

APPROVED  
by the Annual General Shareholders' Meeting  
of OJSC CEZP  
on May 23, 2002

Minutes of the meeting dated May 23, 2002

Chairman of the Meeting

\_\_\_\_\_ V. V. Geikhman

Secretary of the Meeting

\_\_\_\_\_ E. I. Babikova

**REGULATIONS**  
*on the Audit Commission of*  
*OJSC Chelyabinsk Zinc Plant*

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## **1. General Provisions**

1.1. The objective of the Audit Commission shall be to monitor financial and business operations of the Company, its bodies, officers, divisions and departments, branches and representative offices.

1.2. In performing its functions the Audit Commission shall be governed by applicable Russian law, the Company Charter and these Regulations.

1.3. The scope of authority of the Audit Commission shall be determined pursuant to the Federal Law "On Joint Stock Companies". The scope of authority of the Audit Commission on issues not provided for by the Federal Law "On Joint Stock Companies" shall be determined pursuant to the Company Charter.

## **2. Function of the Audit Commission**

2.1. The Audit Commission shall:

Provide an opinion or a report to the General Shareholders' Meeting, Board of Directors and the sole executive body on the results of audits performed by it;

Make an assessment as to whether the annual report of the Company and financial statements of the Company are true and correct;

Keep commercial secrets, not disclose confidential information which was made available to the members of the Audit Commission for the purpose of performance of their functions;

Request provision of information (documents and records) review of which falls within the competence of the Audit Commission by the bodies of the Company, supervisors of departments and divisions, branches and representative offices for the purpose of conducting an audit;

Request that a Board meeting or an Extraordinary General Shareholders' Meeting be convened when infractions discovered in the financial and business operations or an actual threat to the interests of the Company require decisions to be taken on matters falling within the competence of such governing bodies of the Company;

Request an explanation in writing from the sole executive body, members of the Board of Directors, employees of the Company or any officers on matters falling within the competence of the Audit Commission;

Record breaches of statutes, the Charter, Regulations, rules and guidelines of the Company by employees and officers of the Company;

Audit financial and economic activities of the Company on the basis of the Company's year-end results as well as at any other time on the initiative of the persons named in the Federal Law "On Joint Stock Companies", the Company Charter and these Regulations;

Retain experts on certain aspects of financial and business activities to assist in its work if necessary who are not staff members of the Company.

The Company represented by its sole executive body shall make contracts with experts on certain aspects of financial and business activities who are not staff members of the Company.

2.2. The members of the Audit Commission must be present at the General Shareholders' Meeting to answer questions of the meeting participants.

## **3. Procedure of Conducting an Audit**

3.1. Financial and economic activities of the Company shall be audited on the basis of the Company's year-end results.

3.2. The Audit Commission shall submit a report to the Board of Directors on the results of the audit of financial and business activities of the Company during the year and an opinion on whether the data contained in the annual report of the Company and financial statements of the Company are true and correct, at least 40 days prior to the date of holding the Annual General Shareholders' Meeting.

3.3. Financial and economic activities of the Company may also be audited at any time:

- On the initiative of the Audit Commission;
- By resolution of the General Shareholders' Meeting;
- By resolution of the Board of Directors;
- On request of a shareholder (shareholders) of the Company holding (holding in aggregate) at least 10 percent of the voting shares in the Company.

3.4. Upon discovering an infraction, a member of the Audit Commission shall submit a written description of such infraction which requires a decision of the Audit Commission to the Chairman of the Audit Commission.

Within 3 days after receipt of the request the Chairman of the Audit Commission shall convene a meeting of the Audit Commission.

If the Audit Commission takes a decision to conduct an audit the Chairman of the Audit Commission shall arrange for such audit and commence it.

3.5. In the course of the audit the member of the Audit Commission shall review all available and obtained documents and records related to the subject matter of the audit.

3.6. The Audit Commission shall make and approve a report on the results of audit of financial and business activities of the Company.

