

Approved by
Board of Directors
of JSC OGK-5
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Code of Corporate Governance of JSC OGK-5

Yekaterinburg
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1. INTRODUCTION

The present Code of Corporate Governance is aimed at improvement and systematization of the corporate governance of JSC 'The Fifth Power Generation Company' (hereinafter 'the Company'), better administration transparency, and confirmation of the Company's readiness to abide by the standards of corporate governance, in particular, to ensure that:

- Administration of the Company's activities is performed with proper responsibility and accountability to maximize the company's market capitalization;
- The Board of Directors and executive bodies operate efficiently, in the interests of the Company and its shareholders (including minority shareholders), and provide conditions for steady growth of the company's market capitalization;
- Proper disclosure of information, transparency, and efficient risk management and internal control (audit) procedures are provided.

By accepting, periodically improving, and strictly observing the provisions of the present Code, the Company's Articles of Association and other internal documents, the Company confirms its intention to facilitate development and improvement of the practice of proper corporate governance.

For further confidence-building among shareholders, employees, investors and community, the Company did not confine itself to Russian legislation standards in preparation of the present Code, but included additional provisions based on widely acknowledged Russian and international standards of corporate governance.

The Company assumes all the obligations stipulated by the present Code and undertakes to follow all the principles and provisions of the Code.

2. TERMS

1. Terms and definitions used in the present Code are applied in the meaning used in the legislation of the Russian Federation on joint-stock companies and securities, as well as the Articles of Association and internal documents of the Company unless otherwise specified by the present Code.

2. The present Code uses the following terms and definitions:

- 'Company' – Joint-Stock Company "The Fifth Power Generation Company" (JSC "OGK-5")
- 'ADCs' – affiliates and dependent companies of JSC "OGK-5"
- 'FCSM Code' – the Code of Corporate Behaviour recommended by the Russian Federal Commission for Securities Market (the Federal Financial Market Service of Russia) in accordance with Directive no. 412/p dated 04/04/2002;
- 'Executive Director' – a member of the Board of Directors of the Company who is also the sole executive body and (or) a member of the collegiate executive body of the Company;
- 'Non-Executive Director' – a member of the Board of Directors of the Company who is not the sole executive body and (or) a member of the collegiate executive body of the Company;

- 'International Standards of Corporate Governance' – OECD (Organisation for Economic Cooperation and Development) standards of corporate governance.

3. COMPANY INFORMATION

In 2001, the Government of the Russian Federation approved establishment of wholesale power generation companies in order to launch a competitive power market and provide its efficient functioning, as well as create favourable environment for attraction of private investment into modernisation and development of power generation facilities.

The Company was registered in October 2004 to become the first of the six wholesale power generation companies established within the framework of the reforms in the Russian power industry.

The Company's major activities are production and sales of power and heat on the wholesale market.

The Company has incorporated the power generation assets of four large thermal power plants: Konakovskaya GRES, Nevinnomysskaya GRES, Reftinskaya GRES and Sredneuralskaya GRES.

The Company's activities are located in the central, southern and Urals regions of the Russian Federation.

The Company's scope of activities in these regions implies a high degree of responsibility to its shareholders, the State, the Company's employees, suppliers, consumers, as well as the Company as a whole.

While acknowledging such responsibility and recognizing the importance of a high level of corporate governance for successful business activities and understanding among all the parties interested in the Company's activities, the Company assumes the obligation to follow the principles set in the Code and use all reasonable endeavours for observance thereof in its day-to-day activities.

4. PRINCIPLES AND STRUCTURE OF COMPANY'S CORPORATE GOVERNANCE

4.1. Definition and principles

The Company defines corporate governance as follows:

- The system of accountability of the Company's current managers before shareholders;
- Administration of the Company's activities in the way that ensures fair and equal distribution of the results of such activities among all shareholders and interested parties;
- A set of principles, rules and measures which help shareholders execute control over the Company's management, and influence the Company's management in order to maximize the Company's profit and value;
- A system of interrelations between the Company's managers and its owners, which regard provision of the Company's efficient activities and protection of interests of the Company's owners and other interested parties.

