

**Adopted by annual General meeting of shareholders  
JSC COMSTAR – UNITED TELESYSTEMS**

**«\_\_\_\_» June 2007**

**Protocol № \_\_\_\_\_**

**OPEN JOINT-STOCK COMPANY  
COMSTAR – UNITED TELESYSTEMS**

**TERMS OF REFERENCE**

**BOARD OF AUDITORS**

1. The present Terms of Reference for Board of Auditors of JSC COMSTAR – UNITED TELESYSTEMS (hereinafter – “the Company”) is developed based on current RF law and the Company Charter.
2. Terms of Reference is an internal document of the Company, establishes the legal status, scope and competence (along with the Company Charter), formation procedure, rights and responsibilities of the members, main goals and functions, activity regulations (organization of work, audit procedure, interaction with management bodies of the Company and shareholders, etc.) of Board of Auditors of the Company (Board of Auditors).

## **1. SCOPE AND LEGAL STATUS OF BOARD OF AUDITORS**

1.1. Board of Auditors, being standing elected body, exercises periodical control over financial and business operations of the Company, activities of its management bodies and officers (including individual departments, branches, affiliates and offices) by means of documentary and actual inspection of:

- validity, economic feasibility and efficiency (reasonability) of the business and financial operations carried out by the Company during audited period;
- completeness and accuracy of the records in management documents of the Company reflecting business and financial operations;
- validity, economic feasibility and efficiency of the actions of the officers of management bodies of the Company and heads of structure divisions (departments, branches, affiliates and offices) to check the conformance with the RF law, Company Charter, approved plans, programs, other internal documents of the Company.

1.2. In its operations Board of Auditors shall be guided by the current law, Company Charter, the present Terms of Reference, other internal documents of the Company adopted by General meeting of shareholders and related to the activity of Board of Auditors.

1.3. Board of Auditors is independent from the officers of management bodies of the Company and is reporting only to General meeting of shareholders of the Company, to which it reports every year. Board of Auditors is responsible before General meeting of shareholders for accuracy and objectivity of the audit results.

1.4. Executive officers of management bodies of the Company, heads of structure divisions (departments, branches, affiliates and offices) shall assist to Board of Auditors during audit. The Company officers shall be liable for precluding carrying out audit by Board of Auditors.

## **2. REGULATION ON FORMATION OF BOARD OF AUDITORS**

2.1. The quantitative composition of Board of Auditors is 3 (three) members.

2.2. The personal composition of Board of Auditors shall be elected by annual General meeting of shareholders under procedure stipulated by the Charter, for a one-year term (for the period up to next annual General meeting) by a simple majority from the candidates suggested under established procedure by the shareholders who own 2 and more per cent of the voting shares. In case if the shareholders have not nominated the candidates for election to Board of Auditors, or the number of candidates is less than the number of vacancies, Board of Directors is entitled to include at its discretion the candidates to the list of candidates for election to Board of Auditors. The candidates to Board of Auditors shall confirm in writing their agreement to ballot.

2.3. The elected members of Board of Auditors are the candidates winning the most votes of the shareholders - owners of voting shares participating in the meeting. The elected members of Board of Auditors may be re-elected for indefinite number of times.

2.4. The members of Board of Auditors are not entitled to simultaneously be the members of existing (newly elected) Board of Directors, Counting Board, or collegiate executive body - Management Board, occupy the position of the sole executive body of the Company (hereinafter - President), Chief Accountant.

2.5. The information about the candidates to Board of Auditors and information on availability or non-availability of their written their agreement to ballot shall be provided to the shareholders in the course of preparation to General meeting of shareholders.

2.6. The shares owned by the members of Board of Directors, newly elected by annual General meeting, shall not participate in voting for election of the members of Board of Auditors. Such shares shall not be accounted also in determination of quorum on this issue.

Extraordinary General meeting of shareholders, which Agenda includes election of the members of Board of Auditors may not be held by means of absent voting (by means of questionnaire).

2.7. Early termination of the powers of any member (all members) of Board of Auditors is subject to resolution of Extraordinary General meeting of shareholders.

