

INSTRUCTION
on the verification of counterparties in the Ministry
of Mining Industry and Geology

I. General Provisions

1. This Instruction defines the key requirements, procedures, and methods for the mandatory verification of participants in procurement procedures, including cases of direct contract conclusion, conducted by the Ministry of Mining Industry and Geology (hereinafter referred to as the Ministry).

2. The objectives of verifying procurement procedure participants are as follows:
to reduce corruption risks related to conflicts of interest and the personal interest of Ministry employees;

to mitigate the risk of entering into contracts with unreliable contractors;

to assess the participant's ability to supply goods, provide services, or perform the work stipulated in the contract;

to ensure due diligence in making decisions regarding contracts with counterparties.

3. Verification of participants in procurement procedures is conducted for all procurement participants, including the possibility of identifying links between them.

4. The Ministry verifies all new counterparties, except in cases specified in Clauses 7 and 8 of this Instruction, as well as all existing counterparties at least once a year.

5. Except in cases specified in Clauses 7 and 8 of this Instruction, no contract may be signed, nor any payments made, without obtaining a conclusion based on the counterparty's verification results.

6. Counterparty verification is not conducted for procurements carried out through electronic stores and auctions aimed at reducing the initial price.

7. Verification may also not be conducted for the following counterparties:

those entering into contractual relations with the central apparatus of the Ministry or subordinate organizations;

those supplying utility and similar services (including electricity, gas, heating, engineering communications, water supply, sewerage, wastewater treatment, solid waste disposal, etc.), as well as goods whose prices are regulated by the state (work, services);

natural monopolies in the Republic of Uzbekistan.

8. The following key terms are used in this Instruction:

Contractor — an individual or legal entity performing work or providing services under a contract or supplying goods;

Counterparty — any legal or natural person planning to enter into contractual relations with the Ministry within the framework of procurement procedures;

Beneficial owner of the counterparty (ultimate beneficiary) — a natural person who is the private owner of the counterparty or has the right or ability to directly or indirectly control its actions, issue binding instructions to the counterparty, or influence its decisions;

Corrupt actions — personal or third-party interest of an employee in actions or inaction in favor of a bribe-giver; receipt, demand, solicitation, offer, or provision of material benefits (including money, securities, other property, and property rights, services of a material nature); mediation in bribery; receipt of a bribe for easing formalities, and other illegal use of official powers for personal gain;

Conflict of interest — a situation where the personal interest of a Ministry employee (direct or indirect) affects or may affect their performance of official duties and at the same time contradicts the interests of the Ministry;

Confidential information — information of any kind, the receipt, processing, transmission, or use of which is restricted by the legislation of the Republic of Uzbekistan or the internal documents of the information owner;

Initiator — a structural subdivision of the Ministry;

Personal interest of an employee — personal gain (financial, social, political, and other commercial or non-commercial interest) of a Ministry employee, their close relatives, or associated persons, obtained in the form of money, tangible and intangible assets, other property, profits, benefits, and privileges capable of influencing the proper performance of official duties;

Close relatives — individuals who are relatives or relatives through marriage, namely parents, full and half-siblings, spouses, children (including adopted), grandparents, grandchildren, as well as parents and siblings of spouses.

II. Procedure for Initiating Verification, Documents, and Information Sources Required for Verification

9. Verification of participants in the procurement process is carried out after the procurement commission opens the envelopes with participants' proposals but before a decision is made to accept the winning proposal following the procurement procedure.

10. The chairperson of the procurement commission or the initiator of the contract (in the case of direct contract procurement) is responsible for compliance with the deadlines established by legislation and internal documents of the Ministry during the procurement process. The executor is appointed by the chairperson of the procurement commission.

11. Counterparty verification is conducted by the executor within no more than five days from the date of receiving the documents specified in Clause 16 of this Instruction from the initiator.

12. If verification cannot be completed within the established time frame, its duration may be extended in writing for no more than three business days with the approval of the chairperson of the procurement commission.

13. If urgent counterparty verification is required, the initiator sends an official letter to the procurement commission indicating the urgency and the required verification time frame. The decision to conduct urgent verification is made by the procurement commission.

14. The chairperson of the procurement commission or the initiator (in the case of direct contract procurement) is responsible for collecting and submitting documents for counterparty verification.

15. The following documents must be provided to the executor for counterparty verification:

a certificate of ultimate beneficiaries completed by the counterparty according to the form in Appendix 1 of this Instruction;

copies of documents obtained from the counterparty (Appendix 2 of this Instruction);

copies of the counterparty's internal anti-corruption documents (policies, regulations, codes of conduct, anti-corruption programs, etc.), if available.

