

APPROVED  
by the decision of the Board of Directors of  
Joint-Stock Company  
“Moscow United Electric Grid Company”  
as of June 10<sup>th</sup>, 2010  
(minutes No. 110 as of June 11<sup>th</sup>, 2010)

**REGULATIONS**  
**for the Audit Committee of the Board of Directors**  
**of Joint-Stock Company**  
**“Moscow United Electric Grid Company”**

Moscow  
2010

## **1. GENERAL PROVISIONS**

1.1. Regulations for the Audit Committee of the Board of Directors of JSC “Moscow United Electric Grid Company”(hereinafter referred to as - Regulations) was developed according to the legislation of the Russian Federation, including the Federal law “On Joint-Stock Companies”, Regulation on activity directed to the organization of trade on the securities market, and approved by the order of FFMS No. 07-102/pz-n as of 09.10.2007, Code for corporate conduct, recommended for use by the regulation of FCSM of the RF No. 421/r as of 04.04.2002 and also the Charter of JSC “Moscow United Electric Grid Company” and the Regulation on the order of convening and carrying out of the meetings of the Board of Directors of JSC “Moscow United Electric Grid Company” (hereinafter referred to as Company).

1.2. The Audit Committee of the Board of Directors of the Company (hereinafter referred to as – “Committee”) is created under the decision of the Company's Board of Directors and it is an advisory body, providing the control over the financial and industrial activity of the Company by the Company's Board of Directors.

1.3. The Committee is not the Company's body and it is not entitled to act on behalf of the Company.

1.4. Committee decisions have recommendatory character for the Company's Board of Directors. The Committee is fully subordinated to the Company's Board of Directors.

1.5. The Committee operates according to the present Legislation of the Russian Federation, Charter of the Company, Regulation on Convening and Carrying out of the Company's Board of Directors, Decision of the Company's Board of Directors, present Regulations and other internal documents of the Company.

## **2. COMMITTEE TASKS AND GOALS**

2.1. The main objective of the Committee creation is provision of the Company's Board of Directors effective work in the solution of the issues, concerning:

2.1.1. the election of the independent audit organization (Company's Auditor) for the implementation of the external audit of the financial statement of the Company.

2.1.2. qualification of the Company's Auditor, quality of the given services and his/her meeting of the requirements of the auditor independence;

2.1.3. interaction of the Company's Board of Directors with the Checkup Committee of the Company and the Company's Auditor.

2.1.4. company's property estimation carrying out by the independent appraiser in cases determined by the present legislation.

2.2. The Committee goal is the development and representation of recommendations (conclusions) to the Company's Board of Directors concerning the issues pertaining to the Committee's competence.

## **3. COMMITTEE'S COMPETENCE**

3.1. Within the competence of the Company's Board of Directors, the Committee, in accordance with its goals and functions determined by the present Regulations is entitled with the following:

- 1) estimation of the candidates to the Company's auditors, including preparation of recommendations for the Company's Board of Directors relating to the candidature of the Company's Auditor who shall be elected among the independent auditors possessing high professional reputation for further

- approval of the given candidature by the Company's General meeting of shareholders;
- 2) recommendations development concerning the conditions of the competitive selection carrying out of the Company's Auditor, participation in the process of the Company's auditor competitive selection, if any;
  - 3) analysis carrying out and discussion of the essential issues occurred due to the independent external audit of the Company carrying out, together with the Company's Auditor;
  - 4) preparation of recommendations for the Board of Directors on the amount of remuneration of the Company's Auditor, type and amount of services including the audit accompanying services, development of policy in relation to the preliminary approval of the auditor services which are rendered to the Company by the external Auditor;
  - 5) attraction to the participation in the meetings of the Company's Auditor, manager of the Company's subdivision carrying out the internal audit of the Company, chairman of the Company's Checkup committee and also other persons (members of the Board of Directors, members of the Company's executive bodies, members of the Checkup committee);
  - 6) reviewing of the Company's Auditor conclusion statement before its presentation to the General meeting of the Company's shareholders;
  - 7) analysis of the Annual report of the Company before its putting to consideration to the Company's Board of Directors and the quarter statement before its disclosing including estimations of its completeness and the degree of information correspondence familiar to the Committee members, estimation of use of the proper accounting principles during the compiling of the financial statement of the Company and the proposed changes to the Company's accounting policy and the presentation of the corresponding conclusion statements to the Board of Directors;
  - 8) preliminary consideration, analysis and development of recommendations (conclusions) concerning the following issues of the Company's Board of Directors Competence:
    - a) preliminary approval of the annual report of the Company;
    - b) preliminary approval of the annual financial report of the Company;
    - c) recommendations to the General meeting of the Company's shareholders concerning the Company's profit and losses distribution according to the results of the financial year;
    - d) recommendations to the General meeting of Company's shareholders concerning the Company's shares amount of dividends and the order of its payment.
  - 9) estimation of the risks management system, existing in the Company and preparation of the corresponding recommendations for the Company's Board of Directors;
  - 10) discussion with the members of the Company's executive bodies and also with the corresponding subdivisions of the Company the issues of the financial and tax accounting which can negatively influence the Company's financial statement;
  - 11) discussion of the statement and the results of its audit with the Checkup committee of the Company, the Company's management and the Company's Auditor;
  - 12) analysis of the inspection certificates of the financial and industrial activity by the Checkup committee of the Company and recommendations preparation for

