

«APPROVED»
by the decision of annual
general shareholders' meeting of
«KOKAND BIOCHEMICAL»
June 20, 2020 year

H.A.Omonov _____

Chairman of the meeting signature

JOINT-STOCK COMPANY

«KOKAND BIOCHEMICAL»

REGULATION

ON THE EXECUTIVE BODY

2020 year

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1. GENERAL PROVISIONS

1.1. This Regulation determines the status and regulates the work of the executive body of the Joint-Stock Company “KOKAND BIOCHEMICAL” (hereinafter - the Company), the procedure for establishing and appointing its members, as well as the rights and obligations of each member. The Executive Body of the Company is defined as the executive body (management board) of the Company. The terms of the contract to be concluded with members of the executive body of the company are approved by the Supervisory Board of the Company.

1.2. By decision of the general shareholders’ meeting, the powers of the executive body of the Company may be transferred under a contract to a commercial organization (Trustee Company). The terms of the contract are approved by the Supervisory Board of the Company, unless otherwise provided by the Charter of the Company.

1.3. This Regulation has been developed in accordance with the Law of the Republic of Uzbekistan “On Joint Stock Companies and Protection of Shareholders' Rights”, the Company's Charter, 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 December 31, 2015. No. 9 and other legal acts of the legislation.

2. THE ORDER OF FORMATION AND TERMINATION OF POWERS OF THE EXECUTIVE BODY OF THE COMPANY

2.1. Management of the current activity of the Company is performed by the collegiate - the executive body of the Company. The activities of the executive body are managed by the Chairman of the Board of the Company.

2.2. The head of the Executive body of the Company (Chairman) is elected (appointed) by the General Shareholders’ Meeting.

2.3. Members of the Executive Body are elected (appointed) by the General Shareholders' Meeting for a period of one year, until the next General Shareholders' Meeting.

2.4. Appointment of the Chairman or members of the executive body of the Company is carried out, as a rule, on the basis of competitive selection, where foreign managers can also participate.

2.5. If consideration and appointment of candidates for the position of the Chairman and members of the executive body is carried out by the Supervisory Board of the Company, then such a decision is made by a majority vote of the members of the Supervisory Board.

2.6. Consideration and appointment of candidates for members of the executive body of the Company is done on a personal basis. A candidate member of the executive body is obliged to inform the Company about the facts of bringing him to criminal responsibility.

2.7. Candidates for members of the executive body of the Company may attend the General Shareholders' Meeting or the Supervisory Board meeting when considering their candidatures.

2.8. After election by the general shareholders' meeting or the Supervisory Board of the candidates proposed for the executive body, an employment contract is concluded with each member of the executive body for the performance of duties in the relevant position. An employment contract with each member of the executive body is concluded for one year until the next general shareholders' meeting, with the annual decision of the general shareholders' meeting on the possibility of its extension or termination. The contract on behalf of the Company is signed by the chairman of the supervisory board or a person authorized by the supervisory board.

2.9. The employment contract with the head of the executive body is concluded for a period of one year until the next general shareholders' meeting and with the annual the decision by the general meeting of shareholders on the possibility of its extension or termination. The contract on behalf of the Company is signed by the Chairman of the Supervisory Board or a person authorized by the Supervisory Board.

2.10. The General Shareholders' Meeting or the Supervisory Board of the Company, if in accordance with the Charter of the Company such a right is granted to them, has the right to terminate (cancel) the contract with the Chairman of the Executive Body of the Company, members of the executive body, trustee company if they violate the terms of the contract.

2.11. The Company's Supervisory Board has the right to pre-terminate (cancel) the contract with the Chairman of the Executive Body and its members, trustee company if they violates the Company's Charter or his/her actions (inaction) damages the Company's operations.

2.12. In case of pre-term termination of powers of the Chairman of the Board of the Company (head of the executive body), who was elected (appointed) by the

general meeting of shareholders, it is allowed temporary to perform of his/her duties by a person determined by the decision of the Supervisory Board of the Company for the period until the next general meeting of shareholders.

