

Regulation on the Audit Committee under the Supervisory Board of the Joint-Stock Company “Entrepreneurship Development Company”

“APPROVED”

Appendix 15 to the Resolution of
the Supervisory Board of JSC
“Entrepreneurship Development
Company” No. 6/24 dated April 29,
2024

REGULATIONS
on the Audit Committee under the Supervisory Board of the Joint-Stock
Company “Entrepreneurship Development Company”

“INTRODUCED”

Executive Body of JSC “Entrepreneurship
Development Company”

Tashkent – 2024

I. General Provisions

1. The "Regulations on the Audit Committee under the Supervisory Board of the Joint Stock Company "Entrepreneurship Development Company" (hereinafter referred to as the Regulations) has been developed in accordance with the Law of the Republic of Uzbekistan "On Joint Stock Companies and Protection of Shareholders' Rights", the Decree of the President of the Republic of Uzbekistan No. UP-101 dated April 8, 2022 "On the Next Reforms to Create Conditions for Sustainable Economic Growth through Improving the Business Environment and Developing the Private Sector", the Decree of the President of the Republic of Uzbekistan No. UP-193 dated November 10, 2023 "On Measures to Improve the System of Financial Support for Small and Medium-Sized Businesses", the Strategy for Managing and Reforming Enterprises with State Participation for 2021–2025 approved by Appendix 1 to Resolution No. 166 of the Cabinet of Ministers dated March 29, 2021 "On Approval of the Strategy for Managing and Reforming Enterprises with State Participation for 2021–2025", the Charter of the Joint Stock Company "Entrepreneurship Development Company" (hereinafter referred to as the Company), the Regulations on the Supervisory Board of the Joint Stock Company "Entrepreneurship Development Company" (hereinafter referred to as the Board), and other regulatory legal acts, and determines the status, composition, functions, operating procedure of the Audit Committee under the Board (hereinafter referred to as the Committee), its interaction with other governing bodies of the Board, as well as the rights, obligations, and liability of its members.

2. In these Regulations, the following basic terms are used:

audit committee – a committee consisting of members of the Board, which, as a rule, includes at least one independent member;

internal audit service – an independent structural unit within the Company that carries out internal audit activities and, in terms of its functions, is subordinate to the Board;

internal audit activity – an independent activity that provides proposals and recommendations aimed at improving the internal control system within the Company and ensuring effective use of allocated funds, assisting in the high-quality performance of assigned tasks, as well as preventing inefficient and unlawful use of funds through conducting risk analysis, based on financial, performance, compliance, and information technology audits conducted within the Company.

3. The main task of the Committee is to thoroughly study issues within its scope of authority and develop proposals and recommendations on them, as well as to assist the Board in performing its oversight functions.

The Committee analyzes the execution of the Board's decisions and the process of achieving the Company's goals and objectives, and submits regular reports on the Company's activities together with its recommendations to the Supervisory Board for consideration.

4. The Committee is directly subordinate to the Board.

5. The Board continuously monitors the performance of the tasks and obligations assigned to the Committee, allocates sufficient time for this purpose, and ensures that the Committee is staffed with experienced members.

6. In its activities, the Committee shall comply with the legislation of the Republic of Uzbekistan, the Charter of the Company, the decisions of the Board, these Regulations, and other internal regulatory documents.

II. Composition of the Committee, Its Formation and Termination of Powers

7. The composition of the Committee shall consist of not fewer than three members of the Board, but in an odd number, and shall be formed by a decision of the Board.

The majority of the Committee members must not be related persons of the Company, except for their membership in the Board. The Committee shall be chaired by an independent member of the Board who has knowledge in the field of financial analysis and accounting.

8. The termination of a Board member's membership in the Board who is also a member of the Committee shall result in the termination of his or her membership in the Committee.

By a decision of the Board, the powers of a Committee member shall be terminated in the following cases:

upon the Committee member's own initiative. In this case, the Committee member shall notify the Board in writing of this at least 1 (one) month in advance.

If, by a decision of the Board, the powers of a Committee member are terminated, a new member of the Committee shall be elected at the next meeting of the Board. Until a new member of the Committee is elected, the Committee shall continue its activities with its current composition.

9. The leadership of the Committee and the organization of its activities shall be carried out by the Chairperson of the Committee. In the temporary absence of the Chairperson of the Committee, the performance of the Chairperson's duties may be assigned to one of the members.

The distribution of functions among the members of the Committee shall be carried out by the Chairperson of the Committee.

