

«APPROVED»
by the General Meeting of Shareholders
of JSC «Bekabadcement»
dated «30» 06 2016.
minutes № 1-2016

**REGULATIONS
ON THE SUPERVISORY BOARD
of Joint Stock Company «Bekabadcement»**

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I. GENERAL PROVISIONS

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", other legislative acts, the charter of joint stock company "Bekabadcement" (hereinafter - the Company), the Corporate Governance Code approved by the minutes of the meeting of the Commission for improvement of the effectiveness of activities of the joint stock company and improvement of the corporate governance system dated 31.12.2015, No. 9, determine the status and regulate the work of the Supervisory Board of the company, election of its members, as well as their rights and obligations.

2. The Supervisory Board shall be responsible for general management of the company, except for the issues referred by the legislation and the charter of the company to the general meeting of shareholders.

3. Distribution of responsibilities between members of the Supervisory Board shall be carried out by the chairman of the supervisory board specifically for each member of the Supervisory Board.

II. COMPETENCE OF THE SUPERVISORY BOARD

4. Competence of the Company's Supervisory Board's shall include:

identification of priority activities of the Company with regular hearing of reports of the executive body of the company on the measures taken to achieve the company's development strategy;

convening of annual and extraordinary general meetings of shareholders, except for cases stipulated by part eleven of Article 65 of the Law of the Republic of Uzbekistan "On joint-stock companies and protection of shareholders' rights";

preparation of the agenda, determination of the date, time and place of the General Meeting of Shareholders;

determination of the date of formation of the Company's shareholder registry for notification of the general meeting of shareholders and participation in the general meeting of shareholders;

addition for resolution by the general meeting of shareholders of any matters provided for by the second paragraph of Article 59 of the Law of the Republic of Uzbekistan "On joint-stock companies and protection of shareholders' rights";

organization of establishment of the market value of the property;

formation, election (appointment) of members of the Management Board (except for its chairman), early termination of their powers;

organization of the competition for the post of head of the executive body and its members, with the approval of the rules of competitive selection to leadership positions with the description of the procedures for the competition

announcement, objective selection criteria, recruitment, as a result thereof, of new, modern-minded, highly qualified managers, meeting modern requirements, as well as foreign managers;

establishment of remunerations paid to the executive body and (or) compensation, as well as their limited amounts with a binding of the above payments to the implementation of key performance indicators established by Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated 28.07.2015, №207, «On introduction of criteria for evaluating the effectiveness of activities of joint-stock companies and other economic entities with the state share»;

appointment of a corporate consultant and approval of the regulations governing its operations;

approval of the annual business plan of the Company. At the same time the business plan of the Company for the next year shall be approved at the meeting of the supervisory board of the company not later than December 1 of the current year;

establishment of the Internal Audit Service and appointment of its employees, as well as the quarterly hearings of its reports;

access to any documents relating to activities of the executive body of the company, and their receipt from the executive body in order to fulfill duties entrusted to the company's supervisory board. The received documents can be used by the Supervisory Board and its members exclusively for official purposes;

making a decision to hold an audit, including the conduct of the external audit of the financial statements of the Company prepared in accordance with the International Financial Reporting Standards;

on determination of an audit organization and the maximum amount of payment for its services;

giving recommendations on the amounts of remuneration and compensation paid to members of the Audit Commission of the company;

giving recommendations on the amount of dividend, form and procedure for its payment;

use of the reserve and other funds of the company;

establishment of branches and opening of representative offices of the Company;

establishment of subsidiaries and dependent companies (they shall be created in the form of joint stock companies or limited liability companies);

deciding on a major transaction the subject of which is property the balance value and the acquisition cost of which is fifteen to fifty per cent of the company's net assets on the date of making the decision on such transaction in accordance

with Chapter 8 of the Law of the Republic of Uzbekistan "On Joint Stock Companies and protection of shareholders' rights";

