"Approved"

General Meeting of Shareholders

Joint Stock company

«Toshkent shahar dori - darmon»

on May 26, 2016

**POSITION**

**ON THE SUPERVISORY BOARD**

**JOINT STOCK COMPANY**

**«TOSHKENT SHAHAR DORI - DARMON»**

Tashkent city – 2016

**TABLE OF CONTENTS**

I. General Provisions

II. The competence of the Supervisory Board

III. The election, appointment of members of the Supervisory Board

IV. Chairman of the Supervisory Board

V. Meetings of the Supervisory Board

VI. The rights and obligations of the members of the Supervisory Board

VII. Responsibility of members of the Supervisory Board

**I. GENERAL PROVISIONS**

I.1. This provision defines the status and regulates the work of the Supervisory Board of joint stock company «Toshkent shahar Dori - Darmon» (hereinafter - the Company), election of its members, as well as their rights and obligations.

I.2. The Supervisory Board is responsible for general management of the company, except for the issues referred by the legislation and the Charter of the Company's General Meeting of Shareholders.

I.3. The distribution of functions between the members of the Supervisory Board shall be the Chairman of the Supervisory Board specifically for each member of the Supervisory Board. The amount of remuneration for each member of the Supervisory Board is determined by the performance.

I.4. Regulations have been developed in accordance with the law and the charter of the company.

**II. COMPETENCE OF THE SUPERVISORY BOARD**

2.1. To the competence of the Supervisory Board of the company include:

• definition of the priorities of the community with regular hearing of the report of the executive body of the company on the measures taken to achieve the company's development strategy;

• convening annual and extraordinary general meetings of shareholders of the Company, except as required by 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 formation of the Company's shareholders register of the date of notification of the General Meeting of Shareholders;

• introduction to the general meeting of shareholders of issues referred to in subparagraphs a) and f) of paragraph 10.6. Charter of the Company;

• Organization of establishing the market value of the property;

• issues to increase the authorized fund of the company by the placement of additional shares, as well as issues on the amendments and additions to the charter of the company, related to the increase in the authorized fund of the company and the decrease in the number of authorized shares of the company;

• Approval of the decision and the prospectus of the securities;

• adoption of a decision on amendments and additions to the previously registered securities issues;

• decision to conduct an audit of the auditor and the maximum amount of payment for its services;

• determination of the offering price (be placed on the exchange and organized OTC securities market) of shares in accordance with the law.

• approval of the annual business - plan of the Company. This business - community plan for the following year must be approved at a meeting of the Supervisory Board of the company not later than 1 December of the current year;

• deciding on the issue of corporate bonds, including convertible into shares;

• a decision on the issue of derivative securities;

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

• determination of the amount paid by the executive body of remuneration and compensation;

• creation of the Internal Audit Service, appointment of its employees and approval of the Regulation "On the Internal Audit", as well as the quarterly reports of its hearings;

• empowerment of the Internal Audit Service of the authority for the implementation of internal control, including the operations conducted with legal entities, more than 50% of the share capital owned by the company;

• making recommendations on the size paid to the members of the Auditing Committee of remunerations and compensations;

• access to any documents relating to the activities of the executive body of the company, and receive them from the executive body for the discharge of the Supervisory Board of duties.

These documents can be used by the Supervisory Board and its members exclusively for official purposes;

• recommendations cottage on dividend size, shape and order of its payment;

• adoption of a decision on large transactions, stipulated by the current legislation (in the event that unanimity of the Supervisory Board of society on a major transaction is not reached, the Supervisory Board decides the question of a major transaction can be submitted to the general meeting of shareholders);

• The use of the reserve and other funds of the Company (except for the dividend payment of the fund);

• the establishment of branches and opening and closing of the offices of the Company;

• a decision on the conclusion of transactions with related parties in the cases stipulated by law;

• the establishment of subsidiaries and dependent companies;

• The manner, conditions of providing (receiving) and decide on a charitable (sponsorship) or grant aid only within the limits set by the general meeting of shareholders and the law;

• transactions involving society in the commercial and non-profit organizations, in the manner prescribed by law;

