

Approved by  
the General Shareholders' Meeting  
of JSC "OGK-5"  
Protocol No. \_\_\_\_\_  
dd. \_\_\_\_\_, 2005

**REGULATION  
ON INTERNAL AUDIT COMMISSION**

**of Open Joint-Stock Company  
"The Fifth Power Generation Company"**

Moscow,  
2005

## **1. GENERAL PROVISIONS**

1.1. The present Regulation on Internal Audit Commission of Open Joint-Stock Company "The Fifth Power Generation Company" (hereinafter referred to as 'Regulation'), elaborated in accordance with the Federal Law "On Joint-Stock Companies" and the Articles of Association of Open Joint-Stock Company "The Fifth Power Generation Company" (hereinafter referred to as 'Company'), defines the objectives and operating procedures of the Internal Audit Commission, regulates issues related to its interaction with the management bodies of the Company and the structural subdivisions of the executive bodies of the Company.

1.2. The Internal Audit Commission is a permanently acting internal control body of the Company, which exercises regular control over the financial and economic activities of the Company, its separate subdivisions, members of the Company's management bodies and structural subdivisions of the Company's executive bodies, which is related to compliance with the legislation of the Russian Federation, the Articles of Association of internal documents of the Company.

1.3. The Internal Audit Commission acts in the interests of the Company's shareholders and is accountable to the General Shareholders' Meeting in its activities.

1.4. While performing its activities, the Internal Audit Commission is independent from members of the Company's management bodies and heads of structural subdivisions of the Company's executive bodies.

1.5. In its activities, the Internal Audit Commission is governed by the legislation of the Russian Federation, the Articles of Association of the Company, the present Regulation and other internal documents of the Company approved by the General Shareholders' Meeting of the Company.

## **2. OBJECTIVES**

2.1. The main objectives of the Internal Audit Commission of the Company are:

- a) Exercise of control over the financial and economic activities of the Company;
- b) Observing that business transactions made by the Company comply with the legislation of the Russian Federation and the Articles of Association of the Company;
- c) Independent evaluation of information about the financial status of the Company.

## **3. CHAIRMAN AND SECRETARY OF INTERNAL AUDIT COMMISSION**

3.1. The Chairman of the Internal Audit Commission is a member of the Internal Audit Commission and is elected by the members of the Internal Audit Commission of the Company by a majority vote of the total number elected members of the Internal Audit Commission of the Company. The members of the Internal Audit Commission of the Company have the right to reelect the Chairman of the Internal Audit Commission at any time by a majority vote of the total number of elected members of the Internal Audit Commission of the Company.

3.2. The Secretary of the Internal Audit Commission is a member of the Internal Audit Commission and is elected by the members of the Internal Audit Commission of the Company by a majority vote of the total number elected members of the Internal Audit Commission of the Company. The members of the Internal Audit Commission of the Company have the right to reelect the Secretary of the Internal Audit Commission at any time by a majority vote of the total number of elected members of the Internal Audit Commission of the Company.

3.3. The Chairman and Secretary of the newly elected Internal Audit Commission of the Company must be elected not later than 15 working days after the date of election of the new Internal Audit Commission of the Company.

## 4. RIGHTS AND OBLIGATIONS

4.1. While exercising its functions, the Internal Audit Commission of the Company is governed only by requirements of Russian legislation, the Articles of Association of the Company and decisions of the General Shareholders' Meeting of the Company.

4.2. The powers of the Internal Audit Commission of the Company are the following:

- 1) Free access to all premises of the Company;
- 2) Sealing of treasuries, storehouses, archives and other premises of the Company for the period of audit of valuables and documents stored there;
- 3) Withdrawal of certain documents (while keeping their copies and drawing up withdrawal acts) if falsifications, forgeries or other wrongdoings were found during the audit;
- 4) Receipt of written explanations by members of the Company's management bodies, heads and employees of the structural subdivisions of the Company's executive bodies, which are related to questions that arose during the audit;
- 5) Issue of instructions to members of the Company's management bodies, heads and employees of the structural subdivisions of the Company's executive bodies on taking immediate action due to found wrongdoings, in case absence of such measures can lead to loss of valuables, documents, or further wrongdoings;
- 6) Demanding convening of an Extraordinary General Shareholders' Meeting, a meeting of the Board of Directors of the Company, in accordance with the procedure established by Russian legislation, the Articles of Association of the Company and the present Regulation;
- 7) Enquiring members of the Company's management bodies, heads of the Company's separate subdivisions and structural subdivisions of the Company's executive bodies about documents and materials necessary for the audit of the Company's financial and economic activities;
- 8) Submission of the issue upon the material and disciplinary liability of the Company's employees, including members of the Company's management bodies, in case they violate the Articles of Association of the Company and the Company's internal documents, for consideration of the issue by members of the Company's management bodies.

