

**«APPROVED»**  
**by the general meeting of shareholders**  
**of JSC «BEkabadcement»**  
**dated «30» 06 2016.**  
**minutes № 1-2016**  
**seal**

**REGULATIONS**  
**ON THE AUDIT COMMISSION**  
**of Joint Stock Company «BEkabadcement»**

**city of Bekabad – 2016.**

## CONTENTS

<b>I.</b>	<b>General Provisions</b>	<b>3</b>
<b>II.</b>	<b>Functions and duties of the Audit Commission</b>	<b>3</b>
<b>III.</b>	<b>Rights and obligations of the Audit Commission</b>	<b>4</b>
<b>IV.</b>	<b>Audit procedures</b>	<b>5</b>
<b>V.</b>	<b>Election and early termination of powers of members of the Audit Commission</b>	<b>7</b>
<b>VI.</b>	<b>Meetings of the Audit Commission</b>	<b>9</b>
<b>VII.</b>	<b>Procedure for determining the amount of remuneration to members of the Audit Commission</b>	<b>9</b>

## **I. GENERAL PROVISIONS**

1. These Regulations define the status and regulate the work of the Audit Commission of Joint Stock Company "Bekabacement" (hereinafter - the Company), the procedure for the election, as well as functional responsibilities and powers.

2. The Regulations have been developed in accordance with the Law of the Republic of Uzbekistan "On joint-stock companies and protection of shareholders' rights", other normative legal acts and the charter of the company.

3. The Audit Commission shall be an authority of the company, performing functions of internal financial and economic and legal control over activities of the company, its divisions and departments, branches and representative offices.

4. In its activities the Audit Commission shall be guided by the legislation of the Republic of Uzbekistan, regulations of governmental authorities, the charter of the Company, these Regulations and other documents of the company.

## **II. FUNCTIONS AND DUTIES OF THE AUDIT COMMISSION**

5. Verification (audit) of financial and economic activities of the company shall be carried out following the results of activities for a year or another period on the initiative of the Audit Commission, the General Meeting of Shareholders, the Supervisory Board or at the request of the shareholder(s) holding in aggregate at least 5% of voting shares by prior notice of the Supervisory Board.

6. When performing its functions the Audit Commission shall perform the following activities:

- verification of the financial documentation of the Company, conclusion of the commission on property inventory, comparison of the abovementioned documents with primary accounting data;

- verification of the legality of contracts concluded on behalf of the company, transactions committed, payments to contractors;

- analysis of compliance of accounting and statistical records with the current regulations;

- analysis of the financial condition of the company, its solvency, liquidity of assets, the ratio of debt to equity, identification of reserves to improve the economic condition of the company and making recommendations for issues for management bodies of the company on the matters of their financial - economic activities;

- checking the timeliness and correctness of payments to suppliers of products and services, payments to the budget, charges and payments of salaries and dividends, interest on bonds, repayment of other obligations;

- checking the correctness of balance sheets, annual reports, profit and loss accounts, profit distribution, reporting documentation for tax inspection, statistical agencies and government authorities;

- verification of compliance by the company with the requirements of laws and regulations on securities and joint-stock companies, including the existence of transactions with related parties or large transactions in the company;

- other types of work, including on behalf of the General Meeting of Shareholders and the Supervisory Board, referred by the company's charter to the competence of the Audit Commission.

7. The Audit Commission shall:

- timely inform the General Meeting of Shareholders, the Supervisory Board, the executive body on the results of audits and inspections carried out in the form of conclusion, written reports, memoranda, reports at meetings of the Company's management bodies;

- assess the accuracy of the data included in the annual report of the Company and contained in the annual financial statements of the company;

- assess the vulnerability of the company to risks or other circumstances that may affect its financial condition;

- carry out an audit of financial and economic activities of the Company following the results of its operations for a year and at any time on the initiative of the persons in accordance with the law, the charter of the Company and these Regulations;

- keep commercial secrets, not disclose information that is confidential, to which members of the Audit Commission have access in the performance of their functions. If the audit commission work's involves persons who are not members of the Audit Commission as experts, they shall be warned about the confidentiality of trade secrets. Responsibility for their actions shall lie with members of the audit commission, involving them in participation in the audit;

- in a timely manner deal with complaints of shareholders on actions of the management bodies and officers of the company and take appropriate decisions thereon;

- demand for convocation of the Supervisory Board meetings, convocation of an extraordinary general meeting in cases where the violations found in the production and economic, financial, legal activities or the occurrence of a real threat to the interests of the company require for their solution by the company's management bodies.

