

“APPROVED”  
by the decision of the sole shareholder of JSC  
“Uzbekistan Airways”  
№4 of «18<sup>th</sup>» of October 2019

**REGULATION  
ON THE INTERNAL CONTROL OF  
“UZBEKISTAN AIRWAYS”  
JOINT STOCK COMPANY**

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## **I. General Provisions.**

1. This Regulation on the internal control of “Uzbekistan Airways” Joint Stock Company (hereinafter - the Regulation) is developed in accordance with the Law of the Republic of Uzbekistan “On Joint-Stock Companies and Protection of Shareholders' Rights” (hereinafter - the Law), other legislative and regulatory acts and recommendations of the Corporate Governance Code (Minutes No. 9 dated 31.12.2015), the Charter of “Uzbekistan Airways” Joint Stock Company (hereinafter referred to as the “Company”) and other internal documents of the Company.

2. These Regulations determine the goals and objectives of the Company’s internal control system, the principles of its operation, components and procedures of internal control, as well as the bodies of the Company and persons responsible for internal control.

3. These Regulations have been developed with the aim of organizing and operating in the Company an effective system of internal control and risk management, ensuring the protection of the rights and legitimate interests of all shareholders, including minority shareholders.

4. This Regulation is mandatory for members of the management and control bodies of the Company, officers and employees of the Company.

## **II. The principles of the internal control system.**

5. The internal control system in the Company is based on the following principles:

6. Uninterrupted functioning - the constant and proper functioning of the internal control system allows the Company to promptly identify any deviations from the norm and prevent their occurrence in the future;

7. Accountability of all participants in the internal control system - the quality of the control functions performance by each person is controlled by another participant in the internal control system;

8. Separation of duties - the Company seeks to prevent duplication of control functions, and these functions should be distributed among employees in such a way that the same person does not combine the functions associated with approving transactions with certain assets, accounting for transactions, ensuring the safety of assets and conducting them inventory;

9. Proper approval and approval of operations - the Company seeks to establish a procedure for approving all financial and business operations by authorized persons within their respective powers;

10. Ensuring organizational segregation of the Company’s subdivision, which carries out daily internal control, and its functional accountability directly to the Supervisory Board through the Audit Committee;

11. Responsibility of all subjects of internal control working in the Company for the proper performance of control functions;

12. Implementation of internal control based on the clear interaction of all divisions and services of the Company;

13. Continuous development and improvement - the Company seeks to provide conditions for flexible adjustment of the internal control system so that it can be adapted taking into account the need to solve new problems, expand and improve the system itself;

14. Timeliness of transmitting messages about deviations - the Company has established the shortest possible time for transferring relevant information to persons authorized to make decisions on eliminating deviations;

15. Correspondence between the level of complexity of the internal control system and the level of complexity of the controlled object;

16. Prioritization of the areas of activity of the Company in which control is established - strategic directions are outlined, covered by the internal control system, even if the effectiveness of their functioning (the ratio of "costs - economic effect") is difficult to measure;

17. The integrated nature of internal control of various types of objects.

### **III. Components of the internal control system.**

18. The internal control system includes the following interconnected components:

19. The control environment, which includes the ethical values and competence of the employees of the Company, the management policy, the way management distributes powers and responsibilities, the organization structure and staff development, as well as leadership and management by the supervisory board;

20. Risk assessment - which is the identification and analysis of relevant risks when achieving certain tasks that are interconnected at different levels and internally consistent;

21. Control activities that summarize policies and procedures that help ensure that management directives are enforced, and includes a wide variety of actions, such as issuing approvals, sanctions, confirmations, conducting inspections, monitoring ongoing activities, guaranteeing the safety of assets and separation authority;

22. Information support and information exchange activities aimed at the timely and effective identification of data, their registration and exchange of data, including the creation of effective information exchange channels in order to create an understanding of internal control policies and procedures adopted by the Company for all internal control entities and ensuring their implementation. The company takes measures to protect against unauthorized access to information;

23. Monitoring - a process that includes management and supervision functions, during which the quality of the system's performance over time is evaluated. Assessment of the internal control system is carried out to determine the probability of errors that affect the reliability of financial statements, to clarify the materiality of these errors and to determine the ability of the internal control system to ensure the fulfillment of tasks.

### **IV. Risk assessment.**

24. Assessment, control and management of specific types of risks inherent in the Company activities is carried out by the management bodies and structural divisions of the Company in accordance with the procedures established in the Company internal documents.

25. The Company supports the efficient exchange of information necessary for operational and strategic risk management between management bodies, control bodies and structural divisions of the Company.

26. In accordance with the recommendations of the Corporate Governance Code, the Supervisory Board may establish an Audit Committee, which shall:

- control over the reliability and effectiveness of the risk management system and internal control, including evaluating the effectiveness of the risk management and internal control procedures of the Company and preparing suggestions for their improvement;

- analyses and evaluation of the implementation of policies in the field of risk management and internal control.

#### **V. Procedures for the internal control system.**

27. Internal control procedures are a set of measures carried out by internal control bodies, governing bodies, a separate special structural unit of the Company responsible for internal control, as well as officers and employees of the Company, aimed at identifying violations of the law, the Charter and internal documents of the Company in the implementation of financial-economic activity, to assess the achievement by the Company of its goals, as well as the interaction of subjects of internal control of international in the process of implementing internal control procedures.

28. Internal control procedures are carried out at all levels of the Company's management in accordance with the rules established by the internal documents of the Company and provide for:

- determination of interrelated and consistent goals and objectives at various levels of the Company's management;

- separation of powers and responsibilities;

- identification and analysis of potential risks that may interfere with the achievement of the goals of the Company;

- ensuring effective interaction between structural divisions of the Company;

- ensuring effective interaction of control bodies and governing bodies of the Company;

- organization of an effective exchange of information, including the generation of reports and messages containing operational, financial and other information on the activities of the Company;

- ensuring effective interaction of the Company with third parties;

- communication to all employees of the Company of their responsibilities in the field of internal control;

- determination of criteria and assessment of the effectiveness of the structural units of the Company;

- usage of adequate methods of accounting for events, operations and transactions;

- verification of the safety of assets and property of the Company;

- approval and implementation of operations only by those persons who are endowed with the appropriate authority;

- separation of key responsibilities between employees of the Company (including the approval and approval of operations, accounting of operations, issuing, storage and receipt of resources, analysis and verification of operations);

- proper documentation of internal control procedures;

- regular evaluations of the effectiveness of internal control procedures.

