

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

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 MSC”**

\_\_\_\_\_ **Samatov Sh.S.**

**REGULATIONS**  
**ON THE EXECUTIVE BOARD (MANAGEMENT BOARD)**  
**of the Joint Stock Company**  
**“ALMALYK MINING AND SMELTING ENTERPRISE”**  
**(JSC “Almalyk MSE”)**

**ALMALYK – 2016**

## **1. GENERAL PROVISIONS**

1.1. These Regulations define the status of the Executive body - the Management Board of the Joint Stock Company "ALMALYK MINING AND SMELTING ENTERPRISE" (hereinafter - the Company), and the Chairman of the Board – General Director, their competence, procedure of election and appointment, duties, rights and responsibilities, standardize their work and procedure of operations.

1.2. The Regulations have been developed in accordance with the Legislation of the Republic of Uzbekistan and the Company Charter.

1.3. The Management Board is a collegial Executive body of the Company and shall manage the current activities of the Company.

1.4. The Management Board and the Chairman of the Board - the General Director shall solely make decisions on issues referred to their competence by present Regulations, for the unconditional implementation of the tasks set by the Supervisory Board, the General meeting of shareholders, the Charter and the development plans of the Company.

1.5. The main task of the Management Board is to pursue a policy of maintaining economic stability, entry into world markets of metals, win strong positions there and increase profitability.

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 MANAGEMENT BOARD**

2.1. The competence of the Management Board include all issues of current activities of the Company, except for issues referred to the competence of the General meeting of shareholders and the competence of the Supervisory Board.

2.2. The members of the Management Board shall act within the competence defined by the job description, terms of the employment agreement (contract), decisions of the General meeting of shareholders, Supervisory Board, Management Board and the instructions of the Chairman of the Board –General Director of the Company.

2.3. Material stimulation of members of the Management Board of the Company shall be carried out depending on the efficiency of the Company's activity.

2.4. The Chairman of the Board - the General Director of the Company in accordance with these Regulations shall have the right to propose the additional candidates to the Management Board in connection with changes in the activities of the Company and on other circumstances.

2.5. The competence of the Management Board also includes:

- development and submission for examination of the Supervisory of the priority directions of the Company's activities and long term plans for their implementation, as well as the company's development strategy for the medium and long term with the determination of its specific terms based on the main directions and objectives of the Company;

- development and implementation of current economic policy of the Company to improve its profitability and competitiveness;

- formation and approval of the production program developed on the basis of the Company's business plan and determination of production volumes of the Company's structural units;

- examination and development of recommendations on the organization of the implementation of program for social development of the Company;

- ensuring the safety of workers and compliance with the environmental requirements;

- preparation of information, materials and proposals on issues submitted for examination of the Supervisory Board and the General meeting of shareholders;

- development of business plans and other programs of financial and economic activities of the Company;

- development and submission of the annual forecasts of the Company's activity, annual balance sheets, profit and loss statements and other necessary accounting documents to the Supervisory Board;

- submission of proposals for distribution of profits and coverage of losses to the Supervisory Board and the General meeting of shareholders;
- participation in the preparation of materials for examination of issues and documents by the General meeting of shareholders and the Supervisory Board, the decision-making on which is related to their competence;
- determination of the composition and volume of information constituting the commercial secret (confidential information) and the procedure for protection;
- preliminary examination of major innovative and investment projects and programs implemented by the Company;
- making decisions on conclusion of transactions (contracts), including those associated with acquisition, alienation or possibility of alienation of the property by the Company, provided that the cost of such transactions (contracts) shall from three to fifteen percent of the value of the net assets of the Company determined according to its accounting statements at the date of making decision on conclusion of the transaction;
- 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;
- except for cases of 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 established on the territory of the Republic of Uzbekistan;
- preparation and justification of proposals on the improvement of the internal organizational and management structure of the Company;
- approval of internal documents of the Company on issues within the competence of the Management Board;
- solution of other issues of current activities of the Company submitted for the examination by the Chairman of the Board - the General Director.

2.6. The Management Board quarterly shall report to the Supervisory Board on the progress of the annual business plan, the measures being taken to achieve the strategy of the Company's development.

2.7. The Management Board may create temporary working groups from among its members and involved individuals to solve the issues in certain areas of activity, requiring the participation of professionals, including the experts.

