



Approved at the general meeting
Shareholders of JSC
«Xazorasp paxta tozalash»
from "27" June 2017

POSITION
on the Supervisory Board of joint stock company «Xazorasp paxta tozalash»

2017 year

TABLE OF CONTENTS

- I. GENERAL PROVISIONS**
- II. COMPETENCE OF THE SUPERVISORY BOARD**
- III. ELECTION, APPOINTMENT, MEMBERS OF THE SUPERVISORY BOARD**
- IV. CHAIRMAN OF THE SUPERVISORY BOARD**
- V. MEETING OF THE SUPERVISORY BOARD OF THE COMPANY, THE ORDER OF ITS ACTIVITIES AND FUNCTIONS OF THE CHAIRMAN OF THE SUPERVISORY BOARD RELATED TO THE ORGANIZATION AND HOLDING MEETINGS**
- VI. RIGHTS AND OBLIGATIONS OF THE MEMBERS OF THE SUPERVISORY BOARD OF THE COMPANY**
- VII. RIGHTS AND OBLIGATIONS OF THE MEMBERS OF THE SUPERVISORY BOARD OF THE COMPANY**
- VIII. RESPONSIBILITY OF MEMBERS SUPERVISORY BOARD**

I. GENERAL PROVISIONS

1. This Regulation contains rules governing the organization and activities of the Supervisory Board of joint stock company «Xazorasp paxta tozalash» (hereinafter - the Supervisory Board), election of its members, as well as their rights and obligations.

Regulations on the Supervisory Board of joint stock company «Xazorasp paxta tozalash» (hereinafter - the Company) approved by the General Meeting of Shareholders.

2. The Supervisory Board is responsible for general management of the company, except for the issues referred by the law and the Charter to the exclusive competence of the general meeting of shareholders.

If in a society the number of shareholders - owners of voting shares less than thirty, the Charter of the Supervisory Board functions can be attributed to the General Meeting of Shareholders. In this case, the company's charter must contain an indication of a certain person or organ of society, whose powers include the decision on the holding of the General Meeting of Shareholders.

3. The number of members of the Supervisory Board consists of seven members. The composition of the supervisory board include at least one independent member (but not less than 15% of the amount stipulated in its charter members of the Supervisory Board).

II. COMPETENCE OF THE SUPERVISORY BOARD

4. The competence of the Supervisory Board include:
identification of priority activities of the Company;

the convening of annual and extraordinary general meetings of shareholders, except for cases stipulated by the Law of the Republic of Uzbekistan "On joint-stock companies and protection of shareholders' rights";

preparation of the agenda of the General Meeting of Shareholders;
determination of the date of the General Meeting of Shareholders;

determining the formation of the Company's shareholders' register on the date of notification of the General Meeting of Shareholders;

Adding to the General Meeting of Shareholders issues a decision on amendments to the Company's Charter or approval of a new edition, and the decision to conduct an audit of the auditor and the maximum amount of payment for its services;

increase in the authorized fund of the Company by increasing the size of the nominal value of shares or by placing additional shares within the number and type of shares if in accordance with the Articles of Association or the General Meeting of shareholders is the right granted to him;

making decisions about placement of securities, unless otherwise provided in the articles of association of the Company;

organization to establish the market value of the property;

decide on acquisition of the Company shares, bonds and other securities in cases stipulated by law, if in accordance with the Articles of Association or the General Meeting of shareholders is the right granted to him;

election of the head of the executive body on the basis of competitive selection, which may be involved foreign managers and education (election, appointment, hiring, etc.) of the executive body of the Company and early termination of his powers;

approval of short-term (annual) and medium term (for the period up to 5 years) business plans on the basis of long-term strategy, approved by the general meeting of shareholders, if such powers are transferred to the Supervisory Board by the charter;

appointment of the head of the Office of Corporate Relations with shareholders, which will undertake the functions of corporate adviser of the Company;

approval of short-term (annual) and medium term (for the period up to 5 years), based on long-term strategy of business plans approved by the General Meeting of Shareholders, unless the charter of the Company's approval of the annual business plan of the Company is not within the competence of the Supervisory Board or entrusted to it by the General Meeting of Shareholders.

