

**«Approved»**

**by decision of the sole shareholder of  
JSC DEKKHANABAD POTASH PLANT,**

**dated «14» December 2022y.**

**REGULATION  
REGARDING THE INTERNAL CONTROL  
JSC «DEKKHANABAD POTASH PLANT»**

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## **I. GENERAL RULES**

1. This Regulation on Internal Control of "Dekhkanabad Potash Plant" JSC (hereinafter referred to as "the Company") is in accordance with the current laws of the Republic of Uzbekistan, the Company's Charter, the Code of Corporate Governance approved by the minutes of the meeting of the Commission on improving the efficiency of joint-stock companies and improving the corporate management system. and developed in accordance with the Rules and internal documents of the Company.

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

## **II. DESCRIPTION AND OBJECTIVES OF INTERNAL CONTROL SYSTEM**

3. Internal control - based on the achievement of the Company's goals and sufficient, and in order to confirm the compliance of the Company's activities with the following principles, it consists of a continuous process attached to the Company's activities and aimed at improving the effectiveness of risk management, control and corporate management processes:

- operational efficiency and productivity, including operational efficiency levels, profitability and asset protection;
- reliability and unquestionable correctness of financial statements;
- Compliance with the laws and legal norms regulating the activities of the Company.

4. Internal control system - the internal documents established and implemented by the Public Audit, Internal Audit Service, Supervisory Board, Executive Body and other employees of all levels and functions (in the text below - "subjects of internal control") consists of the organizational structure of control, a set of control measures, activities and methods. The qualifications of the members of the internal control bodies of the Company can be defined in the Regulations on their activity.

5. Internal control measures are carried out by the Auditor of the Company, the Supervisory Board of the Company, the Executive body of the Company, as well as the divisions of the Company authorized to carry out internal control (hereinafter referred to as "Divisions of the Company") and in the implementation of financial and economic activities in accordance with laws and internal regulations of the Company. consists of a set of measures aimed at identifying violations of document requirements, evaluating the efficiency of achieving the goals set by the Company, as well as the mutual cooperation of internal control subjects during the implementation of internal control measures.

6. The main purpose of internal control is to ensure the rights and legal interests of all shareholders, including minority shareholders.

7. Internal control is designed to ensure the following in operational mode:

- Good maintenance of Company's assets, economical and efficient use of resources;

- compliance with the requirements of applicable laws and internal documents of the Company;

- Implementation of the development strategy of the Company, business plans of the Company in the medium and long term;

- Completeness and unquestionable correctness of the company's accounting documents, financial reports and management information;

- Determination, identification and analysis of risks in the activity of Company;

- Planning and managing risks in the company's activities, including making modern and appropriate decisions on risk management;

- establishing and maintaining a positive reputation of the Company in practical circles and among consumers;

- Payment of salaries and contributions to the Executive Body, the Supervisory Board and the Auditor, including the appropriateness, transparency and objectivity of their amounts.

### **III. BASIC PROCEDURE - RULES OF INTERNAL CONTROL SYSTEM ACTIVITY**

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

- continuous operation - continuous and appropriate operation 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 monitored by another participant of the internal control system;

- division of tasks - the Company strives to prevent duplication of control functions and to distribute these functions among employees in a way that cannot be performed by one person alone;

- appropriate approval and approval of transactions – the Company is competent

seeks to determine the procedure for approval of all financial transactions by individuals within their respective powers;

To ensure the inter-organizational dependence of the units that carry out daily internal control of the Company and its functional accountability directly to the head of the Company and the Supervisory Board;

Responsibility of all internal control subjects working in the company for proper performance of control functions;

Implementation of internal control based on clear cooperation of all units of Company;

continuous development and improvement - the Company strives to provide conditions for the internal control system to be flexibly adjusted, taking into account the need to solve new tasks, to expand and improve the system itself;

Timely transmission of messages about deviations (deviations) - maximum short periods of notification to the persons authorized to make decisions on elimination of deviations (deviations) in the Company are defined;

Determining the priority of the areas of the company's activities under control - the strategic directions covered by the internal control system are highlighted.

#### **IV. COMPONENTS OF THE INTERNAL CONTROL SYSTEM**

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

The control environment, which includes the ethical values and knowledge of the company's employees, the management policy, the method of distribution of powers and responsibilities by the management, the organizational structure and the improvement of employee qualifications, as well as the leadership and management by the Supervisory Board;

risk assessment - includes the identification and analysis of risks related to the performance of certain tasks that are interrelated and internally consistent at different levels;

Oversight activities that summarize policies and activities that ensure the appropriate implementation of the decisions of the management of the community and include a number of different actions such as approvals, fines, certifications, inspections, current activity control, assurance of asset security and distribution of powers;

information provision and information exchange, which includes the establishment of effective channels of information exchange in order to effectively identify information in a timely manner, register it and exchange it, including the formation of the understanding of internal control policies and measures adopted by the Company in all internal control subjects and their implementation activity on.

The public takes measures to protect against unauthorized use of information;

monitoring is a process that includes management and control functions, during which the quality of the system's performance is evaluated over time.

Assessment of the internal control system is carried out to determine the probability of occurrence of errors affecting the unquestionable accuracy of financial statements, to determine the severity of these errors, and to determine the ability of the internal control system to ensure the fulfillment of the specified tasks. In order to assess the effectiveness of the internal control system, an independent professional organization - consultant may be involved in the Company based on the proposal of the Supervisory Board by the decision of the General Meeting of Shareholders.

