

**ALSKOM**<sup>®</sup>  
SUG'URTA KOMPANIYASI  
СТРАХОВАЯ КОМПАНИЯ

**"APPROVED"**  
**By decision of the Supervisory Board**  
**JS IC "ALSKOM"**  
**Appendix №1**  
**to Protocol No. 43 of 06/06/2017**

**POSITION**  
**“ON THE SERVICE OF INTERNAL AUDIT**  
**JS IC "ALSKOM"**  
**(in the new edition)**

Tashkent – 2019y  
**Section I. General Provisions**

1.1. This Regulation has been developed in accordance with the Law of the Republic of Uzbekistan "On Joint-Stock Companies and protection of the rights of shareholders", decrees of the President of the Republic of Uzbekistan dated September 27, 2006 No. PD-475 "On measures for the further development of the securities market" and the Cabinet of Ministers of the Republic of Uzbekistan dated October 16, 2006 No. 215 "On measures to ensure the effective management of enterprises with shares in the statutory fund and proper accounting of state property".

1.2. For the purposes of this Statement, the following terms are used:

Company - JSC SK "ALSKOM";

Supervisory Board - Supervisory Board of JSC IC "ALSKOM";

General Director - the sole executive body of JSC IC "ALSKOM";

internal audit - the activities of the Company's structural division (internal audit service) in monitoring and evaluating the work of the General Director and the Company's structural divisions through inspections and monitoring of their compliance with acts legislation of the Republic of Uzbekistan, constituent and internal documents, ensuring the completeness and reliability Reflection of data in accounting and financial reporting, established rules and procedures for carrying out business transactions, safekeeping of assets, as well as the introduction of corporate governance principles;

The Internal Audit Service is a structural unit outside the Company's staff list that conducts an internal audit, which is created taking into account the requirements established by these Regulations, by the decision of the Supervisory Board.

## **Section II. Main tasks and functions of the Internal Audit Service**

2.1. The main tasks of the Internal Audit Service are:

2.1.1. providing the Supervisory Board with accurate information and preparing proposals for improving the Company's activities based on the results of the internal audit;

2.1.2. promptly making recommendations to the management bodies of the Company on the elimination of deficiencies identified during the internal audit process, monitoring their elimination;

2.1.3. ensuring the protection of the rights and legitimate interests of all shareholders, including minority ones.

2.2. The main functions of the Internal Audit Service are:

2.2.1. internal audit (quarterly and based on the results of the reporting year) by conducting appropriate audits in the areas indicated in subparagraphs 6.1.1. - 6.1.7. of this Regulation, in accordance with the plan annually approved by the Supervisory Board;

2.2.2. examination of economic and insurance contracts concluded by the Company for their compliance with legal requirements;

2.2.3. providing the Company and its structural subdivisions with methodological assistance in maintaining accounting records and preparing financial statements, advising them on financial, tax, banking and other legislation issues;

2.2.4. assisting the Supervisory Board in the development of technical tasks, the evaluation of proposals of external audit organizations, as well as the preparation of recommendations when choosing an external audit organization to conduct an audit in accordance with the ISA and NSMD;

2.2.5. performance monitoring Supervisory Board;

2.2.6. study of the Company's alleged transactions with affiliates and making relevant conclusions to the Supervisory Board.

## **Section III. Rights and obligations of the Internal Audit Service**

3.1. The internal audit service has the right to:

3.1.1. receive documents of the Company (orders, orders of the Director General, decisions of management bodies, certificates, calculations, certified copies of the necessary documents and other documents), oral and written explanations from officials and responsible persons of the Company on issues arising during the implementation of internal audit;

3.1.2. involve relevant specialists of the Company to assist in the conduct of internal audit;

3.1.3. carries out internal control, including operations with legal entities, more than 50 percent of the share capital of which belongs to the Company.

3.2. The internal audit service must:

3.2.1. to comply with the requirements of these Regulations and other legislative acts when carrying out an internal audit;

3.2.2. prepare reports in accordance with the requirements of these Regulations and legislation;

3.2.3. check the accuracy of financial and statistical reporting;

3.2.4. maintain the confidentiality of information obtained in the course of internal audit;

3.2.5. in case of detection of facts testifying to the Company's losses by its officials and other employees, immediately inform the Supervisory Board about this and make the appropriate entry in the audit report;

3.2.6. participate in the inventory of assets and control over the timeliness of its implementation in the manner prescribed by law.

3.3. The internal audit service may also have other obligations in accordance with the law and the charter of the Company.

#### **Section IV. Requirements for the Internal Audit Service**

4.1. Employees of the Internal Audit Service must meet the following requirements:

4.1.1. have practical experience (including part-time) in the field of accounting, auditing, financial or tax control for at least two years out of the last ten;

4.1.2. have a certificate of internal auditor;

4.1.3. to have a higher economic education, received in higher educational institutions of the Republic of Uzbekistan or in educational institutions of a foreign state and in accordance with the legislation of the Republic of Uzbekistan recognized as equivalent to education in the Republic of Uzbekistan.

4.2. The number of employees of the internal audit service is at least 2 auditors.

4.3. The internal audit service is managed by its head, who has a certificate of internal auditor.

4.4. Every year, the head of the Internal Audit Service draws up a work plan and an annual estimate of the costs of the internal audit service and submits it to the Supervisory Board for approval.

4.5. The professional level of the employees of the Internal Audit Service should be maintained by improving their qualifications on a systematic basis in educational institutions that have the appropriate license.

4.6. Employees of the Internal Audit Service are subject to annual certification by the Supervisory Board.

#### **Section V. Independence of the Internal Audit Service**

5.1. The main conditions for the independence of the Internal Audit Service are:

5.1.1. appointing and dismissing the head of the Internal Audit Service and its employees from their position, setting their salaries and other payments on decisions of the Supervisory Board;

5.1.2. direct obedience to the Supervisory Board.

