

APPROVED BY:

**Resolution of the General Meeting
of Shareholders of OAO "Uralkali"
MOM No 27 Dated June 18, 2010**

REGULATIONS

**ON THE AUDITING COMMISSION
OF "URALKALI"
OPEN JOINT STOCK COMPANY
(new version)**

**Perm Territory, Berezniki
2010**

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"Uralkali" 10

These Regulations on the Auditing Commission (hereinafter the Regulations) of “Uralkali” Open Joint Stock Company (hereinafter the Company) specify the procedures and activities of the Company’s Auditing Commission in accordance with the Civil Code of the Russian Federation, Federal Law “On Joint Stock Companies”, other statutes and regulatory documents of Russian Federation and the Charter of the Company.

1. GENERAL

- 1.1. The Auditing Commission shall be the Company’s internal audit authority in charge of control over the financial and economic activities of the Company.
- 1.2. The activities of the Auditing Commission shall be regulated by applicable legislation of Russian Federation, the Charter of the Company, the present Regulations and other internal documents of the Company in part related to activities of the Auditing Commission.
- 1.3. The Auditing Commission shall be elected by the General Meeting of Shareholders and composed of 5 members for the office term of up to the next annual General Meeting of Shareholders.
- 1.4. The members of the Company’s Auditing Commission shall be elected in accordance with Federal Law “On Joint Stock Companies”, the Charter and Regulations on General Meetings of the Company’s Shareholders.
- 1.5. Any Company’s Shareholder or other person may be elected as a member of the Auditing Commission. Members of the Company’s Auditing Commission may not simultaneously hold the positions of the members of the Company’s Board of Directors or General Director of the Company or members of the Executive Board of the Company.
- 1.6. The competence of the Auditing Commission is defined by the Federal Law “On Joint Stock Companies” and the Charter of the Company.

2. AUTHORITIES AND DUTIES OF THE AUDITING COMMISSION

- 2.1. Within the limits of its competence the Auditing Commission shall be authorized to:
 - Obtain all and any documents, materials or explanations from the management, officers and employees of the Company, which may be required for the Auditing Commission’s activities. Such documents, materials and explanations shall be made available within 5 (five) working days from the date of written request thereof;
 - Be consulted by external organizations, including audit firms;
 - Subject to procedures foreseen by the Federal Law “On Joint Stock Companies” and the Charter of the Company, request convocation of the meetings of the Board of Directors or extraordinary General Meetings of Shareholders within the limits of its competence;
 - Propose to the managing bodies of the Company any issues related to liability of the Company’s employees in case of they failure to observe the internal documents approved by the Company’s managing bodies or resolutions of the Company’s managing bodies adopted within the limits of their competence; and
 - Express opinions on proposed candidacies for the Company’s auditors at the General Meeting of Shareholders.
- 2.2. The Auditing Commission shall be obliged to:
 - In the course of internal audits, duly examine all documents and materials related to the subject of such audits;
 - Based on results of recurrent and annual audits, inform the Company’s Board of Directors on the same in form of written reports and (or) statements at the meetings of the Company’s Board of Directors;
 - Prevent disclosure of any commercial secrets of the Company to third parties including any other confidential information, which may be made available to the members of the Auditing Commission when performing their duties.

3. CONVOCAION OF EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS BY THE AUDITING COMMISSION

3.1. The request for convocation of extraordinary General Meeting of Shareholders shall be approved by a simple majority of votes of members present at the meeting of the Auditing Commission and addressed to the Board of Directors of the Company.

Such request shall be signed by the Chairman of the Auditing Commission.

3.2. Any request of the Auditing Commission on convocation of an extraordinary General Meeting of Shareholders shall be delivered to the Board of Directors of the Company subject to procedures foreseen by the Federal Law “On Joint Stock Companies”, the Charter and Regulations on General Meetings of the Company’s Shareholders.

3.3. Any resolution of the Company’s Board of Directors on convocation of an extraordinary General Meeting of Shareholders or its motivated denial thereof shall be delivered to the Chairman of the Auditing Commission not later than in three days after the date of its adoption.

