

Confirmed by the resolution  
of the Board of Directors  
of OJSC “COMSTAR-UTS”

Record № \_\_\_\_\_  
d/d September 25, 2008

**OPEN JOINT-STOCK COMPANY  
“COMSTAR - UNITED TELESYSTEMS”**

**CODE OF CORPORATE CONDUCT**

Moscow

2008

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## **I. BASIC PRINCIPLES OF CORPORATE CONDUCT**

### **1.1. MISSION AND GOALS OF OJSC “COMSTAR-UTS”**

1.1.1. Open Joint-Stock Company “COMSTAR - United Telesystems” (OJSC “COMSTAR-UTS”), a large fixed network operator, is the leading provider of complex telecommunication solutions in Russia.

1.1.2. The mission of the Company is to develop a modern, universal and comfortable environment for people and business.

1.1.3. OJSC “COMSTAR-UTS” is a public company, whose securities circulate in the Russian and foreign stock markets. The Company understands its special responsibility before its shareholders, investors, partners and personnel.

1.1.4. Considering the aforementioned circumstances, in order to

- set fair and open rules of corporate conduct in the Company;
- ensure rights and legitimate interests of the Company shareholders and other interested persons;
- disclose information about the Company, its work, results of this work, governing bodies, procedures and principles of their basic decision making and the essence of these decisions;
- create a spirit of openness, trust and partnership between the Company and its shareholders, managers, investors, personnel, business partners and other interested persons,

the Company passes this Code of corporate conduct.

### **1.2. PRINCIPLES OF CORPORATE CONDUCT**

1.2.1. This Code includes corporate relations obligations voluntarily accepted by the Company, which are additional compared to the applicable legislation.

1.2.2. Passing this Code the Company declares the intention to follow the regulations and demands of the applicable legislation, including corporate law and stock-market law, to rely on the basic principles of the code of corporate conduct, approved in the Government of the Russian Federation panel session d/d 28.11.2001 (record № 49), as well as on international standards and recommendations.

1.2.3. In order to reach the goals set, it is necessary for the Company to follow these principles of corporate conduct.

#### **1.2.3.1. Principle of shareholders rights guarantee.**

The Company guarantees the reliable and effective way of share ownership accounting, as well as the opportunity of free and quick carve-out of shares. For this the Company delegates maintenance of register to the professional registrar. The Company provides all the shareholders with the opportunity of enforcement of their right to participate in the Governing bodies work in accordance with the shareholder’s share of participation.

### **1.2.3.2. Principle of equal treatment of shareholders.**

The Company guarantees equal treatment of shareholders, owning equal amount of shares of the same type (category). The Company provides holders of voting shares with observance of the rule "one share one vote". The Company provides all the shareholders with the opportunity to receive effective protection in case of rights violation.

### **1.2.3.3. Principle of effective management.**

The Board of Directors carries out strategic management of the Company's work and provides effective control over the work of the Executive board of the Company. The Board of Directors is accountable to the General meeting of shareholders of the Company.

The Executive board of the Company (the Governing body and President) manage the work of the Company in a reasonable and conscientious way. The Executive board of the Company acts in the interests of all the shareholders and aims at consideration of the personnel expectations and needs, as well as the needs of development of regional societies, on whose territory the Company operates, and of the Russian Federation in general. The Executive board is accountable to the Board of Directors and the General meeting of shareholders of the Company.

### **1.2.3.4. Principle of disclosure.**

The Company aims at well-timed disclosure of an appropriate amount of information about chief results, plans and perspectives of work, in order to provide the shareholders and investors of the Company with an opportunity to make reasoned decisions. The information policy ensures the opportunity of free and easy access to the information about the Company.

### **1.2.3.5. Principle of social responsibility.**

The Company, being a large service provider in Moscow and a number of other regions of the Russian Federation, understands the social responsibility of the business and its own social responsibility before the society and state.

