

APPROVED  
by the Board of Directors,  
Open Joint Stock Company Uralkali  
Minutes N 168 dated 29 September 2006

**REGULATIONS**  
**OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS,**  
**OPEN JOINT STOCK COMPANY URALKALI**  
(New version)

Berezniki  
2006

## **1. General Provisions**

- 1.1. These Regulations of the Audit Committee (hereinafter referred to as the Regulations) form the principal document regulating the activity of the Audit Committee of the Board of Directors of Open Joint Stock Company Uralkali (hereinafter referred to as the Committee) and determining frames of its competence and the manner of its organization and activity.
- 1.2. The Committee is a consultative and advisory entity of the Board of Directors being established for the purpose of pre- consideration of matters hereby referred to the Committee's competence. The Committee is not a body of the Company; the Company shall not undertake any civil rights and liabilities through the Committee.
- 1.3. In its activity, the Committee shall observe laws of the Russian Federation, the Charter of the Company, the Regulations of the Board of Directors and the present Regulations.
- 1.4. For the purposes hereof, all references to the Company shall be references to Open Joint Stock Company Uralkali, all references to the Charter and the Regulations of the Board of Directors of the Company shall be references to the effective version of the Charter of Open Joint Stock Company Uralkali and effective version of the Regulations on the Board of Directors of Open Joint Stock Company Uralkali, all references to the Board of Directors shall be references to the Board of Directors of Open Joint Stock Company Uralkali, all references to internal documents of the Company shall be references to duly adopted and effective regulations binding for Open Joint Stock Company Uralkali.

## **2. The Purpose of Establishment and the Competence of the Committee**

- 2.1. The general purpose of the Committee's establishment is to provide the actual participation of the Board of Directors in the supervision over the business activity of the Company, and over the efficiency of the system of internal control and risks management in the Company.
- 2.2. The Committee's competence covers the following matters:
  - preparation of recommendations for the Board of Directors concerning the candidature of the External Auditor of the Company;
  - preparation of recommendations for the Board of Directors concerning the maximum remuneration of the External Auditor's services; elaboration of recommendations concerning the draft contract to be concluded with the External Auditor;
  - supervision over the volumes and results of auditing procedures and their financial efficiency, and evaluation of the extent of the Auditor's objectivity;
  - preparation of the evaluation of the Auditor's conclusion. The evaluation of the Auditor's conclusion prepared by the Committee shall be submitted to the Annual General Meeting of Shareholders as an act;
  - consideration of periodical financial reports of the Company and analyzing of changes in the policy and practice of the accountancy; of important specifications to be inserted according to the auditing results;
  - analysis of annual financial reports and any other financial information to be published, prior to their submission to the Board of Directors's approval and before their publication;
  - cooperation with the Internal Audit Authority being a structural division commissioned to test the internal system of control;
  - cooperation with the Audit Commission, consideration of the Audit Commission's conclusions according to results of inspection of the business activity of the Company, study of annual accounts and trustworthiness of the information contained in annual reports of the Company and annual accounts, consideration of the information submitted by the Audit Commission not covering the results of annual inspection of the business activity of the Company, elaboration of recommendations as to amendments to the Regulations of the Audit Commission of the Company.

2.3. At the decision of the Board of Directors, the Committee may consider other questions.

### **3. Members of the Committee**

- 3.1. The Committee shall consist of not less than three members.
- 3.2. The Chairman of the Committee may not be elected by the Chairman of any other Committee of the Board of Directors.
- 3.3. No member of the Committee (including the Chairman) may be elected to more than two committees of the Board of Directors of the Company.
- 3.4. Persons not being members of the Committee who have necessary experience and professional skills may be engaged to the Committee as experts.
- 3.5. The Chairman and any member of the Committee may on behalf of the Committee require engaging a specialist of the Company as an expert with respect to matters not referred to confidential information as seen in internal documents of the Company. No personal interest in engaging any specialist of the Company as an expert shall be allowed.
- 3.6. The General Director of the Company, members of the Board of Directors of the Company not being members of the Committee, members of the Management Board of the Company, members of the Audit Commission of the Company, the Auditor of the Company, the Head of the Internal Audit Authority and other employees of the Company may be invited to the Committee's meetings.

### **4. Organization of the Committee**

- 4.1. The resolution of the Committee's establishment, its qualitative and personnel structure and election of the Committee Chairman shall be adopted by the Board of Directors after election of a new Board of Directors.
- 4.2. When adopting the decision of the Board of Directors concerning the Committee's establishment, members of the Board of Directors shall be provided with information of the work of the Committee of the previous Board of Directors.
- 4.3. The Committee shall act until election of a new Board of Directors.
- 4.4. The Committee's structure may be altered by the Board of Directors of the Company in any time.
- 4.5. When electing the Chairman and members of the Committee, their education, professional skills, work experience in the field of the Committee's activity and other special knowledge necessary to members of the Committee to realize their authorities shall be taken into account.