4. ANNUAL AND RECURRENT AUDITS

4.1. Each annual audit of financial and economic activities of the Company shall be performed based on results of the Company’s activities in the reporting year.

Based on results of annual audit, the Auditing Commission shall issue its report containing:

- Confirmation of reliability of information stated in the annual reports of the Company, annual and recurrent accounting statements, reports and documents submittable to statistical and other governmental agencies;
- Confirmation of legitimacy of resolutions adopted by the Board of Directors and Managing Board of the Company;
- Information on the Company’s executive officers’ compliance with resolutions of the General Meeting of Shareholders, Board of Directors and Managing Board of the Company, including internal documents of the Company listed in the Company’s Charter;
- Any facts of violation of accounting and financial reporting procedures set forth in regulatory documents of Russian Federation as well as other statutes regulating financial and economic activities.

4.2. Inferences on the results of the audit of financial and economic activities of the Company for the reporting year shall be presented to the Board of Directors of the Company at least in 30 days before the date of each annual General Meeting of Shareholders.

The notice on the scheduled date of annual General Meeting of Shareholders shall be sent to the Auditing Commission by the secretary of the Board of Directors within seven days after the date of the minutes of the meeting of the Board of Directors, which adopted a resolution on convocation of annual General Meeting of the Company’s Shareholders.

4.3. Any other audits in addition to annual audit of financial and economic activities of the Company shall be deemed recurrent ones.

During any reporting year recurrent audits shall be performed in accordance with the plan approved by the Auditing Commission.

4.4. Recurrent audits may be performed:

- On the initiative of the Auditing Commission;
- Based on the resolution of the General Meeting of the Company’s Shareholders;
- Based on the resolution of the Board of Directors;
- At the request of the Company’s Shareholders (Shareholder) holding in aggregate at least 10 percent of voting shares in the Company.

4.5. Any request (resolution) for the audit shall contain:

- Name of the managing body of the Company or full name (corporate name) of the Shareholder (Shareholders);
- Information on shares owned by Shareholders (number, category, type).

The number of voting shares in the Company owned by a Shareholder, who signed the request, and total number of voting shares in the Company shall be defined as of the date the request is served to the Company.

The request shall be signed by the Shareholder or his/her/its representative or by the Chairman (chairperson) of the managing body of the Company. In case a request is signed by a representative of the Shareholder, then it shall be attached with a duly issued power of attorney. In case a request is initiated by a Shareholder–legal entity, then the signature of such legal entity’s representative, acting on the basis of its charter without a power of attorney, shall be certified by the corporate seal of such legal entity. In case a request is signed by a representative of legal entity, acting in its name on the basis of the power of attorney, then such request shall be attached with a duly issued power of attorney.

Each power of attorney shall be issued in accordance with requirements of pp. 4 and 5 Article 185 of the Civil Code of the Russian Federation or duly notarized.

Recommended **form of the Auditing Commission’s Request for the Audit** is shown in **Attachment 1** hereto.

4.6. The requests of the audit’s initiators shall be sent by registered mail to the Company with the reply notice or may be delivered in person to administration of the Company. The date of request shall be the date of notice of receipt by mail or the date of personal delivery to administration of the Company.

4.7. Within 10 working days after the request is served, the Auditing Commission shall adopt a decision either for the audit of the Company’s activities or on refusal from the audit specifying the reasons thereof and, within three days from the date of such decision, shall send the copy of such decision to the initiator of the audit by registered mail to the address specified in the request, or serve the same in person.

4.8. The Auditing Commission may refuse from the audit of the Company’s activities in following cases:

- As of the date the request is served, the Shareholders (Shareholder), requesting the audit, are not the holders of the number of voting shares in the Company as foreseen in the present Regulations;
- The request for the audit is initiated by any person other than Shareholders of the Company;
- The request (resolution) for the audit is initiated by managing bodies of the Company, which are not entitled for requesting the audit of the Company’s activities;
- The initiators fail to observe the procedure and form of request (resolution) for the audit as set forth herein;
- The issues addressed to the Auditing Commission are beyond the competence thereof;
- The resolution (request) of the Company’s managing bodies for the audit is adopted or issued with violation of procedures of such resolution (or request).

