TERMS OF REFERENCE
on the Auditing Board
of KAMAZ Publicly Traded Company

1. General

1.1. The Terms of Reference on the Auditing Board of KAMAZ Publicly Traded Company (hereinafter referred to as the Terms of Reference) shall define the status, the procedure of creating, the functions and duties of the Auditing Board of KAMAZ Publicly Traded Company (hereinafter referred to as the Company), the rights, obligations and liability of its members, the procedure of calling and holding the meetings of the Company's Auditing Board (hereinafter referred to as the Auditing Board), the procedure of approving and executing its decisions.

1.2. The Terms of Reference have been developed pursuant to the law of the Russian Federation, the Charter of the Company and shall be approved by the Company Shareholders' General Meeting.

1.3. The Auditing Board shall perform the functions of control over the financial and business activities of the Company.

1.4. In its activities, the Auditing Board shall be guided by the law of the Russian Federation, the Charter of the Company, the present Terms of Reference and other internal documents of the Company.

The Auditing Board shall be independent of the officers/officials and the governing bodies of the Company and shall be answerable to the Company Shareholders' General Meeting.

2. Functions and Obligations of the Auditing Board

2.1. The Auditing Board, within its competence, determined by the existing law and the Charter of the Company:

2.1.1. shall conduct a planned documentary audit of the financial and business activities of the Company based on the performance results for the year as well as unscheduled documentary audits at its initiative, by the resolution (assignment) of the Company Shareholders' General Meeting, the Company's Board of Directors or at the request of the Company's shareholder (shareholders) owning cumulatively no less than 10 percent of the Company's voting shares on the following matters:

- condition of the Company's financial documentation;
- legitimacy of the agreements concluded on behalf of the Company, other executed transactions, correctness of the settlement of accounts with contracting parties;
- conformity of the keeping of the accounts per se and statistical accounts to the normative acts;
- state of the Company's financial standing: its solvency, liquidity of assets, leverage (ratio between own and borrowed funds);

- timeliness and correctness of payments to the suppliers of products and services, payments to the budget, accrual and payment of dividends, interest on the bonds, extinguishment of miscellaneous obligations;
- correctness of preparing the balance sheet accounts of the Company, annual reports, annual accounts including the accounts of profits and losses (statements of profits and losses), distribution of profits and losses of the Company based on the results of the financial year.

2.1.2. Based on the results of the audits, an opinion shall be prepared which contains:

- confirmation of the truthfulness of the data contained in the accounts and other financial documents of the Company;
- information about the acts of violation of the procedure enshrined in the legal acts of the Russian Federation relating to accounting and submission of the financial statements as well as the legal acts of the Russian Federation in the pursuit of financial and business activities.
- confirmation of truthfulness of the interested party transactions contained in the report on the interested party transactions concluded by the Company during the year under review.

2.1.3. Shall serve a request to call a meeting of the Company's Board of Directors.

2.1.4. Shall serve a request to call the Company Shareholders' General Meeting.

2.1.5. Shall elect the Chairman and Secretary of the Auditing Board.

2.1.6. Shall develop and approve its work plan for the period until the next Shareholders' Annual General Meeting.

2.1.7. Shall decide on its own on the procedure and forms of conducting planned and unscheduled audits (inspections) and preparing opinions based on the results of the audits.

2.1.8. Shall exercise control over elimination of deficiencies and implementation of the recommendations reflected in the deeds based on the results of the previous audits.

2.1.9. Shall make decisions to conduct unscheduled audits.

2.2. The Auditing Board shall submit to the Company's Board of Directors no later than 50 days before the Company Shareholders' Annual General Meeting an opinion of the results of the audit of the annual accounts (financial statements) of the Company and the Company's Annual Report.

2.3. The Auditing Board shall be obliged:

2.3.1. In due time to bring to the attention of the Company Shareholders' General Meeting and the Company's Board of Directors the results of the audits made in the form of written reports, memoranda or presentations at the meetings of the Company's Board of Directors or at the Company Shareholders' General Meeting;

2.3.2. To issue an opinion of the results of the audit of the Company's annual accounts and the Company's annual report.

3. Composition of the Auditing Board and the Term of Members' Mandate

3.1.The members of the Auditing Board shall be elected by the Company Shareholders' General Meeting for the time period until the next Company Shareholders' Annual General Meeting. The quantitative makeup (number of members) of the Auditing Board shall be determined by the Company Charter.

