commission of the Company shall exercise control over the finances and business operations of the Company.

11.2. The General Meeting of Shareholders of the Company shall elect the Internal Audit Commission composed of 5 members for the term until the next annual General Meeting of Shareholders.

Should the number of the Internal Audit Commission's members become less than three, the Board of Directors shall be obliged to call an extraordinary General Meeting of Shareholders in order to elect the Internal Audit Commission. The remaining members of the Internal Audit Commission shall perform their functions until the election of the Internal Audit Commission.

11.3. No shares belonging to the members of the Board of Directors of the Company, the General Director of the Company, the members of the Management Board of the Company may take part in voting at elections to the Internal Audit Commission.

11.4. Individual members of or the entire Internal Audit Commission may be terminated on the grounds and in the manner provided for in the **Regulation on the Internal Audit Commission of the Company**.

### **Competence of the Internal Audit Commission**

11.5. The Internal Audit Commission of the Company shall be competent:

- (1) to confirm the reliability of the data included in the Company's annual reports, annual and periodic financial statements, reports for statistical and other state bodies;
- (2) to review the legality of decisions made by the Board of Directors, the Management Board, the General Director of the Company;
- (3) to check the fulfillment by the Company's officers of decisions made by the General Meeting of Shareholders, the Board of Directors, the Management Board, the requirements provided by the Company's internal documents, as listed in the Charter of the Company;
- (4) to check the correctness of the Company's profit allocation in accordance with the decision of the General Meeting of shareholders of the Company on profit distribution;
- (5) to check the correctness of the accrual and timeliness of payment of dividends on shares and bond interest rates;
- (6) to check the legality of contracts executed on behalf of the Company and other made transactions;
- (7) to check the timeliness and correctness of repayments under the Company's contracts and obligations;
- (8) to assess the internal-control system; and
- (9) to analyze the reasons and the consequences of deviations from the Company's budgets.

11.6. Check (internal audit) on the Company's finances and business operations shall be performed upon the results of the Company's annual performances and at any time on the initiative of the Internal Audit Commission of the Company, by a decision of the General Meeting of Shareholders, the Board of Directors of the Company, or upon request from a shareholder (shareholders) in the Company representing, in aggregate, at least 10 percent of the voting shares in the Company.

11.7. Persons serving on the Company's governing bodies, as well as the Company's officers and employees, shall be obliged to provide documents on the finance and business operations of the Company upon the request of the Internal Audit Commission of the Company.

Such documents shall be provided within 5 (five) business days of the presentation of the written request.

11.8. The Internal Audit Commission of the Company may request that an extraordinary General Meeting of Shareholders should be held in accordance with Article 55 of the Federal Law "On Joint Stock Companies".

The Internal Audit Commission may require that a meeting of the Board of Directors should be called.

11.9. During execution of their duties the members of the Internal Audit Commission of the Company shall be paid consideration and reimbursement for the expenses related to execution of their duties by them. The amounts of such consideration and reimbursement and procedures for their payment shall be as set out in the **Regulation on the Internal Audit Commission of the Company**, which shall be approved by the General Meeting of Shareholders of the Company.

11.10. The procedures for operating of the Internal Audit Commission shall be as set out in the **Regulation on the Internal Audit Commission of the Company**, which shall be approved by the General Meeting of Shareholders of the Company.

#### **Requirements to Members of the Internal Audit Commission of the Company**

11.11. A member of the Internal Audit Commission may not be a shareholder in the Company. The members of the Internal Audit Commission of the Company may not simultaneously be the members of the Board of Directors of the Company, and the General Director of the Company and the members of the Management Board of the Company. Only individual may be a member of the Internal Audit Commission of the Company.

11.12. Members of the Internal Audit Commission shall include, as a rule, persons who have higher economic or higher legal education and/or at least two years of work experience in auditing bodies.

#### **Procedures for Adoption of Resolutions by the Internal Audit Commission of the Company**

11.13. The Internal Audit Commission shall make decisions at its meetings.

Minutes shall be kept at Internal Audit Commission meetings.

The Chairman shall call the meetings of the Internal Audit Commission.

A member of the Internal Audit Commission may call meeting of the commission upon uncovering breaches that require urgent measures from the Internal Audit Commission.

11.14. The Internal Audit Commission shall meet at least once every three months.

11.15. A meeting of the Internal Audit Commission shall be competent (has a quorum) if attended by at least 3 (three) members of the Internal Audit Commission.

Once the number of Internal Audit Commission members becomes less than three and until the General Meeting of Shareholders elects a new Internal Audit Commission, a meeting of the Internal Audit Commission shall be competent (has a quorum) if attended by all of its remaining members.

11.16. All meetings of the Internal Audit Commission shall be held in the form of joint presence.

11.17. The Internal Audit Commission shall elect the Chairman of the Internal Audit Commission from among its members. The Chairman of the Internal Audit Commission shall be elected at the meeting of the Internal Audit Commission by a majority of the members of the Commission present.

The Internal Audit Commission may at any time re-elect its Chairman by a majority vote of the members of the Commission in attendance at the meeting.

11.18. The Chairman of the Commission shall call and conduct its meetings, shall organize the day-to-day work of the Internal Audit Commission, shall represent it at the General Meeting of Shareholders, meetings of the Board of Directors of the Company, shall sign documents outgoing on behalf of it, including reports and opinions, arranges minutes to be kept at meetings of the Internal Audit Commission, and delivers reports and opinions of the Internal Audit Commission to addressees.

