***Approved by:***

***General Meeting of Shareholders of JSC «BMKB-AGROMASH»***

***Minutes №\_\_\_***

***of ”13”January 2017,***

***Chairman of meeting***

***\_\_\_\_\_\_\_\_\_\_\_\_\_ ( \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ )***

 ***signature full name***

**PROVISION**

**ON THE SUPERVISORY BOARD of**

**JOINT STOCK COMPANY "BMKB-AGROMASH»**

(with changes)

1. **GENERAL PROVISIONS**

1.1 This regulation defines status and regulates the work of Supervisory Board of "ВМКВ-AGROMASH" JSC, procedure for elections to Board members, as well as the rights and obligations of each member.

1.2 Provision is developed in accordance with law of the Republic of Uzbekistan "On joint stock companies and protection of shareholders 'rights" and Charter of "ВМКВ-AGROMASH" JSC.

1.3 Supervisory Board of "BMKV-AGROMASH" JSC carries out general management of Company, except for the issues referred by law to competence of General meeting of shareholders.

1.4 Supervisory Board coordinates activities of Executive body, internal control bodies of the Company, collegial bodies established in Company, and, if necessary, attracts experts to organize elaboration of Company's development plans and monitor achievement of goals.

1. **COMPETENCE AND ELECTION OF SUPERVISORY BOARD OF THE JOINT-STOCK COMPANY**

2.1 The competence of Supervisory Board of the Company includes:

determination of priority directions of Company's activity;

determination of priority activities of Company with regular hearing of the report of Company’s Executive Body on the measures taken to achieve the Company's development strategy;

convening of annual and extraordinary General Meetings of Shareholders, except when the meeting of shareholders may be convened by persons requiring the convening of meetings;

preparation of agenda of shareholders’ General Meeting;

determination of date, time and place of General Meeting of shareholders;

determination of date of register formation of Company’s shareholders for notification of General Meeting of shareholders and date of shareholders’ register formation entitled to participate in the shareholders’ General Meeting;

introduction of amendments and additions to Charter of Company or approval of Charter in new edition for the decision of General meeting of shareholders;

establishing the market value of property;

appointment of corporate consultant if necessary, introduction of this position in Company and provision approval that determines the order of his/her activities;

approval of Company's business plan for the next year not later than December 1 of current year at meeting of the Company's Supervisory Board;

introduction of Internal Audit Service, if necessary, introduction of this position in Company and appointment of its employees, as well as quarterly hearing of its reports;

access to any documents relating to activities of Company’s Executive body and obtaining them from Executive body to perform the duties assigned to Company’s Supervisory Board. The received documents may be used by Supervisory Board of the Company and its members only for official purposes;

decision to conduct an audit (except for mandatory audit), to determine the audit organization and maximum amount of payment for its services, and conclusion (termination) of the contract;

giving recommendations on amount of remuneration and compensation paid to members of Audit Commission of the Company;

giving recommendations on size of dividend, form and order of its payment;

use of the Company's reserve and other funds;

establishment of branches and representative offices of the Company;

creation of subsidiaries and dependent business entities;

decision-making on transactions in cases stipulated by Chapters 8 and 9 of Law of the Republic of Uzbekistan "On joint stock companies and protection of shareholders 'rights" dated 07.05.2014 № LRUz-370;

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

determination of order, conditions of rendering (receiving) and making decisions on charitable (sponsor) or gratuitous assistance only within the limits established by General Meeting of shareholders and legislation with subsequent placement of this order on corporate website of Joint-Stock Company;

- establishment of committees (working groups) under the Supervisory Board on relevant issues;