The Company regards corporate governance as an instrument for increasing the efficiency of the Company's activities, raising its reputation and reducing capital raising costs.

The present Code is based on Russian legislation, Code of the Federal Commission for the Securities Market (FCSM Code), and acknowledged international principles of corporate governance, for instance OECD (Organisation for Economic Cooperation and Development) Principles of Corporate Governance.

The Corporate Governance in the Company is based on the following principles:

- **Accountability.** The Code of Corporate Governance envisages accountability of the Board of Directors of the Company before all shareholders in accordance with the legislation in force, and is the governing document for the Board of Directors in issues related to strategy planning, administration and control over the Company's executive bodies.
- **Fairness.** The Company undertakes to protect the rights of its shareholders and treat all shareholders on an equal basis. The Board of Directors enables its shareholders to receive efficient protection if their rights are violated.
- **Transparency.** The Company shall provide timely disclosure of credible information on all the important facts related to its activities, including information on its financial condition, social and environmental measures, results of activities, ownership and management structures; the Company shall provide free access to such information for all interested parties.
- **Responsibility.** The Company acknowledges the rights of all interested parties envisaged by the legislation in force, and aims at cooperation with such parties in order to provide steady development and ensure financial stability of the Company.

4.2. Internal Documents

The present Code is the body of general principles and standards of corporate governance the Company follows or intends to follow in its day-to-day activities in the future. The structure of the Company, issues related to organisation of the activities of the Company's management and control over the financial and economic activities of the Company, as well as the practice of corporate governance, are governed by the Articles of Association and other internal documents of the Company, including:

- Documents regulating the activities of the Company's management bodies:
 - Regulation on Preparation and Holding of General Shareholders' Meetings of Company;
 - Regulation on Convention and Holding of Meetings of Board of Directors of Company;
 - Regulation on Management of Company;
- Documents regulating the activities of the Company's audit bodies:
 - Regulation on Audit Committee of Company;
 - Regulation on Procedure of Internal Audit of Company
- Documents regulating issues related to completeness, timeliness and credibility of disclosed information on the Company's activities:
 - Regulation on Information Policy of Company;
 - Regulation on Insider Information of Company.

The abovementioned internal documents of the Company have been executed in accordance with legislation and with due account for the main provisions of the FCSM Code. All the abovementioned documents can be downloaded at the Company's website, <http://www.ogk-5.com>.

4.3. General Structure of Corporate Governance and Control over Company's Financial and Economic Activities

4.3.1. Company's management bodies:

- General Shareholders' Meeting – the supreme management body of the Company, through which shareholders realise their right to participate in administration of the Company.
- Board of Directors – the management body responsible for elaboration of the Company's strategy, general administration of its activities, and control over the activities of the Company's executive bodies. If the Board of Directors decides so, Committees of the Board of Directors can be set up.
- Committees of Board of Directors – consulting bodies of the Board of Directors, set up for the purpose of preliminary consideration of crucial issues within the competence of the Board of Directors, and preparation of recommendations to the Board of Directors for adoption of decisions.
- Director General and Executive Board – management bodies dealing with administration of the Company's day-to-day activities and implementation of the strategy defined by the Company's Board of Directors and shareholders.

4.3.2. Bodies controlling financial and economic activities of the Company:

- Internal Audit Commission – an audit body of the Company accountable directly to the General Shareholders' Meeting.
- Audit Committee of the Board of Directors – a consulting body that provides efficient operation of the Board of Directors in the issues related to general administration of auditing and accounting of the Company;
- Internal Audit Department of the Company – a structural non-separate division of the Company that performs control functions in relation to other divisions of the Company and its ADCs, and which is accountable to the Director General and the Board of Directors of the Company.

