

Approved by resolution of General Meeting of Shareholders of Kubanenergo
JSC

Minutes of meeting No.35 dated 24.06.2014

Chairperson of the meeting:

_____Magadeyev R.R.

Regulations on the Auditing Commission
of Open joint stock company of power industry and electrification of Kuban
(restated)

Krasnodar, 2014

1. General Provisions

1.1. The present Regulations on Auditing Commission of Open Joint Stock Company of Power Industry and Electrification of Kuban (hereinafter referred to as “the Regulations”) is an internal document of the company and is drawn up in accordance with Federal Law “On Joint Stock Companies” and Charter of Open Joint Stock Company of Power Industry and Electrification of Kuban (hereinafter referred to as “the Company”) shall determine the objectives and procedures of Auditing Committee, regulate its interaction with the Company management and heads of structural departments and standalone subdivisions.

1.2. Auditing Commission shall be a permanent elective body of internal control of the Company providing on-and-off control of financial and economic activity of the Company, its separate subdivisions, officials of the Company management and structural departments of executive body by carrying out document audit and physical checks of:

1. legality, feasibility and effectiveness (appropriateness) of economic and financial transactions performed by the Company in the audited period;

2. completeness and correctness of the reflection of economic and financial transactions in the Company's documents.

1.3. Auditing Commission shall act on behalf of the Company's shareholders, and in its activity shall be accountable to General meeting of shareholders of the Company.

1.4. In its activity, Auditing Commission of the Company shall be independent of management body officials of the Company.

1.5. Company's Auditing Commission is responsible to the General Meeting of Shareholders for the accuracy and objectivity of the results of inspections.

1.6. In its activity, Company's Auditing Commission shall be guided by legislation of the Russian Federation, Charter of the Company, and the present Regulations and other internal documents of the Company subject to approval by General meeting of shareholders of the Company

2. The Objectives of the Auditing Commission of the Company

2.1 The major objectives of Auditing Commission of the Company shall be as follows:

1) control over financial and economic activity of the Company;

2) carrying out of independent assessment of reliability of information contained in annual report and financial report of the Company.

3. Procedure for Election, Membership and Terms of Power of the Auditing Commission

3.1. The Audit Commission shall be elected by the General Shareholder Meeting for a period until the next Annual General Meeting of Shareholders in an order stipulated by the Federal Companies' Act and Company's Charter.

In case the Audit Commission is elected by the Extraordinary General Shareholder Meeting, members of Auditing Commission shall be considered elected for a period until the Annual General Meeting of Shareholders.

3.2. According to the Company's Charter the Audit Commission shall consist of 5 (Five) persons (members of the Audit Commission).

3.3. Shareholders of the Company, while preparing their proposals on the nomination of candidates to Auditing Commission, shall aspire to bear in mind that candidates should not be elected for more than 3 terms in a row unless other election restrictions are stipulated by the Russian legislation, Charter and the present Regulations.

3.4. A member of Auditing Commission shall be entitled to voluntarily divest him/herself of authority at any time by forwarding a written notification of the Chairperson of Auditing Commission.

3.5. Powers of individual or all members of Auditing Commission may be early terminated by the General Shareholder Meeting.

3.6. The Chairperson of Auditing Commission shall mandatory initiate the termination of powers of a member of Auditing Commission in case of the following unfair acts or damage suffered by the Company:

- 1) destruction, deliberate corruption or counterfeit of documents and materials;
- 2) hiding of information on revealed abuses of Company's officers or employees;
- 3) deliberate confusion of Company's officers and employees as well as shareholders in regard to the Company's activities;
- 4) divulgence of state secrets and confidential information on the Company's operations;
- 5) other acts harming the Company.

3.7. In case of the early termination of powers of member of Auditing Commission, the powers of the rest of members shall not be terminated.