### **3. THE PROCEDURE FOR FORMATION OF THE MANAGEMENT BOARD**

3.1.

3.1. Formation of the Management Board of the Company and early termination of its powers shall be made by the resolution of the General meeting of shareholders. The Management Board of the Company consists of 12 members elected (appointed) in accordance with the Company Charter for the period of one year.

3.2. The Management Board shall be headed by the Chairman of the Board - the General Director, in whose absence it shall be substituted by the first Deputy General Director. The Chairman of the Management Board - the General Director of the Company shall be appointed at the General meeting of shareholders and approved to the office by the Cabinet of Ministers of the Republic of Uzbekistan in coordination with the President of the Republic of Uzbekistan, and the **Directors of the Central office (Management)** shall be appointed by the General Director in coordination with the Cabinet of Ministers of the Republic of Uzbekistan in the established order.

3.3. The Management Board according to the position shall include the Chairman of the Management Board - the General Director and its deputies: Chief engineer-first Deputy General Director; Deputy General Director for economic issues; Deputy General Director for personnel and

general issues, and also, according to the proposal of the General Director, it may include the main specialists, heads of structural divisions and other employees of the Company.

3.4. In case of early termination of the authority of persons included into the Management Board it shall be allowed the temporary execution of its duties by a person defined by the decision of the Supervisory Board of the Company for the period until the next General meeting of shareholders, which appoints the new Management Board.

3.5. The examination of candidates to the members of the Management Board by the Supervisory Board shall be made by the general list or in a personal manner. Presenting the candidate to the Management Board, the Chairman of the Management Board - the General Director shall state the conditions of the contract, the amount of remuneration for management activity and the candidate's consent on the conclusion of the contract, confirmed by personal statement of the candidate.

3.6. Candidates to the members of the Management Board may attend the General meeting of shareholders at the examination of their nominations.

3.7. The members of the Management Board, acting as the representatives of shareholders shall not be entitled to vote on the election of the members of the Management Board.

3.8. At the examination of candidates to the members of the Management Board the decisions of the General meeting of shareholders shall be taken by simple majority of votes.

3.9. In case of disagreement of the majority shareholders with the proposed candidate, the vacancy shall remain unoccupied and the Chairman of the Management Board - the General Director shall have the right to nominate another candidate for the next General meeting of shareholders.

3.10. After the election or appointment of the members of the Management Board the employment agreement (contract) shall be concluded with each of them for the performance of duties on the respective positions. The contract on behalf of the company shall be signed by the authorized person, as defined by the Supervisory Board.

3.11. The employment agreements (contracts) with the Chairman of the Management Board – General Director and the members of the Management Board shall be concluded (extended) or terminated (suspended) on the basis of the decision of the General meeting of shareholders.

3.12. The employment agreement (contract) for the execution of the duties of the Chairman of the Management Board - the General Director with the definition of its functions, duties, rights and responsibilities on behalf of the Company shall be signed by the Chairman of the Supervisory Board or by the person authorized by the Supervisory Board.

3.13. The rights, duties and responsibility of each member of the Management Board shall be defined by the current legislation, other normative acts and the conditions of personal duties.

3.14. The Chairman of the Board - the General Director shall have right to admit any specialist to the performance of duties on a vacant position in the Board for the period until the next General meeting of shareholders. The contract with the interim member of the Management Board shall not be concluded.

3.15. The General meeting of shareholders shall have right to terminate the employment contract with the Chairman of the Board – the General Director in its violation of the employment contract.

In case of dismissal of the Chairman of the Board – the General Director, the Supervisory Board within one month from the date of the dismissal of the former General Director shall convene the extraordinary General meeting of shareholders for the appointment of the new General Director.

#### **4. THE CHAIRMAN OF THE BOARD – THE GENERAL DIRECTOR**

4.1. The Chairman of the Board – the General Director of the company **shall be appointed** at the General meeting of shareholders and appointed to office by the Cabinet of Ministers of the Republic of Uzbekistan in coordination with the President of the Republic of Uzbekistan and dismissed by decision of the General meeting of shareholders.

The appointment of the Chairman of the Board – the General Director shall be carried out on the basis of competitive selection, in which foreign managers can participate.

The order and conditions of competitive selection of the Chairman of the Board – the General Director shall be carried out in the prescribed manner.

4.2. The Chairman of the Board – the General Director solely shall solve all operational issues of the current activities of the Company, except for those referred to the competence of the General meeting of shareholders, the Supervisory Board or the Management Board.