-determination of voting procedure on behalf of Company, its representatives, in management bodies of enterprises that are part of the Company;

decision on redemption of the Company's corporate bonds;

resolution of issues related to increasing of authorized capital of the Company, as well as issues related to amendments and additions to Charter of Company associated with increase of its authorized capital of Company and reduction of number of declared shares of the Company;

approval of decision on issue of securities and approval of prospectus;

determination of placement price (placing on exchange and organized over-the-counter securities market) of shares on the basis of prices prevailing on the sites of organizers of securities trading, but not less than laid down by decision of their issue;

decision on issue of corporate bonds, including convertible into shares;

decision to issue of derivative securities;

forming of Executive body of the Company, election (appointment) at the position of head, early termination of powers. Decision to appoint the head of Executive body of joint-stock company is usually made on the basis of competitive selection, in which foreign managers can participate;

determination of amount of remuneration and compensation paid to Executive body of the Company;

approval of Company's annual business plan.

preliminary approval of annual report of Company not later than twenty-one days before the date of annual shareholders’ General meeting

Company is obliged not later than two weeks before the date of annual General meeting of shareholders to publish the annual financial statements prepared in accordance with International financial reporting standards, after its external audit in accordance with International auditing standards.

2.2 The competence of Supervisory Board of the Company may include decision on other issues referred to competence of Supervisory Board in accordance with Charter and this regulation.

Issues within the competence of Supervisory Board of Company may not be transferred to Executive body of Company for decision.

2.3 Supervisory Board may initiate extraordinary audits of financial and economic activities of Executive body and make decisions on reports of Audit Commission.

2.4 Supervisory Board engages an audit or consulting organization to provide professional services for the Company's transition to publishing information based on IFRS and international auditing standards.

2.5 In order to conduct an independent assessment of corporate governance system in Company, the Supervisory Board makes a decision to involve an organization not related to property relations with Company on a competitive basis.

2.6 Results of independent assessment of corporate governance system are published on Company's website together with conclusion of organization that conducted such assessment. Independent assessment of corporate governance system in Company is carried out at least once a year and can serve to determine the amount of remuneration.

2.7 As an independent organization for evaluation of corporate governance system in Company can be: stock exchange; professional participants of securities market; audit organizations; accredited rating agencies; Scientific and educational center of corporate governance; Center for research on privatization, competition and corporate governance.

2.8 Members of Supervisory Board are elected by General meeting of shareholders in accordance with the Charter of Company may be re-elected unlimited number of times.

2.9 General Director of Company, persons working under an employment contract (contract) in its subsidiaries and affiliates and associated business companies, and members of management bodies of these companies may not be elected to Supervisory Board of the Company.

It is forbidden to include in structure of governing bodies the persons with criminal record for committing mercenary crimes;

2.10 Persons who are not shareholders of this joint-stock company may also be elected to Supervisory Board in the manner prescribed by law;

2.11 Qualification requirements for candidates for members of Supervisory Board include availability of a qualification certificate of corporate Manager in Company with a state share in the authorized capital issued by Scientific and educational center of corporate governance (except as provided by law). If the Company has not chosen members with a qualification certificate of corporate Manager, the Supervisory Board shall be formed from the members with the highest qualification and experience.

2.12 Requirements for candidates for election to Supervisory Board of the Company shall be established by decision of General Meeting of Shareholders and this regulation.

2.13 Supervisory Board consists of 7 members and is elected for a term of 1 year.

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

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

2.15 Transfer of vote by member ofSupervisory Board of Company to another member is not allowed.

2.16 Candidates with the highest number of votes shall be elected to the Supervisory Board.

2.17 Supervisory Board of the Company, whose shares are included in exchange quotation list of stock exchange, must have at least one independent member who can be re-elected annually. At the same time, in companies with predominant share of state and (or) an economic Association, representatives of state and (or) an economic Association shall nominate and vote on an independent member of Supervisory Board.

