

“ A P P R O V E D ”
by the Resolution of the Sole Common
Shareholder
JSC “Almalyk MMC”,

SUE “Center on management of state assets”
under the State Competition Committee
of the Republic of Uzbekistan
No. _____ dated “ ____ ” _____ 2016

**State Fiduciary
in JSC “Almalyk MMC”**

_____ **Samatov Sh.S.**

**REGULATIONS
ON THE SUPERVISORY BOARD**

of the Joint Stock Company

“ALMALYK MINING AND METALLURGICAL COMPLEX”

(JSC “Almalyk MMC”)

1. GENERAL PROVISIONS

1.1. These Regulations have been developed in accordance with the Law of the Republic of Uzbekistan "On Joint Stock Companies and protection of shareholders' rights" and the Charter of the Joint Stock Company "ALMALYK MINING AND METALLURGICAL COMPLEX" (hereinafter - the Company).

1.2. These Regulations define the status of the Supervisory Board, standardize the work of the Supervisory Board, election of members of the Supervisory Board as well as the rights, duties and responsibilities of its members.

1.3. 1.3. The Supervisory Board shall perform the general management of the Company's activity, except for solution of issues referred by the legislation and the Company Charter to the competence of the General meeting of shareholders.

1.4. The task of the Supervisory Board – the management of the development strategy of the Company and long-term investment policy, monitoring the activities of the Executive body – the Management Board of the Company.

1.5. By the decision of the General meeting of shareholders the members of the Supervisory Board in performing their duties the remuneration shall be paid according to the Regulation on remuneration approved at the General meeting of shareholders.

1.6. The phrase "General meeting of shareholders" used in these Regulations means the General meeting of shareholders of the Company or the Sole Common Shareholder of the Company (hereinafter – the Main shareholder), who in accordance with the legislation shall acquire the right of sole decision of issues referred to the competence of the General meeting of shareholders.

2. COMPETENCE OF THE SUPERVISORY BOARD

2.1. In accordance with the Laws of the Republic of Uzbekistan "On Joint Stock Companies and protection of shareholders' rights" the Supervisory Board of the Company shall represent the interests of shareholders in the period between the General meetings of shareholders and perform the functions stipulated by the Company Charter.

2.2. The powers of the Supervisory Board shall not include issues of the current activities and operational management of the Company's activities, except as otherwise specified, as defined in the Company Charter.

2.3. The competence of Supervisory Board shall include:

1) determination of priority directions of activity of the Company with regular hearing of the report of the Executive body of the Company on the measures taken to achieve the strategy of Company's development. If necessary, the involvement of experts for the development of plans for the development of Company and for monitoring the achievement of the indicated objectives;

2) determination of investment and scientific-technical policy of the Company;

3) convening annual and extraordinary General meetings of shareholders, except for cases provided by legislation and the Company Charter;

4) determination of the date, time and venue of the General meeting of shareholders, and resolving other issues related to convening and preparation for General meetings of shareholders in accordance with the legislation;

5) preparation of the agenda of the General meeting of shareholders, except for cases stipulated by the legislation and the Company Charter;

6) determination of the date for formation of the registry of shareholders of the Company for notification about the General meeting of shareholders;

7) submission of issues, stipulated by legislation, for the decision of the General meeting of shareholders;

8) establishing the market value of the assets of the Company;

9) determination of persons authorized to sign the contract on behalf of the Company with the Chairman of the Management Board – the General Director and the members of the Board;

10) determination of officer of the Company, performing the functions of the Chairman of the Board – the General Director of the Company in case when the Chairman of the Board – the General

Director cannot perform its duties for a long or indefinite period of time, as well as in case of early termination of powers of the Chairman of the Board – the General Director for any reason;

11) appointment of the Corporate adviser and approval of the regulations governing its activities;

12) establishment of Internal Audit Service and appointment of its workers and quarterly hearing of its reports.

