



**"APPROVED"**

**By the decision of the Extraordinary  
General Meeting of Shareholders of JSC  
IC "ALSKOM" dated 10.04.2017.  
Appendix No. 4 to Protocol No. 1 of April  
17, 2017**

**(Subject to the changes approved by the  
Extraordinary General Meeting of  
Shareholders of November 9, 2018,  
Protocol No. 03)**

**POSITION**

**“ABOUT THE OBSERVATIONAL COUNCIL OF JSC SC“ ALSKOM ”  
(in the new edition)**

## **Section I. General Provisions**

1.1. This provision was developed in accordance with the Law of the Republic of Uzbekistan "On Joint Stock Companies and Protection of Shareholders' Rights", recommendations of the Corporate Governance Code, approved by the minutes of the Commission meeting on improving the efficiency of joint stock companies and improving the corporate governance system (dated 02.02.2016 No. 02-02 / 1-187), the Charter of the Insurance Company ALSKOM (hereinafter referred to as the Company) and determines the status and regulates the work of the Supervisory Board of the Company, the election of its members, and their rights and obligations.

1.2. The Supervisory Board exercises overall management of the Company's activities, with the exception of resolving issues referred by the legislation and the Charter of the Company to the competence of the General Meeting of Shareholders.

1.3. The Supervisory Board of the Company coordinates the activities of the General Director, internal control bodies, collegial bodies created in the Company, and, if necessary, attracts experts to organize the development of plans for the development of the Company and monitor the achievement of their goals.

1.4. The distribution of functions among the members of the Supervisory Board is carried out by 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 depending on the effectiveness of the activity.

## **Section II. Competence of the Supervisory Board**

2.1. The competence of the Supervisory Board of the Company includes:

2.1.1. determination of priority directions of the Company's activity with regular hearing of the report of the General Director of the Company on the measures taken to achieve the Company's development strategy;

2.1.2. convocation of annual and extraordinary general meetings of shareholders, with the exception of cases stipulated by the part of the eleventh article 65 of the Law of the Republic of Uzbekistan "On joint-stock companies and protection of shareholders' rights";

2.1.3. preparation of the agenda for the General Meeting of Shareholders;

2.1.4. determination of the date, time and place of the General Meeting of Shareholders;

2.1.5. determination of the date of formation of the register of shareholders of the Company for notification of the General Meeting of Shareholders;

2.1.6. submission to the decision of the General Meeting of Shareholders of issues stipulated by the second paragraph of the first part of Article 59 of the Law of the Republic of Uzbekistan "On Joint Stock Companies and Protection of Shareholders' Rights"

2.1.7. organization of the establishment of the market value of the property;

2.1.8. appointment of a corporate consultant and approval of a regulation determining the procedure for its activities;

2.1.9. approval of the Company's annual business plan;

2.1.10. the creation of an internal audit service, approval of a regulation determining the procedure for its activities, the appointment of its employees and remuneration of labor, as well as the quarterly hearing of its reports;

2.1.11. access to any documents relating to the activities of the Executive Body of the Company, and receiving them from the Executive Body to perform the duties assigned to the Supervisory Board of the Company. The received documents can be used by the Supervisory Board of the Company and its members exclusively for official purposes;