In order to ensure effective work of the OJSC "COMSTAR-UTS", its Governing bodies consider interests of third parties, including personnel, creditors, the state and municipal formations, on whose territory the Company and its structural subdivisions are located.

### **1.2.3.6. Principle of effective control.**

The Company has an effective system of control over business and financial performance of the Company. There are audit committee of the Board of Directors, Department of administrative review and audit in the Company. An independent auditor is invited for financial statements control.

## **1.3. SOCIAL RESPONSIBILITY**

1.3.1. In order to follow the principle of social responsibility, the Company shall:

- provide openness and conscientiousness in the relations with the state, disclose the information about itself and its work, which enables the state to exercise appropriate control;
- show loyalty and honesty in dealing with partners, contractors, personnel, carefully follow the Code of ethics of the OJSC “COMSTAR-UTS”;
- work to provide well-deserved remuneration of labour and working conditions, exercise medical insurance programs, make working conditions for professional growth and educational development of the personnel, promote sports, care for the leisure activities and other aspects of the staff development;
- take part in funding of socially important and charity projects and programs.

1.3.2. The Company exercises preparing and publishing of social reporting.

## **II. CORPORATE MANAGEMENT AND CORPORATE PROCEDURES**

### **2.1. PREPARATION AND HOLDING OF THE GENERAL MEETING OF SHAREHOLDERS**

2.1.1. The company works to create the best conditions for participation of shareholders in the work of the General meeting of shareholders, the supreme governing body of the Company. For this the Company takes the following additional obligations in terms of preparation and holding of annual and special general meetings of shareholders.

2.1.2. The Company ensures sending, by a registered mail or personal delivery under signed receipt, the message about holding of the general meeting of shareholders to persons, who have a right to it, within the period of no less than 30 days before the meeting, irrespective of matters laid on the table, if the legislation and Regulation of the general meeting of shareholders do not allow for a longer period.

2.1.3. The Company uses additional ways of informing shareholders about general meeting of shareholders: posting of such information on the corporate website [www.comstar-uts.ru](http://www.comstar-uts.ru)

2.1.4. The Company provides shareholders, who own collectively no less than 1% voting shares of the Company, with the opportunity to review the list of persons who have a right to participate in the general meeting of shareholders, beginning with the day of informing of the general meeting of shareholders holding and until the end of the live general meeting of shareholders or until the end of voting bulletin acceptance (in case of a correspondence general meeting of shareholders). Besides, the Company provides shareholders, who own collectively no less than 1% voting shares of the Company, with the opportunity to get an extract from this list within one working day, addressing the Corporate Secretary.

2.1.5. During preparations for the general meeting of shareholders the Company provides shareholders with the following information, which is additional, compared with the Russian Federation legislature demands:

- information about a person who proposed an issue to the order of business of the general meeting of shareholders;
- during the Board of Directors election – brief biography of a candidate, his/her agreement to stand for election, as well as any other information provided in the Regulation of the Board of Directors of the Company;
- making a decision about reorganization – grounding of practicability of such reorganization;
- making a decision to enlarge the ownership capital - grounding of practicability of such enlargement;
- any other additional information in accordance with the Board of Directors resolution.

2.1.6. The shareholder has a right to get acquainted with the documents and information about the general meeting of shareholders in the office of the Company, addressing the Corporate Secretary of the Company.

2.1.7. Materials which do not contain confidential information are additionally posted on the corporate website of the Company ([www.comstar-uts.ru](http://www.comstar-uts.ru)).

2.1.8. The Company works to prevent varying interpretations of the order of business issues and passed resolutions.

2.1.9. The shareholders, whose share ownership is registered in the maintenance of the Company register system, are not obliged to documentarily confirm their rights, demanding a special general meeting of shareholders, proposing issues to the order of the annual general meeting of shareholders and proposing candidates to the elective governing bodies of the Company. The shareholders, whose share ownership is registered in the depository, should provide an extract from their security account, dated no more than three working days from the date of address of the demand.

