

«APPROVED»
by the decision of annual
general shareholders' meeting of
«KOKAND BIOCHEMICAL»
June 20, 2020 year

H.A.Omonov _____

Chairman of the meeting signature

JOINT-STOCK COMPANY

«KOKAND BIOCHEMICAL»

REGULATION
ON THE INTERNAL CONTROL

2020 year

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I. GENERAL PROVISIONS

1. This Regulation of “KOKAND BIOCHEMICAL” Joint-Stock Company “On the Internal Control” (hereinafter as - the Regulation) was developed in accordance with The Law of the Republic of Uzbekistan “On Joint Stock Companies and Protection of Shareholders' Rights” (hereinafter - the Law), other regulatory legal acts, Recommendations of Corporate Governance Code (approved by meeting of the Commission on Enhancement of the Efficiency of the Joint Stock Companies and Improvement of the Corporate Governance System № 9 dated 31.12.2015), Charter of “KOKAND BIOCHEMICAL” Joint-Stock Company (hereinafter - the Charter) and other internal documents of the Company.

2. This Regulation defines the goals and objectives of the Company's internal control system, the principles of its functioning, the components and procedures of the internal control, as well as the bodies and individuals responsible for the internal control of the Company.

3. This Regulation is developed for the effective functioning of the internal control system in the Company, risk management, protection of the rights and lawful interests of all shareholders, including minority shareholders.

4. This Regulation is a binding document for the Company's managing and controlling bodies, officials and employees of the Company.

II. PRINCIPLES OF THE INTERNAL CONTROL SYSTEM

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

6. The continuous activity - continuous and proper functioning of the internal control system allows the Company to timely identify any deviations from the norm and warn them of their occurrence;

7. Accountability of all participants of the internal control system - the quality of each individual's control functions is controlled by another participant of the internal control system;
8. Distribution of responsibilities - The Company strives to prevent duplication of control functions, which should be distributed among employees in such a way that it does not include the functions related to the approval of transactions for the individual assets, the maintenance of assets and the registration of assets;
9. Approval and confirmation of operations - The Company endeavors to establish a procedure for the approval of all financial and economic operations by the authorized persons within their respective powers;
10. Maintenance of a separate organizational division of the Company, which carries out daily internal control, which is functionally accountable to the Supervisory Board through the Auditing Committee;
11. Responsibility of all internal control entities operating in the Company for proper performance of control functions;
12. To carry out internal control based on clear and well-grounded cooperation of all units of the Company;
13. Permanent development and improvement - The Company strives to provide an optimal setting for the internal control system to adapt to new tasks, including expanding and improving the system itself;
14. To give priority to the report about deviations from the norm - The Company has set the minimum deadlines for providing relevant information to those who have the authority to make decisions on override;
15. Compliance of the level of complexity of the internal control system with the level of complexity of the controlled object;
16. Defining priority areas of supervising areas of the Company - Strategic directions covered by the internal control system are highlighted, although measuring their effectiveness through (the "cost-effectiveness ratio") even though is difficult.
17. Complex character of the internal control of objects of different types.

III. COMPONENTS OF THE INTERNAL CONTROL SYSTEM

18. The internal control system includes the following interconnected components:
 19. Ethical values and the integrity of the Company's employees, management policies, how to distribute authority and duties, staff training and organization structure, as well as the environment which includes managing and governing system by the Supervisory Board;
 20. Assessment of risks, which represent the adaptation and analysis of relevant risks in achieving interconnected tasks at different stages and internally;
 21. Activity which includes supervision policies and procedures that summarize management and decision-making procedures to facilitate the implementation of a variety of procedures, such as approval, sanctioning, adopting, auditing, monitoring current activities, assuring asset security and delegating authority;
 22. Activity to timely and effective identification of data, their registration, and the exchange of information, including the establishment of effective channels for information exchange, in order to formulate and ensure understanding of internal control policies and procedures adopted by the Company in all internal control entities. The Company takes steps to prevent unauthorized access to information;
 23. Monitoring - a process that includes management and control functions, in which the quality of the system is evaluated over time. The internal control systems are evaluated to determine the

likelihood of errors that affect the reliability of the financial statements, to determine the significance of these errors and the ability of the internal control system to perform the intended tasks.

IV. RISK ASSESSMENT

24. Assessment, controlling and management of certain types of risks related to the activities of the Company is carried out by the management bodies and structural subdivisions of the Company in accordance with the procedures established by the Company's internal documents.

25. The Company provides effective exchange of information necessary for the operational and strategic risk management between the Company's governing bodies, regulatory bodies and structural subdivisions of the Company.

26. The Supervisory Board may, in accordance with the recommendations of the Corporate Governance Code, set up an Audit Committee that will:

monitoring the reliability and effectiveness of the risk management and internal control systems, including the evaluation of the effectiveness of the Company's internal control and risk management procedures and the preparation of proposals for their improvement;

analysis and evaluation of the implementation of policies in the area of internal control and risk management.

V. ORDERS AND PROCEDURES OF THE INTERNAL CONTROL SYSTEM

27. Orders and procedures of the Internal control - a set of activities aimed at detection of violations of the legislation and internal documents of the Company, carried out by internal controlling bodies, management bodies, special structural subdivision responsible for internal control, as well as officials and employees of the Company and the interaction of the entities with internal control in the implementation of internal control procedures to assess of the effectiveness of achieving the goals of the Company.

