

«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 REQUIREMENTS TO THE
FORM AND CONTENT OF MANAGING
AND CONTROLLING BODIES' REPORTS

2020 year

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I. GENERAL PROVISIONS

1. This Regulation is developed in accordance with the Civil Code of the Republic of Uzbekistan, the Law of the Republic of Uzbekistan “On Joint Stock Companies and Protection of Shareholders' Rights”, Regulation “On the Internal Audit Service of the enterprises” approved by the Resolution of the Cabinet of Ministers №165 dated 16.10.2006 and in accordance with the Code of Corporate Governance approved by the decision of the Commission № 9 On improvement of the efficiency of the joint-stock companies, improvement of the system of corporate governance dated 31.12.2015.

II. REQUIREMENTS TO THE FORM AND CONTENT OF MANAGING AND CONTROLLING BODIES' REPORTS

2. Reports of the managing bodies (supervisory board and executive body) and controlling bodies (auditing commission, internal audit service) should be clear and concise.

3. The reports of the managing and controlling bodies should have the following meaning:

- comparison of key indicators (in the form of the plan / fact);
- the main reasons for failure;
- revealed shortcomings in the activities of the company and measures to be taken against persons who have committed them;
- progress in the implementation of the development strategy and etc.

III. REPORTS OF MANAGING BODIES

4. The General Meeting of Shareholders, the Supervisory Board and the Executive Body are Managing bodies of the Company.

5. In accordance with Articles 58 and 59 of the Law of the Republic of Uzbekistan "On Joint Stock Companies and Protection of Shareholder Rights", the Supervisory Board reports to the General Meeting of Shareholders on the following issues:

- on measures taken to achieve the development strategy of the company;
- issues within the competence of the Supervisory Board, including compliance with the laws on governing the Company.

6. According to Articles 58, 59, 75 and 79 of the Law of the Republic of Uzbekistan "On Joint Stock Companies and Protection of Shareholders' Rights", the executive body reports to the general meetings (annual meetings) and the supervisory board (quarterly) on the following issues:

- execution of the annual business plan of the company;
- measures taken to achieve the development strategy of the company;
- results of key performance indicators and others.

IV. REPORTS OF CONTROLLING BODIES

7. The Internal Audit Service reports to the Supervisory Board on a quarterly basis, in accordance with the Regulations on the Internal Audit Service of the enterprises, approved by the Cabinet of Ministers № 215 dated 16.10.2006.

8. In accordance with Article 107 of the Law of the Republic of Uzbekistan "On Joint Stock Companies and Protection of Shareholders' Rights" the Auditing Committee (Auditor) quarterly provides the Supervisory Board with conclusions on transactions or major transactions with affiliates in the Company and provides conclusion on compliance with the internal documents of the company.

9. The annual general meeting of shareholders hears the conclusion of the auditing committee, which should includes:

- the reliability assessment of information contained in the Company's reports and other financial documents;
- information on violations of accounting and financial reporting procedures, as well as information on violations of legislation during financial and economic activity.