

«APPROVED»

**By the decision of the Supervisory
Board of JSC «BIOKIMYO»
Of November 29, 2016
minutes № 7**

**PROVISION ON AUDIT COMMITTEE
OF THE JSC «BIOKIMYO»**

1. General Provisions

The Committee is a consultative and advisory body to the Supervisory Board of the Company (hereinafter referred to as the Supervisory Board), established for preliminary consideration of issues referred by the Charter of the Company to the competence of the Supervisory Board. In its activities, the Committee is accountable to the Supervisory Board. The Committee has no right to act on behalf of the Supervisory Board. The Committee is not the governing body of the Company.

1.2. In its activities the Committee is guided by the legislation of the Republic of Uzbekistan, the Charter of the Company, decisions of the Supervisory Board, this Regulation and other internal documents of the Company.

2. Purpose and functions of the Committee

2.1. The main purpose of the Committee is to increase the efficiency and quality of the Supervisory Board's work in ensuring open communication with the Company's auditor, the Company's Audit Commission, branches, representative offices, structural divisions and services of the Company through preliminary consideration and making recommendations to the Supervisory Board on the Committee's competence in the following areas:

- risks associated with the completeness of information disclosure;
- financial statements;
- external independent audit, internal audit;
- internal control procedures.

2.2. The functions of the Committee are:

2.2.1. Preliminary consideration and development of recommendations to the Supervisory Board for making decisions on matters within the competence of the Supervisory Board, including:

- preliminary approval of the annual reports of the Company;
- preparation of recommendations to the general meeting of shareholders on the procedure for the distribution of profits and losses of the Company based on the results of the financial year, as well as on the amount of dividends on shares and the procedure for their payment;
- determination of the price (monetary value) of the property, the price of placement and redemption of equity securities in cases stipulated by the law "On Joint Stock Companies and Protection of Shareholder Rights";
- determination of the amount of the initial (maximum) price for payment for the services of the Company's auditor;
- approval of the Company's internal procedures for risk management, analysis of the effectiveness of such procedures, ensuring their compliance;
- approval of internal control procedures over the Company's financial and business operations, including approval of the Regulations on Internal Control Procedures;
- approval of major transactions in cases provided for by the law "On Joint Stock Companies and Protection of Shareholder Rights";

- approval of transactions in cases provided for by Chapter 9 of the Law "On Joint Stock Companies and Protection of Shareholder Rights";

- adoption of a resolution on the audit by the Audit Commission of the Company of the Company's financial and economic activities;

- approval of internal documents of the Company related to the functions of the Committee.

2.2.2. Ensuring the direct participation of the Supervisory Board in the control of financial and economic activities.

2.2.3. Evaluation of candidates for the Company's auditors.

ation of the conclusion of the Company's auditor.

Consideration of internal control procedures in the Company, including:

- consideration together with the service of the Company performing the functions of internal audit, proposals and development of recommendations on organization of risk management arising in the course of the Company's financial and economic activities;
- consideration of proposals and elaboration together with the executive bodies of the Company of recommendations on the management of crisis situations;
- development together with the service of the Company, which performs the functions of internal audit, recommendations for the approval of operations that go beyond the limits established by the annual budget of the Company;
- evaluation of the effectiveness of internal control procedures, procedures for risk management of the Company, as well as preparation of proposals for their improvement;
- development, in cooperation with the Company's Management Board and the Company's service, of internal control procedures, internal control and internal audit functions.

2.2.6. Consideration of the Company's financial and accounting statements, including:

- consideration of the Company's annual financial statements prepared in accordance with the NAS prior to its submission to the Supervisory Board, as well as those prepared in accordance with International Financial Reporting Standards (IFRS), as well as materials containing information on the results of financial and economic activities disclosed The Company to investors;
- discussion and consideration of the annual financial statements and audit results with the Company's auditor and the Company's management prior to its submission to the Supervisory Board;
- consideration of accounting and audit issues, adjustments, changes in accounting policies that may have a material impact on the Company's financial results.