Extraordinary General meeting of shareholders is entitled to decide on early termination of the powers of all members of Board of Auditors only subject to simultaneous issues of election of new composition of Board of Auditors.

In case of early termination of the powers of a member of Board of Auditors or his retirement from Board of Auditors, the powers of the remaining Board members are not terminated.

2.8. In case of election of Board of Auditors or its individual members by Extraordinary General meeting of shareholders, Board of Auditors (its individual members) shall be deemed elected for the term up to the date of annual General meeting of shareholders of the Company.

2.9. The members of Board of Auditors during execution of their functions based on the resolution of General meeting of shareholders are entitled to remuneration and (or) compensation of the costs related to their execution of the duties. The amount of such remuneration and (or) compensation shall be established by resolution of General meeting of shareholders based on proposal from Board of Directors.

2.10. Chair of Board of Auditors is responsible for organization and management of its activities. Chair of Board of Auditors shall be elected from among the members of Board of Auditors at its first meeting and may be re-elected at any time by majority vote of the total number of the elected members of Board of Auditors. Chair shall be personally liable for organization of the activities of Board of Auditors.

2.11. Board Secretary shall be responsible for Board of Auditors' record keeping. Secretary of Board of Auditors shall be elected by the members of Board of Auditors from among the members of Board of Auditors at its first meeting and may be re-elected at any time by majority vote of the total number of the elected members of Board of Auditors.

### **3. RIGHTS, DUTIES AND RESPONSIBILITY OF BOARD OF AUDITORS**

3.1. Board of Auditors in execution of its function is entitled to:

1) have free access to all office facilities of the Company, inspect the places of storage and check actual availability and integrity of the property, cash resources and documents of the Company, receive free access to all documents of the Company (accounting, financial, planning, reporting, statements, budget , etc.);

2) receive from management bodies of the Company, heads of structure divisions (departments, branches, affiliates and offices), the persons accountable for assets, Company staff members verbal and written explanations and statements on the issues arising during inspection;

3) based on the power of attorney issued by President reconcile the accounts with the debtors and creditors of the Company, study bank documents of the Company at the place of their maintenance in the banks (subject to such availability);

4) carry out the procedure of control over availability, flow, completeness and accuracy of accounting, assets statements and cash resources, profits and losses, production volumes, accomplished works and rendered services;

5) issue orders to executive officers of management bodies of the Company, heads of structure divisions (departments, branches, affiliates and offices) and the persons accountable for assets on taking immediate measures on detected violations, if non-acceptance of such measures may lead to loss of values, documents or facilitate further corrupt practice;

- 6) attend inventory inspection, and request from the executive management bodies of the Company to hold extraordinary general or partial inventory of the Company property and operations (fixed assets, inventory items, settlements with the clients and suppliers, securities, cash resources etc.);
- 7) receive from the officers of management bodies of the Company, heads of structural divisions of the Company and the persons accountable for assets, the documents required to Board of Auditors for subject audit (created in the process of operations of the Company and its management bodies or related to activities of the Company and its management bodies), in particular, the following documents:
  - statutory, registration, constitutive, planning, reporting, accounting, financial, managerial and other documents;
  - records of the meeting(s) of management bodies of the Company (General meeting, Board of Directors), business correspondence, reports from Company Auditors, documents of inspection of the Company by state and municipal bodies of financial and tax control. The requested documents shall be provided to Board of Auditors within 2-x work days from the date of request;
- 8) bring for review to the officers of management bodies of the Company the issue of application of disciplinary actions and material liability with regard to the Company staff (including executive officers of management bodies of the Company) in case of detection of the facts of their violation of Company Charter, job function, other internal documents of the Company;
- 9) receive the schedule and agenda of planned meetings of the Board of Directors and General meetings of the Company, ask Board of Directors to allow a member of Board of Auditors to attend the meetings of Board of Directors and upon invitation of Chair of Board of Directors attend the meetings of Board of Directors; participate at the meetings of the Board of Directors in consultative capacity during review of the report of Board of Auditors;
- 10) provide proposals on improvement of the system of internal control, raising efficiency of the Company operations, reducing the risks in financial and business operations;
- 11) introduce proposals to the work plans of management bodies of the Company, request under established procedure to call the meeting of the Board of Directors and/or General meeting of shareholders of the Company (in accordance with the procedure established by the law of the Russian Federation and Company Charter) in case if the findings during audit indicate to violations or transactions which have caused or may cause substantial damage to economic interests of the Company shareholders, and adopting appropriate resolutions is within the competence of above management bodies of the Company;
- 12) if required, in coordination with President attract on contract basis (subject to availability in the Board budget of the required amounts and confidentiality and integrity of commercial secret) for participation in audit the experts not occupying positions in the Company, who are professionals in relevant areas (law, economy, finances, accounting, management, economic security, construction, etc), including specialized entities;

