

## **AUDIT COMMITTEE OF THE QUMAK-SEKOM S.A. SUPERVISORY BOARD BY-LAWS**

### **I. GENERAL PROVISIONS**

Regulations establish the membership, way of appointment, tasks, scope of activity and procedures of work of Audit Committee of the Supervisory Board ("**Committee**") of the QUMAK-SEKOM joint stock corporation ("**Company**").

#### **§1**

1. Committee has an advisory and opinion providing purpose towards the Supervisory Board and is appointed to increase an effectiveness of executing by the Supervisory Board duty of supervisory activities in the field of examination of correctness of financial statement of the Company, the Company's financial results, effectiveness of internal control system.

### **II. MEMBERSHIP AND WAY OF APPOINTMENT OF THE COMMITTEE**

#### **§2**

1. Committee consists of 3 members, including Chairman and Vice-Chairman of the Committee.
2. Members of the Committee are appointed by the Supervisory Board among its members.

### **III. TASKS AND SCOPE OF ACTIVITY OF THE COMMITTEE**

#### **§3**

1. Committee acts collectively.
2. The Committee scope of activity includes advising and carrying out consultative activities within the frames of the Supervisory Board competences, with regard to areas of Company's operation set out below:
  - a) Financial reporting;
  - b) Financial annual and quarterly planning;
  - c) Execution of financial plans submitted to the Supervisory Board;
  - d) Audit of financial statements conducted by the auditing expert;
  - e) Internal and external control system, including internal audit;
  - f) Risk management system.
3. The scope of activity of the Committee may cover other matters ordered by the Supervisory Board.

## §4

1. To the Committee's tasks concerning performance of advisory and consultative activities, with regard to financial reporting of the Company, belong in particular:
  - a) Preliminary evaluation of the Management Board statement on the Company's activity, and the Company's annual financial statement;
  - b) Preliminary evaluation of all financial documents submitted to the Supervisory Board, in particular annual financial report prepared by the Management Board and report from its preparation;
  - c) Assessment of basic rules existing in the Company concerning financial reporting system and providing the Supervisory Board with conclusions and recommendations regarding the merits of its changes, as well as informing Supervisory Board about significant known to the Committee irregularities of such a system, or risks associated with its organization and functioning.
2. To the Committee's tasks concerning performance of advisory and consultative activities, with regard to examination of financial statements by an auditing expert, belong in particular:
  - a) Recommending to the Supervisory Board the Company's auditors elected by the Supervisory Board to perform an audit or review of financial statements of the Company, as well as auditing experts, to whom is entrusted performance of reviews or examination of other financial statements of the Company, also giving opinion on conditions of agreements with the auditing expert, including his remuneration;
  - b) In case of an auditing expert resignation from performing an audit of financial statements of the Company, in particular an auditing expert withdrawal from the agreements concluded with the Company or company from the corporate group of the Company, assessment of resignation reasons and submitting conclusions to the Supervisory Board from such settlements;
  - c) Submitting to the Supervisory Board conclusions and recommendations resulting from report and opinion of the auditing expert from audit of the Company's financial statements, in particular in case of an auditing expert refusal to give opinion, giving negative opinion or reporting objections to financial statement;
  - d) Expressing opinion on activities undertaken by the Management Board with regard to reported by an auditing expert objections to financial statement or reported in another form comments concerning regularities of financial statements or applied by the Company accounting rules.
3. To the Committee's tasks concerning performance of advisory and consultative activities, with regard to internal and external control system, including internal audit and risk management system, belong in particular:
  - a) Expressing opinion on existing in the Company internal control and risk management systems, as well as presenting to the Supervisory Board conclusions and recommendations concerning their assessment, including the merits of change, also informing Supervisory Board about all identified irregularities of such systems, or risks associated with its organization and functioning;
  - b) Evaluation of internal controls, including internal audits and schedules for removal of deficiencies detected in the selected areas;

- c) Examination of reports and recommendations from external regulatory or controlling bodies, regarding compliance of the Company activity with regulations of law and schedules for removal of identified deficiencies.

#### **IV. PROCEDURE OF PERFORMING ACTIONS BY THE COMMITTEE**

##### **§5**

1. Audit Committee meetings should be held not less often than twice a year, before the publication of the Company's financial statements (semi-annual and annual).
2. The work of the Committee is managed by the Chairman of the Audit Committee. He also exercises supervision over the preparation of agenda, organizing the distribution of documents and preparation of protocols of meetings of the Audit Committee.
3. Committee meetings are convened by the Chairman of the Audit Committee, who invites to the meetings members of the Audit Committee and notifies all other Members of the Supervisory Board. All members of the Supervisory Board are entitled to participate in meetings of the Audit Committee.
4. A request for a meeting of the Committee, containing the proposed agenda, may be submitted by a member of the Committee or Chairman of the Supervisory Board on its own initiative or at the request of the President of the Board of the Company or the Company's expert auditor. The meeting is convened at a date that is not later than within 14 days from reception of the request.
5. Notice on convening of meeting should be handed to Audit Committee members and other members of the Supervisory Board not later than 7 days before the Audit Committee meeting, and in cases of emergency no later than 2 days before the meeting of the Audit Committee.
6. Committee meeting are convened by an invitation sent by mail, fax or e-mail. In justified cases, the person convening a meeting of the Committee may shorten the time.
7. Committee can have a meeting without a formal notice, if all Committee members agree for such meeting to take place and for drafted agenda.
8. The Chairman of Committee can invite to a meeting of Audit Committee Members of Management Board of the Company, other employees and co-workers of the Company, as well as third party people, whose presence at meeting is useful to execute tasks of an Audit Committee.

##### **§ 6**

9. Audit Committee acts collectively. All applications require Committee's resolutions.
10. Audit Committee resolutions are adopted by a simple majority of cast votes. In case of voting, in which there was an equal number of votes "for" and "against", a decisive vote goes to the Audit Committee Chairman. For the resolution to be valid, in Committee meeting there must participate the minimum of two Audit Committee members, including the Chairman.
11. Audit Committee members can vote on adopting resolutions in person only, through participation at the Committee's meeting.
12. Committee resolutions may be adopted through using means of direct communication at a distance. Resolutions adopted in such way are valid, if all members of Committee were informed about the content of draft resolution.

## **§7**

1. Committee meetings are recorded. The protocol is prepared by the Secretary of Supervisory Board or another person indicated by the Chairman of Committee.
2. Protocol should include number of record, date and place of preparation, list of those persons who are present, agenda, requests submitted by members of the Committee, the content of resolutions and voting results, and reported dissenting opinions.
3. Text of the protocol draft of Committee's meeting is sent to all members of Committee present at this meeting not later than together with the notice on the next Committee's meeting.
4. Protocol is subject to approval at the next meeting of the Committee. Fixed text is signed by all Committee members present at the meeting, which the protocol refers to, while the person drawing up the protocol shall initial each page of the protocol. In justified cases, the protocol is drawn up and approved at the date of the meeting, which the protocol refers to.
5. Records from Committee's meetings are kept in headquarter of the Company.
6. All members of the Supervisory Board are entitled to inspect protocols from meetings of Committee, as well as of other documents being result of its works.

## **V. REMAINING PROVISIONS**

### **§8**

1. Management Board of the Company or persons indicated by it provide the Committee with an access to documents and technical resources needed to carry out its functions.
2. The administrative and technical support of the Committee is provided by the Company.

### **§9**

1. Regulation of Committee is available and open to public inspection.
2. Regulation enters into force on the day of its approval by the Supervisory Board.
3. Any changes to this Regulation require approval of the Supervisory Board.