

APPROVED

as amended by JSC Acron Board of Directors
decision

Minutes No. 346 dated November 26, 2008

Chair of the Board of Directors

_____ Alexander V. Popov

**Corporate Governance Code
JSC Acron**

2008

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Introduction

JSC Acron (hereinafter “the Company”) is a leading Russian and global mineral fertiliser producer.

The Company’s main objective is to provide customers with mineral fertilisers meeting international quality standards and produced with safe, environmentally friendly and cost effective technologies that ensure growth in shareholder wealth and reliable social safeguards for employees.

The Company regards Corporate Governance as a means of enhancing protections for its shareholders and other investors, increasing the efficiency of its operations, improving its reputation and reducing the cost of raising funds.

This purpose of this Code is to improve the principles and standards of the Company’s Corporate Governance, contribute to better consideration of the rights and legitimate interests of all shareholders, form a positive image of the Company among shareholders and other involved parties (hereinafter “other involved parties” shall mean the Company’s employees, counterparties, creditors, investors, public and local authorities), which is an important condition for promoting the Company’s stable and successful development and increasing its profitability and capitalisation.

The provisions of this Code correspond with internationally approved standards that envisage both unconditional adherence to the law and compliance with progressive internal standards of Corporate Governance.

This Code is a summary of voluntary obligations based on balancing the interests of Company shareholders and other involved parties.

The Company undertakes a voluntary obligation to follow this Code’s principles and rules of Corporate Governance.

The development of Corporate Governance in Russia and globally will determine the Company’s efforts to improve the provisions of this Code, its Charter and bylaws and to implement these provisions in the Company’s Corporate Governance.

1. Corporate Governance Principles

1.1. For the purposes of this Code, Corporate Governance shall be defined as a system of rules for the regulation of relations between the Company, its governing bodies and other involved parties.

1.2. The Company seeks to develop corporate relations in accordance with its Corporate Governance principles, which provide:

- Shareholders with a real opportunity to exercise their rights related to their holding in the Company;
- Equal treatment for shareholders having an equal number of shares of the same type (category), including minority and foreign shareholders;
- Strategic Company management by its Board of Directors and efficient control of the Company's executive bodies, along with accountability of the members of the Company's Board of Directors to its shareholders;
- Carrying out day-to-day management of the Company's business by its executive bodies in order to maintain long-term, stable development and allow shareholders to receive benefit from these activities, as well as accountability of executive bodies to the Company's Board of Directors and shareholders;
- Proper, timely disclosure of complete and accurate information about the Company in order to allow Company shareholders and investors to make well-founded decisions;
- Efficient control of the Company's financial and economic activities in order to protect shareholders' rights and legitimate interests;
- Respect for other involved parties' rights and interests.

1.3. The Company sees it necessary to improve corporate relations within its subsidiaries and dependent companies and seeks to introduce these Corporate Governance principles and the provisions of this Code into their practice.

2. General shareholders Meeting

2.1. The Company shall strictly abide by the procedure for preparing, convening and holding general shareholders meetings (hereinafter “general meeting”) as stipulated by Russian law, the Company Charter and JSC Acron’s Regulation on the General shareholders Meeting.

2.2. The Company shall convene general meetings using a procedure that ensures equal treatment of all shareholders, does not violate their rights and is not excessively burdensome, costly or complicated.

2.3. Due to the fact that the general meeting allows the Company to inform its shareholders at least once a year about its activities, achievements and plans and involve them in discussion of the Company’s most pressing issues, the Company shall work to improve the preparation, convening and holding of general meetings.

2.4. The Company shall abide by Russian law and the Company Charter concerning terms of notice regarding a general meeting and the content of such notice.

2.5. A general meeting notice shall be sent to each person on the list of persons entitled to participate in the general meeting via registered mail or shall be hand delivered against signed receipt. The notice can also be published in the *Novgorod*, *Novgorodskie Vedomosti*, and *Khimik* newspapers.

The Company may send additional notice of a general meeting to its shareholders through other media outlets (television, radio) and may also post a notice on its website at www.acron.ru.

