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12. GENERAL PROVISIONS
13. This Corporate Governance Code (hereinafter-the Code) contains recommendations, which joint-stock companies follow voluntarily, demonstrating their commitment to fair and transparent business.
14. The Code is based on the legislation of the Republic of Uzbekistan and International Principles of Corporate Governance.
15. Joint-stock companies can carry out internal actions to implement the Code recommendations taking into account the branch specificity and features of activity.
16. Recommended sequence of actions on preparation, implementation and monitoring of Code recommendations is given in Annex 1.
17. JSC discloses information on the commitment to follow the Code recommendations by publishing the message in the form according to Annex 2.
18. In case of failure to comply with certain Code recommendations, the JSC in detail reveals its causes, following the principle of "comply or explain»

II. ENSURING TRANSPARENCY OF THE ACTIVITIES

1. To ensure transparency of JSC’s activities:

JSC defines clear criteria for classifying information as confidential information, trade secrets, and information that may affect the price change shares':

discloses the amount of remuneration and compensation of Executive Body at General Meeting of Shareholders;

publishes justification of the proposed distribution of net profit, the amount of dividends, assessment of their compliance with the dividend policy adopted by the JSC, as well as, if necessary, explanations and economic justifications of volumes of the direction of a certain part of net profit on JSC development needs;

1. To ensure transparency of its activities, the JSC’s Supervisory Board approves "Regulation on information policy", which contains:

objectives and principles of disclosure of public information of the joint-stock company;

measures to ensure compliance with the JSC’s information policy.

1. The provision on Information Policy is binding on the authorities’ management, control of JSC and its employees.

**IMPLEMENTATION OF EFFECTIVE INTERNAL CONTROL MECHANISMS**

1. In order to implement of effective internal control mechanisms:

JSC is carried out annual analysis of compliance of business processes and projects with the development goals of JSC with the involvement of independent professional organizations-consultants by decision of General Meeting of Shareholders;

JSC establishes the main purpose of the organization of JSC’s internal control system to ensure the protection of the rights and legitimate interests of all shareholders, including minority;

JSC gives the authority to internal audit service of the company to carry out internal control, including operations carried out with legal entities, more than 50% of the authorized capital of which is owned by JSC;

1. In order to implement of effective internal control mechanisms in JSC the General Meeting of Shareholders approves the "Regulation on Internal Control", which contains:

requirements to composition and qualification of JSC’s members of Internal Control Body;

composition and rules of reports formation on the internal control system;

procedure for attracting independent professional consulting organizations to assess the effectiveness of the internal control system in JSC;

description of monitoring mechanisms of internal control body’s activities, the procedure for calculating compensation and remuneration paid to their members.

1. "Regulation on Internal Control" is mandatory for employees of JSC, members of its management and control bodies.
2. JSC includes at least one independent member (but not less than 15% of the number of members of the Supervisory Board provided by its Charter) in accordance with the requirements of the regulation on the Supervisory Board.
3. Independent members of the Supervisory Board of the JSC may be persons who:
4. have not worked in JSC, at its subsidiaries or affiliated enterprises for the last 5 years;
5. are not a shareholder of JSC, its subsidiaries or affiliated enterprises;
6. are not related to a major customer or supplier having a relevant agreement in the amount of more than 5 thousand of the minimum wage established by law, and who are not related to JSC, its subsidiaries or affiliated enterprises;
7. have no service contracts with JSC, its subsidiaries or affiliates;
8. are not a family member of a person who is or has been a senior employee of JSC, its subsidiaries or affiliated enterprises for the last 5 years;
9. are not a controlling person of the JSC (or are not a member of group of individuals and / or entities that collectively control the JSC);
10. are not related to JSC civil contracts and are not an employee of major shareholder of JSC or higher branch office (company).
11. ENSURING THE RIGHTS AND LEGITIMATE INTERESTS OF SHAREHOLDERS
12. To ensure the rights and legitimate interests of shareholders the management and control bodies of JSC:

create for shareholders who can not personally participate in the General Meeting of Shareholders, the opportunity and conditions for voting by e-mail (with confirmation of electronic digital signature), as well as by delegating their powers to the representative or holding General meeting in video conference mode;

