

APPROVED

by decision of the general meeting of
shareholders

JSC "Uzbekexpertiza"

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**REGULATION
ON INTERNAL CONTROL
JOINT STOCK COMPANY
"UZBEKEXPERTIZA"**

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I. GENERAL TERMS

1. These Regulations on Internal Control (hereinafter - Regulations) of the joint stock company "Uzbekexpertiza" (hereinafter - the Company) are developed in accordance with the current legislation of the Republic of Uzbekistan, the Charter of the Company, the Code of Corporate Management, approved by the protocol of the meeting of the Commission on increasing the efficiency of joint stock companies and improving the system of corporate governance № 9 of 31.12.2015 and internal documents of the Company.

2. The present Regulation defines the goals and objectives of the internal control system, the principles of its operation, as well as the Company's bodies and persons responsible for internal control.

II. IDENTIFICATION AND GOALS OF THE INTERNAL CONTROL

3. Internal control is an ongoing process integrated into the Company's activities and aimed at improving the efficiency of risk management, control and corporate management processes in order to achieve the Company's achievements in the following areas:

- the efficiency and productivity of operations, including the degree of operational efficiency, profit generation and asset protection;
- reliability and reliability of financial reporting;
- compliance with the laws and regulations governing the Company's activities.

4. The internal control system is a set of organizational structure, control measures, procedures and methods of internal control regulated by internal documents, organized and implemented in the Company by the Audit Commission,

Internal Audit Service, Supervisory Board, Executive Body and other employees at all levels (hereinafter - subjects of internal control) and for all functions. The qualifications of the members of the internal control bodies of JSC "Uzbekexpertiza" are established in the Regulations on their activities.

5. Internal control procedures are a set of measures implemented by the Audit Commission, Supervisory Board, Executive Body, as well as the Company's units authorized to carry out internal control (hereinafter referred to as the Company's units), and aimed at identifying violations of the legislation and internal documents of JSC "Uzbekexpertiza" in the implementation of financial and economic activities, to assess the effectiveness of the Company's achievement of its objectives, as well as the interaction of internal control subjects among themselves

6. The main goal of internal control is to ensure the protection of the rights and legitimate interests of all shareholders.

7. Internal controls are aimed to provide in an operational mode:

- safeguarding of assets, economical and efficient utilization of the Company's resources;
- compliance with the requirements of applicable laws and internal documents of the Company;
- execution of the Company's development strategy for the medium and long term, business plans of the Company;
- completeness and reliability of accounting documents, financial statements and management information of the Company;
- detection, identification and analysis of risks at the moment of their occurrence in the Company's activities;
- planning and management of risks in the Company's activities, including timely and relevant decisions on risk management;
- establishment and maintenance of good reputation of the Company in business circles and among consumers;
- adequacy, transparency and objectivity of remuneration and compensation payment, including its 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 - constant and proper functioning of the internal control system allows the Company to detect any deviations from the norm in a timely manner and prevent their occurrence in the future;
- accountability of all participants of the internal control system - the quality of performance of control functions by each person is controlled by another participant of the internal control system;
- separation of duties - the Company strives to prevent duplication of control functions, and these functions should be distributed among employees in such a way that one and the same person should not combine the functions related to approval of transactions with certain assets, recording of transactions, safeguarding of assets and conducting their inventory;
- proper approval and authorization of transactions - the Company seeks to establish a procedure for approval of all financial and business transactions by authorized persons within the limits of their respective powers;
- ensuring organizational isolation of the Company's unit performing daily internal control and its functional accountability directly to the Supervisory Board through the Company's Department of Corporate Shareholder Relations and Economic Analysis (DCRSEA);
- responsibility of all internal control subjects working in the Company for proper execution of control functions;
- realization of internal control on the basis of clear interaction of all the Company's subdivisions;
- continuous development and improvement - the Company strives to provide conditions for flexible adjustment of the internal control system so that it can be adapted to meet the need to solve new tasks, expand and improve the system itself;
- timeliness of reporting deviations - the Company has established the shortest possible time frames for transmitting relevant information to persons authorized to make decisions on the elimination of deviations;
- prioritization of the areas of the Company's activities in which control is established - strategic areas covered by the internal control system are identified,

even if the efficiency of their functioning (cost-economic effect ratio) is difficult to measure.

IV. COMPONENTS OF THE INTERNAL CONTROL SYSTEM

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

- control environment, which includes the ethical values and competence of the Company's employees, management policies, the way management allocates authority and responsibility, the structure of the organization and the development of employees, as well as the guidance and direction of the Supervisory Board;

- risk assessment - representing the identification and analysis of the relevant risks in achieving certain objectives, linked at various levels and internally consistent;

- control activities, which summarize the policies and procedures that help to ensure that management decisions are implemented and include a range of diverse activities such as: issuing approvals, sanctions, confirmations, conducting audits, monitoring ongoing activities, guaranteeing the security of assets and segregation of duties;

- information support and information exchange activities aimed at timely and efficient identification, registration and exchange of data, including, inter alia, the creation of effective information exchange channels to ensure that all internal control subjects understand the Company's internal control policies and procedures and ensure their fulfillment. The Company shall take measures to protect against unauthorized access to information;

- monitoring - a process that includes management and oversight functions, during which the quality of the system's performance over time is assessed. The internal control system is assessed to determine the probability of errors affecting the reliability of the financial statements, to clarify the materiality of these errors and to determine the ability of the internal control system to ensure the fulfillment of the assigned tasks. To assess the effectiveness of the internal control system in JSC "Uzbekexpertiza" by the decision of the General Meeting of Shareholders on the basis of the proposal of the Supervisory Board can be attracted 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, and each is responsible for internal control in accordance with the established order.

