

REGULATION¹
On the internal control of joint-stock company "Uzavtosanoat"

I. General Provisions

1 1.1. This Regulation on the internal control of the joint-stock company Uzavtosanoat (hereinafter referred to as the Regulations) with the current legislation of the Republic of Uzbekistan, the charter of the Company, the Corporate Governance Code, approved by the protocol of the meeting of the Commission on increasing the efficiency of joint-stock companies and improvement of the corporate governance system of December 31, 2015. No. 9 and internal documents of the Company.

1.2. This Regulation determines the goals and objectives of the internal control system, the principles of its functioning, as well as individuals in JSC "Uzavtosanoat" (hereinafter - the Company), responsible for internal control.

II. Definition and objectives of the internal control system

2.1. Internal control is a continuously operating process in the Company's activities aimed at increasing the efficiency of its activities.

2.2. The internal control system is a set of organizational structure, controlling measures, procedures and methods of internal control, regulated by internal documents of the Company, the Audit Commission, the Internal Audit Service, the Supervisory Board, the executive body and other employees at all levels (hereinafter - subjects of internal control) functions.

2.3. Internal control procedures are a set of measures performed by the Company's Audit Commission, the Company's Supervisory Board, the Company's executive body, and the Company's divisions authorized to exercise internal control (hereinafter - the Company's divisions) and aimed at preventing violations of the Company's legislation and internal documents in the process of financial - economic activity, to assess the effectiveness of the Company's achievement of the set goals, as well as the interaction of entities Cored oil control each other in the implementation of internal control procedures.

2.4. The main purpose of internal control is to ensure the protection of the rights and legitimate interests of shareholders.

2.5. Internal control is designed to provide on-line:

safety of assets, economical and efficient use of the Company's resources;

compliance with the requirements of the current legislation and internal documents of the Company;

implementation of the company's development strategy for the medium and long term, business plans of the Company;

completeness and reliability of the Company's accounting documents, financial statements and management information;

identification, identification and analysis of risks at the time of their occurrence in the Company's activities;

¹ This Regulation was approved in Russian. Translation of the text into English is informative. If there are any ambiguities, should be referred to the text of the Regulation in Russian.

planning and managing risks in the Company's operations, including timely and adequate risk management decisions;

adequacy, transparency and objectivity of payment of remuneration and compensation, including its size, to members of the executive body, the supervisory board and the audit commission.

III. Principles of the functioning of the internal control system

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

uninterrupted operation - constant and proper functioning of the internal control system allows the Company to timely identify any deviations from the norm and prevent their occurrence in the future;

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

division of duties - the Company seeks to avoid duplication of control functions, and these functions should be distributed among employees in such a way that the same person does not unite the functions associated with the approval of transactions with certain assets, taking into account operations, ensuring the safety of assets and conducting their inventory;

appropriate approval and approval of operations - The Company seeks to establish the procedure for approving all financial and business operations by authorized persons within their respective authorities;

ensuring the organizational separation of the Company's subdivision, which performs daily internal control, and its functional accountability directly to the Supervisory Board;

responsibility of all subjects of internal control working in the Company for the proper performance of control functions;

the implementation of internal control based on a clear interaction of all divisions of the Company;

continuous development and improvement - the Company strives 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 tasks, expand and improve the system itself;

timeliness of reporting of deviations - the Company has established the shortest possible time for the transfer of relevant information to persons authorized to take decisions on eliminating deviations;

the prioritization of the Company's areas of activity in which control is established - the strategic directions covered by the internal control system are singled out, even if their effectiveness (cost-benefit ratio) is difficult to measure.

IV. Components of the internal control system

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

a control environment that includes the ethical values and competence of the Company's employees, management policies, the way in which the management assigns authority and responsibility, the structure of the organization and the development of staff skills, and the management and management of the supervisory board;

risk assessment - which is the identification and analysis of the relevant risks when certain tasks are achieved, connected at different levels and internally consistent;

monitoring activities, summarizing policies and procedures that help to ensure that management decisions are being executed, and includes a variety of activities, such as: issuing approvals, sanctions, confirmations, inspections, monitoring current activities, ensuring the security of assets and sharing power;

information support and information exchange activities aimed at the timely and effective identification of data, their registration and exchange, including, among other things, the creation of effective channels for information exchange with a view to forming an understanding among all subjects of internal control of the Company's internal control policies and procedures their execution. The Company takes measures to protect against unauthorized access to information;

Monitoring is a process that includes management and oversight functions, during which the quality of the system's performance is assessed over time. Evaluation of the internal control system is conducted to determine the probability of errors that affect the reliability of financial statements, clarify the materiality of these errors and 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 the JSC, the decision of the general meeting of shareholders based on the proposal of the Supervisory Board may involve an independent professional organization - a consultant.