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

- determining interrelated and overlapping goals and objectives at different stages of the Company's management;
- limitation of powers and responsibilities;
- identifying and analyzing future risks that may hinder the achievement of the Company's goals;
- ensuring effective interaction of the structural units of the Company;
- organizing of effective information exchange, including reports and reports containing operational, financial and other information on the Company's activities;
- ensuring effective interaction of the Company with third parties;
- informing all employees of the Company of their obligations in the field of the internal control;
- definition of criteria and evaluation of efficiency of work of structural divisions of the Company;
- using the same account for incident, transaction and transaction;
- checking the safety of the Company's assets and property;
- confirming and carrying out operations only by those who have been authorized;
- distributing of significant responsibilities among the Company's employees (including approval and adopting of operations, accounting of operations, transfer, storage and receipt of reserves, analysis and verification of operations);
- proper documentation of internal control procedures;
- regular evaluation of the effectiveness of the internal control procedures.

29. The Internal control orders and procedures may be as follows:

- Warning - in order to avoid unpleasant accidents;

- Detective - to detect an accident that occurred;
- Promoter - to assist in the event is expected to occur;
- Corrective - to eliminate the consequences of an accident;
- Incentive - to fill in the weaknesses of existing controlling tools.

30. The Company's internal control orders and procedures include:

Agreement (Cooperation) - approval of documents by employees of various divisions and management phases with appropriate authority;

Authorization - access by employees to provide the operations;

Comparison - checking for completeness, accuracy, inconsistency and accuracy of information from various sources, including control of non-discrepancy in accounting articles, accounting systems, accounting data of the Company and its counterparties;

Arithmetic control - checking arithmetic accuracy of accounts, including calculation of control sums in financial, accounting and other documents;

Analysis of deviations from the norms - evaluation of achievement of goals and accomplishment of the set plans based on comparison of actual performance indicators with planned indicators, forecasts, data of past periods, results of activities of competitors;

Physical control over the safety of assets - restriction of physical use of assets, storage rooms and documents, proper storage of assets, conclusion of contracts of material responsibility;

Inventory - identification and description of the actual and qualitative definition of assets and liabilities to ensure the reliability of accounting and the preservation of the Company's assets;

General and special control procedures for information technology (computer control) - control over access, data integrity, modification of information systems, and so on.

31. The content of certain control orders and procedures depends on the level of management and functional orientation, developed by the structural subdivisions in accordance with the goals of the Company and the objectives of the structural subdivision and defined by the Company's internal documents.

32. Responsibilities for the development, documentation, application, implementation, monitoring and improvement of internal control orders and procedures are duly imposed on the Charters of the Company's structural subdivisions and job descriptions of the Company's employees.

VI. ORGANIZING OF THE INTERNAL CONTROL SYSTEM OF THE COMPANY

33. The solution of internal control tasks is made on the basis of joint efforts and mutually beneficial cooperation of the Supervisory Board, Audit Committee of the Supervisory Board, Auditing Committee, Internal Audit Service, Executive Body, as well as officials and all employees of the Company (hereinafter referred to as - the subjects of the internal control).

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

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

Internal audit, the main task of which is to control the activities of structural divisions and branches of the Company and their economic operations;

risk management, its main task is to identify (analyze current and future) risks of the Company, to analyze them and to develop recommendations for the prevention and prevention of real risks, as well as to make proposals for improvement of the Company's activity.

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

Auditing Committee;

Internal Audit Service;

36. Regular internal control in accordance with the recommendations of the Corporate Governance Code is assigned to the Internal Audit Service in cooperation with other bodies and departments of the Company.

37. In the absence of the Company's Internal Audit Service, the current internal control is assigned to the Auditing Committee of the Company.

38. The Company may establish a special subdivision (hereinafter referred to as - the authorized structural subdivision) to carry out internal control over the Company's activity.

VII. BODIES AND INDIVIDUALS RESPONSIBLE FOR THE INTERNAL CONTROL

39. Internal control of the Company's activities is carried out by the Company's Supervisory Board, Audit Committee under the Supervisory Board, Auditing Committee, Head of the Internal Audit Service and the Executive Body, as well as officials and employees of the Company at all levels. At the same time, each of them is responsible for internal control in the prescribed manner.

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

The Supervisory Board is guided by the following objectives of the system in determining principles and approaches to establishing an internal control and risk management system:

- 1) providing reasonable confidence in the achievement of the Company's goals;
- 2) ensuring the efficiency of financial and economic activities and the efficient use of resources;
- 3) identifying and managing risks;
- 4) ensuring the safety of the Company's assets;
- 5) ensuring completeness and reliability of accounting (financial), statistical, management and other reports;
- 6) control over compliance with the legislation, as well as the Company's internal policies, regulations and procedures.

The duties, rights, obligations and responsibilities of the Supervisory Board for the implementation of internal control are determined by *the Regulation on the Company's Supervisory Board*, approved by the General Meeting of Shareholders.

