

Approved  
by the Board of Directors of  
JSC SIBUR Holding (ОАО «СИБУР Холдинг»)  
Minutes No. 163 dated April 25, 2013.

# **REGULATION ON THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF JSC SIBUR HOLDING**

(Version No. 6)

***Saint-Petersburg***  
**2013**

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## **1. GENERAL PROVISIONS**

- 1.1. The Regulation on the Audit Committee of the Board of Directors of Joint Stock Company SIBUR Holding (hereinafter – the **Regulation**) was elaborated in accordance with the applicable laws of the Russian Federation, Articles of Association of JSC SIBUR Holding (hereinafter – the **Company**), Regulation on the Board of Directors of the Company, and other internal documents of the Company.
- 1.2. The Audit Committee of the Company's Board of Directors (hereinafter – the **Committee**) was formed for the purposes of analysis of effective operation of the internal control system and managing risks in the Company, internal and external audit in the Company and making recommendations to the Board of Directors under adoption of decisions on the abovementioned issues.
- 1.3. The Committee facilitates implementing an effective system of control over the Company's financial and economic activities and ensures actual participation of the Board of Directors in control of the Company's financial and economic activities.
- 1.4. The Committee is accountable to the Company's Board of Directors.
- 1.5. The Committee shall perform its activities within the powers granted to it by the Board of Directors in accordance with this Regulation.
- 1.6. The Committee shall perform its activities in accordance with the applicable laws of the Russian Federation, Articles of Association of the Company, Regulation on the Board of Directors of the Company, this Regulation and other internal documents of the Company which are approved by the General Meeting of Shareholders and Board of Directors as well as by resolutions of the Committee.

## **2. PURPOSES AND TASKS OF THE COMMITTEE**

- 2.1. The main purpose of the Committee is to analyze and give recommendations to the Company's Board of Directors on issues related to:
  - 2.1.1. conduction of annual independent exterior audit of the Company's financial (accounting) statements or other statements, including consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS);
  - 2.1.2. qualification level of the Company's Auditor, quality of services provided by such Auditor, and compliance by the Auditor with requirements to independent activities;
  - 2.1.3. improvement of the internal control system and managing risks in the Company;
  - 2.1.4. estimation of efficiency of the internal control system for the Company's financial and economic activities and preparation of offers on its improvement.
- 2.2. In accordance with the purposes specified in cl. 2.1 the Committee shall fulfill the following tasks:
  - 2.2.1. consideration of candidates to the position of the Company's Auditor both for conduction of audit of financial (accounting) statements or other statements prepared in pursuance of the laws of the Russian Federation and consolidated financial statements prepared in pursuance of the IFRS;
  - 2.2.2. assessment of the Auditor's opinion, including opinion on consolidated financial statements prepared in pursuance of the IFRS;
  - 2.2.3. analysis of managing risks in the Company and preparation of recommendations on improvement of the system.
- 2.3. The Committee is provided with powers and it is also obliged to give recommendations to the Board of Directors with respect to appointment of the Company's Auditor with its further approval by the General Meeting of Shareholders of the Company.
- 2.4. On the basis of its powers the Committee shall cooperate with the Company's Auditor, Revision Committee, Sole Executive Body, Accounting Department as well as with the Company's authorized profile department which control the Company's financial and economic activities.
- 2.5. In the event that functions of the Company's authorized profile department are performed by the Managing Company, the Committee shall cooperate with such Managing Company.