2.6. The Company shall assume that the exercise of a shareholder’s right should not involve excessive difficulties when confirming such rights and does not require that shareholders provide an excerpt from the Shareholder Register unless otherwise required by current Russian law.

2.7. The Company shall provide persons entitled to attend a general meeting and holding not less than 1% of votes with access to this list starting on the date of the general meeting notice.

2.8. The Company shall comply with the provisions of Russian law and the Company Charter concerning the information (materials) to be provided to persons entitled to attend a general meeting and the information necessary for making reasonable and well-founded decisions on the issues on the general meeting agenda.

The Company shall reserve the right to inform persons entitled to attend a general meeting by posting a notice on its corporate website at www.acron.ru.

The information provided shall be also available in print at the general shareholders meeting.

2.9. Access to the information (materials) to be provided to the persons entitled to attend a general meeting shall be provided by the Company's executive bodies. Information (materials) will be made available to persons entitled to attend a general meeting and will be reviewed on-site at the Company's executive body. If requested by a person entitled to attend a general meeting, the Company shall provide such person with copies of the above-stated documents within 5 days of the request.

2.10. When defining the agenda of a general meeting, the Company shall formulate agenda issues so as to avoid ambiguous interpretation.

2.11. In order to provide shareholders with a real and non-burdensome opportunity to participate in a general meeting, the Company is responsible for selecting an accessible location and convenient time for the meeting.

Annual general meetings shall be convened at the Company's address not earlier than 9 a.m. and not later 10 p.m. local time.

2.12. The Company shall provide all persons entitled to attend a general meeting with the opportunity to register for the meeting.

The procedure for registering general meeting participants is outlined in the Company's bylaw – the JSC Acron Regulation on the General shareholders meeting, which is posted on the corporate website at www.acron.ru.

2.13. The Company will make efforts to ensure the attendance at general shareholders meetings of members of the Board of Directors, candidates for the Company's Board of Directors, the Chief Executive Officer, Managing Board members, the Company's auditor, Internal Audit Team members and candidates for the Company's Internal Audit Team and shall allow shareholders to pose questions to the above-stated individuals.

2.14. In order to secure shareholders' rights, the work of a general meeting's executive bodies on defining election results, including vote calculation, shall be monitored by supervisors appointed from among shareholders, their representatives and other persons.

2.15. The company shall seek to establish a procedure for convening a general meeting that will guarantee a reasonably equal opportunity for all shareholders to be present at the general meeting to express their opinions and ask questions concerning the agenda.

2.16. In order to avoid doubts in the credibility of election results, the decisions made by a general meeting should either be announced before the end of the meeting or sent to the persons on the list of those entitled to attend the general shareholders meeting in the form of a notice not later than 10 days after the election results minutes are issued in the form of an election results report.

2.17. A general meeting reconvened in place of an aborted meeting shall be deemed duly constituted (shall have a quorum) provided it is attended by shareholders holding in aggregate not less than thirty per cent of the votes on the Company's outstanding voting shares.

3. Board of Directors

3.1. The Company's Board of Directors shall carry out general management of the Company's business, excluding matters reserved for the general shareholders meeting in accordance with the Federal Law *On Joint Stock Companies* in order to secure the rights and legitimate interests of the Company's shareholders, ensure dynamic development, improve stability and enhance profitability and capitalisation of the Company.

3.2. The Company's Board of Directors shall carry out its activities in accordance with Russian Federation law, the Company Charter and Company bylaw – the Regulation on JSC Acron's Board of Directors.

3.3. The Company's Board of Directors shall define priorities for Company's activities, approve the Company's strategy, monitor implementation of the strategy, create an effective internal control and risk management system and carry out periodical assessment of this system's effectiveness.

3.4. The Company's Board of Directors shall ensure that the Company's executive bodies are effective, specifically by supervising their activities, including monitoring and evaluation of such activities.

3.5. The Company's Board of Directors shall consist of seven members as stipulated in the Company Charter and the Regulation on the Board of Directors.