2.1.10. Constitution of the Company provides sending by a registered mail or personal delivery under signed receipt of bulletins for voting during the general meeting of shareholders, held in a format of a meeting. Shareholders have a right to participate in the work of the meeting in person, as well as to provide the Company with the filled in and signed voting bulletin no less than 2 days before the meeting. In this case, the Company shall count such voices when defining the quorum and summing up. If such a bulletin is provided to the Corporate Secretary in person, the Corporate Secretary should make sure the bulletin is filled in correctly or point out the mistakes that can result in cancellation of the bulletin.

2.1.11. The Company tries to sum up the voting results before the end of the meeting.

2.1.12. The provision about the general meeting of shareholders, apart from the abovementioned, defines:

- unambiguous procedure of defining the scope of authority and procedure of registering of a shareholder and/or his representative, who came to

participate in the general meeting of shareholders of the Company, which is to be used by the counting board;

- the opportunity to be present at the general meeting, held in the form of compresence of the Board of Directors members, Board of Directors and revision commission candidates, revision commission representatives and independent auditor, Governing body members, auditor candidate representatives, as well as the policymakers of the Company;
- the order of considering issues, that provides shareholders with an opportunity to question the Board of Directors members and the policymakers of the Company, as well as any other persons who take part in the work of the meeting, in accordance with every considered issue, before the beginning of the voting procedure;
- the right of shareholders to address the officials of the Company for oral explanations regarding the order of business issues of the meeting, held in absentia;
- the right of the shareholder to require a copy of his voting bulletin after the end of the voting and announcing of the results.

2.1.13. The copy of the general meeting of shareholders record can be emailed to the shareholder on his written demand. The voting results report, information about resolutions passed by the general meeting of the shareholders is posted on the official web-site of the Company.

## **2.2. GOALS, SCOPE OF AUTHORITY, FORMING AND ORGANIZATION OF WORK OF THE BOARD OF DIRECTORS**

### **2.2.1 Goals and the scope of authority of the Board of Directors**

2.2.1.1. The main goals of the Board of Directors of OJSC “COMSTAR-UTS” are providing financial security and competitive advantage of the Company.

2.2.1.2. The Board of Directors of the Open Joint-Stock Company “COMSTAR - United Telesystems” has major role in:

- defining priority business lines and development strategies of the Company;
- control over the work of the executive board of the Company;
- providing rights and in observing interests of shareholders, investors and contractors of the Company and other interested parties;
- solving the most important issues of the business and financial performance of the Company;
- ensuring disclosure of information about the work of the Company.

2.2.1.3. The major role of the Board of Directors in solving the abovementioned tasks is provided by:

- extended competence of the Board of Directors;
- high demands to the Board members, their experience and qualifications;
- the presence of independent directors in the Board of Directors;

- applying modern techniques of work management to the work of the Board of the Directors.

2.2.1.4. In addition to the legislature of the Russian Federation demands, the Board of Directors receives additional authorities, including:

- adoption of annual budgets (business and financial plans of the Company), defining development strategy of the Company, investment policy of the Company, new kinds of activity of the Company, considering main business lines and development strategies of sub-companies of the Company;
- confirmation of the organization structure of the Company;
- coordination of candidates on appointment to positions of direct subordination to the President of the Company, in accordance with the confirmed organization structure of the Company; confirmation of principles of estimation of work of such persons and the fee system;
- consideration of the results of the work of the business and financial performance of the Company and its sub-companies and associated companies;
- confirmation of the internal documents of the Company, which regulate the strategic development principles of the Company, participation in sub-companies and associated companies and management of these, motivations, as well as of the internal documents, which regulate the work of the Board of Directors and the Corporate Secretary committees;
- approval of deals, the subject of which is property that cost from \$100 000 000 (one hundred million) to 50% of the carrying value of the Company, which is defined according to the data of its accounts on the last accounting date (including approval of deals, connected with distribution through correspondence (selling) of common shares of the Company, and of deals, connected with distribution of equity securities, convertible to the common shares of the Company);
- approval of deals, connected with landtake or an opportunity of landtake, takeover of buildings (including buildings in progress), private premises and nonresidential premises, if such deals are not to be approved by the general meeting of shareholders in accordance with demands of the state law “About joint-stock companies”;
- appointment of the Corporate Secretary and termination of his powers, if necessary, and confirmation of principles of estimation of his work and of the fee system;
- consideration of candidates and confirmation of candidates, who are to be promoted to the governing bodies and revision commissions of sub-companies and associated companies of the Company;
- confirmation of the Code of corporate conduct, and of key standards of corporate conduct in terms of confidentiality and information resources management, including definition of the contents, amount and procedures