## **3. SCOPE OF FUNCTIONS OF THE COMMITTEE**

- 3.1. For the purposes of reliable and independent informing of members of the Board of Directors, the Committee shall, in accordance with the duties assigned thereto and specified in clause 2 hereof, shall perform the following functions:
- 3.1.1. preparation of recommendations for the Company's Board of Directors with respect to a candidate to the position of the Company's Auditor for conduction of audit of financial (accounting) statements or other statements prepared in pursuance of the laws of the Russian Federation and consolidated financial statements prepared in pursuance of the IFRS; such candidate shall be thereafter approved by the General Meeting of Shareholders of the Company;
  - 3.1.2. analysis and consideration with the Company's Auditor of material issues arising during conduction of independent external audit of the Company;
  - 3.1.3. giving recommendations to the Board of Directors on the maximum fee to be paid to the Company's Auditor, type and scope of its services;
  - 3.1.4. discussion with the Company's Auditor of plans and scope of audit of financial statements, arrangement of its work;
  - 3.1.5. giving recommendations to the Company's Sole Executive Body on engagement of the Company's Auditor into rendering non-audit services;
  - 3.1.6. consideration of opinion of the Company's Auditor before it is submitted to shareholders at the General Meeting of Shareholders;
  - 3.1.7. consideration of the list of the most important, in the Auditor's opinion, explanations made to accounting records of the Company according to the results of audit;
  - 3.1.8. agreement on a candidate for the director of the authorized profile department which controls the Company's financial and economic activities;
  - 3.1.9. consideration of working plans for the Company's authorized profile department which controls the Company's financial and economic activities, as well as of reports on performance of such plans;
  - 3.1.10. preliminary examination of the Company's draft internal documents which regulate the internal control procedures and work of the authorized profile department which controls the Company's financial and economic activities;
  - 3.1.11. examination of the internal control system of the Company, consideration of communications provided by the authorized profile department on material violations which were detected by such department during inspections of the Company's financial and economic activities;
  - 3.1.12. estimation of efficiency of the internal control system in the Company, preparation of offers on improvement of the internal control procedures;
  - 3.1.13. preliminary examination of annual and quarterly financial statements of the Company;
  - 3.1.14. examination of annual report on the Company submitted for preliminary approval by the Company's Board of Directors and by the General Meeting of Shareholders; giving recommendations to the Company's Board of Directors on the results of examination of such report;
  - 3.1.15. giving recommendations to the Company's Board of Directors on amount of dividends on shares and procedure for their payment;
  - 3.1.16. discussion with the Sole Executive Body, Chief Accountant, director of the authorized profile department of accounting issues and other issues and matters which may have a negative impact on the Company's financial statements;
  - 3.1.17. giving oral and written opinions (recommendations) by request of the Board of Directors, as well as on certain issues within the Committee's competence – at its own initiative - and provision of the Company's Board of Directors with report on the Committee's activities for a year;
  - 3.1.18. observation of scope of audit procedures and estimation of reliability and independence of the Company's Auditor. At that the Committee's activities shall not restrict freedom and independence of evaluation made by the Company's Auditor and shall facilitate providing of the Board of Directors with full and reliable information on the detected problems;

- 3.1.19. examination of written reports, memorandums and communications provided by the Company's Revision Committee with respect to violations detected for the corresponding period of the Company's activities; preparation of recommendations for the Board of Directors on methods of prevention of such violation in the future;
  - 3.1.20. preliminary examination of the Company's draft internal documents which regulate the managing risks in the Company;
  - 3.1.21. preliminary examination of documents on agenda of meetings of the Board of Directors related to internal control, managing risks, internal and external audit of the Company;
  - 3.1.22. estimation of efficiency of the managing risks system and preparation of offers on its improvement;
  - 3.1.23. examination and analysis of regular reports of the authorized profile department on the situation with managing risks, types (chart) of risks.
- 3.2. The Committee's members are entitled:
- 3.2.1. to control and check performance of resolutions and instructions of the Board of Directors with respect to the Committee's powers;
  - 3.2.2. to hear reports of the director of the authorized profile department and Chief Accountant on progress in performance of resolutions of the Board of Directors with respect to the Committee's powers;
  - 3.2.3. to request and obtain necessary information in accordance with the procedure established by the Company from the Sole Executive Body, members of the Revision Committee, director of the authorized profile department, director of the authorized profile department of the Managing Company, Chief Accountant and Auditor of the Company;
  - 3.2.4. to give recommendations to the Sole Executive Body with respect to appointment and dismissal of the director of the authorized profile department of the Managing Company;
  - 3.2.5. to consider working plans of the authorized profile department of the Managing Company, make remarks and offers to such plans, as well as to consider reports of the department prepared on the results of working at the Company for a year;
  - 3.2.6. to prepare offers on making amendments and additions to this Regulation;
  - 3.2.7. upon necessity, to prepare draft documents governing the Committee's activities and to submit such documents to the Board of Directors for approval;
  - 3.2.8. to have other rights, prescribed by the Article of Association and internal documents of the Company, which are necessary to perform duties by the Committee.
- 3.3. The Committee's members are obliged:
- 3.3.1. to perform their duties duly and reasonably in the interests of the Company;
  - 3.3.2. to spend necessary time on effective performance of their duties;
  - 3.3.3. to inform the Chairman of the Committee on any interest in the solution of an issue put to the Committee for consideration, refrain from participation in voting on such issues;
  - 3.3.4. to keep confidentiality of information which became known or available as a result of their activities at the Committee.