The Supervisory Board:

Approves the Regulation on the Internal Audit Service;

Approves the Regulations on Corporate Consultant;

Approve internal regulations of the Company regulating internal control orders and procedures;

Approves the Company's internal documents on the identification, prevention and management of real and potential risks;

Defines the organizational structure and structure of the authorized structural subdivision of the Company responsible for the continuous improvement of internal control and internal control orders and procedures;

In cases provided by the legislation, carries out approval of transactions with affiliates in accordance with the procedure for keeping records of affiliates and making deals with affiliates;

In cases stipulated by the legislation, make decisions on entering into large transactions by the Company in accordance with the order of conclusion of large transactions by the Company;

Approves other transactions and operations in accordance with the Company's internal documents;

Hears quarterly reports of the executive body of the Company, including reports on compliance with the Company's internal control procedures;

Hears quarterly reports of internal control bodies of the Company, including reports on observance by the Company of internal control procedures;

Controls the elimination of violations revealed in the internal control system;

Informs shareholders on assessment analysis of the results of evaluation of reliability and efficiency of internal control system based on control of the Company's annual reports for Annual General Meeting of Shareholders, internal audit services, Auditing Committee, authorized structural subdivision of the Company, conclusions of external auditors and other sources of information on all aspects of internal control, supervision, including financial control, practice oversight, regulatory compliance, internal policies and procedures.

The report of the Supervisory Board at the Annual General Meeting of Shareholders should include information on the condition of the Company's internal control system.

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

The Regulation on the Supervisory Board reflects the requirement to include independent members in its membership;

The right of the Supervisory Board to determine the order and terms of sponsorship (charitable) or non-repayable support (decision-making) and to make decisions in this regard is granted only to the general meeting of shareholders and the legislation, disclosing information to all shareholders;

Defines the order of voting on behalf of the Company in the governing bodies of the enterprises in which the Company has a stake in the charter capital of the Supervisory Board;

The Supervisory Board regularly requests the executive body of the Company to report on the activities of the companies in which the Company has a stake, in accordance with their approved business plans, and the performance and achieved results.

41. *The Audit Committee of the Supervisory Board* is responsible for organizing the control over the reliability and completeness of the financial reporting, the efficiency and effectiveness of the Company's internal control and risk management system.

The rights, obligations and responsibilities of the Audit Committee of the Supervisory Board for the implementation of internal control are determined by *the Regulation on the Audit Committee*, approved by the Company's Supervisory Board.

The Audit Committee of the Supervisory Board has the following functions to implement the internal control:

Regularly reviews, analyzes and evaluates the effectiveness of the Company's internal control procedures regarding the preparation of the Company's financial statements;

Carries out control over the conduct of the external audit, the quality of the audit and the external auditor of the Company;

Ensures effective cooperation between the Internal Audit Service and the Company's external auditor;

Carries out control of the internal control system and risk management system in general;

Timely informs the Supervisory Board of the Company on the identified deficiencies of the internal control system as well as the plans and results of measures to address them;

Develop recommendations for improving the internal control system.

The Audit Committee of the Supervisory Board in the risk management process will:

General coordination of risk management processes;

Development of methodological documents in the field of risk management;

Analyze The Company's portfolio of risks and develop recommendations for appropriate risk management and resource redistribution strategies.

42. *In accordance with the recommendations of the Corporate Governance Code*, the Audit Committee of the Supervisory Board is composed of independent members of the Supervisory Board to conduct an objective assessment of internal control procedures.

43. Responsibility *for periodic control* over the financial and economic activities of the Company and its separate subdivisions rests with the permanent internal control body - *the Auditing Committee*.

The rights, obligations and responsibility of the Auditing Committee for control over the Company's internal control procedures are established by the Regulations on the Auditing Committee approved by the General Meeting of Shareholders.

The Auditing Committee carries out the following functions to control the Company's compliance with internal control procedures:

Carries out periodic (annual, quarterly) inspections of the main directions of financial and economic activities of the Company and checks the performance of internal control procedures;

Analyzes and summarizes the results of inspections in the main areas of financial and economic activities of the Company, including compliance with internal control procedures;

informs the Supervisory Board's Audit Committee and the Chief Executive Officer of any violations found in the implementation of internal control procedures, proposals for their elimination and the results of their elimination or non-elimination of such violations;

Makes proposals to the Audit Committee of the Supervisory Board's to improve internal control procedures;

On a quarterly basis, the Company reports to the Supervisory Board on the availability of transactions or major transactions with affiliated companies, as well as compliance with the requirements of legislation and internal documents of the Company, including internal control procedures by the Company.

The decision of the Auditing Committee on the existence of transactions or major transactions with affiliates in the Company during the reporting year is submitted to the Annual General Meeting of Shareholders.

44. *The Internal Audit Service* is responsible for carrying out *regular current control* over the compliance of financial and economic operations carried out by the Company and its separate divisions with the legislation of the Republic of Uzbekistan and the Charter of the Company as well as the completeness and reliability of accounting and financial reporting.