of protection of the information, which is commercial secret, as well as confirmation of the Regulation of risk management in the Company;

- confirmation of labor contract conditions with the President and the Governing body members of the Company;
- confirmation of the trade mark form, as well as of the emblem and other means of visual identification of the Company;
- creation of the Board of Directors committees, definition of the scope of their authority, confirmation of manning of the committees;
- generating of the attitude of the Company towards corporate conflicts;
- setting the order of dealing of the Company with sub-companies and associated companies.

2.2.1.5. Complete competence of the Board of Directors is defined in the Constitution of the Company. Procedure of decision making, rights, obligations and responsibilities of the Board of Directors members are defined in the Regulation of the Board of Directors.

## **2.2.2. Forming of the Board of Directors**

2.2.2.1. The Company aims at forming of the Board of Directors of the most qualified specialists, who have the necessary knowledge, skills and experience.

2.2.2.2. The Regulation of the Board of Directors of the Company sets the following requirements for the Board of Directors candidate:

- no younger than 25 years of age;
- work experience no less than 3 years;
- no record of convictions in terms of economic crimes;
- no ban to hold position of director;
- no membership in governing and controlling bodies of the competing companies and their affiliated persons.

2.2.2.3. The Board of Directors is elected by means of cumulative voting.

2.2.2.4. In order to promote objectivity and justification of the decisions made, the Company aims to provide recommendation and election of independent directors into the Board of Directors.

2.2.2.5. The independent director shall mean a director, who:

- is not when elected and has not been within last five years an employee or an official of the Company or a company, which is included into the group of persons of the Company;
- has or has had within last three years no essential dealings with the Company, irrespective of whether these dealings were direct or this director participated as a partner, shareholder, director or an official of a company that had dealings with the Company, including being a party of the Company with obligations, in accordance with which he can acquire property (acquire funds), the cost of which makes 10 and more per cent of his total return, apart from receiving fees for participation in the work of the Board of Directors of the Company;

- has not received and is not receiving additional fees from the Company , other than the fees for the Board of Directors membership, does not participate in the carried out optional arrangements, or other arrangements, according to which the payments are based on the results of the work, and pension arrangements;
- does not have close family relationships and is not a marital partner, parent, son or daughter, brother or sister of directors, leading officials, officials, consultants, administrator of the Company or officials of the governing body of the Company;
- is not the affiliated person of the Company (apart from affiliation in accordance with the Board of Directors membership) and its affiliated persons and is not head of a sub-company or associated company, administrator or official of the management company, its sub-company or associated company;
- is not at the same time a member of the Board of Directors of companies, essentially connected with other Board of Directors members of the Company, or is not connected in some other way with other members of the Board of Directors through participation in companies or governing bodies of such companies, connected with other Board of Directors members;
- is not a state representative;
- is not an official of another business company, in which any official is a member of the Boards of the Directors in accordance with staff or fees;
- an independent member of the Board of Directors cannot be considered independent after the five-year term of the Board of Directors membership.

2.2.2.6. The Company aims at providing the best match of succession and refreshment of the Board of Directors manning.

### **2.2.3. Organization of work of the Board of Directors**

2.2.3.1. Members of the Board of Directors carry out direction of the work of the Company, considering the interests of the shareholders, managers, investors, contractors, personnel, and other interested parties.

