

**APPROVED**

by resolution of the Board of Directors  
of OJSC PhosAgro on 18 November 2014  
(Minutes No. n/a dated 21 November 2014)

**REGULATIONS ON  
THE RISK MANAGEMENT COMMITTEE  
OF THE BOARD OF DIRECTORS  
OF OJSC “PhosAgro”**

**Moscow  
2014**

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## **1. General Provisions**

1.1. These Regulations on the Risk Management Committee (the “Regulations”) shall stipulate the procedure of work of the Risk Management Committee of the Board of Directors of OJSC “PhosAgro” (the “Committee”) as well as issues relating to its composition, establishment and interaction procedure.

1.2. The Committee shall be a subsidiary body of the Board of Directors of OJSC “PhosAgro” (the “Board of Directors”) which shall be established for preliminary review of certain issues falling within responsibilities of the Board of Directors under the Charter of OJSC “PhosAgro” (the “Company”). The Committee shall not be an executive body of the Company, nor does the Company acquire any civil rights or obligations through the Committee.

1.3. The Committee shall comply in its work with applicable laws of the Russian Federation, the Company’s Charter, the Regulations on the Board of Directors and there Regulations. The issues of the Committee’s work not stipulated by these Regulations and other acts binding upon the Company shall be regulated in accordance with the recommendations of the Corporate Governance Code approved by the Government of the Russian Federation February 13, 2014 and recommended to be applied in activities of joint-stock companies by the Bank of Russia in its Letter No. 06-52/2463 "On the Code of Corporate Governance", dated 10 April 2014). Also, the Committee shall be authorised to apply risk management recommendations of international institutions.

1.4. For the purposes of these Regulations all references to the Company shall be references to OJSC “PhosAgro”; all references to the Charter and the Regulations on the Board of Directors of the Company shall be references to the current version of the Charter and the current version of the Regulations on the Board of Directors of OJSC “PhosAgro”, as amended; all references to the Board of Directors shall be references to the Board of Directors of OJSC “PhosAgro”; all references to the internal documents of the Company shall be references to the duly approved and effective documents mandatory for implementation at OJSC “PhosAgro”.

## **2. Committee Purpose and Authority**

2.1. The purpose of establishing the Committee shall be provision of recommendations and proposals to the Board and other bodies of the Company in regard to identifying material risks, developing risk management measures and improving and enhancing the risk management system.

2.2. For implementing the purpose the Committee shall have the following authority:

2.2.1. Assess the effectiveness of the Company's risk management system and provide recommendations for its improvement.

2.2.2. Make proposals to the Company's Board of Directors with regard to:

- the risk management methodology and identification of the Company's most material risks to ensure their continuous monitoring and management, and recommendations for improving the comprehensive risk management system;
- the justification of risk appetite and tolerance;
- amending PhosAgro's Risk Management Policy.

2.2.3. Cooperate with the Company's risk management function and the working body for risks subordinate to the Management Board or the CEO.

2.2.4. Cooperate with the Company's management.

2.2.5. Cooperate with other stakeholders.

2.3. The Board of Directors may also decide to reserve other matters relating to the Company's lines of activity for consideration by the Committee.

### **3. Composition of the Committee**

3.1. The quantitative composition of the Committee shall be determined by the Board of Directors Meeting of the Company.

3.2. The Board of Directors shall appoint Chairman to manage the Committee operations. The main task of the Committee Chairman shall be securing objectivity while drafting recommendations by the Committee.

3.3. The Committee Chairman cannot be elected Chairman of another Committee.

3.4. No member of the Committee (including the Chairman of the Board of Directors) shall be elected as a member of more than three Committees of the Company.

3.5. Persons who are not members of the Committee and have all necessary professional knowledge may be engaged to participate in the work of the Committee as experts and consultants.

The Chairman and any member of the Committee may demand engaging a specialist (organization) as an expert or a consultant on behalf of the Committee within the budget of the Company on issues of public (non-confidential) nature. Personal interest is not allowed while engaging a specialist (organization) as an expert or a consultant.

3.6. The Chief Executive Officer of the Company, the members of the Board of Directors who are not members of the Committee, the Corporate Secretary of the Company, other officers and employees of the Company, consultants and experts may be invited to attend the meetings of the Committee.

3.7. By the Committee decision the Committee Secretary shall be appointed for organizational support of the Committee performance.

### **4. Committee Establishment**

4.1. The decision on establishing the Committee, its quantitative and personal composition, election of the Committee Chairman shall be made by the Board of Directors after a new Board of Directors is elected.

The quantitative composition of the Committee shall be determined by the Board of Directors to the intent that it should ensure thorough discussion of the issues considered with taking into account different opinions.

When making decision on establishing the Committee by the Board of Directors the members of the Board of Directors shall be informed of the performance of the Committees of the previous Board of Directors.

Changes to the composition of the Committee can be made at any moment at the proposal of any member of the Board of Directors.

4.2. While electing the Chairman and the members of the Committee it's necessary to take into account their consent to work in the Committee, their education, professional qualifications and experience in the sphere in the Committee performance, background and other special knowledge necessary for performing by the members of the Committee of their tasks.

## **5. Committee Meetings**

5.1. The Committee meetings shall be held in accordance with the work schedule approved at the meeting of the Committee and as often as necessary.

The Committee work schedule shall be drafted based on the approved work schedule of the Company's Board of Directors and shall be annex to the work schedule of the Board of Directors.