8. When carrying out audits members of the Audit Commission shall be obliged to carefully examine all documents and materials related to the subject matter of the audit. For incorrect conclusions members of the Audit Commission shall be responsible, the measure of which shall be determined by the general meeting of shareholders and the applicable laws of the Republic of Uzbekistan.

9. Members of the Audit Commission shall be present at the general meeting of shareholders and answer the questions of the meeting participants within their competence.

### **III. RIGHTS AND OBLIGATIONS OF THE AUDIT COMMISSION**

10. The Audit Commission for the proper performance of its functions shall have the right to:

- audit any financial documents of the Company, including documents of the Commission on inventory of the Company, compare these documents with primary accounting data;

- request and receive from the management bodies of the company, its departments and services, officials any documents necessary for its operations. These documents and materials shall be provided to the Audit Commission within two days after the request;

- require convocation (by unanimous decision) of the general meeting of shareholders in cases where infringements are detected in the industrial and economic, financial, legal activities, or there is another threat to the company's interest;

- demand for convening of the meeting of the Supervisory Board. The Chairman of the Supervisory Board may not refuse the Audit Commission in convening the meeting of the Supervisory Board at its request;

- attend the meetings of the Supervisory Board at the invitation of any of its members;

- bring to the management bodies of the company, its divisions and services, the matter of responsibility of the company's employees including officials in the case of violations by them of the provisions, rules and regulations adopted by the Company;

- participate in work of the working group on the organization of company's transition to publication of financial statements in accordance with International Financial Reporting Standards;

- receive remuneration and (or) reimbursement of expenses for the work in the Audit Commission in accordance with the legislation and internal documents of the Company;

- other rights in accordance with the law and the company's charter.

11. A member of the Audit Commission shall be entitled to:

- demand for convening an extraordinary meeting of the commission in the case of detection of violations, requiring immediate resolution of the Audit Commission;

- in writing express its disagreement with the findings of the Audit Commission and bring it to the attention of the general meeting of shareholders of the company.

#### **IV. AUDIT PROCEDURES**

12. Verification (audit) of financial and economic activities of the company shall be carried out following the results of activities of the company for a year.

13. The Audit Commission shall submit to the Supervisory Board a report with its conclusions on the results of the verification (audit) of financial and economic activities of the company for a year and the conclusion confirming or denying the accuracy of the data included in the Company's annual report and the annual balance sheet, no later than 3 days before the date of the meeting of the Supervisory Board, which is to consider the report on the preliminary approval of the annual report of the company.

14. An unscheduled verification (audit) of financial and economic activities of the company shall be carried out by:

- decision of the General Meeting of Shareholders;

- decision of the Supervisory Board;

- request of a shareholder (shareholders) holding (in aggregate) not less than 5 percent of the voting shares of the Company;

- on the initiative of the Audit Commission.

15. Decision on an unscheduled verification (audit) shall be adopted at the general meeting of shareholders by a simple majority of votes of shareholders - owners of voting shares participating in the meeting. The Audit Commission shall proceed to the verification (audit) after receipt of the relevant minutes of the general meeting of shareholders.

16. Decision on an unscheduled verification (audit) shall be adopted by the Supervisory Board by a majority vote of its members present at the meeting, in case of absentee voting (polling) – by all members of the Supervisory Board unanimously. This decision shall be sent to the chairman of the audit commission and signed by all members of the Supervisory Board who have voted in favor of it.

17. A member of the Audit Commission in identifying violations shall send the chairman of the Audit Commission a written description of violations to be addressed by the Audit Commission.

Within 3 working days after receipt of the request the Chairman of the Audit Commission shall convene a meeting of the Audit Commission.

When adopting by the Audit Commission of the decision to conduct the verification (audit) the Chairman of the Audit Commission shall organize the verification (audit) and begin its implementation.

18. Putting forward any requests to conduct an unscheduled verification (audit) by the Company's shareholders:

a) Shareholders - initiators of the verification (audit) shall submit to the Audit Commission a written request, which shall contain:

- full names of shareholders;
- information on the shares owned by them (number, category, type);
- a reasoned justification for this request.

