

*Translated from Russian into English*

APPROVED  
By Annual General Meeting of Shareholders  
Of JSC “KARBONAT”  
Minutes No.2 on June 22, 2016

**REGULATION  
ABOUT  
SUPERVISORY BOARD  
OF JOINT STOCK COMPANY  
“KARBONAT”  
(new edition)**

Djizakh region - 2016

Regulation about Supervisory Board of JSC “KARBONAT” (new edition) - 2016

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## **1. General Provisions**

1.1. These Regulations of the Joint Stock Company "KARBONAT" (hereinafter referred to as the "Company" determine the competence, the procedure for the activities of the Supervisory Board, the procedure for electing members of the Supervisory Board, their rights and obligations, responsibility.

1.2. These Regulations have been developed in accordance with the Law of the Republic of Uzbekistan dated May 6, 2014 No. 3PY-370 "On Joint Stock Companies and Protection of Shareholders' Rights" (hereinafter referred to as the Law) and the Company.

1.3. Supervisory Board operates in accordance with the legislation, Articles of the Company and these Regulations.

## **2. Competence of the Supervisory Board of the Company**

2.1. The Supervisory Board of the Company carries out general management of the activities of the Company, with the exception of resolving issues referred by the Law and Articles to the competence of the General Meeting of Shareholders.

2.2. The competence of the Supervisory Board of the Company includes:

- determination of the priority directions of the Company's activities with regular hearing of the report of the Management Board of the Company on the measures taken to achieve the development strategy of the Company;

- increasing the authorized fund of the Company by placing additional shares; determination of the price of placement (placing on the exchange and organized over-the-counter securities market) of shares when deciding on the placement of shares; approval of the decision on the issue of shares; approval of the prospectus;

- introduction of amendments and additions to Articles of the Company related to an increase in the Authorized fund of the Company and a decrease in the number of authorized shares of the Company;

- adoption and approval of a decision on the issue of corporate bonds, including those convertible into shares;

- making a decision on the issue of derivative securities;

- approval of the decision on the issue of corporate bonds, including those convertible into shares;

- making changes and (or) additions to a previously registered issue (to the decision on the issue and (or) their prospectus), as well as making a decision to suspend the placement and circulation of securities in the case provided for by law;

- acquisition of shares placed by the Company for the purpose of their subsequent resale in accordance with the established procedure;

- making a decision on the redemption of corporate bonds of the Company;

- convocation of annual and extraordinary General Meetings of Shareholders, except for the cases provided for by part eleven of Article 65 of the Law;

- preparation of the agenda for the General Meeting of Shareholders;

determination of the date, time and place of the General Meeting of Shareholders;  
determination of the date of formation of the register of shareholders of the Company for notification of the General Meeting of Shareholders;

Submitting for resolution by the General Meeting of Shareholders issues on amendments and additions to the Company's Articles or approval of the Company's Articles in a new edition, except for issues on amendments and additions to the Company's Articles related to an increase in the Company's Authorized fund and a decrease in the number of authorized shares of the Company; organization of establishing the market value of property;

appointment of the Chairman and election of the rest of the members of the Management Board of the Company, early termination of their powers;

establishment of remuneration and (or) compensations paid to the Chairman and other members of the Management Board of the Company, as well as their maximum size;

making a decision on the possibility of extending the term, renegotiating or terminating (terminating) the agreement with the members of the Management Board;

approval of the annual business plan of the Company;

the creation of the Internal Audit Service and the appointment of its employees, the certification of employees, as well as the quarterly hearing of its reports;

access to any documents related to the activities of the executive body of the Company, and receiving them from the executive body for the performance of the duties assigned to the Supervisory Board of the Company. The received documents can be used by the Supervisory Board of the Society and its members exclusively for official purposes;

making a decision to conduct an audit, to determine the audit organization and the maximum amount of payment for its services;

providing recommendations on the amount of remuneration and compensation paid to members of the Company's Audit Commission;

giving recommendations on the size of the dividend, the form and procedure for its payment; use of the Reserve and other funds of the Company; creation of branches and opening of representative offices of the Company; creation of subsidiary and dependent business companies; approval of regulations on information policy;

