

APPROVED

decision of the general Meeting of Shareholders
of the JSC «BIOKIMYO»
of June 27, 2019

Sh.Abdujabbarov Chairman of the General Meeting

(stamp)

**PROVISION
ON SUPERVISORY BOARD
OF THE JOINT-STOCK COMPANY
«BIOKIMYO»**

(new edition)

Yangiyul city – 2019

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1. General Provisions

1.1. These Regulations determine the procedure for the creation and organization of the work of the Supervisory Board of BIOKIMYO JSC (hereinafter referred to as the Company), the procedure for electing members of the board, as well as their rights and obligations.

1.2 These Regulations have been developed in accordance with the Law of the Republic of Uzbekistan "On Joint Stock Companies and Protection of Stockholders' Rights" as amended on May 6, 2014 № 370 (hereinafter referred to as the Law), "Corporate Governance Code" (hereinafter referred to as the Code), approved by the minutes of the meeting of the Commission on enhancing efficiency of joint stock companies, Corporate Governance Rules (hereinafter referred to as the Rules), approved by the minutes №15 of April 20, 2018 and improving corporate governance system on April 3, 2018.

1.3. The Supervisory Board of the Company carries out its activities in accordance with this Charter, the provisions "On the Supervisory Board" approved by the decision of the General Meeting of Shareholders of the Company.

1.4. The quantitative composition of the Company's Supervisory Board is established by the Charter of the Company.

2. The competence of the Supervisory Board

2.1. The Supervisory Board of the Company carries out general management of the Company's activities, except for the resolution of issues attributed to the exclusive competence of the General Meeting of Shareholders by the Law and the Charter of the Company.

2.2. The competence of the supervisory board of the company includes:

- ☐ determination of priority directions of the company's activity with a regular hearing of the report of the company's management board on measures taken to achieve the development strategy of the company;

- ☐ delegate to the supervisory board the right to determine the procedure, the conditions for rendering (receiving) and making decisions on charitable (sponsor) or gratuitous assistance only within the limits established by the general meeting of shareholders and legislation, with disclosure of information for all shareholders;

- ☐ Ensuring that the organizational structure of the company is developed, implemented and continuously evaluated in accordance with the requirements established by law;

- ☐ to assess the corporate governance system in accordance with the decision of the company's supervisory board to attract an independent organization on a competitive basis;

- ☐ resolution of issues related to the increase of the Company's Charter Fund, by issuing additional shares, as well as issues related to the introduction of amendments and additions to the company's charter related to the increase of the company's charter capital and the reduction in the number of announced shares of the company;

- ☐ When making a decision on the placement of shares, the price of placement (placing on the exchange and organized over-the-counter securities market) of shares is established proceeding from the price conjuncture formed on the platforms of the organizers of trading in securities;

- ☐ approval of the decision to issue shares;

- ☐ approval of the prospectus;

- ☐ decision-making on the issuance by the company of corporate bonds, including those convertible into shares;
- ☐ decision-making on the issue of derivative securities;
- ☐ adoption and approval of the decision to amend and / or additions to the decision to issue securities and (or) and the prospectus and the suspension of placement on the circulation of securities;
- ☐ The Company has the right to purchase the shares placed by it for the purpose of their subsequent resale in accordance with the established procedure;
- ☐ decision-making on the repurchase of corporate bonds;
- ☐ convocation of annual and extraordinary general meetings of shareholders, except for cases stipulated by part one of the eleventh article 65 of this Law;
- ☐ preparation of the agenda of 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;
- ☐ including the issues for the decision of the General Meeting of Shareholders the on introducing amendments and additions to the Company's Charter or issues of approval of a new version of the Company's Charter;
- ☐ organization of the establishment of the market value of the property;
- ☐ determination of the number of members of the Management Board of the company and election (appointment) of members of the company's management board, early termination of their powers, where the election (appointment) of the chairman of the management board is held on a competitive basis. With the possibility of participation of candidates from among foreign managers;
- ☐ establishment of remuneration and (or) compensations paid to the Chairman of the Management Board and members of the Management Board of the company, as well as their size limits;
- ☐ deciding on the possibility of extending the term, renewing or terminating contracts with the Chairman of the Management Board and members of the Management Board
- ☐ approval of the company's annual business plan and approval no later than December 1 of the current year;
- ☐ creation of the internal audit service, cost estimates, approval of the work plan and appointment of its employees, as well as quarterly hearing of its reports;
- ☐ appointment of a corporate consultant and approval of a provision defining the procedure for its activities;
- ☐ The rules for the competitive selection for the executive posts describing the procedures for declaring a competition, objective selection criteria, the hiring of new, modern thinking, highly qualified managers, relevant modern requirements, as well as foreign managers.
- ☐ approval of the "Regulations on Information Policy" of the company;
- ☐ create committees (working groups) under the supervisory board of the company, on relevant issues, including for identification and conflict situations, from among the members of the supervisory board,
- Executive body, staff of the company and attracted experts (Specialists of the appropriate profile, teaching staff of Profile higher education institutions and others);
- ☐ to evaluate the system of corporate governance of the company, the involvement of an independent organization;
- ☐ ensuring control over the timely implementation of measures in the implementation of the corporate governance code;
- ☐ regulate cases and order of meetings of Supervisory board by poll, as well as in the Video conferencing;

