

Unofficial translation!

**REGULATION
ON INTERNAL CONTROL
OF THE JOINT-STOCK COMPANY "UZBEKEXPERTIZA"**

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I. GENERAL PROVISIONS

1. This Regulation on Internal Control (hereinafter – the “Regulation”) of the Joint Stock Company “Uzbekexpertiza” (hereinafter – the “Company”) has been developed in accordance with the legislation of the Republic of Uzbekistan, the Charter of the Company, the Corporate Governance Code approved by Protocol No. 9 dated December 31, 2015, of the meeting of the Commission on Improving the Efficiency of Joint Stock Companies and Enhancing the Corporate Governance System, and internal documents of the Company.
2. This Regulation defines the objectives and tasks of the internal control system, the principles of its operation, as well as the bodies and persons responsible for internal control.

II. DEFINITION AND OBJECTIVES OF THE INTERNAL CONTROL SYSTEM

3. Internal control is a continuous process integrated into the Company’s operations and aimed at enhancing the effectiveness of risk management, control, and corporate governance processes to achieve results in the following areas:
 - Efficiency and productivity of activities, including operational efficiency, profitability, and asset protection;
 - Reliability and accuracy of financial reporting;
 - Compliance with laws and regulations governing the Company’s operations.
4. The internal control system is a set of organizational structures, control measures, procedures, and methods of internal control, regulated by internal documents, and implemented by the audit commission, internal audit service, supervisory board, executive body, and other employees at all levels (hereinafter – subjects of internal control). The qualifications of the members of the internal control bodies of JSC “Uzbekexpertiza” are established in the regulations governing their activities.
5. Internal control procedures are a set of measures carried out by the audit commission, supervisory board, executive body, and structural divisions of the Company authorized to conduct internal control (hereinafter – Company divisions), aimed at detecting violations of legislation and internal documents of JSC “Uzbekexpertiza” during financial and economic activities, evaluating the effectiveness of achieving the Company’s goals, and ensuring interaction among internal control subjects in the course of implementing control procedures.
6. The main objective of internal control is to ensure the protection of the rights and legitimate interests of all shareholders.
7. Internal control is designed to ensure the following in real time:

- Protection of assets, and economical and efficient use of Company resources;
- Compliance with applicable legislation and internal Company documents;
- Fulfillment of the Company's medium- and long-term development strategies and business plans;
- Completeness and accuracy of accounting documents, financial statements, and management information;
- Timely identification, recognition, and analysis of risks arising in the Company's operations;
- Risk planning and management, including timely and adequate decision-making for risk control;
- Establishing and maintaining a good reputation for the Company in the business community and among consumers;
- Adequacy, transparency, and objectivity in remuneration and compensation payments, including their amount, to members of the executive body, supervisory board, and audit commission.

III. PRINCIPLES OF FUNCTIONING OF THE INTERNAL CONTROL SYSTEM

8. The internal control system in the Company is based on the following principles:
 - **Uninterrupted functioning** – the continuous and proper functioning of the internal control system enables the Company to timely detect any deviations from the norm and to prevent their occurrence in the future;
 - **Accountability of all participants in the internal control system** – the quality of performance of control functions by each individual is monitored by another participant of the internal control system;
 - **Segregation of duties** – the Company seeks to prevent duplication of control functions, and these functions must be distributed among employees in such a way that one and the same person does not simultaneously perform duties related to the authorization of operations with specific assets, accounting for transactions, safeguarding of assets, and conducting their inventory;
 - **Proper approval and authorization of operations** – the Company aims to establish a procedure for the approval of all financial and business transactions by authorized persons within the scope of their powers;
 - **Organizational independence** of the Company's unit responsible for day-to-day internal control and its **functional accountability directly to the Supervisory Board** through the Department for Corporate Relations with Shareholders and Economic Analysis (UCRSEA);
 - **Responsibility of all internal control subjects** working in the Company for the proper execution of control functions;
 - **Implementation of internal control** based on clear interaction among all Company units;

- **Continuous development and improvement** – the Company seeks to create conditions for flexible configuration of the internal control system so that it can be adapted to address new tasks, expand, and enhance the system itself;
- **Timely communication of deviations** – the Company has established minimal timeframes for transmitting relevant information to persons authorized to make decisions on eliminating deviations;
- **Prioritization of the Company's activity areas subject to control** – strategic areas covered by the internal control system are identified, even if their efficiency (the ratio of "costs to economic effect") is difficult to measure.

IV. COMPONENTS OF THE INTERNAL CONTROL SYSTEM

9. The internal control system includes the following interrelated components:

- **Control environment**, which encompasses the ethical values and competence of the Company's employees, management's policies, the manner in which management assigns authority and responsibility, the organizational structure and employee training and development, as well as governance and oversight by the Supervisory Board;
- **Risk assessment**, which involves the identification and analysis of relevant risks related to the achievement of specific, interrelated, and internally consistent objectives at various levels;
- **Control activities**, which summarize the policies and procedures that help ensure management decisions are carried out. These include a wide range of actions such as: approvals, authorizations, verifications, inspections, current operations control, safeguarding of assets, and segregation of duties;
- **Information and communication**, which involves timely and effective identification, recording, and sharing of data. This includes the creation of efficient communication channels to ensure that all subjects of internal control understand the Company's internal control policies and procedures and comply with them. The Company takes measures to protect information from unauthorized access;
- **Monitoring**, which is a process involving management and oversight functions that assess the quality of the system over time. Evaluation of the internal control system is carried out to determine the likelihood of errors that affect the reliability of financial reporting, the materiality of such errors, and the system's ability to achieve established objectives. To assess the effectiveness of the internal control system in JSC "Uzbekexpertiza," a decision of the General Meeting of Shareholders may, upon the proposal of the Supervisory Board, engage an independent professional organization (consultant).