This Company's business plan for the following year must be approved at a meeting of the Supervisory Board no later than 1 December of the current year;

the creation of the Internal Audit Service and the appointment of its employees, as well as attestation of its employees;

fixing the amounts to be paid to the executive body of remuneration and compensation, if the articles of association of the Company is related to its competence;

giving recommendations on the size paid to the members of the Audit Commission (Auditor) of the Company of remunerations and compensations;

the decision to hold an audit of the auditor and the maximum amount of payment for its services, the articles of association of the Company is not within the competence of the general meeting of shareholders;

giving recommendations on amount of dividend on shares and its payment procedure; use of the reserve and other funds;

Approval of documents determining the order of the activities of the Company's management bodies;

Establishment of branches and representative offices;

the creation of subsidiaries and affiliated companies of the Company;

conclusion of large transactions related to acquisition and disposal of property in cases stipulated by the Law of the Republic of Uzbekistan "On joint-stock companies and protection of shareholders' rights";

transactions in which fulfillment there is an interest, in the cases provided by the Law of the Republic of Uzbekistan "On joint-stock companies and protection of shareholders' rights";

transactions related to the Company's participation in other business entities;

unhindered access to any documents relating to the activities of the executive body, and receiving them from the executive body for the performance of duties assigned to the Supervisory Board. These documents can be used by the Supervisory Board and its members exclusively for official purposes;

quarterly hearing of the head of the executive body reports on the implementation of the annual business plan and the early termination of the contract with the sole executive body, the head of the collective executive body of the Company, the management company or a manager on the assumption of gross violations or failure of implementation of the approved parameters of the Company's annual business plan;

termination of the contract with the sole executive body, the head of the collegial executive body (management board, directorate), management organization or manager in violation of terms of the contract, if in accordance with the articles of association granted him such a right;

other issues related to the competence of the Supervisory Board of the law and the Articles of Association.

Matters referred to the competence of the Supervisory Board of the Company, may not be transferred to the executive body of the Company.

5. The competence of the Supervisory implementation and compliance with the Corporate Governance Code, the Board:

approval of the "Regulations on information policy of JSC« Xazorasp paxta tozalash »and enforcement controls, monitoring, and employees of the Company;

The manner, conditions of providing (receiving) and decision of the charity (sponsor-skoy) or grant aid only within the limits set by the General Meeting of Shareholders and the law, with the disclosure of information about it to all shareholders

host the resolution of the General Meeting of Shareholders an annual analysis of compliance of

business processes and projects of the Company's development objectives with the assistance of independent professional organizations - consultants;

the main purpose of the establishment of the organization of the internal control system to protect the rights and legitimate interests of all shareholders, including minority shareholders; submission to the General Meeting of Shareholders to determine the transactions related to the current business activities of the Company, for self-fulfillment of the executive body of related party transactions and major transactions;

hearing regular reports of the executive body of the work and achievement of performance of enterprises belonging to the Company, approved their business plans; involvement of independent experts to provide practical assistance to the Counting Commission or the exercise of its functions (for example, investment consultant and other professional participants of the securities market);

the appointment of an employee or department responsible for the relationship with shareholders and investors;

ensuring the participation of members of the executive body, the Supervisory Board and the Audit Commission, as well as a representative of the auditing company at the annual general meeting of shareholders;

organization development strategy and objectives for the long term, including:

- Determination as the strategic goals of the Company to maintain financial stability, increased productivity, competitiveness, growth rates of production, export and energy efficiency, the implementation of modernization, technical and technological renovation of production, leading to an increase in value of the shares;

- Long-term strategy for development of the Company for a period of 5 years, on the basis of industry-specific, analysis of the competitive environment, providing export orientation and the implementation of approved state programs for the development of relevant industries, areas and regions;

- The use of successfully tested in international practice management techniques, including SWOT, GAP analysis and other approaches, special software, etc .;

- Short-term (annual) and medium term (for the period up to 5 years) business plans on the basis of long-term strategy, approved by the General Meeting of Shareholders;

- The introduction of the necessary quantitative and qualitative criteria, enables you to monitor the achievement of the goals set out in each of the received in the Company's development plans; coordination of the activities of the executive body of the internal control of the Company, collegial bodies created by the Company, and, if necessary, involve experts for the organization of the development the Company's development plans and monitor the achievement of objectives outlined in them;