#### **4. MEMBERS OF THE COMMITTEE AND THEIR ELECTION**

- 4.1. The Committee is elected from members of the Board of Directors, at least 3 persons, at the first meeting of the Board of Directors for a period until members of the Board of Directors are re-elected.

In the event that at the first meeting of the Company's Board of Directors the Committee is not formed or not fully formed, the issue of formation of the Committee shall be put on agenda for a regular meeting of the Board of Directors.

Decision on election of members of the Committee shall be taken by a simple majority of votes of members of the Company's Board of Directors who are present at the meeting. The member of the Board of Directors who is the Sole Executive Body of the Company (sole executive body of the managing company) and/or member of the Company's Management Board may not be elected as a member of the Committee.

At least one independent director shall be elected to the Audit Committee. Criteria of independence of members of the Board of Directors are determined by the Code of Corporate Conduct approved by the Company's Board of Directors.

- 4.2. If a member of the Board of Directors is elected to the Committee as an independent member and as a result of some circumstances it ceases to meet independence criteria prescribed by the Code of Corporate Conduct it shall inform the Company's Board of Directors on loss of such status within 3 (three) business days from the date of loss of the status of an independent member of the Committee.
- 4.3. Members of the Committee may be elected unlimited number of times.
- 4.4. All or some members of the Committee may be early dismissed in the following events:
  - 4.4.1. resignation of a member of the Committee. A member of the Committee may resign having notified the Chairman of the Board of Directors and Chairman of the Committee thereon through sending respective written statement 20 (twenty) business days before the date of resignation;
  - 4.4.2. expiration of the term or termination of powers of a member of the Company's Board of Directors being a member of the Committee;
  - 4.4.3. adoption of decision by the Company's Board of Directors on termination of powers of a member of the Committee.
- 4.5. In case of termination of powers of a member of the Committee on the basis of cl. 4.4.1. hereof the Board of Directors shall elect a new member of the Committee at the nearest meeting but not later than 20 (twenty) business days from the date of receipt by the Chairman of the Board of Directors of a written statement on resignation. Before that the Committee's member who filed a resignation statement shall continue to perform his / her duties in full.
- 4.6. In case of termination of powers of a member of the Committee on the basis of cl. 4.4.2 hereof the Board of Directors shall elect a new member of the Committee in accordance with the procedure prescribed by cl. 4.1. hereof.
- 4.7. In case of termination of powers of a member of the Committee on the basis of cl. 4.4.3 hereof the Board of Directors shall elect a new member of the Committee within 20 (twenty) business days from the date of dismissal.
- 4.8. After election of a new member (members) of the Committee under cl. 4.5. and 4.7. hereof the Chairman of the Committee shall within 7 (seven) business days hold a meeting with the new member of the Committee and explain the Committee's functions and work procedure.
- 4.9. Under election of members of the Committee those candidates who have higher education in the sphere of finances, jurisprudence, economy and management as well as who have experience of work on financial and managing positions are preferred.
- 4.10. Specialties of the legal status of the Chairman of the Committee and Secretary of the Committee are indicated in articles 5 and 6 hereof.

## **5. CHAIRMAN OF THE COMMITTEE**

- 5.1. The Chairman of the Committee shall be elected among its members by the Company's Board of Directors. If there are independent directors among members of the Company's Board of Directors the Chairman of the Committee shall be elected from such independent directors. The Chairman of the Committee shall be elected at the first meeting of the newly formed Board of Directors. Decision on the election of the chairman of the Committee shall be adopted by a simple majority of votes of members of the Board of Directors who are present at the meeting. The Board of Directors is entitled to re-elect the Chairman of the Committee by majority of votes of members of the Board of Directors.
- 5.2. The Chairman of the Committee arranges activities of the Committee, particularly:
  - 5.2.1. convenes meetings of the Committee and chairs at such meetings;
  - 5.2.2. according to the results of discussion with members of the Committee, the Chairman of the Committee determines agenda for meetings of the Committee, as well as list of issues for report of the director of the authorized profile department and Chief Accountant in pursuance of cl. 3.2.2. of this Regulation;
  - 5.2.3. arranges discussion of issues on agenda at the Committee's meetings;