4.9. The Auditing Commission shall issue its report based on the results of the audit.

4.10. The report of the Company’s Auditing Commission shall be approved at its meeting immediately after completion of the audit and shall be sent to the initiators of the audit by registered mail or served in person within three days from approval thereof.

4.11. Initiators of the audit of the Company’s activities may at any time revoke their request by written notice to the Auditing Commission before the latter adopts a resolution for the audit of the Company’s activities.

5. EARLY TERMINATION OF THE AUDITING COMMISSION’S AUTHORITIES

5.1. The authorities of any member of the Auditing Commission may be early terminated in following cases:

5.1.1. Based on written application for resignation of such member of the Auditing Commission;

5.1.2. Any member of the Auditing Commission is elected (appointed) a member of the Board of Directors, Managing Board or General Director of the Company in compliance with the following procedure:

- a) In case a candidate is simultaneously elected as a member of the Board of Directors and the Auditing Commission of the Company based on results of voting at the General Meeting of Shareholders, then he/she may freely choose on his/her membership in either body.

In such a case the candidate within 10 calendar days from the end of the General Meeting shall decide on his/her membership in either body. In case the candidate fails to decide in time set forth above, such candidate shall be deemed as elected a member of the body, wherever votes counting started earlier;

b) In case a candidate is simultaneously elected as a member of the Auditing Commission and the Managing Board based on results of voting at the General Meeting of Shareholders, then he/she may freely choose on his/her membership in either body.

In such a case the candidate within 10 calendar days from the end of the General Meeting shall decide on his/her membership in either body. In case the candidate fails to decide in time set forth above, such candidate shall be deemed as elected a member of the Auditing Commission;

5.1.3. Any member of the Auditing Commission discloses commercial or corporate secrets of the Company to third parties;

5.1.4. Any member of the Auditing Commission does not participate in its activities for six months without a reasonable excuse.

5.2. Due to reasons specified in pp. 5.1.1, 5.1.2 the authorities of any member of the Auditing Commission may be early terminated without additional resolution of the General Meeting of the Company's Shareholders either as of the date of application or upon expiry of the notice term specified in p. 5.1.2 hereof respectively.

5.3. Due to reasons specified in pp. 5.1.3, 5.1.4 the authorities of any member of the Auditing Commission may be early terminated based on resolution of the General Meeting of the Company's Shareholders.

5.4. In case the number of members of the Auditing Commission becomes less than 3 persons, the Board of Directors shall convene General Meeting of Shareholders in order to elect new members of the Auditing Commission in substitution of the Auditing Commission's members, whose authorities were early terminated.

The remaining members of the Auditing Commission shall continue their functions until new composition of the Auditing Commission is elected by the General Meeting of Shareholders.

Upon election of the new composition of the Auditing Commission the authorities of the earlier elected Auditing Commission shall expire automatically.

In case of early termination of the Auditing Commission's authorities, the authorities of newly elected members of the Auditing Commission shall be valid through the date of election (reelection) of the Auditing Commission at the next annual General Meeting of Shareholders.

6. MEETINGS OF THE AUDITING COMMISSION

6.1. The Auditing Commission shall adopt its resolution at its meetings.

All meetings of the Auditing Commission shall keep the minutes thereof.

Any meeting of the Auditing Commission shall be convened by the Chairman of the Auditing Commission.

Any member of the Auditing Commission may convene a meeting of the Commission in case any violation is revealed, which requires an immediate response from the part of the Auditing Commission.

6.2. The meetings of the Auditing Commission shall be held at least once in three months.

6.3. Any meeting of the Auditing Commission shall be deemed legitimate (having quorum), provided that it is attended by at least 3 (three) members of the Auditing Commission.

In case the number of members of the Auditing Commission becomes less than 3 persons, then, until a new composition of the Auditing Commission is elected by the General Meeting of Shareholders, any meeting of the Auditing Commission shall be deemed legitimate (having quorum), provided that it is attended by all remaining members of the Auditing Commission.

6.4. All meetings of the Auditing Commission shall be held in form of joint presence.

6.5. The members of the Auditing Commission shall elect one of them as the Chairman of the Auditing Commission. The Chairman of the Auditing Commission shall be elected at the meeting of the Auditing Commission by a majority of votes of those members present at such meeting.

