

APPROVED
by the decision of the meeting of the
Supervisory Board of
“QO’QON BIOKIMYO”
No. 11 dated June 4, 2022

A.I.Ruziyev_____

Chairman of the Meeting_____signature

JOINT-STOCK COMPANY
«KOKAND BIOCHEMICAL»

REGULATION ON THE
AUDIT COMMITTEE
IN THE PRESENCE OF THE
SUPERVISORY BOARD

2022 year

I. GENERAL RULES

1.1 This Regulation (hereinafter referred to as the Regulation) was developed in accordance with the Law of the Republic of Uzbekistan “On protecting the rights of joint-stock companies and shareholders”, Decree of the President of the Republic of Uzbekistan No. PF-101 dated April 8, 2022 “On further reforms to improve the business environment and create conditions for sustainable economic growth through the development of the private sector”, “Strategy for the management and reform of state enterprises for 2021-2025”, approved by Appendix 1 to the Resolution of the Cabinet of Ministers No. 166 of March 29, 2021 “On approval of the Strategy for the management and reform of state enterprises in 2021-2025, the Charter of the joint-stock company "QO'QON BOKIMYO" (hereinafter - the Company), the Regulation on the Supervisory Board, the Corporate Governance Code and other regulatory legal documents and Determines the legal status, composition, powers and procedure for the activities of the Audit Commission under the Supervisory Board of the Company (hereinafter referred to as the Audit Commission).

1.2. The Audit Commission is created on the basis of a decision of the Supervisory Board of the Company to consider the most important issues and prepare recommendations for the Supervisory Board of the Company. The Committee is not authorized to act on behalf of the Supervisory Board. The committee is not considered the governing body of the Company.

1.3. The Audit Commission carries out its activities in accordance with the current legislation, the Charter of the Company and This Regulation.

II. Composition of the Audit Commission

2.1. The Audit Commission is formed only from the members of the Supervisory Board of the Company in the amount of 3 people. The Audit Commission must include at least one independent member of the Supervisory Board.

2.2. Members of the Audit Commission are elected by a majority vote of the members of the Supervisory Board for their term of office on the recommendation of the Chairman of the Supervisory Board of the Company. The Chairman of the Audit Commission is approved by the Supervisory Board of the Company from among the members of the Audit Commission. The Chairman of the Audit Commission cannot be the Chairman of the Supervisory Board of the Company.

2.3. Members of the Supervisory Board elected to the Audit Commission may be re-elected indefinitely.

2.4. The Audit Committee is headed by an independent member of the Supervisory Board of the Company, who has knowledge in the field of financial analysis and accounting.

2.5. Members of the audit commission must have higher education, qualifications and work experience that correspond to the goals and objectives of the audit service. At least one member of the Audit Committee should have years of experience in auditing, accounting and financial reporting.

2.6. A member of the Audit Commission cannot be an employee of the Company's audit organization at the same time. Also, close relatives of members of the Audit Commission should not be employees of the Company's audit organization.

2.7. The division of functions between the members of the Audit Commission is carried out by the Chairman of the Audit Commission.

2.8. The internal audit service of the company is accountable to the supervisory board and the audit commission of the company.

III. The main tasks of the audit commission

3.1. The main tasks of the Audit Commission are:

Establish control over the correctness of financial reporting in the company;

Selection of an independent audit organization that controls the audit processes;

Obtaining and studying the results of internal and external audits;

Control over the presentation, completeness, reliability of control, financial and other reporting;

Preparation of information for meetings of the Supervisory Board on issues within its competence, and submission of reports to it;

Creation of an internal audit service in the company, consideration of the issue of appointment and dismissal of its head and employees, making proposals to the Supervisory Board;

Consideration of the issue of determining the wages of employees of the internal audit service or their additional material incentives;

Approval of the annual budget of the internal audit service, amendments and additions to it;

Consideration of quarterly reports of the internal audit service and their submission to the Supervisory Board;