29. Internal control procedures may be:

- preventive - allowing to prevent the occurrence of an undesirable event;

- detecting - to detect the occurrence of an undesirable event;
- directive - contributing to the onset of the desired event;
- corrective - neutralizing the consequences of the occurrence of an undesirable event;
- compensative - replenishing the weaknesses of existing controls.

30. Internal control procedures in the Company include the following:

- coordination - approval of documents by employees of various departments and management levels, endowed with relevant authority;
- authorization - the receipt by the employees of a permit to perform an operation;
- reconciliation - checking the completeness, accuracy, consistency and correctness of information received from various sources, including checking the absence of discrepancies between accounting articles, accounting systems, accounting data of the Company and its counterparties;
- arithmetic control - verification of the arithmetic correctness of calculations, including the calculation of checksums, in financial, accounting and other documents;
- analysis of deviations - an assessment of the degree of achievement of set goals and fulfillment of plans based on a comparison of actual performance with planned indicators, forecasts, data from previous periods, competitors' performance;
- physical control of the safety of assets - restriction of physical access to assets, premises, documents, proper equipment of storage facilities for assets, conclusion of liability contracts;
- inventory - identification and description of the actual availability and quality characteristics of assets and liabilities in order to ensure the reliability of accounting and the safety of the Company's assets;
- general and specialized control procedures of information technology (computer controls) - access control, data integrity, changes to information systems, etc.

31. The content of specific control procedures depends on the level of management and functional orientation, is developed by structural units in accordance with the goals of the Company and the tasks of the structural unit and is established by internal documents of the Company.

32. Responsibilities for the development, documentation, implementation, implementation, monitoring and improvement of internal control procedures are fixed in the regulations on the structural units of the Company and job descriptions of the employees of the Company.

## **VI. Organization of the Company's internal control system functioning.**

33. The solution of the internal control problems is ensured by the joint efforts and effective interaction of the Supervisory Board, the Committee of the Supervisory Board for Audit, the Audit Commission, the Internal Audit Service, the Corporate Consultant (if any), the Executive Body, as well as officers and all employees of the Company (hereinafter referred to as the subjects of internal control)

34. The internal control system is functionally divided in the following areas:

- **supervision**, the main task of which is to monitor the compliance of the practice of the Company with current legislation, regulations, the Charter and internal documents of the Company;

- **internal audit**, the main task of which is to monitor the activities of the structural units of the Company, its branches and their business operations;

- **risk management**, the main task of which is to identify risks associated with the activities of the Company (potential and real), analyze them and eliminate the consequences of real risks, develop recommendations for their prevention, as well as prepare proposals for improving the activities of the Company.

35. The following internal control bodies function in the Company:

- Audit Commission ;
- Internal Audit Service;
- Corporate consultant (if available).

36. In accordance with the recommendations of the Corporate Governance Code, the implementation of regular current internal control is assigned to the Internal Audit Service in cooperation with other bodies and divisions of the Company.

37. If the Company does not have an Internal Audit Service, the implementation of regular current internal control is assigned to the Audit Commission of the Company.

38. A separate special structural unit may be created in the Company that exercises internal control over the activities of the Company (hereinafter referred to as the authorized structural unit).

## **VII. Bodies and persons responsible for internal control.**

39. The internal control of the Company's activities is carried out by the Supervisory Board of the Company, the Committee of the Supervisory Board on Audit, the Audit Commission , the Internal Audit Service (or the authorized structural unit of the Company), the Corporate Consultant (if any), the Executive Body, as well as officers and employees of the Company at all levels, and at the same time, everyone bears one or another responsibility for internal control.

40. **The Supervisory Board of the Company** determines the policy of the Company in relation to internal control, defines strategies and directions for the development of the internal control and risk management system, principles and approaches to the organization of the internal control and risk management system.

In determining the principles and approaches to the organization of the internal control and risk management system, the Supervisory Board proceeds from the tasks of this system, which are:

- 1) ensuring reasonable confidence in achieving the goals of the Company;
- 2) ensuring the effectiveness of financial and economic activities and the economical use of resources;
- 3) identification of risks and management of such risks;
- 4) ensuring the safety of the Company's assets;
- 5) ensuring the completeness and reliability of accounting (financial), statistical, managerial and other reporting;
- 6) control of compliance with legislation, as well as internal policies, regulations and procedures of the Company.

The functions of the rights, duties and responsibilities of the Supervisory Board for the implementation of internal control are established in the ***Regulation on the Supervisory Board of the Company***, approved by the General Meeting of Shareholders.

***Supervisory Board:***

- approves the Regulation on the Internal Audit Service;
- approves the Regulation on Corporate Consultant;
- approves the Company's internal regulatory documents governing internal control procedures;
- approves internal documents of the Company to identify real and potential risks, their prevention and risk management;
- defines the structure and composition of the authorized structural unit of the Company responsible for internal control and continuous improvement of internal control procedures;
- approves transactions with affiliates in cases provided for by the Law, in accordance with the Procedure for accounting for affiliates of the Company and transactions with affiliates;
- makes a decision on the execution of major transactions by the Company in cases provided for by the Law, in accordance with the Procedure for major transactions by the Company;
- approves other transactions and operations of the Company in accordance with the internal documents of the Company;
- hears quarterly reports of the Executive Body of the Company, including on compliance by the Company with internal control procedures;
- hears quarterly reports of the internal control bodies of the Company, including on compliance by the Company with internal control procedures;
- controls the elimination of violations identified in the internal control system;
- annually at the annual General Meeting of Shareholders informs the Company's shareholders of the results of the analysis and assessment of the reliability and effectiveness of the internal control system, based on regular reports from the head of the Executive Body of the Company, the Internal Audit Service, the Audit Commission, the authorized structural unit of the Company responsible for internal control, conclusions of the external auditor of the Company and information from other sources and own observations on all aspects internally go control, including: financial control, operational control, control over compliance with legislation, control of internal policies and procedures.