## **V. BODIES AND PERSONS RESPONSIBLE FOR INTERNAL CONTROL**

10. Internal control is carried out by the Auditor, the Supervisory Board of the Company, the head and members of the Executive Body, the Internal Audit Service, as well as the employees of all levels of the Company within their powers established by the applicable laws and internal local documents of the Company.

11. The duties, rights and obligations, responsibilities, contributions and wages of the units operating in the company are stipulated by the internal documents of the company. These documents, like other documents, are directly or indirectly related to internal control issues and cannot conflict with this Regulation.

12. In order to ensure the systematic nature of control of financial and economic activities of the Company, the Auditor, Internal Audit Service, the sole head of the Executive Body, members, legal-accounting service, heads of departments and all employees of the Company who perform the functional tasks of internal control shall carry out internal control activities.

13. The function of the Supervisory Board includes:

- determining directions for the development and approval of certain operations and strategies of the internal control system;

- At the annual general meeting of the Company's shareholders, the Company's executive body, internal and external audits, regular reports of the Auditor, other sources and personal observations on all areas of internal control, including financial control, operational control, control over compliance with laws, internal policies and activities control report on the results of the annual analysis and evaluation of the reliability and efficiency of the internal control system based on information;

- Determining the structure and composition of the company's divisions, the person responsible for internal control;

- continuous improvement of internal control measures.

14. The Supervisory Board is responsible for establishing control over the undoubted correctness and completeness of financial reports, the reliability and effectiveness of the Company's internal control system.

15. Responsibility for operating in accordance with the Company's policy in the field of internal control approved by the Supervisory Board is assigned to the

head of the Executive body. The head of the Executive body of the Company implements the measures of the internal control system and ensures its effective operation, informs the Supervisory Board in a timely manner about all risks of the Company, serious shortcomings of the internal control system, as well as the plans and results of measures to eliminate them.

16. Employees of departments at any level (including managers) are directly involved in the development of detailed strategies and activities for the implementation of control within the scope of their authority. Employees will report to the top management of the Company about serious issues or risks arising from a specific transaction.

17. Responsibility for control over the financial and economic activities of the company and its separate divisions is assigned to the permanent internal control body - the Auditor, whose role, goals, tasks and powers are reflected in the Regulations on the Auditor.

18. The internal audit service is responsible for the implementation of internal control measures, namely, the compliance of the Company's financial and economic operations with the laws of the Republic of Uzbekistan and the Charter of the Company and its separate divisions, as well as the completeness and unquestionable reliability of accounting and financial reports. is charged, its role, goals, tasks and powers are reflected in the Regulation on the Internal Audit Service. The Regulation on the internal audit service is approved by the Supervisory Board of the Company.

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

20. The following persons do not have the right to hold positions in the Internal Audit Service of the Company:

persons with unpaid convictions for crimes in the economic sphere or crimes against order;

A person who is considered a leader of the Company or a member of the executive body.

Other requirements may be established by the Supervisory Board for persons who are part of the Internal Audit Service.

21. The proper functioning of the internal control system also depends on the qualifications of the employees. The Company takes measures to ensure that the system of personnel selection, recruitment, education, training and promotion of service careers of employees ensures their high qualification and compliance with all ethical standards by them.

## VI. INTERNAL CONTROL MEASURES AND METHODS

22. The company's internal control measures include:

- Identifying interrelated and conflicting goals and objectives at different levels of community management;
- Identification and analysis of hidden and existing operational, financial, strategic and other risks that may prevent the company from achieving its activity goals;
- assessment of critical components of internal control;
- assessment of the effectiveness of the internal control system of business processes;
- Determination and assessment of criteria of work efficiency of structural units of the Company, officials and other employees;
- reviewing financial and other information by comparing it with comparable information or expected operating results for the prior period;
- event - using appropriate methods of accounting for events, operations and transactions;
- checking that assets are well maintained;
- appropriate documentation of internal control measures;
- regular assessment of the quality of the internal control system;
- Informing all employees of the company about their obligations in the field of internal control;
- Allocation of important tasks among community employees (including approving and approving operations, accounting for operations, issuing, storing and receiving resources, analyzing and verifying operations);
- confirmation and implementation of operations only by persons with relevant powers;
- other activities necessary to achieve internal control objectives.

23. When carrying out internal control measures, methods of verification, monitoring, confirmation, recalculation, as well as other methods necessary for the implementation of internal control measures are used.

## VII. FINAL RULES

24. This Charter, as well as amendments and additions to it, shall be approved by the General Meeting of Shareholders.

25. Amendments and additions to this Regulation shall be made on the proposals of the Company's Supervisory Board, the Company's external audit, the Company's Auditor, members of the Company's internal audit service, and the heads of the Company's executive body.

26. If, as a result of amendments to the laws and normative (normative) documents of the Republic of Uzbekistan, some articles of this Regulation conflict with them, these articles will lose their force and the laws and normative (normative) documents of the Republic of Uzbekistan will be followed until the



changes are introduced by the Company. In this case, the invalidity of any part of this Regulation does not lead to the invalidity of the entire Regulation.

**This Regulation is translated from Uzbek into English. If there are differences between the English and Uzbek versions, the Uzbek version shall prevail.**