



Annex 5
A MODEL CODE OF ETHICS

APPROVED

By decision of the Supervisory Board
of the Open Joint Stock Company «_____»

Supervisory Board Minutes

No. _____
of _____ 200_

Signature of the Chairman of the Supervisory Board

dated this __ day of _____, 200_
[The Company's Seal]



CORPORATE CODE OF ETHICS

of the Open Joint Stock Company
«_____»

The city of _____
_____, 200_



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Preamble

The purpose of this Code of Ethics is to:

- Commit the Open Joint Stock Company «_____» (hereinafter the Company) to the highest standards of ethical behavior;
- Encourage ethical conduct and sanction misconduct within the Company; and
- Develop an ethical culture within the Company that is based on such standards and conduct, and that will be applied by directors, managers, and employees alike.

By adopting, following, and updating this Code of Ethics on a regular basis, together with the Company's corporate governance code, charter, and by-laws, the Company confirms its desire to demonstrably lead and promote good ethical behavior. Ethics is not simply a question of obeying the law. Consequently, and to foster the confidence of its shareholders, employees, investors, and the public, this Code of Ethics goes beyond the legal and regulatory framework prevalent in

Russia today. It embraces both national and internationally recognized principles and practices.⁸²

The Company's governing bodies and employees understand this Code of Ethics as their joint obligation, and obligate themselves to ensure that its spirit and provisions are respected and acted upon throughout the Company [and its subsidiaries and dependent companies].

This Code of Ethics is reviewed and updated on an annual basis and published internally via the Company's intranet site, as well as on the Company's internet site under www._____.ru.

Part I. The Company's Values

In all internal and external relationships, the Company demonstrates its commitment to [insert Company's values]:⁸³

- Obey the Law;
- _____; and
- _____.

Part II. The Company's Ethical Principles

The Company is committed to act ethically in all aspects of its business.

The Company's ethical standards are based on the following principles:

- Honesty;
- Integrity;
- Fairness; and
- Transparency.

⁸² This ethics code was prepared using the "Basic Guidelines for Codes of Business Conduct" as a resource guide. A copy of these guidelines can be obtained in "Business Ethics: A Manual for Managing a Responsible Business Enterprise in Emerging Market Economies" and found under www.mac.doc.gov/ggp. Internationally recognized principles include, among others, the Sullivan Principles (www.globalsullivanprinciples.org), UN Principles on Corporate Ethics (www.unglobalcompact.org), Coalition for Environmentally Responsible Economies (www.ceres.org), ILO standards on labor issues (www.ilo.org), the OECD Conventions on Bribery and Corruption, and OECD Guidelines for Multi-national Enterprises (www.oecd.org).

⁸³ Company values often focus on delivering quality products and services; leadership (in terms of innovation, and research and development); promoting shareholder value; protecting the environment; satisfying customers; acting with honesty, integrity, and respect for people; etc.

Similarly, the Company expects the same in its relationships with all those with whom it does business.

The Company's ethical standards focus on the following shareholders: employees, customers, business partners, government, society, and the community at large.⁸⁴ These ethical standards shall also apply to all business areas [for all subsidiaries and dependent companies both within and outside of Russia].

The Company's ethical standards are based on:

- Respecting the rule of law, and Russian laws and regulations;
- Respecting human rights;
- Conducting business with integrity and fairness, renouncing bribery and corruption or similar unacceptable business practices, and not giving or accepting gifts and entertainment unless they fall under business custom, and are immaterial and infrequent;
- Creating mutual advantage in all the Company's relationships;
- Building and fostering trust; and
- Demonstrating respect for the community the Company operates in, as well as for the environment.

The Company shall develop specific, measurable targets for improving ethical behavior.

Part III. Ethical Standards for the Company's Relationship with its Stakeholders⁸⁵

1. Employees and Officers

The Company values its employees as the keystone to success. The Company is thus committed to treating all employees with dignity, trust, and respect, and to

⁸⁴ A company's areas of focus will depend largely on the industry in which it operates and its business sector. Thus, a company in the banking sector may wish to focus on issues different than those of a company in the oil sector (e.g. financial control, insider trading, and/or money laundering vs. environmental protection). Areas of focus can be structured around topics and/or relationships. Topics include health, safety, and environmental concerns; bribery and corruption; legality; conflicts of interest; human rights; gifts and entertainment; control and finance; etc. Relationships can include relations with employees, customers, business partners, suppliers, joint-venture partners, etc.

⁸⁵ Among the company's stakeholders are its shareholders. Shareholders are not treated explicitly in this document since shareholder issues are addressed more fully in the context of corporate governance. Detailed guidance can be found in other Annexes of this Manual.

building a long-term relationship based on Russian labor law and the respect of human rights.

The Company will not employ child labor.

It is the Company's policy to provide for and regularly improve upon a healthy, safe, and secure working environment for its employees.

Conflicts of interests can actually, or at least can appear to, compromise the judgment or objectivity of the Company's employees and officers. Conflicts of interest are to be avoided. To the extent that they cannot be avoided, employees and officers should inform supervisors and take themselves out of the decision-making process with respect to the conflict of interests.

The Company is an equal opportunity employer. Its recruitment, promotion, and compensation policy is based on merit and is free of discrimination. Clear and transparent policies have been developed and put into practice.