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

The Internal Audit Service performs the following functions to control the Company's compliance with internal control procedures:

implements internal control system procedures;

checks execution of internal control system procedures;

evaluates the uniformity, adequacy and effectiveness of internal control procedures;

organizes and conducts regular current inspections of the Company's main areas of financial and economic activities;

analyzes and summarizes the results of inspections in the main areas of financial and economic activities of the Company, including compliance with internal control procedures;

coordinates the work of employees of structural subdivisions of the Company in carrying out internal control activities;

keep records of violations of internal control procedures, including non-compliance (improper performance) of the Company's internal regulations;

informs the Auditing Committee and the Head of the Executive Body on violations revealed in the implementation of internal control procedures, proposals for their elimination and results of elimination or non-elimination of such violations;

The Company analyzes the results of the Auditing Committee, organizes the control over the development and implementation of measures to eliminate violations identified during the Auditing Committee's investigations;

analyzes the results of audits, organizes and oversees the development and implementation of measures to eliminate violations identified during the audit;

develop proposals for improvement of internal control procedures.

As part of the risk management process, the Internal Audit Service performs the following:

development of methodological documents in the field of risk management;

organization of training of the Company's employees in the field of internal control and risk management;

formation of consolidated risk report;

operational control over the risk management process of the Company's subdivisions and enterprises under the control of the Company;

informing the Company's Supervisory Board and the Executive Body on the effectiveness of the risk management process, as well as on other issues provided by the risk management policy.

The Internal Audit Service cooperates with other controlling bodies, management bodies, structural subdivisions and officials of the Company, obtaining the information and documents necessary to carry out its activities in the prescribed manner for controlling the internal control procedures.

The Internal Audit Service of the Company, *in accordance with the recommendations of the Corporate Governance Code*, is authorized to carry out internal control over transactions with entities where the Company owes more than 50% in the Charter capital.

45. Control over observance of corporate legislation in the Company is entrusted to *the Corporate Consultant* who is responsible to the Company's Supervisory Board.

The duties, rights, obligations and responsibilities of the Corporate Consultant for the implementation of internal control are determined by *the Regulation on the Corporate Consultant*, approved by the Supervisory Board of the Company.

The Corporate Consultant:

Controls over observance of legal rights and interests of the Company's shareholders;

Controls over compliance with corporate procedures by the governing bodies of the Company and provides the members of the Supervisory Board such as legislation, requirements of the Company's Charter as well as preparation and holding of General Meeting of Shareholders, disclosure (provision) of the Company information.

Carries out control over the preparation and holding of the General Meeting of Shareholders in accordance with the legislation, the Charter of the Company and other internal documents;

Ensures proper observance of the procedures for the meetings of the Supervisory Board in accordance with the legislation, the Charter of the Company, Regulation on the Supervisory Board and other internal documents of the Company;

Monitors compliance with the legislation on disclosure of information;

Monitors compliance with the recommendations of the Corporate Governance Code;

Immediately informs the Supervisory Board of any breach of corporate legislation, as well as the Charter and internal documents of the Company.

46. The responsibility for the creation and providing conditions for proper functioning of the internal control system of the Company lies with the **Head of the Executive Body** in accordance with the policy approved by the Supervisory Board.

The duties, rights, obligations and responsibilities of the executive body for the implementation of internal control procedures are determined by **the Regulation on the Executive Body** of the Company, approved by the General Meeting of Shareholders.

The Head of the Executive Body:

Ensures implementation of decisions of the Supervisory Board in the field of internal control system;

Distribute powers, responsibilities and powers among heads of structural divisions of the Company on specific procedures of internal control and risk management;

Organizes the implementation of internal control procedures;

Approves the plan of inspections of the Company's structural subdivisions;

Issues orders to carry out job audits;

Reviews and analyzes the results of inspections and job audits;

Ensures elimination of revealed violations during internal control procedures;

Makes recommendations to the Supervisory Board on improvement of internal control procedures.

The executive body of the Company ensures the current control over:

On actions of heads of structural divisions of the Company;

Taking timely measures to eliminate any errors, shortcomings and irregularities revealed in the course of its activities and to prevent them from occurring in the future.

47. ***Deputy heads of the executive body and heads (officials) of the Company's structural subdivisions and employees of all levels*** are responsible for the implementation of internal control procedures in the areas of activity entrusted to them.

Managers and employees of the Company's structural subdivisions within their competence:

directly participate in the development of a strategy for the implementation of internal control;

implement the development, documentation, implementation, monitoring and development of internal control procedures;

implement internal control procedures.

Officials and employees of the Company are responsible for addressing emerging situations and issues within their authority. The employees report to the top management of the Company about important issues or risks arising from a specific transaction or operation.

Heads of structural divisions of the Company should ensure the current control over the actions of employees in the structural subdivisions headed by them.

Employees of the Company at all stages and on all tasks should ensure the current control by self-control of their actions and follow the internal control procedures provided by the job descriptions and internal regulations.

Legal services of the Company should provide current control over the conformity of the Company's activity with the current legislation by providing legal support to the business of the Company's structural subdivisions.

The head of the structural unit of information and communication technologies should ensure the control over the observance of the right to use network resources and practical databases, as well as information and virus safety regulations.

The Executive Board of the Company should provide a set of measures aimed at preventing bribery, reducing the risks of discrediting the Company's risk management system and taking responsibility for bribing the Company's officials.

The executive body within the framework of the internal control system and risk management establishes a safe, confidential and easy way for any employee of the Company and (or) any member of the governing or supervisory body to report to the Supervisory Board, the Audit Committee of the Supervisory Board, the Internal Audit Service.

