

**ALSKOM**<sup>®</sup>  
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СТРАХОВАЯ КОМПАНИЯ

**"APPROVED"**  
**Extraordinary General Decision**  
**meeting of shareholders of JS IC**  
**"ALSKOM" dated April 10, 2017**  
**Annex No. 9 to Protocol No. 1 of**  
**April 17, 2017**

**REGULATION**  
**"ON INTERNAL CONTROL OF JSC IC "ALSKOM"**

Tashkent – 2018

## **Section I. General Provisions**

1.1. This Regulation was developed in accordance with the current legislation of the Republic of Uzbekistan, the Charter of the Insurance Company ALSKOM (hereinafter referred to as the Company), the recommendations of the Corporate Governance Code, approved by the minutes of the Commission meeting on improving the efficiency of joint stock companies and improving the corporate governance system (from 11.02.2016). No. 02-02 / 1-187) and the Company's internal documents.

1.2. This Regulation defines the goals and objectives of the internal control system, the principles of its operation, as well as the bodies of the Company and those responsible for internal control.

## **Section II. Definition and objectives of the internal control system**

2.1. Internal control is a continuously operating process embedded in the Company's activities and aimed at increasing the efficiency of risk management, control and corporate governance processes in order to obtain reasonable and sufficient confirmation of the achievement of the Company's objectives in the following areas:

2.1.1. efficiency and productivity of activities, including the degree of efficiency of operation, profit and asset protection;

2.1.2. reliability and accuracy of financial statements;

2.1.3. Compliance with laws and regulations that govern the activities of the Company.

2.2. The internal control system is a set of organizational structure, control measures, internal control procedures and methods governed by internal documents, organized and implemented in the Company by the audit committee, internal audit service, corporate consultant, supervisory board, general director and other employees at all levels ( - subjects of internal control) and on all functions. The qualifications of members of the Company's internal control bodies may be established in the Regulations on their activities.

2.3. Internal control procedures are a set of measures carried out by the audit committee, the committee of the supervisory board for audit, the supervisory board, the internal audit service, the corporate consultant, the general director, and the divisions of the Company authorized to exercise internal control detection of violations of the law and internal documents of the Company in the implementation of financial activities, to assess the effectiveness of Ia Company goals as well as the interaction between the internal control subjects in the implementation of an internal control procedures.

2.4. The main purpose of internal control is to ensure the protection of the rights and legitimate interests of all shareholders, including minority ones.

2.5. Internal control is designed to provide online:

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

2.5.2. compliance with the current legislation and internal documents of the Company; 2.5.3. implementation of the Company's development strategy for the medium and long term, the Company's business plans;

2.5.4. completeness and accuracy of accounting documents, financial statements and management information of the Company;

2.5.5. identification, identification and analysis of risks at the moment of their occurrence in the activities of the Company;

2.5.6. planning and risk management in the Company's operations, including making timely and adequate risk management decisions;

2.5.7. establishing and maintaining a good reputation of the Company in business communities and with consumers;

2.5.8. the adequacy, transparency and objectivity of the payment of remuneration and compensation, including their size, to the general director, supervisory board and audit committee.

### **Section III. Principles of functioning of the internal control system**

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

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

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

3.1.3. segregation of duties - the Company seeks to prevent 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 operations with certain assets, taking into account operations, ensuring the safety of assets and conducting their inventory;

3.1.4. proper approval and approval of operations - the Company seeks to establish a procedure for approving all financial operations by authorized persons within their respective powers;

3.1.5. ensuring organizational separation of the Company's day-to-day internal control department and its functional accountability directly to the supervisory board through the audit committee;

3.1.6. Responsibility of all subjects of internal control working in the Company for the proper performance of control functions;

3.1.7. internal control based on a clear interaction of all departments of the Company;

3.1.8. 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 the need to solve new tasks, expand and improve the system itself;

3.1.9. timeliness of communication of deviations - the Company has set the shortest possible time for the transfer of relevant information to persons authorized to make decisions on the elimination of deviations;

3.1.10. the prioritization of areas of the Company's activities in which control is established is highlighted the strategic areas covered by the internal control system, even if the effectiveness of their functioning (the "cost-economic effect" ratio) is difficult to measure.

### **Section IV. Components of the internal control system**

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

4.1.1. control environment, which includes the ethical values and competence of the Company's employees, management policies, the way the leadership distributes authority and responsibility, the structure of the organization and staff development, as well as leadership and management by the supervisory board;

4.1.2. risk assessment - representing the identification and analysis of relevant risks in the achievement of certain tasks that are interconnected at various levels and internally consistent;

4.1.3. control activities that summarize policies and procedures that help ensure that management decisions are implemented, and include a wide variety of actions, such as issuing approvals, sanctions, confirmations, conducting inspections, monitoring current activities, ensuring asset security and separation of powers;

4.1.4. information support and information exchange activities aimed at the timely and effective identification of data, their registration and exchange, including, inter alia, the creation of effective channels of information exchange in order to form an understanding of the Company's internal control policies and procedures among all internal control subjects and ensure their execution. The company takes measures to protect against unauthorized access to information;

4.1.5. monitoring is a process that includes management and oversight functions during which the quality of the system's performance over time is evaluated. The assessment of the internal control system is carried out to determine the likelihood of errors that affect the reliability of the financial statements, clarify the materiality of these errors and determine the ability of the internal control system to ensure the implementation of its objectives. To assess the effectiveness of the internal control system in the Company by decision of the general meeting of shareholders on the basis of the proposal of the supervisory board, an independent professional organization-consultant may be involved.