- 2.1.12. the decision to conduct an audit, the definition of an audit organization and the maximum amount of payment for its services;
- 2.1.13. giving recommendations on the amount of remuneration and compensation payable to members of the Company's Audit Commission;
- 2.1.14. giving recommendations on the size of the dividend, the form and procedure for its payment;
- 2.1.15. use of reserve and other funds of the Company;
- 2.1.16. the establishment of branches and the opening of representative offices of the Company;
- 2.1.17. creation of subsidiary and dependent business companies;
- 2.1.18. making decisions on transactions in cases provided for by chapters 8 and 9 of the Law of the Republic of Uzbekistan “On Joint Stock Companies and Protection of Shareholders' Rights”;
- 2.1.19. the conclusion of transactions related to the participation of the Company in commercial and non-profit organizations, in the manner prescribed by law;
- 2.1.20. making decisions on the redemption of corporate bonds of the Company;
- 2.1.21. resolving issues to increase the authorized capital (authorized capital) of the Company, as well as questions about introducing changes and additions to the Company's charter related to an increase in the authorized capital (authorized capital) of the Company and a decrease in the number of authorized shares of the Company;
- 2.1.22. approval of the decision to issue securities (stocks, bonds) and an issue prospectus;
- 2.1.23. introduction of changes and (or) additions to the decision on the issue of securities (shares, bonds) and the prospectus for the approval of their text;
- 2.1.24. determination of the offering price (placement 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”;
- 2.1.25. making decisions on the issue of corporate bonds by the Company, including convertible into shares;
- 2.1.26. making decisions on the issue of derivative securities;
- 2.1.27. the formation of the Executive Body of the Company, the election (appointment) of the Director General of the Company, the early termination of his powers;
- 2.1.28. determination of the amount of remuneration and compensation payable to the General Director of the Company;
- 2.1.29. determination of the procedure and conditions for the provision (receipt) of charitable (sponsorship) or gratuitous assistance;
- 2.1.30. making decisions on the provision of charitable (sponsorship) or gratuitous assistance within the limits established by the General Meeting of Shareholders;
- 2.1.31. appointment of a corporate consultant and approval of a regulation determining the procedure for its activities;
- 2.1.32. approval of information policy regulations;
- 2.1.33. the establishment of committees (working groups) under the supervisory board and the approval of provisions defining the procedure for their activities;
- 2.1.34. approval of the voting procedure on behalf of the Company of its representatives in the management bodies of enterprises and organizations by shares and shares owned by the Company.

2.1.35. coordination of work on the development, implementation and regular assessment of the compliance of the Company's organizational structure with legal requirements;

2.1.36. making decisions on the determination of an independent organization to assess the corporate governance system and approve the maximum amount of payment for its services.

2.2. The competence of the Supervisory Board of the Company may include the decision of other issues in accordance with the law and the Charter of the Company.

2.3. Issues within the competence of the Supervisory Board of the Company may not be transferred to the decision of the General Director of the Company.

### **Section III. Election and termination of powers of members of the Supervisory Board**

3.1. The procedure for submitting proposals for nominating candidates to the Supervisory Board of the Company, reviewing and adopting a decision by the Supervisory Board on the proposals made is carried out in accordance with Articles 63 and 65 of the Law of the Republic of Uzbekistan "On Joint Stock Companies and Protection of Shareholders' Rights" and the Company's Charter.

3.2. A proposal for the nomination of candidates to the Supervisory Board is made in writing, by sending a registered letter to the Company or rented to the Company's office. The date of the proposal is determined by the date of mailing or by the date of its delivery to the office of the Company.

The offer is signed by the shareholder or his authorized representative; if the offer is signed by a trusted person, the power of attorney is attached.

If the initiative comes from a shareholder - a legal entity, the signature of a representative of a legal entity acting in accordance with its charter without a power of attorney is certified by the seal of the legal entity. If the request is signed by a representative of the legal entity acting on his behalf by proxy, the power of attorney is attached to the request.

3.3. The persons elected by the members of the Supervisory Board of the Company for the state share must have a qualification certificate of a corporate manager issued by the Scientific and Educational Center for Corporate Governance, except as required by law.

3.4. The quantitative composition of the Supervisory Board of the Company consists of 9 (nine) people.

3.5. Two independent members are included in the Supervisory Board of the Company.

3.6. Independent members of the Supervisory Board of the Company are persons who:

3.6.1. have not worked for the Company, its subsidiaries or affiliates for the past 5 years;

3.6.2. are not a shareholder of the Company, its subsidiaries or affiliates;

3.6.3. not affiliated with a major customer or supplier who has a corresponding contract for an amount in excess of 5,000 times the minimum wage established by law with the Company, its subsidiaries or affiliates;

3.6.4. have no service contracts with the Company, its subsidiaries or affiliates;

3.6.5. are not a member of the family of a person who has been or has been a leading employee of the Company, its subsidiaries or affiliates within the last 5 years;

3.6.6. are not a controlling person of the Company (or a member of a group of persons and / or organizations that collectively exercise control over the Company);

3.6.7. are not bound by civil law contracts with the Company and are not employed by a major shareholder of the Company or a higher branch agency (company).