The Auditing Commission may at any time reelect its Chairman by a majority of votes of those members present at such meeting.

6.6. The Chairman of the Commission shall convene and conduct the meetings, organize current activities of the Auditing Commission and represent the same at the General Meetings of Shareholders, meetings of the Company's Board of Directors, sign documents issued in the name of the Commission, including reports and inferences, organize keeping of minutes of the meetings of the Auditing Commission and distribute reports and inferences of the Auditing Commission to stakeholders concerned.

6.7. For the purpose of decision making process, each member of the Auditing Commission shall have one vote. Any resolution of the Auditing Commission shall be adopted by a simple majority of votes of those members present at the meeting of the Auditing Commission.

In case of tied votes the vote of the Chairman of the Auditing Commission shall prevail.

6.8. Any member of the Auditing Commission, who disagrees with any resolution of the Commission, may state his/her dissenting opinion in the minutes of the meeting and communicate the same to the General Meeting of Shareholders or the Board of Directors.

7. REMUNERATION AND COMPENSATION TO MEMBERS OF THE AUDITING COMMISSION

7.1. In consideration for functions performed by the members of the Auditing Commission, its members shall be entitled to certain remuneration and compensation in amounts and in accordance with procedures set forth herein.

7.2. Remunerations to the members of the Auditing Commission shall consist of:

- Remuneration for participation in the audit of financial and economic activities of the Company for the reporting year; and
- Remuneration for participation in current activities of the Company's Auditing Commission.

7.3. The amounts of remuneration to the members of the Auditing Commission shall be defined in accordance with evaluation of their performance.

The Chairman shall evaluate the performance of members of the Auditing Commission (or, in absence of the Chairman of the Auditing Commission – another member of the Auditing Commission appointed by a majority of votes of elected members of the Auditing Commission) based on the following criteria:

- Attendance at the meetings of the Auditing Commission;
- Participation in recurrent audits of the Auditing Commission;
- Fulfillment of delegated missions (tasks) in the course of internal audits by the Auditing Commission.

7.4. **Remuneration for participation in the audit of financial and economic activities of the Company for the reporting year** shall be computed as follows:

$$\text{Remuneration} = \text{JGR} \cdot 22 \cdot \text{MMW} \cdot \text{PR} \quad , \text{ where}$$

JGR – Job Grade Rate, depending on the position of the member of the Auditing Commission. The following JGRs shall apply:

- JGR = 1.1 – for the Chairman of the Auditing Commission;
- JGR = 1.0 – for other members of the Auditing Commission.

MMW – Minimum Monthly Wage rate defined by the Federal Law regulating remuneration of labor in Russian Federation as of the date of remuneration computation.

PR – Performance Rate for fulfillment of missions (tasks) accounting for the degree of completion of delegated tasks by the member of the Auditing Commission during the audit of financial and economic activities of the Company for the reporting year. The following PR shall apply:

$$\text{PR} = \frac{\text{Number of missions (tasks) performed by the member of the Auditing Commission during the audit of financial and economic activities of the Company for the reporting year}}{\text{Number of missions (tasks) assigned to the member of the Auditing Commission during the audit of financial and economic activities of the Company for the reporting year}}$$

Overall number of missions (tasks) delegated to such member of the Auditing Commission for the audit of financial and economic activities of the Company for the reporting year

Such remuneration to the members of the Auditing Commission shall be paid as a lump sum within one month from the date the inferences on the results of the audit of financial and economic activities of the Company in the reporting year are presented to the secretary of the Board of Directors.

7.5. The reporting year shall be a fiscal year, on the results of which the inference is made by the Auditing Commission.

7.6. **Remuneration for participation in current activities of the Company's Auditing Commission** shall be computed as follows:

$$\text{Remuneration} = \text{JGR} \cdot 2 \cdot \text{MMW} \cdot (\text{AR} + \text{CAPR} + \text{PR}), \text{ where}$$

JGR – Job Grade Rate, depending on the position of the member of the Auditing Commission. The following JGRs shall apply:

JGR = 1.5 – for the Chairman of the Auditing Commission;

JGR = 1.0 – for other members of the Auditing Commission.