The request shall be signed by the shareholder or its proxy. If the request is signed by the proxy, a power of attorney shall be attached.

If the initiative comes from shareholders - legal entities, the signature of the representative of the legal entity, acting in accordance with its Charter without power of attorney, shall be certified by the seal of the legal entity. If the request is signed by a representative of the legal entity acting on its behalf under a power of attorney, the power of attorney shall be attached to the request.

b) The request of the initiators of the verification (audit) shall be sent by registered mail to the address of the company to the chairman of the Audit Commission with acknowledgment of receipt or shall be delivered to the office of the company.

The date of the request shall be determined as per the date of notice of its delivery of the date of submission to the office of the company.

c) Within 10 working days from the date of the request the Audit Commission shall decide to hold an unscheduled verification (audit) of financial and economic activities of the company or give a reasoned refusal to the audit.

d) A waiver of the verification (audit) can be given by the Audit Commission in the following cases:

- shareholders presenting the request do not hold the required number of voting shares, giving the right to vote on all matters within the competence of the general meeting on the date of the request;

- initiators of the request are the persons who are not registered in the register of shareholders or do not possess representational powers of respective shareholders;

- the request does not indicate the reasons for conducting the verification (audit);

- on the facts being the motives for the verification (audit), the verification (audit) has been carried out and the Audit Commission has approved the conclusion;

- the request contains incomplete information;

- the request does not comply with the legislation and normative legal acts of the Republic of Uzbekistan or the Company's Charter.

19. When conducting verifications (audits) members of the Audit Commission shall be required to examine all the available and received documents and materials related to the subject of the verification.

20. Following the results of the audit of financial and economic activities of the company the Audit Commission shall prepare a report, including on the basis of the recommendations of the Corporate Governance Code, which shall contain:

- assessment of the accuracy of data contained in reports and other financial documents of the company;

- information on violations of the accounting procedures and financial reporting, as well as legislation in the implementation of financial and economic activity.

This report shall be heard at the annual general meeting of shareholders.

Initiators of the verification (audit) of financial and economic activity of the company shall have the right at any time prior to the adoption of the Auditing Commission's decision on conducting the verification (audit) to withdraw their request by written notice to the Audit Commission.

21. The Audit Commission shall on a quarterly basis bring to the meeting of the Supervisory Board the conclusion on the existence of related party transactions or large transactions in the company, as well as compliance with legal requirements and internal company documents to the commission of such transactions.

## **V. ELECTION AND EARLY TERMINATION OF POWERS OF MEMBERS OF THE AUDIT COMMISSION**

22. The procedure for submitting proposals for the nomination of candidates to the Audit Commission of the Company, consideration and decision by the Supervisory Board on the proposals shall be carried out in accordance with Articles 63 and 65 of the Law "On joint-stock companies and protection of shareholders' rights" and the company's charter.

23. The proposal for nomination of candidates to the Audit Commission shall be made in writing, by sending a registered mail to the address of the company or submitted to the office of the company.

The date of submission of the proposal shall be the date of mailing or the date of its delivery to the office of the company.

The proposal shall be signed by a shareholder or his proxy, if the proposal is signed by an authorized person, then the power of attorney shall be attached.

If the initiative comes from shareholders - legal entities, the signature of the representative of the legal entity, acting in accordance with its Charter without power of attorney, shall be certified by the seal of the legal entity. If the request is signed by a representative of the legal entity acting on its behalf under a power of attorney, the power of attorney shall be attached to the request.

As a member of the Audit Commission may be elected a person having higher education and practical experience for at least two years.

24. The Audit Commission shall be elected in the number of 3 persons by the general meeting of shareholders for a period of one year, by the majority of votes of shareholders - owners of voting shares of the Company (a simple majority), participating in the meeting. Members of the Audit Commission of the Company may not simultaneously be members of the Supervisory Board of the company, as well as work under an employment agreement (contract) in the same company. One and the same person may not be elected to the audit commission more than three times in a row.

25. The Audit Commission shall elect a chairman and a secretary from among its members. The Chairman and the Secretary of the Audit Commission shall be elected at the meeting of the Audit Commission by a majority of votes of the total number of elected members.