4.3. The Chairman of the Internal Audit Commission of the Company:

- 1) Convenes and presides over meetings of the Internal Audit Commission of the Company;
- 2) Approves the agenda of meetings of the Internal Audit Commission of the Company, as well as resolves all the issues related to the preparation and holding of meetings of the Internal Audit Commission of the Company;
- 3) Organises day-to-day activities of the Internal Audit Commission of the Company;
- 4) Represents the Internal Audit Commission at the General Shareholders' Meeting of the Company and meetings of the Board of Directors of the Company;
- 5) Signs protocols of meetings of the Internal Audit Commission and other documents on behalf of the Internal Audit Commission of the Company.

4.4. The Secretary of the Internal Audit Commission of the Company:

- 1) Organises record-keeping at meetings of the Internal Audit Commission;
- 2) Provides timely information about the results of conducted audits, as well as copies of decisions of the Internal Audit Commission to the Company's management bodies;
- 3) Draws up and signs protocols of meetings of the Internal Audit Commission of the Company;
- 4) Organises record management, circulation and storage of documents of the Internal Audit Commission of the Company;
- 5) Notifies members of the Internal Audit Commission of the Company of the holding of meetings of the Internal Audit Commission, regular and extraordinary audits of the Company's activities;
- 6) Exercises other functions stipulated by the present Regulation.

4.5. Members of the Internal Audit Commission of the Company shall:

- 1) Personally participate in meetings of the Internal Audit Commission and audits of the Company's financial and economic activities;
- 2) Provide confidentiality of the information which they receive and not allow unsanctioned disclosure of information which became known to him in the course of audits;
- 3) Demand convening of an Extraordinary General Shareholders' Meeting of the Company in case of a real threat to the Company's interests, in accordance with the procedure established by the Articles of Association of the Company;
- 4) Report to the General Shareholders' Meeting about the results of regular and extraordinary audits of the Company's financial and economic activities, facts of violation of Russian legislation, the Articles of Association and internal documents of the Company by members of the Board of Directors and other members of the Company's management bodies;
- 5) Provide a report on the results of the annual audit of the Company's activities, including evaluation of the Company's annual report, to the Board of Directors of the Company not later than 45 (forty-five) days before the date of the Annual General Shareholders' Meeting.

4.6. Members of the Internal Audit Commission, which participate in a meeting and have an opinion, different from the opinion accepted at the meeting held based on the results of an audit, have the right for their own dissenting opinion. The dissenting opinion is an inseparable part of the Protocol of the meeting of the Internal Audit Commission.

4.7. While working in the Internal Audit Commission, its members cannot be members of the Board of Directors of the Company or held positions in the Company's management bodies.

4.8. In accordance with the decision on the audit, the Internal Audit Commission has the right to involve experts in the corresponding areas of law, economics, finance, accounting, management, economic security etc. for the audit, as well as specialized organisations.

## **5. ORGANISATION OF ACTIVITIES**

5.1. The holding of meetings of the Internal Audit Commission of the Company and the conducting of audits are organised in accordance with the approved Plan of Activities of Internal Audit Commission, unless set otherwise by the present Regulation.

5.2. The Plan of Activities of Internal Audit Commission shall be approved by the Internal Audit Commission not later than 45 (forty-five) days after the election of the new Internal Audit Commission at the General Shareholders' Meeting. The person responsible for the draft of the Plan of Activities of Internal Audit Commission and its submission for the approval of the Internal Audit Commission is its Chairman.

5.3. The Plan of Activities of Internal Audit Commission includes:

- 1) Audit objects (the types of the financial and economic activities of the Company, certain areas of the Company's activities);
- 2) Setting the form of the audit for each of the objects (a documentary audit, an outdoor audit (at the location of the object));
- 3) Schedule of audits of the Company's activities, approximate duration of the audits (annual, quarterly);
- 4) Schedule of meetings of the Internal Audit Commission, which are convened for resolution of issues related to the preparation and holding of audits of the Company's activities;
- 5) Lists of financial and (or) economic documents necessary for the audit of each of the audit objects;
- 6) Appointment of the members of the Internal Audit Commission of the Company, which are responsible for preparation and conducting of audits, collection of information and the necessary documents and materials;
- 7) Other issues related to organisation of meetings and audits by the Internal Audit Commission of the Company.