- ☐ determine (appoint) an employee or division, responsible for the relationship with shareholders and investors;
 - ☐ access to any documents relating to the activities of the executive body of the company and obtaining them from the executive body for the performance of the duties assigned to the supervisory board of the company. Received documents can be used by the supervisory board of the company and its members exclusively for business purposes;
 - ☐ decision-making on carrying out of audit, on definition of the auditor organization and the limiting size of payment of its services;
 - approval of key performance and productivity indicators for the deputy chairman of the board;
 - hearing reports based on performance, based on the results of measures to develop localization of production and industrial cooperation in the company;
 - introduction of a mechanism for quarterly external audit of import purchases and effective use of foreign exchange resources, taking into account the transparency and validity of the procurement process, including compliance of domestic products, established quality and price parameters;
 - ☐ Adoption of an appropriate decision on an announcement compiled in accordance with International Financial Reporting Standards, following an external audit in accordance with International Standards on Auditing.
 - ☐ giving recommendations on the amount of remuneration and compensation paid to the members of the Audit Commission;
 - ☐ giving recommendations on the size of the dividend, the form and the procedure for its payment;
 - ☐ use of reserve and other funds of the company;
 - ☐ establishing branches and opening representative offices of the company;
 - ☐ establishment of subsidiaries and dependent business entities;
 - ☐ decision-making on transactions in cases provided for by Chapters 8 and 9 of this Law;
 - ☐ conclusion of transactions related to the participation of the company in commercial and non-profit organizations, in accordance with the procedure established by law;
- 2.3. The competence of the Company's Supervisory Board may include the resolution of other issues in accordance with this Law, the Code of Corporate Governance and the Charter of the Company.
- 2.4. The Supervisory Board introduces the requirement of an independent decision by the executive bodies of issues assigned to their competence for the unconditional fulfillment of the tasks set by the supervisory board, the general Shareholders' meeting, charter and development plans of the company.
- 2.5. The Supervisory Board coordinates the activities of the executive body, internal control bodies of the company, collegial bodies established in the company and, if necessary, involves experts to organize the development of plans for the development of company and monitor the achievement of the goals outlined in them.
- 2.6. The Supervisory Board defines as the strategic objectives of the company the maintenance of financial stability, the increase of labor productivity, the competitiveness of products, the growth of production, export and energy efficiency, the modernization, technical and technological renovation of production, leading to an increase in the value of shares.
- 2.7. The Supervisory Board of the Company provides in the Regulations on the Supervisory Board conditions, under which a member of the supervisory board can be released from performing his duties, the procedure for the activities and functions of the chairman of the supervisory board related to the organization and conduct of its meetings.
- 2.8. The issues referred to the competence of the Company's Supervisory Board cannot be transferred to the decision of the Company's Management Board.

3. Election of members of the Supervisory Board

3.1. Members of the Company's Supervisory Board are elected by the General Meeting of Shareholders in the manner prescribed by the legislation and the Company's Charter for a period of one year.