3.2.The members of the Auditing Board cannot simultaneously be members of the Company's Board of Directors or hold other positions on the Company's governing bodies.

3.3. A member of the Auditing Board can be any physical person whose activities in the capacity of a member of the Auditing Board are not prohibited by the existing law of the Russian Federation.

3.4. The powers of the members of the Auditing Board shall be in effect from the time of their election at the Company Shareholders' Annual General Meeting for the time period until the next Company Shareholders' Annual General Meeting.

3.5. In case the number of the members of the Auditing Board becomes less than half the number of the elected members of the Auditing Board, the Board of Directors of the Company shall be obliged to decide to hold the Company Shareholders' Special General Meeting to elect a new composition of the Auditing Board.

3.6. The Company Shareholders' General Meeting whose agenda includes the item concerning election of the Auditing Board cannot be held in the form of absentee vote.

3.7. By resolution of the Company Shareholders' General Meeting, the powers of any member or all the members of the Auditing Board can be terminated ahead of time.

The Company Shareholders' General Meeting shall be entitled to decide to terminate ahead of time the powers of all the members of the Auditing Board simultaneously if it has the item concerning election of the new composition of the Auditing Board on its agenda.

3.8. In the case of early termination of the powers of all the members of the Auditing Board, the powers of the newly elected members of the Auditing Board shall be in effect until the next Company Shareholders' Annual General Meeting.

3.9.A member of the Auditing Board shall be entitled, at his or her initiative, to withdraw from the membership of the Auditing Board at any time, having notified its other members thereof in written form.

4. Election of the Members of the Auditing Board

4.1. Advancement and consideration of the proposals concerning nomination of candidates for the Auditing Board shall be made pursuant to the existing law following the procedure determined by the Charter of the Company and the Terms of Reference on the Company Shareholders' General Meeting.

4.2. The number of candidates in one proposal cannot exceed the quantitative makeup of the Auditing Board established in the Charter of the Company.

4.3. Candidate members of the Auditing Board must confirm in written form their consent to be elected as members of the Auditing Board.

4.4. Particulars about the candidates for the Auditing Board and the information about availability or lack of their written consent to be elected as members of the Auditing Board, shall be provided, on mandatory basis, to the shareholders in preparation for the holding of the Company Shareholders' General Meeting.

4.5. The shares owned by the members of the Company's Board of Directors or the persons who hold positions on the governing bodies of the Company cannot participate in the voting when electing the members of the Company's Auditing Board.

4.6. Elected to the membership of the Auditing Board shall be the candidates who have scored the majority of votes of the shareholders – owners of voting shares who have taken part in the Company Shareholders' General Meeting.

4.7. In the case of election to the Auditing Board of the person who is a member of the Company's Board of Directors or who is holding the position (positions) on the Company's governing bodies, the mandate of such a member of the Auditing Board shall be suspended pending determination by him of the position occupied.

4.8. The persons elected to the membership of the Auditing Board can be re-elected an infinite number of times.

5. Chairman of the Auditing Board

5.1.The Chairman of the Auditing Board shall be elected by the members of the Auditing Board out of their number by the majority of votes of the total number of the elected members of the Auditing Board.

5.2. The Auditing Board shall be entitled to re-elect the Chairman of the Auditing Board at any time.

5.3. When electing the Chairman of the Auditing Board of the previous composition to the new composition of the Auditing Board, he or she shall continue to carry out the responsibilities of the Chairman until election of the new Chairman of the Auditing Board. If the Chairman of the Auditing Board of the previous composition is not elected to the new composition of the Auditing Board, the responsibilities of the Chairman of the Auditing Board until his or her election shall be carried out by the member of the Auditing Board who is the most senior in terms of age.

5.4.The Chairman of the Auditing Board:

- shall organize the proceedings of the Auditing Board;
- shall call the meetings of the Auditing Board or organize absentee vote;
- shall chair the meetings of the Auditing Board;
- shall organize the current operation of the Auditing Board;
- shall represent the Auditing Board at the Company Shareholders' General Meeting, at the meetings of the Company's Board of Directors and the Company's Management Board;
- shall organize the keeping of the minutes of the Auditing Board's meetings;
- shall sign the documents issued in the name of the Auditing Board.