III. Functions of the Committee

10. The functions of the Committee shall include the following:

- a) submitting the annual internal audit work plan to the Board for approval;
- b) monitoring the completeness and reliability of the submitted financial and other reports;
- c) preparing information for meetings of the Board on issues within its competence and submitting reports to the Board;
- d) monitoring the Company's interaction with internal and external auditors;
- e) reviewing the issue of appointment (dismissal) of the Head of the Internal Audit Service and submitting proposals to the Board;
- f) reviewing the quarterly reports of the Internal Audit Service and submitting them to the Board;
- g) evaluating the Internal Audit Service in order to ensure the effectiveness and adequacy of its activities, reviewing the internal audit inspection plan and the frequency of inspections, participating in the assessment of how the Head of the Internal Audit Service performs his or her duties and obligations, and expressing its opinion;
- h) holding meetings with the Head of the Internal Audit Service at least once every quarter and discussing issues related to the activities of the Internal Audit Service;
- i) providing practical assistance to the Board in evaluating proposals of external auditors and preparing recommendations to the Board on the selection of an external auditor;
- j) submitting proposals to the Board on the maximum amount of remuneration to be paid to the external auditor and on the conclusion (termination) of the contract with the external auditor;
- k) providing practical assistance to the Board in developing the technical assignment for the external auditor;
- l) monitoring the timely elimination by the Director of the Company of financial violations identified in external and internal audit reports, as well as in the results of financial control conducted by other controlling structural units;
- m) reviewing the external auditor's report and conclusions and reporting on them to the Board;
- n) in the event that the activities of the external auditor are assessed as unsatisfactory, submitting recommendations to the Board on replacing the external auditor;
- o) reviewing the transparency of the Company's activities and the sufficiency and accuracy of information disclosure;

- p) preparing a report on its own activities;
- q) performing other tasks assigned by the Board;
- r) approving the Regulations on the Internal Audit Service;
- s) approving the budget of the Internal Audit Service;
- t) analyzing and monitoring the compliance of financial statements, including consolidated statements, with accounting standards and accounting policies.

IV. Organization of the Committee's Activities and Conduct of Meetings

11. The Chairperson of the Committee organizes the work of the Committee, including:

- a) approving the annual work plan of the Committee;
- b) convening meetings of the Committee and presiding over them;
- c) determining the agenda of the Committee meetings;
- d) monitoring the implementation of the Committee's decisions;
- e) providing information to the Board on the results of the Committee's activities;
- f) performing other functions within the scope of the Committee's powers.

12. The Internal Audit Service, acting as the working body of the Committee, collects (gathers) documents on issues included in the agenda of the Committee meeting and submits them to the Committee meeting, registers and stores the minutes of the Committee meetings.

13. Meetings of the Committee shall be held in accordance with the Committee's annual work plan, but at least once per quarter.

14. Decisions at a Committee meeting shall be adopted by a majority vote of the Committee members present at the meeting. In the event of an equal number of votes, the vote of the Chairperson of the Committee shall be decisive.

A Committee meeting shall be deemed quorate if at least two-thirds (2/3) of its members are present, provided that the Chairperson of the Committee participates.

Each member of the Committee shall have one vote. Delegation of a Committee member's voting right to another Committee member is prohibited.

15. Minutes shall be kept at the Committee meeting, which shall record the following:

- a) the date of the Committee meeting;
- b) the personal composition of the Committee members present at the meeting;
- c) the persons invited to the Committee meeting;
- d) the issues discussed on the agenda of the Committee meeting;
- e) the decisions adopted by the Committee.

16. The Audit Committee shall hold its meetings prior to the meetings of the Supervisory Board.

17. The minutes of the Committee meeting shall be prepared in one copy, signed by the person who presided over the meeting and by the Committee members who participated, and shall be kept by the Internal Audit Service.

18. The minutes of the Committee shall be registered by the Internal Audit Service in a special journal with numbered pages, stitched with thread, and certified by the signatures of the Chairperson and the Secretary of the Audit Committee.

V. Rights and Obligations of the Committee Members

19. Members of the Committee, in exercising their rights and fulfilling their obligations, shall place the interests of the Company above their personal interests.

20. The rights of the Committee members:

a) to obtain from the Director of the Company and its structural subdivisions all necessary documents, information, and materials (the requested documents, information, and materials must be submitted to the working body of the Committee – the Internal Audit Service – within three banking business days);

b) other rights in accordance with the legislation of the Republic of Uzbekistan, the Charter of the Company, and the internal regulatory documents of the Company.

21. The obligations of the Committee members:

a) to carefully review all documents and materials related to internal audit and to submit the results in a timely manner for discussion at the Committee meeting and the Board meeting;

b) to preserve the internal confidentiality of the Company and to refrain from disclosing confidential information provided for use in the performance of their functions.

VI. Liability of the Committee Members

22. The Chairperson of the Committee shall be responsible for organizing the holding of Committee meetings.

23. A Committee member shall bear personal liability, in accordance with the legislation of the Republic of Uzbekistan, for the disclosure of confidential information.

VII. Final Provisions

24. These Regulations shall be approved by the Board and shall enter into force from the date of its approval.

25. Amendments and additions to these Regulations shall be made by a decision of the Board.