3.2. Persons elected to the membership of the Supervisory Board of the company may be re-elected unrestrictedly.

3.3. The members of the management board and the chairman of the board of the company can not be elected to the supervisory board of the company.

3.4. The Members of the board and director society, person, working on labor agreement (the contract) in his(its) affiliated and hung economic society, and members management body data society can be not elected in observant advice society.

3.5. The requirements for persons elected to the Company's Supervisory Board may be established by the Company's Charter or by a resolution approved by the General Meeting of Shareholders

3.6. Qualification requirements for candidates to the members of the supervisory board, including the availability of the qualification certificate of the corporate manager issued by the Scientific and Educational Center for Corporate Governance (except in cases established by law);

3.7. Include at least one independent member into the composition of the Supervisory Board. Independent members of the supervisory board of the company may

be persons who:

(I) did not work in the JSC, at its subsidiaries or affiliated companies during the last 5 years;

(Ii) are not a shareholder of the JSC, its subsidiaries or affiliated enterprises;

(III) are not associated with a large customer or supplier who has an appropriate contract for more than 5,000 minimum wages established by law, with the JSC, its subsidiaries or affiliated companies;

(Iv) do not have service contracts with JSC, its subsidiaries or affiliated companies;

(V) are not members of the family of a person who is or has been, during the last 5 years, the executive officer of the company, its subsidiaries or affiliates;

(Vi) are not the controlling person of the company (or a member of a group of individuals and / or organizations that collectively exercise control over the company);

(VII) are not connected with the company by civil-law contracts and are not an employee of a large shareholder of the company or a superior Branch agency (company)

3.8. Elections of the members of the Company's Supervisory Board are carried out by cumulative voting.

3.9. In cumulative voting, the number of votes belonging to each shareholder is multiplied by the number of persons who are to be elected to the company's supervisory board, and the shareholder is entitled to give back the votes thus obtained in full for one candidate or distribute them among two or more candidates.

3.10. Candidates with the highest number of votes are considered elected to the Supervisory Board.

4. Kvalifikacionnye requirements to candidate member of the observant advice

4.1. The Member of the observant advice must answers the following requirements:

- has a higher education;

- presence квалификационного certificate or certificate corporative controlling, issued Scientifically-educational centre of corporative management (except events, installed by legislation).

4.2. Have a knowledge, experience and skill in the following area:

- in the field of governing the enterprise, financial management, internal checking;
- in the field of corporative right and management.

4.3. The Knowledge acting laws, edict, decisions and normative-legal document other state organ.

5. Chairman of the Supervisory Board

5.1. The Chairman of the Company's Supervisory Board is elected by the members of the Supervisory Board from its composition by a majority of votes of the total number of elected members of the Supervisory Board.

5.2. 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.

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

5.4. In the absence of the Chairman of the Company's Supervisory Board, one of the members of the Supervisory Board exercises his functions.

5.5. If the decision of the supervisory board does not entrust these powers to another person, the Chairman of the Company's Supervisory Board shall conclude on behalf of the Company a labor contract with the head of the Company and its members.

6. Meeting of the Supervisory Board

6.1 The meeting of the Supervisory Board of the Company shall be 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, a member of the Management Board of the Company, as well as the shareholder (shareholders) owning at least 1% of common shares of the company, to call for a meeting of the supervisory board and make proposals on Agenda, distribution of profits, candidatures for members of management and control bodies (with the possibility of replacing them before the general meeting of shareholders);

6.2. Meetings of the Supervisory Board will be held at least once a quarterly. If necessary, the Supervisory Board may meet more than once a quarter.

Meetings of the Supervisory Board may be held by questioning, also in the mode of video-conferencing with a unanimous vote of all members of the Supervisory Board

6.3. The first meeting of the Company's Supervisory Board elected for a new term of one year is conducted by one of the members of the Supervisory Board of the Company, notifying members of the Supervisory Board of the convening of the meeting. At this meeting of the supervisory board, the issue of electing the Chairman of the Supervisory Board should be raised.