2.2.3.2. The work of the Board of Directors is planned.

2.2.3.3. The key role in organization of work of the Board of Directors belongs to its Chairman. The Chairman of the Board of Directors is granted large powers of scheduling and organization of work of the Board of Directors, controlling over the work of the executive bodies. In case of equality of votes during consideration of issues at the Board of Directors meeting the Chairman has the right of the casting vote.

2.2.3.4. In order to make reasoned decisions the members of the Board of Directors have a right to require and obtain from the officials of the Company any information about the work of the Company, to invite independent experts for draft resolutions examination, to demand recording of their differing view on the issue being considered into the record of the Board of the Directors meeting.

2.2.3.5. Members of the Board of Directors abstain from actions that lead or may lead to the rise of conflict between their own interests and the interests of the Company. In case of such a conflict they disclose information about it to the Board of Directors.

2.2.3.6. Members of the Board of Directors shall not use confidential and essential non-public information in their own interest or disclose such information.

2.2.3.7. Members of the Board of Directors have a right to negotiate with securities of the Company or its sub-companies (associated companies), only considering the restrictions, set by the internal documents of the Company.

2.2.3.8. The Board of Directors annually estimates work of its members and their tribute to tackling the tasks of the Company.

2.2.3.9. In order to develop a preliminary consideration of the most important resolutions, to improve justification of the decisions made and to effectively control their fulfillment, special committees of the Board of Directors are made up within the Board of Directors, including the Strategy Committee, the Corporate administration Committee, the Fee and appointment Committee and the Audit Committee.

2.2.3.10. The procedure of forming and work of the committees of the Board of Directors is defined in the Regulation of the Board of Directors and in the Regulations of the respective committees of the Board of Directors of the Company.

2.2.3.11. Officials of the Company and external experts can be invited to work in these committees.

#### **2.2.4. Procedure of meetings and decision making**

2.3.4.1. Meetings of the Board of Directors are planned.

2.3.4.2. The Board of Directors meets no rarer than once a month. The meetings can be either intramural or extra-mural.

2.3.4.3. A member of the Board of Directors, who is not present at the meeting, can express his opinion on the considered issues of the order in a written form, addressing it to the Board of Directors before the beginning of the meeting. Such an opinion will be considered during the tally of votes.

The most important issues, such as: definition of priority business lines of the Company, calling of the annual general meeting of shareholders, enlarging of the ownership capital of the Company, preliminary confirmation of the annual report of the Company, appointment of the President of the Company and confirmation of conditions of the contract with the President of the Company, are considered only at intramural meetings of the Board of Directors.

2.3.4.4. Shareholders, who own two and more per cent of the shares of the Company, have a right to require a special meeting of the Board of Directors or including of the issue they suggested in the order of a scheduled meeting.

2.3.4.5. The procedure of preparation and holding of the meeting is defined by the Regulation of the Board of Directors, which provides:

- preliminary informing of the members of the Board of Directors about the coming meeting in the most appropriate for them way;

- preliminary providing of materials in accordance with the issues of the order;
- participation of officials of the Company, as well as of invited experts who can provide information the members of the Board of Directors need to make reasoned decisions on the considered issues, in the meetings of the Board of Directors ;
- preliminary consideration of the issues, passed on to the meeting of the Board of Directors by the Administration and/or by the committees of the Board of Directors;
- providing the members of the Board of Directors with the opportunity to get familiar with the conclusion of the body which carries out preliminary consideration of the issue;
- determining persons in the Board of Directors resolutions, who are responsible for fulfillment of the resolution.

2.3.4.6. There is an effective system of control over the fulfillment of the passed resolutions in the Company.

### **2.3. EXECUTIVE BOARD OF THE COMPANY**

2.3.1. Administrating of the daily operations of the Company is carried out by a collegiate executive board of the Company, the Administration, and by an individual executive bode, the President.