5.5. In the case of the Chairman of the Auditing Board being unavailable, his or her functions relating to the organization of the proceedings of the Auditing Board, the calling of its meetings and the presiding over them, organization of the keeping of the minutes at the meetings, passage of decisions to hold absentee vote by the Auditing Board shall be discharged by one of the members of the Auditing Board by resolution of the Auditing Board.

The Chairman of the Auditing Board shall not be entitled to delegate his or her functions to another person.

The Chairman of the Auditing Board can delegate his or her functions relating to representation of the Auditing Board at the Company Shareholders' General Meeting to any member of the Auditing Board.

5.6. In the case of parity of votes of the members of the Auditing Board "in favor" and "against" on the draft of the resolution under consideration at the meeting of the Auditing Board, deemed to have been carried shall be the version for which the Chairman of the Auditing Board has voted.

6. Support of the Operation of the Auditing Board, Remunerations and Compensations To the Members of the Auditing Board.

6.1. Expenses connected with the activities of the Auditing Board shall be incurred in line with the procedure in place and in operation at the Company.

6.2. Technical support (logistics) of the activities of the Auditing Board shall be provided by the Corporate Secretary of the Company. The Corporate Secretary of the Company shall provide the conditions necessary for the members of the Auditing Board to perform their functions, shall organize arrangements for premises to be provided for the meetings of the Auditing Board, transport support, accommodations for non-resident members of the Auditing Board, admission and access to the venue of the meeting.

6.3. The Corporate Secretary of the Company shall ensure that the Confidentiality Agreement is signed by the member of the Auditing Board who is not an employee of the Company with the duration of the agreement from the time of electing the new composition of the Auditing Board.

6.4. The Corporate Secretary of the Company shall ensure that minutes of the meetings are kept on file and registered as well as resolutions and opinions of the Auditing Board.

6.5. The internal documents of the Company which regulate admission and access to restricted facilities must provide for company documents to be issued to the members of the Auditing Board which would provide right of access (travel) to the restricted facilities in the scope to be determined by the General Director of the Company. The above mentioned company documents shall be executed and issued to the members of the Auditing Board on the basis of their request after they have furnished two photographs of approved type.

6.6. The informational support of the activities of the Auditing Board shall be provided by the Secretary of the Auditing Board, including:

- dissemination of the materials in advance of the meeting (absentee vote) of the Auditing Board;
- briefing of the Chairman of the Auditing Board as to existence of the quorum for the meeting of the Auditing Board to be held;
- formulation of the work plan of the Auditing Board;
- communication of the decisions taken by the Auditing Board to the officers of the Company;
- sending to the members of the Auditing Board ballots for voting in case decisions are being taken by the Auditing Board by absentee vote;
- summing up the voting results on the items decisions on which are being taken by absentee vote;
- counting the votes of the members of the Auditing Board;
- keeping and executing the minutes of the meetings (absentee votes) and managing the files of the Auditing Board;

The Secretary of the Auditing Board shall be elected by the members of the Auditing Board out of their number by the majority of votes of the total number of the elected members of the Auditing Board.

6.7. The Auditing Board shall be entitled to re-elect the Secretary of the Auditing Board at any time.

6.8. By resolution of the Company Shareholders' General Meeting, the members of the Auditing Board, during the term of performing their responsibilities can be paid remunerations and (or) can be compensated for the expenses associated with the performance of their duties. The amounts of such remunerations and compensations shall be established by the resolution of the Company Shareholders' General Meeting.

6.9. The form of paying the remuneration to the members of the Auditing Board shall be the payment of cash consideration based on the results of the corporate year.

The corporate year shall be the period of time from the date of holding the Company Shareholders' Annual General Meeting to the date of the next Company Shareholders' Annual General Meeting.

6.10. The Company Shareholders' General Meeting can take the decision not to pay any remuneration based on the results of the corporate year to a member of the Auditing Board who, during the corporate year did not take part in a single meeting, absentee vote of the Auditing Board including participation by providing his or her written opinion.

6.11. A member of the Auditing Board shall be entitled to decline the remuneration by submitting a written application addressed to the Company.

6.12. Remuneration or compensation shall not be paid to the members of the Auditing Board who are civil servants in the government.