Discrimination or harassment at the workplace will not be tolerated. Charges of discrimination or harassment will be thoroughly investigated and dealt with by the relevant officer within the Company [Company's ethics officer and/or the Supervisory Board's ethics committee].

Employees are recognized and rewarded for their performance, based on performance objectives, and constructive and regular feedback through face-to-face meetings.

The Company has in place a training program, accessible to all employees, which encourages individuals to formulate personal development plans and provides for coaching, mentoring, and formal skill-enhancing training.

The Company prohibits the use of confidential and insider information by all officers and employees, and has developed a detailed procedure to effectively deal with insider trading and insider information.

In the interests of transparency, the Company has regular communications and holds consultations with employees regarding such topics as employment conditions and other issues that may affect the interests of employees.

2. Customers

Customer satisfaction is an overriding concern of the Company. Safe, high quality products and services, fair pricing, and appropriate after-sales service define the Company's relations with its customers.

The Company always seeks to deliver on its promises.

3. Business Partners

The Company believes that a long-term relationship with its business partners (suppliers, contractors, participants in joint ventures, and _____) founded on respect, trust, honesty, and fairness is vital to its success.

The Company will encourage its business partners to share its ethical standards.

The Company will fulfill its contractual obligations and respect its business relations. Thus:

- Contractual negotiations shall be conducted based on mutual respect and benefit;
- Business relations shall be based on high performance standards, delivering in a timely and qualitative manner, prompt settlement of bills, and _____; and
- In case of a commercial dispute, the Company will negotiate in good faith to arrive at a consensus and a fair solution.

The Company is committed to complying fully with the Russian Law on Anti-money Laundering and only conducts business with reputable suppliers, business customers, and other partners who are involved in legitimate business activities and whose funds are derived from legitimate sources.

4. Government

The Company will pay its taxes in full and in a timely manner.

The Company abides by all federal and regional regulations, including voluntary codes and guidelines such as the Federal Commission for the Securities Market's Code of Corporate Conduct (FCSM Code), and adheres to both the letter and the spirit of such codes and guidelines.

The Company has legally obtained the licenses required to do business.

The Company seeks to build and manage a sound relationship with governmental authorities on an arm's length basis. No attempts to improperly influence governmental decisions shall be made, and the Company will not offer, pay, solicit, or accept bribes in any form or shape, either directly or indirectly, in its dealings with the government, administration, or courts. Transparent procedures regarding transactions engaged in by the Company with any government agency or official, or in dealings with any company owned or controlled by a government agency or official, shall be established to this end.

5. Society and the Wider Community

The Company views itself as an integral part of the community in which it operates and is committed to a sound relationship built on respect, trust, honesty, and fairness.

The Company is committed to creating jobs and developing local talent when this is economically possible.

The preservation of the environment is of great importance to the Company. The Company strives to minimize the environmental impact from its activities by reducing waste, emissions, and discharges, and by using energy efficiently. All operations and activities will be carried out according to the highest standards of care and in line with internationally recognized principles.⁸⁶

The Company is committed to help the local community through a variety of charities and foundations, educational organizations, and similar institutions

Non-governmental Organizations (NGOs) are a key element to any society and the Company seeks to build constructive relationships with such organizations to build a better society, and maintain a cleaner and safer environment for all.

The Company promises to discuss and consider the specific developmental needs of the communities in which it operates, through a process of regular, open dialogue.

Part IV. Implementation

1. Means to Obtain Advice

Many business decisions are complex and may involve dilemmas that require judgment to make an ethical choice. In cases of uncertainty, all officers and employees are expected to act responsibly and raise the ethical dilemma with their managers. Should this not lead to a satisfactory solution, the ethical issue can be raised with an ethics officer to obtain clarification. All officers and employees have the right to consult directly with an ethics officer [and/or the Supervisory Board's ethics committee] who, in turn, shall advise and take action in accord with the values contained in this Ethics Code.

⁸⁶ For example, ISO 14000 on Environmental Management, as developed by the International Organization for Standardization (www.iso.ch).

The Russia Corporate Governance Manual

Questions or concerns can be addressed by e-mail to ethics@companyname.ru, or by phone, fax, or regular mail to the Company's ethics officer:

Last Name, First Name, Patronymic

Tel.: _____ (ext.)

Fax: _____

Address: _____

E-Mail: _____

2. Processes and Responsibility

Each individual is responsible for his or her ethical behavior. Adherence to the Code of Ethics is made obligatory for all employees, and is incorporated into all employee contracts by reference, and linked to all disciplinary procedures.

Department heads are accountable to the General Director and/or the Executive Board for implementing this Code of Ethics within their departments, ensuring that all officers and employees understand it, and for providing assurances that they are operating according to the standards set by this Ethics Code. The General Director and/or the Executive Board are to provide the same assurances to the Supervisory Board. The principles and provisions in this Code of Ethics have been integrated into the Company's internal control system. Rigorous and objective processes to measure performance, identify shortcomings and gaps, and implement measures to address such ethical shortcoming and gaps, are regularly reviewed and modified as necessary.

The Supervisory Board's Ethics Committee [if established] periodically reviews and updates these principles, reviews the extent to which its standards are applied in practice, and formulates proposals for the Supervisory Board's approval.

3. Training Program

The Company offers a training course in ethics for all new directors, managers, and employees. This course offers practical examples and applications of this Code of Ethics.

Periodic and specialized training courses are offered to officers and employees, as part of the Company's continuous professional education program.