3.7. The election of members of the Supervisory Board of the Company is made by the General Meeting of Shareholders in the manner prescribed by law and the Charter of the Company for a period of one year.

3.8. Elections of members of the Supervisory Board of the Company 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 owed to the Company, and the shareholder has the right to cast the votes obtained in this way completely for one candidate or distribute them between two or more candidates.

3.10. The candidates with the highest number of votes are considered to be elected to the Supervisory Board.

3.11. Persons elected to the Supervisory Board of the Company may be re-elected indefinitely.

3.12. The CEO of the Company cannot be elected to the Supervisory Board of the Company.

3.13. Members of the Supervisory Board of the Company may not be persons working under an employment contract (contract) in the Company.

3.14. Early termination of the powers of an elected member of the Supervisory Board is carried out by decision of the General Meeting of Shareholders adopted by a majority of votes of shareholders owning the Company's voting shares (by a simple majority) participating in the meeting.

3.15. A member of the Supervisory Board may, on his own initiative, withdraw from its composition at any time, notifying the Chairman of the Supervisory Board of this in writing one month prior to the termination of his work in the Supervisory Board. In this case, the General Meeting of Shareholders at the next meeting will replace the member of the Supervisory Board.

3.16. The powers of individual members or the entire composition of the Supervisory Board may be terminated early by decision of the General Meeting of Shareholders adopted by a majority of votes of shareholders — owners of the Company's voting shares participating in the meeting, on the following grounds:

- non-participation in the work of the Supervisory Board more than 3 times for disrespectful reasons;
- performance of actions (inaction) by members of the Supervisory Board, which entailed adverse consequences for the Company.

#### **Section IV. Chairman of the Supervisory Board.**

4.1. The Chairman of the Supervisory Board of the Company is elected by the members of the Supervisory Board from among its members by a majority vote of the total number of members of the Supervisory Board.

4.2. The Supervisory Board of the Company is entitled to re-elect its Chairman by a majority vote of the total number of members of the Supervisory Board.

4.3. The Chairman of the Supervisory Board of the Company organizes its work, convenes meetings of the Supervisory Board and chairs them, organizes minutes of meetings at meetings, and chairs the General Meeting of Shareholders.

4.4. In the absence of the Chairman of the Supervisory Board of the Company, one of the members of the Supervisory Board performs its functions.

#### **Section V. Meetings of the Supervisory Board.**

5.1. The meeting of the Supervisory Board of the Company is 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, the Director General and the Head of the Company's Internal Audit Service.

Shareholders (shareholder), who in the aggregate hold at least one percent of the Company's voting shares, are entitled to request the convening of a meeting of the Supervisory Board of the Company.

The meeting of the Supervisory Board of the Company shall be convened by the Chairman of the Supervisory Board at least once a quarter.

A member of the Supervisory Board who wishes to take part in a meeting by videoconferencing must notify the Chairman of the Supervisory Board two days before the date of the meeting.

5.2. The quorum for holding a meeting of the Supervisory Board of the Company must be at least seventy-five percent of the number of elected members of the Supervisory Board of the Company.

5.3. In the case when the number of members of the Supervisory Board becomes less than seventy-five percent of the amount stipulated by the articles of association and these regulations, the Company is obliged to convene an extraordinary General Meeting of Shareholders to elect a new Supervisory Board of the Company. The remaining members of the Supervisory Board may accept the decision to convene such an extraordinary General Meeting of Shareholders, as well as in the event of an early termination of the powers of the Director General to appoint a temporary officer.

5.4. Decisions at a meeting of the Supervisory Board of the Company are made by a majority vote of those present, except as required by the Law of the Republic of Uzbekistan “On Joint Stock Companies and Protection of Shareholders' Rights” and the Company's Charter. When resolving issues at a meeting of the Supervisory Board of the Company, each member of the Supervisory Board has one vote.

The Chairman of the Supervisory Board of the Company has a decisive vote in the event of an equality of votes of the members of the Supervisory Board.