2.3. The Supervisory Board of the Company or the Chairman of the Company's Supervisory Board may entrust the Committee with consideration of other issues of the competence of the Supervisory Board and preparation of draft decisions on them.

2.4. The Committee ensures constant interaction of the Supervisory Board with:

- the Company's auditor;
- an independent appraiser;
- The Audit Commission of the Company;
- The Management Board and the Chairman of the Board of the Company;
- financial and accounting services, as well as the service of the Company, which performs the functions of internal audit.

2.5. To implement the functions assigned to it, the Committee has the right:

- request and receive information from the executive bodies, heads of services and structural divisions of the Company in the established order for the performance of their activities;
- if necessary, invite to meetings of the Committee employees of the Company and other persons;
- develop and submit proposals to the Supervisory Board for amending and / or amending this Regulation.

3. The order of formation and composition of the Committee

3.1. The decision on the personal composition of the Committee and the election of the Chairman of the Committee shall be made by the Supervisory Board after the election of a new composition of the Supervisory Board.

Members of the Committee are elected by the decision of the Supervisory Board on the proposal of the Chairman of the Supervisory Board.
The membership of the Committee is elected for the term of office of the relevant composition of the Supervisory Board.

3.3. The Chairman of the Committee is elected by the Supervisory Board to guide the activities of the Committee.

3.4. The main task of the Chairman of the Committee is to direct the work of the Committee.
Chairman of the Committee:

- convene meetings of the Committee and preside over them;
- develops a plan of regular meetings of the Committee for the current year on the basis of the approved work plan of the Supervisory Board and submits it for approval at the first meeting of the new convocation committee;
- forms the agenda of the Committee meetings;
- ensures the keeping of the minutes of the meetings of the Committee;
- signs and submits to the Supervisory Board on behalf of the Committee documents (recommendations, programs, memoranda, etc.);
- maintains constant contacts with the Management Board, the Chairman of the Board of the Company, persons holding managerial positions in the Company, heads of branches, representative offices, structural divisions of the Company;
- is responsible for organizing the work of the Committee.

3.5. The Secretary of the Supervisory Board of the Company performs the functions of the Secretary of the Committee.

3.6. Persons who are not members of the Committee, but who have the necessary professional experience and knowledge in the relevant field, may be involved in the work of the Committee as experts.

If necessary, the Committee has the right to initiate the issue of involving external experts in the work of the Committee in accordance with the internal documents of the Company.

3.7. Changes in the composition of the Committee can be made by the Supervisory Board at any time at the suggestion of any member of the Supervisory Board.

The powers of all or some of the members of the Committee may be terminated ahead of schedule by decision of the Company's Supervisory Board.

4. Rights and duties of the members of the Committee

4.1. Members of the Committee are obliged:

- comprehensively and fully participate in the work of the Committee;
- examine the documents submitted for the meeting and at the meeting of the Committee;
- immediately inform the Committee of the existence of a personal interest in the adoption of a decision;
- Avoid actions that could compromise the Committee or question the professionalism of its members.

4.2. Members of the Committee have the right:

- request from the officials and employees of the Company information (documents and materials) necessary for the performance of the functions assigned to it by the Committee;
- to get acquainted with the minutes of the meetings of the Committee, the Supervisory Board and the Management Board of the Company, as well as receive copies thereof, in accordance with the procedure established by internal documents of the Company (and in cases when this procedure is

...ed, by a written request addressed to the Chairman of the Board of the Company signed
... (Chairman of the Committee) ;
... the inclusion in the agenda of the meeting of the Committee of an additional issue within
... competence of the Committee;
... to demand that they attach a special opinion to the protocol of the Committee on the issues on the
agenda and the decisions taken;
- attend meetings of the Management Board of the Company.