The report of the Supervisory Board at the annual General Meeting of Shareholders should contain information on the status of the Company's internal control system.

***In accordance with the recommendations of the Corporate Governance Code***, in order to implement effective internal control mechanisms:

- The Regulation on the Supervisory Board reflects the requirements for the inclusion of independent members in its composition;
- The Supervisory Board is delegated the right to determine the procedure, conditions for rendering (receiving) and making decisions on charity (sponsorship) or gratuitous assistance only to the extent established by the General Meeting of Shareholders and the legislation, with disclosure of information about it to all shareholders;



- The Supervisory Board determines the voting procedure on behalf of the Company of its representatives in the management bodies of enterprises in whose authorized funds the Company has a share;

- The Supervisory Board requires from the Executive Body of the Company regular reports on the work done and achievement of performance indicators of enterprises in whose authorized funds the Company has a share, in accordance with their approved business plans.

41. Responsibility for the organization of control over the reliability and completeness of the financial statements of the Company, the reliability and effectiveness of the internal control system and the risk management system of the Company as a whole lies with ***the Audit Committee***.

The rights, duties and responsibilities of the Audit Committee of the Supervisory Board for Internal Control are established in ***the Regulation on the Audit Committee***, approved by the Supervisory Board.

The ***Committee of the Supervisory Board for Audit*** performs the following functions of internal control:

- regularly reviews, analyzes and evaluates the effectiveness of the Company's internal control procedures in terms of preparing the financial statements of the Company;

- supervises the conduct of an external audit and evaluates the quality of the audit and the conclusions of the external auditor of the Company;

- provides effective interaction between the Internal Audit Service and the external auditor of the Company;

- supervises the internal control system as a whole and the risk management system;

- timely informs the Supervisory Board of the Company of the identified material deficiencies in the internal control system, as well as plans and results of measures to eliminate them.

- develops recommendations for improving the internal control system.

As part of the risk management process, the Audit Supervisory Board Committee carries out:

- overall coordination of risk management processes;

- development of methodological documents in the field of ensuring the risk management process;

- analysis of the Company's risk portfolio and development of proposals for a response strategy and redistribution of resources in relation to the management of relevant risks.

42. ***In accordance with the recommendations of the Corporate Governance Code***, in order to make an objective assessment of internal procedures, independent members of the Supervisory Board are included in the composition of the Audit Committee.

43. Responsibility for the implementation of ***periodic follow-up control*** over the financial and economic activities of the Company and its separate divisions is vested in the permanent body of internal control - ***the Audit Commission***.

The rights, duties and responsibilities of the Audit Commission when it exercises control over the Company's compliance with internal control procedures are established in the ***Regulation on the Audit Commission***, approved by the General Meeting of Shareholders.

The ***Audit Commission*** performs the following functions to monitor the Company's compliance with internal control procedures:

- conducts periodic (annual) inspections in the main areas of the financial and economic activities of the Company and verifies the implementation of internal control procedures;
- analyzes and summarizes the results of inspections in the main areas of the financial and economic activities of the Company, including compliance with internal control procedures;
- informs the Committee of the Supervisory Board for Audit and the head of the Executive Body about the violations detected during the execution of internal control procedures, proposals for their elimination and the results of elimination or non-elimination of such violations;
- submits to the Committee of the Supervisory Board for Audit proposals for improving internal control procedures;
- quarterly, at a meeting of the Supervisory Board, makes a conclusion on the existence of transactions with affiliates or major transactions in the Company for the reporting period, as well as compliance with the requirements of the legislation and internal documents of the Company for such transactions, including information on compliance by the Company with internal control procedures.

The opinion of the Audit Commission on the existence of transactions with affiliates or major transactions in the Company for the reporting year is submitted to the annual General Meeting of Shareholders.

44. Responsibility for **regular current monitoring** of the compliance of financial and economic operations of the Company and its separate divisions with the legislation of the Republic of Uzbekistan and the Charter of the Company as a whole, as well as the completeness and accuracy of the accounting and financial statements, rests with the **Internal Audit Service**.

The rights, obligations and responsibilities of the Internal Audit Service when exercising control over the Company's compliance with internal control procedures are established in the **Regulation on the Internal Audit Service**, approved by the Supervisory Board of the Company.

**The Internal Audit Service of the Company** carries out the following functions to control the Company's compliance with internal control procedures:

- introduces the procedures of the internal control system;
- verifies the implementation of internal control procedures;
- assesses the adequacy, adequacy and effectiveness of internal control procedures;
- organizes and conducts **regular current** inspections in the main areas of the financial and economic activities of the Company;
- analyzes and summarizes the results of inspections in the main areas of the financial and economic activities of the Company, including compliance with internal control procedures;
- coordinates the work of employees of structural divisions of the Company during internal control activities;
- keeps a record of detected violations of internal control procedures, including non-execution (ineffective execution) of the Company's internal regulatory documents;
- informs the Audit Committee and the head of the Executive Body about the revealed violations in the implementation of internal control procedures, proposals for their elimination and the results of eliminating or not eliminating such violations;
- analyzes the results of inspections of the Audit Commission of the Company, organizes control over the development and implementation of measures to eliminate violations identified during inspections of the Audit Commission;

- analyzes the results of audits, organizes control over the development and implementation of measures to eliminate violations identified during audits;
- prepares proposals to improve internal control procedures.

