

**" APPROVED "**  
Supervisory Board  
JSC " Uzbekgeofizika "  
June 4, 2022

**REGULATIONS ON THE AUDIT COMMITTEE  
OF THE SUPERVISORY BOARD  
JSC " UZBEKGEOFIZIKA "**



## **I. General provisions**

1.1 This Regulation (hereinafter referred to as the Regulation) was developed in accordance with the Laws of the Republic of Uzbekistan “On joint stock companies and protection of shareholders’ rights” and “On auditing activities, Decree of the President of the Republic of Uzbekistan dated April 8, 2022 No. UP-101 “On regular reforms to create conditions for stable economic growth by improving the business environment and developing the private sector”, the strategy approved by the resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated March 29, 2021 No. 166 "On approval of the strategy for the management and reform of enterprises with state participation for 2021 - 2025", the charter of the joint stock company "Uzbekgeofizika" » (hereinafter referred to as the Company), the Regulations on the Supervisory Board and other regulatory legal acts and determines the legal status, composition, powers and procedure for the activities of the audit committee under the Supervisory Board of the Company (hereinafter referred to as the Audit Committee).

1.2. The Audit Committee is created by decision of the Supervisory Board to consider the most important issues and prepare recommendations for the Supervisory Board of the Company.

1.3. The Audit Committee carries out its activities in accordance with current legislation, the Company's charter and these Regulations.

## **II. Composition of the audit committee.**

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

2.2. Members of the Audit Committee are elected by a majority vote of 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 Committee is approved by the Supervisory Board of the Company from among the members of the Audit Committee. The Chairman of the Audit Committee cannot be the Chairman of the Supervisory Board of the Company.

2.3. Members of the Supervisory Board elected to the Audit Committee may be re-elected without limit.

2.4. The Audit Committee is headed by an independent member of the Company's Supervisory Board with knowledge in the field of financial analysis and accounting.

2.5. Members of the audit committee must have higher education, qualifications and experience in the field of auditing. At least one member of the audit committee must have several years of experience in auditing, accounting and financial reporting.

2.6. A member of the audit committee cannot simultaneously be an employee of the Company's audit organization. Also, close relatives of members of the audit committee should not be employees of the Company's audit organization.

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

2.8. The Company's Internal Audit Service is accountable to the Audit Committee in its activities.

## **III. Main tasks of the audit committee .**

3.1. The main objectives of the Audit Committee are:

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control over the correctness of the Company's financial statements;

selection of an independent audit organization, control over the audit procedure;

receiving and studying the results of internal and external audits;

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

preparation of information and submission of reports to meetings of the Supervisory Board on issues within its competence;

making proposals to the Supervisory Board on the organization of the internal audit service in the company, the appointment and dismissal of its head and employees

consideration of the issue of determining the amount of wages for employees of the internal audit service or consideration of the issue of their additional material incentives (if by decision of the Supervisory Board this falls within its competence);

approval of the annual budget of the internal audit service, making changes and additions to it (if by decision of the Supervisory Board this falls within its competence);

studying quarterly reports of the internal audit service and submitting them to the Supervisory Board;

conducting periodic assessments (at least once a year) of the level of professional skills of each employee of the Company's internal audit service, taking into account his capabilities in selecting, researching information and preparing conclusions;

ensuring the effectiveness and consistency of the activities of the internal control and internal audit system of the Company, evaluating them, considering the plan of internal audit inspections and their frequency, participating in assessing the extent to which the head of the internal audit service fulfills the duties and responsibilities assigned to him and expresses his opinion;

providing practical assistance to the Supervisory Board in evaluating proposals from audit organizations, preparing recommendations to the Supervisory Board in selecting and appointing an external auditor;

making proposals to the Supervisory Board on the maximum amount of payment for the services of an audit organization and concluding (terminating) an agreement with it;

reviewing the report and conclusions of the audit organization and presenting them to the Supervisory Board;

in case of an unsatisfactory assessment of the activities of the audit organization, make recommendations to the Supervisory Board regarding its changes;

consideration of whether the company's transparency and disclosure of information are sufficient and accurate ;

preparation of reports to the Supervisory Board on its activities;

determination of the conditions and requirements of the competition (tender) held to attract an audit organization;

performing other duties assigned by the Supervisory Board.

3.2. In order to monitor the reliability of financial reporting and ensure the effectiveness of risk management, the audit committee :

submits the annual internal audit work plan to the Supervisory Board for approval;

initiates audits;

reports to the Supervisory Board on audit issues.

#### **IV. Procedure for organizing and holding meetings of the audit committee**

4.1. A meeting of the audit committee is convened by the Chairman of the audit committee on his own initiative, at the request of members of the audit committee, as well as at the written request of the head of the internal audit service of the Company.

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

4.3. Members of the audit committee have the right to demand the convening of an urgent meeting if violations are identified that require immediate resolution of a specific issue.