## **Section V. Bodies and Persons Responsible for Internal Control**

5.1. Internal control is carried out by the audit committee, the audit committee under the supervisory board, the supervisory board, the general director, the internal audit service, the corporate consultant, the internal control service, as well as other employees of the Company at all levels, while control.

5.2. Functions, rights and obligations, responsibility, the procedure for calculating compensation and paid remuneration to operating divisions in the Company are provided for by the Company's internal documents.

5.3. In order to ensure the systemic nature of control over the financial and economic activities of the Company, the internal control procedures are carried out by the authorized division of the Company - the internal audit service, in cooperation with other bodies and divisions of the Company.

5.4. The functions of the supervisory board include:

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

5.4.2. Annual report at the annual general meeting of shareholders of the Company on the results of the effectiveness of the internal control system;

5.4.3. determining the structure and composition of the Company's division responsible for internal control;

5.4.4. continuous improvement of internal control procedures.

5.5. Responsibility for organizing control over the accuracy and completeness of financial reporting, reliability and efficiency of the Company's internal control system rests with the Audit Committee of the Supervisory Board, the role, goals, objectives and powers of which should be reflected in the regulations of the Audit Committee of the Company.

5.6. Responsibility for its operation, in accordance with the Company's internal control policy approved by the supervisory board, rests with the General Director of the Company. The General Director of the Company implements the procedures of the internal control system and ensures its effective functioning, promptly informing the supervisory board of all the risks of the Company, significant shortcomings of the internal control system, as well as survey results and the results of measures to eliminate them.

5.7. Employees (including managers) of units at any level within their competence are directly involved in the detailed development of strategies and procedures for the implementation of control. Their responsibility is to cope with non-standard situations and problems as they arise. Significant issues or risks arising from a particular transaction are reported to the supervisors of the Company.

5.8. Responsibility for exercising control over the financial and economic activities of the Company and its separate subdivisions lies with the permanent internal control body - the audit committee, the role, goals, tasks and powers of which should be reflected in the regulation on the audit committee.

5.9. Responsibility for exercising regular control over the implementation of internal control procedures, namely the compliance of financial operations performed by the Company (its structural subdivisions) with the legislation of the Republic of Uzbekistan and the Company's Charter, as well as

over the completeness and accuracy of accounting and financial reporting lies with the internal audit service, the tasks and powers of which should be reflected in the regulations on the internal audit service.

5.10. The provision on the internal audit service is approved by the supervisory board of the Company.

5.11. The Company's internal audit service reports to the audit committee of the audit committee on the results of the internal audit and internal control system. The Company's Internal Audit Service reports to the audit committee of the supervisory board.

5.12. The following persons are not entitled to hold positions in the Company's internal audit service:

5.12.1. Persons who have outstanding convictions for economic crimes or crimes against order;

5.12.2. General Director of the Company;

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

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

5.14. Responsibility for monitoring compliance with corporate law rests with the corporate consultant, the role, goals, objectives and powers of which should be reflected in the position of the corporate consultant.

5.15. The proper functioning of the internal control system also depends on the professionalism of the staff. The company makes efforts to ensure that the system of selection, recruitment, training, training and promotion of employees in the service ensures their high qualification and compliance with high ethical standards.

## **Section VI. Internal control procedures and methods**

6.1. The Company's internal control procedures include:

6.1.1. definition of interrelated and consistent goals and objectives at various levels of the Company's management;

6.1.2. identifying and analyzing potential and existing operational, financial, strategic and other risks that may hinder the achievement of the objectives of the Company;

6.1.3. evaluation of essential components of internal control;

6.1.4. assessment of the effectiveness of the internal control system of business processes;

6.1.5. determining criteria and evaluating the performance of structural units, officials and other employees of the Company;

6.1.6. consideration of financial and other information in comparison with comparable information for previous periods or with expected results of activity;

6.1.7. the use of adequate methods for recording events, transactions and transactions;

6.1.8. checking the safety of assets;

6.1.9. proper documentation of internal control procedures;

6.1.10. regular assessments of the quality of the internal control system;

6.1.11. communicating to all employees of the Company their responsibilities in the field of internal control;

6.1.12. distribution of key responsibilities among the Company's employees (including responsibilities for approval and approval of operations, accounting of operations, issuing, storing and receiving resources, analysis and verification of operations);

6.1.13. approval and implementation of operations only by those persons who have the appropriate authority;

6.1.14. other procedures necessary to achieve the objectives of internal control.

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

## **Section VII. Final provisions**

7.1. This Regulation shall enter into force on the date of its approval by the general meeting of shareholders.

7.2. The term of this Regulation is not limited.

7.3. Additions and changes to this Regulation are made at the suggestion of members of the supervisory board and the audit committee, the external auditor, the internal audit service, the corporate consultant and the General Director of the Company.

7.4. These Regulations, as well as amendments and additions made to it are approved by the decision of the general meeting of shareholders.

7.5. 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.