As part of the risk management process, the Internal Audit Service carries out:

- development of methodological documents in the field of ensuring the risk management process;
- organization of training for the Company's employees in the field of internal control and risk management;
- formation of consolidated reporting on risks;
- operational control of the risk management process by the divisions of the Company and, in the prescribed manner, enterprises controlled by the Company;
- preparing and informing the Supervisory Board and the Executive Body of the Company on the effectiveness of the risk management process, as well as on other issues stipulated by the risk management policy.

When monitoring compliance with internal control procedures, the Internal Audit Service interacts with other control bodies of the Company, governing bodies, structural divisions and officers of the Company, receiving in the prescribed manner information and documentation necessary to carry out its activities.

*In accordance with the recommendations of the Corporate Governance Code*, the Internal Audit Service of the Company is empowered to exercise internal control over operations conducted with legal entities, more than 50% of the authorized capital of which is owned by the Company.

45. Responsibility for monitoring compliance with corporate legislation in the Company lies with the *Corporate Consultant* of the Company reporting to the Supervisory Board of the Company.

The functions, rights, obligations and responsibilities of the Corporate Consultant in the implementation of internal control are established in the *Regulation on the Corporate Consultant*, approved by the Supervisory Board of the Company.

***Corporate Consultant (if applicable)***

- exercises control over the observance of the legitimate rights and interests of the shareholders of the Company;
- monitors compliance with corporate procedures by the management bodies of the Company and provides explanations to the members of the Supervisory Board regarding the requirements of the legislation, the Charter and other internal documents of the Company regarding procedural issues of holding meetings of the Supervisory Board, preparing and holding the General Meeting of Shareholders, disclosing (providing) information about the Company ;
- exercises control over the preparation and conduct of the General Meeting of Shareholders in accordance with the requirements of the legislation, the Charter and other internal documents of the Company;
- ensures proper observance of the procedure for holding meetings of the Supervisory Board in accordance with the requirements of the legislation, the Charter of the Company, the Regulation on the Supervisory Board and other internal documents of the Company;
- monitors compliance with the legislation on information disclosure;
- monitors compliance with the recommendations of the Corporate Governance Code;

- immediately informs the Supervisory Board of all identified violations of corporate law, as well as the Charter and internal documents of the Company.

46. The responsibility for organizing and maintaining the conditions for the proper functioning of the Company's internal control system in accordance with the policy approved by the Supervisory Board rests with the ***Head of the Executive Body***.

The functions of the rights, duties and responsibilities of the Executive Body for the implementation of internal control procedures are established in ***the Regulation on the Executive Body of the Company***, approved by the General Meeting of Shareholders.

***Head of the Executive Body:***

- ensures the implementation of decisions of the Supervisory Board in the field of organizing an internal control system;
- distributes powers, duties and responsibilities between the heads of the structural divisions of the Company for specific procedures of internal control and risk management;
- Organizationally ensures the implementation of internal control procedures;
- approves the plan of inspections of structural units of the Company;
- Accepts orders for official investigations;
- considers and analyzes the results of inspections and official investigations;
- ensures the elimination of violations identified during the implementation of internal control procedures;
- submits to the Supervisory Board proposals for improving internal control procedures.

The executive body of the Company shall ensure current control of:

- for the actions of the heads of structural divisions of the Company;
- for the timely adoption of measures to eliminate detected errors and identified deficiencies, and violations in the process of carrying out activities and preventing them from happening.

47. ***Deputy Heads of the Executive Body and heads of structural divisions (officials) and employees of the Company at any level***, in accordance with their functional responsibilities, are responsible for implementing internal control procedures in the areas of activity entrusted to them.

***The heads of structural divisions and employees of the Company within their competence:***

- take a direct part in the detailed development of strategies for the implementation of internal control;
- carry out the development, documentation, implementation, monitoring and development of internal control procedures;
- carry out the implementation of internal control procedures;

The duties of the officers and employees of the Company include coping with non-standard situations and solving problems as they arise, within the scope of their authority. Employees report on material issues or risks arising from a particular transaction or operation to senior management of the Company.

The heads of the structural divisions of the Company must ensure current control over the actions of employees in the structural divisions they manage when the employees perform their duties.

The employees of the Company at all levels and for all functions must ensure current control by self-monitoring their actions in the performance of their duties and comply with the internal control procedures provided for by their official duties and internal regulations.

The legal service of the Company shall ensure ongoing monitoring of the compliance of the practice of the Company with applicable law through legal support for the activities of the structural units of the Company.

The head of the department for information and communication technologies should ensure compliance with access rights to network resources and application databases, as well as regulations on information and virus security.

As part of the risk management system, the Executive Body of the Company shall provide for a set of measures aimed at preventing corruption that reduce reputation risks and the risks of applying liability measures for bribing officials to the Company.

Within the framework of the internal control and risk management system, the Executive Body needs to organize a safe, confidential and accessible way (hotline) to inform the Supervisory Board, the Committee of the Supervisory Board for Audit, the Internal Audit Service about violations of the law, internal procedures, ethical standards and rules of the Company by any of its employee and (or) any member of the management body or control body.

The person who provided the relevant information should be protected from any form of pressure (including dismissal, harassment, any form of discrimination).

The hotline may also receive suggestions for improving internal control procedures and improving the internal control and risk management system as a whole.

***In accordance with the recommendations of the Corporate Governance Code:***

- The executive body of the Company submits for consideration by the General Meeting of Shareholders the issue of determining transactions related to the current economic activities of the Company for independent execution by the Executive body of transactions with affiliates and major transactions;

- The executive body organizes, by decision of the General Meeting of Shareholders, an annual analysis of the compliance of business processes and projects with the development goals of the Company with the involvement of independent professional organizations - consultants.

**VIII. Requirements for the composition and qualifications of the Company internal control bodies members.**

48. The requirements for the composition and qualifications of members of the internal control bodies of the Company are established by the relevant internal documents of the Company governing the activities of the internal control bodies of the Company and approved by the General Meeting of Shareholders or the Supervisory Board of the Company.

49. The requirements for the members of the Committee of the Supervisory Board for Audit are established by the Regulation on the Audit Committee, approved by the Supervisory Board.