### 3.2. Board of Auditors of the Company shall:

- 1) carry out audit of financial and business operations of the Company upon annual results of the Company operations, and also at any time upon initiative of the persons specified in Federal law «On Joint-Stock Companies», Company Charter and the present Terms of Reference;
- 2) upon results of audit financial and business operations of the Company prepare the report;
- 3) objectively reflect in the materials of inspections all found violations, shortages and corrupt practice specifying the reasons thereof, guilty persons, amount of material damage caused;
- 4) in its operations ensure conformance of the procedures established in the Company for work with documents, commercial secret and confidentiality of the information open to the Board members during audit inspections;
- 5) in case of detection of the facts of corrupt practice from the side of the officers and senior management of the Company structures, wasting, theft, inadequacy and illegal spending of cash resources and material values, prepare intermediate statement and inform President of such facts;
- 6) in case of detection during audit of the facts of financial and functional violations leading to essential threat to economic interest of the Company, bring the issue to the attention of the meeting of Board of Auditors with the demand to call the meeting of Board of Directors and/or Extraordinary General meeting of shareholders, if it is within the competence of such management bodies;

7) promptly inform Board of Directors and report to General meeting of shareholders of the results of scheduled and extraordinary audit of financial and business operations of the Company, of the discovered facts of non-efficiency and/or inconsistency of financial and business operations, on the Company officers, heads of structure divisions (departments, branches, offices) admitting violation of the RF law, Charter, internal documents of the Company, other financial and functional violations.

8) following audit carried out upon request from the Company shareholder(s) owning in total at least 10% voting shares of the Company, inform such shareholders of the audit results;

9) supervise elimination of the shortages and violations discovered during previous inspections and actions in this regard;

3.3. The members of Board of Auditors shall be liable for unfair execution of their functions. The member of Board of Auditors upon request from shareholder(s) owning in total at least 10% of voting shares of the Company and voting for his or her re-election shall provide the report to the shareholders on the work done.

## **4. ACTIVITY REGULATIONS OF BOARD OF AUDITORS**

### **4.1. Chair of Board of Auditors.**

Chair of Board of Auditors shall:

- 1) plan the work of Board of Auditors;
- 2) call and hold the meeting, resolve the issue related to preparation and holding the meeting of Board of Auditors, approve Agenda of meetings of Board of Auditors;
- 3) organize current work of Board of Auditors, including audit procedure, audit issues and their distribution among the Board members;
- 4) represent Board of Auditors at General meetings of shareholders and Board of Directors;
- 5) sign records of the meeting of Board of Auditors and other documents on behalf of Board of Auditors;
- 6) implement other functions required to organize control by Board of Auditors of financial and business operations of the Company, management activities of the Company's management bodies, Board reporting to the shareholders.

### **4.2. Secretary of Board of Auditors.**

Secretary of Board of Auditors shall:

- 1) organize taking records of the meetings of Board of Auditors;
- 2) ensure timely notification of management bodies of the Company of the results of conducted inspections, provide the copies of the report of Board of Auditors;
- 3) with Chair of Board of Auditors prepare and sign records of the meetings of Board of Auditors and the extracts thereof;
- 4) organize records management, flow of documents and keeping the documents of Board of Auditors;
- 5) organize prior (at least 5 days in advance) notice to the members of Board of Auditors on holding the meetings of Board of Auditors, scheduled and extraordinary audit;
- 6) perform other functions required for administrative support of the activities and records management of Board of Auditors.