3.8. In cases when the number of members of Auditing Commission becomes less than a half of the members of Auditing Commission stipulated by the Charter, the Chairperson shall be entitled to request the Board of Directors to initiate an Extraordinary General Shareholder Meeting upon the BoD resolution to elect new members of Auditing Commission.

3.9. During nomination of candidates to membership in Auditing Commission the following requirements to professional experience and skills shall be observed:

- 1) Higher economic, financial or legal education;
- 2) Internal audit and control bodies background;
- 3) Knowledge of economics, finances, accounting, economic law and specificity of the Company's business.

3.10. During a proposal run-up shareholders shall aspire to bear in mind the following principles for a candidate list run-up:

1) Not to include candidates with powers terminated pre-term upon reasons stipulated in item 3.6 hereof, including audit commissions in other legal entities;

2) Not to include candidates being Company's employees.

3.11. Candidates to membership in Auditing Commission shall confirm their consent with the election to the Audit Commission in a written form.

3.12. Members of Auditing Commission shall not be BoD members or occupy other positions in Company's management bodies in the meantime.

4. Chairperson and Secretary of Auditing Committee

4.1 Chairperson of Auditing Commission shall be elected by members of Auditing Commission of the Company from among themselves by a majority vote of the total number of elected members of Auditing Commission of the Company. Members of Auditing Commission of the Company shall be entitled at any time to re-elect Chairperson of Auditing

Commission by a majority vote of the total number of elected members of Auditing Commission of the Company.

4.2 Secretary of Auditing Commission of the Company shall be elected by members of Auditing Commission of the Company from among themselves by a majority vote of the total number of elected members of Auditing Commission of the Company. Members of Auditing Commission of the Company shall be entitled at any time to re-elect Secretary of Auditing Commission by a majority vote of the total number of elected members of Auditing Commission of the Company.

4.3 Chairperson and Secretary of the newly elected Auditing Commission of the Company shall be elected within 15 (fifteen) days from the day of election of the corresponding list of members of Auditing Commission of the Company.

4.4. Secretary of the Auditing Commission of the Company shall:

1) Arrange the recording of meeting of Auditing Commission;

2) Ensure timely informing of Company's management bodies on audit results by forwarding acts and resolutions of the Auditing Commission according to the requirements hereof;

3) Prepare and sign protocols of the Auditing Commission;

4) Arrange the conduct of clerical work and custody of documents prepared by the Auditing Commission;

5) Arrange the submission of notifications on sessions of the Auditing Commission, scheduled and unscheduled audits to members;

6) Perform other functions stipulated hereof.

5. The Rights and Obligations of the Auditing Committee

5.1. The Audit Commission shall be entitled to:

- 1) Independently determine audit methods and forms governed by the Russian legislation in force and present Regulations;
- 2) Audit documentations on economic and financial operations of the Company, availability of money and securities in full;
- 3) Obtain an unimpaired access to all business facilities during audits;
- 4) Request all information (documents and materials) required for an audit within its competence from Company's MB officers, heads of structural units and subdivisions;
- 5) Obtain, upon a written query, a required information from third parties, including cooperation with management bodies and shareholders commissioning audits;
- 6) Request written explanations on issues arising during an audit from MB officers, heads and employees of Company's structural units and subdivisions;
- 7) Seal money depositaries, warehouses, record offices and other business facilities during audits to protect stored valuables and documents;
- 8) In case of erasures and other falsification marks as well as reasonable doubts in document authenticity with a view to detailed examination and analysis, make copies of such documents and request the confirmation of copy authenticity via signatures and seals of Company's officers;
- 9) Issue instructions to the sole executive body of the Company on immediate measures in relation to revealed violations in cases when failure to take such measures may cause the loss of valuables, documents or stimulate further abuses;
- 10) Demand the convention of an Extraordinary General Shareholder Meeting or BoD session in an order stipulated by the Russian legislation, Charter and present Regulations;
- 11) Make proposals to authorized persons on the use of remedies stipulated by the Russian legislation in cases when the Audit Commission reveals violations of the Russian legislation and internal documents;
- 12) Invite for the conclusion of civil law contracts experts and companies in cases when it is required to engage specialized companies and experts in various fields of study (law, economics, finances, accounting, management, economic security, etc.), not being Company's employees.