develop a regulation on the dividend policy of the company, revealing a transparent mechanism for calculating dividends;

provide in the Charter the right to owners of not less than 1% of ordinary shares of JSC to demand convocation of meeting of Supervisory Board and to make offers on the agenda, distribution of profit, to candidates for members of management and control bodies and, with possibility of their replacement before carrying out the General Meeting of Shareholders;

cover the costs of the Committee of minority shareholders at the expense of JSC (at establishment of the Committee of minority shareholders);

provide in the Charter that upon issue of additional shares, the shareholders shall have the preemption right to purchase shares in proportion to their shares in the authorized capital;

ensure equal treatment of all shareholders regardless of their shares, income level, gender, race, religion, nationality, language, religion, social origin, personal and social status;

ensure the participation of members of Executive Body, Supervisory Board and Audit Commission, as well as a representative of Audit Organization at the annual General Meeting of Shareholders;

carry out other necessary measures aimed at ensuring the implementation of rights and legitimate interests of JSC’s shareholders.

1. **DEFINITION OF LONG-TERM DEVELOPMENT STRATEGY AND OBJECTIVES**
2. To determine the development strategy and long-term objectives of Management Body the JSC:

defines as strategic objectives of JSC maintenance of financial stability, increase of labor productivity, competitiveness of production, growth of indicators of production, export and energy efficiency, implementation of modernization, technical and technological updating of productions leading to increase in cost of shares;

develops and approves at the General Meeting of Shareholders a long-term strategy for the development of JSC for a period of more than 5 years, based on industry specifics, analysis of the competitive environment, ensuring export orientation and implementation of approved state programs for the development of relevant industries, spheres and regions;

widely uses successfully approved in foreign practices management techniques, including SWOT, GAP analysis and other approaches, special software, etc.;

1. The Supervisory Board coordinates activities of Executive Body, Internal Control Body, Collegial Bodies established in the JSC, and, if necessary, attracts experts to organize the development of plans for JSC’s development and monitoring the achievement of goals set in them.
2. It is mandatory for the JSC to attract strategic foreign investors to its shareholders (except in cases established by law), who participate in the management of JSC, in production of competitive products and ensuring its export to foreign markets.
3. **INTRODUCTION OF MECHANISMS FOR EFFECTIVE INTERACTION OF THE EXECUTIVE BODY WITH SHAREHOLDERS AND INVESTORS**
4. For introduction of mechanisms for effective interaction of the Executive Body with shareholders and investors the Management Body of JSC:

ensures interaction between shareholders, members of management and control bodies of JSC on the basis of principles of mutual trust, respect, accountability and control;

creates committees (working groups) at the JSC’s Supervisory Board on relevant issues, including the identification and resolution of conflict situations, from among the members of Supervisory Board, Executive body, staff of JSC and involved experts (specialists of the relevant profile, teaching staff of specialized higher education institutions and others);

regulates the cases and the order of meetings of Supervisory Board by polling, as well as in the mode of video conferencing;

improves the skills of JSC officials through participation in training courses, seminars and other events;

introduces a corporate consultant at JSC’s staff accountable to the Supervisory Board and responsible for monitoring compliance with the requirements of corporate legislation in the activities of the JSC;

insures business risks of JSC and responsibility of Executive Body;

link the remuneration of Supervisory Board’s members with the results of an independent assessment of the corporate governance system and financial results of JSC;

1. In order to implement the mechanisms of effective interaction of the Executive Body with shareholders and investors, JSC adopts the necessary internal documents, reflecting the above recommendations.
2. CONFLICT OF INTEREST
3. In order to prevent the occurrence and settlement of disputes related to the conflict of interests, the JSC develops a regulation on the procedure for actions in the conflict of interests, including :

duties of JSC officials to act in the interests of JSC;

identification of situations that may lead to a conflict of interest at performing actions and transactions by JSC officials, as well as disclosure of information by them;

prohibition of participation of JSC officials at Management and Control Bodies of other legal entities without permission of JSC’s Supervisory Board;

suppression of a possible conflict of interest at performing actions and transactions by JSC officials, as well as disclosure of information by them;