Independent members of Supervisory Board of the Company may be persons who:

have not worked in the Company, its subsidiaries or affiliated enterprises for the last 3 years;

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

has no civil relations with a major client and (or) a major supplier of Company and (or) an affiliate of Company. In this case, a large client and a large supplier are recognized as persons with whom there is a valid contract in amount of more than two thousand minimum wages;

does not have any agreements with Company and (or) its affiliates, except for the tasks and functions of member of Supervisory Board;

is not a spouse, parent (adopter), child (adopted), blood or half-brother or sister of a person who is or has been for the last three years a member of management and internal control of Company and (or) affiliated persons of Company;

is not an employee of public administration body or state enterprise.

2.18 From among the members of Supervisory Board of Company, committees may be established to consider the most important issues and make recommendations to Supervisory Board. The Supervisory Board may establish temporary and standing committees to pre-examine and consider the most important issues within its competence. Company may establish: Audit Committee; HR Committee; strategy Committee and other committees in accordance with needs of Company.

2.19 The order of formation and work of committees, their structure are established by regulations on specific Committee.

2.20 If the Company is included in exchange quotation list of stock exchange, the Company is obliged to create an Audit Committee consisting exclusively of members of Supervisory Board of Company.

2.21 In preparing decisions on certain areas of Company's activities, including identification and resolution of conflict situations, the Supervisory Board has the right, if necessary, to create committees (working committees) from its members and other employees of Company to address specific issues and to involve experts (specialists of relevant profile, teaching staff of specialized higher educational institutions and others).

2.22 To identify and resolve conflict situations, the Committee (working group) is created at Supervisory Board to resolve conflicts of interest between shareholders of Company, as well as between management and control bodies, officials and employees of Company.

2.23 The work of Supervisory Board is carried out in various areas of Company's activities, which are supervised by individual members of Supervisory Board, who have specific responsibilities.

2.24 In order to improve the performance of Supervisory Board, the Chairman of Supervisory Board, deputies, Secretary, and other members may perform their duties not in conjunction with their main activities, but as "released", i.e. on a contractual basis. (The General Meeting of Shareholders shall approve the terms of contract and payment of members of Supervisory Board who carry out activities on a contractual basis). On a contract basis, members of Supervisory Board may perform certain works related to Company's activities.

2.25 Supervisory Board of the Company shall establish an office (Secretariat). The staff of Supervisory Board includes along with technical staff (assistant, driver, security guard, etc.) economists, lawyers and other specialists.

Competence and financial base of the staff of Supervisory Board is set out in "Regulations of the staff of Supervisory Board".

The cost estimates of Supervisory Board are approved by General meeting of shareholders.

2.26 Members of Board appoint the Secretary of Supervisory Board.

The functions of Secretary of Supervisory Board include:

- ensuring preparation and holding of General Meeting of Shareholders in accordance with the requirements of Charter and other internal documents of Company;

- ensuring the work of Supervisory Board;

- providing storage of documents and disclosure of information about the Company;

- ensuring organization of interaction between Company and its shareholders and other participants of corporate relations;

- execution of other functions provided by internal documents of the Company.

2.27 Company may establish an internal audit service. Internal audit service reports to Supervisory Board of Company and acts on the basis of "Regulations on the internal audit service" approved by Supervisory Board of the Company.

2.28 Responsibility for regular control over execution of internal control procedures, namely the compliance of financial and economic operations of Company with legislation of the Republic of Uzbekistan and Charter of Company as a whole, its separate divisions, as well as the completeness and reliability of accounting and financial statements lies with internal audit service, role, objectives, tasks, powers of which are reflected in Regulation on internal audit service.

2.29 The internal audit service of Company is empowered for implementation of internal control, including over operations conducted with legal entities, more than 50% of authorized capital owned by the Company.

2.30 The following persons are not entitled to hold positions in internal audit service of the Company:

persons who have outstanding convictions for crimes in the field of economy or for crimes against order;

persons who are head or members of Executive body of the Company;

persons who are founders (shareholders, participants), head or members of Executive body or employees of another legal entity that is a competitor of the Company.