## 6. MEETINGS

6.1. Meetings of the Internal Audit Commission are held for resolution of organisational issues related to the activities of the Internal Audit Commission, as well as regularly before an audit and after it (based on its results).

6.2. At the meeting of the Internal Audit Commission of the Company held before each audit, the following issues related to the preparation and conducting of the upcoming audit are considered:

- 1) Determining the audit object(s) (the financial statement, statistical reporting etc.);
- 2) Procedure, timeframe and scope of the audit;
- 3) Determining the list of information and materials, which are necessary for the audit, methods and sources for their acquisition;
- 4) Determining the list of persons which must be involved into the audit (for explanation and clarification of particular issues);
- 5) Setting the date for the meeting of the Internal Audit Commission for discussion of the results of the audit;
- 6) Selection of the member of the Internal Audit Commission, who shall be responsible for the preparation of the draft of the report of the Internal Audit Commission for the meeting of the Internal Audit Commission for discussion of the results of the audit;
- 7) Resolution of other issues.

A meeting of the Internal Audit Commission for resolution of issues related to the preparation and conducting of the audit can be held without the presence of the members of the Internal Audit Commission, by absentee voting (ballot voting).

6.3. At the meeting of the Internal Audit Commission held after an audit, the following issues are considered:

- 1) Discussion of information obtained as a result of the audit and the information sources;
- 2) Summing-up of the audit;
- 3) Generalization of conclusions, making of proposals on the basis of the audit results;
- 4) Approval and execution of the report of the Internal Audit Commission on the basis of the audit results;
- 5) Determination and analysis of reasons for the violations of Russian legislation and the Articles of Association of the Company, discussion of various ways of its elimination and prevention in the future;
- 6) Adoption of the decision on the address to the Company's management bodies, their members and heads of the structural subdivisions of the Company's executive bodies about the necessity to eliminate the instances of violation found during the audit; the application of measures related to the responsibility of persons which committed the violations;
- 7) Other issues related to the summing-up of the audit.

6.4. The regular meetings of the Internal Audit Commission are held in accordance with the timeframe set by the Plan of Activities of Internal Audit Commission.

6.5. The extraordinary meetings of the Internal Audit Commission of the Company are convened by the Chairman of the Internal Audit Commission on his own initiative, or on the initiative of a member of the Internal Audit Commission, by the decision of the General Shareholders' Meeting, Board of Directors of the Company, or at the request of the Company's shareholders (possessing the aggregate of not less than 10 percent of the Company's voting shares) for the holding of the audit of the Company's financial and economic activities.

6.6. During preparation for a meeting of the Internal Audit Commission, the Chairman of the Internal Audit Commission:

- 1) Sets the date, time and place for the meeting (summing-up of the absentee voting);
- 2) Sets the form of the meeting (joint presence, absentee voting);
- 3) Approves the agenda of the meeting;

- 4) Determines the list of materials and documents (information) necessary for consideration of the issues included into the agenda of the meeting of the Internal Audit Commission;
- 5) Determines the list of persons invited for participation in the meeting of the Internal Audit Commission (in case of joint presence);
- 6) Resolves other issues related to the preparation for the holding of the meeting of the Internal Audit Commission.

6.7. The notification about the holding of the meeting of the Internal Audit Commission of the Company shall be sent to the members of the Internal Audit Commission by registered mail not later than 10 (ten) days before the date of the meeting.

During absentee voting, in cases stipulated by the present Regulation, the notification about the holding of the absentee voting shall be sent together with the agenda materials and voting ballot by registered mail not later than 15 (fifteen) days before the date for summing-up of the voting.

6.8. If violations of Russian legislation, the Articles of Association and other internal documents of the Company have been found, the Chairman of the Internal Audit Commission shall convene an emergency meeting of the Internal Audit Commission for deciding on an extraordinary audit.

6.9. If the violations mentioned in Article 6.8 of the present Regulation have been found, a member of the Internal Audit Commission shall send a written statement to the Chairman of the Internal Audit Commission, which shall contain the types of violations and the names of persons who committed them, not later than 3 (three) days after such violations were detected.

