

**THE CODE OF
CORPORATE
MANAGEMENT**
Joint-Stock Company «UZENERGYENGINEERING»

- I. General provisions**
- II. Maintenance of a transparency of activity**
- III. Internal control**
- IV. Maintenance of realisation of the rights and legitimate interests of shareholders**
- V. Strategy of development and problem on intermediate term prospect**
- VI. Interaction of an executive office with shareholders and investors**
- VII. The conflict of interests**
- VIII. Organizational structure**
- IX. The publication of the information on the basis of the international standards of audit and the financial reporting**
- X. Corporate management monitoring**
- XI. Final provisions**

I. GENERAL PROVISIONS.

1.1. The present Code of corporate management of joint-stock company «UZENERGYENGINEERING» (further - the Code), is developed according to the Decree of the President of Republic Uzbekistan from April, 24th, 2015 №YII-4720 «About measures on introduction of modern methods of corporate management in joint-stock companies», on the basis of the Code of the corporate management confirmed by the report from 31.12.2015y. №9 sessions of the Commission on increase of efficiency of activity of joint-stock companies and to perfection of system of corporate management.

1.2. The code is based on the current legislation of Republic Uzbekistan and the international principles of corporate management, and also recommendations of the authorised body of joint-stock company «UZENERGYENGINEERING». The code of joint-stock company «UZENERGYENGINEERING» is developed taking into account the branch specificity and features of activity.

1.3. With a view of the present Code, corporate management is understood as system of mutual relations between joint-stock company «UZENERGYENGINEERING» executive office, its supervisory board, shareholders, representatives of labour collective and other interested parties, including creditors, with a view of achievement of balance of interests of the specified persons for maintenance of the effective organisation of activity of the Company, modernisation, technical and technological reequipment of material base, release of competitive production and its export to non-residents of Republic of Uzbekistan.

1.4. The of code joint-stock company «UZENERGYENGINEERING» provides introduction of the advanced methods of corporate management in the Company, including:

- Definition of strategy of development and problem on intermediate term prospect;
- System of internal control;
- Mechanisms of effective interaction of an executive office with shareholders and investors;

- Introduction of typical organizational structure taking into account scales, branch specificity and lines of activity;
- Increase of a transparency of activity of the Company;
- Publications of the information on the basis of the international standards of audit and the financial reporting by the Company.

1.5. The code of corporate management of joint-stock company «UZENERGYENGINEERING» is the basic document defining main principles of appropriate management by the Company, including the accountability, transparency, reliability, observance high morally-ethical principles, orientation to maintenance of a sustainable development of the Company in intermediate term prospect, modernisation, technical and technological reequipment, and also mutual relation between the Company executive office, the supervisory board, shareholders, representatives of labour collective and other interested parties.

1.6. With the aim of demonstration of the adherence to fair and transparent business dealing, maintenance of high standards of corporate management and business ethics, for successful conducting activity of the Company, and also maintenance of the rights of shareholders, joint-stock company «UZENERGYENGINEERING» will conform to the rules also to the principles of corporate management provided in the present Code and to carry out the work on perfection of corporate management.

II. MAINTENANCE OF THE TRANSPARENCY OF ACTIVITY.

2.1. For maintenance of a transparency of activity joint-stock company «UZENERGYENGINEERING»:

- Carries out the publication of the information subject to obligatory disclosing about the Company, on the web site and in other sources provided by the legislation;
- Publishes on the web site of data on an executive office and an estimation of efficiency of its activity, about structure of a share capital of the Company (shareholders from shares over 20 %);
- At general meeting of shareholders the Company opens rate of commission and executive office indemnifications;
- Publishes substantiations of offered distribution of net profit, the size of dividends, an estimation of their conformity accepted in the Company dividend policy, and also, in case of need, explanatories and economic justifications of volumes of a direction of a certain part of net profit for needs of development of the Company;
- On the site provides timely disclosing of the full information on all essential facts, concerning the activity, including about a financial position, about efficiency indicators, about the basic results, plans and prospects of the activity, structure of the property and management of the Company;
- Answers inquiries of shareholders in due time and in full;
- In reasonable terms on request of shareholders or investors provides possibility of an easy approach to the information on the Company, necessary for acceptance of corresponding decisions (except for the confidential information, a trade secret).

2.2. For maintenance of a transparency of the activity joint-stock company «UZENERGYENGINEERING» supervisory board confirms «Position about the information policy» which contains:

- The purposes and principles of disclosing of the open information by the Company;
- The list of the information which are subject to obligatory disclosing on a site of the Company;
- Order and terms of disclosing of the information, including information channels through which disclosing and disclosing forms are carried out;
- Executive office obligations on disclosing of the information on the Company;
- Information interchange order between members of controls, officials, workers of the Company with shareholders and other interested parties, and also representatives of mass media;
- Measures on maintenance of control over observance of an information policy of the Company.

2.3. The list of the information opened by the Company, order and terms of disclosing of the information are carried out according to the legislation of Republic of Uzbekistan, and also Position on the information policy of joint-stock company «UZENERGYENGINEERING».

2.4. The Company executive office bears responsibility for completeness and reliability of the given information.

2.5. Position about the information policy of joint-stock company «UZENERGYENGINEERING» is obligatory for observance by controls, control of the Company and its workers.