2.31 Other requirements to persons who are members of internal audit service may be established by Audit Committee of Supervisory Board.

2.32 Decision on formation of Audit Committee is made by Supervisory Board after election of new members of Supervisory Board.

2.33 Members of Audit Committee are approved by Supervisory Board. The powers of any member of Audit Committee may be terminated prematurely by decision of Supervisory Board.

2.34 Audit Committee is recommended to be formed from independent members of Supervisory Board.

2.35 If the Company has not elected independent members to Supervisory Board on a voluntary basis, the Audit Committee shall be formed from members of Supervisory Board with the highest qualification and experience to perform the functions of Audit Committee.

2.36 Chairman of Audit Committee of Company is recommended to elect an independent member of Supervisory Board. In other cases – independent member or member of the Supervisory Board.

2.38 Functions of Supervisory Board include: annual report at the annual General Meeting of Shareholders of Company on the results of analysis and evaluation of reliability and effectiveness of internal control system based on the data of regular reports of Executive body’ s head of Company, internal and external audits, Audit Commission, information from other sources and their own observations on all aspects of internal control, including: financial control, operational control, control over compliance with legislation, control of internal policies and procedures.

2.39 Supervisory Board sets requirements for form and content of report (report) of management and control bodies of the Company reporting at the General Meeting of Shareholders, determines the duration of General meeting.

2.40 Supervisory Board ensures coordination of work on development, implementation and regular assessment of compliance of the Company's organizational structure with legal requirements.

2.41 Supervisory Board conducts annual competitive selection for senior positions in Company, with possibility of participation of candidates from among foreign managers. Approves the rules of competitive selection for leadership positions with procedures for tendering, objective criteria for selection, recruitment according to the results of new, modern-minded, highly-qualified managers that meet modern requirements, as well as foreign managers.

1. **ELECTION OF CHAIRMAN OF SUPERVISORY BOARD OF THE JOINT-STOCK COMPANY**

3.1 Chairman of Supervisory Board is elected by members of Supervisory Board by a majority vote of the total number of members of Supervisory Board.

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

3.3 Chairman of Supervisory Board of the Company organizes its work, convenes meetings of Supervisory Board, organizes minutes at the meetings, opens and presides at General meeting of shareholders, concludes an employment contract on behalf of Company on hiring the head of Executive body of the Company.

3.4 Members of Supervisory Board may elect one or more deputy members of Supervisory Board. They shall preside in the absence of Chairman or inability to perform his or her duties for any reason.

1. **PROCEDURE FOR MEETINGS OF SUPERVISORY BOARD OF "ВМКВ-AGROMASH" JSC**

4.1 Procedure for convening and holding a meeting of Supervisory Board of the Company shall be determined at least once a quarter.

Meeting of Supervisory Board of Company is convened by Chairman of the Supervisory Board on his own initiative, at the request of member of Supervisory Board, Audit Commission, Executive body of Company, as well as shareholders, owners of at least 1 percent of voting shares.

4.2 The quorum for meeting of Supervisory Board is determined by Charter of the Company, and must be at least 75 % of elected members of Supervisory Board.

4.3 If the number of members of Supervisory Board becomes less than 75 % of number provided for by Charter, the Company is obliged to convene an extraordinary General Meeting of Shareholders to elect new members of Supervisory Board. The remaining members of Supervisory Board may decide to convene such an extraordinary General Meeting of Shareholders, as well as in case of early termination of powers of Executive body’s Head to appoint a temporary acting Head.

4.4 Decisions at the meeting of Company’s Supervisory Board shall be made by majority vote of those present. Each member of Supervisory Board has one vote when resolving issues at the meeting of Company’s Supervisory Board. In case of equality of votes, the vote of presiding officer shall be decisive

4.5 Decisions are made by Supervisory Board of the Company unanimously on the following issues:

increase of authorized capital of the Company by increasing of nominal value of shares and making appropriate amendments to Charter of the Company;

increase of authorized capital of the Company by placing additional shares and making appropriate amendments to Charter of the Company;

the resolution on approval of transaction with an affiliate;

issue of corporate bonds convertible into shares by the Company.