- 5.2.4. maintains stable contacts with the Company's Sole Executive Body, Board of Directors, Auditor, Revision Committee, authorized profile department and Chief Accountant in order to obtain full and reliable information which is needed to take decisions by the Committee, and provide their effective interaction with the Company's Board of Directors;
- 5.2.5. interacts with the Secretary of the Committee on issues of the Committee's activities;
- 5.2.6. allocates duties between members of the Committee;
- 5.2.7. prepares a plan of regular meetings for the current year considering plan of meetings of the Company's Board of Directors;
- 5.2.8. at least 1 (once) a year and at any time by request of the Board of Directors the Chairman of the Committee shall report on the results of the Committee's activities to the Board of Directors;
- 5.2.9. performs other functions which are provided by the applicable laws, Articles of Association of the Company, this Regulation and other internal documents of the Company.

## **6. SECRETARY OF THE COMMITTEE**

- 6.1. The functions of the Secretary of the Committee are performed by the Secretary of the Board of Directors.
- 6.2. The Secretary of the Committee:
  - 6.2.1. ensures preparation and holding of meetings of the Committee, collection and systematization of materials for meetings, timely notification of members of the Committee and invited persons on meetings, agenda, materials on agenda issues, making records on meetings, execution of draft resolutions of the Committee;
  - 6.2.2. by instruction of the Chairman of the Committee the Secretary shall make reports on the Committee's current activities and reports on the Committee's activities for a year;
  - 6.2.3. ensures obtainment by all members of the Committee of all necessary information, control of fulfillment of instructions indicated in minutes and resolutions of the Committee, current keeping of all materials reviewed by the Committee and their further handover for constant keeping, maintenance of database on issues falling within the competence of the Committee;
  - 6.2.4. upon necessity the Secretary of the Committee shall provide members of the Board of Directors and officers of the Company with explanations on activities of the Committee, its powers, members and procedure for cooperation with the Board of Directors, assist in execution of documents submitted to the Committee;
  - 6.2.5. provides information on the Committee's activities at the request of officers of the Company;
  - 6.2.6. fulfills instructions of the Chairman of the Committee with respect to arrangement of the Committee's activities and its cooperation with the Board of Directors, Sole Executive Body, Management Board of the Company and other functional departments.
- 6.3. The Secretary of the Committee shall ensure timely and regular updating of information on the Committee's activities which was published on the web-page of the Company's internal network (intranet) with due consideration of the Company's internal documents approved by the General Meeting of Shareholders and Board of Directors and applicable laws.

## **7. TERMS AND PROCEDURE FOR CONVENING MEETINGS OF THE COMMITTEE**

- 7.1. Each first meeting of the Committee with new members shall be held within 30 (thirty) business days from the date of holding of the first meeting of the Company's Board of Directors with new members at which members and the Chairman of the Committee were elected.
- 7.2. Meetings of the Committee are held on schedule approved by the Committee but at least 4 (four) times a year as well as by request of persons indicated in cl. 8.1. hereof.
- 7.3. Decision on convening a regular meeting of the Committee, its date, time and place as well as agenda issues and list of persons who are invited to the meeting shall be adopted by the Chairman of the Committee in accordance with the schedule on regular meetings of the Committee.

Decision on convening an extraordinary meeting of the Committee, its date, time and place as well as agenda issues and list of persons who are invited to the meeting shall be adopted by the Chairman of the Committee on the basis of offers of persons indicated in cl. 8.1. hereof.