• Ensuring consideration of the general meeting of shareholders on the issue of the definition of transactions related to the current course of business, for self-fulfillment of the executive body of related party transactions and major transactions;

• Development and approval of the procedure of interaction of the Company's internal control (audit committee and internal audit) with the Supervisory Board, the general meeting of shareholders and the shareholders;

• Development and approval at the general meeting of shareholders of the company long-term development strategy for the period more than 5 years;

• Development and submission to approval (approval) of the General Meeting of Shareholders or the Supervisory Board of the short-term (annual) and medium term (for the period up to 5 years) business plans on the basis of long-term strategy, approved by the General Meeting of Shareholders;

• Carrying out by the decision of the general meeting of shareholders of the annual analysis of compliance of business processes and project development company goals with the help of independent professional organizations - consultants;

• implementation of the necessary quantitative and qualitative criteria to monitor the achievement of the goals set out in each of the accepted social development plans;

• Conducting corporate governance assessment in the society, for which it is recommended to involve an independent organization;

• regulate the cases and the meetings of the Supervisory Board by ballot, as well as in video conferencing mode;

• assignment to the powers of the Chairman of the General Meeting of Shareholders authorize audio - video recording and broadcasting of the general meeting of shareholders on the Internet.

2.2. The competence of the Supervisory Board of the company may be attributed to the decision and other issues in accordance with the law and the charter of the company.

2.3. The Supervisory Board of the company has the right to set up committees (working groups) on relevant issues, including the identification and resolution of conflicts among the members of the supervisory board, the executive body, the staff of JSC and involved experts (specialists in this, the teaching staff of specialized institutions of higher education and others).

2.4. The Supervisory Board shall ensure the coordination of work on development, implementation and regular assessment of compliance of the organizational structure of the enterprise requirements of the legislation.

2.5. By decision of the Supervisory Board of Companies, an independent evaluation of corporate governance in the Companies held at least once a year. The choice of an independent organization to assess the corporate governance system is based on the competition by decision of the Supervisory Board.

2.6. Matters referred to the competence of the Supervisory Board of the company, can not be transferred to the executive body of the decision of society.

**III. Selection, appointment and early termination of powers of supervisory board members**

3.1. Election of members of the Supervisory Board of the company is made by the general meeting of shareholders in the manner provided by law and the charter of the company for a period of 1 year.

3.2. The quantitative composition of the Supervisory Board of the company consists of 7 people.

3.3. Persons elected to the Supervisory Board of the company may be re-elected indefinitely.

3.4. General Director of the Company may not be elected to the Supervisory Board of the company.

3.5. The members of the Supervisory Board of the company may not be a person working under a labor agreement (contract) in the same society.

3.6. Requirements to be met by persons elected to the Supervisory Board of the company may be established by the charter company or decision adopted by the general meeting of shareholders.

3.7. The composition of the candidates who meet the following requirements may be elected to the Supervisory Board:

• higher education;

• a qualification certificate of corporate control, issued by the Scientific - educational center of corporate governance (except as required by law).

3.8. Election of members of the Supervisory Board of the company by cumulative voting.

3.9. In cumulative voting, the number of votes held by each shareholder, multiplied by the number of persons to be elected to the Supervisory Board of the company and the shareholder may cast such votes for one candidate or distribute them among two or more candidates.

3.10. The candidates with the highest number of votes in the Supervisory Board.

3.11. Early termination of powers of the elected members of the Supervisory Board by a decision of the general meeting of shareholders. At the same time before the convening of an extraordinary general meeting of shareholders of a member of the Supervisory Board, who said about the impossibility of continuing the execution of duties of the Supervisory Board member in the meetings of the supervisory board is not involved. The legitimacy of decision-making by the Supervisory Board is determined in accordance with the law.

3.12. The question of the by-election to the Supervisory Board is considered in the same general meeting of shareholders, which adopted a decision on early termination of powers of members of the Supervisory Board.

**IV. CHAIRMAN OF THE SUPERVISORY BOARD**

4.1. Chairman of the Supervisory Board of the company shall be elected by the members of the Supervisory Board from its membership by a majority vote of the members of the Supervisory Board.

