

**OJSC MMC Norilsk Nickel**

**APPROVED**

**by the General Meeting of Shareholders of  
MMC Norilsk Nickel, Protocol dated June  
30, 2002, No. ГМК/np-roca**

**REGULATIONS  
ON THE AUDIT COMMISSION  
of MMC Norilsk Nickel**

## **1. GENERAL PROVISIONS**

1.1. These Regulations set forth the procedures for operations of the MMC Norilsk Nickel Audit Commission (hereinafter – the Audit Commission) and for its cooperation with other bodies within MMC Norilsk Nickel (hereinafter – the Company).

1.2. The Audit Commission is a body within the Company, whose objectives include supervision over financial and economic operations of the Company.

1.3. The Audit Commission operates under the laws and regulations of the Russian Federation, the Federal Law On Joint Stock Companies (hereinafter – the Federal Law), the Charter of the Company, these Regulations, and resolutions of the General Shareholders Meetings and Meetings of the Company’s Board of Directors.

1.4. The number of Audit Commission members, limitations with regards to candidates eligible for participation in Audit Committee elections, and procedures for electing Audit Commission members are governed by the Federal Law and the Charter of the Company.

1.5. Annual General Shareholders Meeting of the Company elects Audit Commission members for the term expiring on the date of the next annual General Shareholders Meeting.

1.6. Chairman of the Audit Commission (hereinafter – the Chairman) is elected and may be re-elected at any time by majority vote of Audit Commission members. The Chairman organizes operations of the Audit Commission, convenes Audit Commission meetings, presides at these meetings, and arranges for taking of minutes at the meetings of the Audit Commission.

## **2. DUTIES OF THE COMPANY’S AUDIT COMMISSION**

2.1. Examinations (audits) of the Company's financial and economic performance (hereinafter – examination (audit)) are held following the delivery of the Company’s annual operational results or at any other time as deemed necessary by the Audit Commission, or under a resolution of the General Shareholders Meeting or the Board of Directors of the Company, or upon a request from a shareholder (shareholders) of the Company that collectively own at least 10 per cent of the voting shares of the Company.

2.2. The Audit Commission performs the following functions when undertaking examinations (audits):

- assesses reliability of information stated in the Company’s Annual Report, Balance Sheet, and Profit and Loss Account;

- ensures compliance of accounting practices with standards and regulations;

- ensures compliance with existing standards and regulations in financial and economic operations;

- assesses financial standing of the Company, its solvency, liquidity of its assets, debt to equity ratio; identifies areas for economic performance improvement and provides relevant advice to executive bodies of the Company;

- assesses whether payments to suppliers of goods and services, budget payments, dividend payments, interest on obligations and other liabilities of the company are made in a correct and timely manner;

- assesses the Company’s profit allocation;

- informs the Company's Board of Directors about any identified deviations from accounting and reporting practices and financial and economic procedures as set forth by legal regulations of the Russian Federation.

2.3. The Audit Commission provides reports following the audits of financial and economic operations of the Company.

### **3. RIGHTS OF THE AUDIT COMMISSION**

3.1. To ensure its efficient performance, the Audit Commission may:

- request from the Company's management bodies and heads of its departments the documents related to financial and economic operations of the Company; and these documents are to be provided within five days upon receipt of a written request;

- request convening of the Company's Board of Directors meeting or extraordinary general meeting of shareholders. The Audit Commission's resolution to that effect may be passed by simple majority of Audit Commission members present at the Audit Commission meeting, and signed by those members who voted for its adoption. The request should include the list of questions to be put on the agenda and their justification;

- demand explanations from employees and officers of the Company with regard to matters within the scope of the Audit Commission's competence;

- introduce proposals, in accordance with existing procedures, on holding employees and officers of the Company administratively and financially liable;

### **4. OBLIGATIONS OF THE AUDIT COMMISSION AND ITS MEMBERS**

4.1. Obligations of the Audit Commission are as follows:

- request convening of the Board of Directors' meeting or extraordinary general shareholders' meeting of the Company in situations where violations of financial and economic practices discovered in course of audit, or threats to the Company's interests dictate that decisions should be made by these governing bodies within their respective scopes of competence;

- submit to the Board of Directors its report on the results of audits of the Company's financial and economic operations; the report is to be submitted not later than 45 days before the date of the annual General Shareholders meeting of the Company;

- confirm reliability of data contained in reports and other financial documents of the Company;

- inform audit initiators of any violations of accounting and financial reporting procedures that may be discovered in the audit, as well as of non-compliance to standards of financial and economic operations set forth in legal acts of the Russian Federation.

4.2. While exercising its rights and fulfilling its obligations, members of the Audit Commission act in the best interest of the Company reasonably and in good faith.

When carrying out examinations (audits), the Audit Commission members should review all relevant documents with due diligence.

4.3. An Audit Commission member may be removed from the position before term if the General Shareholders meeting decides so in the following instances:

- upon the member's request;

- if the member fails to exercise his or her rights and carry out duties in due diligence;
  - in other circumstances as provided by the law.
- 4.4. Audit Commission members are required:
- to notify in writing the Audit Commission Chairman and the Company's Board of Directors of any intentions to terminate membership in the Audit Commission (to resign prematurely);
  - to comply with commercial confidentiality rules adopted by the Company in relation to documents (information) the Commission members learn while performing their professional duties.