- 7.4. Notice on holding a meeting of the Committee shall be executed by the Secretary of the Committee and sent to all members of the Board of Directors, including those who are not members of the Committee, as well as to persons who attend meeting, in pursuance of the requirements of the Regulation on the Board of Directors, Article "Procedure for Convening and Holding of Meetings of the Board of Directors", at least 5 (five) business days before the date of holding of such meeting. The notice shall indicate:
  - 7.4.1. date, time and place of holding the meeting (date of receipt of filled questionnaires from members of the Committee in case of absentee voting);
  - 7.4.2. type of the meeting (joint presence or absentee voting);
  - 7.4.3. agenda.
- 7.5. The Secretary of the Committee sends materials on agenda and questionnaire containing draft decisions on agenda issues (in case of absentee voting) to members of the Committee by email at least 3 (three) business days before the date of holding the meeting.
- 7.6. Preparations to a meeting of the Committee shall be made by the Secretary of the Committee under direction of the Chairman of the Committee.
- 7.7. The procedure for convening an extraordinary meeting of the Committee is described in article 8 of this Regulation.

## **8. EXTRAORDINARY MEETINGS OF THE COMMITTEE**

- 8.1. An extraordinary meeting of the Committee may be held by decision of the Chairman of the Committee, by request of any member of the Committee, Board of Directors, Management Board, Revision Committee, Sole Executive Body or Auditor of the Company.
- 8.2. Persons who are entitled to request convening an extraordinary meeting of the Committee in accordance with cl. 8.1. hereof shall send the respective request to the Secretary of the Committee at least 15 (fifteen) business days before the assumed date of holding of such extraordinary meeting. The request shall contain:
  - 8.2.1. name (full name) of the person who is convening the meeting;
  - 8.2.2. issues submitted to the Committee for consideration and motives of bringing-up such issues;
  - 8.2.3. materials and/or documents which are needed to consider respective issues;
  - 8.2.4. assumed date of holding the meeting;
  - 8.2.5. draft decision of the Committee on issue submitted to the Committee in case of absentee voting.

The Secretary of the Committee shall submit the abovementioned requirements to the Chairman of the Committee on or before the next business day after their receipt.
- 8.3. Within 5 (five) business days from the date of filing of request on convening an extraordinary meeting the Chairman of the Committee shall adopt decision on holding an extraordinary meeting, appointment of its date, time and place or date of absentee voting, or on refusal to convene an extraordinary meeting. Motivated refusal of convening an extraordinary meeting of the Committee shall be sent to the person or body which requests holding of such meeting within 2 (two) business days from the date of adoption by the Chairman of the Committee of the respective decision.
- 8.4. The Chairman of the Committee may decide to refuse to convene an extraordinary meeting of the Committee in the following events:
  - 8.4.1. an issue proposed to be put on agenda of the meeting is not falling within the competence of the Committee;
  - 8.4.2. an issue proposed to be put on agenda of the meeting has been already put on agenda of the nearest regular meeting convened by decision of the chairman of the Committee which was adopted before receipt of the abovementioned request provided that such regular



meeting is held within 20 (twenty) business days from the date of filing of request on convening an extraordinary meeting of the Committee;

- 8.4.3. the procedure for filing of requests on convening meetings is not complied with.

## **9. PROCEDURE FOR HOLDING OF MEETINGS OF THE COMMITTEE**

- 9.1. The Chairman of the Committee shall chair at meetings of the Committee. In case of its absence a chairman shall be elected at the meeting among members of the Committee who are present at the meeting.
- 9.2. A meeting of the Committee is deemed to be qualified (has a quorum) if it is attended by at least a half of all members of the Committee. The presence of quorum is determined by the Chairman of the Committee under opening of the meeting. At a qualified meeting of the Committee a written opinion of a member who is absent shall be considered. In case of a non-qualified meeting it is recommended to hold a repeated meeting within 5 (five) business days on the same agenda.

Written opinion submitted by a member of the Committee shall unambiguously determine the opinion of the respective member of the Committee and indicate if such member votes "for", "against" or "abstain" on the proposed draft resolution.

No written opinion containing amendments and exceptions to the proposed draft resolution shall be considered under determination of quorum and results of voting.

Written opinion of a member of the Committee shall be provided to the Secretary of the Committee at least by the beginning of the meeting at which the respective issues are discussed.

It is considered that a member of the Committee is present at a meeting if such member participates in meeting by telephone, selector or video communication or otherwise can operatively express its opinion during the meeting and vote on the discussed issues.