Organization of implementation mechanisms for effective interaction with the executive body of the shareholders and investors of the Company's governing bodies: enable communication between shareholders, members of management and control bodies of the Company on the basis of mutual trust, respect, accountability and control;

implementation of the requirements on the performance of the Company's officials of their duties in a professional manner, a reasonable performance of all the obligations deriving from the legislation, the Charter and decisions of the management bodies;

the establishment of committees (working groups) of the Supervisory Board on relevant issues, including the identification and resolution of conflicts among the members of the Supervisory Board, the executive body of the Company personnel and outside experts;

implementation of the requirements of an independent decision of the executive bodies of the issues referred to their competence, for the unconditional implementation of the tasks set by the supervisory board, the general meeting of shareholders, Articles of Association and the Company's development plans;

organization of regular assessments of compliance with the current organizational structure of the Company with legal requirements;

the annual competitive selection for leadership positions in the Company, with the participation of candidates from among foreign managers;
regulatory approval of competitive selection for leadership positions with the description of the procedures of the competition announcement, objective selection criteria, recruitment of its follow-up of new, modern-minded, highly qualified executives, corresponding to modern requirements, as well as foreign managers;
coordination of work to ensure the transition to the publication of the annual financial statements in accordance with International Financial Reporting Standards (hereinafter - IFRS);
the formation of a working group from among the members of the audit committee, internal audit, the Supervisory Board, responsible officers of the Company and outside experts (if necessary) on the transition of the Company to publish financial statements in accordance with IFRS;
involvement of the audit or consulting organization to provide professional services for the transition of the Company to the publication of information on the basis of IFRS and international auditing standards;
development in conjunction with the audit organization and approval at the meeting of the Supervisory Board step algorithm (action plan) the Company's transition to the publication of information on the basis of IFRS and international auditing standards;
carrying out at least once a year of monitoring the implementation of the recommendations of the Corporate Governance Code for the assessment of corporate governance in the Company with the assistance of an independent organization;
monitoring the implementation of the recommendations of the Corporate Governance Code of the Company;
other issues for implementation and compliance with the Corporate Governance Code in the framework of their powers.

III. ELECTION, APPOINTMENT, MEMBERS OF THE SUPERVISORY BOARD

6. Election of members of the Supervisory Board of the Company made by the General Meeting of Shareholders in the manner provided by law and the articles of association of the Company for a period of one year.

Persons elected to the membership of the Supervisory Board of the Company may be reelected indefinitely.

7. The State Attorney, as well as the representative of the State on a post are members of the Supervisory Board of the Company, are not subject to the election (re-election) the general meeting of shareholders.

8. The members of the executive body may not be elected to the Supervisory Board. It is not allowed to combine the activities of members of the Supervisory Board of the Company with their work under a labor agreement (contract) in the Company.

The Supervisory Board in the manner prescribed by law, may be elected as persons who are not shareholders of the Company.

Qualification requirements for candidates for members of the Supervisory Board, including the existence of a qualification certificate of corporate control in the society with the state share in the authorized capital, issued by the Scientific and Educational Center of corporate governance (except as required by law) shall be established by the general meeting of shareholders.

9. Requirements for candidates for election to the Supervisory Board of the Company may be established by statute or by the General Meeting of Shareholders.

The independent members of the Supervisory Board of the Company may be a person who:
(I) did not work in the Company, its subsidiaries or affiliated companies for the last 5 years;

- (II) are not a shareholder of the Company, its subsidiaries or affiliates;
- (III) is not associated with a major customer or supplier with a corresponding contract worth more than 5000 times the minimum wage established by law, the Company, its subsidiaries or affiliates;
- (IV) do not have service contracts with the Company, its subsidiaries or affiliates;
- (V) are not a member of the person's family, which is or has been within the last 5 years of senior executives of the Company, its subsidiaries or affiliates;
- (VI) is not a controlling person of the Company (or a member of a group of persons and / or entities that collectively exercise control over the Company);
- (VII) is not associated with the Company by civil law contracts and are not an employee of a major shareholder of the Company or the parent branch offices (the company).
10. A shareholder is entitled to cast their vote on the companies' shares for one candidate or distribute them among several candidates to the members of the Supervisory Board of the Company.
11. The candidates who obtain the highest number of votes of the Supervisory Board.
12. Election of members of the Supervisory Board of the Company by cumulative voting.
13. If the number of votes held by each shareholder, multiplied by the number of persons to be elected to the Supervisory Board of the Company, and the shareholder is entitled to cast the votes for one candidate or distribute them among two or more candidates.
14. The reason for the early termination of powers of the Supervisory Board members are:
the General Meeting of Shareholders;
missed more than five Supervisory Board meetings (interviews) in a row without a valid reason;
appointment, the work which does not allow to combine the functions of a member of the Supervisory Board of the Company;
other cases stipulated by law.
- Early termination of powers of the Supervisory Board appointed representative of the State carried out on the proposal Goskomkonkurentsii decision of the Commission in monitoring the effective use of the state stake in the joint-stock companies and associations.