approval of the rules of competitive selection for managerial positions with a description of the procedures for announcing the competition, objective selection criteria, recruiting, based on its results, new, modern-minded, highly qualified managers who meet modern requirements, as well as foreign managers;

determination of the procedure, conditions for providing (receiving) and making decisions on charitable (sponsorship) or gratuitous assistance only within the limits established by the General Meeting of Shareholders and legislation, with the subsequent placement of this procedure on the corporate website of the joint stock company;

making a decision on the conclusion of transactions in the cases provided for by chapters 8 and 9 of the Law;

conclusion of transactions related to the participation of the Company in commercial and non-commercial organizations, in the manner prescribed by law;

2.3. The competence of the Supervisory Board of the Company may also include decisions on other issues in accordance with the Law and Articles.

2.4. Issues referred to the competence of the Supervisory Board of the Company cannot be transferred to the decision of the Management Board of the Company.

### **3. Election of members of the Supervisory Board of the Society**

3.1. The Supervisory Board is elected annually and consists of five members.

3.2. Members of the Supervisory Board of the Company are elected by the General Meeting of Shareholders in the manner prescribed by the Law and Articles for a period of one year.

3.3. The Supervisory Board includes at least one independent member (but not less than 15 percent of the number of members of the Supervisory Board stipulated by Articles). In this case, the nomination of an independent member is carried out by shareholders by their agreement. If an independent member is not nominated, the Company publishes information on the reasons for not observing the relevant recommendation of the Code.

3.4. Independent members of the Supervisory Board may be persons who:

- have not worked in the Company, at its subsidiaries or affiliated enterprises within the last 5 years;

- are not a shareholder of the Company, its subsidiaries or affiliated enterprises;

- are not associated with a large client or supplier who has a corresponding agreement for an amount exceeding 5 thousand times the minimum wage established by law, with the Company, its subsidiaries or affiliated enterprises;

- do not have service contracts with the Company, its subsidiaries or affiliated enterprises;

- are not a family member of a person who is or has been

- within the last 5 years as a manager of the Company, its subsidiaries or affiliated enterprises;

- are not a controlling person of the Company (or a member of a group of persons and / or organizations that collectively exercise control over the Company);

- are not connected with the Company by civil law contracts and are not an employee of a major shareholder of the Company or a higher industry department (company).

3.5. Persons elected to the Supervisory Board of the Company may be re-elected indefinitely.

3.6. Members of the Management Board of the Company cannot be elected to the Supervisory Board of the Company.

3.7. The members of the Supervisory Board of the Company may not be persons working under an employment agreement (contract) in the same Company.

3.8. Requirements for persons elected to the Supervisory Board of the Company may be established by Articles of the Company or by a decision approved by the General Meeting of Shareholders.

3.9. Election of members of the Supervisory Board of the Company is carried out by cumulative voting.

3.10. In case of cumulative voting, the number of votes belonging to each shareholder is multiplied by the number of persons to be elected to the Supervisory Board of the Company, and the shareholder has the right to give the votes thus obtained in full for one candidate or distribute them between two or more candidates.

3.11. Candidates with the largest number of votes are considered elected to the Supervisory Board of the Company.

3.12. Early termination of the powers of an elected member of the Supervisory Board is carried out by decision of the General Meeting of Shareholders if a member of the Supervisory Board violates his duties, there is a corresponding statement from a member of the Supervisory Board and other grounds.

#### **4. Chairman of the Supervisory Board of the Company**

4.1. The Chairman of the Supervisory Board of the Company is elected by members of the Supervisory Board from among its members by a majority vote of the total number of members of the Supervisory Board.

4.2. The Supervisory Board of the Company has the right to re-elect its Chairman by a majority vote of the total number of members of the Supervisory Board.

4.3. The Chairman of the Supervisory Board of the Company organizes its work, convenes and presides over meetings of the Supervisory Board, organizes the keeping of minutes at meetings, presides over the General Meeting of Shareholders.

4.4. In the absence of the Chairman of the Supervisory Board of the Company, his functions are performed by one of the members of the Supervisory Board.

4.5. The Chairman of the Supervisory Board signs contracts with the Chairman of the Management Board and members of the Management Board, if the decision of the Supervisory Board is not authorized to sign contracts for another person.