6.13. The members of the Auditing Board shall be compensated (reimbursed) for the expenses connected with travel to the venue where the meetings of the Auditing Board or the Company Shareholders' General Meeting in the form of a meeting are held and the expenses connected with miscellaneous trips as well as other reasonable expenses incurred in performing their obligations based on the resolution of the Company Shareholders' General Meeting.

As a standard level for the expenses, the caps established for relevant expenses for the employees of the Company shall apply.

6.14. Compensation shall be paid after back-up payment documents are provided.

7. Meetings of the Auditing Board

7.1. The meetings of the Auditing Board shall be held on planned basis as well as before the audit and upon completion of the audit to discuss the results. The work plan shall be drawn up for a corporate year and shall

provide for the matters under the law, the Charter of the Company as well as the items proposed by the members of the Auditing Board. The Plan of the Auditing Board shall be approved by the resolution of the Auditing Board.

7.2. The meeting of the Auditing Board (absentee vote by the members of the Auditing Board) shall be called (conducted) by the Chairman of the Auditing Board at his or her initiative as well as at the request of a member of the Auditing Board in the case of the violations found and requiring that they be urgently addressed by the Auditing Board.

Absentee vote by the members of the Auditing Board can be conducted on the issues which have nothing to do with reviewing the results of the audits and violations found.

7.3. The date, place and time of holding the meeting of the Auditing Board shall be determined in the decision of the Chairman of the Auditing Board to hold the meeting.

7.4. The notice of a meeting of the Auditing Board being called shall be sent to each member of the Auditing Board in written form.

The notice may be sent by regular letter or regular registered postal delivery, via courier service, by facsimile message or delivered against signature.

The notice must contain details about the date, place and time of the meeting and the list of the items proposed for consideration at the meeting.

Attached to the notice shall be the materials necessary for preliminary review by the members of the Auditing Board and drafts of corresponding decisions of the Auditing Board.

7.5. The meeting of the Auditing Board shall be considered to be competent if no less than half the number of the elected members of the Company's Auditing Board are participating in it.

7.6. When making decisions at the meeting of the Auditing Board, each member of the Auditing Board shall have one vote.

Transfer of the right to vote by the member of the Auditing Board to another person including another member of the Auditing Board shall not be allowed.

The members of the Auditing Board can participate in the proceedings of the meetings of the Auditing Board by using conferencing facilities (audio or video conferencing systems).

The votes of the members of the Auditing Board who are participating in this manner in the meetings of the Auditing Board, shall be taken into consideration when determining the quorum at the meeting and when voting on the agenda items of the meeting.

7.7. Resolutions, deeds and opinions of the Auditing Board shall be adopted and approved by the majority of votes of its members attending the meeting or taking part in the absentee vote.

The decision of the Auditing Board to call the Company Shareholders' Special General Meeting shall be made unanimously by all the members of the Auditing Board attending the meeting or by all the members of the Auditing Board taking part in the absentee vote. The request to call the Company Shareholders' Special General Meeting shall be signed by all the members of the Auditing Board who have taken part in the meeting of the Auditing Board (absentee vote by the members of the Auditing Board).

7.8. When determining availability of the quorum and the voting results at the meeting of the Auditing Board, the written opinion of a member of the Auditing Board absent from the meeting of Auditing Board on the agenda items shall be taken into account.

7.9. The members of the Auditing Board, in the case of their disagreement with the decision of the Auditing Board, shall be entitled to record their special opinion in the minutes of the meeting.

8. Minutes of the Meeting of the Auditing Board

8.1. At the meetings of the Auditing Board, the minutes shall be kept.

8.2. The minutes of the meeting of the Auditing Board shall be prepared no later than 3 days after it was held. The minutes shall specify:

- the place and time of holding the meeting;
- the persons who attended the meeting;
- the agenda of the meeting;
- the items put to vote and the voting results thereon;
- the decisions made.

The minutes shall be signed by the members of the Auditing Board who took part in the meeting.

8.3.The members of the Auditing Board, in the event of their disagreement with the decision of the Auditing Board, shall be entitled to record their special opinion in the minutes.

8.4. The opinions of the members of the Auditing Board, expressed in written form and signed in their own hand as well as the ballots for voting, in the event of conducting the absentee vote by the members of the Auditing Board, shall be jointed to the minutes.