IV. CHAIRMAN OF THE SUPERVISORY BOARD

15. The Chairman of the Supervisory Board of the Company elected by the members of the Supervisory Board from its membership by a majority vote of the elected (appointed) members of the Supervisory Board, unless otherwise provided in the articles of association of the Company.
16. The Supervisory Board of the Company shall be entitled to re-elect its Chairman by a majority vote of the members of the Supervisory Board, unless otherwise provided in the articles of association of the Company.
17. The Chairman of the Supervisory Board of the Company shall organize its work, opens and presides over the General Meeting of Shareholders, unless otherwise stipulated by the company charter.
Chairman of the Supervisory Board of the Company determines the order and cases of the meetings of the Supervisory Board by ballot, as well as video-conferencing mode.
18. In the absence of the Chairman of the Supervisory Board of its functions are performed by one of the members of the Supervisory Board, and in the absence of the person at the General

Meeting of Shareholders General Meeting of the favorites.

19. The Chairman of the Supervisory Board shall sign, on behalf of the Company's contracts with the sole executive body (director), the head and members of the collegial executive body (management board, directorate), management company or manager.

V. MEETING OF THE SUPERVISORY BOARD OF THE COMPANY, THE ORDER OF ITS ACTIVITIES AND FUNCTIONS OF THE CHAIRMAN OF THE SUPERVISORY BOARD RELATED TO THE ORGANIZATION AND HOLDING MEETINGS

20. The Chairman of the Supervisory Board of the Company shall convene a meeting of the Supervisory Board and presides over them, establishes the rules of the meeting, organizes the meetings of the logging.

21. Meeting of the Supervisory Board of the Company shall be convened by the Chairman of the Supervisory Board on his own initiative or at the request of a member of the Supervisory Board, the Audit Commission, the Company's executive body, as well as other persons specified by the company charter.

Shareholder (s) owning in the aggregate at least one percent of the voting shares of the Company shall be entitled to demand the convening of the meeting of the Supervisory Board of the Company.

Charter defines the procedure of convening and holding the meeting of the Supervisory Board, which, as a rule, meet at least once a quarter.

22. The quorum for a meeting of the Supervisory Board is determined by the articles of association of the Company, but shall not be less than 75 per cent of the elected (appointed) members of the Supervisory Board.

23. In the case where the number of members of the Supervisory Board becomes less than 75 per cent of the amount provided for by the charter, the Company is obliged to convene an extraordinary (Extraordinary) General Meeting of Shareholders to elect new members of the Supervisory Board. The remaining members of the Supervisory Board shall be entitled to make a decision only on convocation of such extraordinary (Extraordinary) General Meeting of Shareholders.

24. Resolutions of the Supervisory Board are adopted by majority vote of those present, unless the law "On joint-stock companies and protection of shareholders' rights" and the charter of the Company does not provide otherwise. When making decisions on issues at the meeting of the Supervisory Board of the Company, each member of the Supervisory Board shall have one vote. If the articles of association of the Company provides the chairman of the Supervisory Board of the Company Supervisory Board in making decisions in the case of equality of votes of the members of the Supervisory Board shall have a casting vote.

Decisions taken by the Supervisory Board without the participation of a representative shall not be executed.

25. Transfer of vote by one member of the Supervisory Board of the Company to another member of the Supervisory Board is not allowed.

26. At the meeting of the Supervisory Board of the minutes. Minutes of the meeting of the Supervisory Board shall be completed not later than 10 days after the meeting.