5. PRACTICE OF CORPORATE GOVERNANCE IN COMPANY

The Company considers a professional Board of Directors an important constituent of efficient corporate governance. The Board of Directors affects the results of the Company's activities by executing general strategic administration and control over the executive bodies in the interests of the Company and its shareholders. The executive bodies of the Company, which are responsible for administration of the Company's day-to-day activities, also play an important role in the management process. Efficient interaction between these two bodies and clear delineation of their authority is one of the key factors in provision of the proper corporate governance practice.

5.1. Board of Directors

5.1.1. Election, term of office and termination of office of the Board members.

The members of the Board of Directors are elected for the period ending at the next annual General Shareholders' Meeting. The Company's Board of Directors is elected by cumulative voting.

The powers of the Board of Directors are regulated by the Company's Articles of Association in accordance with the legislation in force and recommendations of the FCSM Code.

The number of the Board members is defined in the Articles of Association of the Company.

The General Shareholders' Meeting elects members of the Board of Directors and directs early termination of their offices. Members of the Board of Directors are elected by cumulative voting, while the decision on early termination of their offices can be adopted only in relation to all of its members. The given procedure for election and early termination of offices of members of the Board of Directors provides maximum consideration of rights and interests of all of the Company's shareholders, including those in possession of a small equity stake.

5.1.2. Independence.

Overlapping of posts of the sole executive body and the Chairman of the Board of Directors is forbidden by law. The Company believes that the Board of Directors must be chaired by a non-executive director, as it allows the Board of Directors to perform its functions more efficiently.

The composition of the Board of Directors provides proper fulfilment of obligations on execution of control activities and determination of the Company's development strategy and main areas of its development.

The members of the Board of Directors of the Company, which are executive directors, take up no more than 25% of the total number of the elected Board members.

In order to provide objectiveness of decisions and preserve the balance of interests of various shareholders' groups, no less than 3 (three) independent directors are members of the Board of Directors. The Company defines an independent director as the person who meets the following independence requirements:

- An independent director is a person who has not been an officer (manager) or employee of the Company, or an officer or employee of its management company over the last three years, or does not hold any of the abovementioned posts at the present moment;
- An independent director is not an officer of another company, if any of its other officers is a member of the HR and Remuneration Committee of the Board of Directors;
- An independent director is not an affiliated person of an officer (manager) of the Company or an officer (manager) of its management company;
- An independent director is not an affiliated person of the Company, unless a member of the Company's Board of Directors, as well as an affiliated person of such affiliated persons.
- An independent director is not a party of any agreements with the Company, pursuant to which he/she can purchase property (receive cash) totalling 10 or more percent of the overall annual income of the abovementioned persons, except remuneration for his/her activities as a member of the Board of Directors;

- An independent director is not a major counteragent of the Company (the value of transactions with him/her must be below 10 percent of the total book value of the Company's assets);
- An independent director is not a Government representative.

5.1.3. Structure of the Board of Directors and its committees.

There are the following committees of the Company's Board of Directors:

- Audit Committee;
- HR and Remuneration Committee;
- Committee for Strategy, Development, Business Planning and Corporate Governance;
- Reliability Committee.

Operation of all the committees is governed by local regulations of the Company, which describe their composition, competence, rules of procedure, as well as rights and responsibilities of their members. These regulations include:

- Regulation on Audit Committee of Board of Directors;
- Regulation on HR and Remuneration Committee of Board of Directors;
- Regulation on Committee for Strategy, Development, Business Planning and Corporate Governance of Board of Directors;
- Regulation on Reliability Committee of Board of Directors.

The Committees of the Board of Directors are set up for preliminary consideration of crucial issues within the competence of the Board of Directors.

5.1.4. Rules of procedure

The Board of Directors holds meetings:

- In accordance with the Operation Plan of the Board of Directors issued for a certain period of time, which enables the Board to properly fulfil its obligations;
- If necessary, during current planning of the Company's activities.