3. COMPETENCE AND COMPOSITION OF THE EXECUTIVE BODY OF THE COMPANY

3.1. The Executive body manages the day-to-day operation of the Company and provides operative management in accordance with the legislation of the Republic of Uzbekistan, Charter of the Company, decisions of General Shareholders' Meeting and the Supervisory Board.

3.2. The competence of the Executive body includes all issues related to the day-to-day management of the company, with the exception of matters within the competence of the general shareholders' meeting and of the Supervisory board.

3.3. The quantitative composition of the executive body is determined on the basis of the principles of the maximum possible performance of managerial functions by one employee, the reduction of the managerial staff, the elimination of duplicate tasks in production management and reduction in administrative expenses and consists of 5 people, including the head of the executive body.

3.4. The Executive body of the Company shall have the following competences:

- management of the Company's current activities with the enhancement of efficient and sustainable operation of the Company, within its competence as determined by the Supervisory Board of the Company;
- appointing heads of the Company's divisions (except for heads of branches and representative offices);
- determining the amount of remuneration and wages for workers and employees;
- quarterly hearing reports heads of the Company's subdivisions;
- making decisions on a transactions on purchasing property or transferring it to another person or an agreement on the possibility of transferring property to another person or a series of interrelated agreements, if the balance cost of transferring property to another person or purchasing property reaches 15 per cent of the company's net assets as of the date preceding the date of making such a decision except for transactions involving placement of shares and other securities;
- write-off of fixed assets of the Company from records;
- development of project of main directions of the company's activity;
- development of proposals for improvement of activity of the company;

- marketing research;
- organization work on preparation, training and professional development of the company's employees;
- development of business plans of the Company;
- development of proposals on amendments and additions to the Charter of the Company;
- making decisions on revenues gained by subsidiaries established by the company;
- making decisions on sponsorships or charitable up to 1000 (one thousand) up to 1000 (thousand) times the size of the base calculated value established in the Republic of Uzbekistan; Decision on sponsorship or charitable over 1000 (one thousand) of a minimum wage 1000 (thousand) times the size of the base calculated value is made by the decision of the supervisory board of the company;
- organizing the execution of decisions of the general meeting of shareholders and the Supervisory Board of the Company;
- approval of the Regulations on the Company's structural divisions;
- approval of internal legal documents of the Company, with the exception of issues related to the competence of the general meeting of shareholders and the Supervisory Board of the Company;
- execution of a transaction on behalf of the Company, appointment and dismissal of heads of subsidiary companies, branches or representative offices of the Company;
- determination of the main activities of the branches, subsidiaries and dependent business companies, as well as approval of their reports on the execution of business plans;
- approval of the staffing of branches, subsidiaries;
- the Management Board of the Company may have other powers in accordance with the legislation and legal documents of the Company.

3.5. Competence of the Chairman of the Executive Body includes:

- managing the Company's activity in accordance with the powers vested in it by the Charter and the Company's Supervisory Board by enhancing effective and stable operation of the Company;
- organization of implementation of resolutions of general shareholders meeting and the supervisory board;
- operating on behalf of the Company without power of attorney, to protect its interests;

- signing contracts on behalf of the Company and appointment of the head of the branch or representative office of the Company;
- issuing power of attorney on behalf of the Company on the basis of current legislation;
- managing of the Company's properties and funds, within his/her competence;
- making decisions on a transactions (a transaction or several interrelated transactions) on purchasing property or transferring it to another person if the balance cost of transferring property to another person or purchasing property reaches up to 15 per cent of the company's net assets as of the date preceding the date of making such a decision;
- participation in the work of the Supervisory Board of the Company, with its consent, with a recommendation vote;
- organizing the determination of the list of information constituting the Company's commercial secret and giving recommendations to the Supervisory Board;
- appointing managers of subsidiaries and affiliates of the Company;
- issuance of decrees, orders and orders binding for subsidiary and dependent business companies, representative offices and branches of the Company;
- opening of banking accounts in banks of the Republic of Uzbekistan, including currency accounts, with the right of first signature on the Company's banking and other financial documents;
- concluding transactions and signing contracts with the Company's customers, as well as other organizations and enterprises, within his/her competence;
- approval of staff list, accepting employees (workers) for work, conclusion and termination of employment contracts with them, application of disciplinary measures to them, enforcement of labor and executive discipline;
- establishing the amount of remuneration and compensation of employees and staff;
- issuing orders, directives and instructions binding on all employees of the Company;
- approval of job descriptions of employees;
- approval of staff and ensuring its staffing with qualified personnel;
- distribution of functions between members of the executive body, determination of their powers in resolving issues related to the Company's activities;