6.4. In case of receipt of a written request to convene a meeting of the Supervisory Board on behalf of the person specified in clause 5.1 of this Regulation, the Chairman of the Supervisory Board is obliged to consider the request. The request to hold a meeting of the Supervisory Board of the Company, indicating the proposals included in the agenda, specifying the reason for their entry and description should include the e-mail address of the person who requires the convocation of the meeting. The Chairman of the Supervisory Board of the company is obliged to consider the proposals received and to take a decision on their inclusion in the

agenda of the General Meeting of Shareholders or on refusal to include in the agenda not later than ten days after the end of the term. In the event that a decision is taken to convene a meeting of the Supervisory Board upon receipt of a relevant demand from the Chairman of the Supervisory Board, no more than thirty days must be given for consideration of the issue (s) specified in the request. The decision of the Chairman of the Supervisory Board of the company to convene a meeting or a reasoned decision to refuse his convocation is sent to the person demanding his convocation, no later than three working days from the moment of its adoption.

6.5. The quorum for the meeting of the Supervisory Board shall be 75 percent (the presence of four members) of the number of elected members of the Supervisory Board. In the event that the number of members of the Supervisory Board becomes less than 75 percent of the total number of members of the Supervisory Board, or in the case of exemption from the duties of a member of the supervisory board, the Supervisory Board shall convene an extraordinary General Meeting of Shareholders to elect a new Supervisory Board. The remaining members of the Supervisory Board have the right to decide only on the convocation of such an extraordinary General Meeting, and, in case of early termination of the powers of the Chairman of the Company's Management Board, have the right to appoint a temporary acting chairman.

6.6. In case there is a quorum of the Supervisory Board meeting, the Supervisory Board of the Company is authorized. The meeting of the Supervisory Board is opened by the Chairman of the Supervisory Board, in his absence, it is opened by one of the members of the Supervisory Board, who announces the agenda of the meeting and holds a meeting. On the agenda of the meeting, the Chairman of the Supervisory Board, members of the Supervisory Board or the report of the invited person on the agenda item are heard. Following the speeches, the issue of the agenda is discussed. A vote is taken on the question put to the vote. The Chairman of the Supervisory Board, in case of his absence, one of the members of the Supervisory Board, read out the results of voting and the decision taken. Following the results of consideration of the tasks put on the Agenda, the indicated person declares the meeting closed.

6.7. If the Law and the present Charter, which determines the procedure for convening and holding the meeting of the Supervisory Board, do not provide for another rule, at the meeting of the Supervisory Board the decision is made by a majority of those present at the meeting. When resolving issues at a meeting of the Company's Supervisory Board, each member of the Supervisory Board has one vote. The transfer of a vote by one member of the Company's Supervisory Board to another member of the Supervisory Board is not allowed. The Chairman of the Company's Supervisory Board has the right to a decisive vote when the Supervisory Board makes a decision in the event of a tie between the votes of the Supervisory Board members

6.8. The decisions of the Supervisory Board of the company can be adopted by absentee voting (by poll) by all members of the Supervisory Board unanimously.

6.9. The decision on the issues specified in the second and fourth parts of Article 18 of this Law shall be adopted unanimously by the supervisory board of the company.

6.10. At the meeting of the Company's Supervisory Board, the minutes is kept. The minutes of the meeting of the Supervisory Board shall be drawn up no later than 10 days after its holding. The minutes of the meeting include:

- the place and time of its holding;
- persons present at the meeting;
- agenda of the meeting;
- Issues put to vote, results of voting on them;
- decisions taken.

The minutes of the meeting of the Company's Supervisory Board shall be signed by all members of the Supervisory Board participating in the meeting. They are responsible for the correctness of the protocol.

6.11. The minutes of the meeting of the Company's Supervisory Board shall be submitted for execution to the Management Board of the company on the date of its signing. In

the event that the Supervisory Board makes a decision to convene a general meeting of shareholders, information on this decision shall be passed to the Management Board of the company on the day of the meeting of the Supervisory Board.