The Board of Directors holds meetings at least once in six weeks.

Technical (informational, document, protocol (minutes) and secretarial) support of the day-to-day activities of the Board of Directors is provided by the Corporate Secretary of the Company, who acts on the basis of the Regulation on Corporate Secretary and performs the functions of the secretary of the Board of Directors, General Shareholders' Meeting and Committees of the Board of Directors. The Corporate Secretary of the Company provides timely receipt by all directors of brief, but exhaustive information together with a notification on holding of a meeting of the Board of Directors, in written form.

For each meeting, minutes are kept. The minutes (Protocols) are signed by the Chairman of the Board and the Corporate Secretary of the Company.

5.1.5. Remuneration

The size of remuneration paid to the members of the Board of Directors corresponds to market conditions and is set at the levels to attract skilled specialists and encourage their fair and efficient work.

The Company discloses the information about the sum of remunerations and/or compensations paid to the members of the Board of Directors.

The Company does not provide loans to the members of the Board of Directors.

5.1.6. Liabilities of the members of the Board of Directors

The members of the Board of Directors act fairly and reasonably in the interests of the Company and all of its shareholders. Each director aspires to take an active part in the Board meetings.

The members of the Board of Directors recognize their responsibility to shareholders, and consider their main goal to fairly and reasonably fulfil their obligations in order to provide growth of the share value, protection of shareholders' rights and resolution of corporate conflicts.

The members of the Board of Directors aspire to constantly communicate with shareholders.

The members of the Board of Directors provide elaboration and implementation of the Company's development strategy.

The Board of Directors creates and maintains the necessary mechanisms of control over the activities of the Company's executive bodies, including monitoring and evaluation of such activities.

The Board of Directors sets up a system of clear and transparent criteria and procedures for appointment and replacement of the Executive Board members, as well as an efficient remuneration system.

The Board of Directors evaluates plans for restructuring (reforming) of the Company and provides control over their implementation.

The members of the Board of Directors undertake not to disclose confidential information about the Company, or privately use such information.

The members of the Board of Directors undertake to refrain from activities that can result in conflicts between their interests and the interests of the Company. In case such conflicts arise, the member of the Board of Directors undertakes to inform other Board members of such instance, as well as refrain from voting on corresponding issues.

5.2. Director General and Executive Board

The Company perceives that the sole executive body in the person of the Director General is necessary for administration of the Company's day-to-day activities. The Company also perceives that, in the management process, there are complicated issues which need to be resolved, and that for their resolution, a team (not personal) approach is necessary. In this connection, the Company has established a collegiate executive body – the Executive Board. The Director General of the Company presides over the Executive Board.

5.2.1. Powers.

The Director General and the Executive Board administer day-to-day activities of the Company for the purpose of fulfilling the Company's goals and implementation of the Company's strategy.

5.2.2. Number of members.

The Chairman of the Executive Board recommends on the number of the Executive Board, which is approved by the Board of Directors.

5.2.3. Election, term of office and termination of office of the Director General and the Executive Board.

The Director General is elected by the majority of votes of the members of the Board of Directors, which take part in the meeting. In his/her turn, the Director General proposes candidates for the Executive Board membership, to be approved by the Board of Directors.

The Board of Directors of the Company can terminate the offices of the Director General and the Executive Board members at any time.

5.2.4. Composition of the Executive Board.

The composition of the Executive Board, which includes competent and highly-professional persons, provides efficient administration of the Company's day-to-day activities. Each member of the Executive Board, including the Chairman has the necessary experience, skills and background for proper fulfillment of obligations.

5.2.5. Rules of procedure

The Executive Board holds regular (at least once a month) meetings. The members of the Executive Board receive information on the meeting agenda in advance. The rules of procedure are governed by the Regulation on Executive Board of Company.

