**"Approved"**

**General Meeting of Shareholders**

**Joint Stock company**

**«Toshkent shahar dori - darmon»**

**on May 26, 2016**

**POSITION**

**On the Audit Commission**

**JOINT STOCK COMPANY**

**«TOSHKENT SHAHAR DORI - DARMON»**

Tashkent city – 2016

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**I. GENERAL PROVISIONS**

1.1. This provision defines the status and regulates the work of the Audit Committee of the company «Toshkent shahar Dori - Darmon» (hereinafter - the Company), the procedure for the election, as well as the responsibilities and powers.

1.2. Regulations have been developed in accordance with the law and the charter of the company.

1.3. The Audit Commission is an organ of society, performing the functions of internal financial - economic and legal control over the activities of the company, its divisions and departments, branches and representative offices.

1.4. In its activities the Audit Commission is guided by the legislation of the Republic of Uzbekistan, regulations of government, the charter of the Company, these Regulations and other documents of the company.

**II. ROLES AND RESPONSIBILITIES OF THE AUDIT COMMISSION**

2.1. Control (audit) of financial - economic activity of the company is carried out according to the results of activity for a given 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 not less than 5% of the voting shares of the Company by prior notification of the Supervisory Board.

2.2. In performing its functions the Audit Commission shall perform the following activities:

a) check the financial documents of the Company, the conclusion of the commission on inventory of property, comparison of the abovementioned documents with primary accounting data;

b) check the legality of contracts concluded on behalf of the society, of transactions, payments to contractors;

c) The analysis of compliance of accounting and statistical records with the current regulations;

g) analysis of the financial position of the company, its solvency, liquidity of assets, the ratio of debt to equity, the identification of reserves to improve the economic condition of the society and making recommendations on issues for society controls their financial - economic activity;

d) verification of the timeliness and correctness of payments to suppliers of products and services, payments to the budget, charges and fees earned and payments of dividends, interest on bonds, repayment of other obligations;

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

g) The company checks compliance with laws and regulations of the Securities and Stock Companies;

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

2.3. The Audit Commission shall:

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

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

c) to assess the vulnerability of societies to risks or other circumstances that may affect its financial position;

g) to carry out an audit of financial - economic activity of the Company in its operations for the year and at any time at the initiative of the parties in accordance with the law, the charter of the Company and these Regulations;

d) keep commercial secrets, not to disclose information that is confidential to which the members of the Audit Commission have access in the performance of its functions. If an audit commission work involved as experts persons who are not members of the Audit Commission, they should be warned about the subject of trade secrets. Responsibility for action lies with the members of the audit committee, attracting them to participate in the audit;

e) in a timely manner to deal with complaints of shareholders on actions of the management and officers of the company and take appropriate decisions;

g) to request the convocation of the Supervisory Board meetings, the convening of an extraordinary general meeting in cases where the violations found in the industrial - economic, financial, legal activities or the occurrence of a real threat to the interests of society require for their solution the company's management bodies.

2.4. In auditing the members of the Audit Commission are obliged to carefully examine all documents and materials related to the subject of the inspection. For incorrect conclusions members of the Audit Commission are responsible, the measure of which is determined by the general meeting of shareholders and the applicable laws of the Republic of Uzbekistan.

2.5. Members of the audit committee must be present at the general meeting of shareholders and to answer the questions of the meeting participants within their competence.

• notifies the recipients acts and conclusions of the Audit Commission.

**III. RIGHTS AND POWERS OF THE AUDIT COMMISSION**

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

• Check any financial documentation of the Company, including documents on inventory Society Commission, to compare these documents with primary accounting data;

• request and receive from the public authorities, its departments and services, officials necessary for its operations documents. These documents and materials are provided to the Audit Commission within two days after the request;

• require the convocation (unanimous decision) 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 public interest;

• require the convocation of a meeting of the Supervisory Board. Chairman of the Supervisory Board may not refuse the Audit Commission to convene a meeting of the Supervisory Board at its request;

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

• put before the governing bodies of the company, its divisions and services, the question of the company's employees including the responsibility of officials for violations of the provisions, rules and regulations of the organization.

3.2. Member of the Audit Committee shall be entitled to:

• to require the convening of an emergency meeting of the commission in the case of violations, requiring immediate solution of the Audit Commission;

• in writing to 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.

3.3. For participation in the verification (audit) of financial - economic activity of the company members of the Audit Committee shall be paid a one-time fee. Interest payment is made after the decision of the general meeting of shareholders on the results of the examination (audit).

3.4. The order and timing of additional remuneration determined by the Supervisory Board of the Company.

**IV. PROCEDURE audits (inspections)**

4.1. Control (audit) of financial - economic activity of the company is carried out on the results of the Company for the year.

4.2. The Audit Commission shall submit to the Supervisory Board a report with its conclusions on the results of the examination (audit) of financial and economic activity for the year and the conclusion, to confirm or deny the accuracy of the data included in the Company's annual report and in the annual balance sheet, no later than 3 days before the date of the meeting of the Supervisory Board, which considered the report on the preliminary approval of the annual report of the company.

4.3. An unscheduled audit (audit) of financial - economic activity of the company is carried out by:

• the decision of the general meeting of shareholders;

• the 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;

• the initiative of the Audit Commission.

4.4. A decision on an unscheduled inspection (audit) was 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 proceeds to the verification (audit) after receipt of the minutes of the general meeting of shareholders.