making a decision on a transaction with an affiliate of the company in accordance with Chapter 9 of the Law of the Republic of Uzbekistan "On joint-stock companies and protection of shareholders' rights";

conclusion of transactions involving the company in commercial and non-profit organizations, in the manner prescribed by the law;

making a decision on the issue of corporate bonds, including those convertible into shares;

making a decision on the issue of derivative securities;

making a decision on the redemption of corporate bonds of the company;

making decisions on the issues on increase of the authorized fund (authorized capital) of the company, as well as issues on the making amendments and additions to the charter of the company, related to the increase of the authorized fund (authorized capital) of the company and the decrease in the number of authorized shares of the company;

approval of the decision on the issue of securities (shares, bonds) and the prospectus;

making amendments and (or) additions to the decision on issue of securities (shares, bonds) and the prospectus and approval of the text thereof;

determining the offering price (placing on the exchange and organized over the counter securities market) of shares in accordance with Article 34 of the Law of the Republic of Uzbekistan "On joint-stock companies and protection of shareholders' rights";

approval of the Regulations on Information Policy;

making a decision on charity (sponsor) or non-repayable aid, which amount is more than twenty per cent of the amount pledged in the business plan for sponsorship or charitable assistance;

involvement on the basis of a completion of an independent organization for the assessment of corporate management in the company;

5. The Supervisory Board of the company, in order to implement the recommendations of the Corporate Governance Code, shall perform:

coordination of activities of the executive body, internal control bodies of the company, collective bodies, established at the company, and, where appropriate, involvement of experts to organize the development of company's development plans and monitor the achievement of the objectives outlined in them;

coordination of works on the development, introduction and regular assessment of compliance by the organizational structure of the JSC with legal

requirements, and ensuring the transition to the publication of the annual financial statements in accordance with International Financial Reporting Standards;

monitoring the introduction of recommendations of the Corporate Governance Code.

6. The competence of the Supervisory Board of the company may also include resolution of other issues in accordance with the law and the company's charter.

7. Any matters referred to the competence of the supervisory board of the company, cannot be transferred to the executive body of the company for resolution.

III. ELECTION, APPOINTMENT AND EARLY TERMINATION OF POWERS OF MEMBERS OF THE SUPERVISORY BOARD

8. Election of members of the Supervisory Board of the company shall be performed by the general meeting of shareholders in the manner provided by law and the charter of the company for one year.

9. The quantitative composition of the Supervisory Board of the company shall be determined by the company's charter. In this case the company shall include into membership of the supervisory board at least one independent member (but not less than 15% of the number of members of the Supervisory Board stipulated in its charter).

10. The composition of the supervisory board shall include at least one independent member (but not less than 15% of the number of members of the Supervisory Board stipulated in its charter). At the same time, the nomination of an independent member shall be carried out by shareholders according to their agreement.

In the case of failure to nominate an independent member the company shall publish information on the reasons for non-compliance with this recommendation of the Code.

11. The criteria for independent members of the Supervisory Board are defined in the Corporate Governance Code.

12. The persons elected to the supervisory board of the company, may be re-elected an unlimited amount of times.

13. The head of the executive body of the company and its members can not be elected to the Supervisory Board.

14. Members of the Supervisory Board can not be persons working under an employment agreement (contract) at the same company.

15. Early termination of powers of the elected member of the Supervisory Board shall be carried out by a decision of the general meeting of shareholders when changing a shareholder, in the case of violation by any member of the Supervisory Board of its duties, and if there is an appropriate statement of the supervisory board, and for other reasons.

16. Persons elected to the supervisory board of the company shall have a qualification certificate of a corporate manager (for companies with a state share) or a certificate of the Scientific and Educational Center of corporate governance, higher education and practical experience of at least 2 years.

17. Election of members of the supervisory board of the company shall be performed by cumulative voting.

18. In cumulative voting the number of votes held by each shareholder shall be multiplied by the number of persons to be elected to the Supervisory Board and a shareholder may cast thus obtained votes for one candidate or distribute them among two or more candidates.