6.10. In cases stipulated by Paragraphs 8 and 9 of the present Article of the present Regulation, the Chairman of the Internal Audit Commission shall convene an emergency meeting of the Internal Audit Commission in the form of joint presence within 10 (ten) days after the information about the detected violations was received.

6.11. A meeting of the Internal Audit Commission in the form of joint presence includes the following stages:

- 1) Opening of the meeting by the Chairman of the Internal Audit Commission;
- 2) Determination of the meeting's quorum;
- 3) Announcement of the agenda issues;
- 4) Presentations, statements and reports on the agenda issues, their discussion;
- 5) Drawing-up of the draft of the decisions on the agenda issues by the Chairman of the Internal Audit Commission;
- 6) Voting on the agenda issues;
- 7) Summing-up of the voting;
- 8) Announcement of the decisions of the Internal Audit Commission on the agenda issues.

6.12. A meeting of the Internal Audit Commission in the form of absentee voting includes the following stages:

- 1) Receipt and calculation of the ballots filled by the members of the Internal Audit Commission within the timeframe set in each ballot;
- 2) Determination of the quorum;
- 3) Calculation of votes in the ballots and summing-up of the voting;
- 4) Drawing up of the protocol of the meeting of the Internal Audit Commission.

6.13. A meeting of the Internal Audit Commission of the Company has the quorum if more than half of the commission members participate in the meeting. If there is no quorum, the meeting of the Internal Audit Commission is put off until a later date, but not later than 10 (ten) days after the meeting which did not take place.

6.14. Voting on the issues included into the agenda of the meeting of the Internal Audit Commission is based on the principle of the majority of votes of the Commission members.

During resolution of issues at the meeting of the Internal Audit Commission, each member of the Internal Audit Commission has one vote.

In case of a tie-vote, the vote of the Chairman of the Internal Audit Commission is decisive.

6.15. At a meeting of the Internal Audit Commission, the Secretary of the Internal Audit Commission keeps the minutes (protocol).

6.16. The protocol of a meeting of the Internal Audit Commission shall contain:

- 1) Date, time and place for the meeting (summing-up of the absentee voting);
- 2) List of the members of the Internal Audit Commission present at the meeting (participating in the absentee voting);
- 3) Information about the meeting's quorum;
- 4) Agenda issues;
- 5) Major provisions of the presentations, statements and reports on the agenda issues (only for the meeting held in the form of joint presence);
- 6) Voting results;
- 7) Decisions made by the Internal Audit Commission.

6.17. The protocol of the meeting of the Internal Audit Commission shall be drawn up in two copies not later than 5 days after the meeting (summing-up of the absentee voting) and signed by the Chairman and Secretary of the Internal Audit Commission of the Company.

6.18. The Company shall keep the protocols of the meetings of the Internal Audit Commission and provide them at the request of the Company's shareholders.

## **7. AUDIT PROCEDURE**

7.1. A regular audit of the Company's financial and economic activities is conducted in accordance with the approved annual Plan of Activities of Internal Audit Commission.

7.2. An extraordinary audit of the Company's financial and economic activities is conducted:

- 1) By the decision of the Internal Audit Commission of the Company;
- 2) By the decision of the General Shareholders' Meeting and (or) Board of Directors of the Company;
- 3) At the request of the Company's shareholders (shareholder) possessing the aggregate of not less than 10 (ten) percent of the Company's voting shares.

7.3. Unless envisaged otherwise by the decision of the Internal Audit Commission, General Shareholders' Meeting, Board of Directors of the Company upon the conducting of an extraordinary audit, the meeting of the Internal Audit Commission of the Company which must be held in accordance with Paragraphs 1 and 2 of Article 6 of the present Regulation, must be held not less than 15 (fifteen) working days after:

- 1) Adoption of the decision on the conducting of the extraordinary audit by the Internal Audit Commission;
- 2) Receipt of the decision on the conducting of the extraordinary audit by the Internal Audit Commission from the General Shareholders' Meeting and (or) Board of Directors of the Company.

The meeting of the Internal Audit Commission of the Company, which must be held in accordance with Paragraphs 1 and 2 of Article 6 of the present Regulation at the request to conduct an extraordinary audit, which is made by the Company's shareholders (shareholder) possessing the aggregate of not less than 10 (ten) percent of the Company's voting shares, must be held not later than 15 (fifteen) working days after the receipt of the given request of the Company's shareholders (shareholder).