5.2.6. Remuneration and work evaluation

Remuneration of the Chairman and members of the Executive Board is determined by the corresponding labor agreements concluded with each member. The remuneration sum comprises a permanent constituent and a variable constituent, while the latter is determined by the Board of Directors of the Company.

5.2.7. Liabilities of the executive bodies

The Chairman of the Executive Board and its members act fairly and reasonably in the interests of the Company and all of its shareholders.

The Chairman and the members of the Executive Board undertake to refrain from activities that can result in conflicts between their interests and the interests of the Company. In case such conflicts arise, the Chairman and members of the Executive Board undertake to inform the Board of Directors of such instance, as well as refrain from negotiating and voting on corresponding issues.

The Company is aware that the experience, social ties, knowledge and skills of the Executive Board members, including those which are acquired by the members of the Executive Board in

the Company, open up opportunities for business activities (both personal and collective – by means of ownership of shares) that are not related to the Company's interests.

However, the members of the Executive Board guarantee that such activities:

- do not hinder execution of their functions as members of the Executive Board;
- are not related to use of material and intellectual resources of the Company;
- will not inflict financial damage to the Company;
- will not damage the goodwill of the Company;
- do not cause competition with the Company.

In case of non-fulfillment, or prerequisites for non-fulfillment of at least any of the abovementioned conditions, the member of the Executive Board shall cease any activities related to such non-fulfillment.

In order to avoid the possibility of negative consequences for the Company, the members of the Executive Board disclose information on activities not related to the interests of the Company, in accordance with the procedure set in the local regulations of the Company.

6. COMPANY'S SHAREHOLDERS

6.1. Rights of Shareholders and Their Protection

The Company's shareholders possess a collection of rights to the Company, the observance and protection of which must be provided by the Board of Directors, Director General and Executive Board of the Company.

The register of shareholders is kept by an independent registrar. Selection and appointment of the independent registrar, which has all the necessary technical means and flawless reputation, allow the Company to provide reliable and efficient accounting of ownership rights for shares and other securities of the Company.

Shareholders have the right to timely and regularly receive information about the Company's activities to the extent sufficient for well-grounded and well-considered decisions on their shares.

For proper observance and protection of the given right, the Company guarantees fulfillment of the requirements of Russian legislation related to disclosure of information.

The Company issues financial statements each quarter of the year, in accordance with the requirements of Russian legislation.

All the information subject to mandatory disclosure in accordance with the requirements of Russian legislation is available at the Company's website in the Internet.

Shareholders that own voting shares have the right to participate in General Shareholders' Meetings with the voting right on all issues within its competence.

For proper observance and protection of the given right, the Company undertakes to hold General Shareholders' Meetings in the way to avoid big financial and time costs related to participation of shareholders in the meetings, and provide equal treatment of all shareholders.

The Company undertakes to provide shareholders with sufficient information on agenda of General Shareholders' meetings in due time, to allow shareholders to make reasonable decisions.

In certain cases stipulated by the Russian legislation in force and the Articles of Association of the Company, the Board of Directors prepares objective and well-grounded recommendations for shareholders.

All information related to a General Shareholders' Meeting is subject to mandatory disclosure at the Company's website in the Internet.

Shareholders have the right to receive a part of the Company's net profit in the form of dividends.

For proper observance and protection of the given right, the Company undertakes to pay declared dividends on the date stated by the General Shareholders' Meeting.

Shareholders' rights are regulated by the provisions of the Articles of Association, and internal documents of the Company.

6.2 General Shareholders' Meeting

The Company has adopted the Regulation on Procedure for Preparation and Holding of General Shareholders Meeting, which describes in detail the procedure for preparation, holding and adoption of decisions by the General Shareholders' Meeting.

6.2.1. Preparation for the Meeting.

Each shareholder has the right to participate in the General Shareholders' Meeting, vote on the agenda issues, receive a notice about the meeting and its agenda in advance, as well as receive credible, objective and timely information which is sufficient for making decisions on the agenda issues. The executive bodies of the Company are responsible for this process.