The decision on the increase in the authorized fund (capital) of the Company and on the introduction of relevant amendments to the charter shall be adopted by the Supervisory Board of the Company unanimously.

5.5. A vote transfer by one member of the Supervisory Board of the Company to another member of the Supervisory Board or to a third party is not allowed.

5.6. Minutes are kept at the meeting of the Supervisory Board of the Company. The minutes of the meeting of the Supervisory Board shall be drawn up no later than ten days after its holding.

5.7. The minutes of the meeting shall indicate:

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

5.8. The minutes of the meeting of the Supervisory Board of the Company are signed by the members of the Supervisory Board of the Company participating in the meeting, who are responsible for the correctness of the protocol.

5.9. The minutes of the meeting of the Supervisory Board of the Company shall be transmitted for execution to the General Director of the Company on the day of its signing. If the Supervisory Board decides to convene the General Meeting of Shareholders, this information is transmitted to the Company's Director General on the day of the Supervisory Board meeting.

5.10. The decisions of the Supervisory Board of the Company may be taken by absentee voting (by poll) by all members of the Supervisory Board unanimously.

5.11. The decision to hold absentee voting is taken by the Chairman of the Supervisory Board.

## **Section VI. Rights and obligations of members of the Supervisory Board.**

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

- personally participate in the meeting of the Supervisory Board, speak on the issue discussed at the meeting within the time limit set by the rules;

- by decision of the Supervisory Board, receive information about the Company's activities for a certain period of time, about its development plans;
- receive remuneration and (or) compensation of expenses for work in the Supervisory Board in accordance with the procedure established by the legislation and internal documents of the Company;
- other rights stipulated by the legislation and the Charter of the Company.

6.2. A member of the Supervisory Board is obliged to:

- inform the Company about its affiliation in the transaction by the Company by sending a written notification detailing the information on the proposed transaction, the essential terms of the relevant agreement;
- to carry out his official duties in good faith, as well as in the manner that he considers best in the interests of the Company;
- other duties stipulated by the legislation and the charter of the Company.

6.3. Members of the Supervisory Board do not have the right to use the Company's capabilities (property or non-property rights, business opportunities, information about the Company's activities and plans) for personal enrichment.

## **Section VII. Responsibilities of Supervisory Board Members**

7.1. The members of the Supervisory Board of the Company in the exercise of their rights and the performance of their duties should act in the interests of the Company and are responsible to the Company in accordance with the laws and the Articles of Association of the Company.

7.2. In the event that several persons are liable, their responsibility to the Company is joint and several.

7.3. Members of the Supervisory Board who did not participate in the voting or who voted against the decision that caused the losses to the Company are not liable.

7.4. A company or a shareholder (shareholders), owning in the aggregate at least one percent of the Company's placed shares, has the right to go to court with a claim against a member of the Supervisory Board for compensation of losses caused to the Company.

## **Section VIII. Payment of remuneration to members of the Supervisory Board**

8.1. Members of the Supervisory Board are entitled to receive a fixed amount of remuneration for the overall management of the Company's activities.

8.2. At the annual General Meeting of Shareholders, a decision may be made on additional payments to members of the Supervisory Board, in addition to a fixed amount of remuneration, depending on the results of an independent assessment of the corporate governance system and financial performance indicators of the Company.

8.3. An independent assessment of the corporate governance system in the Company is carried out by decision of the Supervisory Board prior to the annual General Meeting of Shareholders.

8.4. Payment of remuneration is made by the Company in cash.

8.5. The procedure for payment and calculation of the amount of remuneration paid to members of the Supervisory Board is determined by the relevant provision approved by the decision of the General Meeting of Shareholders.

## **Section IX. Final provisions**

9.1. This Regulation shall enter into force on the date of its approval by the General Meeting of Shareholders.

9.2. If one of the rules of this Statute becomes invalid, this rule is not a reason for suspending other rules.

9.3. If the existing legislative acts of the Republic of Uzbekistan, or the Charter of the Company establish other provisions than provided for by these Regulations, then the rules of the current legislative acts of the Republic of Uzbekistan and the Charter of the Company shall apply.