5. The meeting (absentee voting) of the Committee

5.1. The first meeting of the Committee elected in the new composition shall be held no later than 30 (thirty) working days after the decision of the Supervisory Board to elect a new personal membership of the Committee.

5.2. The work of the Committee is carried out in accordance with the work plan, as well as as necessary, but at least once a quarter.
The work plan of the Committee is formed on the basis of the approved work plan of the Company's Supervisory Board.

5.3. The agenda of the meeting (absentee voting) of the Committee is determined by the Chairman of the Committee. Any member of the Committee has the right to initiate the inclusion on the agenda of an additional issue within the competence of the Committee.
By unanimous decision of the members of the Committee, the agenda may be amended and supplemented.

5.4. Members of the Supervisory Board who are not members of the Committee, the Chairman of the Board of the Company, members of the Company's Management Board, members of the Company's Audit Commission, representatives of the Company's auditor, heads of financial and accounting services, as well as of the Company's internal control and internal audit functions, Other employees of the Company.

5.5. Members of the Supervisory Board who are not members of the Committee, the Chairman of the Board of the Company, members of the Management Board of the Company may apply to the Chairman of the Committee with a proposal for preliminary consideration and making recommendations on matters within the competence of the Supervisory Board.

5.6. The Chairman of the Committee shall decide on the convening of the meeting of the Committee, the date, time and place of the meeting and the agenda items, as well as the list of persons invited to participate in its meeting.
The Chairman of the Committee is obliged to convene a meeting of the Committee at the request of two or more members of the Committee.

5.7. The notification on holding the meeting of the Committee, as well as sending the necessary materials to the members of the Committee, shall be made at least 7 (seven) working days before the date of the meeting by any means ensuring receipt of the said materials.
The Chairman of the Committee shall take the necessary measures to ensure that the notification is carried out properly and in due time.

5.8. The work of the Committee is carried out in the form of a meeting (joint attendance) or absentee voting, and also the Committee's away meetings can be held. Meetings held in the mode of videoconferencing or using other technical means of communication (ie meetings during which the members of the Committee who are in different places have the opportunity to hear the speaker, ask questions to the speaker, make proposals for a draft decision on the issue) are Meetings held by

...ce. The place where the meeting is held in the mode of videoconferencing or using other means of communication is the place where the chairperson of the meeting of the Committee is located.

...transfer by a member of the Committee of the right to vote to another member of the Committee or representative is not allowed.

5.9. The meeting of the Committee is considered eligible (has a quorum), when at least half of its members are present.

In determining the quorum and the results of voting on the agenda items, the votes of absent members of the Committee are taken into account if they submitted written opinions on the agenda items not later than the day preceding the meeting of the Committee.

5.10. All decisions of the Committee are taken by a majority of the members of the Committee participating in the meeting (absentee voting), with each member of the Committee having one vote. In case of equality of votes, the vote of the Chairman of the Committee is decisive.

5.11. The meeting of the committee is conducted by the Chairman of the Committee, and in case of his absence - one of its members.

The meeting of the Committee should disclose any information on the presence of a personal interest of a member of the Committee in considering a particular issue.

The Committee may authorize a member (members) of the Committee to study in detail a specific matter of the competence of the Committee and inform the Committee about the results obtained during the study.

5.12. Decisions of the Committee shall be formalized by a protocol that must be finalized no later than 3 (three) business days after the meeting (absentee voting) of the Committee.

The minutes of the Committee specify, including:

- date, time and place of the meeting of the Committee or the date, time and place of drawing up the protocol of the Committee's absentee voting;
- persons present at the meeting of the Committee or persons who participated in the Committee's absentee voting;
- persons who submitted a written opinion on the agenda issues;
- agenda of the meeting (absentee voting) of the Committee;
- issues put to the vote, and the results of voting on them;
- Decisions taken.

5.13. The Protocol is maintained by the Secretary of the Committee.

The protocol is signed by the Chairman of the Committee, and in case of his absence by one of the members of the Committee.