3.7. At any time prior to taking a decision by the Audit Commission to conduct an audit, a request for an audit of financial and business activities of the Company may be withdrawn by notice in writing to the Audit Commission by those who initiated such audit.

#### **4. Procedure for Making a Request by the Shareholders of the Company to Conduct an Audit**

4.1. Financial and economic activities of the Company may be audited at any time on request of a shareholder (shareholders) of the Company holding (holding in aggregate) at least 10 percent of the voting shares in the Company.

4.2. Shareholders who wish to initiate an audit shall make a request in writing to the Audit Commission containing the following:

- Names of shareholders;
- Information on the shares owned by them (number, class, category);
- Valid reasons for making such request.

The request shall be signed by the shareholder or its proxy. If the request is signed by a proxy a power of attorney shall be attached.

If the request is from a shareholder who is legal entity the signature of a representative of a legal entity acting pursuant to its Charter without a power of attorney shall have the seal of the respective legal entity affixed. If the request is signed by a representative of a legal entity acting pursuant to a power of attorney such power of attorney shall be attached to the request.

4.3. The request to conduct an audit shall be sent to the Company at its address for the attention of the Chairman of the Audit Commission or shall be delivered to the Company.

The date of making such request shall be determined by the date of its receipt by the Company or its delivery to the Company.

4.4. Within 5 days after the request is made the Audit Commission shall take a decision to conduct an audit of financial and business activities of the Company or give a reasoned refusal to conduct such an audit.

4.5. The Audit Commission may refuse to conduct an audit if:

- The shareholders do not hold the number of voting shares required to make a request for audit;
- The request fails to specify reasons for conducting an audit;
- The facts giving rise to their request to conduct an audit have been investigated and the audit commission has produced and approved a report thereon;
- Such request is not consistent with the legislation and statutes of the Russian Federation or provisions of the company charter.

4.6. The Shareholders requesting an audit of financial and business activities of the Company may make another request to conduct an audit of financial and business activities of the Company not earlier than the date falling one month after the first such request was made.

#### **5. Procedure for Convening an Extraordinary General Shareholders' Meeting**

5.1. The request to convene an Extraordinary General Shareholders Meeting shall be adopted by a majority of votes of the members present at the meeting of the Audit Commission.

The request shall be signed by the Chairman of the Audit Commission.

5.2. The request of the Audit Commission to convene an Extraordinary General Shareholders Meeting shall be sent in writing to the Company by registered mail return receipt requested at its address or shall be delivered to the Company.

The date of making the request to convene an Extraordinary General Shareholders Meeting shall be determined by the date of its receipt by the Company or its delivery to the Company.

The request of the Audit Commission shall specify:

- Wording of agenda items and proposed resolutions thereon;
- The rationale behind including the given agenda items;
- Form of meeting to be held.

#### **6. Resolutions of the Audit Commission**

6.1. The Audit Commission shall adopt resolutions at its meetings on matters falling within its competence under the Federal Law "On Joint Stock Companies" and the Company Charter.

Any business transacted at the meetings of the Audit Commission shall be recorded in the minutes signed by all member of the Audit Commission present at such meeting.

The Audit Commission shall hold a meeting prior to and on the results of an audit. Any member of the Audit Commission may request to convene a meeting if any infraction is discovered which requires immediate attention.

6.2. Meetings of the Audit Commission shall be held in the form of the joint presence of members of the Commission to consider items on the agenda and take decisions on items put to the vote.

6.3. A quorum for a meeting of the Audit Commission shall consist of not less than half of the members of the Audit Commission, as defined by the Company Charter.

6.4. Each member of the Commission shall have one vote. Reports and opinions of the Audit Commission shall be approved by a majority vote of those present at the meeting of the Commission. If the vote is split the Chairman of the Audit Commission shall cast the deciding vote.

6.5. Members of the Audit Commission who disagree with the decision taken by the Commission may request that their dissenting opinion is recorded in the minutes of the meeting and brought to the attention of the governing bodies of the Company and/or its shareholders.