5.2. The agenda of the meeting shall be determined by the Chairman of the Committee. Any member of the Committee may propose including in the Agenda of an additional item within the authority of the Committee. The agenda may be changed and amended at the mutual agreement of the Committee members. If necessary, the Committee may choose not to discuss the items in the agenda of the current meeting in favor of issues of more priority, in the opinion of the Committee members.

The members of the Board of Directors who are not the Committee members, the Chief Executive Officer, the Corporate Secretary of the Company and experts and consultants engaged to assist the Committee may provide proposals to the Committee Chairman for consideration of any matter falling within the competence of the Committee. Such item may be considered either at the next scheduled Committee meeting or, if the matter is of particular importance and requires consideration without delay, at a specially convened Committee meeting.

5.3. The meeting shall be convened by the Committee Chairman at his discretion or at the request of any member of the Committee.

5.4. The notice calling the Committee meeting shall be sent together with the materials necessary for the members of the Committee in due and reasonable time before the meeting beginning by means agreed by the Committee members, as a rule no less than in 3 (three) working days before the meeting. The Committee Chairman shall take all measures necessary for ensuring that the notice has been sent as required and in due term. The Chief Executive Officer, the members of the Review Committee (the inspector) of the Company, other officers and employees of the Company shall be notified of the Committee meetings and experts and consultants shall be engaged to participate in the meeting provided that the persons invited should be able to get ready properly for the Committee meeting.

5.5. The Committee meetings shall be held either as joint presence of the Committee members or by voting by ballots. Meetings may be held as teleconference by means of conference call. Persons invited to participate in the meeting, including the Committee members, may provide their opinions on agenda items in writing.

5.6. The meeting shall be considered duly constituted (shall have a quorum) in case it has been attended (the written opinions have been received by the beginning of the meeting) by the

majority of the Committee members. The lack of quorum results in postponing the meeting of the Committee.

5.7. Any decision taken by the Committee shall be passed by a majority vote of the Committee members participating in the meeting. Each member of the Committee shall have one vote.

5.8. Any information relating to personal interest of any member of the Committee in considering any issues shall be disclosed at the Committee meeting.

5.9. The Committee may instruct any of its member (or members) to review thoroughly a certain issue relating to the authority of the Committee and to inform the Committee of the outcome of the review.

5.10. The meeting shall be conducted by the Chairman. The minutes of the Meeting shall be kept by the Secretary of the Committee and shall be signed by the Chairman of the Committee. At the meeting the opinions provided by the members of the Committee and the persons invited to the meeting of the Committee shall be heard and entered in the minutes (attached to the minutes).

5.11. The minutes of the Committee minutes shall be made in two copies.

One copy of the minutes shall be held by the Secretary of the Committee, who shall ensure access of all Committee members to the minutes of the Committee as well as the materials that were considered at the minutes of the Committee.

The other copy of the minutes shall be held by the Secretary of the Board of Directors, who shall ensure access of all members of the Board of Directors to the minutes of the Committee as well as the materials that were considered at the Committee minutes.

5.12. As a result of the meeting the Committee's recommendations addressed to the Board of Directors of the Company (the "Recommendations") may be executed. The Recommendations shall reflect the opinion of the Committee as a whole. If the opinions of the Committee members are not identical, dissenting opinions shall be indicated separately in the Recommendations.

5.13. The Recommendations shall be signed by the Committee Chairman. The Recommendations may include as appendices the materials considered at the Committee meeting. The Committee Chairman shall be responsible for informing timely and fully the members of the Board of Directors of the Recommendations. The Recommendation considered at the meeting of the Board of Directors may be attached to the minutes of the respective minutes of the Board of Directors.

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

6.1. The members of the Committee shall:

6.1.1 participate in the Committee performance;

6.1.2 review thoroughly and fully the documents submitted before or at the Committee meetings;

6.1.3 give a prompt notice to the Committee of any personal interest associated with any decision-taking;

6.1.4 avoid any actions that may discredit the Committee or cast doubts on the expertise of its members;

6.1.5 not disclose any confidential information included in any documents and materials of the Company;

6.1.6 not use internal corporate information for personal gain and shall not transfer it to third parties.

6.2. The members of the Committee shall have the right:

6.2.1. to request provision by the Board of Directors, the Chief Executive Officer, the Review Committee (the inspector), the auditor of the Company of information and documents relating to the performance of the Committee;

6.2.2. to participate in the meetings with the shareholders and the representatives for discussing the authority of the Committee.

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

7.1. The Committee members may receive remuneration and reimbursement of their expenses relating to the fulfillment by them of their duties as the members of the Committee at the expense of the Company.

7.2. The amount and the procedure of remuneration shall be determined by a resolution of the General Meeting of Shareholders of the Company and/or the internal documents of the Company.

## **8. Interaction of the Committee with the Company's Bodies**

8.1. The Secretary of the Committee shall ensure technical and procedural interaction of the Committee with other bodies of the Company.

8.2. The executive bodies of the Company shall inform in writing the Committee Chairman of any significant changes relating to issues connected with the authority of the Committee within two days from the moment of the respective circumstances.

8.3. The Committee Chairman shall provide the Board of Directors with a report on the Committee work according to the procedure determined by the Board of Directors.

## **9. Final Provisions**

9.1. These Regulations shall be approved by the Board of Directors. Any changes and amendments to these Regulations shall be made by the decision of the Board of Directors.

9.2. These Regulations shall be effective until approval by the Board of Directors of a new version of the Regulations.