2.3.2. The Executive board of the Company provide fulfillment of the passed resolutions of the general meetings of shareholders and of the Board of Directors of the Company, administrate the daily operations of the Company.

2.3.3. The Members of the Administration and the President of the Company are appointed by the Board of Directors of the Company for a three-year term.

2.3.4. A person who meets the requirements set by the internal documents of the Company, can be appointed Member of the Administration.

2.3.5. A person, who has high proficiency, an experience of administrating a large company and an unblemished reputation, can be appointed President of the Company.

2.3.6. A person who has a criminal record in terms of an economic crime cannot be appointed Member of the Administration or President.

2.3.7. The Administration and President perform in accordance with the demands of the legislation of the Russian Federation, the Constitution of the Company, Regulations of the Administration and President of the Company.

2.3.8. The Members of the Administration and President must abstain from actions that may lead to rise of conflict between their own interests and the interests of the Company. If such a conflict rises, the aforementioned persons must inform the Board of Directors.

2.3.9. The President has no right to combine administrating of the daily operations of the Company with other activities, apart from participation in boards

of directors of other organizations, if coordinated with the Board of Directors of the Company.

2.3.10. The President and Administration are accountable in their work to the Board of Directors of the Company.

2.3.11. Distribution of competence between the President and Administration of the Company is regulated by the Constitution of the Company. Dealing with issues that are beyond the scope of regular business activity of the Company, and with issues which, although within the scope of regular business activity of the Company, have huge impact on the Company, is mostly in competence of the Administration.

2.3.12. Contracts with the President and members of the Administration of the Company made by the Company, contain regulations of responsibility of these persons for violation of confidential and operation information usage regulations.

2.3.13. In the Company there is a Regulation of a program of long-term personnel motivation, which provides stimulation of work of heads and leading officials of the Company, based on the tribute of the staff to the achievement of high results of the OJSC "COMSTAR-UTS". The Regulation of the program of long-term personnel motivation is confirmed by the Board of Directors of the Company.

## **2.4. CORPORATE SECRETARY**

2.4.2. The Corporate Secretary of the Company is an official, responsible for observance of rules and procedures of the corporate conduct, set by the legislation of the Russian Federation, this Code, other internal normative acts of the Company.

2.4.1. The Corporate Secretary is appointed by the Board of Directors of the OJSC "COMSTAR-UTS".

2.4.3. The main task of the Corporate Secretary is to provide observance of procedure requirements by the Company, that ensure fulfillment of rights and legitimate interests of shareholders of the Company.

2.4.4. The Regulation of the Corporate Secretary is confirmed by the Board of the Directors.

2.4.5. The Corporate Secretary is appointed to and executed from this position by the order of the President of the Company and subordinates directly to the Chairman of the Board of Directors of the Company.

## **III. PROTECTION OF PROPERTY INTERESTS OF INVESTORS AND SHAREHOLDERS**

### **3.1. Essential corporate actions and corporate conflicts**

3.1.1. Essential corporate actions shall mean the following:

- reorganization and liquidation of the Company;

- introduction of amendments to the Constitution of the Company that affect work of the executive body of the Company and the rights of shareholders;
- diminution or enlargement of the ownership capital of the Company;
- making large-scale deals and interested-party transactions;
- selling by shareholders of 30% (and more) of distributed common shares of the Company;
- other essential corporate actions, realized as such in accordance with the applicable legislation.

3.1.2. Passing resolutions on the issues that have the features of essential corporate actions (including resolutions about bringing of the appropriate issues to the general meeting of shareholders) the Board of Directors carefully examines the possible consequences of such resolutions and, if necessary, invites external experts. When considering such issues, opinions of independent directors must be observed.

3.1.3. An auditor and/or an independent appraiser or some other expert must be invited, when there is a necessity for examination of conditions of large-scale deals, in making of which there is a proprietary interest.