8.5. The Company shall be obliged to provide the minutes of the meetings of the Auditing Board for perusal at the request of the Company's shareholders as well as copies of the minutes to the shareholder at his or her request for a charge not exceeding the amount of costs incurred in producing the copies and postal service.

The minutes of the Auditing Board must be provided to the shareholders within 7 days from the day of service of the respective request for perusal on the premises of the Company's executive body.

9. Procedure of Conducting Audits

9.1. An audit of the Company's financial and business activities shall be made based on the year end performance results of the Company for the year.

9.2. An audit of the Company's financial and business activities shall also be carried out at any time by:

- resolution of the Company Shareholders' General Meeting;
- at the initiative of the Auditing Board itself;
- by the resolution of the Company's Board of Directors;
- at the request of a shareholder (shareholders) in the Company who cumulatively own no less than 10 percent of the Company's voting shares.

9.3.The shareholders who are initiators of the audit shall send a written request to the Auditing Board.

The request is to contain:

- family name, first name, patronymic (name) of the shareholder (shareholders);
- details about the number and class (type) of the shares owned by the shareholder.

The request shall be signed by the shareholder or his or her nominee. If the request is signed by the nominee, in that case the power of attorney shall be attached.

In the case of the initiative originating from the shareholders who are legal entities, the signature of the representative of the legal entity who is acting under the its charter without power of attorney shall be certified with the seal of the said legal entity; attached to the request shall be the document which confirms the right of the representative of the legal entity to act without power of attorney. If the request is signed by the representative of the legal entity acting on its behalf under power of attorney, attached to request shall be the power of attorney.

9.4. The request of the initiators of the audit shall be sent for the attention of the Company at its address.

9.5. Within 10 working days from the date of receipt of the request, the Auditing Board must decide to conduct the audit or come up with a justified denial of its conduct.

Besides, the date of receipt of the request shall be considered the date of the Company's receipt of the postal delivery, date of delivery or date of the Company's receipt of the facsimile message.

9.6. Denial of the audit conduct can be issued by the Auditing Board in case the shareholders who served the request are not, as at the date of its filing, owners of the number of voting shares in the Company necessary for this purpose.

9.7. The Auditing Board's decision to conduct an audit or the justified denial of its conduct shall be sent to the initiators of the audit by letter within 5 days from the time of making such decision.

9.8. The decision to conduct an audit of the financial and business activities of the Company and the decision to begin it shall be sent by the Auditing Board to the Board of Directors of the Company, the Company's Management Board and the General Director of the Company within 5 days from the time of making such a decision.

9.9. Upon completion of the audit, the Auditing Board, within 10 days from the time of approval of the opinion, shall send it to the initiators of audit by letter. The opinion of the Auditing Board shall be also sent to the Company Shareholders' General Meeting, the Board of Directors, the Management Board and the General Director of the Company.

10. Rights and Obligations of the Members of the Auditing Board

10.1. The Auditing Board, for purposes of properly performing its functions, shall have the right:

- to obtain from the persons who hold positions on the governing bodies of the Company, documents about the Company's financial and business performance within five days after lodging a written request by the Auditing Board;
- to request to call meetings of the Company's Board of Directors, to call the Company Shareholders' Special General Meeting in the cases where the violations found in the Company's financial and business operations or a threat to the Company's interests require resolution on the matters which are within the remit of responsibilities of the above mentioned governing bodies of the Company.

10.2. The members of the Auditing Board shall be obliged:

- to maintain commercial secrets, not to divulge the information which is confidential, which is accessible to the members of the Auditing Board by virtue of performing their functions;
- to attend the Company Shareholders' General Meeting.

10.3. A member of the Auditing Board who is not an employee of the Company shall be entitled to obtain confidential information upon his or her conclusion of a Confidentiality Agreement with the Company.

11. Operation of the Terms of Reference. Procedure of Introducing Amendments and Addenda To the Terms of Reference

11.1. Amendments and addenda to the present Terms of Reference can be introduced by resolution of the Company Shareholders' General Meeting.

The Company Shareholders' General Meeting can terminate the operation of the present Terms of Reference and approve new Terms of Reference on the Company's Auditing Board.

11.2. In the case of a contradiction between the norms of the law of the Russian Federation and the present Terms of Reference the norms of the existing law of the Russian Federation shall apply.