The Company envisages a fair and efficient procedure for making proposals to the agenda of the General Shareholders' Meeting, including proposals on candidates to the Board of Directors. The agenda of the General Shareholders' Meeting cannot be changed after it has been approved by the Board of Directors.

6.2.2. Holding of the Meeting

The Company shall take all necessary measures to provide participation of shareholders in the General Shareholders' Meeting and their voting on the agenda issues.

The place for the General Shareholders' Meeting is available for shareholders. The registration procedure is convenient for participants and provides quick and unhampered access to the place of the Meeting.

The Company provides participation of the members of the Board of Directors, executive bodies, Internal Audit Commission and the Company's Auditor at the General Shareholders' Meeting, and authorizes them to answer shareholders' questions. Shareholders have the right to speak on the agenda issues, make corresponding proposals and ask questions. The Chairman of the General Shareholders' Meeting provides efficient work at the meeting.

Shareholders vote by ballot.

The vote counting procedure at the General Shareholders' Meeting excludes the possibility of voting fraud. The functions of the counting board are performed by the Company's independent registrar.

6.2.3. Meeting results

Voting results and other necessary meeting materials are given to shareholders on the day of the Meeting or after it, and are timely published at the Company's website and in the media.

6.3. Dividend Policy

The Standard for Dividend Policy in force was approved by the Board of Directors of the Company.

The Company's dividend policy stipulates:

- Creation of a transparent and clear scheme for setting the size of dividends;
- Provision of the most appropriate procedure for dividend payments;
- Measures of control over calculation and timely distribution of dividends.

7. DISCLOSURE OF INFORMATION AND TRANSPARENCY

7.1. Principles and Practice of Disclosure of Information

The policy of information disclosure is primarily aimed at a highest degree of confidence of shareholders, potential investors, counteragents and other interested parties in the Company, by means of providing information about the Company, its activities and securities to the extent sufficient for well-grounded and well-considered decisions in relation to the Company and its securities.

While disclosing information about its activities, the Company does not confine itself to the information which must be disclosed in accordance with Russian regulations, and additionally discloses other information which provides a high degree of the Company's transparency and contributes to the Company's policy of information disclosure.

The list of information disclosed by the Company, the procedure and time of such disclosure are determined by the Regulation on Information Policy of Company, approved by the Board of Directors of the Company.

The principles of disclosure of information by the Company are as follows:

- **The principle of fullness and credibility of disclosed information**, in accordance with which the Company provides all the interested persons with true information and does not refrain from disclosure of negative information, to the extent that allows to have a complete idea of the Company and the results of its activities;
- **The principle of availability of information**, in accordance with which the Company, while disclosing information, uses channels for distribution of information about its activities, which provide free and unhampered access of shareholders, creditors, potential investors and other interested persons to the disclosed information;
- **The principle of the balance of information**, which means that the Company's information policy is based on a reasonable balance of, on the one hand, transparency of the Company for all interested persons, and, on the other hand, confidentiality for maximum realization of shareholders' rights to obtain information about the Company's activities under the condition of protection of information which is considered confidential or insider;

- **The principle of regular and timely disclosure of information**, which ensures that the Company provides information on its activities to its shareholders, creditors, potential investors and other interested persons within the period set by regulations of the Russian Federation and the Company's internal documents.

The information disclosed by the Company is published at the Company's website: <http://www.ogk-5.com>.

The executive bodies of the Company are responsible for disclosure of information. The members of the Board of Directors disclose information about themselves to the Company, as such information is necessary for the Company to disclose information in accordance with Russian regulations, the Regulation on Information Policy of Company, as well as the procedure for use of confidential and insider information determined by the internal documents approved by the Board of Directors of the Company.