11. Functions, rights and duties, responsibilities, procedure for calculation of compensations and remunerations paid by the Company's subdivisions are stipulated by the Company's internal documents. These documents, as well as other documents directly or indirectly affecting the issues of internal control may not contradict these Regulations.

12. In order to ensure the systematic nature of control over financial and economic activities of the Company, internal control procedures shall be carried out by an authorized subdivision of the Company - the Internal Audit Service, or, in the absence of such service, by the Internal Audit Commission of the Company, responsible for internal control, in cooperation with other bodies and subdivisions of the Company.

13. The functions of the Supervisory Board include:

- The direction of development and approval of specific operations and strategies of the internal control system;
- Annual reporting at the Company's annual general meeting of shareholders on the results of the conducted analysis and assessment of the reliability and effectiveness of the internal control system. This assessment is based on data from regular reports by the executive management of the Company, internal and external audits, the audit committee, information from other sources, and internal observations covering all aspects of internal control, including financial control, operational control, compliance control, and control over internal policies and procedures;
- Determining the structure and composition of the Company division responsible for internal control;
- Continuous improvement of internal control procedures.

14. The responsibility for organizing control over the accuracy and completeness of financial reporting, as well as the reliability and effectiveness of the internal control system within the Company, is entrusted to the Company's Department of

Corporate Shareholder Relations and Economic Analysis (DCRSEA). The role, objectives, tasks, and authorities of this department are outlined in the regulations DCRSEA.

15. The responsibility for its operation, in accordance with the policy on internal control approved by the Board of Directors of the Company, lies with the Chief Executive Officer. The CEO implements the internal control system procedures and ensures its effective functioning, providing timely information to the Board of Directors regarding all Company risks, significant deficiencies in the internal control system, as well as plans and results of actions taken to address them.

16. Employees (including managers) at all levels within their competence actively participate in the detailed development of strategies and procedures for conducting control. It is their duty to handle non-standard situations and issues as they arise. In the case of significant matters or risks arising from specific transactions, employees report to the senior management of the Company.

17. Responsibility for conducting control over the financial and economic activities of the Company and its separate units is assigned to the permanent internal control body - the Audit Committee. The role, objectives, tasks, and authorities of the Audit Committee are outlined in the Charter of the Audit Committee.

18. Responsibility for conducting regular control over compliance with the financial and economic operations of the Company with the legislation of the Republic of Uzbekistan and the Company's Charter as a whole, as well as the completeness and accuracy of the accounting and financial reporting, rests with the internal audit department. The role, objectives, tasks, and authorities of the internal audit department are outlined in the regulations governing the internal audit department. In the absence of such a department, this responsibility falls to the Company's audit committee.

The Regulation on the Internal Audit Department is approved by the Board of Directors of the Company.

19. The Internal Audit Service of the Company reports to the Supervisory Board of the Company on the results of internal audit and internal control system. The Internal Audit Service of the Company reports to the Supervisory Board of the Company.

20. The following persons may not hold positions in the Internal Audit Department of the Company:

21. persons who have an unspent conviction for economic crimes or crimes against order;

22. persons who are the head or members of the Company's executive body;

23. persons who are founders (shareholders, participants), head or members of the executive body or employees of another legal entity that is a competitor of the Company;

24. Other requirements to persons included in the internal audit service may be established by the Supervisory Board of the Company.

25. Proper functioning of the internal control system also depends on the professionalism of employees. The Company makes efforts to ensure that the system of selection, recruitment, education, training and promotion of employees ensures their high qualification and compliance with high ethical standards.

VI. INTERNAL CONTROL PROCEDURES AND METHODS

26. The Company's internal control procedures includes:

- determination of interrelated and consistent goals and objectives at various levels of the Company's management;
- identification and analysis of potential and existing operational, financial, strategic and other risks that may hinder the achievement of the Company's business goals;
- assessment of significant components of internal control;
- evaluation of the efficiency of the internal control system of business processes;
- determination of criteria and evaluation of the efficiency of structural subdivisions, officers and other employees of the Company;
- reviewing financial and other information against comparable information for previous periods or against expected performance results;
- utilizing adequate methods of accounting for events, operations and transactions;
- verifying the safeguarding of assets;

- proper documentation of internal control procedures;
- regular assessments of the quality of the internal control system;
- communicating to all employees of the Company their responsibilities in the area of internal control;
- assigning key responsibilities to Company employees (including responsibilities for approving and authorizing transactions, recording transactions, issuing, storing and receiving resources, and analyzing and reviewing transactions);
- approval and execution of transactions only by those persons authorized to do so;
- other procedures necessary to achieve internal control objectives.

27. In performing internal control procedures, inspection, observation, confirmation, recalculation and other methods necessary for the implementation of internal control procedures are applied.

VII. FINAL PROVISIONS

28. The present Regulation, as well as changes and modifications to it are approved by the decision of the General Meeting of Shareholders.

- Additions and changes to this Regulation shall be made upon proposal of members of the Supervisory Board of the Company, external auditor of the Company, Auditing Committee of the Company, Internal Audit Service of the Company, Head of the Executive Body of the Company.

- If, as a result of changes in the legislation and regulatory acts of the Republic of Uzbekistan, certain articles of these Regulations come into conflict with them, these articles shall become invalid, and until the amendments to the Regulations are made, the Company shall be governed by the legislation and regulatory acts of the Republic of Uzbekistan.