3.6. Members of the Company's Board of Directors shall have knowledge and experience necessary for effective functioning of the Company's Board of Directors and orderly work of the members of the Board of Directors. They should be experienced in the specific sphere of the Company's business, respected by the shareholders and have enough time for carrying out their work.

The Company shall seek to specify the requirements for members of the Board of Directors in the Regulation on the Board of Directors.

There shall be at least two (2) independent members on the Board of Directors, who shall meet the criteria for independent directors according to the Regulation on JSC Acron Board of Directors.

3.7. The Company shall abide by the laws of the Russian Federation regarding criteria that should be met by members of the Board of Directors. Furthermore, the number of Managing Board members should not exceed one fourth of the number of Board of Directors officials.

3.8. Members of the Board of Directors shall act for the benefit of the Company regardless of who nominated them as a candidate and the names of the shareholders that voted in their favour.

3.9. Members of the Board of Directors must avoid any actions that may lead to conflict between their interests and those of the Company. If such conflict exists or arises, they must disclose any relevant information to the Company's Board of Directors.

3.10. Members of the Board of Directors are obligated to disclose information concerning the ownership of shares and other securities of the Company and (or) its subsidiaries and dependant companies, as well as its transactions with shares and other securities of the Company and (or) its subsidiaries and dependant companies.

3.11. Board of Directors meetings can be convened in person (joint presence at the meeting) or in absentia (by absentee vote).

The format of the Board of the Directors meeting depends on the importance of its agenda issues.

The Company will seek to ensure that decisions on key matters within the authority of the Board of Directors are only approved at Board of Directors meetings convened in person, such key matters including:

- Determining priority segments for the Company's business and approving its development strategy;
- Election of a Chair for the Board of Directors;
- Forming executive bodies of the Company and early termination of their powers;
- Submitting suggestions concerning the Company's restructuring to a general shareholders meeting.

3.12. Members of the Board of Directors must be informed in advance about an upcoming meeting and its agenda. In exceptional cases, a motion to change the agenda may be proposed (put to vote) by the Chair of the Board of Directors.

The Board of Directors must be supplied with all information necessary to make a decision concerning issues on the agenda of the Board of Directors meeting, and the information on the meeting agenda must be provided along with the notice of the Board of Directors meeting.

Notice of a Board of Directors meeting, the meeting agenda and other necessary information must be delivered to members of the Board of Directors in person or circulated to them by post, phone, electronic or other means of communication.

3.13. In order to investigate key matters within the scope of authority of the Board of Directors and prepare motions on such matters, the Board of Directors may establish standing committees comprised of members of the Board of Directors.

The Board of Directors:

- Audit committee;
- Strategic Planning and Corporate Governance Committee;
- Nomination and Remuneration Committee.

Board of Directors committees function in accordance with the regulations on those committees.

The Company shall seek to appoint independent directors to Board of Directors committees.

3.14. Based on the decision of a general shareholders meeting, the members of the Board of Directors may receive remuneration and (or) compensation for expenses related to their work as members of the Board of Directors.

The amount of such compensation and remuneration is set by the general shareholders meeting.

The Company must ensure that the amount of remuneration paid to a member of the Board of Directors corresponds with his/her contribution to the Company's business results, such contribution being defined with considering of the work done by the member of the Board of Directors.

4. Executive Bodies

4.1. In order to guide the day-to-day activities of the Company, the Board of Directors shall form a collegial executive body (Managing Board) and appoint a sole executive body of the Company (Chief Executive Officer).

4.2. The Chief Executive Officer and Managing Board shall report to the Board of Directors and general meeting and act in accordance with Russian law, the Company Charter and its bylaw – the Regulation on JSC Acron’s Managing Board.

4.3. Members of the Managing Board are appointed by the Company’s Board of Directors taking into consideration the need to efficiently perform the functions entrusted to the Company’s executive bodies and make reasonable and well-founded decisions on issues within the scope of Company’s executive bodies.

4.4. The Board of Directors shall appoint a Chief Executive Officer and members of the Managing Board taking into account the candidates’ professional experience, business reputation and ability to ensure successful development and increased capitalisation.

