

APPROVED
By the General Meeting of Shareholders
of the Open Joint Stock Company
“Novolipetsk Iron & Steel Corporation”

Minutes №9

August 1, 1998

REGULATIONS
ON THE AUDIT COMMISSION

of the Joint Stock Company
“Novolipetsk Iron & Steel Corporation”

Lipetsk
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1. General provisions.

- 1.1. The Audit Commission of the Company is the permanent elected body of the Company executing control over its financial and economic activities.
- 1.2. Audit of financial and economic activities of the Company shall be provided upon the results of the Company's activities during a year and at any time at the discretion of the Audit Commission of the Company.
- 1.3. Members of the Audit Commission of the Company may not simultaneously be members in the Board of Directors of the Company or hold other offices in management bodies of the Company (the Management Board).
- 1.4. The Audit Commission of the Company shall be elected by the General Meeting of Shareholders for 1 (one) year; the number of members of the Audit Commission shall be 5.
In case the number of members of the Audit Commission of the Company becomes less than three, the Board of Directors of the Company shall convene the extraordinary General Meeting of Shareholders in order to elect the new Audit Commission of the Company which shall act until the ordinary General Meeting of Shareholders is convened.
- 1.5. Persons elected in the Audit Commission of the Company may be re-elected without limitation of terms.
- 1.6. Members of the Audit Commission of the Company shall elect the Chairman of the commission from among their number, provided that the Chairman may be re-elected at any time. The Chairman shall arrange the work of the Commission, convene meetings of the Audit Commission of the Company and preside at such meetings, arrange keeping minutes at the meetings.
In case there is no Chairman of the Audit Commission of the Company, his duties shall be performed by a member of the Commission.
- 1.7. Competence and procedure of the Audit Commission of the Company shall be determined by the applicable legislation of the Russian Federation, the Charter of the Company and these Regulations.

2. Election of the Audit Commission.

- 2.1. Resolution of the General Meeting of Shareholders on election of members of the Audit Commission shall be approved by a majority of votes of shareholders possessing voting shares of the Company and participating in the voting.
The candidates who have polled a majority of votes are considered elected in the Audit Commission of the Company.
- 2.2. Shares held by members of the Board of Directors of the Company or persons holding offices in management bodies of the Company shall not participate in the voting on election in the Audit Commission of the Company.
- 2.3. Members of the Audit Commission of the Company shall hold their first meeting within two weeks from the date of election at the General Meeting of Shareholders.
- 2.4. General Meeting of Shareholders may early terminate the powers of the Audit Commission of the Company.

3. Authority of the Audit Commission.

- 3.1. The Audit Commission of the Company shall provide Audits (inspections) of financial and economic activities of the Company within its competence.
- 3.2. The Audit Commission of the Company may request documents regarding financial and economic activities of the Company from persons holding offices in management bodies of the Company.
- 3.3. The Audit Commission of the Company provides:
 - 3.3.1. Audits upon the results of a financial year.
 - 3.3.2. Extraordinary audits.
- 3.4. Extraordinary audits may be provided by the Audit Commission of the Company at its discretion, upon instructions of the General Meeting of Shareholders or the Board of Directors of the Company, or upon the request of shareholders possessing no less than 10 per cent of voting shares of the Company.
- 3.5. The Audit Commission shall draft the opinion on reliability of information contained in reports and other financial documents of the Company upon the results of audit of financial and economic activities of the Company.
- 3.6. The Audit Commission of the Company shall confirm to the General Meeting of Shareholders the reliability of information contained in the annual report, balance sheet, profits and losses account of the Company.
- 3.7. The opinion of the Audit Commission shall also contain information on discovered non-compliances with the rules and procedure of accounting and submission of financial statements.
- 3.8. The Audit Commission of the Company may:
 - 3.8.1. Consider all necessary documents and materials, including financial statements, related to financial and economic activities of the Company.
 - 3.8.2. Request, if necessary, explanations from any officer of the Company.
- 3.9. The Audit Commission of the Company shall request the Board of Directors of the Company to call the extraordinary General Meeting of Shareholders in case of any threat to essential interests of the Company.