19. The candidates who obtain the highest number of votes shall be deemed elected to the Supervisory Board.

IV. CHAIRMAN OF THE SUPERVISORY BOARD

20. The Chairman of the Supervisory Board of the company shall be elected by members of the Supervisory Board from among its membership by a majority vote of the total number of members of the Supervisory Board.

21. The Supervisory Board of the company shall be entitled to re-elect its Chairman by a majority vote of the total number of members of the Supervisory Board.

22. The Chairman of the Supervisory Board of the company shall organize its work, convene meetings of the Supervisory Board and preside on them, organize keeping minutes at meetings, preside at the general meeting of shareholders.

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

V. MEETING OF THE SUPERVISORY BOARD

24. A meeting of the Supervisory Board of the company shall be convened by the Chairman of the Supervisory Board on its own initiative or at the request of a member of the Supervisory Board, the Audit Commission, the executive body and shareholder(s) holding in the aggregate not less than one percent of the company's voting shares.

25. Meetings of the Supervisory Board of the company shall be convened by the Chairman of the Supervisory Board at least once a quarter. The following shall be considered at meetings in a mandatory manner:

report of the executive body on the implementation of the Company's annual business plan and the measures taken to achieve the company's development strategy, the work done and achievement of indicators of activities of enterprises being parts of the Company, approved by their business plans, as well as other internal documents of the company;

report of the Internal Audit Service;

conclusion of the Audit Commission on the availability of transactions with affiliates or major transactions in the company, as well as compliance with legal requirements and internal company documents on the commission of such transactions.

26. The quorum for holding a meeting of the Supervisory Board of the company shall be not less than seventy-five per cent of the number of elected members of the Supervisory Board of the company.

27. In the case where the number of members of the Supervisory Board becomes less than seventy-five percent of the quantity provided for by the charter, the company shall be obliged to convene an extraordinary general meeting of shareholders to elect new members of the Supervisory Board of the company. The remaining members of the Supervisory Board shall be entitled to decide on convening the extraordinary general meeting of shareholders, as well as in the event of early termination of powers of Director, to appoint an interim.

28. Resolutions at the meeting of the Supervisory Board shall be adopted by a majority vote of those present, except in cases provided for by the Law of the Republic of Uzbekistan "On joint-stock companies and protection of shareholders' rights" and the company's charter. When addressing the issues at the meeting of the Supervisory Board of the company, each member of the Supervisory Board shall have one vote.

The Chairman of the Supervisory Board of the company shall be entitled to a casting vote in case of equality of votes of members of the Supervisory Board.

The decision on the increase of the authorized fund (capital) of the company and making appropriate changes to the charter shall be adopted by the Supervisory Board of the company unanimously.

29. Transfer of a vote by one member of the Supervisory Board of the company to another member of the Supervisory Board or a third party shall not be allowed.

30. At the meeting of the Supervisory Board of the company the minutes shall be kept. The minutes of the meeting of the Supervisory Board shall be drawn up not later than ten days after the meeting.

31. The minutes of the meeting shall include:

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

32. 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 correctness of the minutes.

33. The minutes of the meeting of the Supervisory Board of the company shall be handed over to the Director of the Company on the day of its signing. In case the supervisory board's decision on convening the general meeting of shareholders the information about this decision shall be transferred to the director of the company on the day of the meeting of the Supervisory Board.

34. The meeting of the Supervisory Board may be held by ballot, with the exception of the meeting, at which reports of the Audit Commission, the Internal Audit Service and executive body shall be heard. In this case decisions of the Supervisory Board of the company may be adopted by absentee voting (polling) by all members of the Supervisory Board unanimously.

Subject to availability of technical means, means of identification of members of the Supervisory Board, and other equipment the meetings of the Supervisory Board may be held in a video conference regime.