Decisions taken by Supervisory Board of the Company without participation of state representative, as well as those vetoed are not executable

4.6 The minutes are kept at meeting of Supervisory Board of the Company. The minutes of meeting of Supervisory Board shall be executed no later than 10 days from the date of the meeting.

4.7 The minutes of meeting shall include the following:

date, time and venue;

persons present at the meeting;

meeting agenda;

issues put to the vote, the results of voting;

adopted decision.

4.8 Minutes of meeting of Company’s Supervisory Board shall be signed by members of Company’s Supervisory Board participating in the meeting, who are responsible for correctness of Protocol.

Decisions of Supervisory Board of the Company may be adopted by absentee voting (by polling, as well as by video conferencing) by all members of Supervisory Board unanimously.

4.9 Minutes shall be accompanied by opinion of members of Supervisory Board who are absent from the meeting or have a special opinion, expressed in writing and signed by them personally.

4.10 Minutes of meetings and resolutions on issues not related to Company's trade secret shall be available for review by any shareholder and member of Supervisory Board.

4.11 It is mandatory to hold a meeting of Supervisory Board on the results of last financial year.

The meeting considers the annual report, annual business plan, report of the external auditor and Audit Commission submitted by the Executive body. General Director provides the Supervisory Board with full current financial information and full report on the current state of affairs, results and plans of the Company.

In addition, the Supervisory Board shall hear quarterly the results of approved annual business plan of Company, and not later than 1st December of the current year shall consider and evaluate the business plan of Company for the following year.

4.12 Meeting of Supervisory Board is also convened when the Company has received the authorized requirements to convene an extraordinary General Meeting of Shareholders.

Depending on deadline for accepting applications for inclusion in agenda of General Meeting, these issues are considered and the meeting dates are appointed.

4.13 Rules of meetings of Supervisory Board of the Company are approved by Supervisory Board.

4.14 Chairman of Supervisory Board prepares the agenda of meeting, which must include all issues proposed for consideration at previous meeting of Supervisory Board and at General Meeting of Shareholders.

4.15 Supervisory Board is obliged to consider at its meeting all the issues proposed by:

- shareholders holding a total of at least 1 % of the voting shares of Company;

- any member of Supervisory Board, Executive body and Audit Commission.

4.16 A written notice of convening a meeting of Supervisory Board shall be sent personally to each member of the Board, indicating the date, place, time of meeting and its agenda. The notification shall be accompanied by all documents necessary for consideration of issues on agenda.

4.17 In case of absentee voting at the meeting of Supervisory Board, issues that are not on the agenda cannot be considered.

4.18 Member of Supervisory Board who is absent from the meeting has the right to submit in writing to Chairman of Supervisory Board a signed opinion on the issues to be discussed, which is attached to the minutes of meeting.

4.19 On certain issues, the Supervisory Board may take a decision by means of a written survey (vote) of its members.

The presence of a third person at meeting is allowed only if Supervisory Board has made such decision.

4.20 In case of disagreement with decision of Supervisory Board, any member has the right to record it in the minutes of meeting, formalizing it as a dissenting opinion, and bring it to attention of General Meeting of Shareholders.

4.21 The minutes of meeting of Supervisory Board of Company shall be submitted to the Executive body of Company for execution on the day of its signing. If Supervisory Board makes a decision to convene a General Meeting of Shareholders, information on this decision shall be transmitted to Executive body of Company on the day of meeting of Supervisory Board.