- the Company's Board of Directors about ways of prevention of the detected failures in future;
- 13) examination together with the Company's subdivisions, carrying out the internal audit of the Company, the Checkup committee and the Auditor of the Company of any known examples of unlawful acts, connected with the preparation of the Company's financial statement, drawbacks of the internal control system and also the estimation of their influence on the Company's financial statement;
  - 14) preparation of recommendations for the Board of Directors concerning the candidature of the independent appraiser, analysis of the Company's property estimation carried out by the independent appraiser in cases determined by the current legislation;
  - 15) evaluation of proposals and working out of recommendations on Company's carrying out of major transactions in cases determined by chapter X of the Federal law "On Joint-Stock Companies", and transactions which subject is property, works and services which cost accounts for 5-25% of the Company's assets balance cost determined for the date of the decision taking on transaction making except transactions made in the process of ordinary industrial activity of the Company;
  - 16) consideration of proposals concerning the trend of the net profit use before its consideration by the Board of Directors of the Company and presentation of the corresponding conclusion to the Company's Board of Directors;
  - 17) effectiveness estimation of the Company's internal control procedures and preparation of proposals on their improvement;
  - 18) consideration of the questions connected with the activity of such a subdivision together with the Company's subdivision Head, carrying out the internal audit of the Company,;
  - 19) presentation of recommendations concerning the contents of the Regulations on the Company's subdivision to the Director General and also changes (amendments) to it together with activities subjected to inclusion into the annual plan of activity of the abovementioned Company's subdivision;
  - 20) methodical recommendations working out concerning the order of the internal control and audit carrying out in accordance with the corresponding subdivision of the Company;
  - 21) analysis of the Company's data reporting and the results of the external audit of the reporting for compliance with the current legislation, international financial reporting standards, Russian accounting standards, other normative and legal certificates and standards, estimation of the Company's reporting and Auditor's report, development of recommendations to the Company's Board of Directors concerning the improvement of systems of the Company's report compiling;
  - 22) analysis of the results of the Company's activity checkups carried out by the state bodies;
  - 23) interaction ensuring of the Company's Board of Directors with:
    - a) Company's Auditor;
    - b) Checkup committee;
    - c) structural subdivisions of the Company carrying out the functions of the internal control of the Company;
    - d) independent appraiser.
  - 24) Presentation of the report on the committee's work for the year to the Company's Board of Directors;
  - 25) presentation of the conclusions and recommendations concerning the separate requests of the Company's Board of Directors or those on their own initiative

concerning the issues pertained to the Committee's competence in oral or written form;

- 26) other items connected with the abovementioned ones (except for those pertained to the competence of other Committees of the Board of Directors of the Company).

3.2. Independent Auditor conclusion estimation prepared by the Committee shall be presented as materials to the annual General meeting of shareholders of the Company.

#### **4. COMMITTEE'S RIGHTS AND OBLIGATIONS**

4.1. For realization of the assigned functions the Committee is entitled with the following rights:

4.1.1. to carry out researches on the issues referred to its competence;

4.1.2. to request and receive information and documents from officials of the Company and the Secretary of the Board of Directors of the Company necessary for activity realization, and also have the right to request information from the outside organizations through the Chairman of the Board of Directors or the Director General of the Company;

4.1.3. to receive professional services or to involve (including on a contractual basis) the third parties as the experts (advisers) possessing special knowledge, concerning issues referred to the competence of the Committee from the outside organizations, within the limits of the Committee budget;

4.1.4. to invite employees, management of the Company, members of other Committees of the Company's Board of Directors, and also other persons for participation in internal Committee meetings;

4.1.5. if necessary, to develop and submit projects of changes and additions in the present Regulations for consideration of the Company's Board of Directors.