4.5. The Chief Executive Officer and members of the Managing Board must act for the Company’s benefit, and members of the Managing Board must remain loyal to the Company.

The Chief Executive Officer and members of the Managing Board must avoid any actions that may lead to conflict between their interests and those of the Company. If such conflict exists or arises, they must disclose any relevant information to the Company’s Board of Directors.

4.6. The Chief Executive Officer and members of the Company’s Managing Board must disclose information concerning the ownership of shares and other securities of the Company and (or) its subsidiaries and dependant companies, as well as its transactions with the shares and other securities of the Company and (or) its subsidiaries and dependant companies.

4.7. The division of authority between the Chief Executive Officer and the Company’s Managing Board shall be governed by the Company’s Charter and the Regulation on JSC Acron’s Managing Board.

The Company shall proceed from the premise that the right to resolve issues outside the Company’s day-to-day business, as well as issues falling within the Company’s day-to-day

business but materially affecting the Company, must be solely reserved for the Company's Managing Board.

4.8. Issues reserved for the Managing Board shall include the following:

- Approving forward-looking plans for the Company's operations, including its business plans;
- Considering and drawing up recommendations on key matters of the Company's day-to-day business;
- Coordinating the work of the Company's departments and their effective interaction;
- Drawing up the Company's production programme and setting production volumes;
- Considering and drawing up recommendations on implementing the Company's social development programme.

4.9. The Company's Managing Board shall hold regular meetings. The procedure for the Company's meetings shall be determined by the Regulation on JSC Acron's Managing Board, which is on the corporate website at www.acron.ru.

Notices of an upcoming meeting of the Managing Board, meeting minutes and all necessary information shall be forwarded in advance to the Chief Executive Officer and members of the Company's Managing Board.

4.10. The Chief Executive Officer shall ensure prompt presentation of information required by members of the Board of Directors, the Managing Board and the Company's shareholders.

4.11. The Company shall ensure that the remuneration paid to the Chief Executive Officer and members of the Company's Managing Board reflect the results of the Company's operations and a complete assessment of the work performed by these persons.

5. Corporate Secretary

5.1. In order to ensure that governing bodies and officers of the Company observe Russian law, the Charter and internal documents of the Company, including procedures guaranteeing the exercise of rights and legitimate interests of the Company's shareholders, the Company shall consider the appointment of a Corporate Secretary as an important step in improving corporate governance practices.

5.2. The Company's Corporate Secretary shall be a permanent officer having the required professional qualification.

5.3. In his/her activity, the Corporate Secretary shall be governed by Russian law, the Charter and the Company's internal documents.

5.4. The following main functions shall be reserved to the Corporate Secretary:

- Participating in preparing and holding general meetings;
- Organising and providing information support for preparing and holding meetings of the Board of Directors and the Managing Board;
- Assisting members of the Company's Board of Directors in the course of their performance of their functions;
- Preparing answers to shareholder appeals and requests;
- Safekeeping of the Company's documents.

6. Material Corporate Actions

6.1. Material Corporate Actions of the Company that significantly affect its operations and the size and value of its assets shall be defined as:

- Large transactions and transactions entered into according to the procedure provided for by the Federal Law “On Joint Stock Companies” for entering into large transactions, as well as interested transactions;
- Acquisition of thirty and more per cent of outstanding ordinary shares of the Company (takeover);
- Reorganisation or liquidation of the Company;
- Decrease or increase in the Company’s authorised capital;
- Changes and amendments to the Company’s Charter;
- Creation and liquidation of the Company’s affiliates and representative offices.

6.2. The Company shall provide shareholders with an opportunity to affect material corporate actions by setting out a transparent and fair procedure for performing such corporate actions based on the proper disclosure of information regarding the consequences that the Company may face as a result of such actions.

6.3. Before the Company enters into large or interested transactions, such transactions must be considered and approved by the Company’s governing bodies.

6.4. Reorganisation of the Company (merger, acquisition, division, spin-off and reorganisation) shall be conducted in strict accordance with the procedure provided for by the Federal Law “On Joint Stock Companies,” ensuring protection for the rights and legitimate interests of the Company’s shareholders and other interested persons.