7. FORMATION OF COMMITTEES AT THE SUPERVISORY BOARD

7.1 Committees may be established among members of the Supervisory Board, the Executive Body, the Company's employees and invited experts (specialists of the respective profile, teaching staff of specialized institutes of higher education and others) of the Company to consider the most important issues and prepare recommendations to the Supervisory Board.

7.2 Appointment and procedure of composition, quantity and composition of committees are defined by the charter approved by the Supervisory board of a company.

7.3. The Company, upon inclusion in a stock exchange's quotation list, shall be obliged to establish an audit committee consisting exclusively of members of the Supervisory Board of this Company.

7.4 In addition to the audit committee, the company shall establish the following committees:

- Appointment (Contest) and Remuneration Committee;
- Committee on Strategies and Innovations.
- Committee on Determination and Settlement of Conflicts.

7.5 Established committees shall consist of three (3) members, the members shall be appointed by the supervisory board, in accordance with clause 7.1 from among the management bodies and specialists of the relevant profile.

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

8.1. A member of the Supervisory Board has the right to:

- personally participate in a meeting of the Supervisory Board, to speak on the issue discussed at the meeting within the time allotted by the rules of procedure;
- According to the decision of the Supervisory Board to receive information on the current state of affairs, activities of the Company for any period of time, plans for its development;
- To receive remuneration and (or) reimbursement of expenses for work in the Supervisory board, performing certain functions;

Other rights according to legislation, the Charter of the Company and the present Regulation.

8.2 Distribution of functions between members of the Supervisory board is carried out by Chairman of the Supervisory board specifically for each member of the Supervisory board. In case of circumstances mentioned in 8.4., 8.5. and 8.6. clauses of this Regulation, each member of the Supervisory Board is released from performing the tasks of a member of the Supervisory Board. The amount of remuneration for each member of the Supervisory Board is determined according to the results of their activity by the General Meeting of Shareholders.

8.3. By decision of General shareholder meeting, members of the Supervisory board of the Company can be paid remuneration and (or) compensate expenses connected with execution of functions of members of the Supervisory board within the limits of the amount approved by the legislation. Amounts of such remunerations and compensations are established by "Regulations about remuneration of members of the Supervisory board, Auditing commission and Board" approved by decision of General shareholder meeting.

8.4. Duties of members of the Supervisory board of the Company:

To inform the Company in order established by law about their affiliation of transaction of the Company;

Members of the Supervisory board are obliged to carry out their official duties in good faith, and also in that way, which they consider as the best in interests of the Company;

Other duties according to legislation, Articles of the Company and the present Regulation.

8.5. Members of the Supervisory board have no right directly or indirectly to receive remuneration for influencing the adoption of any decisions by the Supervisory board.

8.6. Members of the Supervisory board have no right to use opportunities of the Company (property or non-property rights, opportunities in the sphere of economic activity, information on activity and plans of the Company) for personal enrichment.

9. RESPONSIBILITY OF MEMBERS OF THE SUPERVISORY BOARD

9.1 Members of the Supervisory board of the Company bear responsibility before the Company according to legislation and Articles of the Company.

9.2 Members of the Supervisory board of the Company, at execution of their rights and performance of their duties should act in interests of the Company and bear responsibility in established order.

9.3 In case if according to provisions of the present article several persons are responsible, their responsibility before a company is solidary.

9.4 Members of the Supervisory board of the Company, who didn't take part in voting or who voted against decision which has entailed causing losses to the Company, don't bear responsibility.

A member of the Supervisory board is obliged to disclose information about interest on any issues or transactions connected with enterprises with state share.

9.5. The Company or shareholder (shareholders) owning in total not less than one percent of outstanding common shares of the Company has right to address to court with claim to a member of the Supervisory board about compensation of losses caused to the Company.

9.6 Powers of member of the Supervisory board of a company can be terminated on decision of court, with prohibition to occupy a managing position in economic companies for the term not less than one year, in case if court finds him guilty of causing property damage to a company.

9.7 A member of the Supervisory Board and the trustee may be held liable for damage caused to the company as a result of providing misleading information or knowingly false information or offering to conclude and (or) make decisions to conclude a major transaction and (or) transaction with affiliated persons in order to obtain their or their affiliated persons' profit (income).