

“APPROVED”

Appendix No. 4
to the decision of the sole shareholder
of the Joint Stock Company
“Entrepreneurship Development
Company”
dated July 31, 2024

“AGREED”

Appendix No. 5
to the minutes of the meeting
of the Supervisory Board
of the Joint Stock Company
“Entrepreneurship Development Company”
dated April 29, 2024
No. 6/24

REGULATION
on Internal Control of the Joint Stock Company
“Entrepreneurship Development Company”

“SUBMITTED”

by the Executive Body
of the Joint Stock Company
“Entrepreneurship Development
Company”

Tashkent – 2024

CONTENTS

- I. General Provisions
- II. Description and Objectives of the Internal Control System
- III. Basic Rules of the Internal Control System
- IV. Components of the Internal Control System
- V. Responsible Bodies and Persons for Internal Control
- VI. Activities and Methods of Internal Control
- VII. Final Provisions

Note:

This document is an unofficial translation of the original document in the Uzbek language and is provided for reference purposes only. In the event of any discrepancies, the original version of the document in the Uzbek language shall prevail.

I. General Provisions

1. This Regulation on Internal Control of the Joint Stock Company “Entrepreneurship Development Company” (hereinafter referred to as the “Company”) has been developed in accordance with the current legislation of the Republic of Uzbekistan, the Company’s Charter, the Corporate Governance Code approved by the protocol of the meeting of the Commission for Improving the Efficiency of Joint Stock Companies and Enhancing the Corporate Governance System, as well as the internal documents of the Company.

2. This Regulation defines the objectives and tasks of the internal control system, the principles of its operation, as well as the bodies and officials of the Company responsible for internal control.

3. Terms Used in this Regulation:

a) **Internal control** is a continuous process carried out by the Company (its management bodies, divisions, and employees) aimed at risk management, control, and improving the efficiency of corporate governance processes in order to achieve the following objectives;

b) internal control is a continuous process conducted by the Company (including its management bodies, departments, and employees) aimed at managing risks, exercising control, and enhancing the efficiency of corporate governance processes to achieve the following objectives;

c) ensuring the accuracy, completeness, objectivity, and timeliness of the preparation and submission of financial, accounting, statistical, and other reports, as well as information security;

d) compliance with the Company's regulatory legal acts, its founding documents, and internal regulations;

e) prevention of the Company and its employees from engaging in illegal activities, including money laundering, terrorist financing, as well as timely provision of information to authorized bodies in accordance with legal requirements.;

f) **The internal control system** is a combination of organizational structure, control measures, procedures, and internal control methods that ensure the achievement of objectives and compliance with the implementation process based on the legislation of the Republic of Uzbekistan, the Company’s Charter, and its internal documents

g) **The system of internal control** bodies is a combination of management bodies, divisions, and responsible employees performing their functions within the framework of the internal control system.

4. The requirements of this Regulation are mandatory and serve as a guideline for each employee of the Company in accordance with their functions in the field of internal control.

II. Description and Objectives of the Internal Control System

5. Internal control is a continuous process integrated into the Company's activities, aimed at risk management, control, and enhancing the efficiency of corporate governance processes, with the purpose of achieving the Company's objectives and ensuring that its activities comply with the following principles:

effectiveness and efficiency of operations, including the level of performance, profitability, and asset protection;

accuracy and absolute reliability of financial reporting;

compliance of the Company's activities with applicable laws and regulatory legal acts.

6. The internal control system is a set of organizational structure, control measures, activities, and internal control methods, strictly defined by internal documents and implemented by internal control entities, including the Supervisory Board, the Executive Body, the Internal Audit Service, the Compliance Control and Security Department, as well as employees at all levels and in all functions of the Company.

7. Qualification requirements for members of the Company's internal control bodies may be established in the regulations governing their activities.

8. Internal control activities are a set of actions carried out by the Company's Supervisory Board, the Executive Body, as well as the Company's divisions authorized to perform internal control (hereinafter referred to as the “Company's divisions”), aimed at identifying violations of the requirements of legislation and the Company's internal documents during financial and economic activities, assessing the effectiveness of achieving the objectives set by the Company, as well as evaluating the interaction of internal control entities in the process of implementing internal control activities.

9. The primary objective of internal control is to ensure the rights and lawful interests of the shareholders.

10. Internal control in operational mode is intended to ensure the following:

Safeguarding the Company's assets, as well as the economical and efficient use of its resources;

Compliance with the requirements of applicable legislation and the Company's internal documents;

Implementation of the Company's development strategy, as well as the execution of the Company's medium- and long-term business plans;

Completeness and absolute reliability of the Company's accounting documents, financial reporting, and management information;

Identification, detection, and analysis of risks arising in the Company's activities;

Planning and risk management in the Company's activities, including making

modern and adequate decisions regarding risk management;

Formation and sustainable maintenance of the Company’s positive business reputation among business circles and consumers;

Payment of salaries and remuneration to the Executive Body and the Supervisory Board, including compliance, transparency, and objectivity of their amounts.