16. Submission of the documents specified in Clause 16 of this Instruction is mandatory under the legislation of the Republic of Uzbekistan, except for the counterparty's internal anti-corruption documents and the certificate of ultimate beneficiaries. If the counterparty refuses to provide its internal anti-corruption documents and the certificate of ultimate beneficiaries, the initiator must inform the executor conducting the counterparty verification, which will proceed based on the submitted documents.

17. All documents received from the counterparty must be notarized or properly certified by an authorized representative of the counterparty. The documents submitted must be valid, and documents from state registries must be issued no more than 30 (thirty) days before the verification date.

18. The executor collects data for counterparty verification to form a comprehensive and objective view of the counterparty, its owners, and managers, and to assess the reliability of the submitted documents and information, including the absence of signs of forgery.

As part of the verification, the executor analyzes:

information and documents provided by the counterparty. If it is impossible to obtain the documents specified in Appendix 2 of this Instruction, or if there are indications that the provided documents or information are unreliable, the executor must make a corresponding note in the verification report;

information from open sources. The executor may use the information sources listed in Appendix 3. This list is advisory, and other sources may be used if necessary;

documents obtained through official requests to the relevant organizations;

internal resources of the Ministry, including the counterparty verification register, the employee conflict of interest register, and others.

19. The sources used for counterparty verification must comply with the requirements of legality and objectivity.

20. If necessary, the executor may conduct an on-site counterparty verification with the approval of their department head. During such verification, a meeting protocol with the organization's head (or authorized representative) is prepared, listing certified copies of documents received from the counterparty and verified by the executor against the originals. A separate list of document copies and comments provided by the counterparty's authorized representative is prepared, signed by both the authorized representative of the counterparty under verification and the executor, and attached to the meeting protocol.

III. Methodology for Counterparty Verification

21. Counterparty verification is conducted in the following main areas:

22. Verification of legal capacity, financial stability, reliability, and history of relations with the counterparty, including:

a) availability of the necessary technical, financial, material, human, and other resources to fulfill the contract;

b) legal authority to enter into the contract;

c) absence of overdue tax and fee liabilities;

d) absence of bankruptcy proceedings against the counterparty;

e) absence from the Unified Register of Unreliable Contractors.

2. Reputation of the counterparty in the area related to the subject of the contract.

3. Conflict of interest verification.

Verification in these areas is mandatory. The Ministry may expand the list of areas, taking into account the requirements of specific cases, as agreed by the procurement commission, provided that such verification does not contradict legislation governing public procurement and does not limit competition principles.

23. The executor analyzes available information sources and documents the presence or absence of information for each area specified in Clauses 25–27 in the counterparty verification report.

24. For existing counterparties already in contractual relations with the Ministry before this Instruction came into effect, the executor examines the duration of prior contractual relations, experience of cooperation with the counterparty, and their integrity in fulfilling obligations under previously concluded contracts with the Ministry.

For new counterparties, the executor analyzes information regarding their performance in similar contracts, reviews recommendations from other customers (clients), and, if possible, assesses the counterparty's integrity in meeting their contractual obligations to other clients.

25. In verifying legal capacity, financial stability, reliability, and history of relations with the counterparty, the executor identifies the following information:

presence of the counterparty in the Unified Register of Business Entities;

legal and physical addresses of the counterparty;

full name of the counterparty's director and founders;

correspondence of the counterparty's primary type of activity to the subject of the procurement;

absence of liquidation, reorganization, or bankruptcy proceedings against the counterparty;

availability of necessary licenses (permits) for activities requiring licensing in accordance with the legislation of the Republic of Uzbekistan;

possession of essential assets, equity capital, employees, and other necessary resources by the counterparty to fulfill obligations to the Ministry, confirmed by open sources, provided documents, and accounting records;

proper authorization for the person entering into contractual relations with the Ministry on behalf of the counterparty;

absence of the counterparty in the Unified Register of Unreliable Contractors on a special information portal;

absence of information regarding late or improper fulfillment of contractual obligations by the counterparty to the Ministry in the last two years;

absence of overdue tax and fee liabilities by the counterparty.