6.5. Should the Company be reorganised involving a share conversion, an independent appraiser shall evaluate the market value of shares and the share conversion ratio.

7. Disclosure of Information about the Company

7.1. The Company's policy on disclosing information about its operations is for prompt and full disclosure of information to the Company's shareholders and other interested persons in the volume required to make a balanced decision on participation in the Company or performing other actions capable of affecting the Company's financial and business activities. The Company shall seek to present shareholders and other interested persons with additional information about material aspects of its operations in addition to the information that must be disclosed in accordance with current legislation.

7.2. The Company's key principles for disclosing information shall be:

- Regular and prompt disclosure of information about the Company;
- Access to such information for shareholders and other interested persons;
- Ensuring that such information is reliable and complete;
- Ensuring a balance between the Company's openness and observance of its commercial interests.

7.3. Disclosure of Company information shall be governed by applicable Russian law and the Company's internal documents on information disclosure.

7.4. When choosing the means of disclosing information about its operations, the Company shall proceed from the necessity to provide unimpeded, easy and not overly expensive access for shareholders and interested persons to the information disclosed by the Company.

The Company shall disclose information in accordance with applicable Russian law by means of its publication in media news, as well as in periodic printed mass media for which enough copies are published to make it available to the majority of the Company's shareholders.

The Company shall also disclose additional information about its operations.

The Company shall attach particular significance to disclosing information on its corporate website www.acron.ru as the cheapest and most accessible means of disclosing information about the Company to the majority of shareholders.

7.5. On its corporate website www.acron.ru, the Company shall place the Charter and internal documents regulating the activities of its bodies, this Code, annual and quarterly reports, price sensitive information, information that may have a material effect on the value of the Company's securities, information on the Company's affiliates, financial statements in accordance with Russian Accounting Standards and International Accounting Standards, as well

as information on the structure of the Company's governing and control bodies, payment of dividends on the Company's shares, the Company's financial position and the results of its operations.

7.6. The Company shall present shareholders with its annual report, which shall contain all necessary information for shareholders to evaluate the results of the Company's operations for the year.

The Company shall comply with the requirements of Russian regulations regarding the contents of the Company's annual report, and will include additional information, including the following:

- Company strategy;
- Subsidiaries and dependent companies;
- Corporate social responsibility (relations with federal and local authorities, etc.).

7.7. For the purpose of protecting the confidentiality of information comprising commercial or official secrets and other information about the Company's operations, shares and other securities and transactions involving them that is not publicly accessible and whose disclosure may materially affect the market value of the Company's shares and/or other securities (inside information), the Company shall assume a responsibility to ensure nondisclosure of such information and control the use of inside information.

7.8. The definition of inside information, the procedure for providing access to it and the procedure of its use, as well as measures to protect such information from illegal use, shall be defined in the Regulation on the Use of JSC Acron Inside information.

7.9. All members of the Company's governing bodies, officers, employees, counterparties and other persons who have obtained access to inside information must ensure that the inside information not be disclosed and observe applicable rules connected with the use of inside information.

7.10. For the purpose of observing the rules for using inside information, the terms and conditions regarding nondisclosure of such information shall be included in contracts entered into with officers and employees of the Company.

7.11. Measures to protect the confidentiality of information comprising Company secrets shall be provided for by the Regulation on JSC Acron's Commercial Secrets.

8. Control over the Company's Financial and Business Operations

8.1. The major goal of control over the Company's financial and business operations shall be to protect the investments of the Company's shareholders and its assets.

8.2. Control over the Company's financial and business operations shall be carried out by the Company's Board of Directors, the Company's Internal Audit Team, the Company's Internal Audit Department and the Company's external auditor.

8.3. The authority of the bodies and persons comprising the system of control over financial and business operations shall be defined by the Charter and internal documents of the Company.

8.4. The Company's Board of Directors shall analyse and assess the Company's internal control system in accordance with the Company's internal documents.