## **5. EXAMINATION (AUDIT) PROCEDURE**

5.1. Planned examinations (audits) are conducted following the delivery of the Company's annual operational results.

5.2. All other examinations (audits) are considered unscheduled.

5.3. Unscheduled examinations (audits) are carried out:

- upon requests from the Company shareholder (-s) owning at least 10 per cent of the Company's voting shares;
- upon relevant resolution of the General Shareholders meeting of the Company;
- upon relevant resolution of the Company's Board of Directors;
- if initiated by the Audit Commission.

5.4. Written requests for approval of unscheduled examination (audit) are submitted to the Chairman and sent to the Company's address by registered mail or by fax or left with the Company's secretariat.

The date when the Company receives the mail delivery or the fax message or the date on which the message containing the request is left with the secretariat of the Company shall be the date of request.

5.5. A request to conduct an unscheduled examination (audit) should include:

- name of the person who initiates the unscheduled examination (audit);
- motivated statement on the need to undertake the unscheduled examination (audit).

The following documents should be attached to the request from the examination (audit) initiator:

- Letter of Attorney executed in accordance with the laws of the Russian Federation, if the request is signed by an agent of shareholder(s) – natural person(s);
- Charter of the organization, documents confirming the appointment of the organization's representative or Letter of Attorney executed in accordance with the laws of the Russian Federation (or notarized copies of these documents), if the request is submitted on behalf of an shareholder (shareholders) – legal entity;
- duly executed copies (extracts) of the Protocols of General Shareholders meeting or meetings of the Board of Directors of the Company if the unscheduled examination (audit) is to be conducted upon the relevant resolution of the General Shareholders meeting or Board of Directors meeting.

5.6. The Audit Commission should decide to conduct or refuse the unscheduled examination (audit) within 10 working days after the duly executed request is submitted.

Within 5 working days after the decision is made the Chairman should inform in writing the initiator of the examination (audit) about the decision made.

5.7. Request for an unscheduled examination (audit) may be refused only in the following cases:

- when the initiator of the unscheduled examination (audit) is not a person authorized to make such a request under the Federal Law;
- when the request is signed by a person whose powers are not duly confirmed.

5.8. Initiator of the unscheduled examination (audit) may rescind his/her request by sending a written notice to the Audit Commission in conformity with the procedure set forth in paragraph 5.4 herein at any time before the Commission makes a decision on the examination (audit).

5.9. An unscheduled examination (audit) duration shall not exceed 90 (ninety) days.

5.10. The auditors' report on the results of an unscheduled examination (audit) is delivered to the initiator of the unscheduled examination (audit) by letter, fax or by hand not later than 5 working days after the Audit Commission executes the Protocol of its meeting that sets forward decisions made following the unscheduled examination (audit).

## **6. REMUNERATIONS AND COMPENSATIONS TO THE AUDIT COMMISSION MEMBERS**

6.1. General Shareholders meeting of the Company establishes the size of remuneration and compensations to the Audit Commission members depending on each member's contribution into Commission performance, and taking into account the Board of Directors' recommendations.

6.2. Chairman of the Audit Commission sends proposals regarding remuneration for Audit Commission members to the Company's Board of Directors.

## **7. AUDIT COMMISSION MEETINGS**

7.1. Resolutions of the Audit Commission are to be passed at the Commission meeting.

7.1.1. Chairman of the Audit Commission convenes meetings as necessary and within the framework of the Russian legislation, in compliance with the Charter of the Company and these Regulations.

7.1.2. The meetings are held in conformity with meeting schedule as approved by the Audit Commission, as well as before and after each examination (audit).

7.1.3. A member of the Audit Commission may request an extraordinary meeting if violations are disclosed related to the Company's financial and economic operations, where such violations dictate the need for the Audit Commission to pass a relevant resolution immediately.

7.1.4. All Audit Commission meetings are held in person.

7.1.5. A meeting of the Audit Commission is eligible (quorate) if the number of Audit Commission members attending the meeting equals at least one half of the total number of Audit Commission members elected.

7.1.6. Each Audit Commission member has one vote per item to cast at the meetings.

A member of the Audit Commission cannot assign his/her vote to another member of the Commission or any other person.

7.2. Audit Commission adopts resolutions by majority vote of Audit Commission members present at the meeting.

7.3. Minutes are to be kept at the meetings of the Audit Commission.

The minutes should include the following information:

- place and date of the Audit Commission meeting;
- issues discussed at the Audit Commission meeting;
- names of Audit Commission members attending the meeting;
- summaries of speeches delivered by those present at the Audit Commission meeting;
- voted issues and voting results;
- resolutions adopted by the Audit Commission.

7.4. Minutes of the Audit Commission meeting are to be drawn up not later than three (3) days after the meeting, and the chairman of the meeting signs the minutes thus assuming responsibility for their correctness.

If a member of the Audit Commission disagrees with the adopted resolution, this member may make his/her own opinion to be entered in the minutes of the meeting. If this opinion is expressed in writing, it is attached to the meeting protocol.

7.5. Minutes of Audit Commission meetings are submitted to the Board of Directors of the Company. Minutes of Audit Commission meetings are kept in the offices of the Company's executive body.

7.6. The Audit Commission's reports, statements, acts and requests to convene extraordinary General Shareholder meetings or Board Meetings should be signed by those members of the Audit Commission who voted for their adoption.

7.7. Upon approval of these Regulations by the Company's General Shareholders meeting, Regulations on the Audit Commission of MMC Norilsk Nickel as adopted by the General Shareholders meeting of the Company on April 24, 2001 are rendered null and void.