4.2. The committee is obliged to:

4.2.1. fulfill the obligations, assigned to the Committee, and to carry out the activity according to the present Regulations, requirements of the legislation of the Russian Federation, the Charter and internal documents of the Company;

4.2.2. give economically effective and legally proved recommendations (conclusions) about the issues referred to the competence of Committee to the Board of Directors;

4.2.3. in due time, to inform the Company's Board of Directors about the risks the Company is subjected to;

4.2.4. observe confidentiality requirement, not to disclose information about the Company, making commercial and/or office secret.

#### **5. STRUCTURE OF THE COMMITTEE AND THE ORDER OF ITS FORMING**

5.1. The quantitative structure of the Committee is defined by the decision of the Company's Board of Directors in the amount of at least 3 (Three) persons.

5.2. The personal structure of the Committee is selected by the Board of Directors of the Company among the candidates presented by the Company's Board of Directors members. Each of the Company's Board of Directors member is entitled to offer no more than 3 (Three) candidates for members of the Committee.

5.3. Offers of the Company's Board of Directors members concerning the nominees for election to the Committee shall be presented to the Chairman of the Board of Directors of the Company in writing at least 10 (Ten) days prior to the date of carrying out of the Board of Directors meeting (the termination of questionnaires reception term for vote by correspondence) which agenda includes the issue on election of the Committee members.

5.4 The Committees structure can consist only of the members of the Board of Directors being independent directors which meet the following requirements:

5.4.1. for the moment of election and during one year prior to the election they did not hold the position of the executive bodies or the Company's workers;

5.4.2. they are not the executive persons of another industrial company where any of the executive bodies of the Company is the member of the Personnel and Remuneration committee;

5.4.3. they are not spouses, parents, children, brothers and sisters of the Company's officials, the management organization (manager) (official of the management organization (manager));

5.4.4. they are not the affiliated persons of the Company, except for the member of the Board of Directors of the Company;

5.4.5. they are not the parties concerning the obligations with the Company in accordance with the conditions when they can acquire the property (acquire cash assets), which value accounts for 10 and more per cent of the total annual revenue of the abovementioned persons except for the remuneration acquisition for the participation in the activity of the Company's Board of Directors

5.4.6. they are not the representatives of the state, that is persons, who are representatives of the Russian Federation, subjects of the Russian Federation and municipal entities in the Board of Directors of joint-stock companies, in relation to which the decision about the usage of a special right ("golden share") is made, and the persons, elected to the Board of Directors among the candidates, introduced by the Russian Federation, as well as the subjects of the Russian Federation and municipal entities, if such members of the Board of Directors should vote based on written instructions (directions etc.) correspondingly, a subject of the Russian Federation or a municipal entity.

5.5. When the member of the Committee stops meeting the requirements of independence he/she is entitled to immediately inform about it the representative of the Company's Board of Directors and the Committee's Chairman.

5.6. Proposal on promotion of the candidate to the members of the Committee shall contain the following information on the candidate:

5.6.1. last name, name and patronymic of the candidate;

5.6.2. place of work and the candidate position at the moment of the proposal sending.

5.6.3. information on the labor activity of the candidate for the past 5 (Five) years;

5.6.4. information on the candidates participation in the management bodies of other legal persons;

5.7. The proposal on promotion of the candidate to the Committee members shall be signed by the Company's Board of Directors member, presented the specified proposal.

5.8. During the election of the Members of the Committee the preference shall be given to the candidates having higher financial, economic or the law education and-or having experience in the sphere of the financial control and risks management. At least one of members of Committee shall possess knowledge of rules (standards) of accounting applied by the Company and drawing up of the accounting (financial) reporting, an operational experience in the field of preparation (audit) of the accounting (financial) reporting and working out (analysis) of systems of the internal control.

5.9. Members of the Committee are selected according to conditions of the present Regulations for the term up to carrying out of the first meeting of the Board of Directors selected in a new structure.

5.10. Powers of any member of the Committee can be early terminated by the decision of the Company's Board of Directors.

5.11. The Committee Chairman, and also the Committee members can divest themselves of authority by the direction of the statement for it to the Chairman of the Company's Board of Directors and the Committee Chairman.

5.12. In case if the quantitative structure of the Committee becomes less than defined by the Regulations quorum for carrying out of Committee meetings, the Board of Directors Chairman is obliged to call an emergency meeting on the Committee members election or to include an issue on election of the Committee members in the agenda of the nearest Company's Board of Directors meeting.