27. The minutes of the meeting shall include:

place and time of the meeting;
persons present at the meeting;
agenda for the meeting;
issues put to vote, voting results;
decisions.

28. Minutes of the meeting of the Supervisory Board of the Company by participating in a meeting of the members of the Supervisory Board of the Company, who are responsible for the correctness of the protocol.

VI. RIGHTS AND OBLIGATIONS OF THE MEMBERS OF THE SUPERVISORY BOARD OF THE COMPANY

29. A member of the Supervisory Board of the Company has the right to:
personally take part in the meeting of the Supervisory Board, to speak on the issue discussed at the meeting within the allotted time regulations;
by the decision of the Supervisory Board to receive information on the activities of the Company for a period of time about the plans for its development;
receive remuneration and (or) reimbursement of expenses for the work in the Supervisory Board.

The distribution of functions between the members of the Supervisory Board of the Company Chairman of the Supervisory Board carried out specifically for each member of the Supervisory Board. The amount of remuneration for each member of the Supervisory Board of the Company shall be determined by the General Meeting of Shareholders, depending on the performance.

30. A member of the Supervisory Board, having an interest in the transaction, is obliged to notify their interest to the Supervisory Board until the conclusion of the transaction, and the decision on the deal is accepted by the Supervisory Board or, in the cases provided by law, the General Shareholders Meeting by a majority of votes, respectively, of the Supervisory Board or shareholders having no such interest.

31. The members of the Supervisory Board are not allowed to directly or indirectly receive remuneration for influencing the adoption of certain decisions by the Supervisory Board.

32. The members of the Supervisory Board may not use the Company's ability (property or property rights, the possibility of economic activity, information about the activities and plans of the Company) for the purpose of personal enrichment.

33. The members of the Supervisory Board are obliged to carry out their duties in good faith and in a manner which they consider the best interests of the Company.

VII. Procedure of calculation and payment of remuneration and compensation to members of Supervisory Board

34. The right to receive remuneration and compensation to members of the Supervisory Board of the Company elected at the Annual (Extraordinary) General Meeting of Shareholders in the manner prescribed by law.

35. The amount of remuneration and compensations to members of the Supervisory Board of the Company amounts to 20 times the minimum wage established in the Republic of Uzbekistan in a month. The amount of remuneration and compensation paid to members of the Supervisory Board on a monthly basis during the month following the reporting one.

36. Calculation and payment of members of the Supervisory Board remuneration and compensation is carried out monthly accounting of the Company based on the resolution of the executive body head to the note of the Secretary of the General Meeting of Shareholders on the composition of the elected members of the Supervisory Board, represented by the Secretary of the General Meeting of the Company to the head of the Executive Body not later than 5 days from the date of signing of the minutes of the general meeting of shareholders with copies of passports, VAT number and INPS members of the Supervisory Board.
37. In the calculation of remuneration and compensations to the Company's accounting produces income tax withholding and deductions in accordance with applicable law. Do not receive remuneration and compensation shall be deposited in the prescribed manner.
38. The costs associated with the payment of remuneration and compensation of expenses related to the Company's period, as the accounting of the Company held the appropriate wiring.
39. Payment of remuneration and compensation to members of the Supervisory Board of the Company shall be made in the following cases:
- Cessation of activities in the Supervisory Board;
- In the case of not taking the participation of members of the Supervisory Board without a valid reason at the meetings of the Supervisory Board and the performance of their duties (by decision of the General Meeting of Shareholders).
40. In addition to the remuneration and compensation paid to the members of the Supervisory Board in the amount set by the present Regulations, by a decision of the general meeting of shareholders may be paid remuneration at the expense of the net profit received in excess of the size of the business plan and taking into account the results of an independent evaluation of the corporate governance system and the financial results of the Company's activities.

VIII. RESPONSIBILITY OF MEMBERS SUPERVISORY BOARD

41. The members of the Supervisory Board of the Company shall be liable to a joint stock company in accordance with the law and the charter of the company. At the same time exempt from liability the members of the Supervisory Board of the Company, did not participate in the vote or voted against the decision that caused losses to the company.
42. The Company or shareholder (s) holding in aggregate at least one percent of the outstanding ordinary shares of the Company shall have the right to go to court with a claim against a member of the Supervisory Board for damages caused to the Company.