The composition of the Committee of the Supervisory Board for Audit must necessarily include independent members of the Supervisory Board, members of the Supervisory Board in accordance with the requirements of the Regulation on the Supervisory Board of the Company.

At least one independent member of the Audit Committee should have experience and knowledge in the preparation, analysis, evaluation and audit of accounting (financial) statements.

50. Additional requirements for members of internal control bodies may be established by the Audit Committee of the Supervisory Board.

51. The proper functioning of the internal control system of the Company also depends on the professionalism of the officers and employees of the Company.

The Company makes efforts to ensure that the system of selection, hiring, training, training and promotion of employees ensures their high qualifications and their compliance with high ethical standards.

#### **IX. The procedure for interaction of the internal control bodies of the Company with the General Meeting of Shareholders, the Supervisory Board, the Committee of Minority Shareholders and shareholders of the Company.**

52. In order to ensure the effective functioning of the internal control system of the Company as a whole and to comply with internal control procedures, the internal control bodies in the process of implementing internal control interact with the management bodies of the Company, shareholders of the Company, as well as officials and employees of the Company.

53. Interaction of the internal control bodies of the Company with management bodies - the General Meeting of Shareholders and the Supervisory Board is carried out:

a) by introducing information on identified violations by the internal control bodies for consideration by the management bodies of the Company;

a) by regularly hearing reports from internal control bodies by the Supervisory Board and the General Meeting of Shareholders;

b) by conducting unscheduled inspections of the financial and economic activities of the Company by decision of the General Meeting of Shareholders, the requirement of the Supervisory Board, a written request of the shareholder (s) who own at least 5 (five) percent of the voting shares of the Company;

c) when considering appeals (applications, proposals and complaints) of shareholders;

d) upon visiting and personal receptions of shareholders by the internal control bodies of the Company.

#### ***Interaction of internal control bodies with the General Meeting of Shareholders.***

54. Internal control bodies report to shareholders at the annual General Meeting of Shareholders.

55. The report of the Supervisory Board at the annual General Meeting of Shareholders on matters within its competence includes information from the ***Committee for the Supervisory Board on Audit*** on the Company's compliance with legal requirements in the implementation of financial and economic activities, including information on the status of the internal control system and management system risks of the Company as a whole.

56. The report of the Supervisory Board at the annual General Meeting of Shareholders also includes information from internal control bodies reporting to the Supervisory Board - ***the Internal Audit Service and the Corporate Consultant (if any) of the Company.***

The report of the Internal Audit Service contains information on the observance by the Company, its branches and representative offices of the established rules and procedures for conducting business operations, the preservation of assets, as well as compliance by the Executive Body with the requirements established by law for managing the Company, including compliance by the Company with internal control procedures;

The report of the Corporate Consultant contains information on the observance by the Company of corporate legislation, on the observance by the Company of established corporate procedures, and consideration of shareholders' applications.

57. **The Audit Commission** reports to the annual General Meeting on the results of the audit of the financial and economic activities of the Company for the reporting year, including compliance by the Company with internal control procedures.

The opinion of the Audit Commission based on the results of the annual audit is submitted to the annual General Meeting of Shareholders, which should contain:

- assessment of the reliability of the data contained in the reports and other financial documents of the company;
- information on violations of the accounting and presentation of financial statements, internal control procedures, as well as legislation in the implementation of financial and economic activities.

The opinion of the Audit Commission of the Company on the existence of transactions with affiliates or major transactions in the Company in the reporting year, as well as compliance with the requirements of the legislation and internal documents of the Company for such transactions, is also submitted to the annual General Meeting of Shareholders.

58. The Committee of the Supervisory Board for Audit, the Audit Commission may initiate an extraordinary General Meeting of Shareholders to inform shareholders of any problematic issues.

#### ***Interaction of internal control bodies with the Supervisory Board.***

59. Internal control bodies interact with the Supervisory Board of the Company and are required to periodically report to the Supervisory Board, as well as timely submit information to the Supervisory Board on situations that could lead to a deterioration in the financial position of the Company and possible risks in the activities of the Company.

60. The Committee of the Supervisory Board for Audit regularly in accordance with the Work Plan of the Supervisory Board submits information to the meeting of the Supervisory Board on issues within its competence, including information on the status of the internal control system and risk management system.

61. **Internal Audit Service** reporting to the Supervisory Board:

- provides the Supervisory Board with reliable information on the results of the internal audit and prepares proposals for improving the activities of the Company;
- implements prompt submission to the Supervisory Board and the Executive Body of the Company of recommendations on the elimination of deficiencies identified during the internal audit process, monitors their elimination;
- quarterly reports on compliance by the Company, its branches and representative offices with the established rules and procedures for conducting business operations, preservation of assets, as well as compliance by the Executive Body with requirements established by law for managing the Company, including compliance with internal control procedures by the Company;

62. **Corporate consultant** reporting to the Supervisory Board:

- monitors compliance by the Company with corporate procedures - holding the General Meeting of Shareholders and meetings of the Supervisory Board;
- analyzes the corporate procedures of the Company and prepares proposals to the Supervisory Board for improving the system and practice of corporate governance of the Company.

- immediately informs the Supervisory Board of all identified violations of corporate law, the Charter and internal documents of the Company, as well as corporate procedures;
- based on the results of the analysis of work with shareholders' appeals, makes proposals to the meeting of the Supervisory Board of the Company to improve the efficiency of interaction with shareholders;
- quarterly reports on compliance by the Company with the requirements of corporate legislation.

63. **The Audit Commission** quarterly submits to the meeting of the Supervisory Board a conclusion on the existence of transactions with affiliates or major transactions in the Company for the reporting period, as well as compliance with the requirements of the legislation and internal documents of the Company for such transactions, including information on compliance by the Company with internal control procedures .

**The Audit Commission** submits to the Supervisory Board the results of unscheduled inspections of the financial and economic activities of the Company carried out at the initiative of the Audit Commission , the General Meeting of Shareholders, the Supervisory Board of the Company or at the request of a shareholder (shareholders) owning at least five percent of the voting shares of the Company.