- issuing orders, directives, instructions, binding on all officials and employees of the Company, as well as approval of instructions and internal documents on matters within his/her competence;
- approval of regulations on departments and structural divisions of the Company;
- application of disciplinary sanctions to the Company's employees in accordance with the current legislation;
- approval of the Regulation on remuneration of employees, the establishment of remuneration, allowances, bonuses, incentives for employees of the company, as well as the establishment of compensation payments for the social protection of employees of the Company;
- determining the position when voting on behalf of the Company of its representatives in the management bodies of enterprises belonging to the Company;
- providing insurance of the Company's business risks and the responsibility of the executive body;
- ensuring the improvement of his/her own qualifications, as well as the qualifications of the Company's officers, through training courses, seminars and other events;
- to hold a position in the management bodies of other organizations only with the consent of the Supervisory Board of the Company;
- issuance of orders on awarding employees and staff of the Company with cash bonuses, foodstuffs and gifts, in connection with various holidays;
- execution of transactions (including credit, leasing and other financial operations established by law) within 15 percent of the size of the Company's net assets as of the date of the decision to conclude a transaction, except for transactions included in the competence of the General Meeting of Shareholders and the Supervisory Board of the Company.

The Chairman of the Executive Board of the Company may have other competences in accordance with the current legislation and the legal documents of the Company.

3.6. The members of the executive body act within the limits of their competence, determined by the terms of the employment contract concluded with them, the decisions of the General Meeting of Shareholders, the Supervisory Board of the Company and the Chairman of the Board.

3.7. The amount of incentives for the executive body of the Company is directly related to the efficiency of the Company's activities and is determined by the contract.

The terms of the contract to be concluded are approved by the Supervisory Board of the Company.

3.8. The amount of remuneration to be paid to the Chairman of the Executive Board and members of the executive body is set in conjunction with key performance indicators stipulated by the Regulation "On the criteria for evaluating the performance of joint-stock companies and other business entities with the state share", approved by the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated July 28, 2015. No. 207 (in the amount of 10-75 percent of the monthly payment, payment and salary).

4. RIGHTS AND OBLIGATIONS OF THE EXECUTIVE BODY OF THE COMPANY

4.1. Obligations of the Executive Body of the Company:

- development of programs and business plans for the Company's development, organization and control of their implementation;
- ensuring of gaining profits in the amounts approved by the authorized management body of the Company by a business plan;
- ensuring effective interaction of the Company's structural units;
- ensuring compliance with social guarantees and labor protection of the Company's employees;
- submission in due time to the general meeting of shareholders and the Supervisory Board of the Company of reports on its activities under its competences;
- observance of all rights of shareholders on the accrual and payment of dividends;
- compliance with the requirements of current legislation of the Republic of Uzbekistan and internal documents of the company.

The executive body of the Company may have other obligations in accordance with the current legislation and legal documents of the Company.

4.2. The executive body of the Company has the right to:

- resolve all issues arising from the management of the Company's current activities, acting within its competence, as determined by law and the employment contract;
- make decisions and vote on all issues put on the agenda of the meeting of the executive body;
- to express its opinion on the decisions made.

The executive body of the Company may have other rights in accordance with the current legislation and legal documents of the Company.