4. Procedures of the Audit Commission of the Company. Rights, duties and responsibilities of members of the Audit Commission of the Company.

- 4.1. Members of the Audit Commission exercise the rights stipulated in the applicable legislation of the Russian Federation, the Charter of the Company and this Regulations.
- 4.2. The Audit Commission of the Company shall provide audits and Audits in accordance with the approved schedule but no less than once a year. Audits and Audits shall be provided upon resolutions of the Audit Commission of the Company passed at the meetings of the Audit Commission of the Company by a majority of present members.
- 4.3. Members of the Audit Commission of the Company shall take all necessary measures in order to discover non-compliances and assist to elimination of such non-compliances.
- 4.4. Documents of the Audit Commission of the Company (acts, opinions, instructions etc.) shall be signed by all members of the Audit Commission or by the Chairman of the Audit Commission of the Company.

- 4.5. Meetings of the Audit Commission of the Company shall be convened as required. Meeting of the Audit Commission of the Company is considered valid in case there are no less than 3 members present at such meeting.
- 4.6. The Audit Commission of the Company shall elect the Secretary from among its members. The Secretary arranges keeping minutes of the meetings, sending acts and opinions of the Audit Commission of the Company to appropriate addressees.
All documents drafted on behalf of the Audit Commission of the Company shall be stitched.
Minutes of the meeting of the Audit Commission of the Company shall be executed within 5 days from the date of the meeting.
- 4.7. Members of the Audit Commission of the Company shall personally participate in the meetings of the Commission. Transfer of vote from one members of the Commission to another member is not allowed.
- 4.8. The Chairman of the Audit Commission of the Company has the casting vote in case of equality of votes in the course of passing resolutions by the Commission.
- 4.9. All resolutions shall be approved at the meetings of the Audit Commission of the Company by simple majority of votes of the total number of members in the Audit Commission of the Company. In case of any difference in opinions of members of the Audit Commission, members remaining in minority may set forth in writing their special opinion which is to be submitted to management bodies of the Company.
- 4.10. Members of the Audit Commission of the Company shall undertake collective responsibility for objectivity and fairness of audits provided by them by signing acts (opinions) of audits.
- 4.11. The General Meeting of Shareholders may early terminate the powers of a member of the Audit Commission of the Company in case he commits any unfair actions or incurs any loss to the Company.
- 4.12. Unfair actions of a member of the Audit Commission include:
- Spoliation, deterioration or falsification of documents or materials important for the Company, including accounting documents;
 - Non-disclosure of discovered abuses by officers or employees of the Company or assistance to such abuses;
 - Intended misinformation of officers, employees or shareholders of the Company regarding the activities of the Company;
 - Disclosure of confidential information regarding the activities of the Company;
 - Attempts to impede lawful actions of the Company's employees in the course of performance of their duties, suppression on officers and employees of the Company in order to induce them to illegal actions or actions (omissions) causing damages to the Company;
 - Spoliation, deterioration or disposal in his own interests of any part of the Company's property;
 - other actions incurring loss to the Company.
- 4.13. The powers of a member of the Audit Commission shall be immediately terminated in case he commits an intended crime.

5. Financial support and provision of the activities of the Audit Commission.

- 5.1. The Audit Commission of the Company shall be provided with the premises, office equipment and office stationary in order to arrange its activities.
- 5.2. The amount of remuneration for members of the Audit Commission of the Company and other compensations shall be determined by the General Meeting of Shareholders with respect to recommendations of the Board of Directors of the Company.
- 5.3. Members of the Audit Commission of the Company may be granted other preferences and privileges as the remuneration for participation in the work of the Audit Commission upon the resolution of the General Meeting of Shareholders.
- 5.4. The Audit Commission of the Company may involve in its work independent experts – specialists in economics, accounting and law. Specialists involved shall receive remunerations from the Company. The amount of such remuneration shall be determined by the Board of Directors of the Company.