## **6. RIGHTS, RESPONSIBILITIES AND OBLIGATIONS OF THE COMMITTEE MEMBERS**

6.1. The Committee Members within the limits of the Committee competence are entitled to:

6.1.1. request documents and information necessary for decision-making concerning the issues within the Committee competence from the Director General and the Company's Board of Directors. The inquiry is carried out in writing form signed by the Committee Chairman;

6.1.2. make written proposals on the Committee work plan making;

6.1.3. bring issues in the Committee meetings agenda as it should be established by the Regulations;

6.1.4. demand Committee meeting agenda convocation;

6.1.5. carry out other rights provided by the Regulations.

6.2. Committee members are obliged to learn the materials for the Committee meeting agenda and to develop their own position concerning each agenda item.

6.3. Committee members realizing their rights and exercise functions shall act in the interests of the Company, carry out their rights and fulfill duties honesty and reasonably.

6.4. Committee members are entitled to bear responsibility in accordance with the norms of the Federal law "On Joint-Stock Companies", regulating the responsibility of the Board of Directors members.

## **7. COMMITTEE CHAIRMAN AND ORDER OF HIS/HER ELECTION**

7.1. The Committee management and the organization of its activity shall be carried out by the Committee Chairman.

7.2. The Committee Chairman shall be elected by the Company's Board of Directors among the Committee members by the majority vote from the Company's Board of Directors' votes. The Company's Board of Directors is entitled to reelect the Committee Chairman in any time.

7.3. During absence of the Committee Chairman the deputy Chairman of the Committee executes his/her obligations. The Committee deputy Chairman is elected by the Committee members from their number by the majority of votes from the general number of the elected Committee members.

7.4. The Committee Chairman organizes the Committee work, particularly:

7.4.1. convokes the Committee meetings and presides over them;

7.4.2. Considering the suggestions of the Committee members defines the way of the agenda carrying out and confirms the Committee meetings agenda;

7.4.3. Defines the list of the persons invited for participation in internal Committee meeting by sending of the corresponding invitation on behalf of the Company's Director General who is responsible to ensure the presence of the abovementioned bodies at the Committee meeting;

7.4.4 organizes conducting the minutes of the Committee meetings and signs minutes of the Committee meetings;

7.4.5. represents Committee during interaction with the Company's Board of Directors, other Committees of the Board of Directors, the Company's executive bodies, the

Auditor, the Company's Checkup committee and other bodies and persons aiming at getting the full and reliable information necessary for the decision taking by the Committee within the framework of its competence;

7.4.6 carries out official correspondence of the Committee, signs inquiries, letters and documents on behalf of the Committee;

7.4.7 distributes duties between the Committee members;

7.4.8 develops the plan of the Committee work for the present year considering the plan of the Committee's Board of Directors work, presents the abovementioned plan for the Committee approval, controls the implementation of the decisions and plans of the Committee work;

7.4.9. provides observance of the Russian Federation legislation requirements in the course of the Committee activity, the Company's Charter, the present Regulations and other internal documents of the Company;

7.4.10 carries out other functions provided by the current legislation, the Company's Charter, the present Regulations and other internal documents of the Company.

## **8. SECRETARY OF THE COMMITTEE**

8.1. Functions of the Committee Secretary are carried out by the Board of Directors secretary unless otherwise is not determined by the Committee decision. In case of making a decision by the Committee about election of another person as the Committee Secretary, the Committee Secretary is elected by the majority of votes from the general number of the Committee members. In case the candidate is the Company's employee, its nominee position will be discussed with the Company's Director General.

8.2. The Committee Secretary carries out technical support of the Committee current activity, including:

8.2.1. provides preparation and carrying out of the Committee meetings;

8.2.2 carries out gathering and ordering of materials for meetings;

8.2.3 provides a timely direction of notifications on the Committee meetings carrying out, the meetings agenda, materials concerning the agenda to the Committee members and the persons invited for participation in the Committee meeting;

8.2.4. carries out meetings recording, organizes projects preparation of the Committee decisions;

8.2.5 carries out the account of the mail addressed to the Committee and/or Committee members, provides the necessary information reception by the Committee members;

8.2.6 provides the storage of the reports of the Committee meetings and other documents and the materials concerning the activity of Committee according to the procedures of the documentation storage, accepted by the Company;

8.2.7 carries out the Committee Chairman instructions within the limits of his/her authorities;

8.2.8 carries out other functions according to the Regulations.

8.3. The Committee Secretary shall be paid out the remuneration and the expenses compensation connected with the obligations execution in the order determined by the Board of Directors.