### **5. Meetings of the Committee**

- 5.1. Meetings of the Committee shall be held at least one time per six months.
- 5.2. The agenda of the meeting shall be determined by the Chairman of the Committee. Provided that any member of the Committee shall be entitled to propose an additional question, if such being within the Committee's competence, to be inserted to the agenda. Subject to mutual agreement of the Committee members, the agenda may be amended. If necessary, the Committee may reject to discuss matters included to the agenda of the current meeting in favor to other more important questions if members of the Committee prefer so.
- 5.3. Members of the Board of Directors not being members of the Committee, the General Director of the Company, members of the Audit Commission of the Company, the Auditor of the Company, the Head of the Internal Control Authority and experts engaged in the Committee may address to the Chairman of the Committee a proposal to consider any question, if such being covered by the Committee's competence, and such question may be considered either at the nearest scheduled working meeting of the Committee or,

- if such question has a special meaning and its discussion is urgent, at a specially convened meeting of the Committee.
- 5.4. A meeting shall be convened by the Chairman of the Committee at its own initiative or at request of a member of the Committee.
  - 5.5. Notification of the Committee meeting and direction of necessary materials to members of the Committee shall be made not less than three business days prior to the date of the meeting by a method agreed by members of the Committee. If the majority of members of the Committee agree so, the above term may be altered. The Chairman of the Committee shall take necessary actions to be certain that the notification has been made in proper manner and in proper time. The General Director of the Company, members of the Management Board of the Company, members of the Audit Commission, other employees of the Company shall be invited to a meeting of the Committee, and experts shall be engaged in such meeting, if such invitation and engagement takes place, in such manner that the invited have reasonable and proper period of time to be prepared to such meeting of the Committee.
  - 5.6. Meetings of the Committee shall be held either in form of joint presence or through written poll of members of the Committee. Persons invited to participate in a meeting and members of the Committee may direct their opinions in writing as to questions of the agenda.
  - 5.7. The quorum to hold a meeting of the Committee shall be not less than a half of elected members of the Committee. When determining presence of the quorum and results of voting on matters of the agenda, a written opinion of a member of the Committee who is absent at the meeting as to a matter (matters) of the agenda, which opinion having been submitted to the Chairman of the Committee before the meeting, shall be counted.
  - 5.8. All resolutions of the Committee shall be adopted by the majority of votes of members of the Committee being present at the meeting provided that each member of the Committee has one vote. In case of the equality of votes of the Committee's members when adopting the Committee's resolutions, the Chairman of the Committee shall have the casting vote.
  - 5.9. At meetings of the Committee, any information concerning availability of a personal interest of a member of the Committee in discussion of any question shall be disclosed.
  - 5.10. The Committee may entrust to a member (members) of the Committee to study in details a specific question of the Committee's competence and inform the Committee of results obtained in course of such study.
  - 5.11. Meetings of the Committee shall be presided by the Chairman who shall keep and sign the Minutes thereof. In course of a meeting, opinions submitted by members of the Committee and persons invited to such meeting of the Committee shall be heard and reflected in the Minutes (attached to the Minutes).
  - 5.12. The Minutes of a meeting of the Committee shall be performed in one copy and kept by the Secretary of the Board of Directors who shall provide access of members of the Board of Directors to Minutes of the Committee and materials considered in meetings of the Committee.
  - 5.13. According to results of a meeting of the Committee, a recommendation (hereinafter referred to as the Recommendation) of the Committee may be performed. The Recommendation shall be presented at a meeting of the Board of Directors where the respective question is considered. The Recommendation shall reflect the general opinion of the Committee. If opinions of members of the Committee are not coinciding, particular opinions shall be specified separately in the Recommendation.
  - 5.14. The Recommendation shall be signed by the Chairman of the Committee. Materials considered in the meeting of the Committee may be attached to the Recommendation. The Chairman of the Committee shall be responsible for proper and full provision of the Recommendation to the Secretary of the Board of Directors. The

Recommendation considered at a meeting of the Board of Directors shall be attached to the Minutes of the respective meeting of the Committee and that of the Board of Directors.

## **6. Rights and Obligations of Members of the Committee**

6.1. Members of the Committee shall:

- take overall and full participation in the work of the Committee;
- study documents presented before a meeting and at a meeting of the Committee;
- immediately inform the Committee of the availability of any personal interest in adopting any resolution;
- avoid actions which may compromise the good name of the Committee or question professionalism of its members.

6.2. Members of the Committee shall be entitled to:

- request from the Board of Directors, the Management Board, the General Director, the Audit Commission, the Auditor of the Company all information and documents concerning questions of the Committee 's competence.

## **7. Remuneration of Members of the Committee**

7.1. Members of the Committee for their activity as such members of the Committee shall be remunerated additionally to the remuneration fixed by the Regulations of the Board of Directors of Open Joint Stock Company Uralkali. The amount of the remuneration to each member of the Committee shall be determined by the Committee on the basis of a recommendation of the Board of Directors to the General Meeting of Shareholders concerning distribution of profits according to results of the fiscal year. The remuneration specified in the present paragraph shall be paid only to independent directors. Independent directors shall be directors of the Board of Directors as determined in Art. 5.6. of the Code of Corporate Governance of Open Joint Stock Company Uralkali. The remuneration shall be paid on the basis of the respective resolution of the General Meeting of Shareholders not later than 10 days after the date of performance of the Minutes of the Annual General Meeting of Shareholders.

## **8. Cooperation of the Committee with Bodies of the Company**

- 8.1. The Chairman of the Committee shall provide technical and procedural questions of cooperation of the Committee with bodies of the Company.
- 8.2. Executive bodies of the Company shall inform the Committee of all material changes concerning frames of the Committee's competence.
- 8.3. The Chairman of the Committee shall keep the Board of Directors informed of the Committee's proceedings.

## **9. Conclusive Provisions**

9.1. The present Regulations shall be approved by the Board of Directors. Any amendments to the present Regulations shall be made on the basis of the respective resolution of the Board of Directors.