

«APPROVED»
by the decision of annual
general shareholders' meeting of
«KOKAND BIOCHEMICAL»
June 20, 2020 year

H.A.Omonov _____

Chairman of the meeting signature

JOINT-STOCK COMPANY
«KOKAND BIOCHEMICAL»

REGULATION
ON THE AUDITING
COMMITTEE

2020 year

1. General Provisions.
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1. GENERAL PROVISIONS

1.1. This Regulation determines the status and regulates the work of the auditing committee of JSC "KOKAND BIOCHEMICAL" (hereinafter - the Company), the procedure for electing members of the committee, as well as the rights and obligations of each member.

1.2. This Regulation has been developed in accordance with the Law of the Republic of Uzbekistan "On Joint Stock Companies and Protection of Shareholders' Rights", other regulatory and legal acts and the Company's Charter.

2. ELECTION AND PRE-TERM TERMINATION OF POWERS OF THE AUDITING COMMITTEE'S MEMBERS.

2.1. In order to exercise control over the financial and business activities of the Company, the general meeting of shareholders elects the Auditing Committee consisting of 3 (three) people for a period of one year.

2.2. One and the same person may not be elected to the Auditing Committee of the Company more than three times consequently.

2.3. Members of the Auditing Committee of the Company may not simultaneously be members of the Supervisory Board of the Company, as well as work under an employment contract (agreement) in the Company.

2.4. Nomination of candidates to the Company's Auditing Committee is carried out in accordance with Articles 63 and 65 of the Law of the Republic of Uzbekistan "On Joint Stock Companies and Protection of Shareholders' Rights" and the Company's Charter.

2.5. If a member of the Auditing Committee wants to terminate his/her activities during the period of his/her authority, he/she warns the Supervisory Board one month before the termination of his/her activities. In this case, the general meeting of shareholders at the next meeting replaces a member of the Auditing Committee.

2.6. As qualification requirements for members of the Audit Commission of the Company, they must have higher education, have the necessary knowledge

and experience in the field of company management, financial management, internal control, as well as in accounting, auditing and finance, corporate governance. Practical experience is required in the preparation of financial and related reporting.

3. THE PROCEDURE FOR THE ACTIVITIES OF THE AUDITING COMMITTEE

3.1. The audit of the financial and economic activities of the Company is carried out on results of activity for a year or another period at the initiative of the Auditing Committee, the General Meeting of Shareholders, the Supervisory Board of the Company or at the request of a shareholder (shareholders) owning at least five percent of the Company's voting shares by prior notice to the Supervisory Board.

3.2. According to the results of the audit of the Company's financial and business activities, the Company's Auditing Committee draws a conclusion, which should include:

- estimation of reliability of information contained in the reports and other financial documents of the Company;
- information on facts of violation of rules of keeping of the accounting and presenting of financial statements as well as the legislation at performance of the financial and economic activity.

3.3. The conclusion of the Auditing Committee containing information on the results of the audit of the Company's financial and business activities is provided to the annual general meeting of shareholders.

3.4. At the written request of the Company's Auditing Committee, the persons occupying positions in the Company's Executive Body are required to submit documents on the Company's financial and business activities to the Auditing Committee.

3.5. While performing its functions, the Auditing Committee carries out the following types of job:

- analysis of the compliance of the accounting and statistical records with the current regulatory documents;
- verification of the Company's compliance with the requirements of legislative and regulatory acts in the implementation of production and financial and business activities;
- analysis of the financial position of the Company, its solvency, liquidity of assets and the issuance of recommendations to the management bodies of the Company to improve the business condition of the Company;

- checking the timeliness and correctness of payments by suppliers of products and services, payments to the budget and extra budgetary payments, accruals and payments of dividends, as well as control over the provision of other obligations;
- verification of the correctness of the Company's balance sheets, reporting documentation for the tax authorities, statistical bodies, government bodies;
- verification of compliance by the Company with the requirements of legislative acts while conducting financial and business activities.

3.6. General meeting of shareholders is not entitled to approve the balance sheet of the Company without a conclusion of the Auditing Committee.

3.7. An unscheduled audit is carried out at the request of the shareholder (shareholders) of the Company owning more than five percent of the Company's ordinary shares or by a decision taken by the members of the Supervisory Board by a majority vote.