Periodically (at least once a year) assess the level of professional skills of each employee of the internal audit service of the Company based on his ability to select, research information and prepare conclusions;

Ensure the effectiveness and uniformity of the company's internal control and internal audit system, evaluate them, review the plan of internal audits and their frequency, participate in assessing the extent to which the head of the internal audit service fulfills his duties and obligations, and also expresses his opinion;

Providing practical assistance to the Supervisory Board in evaluating the proposals of the audit organization, preparing recommendations for the Supervisory Board in the selection and appointment of an external auditor;

Making proposals to the Supervisory Board on the maximum amount of payment for the services of an audit organization and the conclusion (termination) of an agreement with it;

Consideration of the report and conclusions of the audit organization and their submission to the Supervisory Board;

In the event of an unsatisfactory assessment of the activities of the audit organization, make recommendations to the Supervisory Board on its change;

Check that the transparency of the Company's activities and disclosure of information are adequate and accurate;

Preparation of a report on their activities;

Determination of the conditions of the competition (competition) held to attract an audit organization;

Fulfillment of other tasks set by the Supervisory Board.

3.2. The Audit Committee must monitor the reliability of financial statements and ensure the effectiveness of risk management:

- Submits to the Supervisory Board for approval an annual internal audit work plan;

- Initiates the conduct of audits;
- Reports to the Supervisory Board on audit issues.

IV. The procedure for organizing and holding meetings of the Audit commission

4.1. The meeting of the Audit Commission is convened by the Chairman of the Audit Commission on his own initiative, at the request of the members of the Audit Commission, as well as at the written request of the Head of the Internal Audit Service of the Company.

4.2. The Audit Committee shall hold its meetings at the end of each quarter and, if necessary, monthly, with the personal participation of committee members or using other means of communication. The Audit Commission has the right to invite the executive body of the Company and other persons to participate in the meetings of the commission, as well as to request information from them, if necessary.

4.3. Members of the audit commission have the right to demand the convening of an urgent meeting of the commission in case of violations requiring immediate resolution of a specific issue.

4.4. The Audit Commission holds its meetings before the meetings of the Supervisory Board of the Company.

4.5. The Chairman of the Audit Committee provides an opportunity for all participants of the meeting of the committee to prepare for its proper conduct and take an active part in the discussion of the issues raised at it. The members of the Audit Committee should devote sufficient time to prepare and participate in the meetings of the committee.

4.6. If at least 2/3 of its members participate in the meeting of the audit commission, the meeting is considered competent, and the chairman of the commission must be present.

4.7. Decisions at the meeting of the Audit Committee are made by a majority of votes of those present at the meeting.

4.8. When resolving issues at a meeting of the Audit Committee, each member of the Audit Committee has one vote. In case of equality of votes, the vote of the chairman of the committee is decisive. A member of the committee who does not agree with the decision of the Audit Committee has the right to necessarily note his

dissenting opinion attached to the minutes of the meeting and submit it for consideration by the Supervisory Board.

4.9. The decision of the Audit Committee is formalized by the minutes of the Audit Committee meeting. This protocol shall be kept by the Secretary of the committee and signed by the members of the committee who took part in the voting.

4.10. The functions of the secretary of the meetings of the Audit Committee are performed by the Head of the Internal Audit Service of the company.

4.11. Chairman of the Audit Committee:

Organizes the work of the Audit Committee;

Convenes meetings of the Audit Committee and chairs them;

Organizes the keeping of minutes at meetings of the Audit Committee;

The Company performs other actions provided for by internal regulations and this Regulation.

4.12. Secretary of the Audit Committee:

Keeps and draws up minutes of meetings of the Audit Committee;

Prepares and submits materials on the agenda items for consideration by the Audit Committee;

Informs the recipients of the decisions, conclusions and minutes of the Audit Committee.

4.13. All decisions taken within the competence of the Audit Committee are binding on the executive body and other officials of the company from the date of their adoption. The officials specified in these decisions are personally responsible for the timely and proper execution of the decision. The Chairman of the Audit Committee exercises control over the implementation of the decisions of the Audit Committee.