## **9. COMMITTEE MEETINGS**

9.1. Each first meeting of the Committee, elected in a new structure, shall be carried out no later than 30 (Thirty) working days since the Company's Board of Directors meeting carrying out where the structure of the Committee was elected.

9.2. Committee meetings shall be convened by the Committee Chairman according to the work plan approved at the Committee meeting (regular meeting) and also in other cases determined by the present Regulations (extraordinary meetings).

9.3. The plan of the Committee work shall be formed by the Committee Chairman taking into account the confirmed plan of the Company's Board of Directors work and proposals of the Company's Board of Directors and is approved at the first session of the Committee elected in the new structure.

9.4. The decision on the regular meeting of the Committee, date, time, place and form of the meeting carrying out and the agenda items and also on the list of persons invited to take part in the meeting is taken by the Committee Chairman in accordance with the plan of the Committee's regular meetings carrying out.

9.5. Committee members are entitled to make proposals on formation of the agenda of planned Committee meeting. The Committee Chairman is entitled to include the proposals in the planned agenda meetings or to call the Committee extraordinary meeting.

9.6. Extraordinary meetings of the Committee shall be carried out by the decision of the Committee Chairman and members of the Company's Board of Directors, Members of the Committee, the Company's Director General, the Company's Checkup committee and also the Company's Auditor.

9.7 The requirement on the extraordinary meeting of the Committee carrying out shall be directed to the Committee Chairman in the written form at least 20 (Twenty) working days prior to the supposed date of the meeting carrying out and shall contain the item wording, reasonability of the necessity of the issue consideration at the meeting and the Committee's decision project concerning the abovementioned item and also accompanying materials and information. Requirement on the Committee convening shall be signed by the person directed the abovementioned requirement (the Checkup Committee Requirement on Convening of the Committee meeting shall be signed by the Chairman of the Checkup committee and the Company's Auditor - authorized body of the Auditor). Together with this, the copy of the requirement on the Committee meeting carrying out with all the appendices shall be directed to the Committee's Secretary.

9.8. Within 5 (Five) working days since the date of the claim presentation on convening of the extraordinary general meeting of the Committee, the Chairman of the Committee shall make the decision on convening of the extraordinary meeting of the Committee, determine the date, time and place of the Committee meeting carrying out (date, time and place of the deadline for the questionnaires accepting during the vote by correspondence), or makes the decision to reject the convening of the extraordinary meeting of the Committee. Motivated decision on refusal and convening of the extraordinary meeting of the Committee shall be directed to the person or body requiring the convening of such a meeting during 2 (Two) working days since the moment of the decision making.

9.9. The decision of the Committee Chairman about refusal in convocation of the Committee extraordinary meeting can be made in the following cases:

9.9.1. the issue offered for inclusion in the Committee meeting agenda, is not pertained by the Regulations to the Committee competence;

9.9.2. the issue of the agenda containing in the requirement about convocation of the Committee extraordinary meeting, is already included in the summons of the nearest

meeting convoked according to the decision of the Committee Chairman, accepted before reception of the above-stated requirement;

9.9.3. the order and terms of the requirement presentation on convening of the extraordinary Committee meeting were not fulfilled.

9.10. The Committee Chairman is entitled to include the issues contained in the requirement on the extraordinary Committee meeting convening, in the agenda of the nearest regularly meeting of the Committee.

9.11 In case of the appealing of the Chairman or members of the Board of Directors of the Company with the requirement to convene the extraordinary meeting of the Committee, the Chairman of the Committee is entitled to convene the extraordinary meeting within the terms determined by the abovementioned requirement.

9.12. If the issues taken out to an extraordinary meeting of the Committee bear urgent character, the terms of convocation of an extraordinary meeting and materials direction concerning the agenda of such meeting can be reduced under the Committee Chairman decision.

9.13. The notification on carrying out of the Committee meeting shall contain the agenda of the meeting, form of carrying out, date, place and time of the meeting carrying out (date and time of the deadline for the questionnaires acquisition during the vote by correspondence).

9.14. Notification on the Committees meeting carrying out shall be formed by the secretary of the Committee and signed by the Chairman of the Committee.

9.15. Notification on the Committees meeting carrying out and also materials, information and decision projects concerning the agenda issues for the meeting shall be directed to the members of the Committee and persons invited to take part in the Committee meeting at least 5 (Five) days prior to the date of the Committee's meeting carrying out (date of the questionnaires acquisition end during the vote by correspondence). Persons, invited to take part in the ordinary meeting of the Committee shall receive the materials concerning the agenda of the Committee meeting in which discussion they are supposed to take part.