The individuals providing the relevant information should be protected from any form of pressure (including dismissal, harassment, and various forms of discrimination).

Proposals may also be made to improve internal control procedures and to improve internal control and risk management systems in general.

48. The Executive Body is responsible for the control in the field of anti-money laundering and combating the financing of terrorism.

According to the Code of Corporate Governance:

To perform independent transactions the Executive Board of the Company brings to the attention on the general meeting of shareholders to determine the Company's transactions with affiliates and large transaction;

According to the decision of the General Meeting of Shareholders, the Executive Body annually conducts an analysis of the appropriateness of business processes and projects with the involvement of independent professional organizations - consultants.

VIII. REQUIREMENTS FOR THE COMPOSITION AND QUALIFICATION OF MEMBERS OF THE COMPANY'S INTERNAL CONTROL BODIES

49. The requirements for the composition and qualification of members of the Company's internal control bodies is determined by the relevant internal documents of the Company, regulating the activities of the Company's internal control bodies and approved by the General Meeting of Shareholders or the Company's Supervisory Board.

50. Requirements to the members of the Audit Committee of the Supervisory Board is determined in accordance with the Regulation on the Audit Committee approved by the Supervisory Board.

IX. PROCEDURE OF 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

51. Internal control bodies cooperate with the Company's management bodies, the Company's shareholders, as well as officials and employees of the Company in order to ensure the effective functioning of the Company's internal control system and observance of internal control procedures as a whole.

52. Interaction of the Company's internal control bodies with the General Meeting of Shareholders and the Supervisory Board, as well as with the Minority Shareholders Committee and the Company's shareholders is performed:

a) by entering by internal control bodies of the revealed violations to the Company's governing bodies;

b) by regular hearing of reports of the internal control bodies by the Supervisory Board and the General Meeting of Shareholders;

c) by carrying out unscheduled inspections of financial and economic activities of the Company by the decision of the General Meeting of Shareholders, on the initiative of the Supervisory Board, upon the written request of the shareholder (shareholders) owning at least 5 (five) percent of the voting shares of the Company;

d) in handling complaints (applications, proposals and complaints) of shareholders, including minority shareholders;

d) onside and personal meetings of shareholders by internal control bodies of the Company.

Cooperation of internal control bodies with the General Meeting of Shareholders

53. Internal control bodies reports to shareholders at the annual general meeting of shareholders.

54. The report of the Supervisory Board at the Annual General Meeting of Shareholders contains information on the competence of the Supervisory Board of the Audit Committee on the observance of the legislation in the financial and economic activities of the Company, including the Company's internal control and risk management system.

55. The report of the Supervisory Board at the Annual General Meeting of Shareholders also includes information from internal control bodies, the Internal Audit Service and the Corporate Consultant, accountable to the Supervisory Board.

The Report Internal Audit Service contains information on compliance by the Company, its affiliates and representative offices the established rules and procedures for carrying out economic operations, safeguard the assets, as well as the Company's compliance with the Company's regulatory requirements, including internal control procedures by the Company.

The Corporate Consultant's Report contains information on the Company's compliance with corporate legislation, compliance with corporate procedures established by the Company, and consideration of shareholders' appeals.

56. ***The Auditing Committee*** reports to the Annual General Meeting of Shareholders on the results of auditing the Company's financial and economic activities during the reporting year, including compliance with the Company's internal control procedures.

Following the results of the annual review, the Auditing Committee's report is submitted to the Annual General Meeting of Shareholders, which includes:

assessment of the reliability of the information provided in the Company's reports and other financial documents;

information on violations of accounting and financial reporting procedures, as well as information on violations of legislation during financial and economic activities.

57. The Audit Committee of the Supervisory Board and the Auditing Committee may initiate an extraordinary General Meeting of Shareholders to inform shareholders of the identified issues.

Cooperation of the internal control bodies with the Supervisory Board

58. Internal control bodies cooperate with the Company's Supervisory Board and are obliged to report to the Supervisory Board on a regular basis, and to timely submit to the Supervisory Board information on the circumstances and possible risks in the activities of the Company.

59. The Audit Committee of the Supervisory Board regularly submits to the Supervisory Board information on issues within its competence, including the internal control and risk management system, in accordance with the work plan of the Supervisory Board.

60. ***The Internal Audit Service*** reports to the Supervisory Board:

Provides the Supervisory Board with reliable information on the results of the internal audit and prepares proposals to improve the activities of the Company;

Makes recommendations to the Supervisory Board and the Company's Executive Body to eliminate deficiencies identified during the internal audit, oversees their elimination;

On a quarterly basis reports on observance by the Company, its affiliates and representative offices of established rules and procedures for carrying out economic operations, safety of assets, as well as compliance with the Company's executive management requirements established by the legislation, including internal control procedures by the Company.

61. ***Corporate Consultant who is accountable to the Supervisory Board:***

Monitors compliance with the corporate procedures of the General Meeting of Shareholders and the Supervisory Board;

Analyzes the Company's corporate procedures and prepares proposals to the Supervisory Board to improve the system and practice of corporate governance of the Company;

Immediately informs the Supervisory Board of any breach of corporate legislation, the Charter and internal documents of the Company, as well as corporate procedures;

Based on the results of analysis of shareholder appeals to the Supervisory Board of the Company, to make proposals to improve the efficiency of interaction with shareholders;

Reports on quarterly observance by the Company of requirements of corporate legislation.