13) approval of internal documents defining the order of activity of the management bodies of the company, except for internal documents, the approval of which is referred to the competence of the General meeting of shareholders, as well as of other internal documents of the Company, the approval of which is referred by the Company Charter or by the resolution of the Supervisory Board to the competence of the Executive body of the Company.

14) access to any documents relating to the activities of the Company, and receiving them from the Management Board for execution of responsibilities assigned to the Supervisory Board of the Company;

15) initiating audit of financial and economic activities of the Company by Audit Commission;

16) quarterly examination of reports of the Audit Commission about the availability of transactions with its affiliated persons transactions or major transactions in the Company, as well as compliance with the requirements of legislation and internal documents of the Company for undertaking such transactions;

17) giving recommendations on the amount of remunerations to be paid to the members of the Audit Commission, as well as the establishment of the amount of remuneration to be paid to the control organs of the Company and secretaries of the management bodies according to the "Regulations on remuneration", approved at the General meeting of shareholders;

18) preliminary approval of annual reports, annual accounting statements, including profits and losses statements, provision of recommendations on the dividend amount, form and procedure of its payment. Coordination of works on ensuring the publication of annual financial statements in accordance with International Financial Reporting Standards;

19) making decision about the use of the Reserve Fund and about the size, order of formation and use of other funds of the Company;

20) establishment (liquidation) of branches and opening (closing) of representative offices of the Company;

21) establishment of subsidiaries and dependent business entities;

22) making decision on transactions in cases stipulated by chapters 8 and 9 of the Law of the Republic of Uzbekistan "On Joint Stock Companies and protection of shareholders' rights";

23) making decisions on participation and termination of participation in commercial and non-commercial organizations;

24) making decisions on conclusion of transactions (including loan, credit, pledge, surety) related to acquisition or alienation or possibility of alienation of property by the Company if the book value of the alienated property or the cost of the acquired property is more than fifteen percent but not more than fifty percent of the net assets of the Company as at the date of the decision on conclusion of such transactions;

25) giving instructions to the Board on the development and approval of internal documents, guidance regulations, guidelines, recommendations, regulations related to the allocation of funds in excess of the established norms for business trips, public purpose, on payment of interurban and international telephone negotiations, advertising, training and retraining, and for the provision of material, sponsorship, humanitarian and other assistance, for contributions to charity funds and other purposes;

26) making decisions on execution of decisions of the President and the Cabinet of Ministers of the Republic of Uzbekistan (Decrees, Regulations, Orders, legal decisions, instructions, etc.) about the sponsorship;

27) except for cases of making decisions on the execution of the resolutions of the President and the Cabinet of Ministers of the Republic of Uzbekistan (Decrees, Regulations, Orders, legal decisions, instructions, etc.) about sponsorship, making decisions about gratuitous transactions of the Company (including charity, donations or other sponsorship), introducing membership fees (other expenses) associated with the participation in commercial and non-commercial organizations if the total amount

of all payments during the quarter does not exceed 15 000 times the minimum salary with disclosing the information about it to all shareholders;

28) making decision on the issue of corporate bonds by the Company, including those converted into the shares as well as the redemption of corporate bonds of the Company;

29) determination of the amounts of remuneration paid to the Executive body of the Company in accordance with the "Regulations on remuneration";

30) appointment of the Secretary of the Supervisory Board of the Company;

31) approval of the annual business plan of the Company, and the company's development strategy for medium and long term with the determination of its specific terms on the basis of the main directions and objectives of the Company;

32) establishment of committees (working groups) of the Supervisory Board on relevant issues.

33) coordination of works on development, implementation and regular evaluation of compliance of organizational structure with the requirements of the legislation;

34) making decisions on the evaluation of corporate governance system in the company, about the determination of independent organizations on a competitive basis for the assessment and about the determination of the limit amount of payment for its services.

2.4. The competence of the Supervisory Board by the decision of the General meeting of shareholders may include:

- approval of the annual business plan of the Company;

- solution of issues on increase of the Authorized capital of the Company and issues on making changes and additions to this Charter related to the increase of the Authorized capital of the Company and the decrease in the number of authorized shares of the Company;

- determination of the price of placing (placing on the stock exchange and organized over-the-counter securities market) of shares;

- making decision on issue of derivative securities;

- formation of the Executive body of the Company, appointment of its head and early termination of its powers.

