

Approved by  
resolution of annual General Meeting of Shareholders  
of IDGC of the South JSC  
Minutes of meeting No.11 dated 25.06.2014  
Chairperson of the AGM:  
\_\_\_\_\_Airapetyan A.M.

**Regulations**  
**on the Auditing Committee of Open joint stock company**  
**Interregional Distribution Grid Company of the South**  
**(restated)**

Rostov-on-Don, 2014

## **1. General Provisions**

1.1. The Regulations on Auditing Committee of Open joint stock company Interregional Distribution Grid Company of the South (hereinafter referred to as “the Regulations”) is an internal document of IDGC of the South (hereinafter referred to as “the Company”) and is prepared in accordance with Federal Law “On Joint Stock Companies” and Company’s Charter and shall determine the objectives and procedures of Auditing Committee, arrange its interaction with the Company management and heads of structural departments and subdivisions.

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

- 1) legality, feasibility and effectiveness (practicability) of economic and financial transactions made 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 Committee 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 Committee of the Company shall be independent of management body officials of the Company.

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

1.6. In its activity, Company’s Auditing Committee shall be guided by legislation of the Russian Federation, Charter of the Company, and these 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 Committee of the Company**

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

- 1) control of 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 Committee**

3.1. The Audit Committee shall be elected by the General Shareholder Meeting for a period until the next AGM of Shareholders according to procedure specified in the Federal law “On joint stock companies” and Company’s Charter. In case the Audit Committee is elected by the Extraordinary General Shareholder Meeting, members of the Auditing Committee shall be considered elected for a period until the Annual General Meeting of Shareholders.

3.2. According to the Company’s Charter the Audit Committee shall consist of 5 (five) persons (members of the Audit Committee).

3.3. Shareholders of the Company, while making their proposals on the nomination of candidates to Auditing Committee, shall 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 these Regulations.

3.4. A member of the Auditing Committee shall be entitled to voluntarily resign at any time by submitting a written notification to the Chairperson of Auditing Committee.

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

3.6. The Chairperson of the Auditing Committee shall mandatory trigger the issue of termination of powers of a member of the Auditing Committee in case of the latter committing unfair acts or causing harm to the Company:

- 1) destruction, intentional damage 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 a member of Auditing Committee, the powers of the rest of members shall not be terminated.

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

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

- 1) higher economic, financial or legal education;
- 2) internal audit and control bodies experience;
- 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 Committees in other legal entities;
- 2) not to include Company's employees to the list of candidates.

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

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

#### **4. Chairperson and Secretary of the Auditing Committee**

4.1 Chairperson of the Auditing Committee shall be elected by members of the Auditing Committee of the Company from among themselves by a majority vote of the total number of elected members of the Auditing Committee of the Company. Members of the Auditing Committee of the Company shall be entitled

at any time to re-elect Chairperson of the Auditing Committee by a majority vote of the total number of elected members of the Auditing Committee of the Company.

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

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

4.4 Chairperson of the Auditing Committee shall:

- 1) convene and hold meetings of the Auditing Committee;
- 2) approve the agenda of meetings of the Auditing Committee, deal with issues related to preparation and holding of meetings of the Auditing Committee;
- 3) arrange routine work of the Auditing Committee;
- 4) represent the Auditing Committee at General Shareholder Meeting and meetings of the BoD;
- 5) sign minutes of meetings of the Auditing Committee and other documents of the Auditing Committee.

4.5. Secretary of the Auditing Committee shall:

- 1) arrange the recording of meeting of Auditing Committee;
- 2) ensure timely informing of Company's management bodies on audit results by forwarding acts and resolutions of the Auditing Committee according to the requirements hereof;
- 3) prepare and sign protocols of the Auditing Committee;
- 4) arrange the records-keeping activities and custody of documents prepared by the Auditing Committee;

- 5) arrange the submission of notifications on sessions of the Auditing Committee, scheduled and unscheduled audits to members;
- 6) perform other functions stipulated by these Regulations.

### **5. The Rights and obligations of the Auditing Committee**

5.1. The Audit Committee shall be entitled to:

- 1) independently determine audit methods and forms governed by the Russian legislation in force and these Regulations;
- 2) check documentations on economic and financial operations of the Company, availability of money and securities;
- 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 that ordered to conduct an audit;
- 6) request written explanations on issues arising during an audit from 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) give 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 these Regulations;

11) make proposals to authorized persons on the use of remedies stipulated by the Russian legislation in cases when the Audit Committee 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 Committee 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, General Meeting and BoD resolution or request from a shareholder owning 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 convenion of a General Meeting 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 (forty five) days prior to the Annual General Shareholder Meeting.

5.3. The Chairperson and members (member) of the Auditing Committee, 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 Committee shall not be able to delegate authorities to other persons, including upon proxy.

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

1) participate in meetings of the Auditing Committee 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 Committee shall be responsible according to 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) for other cases stipulated by the Russian legislation and these 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 Committee, 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 Committee;
- 3) study the resolutions of the Audit Committee.

## **7. Arrangement of activity of the Auditing Committee**

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

7.2. The first meeting of the Auditing Committee 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 Committee. The first



meeting of the Auditing Committee should review issues on the election of the Chairperson and Secretary of the Auditing Committee.

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

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

7.5. Activity Plan of the Auditing Committee 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 Committee 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 the Auditing Committee 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 Committee of the Company.