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

4.3. Chairman of the Supervisory Board of the company organize its work, convene meetings of the Supervisory Board and presides over them, organizes meetings, keeping minutes, presides at the general meeting of shareholders.

4.4. In the absence of the Chairman of the Supervisory Board of its functions are performed by one of the members of the Supervisory Board.

V. MEETING OF THE SUPERVISORY BOARD

5.1. The meeting of the Supervisory Board of the company convened by the Chairman of the Supervisory Board on his own initiative or at the request of a member of the Supervisory Board, the Audit Commission, the Director General of the company, the owners of not less than 1% of the ordinary shares of the Company and the head of the internal audit community.

The meeting of the Supervisory Board of the company convened by the Chairman of the Supervisory Board at least once a quarter.

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

5.3. In the case where the number of members of the Supervisory Board becomes less than seventy-five percent of the amount under the Constitution and the present situation, the company is 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 the convening of the extraordinary general meeting of shareholders, as well as in the event of early termination of powers of the General Director to appoint acting Chief Executive Officer.

5.4. Decisions taken by the supervisory board of the company without the participation of a representative of the state, as well as to veto, are not subject to execution

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

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

on decisions referred to in paragraphs 4.4. and 4.7., as well as in sub-paragraphs h) and f) of paragraph 11.2. Charter company is adopted by the Supervisory Board of the Company unanimously.

5.6. Voice one member of the Supervisory Board of the company to another member of the Supervisory Board or a third party is not allowed.

5.7. At the meeting of the Supervisory Board of the protocol is conducted. Keeping minutes of the meeting The Secretary of the Supervisory Board.

5.8. Minutes of the meeting of the Supervisory Board shall be completed not later than 10 days after the meeting.

5.9. The minutes of the meeting shall include:

• the date, time and place of the meeting;

• persons attending the meeting;

• agenda of the meeting;

• issues put to vote, voting results;

• decisions.

5.10. meeting of the Supervisory Board of the Protocol signed by the members participating in the meeting of the Supervisory Board of the company, who are responsible for the correctness of the protocol.

5.11. meeting of the Supervisory Board of the company is transferred to the Protocol for the execution of the executive body of the company on the day of its signing. If adopted by the Supervisory Board decision on convening the general meeting of shareholders the information about this decision is transferred to the executive body of the company on the day of the meeting of the Supervisory Board.

5.12. Decisions of the Supervisory Board of the company may be adopted by absentee voting (polling) all members of the Supervisory Board unanimously. In this case, a decision is made of the meeting of the Supervisory Board of the Company in which the agenda will be given of the meeting and the decisions taken, signed by all members of the Supervisory Board.

**VI. RIGHTS AND OBLIGATIONS OF THE MEMBERS OF THE SUPERVISORY BOARD**

6.1. Member of the Supervisory Board shall be entitled to:

• personally take part in the meeting of the Supervisory Board, to speak on the issue discussed at the meeting within the allotted time regulations;

• The decision of the Supervisory Board receive information about the activities of 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. The amount of remuneration to the members of the Supervisory Board determines the general meeting of shareholders. The amount of remuneration linked to the results of an independent evaluation of corporate governance and financial performance of the system of the Enterprise;

• other rights and responsibilities established local acts approved (approved) by the Supervisory Board of Companies or the general meeting of shareholders.

6.2. Member of the Supervisory Board shall:

• inform the public about their affiliation in the transaction by sending a written notice detailing information about the proposed transaction, the essential terms of the relevant treaty.

• carry out their duties in good faith and in a manner which he considers best in the interests of society.

6.3. Members of the Supervisory Board are not entitled to use the opportunities of society (property or property rights, the possibility of economic activity, information about the activities and plans of the company) in order to enrich themselves.

**VII. RESPONSIBILITY OF THE MEMBERS OF THE SUPERVISORY BOARD**

7.1. Members of the Supervisory Board of the company in the exercise of their rights

and the performance of their duties must act in the public interest and shall be responsible to the public in accordance with the law and the charter of the company.

7.2. If several persons bear responsibility, their responsibility to society is joint and several.

7.3. Not liable members of the Supervisory Board, did not participate in the vote or voted against the decision that caused losses to the company.

7.4. 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 damages caused to the Company.