9.16. At the Committee meeting carried out in the form of the joint presence with the consent of all the present members of the Committee all the questions not included on the agenda can be considered.

9.17. When receiving the notification on the Company's Board of Directors meeting which agenda contains questions directed by the present Regulations to the competence of the Committee from the secretary of the Company's Board of Directors, the Chairman of the Committee shall take all the measures ensuring the timely carrying out of the Committee meetings for working out of recommendations (decisions) concerning the abovementioned items of the agenda of the Company's Board of Directors and their addressing to the Board of Directors in accordance with the approved regulation on the Order of convening and meetings carrying out of the Company's Board of Directors.

## **10. ORDER OF THE COMMITTEE MEETINGS HOLDING. MINUTES OF THE COMMITTEE MEETING**

10.1. The Committee Chairman shall be at the head of the Committee meetings, and in case of his/her absence it shall be done by his/her deputy elected by the members of the Committee. In case of the Committee's Chairman's and his/her deputy absence, the members of the Committee shall elect the person who would fulfill the functions of the Chairman at the meeting out of the number of the present Committee members.

10.2 The Committee's meeting is considered authorized (possess the quorum) if at least half of the Committee members took part in it. During the absence of quorum for the Committee meeting carrying out during 5 (Five) working days the second meeting shall be carried out with the same agenda.

10.3 Meetings of the Committee shall be carried out in the form of the joint presence of the Committee members (ordinary meetings) or in the form of the absent voting (meeting in absentia).

10.4 Only in the form of the joint presence the following items can be considered:

10.4.1. On candidatures of the Company's Auditor;

10.4.2. On recommendations to the Company's Board of Directors concerning the preliminary approval of the annual report of the Company.

10.5. In the ordinary meeting of the Committee all the Committee members as well as the invited persons shall take part.

10.6 The Committee secretary shall determine the presence of the quorum for the ordinary Committee meeting carrying out.

10.7 The Chairman of the ordinary meeting shall determine the presence of quorum for the ordinary Committee meeting carrying out and announce the agenda.

10.8 During the absence of quorum the meeting shall be announced unauthorized. Together with this, the person presiding at the meeting shall take one of the following decisions:

10.8.1. by means of consultations with the persons present at the meeting he/she shall determine the time of the meeting beginning shift;

10.8.2. determine the date of the second meeting with the same agenda;

10.8.3. include the issues that shall be considered at the meeting which did not take place on the agenda of the next planned meeting of the Committee.

10.9 Ordinary meeting of the Committee shall be considered authorized (possess quorum) if the meeting is attended by at least one half from the members of the Committee.

10.10. Decision on carrying out of the Committee meeting in the form of the absentee voting shall be approved by the Committee Chairman.

10.11. To carry out the absentee committee meeting together with the materials and information concerning the agenda items of the Extraordinary meeting of the Committee the Committee members shall acquire the questionnaires for the voting concerning the agenda items compiled in accordance with the requirements of the Regulation on the order of convening and carrying out of the Board of Directors meetings.

10.12. During the filling out of the questionnaire for the external voting the member of the Committee concerning each item put on the agenda shall leave uncrossed only one of the possible voting variants ("for", "against", "abstained"). The questionnaire filled out with the violation of the stated requirements shall not be taken into consideration during the votes accounting concerning the corresponding item.

10.13 The filled out questionnaire shall be signed by the member of the Committee with indication of his/her name and initials.

10.14. Filled out and signed questionnaire shall be addressed by the member of the Committee to the Secretary not later than by the date and time of the questionnaires submission deadline indicated in the questionnaire in the original or by means of the fax with the further sending of the questionnaire original to the address determined in the questionnaire.

10.15. Filled out and not signed questionnaire and also the questionnaire presented with the violation of the terms shall be considered void, do not take part in the quorum determination necessary for the decision taking by external voting not considered during the votes accounting and determination of the voting results.

10.16. Absentee meeting of the committee is considered authorized (possess quorum), if at least one half of the Committee members took part in it. Committee members whose questionnaires were acquired by the Committee secretary not later than by the date and time of the questionnaires acquisition deadline shall be considered taken part in the meeting.

10.17. During the decision taking concerning the items of the agenda of the Committee meeting each member of the Committee shall possess one vote.

10.18. The transition of the voting right by the member of the Committee to other persons is prohibited.

10.19. The Committee decision shall be taken by the majority of votes of its members. In case of a tie vote of the Committee members the vote of the Chairman is a casting one.

10.20. Not later than 3 (Three) working days after the Committee meetings carrying out the secretary of the Committee shall compile the Minutes of the meeting.