- 9.3. Meetings of the Committee may be held in the form of joint presence of its members or in the form of absentee voting. Absentee voting shall be held in accordance with the requirements of the Regulation on the Board of Directors, Article "Procedure for Convening and Holding of Meetings of the Board of Directors" for holding absentee voting.
- 9.4. The Committee is entitled to hold joint meetings with other committees of the Company's Board of Directors.
- 9.5. Under holding of joint meetings of the Committee with other committees of the Board of Directors a quorum is separately determined by each committee in accordance with cl.9.2.
- 9.6. Any member of the Board of Directors, including those who are not members of the Committee, is entitled to take part in a meeting of the Committee and express its opinion on the considered issues.
- 9.7. Meetings may be attended by invited experts and specialists by agreement with the Chairman of the Committee.
- 9.8. Only joint meetings may provide consideration of the following issues:
- 9.8.1. a candidate to the position of the Company's Auditor;
  - 9.8.2. recommendations to the Company's Board of Directors with respect to preliminary approval of the Company's annual report;
  - 9.8.3. recommendations to the Company's Board of Directors with respect to amount of dividends on shares and procedure for their payment.

## **10. PROCEDURE FOR ADOPTION OF RESOLUTIONS BY THE COMMITTEE**

- 10.1. Under resolution of issues each member of the Committee shall have one vote.
- 10.2. Transfer of voting rights by a member of the Committee to other persons, including other members of the Committee, is prohibited.
- 10.3. Written opinions of members of the Committee who are absent at a joint meeting shall be considered under determination of quorum and results of voting.
- 10.4. Resolutions of the Committee are adopted by majority of votes of its members who take part in the meeting.

## **11. PROCEDURE FOR ADOPTION OF RESOLUTION ON APPOINTMENT OF THE AUDITOR**

- 11.1. At least 7 (seven) business days before the date of holding the meeting of the Board of Directors at which candidates to the position of the Company's Auditor will be considered and fee to be paid to the Auditor will be discussed, the Committee shall give recommendations to the Board of Directors with respect to candidates to the position of the Company's Auditor and the amount of fee.
- 11.2. The recommendations specified in cl. 11.1. hereof shall be sent by the Committee to the Board of Directors in writing.
- 11.3. Under appointment of the Company's Auditor the following shall be considered:
  - 11.3.1. compliance of a candidate with requirements to audit organizations independence in accordance with the applicable laws of the Russian Federation and laws of the country of location of stock exchange in the event that shares of the Company are listed on the stock exchange outside the Russian Federation;
  - 11.3.2. amount of fee paid to the Auditor;
  - 11.3.3. professional qualification and reputation of audit organization;
  - 11.3.4. requirements to audit activities prescribed by the laws of the Russian Federation and laws of the country of location of stock exchange in the event that shares of the Company are listed on the stock exchange outside the Russian Federation;
  - 11.3.5. other requirements at the discretion of the Committee.
- 11.4. The Committee may take part in meetings and negotiations with audit organizations, particularly, it may request them to provide additional materials.

## **12. MINUTES OF A MEETING OF THE COMMITTEE**

- 12.1. At least within 3 (three) business days after holding a meeting of the Committee the Secretary of the Committee shall execute minutes of the meeting which is signed by the Chairman. The Chairman is liable for correctness of minutes. Minutes and materials prepared for the meeting shall be kept in files of the Committee.
- 12.2. The following information shall be indicated in minutes of a meeting:
  - 12.2.1. date, place and time of the meeting (date of absentee voting);
  - 12.2.2. type of the meeting (joint presence or absentee voting);
  - 12.2.3. list of members of the Committee who are present at the meeting and those members of the Committee who submit their written opinion by the specified date;
  - 12.2.4. issues on voting
  - 12.2.5. results of voting on each issue;
  - 12.2.6. adopted resolutions on each issue.

Minutes of the Committee's meeting held as joint presence shall be accompanied by agenda and list of invited persons.
- 12.3. Minutes signed by the chairman and Secretary at the meeting shall be sent by the Committee's Secretary by email to all members of the Committee and those members of the Board of Directors who are not members of the Committee but were present at the meeting. By written request of members of the Board of Directors who are not members of the Committee and were not present at the meeting the Secretary shall provide them with copy of the Minutes of the meeting. Extracts from minutes shall be sent by the Secretary to persons to whom resolutions and recommendations are addressed in the Minutes. Agenda of the meeting is attached to the Minutes and forms its integral part.