4.3. Obligations of the Chairman of the Executive Body of the Company:

- managing the current activities of the Company, with the exception of issues within the competence of the general meeting of shareholders and the Supervisory Board, ensuring its efficient and stable operation;
- proper performance of his/her duties in accordance with the employment contract concluded with him/her;
- control over the implementation of decisions of the general meeting of shareholders and the Supervisory Board of the Company;
- ensuring the fulfillment of the parameters of the Company's annual business plan;
- reporting to the general meeting of shareholders and the Supervisory Board of the Company;
- control over the observance of all the rights of shareholders to obtain information provided by the current legislation, participation in general meetings of shareholders, accrual and payment of dividends;
- ensuring the submission of documents on the Company's financial and economic activities at the request of the Supervisory Board, the Auditing Committee or the Company's auditor;
- compliance with the requirements of current legislation and internal documents of the Company;
- ensuring the completeness and timeliness of submission of state statistical reporting and accounting reports to the relevant authorities;
- ensuring the organization, proper condition and reliability of accounting and reporting in the Company, timely submission of the annual report and other financial statements to the relevant authorities, as well as information about the Company's activities to be sent to shareholders, creditors and other recipients on the Company's official website and in the mass media;
- organization of the operation of the Company's archive and ensuring the safety of the documents;
- ensuring timely payment of taxes and other payments by the Company to the budget;
- organization of the Company's accounting, as well as ensuring the transformation of financial statements to international standards for the announcement;
- disclosure of information relating to the Company's activities in accordance with legislative acts;
- ensuring the organization of timely submission of the annual report and other financial statements to the relevant authorities, as well as

- information about the Company's activities to be sent to shareholders, creditors and other recipients of information;
- organization of meetings of the executive body;
 - ensuring effective interaction of the Company's structural units;
 - ensuring the fulfillment of the Company's contractual obligations;
 - keeping information constituting a commercial secret of the Company, if it is not his/her responsibility to transfer such information to third parties. The list of information constituting the Company's commercial secret is determined by the Supervisory Board.
 - maintaining confidential information about the activities of the Company;
 - taking measures to provide the Company with qualified personnel, to make the best use of the knowledge, qualifications, experience and abilities of the Company's employees;
 - ensuring the resolution of issues related to labor relations in accordance with the procedure established by law;
 - Confirmation with the Supervisory Board the terms of long-term business trips (more than 30 days) and the time of vacation. The Chairman of the Executive Body should notify the Supervisory Board about the person who will temporarily act his/her duties during long absence.
 - to comply with the requirements of the legislation, the Company's Charter, this Regulation and other internal documents of the Company in the process of the Company's activities;
 - the Chairman of the Executive Body reports quarterly to the Supervisory Board on the implementation of the annual business plan.

The Chairman of the Executive Body of the Company may have other obligations in accordance with the current legislation and legal documents of the Company.

4.4. Rights of the Chairman of the Executive Body of the Company:

- accept employees, conclude and terminate employment contracts with them;
- act on behalf of the Company without a power of attorney, protect the interests of the Company in other institutions and bodies;
- apply disciplinary measures to employees, ensure their observance of labor and executive discipline;
- issue orders, resolutions and give instructions binding for all employees of the Company

The Chairman of the Executive Body of the Company may have other rights in accordance with the current legislation and legal documents of the Company.

5. THE ORDER OF WORK OF THE EXECUTIVE BODY OF THE COMPANY

5.1. Meetings of the executive body of the Company on the implementation of the business plan are held as it is necessary. Issues submitted by the executive body to a decision of the Supervisory Board or the general meeting of shareholders are necessarily preliminarily discussed at a meeting of the executive body of the Company. The point of view of the executive body of the Company at the Supervisory Board and the general meeting of shareholders is informed and defended by the Chairman of the Executive Body or his authorized representative.

5.2. The meeting of the executive body is competent (has a quorum) if the participation of 50 (fifty) percent of its members.

5.3. The meeting of the executive body is conducted by the Chairman or one of his /her deputies as to the affiliation of the issues under consideration.

5.4. The minutes of the meeting of the executive body are signed by the members of the executive body participating in the meeting.