MMW – Minimum Monthly Wage rate defined by the Federal Law regulating remuneration of labor in Russian Federation as of the date of remuneration computation.

RA – Rate of Attendance of the meetings of the Auditing Commission by the member of the Auditing Commission in the reporting quarter. It shall be computed as follows

$$\text{RA} = \frac{\text{Number of the meetings attended by the member of the Auditing Commission in the reporting quarter}}{\text{Total number of meetings of the Auditing Commission in the reporting quarter}}$$

CAPR – Current Audits Participation Rate accounting for involvement of the member in the audits performed by the Auditing Commission in the reporting quarter.

$$\text{CAN} = \frac{\text{number of recurrent audits with involvement of the member of the Auditing Commission in the reporting quarter}}{\text{Total number of recurrent audits with involvement of the member of the Auditing Commission in the reporting quarter}}$$

PR – Performance Rate for fulfillment of missions (tasks) accounting for the degree of completion of delegated tasks by the member of the Auditing Commission during the audit of financial and economic activities of the Company for the reporting year. It shall be computed as follows

$$\text{PR} = \frac{\text{Number of missions (tasks) performed by the member of the Auditing Commission during the audit of financial and economic activities of the Company for the reporting year}}{\text{Overall number of missions (tasks) delegated to such member of the Auditing Commission for the audit of financial and economic activities of the Company for the reporting year}}$$

7.7. Such remuneration shall be paid within one month after expiry of the reporting quarter.

7.8. Remunerations shall be calculated by accounting department of the Company based on the instruction of the Chairman of the Auditing Commission attached by computation of remunerations for each member of the Auditing Commission.

7.9. The Company shall compensate to the members of the Auditing Commission their travel costs (excluding taxi) and office supplies expenses, including accommodation expenses if related to fulfillment of delegated duties. Such compensation of expenses shall be made against presentation of

supporting documents within 5 days after presentation thereof to accounting department of the Company.

7.10. All remunerations and compensations shall be paid through the cashier desk of the Company or may be transferred to a bank account of the member of the Auditing Commission at his/her request.

8. APPROVAL OF REGULATIONS AND AMENDMENTS

8.1. These Regulations shall be approved by the General Meeting of the Company's Shareholders.

8.2. The resolution on approval of these Regulations shall be adopted by a majority of votes of Shareholders-owners of voting shares present at such meeting.

8.3. Any proposal on introduction of changes and amendments to the Regulations or approval of a new wording hereof shall be submitted subject to procedures foreseen by the Charter of the Company in part related to introduction of proposals to the agenda of the General Meeting of Shareholders.

8.4. Any resolution on introduction of changes and amendments to the Regulations or approval of a new wording hereof shall be approved by the General Meeting of Shareholders by a majority of votes of the owners of voting shares, which are entitled to vote on any issues relegated to the competence of the General Meeting of Shareholders.

8.5. In case any changes in applicable legislation of Russian Federation lead to a conflict with certain provisions of this document, such provisions shall be deemed null and void and, until a new wording of these Regulations is adopted, relevant issues shall be regulated by applicable legislation of Russian Federation.

8.6. As of the date of approval of this document by the General Meeting of Shareholders, the Regulations on the Auditing Commission of "Uralkali" Open Joint Stock Company, approved by Resolution of the General Meeting of Shareholders of OAO "Uralkali" dated 28.06.2002 (minutes No. 13 dated 28.06.2002) shall be deemed null and void.

To the Chairman of the Auditing Commission
of OAO “Uralkali”

**REQUEST
for the Audit to be performed by the Auditing Commission of OAO “Uralkali”**

_____, which is the owner of _____
(full name (corporate name) of the audit initiator) (number of voting shares)

voting shares in the Company*, represented by _____,
(full name of the manager/representative of Shareholder–legal entity)

acting on the basis of the**, hereby request the Auditing Commission
of the

Company to audit _____.
(subject of the audit)

Postal address for mailing the audit notice or denial thereof:

“ ___ ” _____ 20___

Position**

Signature

Name

* To be specified only by Shareholders of the Company

** To be specified by the Company’s managing bodies and Shareholders-legal entities