4.4. The Audit Committee holds its meetings before meetings of the Company's Supervisory Board.

4.5. The Chairman of the Audit Committee creates opportunities for all participants in the Committee meeting to prepare for its proper conduct and actively participate in the discussion of issues raised at it. Audit Committee members must allocate sufficient time to prepare for and attend Audit Committee meetings.

4.6. If at least 2/3 of its members participate in a meeting of the audit committee, then the meeting is considered authorized, and the Chairman of the Audit Committee must be present at the meeting.

4.7. Decisions at a meeting of the audit committee are made by a majority vote of the members present at the meeting.

4.8. When resolving issues at a meeting of the audit committee, each committee member has one vote. In case of equality of votes, the vote of the Chairman of the Audit Committee is decisive. A member of the Audit Committee who disagrees with the decision of the Audit Committee has the right to record his dissenting opinion, which is necessarily attached to the minutes of the meeting and brought to the attention of the Supervisory Board.

4.10. The duties of the secretary of the meetings of the Audit Committee are performed by the Deputy Chairman of the Board for Economics and Finance of the Company.

4.11. Chairman of the Audit Committee:  
organizes the work of the Audit Committee;  
convenes and chairs meetings of the Audit Committee;  
organizes the preparation of minutes of meetings of the Audit Committee;  
performs other actions provided for by the internal regulatory documents of the company and these Regulations.

4.12. Secretary of the Audit Committee:  
maintains and prepares minutes of meetings of the Audit Committee;  
prepares and submits materials on agenda items for consideration by the Audit Committee;  
communicates the decision, minutes and conclusions of the Audit Committee to the addressees.

4.13. All decisions made 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 named in these decisions are personally responsible for the timely and proper execution of the decision. Control over the implementation of the decisions of the Audit Committee is exercised by the Chairman of the Audit Committee.

4.14. The head of the Company's internal audit service and his employees may participate in meetings of the Audit Committee without the right to vote.

## **V. Rights and obligations of members of the audit committee.**

5.1. A member of the Audit Committee has the right:  
require members of the executive body and other officials to provide all documents and materials necessary for their activities;  
request and use documents and materials of the audit organization and internal audit service;  
demand the convening of a meeting of the executive body when violations are identified if they have caused or may cause major material damage to the Company;  
request information from employees of the Company's structural divisions, including managers, on the issues under consideration;  
submit for consideration by management issues regarding disciplinary, property and other types of liability of guilty employees;

use primary accounting, financial and other documents of the company;  
periodically or on a regular basis invite the management of the Company and other members of the Supervisory Board of the Company, by decision of the Chairman of the Audit Committee, in cases where this is necessary to carry out decisions and tasks within the powers of the Audit Committee, to participate in meetings of the Audit Committee;

if, in the opinion of the Audit Committee, it is necessary to study the issue in more detail, request, on its own initiative, the opinion of other committees of the Supervisory Board of the Company on an issue related to the powers of the Audit Committee;

speak on an issue discussed at a meeting of the Audit Committee within the time limits allotted by the regulations, demand that one's own opinion on agenda items and decisions made be included in the minutes of the meeting of the Audit Committee;

make proposals for amendments and additions to these Regulations for approval by the Supervisory Board of the Company;

develop appropriate conclusions and proposals based on the submitted documents and submit them for discussion by the Supervisory Board;

make proposals for inclusion in the agenda of the meeting of the Audit Committee.

#### 5.2. Responsibilities of members of the Audit Committee:

submitting accounting policies for approval by the Supervisory Board and monitoring their implementation;

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

carry out the tasks assigned to him on the basis of the legislation of the Republic of Uzbekistan, the Charter, the Charter and internal documents of the company and carry out his activities in good faith;

exercise control over purchases made by the Company in the amount stipulated by the legal document;

monitor the work of the internal audit service, including by analyzing its reports and assessing its effectiveness;

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

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

non-disclosure of commercial and official secrets of the Company and compliance with confidentiality requirements;

ensure external audit.

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

5.4. The audit committee is obliged to provide oral and written explanations on issues arising during the audit and to provide additional information necessary for the audit at the request of the company's audit organization.

5.5. The audit committee must be notified in writing by the company's audit organization of detections of violations of accounting legislation or facts clearly confirming corruption offenses.

### **VI. Responsibility of members of the audit committee.**

6.1. Members of the audit committee must act in the interests of the Company when exercising their rights and fulfilling their duties and bear responsibility in the prescribed manner.

6.2. Members of the audit committee who did not take part in voting on a decision that caused damage to the company, or who voted against this decision, are not held accountable.

## **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. These Regulations, as well as amendments and additions to it, are approved by the Supervisory Board of the Company. Proposals to make changes and additions to the Regulations may be made by the Chairman of the Supervisory Board of the Company and members of the Audit Committee.

7.3. From the date of approval of these Regulations, the Regulations on the Audit Committee as part of the Supervisory Board of the joint stock company "Uzbekgeofizika", approved by the decision of the extraordinary general meeting of shareholders of the Company dated May 17, 2019, become invalid.

**This regulation has been unofficially translated from Russian to English**