The competence of the Supervisory Board of the Company may include the solution of other issues in accordance with legislation and the Company Charter.

The issues referred to competence of the Supervisory Board of the Company may not be delegated to the Executive body of the Company for resolution.

2.5. Decisions at the meeting of the Supervisory Board shall be taken by majority of votes of members present except for cases when in accordance with the Law of the Republic of Uzbekistan "On Joint Stock Companies and protection of shareholders' rights" and the Company Charter provide otherwise.

The decision on issues stipulated in paragraph 24), shall be taken by the Supervisory Board unanimously, without taking into account the votes of retired members of the Supervisory Board.

2.6. When solving issues at the meeting of the Supervisory Board each Supervisory Board member shall have one vote. Transfer of vote by one member of the Supervisory Board to the other Supervisory Board member shall not be allowed.

In case of equality of votes of the members of the Supervisory Board in taking decision the vote of the Chairman of the Supervisory Board shall be decisive.

3. ELECTION OF THE SUPERVISORY BOARD MEMBERS

3.1. The nomination of candidates and election of members of the Supervisory Board of the Company shall be in accordance with the legislation.

3.2. The Supervisory Board shall consist of 9 members, elected for the term of **one** year.

3.3. Persons elected to the Supervisory Board can be reelected unlimitedly. By the decision of the General meeting of shareholders the powers of any member (or all members) of the Supervisory Board of the Company may be terminated earlier.

3.4. The member of the Supervisory Board cannot be a person:

- a member of the Management Board or the Audit Commission of the Company;

- involved in activities, which could hamper the performance of its duties or is incompatible with the status of member of the Supervisory Board of the Company;

- combining its working activity in the Company on hire.

3.5. The Supervisory Board should include at least one elected independent member.

3.6. Requirements for independent member of the Supervisory Board as well as the procedure for the election shall be set by the "Regulation on independent member of the Supervisory Board", approved by the General meeting of shareholders.

3.7. Early termination of powers of the elected member of the Supervisory Board shall be carried out by the decision of the General meeting of shareholders, in carrying out gross violations of the Company Charter or in causing losses to the Company by its actions (or inaction).

3.8. In early re-election or additional election of members of the Supervisory Board the shareholder (shareholders) being in aggregate the owners of not less than one percent of the voting shares of the Company shall be entitled to nominate candidates to the Supervisory Board of the Company.

Proposals on nomination of candidates to the Supervisory Board shall be made to the existing Supervisory Board of the Company not later than 7 (seven) days before the date of the General meeting of shareholders. In the proposal, it is necessary to specify the name of the candidate, the number and type of shares owned by it (if the candidate is a shareholder of the Company) and names (name) of the shareholders nominating the candidate, number and type of shares owned by them.

3.9. The Chairman of the Supervisory Board by collecting all data on candidates, shall be obliged to include all candidates in the ballot.

In case of absence or insufficient number of candidates proposed by shareholders for formation of the Supervisory Board, the Supervisory Board of the Company or the Main shareholder shall have right to form or add to the list of candidates at its discretion.

3.10. Election of members of the Supervisory Board of the Company shall be made by cumulative voting, in which the number of votes belonging to each shareholder shall be multiplied by the number of persons to be elected to the Supervisory Board of the Company and the shareholder shall be entitled to give thus received votes completely for one candidate or distribute them among two and more candidates.

3.11. The candidates with the highest number of votes shall be considered elected to the Supervisory Board.

4. QUALIFICATION REQUIREMENT APPLIED TO SUPERVISORY BOARD MEMBERS

4.1. The member of the Supervisory Board should:

4.1.1. Have a higher education.

4.1.2. Have (except for cases stipulated by the legislation) the qualification certificate of the corporate manager or the certificate issued by the educational centre for corporate governance.