62. ***The Auditing Committee*** quarterly reviews the Company's transactions with affiliates or major transactions, as well as observance of the legislation and internal documents of the Company, including compliance with the Company's internal control procedures and brings conclusion to the Supervisory's board meeting.

The Auditing Committee presents to the Supervisory Board the results of an unscheduled audit of the Company's financial and economic activities on the initiative of the Auditing Committee, the General Meeting of Shareholders and the Supervisory Board, or at the request of a shareholder (shareholders) owning at least 5 (five) percent of the Company's voting shares.

The Auditing Committee informs the Supervisory Board in advance of the request of the shareholder (shareholders) holding at least 5 (five) percent of the voting shares of the Company to conduct an unscheduled audit of the Company's financial and economic activities.

63. The Audit Committee of the Supervisory Board, the Internal Audit Service, the Corporate Consultant and The Auditing Committee may initiate an extraordinary meeting of the Company's Supervisory Board.

Cooperation of internal control bodies with the Company's shareholders

64. The internal control bodies of the Company controls the implementation of the procedures envisaged by the legislation, regulations, the Charter and internal documents of the Company, as well as the Code of Corporate Governance.

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

The Supervisory Board's report on the Company's management in the reporting year, including:

Report of the Supervisory Board Committee on the state of the Company's internal control system and the system of risk management in general;

Information on compliance of the Internal Audit Service by the Company, its affiliates and representative offices of the established rules and procedures for carrying out economic operations, the safety of assets, as well as compliance with the Company's management requirements established by the legislation, including internal control procedures by the Company.;

Information of the Corporate Consultant on compliance with the Company's Corporate legislation;

The report of the head of the executive body and the annual report of the Company, which is an integral part of the information on compliance with the internal control procedures of the Company;

Report and conclusion of the Auditing Committee of the Company on the reliability of the information contained in the reports and other financial documents of the Company, including compliance with the Company's internal control procedures;

Conclusion of the external auditor of the Company on the results of annual financial and economic activities of the Company, including compliance with the Company's internal control procedures.

66. With the purpose of enhancing shareholder participation in controlling the Company's financial and economic activities and proper preparation for the General Meeting of Shareholders, it should be given opportunity to the shareholders to ask a question the Chairman and members of the Audit Committee of the Supervisory Committee, the Chairman and members of the Auditing Committee, the Head of the Internal Audit Service.

Therefore, the Company should place the contact details of the above mentioned persons on its corporate website. The Company should also ensure that they are presenting at the Annual General Meeting of Shareholders.

67. Shareholders should also be given an opportunity to ask the Company's external auditor with questions regarding its findings and, of course, obtain answers to the questions. Therefore, the Company invites an external auditor to participate in the Annual General Meeting of Shareholders.

68. Shareholders of the Company can get acquainted with the conclusion of the internal audit system performance evaluation conducted by the Company's external auditor or independent professional advisor by the end of the year.

69. The Corporate consultant:

controls implementation of the legitimate rights and interests of shareholders;

controls the timely provision of information on the requests received by the Company's shareholders;

ensures proper registration of appeals from shareholders, forwards appeals to the appropriate management and control bodies of the Company, as well as controls the timely consideration of appeals by them;

provides shareholders with appeals to the Chairman of the Supervisory Board, the Chairmen of the Supervisory Board Committees and independent members of the Supervisory Board.

70. The Company's Corporate Consultant summarizes and analyzes quarterly appeals of shareholders to the management and controlling bodies of the Company in order to identify and eliminate the causes of violations of the rights of shareholders, as well as infringement of the Company's interests.

71. Corporate consultant has the right to request and receive documents of the Company from internal control bodies and the executive body of the Company for preparation of responses to shareholder appeals within the limits of its competence or on behalf of the Company's Supervisory Board.

72. Shareholder(s) holding at least ten percent of the voting shares of the Company has the right to invite an independent auditing firm to investigate any signs of breach of the terms of the transaction with the affiliate, in which has suffered any damage to the company or it may suffer future damage as a result of the transaction.

73. The shareholder (s) holding not less than five percent of voting shares of the Company has the right to submit a written request to the Supervisory Board to convene an extraordinary general meeting of shareholders.

74. Procedure of appeal (applications, suggestions, complaints) of shareholders, including minority shareholders, and their acceptance by the internal control bodies of the Company is carried out in accordance with the legislation on appeals of individuals and legal entities.

75. Schedule of reception, time, place and pre-registration information, as well as the order of reception are communicated to the interested persons by posting it on the Company's official website, as well as on the stands of the Company's administrative premises.

Cooperation of internal control bodies with the Committee of Minority Shareholders

76. The Chairman of the Committee of Minority Shareholders may appeal to the bodies of internal control on behalf of minority shareholders.

The Audit Committee meets at least once a year with the Minority Shareholders Committee.

77. The Chairman of the Committee of Minority Shareholders provides information and documents of the Company on all matters within the competence of the Committee, including the conclusions and reports of the Auditing Committee, the auditing organization, the acts of the state controlling bodies, the judgments made against the Company. Internal Audit Service has the right to access protocols of investigation of transactions with affiliates.

