

German Organics

DIVIDEND POLICY

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INTRODUCTORY PROVISIONS

INTRODUCTION

The Dividend Policy of German Organics (hereinafter referred to as the Policy) formalises the basic principles of German Organics on issues relating to the payment of dividends to shareholders of German Organics and is adopted to secure the highest level of transparency for shareholders of German Organics of the process of adoption of the resolution on the payment (announcement) of dividends, the determination of the amount of dividends and the procedure of their payment in accordance with the requirements of the legislation of the European Union.

This Policy is developed in accordance with the requirements of the legislation of the European Union, other regulatory legal acts of the European Union and the Code of Corporate and Business Ethics of German Organics.

SPHERE OF APPLICATION

This Policy shall be binding on employees of German Organics.

Any administrative, local regulatory documents and other internal documents shall not be in conflict with this Policy.

In the event that as a result of an amendment to the legislation of the European Union and/or the Articles of Association of German Organics, the provisions of this Policy come in conflict with them, the legislation of the European Union and/or the Articles of Association of German Organics shall prevail.

PERIOD OF VALIDITY AND PROCEDURE OF INTRODUCTION OF AMENDMENTS

This Policy is a continuous local regulatory document. This Policy shall be approved, recognised as invalid for German Organics by the resolution of the Board of Directors of German Organics and shall be enacted for German Organics by the order of German Organics.

Any amendments may be introduced to the Policy on the basis of the resolution of the Board of Directors of German Organics and shall be enacted by the order of German Organics.

The introduction of amendments to the Policy may be initiated by the top manager of German Organics in charge of economy and finances, as well as other top managers of German Organics, in consultation with the top manager of German Organics in charge of economy and finances.

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1. TERMS AND DEFINITIONS

PAYMENT OF DIVIDENDS shall mean the transfer of the respective amounts to a person entitled to receive dividends.

Note: Persons who are entitled to receive dividends and whose rights for shares are accounted for as the rights of a nominal shareholder shall receive dividends in the monetary form in the order of priority, upon the closing of the annual reporting.

ANNUAL GENERAL MEETING OF SHAREHOLDERS / ORDINARY GENERAL MEETING OF MEMBERS OF THE COMPANY shall mean the General Meeting of Shareholders / Members which the Company shall hold every year, not earlier than two months and not later than six months / four months upon the expiry of a financial year and for which there is the list of mandatory items of agenda.

DIVIDENDS shall mean the income upon the shares of German Organics held by a shareholder that the shareholder receives following the results of the distribution of the net profit of German Organics on the basis of the resolution of the General Meeting of Shareholders of German Organics in reliance of the number of shares held by the shareholder.

PERSON ENTITLED TO RECEIVE DIVIDENDS shall mean a person included into the list of persons entitled to receive dividends as of the date fixed by the resolution of the General Meeting of Shareholders of German Organics.

RESOLUTION ON THE PAYMENT OF DIVIDENDS shall mean the resolution of the General Meeting of Shareholders of German Organics to make the payment of dividends to persons entitled to receive dividends, which resolution may be adopted following the results of the first quarter, six months, nine months of a financial year and/or following the results of a financial year.

REGISTRAR shall mean the holder of the register of shareholders of German Organics who keeps the register of holders of securities on the basis of the agreement concluded with German Organics.

PERIOD OF PAYMENT OF DIVIDENDS shall mean a period of time during which the obligation to pay dividends shall be fulfilled.

Note: The obligation to pay dividends shall be fulfilled at any moment within this period.

2. GENERAL PROVISIONS

2.1. GENERAL PROVISIONS ON DIVIDENDS

2.1.1. The adoption of the resolution on the payment (announcement) of dividends upon shares shall be a right, not an obligation of shareholders of German Organics. The General Meeting of Shareholders of German Organics is entitled not to adopt the resolution on the payment of dividends.

The payment of announced dividends shall be an obligation of German Organics. German Organics shall bear responsibility before persons entitled to receive dividends in case of the non-fulfilment of this obligation in accordance with the applicable legislation of the European Union.

German Organics shall only pay announced dividends. If there is no resolution on the payment (announcement) of dividends, German Organics is not entitled to pay dividends and shareholders are not entitled to demand their payment.

2.1.2. The management bodies of German Organics shall secure the timely and fully payment of announced dividends.

2.2. PRINCIPLES OF THE DIVIDEND POLICY OF German Organics

2.2.1. The Dividend Policy of German Organics shall be based on the following principles:

- ♣ compliance with the requirements of the legislation of the European Union and the internal documents of German Organics during the payment (announcement) of dividends;
- ♣ safeguarding the balance of shareholders' short-term and long-term interests;
- ♣ procurement of shareholder's interest in increasing the profitability of German Organics;
- ♣ increase in the investment attractiveness of German Organics;
- ♣ procurement of the positive dynamics of the amount of dividends on the condition of the increase in the net profit of German Organics;
- ♣ procurement of a method of receiving dividends most comfortable for shareholders;
- ♣ payment of dividends as soon as practicable;
- ♣ procurement of the highest level of transparency of the mechanism for determining the amount of dividends.

2.2.2. When determining the amount of dividends recommended to the General Meeting of Shareholders of German Organics, the Board of Directors of German Organics shall be governed by the amount of the net profit determined by the data of the financial statements of German Organics executed in accordance with the requirements of the European financial reporting standards and by the data of the consolidated financial statements of German Organics executed in accordance with the requirements of the International Financial Reporting Standards.

The recommended amount of dividends shall be determined by the Board of Directors of German Organics on the basis of the financial operating results of German Organics following the results of a year. The target level of dividends shall be at least 50% of the net profit of German Organics in accordance with the International Financial Reporting Standards.