5.5. The secretary of the executive body organizes record of minutes of the meetings of the executive body of the Company. Extracts from the minutes of meetings of the executive body can be issued to:

- the head of the Supervisory Board and the head of the Auditing committee, without fail;
- at the request of other officials and the auditor only with the permission of the Chairman of the Executive Body;
- Other persons and bodies (including state ones) in cases stipulated by the current legislation.

6. RESPONSIBILITY OF THE EXECUTIVE BODY OF THE COMPANY

6.1. If a member of the executive body is financially interested in a transaction, of which the Company is one of the parties, he/she is obliged to indicate his/her interest to the Chairman of the Executive Body until the moment of taking a decision on the transaction and does not participate in the discussion and voting of this issue.

6.2. Members of the executive body should not use the powers granted to them by their official position in the goals and interests of legal entities and individuals when they have labor relations.

6.3. Members of the executive body should not allow actions to extract personal gain from managing the Company's property.

6.4. Members of the executive body during the period of their work are not entitled to establish or participate in the establishment of enterprises whose activities create difficulties with the sale of products or in the provision of services of the Company. A member of the executive body is obliged to suspend its participation in similar enterprises upon appointment to the position in the Company and inform the Supervisory Board of the Company.

6.5. Members of the executive body are liable to the Company for damage caused as a result of non-performance or improper performance of their functions, in full to compensate for the damage caused, in accordance with the current legislation of the Republic of Uzbekistan and the Charter of the Company.

6.6. At the same time, members of the executive body who did not take part in voting or who voted against, are not responsible for decisions that resulted in losses to the Company, including if a member of the executive body who voted against such decisions performed his/her duties based on decisions of the general meeting of shareholders or Supervisory Board of the Company.

6.7. A company or a shareholder, or shareholders owning in the aggregate at least one percent of the Company's outstanding shares, have the right to file a lawsuit against members of the executive body or an individual member of the executive body of the Company for damages caused to the Company.

7. THE PROCEDURE FOR DETERMINING THE AMOUNT OF REMUNERATION (COMPENSATION) TO MEMBERS OF THE COMPANY'S EXECUTIVE BODY

7.1. The Chairman and members of the executive body of the Company may be paid annual remuneration (compensation) for the effective management of the Company, in particular for the corporate governance system, as well as for the implementation of the parameters of the Company's business plan in the reporting period.

Remuneration (compensation) to the Chairman and members of the executive body of the Company is based on the results of the fiscal year.

7.2. The total amount of annual remuneration (compensation) to members of the executive body of the Company is based on the results of the fiscal year and may be up to 1 (one) percent of the total net profit gained by the Company.

7.3. The total amount of annual remuneration (compensation), the Chairman and members of the executive body of the Company is determined by the decision of the general meeting of shareholders.

7.4. The total amount of annual remuneration (compensation) is distributed in the following order:

—to the Chairman of the executive body of the Company - 40%;

—to the Members of the executive body of the Company - 60%.

7.5. The total amount of annual remuneration (compensation) to a member of the executive body of the Company may be reduced if he did not participate in more than half of the meetings of the executive body in the past year or performed the tasks and instructions assigned to him improperly.

7.6. This Regulation and the decision of the general meeting of shareholders are the basis for the payment of annual remuneration (compensation).

7.7. Calculation and payment of annual remuneration is carried out by the Company's accounting department, on the basis of the order of the head of the executive body.

7.8. If during the year the powers of a member of the executive body are prematurely terminated, the calculation and payment of the annual remuneration to him/her is made taking into account the actual performance of the duties of a member of the executive body of the Company.

8. FINAL PROVISIONS

8.1. Those of guilty of violating the requirements of this Regulation are liable in accordance with the procedure established by law.

8.2. If certain articles of this Regulation conflict with the current legislation of the Republic of Uzbekistan and / or the Charter of the Company, these articles become invalid and regarding the issues regulated by these articles, it will be guided by the norms of the current legislation of the Republic of Uzbekistan and / or the Charter of the Company until such amendments are made to this Regulation.