The Audit Commission previously notifies the Supervisory Board of the Company of the requirement of a shareholder (shareholders), who owns at least 5 (five) percent of the voting shares of the Company, to conduct an unscheduled audit of the financial and economic activities of the Company.

64. The Committee of the Supervisory Board for Audit, the Internal Audit Service and the Corporate Consultant and the Audit Commission may initiate an extraordinary meeting of the Supervisory Board of the Company.

***Interaction of internal control bodies with shareholders of the Company.***

65. The internal control bodies of the Company exercise control over the implementation of the procedures established by law, regulations, the Charter and internal documents of the Company, as well as the recommendations of the Corporate Governance Code that ensure the exercise of the rights and legitimate interests of shareholders.

66. The information (materials) to be provided to shareholders in preparation for the annual General Meeting of Shareholders of the General Meeting of Shareholders includes:

- report of the Supervisory Board for the management of the Company in the reporting year, including:
  - information of the Committee of the Supervisory Board on the state of the internal control system of the Company and the risk management system as a whole;
  - information of the Internal Audit Service on compliance by the Company, its branches and representative offices with the established rules and procedures for conducting business operations, preservation of assets, as well as compliance by the Executive Body with the requirements for the management of the Company established by law, including compliance with internal control procedures by the Company;
  - Information of the Corporate Consultant on the Company's compliance with corporate legislation;
  - report of the head of the Executive Body and the annual report of the Company, an integral part of which is information on compliance by the Company with internal control procedures;



- report and opinion of the Audit Commission of the Company on the reliability of the data contained in reports and other financial documents of the Company, including on compliance by the Company with internal control procedures;

- the opinion of the external auditor of the Company on the results of the audit of the annual financial and economic activities of the Company, including the observance by the Company of internal control procedures.

67. In order to enhance the participation of shareholders in the control of the financial and economic activities of the Company and proper preparation for the annual General Meeting, shareholders should be given the opportunity to ask questions to the Chairman and members of the Committee for the Supervisory Board for Audit, the Chairman and members of the Audit Commission, the Head of the Internal Audit Service, and the Corporate Consultant and the head of the Executive Body.

Therefore, the Company must post on the corporate website the contact details of these persons. The company must also ensure their presence at the annual General Meeting of Shareholders.

68. Shareholders should also be given the opportunity to ask questions to the external auditor of the Company regarding the opinions submitted by him and, accordingly, receive answers to the questions asked. Therefore, the Company must invite a representative of the external auditor to participate in the annual General Meeting of Shareholders.

69. Shareholders of the Company may familiarize themselves with the opinion on the evaluation of the effectiveness of the internal control system carried out at the end of the year by the external auditor of the Company.

70. Corporate consultant:

- exercises control over the implementation of the legitimate rights and interests of shareholders;

- exercises control over the timely provision of information to shareholders of the Company based on requests;

- ensures proper accounting of received shareholders' complaints, forwards the appeals to the relevant management and control bodies of the Company, as well as monitors their timely consideration of such appeals;

- ensures the transmission of shareholders' appeals to the Chairman of the Supervisory Board, the Chairmen of the committees of the Supervisory Board and independent members of the Supervisory Board.

71. The corporate consultant of the Company, on a quarterly basis, summarizes and analyzes shareholders' appeals to the management and control bodies of the Company with the aim of identifying and eliminating the causes of violations of shareholders' rights, as well as the interests of the Company.

72. The corporate consultant has the right to request and receive the documents of the Company from the internal control bodies and the Executive body of the Company, within the limits of their authority or on behalf of the Supervisory Board of the Company, in order to prepare responses to shareholders' appeals.

73. A shareholder owning at least ten percent of the voting shares of the Company has the right to independently engage an audit organization to examine the signs of violation of the requirements for a transaction with an affiliate, which would result in damage to the Company or in the future as a result of the transaction.

74. A shareholder (shareholders) who owns at least 5 (five) percent of the Company's voting shares is entitled to apply to the Supervisory Board with a written request to convene an extraordinary General Meeting of Shareholders.

75. The procedure for circulation (statements, proposals and complaints) of shareholders, including minority shareholders and their acceptance by the internal control bodies of the Company, is carried out in the manner established by the legislation on appeals of individuals and legal entities.

76. Schedules of reception and information about the time, place and preliminary appointment, as well as the procedure for admission are brought to the attention of interested parties by publication on the official website of the Company, as well as posting in public places in the administrative building of the Company.

***Interaction of internal control bodies with the Committee of Minority Shareholders.***

77. On behalf of minority shareholders, the Chairman of the Committee of minority shareholders may appeal to internal control bodies.

The Audit Committee shall meet with the Committee of Minority Shareholders at least once every six months.

78. The chairman of the committee of minority shareholders has the right to freely use the information and documents of the company on all issues within the competence of the committee, including the conclusions and reports of the audit commission (auditor) of the company, audit organization, acts of inspections of state regulatory bodies, court decisions in relation to the company and its officers, as well as the minutes of the study by the executive body and the internal audit service of the company of the alleged transactions with affiliates.

79. The executive body of the company is obliged to submit the documents requested by the head of the committee or their copies within 10 days or no later than the deadline specified in the request.

The received documents can be used by the chairman of the committee and members of the committee solely for official purposes.

80. Members of the committee are not entitled to divulge information about the company or its activities, which constitutes official, commercial or other secret protected by law.

***Interaction of internal control bodies with the Executive body, officers and employees of the Company.***

81. The executive body of the Company implements the procedures of the internal control system and ensures its effective functioning, timely informing the Supervisory Board of all significant risks of the Company, significant shortcomings of the internal control system, as well as plans and results of measures to eliminate them.

82. The Head of the Executive Body ensures the submission to the internal control bodies of the minutes of the meeting of the Management Board of the Company and other documents of the Company required by the members of the internal control bodies to fulfill the duties assigned to them.