4.14. The Head of the Company's Internal Audit Service and his/her employees may participate in meetings of the Audit Committee without the right to vote.

V. Rights and obligations of members of the Audit Commission

5.1. A member of the Audit Commission has the following rights:

Require members of the executive body of the Company and other officials of the Company to provide all documents and materials necessary for their activities;

Request and use documents and materials of the audit organization and the internal audit service;

Demand the convocation of a meeting of the executive body in case of detection of violations that have caused or may cause major material damage to the Company;

Request comments on the issues under consideration from employees of the company's structural divisions, including their managers;

Submit questions about disciplinary, property and other types of responsibility of guilty employees to the management for consideration;

Use of primary accounting, financial and other documents of the company;

Periodically or on a regular basis invite the Company's executives and other members of the Supervisory Board of the Company by the decision of the Chairman of the Committee in cases where it is necessary to carry out decisions and tasks within the powers of the Audit Committee, to participate in meetings of the committee;

If, in the opinion of the audit commission, it is necessary to study the issue in detail, request, on its own initiative, the opinion of other committees of the Supervisory Board of the Company on the issue related to the powers of the Committee;

Speak on the issue discussed at the meeting of the audit commission within the time limits set by This Regulation, to request the entry of their special opinion on the agenda items, decisions taken in the minutes of the meeting of the commission;

Making proposals on amendments and additions to This Regulation for approval by the Supervisory Board of the Company;

Based on the submitted documents, develop appropriate conclusions and proposals and submit them for discussion by the Supervisory Board of the Company;

Introduction of issues for inclusion in the agenda of the meeting of the Audit Commission.

5.2. Duties of the members of the Audit Commission:

Introduction of accounting policy for approval by the Supervisory Board and control over its execution;

Submitting candidates for appointment to the position of employees of the internal audit service for approval by the Supervisory Board and making a proposal for their dismissal;

Perform the tasks assigned to it on the basis of the laws of the Republic of Uzbekistan, the Charter, the Charter and internal documents of the enterprise and conduct its activities in good faith;

Control of purchases made by the company in the amount provided for by law;

Monitor the work of the internal audit service, including by analyzing its reports and evaluating its effectiveness;

Analysis and control of compliance with accounting standards and accounting policies of financial statements, including consolidated statements;

Act on the principles of protecting the rights, interests and interests of the company's shareholders;

Not to disclose commercial and official secrets of the Company and comply with confidentiality requirements;

Ensure that an external audit is carried out.

5.3. Members of the audit commission are required to attend the meeting of the commission in person. If it is impossible to participate in the meeting, a member of the committee informs the Audit Commission about it, indicating the reasons.

5.4. At the request of the Company's audit organization, the Audit commission is obliged to provide oral and written explanations on issues arising during the audit and provide additional information necessary for the audit.

5.5. The Audit Commission must be notified in writing by the audit organization of the Company about the revealed violations of the accounting legislation or about the facts unequivocally confirming corruption offenses.

VI. Responsibility of the members of the Audit Commission

6.1. Members of the Audit Commission must act in the interests of the Company in exercising their rights and performing their duties and bear responsibility in accordance with the established procedure.

6.2. Members of the Audit Commission who did not participate in the voting on the decision that caused damage to the company, or who voted against this decision, are not liable.

VII. Final provisions

7.1. This Regulation comes into force from the moment of its approval by the Supervisory Board of the Company.

7.2. This Regulation, as well as amendments and additions thereto, is approved by the Supervisory Board of the Company. Proposals on amendments and additions to the Charter may be made by the Chairman of the Supervisory Board of the Company and members of the Audit Commission.

7.3. If, as a result of changes in the legislation of the Republic of Uzbekistan, certain paragraphs of this Regulation contradict it or become invalid, they act in accordance with the current legislation of the Republic of Uzbekistan until changes are made to the Regulation.