10.21. Minutes of the Committee meeting shall be signed by the Chairman (deputy Chairmen) and the secretary of the Committee, who bear responsibility for the correctness of the Minutes compiling. The Minutes shall be compiled during 3 (Three) working days after signing and shall be addressed by the Committees secretary to the Company's Board of Directors together with materials and recommendations.

10.22 The Minutes of the Committee meeting shall contain:

10.22.1 form of the meeting carrying out;

10.22.2 date, place and time of the meeting carrying out (date and time of the questionnaires acquisition end);

10.22.3. list of the Committee members who took part in the agenda items consideration and the list of other persons present at the Committee meeting;

10.22.4 meeting agenda

10.22.5 proposals of the Committee members concerning the agenda items of the meeting;

10.22.6 items set for voting, their voting results with the determination of the character of each Committee member;

10.22.7. decisions made;

10.23. At the discretion of the Committee member a short description of his opinion concerning the agenda items shall be attached to the minutes of the Committee meeting. Such an opinion shall be prepared by the Committee member and is given to the Committee secretary.

## **11. ORDER OF THE DECISIONS MAKING ON THE COMPANY'S AUDITOR CANDIDATURE**

11.1. Not later than 60 (Sixty) calendar days prior to the date of the Company's Board of Directors meeting carrying out where the decision on the Company's Auditor election will be passed to the approval of the General meeting of the Company's shareholders, the Committee presents the candidatures of the Company's Auditor, electing them among the number of the independent auditors, possessing high professional reputation, together with the recommendation on the remuneration of the Company's Auditor to the consideration of the Board of Directors.

11.2 The abovementioned recommendations shall be sent to the Committee of the Company's Board of Directors in the written form. Together with this, the amount of the

recommended Company's Auditor candidatures shall not be less than 2 (Two) and more than 4 (Four).

11.3 During the election of the Company's Auditor candidatures the following shall be taken into consideration.

11.3.1 the candidature's meeting of the requirements claimed to independent auditor organizations by the present Russian legislation and the legislation of the country where the stock exchange is situated, on which the Company's shares are quoted at.

11.3.2. amount of the Auditor services payment rendered to the Company;

11.3.3. professional competence and the reputation of the auditor organization;

11.3.4. possibility of rendering of the services coming together with audit by the auditor organization;

11.3.5. other requirements the Committee considers necessary.

11.4. The Committee is entitled to carry out the meetings and negotiations with the auditor organizations with the aim to choose the Company's Auditor; it also can address to them with the request to present the additional materials.

## **12. COMMITTEE'S ACCOUNTABILITY TO THE COMPANY'S BOARD OF DIRECTORS**

12.1. The Committee Chairman presents to the Company's Board of Directors the annual report about the results of the Committee's activity not later than 60 (Sixty) calendar days prior to the date of the annual General meeting of the Company's shareholders.

12.2. The Committee's report shall contain the following information on the Committee's activity during the year:

12.2.1. rendering of the recommendation concerning the candidature of the Company's Auditor;

12.2.2. results of the Committee's meetings carried out with the participation of the Company's Audit committee, Company's Auditor, head of the Company's subdivision carrying out the internal Audit of the Company;

12.2.3. presentation of the conclusion and recommendation concerning the items pertained to the Committee's competence to the Company's Board of Directors;

12.2.4. violations detection in the financial and industrial activity of the Company;

12.2.5. proposals directed to improvement of the risk management system in the Company;

12.2.6. report on spending of the Committee's budget means

12.2.7. other essential information by the Committee's consideration.

12.3 The Company's Board of Directors considers the report of the Committee within 30 (Thirty) days since the moment of its presentation.

12.4 The Company's Board of Directors is entitled any time to require from the Committee the report presentation concerning the present activity of the Committee. Terms of preparation and presentation of the abovementioned report shall be determined by the decision of the Board of Directors.

12.5. The Chairman of the Committee is entitled to present the separate reports concerning the items pertained to the Committee's Competence to the Board of Directors of the Company.

12.6. Information on separate decisions of the Committee, if necessary, shall be published on the Company's Website, on the Internet.

12.7. Information on the Committee's work shall be subjected to inclusion into the correspondent section of the Company's annual report.

### **13. INTERACTION OF THE COMMITTEE WITH THE COMPANY'S BODIES AND OTHER PERSONS**

13.1. The Committee during the implementation of its obligations shall keep productive working terms with the bodies of management, control, and Company's structural subdivisions, the Company's Auditor, other Committees of the Company's Board of Directors and also other organizations and persons attracted to the Committee's work.