The Audit Commission may at any time re-elect its chairman and secretary by the majority votes of the total number of elected members of the commission, except for the votes of retired members of the Audit Commission.

26. A member of the Audit Commission may, at its own initiative, withdraw from the composition thereof at any time by written notice to the Audit Commission and the Supervisory Board one month before the termination of its work in the Audit Commission. In this case, the general meeting of shareholders at the next meeting of the Audit Commission shall make a replacement of the member of the Audit Commission.

27. The powers of individual members or all members of the Audit Commission may be terminated early by a resolution of the general meeting of shareholders, adopted by a majority of votes of shareholders - owners of voting shares participating in the meeting, on the following grounds:

- failure to participate in the work of the Audit Commission more than 3 times without a valid reason;

- during verifications member(s) of the Audit Commission have properly examined all documents and materials related to the subject of the verification, which led to incorrect conclusions of the Audit Commission of the Company;

- failure to comply by individual members of the Audit Commission or the Audit Commission in general of clause 23 of these regulations;.

- other actions (inaction) of the members of the Audit Commission, entailed adverse consequences for the company.

28. In the case where the number of members of the Audit Commission becomes less than half the number required by the company's charter and the present regulations, the Supervisory Board shall convene an extraordinary general meeting of shareholders to elect new members of the Audit Commission.

In case of early termination of powers of the Internal Audit Commission the powers of the newly elected members of the Audit Commission shall be valid until the election of the Audit Commission following the annual general meeting of shareholders.

29. If the extraordinary general meeting has early terminated the powers of all members of the Audit Commission in general or its individual members, as a result thereof their number has become less than half of the elected members, within no more than three working days from the date of adoption of this decision, the Supervisory Board shall adopt a decision to convene an extraordinary general meeting with the agenda item on the election of new members of the Audit Commission.

The shareholders can make suggestions on candidates to the Audit Commission, who in accordance with the law and the charter of the company, have the right to nominate candidates to the management bodies of the society.

## **VI. MEETINGS OF THE AUDIT COMMISSION**

30. The Audit Commission shall decide all questions at its meetings. Meetings of the Audit Commission shall be held according to the approved plan, as well as before the start of the verification or audit and upon the results thereof.

31. The meeting of the Audit Commission shall be considered valid if it is attended by not less than two thirds of its members. All meetings of the Audit Commission shall be held in person.

32. Each member of the Audit Commission shall have one vote. The acts and conclusions of the Audit Commission shall be approved by a simple majority vote of those present at the meeting. In case of equality of votes the deciding vote shall be the vote of the Chairman of the Audit Commission.



Members of the Audit Commission in the event of disagreement with the decision of the commission shall be entitled to record in the minutes a special opinion and to bring it to the attention of the supervisory board and the general meeting of shareholders.

33. The Chairman of the Audit Commission shall:

- convene and hold meetings;
- organize the ongoing work of the Audit Commission;
- provide it at meetings of the supervisory board, the general meeting of shareholders;
- sign the documents issued on its behalf.

34. In the absence of the chairman its functions shall be performed by one of the members of the Audit Commission by decision of a majority of the members of the Audit Commission present at the meeting.

35. The Secretary of the Audit Commission shall:

- organize keeping minutes of its meetings;
- bring to the addressees any acts and conclusions of the Audit Commission.

## **VII. PROCEDURE FOR DETERMINING THE AMOUNT OF REMUNERATION TO MEMBERS OF THE AUDIT COMMISSION**

36. Members of the Audit Commission shall be paid remuneration for the work carried out and submission of reports (conclusions), established by the legislation and the present regulations.

37. The results of work of the Audit Commission and the submission of reports (conclusion) shall be the basis for determining the amount of remuneration to be paid to the Chairman and members of the Audit Commission.

38. The amount of remuneration (on the basis of one member of the audit commission for 1 calendar month) shall be determined in the amount of 7 minimum wages and be paid monthly.

39. In the event of conclusions of the Audit Commission on a quarterly basis have not been presented to the Supervisory Board the remuneration shall not be paid.

40. In this case the multiplying factor for the remuneration to be paid to the Chairman of the Audit Commission shall be established in the amount of not more than 1.2-fold amount to be paid to a member of the Audit Commission.