## **Section VI. Requirements for conducting an internal audit and compiling a consolidated report on the results of its conduct.**

6.1. Internal audit is carried out only by employees of the Internal Audit Service through monitoring checks:

- 6.1.1. the progress of the approved business plan;
- 6.1.2. compliance with corporate governance principles;
- 6.1.3. state of accounting and financial reporting;
- 6.1.4. the correctness of the calculation and payment of taxes and other obligatory payments;
- 6.1.5. compliance with legislation in the implementation of financial and economic activities;
- 6.1.6. asset status;
- 6.1.7. state of internal control.

6.2. The supervisory board may determine other directions for conducting inspections in accordance with the legislation of the Republic of Uzbekistan.

6.3. According to the results of the checks, the corresponding reports are drawn up, signed by the employee (employees) who directly conducted them.

6.4. Wherein:

6.4.1. The business progress review report should include:

- a) analysis of quantitative and qualitative indicators of its implementation;
- b) a description of the causes identified in the event of failure to ensure its implementation, with a personal indication of the guilty officials;

6.4.2. The report on the results of the audit of compliance with corporate governance principles should include:

- a) analysis of the effectiveness of decisions taken by the Company's management bodies, respect for the legal rights and interests of its shareholders;
- b) a description of violations of corporate governance legislation (compliance with constituent documents, holding general meetings and meetings of the Company's management bodies, correctness of accrual and timely payment of dividends, etc.);

6.4.3. The report on the results of the audit of the accounting and financial statements of the Company should include:

- a) assessment of compliance with the established procedure for accounting and financial reporting;
- b) a description of the violations found in the established order of accounting and financial reporting;

6.4.4. The report on the results of checking the correctness of the calculation and payment of taxes and other obligatory payments should include:

- a) an assessment of the correctness of calculations of taxes and other obligatory payments made and submitted to the relevant authorities;
- b) a description of the facts of violation of the established procedure for the calculation and payment of taxes and other obligatory payments, deviations in determining the taxable base;

6.4.5. The report on the results of the audit of the Company's compliance with the law in the conduct of financial and business operations should include:

- a) an assessment of the compliance of the financial and business operations carried out by the Company with the legislation;

b) a description of discrepancies revealed during the internal audit to the law of financial operations carried out by the Company;

6.4.6. The report on the results of the audit of the state of internal control should include:

a) a description of the internal control system and deficiencies in its operation;

b) data on the state of performing discipline in the structural units of the Company, the existing shortcomings in the work of its specific employees.

6.5. The results of an asset status check should be based on an inventory of assets and include information about their movement, actual availability and integrity.

6.6. Also, all reports on inspections should include a final part, including an assessment of the activities of the Company and its structural divisions, recommendations for eliminating identified deviations and violations, a full package of supporting documents.

6.7. Based on the results of the conducted internal audit, in accordance with clauses 6.1. - 6.6. of this Regulation, a summary report is drawn up, signed by the head of the Internal Audit Service.

6.8. The summary report should include:

6.8.1. analytical part;

6.8.2. the final part;

6.8.3. full package of supporting documents.

6.9. The analytical part of the consolidated report should include a summary of the results of audits conducted by employees of the Internal Audit Service in accordance with clauses 6.1. - 6.6. of this Regulation.

6.10. The final part of the report should contain:

6.10.1. general assessment of the Company's and its business units, as well as its liquidity;

6.10.2. recommendations of the Internal Audit Service on elimination of identified deviations and violations, as well as generalized proposals for improving the efficiency of the Company's financial and economic activities, and improving corporate governance.

6.11. The summary report must be prepared within 10 (ten) days after the completion of the internal audit.

6.12. Summary reports must be submitted directly.

Supervisory Board for review and subsequent approval by them. Copies of reports after approval must be submitted to the Director General.

6.13. The Director General is obliged to take all measures to eliminate the deficiencies identified as a result of the internal audit.

6.14. The internal audit service should establish control over the timely and proper execution of measures to eliminate violations found during the audit, as well as to improve the efficiency of the financial and economic activities of the Company as a whole.

## **Section VII. Responsibility of the Internal Audit Service**

7.1. Full responsibility for the quality and performance of the tasks and functions assigned by this Regulation shall be borne by the head and employees of the Internal Audit Service, including for:

7.1.1. distortion of the results of their inspections;

7.1.2. non-observance of confidentiality of information constituting a commercial secret of the Company, which was provided to them or became known in connection with the fulfillment of their official obligations;

7.1.3. ensuring the safety and return of documents received.

7.2. The internal audit service is responsible for assessing the measures taken to eliminate violations found during the audit and to improve the efficiency of the Company's financial and business activities.

7.3. The Supervisory Board quarterly hears the report of the Internal Audit Service on the results of inspections, taking measures to eliminate the identified deficiencies and improve the efficiency of the Company's financial and business activities.

### **Section VIII. Final provisions**

8.1. This Regulation enters into force on the date of its approval by the Supervisory Board.

8.2. These Regulations may be amended and supplemented by the decision of the Supervisory Board.

8.3. The term of this Regulation is not limited.

8.4. If one of the rules of this Statute becomes invalid, this rule is not a reason for suspending other rules.

8.5. If the current legislative acts of the Republic of Uzbekistan or the Charter of the Company establish other provisions than provided for by these Regulations, then the rules of the current legislative acts of the Republic of Uzbekistan and the Charter of the Company shall apply.

8.6. From the date of approval of these Regulations, the Regulation “On the Internal Audit Service of JSC IC “ALSKOM”, approved at a meeting of the Supervisory Board dated November 30, 2015, should be considered invalid.