13.2. To ensure the productive work of the Committee the members of the Committee shall have access to necessary information. For these purposes the bodies of management, control and structural subdivisions of the Company are entitled to present information and materials necessary to the Committee's members, for decisions making concerning the issues of the Committee's competence in the written form and shall be signed by the Committee's Chairman.

13.3. Requested information and materials shall be presented to the Committee within the term not later than 5 (Five) days since the moment of the request acquisition if longer term is not determined in the request.

13.4 In case of incomplete or unreliable information (materials) presentation the Committee is entitled to require the additional information (materials).

13.5 Recommendations (conclusions) prepared (chosen) by the Committee shall be presented by the Chairman of the Committee to the Company's Board of Directors with the simultaneous presentation of the copies of the above-mentioned recommendations (conclusions) to the Company's Director General.

13.6 Interaction of the Committee with the Auditor of the Company for the effective observation carrying out over the Company's financial statement compiling shall be built on the Committee's consideration of the results of activity, recommendations and the professional judgments of the Auditor on the one side and the conditions making which help the estimation objectivity presented by the Auditor on the other side. The interaction shall be provided by means of the regularly meetings with the Auditor with the purpose to make the estimation of the internal control means, activity of the executive bodies of the Company and their influence on the quality and the reliability of the Company's reporting.

13.7 With the purpose to acquire by the Company's Board of Directors the complete information on the violations taken place during the carrying out of the industrial operations, the Committee shall present to the consideration of the Company's Board of Directors the conclusions on detected violations for the corresponding period of the Company's activity. Conclusion on detected violations shall be presented to the Company's Checkup committee.

13.8. The productivity of the control over the financial and industrial activity of the Company shall be increased when the Checkup committee of the Company presents to the Committee the complete information on its activity, carried out checkups and the compiled conclusions. The conclusion of the Company's Checkup concerning the results of the extraordinary checkup of the financial activity of the Company shall be presented to the Committee via the Secretary of the Company's Board of Directors within 3 (Three) days after the end of the checkup carrying out.

13.9. If necessary, the experts and specialists possessing certain professional skills and qualification for consideration of separate issues of the Committee's work shall be attracted to the Committee's work on a contract basis.

### **14. CONFIDENTIALITY AND INSIDER INFORMATION**

14.1. During the period of the Committee members obligations fulfillment and also after the completion of term of powers in the Committee, the persons being the members of the Committee, the Secretary of the Committee and the third parties attracted to work in the Committee are obliged to fulfill the confidentiality requirements concerning information

acquired due to their activity in the Information committee which is not for public use (including insider information). The notion of information not being for public use and its structure shall be determined by the decision of the authorized body of the Company's management.

14.2 All documents connected with the Committee's activity shall be kept by the place of Company's presence in accordance with the order of the documents storage established in the Company. The Committee's secretary shall be responsible for the abovementioned documents storage.

## **15. COMMITTEE'S ACTIVITY SUPPORT**

15.1. By the decision of the members of the Company's Board of Directors the members of the Committee can acquire remunerations and expenditures compensation connected with the fulfillment of their obligations. The amount of such remunerations and compensations, the order and terms of their payment shall be set by the separate decision of the Company's Board of Directors.

15.2. To ensure the Committee's work during the forming of the expenditure side of the Company's budget, the separate expenditure item shall be predetermined. The Committee's expenditures include, in particular, the remunerations and compensations of the Chairman, members and secretary of the Committee, and expenditures for the attraction of the outside consultants and other expenditures.

15.3. The suggestion on the amount of the Committee's budget (with the disclosure of the clause-by-clause information) shall be formed at the meeting of the Committee and directed to the Board of Directors of the Company.

15.4. For the purposes of the Committee's meetings carrying out, the Company's Director General upon a petition of the Committee's Chairman is entitled to provide the Committee with accommodation and ensure the full access of persons which list was indicated in the abovementioned petition and also to take other measures to ensure the carrying out of the Committee meeting.

## **16. FINAL PROVISIONS**

16.1. The present Regulations and also all the changes and amendments to it shall be approved by the decision of the Company's Board of Directors.

16.2. Annual report of the Committee presented to the Committee's Board of Directors in accordance with the conditions of the present Regulations can contain the recommendations to the Board of Directors on the necessity to make amendments to the present Regulations.

16.3. The issues not settled by the present Regulations shall be regulated by the Company's Charter, the Regulation on the order of convening and carrying out of the Company's Board of Directors meetings and other internal documents of the Company and also the current legislation.