3.1.4. If there is a sale of more than 30% of shares of the Company by a shareholder of the Company, this shareholder is recommended to inform the Board of Directors about the sale in advance.

3.1.5. In case of reorganization of the OJSC “COMSTAR-UTS”, which provides complete conversion of shares, appraisal of the market-value of the shares participating in the conversion is carried out by an independent appraiser.

3.1.6. The Company aims to exercise prophylaxis of corporate conflicts. The main tool of this prophylaxis is public disclosure of information about the work of the Company.

3.1.7. The Company declares its aim to avoid corporate conflicts with its sub-companies and associated companies, as well as with shareholders of such companies, solving all problems through negotiations.

## **3.2. OJSC “COMSTAR-UTS” POLICY IN RESPECT OF MAINTENANCE OF REGISTER, PROFIT ALLOCATION AND PAYMENT OF DIVIDENDS**

3.2.1. The main technique to fulfill property interests of shareholders in commercialization of shares is, considered by the OJSC “COMSTAR-UTS”, the growth of capitalization of the Company.

3.2.2. If there is profit, the Company aims to pay the shareholders dividends. The Company places emphasis on the necessity of development and confirmation by the Board of Directors of an internal document, the Regulation of dividend policy of the OJSC “COMSTAR-UTS”, and on disclosure of information about the dividend policy of the Company.

3.2.3. The profit, left after payment of dividends, is mainly channeled to financing of the constitutional activity of the Company. The President of the OJSC

“COMSTAR-UTS”, guided by the budget of the Company adopted by the Board of Directors, makes the decision about allocation of the profit, left with the Company. Part of the profit can be used for sponsorship and charity projects, in accordance with procedures provided in the internal documents of the Company.

3.2.4. In order to ensure the ownership of shares of shareholders of the OJSC “COMSTAR-UTS”, and to create the most favorable conditions for executing by shareholders their rights to handle their shares, the Company transfers the system of maintenance of the shareholders register to the registrar, with a license to carry out maintenance of the shareholders register, who is a leader in this sphere and has an unblemished reputation. The registrar of the OJSC “COMSTAR-UTS” is the OJSC “Register” (OJSC “Reestr”).

### **3.3. CONTROL AND RISK MANAGEMENT PROCEDURES**

3.3.1. The Company acknowledges the necessity to establish the system of control over the business and financial performance and risk management as an important element of providing stable development of the Company, protection of interests of shareholders and investors..

3.3.2. Establishing of control over the business and financial performance of the Company, preparation of the Revision commission of the OJSC “COMSTAR-UTS” manning, preparation of recommendations on the choice of an independent auditor and setting his fee, coordination of work of the Company bodies and external organizations when exercising control over the business and financial performance of the Company shall be carried out by the Board of Directors committee of audit.

3.3.3. The Company considers it important and aims at establishment of a transparent system of procedures of internal control over the business and financial performance of the Company and risk management, as well as close work with the independent auditor, the Board of Directors committee of audit, the Revision commission and structural subdivisions of the Company, which exercise internal control functions. The Board of Directors of the Company adopts the budget of the Company, exercises control over its observation and over main business and financial performance.

3.3.4. Control over the business and financial performance of the Company, control over observation of the legislation, Constitution of the Company and internal documents of the Company is carried out by the Department of internal control and audit. The Department of internal control and audit structure is confirmed by the Board of Directors of the Company. Head of the Department of internal control and audit accounts for the work done to the President of the Company, members of the Board of Directors and to the Revision commission of the Company.

3.3.5. In order to exercise control, the Board of Directors of the OJSC “COMSTAR-UTS” occasionally hear the reports of the President and officials of the Company about the results of development of the Company, following the confirmed plans and passed resolutions.

3.3.6. The Company makes consolidated financial statements in accordance with the US GAAP standards. The Company quarterly discloses to all interested persons the finance indicators, determined in accordance with the US GAAP standards.

