PROVISION ON COMPENSATION OF PROPERTY LOSSES

1 The Counterparty[1] is obliged to compensate the Company[2] for property losses if, as a result of a tax audit concerning the Company, the tax authority, in accordance with its decision:

1.1. Establishes that the Company has received unjustified tax benefits or committed other tax violations in connection with the execution of the agreement;

1.2. Declares the recognition of expenses for the acquisition of goods, works, services, or other objects of civil rights under the agreement as unlawful;

1.3. Declares the application of VAT deductions as unlawful;

1.4. Establishes the necessity to calculate and pay corporate income tax as a tax agent when remunerating the Counterparty under the agreement due to the absence of proper documents required to apply the relevant provisions of double taxation avoidance agreements, due to the fact that the Counterparty:

1.5. Violated its tax obligations regarding the declaration of income and payment of VAT to the budget;

1.6. Had or has signs of bad faith as defined by Resolution No. 53 of the Plenum of the Supreme Arbitration Court of the Russian Federation dated October 12, 2006, "On the assessment by arbitration courts of the validity of obtaining tax benefits by a taxpayer," Article 54.1 of the Russian Tax Code (RTC), or other criteria that meet the risk assessment parameters used by tax authorities during the selection of entities for field tax audits, as approved by the Federal Tax Service (FTS) Order No. MM-3-06/333@ dated May 30, 2007 (hereinafter referred to as "technical organization indicators");

1.7. Engaged or engages, as its counterparties, organizations that fail to fulfill their tax obligations properly and/or exhibit technical organization indicators, as well as organizations that cooperate or otherwise interact with counterparties failing to fulfill their tax obligations properly and/or exhibiting technical organization indicators;

1.8. Submitted to the Company a document recognized by the tax authority as non-compliant with applicable legislation, inadmissible, or insufficient for the implementation of the provisions of the RTC.

2 Compensation Procedure

[1] Counterparty – A Party to an Agreement with the Company / a participant in a transaction with the Company
[2] The Company is JSC "Ruschem", as well as subsidiaries and managed companies of JSC "Ruschem"

The Counterparty shall compensate the property losses to the Company by transferring the funds to the Company's settlement account within 10 days from the date of receiving the Company's demand for compensation of property losses.

The amount subject to compensation may be withheld by the Company from sums payable to the Counterparty. Property losses include the amount of tax and associated penalties and fines assessed under the RTC. Additionally, the Counterparty must compensate the Company for the cost of time value of money, calculated using the following formula:

TVM = TL*CD*CBR/365, where:

TVM – time value of money lost by the Company;

TL – the tax amount considered a property loss for the Company due to the Counterparty's fault, including associated penalties and fines assessed to the Company under the RTC;

CBR – the key interest rate of the Central Bank (%) applicable during the relevant period;

CD – the number of calendar days from the date the property loss (amount of TL) occurred to the date the Counterparty compensates the Company for this property loss.

3 Company shall notify the Counterparty of the need to compensate property losses by issuing a Demand for Compensation of Property Losses within 10 calendar days from the date of occurrence of the events specified in Clause 1 of this Provision on Compensation of Property Losses.