4.1.3. Have knowledge and (or) sufficient experience in the following areas:

- strategic and anti-crisis management;
- corporate finances, risk management;
- corporate law and governance.

4.1.4. Know the relevant laws, decrees, regulations, orders and other normative legal acts of state power and control authorities.

4.1.5. Respect and maintain the established moral and ethical standards of corporate behavior.

4.1.6. Have organizational skills and practical experience in the administration authorities or execution of administrative functions and in other managing area.

Practical experience of work shall be determined by work experience as:

- General Director (Director), Deputy General Director (Director), member of the collegial executive body;

- head or Deputy head of regulatory bodies;

- head of structural subdivisions of regulatory bodies for at least one year;

- head of the commercial or research organization for at least three years.

4.2. The member of the Supervisory Board should be able to:

- effectively plan and organize its work;
- prioritize and focus on important issues;
- express its independent opinion and defend it;

- assess commercial prospects and risks;
- maintain productive and constructive discussions;
- consider the interests of all parties involved and make reasonable decisions;
- apply professional knowledge and skills for the effective performance of its duties.

4.3. Additional requirements to persons elected to the Supervisory Board of the Company may be established by the Company Charter or by the decision approved by the General meeting of shareholders.

5. CHAIRMAN OF THE SUPERVISORY BOARD AND ITS FUNCTIONS

5.1. Chairman of the Supervisory Board of the Company shall be elected (re-elected) by the members of the Supervisory Board from among its members by a majority vote of the total number of members of the Supervisory Board.

5.2. Chairman of the Supervisory Board shall organize its work, convenes meetings of the Supervisory Board and preside at them, organize keeping of minutes at meetings, preside at the General meeting of shareholders.

5.3. In the absence of the Chairman of the Supervisory Board, its functions shall be performed by one of the members of the Supervisory Board.

5.4. Chairman of the Supervisory Board on behalf of the Company shall sign the contract with the head of the Executive body (Chairman of the Management Board – the General Director).

6. MEETING OF THE SUPERVISORY BOARD

6.1. Meeting of the Supervisory Board shall be convened as necessary but at least once a quarter.

The meeting by the results of the year shall be mandatory and shall be held after the end of the financial year at any time but no later than **10** days prior to the General meeting of shareholders for the purpose of examination of the draft annual balance sheet of the Company, profits and losses statements and Audit report. At meetings the officials of the Management Board are heard who present the full report on activities of the Company during the reporting period, or current information about the status of business in the Company .

In addition, extraordinary meetings of the Supervisory Board may be convened by the Chairman on its own initiative, at the request of the member of the Supervisory Board, Audit Commission, Executive body of the Company, shareholders (shareholder) being in aggregate the owners of not less than one percent voting share of the Company and other persons specified by the Company Charter in the presence of motivated reasons.

Meetings of the Supervisory Board may be held in presentia (by joint attendance of the members of the Supervisory Board) and in absentia (by poll). In case of the meeting of the Supervisory Board in absentia the decisions of the Supervisory Board shall be taken by all members of the Supervisory Board unanimously.

6.2. Written notice of the meeting of the Supervisory Board shall be sent to each of its members. The notice shall specify the agenda, time and place of the meeting. The notification for the preliminary examination, is attached with all necessary documents related to the agenda. Issues not included in the agenda, shall not be considered at the meeting.

6.3. The quorum for holding the meeting of the Supervisory Board shall be not less than 75 percent of the elected members of the Supervisory Board.

6.4. In case when by reason of retirement on the grounds specified in paragraph 6.5. hereof, the number of Supervisory Board members becomes less than 7 people, the extraordinary General meeting of shareholders shall be convened for the election of the new composition of the Supervisory Board of the Company. The remaining members of the Supervisory Board shall be entitled to make decision on convocation of such extraordinary General meeting of shareholders, as well as in case of early termination of powers of the head of the executive body, may appoint the acting head of the executive body.