V. BODIES AND PERSONS RESPONSIBLE FOR INTERNAL CONTROL

10. Internal control is carried out by the Audit Commission, the Supervisory Board of the Company, the head of the executive body, the internal audit service, as well as other employees of the Company at all levels. Each of them bears responsibility for internal control in accordance with the established procedure.
11. The functions, rights and obligations, responsibilities, procedures for calculating compensations and remuneration for the Company's operating divisions are defined by the internal documents of the Company. These documents, as well as other documents directly or indirectly related to internal control, must not contradict the provisions of this Regulation.
12. To ensure a systematic approach to controlling the Company's financial and economic activities, internal control procedures are carried out by the Company's authorized division — the internal audit service, and in the absence of such a service, by the Audit Commission of the Company, which is responsible for internal control in cooperation with other bodies and divisions of the Company.
13. The functions of the Supervisory Board include:
 - Defining the direction of development and approving specific operations and strategies of the internal control system;
 - Annually reporting at the General Meeting of Shareholders on the results of analysis and assessment of the reliability and effectiveness of the internal control system, based on regular reports from the head of the executive body, internal and external audits, the Audit Commission, information from other sources, and personal observations regarding all aspects of internal control, including: financial control, operational control, compliance with laws, internal policies, and procedures;
 - Defining the structure and composition of the Company division responsible for internal control;
 - Continuously improving internal control procedures.
14. Responsibility for organizing control over the reliability and completeness of financial reporting and the reliability and effectiveness of the Company's internal control system lies with the Company's Department for Corporate Relations with Shareholders and Economic Analysis (DCRSEA). Its role, objectives, tasks, and powers are outlined in the Regulation on the DCRSEA of JSC "Uzbekexpertiza".
15. Responsibility for the functioning of the internal control system, in accordance with the internal control policy approved by the Supervisory Board, lies with the head of the executive body. The head of the executive body implements internal control procedures, ensures their effective functioning, and timely informs the Supervisory Board of all Company risks, significant deficiencies in the internal control system, and plans and results of corrective actions.

16. Employees (including managers) of all structural units of the Company, within their competence, directly participate in developing strategies and procedures for control. Their responsibilities include addressing non-standard situations and problems as they arise. In the case of significant issues or risks related to specific transactions, employees are required to report to senior management.
17. Responsibility for overseeing the financial and economic activities of the Company and its branches lies with the permanent internal control body — the Audit Commission. Its role, objectives, tasks, and powers are defined in the Regulation on the Audit Commission.
18. Responsibility for the ongoing monitoring of compliance with internal control procedures — specifically, for ensuring that the Company's financial and economic operations comply with the laws of the Republic of Uzbekistan and the Charter of the Company, and for the completeness and accuracy of accounting and financial reports — lies with the internal audit service. Its role, objectives, tasks, and powers are defined in the Regulation on the Internal Audit Service. In the absence of such a service, these functions are performed by the Audit Commission.

The Regulation on the Internal Audit Service is approved by the Supervisory Board of the Company.

19. The Company's Internal Audit Service reports to the Supervisory Board on the results of internal audits and the status of the internal control system. The Internal Audit Service is subordinate to the Supervisory Board of the Company.
20. The following individuals are not eligible to hold positions in the Internal Audit Service of the Company:
 - Persons with unexpunged convictions for economic crimes or crimes against public order;
 - Persons who are heads or members of the Company's executive body;
 - Persons who are founders (shareholders or participants), heads or members of executive bodies, or employees of other legal entities that are competitors of the Company.

Additional requirements for members of the Internal Audit Service may be established by the Supervisory Board of the Company.

21. The proper functioning of the internal control system also depends on the professionalism of employees. The Company makes efforts to ensure that the system for recruitment, hiring, training, development, and promotion of personnel guarantees a high level of qualification and adherence to high ethical standards.

VI. PROCEDURES AND METHODS OF INTERNAL CONTROL

22. The Company's internal control procedures include:

- Defining interrelated and consistent objectives and goals at various levels of the Company's management;
- Identifying and analyzing potential and existing operational, financial, strategic, and other risks that may hinder the achievement of the Company's objectives;
- Assessing the significant components of internal control;
- Evaluating the effectiveness of the internal control system over business processes;
- Establishing criteria and evaluating the performance of structural divisions, officials, and other employees of the Company;
- Reviewing financial and other information in comparison with similar data from previous periods or with expected performance results;
- Using appropriate methods for recording events, operations, and transactions;
- Verifying the safekeeping of assets;
- Proper documentation of internal control procedures;
- Regular evaluations of the quality of the internal control system;
- Communicating to all employees of the Company their responsibilities in the field of internal control;
- Allocating key responsibilities among the Company's employees (including responsibilities for approval and authorization of operations, accounting, issuance, storage and receipt of resources, analysis, and verification of operations);
- Ensuring that only duly authorized persons approve and carry out operations;
- Other procedures necessary to achieve the objectives of internal control.

23. When carrying out internal control procedures, methods such as inspection, observation, confirmation, recalculation, and other necessary methods are applied.

VII. FINAL PROVISIONS

24. This Regulation, as well as any amendments and additions thereto, is approved by the decision of the General Meeting of Shareholders.

25. Amendments and additions to this Regulation are introduced on the proposal of the members of the Supervisory Board of the Company, the external auditor of the Company, the Audit Commission of the Company, the internal audit service of the Company, or the head of the Company's executive body.

- If, as a result of changes in the legislation and regulatory acts of the Republic of Uzbekistan, certain provisions of this Regulation come into conflict with them, those provisions shall become invalid, and until amendments are made to the Regulation, the Company shall be guided by the legislation and regulatory acts of the Republic of Uzbekistan.