1. **RIGHTS AND OBLIGATIONS OF MEMBERS OF SUPERVISORY BOARD OF**

**THE JOINT-STOCK COMPANY**

5.1 Member of Supervisory Board has the right:

- to personally participate at the meeting of Supervisory Board, speak on issue discussed at the meeting within the time allotted by regulations;

- to receive all complete and reliable production and financial information on the current state of actions, on the main results of production, economic and commercial activities of the joint-stock company for any period of time, on plans for its development;

- to receive remuneration for work in Supervisory Board by decision of General meeting of shareholders of the Company .

 5.2 Procedure for payment of remuneration and compensation to members of Supervisory Board is determined by decision of General Meeting of Shareholders. Members of Supervisory Board for the period of their duties may be paid remuneration and (or) reimbursed expenses related to performance of the functions of members of Supervisory Board. The amount of such remuneration and compensation shall be established by decision of General Meeting of Shareholders. The remuneration of members of Supervisory Board is linked to the results of an independent assessment of corporate governance system and financial performance of the Company.

 5.3 A member of Supervisory Board who has an interest in transaction by Company shall inform the Supervisory Board of his / her interest before the transaction is concluded, and decision on transaction shall be made by Supervisory Board or, in cases provided by law, by General Meeting of Shareholders.

Decision is made by a majority vote of Supervisory Board members or shareholders, respectively, who do not have such interest.

 5.4 Members of Supervisory Board are considered to have a personal financial interest if they, their spouses, parents, children, brothers, sisters, as well as all their affiliates:

 are a party to or participate in such transaction as a representative or intermediary;

 own 20% or more of shares (shares) of a legal entity that is a party to the transaction or participates in it as a representative or intermediary;

 hold positions in management bodies of a legal entity that is a party to the transaction or participates in it as a representative or intermediary.

 5.5 Member of Supervisory Board, which is an affiliate, is obliged to inform the Company about his/her affiliation in transaction by sending a written notice with detailed information about proposed transaction, including information about persons involved in transaction, subject of transaction, essential terms of relevant agreement.

 5.6 Affiliate of the Company shall not be entitled to participate in discussion and shall not have the right to vote when Supervisory Board of the Company makes a decision on this transaction.

 5.7 Decision on approval of transaction with affiliate shall be made by members of Supervisory Board of the Company participating in the meeting unanimously.

 5.8 Information on transactions with affiliates, including their written notifications and full wording of decisions made on transactions, and information about persons who made decision, are part of annual report of the Company.

 5.9 Members of Supervisory Board are not entitled to use the opportunities of joint-stock company (property or non-property rights, opportunities in the field of economic activity, information about activities and plans of the joint-stock company) for personal enrichment.

 5.10 Members of Supervisory Board are obliged to perform their duties in good faith, as well as in manner they consider to be in the best interests of the joint-stock company.

1. **RESPONSIBILITY OF MEMBERS OF SUPERVISORY BOARD**

6.1 Decisions of General meeting are binding on Supervisory Board.

6.2 Members of Supervisory Board of the Company shall be liable to the joint-stock company in accordance with legislation and Charter of the Company.

At the same time, the members of Supervisory Board of Company who did not take part in the voting or voted against decision that caused losses to the Company shall not be liable.

6.3 Company or shareholder (s) owning not less than 1 % of placed ordinary shares of the Company may apply to the Court with a claim to a member of Supervisory Board for compensation of losses caused to the Company.

6.4 Complaints against decisions of Supervisory Board are submitted to shareholders ' meeting through Supervisory Board, which is obliged to submit complaints with its comments and conclusions to the next shareholders' meeting.

6.5 Powers of member of Supervisory Board of Company may be terminated by Court decision, with a ban on holding a managerial position in business companies for a period of not less than one year, if the Court finds him guilty of causing property damage to the Company.

6.6 Member of Supervisory Board can be held liable for damage caused to Company by providing of information, misleading or false information or offers to conclusion and (or) making decisions on conclusion of large transactions and (or) transactions with affiliated entities for the purpose of receiving by him/her or his/her affiliated persons of profit (income).