5.2. The Auditing Commission shall be obliged to:

- 1) Audit economic and financial operations of the Company as of the year-end as well as at any time on its initiative, GSM and BoD resolution or request from a shareholder owing over 10% of voting shares;
- 2) Timely notify the sole executive body of the Company on the beginning of an audit;
- 3) Timely inform Company's management bodies on audit results;

4) Demand the convention of a GSM in case of real threat to the Company's interests in a procedure stipulated by the Charter;

5) To submit a resolution on audit results, including assessment of Company's annual report, to the Board of Directors not later than 45 days prior to the Annual General Shareholder Meeting.

5.3. The Chairperson and members (member) of the Auditing Commission, on the invitation of General Meeting of Shareholders or BoD, shall be present at General Meeting of Shareholders and BoD sessions when audit results are reviewed.

5.4. Members of the Auditing Commission shall not be able to delegate authorities to other persons, including upon proxy.

5.5. Members of the Auditing Commission members shall be obliged to:

1) Participate in meetings of the Auditing Commission and audits of the Company in person;

2) Ensure the observation of confidentiality of obtained information and prevent unauthorized disclosure of information that became known to them during the audit.

5.6. Members of the Auditing Commission shall be held liable in an order stipulated by the Russian legislation

1) For a failed or improper discharge of duties;

2) For failures to protect information that became known to them during their duties and that is state, official and (or) commercial secrets, personal data, other confidential information according to the Russian legislation in force;

3) In other cases stipulated by the Russian legislation and present Regulations.

6. The Rights and Liabilities of the Company

6.1. Under the competence the Company's employees shall be obliged to:

1) Create conditions for members of the Auditing Committee and engaged experts ensuring efficient audit, submit all required information and documentation as well as provide comments and explanations in a written or oral form upon query (oral or written). Requested documents and materials shall be submitted to members of the Auditing Committee within 2 (Two) working days since the query;

2) Eliminate promptly all violations revealed by the Audit Commission, including violations in recording and preparation of accounting and other financial statements;

3) Prevent any actions during an audit aimed at the limitation of issues subject to clarification;

4) Facilitate the observation of rights of the Auditing Committee.

6.2. The sole executive body shall be entitled to:

1) Timely obtain information on the beginning of audits;

- 2) Familiarize with the results of audits performed by the Audit Commission;
- 3) Study the resolutions of the Audit Commission.

7. Arrangement of Activity of the Auditing Committee

7.1. The Auditing Commission shall adopt resolutions during its meetings.

7.2. The first meeting of the Auditing Commission after the election shall be arranged within 15 working days since the resolution of General Meeting of Shareholders on the initiative of any member of the Auditing Commission. The first meeting of the Auditing Commission should review issues on the election of the Chairperson and Secretary of the Auditing Commission.

7.3 Activity Plan of Auditing Commission shall be approved no later than 45 (forty five) days after the date of election of a new list of members of Auditing Commission at General meeting of shareholders of the Company.

7.4 Further meetings of the Company's Auditing Commission and audits shall be arranged according to the annual working plan of the Auditing Commission.

7.5. Activity Plan of Auditing Commission of the Company shall include:

- 1.objects of checks (kinds of financial and economic activity of the Company, separate areas of the Company's activity);

2. defining type of a check for each object (documentary check, check on the location of an object (field check);

3. period of carrying out checks of activity of the Company (annual, quarterly) approximate dates of checks;

4. period of holding Auditing Commission meetings on deciding the issues of preparing and carrying out checks of activity of the Company;

5. list of financial and (or) economic documentation necessary for carrying out a check-up of each of the check objects;

6. appointing members of Auditing Commission responsible for preparation of checks, collecting information and necessary documents and materials;

7. other issues related to arrangement of meetings and carrying out checks by Auditing Commission of the Company.