8.5. A separate structural division called the Internal Audit Department has been created. Its main functions are the following:

- Organising effective audit control over the Company's day-to-day business from the point of view of its compliance with applicable Russian law;
- Making proposals to improve the internal control system;
- Organising audits of the Company;
- Controlling compliance with the Company's established accounting procedure.

The legal status, tasks, functions, composition and other issues related to activities of the Company's Internal Audit Department shall be defined in the Regulation on JSC Acron's Internal Audit Department.

8.6. The Company's Internal Audit Team shall be elected for a term until the next annual general meeting and shall carry out its activities in accordance with Russian law, the Company's Charter and the Company's internal document – the Regulation on JSC Acron's Internal Audit Team.

8.7. The Company's Internal Audit Team shall audit the Company's financial and business operations.

The Internal Audit Team shall inform the general meeting of the audit results. The Company's Board of Directors and Managing Board may familiarise themselves with the audit results of the Company's financial and business operations carried out by the Internal Audit Team.

8.8. The Company shall annually approve an external auditor having extensive experience, an excellent professional and business reputation and not connected with the Company, members of the Company's governing bodies or its shareholders by property interests, for the purpose of auditing and confirming the accuracy of the annual financial statements and the reliability of the data contained in it.

The audit results and the external auditor's opinion shall be considered at a meeting of the Audit Committee of the Company's Board of Directors.

9. Dividends

9.1. The Company shall proceed from the necessity to establish a transparent procedure for defining the amount of dividends and their payment that is comprehensible to shareholders.

The Company's dividend policy shall be defined by the JSC Acron Dividend Policy Provisions that can be found at the corporate website at www.acron.ru.

The goal of the Company's dividend policy is to balance the interests of the Company and its shareholders when determining the amount of dividends, to increase the investment appeal of the Company and its capitalisation, and to ensure strict observance of shareholders' rights provided for by current Russian law, the Charter of the Company and its internal documents.

9.2. The Company shall seek to pay declared dividends in cash.

9.3. The Company shall seek to forward at least thirty per cent of its net profit to dividend payment.

9.4. Dividend payment shall be carried out before the date stipulated by the Company's Charter.

10. Conflict Resolution

10.1. In order to conduct its business, successfully accomplish its tasks and achieve its goals, the Company must establish the necessary conditions to prevent and settle corporate conflicts – conflicts between the Company and its shareholders, as well as between shareholders, if such conflicts involve the Company's interests.

Conflict prevention and resolution shall provide equal protection for the rights and legitimate interests of the Company's shareholders and ensure that the Company's property interests and business reputation are observed.

10.2. The Company shall seek to prevent potential corporate conflicts and settle any conflicts that arise as early as practicable.

10.3. In the course of settling corporate conflicts, the Company shall comply with the provisions of Russian law.

10.4. Upon consent of Company shareholders involved in a corporate conflict, the Company's governing bodies (their members) may participate in negotiations between shareholders, provide shareholders with information and documents they possess that relate to the conflict, explain the provisions of Russian law and the Company's internal documents, give advice and recommendations to shareholders, prepare draft documents on conflict resolution to be signed by shareholders and assume obligations before shareholders on behalf of the Company within their authority, inasmuch as it may facilitate conflict resolution.

10.5. Should any corporate conflict arise between the Company's shareholders, the Company governing body that is responsible for considering the dispute shall decide whether the dispute involves the interests of the Company or its other shareholders and whether or not its participation shall facilitate resolution of the conflict.

10.6. For the purpose of observing shareholders' rights and preventing corporate conflicts, the Company's Chief Executive Officer shall consider shareholders' appeals and take measures to prevent and resolve corporate conflicts.

Final Provisions

11.1. This Code, as well as changes and amendments hereto, shall enter into force upon its approval by the Company's Board of Directors.

11.2. At its meetings, the Company's Board of Directors shall regularly consider issues of observing hereof.

11.3. Issues that are not covered hereby shall be governed by Russian law, the Charter and the Company's internal documents.

Should any discrepancies between Russian law and corresponding provisions hereof arise, the provisions of Russian law shall be applied.