78. The executive body of the Company submits the documents or copies requested by the head of the committee within 10 days or no later than the deadline specified in the request.

Documents obtained from the Chairman of the Committee and members of the Committee may be used for official purposes only.

79. The members of the Committee are not entitled to disclose any information or other legally protected information about the Company or its activities, which is a job or commercial secret.

Cooperation of the internal control bodies with Executive body, officials and employees of the Company

80. The Company's Executive Body introduces procedures for the internal control system and promptly inform the Supervisory Board about all the Company's major risks, the major deficiencies of the internal control system, as well as its plans and results.

81. The head of the Executive Body provides the internal control bodies with minutes of meetings of the Board of the Company and other documents of the Company necessary for the members of the internal control bodies to carry out their tasks.

82. Employees of the Company should assist internal control bodies in conducting inspections and audits.

83. The Company's employees, who have been informed of violations of legislation and regulations, violations of the Charter and internal documents of the Company, violations of internal control procedures, as well as damage to the Company's customers and the Company itself by the actions of the Company's employees or third parties report directly to the management as well as to the Internal Audit Service.

84. In the event of non-standard circumstances (technical failures, computer software failures, loss of documents and electronic records, discrepancies between credentials, circumstances not covered by job descriptions and internal regulations of the Company), they immediately reports it to their immediate supervisors. The head of the department should inform the Internal Audit Service.

85. When conducting inspections of the Company's structural subdivisions, employees provides the Internal Audit Service and the Auditing Committee with all required documents and information, including electronic (files, database (records), etc.).

86. Employees of the Company must provide explanations of their actions, written comments to the Internal Audit Service and the Auditing Committee within two days from the date of filing a request for any errors, omissions or violations found during the investigation or service investigation.

Interaction of internal control bodies with each other

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

88. The Audit Committee of the Supervisory Board may invite the Chairman of the Auditing Committee, the Head of the Internal Audit Service and the Company's external auditor, as well as the Head of the Executive Body and any officials of the Company, if necessary.

89. The Audit Committee of the Supervisory Board meets with the Auditing Committee or its head at least quarterly on matters within the competence of the Internal Audit Service.

90. The Supervisory Board Committee meets with the Chairman of the Auditing Committee or its Chairperson at least quarterly to review the financial and economic activities of the Company, as well as conclude transactions with affiliates and large transactions.

91. The Audit Committee of the Supervisory Board should hold regular meetings with the Company's Corporate consultant on compliance with the Company's corporate legislation.

92. The Internal Audit Service has the right to involve a member of the Auditing Committee in the process of audit of the Company's financial and economic activities to assist in the resolution of a particular issue.

**X. THE STRUCTURE OF REPORTS AND THE RULES OF ITS FORMATION IN THE
INTERNAL CONTROL SYSTEM**

93. The following types of reports are drawn up by the internal control bodies when performing their duties:

Reports on cases of revealing breaches of legislation, internal documents and internal control procedures - no later than 2 (two) working days after detection of the violation;

Quarterly report - at the end of each quarter not later than thirty days after the end of the quarter.

94. In the case of revealing violations of legislation, internal documents and internal control procedures, the report on the work done should contain the following information:

a) reasons for the investigation (audit) and timing;

b) identifying the causes of the violation and the scope of those responsible;

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

d) recommendations for the prevention of similar violations in the future.

95. In case of repeated violations of a previously discovered but unresolved cases, a new report on investigation of the violation is not created. At the same time, the information on non-elimination of earlier revealed violations is included in the quarterly report of internal control bodies.

96. Violation of interconnected legislation and internal documents on violations of homogeneous legislation and internal documents (violations of similar requirements of the same legislation and internal documents), as well as in the course of a single investigation information on violation of the law can be reflected in a single report on violation of the law.

97. The quarterly report contains the following general information:

a) quarterly inspections (audit), including the number of inspections (audit), identified violations, the causes of violations and the measures taken to remedy and prevent them;

b) violations of the results of consideration of appeals, applications and complaints (on the number of appeals, applications and complaints considered, results of consideration of appeals, applications and complaints) on the measures taken to prevent and warn);

- c) recommendations for prevention of violations of legislation and regulations;
- d) restrictions on the operations of the Company, established by the legislation;
- d) taking measures to prevent conflicts of interest and misuse of job information;
- e) implementation of measures to reduce the risks associated with the Company's activities.

98. The quarterly report may include recommendations for improving the skills of the Company's employees, improvement of the internal control system, as well as other information.

99. Regulation for submitting reports:

a) by the employees - to the head of the structural unit not later than the next working day following the reporting date;

b) heads of structural subdivisions - to the head of the executive body not later than the next working day following the reporting date;

c) by the head of the executive body - to the Supervisory Board and the General Meeting of Shareholders within the terms provided by the Company's internal documents in its quarterly and annual reports;

d) Internal Audit Service - Head of the Executive Body, The Audit Committee of the Supervisory Board, Supervisory Board, depending on the type of inspection (emergency, scheduled) and the types of the reporting period:

on urgent inspections (audit) - no later than the next working day following the reporting date;

on scheduled inspections (audit) - within the terms provided by the Company's internal documents;

- at the initiative of the internal audit service or the Company's governing bodies within the timeframe established by the regulations for such inspections (audit);

d) The Auditing Committee - in case of carrying out of urgent inspections to the General Meeting of Shareholders within the terms established by the internal documents of the Company, on the initiative of the Auditing Committee or the Company's governing bodies within the timeframes established by the regulations for such inspections (audit);

f) Corporate consultant - to the Supervisory Board of the Company for observance by the Company of corporate legislation in terms provided by the Company's internal documents;

g) by the Supervisory Board of the Company - to the General Meeting of Shareholders within the terms provided by the Company's internal documents.