83. Employees of the Company shall provide assistance to internal control bodies during their inspections and official investigations.

84. Employees of the Company who become aware of violations of laws and regulations, the Charter and internal documents of the Company, violations of internal control procedures, as well as facts of damage to the customers of the Company, the Company itself by the actions of the employees of the Company or by third parties, are required to immediately notify his immediate superior, as well as the Internal Audit Service.

85. In the event that non-standard situations (technical failures, computer program errors, loss of documents and electronic records, discrepancies between credentials, situations not covered by the job descriptions and internal regulations of the Company and other facts) are revealed, they must immediately inform their immediate supervisor about them. The head of the structural unit, in turn, is obliged to inform the Internal Audit Service.

86. When conducting audits of the activities of the structural units of the Company, employees are required to provide the Internal Audit Service and the Audit Commission with all necessary documentation and information, including electronic (in the form of files, information (records) from databases, etc.).

87. The employees of the Company are obliged to give explanations about the actions they performed, written explanations to the Internal Audit Service and the Audit Commission on the errors found, the identified shortcomings and violations during the audit or internal investigation within a period not exceeding two days from the date of the request.

***Interaction of internal control bodies between themselves.***

88. The Committee of the Supervisory Board for Audit coordinates the work of internal control bodies.

89. If necessary, the Audit Supervisory Board Committee may invite to its meetings the Chairman of the Audit Commission, the head of the Internal Audit Service and representatives of the external auditor of the Company, as well as the head of the Executive Body and any officers of the Company.

90. The Committee of the Supervisory Board for Audit at least once a quarter should hold meetings of the Audit Committee or its chairman with the head of the Internal Audit Service of the Company on issues related to the competence of the Internal Audit Service.

91. The Committee of the Supervisory Board shall hold meetings of the Audit Committee or its chairman with the Chairman of the Audit Commission of the Company based on the results of audits of the financial and economic activities of the Company, as well as an audit at least once a quarter regarding the conclusions of the Audit Commission on transactions by the Company with affiliates and major deals.

92. The Committee of the Supervisory Board shall hold regular meetings with the Corporate Consultant of the Company to analyze and assess the Company's compliance with corporate legislation.

93. The Internal Audit Service, when inspecting the financial and business operations of the Company, is entitled to attract members of the Audit Commission to assist in resolving certain issues.

**X. Composition and regulation of reporting in the internal control system.**

94. When performing their functions, internal control bodies draw up the following types of reports:

- a report on the work performed on identified violations of the law, internal documents and internal control procedures - no later than 2 (two) business days after the violation;
- quarterly report - not later than thirty days after the end of each quarter.

95. The report on the work performed on identified violations of the law, internal documents and internal control procedures should contain the following information:

- a) the grounds for verification and the timing of its conduct;

b) the reasons for committing violations and determining the circle of responsible persons;

c) proposals to eliminate violations of the law, internal documents and internal control procedures;

e) recommendations for the prevention of similar violations from now on.

96. Regarding repeated cases of a violation that was previously identified, but has not been eliminated, a new report on the verification of violations is not compiled. This should be included in the quarterly report of internal control bodies.

97. The right to unacceptable violations of the law and internal documents On verification of violations.

98. The quarterly report should contain general information:

a) on the reporting quarter carried out, checked with an indication of their number, identified violations, the causes of violations and their elimination;

b) on the results of consideration of appeals, applications and complaints (on the number of examined complaints, applications and complaints, violations identified as a result of consideration of complaints, applications and complaints) of the Company);

c) recommendations for the prevention of violations of legal requirements and internal documents;

d) restrictions on feasible public operations, compliance with the law;

e) on the implementation of measures aimed at preventing a conflict of interest and the unlawful use of official information;

f) on measures to reduce risks,

99. The quarterly report may include recommendations on improving the qualifications of employees and improving the organization of the internal control system.

100. Rules for reporting:

a) employees - to the head of the structural unit, no later than the working day;

b) to heads of structural divisions - to the head of the executive body, no later than the working day;

c) by the head of the Executive Body - the Supervisory Board and the General Meeting of Shareholders in the quarterly and annual reports in the periods stipulated by the internal documents of the Company;

d) Internal Audit Service - to the head of the Executive Body, the Committee of the Supervisory Board for Audit, the Supervisory Board, based on the results of a (sudden, planned) audit and the nature of the urgency of submitting a report:

for sudden inspections - no later than the working day;

scheduled inspections - in accordance with the internal documents of the Company;

in cases of sudden inspections initiated by the Internal Audit Service or management bodies.

e) The Audit Commission - by the General Meeting of Shareholders in the documents confirming the existence of inspections;

f) Corporate Consultant - the Supervisory Committee of the Company to comply with the Corporate Law in the framework of the documents provided for by the internal documents of the Company;

g) the Supervisory Board of the Company - the General Meeting of Shareholders in the terms provided for by the internal documents of the Company.

101. Reports and other documents on inspections of internal control bodies are documents of strict reporting.

## **XI. Monitoring of the internal control system and the procedure for attracting independent professional organizations - consultants to assess the internal control system effectiveness in the Company.**

102. Monitoring of the internal control system - collection of information to assess the effectiveness of the internal control system of the Company.

103. Monitoring of the internal control system of the Company is carried out in order to:

- assessing the quality of the internal control system for a specific period of time as a whole;

- assessment of the quality of work of internal control bodies;

- determining the ability of the internal control system to ensure the fulfillment of its tasks;

- determining the probability of errors that affect the achievement of the goals of the Company;

- clarification of the significance of these errors;

- development of measures to improve the internal control system.

104. Monitoring procedures can be carried out continuously or in the form of a periodic assessment.

105. Ongoing continuous monitoring and the formation of criteria for assessing the effectiveness of the internal control system are carried out by all subjects of internal control - the Committee for the Supervisory Board for Audit, the Audit Commission, the Internal Audit Service, the Corporate Consultant, the Executive Body, officers and employees of the Company.