7.6. On the initiative of the Chairperson of the Auditing Commission or upon proposal from members of the Auditing Commission there shall be extraordinary sessions of the Auditing Commission convened by the Chairperson.

8. The Procedure for the Arrangement of Meetings of the Auditing Commission

8.1. Meetings of Auditing Commission of the Company shall be held to decide organizational issues of activity of Auditing Committee, as well as every time before launching a check and on its results.

8.2. Meeting of the Auditing Commission shall be convened by the Chairperson according to the approved working plan, upon the Chairperson's or an member's initiative as well as upon resolutions of General Meeting of

Shareholders, BoD or requests from shareholders (owning no less than 10% of the voting shares), on the audit of economic and financial operations of the Company.

8.3. At a meeting of Auditing Commission of the Company, held before launching each check, the following issues of preparing and holding the forthcoming check shall be considered:

- 1) defining a check object (bookkeeping or statistical data, etc.);
- 2) procedure, dates and scope of a check;
- 3) defining a list of information and data necessary for carrying out a check, methods and sources of their obtaining;
- 4) defining a list of officials to be attracted to carry out a check (to provide explanations or clarifications of certain issues);
- 5) setting a date of holding a meeting of Auditing Commission on summing up the results of a check;
- 6) appointing members of Auditing Commission responsible for preparation of a draft report of Auditing Commission for a meeting of Auditing Commission on summing up the results of a check;
- 7) deciding other issues.

A meeting of Auditing Commission on issues of preparing and carrying out a check may be held otherwise than in the form of joint presence of members of Auditing Commission by means of absentee voting (through questionnaires).

8.4. Members of the Auditing Commission shall be notified on meeting of the Auditing Commission by the Secretary of the Auditing Commission in a written form not later than 10 (Ten) working days prior to the session date.

In case of an in-absentia voting stipulated hereof members of the Auditing Commission shall obtain agenda materials and questionnaires alongside with the notification not later than 15 (Fifteen) working days prior to the tally of votes.

8.5. Members of the Auditing Commission shall obtain notifications at the location indicated by an AC member, including via e-mail

8.6. Members of the Auditing Commission shall be considered notified since the date when the notification is received at the location stipulated in item 8.5 hereof

8.7. Upon resolutions of Members of the Auditing Commission invited persons and engaged experts shall be able to participate in meetings of the Auditing Commission

8.8 A meeting of the Auditing Commission shall be considered legitimate in cases when not less than 50% of members of the Auditing Commission participate or forward written opinions on agenda issues prior to the session.

8.9. For prompt resolutions of the Auditing Commission, resolution drafts shall be approved prior to meeting of the Auditing Commission by the exchange of information transferred via fax, e-mail or other means of communications approved by members of the Auditing Commission.

8.10. A resolution on agenda issues shall be adopted by a simple majority of votes.

When deciding the issues at a meeting of the Auditing Committee, each member of Auditing Commission shall have one vote.

In case of equality of votes, the vote of Chairman of the Auditing Commission shall be the casting one.

8.11. Meeting of the Auditing Commission shall be arranged in the form of joint presence. An in-absentia session shall also be possible.

8.12. In case a member of the Auditing Commission cannot participate in an in-presentia session, he/she shall be able to express opinion by filling-in a questionnaire on all agenda issues and submit it to the Chairperson of the Auditing Commission. A questionnaire shall be received by the Chairperson of the Auditing Commission no later than 1 (One) working day prior to the session.

8.13. Opinions of missing members of the Auditing Commission expressed via questionnaires shall be announced by the Chairperson during a session and be recorded in a session protocol.