4.5. A decision on an unscheduled inspection (audit) was adopted by the Supervisory Board by a majority vote of its members present at the meeting, in case of absentee voting (polling) all members of the Supervisory Board unanimously. This decision was sent to the chairman of the audit committee name and signed by all members of the Supervisory Board who voted in favor of it.

4.6. Member of the Audit Committee at revealing violations sends the chairman of the Audit Commission a written description of violations to be addressed Audit Commission.

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

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

4.7. Nomination requirements to hold an unscheduled inspection (audit) of the Company's shareholders:

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

• FULL NAME. (Name) of the shareholders;

• information on the shares owned by them (number, category, type);

• a reasoned justification for this requirement.

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

If the initiative comes from the shareholders - legal persons, signature of the representative of a legal entity, acting in accordance with its Articles of Association without power of attorney, certified by the seal of the legal entity. If the request is signed by a representative of a legal entity acting on its behalf

by proxy, a power of attorney is attached to the request.

4.7.2. The requirement for the initiators of the examination (audit) is sent by registered mail to the address of the company to the chairman of the Audit Commission's name with acknowledgment of receipt or shall be delivered to the office of the company.

Date of the request is determined by the date of notice of the date of receipt or delivery of the office of the company.

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

4.7.4. Rejection of the examination (audit) can be given to the Audit Commission in the following cases:

• shareholders present claims 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;

• initiate the request are the persons who are not registered in the register of shareholders or non-representational - the respective powers of the shareholders;

• the requirement does not indicate the reasons for conducting the examination (audit);

• The facts that are the motives of the examination (audit), verification (audit) carried out and approved by the Audit Commission's report;

• in the demand contains incomplete information;

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

4.8. In conducting audits (inspections) members of the Audit Commission are required to examine all available and received documents and materials related to the subject of the inspection.

4.9. The audit of financial - economic activity of the company Auditing Committee shall prepare a report, which shall include:

• Evaluation of the 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 - economic activity.

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

4.10. The initiators of the examination (audit) of financial - economic activity of society has the right at any time prior to the adoption of the Auditing Commission decision to conduct the examination (audit) withdraw their request by written notice to the Audit Commission.

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

**V. Election and early termination of powers**

**MEMBERS OF THE AUDIT COMMISSION**

5.1. 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 is 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.

5.2. Proposal for nomination of candidates to the Audit Commission made in writing, by registered mail to the address of the company or give up the office of the company.

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

The proposal shall be signed by the shareholder or his proxy, if the proposal is signed by a trusted entity, then the power of attorney.

If the initiative comes from a shareholder - legal entity, signature of the representative of a legal entity, acting in accordance with its Articles of Association without power of attorney, certified by the seal of the legal entity. If the request is signed by a representative of a legal entity acting on its behalf by proxy, a power of attorney is attached to the request.

5.3. The Audit Committee is elected consisting of 3 members by the general meeting of shareholders for a period of one year, the majority of votes of shareholders - owners of voting shares of the Company (a simple majority), participating in the meeting. Members of the Audit Committee of the Company may not simultaneously be members of the Supervisory Board of the company, as well as working under a labor agreement (contract) in the same society. One and the same person can not be elected to the audit committee of more than three times in a row.

5.4. Persons elected to the Audit Committee of the Company, should have higher education.

5.5. Member of the Audit Committee may, at its own initiative, withdraw from the Group at any time by written notice to the Audit Commission and the Supervisory Board one month before the termination of their work in the Audit Commission. In this case, the general meeting of shareholders at the next meeting of the Audit Commission carries out a replacement member.

5.6. In the event of the occurrence of the Audit Committee member of the liquidation committee, the election (appointment) of the supervisory board or the executive organ, or the beginning of the work under a labor agreement (contract) in society, the individual is required to terminate its activities as a member of the Audit Commission. At the same time, the general meeting of shareholders at the next meeting of the Audit Commission carries out a replacement member.

5.7. The authority 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 inspections by the member (s) of the Audit Commission properly examined all documents and materials related to the subject of the inspection, which led to incorrect conclusions of the Audit Committee of the Company;

• failure to comply with the individual members of the Audit Committee or the Audit Committee in paragraph 2.3 of this whole situation.;

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

5.8. In the case where the number of members of the Audit Commission becomes less than half the number of the Company Charter, 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 of the powers of the newly elected members of the Audit Commission shall be valid until the election of the Audit Commission following annual general meeting of shareholders.

5.9. If the extraordinary general meeting to terminate the powers of all members of the Audit Committee as a whole or its individual members, bringing the number was 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 decide on convene an extraordinary general meeting with the agenda item on the election of new members of the Audit Commission.

Make suggestions for candidates to the Audit Commission may be shareholders, who in accordance with the law and the charter of the public's right to nominate candidates to the management bodies and control society.

**VI. MEETING OF THE AUDIT COMMISSION**

6.1. The Audit Commission shall decide all questions at their meetings. Meetings of the Audit Committee shall be held according to the approved plan, as well as before the start of inspection or audit and their results. Member of the Audit Committee may require the convening of an emergency meeting of the commission in the case of violations, requiring immediate solution of the Audit Commission.

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

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

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

6.4. Chairman of the Audit Committee:

• convene and hold meetings;

• organizing the ongoing work of the Audit Commission;

• is it at meetings of the supervisory board, the general meeting of shareholders;

• sign the documents issued on its behalf.

6.5. In the absence of the chairman of its functions are performed by one of the members of the Audit Commission by a majority of the members of the Audit Commission.

6.6. The Secretary of the Audit Commission:

• organizes keeping minutes of its meetings;

• notifies the recipients acts and conclusions of the Audit Commission.