### **4.3. Planning of the work of Board of Auditors.**

4.3.1. Carrying out scheduled audit of the Company operations and meetings of Board of Auditors is accomplished in accordance with approved annual Work Plan of Board of Auditors.

4.3.2. Work Plan of Board of Auditors is approved at the first organizational meeting of Board of Auditors.

4.3.3. Work Plan of Board of Auditors includes:

- 1) audit sites (types of financial and business operations of the Company, individual sites of the Company operations);
- 2) identification of the form of inspection at each site;
- 3) schedule of audit of the Company operations, preliminary timelines for audit (annual, quarterly);
- 4) schedule of meetings of Board of Auditors based on the resolution on preparation and carrying out inspections of the Company operations and approval of the report upon the results of audit;

- 5) preliminary list of financial and (or) business documentation required for audit of the sites scheduled for audit;
- 6) distribution of the duties (issues) between the Board members during inspections;
- 7) control of implementation of the activities and comments on previous inspections
- 8) other issues related to organization and carrying out meetings and audit by Board of Auditors.

#### 4.4. Meetings and adopting resolutions by Board of Auditors.

4.4.1. Board of Auditors shall exercise its activities based on collegiate principle - all decisions of Board of Auditors are adopted at the meetings by majority vote of attending members.

4.4.2. At the meetings of Board of Auditors the members determine quorum, Agenda issues, review the reports from the Board members, formulate the draft resolutions (reports), carry out voting and summarize the results.

4.4.3. The meeting of Board of Auditors is eligible (quorum is available), if more than half of the elected members of Board of Auditors are present. If quorum is not available and assuming objective causes for non-attending members, the meeting of Board of Auditors shall be rescheduled to a later date, but for not more than 10 days.

4.4.4. Voting on the agenda items of the meeting of Board of Auditors shall be adopted by majority vote of the members of Board of Auditors attending the meeting. Assignment of voting right from a member of Board of Auditors to another person, including other member of Board of Auditors is not allowed.

In resolution of the issues at the meeting of Board of Auditors, each member of Board of Auditors shall have one vote. In case of equal votes, the vote of the Chair of Board of Auditors is decisive.

4.4.5. The meetings of Board of Auditors shall be held in form of meeting (joint attendance of Board members for discussion and adopting resolutions on the items set for voting) and absent voting (without joint attendance, with voting in questionnaire form). Form of the meetings and the time of extraordinary meetings shall be identified by Board Chair. Non-present member of Board of Auditors is entitled to provide his or her personal opinion on the issue of discussion, which shall be accounted in determination of quorum at the meeting and tally of votes.

4.4.6. The first (organizational) meeting of Board of Auditors elected by General meeting of shareholders shall be held within 15 days after General meeting of shareholders, which has elected the new composition of Board of Auditors.

4.4.7. The meetings of Board of Auditors shall be held within the time established in the Work Plan of Board of Auditors, as well as each time before starting audit and upon the results of audit.

4.4.8. At the meeting of Board of Auditors held before starting each audit, the following issues are discussed in the course of preparation and carrying out coming audit:

- 1) identification of the site for audit;
- 2) procedure, time and scope of audit;
- 3) identification of the list of information and materials required for audit, methods and sources of its provision;
- 4) identification of the list of persons to be involved in audit (to provide explanations, clarification on certain issues);
- 5) determining of the date of the meeting of Board of Auditors upon the results of audit;
- 6) assignment of the participants in audit, distribution of audit function between them;
- 7) resolution of other issues.

The meeting of Board of Auditors on the issues of preparation and carrying out audit can be held without joint attendance of the members of Board of Auditors by absent voting (by means of questionnaire).