5.14. The minutes, written opinions of the members of the Committee on agenda items, and other materials are kept by the Secretary of the Supervisory Board, who must ensure access to all members of the Committee and members of the Supervisory Board.

6. Decision of the Committee

6.1. Following the consideration of the matter, the Committee takes a decision.

6.2. The Minutes of the Committee (extract) are submitted for the meeting (absentee voting) of the Supervisory Board, at which the relevant issue is considered. The decision reflects the opinion of the Committee as a whole. If necessary, a member of the Committee may express in writing a

opinion on the relevant item on the agenda. A dissenting opinion of a member of the Committee is an annex to the minutes of the Committee.

6.3. The Chairman of the Committee is responsible for the timely and complete communication of the Committee's decision to the members of the Supervisory Board.

6.4. The decision on the relevant issue should be worked out by the Committee no later than 5 (five) days before consideration by the Supervisory Board.

6.5. The Committee has the right to prepare proposals on the activities of the Company and its subsidiaries and affiliates.

6.6. The Committee shall bring to the attention of the Supervisory Board recommendations on any matters requiring, in the opinion of the Committee, action on the part of the Supervisory Board.

7. Interaction of the Committee with the Company's Auditor

7.1. The Committee interacts with the Company's auditor on the following issues:

- Discussion with the Company's auditor, the Company's service performing internal audit functions, the Company's management of the services rendered by the Company's auditor, which can affect the objectivity or independence of the Company's auditor;
- request of the opinion of the Company's auditor on the possibility of significant risks for the Company and the required actions of the Company's management to control and minimize them;
- Discussion with the Company's auditor of the scope and timing of the Company's audit, interim and final audit results, other issues requiring the attention of the Committee and related to the conduct of audit procedures.

8. Interaction between the Committee and the Audit Commission of the Company

8.1. With regard to the activities of the Company's Audit Commission, the Committee shall:

- development of recommendations on introducing amendments to the Company's internal documents regulating the activity of the Company's Audit Commission;
- development of recommendations to the Supervisory Board on the issue of making a decision on the audit of the Company's financial and business operations;
- preliminary consideration of the requirement of the Company's Audit Commission to convene an extraordinary general meeting of shareholders and submits recommendations to the Supervisory Board on the possibility of meeting this requirement.

9. Interaction of the Committee with the Service of the Company, which performs the functions of internal audit

9.1. The Committee interacts with the executive bodies of the Company and with the service of the Company, which performs the functions of internal audit (hereinafter - the Service), on the following issues:

- review of the annual audit plan conducted by the Service;
- review of the report on the results of the work of the Service for the year;

ment of recommendations on introducing changes to the Company's internal documents
ing the activities of the Service.

In matters of interaction with the Service, the Committee implements:

- evaluation, classification and preparation of proposals to minimize possible risks arising in the course of the Company's activities, in conjunction with the Company's executive bodies and the Service;
- development of proposals for improving internal control procedures in the Company in conjunction with the executive bodies of the Company and the Service.

10. Interaction of the Committee with the executive bodies of the Company

10.1. The executive bodies of the Company (the Chairman of the Management Board, the Management Board) provide the Committee with the necessary information, including their own initiative in providing information, not limited to replies to the Committee's requests, taking into account the restrictions established by the legislation, the Company's Charter and internal documents of the Company.

11. Ensuring the activities of the Committee

11.1. To ensure the activities of the Committee, the Company provides for the financing of its activities.

11.2. Technical support of the Committee's activities is provided by the Secretary of the Supervisory Board acting on the basis of this Regulation and in accordance with the instructions of the Chairman of the Committee.

11.3. The internal document of the Company may provide for remuneration and (or) compensation for expenses related to the performance of duties of the members of the Committee.

The amount of this remuneration, the procedure and conditions for its payment are determined by the relevant internal document of the Company.

BLG TRANSLATIONS



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