1. The regulation on the procedure of actions in case of conflict of interests is approved by the General Meeting of Shareholders.
2. IMPLEMENTATION OF STANDARD ORGANIZATIONAL STRUCTURE
3. For implementation of standard organizational structure in JSC:

compliance with the standard structure approved by Decree of President of the Republic of Uzbekistan dated April 24, 2015 № УП -4720 " On measures for introduction of modern methods of corporate governance in joint stock companies»;

regular assessment of compliance of the current organizational structure of JSC with the standard structure approved by the legislation is organized;

annual competitive selection for management positions in JSC, with the possibility of participation of candidates from among foreign managers;

1. Supervisory Board ensures coordination of work on the development, implementation and regular assessment of compliance of JSC’s organizational structure with the requirements of legislation.
2. PUBLICATION OF INFORMATION ON THE BASIS OF INTERNATIONAL STANDARDS OF AUDITING AND FINANCIAL ACCOUNTABILITIES
3. For publication of information on the basis of international standards of auditing and financial accountabilities in JSC:

Supervisory Board of JSC coordinates the work to ensure the publication of annual financial statements in accordance with International financial reporting standards (hereinafter-IFRS);

a working group is created from among the members of the audit Commission, internal audit service, Supervisory Board, responsible officials of JSC and involved experts (if necessary) on the publication of financial statements in accordance with IFRS;

training of JSC personnel involved in audit and preparation of financial statements is provided at training courses on IFRS and International standards of audit;

annual financial statements are published on the basis of IFRS and International standards of audit within the terms established by the legislation.

1. MONITORING THE IMPLEMENTATION OF CODE RECOMMENDATIONS
2. In order to monitor the implementation of Code recommendations, the JSC assesses corporate governance system in the company for implementation of which it is recommended to involve an independent organization.
3. Independent assessment of Corporate Governance System in the JSC is carried out at least once a year.
4. An independent assessment of Corporate Governance System in the JSC is carried out on the basis of a relevant agreement with an organization that is not related to property relations with the JSC.
5. As an independent organization for assessment of Corporate Governance System in the JSC may be:

stock exchange;

professional participants of the securities market;

the auditing organization, having a staff expert with the appropriate certificate of the corporate Trustee or professional securities market;

accredited rating agencies;

Scientific and educational center of corporate governance;

Center for research on privatization, competition and corporate governance.

1. The selection of an independent organization for assessment of corporate governance system is carried out on the basis of a tender by decision of JSC’s Supervisory Board.
2. Independent assessment of corporate governance system in the JSC is based on the questionnaire approved by the State Competition Committee of the Republic of Uzbekistan and the Scientific and Educational Center of corporate governance.
3. Results of the independent assessment of corporate governance system are published on JSC’s website together with the conclusion of organization that conducted such an assessment.State and economic management bodies, local authorities and other state organizations acting as shareholders on behalf of the state:

they have the right at their own expense to engage an independent organization to conduct an independent assessment of the corporate governance system in JSC;

apply the results of an independent assessment of corporate governance system to determine the amount of remuneration to persons acting on their behalf in the management bodies of JSC.

1. FINAL CLAUSES
2. Failure to comply with the Code recommendations does not entail the application of measures of responsibility by state bodies.
3. The General Meeting of Shareholders has the right to establish measures of responsibility to the officials of JSC for non-compliance with the Code recommendations or undisclosed information provided by the Code.
4. Supervisory Board controls the implementation of the Code recommendations in JSC.

Annex 2 to the Corporate Governance Code  
FORM OF INFORMATION

about acceptance by joint-stock company of Code recommendations of corporate governance in the activity of «ВМКВ-AGROMASH» JSC (name of joint-stock company)

«ВМКВ-AGROMASH» JSC informs that by decision of General Meeting of Shareholders dated June 28, 2016 the company made a commitment, starting from January 01, 2017, to comply with the Corporate Governance Code, approved by minutes of Commission meeting on improving the efficiency of joint stock companies and improving the corporate governance system dated December 31, 2015 (minutes of 11.02.2016 №02-02/1-187) (Additional information according to decision of General Meeting of Shareholders)

Approved by:

General Meeting of Shareholders of «ВМКВ-AGROMASH» JSC.

June 28, 2016

The Corporate Governance Code of   
«ВМКВ-AGROMASH» JSC