8.14. A meeting of Auditing Commission in the form of joint presence shall include the following stages:

- 1) opening of a meeting by Chairman of Auditing Committee;
- 2) defining quorum of a meeting;
- 3) announcing agenda;
- 4) delivering speeches, reports and accounts on agenda issues, their consideration;
- 5) formulating by Chairman of Auditing Commission of the Company of a draft decision on agenda items;
- 6) voting on agenda items;
- 7) summing up the results of voting;
- 8) announcing decisions of Auditing Commission on agenda items.

8.15. A meeting of Auditing Commission carried out through questionnaires shall include the following stages:

- 1) receiving and counting of questionnaires from members of Auditing Commission by the date specified in a questionnaire for absentee voting;
- 2) defining quorum of a meeting of Auditing Committee;
- 3) counting votes presented by questionnaires and summing up the results of voting;
- 4) drawing up minutes of a meeting of Auditing Committee.

8.16. Meeting of the Auditing Commission, arranged prior to any audit, shall review the following issues related to the preparation and arrangement of an audit:

- 1) Determination of an audit object (accounting and statistics reporting, etc.);
- 2) Procedure, terms and volume of an audit;
- 3) Approval of audit program;
- 4) Determination of the list of information and materials required for an audit, means and acquisition sources;

5) Determination of the list of persons that have to be engaged into an audit (comments, explanations and clarification);

6) Determination of a date for meeting of Auditing Commission related to the audit results;

7) Selecting a member of the Auditing Commission responsible for the preparation of a draft of act of the Auditing Commission, report to meeting Auditing Commission related to audit results;

8) Solution of other issues.

Meeting of the Auditing Commission related to the preparation and arrangement of an audit may be held via an in-absentia.

8.17. Meeting of the Auditing Commission, arranged to sum up an audit, shall review the following issues:

1) Discussion of information obtained during an audit and acquisition resources;

2) Summation of audit results;

3) Summation of conclusions and preparation of proposals based on audit results;

4) Approval and signing of an act of the Auditing Commission, report based on audit results;

5) Decision-taking on instructions of the Auditing Commission;

6) Determination and analysis of reasons resulted in violations of the Russian legislation and Charter as well as discussion of their possible elimination and prevention in future;

7) Decision-taking related to addressing Company's management bodies, officers and head of HQ structural units on the elimination of violations revealed by an audit; recommendations related to responsibilities applied to violators;

8) Other issues related to summation of an audit.

8.18. Members of the Auditing Commission, participating in a session and possessing an opinion that differs from opinion approved during a session, shall be entitled to prepare a special opinion. It shall be an integral part of a protocol.

8.19. A member of the Auditing Commission, revealing violations of the Russian legislation, Charter and other internal documents in the course of the Company's operations shall be obliged to forward a written application to the Chairperson describing the nature of violations and guilty persons within 3 (Three) working days since the revelation.

8.20 At a meeting of Auditing Committee, Secretary of Auditing Commission shall keep minutes.

8.21 A protocol shall contain:

- 1) Date, time and location of a session (tally of votes);
- 2) List of members of the Auditing Commission and persons participating in a session;
- 3) List of members of the Auditing Commission voting via questionnaires;
- 4) Information on a session quorum;
- 5) Issues included into session agenda;
- 6) Key statements from presentations and reports on the agenda issues (only for sessions in the form of joint presence);
- 7) Information on special opinions from members of the Auditing Commission;
- 8) Issues put to voting and voting results;
- 9) Resolutions adopted by the Auditing Commission.

8.22. Minutes of a meeting of the Auditing Commission shall be drawn up in two copies within 5 (five) working days after a meeting (summing up the results of an absentee voting) and signed by Chairman and Secretary of the Auditing Committee.

8.23. A protocol shall also contain materials (reports, acts and other documents) that helped during decision-taking.

8.24 In cases when issues were approved via questionnaires, questionnaires from members of the Auditing Commission shall be attached to a protocol.