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

## **8. The Procedure for arrangement of Meetings of the Auditing Committee**

8.1. Meetings of the Auditing Committee 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 Committee 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 Chairperson of the Auditing Committee of the Company when preparing meeting of the Auditing Committee shall:

- 1) fix the date, time and place of the meeting (results of voting by questionnaire);
- 2) select the form of the meeting (joint presence, voting by questionnaires);
- 3) approve (sign) the agenda of the meeting
- 4) defining a list of information and data necessary for discussion of agenda items;
- 5) make list of officials invited to participate in the meeting of Auditing Committee;
- 6) deal with other issues related to preparation to meeting of Auditing Committee.

8.4. Members of the Auditing Committee shall be notified on meeting of the Auditing Committee by the Secretary of the Auditing Committee in a written form not later than 10 (ten) working days prior to the session date. In case of voting by questionnaires stipulated hereof members of the Auditing Committee shall obtain agenda materials and questionnaires alongside with the notification not later than 15 (fifteen) working days prior to the counting of votes.

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

8.6. Members of the Auditing Committee 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 Committee invited persons and engaged experts shall be able to participate in meetings of the Auditing Committee.

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

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

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 the Auditing Committee shall have one vote. In case of equality of votes, the vote of Chairperson of the Auditing Committee shall be the casting one.

8.11. Meeting of the Auditing Committee 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 Committee 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 Committee. A questionnaire shall be received by the Chairperson of the Auditing Committee no later than 1 (one) working day prior to the session.

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

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

- 1) opening of a meeting by Chairperson of the 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 Chairperson of the Auditing Committee 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 the Auditing Committee on agenda items.

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

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

8.16. Meeting of the Auditing Committee, 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 the Auditing Committee related to the audit results;
- 7) selecting a member of the Auditing Committee responsible for the preparation of a draft of act of the Auditing Committee, report to meeting Auditing Committee related to audit results;
- 8) solution of other issues.

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

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

- 1) discussion of information obtained during an audit and acquisition resources;
- 2) audit results;
- 3) conclusions and preparation of proposals based on audit results;

- 4) approval and signing of an act of the Auditing Committee, report based on audit results;
- 5) decision-taking on instructions of the Auditing Committee;
- 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 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 Committee, 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 Committee, 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. The Chairperson is obliged to convene within 10 (ten) days extraordinary meeting in the form of joint presence after receiving information on revealed violations.

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

8.21. Minutes of meeting shall contain:

- 1) date, time and location of a session (voting results);
- 2) list of members of the Auditing Committee and persons participating in a session;
- 3) list of members of the Auditing Committee 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 Committee;

8) issues put to voting and voting results;

9) resolutions adopted by the Auditing Committee.

8.22. Minutes of meeting of the Auditing Committee 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 Chairperson and Secretary of the Auditing Committee.

8.23. Minutes of meeting 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 Committee shall be attached to a protocol.

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

8.26. The original copy of a protocol shall be kept by the Secretary of the Auditing Committee. The second copy of a protocol shall be kept by the Company. The Company shall be obliged to keep protocols of the Auditing Committee 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 Committee, 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 the 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 the 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 Committee or General Shareholders Meeting on an unscheduled audit, a meeting of the Audit Committee, 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 Committee.

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

1) check 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) of 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) check 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 Committee;
- 12) elaboration of recommendations for Company's management bodies;
- 13) other activities (events) related to an audit of financial and economic operations of the Company.

## **10. Invitation of Experts**

10.1 The Auditing Committee is entitled to invite specialists (experts) to participate in its activity on the basis of concluded contracts between such specialists and the Company. Terms of the contracts with invited specialists (experts) that are not members of the Auditing Committee shall be approved by resolution of the Board of Directors.

10.2. Both natural persons and legal entities (specialized companies) may act as specialists (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 Committee during meetings of the Auditing Committee.

10.4. A resolution shall be supported by minutes of meeting of the Auditing Committee stipulating reasons for expert engagement.

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



## **11. Documents prepared by the results of audits performed by the Audit Committee**

11.1. Final documents of the Audit Committee after audit shall be an Act of the Audit Committee, Report of the Audit Committee and Instructions from the Audit Committee.

11.2. After each audit the Audit Committee shall prepare an Act. The Act shall consist of three parts: introduction, analysis and summary.

11.2.1 The introduction of the Act of Audit Committee act shall contain:

- 1) title of the document – “Act of the Audit Committee of Open joint stock company Interregional Distribution Grid Company of the South”;
- 2) date and place of preparing of such Act;
- 3) date (period) and location of audit;
- 4) reasons for audit (resolution of the Audit Committee, 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 activities, 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 Committee 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 the Act of the Audit Committee 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 the Act shall contain reasoned conclusions of the Audit Committee after audit.

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

11.3.1. The introduction shall include:

- 1) title of a document – “Report of the Audit Committee of Open joint stock company Interregional Distribution Grid Company of the South”;
- 2) date and location of a report;
- 3) date and location of an audit;
- 4) reason for an audit (a resolution of the Audit Committee);
- 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 report of the Audit Committee shall contain:

- 1) authentication of information contained in the Company's annual report and annual accounting (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 Committee 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 resolutions 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 (three) 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, and 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 (two) copies within terms stipulated by the Audit Committee 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