4.4.9. At the meeting of Board of Auditors held upon the results of each audit, the following issues are discussed:

- 1) discussion on the information received during audit and the sources of such information;
- 2) summarizing the results of audit;
- 3) summarizing conclusions and drafting proposals based on the results of audit;
- 4) approval and signing of the report of Board of Auditors upon results of audit;
- 5) identification and review of the causes of found violations, discussion on possible options for its elimination and prevention;

6) adopting decision to address to the Company management bodies, officers and heads of structural divisions of the executive body on the need to eliminate the violations found during audit; apply with regard to the persons committing the violation, responsibility measures;

7) other issues related to summarizing of the results of audit.

4.4.10. Demand to call Extraordinary General meeting of shareholders shall be adopted by majority vote of the members of Board of Auditors present at the meeting.

The demand shall be signed by Chair of Board of Auditors.

The demand of Board of Auditors to call Extraordinary General meeting of shareholders shall be passed to Chair of the Board of Directors or Corporate Secretary of the Company for signature.

The demand of Board of Auditors to call Extraordinary General meeting of shareholders shall contain:

- the wording of the agenda items and draft resolutions;
- justification for the agenda items;
- proposals on the form of the meeting.

4.4.11. The meeting of Board of Auditors for approval of the report of Board of Auditors on annual report of the Company, accounting balance sheet, loss and gain account (annual meeting) shall be carried out within 150 days upon the end of Financial Year of the Company.

4.4.12. Chair of Board of Auditors during preparation for the meeting of Board of Auditors shall:

- 1) set the date, time and venue of the meeting and its form;
- 2) approve Agenda;
- 3) determine the list of materials and documents required for review of the agenda items at the meeting of Board of Auditors;
- 4) determine the list of persons invited to the meeting of Board of Auditors (in case of joint attendance);
- 5) resolve other issue arising from preparation and carrying out the meeting of Board of Auditors.

4.4.13. Chair of Board of Auditors in case of provision by Board of Auditors of the information on violation of the RF law, Company Charter, other internal documents of the Company, facts of financial and functional violations leading to essential threat to economic interests of the shareholders of the Company, shall call the meeting of Board of Auditors to decide on extraordinary audit.

4.4.14. Member of Board of Auditors, in detection of the above violations, shall send to Chair of Board of Auditors a written statement describing the nature of violations and the persons committing it, within 3 work days from the date of detection.

4.4.15. At the meeting of Board of Auditors the Secretary of Board of Auditors takes records.

The members of Board of Auditors in case of their disagreement with the resolution of the Board shall provide their special opinion in writing, which shall be attached to the records of the meeting and brought to attention of Board of Directors and General meeting.

Records of the meeting of Board of Auditors shall be prepared in two copies within 3-x work days after the meeting (conclusion of the results of absent voting) and signed by Chair and Secretary of Board of Auditors. The Company shall maintain Records of the meetings of Board of Auditors and ensure its provision upon request to the Company shareholders.

#### 4.5. Audit procedure

4.5.1. Scheduled audit of financial and business operations of the Company shall be carried out in accordance with the approved annual Work Plan of Board of Auditors. Scheduled audit shall be carried out at least once a year.

4.5.2. Scheduled (extraordinary) audit of financial and business operations of the Company shall be carried out based on the grounds specified in item 3.1. of the present Terms of Reference.

Extraordinary audit carried out upon request from the shareholder, based on instruction of the Board of Directors, resolution of General meeting of shareholders, shall start within 30 days from the date of receipt of written demand or resolution. The time of audit shall not exceed 90 workdays.

4.5.3. The shareholders - initiators of audit shall provide their written demand to Board of Auditors, which shall specify:

- full name of the shareholders;
- information of owned shares (quantity, category, type);
- justified grounds for such demand.

The demand shall be signed by the shareholder or his/her authorized person. If the demand is signed by authorized person, the power of attorney shall be attached.

In case if the audit is initiated by shareholders – legal entities, the signature of the authorized person of such legal entity, acting in accordance with its charter without power of attorney, shall be sealed by the seal of such legal entity. If the demand is signed by the authorized person of legal entity, acting on its behalf based on power of attorney, power of attorney shall be attached to the demand.