8.25 Copies of protocols the Auditing Commission shall be sent (submitted) to all members of the Auditing Commission

8.26. The original copy of a protocol shall be kept by the Secretary of the Auditing Commission.

The second copy of a protocol shall be kept by the Company. The Company shall be obliged to keep protocols of the Auditing Commission and ensure access to it upon shareholder's queries.

9. Procedure for Carrying out of Auditing

9.1 The Company's economic and financial operations shall be audited after the year end as well as upon the initiative of the Audit Commission, resolutions of General Meeting of Shareholders, BoD or on the request from a shareholder/ shareholders owing no less than 10% of the voting shares.

9.2 A scheduled check of financial and economic activity of the Company shall be carried out according to the approved Activity Plan of Auditing Committee.

9.3 An extraordinary check of financial and economic activity of the Company shall be carried out:

- 1) on the basis of a decision of Auditing Committee;
- 2) on the basis of a decision of General meeting of shareholders of the Company, Board of Directors;
- 3) on demand of the Company's shareholders (shareholder) holding in total no less than 10 (ten) percent of the Company's voting shares.

9.4. Unless otherwise stated by a resolution of the Audit Commission or General Shareholders Meeting on an unscheduled audit, a meeting of the Audit Commission, subject to arrangement according to item 8.16 hereof, shall be arranged within 30 (Thirty) working days since the date when a written request or a resolution stipulated in item 9.3 hereof is received.

9.5. The Company's economic and financial operations shall be audited according to the audit plan and resolutions adopted on meetings of the Audit Commission.

9.6. During the audit the following activities shall be performed:

- 1) Inspection of financial, accounting, payment and settlement and other documentation related to economic and financial operations of the Company to see whether it complies with the Russian legislation, Charter, internal and other documents of the Company;

- 2) Inspection and analysis of the Company's financial status, paying capacity, functioning of the internal control and risk management system, asset liquidity, equity/debt ratio, correctness and timeliness of accrual and pay-out of interest on bonds, income on other securities;

- 3) Control over expenses according to the approved business plan and budget of the Company;

- 4) Control over the generation and usage of the Company's reserve and special funds;

- 5) Control over timeliness and correctness of settlement operations with contractors and budget as well as settlement operations related to wages, social insurance, accrual and pay-out of dividends and other settlement operations;

- 6) Control over the observation of a writing-off process;

- 7) Control of economic operations of the Company under concluded contracts;

- 8) Control over the observation of contracts, norms and standards, approved estimates and other documents regulating the Company's operations;

- 9) Control over preservation and usage of fixed assets;

- 10) Inspection of a pay office and property of the Company, efficiency of usage of assets and other resources, revelation of reasons for non-economic losses, identification of reserves for the improvement of financial status;

- 11) Control over the execution of instructions related to the elimination of violations revealed by the Audit Commission;

- 12) Elaboration of recommendations for Company's management bodies;
- 13) Other measures related to an audit of financial and economic operations of the Company.

10. Invitation of Experts

10.1 According to resolution on carrying out of a check (auditing), Auditing Commission shall be entitled to attract specialists of the corresponding areas (Law, Economics, Finance, Accounting, Management, Economic Security, etc.), including specialized companies, to carry out a check (auditing).

10.2. Both natural persons and legal entities (specialized companies) may act as experts. Specialized companies shall be engaged in an order stipulated by the current legislation and internal documents of the Company stipulating procurement activities

10.3. A resolution on the required invitations of experts shall be adopted by members of the Auditing Commission during meetings of the Auditing Commission.

10.4. A resolution shall be supported by a protocol of the Auditing Commission stipulating reasons for expert engagement.

10.5. Upon the adopted resolution the Chairperson of the Auditing Commission shall ensure the inclusion of the corresponding issue to a BoD agenda.

11. Documents prepared by the results of audits performed by the Audit Commission

11.1. Final documents of the Audit Commission after audit shall be an act of the Audit Commission, report and instruction.