7.4. The audit of the Company's financial and economic activities includes:

- 1) Determination of the regulatory framework for the area of the Company's activities to be audited;

- 2) Collection and analysis of the Company's financial and economic documents, indicators of the financial statements, statistical reports and other documents of the Company, receipt of oral and written explanations related to the audited object;
- 3) Inspection of storehouses, archives and other premises of the Company;
- 4) Detection of signs of non-compliance of the Company's financial and economic activities with the Russian legislation in force, distortions or unreliability of the data about the Company's activities in the financial statements, statistical reports and other documents of the Company;
- 5) Other actions, which provide a comprehensive and objective audit of the Company's financial and economic activities and comply with the powers of the Internal Audit Commission set in the present Regulation.

7.5. During the audit, the members of the Internal Audit Commission request for the necessary documents and materials from the management bodies of the Company, heads of the separate subdivisions and structural subdivisions of the Company's executive bodies, which have these documents and materials.

The requested documents and materials shall be provided to the members of the Internal Audit Commission of the Company within 2 (two) working days after the request was submitted.

7.6. Any member of the Internal Audit Commission of the Company shall have access to books, accounting records, correspondence and other information related to the audit object.

7.7. During audits, the members of the Internal Audit Commission of the Company shall properly study all the documents and materials related to the audit object, which they have received.

7.8. The members of the management bodies of the Company, heads of separate subdivisions and structural subdivisions of the Company's executive bodies shall:

- 1) Create the audit conditions which provide efficient auditing, provide the members of the Internal Audit Commission with all the necessary information and documents, as well as give oral and written explanations and clarifications at their request;
- 2) Efficiently eliminate all the violations detected by the Internal Audit Commission, including violations related to accounting and preparation of financial and other types of statements;
- 3) Prevent any actions during the audit aimed at limitation of the number of issues subject to study during the audit.

## **8. REPORT OF INTERNAL AUDIT COMMISSION**

8.1. The Internal Audit Commission prepares a report based on the results of the audit of the Company's financial and economic activities, which is an internal control document of the Company.

8.2. The report of the Internal Audit Commission must comprise three parts: the introduction, analysis and conclusion.

8.3. The introductory part of the report of the Internal Audit Commission shall contain:

- 1) Full name of the document – "Report of Internal Audit Commission of Open Joint-Stock Company "The Fifth Power Generation Company";
- 2) Date and place for the preparation of the report;
- 3) Date (period) and place of the audit;
- 4) Basis for the audit (the decision of the Internal Audit Commission, General Shareholders' Meeting, Board of Directors, shareholders (shareholder) of the Company);
- 5) Audit objective (determination of legality of the Company's activities, credibility of accounting and other documents, their compliance to the legislation of the Russian Federation etc.);
- 6) Audit object (certain activities of the Company, financial and economic documents including financial statements and statistical reports etc.)

7) List of regulatory and other documents regulating the activities of the Company, which were used during the audit.

8.4. The analytical part shall be an objective evaluation of the condition of the audited object and contain:

- 1) General results of the audit of accounting documents and financial statements, as well as other documents related to the Company's financial and economic activities;
- 2) General results of the audit that the financial and economic activities of the Company comply with the requirements of Russian legislation;

8.5. The concluding part of the report of the Internal Audit Commission consists of the reasoned conclusions of the Internal Audit Commission and shall contain:

- 1) Confirmation that the data in the reports and other financial documents of the Company is credible;
- 2) Information on the instances of violation of the procedure of accounting and provision of financial statements set by Russian legislation, as well as Russian regulations, which arose during the financial and economic activities of the Company;
- 3) Recommendations and proposals on the elimination of causes and consequences of the violations of Russian legislation, the Articles of Association and internal documents of the Company.

8.6. The report of the Internal Audit Commission is drawn up in 3 (three) copies not later than 10 (ten) days after the audit, and is signed at the meeting of the Internal Audit Commission based on the results of the audit by all members of the Internal Audit Commission, as well as those experts which were involved into the audit. The report must have a note that the Director General and Chief Accountant of the Company have read and understood the report.

Should any disputes arise between the members of the Internal Audit Commission, which regard this or that issue, the report of the Internal Audit Commission is executed with all the disputes included into it. The report of the Internal Audit Commission shall be supplemented by the dissenting opinion signed by a member of the Internal Audit Commission or an expert involved into the audit.

One copy of the report is kept together with other documents of the Internal Audit Commission, the other two copies are handed over to the Board of Directors and Director General of the Company.

8.7. The Company shall keep the reports of the Internal Audit Commission and provide access to these documents at the request of the Company's shareholders.