## **13. ACCOUNTABILITY OF THE COMMITTEE TO THE BOARD OF DIRECTORS**

- 13.1. The Committee is accountable to the Board of Directors.

- 13.2. The Committee shall make a report on results of its activities for a year which, by request of the Board of Directors, may be submitted to it for consideration.
- 13.3. The Committee's report shall indicate information on activities performed by the Committee for a year, particularly:
  - 13.3.1. list of recommendations to the Board of Directors on issues falling within the competence of the Committee in accordance with Article 3 (cl. 3.1.) hereof;
  - 13.3.2. information on compliance with the schedule of meetings approved by the Committee as well as information on extraordinary meetings held;
  - 13.3.3. recommendations on candidates to the position of the Company's Auditor;The Committee's report may contain other material information at the discretion of the Committee.
- 13.4. The Board of Directors of the Company may request the Committee to provide an opinion on certain issues. In this case the Board of Directors shall indicate reasonable terms for submission of such opinions by the Committee in its request.
- 13.5. The Committee is entitled to provide the Board of Directors with its recommendations on any issue of its activities, and in the events prescribed hereby the Committee is obliged to prepare an opinion for the Board of Directors.
- 13.6. The Company's Board of Directors is entitled at any time during a year to request the Committee to submit a report on the Committee's current activities. Terms for preparation and submission of such report are determined by decision of the Board of Directors.

#### **14. COOPERATION WITH THE COMPANY'S BODIES AND OTHER PERSONS**

- 14.1. Members of the Committee shall have access to necessary information and documents on all issues falling within the competence of the Committee. The Company's Sole Executive Body, Auditor, Chief Accountant and director of the authorized profile department shall be obliged, at the Committee's request on specified reasonable terms and according to the Company's internal procedure, to provide the Committee via the Secretary with full and reliable information and documents on issues of activities performed by the Committee. Request on provision of information and documents shall be executed in writing and signed by the Chairman of the Committee.
- 14.2. In the event that functions of the Company's Sole Executive Body are performed by the managing company which also performs functions of the Company's profile departments then such Managing Company shall provide information and documents in accordance with cl. 14.1. of this Regulation.
- 14.3. Upon necessity and on agreement with the Board of Directors the Committee may engage experts and specialists who have necessary professional knowledge to consider certain issues.

#### **15. INSIDER INFORMATION**

- 15.1. Members of the Committee and Secretary of the Committee may use insider, confidential information as well as commercial secrets which may have a material impact on the Company's activities and price of its securities in the Company's interests in accordance with the applicable laws, Articles of Association, Regulation on Insider Information and other internal documents of the Company.
- 15.2. The Company shall apply necessary efforts to conclude agreements on protection of confidential and insider information with third persons which attend meetings of the Committee.

#### **16. LIABILITY OF MEMBERS OF THE COMMITTEE**

- 16.1. Members of the Committee shall be liable in accordance with the applicable laws.

#### **17. PAYMENT OF EXPENSES**

- 17.1. Expenses for preparation and holding of meetings of the Committee and participation of members of the Committee in such meetings shall be included into overall budget estimate of the Board of Directors approved by the Board of Directors in accordance with the Regulation on the Board of Directors.

**18. INFORMATION ON ACTIVITIES OF THE COMMITTEE**

- 18.1. Information on activities of the Committee, including this Regulation, information on members of the Committee, information on issues (except for confidential information and commercial secrets) considered at a meeting of the Committee may be published on the web-page of the Company's internal network (intranet) in pursuance of the Company's internal documents approved by the General Meeting of Shareholders and Board of Directors and applicable laws.

**19. APPROVAL OF THIS REGULATION AND AMENDMENTS HERETO**

- 19.1. This Regulation and all amendments and additions hereto shall be approved by the Company's Board of Directors by majority of votes of all members of the Board of Directors.
- 19.2. All issues which are not considered in this Regulation shall be governed by the Company's Articles of Association, Regulation on the Board of Directors and other internal documents and applicable laws.
- 19.3. In the event that after amendment of laws and regulations of the Russian Federation some of articles of this Regulation contradict them, such articles are deemed to be invalid and members of the Committee shall be governed by the applicable laws of the Russian Federation until this Regulation is respectively amended.