4.3. The Chairman of the Board – the General Director of the Company shall:

- organize the activities of the Management Board, distribute duties among the members of the Board, ensures the adoption of reasonable and efficient decisions by the Management Board, preside over meetings of the Management Board, solve other issues stipulated by the Company Charter and these Regulations;

- without power of attorney do business on behalf of the Company, represent its interests, approve personnel, issue orders binding on the staff and give orders;

- make decisions on the transactions (contracts), including those associated with the acquisition, alienation or possibility of alienation of property by the Company, provided that the cost of such transactions (contracts) shall not exceed three percent of the cost of net assets of the Company defined according to its accounting statements at the date of making decision on conclusion of the transaction;

- be responsible for production and financial activities of the Company;

- independently make decisions on all questions of current activity of the Company, not within the competence of the General meeting of shareholders, the Supervisory Board and the Management Board.

4.4. The competence of the Chairman of the Board – the General Director shall also include:

- conclusion of contracts in the Republic of Uzbekistan and abroad, performance of banking and financial transactions, and granting of power of attorney to other persons for the implementation of these operations;

- organization of implementation of financial, investment and production programs of the Company;

- management of the property and funds of the Company;

- making decision on behalf of the Company for claims in respect of legal entities and natural persons of the Republic of Uzbekistan and other states;

- opening of settlement, currency and other accounts in the bank;

- solving issues on social development of the Company;

- performance of other functions in order to fulfill the tasks set for the Company;

- execution of the rights and obligations of the employer in labor relations with the employees of the Company in accordance with the labor legislation;

- establishment of salaries of employees of the Company, determination of the size of awards to employees of the Company, in accordance with the internal regulations of the Company;

- nomination for the position of corporate Advisor of the Company;

- ensuring and monitoring the implementation of decisions of the management bodies of the Company;

- execution of other functions that can be assigned to the Chairman of the Board – the General Director by the legislation, General meeting of shareholders, Supervisory Board and Management Board of the Company.

4.5. Specific rights and responsibilities of the General Director shall be provided by job description and specified in the contract.

## **5. QUALIFICATION REQUIREMENTS APPLIED TO THE MEMBERS OF MANAGEMENT BOARD**

5.1. The members of the Management Board should:

5.1.1. Implement one of the key management functions of the Company.

5.1.2. Have a higher education.

5.1.3. Have knowledge and (or) sufficient experience in one of the following areas:

- management of the enterprise;

- financial management or accounting;

- corporate governance;
- technology of production in the mining and metallurgical industry.

5.1.4. Have knowledge of relevant laws, decrees and other normative-legal acts, specific standards, technical regulations and rules.

5.1.5. Know the basic indicators of production and economic and financial-economic activities of the Company, the market situation for products, best practices (domestic and foreign) in the field of activities of the Company, current plans and future development.

5.1.6. Have practical experience of at least three years in the field of leadership related to the Company activities or in the professional area.

5.2. The sufficiency of theoretical and practical knowledge of Management Board members shall be confirmed by the positive results of performance reviews conducted in accordance with the established procedure.

5.3. The member of the Management Board of the Company should be able to:

- effectively plan and organize its work;
- work effectively in the team;
- prioritize and focus on important issues;
- in a well-argued manner express its professional opinion and defend it;
- communicate with shareholders, members of the Supervisory Board and the Audit Commission, providing sufficient level of mutual understanding on common issues, rights and responsibilities;
- resolve conflicts in different ways;
- soberly estimate conditions and consider the effects of organizational and managerial decisions;
- apply computer technology on the user level for solving professional tasks;
- work with information in global computer networks and corporate information systems;
- carry out business communication: public speaking, negotiations, meetings, business correspondence, electronic means of communication.

## **6. ORDER OF WORK OF MANAGEMENT BOARD**

6.1. Meetings of the Management Board shall be held at least 1 (one) times a month. Meeting of the Management Board may be convened as necessary by the Chairman of the Board – the General Director on its own initiative, at the request of the Supervisory Board or the Audit Commission.

6.2. Meetings of the Management Board shall be headed by the Chairman of the Board – the General Director or in its absence one of the Deputy General Director in accordance with the issues examined.

6.3. The issues submitted by the Management Board to the Supervisory Board or the General meeting of shareholders, shall be discussed previously at the meeting of Management Board.