3.3.7. Reliability of the financial accounting and accounting control data of the OJSC “COMSTAR-UTS” is confirmed by the independent auditor’s conclusions, which are not connected with the Company by property or other interests. An internationally recognized audit company shall be invited for consolidated financial statements audit. The Company aims to choose audit companies on a competitive basis, considering succession of the auditor in the medium term.

3.3.8. The Company takes care of the effective system of risk management establishment. There is a tool of well-timed revelation, preventative measures and minimization of risk, which is indicated in the Regulation of risk management confirmed by the Board of Directors. The Board of Directors occasionally considers reports of the President, which contain analysis and estimation of risks, that are present in the work of the Company, and measures of their management.

#### **IV. INFORMATION DISCLOSURE**

4.1. The OJSC “COMSTAR-UTS” considers disclosure and transparency of information about the Company and financial results of its work a tool of exercise of control over the work of the Company on the part of its shareholders, the state and society.

4.2. The Company provides completeness and reliability of the disclosed information, efficiency of its submission, accessibility of information to all shareholders and other interested persons.

4.3. Information policy of the Company, the amount, ways and terms of public information disclosure and of providing information to shareholders and other interested persons are defined by the Regulation of the information policy of the OJSC “COMSTAR-UTS”, confirmed by the Board of Directors of the Company.

4.4. The Company accepts additional, as compared with the applied legislation, obligations of public disclosure of information about its work. The list of information, disclosed by the Company additionally to the applied legislation requirements, is defined by the Regulation of the information policy of the OJSC “COMSTAR-UTS”.

4.5. The obligations of providing shareholders with information about the Company, indicated in the article 89 of the Federal law “About joint-stock companies”, including copies of documents, are performed by the Corporate Secretary.

4.6. In order to create favorable conditions to meet the information requirements of investors and creditors of the Company, there is the Department of relations with investors in the structure of the Company. The main task of this Department is providing efficient bilateral communication between the Company and the investment society though providing the investors, creditors and analysts, as well as any interested parties, with necessary information about financial and operating activities of the Company, and informing of the governing bodies of the

OJSC “COMSTAR-UTS” about the financial market situation and the attitude of the investment society towards the work of the OJSC “COMSTAR-UTS”, in order to make the securities of the Company reach their fair value.

4.7. In order to protect confidential information the President of the Company confirms the list of documents, that contain commercial secrets, as well as the commercial secrets security specification. The President of the Company takes all the necessary steps to establish the keeping of, restrict access to, and protect the information, which is commercial or official secret.

4.8. In order to prevent usage of essential non-public information, the Board of Directors confirms the Regulation of disclosure of essential information and insider deals of the OJSC “COMSTAR-UTS”, which determines the list of essential information and the list of persons who have access to the essential non-public information. The contracts, made with the indicated persons, include nondisclosure terms and terms of non-use of the accessible essential non-public information for personal gain. Control over observance of the procedures of essential non-public information use is exercised by the President of the Company.

## **V. FINAL REGULATIONS**

5.1. This Code enters into force upon confirmation of it by the Board of Directors of the OJSC “COMSTAR-UTS”.

5.2. Within six months since the date of confirmation of this Code the Company reconciles its internal documents in accordance with the requirements and obligations indicated in the Code, as well as develops and confirms other internal documents, provided for by the Code.

5.3. The Committee of corporate management of the Board of Directors of the Company exercise control over observance of the norms and requirements of the Code by the governing bodies and officials of the Company. The Committee of directors of corporate management of the Board of the Directors of the Company considers letters, claims and requests of any interested persons, which contain information about violation of norms and requirements of the Code, and takes steps to their elimination.

5.4. This Code will be reconsidered and improved with the rise of the amount of shareholders, accumulation of positive experience of corporate administration, introduction of new Russian and international standards and requirements in terms of corporate conduct.

5.5. The text of this Code is posted on the web-site of the Company and is accessible to any interested persons.