For the shareholders whose title to the shares is accounted in the depository, the statement of custody account shall be attached to the demand.

4.5.4. The initiators' demand shall be sent to the Company address for the attention of Chair of Board of Auditors or provided to the Company.

The date of provision of the demand shall be identified based on the date of its receipt by the Company or the date of provision to the Company.

4.5.5. Within 5 (five) work days from the date of provision of the demand, Board of Auditors shall adopt the resolution on audit of financial and business operations of the Company or provide a justified refusal to conduct audit.

Upon adopting by Board of Auditors of the resolution to carry out audit, Chair of Board of Auditors shall organize and carry out audit.

4.5.6. Board of Auditors can refuse to carry out audit in the following cases:

- the shareholders providing the demand are not the owners of the required quantity of voting shares;
- the demand does not specify the reasons for audit;
- on the facts forming the grounds for audit, the audit has been already carried out and its report is approved by Board of Auditors;
- the demand is not in conformance with the requirement of the current law and regulatory legal acts of the Russian Federation or the provisions of the Company Charter.

4.5.7. Initiators of the audit of financial and business operations of the Company are entitled at any time before adopting by Board of Auditors of the resolution to carry out audit, recall the demand, with a written notice to Board of Auditors.

4.5.8. President shall be notified of the audit by Chair of Board of Auditors prior to its start.

4.5.9. Based on audit results, Board of Auditors shall prepare the statement and approve the Report.

4.5.10. The report of Board of Auditors shall be prepared in three copies.

The member of Board of Auditors, expressing his/her disagreement with the report, is entitled to provide his/her special opinion, which shall be attached to the report of Board of Auditors, being an integral part thereof.

One copy of the report shall be kept in the files of Board of Auditors, one copy provided to President, one to Board of Directors.

4.5.11. President of the Company within 10 work days after receipt of the report study the audit materials and in case of justified disagreement, shall provide the disagreement in writing to Chair of Board of Auditors, attaching the supporting documents.

4.5.12. Chair of Board of Auditors shall study (if necessary, with repeated inspection with regard to the dispute issues) justification of provided comments (notes, complements), and if it is confirmed, put appropriate corrections to the Report.

In case of disagreement, the comments of President (or record of discord) shall be attached to Report.

4.5.13. If the audit was carried out upon request from the Company shareholder(s) owning in total at least 10% voting shares of the Company, one more copy of the Report of the results audit shall be prepared, which shall be provided to such shareholder(s) within 3 days from the date of its approval.

The shareholder(s), demanding audit of financial and business operations of the Company, are entitled to provide next demand to audit not earlier than ninety days after previous demand to Board of Auditors.

4.5.14. The Company shall maintain the statements and the Report of Board of Auditors and ensure access to it upon request from the Company of shareholders.

4.5.15. President shall organize preparation of Action Plan on elimination of found violations (shortages) specifying the deadline and the persons responsible for elimination of the violations. Board of Auditors shall provide methodological assistance in preparation of Action Plan and control its implementation.

## 5. DOCUMENTS OF BOARD OF AUDITORS

5.1. The documents of Board of Auditors include the following:

- Records of the meetings of Board of Auditors;
- statements of Board of Auditors upon the results of audit;
- Report of Board of Auditors.
- copies of the demands to call Extraordinary General meeting of shareholders;

5.2. Records shall specify:

- 1) date, time, venue and form of the meeting (tally of votes);
- 2) list of the members of Board of Auditors and the persons attending the meeting (participating in questionnaire);
- 3) information on quorum at the meeting;
- 4) the issues included in Agenda of the meeting;
- 5) summary of the discussions, presentation and reports on agenda items (only for the meeting in the form of joint attendance);
- 6) the voting results, specifying the names of the Board members declaring their special opinion;
- 7) the resolutions adopted by Board of Auditors.