11.19. During decision-making, each member of the Internal Audit Commission shall have one vote. The Internal Audit Commission shall make decisions by a simple majority vote of the members of the Internal Audit Commission present at the meeting.

In the event of a tie, the Chairman of the Internal Audit Commission shall have the casting vote. Should they disagree with a decision of the Commission the members of the Internal Auditor Commission may record their dissenting opinion in the minute of the meeting and may bring it to the notice of the General Meeting of Shareholders or the Board of Directors.

## **12. COMPANY'S AUDITOR**

12.1. The External Auditor shall perform checks on the Company's finances and business operations in accordance with legal acts of the Russian Federation, on the basis of the contract concluded with it.

12.2. The External Auditor of the Company shall be appointed by the General Meeting of Shareholders of the Company. The Board of Directors shall determine the amount of compensation payable for the services of the External Auditor.

12.3. Upon the results of a check on the Company's finances and business operations over the accounting period, the External Auditor shall draw up an opinion to be submitted to an annual General Meeting of Shareholders during its consideration of approval for the Company's annual report for the accounting period.

## **13. COMPANY'S ACCOUNTING AND REPORTING**

13.1. The fiscal year at the Company shall run from January 1 through December 31 of the calendar year.

13.2. The Company shall maintain accounting and financial reporting in the manner prescribed in the Federal Law "On Joint Stock Companies", the Federal Law "On Accounting", and other legal acts of the Russian Federation.

13.3. The General Director shall be liable for the organization, status, and accuracy of accounting at the Company, for the timely submission of annual report and other financial statements to appropriate authorities, as well as for data concerning the activities of the Company to be provided to shareholders, creditors, and the mass media in accordance with the Federal Law "On Joint Stock Companies", other legal acts of the Russian Federation, and this Charter.

13.4. The accuracy of the data included in the Company's annual report, annual financial statements, shall be confirmed by the Internal Audit Commission of the Company and the External Auditor, not be related to the Company or its shareholders by proprietary interests, by means of opinions which shall be submitted to the annual General Meeting of Shareholders of the Company.

The Company shall publish the documents specified in this Clause after the data has been verified by the External Auditor of the Company.

The Company's annual report shall be subject to prior approval by the Board of Directors of the Company no later than 30 days before the date of the annual General Meeting of Shareholders of the Company.

13.5. The Company shall submit the annual financial statement to appropriate taxation and statistics authorities within five business days of the date of its approval by an annual General Meeting of Shareholders of the Company.

## **14. LABOR RELATIONS BETWEEN THE COMPANY AND EMPLOYEES**

14.1. The Company's relations with employees shall be subject to the labor legislation of the Russian Federation, the collective-bargaining agreement of the Company, and individual labor contracts.

14.2. The Company's labor relations with the General Director shall arise on the basis of a labor contract to be concluded after the General Director's appointment by the Board of Directors of the Company.

14.3. In the cases provided for in the Regulations on the Organizational Structure of the Company, labor relations with Company's employees shall arise on the basis of labor contracts after the employees' approval in their corresponding positions by the Board of Directors or the Management Board of the Company.

14.4. The list of positions occupied following the results of competitive screening and the procedures for such competitive screening shall be provided by a local normative act of the Company.

The Company's relations with the officers having passed competitive screening shall arise on the basis of employment contracts after the employees have won the competitions to fill the corresponding positions.

14.5. The Company's rights and obligations as employer in relations with the employees of the Company shall be exercised on behalf of the Company by the General Director or another person, authorized by the General Director on the basis of a power of attorney, order (direction), regulation, or other local normative act.

The Company's rights and obligations as employer in relations with the General Director of the Company shall be exercised on behalf of the Company by the Board of Directors of the Company.

14.6. The members of the Management Board, having executed a labor agreement with the Company, shall become subject to the provisions set out in Chapter 43 of the Labor Code of the Russian Federation dated December 30, 2001, No. 197-FZ which apply to managers of organizations, except for the provisions on full financial liability and on the notification period for the purposes of early termination of employment contract.

14.7. The Company shall keep and use personnel documents in accordance with the procedures provided by legislation.

14.8. The Company shall recognize the trade union organization operating at the Company in accordance with Federal Law No. 10-FZ "On Trade Unions, Their Rights and Operating Guarantees", dated January 12, 1996, shall not interfere with its activities, and shall cooperate with it through the Company's executive bodies.

## **15. REORGANIZATION AND LIQUIDATION**

15.1. The Company may be reorganized in the cases, in the forms, and in the manner established by the Civil Code of the Russian Federation, the Federal Law "On Joint Stock Companies", and other federal laws.

15.2. The Company shall be deemed reorganized except for reorganization in the form of consolidation, as from the state registration of the newly incorporated legal entities.

Upon the Company's reorganization by consolidation whereby it takes over another company, the Company shall be deemed reorganized as from the moment when an entry on the termination of the company thus absorbed is made in the unified state register of legal entities.

15.3. The Company may be liquidated:

- voluntarily in the manner established by the Civil Code of the Russian Federation and with due regard for the requirements of the Federal Law "On Joint Stock Companies" and this Charter; or
- by a court decision based on the grounds specified in the Civil Code of the Russian Federation.

The Company's liquidation shall entail its termination without any of its rights and obligations passing to any other person by succession.

15.4. The liquidation of the Company shall be deemed completed and the Company shall be deemed no longer in existence once the state registration authority makes a corresponding entry in the unified state register of legal entities.