106. The quarterly periodic assessment of the Company internal control bodies work is carried out by the Supervisory Board by quarterly listening to the conclusions of the Committee of the Supervisory Board for Audit and the Audit Commission, reports of the Internal Audit Service of the Company.

107. Evaluation of the effectiveness of the internal control system in the Company at the end of the year may also be carried out by the external auditor of the Company by providing professional consulting services as part of an audit contract at the end of the year.

An independent professional organization - a consultant is involved on a competitive basis in the same manner as the selection of an external auditor of the Company.

108. By decision of the management bodies of the Company, an independent professional organization - a consultant or an external auditor of the Company may evaluate the effectiveness of the internal control system on a quarterly basis based on the results of the first quarter, six months or nine months.

***Assessment of the effectiveness of the internal control system includes:***

1) analysis of the conformity of the goals of business processes, projects and activities of structural units to the goals of the Company, verification of the reliability and integrity of business processes (activities) and information systems, including the reliability of procedures to counter illegal actions, abuse and corruption;

2) verification of the reliability of accounting (financial), statistical, managerial and other reporting, determining how the results of the business processes and structural divisions of the Company correspond to the goals;

3) determining the adequacy of the criteria established by the Executive Body for the analysis of the degree of fulfillment (achievement) of the goals;

4) identification of deficiencies in the internal control system that did not allow (does not allow) the Company to achieve its goals;

5) assessment of the results of the implementation (implementation) of measures to eliminate violations, deficiencies and improve the internal control system implemented by the Company at all levels of management;

6) verification of the effectiveness and appropriateness of the use of resources;

7) verification of the security of assets;

8) verification of compliance with legal requirements, the Charter and internal documents of the Company.

***Assessment of the effectiveness of the risk management system includes:***

1) verification of the sufficiency and maturity of the elements of the risk management system for effective risk management (goals and objectives, infrastructure, process organization, regulatory and methodological support, the interaction of structural units within the risk management system, reporting);

2) verification of the completeness of the identification and correctness of the risk assessment by the management of the Company at all levels of its management;

3) verification of the effectiveness of control procedures and other risk management measures, including the effectiveness of the use of resources allocated for these purposes;

4) analysis of information about the risks that have taken place (violations revealed by the results of internal audits, facts of failure to achieve goals, facts of litigation).

109. All stages of the assessment of the internal control system and risk management should be properly documented, indicating the appropriate assessment of the reliability of the entire system or individual procedures and controls.

110. The report of the independent professional organization - consultant or external auditor of the Company on the evaluation of the effectiveness of the internal control system should contain information on the state of the internal control system of the Company, suggestions for eliminating deficiencies and violations, as well as recommendations for improving the internal control system.

111. The report of the independent professional organization - consultant or external auditor of the Company on the evaluation of the effectiveness of the internal control system is an integral part of the report of the Supervisory Board for the year and the annual report of the Company.

112. The opinion of an independent professional organization - a consultant or an external auditor of the Company on evaluating the effectiveness of the internal control system is submitted to the annual General Meeting of Shareholders of the Company.

113. Based on the opinion of an independent professional organization - consultant or external auditor of the Company, the Audit Supervisory Board Committee develops an action plan to eliminate identified shortcomings and violations and implement recommendations, as well as monitor by listening to reports of the internal control bodies on the work done.

## **XII. The procedure for calculating compensation and remuneration paid to the internal control bodies of the Company.**

114. Members of the internal control bodies of the Company may be paid remuneration and/or reimbursed for expenses related to the performance of the functions of members of internal control bodies for the period in which they fulfill their duties.

115. The procedure for calculating remuneration and compensation to internal control bodies members is established in the relevant internal documents of the Company approved by the General Meeting of Shareholders or the Supervisory Board of the Company or in a separate internal document of the Company - the Procedure for remuneration of members of the management and control bodies of the Company.

116. The amounts of remuneration and compensation to the Company internal control bodies members are determined by a decision of the General Meeting of Shareholders on the recommendation of the Supervisory Board of the Company, based on an assessment of the effectiveness of the internal control system carried out by an independent professional organization - a consultant or external auditor of the Company.

## **XIII. Information disclosure.**

117. The Company places on the corporate website:

- these Regulations, as well as all amendments and additions to it within 5 (five) business days after signing the minutes of the General Meeting of Shareholders, at which the relevant decision was made;
- information on the personal composition of the internal control bodies of the Company;
- annual conclusion of an independent professional organization - a consultant or an external auditor of the Company on evaluating the effectiveness of the internal control system in the Company;
- information on the assessment of audit reports prepared by the Committee of the Supervisory Board for Audit submitted by the external auditor of the Company.

## **XIV. Final provisions.**

118. These Regulations shall enter into force upon approval by a decision of the General Meeting of Shareholders.

The decision of the General Meeting of Shareholders to approve this Regulation is adopted by a simple majority of votes of the shareholders present at the General Meeting of Shareholders.

119. This Regulation may be amended and/or supplemented in connection with changes in legislation, amendments and/or additions to the Articles of Association of the Company, internal documents of the Company, and other cases.

Changes and additions to these Regulations are made at the proposal of the members of the Supervisory Board of the Company, the Committee of the Supervisory Board for Audit (a member of the Supervisory Board responsible for the effective functioning of the Company's

internal control system), the Audit Commission, the Internal Audit Service, the Corporate Advisor and the head of the Executive Body of the Company.

Changes and/or additions to these Regulations shall enter into force after their approval by the decision of the General Meeting of Shareholders.

The decision of the General Meeting of Shareholders on the approval of amendments and/or additions to these Regulations is adopted by a simple majority of votes of the shareholders present at the General Meeting of Shareholders.

120. If certain articles of these Regulations conflict with the current legislation of the Republic of Uzbekistan and/or the Charter of the Company, these articles shall cease to be valid and, in terms of the issues regulated by these articles, one should be guided by the norms of the current legislation of the Republic of Uzbekistan and/or the Charter of the Company until the relevant amendments are made to Present Regulation.