6.6. The report on the results of an audit of financial and business activities of the Company conducted on request of a shareholder (shareholders) shall be provided to such shareholder (shareholders) within 3 days after the date of its approval by the Audit Commission.

### **7. Chairman of the Audit Commission**

7.1. The Chairman of the Audit Commission shall be elected by members of the Audit Commission from among their number. The Chairman of the Audit Commission shall be elected by a majority of votes of the total number of members elected to the Commission.

The Audit Commission may at any time re-elect its Chairman by a majority of votes of the total number of members elected to the Commission, except for votes of the exiting members of the Commission.

7.2. The Chairman of the Audit Commission shall:

- Convene and hold meetings of the Commission;
- Organize the work of the Audit Commission;
- Represent the Audit Commission at the Board of Directors and General Shareholders' Meetings;
- Sign documents on its behalf.

7.3. In the absence of the Chairman of the Audit Commission his/her duties shall be undertaken by one of the Audit Commission members as decided by a majority vote of members of the Audit Commission present at the meeting.

### **8. Remuneration and Benefits for the Members of the Audit Commission**

No remuneration shall be payable to the members of the Audit Commission during the period of performance of their duties.

### **9. Documents Produced by the Audit Commission**

9.1. The documents produced by the Audit Commission shall include:

- Minutes of the meetings of the Audit Commission;
- Reports of the Audit Commission on the results of audits;
- Opinions of the Audit Commission.

9.2. The minutes of the Audit Commission meeting shall be drawn up not later than 3 days after it was held.

The minutes shall indicate:

- The place and time of the meeting;
- Persons present at the meeting;
- Persons voicing a dissenting opinion;
- Agenda of the meeting;
- Matters put to the vote and the results of the vote;
- Resolutions adopted by the meeting.

9.3. The reports of the Audit Commission on the results of audits shall indicate:

- The place and time of the audit;
- Members of the audit commission taking part in the audit;
- Reasons for conducting the audit;
- Description of any discovered breaches of legislation, statutes, requirements of the Charter or by-laws of the Company;

- Persons liable for breach of legislation, statutes, requirements of the Charter or by-laws of the Company;
- Reference to rules, statutes, requirements of the Charter or by-laws of the Company the breach of which was discovered in the course of the audit.

9.4. The opinions of the Audit Commission shall indicate:

- Whether the legislation, statutes, requirements of the Charter or by-laws of the Company are complied with or otherwise;
- Whether the data contained in the annual report of the Company and annual financial statements of the Company are true and correct;
- Requests to provide information (documents and records) made in the course of the audit to the governing bodies, supervisors of departments and divisions, branches and representative offices, and officers;
- Refusals to provide information (documents and records);
- Requests of the Audit Commission to convene a Board of Directors or an Extraordinary General Shareholders' Meeting;
- Explanations in writing from the sole executive body, members of the Board of Directors, officers or employees of the Company;
- Description of breaches of legislation, statutes, the Charter, regulations, rules or guidelines of the Company by its employees and officers;
- Experts on certain aspects of financial and business activities who are not staff members of the Company engaged to assist in the work of the Audit Commission, and contracts made with such experts.

9.5. The documents of the Audit Commission shall be signed by the members of the Audit Commission and need not to bear the seal of the Company.

9.6. The Chairman of the Audit Commission shall keep the following documents on file:

- Requests to conduct an audit;
- Refusals by the Audit Commission to conduct such an audit;
- Written refusals by officers of the Company to provide information;
- Decisions to conduct an audit.

9.7. The sole executive body shall on behalf of the Company ensure access by the shareholders to the documents of the Audit Commission.

The Company shall for a fee provide copies of the documents of the Audit Commission to any shareholder upon its request. The fee shall be determined by the Company and shall not exceed the amount of expenses incurred to make and such copies and mail them to the shareholder.