5.3. The statements of Board of Auditors upon the results of audit shall specify the following:

- date and time of audit;
- the members of Board of Auditors participating in audit;
- grounds for audit;
- information about demands raised by Board of Auditors with regard to provision of information (documents and materials) during audit to the Company bodies, heads of structure divisions, departments, branches, affiliates and offices and their officers;
- information on received refusals to provide the requested information (documents and materials);
- description of the found violations of the law, regulatory legal acts, Charter and internal documents of the Company;
- information on written explanations from President, members of the Board of Directors, Company officers and employees;
- names of persons committing violations of the law, regulatory legal acts, Charter and internal documents of the Company;
- references to the norms of the law, regulatory legal acts, Charter and internal documents of the Company, which violation was found during audit.

5.4. The report of Board of Auditors, as a rule, is comprised of three parts: introduction, analytical part and resulting part.

Introduction part includes:

- 1) Full name of the document - Report of Board of Auditors of Open Joint-Stock Company COMSTAR – UNITED TELESYSTEMS;
- 2) date and place of preparation of the report;
- 3) date (time period) and venue of audit;
- 4) grounds for audit (resolution of Board of Auditors, General meeting of shareholders, Board of Directors, Company shareholder(s), other);
- 5) audit goal;
- 6) audit site;
- 7) list of regulatory, internal and other documents and materials used during audit.

Analytical part shall include objective evaluation of the state of sites audited in accordance with Audit Plan.

The resulting part of the report of Board of Auditors represents justified conclusions of Board of Auditors on the issue(s) of audit (confirmation of justification of the information contained in the reports and other financial documents of the Company, information on the facts of violation of regulatory legal acts of the Russian Federation, Charter and internal documents of the Company in financial and business operations, violations and shortages, etc.), and the recommendations and

proposals on elimination of the reasons and consequences of found violations and shortages in the Company operations.

The reports of Board of Auditors, in particular shall include the following:

- conclusions on conformance with or violation of the law, regulatory legal acts, of the Charter и internal documents of the Company;
- evaluation of accuracy of the data included in annual report of the Company and contained in annual financial statements of the Company;
- information about demands of Board of Auditors to call meetings of the Board of Directors and/or Extraordinary General meeting of shareholders;
- description of violation of the law, regulatory legal acts, Charter, Company guidelines, regulations and instructions by the Company staff members and officers;
- information about involvement by Board of Auditors of the experts on certain issues of audit of financial and business operations, not occupying positions in the Company.

5.5. Documents of Board of Auditors shall be signed by its Chair, no need to seal such documents by the Company seal.

5.6. The originals of the documents of Board of Auditors shall be provided by Chair of Board of Auditors the Company archive for keeping, of which appropriate statement is signed.

5.7. Chair of Board of Auditors shall maintain the following documents:

- demands to audit;
- refusals of Board of Auditors to conduct audit;
- written refusals of the Company officers to provide information

5.8. the Company in the person of President shall ensure access to the documents of Board of Auditors for the shareholders.

Upon request from the shareholder, the Company shall provide him/her the copies of the documents of Board of Auditors against payment. the amount of such payment shall be established by the Company and it shall not exceed the cost of preparation of the copies of the documents and the cost related to provision of the documents by mail.

## **6. FINAL PROVISIONS**

6.1. The present Terms of Reference is approved at General meeting of shareholders by majority vote of shareholders-owners of voting shares of the Company participating in General meeting of shareholders.

6.2. Resolution on changes or amendments to the present Terms of Reference shall be adopted by General meeting of shareholders by majority vote of shareholders - owners of voting shares of the Company participating in General meeting of shareholders.

6.3. The proposals on introduction of any changes or amendments to the present Terms of Reference or adopting the new edition thereof are initiated by the Company shareholders in accordance with the procedure stipulated by the law and the Charter before introduction of the proposals to Agenda of General meeting of shareholders of the Company.

6.4. In case if, as a result of changes in the RF law or Company Charter, any articles of the present Terms of Reference contradict with them, such articles cease to be force and until introduction of appropriate changes to the present Terms of Reference, the present Terms of Reference shall be applied in the part not contradicting to existing law of the Russian Federation and Company Charter.