

APPROVED

by resolution of Acron's Board of Directors

Minutes No. 346 dd. November 26, 2008

Chair of the Board of Directors

_____ Alexander V. Popov

**REGULATION
ON INTERNAL CONTROL**

1 GENERAL

- 1.1 This Regulation on Internal Control over financial and business operations (hereinafter referred to as the “Regulation”) is elaborated in accordance with the applicable law of the Russian Federation, the Charter and other bylaws of JSC Acron (hereinafter “the Company”) and complies with the securities listing rules of the Russian stock exchanges and recommendations of the Corporate Governance Code as proposed by the Russian Federal Commission for the Securities Market.
- 1.2 This Regulation defines the key objectives and procedures of the Company’s internal financial and business controls and outlines the structure of the internal control system covering financial and business operations.
- 1.3 The purpose of this Regulation is to define the principles, procedures and measures implemented as part of the Company’s internal control system to secure the interest of the Company’s shareholders and the Company’s assets and to strengthen the credibility of the Company and its governing bodies among investors.

2 TERMS AND DEFINITIONS

- 2.1 The Company’s internal control over its financial and business operations (hereinafter referred to as “internal control”) shall mean a set of procedures to regulate financial and business operations by the Company and to identify, mitigate and manage risks associated with the Company’s business (hereinafter referred to as “internal control procedures”). The internal control procedures are implemented by the Company’s bodies and divisions within the scope of their respective authority, forming the internal control system (such bodies and divisions hereinafter referred to as “internal control bodies”).
- 2.2 The internal control system is a set of activities of the Company’s internal control bodies as set forth herein aimed at developing, approving and implementing internal control procedures and evaluating their efficiency at achieving the internal control objectives.

3 INTERNAL CONTROL OBJECTIVES

- 3.1 To secure the interests of the Company's shareholders, protect the Company's assets and maintain the credibility of the Company and its governing bodies among investors, the Company's internal control pursues the following objectives:
 - To ensure the Company’s stability
 - To maintain high performance – both financial and business
 - To secure the Company’s assets; to ensure that the Company’s assets and other resources are used in the most effective way

- To identify in a timely manner the risks associated with the Company's business and to manage them in an effective manner
- To ensure compliance with legal requirements applicable to the Company
- To ensure full, correct and timely reporting by the Company.

4 INTERNAL CONTROL PROCEDURES

- 4.1 The Company operates its internal control by:
- 4.1.1 identifying, evaluating and preventing risks associated with the Company's financial and business operations;
 - 4.1.2 developing and approving policies (standards) regulating the Company's financial and business operations; evaluating their effectiveness on a regular basis and amending them as necessary;
 - 4.1.3 ensuring its governing bodies comply with the policies (standards) regulating financial and business operations of the Company;
 - 4.1.4 conducting audits of the business operations in the Company's divisions, branches and representative offices to monitor their compliance with the Company's bylaws, policies (standards) and applicable law (administrative control);
 - 4.1.5 conducting audits of the financial operations in the Company's divisions, branches and representative offices to monitor their compliance with the Company's bylaws, policies (standards) and applicable law (financial control);
 - 4.1.6 conducting audits of the Company's reporting to check its completeness, correctness and timeliness (reporting control);
 - 4.1.7 conducting audits and inspections to monitor the safety and proper use of the Company's assets (assets control);
 - 4.1.8 subject to the Regulation on Inside Information, monitoring compliance by the Company and holders of inside information with measures to protect inside information and other provisions of the Company's Regulation on Inside Information;
 - 4.1.9 evaluating on a regular basis the effectiveness of the applied internal control procedures; developing and implementing activities to improve their effectiveness.

5 OPERATION OF INTERNAL CONTROL BODIES

- 5.1 The Company's internal control system is based on delimitating the authority of the Company's bodies which form part of the Company's financial and business control system

and which are in charge of developing, approving and implementing internal control procedures and evaluating their efficiency.

- 5.2 The scope of authority of the Company's Board of Directors in the sphere of internal control includes:
 - 5.2.1 To participate in the assessment of risks associated with the Company's financial and business operations through its Strategic Planning and Corporate Governance Committee and to develop recommendations regarding risk management
 - 5.2.2 To approve policies (standards) regulating the financial and business operations of the Company and, if required, to participate in the development thereof
 - 5.2.3 To review reports by the Head of the Internal Audit Department on the condition of the internal control system and proposals to eliminate any defects revealed in the internal control procedures
 - 5.2.4 To approve internal control procedures; to participate in evaluating the effectiveness of the Company's internal control system through the Audit Committee; to review the proposals to improve current internal control procedures
- 5.3 The scope of authority of the Company's Chief Executive Officer in the sphere of internal control includes:
 - 5.3.1 To ensure implementation of and compliance with the policies (standards) regulating Company's financial and business operations;
 - 5.3.2 To approve the annual schedule of audit (reviews) as per sub-clauses 4.1.4 through 4.1.7 hereof; to initiate unscheduled audits (reviews).
- 5.4 The scope of authority of the Company's Internal Audit Department in the sphere of internal control includes:
 - 5.4.1 To monitor compliance with the internal control procedures (including policies (standards) regulating Company's financial and business operations)
 - 5.4.2 To participate in identifying and evaluating risks associated with the Company's financial and business operations
 - 5.4.3 To participate in developing policies (standards) regulating the Company's financial and business operations
 - 5.4.4 To put forward proposals to the Board of Directors or the Chief Executive Officer to eliminate defects identified in the internal control procedures; to supervise the implementation of follow-up measures
 - 5.4.5 To organize and conduct administrative and financial control, reporting and asset control as per sub-clauses 4.1.4 through 4.1.7 hereof (engaging employees of other Company departments, if necessary); to report the findings of such audits (defects revealed thereby) to

the Company's Chief Executive Officer and the Audit Committee of the Company's Board of Directors

- 5.4.6 To participate in evaluating the performance of the internal control system.
- 5.5 The scope of the Company's Internal Audit Team in the sphere of internal control includes:
 - 5.5.1 To conduct audits (reviews) of the Company's financial and business operations as of the end of each year and at any time during the year at its own discretion or as resolved by the Company's general shareholders meeting or Board of Directors or as requested by a Company shareholder (shareholders) holding in aggregate at least ten (10) per cent of the Company's voting shares
 - 5.5.2 To participate in evaluating the performance of the Company's internal control system.
- 5.6 In their activities, the internal control bodies shall be guided by this Regulation and regulations on the respective bodies.

6 FINAL PROVISIONS

- 6.1 The Company's Board of Directors shall, by its respective resolution, approve, amend, supplement or cancel this Regulation.

This Regulation shall enter into force upon its approval by the Company's Board of Directors.

- 6.2 Should any clauses of this Regulation for any reason come into conflict with the regulatory requirements imposed on the Company by the legislation of the Russian Federation (imperative provisions), such clauses of the Regulation shall become invalid, and until this Regulation is amended correspondingly, the Company shall be governed by the applicable Russian law.