

**APPROVED**  
**by the General shareholders meeting**  
**JSC "WEIDMANN - MPM"**  
Minutes # 15 of April 15, 2010

**PROVISION ON AUDIT COMMITTEE**  
of Public Joint Stock Company  
**"WEIDMANN MALYN PAPER MILL"**  
(new edition)

**1. GENERAL PROVISIONS**

1.1. Mentioned below terms in this Provision are used in such a meaning:  
«Company» – Public joint stock company « **WEIDMANN MALYN PAPER MILL**»;  
«General meeting» – General meeting of the Company;  
«Statute» – Statute of the Company;  
«Supervisory Board» - Supervisory Board of the Company;  
«Audit committee» - Audit committee of the Company;  
«Management Board» – Management Board of the Company;  
«Shareholders» – Shareholders of the Company.

1.2. An Audit committee is the body which audits business activity of the Company, dependent (daughter) enterprises, affiliates, representative offices, other separate divisions and contracts on common Company activity conducting without incorporating a corporate entity and executes official inquest in cases stipulated by this Provision.

1.3. Audit committee controls compliance of present financial and accounting requirements by the Company and also estimates the degree of credibility and completeness of accounting (financial) information of the Company.

1.4. Audit committee conducts its activity by Company audits, and also official inquests, inquiries by facts of an infringement discovery.

1.5. Audit committee activity is guided by current legislation of Ukraine, Statute, Provisions herewith, other internal documents and decisions, adopted by General meeting and Supervisory Board.

1.6. Amounts and the order of receiving the rewards by Audit committee members are defined by the Supervisory Board. Supervisory Board approves the terms of civil or labor contracts to be concluded with Head and members of Audit. Civil contracts with the chairman and/or members of Audit committee are signed by the chairman of Supervisory Board on behalf of the Company, labor contracts – by chairman of the Management Board.

**2. AUDIT COMMITTEE ELECTION**

2.1. Chairman and members of Audit committee are elected by General shareholders meeting by cumulative voting exclusively for three years. The quantity of Audit committee is not less than two members. Audit committee is competent since accepting of the appropriate decision by General meeting and before its new staff election by General meeting. A member of an Audit can be elected a person who has active capacity, with higher education, has knowledge, qualification and experience necessary for his/her official duties fulfillment and gave a preliminary written consent on his/her nomination for Audit member position.

2.2. Members of Management Board, the Supervisory Board, corporate secretary or other officials of the Company can not be the Auditor. Audit committee members can not be members of the Company counting board.

**3. FUNCTIONS, RIGHTS AND DUTIES OF AUDIT COMMITTEE**

3.1. Audit committee controls, checks and estimates business activity of the Company, compliance with the Stature requirements and internal financial-accounting regulatory

documents, namely:

- decisions execution of General meeting, Supervisory Board, Management Board on issues of business activity of the Company and its conformity to the effective legislation and Statute;
- compliance with the internal financial-accounting procedures and rules approved in the appropriate order;
- decisions execution on avoiding drawbacks, defined by a previous audit ( official inquest) by Audit committee (auditor);
- compliance with the shareholders rights regarding rules of the Company income distribution, benefits and privileges in purchase shares of new emissions of the Company;
- measures aimed at exclusion of non-productive expenses by the Management Board;
- calculation accuracy and observance of calculation terms to the budget of taxes, charges and other obligatory payments, and also correctness of calculations with bank establishments;
- accuracy of determining size of the Company share capital and proper amount of issued shares, own investment flow capital of the Company;
- formation and use of funds of reserve and other Company funds created due to an income;
- payment by shareholders of defined percents for untimely payment of Company shares bought by them;
- condition of money management and property of the Company.

3.2. Audit committee is obliged:

- to conduct audit of annual financial report of the Company activity rendered by the Management Board;
- to give conclusions of financial reports and balances of the Company;
- to request extraordinary convocation of General meeting if there is a risk to the Company's interests or officials' abuse of power was revealed;
- to inform General meeting, in the period between them – Supervisory Board about all revealed faults during audit or official inquests and abuse of the Company officials;
- follow confidentiality regulations.