100. Reports and other documents on inspections (audit) of internal control bodies are strict Company's accounting documents and are kept for at least five years unless the legislation provides a longer period.

XI. PROCEDURE FOR ATTRACTING INDEPENDENT PROFESSIONAL ORGANIZATIONS - CONSULTANTS TO MONITOR THE INTERNAL CONTROL SYSTEM AND ASSESS THE EFFECTIVENESS OF THE INTERNAL CONTROL SYSTEM IN THE COMPANY

101. Monitoring of the Internal Control System - Collecting information to evaluate the effectiveness of the internal control system of the Company.

102. Monitoring of the Company's internal control system is carried out for the following purposes:

evaluation of the quality of the internal control system for a particular period of time;

assessment of the quality of work of internal control bodies;
defining the ability of the internal control system to ensure the performance of its tasks;
determining the likelihood of errors that affect the achievement of the company's goals;
determining the significance of these errors;
developing measures to improve the internal control system.

103. Monitoring procedures can be performed continuously in the form of periodic reviews.

104. Formation of the criteria for ongoing monitoring and evaluation of the effectiveness of the internal control system is carried out by all entities of internal control - the Audit Committee of the Supervisory Board, the Auditing Committee, the Internal Audit Service, the Executive Body, officials and employees of the Company.

105. Quarterly evaluation of the work of internal control bodies of the Company is carried out by the Supervisory Board on a quarterly basis by the Auditing Committee conclusions and reports of the Internal Audit Service.

106. An independent professional organization - consultant is regularly invited to conduct periodic evaluation of the effectiveness of the internal control system of the Company.

107. Evaluation of the effectiveness of the internal control system in the Company by the results of the year may also be performed by the external auditor of the Company through the provision of professional consulting services under the audit contract for the year.

Assessment of the effectiveness of the internal control system includes:

1) analysis of business processes, the purpose of projects and activities of structural divisions to comply with the goals of the Company, to verify the reliability and completeness of business processes and information systems, including the reliability and completeness of procedures for counteraction, abuse and bribery;

2) to ensure the reliability of accounting (financial), statistical, management and other reports, to determine the extent to which business results of the Company's structural subdivisions meet business objectives;

3) determination of the criteria established by the Executive Body to analyze the degree of accomplishment (achievement) of the goals;

4) identifying deficiencies of the internal control system that do not allow (achieving) the Company's goals;

5) assessment of the results of improvement of the internal control system implemented by the Company at all stages of management, introduction (implementation) of measures on elimination of violations and shortcomings in it;

6) checking the efficiency and expediency of resource usage;

7) checking the safety of assets;

8) checking compliance with the legislation, the Company's Charter and internal documents.

Effectiveness of the risk management system includes:

1) checking the adequacy and completeness of the elements of the risk management system for effective risk management (goals and objectives, infrastructure, process organization, interaction of structural units within the risk management system, reporting);

2) checking the accuracy and completeness of risk assessment by the management of the Company at all stages of management;

3) reviewing the effectiveness of risk management procedures and other activities, including the effectiveness of the using of resources allocated for these purposes;

4) analysis of information on realized risks (violations revealed as a result of internal audit, facts of failure to achieve goals, facts of judicial investigations).

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

109. The report of the independent professional organization - the advisor or the external auditor of the Company on the evaluation of the effectiveness of the internal control system includes information on the state of the Company's internal control system, suggestions for remedies and deficiencies, as well as recommendations for improving the internal control system.

110. The report of the independent professional organization - the advisor or the external auditor of the Company on the evaluation of the effectiveness of the internal control system is a part of the Supervisory Board's annual report and the Company's annual report.

111. Conclusion of an independent professional organization - consultant or external auditor of the Company on the evaluation of the effectiveness of the internal control system is submitted to the general meeting of shareholders.

112. The Audit Committee of the Supervisory Board develops an action plan to address any deficiencies and violations identified by the independent professional organization - consultant or external auditor of the Company, and is monitored by hearing reports of the internal control bodies.

XII. FINAL PROVISIONS

113. This Regulation comes into force upon the approval of the General Meeting of Shareholders.

114. Changes and (or) additions can be made to this Regulation in connection with the change of legislation, changes and (or) additions to the Charter of the Company, internal documents of the Company and in other cases.

Changes and (or) amendments to this Regulation comes into force upon the approval of the General Meeting of Shareholders.

115. If certain items of the present Charter conflict with the current legislation of the Republic of Uzbekistan and / or the Charter of the Company, these items cease to be valid and until the relevant amendments are made to this Regulation, the current legislation of the Republic of Uzbekistan and / or the Charter of the Company is applied to matters governed by these items.