III. Basic Rules and Procedures for the Functioning of the Internal Control System

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

Continuity of operations – the continuous and proper functioning of the internal control system enables the Company to promptly identify any deviations from standards and prevent their occurrence in the future;

Accountability of all participants in the internal control system – the quality of performing control functions by each person is monitored by another participant within the internal control system;

Segregation of duties – the Company strives to ensure that control functions are not duplicated and are distributed among employees in such a way that the same person does not simultaneously perform functions related to approving transactions involving certain assets, their accounting, safeguarding the assets, and conducting their inventory;

Proper coordination and approval of transactions — aimed at establishing the procedure for the approval of all financial and economic transactions by authorized persons of the Company within their respective authorities;

Ensuring organizational interconnection of the divisions performing the Company’s daily internal control, as well as their functional accountability directly to the Company’s management and the Supervisory Board;

Responsibility of all internal control entities operating within the Company for the proper performance of their control functions;

Internal control is carried out based on clear interaction among all divisions of the Company;

Continuous development and improvement — the Company strives to create conditions for adaptive adjustment of the internal control system to address new challenges, as well as to expand and enhance the system itself;

Timely reporting of deviations — the Company has established the shortest possible timeframes for conveying relevant messages to persons authorized to make decisions on eliminating deviations;

Determining the priority areas for establishing control over the Company’s activities — this involves identifying the strategic directions covered by the internal control system.

IV. Components of the Internal Control System

12. The internal control system includes the following interconnected components:

The control environment includes the moral and ethical values and professional competence of the Company’s employees, management policies, the allocation of authority and responsibility by management, the organizational structure, employee training and development, as well as guidance and oversight provided by the Supervisory Board;

Risk assessment includes the identification and analysis of interrelated risks at different levels arising from the execution of specific internal tasks.;

Control activities are a set of various measures aimed at ensuring proper implementation of the Company’s management decisions, including the development and approval of policies and procedures, imposition of penalties, issuance of permits, conducting inspections, ongoing monitoring of activities, safeguarding assets, and delegation of authority;

Information support and communication include the timely and effective identification of data, their registration, and submission for processing, as well as the organization of efficient channels of information exchange among all internal control entities to foster understanding of the Company’s adopted policies and internal control activities and to ensure their implementation. The Company takes measures to protect information from unauthorized use;

Monitoring is a process that includes management and control functions, during which the quality of the system’s functioning is assessed over time. The evaluation of the internal control system is conducted to identify the likelihood of errors affecting the accuracy of financial reporting, determine their significance, and establish the system’s ability to fulfill the internal control tasks assigned to it. To assess the effectiveness of the internal control system, the Company may engage an independent professional organization — a consultant appointed by the General

Meeting of Shareholders upon the recommendation of the Supervisory Board.

V. Responsible Bodies and Persons for Internal Control

13. Internal control is carried out by the Company's Supervisory Board, the head and members of the Executive Body, the Internal Audit Service, the Compliance Control and Security Department, as well as all employees of the Company at all levels within the authorities established by applicable legislation and the Company's internal local documents.

14. The Company's internal documents stipulate the functions, rights, and responsibilities of the divisions operating within the Company, their accountability, as well as the procedures for calculating remuneration and salaries. These documents, along with others directly or indirectly related to internal control matters, must not contradict this Regulation.

15. To ensure a systematic nature of control over the Company's financial and economic activities, the head of the Executive Body, the Internal Audit Service, department heads, and all employees performing internal control functions within the Company carry out internal control activities.

The functions of the Supervisory Board include the following:

Defining development directions and approving specific operations and strategies of the internal control system;

At the annual general meeting of the Company's shareholders, a report is presented on the results of the annual analysis and evaluation of the reliability and effectiveness of the internal control system, based on information received from the Company's Executive Body, internal and external audits, other sources, as well as individual observations across all areas of internal control, including financial control, operational control, compliance control, and control over internal policies and activities;

Determining the structure and composition of the Company's divisions, as well as appointing the person responsible for internal control;

Continuous improvement of internal control activities.