3.3. Audit committee is entitled:

- to require from the Company employees all documents necessary for audit and official inquest conducting;
- to conduct oral questioning and conversations with the Company employees on audit issues;
- require written explanations from Company officials and other employees;
- to consider cost estimate and Company plans;
- to conduct audit of the Company accounting documents;
- to conduct official inquests;
- to introduce issues regarding activity (inactivity) of some Company officials or other employees for consideration of General meeting, Supervisory Board or Management Board;
- to attract officials, other Company employees in audit participation, or in case of necessity to ask the Management Board for attraction of experts or specialists of audit organizations;
- to receive rewards in amount and in order defined by Supervisory Board.

Head of Audit committee is entitled to take part in meetings of Management Board, Supervisory Board and General meeting with advisory vote.

#### **4. ORGANIZATION OF AN AUDIT COMMITTEE PERFORMANCE**

4.1. Audit committee can conduct ordinary and extraordinary (special) audits.

4.2. Audit committee conducts regular audits by results of annual financial activity for

rendering the conclusion by annual report and balance of the Company. Ordinary audits are to be conducted without special decision of the Company bodies.

4.3. Extraordinary (special) audits are to be conducted by Audit committee:

- by own initiative;
- by decision of General meeting;
- by decision of Supervisory Board;
- by Management Board decision;
- by shareholders request, who are the owners of not less than 10 % of Company shares.

4.4. Audit committee can conduct official inquests on separate facts of breach of defined order of the Company activity and also on some facts of Company officials abuse which became known.

4.6. Reasons for conducting of official inquests by Audit committee:

- notice or notification of companies, establishments, organizations;
- official notifications of public authorities and their representatives;
- notice of separate citizens, including Company employees;
- personal confessions of the Company officials;
- notifications, published in a press or in other mass medias;
- official notice of Company shareholders expressed at General meeting and directed to Supervisory Board;
- facts detected during audit conducting directly by the Audit committee.

4.7. Audit committee informs the Chairman of Supervisory Board and Management Board about start of audit or official inquest.

4.8. Materials of audit conclusion, signed by the head of Audit committee are directed to Supervisory Board not later than within three days upon audit termination. The Audit committee is obliged to give the final certificate of audit (official inquest) to person who had audit.

4.9. Audit committee conducts its meetings by necessity.

4.10. Date of the meeting conducting and agenda are to be informed by the member(s) of Audit committee by its chairman not later than in 5 days before the date of meeting, except cases when it was defined during the last meeting.

4.11. Audit committee is competent to accept decisions, if not less than half of its staff are present at the meeting.

4.12. Audit committee solves issues:

- agenda of audit conducting and official inquests;
- conclusions approval on conducted audits;
- conclusions approval on materials of official inquests;
- adherence of the Statute provisions and internal financial-accounting provisions of the Company;
- other issues of audit activity.

4.13. Each Audit committee member has one vote while voting. All decisions of Audit committee are accepted by simple majority of votes. In case of equal vote's distribution, the vote of Audit committee chairman is decisive, in case the staff of Audit committee contains more than 2 (two) members.

4.14. Minutes of Audit committee meeting executes by its Chairman not later than within five days after meeting conducting.

4.15. Chairman of Audit committee signs Minutes of the meeting.

4.16. Member (s) of Audit committee, who do not agree with Audit committee decision, can express a separate opinion to be concluded to the Minutes.

4.17. After audit of annual report and Company balance the Audit committee transfers one sample of approved conclusion to the Management Board for further consideration at General meeting.

## **5. RESPONSIBILITY OF AN AUDIT COMMITTEE**

5.1. Audit committee members are personally responsible for authenticity, completeness and objectivity of information containing in the conclusions and other documents prepared by Audit committee.

5.2. In case of breach, non fulfillment or not proper fulfillment of duties Audit committee member bears liability according to the current legislation of Ukraine and Provisions of internal Company documents.

## **6. PRE-TERM TERMINATION OF AUDIT COMMITTEE AUTHORITIES**

6.1. In case of non-fulfillment or improper fulfillment of Audit committee duties set by the Statute, this Provision and effective legislation of Ukraine, the General meeting can accept decision on pre-term authorities' termination of Audit committee member and simultaneous election of new members.

6.2. The authorities of Audit committee member with the simultaneous termination of the contract, concluded with him are terminated without General meeting decision:

- at his own will on condition of writing report about it for the Company in two weeks;
- in case of impossibility of Audit committee duties because of state of health;
- in case of coming into effect of the court verdict or decision convicted the Audit committee member to punishment which excludes his duties fulfillment;
- in the case of death of Audit committee member, incapability of duties fulfillment, partially capable, disappeared, died.

**Head of the meeting**

**A.Kostiuchenko**