11.2. After each audit the Audit Commission shall prepare an act. An act shall contain three parts: introduction, analysis and summary.

11.2.1 The introduction of an AC act shall contain:

- 1) Title of the document – “Act of the Audit Commission of Open joint stock company of power industry and electrification of Kuban”;
- 2) Date and place of preparing of an act;
- 3) Date (period) and location of an audit;
- 4) Reasons for audit (resolution of the Audit Commission, General Meeting of Shareholders, BoD and shareholders (shareholder);
- 5) Audit objective (determination of legitimacy of the Company's operations, authentication of accounting and other documents, compliance with the Russian legislation, etc.);

6) Audit object (certain business lines, financial and economic documents, including accounting and statistics reporting, etc.);

7) List of requirements on the delivery of information announced during audits to management bodies, heads of structural units and subdivisions, branches and representative offices of the Company;

8) Refusals to deliver information and reasons for non-delivery;

9) Information on written explanations from the sole executive bodies, BoD members and employees of the Company;

10) Information on the engagement of experts to activities the Audit Commission on in various spheres that are not employees of the Company as well as information on conclusion and execution of contracts with them;

11) List of regulatory acts and other documents regulating the Company's operations that were used during audits.

11.2.2 Analytical part of an act of the Audit Commission shall include the objective assessment of an object under study and contain:

1) General results of an audit of accounting statements and other documents describing financial and economic operations of the Company;

2) Description of violations of local regulatory documents, conditions of contracts and transactions, failures to execute resolutions of management bodies committed by the Company;

3) Information on violations of accounting procedures as well as procedures related to financial and economic operations.

11.2.3 Summary of an act shall contain reasoned conclusions of the Audit Commission after audits.

11.3. After authenticity assessment of the Company's annual report and accounting statements the Audit Commission shall prepare a report consisting of 2 parts: introduction and conclusion.

11.3.1. The introduction shall include:

1) Title of a document – “A report of the Audit Commission of Open joint stock company of power industry and electrification of Kuban”;

2) Date and location of a report;

3) Date and location of an audit;

4) A reason for an audit (a resolution of the Audit Commission);

5) Audit objective (authentication of accounting statements and other documents, compliance with the Russian legislation, etc.);

6) Audit object (financial and economic documents, including accounting and statistics reporting, etc.).

11.3.2. The conclusion of a report of the Audit Commission shall contain:

- 1) Authentication of information contained in the Company's annual report and annual financial statements;
- 2) Information on violations of accounting procedures as well as procedures related to financial and economic operations.

11.4. In case the Audit Commission reveals violations it shall prepare an instruction for the sole executive body containing recommendations and proposals related to the elimination of reasons and consequences for violating the Russian legislation, Charter and internal documents of the Company, conditions of the contracts and transactions, executing economically unjustified and non-efficient economic and financial operations as well as failure to execute solutions adopted by management bodies of the Company that were revealed during an audit.

11.5. An act or report of the Auditing Committee shall be prepared in 3 copies within 10 (Ten) working days since an audit and be signed by all members of the Auditing Committee participating in an audit on meeting of the Auditing Committee after an audit.

11.6. Experts engaged into an audit shall not sign an act or report, though expert materials shall be attached to an act or report.

11.7. One copy of an act or report shall be kept by the Secretary of the Auditing Committee, one copy shall be forwarded to the BoD Chairperson, the last one shall be forwarded to the sole executive body of the Company.

11.8. An instruction of the Auditing Committee shall be prepared in 2 copies within terms stipulated by the Audit Commission on an AC session after an audit and shall be signed by the Chairperson of the Auditing Committee.

11.9. One copy of an instruction shall be kept by the Secretary of the Auditing Committee, another copy shall be forwarded to the sole executive body of the Company.

11.10. The Company shall be obliged to keep acts of the Auditing Committee, reports and instructions and provide access to them in an order stipulated by the legislation and internal documents of the Company