25. In verifying the counterparty's business reputation, the executor identifies:

absence of information in open sources regarding fraud, forgery, corruption, or other unlawful actions related to the counterparty, its owners, including beneficiaries, or managers;

absence of compromising data or materials from law enforcement or other government agencies regarding the counterparty's director;

absence of connections between the counterparty, its owners, or managers (members of management bodies) with criminal organizations, extremist, or terrorist groups;

adherence by the counterparty to ethical business conduct norms and anti-corruption procedures;

absence of criminal cases related to the counterparty's financial and economic activities against its owners or managers (members of management bodies);

absence of other negative information about the counterparty, its owners, or other managers.

26. In accordance with Article 14 of the Law of the Republic of Uzbekistan "On Public Procurement," officials of the State Customer, the operator of the electronic public procurement system, specialized organizations, expert organizations, members of procurement commissions, and experts are prohibited from directly or indirectly receiving personal benefits from a transaction resulting from procurement procedures in which they participate.

In this regard, the executor verifies whether the information provided in the counterparty's Beneficiary Statement (completed in accordance with Appendix 1 of this Instruction) matches the data in the Unified State Register of Business Entities. The verification also extends to the counterparty's directors and founders. The executor checks for conflicts of interest based on the following criteria:

None of the sole owners or shareholders of the counterparty, including the beneficial owner, are directors or close relatives of another participant in the procurement process;

The initiator or other Ministry employees involved in selecting the counterparty, or their close relatives, do not own shares or stakes in the counterparty that are not publicly traded, or more than 5% of securities traded on the Republican Stock Exchange or other stock exchanges;

The initiator or other Ministry employees involved in selecting the counterparty, or their close relatives, are not members of the counterparty's board of directors and do not have a personal interest in the counterparty's activities (including making investments);

The initiator or other Ministry employees involved in selecting the counterparty, or their close relatives, do not hold managerial or decision-making positions in the counterparty;

Absence of affiliations between members of the procurement commission and the counterparty;

Other circumstances contributing to a conflict of interest.

The executor verifies conflicts of interest by comparing the information provided by counterparties with the data declared by Ministry employees as part of the conflict of interest declaration and recorded in the relevant register.

IV. Documentation and Recording of Verification Results

27. Based on the verification, the executor prepares a conclusion (checklist) in the form specified in Appendix 4 of this Instruction. The conclusion includes the analysis conducted and other supporting documents.

28. If indications of a real or potential conflict of interest are identified, the executor submits a proposal to the Chairperson of the Procurement Commission or the initiator regarding the necessary measures to resolve the conflict. If the conflict of interest involves Ministry employees, it is reported to the Internal Control Department for Anti-Corruption (hereinafter referred to as the Internal Control Department). The results of the conflict of interest analysis and measures taken are also reflected in the counterparty verification conclusion (checklist).

29. If risk indicators are identified, the executor provides recommendations in the counterparty verification conclusion for mitigating such risks (e.g., prohibiting advance payments under the contract and other measures).

30. The executor submits the counterparty verification conclusion to the Chairperson of the Procurement Commission or the initiator. The Chairperson or initiator takes the conclusion into account when deciding on the procurement participant, with the decision documented in the commission's protocol or upon signing a direct contract with the counterparty.

31. If a real conflict of interest exists between the counterparty and a Ministry employee, it must be resolved in accordance with the Ministry's internal conflict of interest management documents before continuing the procurement process. If the conflict cannot be resolved, the counterparty must be excluded from the procurement process.

32. If counterparty verification under direct procurement reveals corruption risks or the absence of an anti-corruption system, the decision on whether to proceed with the contract lies with the Minister or the relevant Deputy Minister.

33. The counterparty verification conclusion must be included in the documentation package required for making decisions on procurement results, contract approval, and payments.

34. No later than three business days after completing the conclusion (checklist), the Internal Control Department enters the relevant information into the Counterparty Verification Register in the form specified in Appendix 5 of this Instruction.

35. The Counterparty Verification Register, verification results, verification requests, conclusions, documents submitted by counterparties, and information obtained by the executor are stored in the Internal Control Department for at least three (3) years from the date of termination of contractual relations with the counterparty.

36. The Counterparty Verification Register, results, requests, conclusions, and associated documents are confidential and are not disclosed to Ministry employees whose job duties and authority do not require such data, nor to third parties.

V. Final Provisions

37. The counterparty verification process is under constant monitoring by the Internal Control Department.

38. This Instruction is subject to review and amendment in case of changes in the legislation of the Republic of Uzbekistan or the need to improve the counterparty verification process.

39. Employees found guilty of violating the provisions of this Instruction may be subject to disciplinary and other liabilities as provided by the legislation of the Republic of Uzbekistan and the Ministry's internal regulatory documents.