6.5. In cases when in accordance with the Company Charter and/or applicable legislation, the decision of the Supervisory Board are adopted unanimously by all Supervisory Board members the votes of the members of the Supervisory Board, retired on the following grounds shall not be considered:

- dead, untraced and found incompetent;

- persons who voluntarily left the elected office in the Supervisory Board for health reasons, in case of conflict of interests, as well as in other cases, upon written statement of the retiring member of the Supervisory Board, in this case the date of retirement shall be the date of receipt of the relevant statement;

- persons whose terms of office of the Supervisory Board members have been terminated or suspended in connection with the entry into force of decisions of law enforcement agencies;

- persons unable to perform their duties for other reasons confirmed documentary.

6.6. If necessary, the meeting of the Supervisory Board may be suspended (postponed to a new term) with the consent of all present members of the Supervisory Board. This decision is documented in the Protocol.

6.7. In order to ensure the adoption of reasonable and effective solutions the Chairman of the Supervisory Board of the Company may initiate the establishment of temporary and permanent committees (working groups) on relevant issues, including those identifying and resolving conflict situations. The main functions of the committees (working groups) shall be preliminary comprehensive study of issues related to the directions of their activities (within the competence of the Supervisory Board) and the preparation of reports on the results of their examination for submission to the Supervisory Board of the Company.

Committees shall be formed from among the members of the Supervisory Board, the Management Board, employees of the Company and outside experts (specialists of related profile, teachers of specialized higher educational institutions, etc.). The order of functioning and the powers of committees shall be established by the decision of the Supervisory Board of the Company on their establishment. The committees and working groups shall act in accordance with the requirements of the legislation of the Republic of Uzbekistan, the Charter and internal regulations of the Company and decisions of the General meeting of shareholders and the Supervisory Board of the Company.

6.8. Meetings of the Supervisory Board shall be minuted. The minutes of the meetings of the Supervisory Board shall be prepared by the Secretary of the Supervisory Board.

6.9. The minutes of the meeting of the Supervisory Board shall be made within ten days after the meeting.

6.10. The minutes of the meeting of the Supervisory Board shall be signed by members participating in the meeting of the Supervisory Board who are responsible for the correctness of the minutes.

7. RIGHTS AND LIABILITIES OF THE SUPERVISORY BOARD AND ITS MEMBERS

7.1. The Supervisory Board shall have right to:

- get all financial and operational information about the current status of business, as well as about the main results of production, economic and commercial activities of the Company for any period of time, about the plans for its development;

- organize regular and extraordinary audit of financial, economic and production activities of the Company, both on its own initiative and at the request of shareholders holding in aggregate not less than 1% of the ordinary shares;

- make decision on dismissal from the post of the Chairman of the Board – the General Director and members of the Management Board of the Company if there are grounds stipulated by the legislation of the Republic of Uzbekistan and in coordination with the Cabinet of Ministers, with the subsequent submission of the issue to the extraordinary General meeting of shareholders for approval;

- assign responsibilities for the verification of activities of the Company to one of its members, and to involve auditing firm, appraisal organization and other outside experts for checking and clarification of certain issues on a contractual basis.

7.2. The members of the Supervisory Board shall have right to:

- personally participate in the meeting of the Supervisory Board, speak on the issues discussed at the meeting issue within the allotted time;

- be a Trustee of shareholder in making decisions at the General meetings of shareholders;

- lead the work on solving issues within the competence of the Supervisory Board;

- receive remuneration for work in the Supervisory Board by performing certain functions;

- run for and be elected to the Supervisory Board for unlimited number of times.

7.3. The Supervisory Board shall be obliged to exercise control over the activities of the Management Board that its activities are carried out within the legislation and in accordance with the Company Charter and decisions of the General meeting of shareholders.

7.4. The Supervisory Board shall be obliged to submit to the annual General meeting of shareholders a report which gives the assessment of the performance of the Management Body of the Company and sets out proposals on the improvement of activities of the Company.