V. The bodies and persons responsible for internal control

5.1. Internal control is exercised by the Audit Commission, the Supervisory Board of the Company, the head of the executive body, the internal audit service, and other employees of the Company at all levels, and everyone is responsible for internal control in accordance with the established procedure.

5.2. In order to ensure the systematic monitoring of the Company's financial and business operations, the internal control procedures are carried out by the Company's authorized division - the internal audit service responsible for internal control, in cooperation with other bodies and divisions of the Company.

5.3. The functions of the Supervisory Board include:

determining the direction of development and approval of certain operations and strategies of the internal control system;

annual report to the annual general meeting of the Company's shareholders on the results of the analysis and assessment of the reliability and effectiveness of the internal control system based on the regular reports of the head of the executive body of the Company, internal and external audits, the Audit Commission, information from other sources and own observations on all aspects of the internal control, including: financial control, operational control, control over compliance with legislation, control of internal policies and procedures;

determination of the structure and composition of the Company's unit responsible for internal control;

continuous improvement of internal control procedures.

5.4. Responsibility for the organization of control over the reliability and completeness of financial reporting, reliability and efficiency of the Company's internal control system is assigned to the internal audit service, the role, goals, tasks and powers of which are reflected in the Regulation on the Internal Audit Service of the Supervisory Board.

5.5. Responsibility for its functioning, in accordance with the Company's internal control policy approved by the Supervisory Board, is vested in the head of the executive body. The head of the executive body of the Company introduces the procedures of the internal control system and ensures its effective functioning, timely informing the supervisory board of all risks of the Company, significant shortcomings of the internal control system, as well as plans and results of measures to eliminate them.

5.6. Employees (including managers) of departments of any level within their competence directly participate in the detailed development of control strategies and procedures. Their responsibility is to cope with non-standard situations and problems as they arise. On significant issues or arising on a particular transaction risks, employees report to the company's senior management.

5.7. Responsibility for exercising control over the financial and economic activities of the Company and its separate subdivisions is vested in the permanent internal control body - the Audit Commission, the role, objectives, tasks, powers of which are reflected in the Regulations on the Audit Commission.

5.8. Responsibility for the regular control over the implementation of internal control procedures, namely the compliance of the Company's financial and business operations with the legislation of the Republic of Uzbekistan and the Company's Charter as a whole, its separate subdivisions, and the completeness and reliability of accounting and financial reporting lies with the internal audit service, role, goals, tasks, whose powers are reflected in the Regulation on the Internal Audit Service, which is approved by the Company's Supervisory Board.

5.9. The Internal Audit Service reports to the Supervisory Board of the Company on the results of internal audit.

5.10. The following persons are not entitled to hold positions in the Internal Audit Service of the Company:

- persons who have an outstanding conviction for crimes in the sphere of the economy or for crimes against the order;
- persons who are the supervisor or members of the executive body of the Company's supervisory board;
- persons who are founders (shareholders, participants), the head or members of the executive body or employees of another legal entity that is a competitor to the Company's supervisory board;

Other requirements for persons who are members of the internal audit service may be established by the audit committee of the supervisory board.

VI. Procedures and methods of internal control

6.1. The internal control procedures of the Company's Supervisory Board include:

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

identification and analysis of potential and existing operational, financial, strategic and other risks that may prevent achievement of the objectives of the Company's supervisory board;

assessment of the essential components of internal control;

evaluation of the effectiveness of the system of internal control of business processes;

determination of criteria and evaluation of the performance of structural units, officials and other employees by the Company's Supervisory Board;

consideration of financial and other information in comparison with comparable information for prior periods or with expected performance results;

use of adequate ways of accounting for events, transactions and transactions;

checking the safety of assets;

proper documentation of internal control procedures;

regular assessments of the quality of the internal control system;

bringing to all employees of the Company's Supervisory Board their responsibilities in the field of internal control;

distribution of key responsibilities between employees of the Company's Supervisory Board (including duties for approving and approving transactions, accounting operations, issuing, storing and receiving resources, analyzing and verifying transactions);

approval and implementation of transactions only by those persons who are vested with appropriate powers;

other procedures necessary to achieve the objectives of internal control.

6.2. When carrying out internal control procedures, methods of inspection, observation, confirmation, recalculation, and other methods necessary for the implementation of internal control procedures are applied.

VII. Final provisions

7.1. This Regulation, as well as amendments and additions thereto, shall be approved by the resolution of the sole shareholder of the Company on the recommendation of the Company's Supervisory Board.

7.2. If, as a result of changes in legislation and regulations of the Republic of Uzbekistan, certain articles of these Regulations conflict with them, these articles become invalid, and until the time when the Supervisory Board changes the Regulations, the Company is guided by the legislation and regulatory acts of the Republic of Uzbekistan.