#### **5. Meetings of the Supervisory Board of the Company**

5.1. A meeting of the Supervisory Board of the Company is convened by the Chairman of the Supervisory Board on his own initiative, at the request of a member of the Supervisory Board, the Audit Commission, the Management Board of the Company, as well as at the request of a shareholder (shareholders) who owns at least one percent of the voting shares of the Company.

5.2. The first meeting of the Supervisory Board, elected for a new one-year term, is convened by one of the members of the Supervisory Board of the Company by notification of convening a meeting of all other members of the Supervisory Board. At this meeting

Supervisory Board must consider the issue of electing the Chairman of the Supervisory Board of the Company.

5.3. The Chairman of the Supervisory Board shall convene a meeting of the Supervisory Board of the Company at least once a quarter by notifying the other members of the Supervisory Board. If necessary, a meeting of the Supervisory Board of the company can be held more than once a quarter.

5.4. At the quarterly meeting, it is mandatory to consider:

the report of the Management Board on the progress of the implementation of the annual business plan of the Company, on the measures taken to achieve the development strategy of the Company, on the work done and the achievement of performance indicators of the enterprises that are part of the Company, approved by their business plans, as well as other internal documents of the Company;

the report of the Internal Audit Service;

conclusion of the Audit Commission on the existence of transactions with affiliated persons or major transactions in the Company, as well as compliance with the requirements of the legislation and internal documents of the company for the conclusion of such transactions.

5.5. In case of receipt of a written request to convene a meeting of the Supervisory Board from the person specified in clause 3.1., The Chairman of the Supervisory Board is obliged to consider the received request. The request to hold a meeting of the Supervisory Board of the Company must formulate the issues to be included in the agenda of the meeting, indicating the reasons for their inclusion, and there must also be an email address of the person requesting the convening of the meeting. Within ten days from the date of the request, the Chairman of the Supervisory Board is obliged to make a decision to convene or refuse to convene it. If a decision is made to convene, a meeting of the Supervisory Board to consider the issue (s) contained in the request must be held no later than thirty days from the moment the Chairman of the Supervisory Board receives the relevant request. The decision of the Chairman of the Supervisory Board of the Company to convene a meeting or a reasoned decision to refuse to convene it is sent by e-mail to the person requesting the convocation of such a meeting no later than three working days from the date of such a decision.

5.6. The Chairman of the Supervisory Board of the Company organizes its work, convenes and presides over meetings of the Supervisory Board, organizes the keeping of minutes at meetings, presides over the General Meeting of Shareholders.

In the absence of the Chairman of the Supervisory Board of the Company, his functions are performed by one of the members of the Supervisory Board.

5.7. A quorum is determined for holding a meeting of the Company's Supervisory Board. The quorum must be at least seventy-five percent of the number of elected members of the Supervisory Board of the Company. In the event that the number of members of the Supervisory Board becomes less than seventy-five percent of the number provided for by this clause of these Regulations, the Company is obliged to convene an extraordinary General Meeting of Shareholders to elect a new composition of the Supervisory Board of the Company. The remaining members of the Supervisory Board have the right to make a decision on convening such an extraordinary General Meeting of Shareholders, as well as in the event of an early termination of the powers of the Chairman of the Management Board, appoint a person temporarily fulfilling his powers.

5.8. If there is a quorum, the meeting of the Supervisory Board of the Company is legally competent. The Chairman of the Supervisory Board, and in his absence, one of the members of the Supervisory Board, opens the meeting of the Supervisory Board, announces the agenda of the meeting and presides over the meeting. On the agenda item of the meeting, the Chairman of the Supervisory Board, a member of the Supervisory Board or an invited person with a report on the item on the agenda shall be heard. Following the results of the speech, the agenda item is discussed. Vote on the item put to the vote. The Chairman of the Supervisory Board, and in his absence, one of the members of the Supervisory Board, sums up the voting results and announces the adopted decision. The specified person, following the consideration of issues on the agenda, declares the meeting closed.