16. The Supervisory Board of the Company addresses the following matters in the course of internal control:

- a) establishing and ensuring the effective functioning of the internal control system;
 - b) discussing the effectiveness of internal control at meetings and jointly with the Executive Body reviewing issues related to improving internal control and its efficiency;
 - c) making decisions related to the organization of the internal control system based on documents prepared by the Executive Body, the Internal Audit Service, as well as organizations that have conducted assessments of the corporate governance system within the Company;
 - d) analysis of the implementation of the audit plan of the Company's Internal Audit Service, including reports on compliance with the procedures for maintaining accounting (financial) and internal records and reporting, control over adherence to
- Unofficial translation.

applicable laws and internal documents, monitoring the effectiveness of financial operations and other transactions, as well as the integrity of assets;

e) quarterly review of reports from the Company's Internal Audit Service.;

f) monitoring and analyzing the effectiveness of the Company's Internal Audit Service;

g) timely implementation of measures to eliminate deficiencies in the internal control system, violations of applicable laws and internal documents, as well as deficiencies identified by external auditors;

h) Taking measures to ensure the prompt implementation by the Company's Internal Audit Service and the auditing organization conducting the audit of recommendations and instructions from the Executive Body;

i) timely verification of the compliance of the nature, scope, and risk level of conducted operations with the requirements of internal control;

j) based on the reports from the Company's Internal Audit Service, the Executive Body conducts an assessment of compliance with the policies approved by the Supervisory Board.

17. The competence of the Company's Executive Body within the framework of internal control includes the following matters:

a) Responsibility for implementing the decisions of the General Meeting of Shareholders and the Supervisory Board, as well as for executing the Company's strategy and policy in the area of internal control;

b) Review of internal documents that define the procedure for conducting internal control of the Company's activities, as well as the compliance of these documents with the nature and scope of the performed operations;

c) Consideration of materials and results of periodic evaluations of the effectiveness of internal control;

d) Establishing a system for information transmission and exchange that ensures timely delivery of necessary data to users;

e) Establishing a system for identifying deficiencies and violations of legislation in internal control and taking measures to address them;

f) Timely identification and management of the Company's risks.

18. Responsibility for carrying out activities in accordance with the Company's internal control policy, approved by the Supervisory Board, rests with the head of the Executive Body.

19. The head of the Company's Executive Body implements the internal control system's activities and ensures its effective functioning, timely informs the Supervisory Board about all the Company's risks, significant deficiencies in the internal control system, as well as plans and results of measures taken to address them.

20. Employees of departments at any level (including managers) directly participate in the development of detailed strategies and activities for implementing control within their authorities. Employees report to the Company's Executive Body

about risks related to significant issues or specific transactions.

21. Responsibility for conducting regular control over the Company's financial and economic activities and its individual divisions, in particular for ensuring that financial and economic transactions comply with the legislation of the Republic of Uzbekistan, as well as the Company's Charter and those of its divisions, and for the completeness and absolute accuracy of accounting and financial reporting, rests with the Compliance Control and Security Department.

22. The Company's Internal Audit Service and the Compliance Control and Security Department report to the Supervisory Board on matters related to internal audit and the results of the internal control system.

23. The proper functioning of the internal control system also depends on the qualifications of employees. The Company takes measures to ensure a high level of staff qualification through a system of selection, recruitment, training, development, and career advancement of employees, as well as monitors compliance with ethical standards by all personnel.

VI. Internal Control Activities and Methods

24. The Company's internal control activities include the following:

Identification of interrelated and conflicting goals and objectives at various levels of the Company's management;

Identification and analysis of latent and existing operational, financial, strategic, and other risks that may hinder the achievement of the Company's objectives;

Evaluation of the key components of the internal control system;

Assessment of the effectiveness of the internal control system in business processes;

Determination and evaluation of performance criteria for the Company's structural divisions, executives, and other employees;

Review of financial and other information by comparing it with data from previous periods or with expected performance results;

Application of appropriate accounting methods for events, transactions, and operations;

Verification of proper asset preservation;

Proper documentation of internal control activities;

Regular assessment of the quality of the internal control system;

Informing all employees of the Company about their responsibilities in the field of internal control;

Segregation of key responsibilities among employees (including authorization and approval of transactions, record keeping, allocation, storage and receipt of resources, as well as analysis and verification of operations);

Authorization and execution of transactions only by authorized personnel;

Other necessary measures to achieve the objectives of internal control.

25. During the implementation of internal control activities, methods such as inspection, observation, confirmation, recounting, as well as other necessary methods ensuring the execution of internal control measures, are applied.

VII. Final Provisions

26. This Regulation, as well as any amendments and additions thereto, shall be approved by the General Meeting of Shareholders.

27. Amendments and additions to this Regulation shall be made based on proposals from the Company's Supervisory Board, the Company's Internal Audit Service staff, and the Company's Executive Body.

28. In the event that changes are made to the legislation or regulatory acts of the Republic of Uzbekistan, resulting in certain provisions of this Regulation conflicting with them, such provisions shall become null and void. Until the corresponding amendments are made to this Regulation, the legislation and regulatory acts of the Republic of Uzbekistan shall apply. At the same time, the invalidity of any part of this Regulation shall not entail the invalidity of the entire Regulation as a whole.