4. RIGHTS AND OBLIGATIONS OF THE AUDITING COMMITTEE

4.1. The Auditing Committee provides the General Meeting of Shareholders of the Company and members of the Supervisory Board the conclusion on the results of the audit.

4.2. *In carrying out its activities, the Auditing Committee has the right to:*

- Require from the management bodies of the Company, its divisions, officials necessary documents for the implementation of its activities. The specified documents and materials are submitted to the Auditing Committee within three days after its written request;
- require the authorized officials of the Company to convene an operational meeting with the Chairman of the Board and other senior employees of the Company or a meeting of the Supervisory Board in cases when violations in the financial, legal, production and business activities of the Company or threats to the interests of the Company have been revealed;
- by unanimous decision of the members of the Auditing Committee to demand the convocation of an extraordinary general meeting of shareholders in cases of violations in the financial, legal, production and business activities or threats to the interests of the Company;
- require from the employees of the Company, regardless of their position, personal explanations on matters within the competence of the auditing committee;

- engage under the contract specialists who are not full-time employees of the company;
- raise with the management bodies of the Company, its divisions and divisions questions on the responsibility of the Company's employees and officials in case of their violation of the regulations, rules and instructions adopted by the Company;
- by decision of the general meeting of shareholders, members of the Auditing Committee for the period in which they perform their duties may be paid remuneration and (or) reimbursement of expenses related to the performance of the functions of members of the Auditing Committee;
- the amount of remuneration and compensation to members of the Auditing Committee is established by a decision of the general meeting of shareholders on the recommendation of the Supervisory Board of the Company;
- The Company's Auditing Committee has other rights in accordance with the law.

4.3. *The auditing committee, in carrying out its activities, has the following obligations:*

- promptly notify the general meeting of shareholders, the Supervisory Board, the Executive Body of the results of audits and inspections carried out in the form of written reports, reports and communications;
- to observe commercial secrets, not to disclose information that is confidential, to which members of the Auditing Committee have access in the performance of their functions;
- to require the authorized bodies to convene an extraordinary general meeting of shareholders in cases where officials abused official duties or appeared real threats to the interests of the Company;
- to submit to the Supervisory Board conclusions on the compiled annual balance sheet and financial report, no later than 10 days before the date of convening the annual general meeting of shareholders;
- make a quarterly conclusion at a meeting of the Supervisory Board of the Company about the presence of transactions with affiliates or large transactions in the Company, as well as compliance with the requirements of the legislation and internal documents of the Company for such transactions.

5. MEETINGS OF THE AUDITING COMMITTEE

5.1. The Chairman of the Company's Auditing Committee organizes its work, convenes meetings of the committee and act as a head on them, organizes the keeping of minutes at meetings, participates in the general meeting of shareholders and meetings of the Supervisory Board with a recommendation vote.

5.2. In the absence of the Chairman of the Company's Audit Committee, one of the members of the committee fulfills his/her functions.

5.3. Meetings of the Auditing Committee are held in accordance with the scheduled plan, as well as before the start of the audit and its results.

5.4. A member of the Auditing Committee has the right to demand the convening of an extraordinary meeting in the case of violations that require an urgent decision of the Auditing Committee.

5.5. Meetings are eligible if at least 50 percent of the members of the Auditing Committee are present.

5.6. Each member of the Auditing Committee has one vote. The acts and conclusions of the Auditing Committee are approved by a simple majority of the votes present at the meeting. In case of equality of votes, the vote of the chairman of the Auditing Committee is decisive.

5.7. In case of his disagreement with the decision of the committee, a member of the Auditing Committee has the right to record a special opinion in the minutes of the meeting and bring it to the notice of the Executive Body of the Company, the Supervisory Board and the general meeting of shareholders.

5.8. The Auditing Committee keeps minutes on the issues discussed at the meeting of the Auditing Committee; the minutes are signed by the members of the Auditing Committee.

6. FINAL PROVISIONS

6.1. Those of guilty of violating the requirements of this Regulation are liable in accordance with the procedure established by law.

6.2. If certain articles of this Regulation conflict with the current legislation of the Republic of Uzbekistan and / or the Charter of the Company, these articles become invalid and regarding the issues regulated by these articles, it will be guided by the norms of the current legislation of the Republic of Uzbekistan and / or the Charter of the Company until such amendments are made to this Regulation.