7.2. Financial Statements

The Company keeps books and prepares financial statements in accordance with the Russian standards for accounting and financial statements. The company also issues IFRS consolidated financial statements, and publishes these statements at its website.

The annual financial statement is accompanied by detailed appendices which allow the receiver of such statement to correctly construe the results of the Company's financial activities. The financial information is supplemented by commentaries and analytical appraisals of the Company's management, as well as the report of the Company's Auditor and the Internal Audit Commission of the Company. The Company prepares the consolidated financial statement under IFRS.

7.3. Control over Financial and Economic Activities

The Company establishes a system of control over its financial and economic activities as: a) the Company acknowledges the necessity of reducing the possibility of events, which negatively affect achievement of the Company's objectives and lead to losses including those caused by decisions, which were based on incorrect ideas, human faults, and conscious evasion of control; b) the Company recognizes a high degree of shareholders' need to protect its investments and preserve the Company's assets.

Internal financial and economic audit is aimed at the following:

- Fullness and credibility of financial and accounting statements, statistics, management-related information, and any other type of reports;
- Observance of regulations of the Russian Federation, decisions of the Company's management bodies, and internal documents of the Company;
- Preservation of the Company's assets;
- Most efficient execution of the Company's goals;
- Efficient and economical use of the Company's resources;
- Timely detection and analysis of financial and operating risks, which can negatively affect achievement of the Company's goals related to its financial and economic activities.

The system of control over the financial and economic activities of the Company includes the control procedures defined by Russian regulations, decisions of the General Shareholders'

Meeting and Board of Directors of the Company, as well as a group of bodies (subdivisions, persons) of the Company which provide internal control – the Internal Audit Commission, Board of Directors (directly through the Audit Committee), as well as the internal audit department of the Company.

The functions, rights, obligations and responsibility of the Company's subdivisions are defined in organisational and management documents of the Company.

Actual internal audit measures are determined by the Regulation on Procedure of Internal Audit of Financial and Economic Activities of Company, approved by the Board of Directors of the Company.

There is an annual financial audit procedure performed by an independent commercial organisation (the Company's Auditor), which helps to form the opinion of shareholders, potential investors and other interested persons about the Company on the basis of information about its activities.

7.4. Ownership Structure

The Company provides disclosure of information about actual owners of shareholders that own five or more percent of voting shares. The disclosed information also describes corporate relations in a group of companies. The Company aims at transparency of its share capital structure.

8. RELATIONS WITH AFFILIATES AND DEPENDENT COMPANIES

The Company aims at a balanced development of its affiliates and dependent companies (ADCs) based on efficient corporate governance mechanisms.

In order to exercise its right as a shareholder in other organisations, the Company interacts with ADCs in accordance with the requirements of the Russian Federation, the Articles of Association and internal documents of the Company, as well as the Articles of Association of ADCs.

Main goals of cooperation with ADCs are:

- Ensuring steady financial development, profitability and high investment appeal of the Company and ADCs;
- Protection of rights and interests of shareholders of the Company and ADCs;
- Optimisation of relations among shareholders, managers and employees of the Company and ADCs; exclusion of conflicts among them;
- Elaboration and implementation of a well-coordinated and efficient investment policy of the Company and ADCs.

The procedure of management of ADCs is governed by the following documents:

- Company's Articles of Association;
- Code of Corporate Governance of the Company;
- Articles of Association of the Company's ADCs;

- Standards, regulations and provisions related to corporate governance.

In accordance with the abovementioned documents, interaction of the Company with ADCs is based on corresponding decisions made by the management and control bodies of ADCs (decisions of General Shareholders' Meetings, Boards of Directors, Internal Audit Commissions, Executive Boards, and sole executive bodies within their competence).

While developing the practice of corporate governance, the Company will aim at development of corporate governance principles in relation to affiliates and dependent companies.

9. FINAL PROVISIONS

The present Code enters into force upon its approval by the Board of Directors of the Company.