5.9. Decisions at a meeting of the Supervisory Board of the Company are made by a majority vote of those present, unless otherwise provided by the Law determining the procedure for convening and holding a meeting of the Supervisory Board. When deciding issues at a meeting of the Supervisory Board of the Company, each member of the Supervisory Board has one vote. Transfer of vote by one member of the Supervisory Board of the Company to another member of the Supervisory Board is not allowed. In case of equality of votes of the members of the Supervisory Board, the Chairman of the Supervisory Board of the Company has a casting vote.

5.10. The decisions of the Supervisory Board of the Company may be adopted by absentee voting (by poll) by all members of the Supervisory Board unanimously.

5.11. Minutes are kept at the meeting of the Supervisory Board. The minutes of the meeting of the Supervisory Board shall be drawn up no later than ten days after its holding. The minutes of the meeting indicate:

- date, time and place of its holding;
- persons attending the meeting;
- the agenda of the meeting;
- items put to vote, voting results on them;
- decisions taken.

5.12. The minutes of the meeting of the Supervisory Board of the Company shall be signed by the members of the Supervisory Board of the Company participating in the meeting, who are responsible for the correct execution of the minutes. Extracts from the minutes are signed by the Chairman of the Supervisory Board, who is responsible for its accuracy.

5.13. The minutes of the meeting of the Supervisory Board of the Company shall be submitted for execution to the Management Board of the Company on the day of its signing. In case of adoption by the Supervisory Board of a decision to convene the General Meeting of Shareholders, information on this decision is transmitted to the Management Board of the Company on the day of the meeting of the Supervisory Board.

## **6. Rights and obligations of members of the Supervisory Board of the Company**

6.1. A member of the Supervisory Board has a right to:

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take part in the meeting of the Supervisory Board, speak on the issue discussed at the meeting within the time allotted by the regulations;

receive all complete and reliable production and financial information on the current state of affairs, on the main results of the production, economic and commercial activities of the Company for any period of time, on plans for its development;

receive remuneration and (or) compensation for expenses related to the performance of his duties during the period of his duties (if such payments are stipulated by the decision of the General Meeting of Shareholders of the Company);

other rights in accordance with the legislation, Articles of the Company and these Regulations.

6.2. The distribution of functions among the members of the Supervisory Board is carried out by the Chairman of the Supervisory Board specifically for each member of the Supervisory Board. The amount of remuneration for each member of the Supervisory Board is determined by the General Meeting of Shareholders.

6.3. A member of the Supervisory Board is obliged:

inform the Company in accordance with the procedure established by the legislation about its affiliation in the transaction by the Company (if any);

members of the Supervisory Board are obliged to carry out their duties in good faith, as well as in the manner that they consider to be the best in the interests of the Company;

other obligations in accordance with the legislation, Articles of the Company and these Regulations.

6.4. Members of the Supervisory Board are not entitled to receive remuneration directly or indirectly for influencing the adoption of certain decisions by the Supervisory Board.

6.5. Members of the Supervisory Board do not have the right to use the capabilities of the Company (property or non-property rights, opportunities in the field of economic activity, information on the activities and plans of the Company) for the purpose of personal enrichment.

## **7. Remuneration to members of the Supervisory Board of the Company**

7.1. By decision of the General Meeting of Shareholders of the Company, members of the Supervisory Board during the period of their duties may be paid remuneration and (or) reimbursed for expenses related to the performance of their duties.

7.2. The amount of remuneration and compensation to the members of the Supervisory Board is established by the decision of the General Meeting of Shareholders of the Company.

## **8. Responsibility of members of the Supervisory Board of the Company**

8.1. When exercising their rights and fulfilling their duties, members of the Supervisory Board of the Company must act in the interests of the Company and bear responsibility in accordance with the established procedure.

8.2. If several persons bear responsibility, their responsibility to the Company is joint and several.

8.3. The members of the Supervisory Board who did not take part in the vote or who voted against the decision that caused losses to the company are not liable, except for the cases established by Article 90 of the Law of the Republic of Uzbekistan "On Joint Stock Companies and Protection of Shareholders' Rights".

8.4. The Company or a shareholder (shareholders) who owns at least one percent of the outstanding shares of the Company may apply to the court with a claim against a member of the Supervisory Board of the Company for compensation for losses caused to the Company.