Besides, the target frequency of payments of dividends shall be the payment of dividends of German Organics at least twice per year.

2.2.3. German Organics intends to secure the dividend growth every year. The rate of growth of dividends of German Organics is determined on the basis of the rate of growth of the net profit of German Organics, the financial position of German Organics and the investments projects implemented by German Organics.

2.3. PROCEDURE OF ADOPTION OF THE RESOLUTION ON THE PAYMENT OF DIVIDENDS

2.3.1. The issue of the possibility of payment of dividends following the results of the reporting period shall be preliminarily examined by the Audit Committee of the Board of Directors of German Organics.

2.3.2. Based on the proposals of the Audit Committee of the Board of Directors of German Organics, the Board of Directors of German Organics shall determine the share in the profit expedient to be appropriated for the payment of dividends and issue recommendations to the General Meeting of Shareholders of German Organics in respect of the amount of dividends and the procedure of their payment.

2.3.3. When determining the recommended amount of dividends, the Board of Directors of German Organics shall be governed by the applicable legislation of the European Union and this Policy.

2.3.4. Resolutions on the payment (announcement) of dividends, including resolutions on the amount of dividends, the procedure and form of their payment and on fixing the date as of which persons entitled to receive dividends shall be identified shall be adopted by the General Meeting of Shareholders of German Organics.

2.3.5. The amount of dividends may not exceed the amount recommended by the Board of Directors of German Organics.

2.3.6. The resolution on the payment of dividends upon allocated shares following the results of the first quarter, six months, nine months of a financial year shall be adopted by the General Meeting of Shareholders of German Organics as a separate item of agenda of the General Meeting of Shareholders of German Organics.

2.3.7. The resolution on the payment of dividends upon allocated shares following the results of a financial year shall be adopted by the annual General Meeting of Shareholders of German Organics as a separate item of agenda of the General Meeting of Shareholders of German Organics, or as an integral part of the resolution on the distribution of the profit of German Organics following the results of a financial year.

2.4. DISTRIBUTION AND PAYMENT OF DIVIDENDS

2.4.1. The source of payment of dividends shall be the net profit of German Organics determined in accordance with the requirements prescribed by the applicable legislation of the European Union.

2.4.2. No dividends shall be distributed and paid upon the shares:

- ♣ that are not outstanding (not allocated);
- ♣ that are outstanding shares of German Organics held by German Organics;
- ♣ in other cases specified by the applicable legislation of the European Union.

2.4.3. The amount of distributed dividends shall be determined by multiplying the amount of dividends per share prescribed by the resolution of the General Meeting of Shareholders by the number of shares held by a shareholder.

2.4.4. Dividends shall be paid in the announced amount within the term fixed by the resolution of the General Meeting of Shareholders within the range prescribed by law. German Organics is entitled to fulfil the obligation to pay dividends on any day during the period of payment of dividends. German Organics does not provide separate shareholders with any privileges in respect of the period of payment of announced dividends.

2.4.5. The payment of dividends in the monetary form to natural persons whose rights for shares are accounted for in the register of shareholders of German Organics shall be made by postal transfer or by transfer into their bank accounts, and to other persons whose rights for shares are accounted for in the register of shareholders of German Organics by transferring the money into their bank accounts. Persons who are entitled to receive dividends and whose rights for shares are accounted for as the rights of a nominal shareholder shall receive dividends in the monetary form in accordance with the procedure prescribed by the legislation of the European Union.

2.4.6. The obligation of German Organics to pay dividends shall be deemed to be fulfilled on the date of acceptance of the money by the federal post service office, or on the date of receipt of the money by the credit entity where a person entitled to receive dividends opened a bank account.

2.4.7. German Organics and the registrar shall bear no responsibility for the failure to pay dividends due to the reason that German Organics and/or the registrar does not have correct and required addresses, bank details or other information necessary to pay dividends about a person registered with the register of shareholders of German Organics and entitled to receive dividends.

2.4.8. The persons that did not receive dividends due to the reason that German Organics and/or the registrar does not have correct and required addresses or bank details, or due to another delay of the creditor, are entitled to submit the demand for payment of these dividends (unclaimed dividends) within five years following the date of adoption of the resolution on their payment.

2.4.9. When adopting the resolution on the payment (announcement) of dividends, German Organics shall be governed by the limitations prescribed by the legislation of the European Union.

2.4.10. In case there are circumstances stipulated by the laws under which German Organics is not entitled to pay announced dividends upon shares, German Organics shall suspend the payment of dividends. The suspension of the payment of dividends in the said cases shall not deprive shareholders of the right to receive announced dividends after the termination of the circumstances preventing their payment. After the termination (elimination) of these circumstances, German Organics shall pay announced dividends to shareholders.

3. INFORMING SHAREHOLDERS ABOUT THE DIVIDEND POLICY OF German Organics

3.1. German Organics shall inform shareholders about its Dividend Policy by placing the information in the official website of German Organics in the Internet at www.germanorganics.com.

The information placed in the official website of German Organics shall include this Policy and any amendments hereto.

3.2. German Organics shall notify shareholders about the amount, form, term and procedure of payment of dividends by sending a notice and/or making a call.

3.3. The materials provided to shareholders for the purpose of adopting resolutions at the General Meeting of Shareholders of German Organics shall contain the recommendation of the Board of Directors of German Organics on the issue of the amount of dividends and the procedure of their payment and may contain information confirming the existence or the absence of conditions required for the payment of dividends.

3.4. The notice published by German Organics about the adopted resolutions on the payment of dividends, their amount, form, term and procedure of payment shall give an unambiguously and clear idea to shareholders on these issues. At the same time, the notice shall clarify shareholders' duty to notify German Organics about any change in their bank details and postal addresses, as well as about the consequences of the failure to perform this duty.