VI. RIGHTS AND OBLIGATIONS OF MEMBERS OF THE SUPERVISORY BOARD

35. A Member of the Supervisory Board shall be entitled to:

- personally take part in the meeting of the Supervisory Board, speak out on the issue discussed at the meeting within the time allotted by the regulations;
- by decision of the supervisory board, obtain information about the company for a certain period of time, about the plans for its development;
- receive remuneration and (or) reimbursement of expenses for the work of the Supervisory Board in accordance with the legislation and internal documents of the Company;
- have other rights stipulated by the legislation and the charter of the company;
- establish at the Supervisory Board any committees (working groups) on relevant issues, including the Committee on conflict situations, audit, human resources and others., from among the members of the supervisory board, the executive body, staff of the JSC and involved experts (specialists of relevant specialization, the teaching staff of specialized higher education institutions and others).

36. A member of the Supervisory Board shall:

- inform the company about its affiliation in the commitment of the transaction by the company by sending a written notice detailing information about the proposed transaction, essential terms of the relevant contract.
- carry out its duties in good faith and in the manner which he considers best in the interests of the company;
- other duties provided for by law and the company's charter.

37. The members of the Supervisory Board shall not be entitled to use the opportunities of the company (property or non-property rights, possibilities in economic activities, information about the activities and plans of the company) in order to enrich themselves.

VII. RESPONSIBILITIES OF MEMBERS OF THE SUPERVISORY BOARD

38. Members of the Supervisory Board of the company in exercising their rights and performing their duties shall act in the interests of the company and shall be responsible to the company in accordance with the law and the charter of the company.

39. If several persons bear responsibility, their responsibility to the company shall be joint and several.

40. Those members of the Supervisory shall not be responsible, who did not participate in the vote or voted against the decision that caused losses to the Company, except in cases stipulated by Article 90 of the Law of the Republic of Uzbekistan "On joint-stock companies and protection of shareholders' rights."

41. The company or shareholder(s) holding in aggregate at least one percent of the outstanding shares of the Company shall have the right to go to court with a claim against a member of the Supervisory Board for compensation of damages caused to the Company.

VIII. PROCEDURE FOR DETERMINATION OF AMOUNT OF REMUNERATION TO MEMBERS OF THE SUPERVISORY BOARD

42. Members of the Supervisory Board shall be paid a remuneration following the results of an independent evaluation of the corporate governance system and financial performance of the company.

43. The Company on a monthly basis (quarterly, every six months, annually) shall conduct an independent evaluation of the corporate governance system and financial performance of the company.

44. The results of the independent evaluation shall be the basis to determine the amount of remuneration to be paid to the Chairman and members of the Supervisory Board.

45. In accordance with the agreement with an independent organization the results of activities of the Supervisory Board may be deemed unsatisfactory, low, satisfactory and high.

46. The amount of remuneration (on the basis of one member of the Supervisory Board for 1 calendar month) shall be determined in the following order:

if found to be unsatisfactory – the remuneration shall not be charged and paid;

if found to be low - the remuneration shall be charged and paid in the amount of 17-fold minimum salary;

if found to be satisfactory - the remuneration shall be charged and paid in the amount of 17-fold minimum salary;

if found to be high - the remuneration shall be charged and paid in the amount of 20-fold minimum salary;

In this case, the multiplying factor shall be set for the remuneration to be paid to the Chairman of the Supervisory Board in the amount of not more than 1.2-fold amount to be paid to a member of the Supervisory Board.

IX. FINAL PROVISIONS

47. The Department (division) of corporate relations with shareholders, or a specialist in securities or a corporate secretary shall be responsible for the provisions of members of the supervisory board with the necessary materials, as well as the relationship with shareholders and investors.

48. The persons guilty of violation of the requirements of these Regulations shall be liable in accordance with established procedure.

49. If individual articles of these Regulations come into conflict with the current legislation of the Republic of Uzbekistan and/or the Company's Charter, these articles shall become invalid and in part of the issues regulated by these articles it is necessary to be guided by the norms of the current legislation of the Republic of Uzbekistan and/or the Charter until making appropriate changes to these Regulations.