6.4. In solving issues at the meeting of the Management Board each member of the Management Board shall have one vote. Transfer of vote by one member of the Management Board to another member of Management Board shall not be allowed.

6.5. Decisions at the meetings of the Management Board shall be taken by simple majority of votes of those present.

6.6. In case of equality of votes of the members of the Management Board in taking decision the vote of the Chairman of the Board – the General Director shall be decisive.

6.7. The quorum for holding meetings of the Management Board shall be not less than seventy-five percent of the elected members of the Management Board.

6.8. At the meeting of the Management Board the minutes of meeting shall be kept, which shall be signed by the Chairman and Secretary of the Management Board.

6.9. Secretary of the Management Board shall organize keeping of minutes of meetings of the Management Board.

Extracts from minutes of meetings of the Management Board of the Company shall be issued:

- a) To the Chairman of the Supervisory Board and the Chairman of the Audit Commission at their request in a mandatory manner;
- b) At the request of other officials and the auditor - only with the permission of the Chairman of the Board – the General Director;
- c) To other persons and authorities (including state authorities) - in cases stipulated by the current legislation.

## **7. RIGHTS AND LIABILITIES OF THE MANAGEMENT BOARD MEMBERS**

7.1. The members of the Management Board when exercising their rights and performing obligations shall act in the interests of the Company in accordance with the legislation of the Republic of Uzbekistan, Company Charter and these Regulations.

7.2. The members of the Management Board shall be obliged to keep the loyalty to the Company. If the Management Board member has financial interest in the transaction, he shall be obliged to inform about it prior to the discussion of this issue. In this case, he shall take part neither in the discussion, no in making decision on such transaction.

7.3. The members of the Management Board should not allow actions on obtaining of self-profits from the disposal of the Company's property.

7.4. The members of the Management Board in performing their powers shall have no right to establish themselves or to take part in the establishment of competing enterprises, and to work in enterprises competing with the Company.

7.5. The members of the Management Board in the period of its work in the Management Board for this period shall suspend their participation in the enterprises specified in clause 7.4. hereof and to inform the Management Board and the Supervisory Board about this suspension.

7.6. The members of the Management Board shall not have the right to lobbying in making any decisions of the Management Board in favor of enterprises specified in clause 7.4. hereof, and also directly or indirectly receive remuneration for it.

7.7. The members of the Management Board shall not be entitled to use the opportunities of the Company (property or non-property rights, possibilities in the sphere of economic activities, information about activities and plans of the Company) for the purposes of enriching, or in the interests of legal entities and individuals with whom they are in the employment relationship.

7.8. The member of the Management Board shall have right to:

7.8.1. personally participate in the meeting of the Management Board, to speak on the issues discussed at the meeting within the allotted time;

7.8.2. obtain complete and accurate operational and financial information about the current status of business, about the main results of production, economic and commercial activities of the Company for any period of time, as well as about the plans for its development;

7.8.3. take the lead on issues related to the competence of the Management Board;

7.8.4. run for and be elected to membership of the Management Board for unlimited number of times.

7.9. The distribution of functions between the members of the Management Board shall be the prerogative of the Chairman of the Board – the General Director. The functions of each member of the Management Board shall be determined by the workload in the Management Board and its duties. Under the presentation of the Chairman of the Board – the General Director the proposals on the distribution of functions shall be approved at the meeting of Management Board.

7.10. The members of the Management Board shall be obliged to:

7.10.1. carry out the functions within their competence, in good faith, on a high professional level, as well as by the ways that they deem the best in the interests of the Company;

7.10.2. keep the commercial secret of the Company.

## **8. RESPONSIBILITY OF THE MANAGEMENT BOARD MEMBERS**

8.1. The members of the Management Board shall be responsible to the Company in accordance

with the legislation, regulations and other internal documents of the Company.

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

In case if in accordance with the current legislation the responsibility is incurred by several persons, their responsibility o the Company shall be solidary.

8.3. The members of the Management Board shall be responsible:

8.3.1. For the results of economic activities of the Company and for achievement of objectives.

8.3.2. The members of the Management Board shall be responsible to the Company for the damage caused as a result of failure or improper performance of their functions, to the full extent for compensation of damages caused to the Company in accordance with the current legislation of the Republic of Uzbekistan and the Company Charter, by the decision of the General meeting of shareholders or court order.