7.5. The Member of the Supervisory Board shall be obliged in writing to notify the Company:

- about legal entities in which it owns independently or jointly with its affiliated person (persons) 20 or more percent of voting shares (bonds);
- about legal entities, in management bodies of which it occupies positions;
- about known committed or estimated transactions in which it may be deemed interested person;
- about other information in the volume and within the terms established by the legislation.

7.6. The members of the Supervisory Board shall not have to:

- establish themselves or participate in enterprises competing with the Company, except for cases where it was allowed by a majority of disinterested members of the Supervisory Board or by shareholders holding a majority of the voting shares of the Company;
- use the capabilities of the Company (property or non-property rights, possibilities in the sphere of economic activities, information about activities and plans of the Company) for personal enrichment.

7.7. The members of the Supervisory Board exercising their rights and performing obligations shall act in the interests of Company, carry out their functions within their competence in good faith and in the ways they deem the best in the interests of the Company and keep business secret of the Company.

8. RESPONSIBILITY OF THE SUPERVISORY BOARD MEMBERS

8.1. The members of the Supervisory Board of the Company shall be responsible to the Company on a par with the Management Board for damages caused to the Company due to negligent performance or non-performance of their functions within their competence in accordance with legislation and the Company Charter.

8.2. In this case the members of the Management Board of the Company who did not participate in voting or voted against the decision that entailed the damages to the Company shall not bear responsibility.

8.3. The members of the Supervisory Board violated the obligations provided in Section 7 hereof and/or in the Company Charter shall be liable for damages to the Company. The amount of financial damage shall be established by the agreement of the parties or in court order.

8.4. The Company or shareholder (shareholders) owning in aggregate not less than one percent of the outstanding common shares of the Company shall have right apply to the court with the claim against the member of the Supervisory Board for damages caused to the Company.

8.5. Procedure for introduction of amendments and additions in the present Regulations shall be carried out in the same manner as its approval.

**Annex No.1
to the Regulations on the Supervisory Board
of the JSC “Almalyk MMC”**

**Notice convening meeting of the
Supervisory Board of the JSC “Almalyk MMC”**

Dear _____ !
(full name)

Hereby we inform you that the meeting of the Supervisory Board of the JSC “Almalyk MMC” shall be held.

1. Date and time of the meeting -

2. Place of the meeting -

3. Agenda of the meeting -

Note: The following materials are attached to the notice:

1. _____ - on _____
pages;

(name of materials)

2. _____ - on _____
pages;

**«OlmaliqKMK»AJ
Кузатув кенгаши тўғрисидаги
Низомига 1-илова**

**«Olmaliq KMK» AJ
Кузатув кенгашини ўтказиш тўғрисида
хабарнома**

Хурматли _____!
(Ф.И.Ш.)

«Olmaliq KMK» AJ Кузатув кенгашининг мажлиси

1. Ўтказиш санаси ва вақти -

2. Ўтказиш жойи

_____ да

ўтказилишини маълум қиламиз.

3. Кун тартиби

Изоҳ: Хабарномага қуйидаги материаллар илова қилинади:

1. _____ - ___ та варақда,
(материалнинг номи)

2. _____ - ___ та варақда,
(материалнинг номи)

3. _____ - ___ та варақда,
(материалнинг номи)

<p>3. _____ - on _____ pages; _____ (name of materials)</p> <p>4. _____ - on _____ pages; _____ (name of materials)</p> <p>5. _____ - on _____ pages; _____ (name of materials)</p> <p>6. _____ - on _____ pages; _____ (name of materials)</p> <p>Chairman /Secretary of the Supervisory Board of the JSC “Almalyk MSE”</p> <p>_____ (signature) _____ (full name)</p>	<p>4. _____ - ____ та варақда, (материалнинг номи)</p> <p>5. _____ - ____ та варақда, (материалнинг номи)</p> <p>6. _____ - ____ та варақда, (материалнинг номи)</p> <p>«Olmaliq KMK» AJ Кузатув кенгашининг Раиси/котиби</p> <hr/> <p>_____ (Ф.И.Ш.) _____ (имзо)</p>
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