2.6. For maintenance of observance of interests of shareholders, joint-stock company «UZENERGYENGINEERING» list the confidential information which is not subject to disclosing (except for the cases established by the legislation) is defined, namely:

- The register of shareholders of joint-stock company «UZENERGYENGINEERING»;
- The registration list of shareholders of the Company for participation in general meeting of shareholders;
- Bulletins for voting of shareholders of joint-stock company «UZENERGYENGINEERING»;
- The report of the counting board following the results of voting of shareholders of joint-stock company «UZENERGYENGINEERING»;
- The Export-import contracts containing the agreements about not disclosure of the information to the third parties;
- Data which can affect change of the price of the action;
- Data on a salary of employees of **AYII**;
- Data representing a trade secret.

III. INTERNAL CONTROL.

3.1. An overall objective of the organisation of system of internal control of the Company is maintenance of protection of the rights and legitimate interests of all shareholders.

3.2. The system of internal control of financial and economic activity of the Company is the process directed on the prevention, revealing and restriction of financial and operational risks with a view of achievement of following purposes:

- Maintenance of safety of actives of the Company;
- Maintenance of performance of the purposes put by the Company with the most effective way;
- Maintenance of effective and economic use of resources of the Company;
- Maintenance of completeness, reliability, objectivity, timeliness of drawing up and representation of financial, accounting, statistical, administrative and other reporting;
- Maintenance of observance of regulatory legal acts of Republic of Uzbekistan, the Charter of the Company of positions and internal documents of the Company;
- Maintenance of timely control of decisions accepted within the limits of financial and economic activity of the Company.

For control of financial and economic activity of the Company the Service of internal audit is directly conformant to the supervisory board and report to it about the work done.

For check and acknowledgement of correctness of the annual financial reporting of joint-stock company «UZENERGYENGINEERING» involves the professional auditor annually.

The mechanisms of attraction of the highly skilled and independent external auditor are provided in joint-stock company «UZENERGYENGINEERING». The amount of payment of the services of independent auditor of the Company is affirmed on General meeting of shareholders.

The independent auditor carries out check of financial and economic activity according to requirements of the legislation of Republic of Uzbekistan on the basis of the concluded contracts. The purpose of auditor check is acquisition of qualitative, full and trustworthy information about Company activity.

The supervisory board gives the information on results of the conducted checks of financial and economic activity of the Company to all shareholders and to persons interested in activity of the Company.

For control of financial and economic activity of the Company special body - the Revision committee is provided in joint-stock company «UZENERGYENGINEERING».

Interaction of bodies of internal control of joint-stock company «UZENERGYENGINEERING» (a revision committee and service of internal audit) with the supervisory board, general meeting of shareholders, and shareholders is carried out according to established order.

3.3. With the aim of introduction of mechanisms of effective internal control, joint-stock company

«UZENERGYENGINEERING»:

- Conducts under the decision of general meeting of shareholders quarterly and annual analysis of conformity of business processes and projects to the purposes of development of the Company;
- Considers at general meeting of shareholders a question by definition of the transactions connected with current economic activities of the Company, for independent fulfilment by an executive office of transactions with affiliated persons and large transactions;
- Define a voting procedure on behalf of representative in control of the enterprises of the Company which are a part of the company;
- Provides to the person who was taking part in general meeting of shareholders of the Company the possibility to perform at the expense of such person of a copy of the bulletin filled with it;
- Demand from the Company executive office regular reports on the done work and achievement of the indicators, confirmed with business plan.

With the aim of introduction of mechanisms of effective internal control in joint-stock company «UZENERGYENGINEERING», «Condition about internal control» was confirmed in the general meeting of shareholders.

3.4. Condition about internal control is obligatory for observance by workers of the Company, members of its controls and control.

3.5. Joint-stock company «UZENERGYENGINEERING» includes not less than one independent member in structure of the supervisory board, according to condition about the supervisory board requirements.

IV. MAINTENANCE OF REALIZATION OF THE RIGHTS AND LEGITIMATE INTERESTS OF SHAREHOLDERS.

4.1. Shareholders of joint-stock company «UZENERGYENGINEERING» possess set of the rights concerning the Company, in which general meeting of shareholders, the supervisory board and the Company executive office is obliged to provide observance and protection.

4.2. The register of shareholders of the Company is conducted by the independent registrar. It allows the Company to provide reliable both effective registration and the account of the rights of shareholders on the Company action.

4.3. Shareholders have the right to regular and timely reception of the information on Company activity in volume and an order provided by requirements of the legislation of Republic of Uzbekistan.

4.4. The company with the aim of appropriate observance and protection of the rights of shareholders guarantees performance established by the legislation of Republic of Uzbekistan of requirements on information disclosing.

4.5. The Company opens the financial reporting according to requirements of the legislation of Republic of Uzbekistan, and also according to the International standards of the financial reporting (ISFR).

4.6. The opened information on the Company is placed on a web site of the Company and in other sources provided by the legislation.

4.7. Responsible division for interrelation with shareholders and investors – Group of corporate relations with shareholders in the name of its main expert.

4.8. Shareholders owners of voting actions of the Company, have the right to participation in general meeting of shareholders of the Company with a vote on all questions of its competence.

4.9. The company with the aim of appropriate observance and protection of the specified right is obliged to organise carrying out of general meeting of shareholders so that participation of shareholders has not been interfaced for them to the big material and time expenses, providing the equal relation to all shareholders.

4.10. The company undertakes to give to shareholders the information concerning the agenda of general meeting of shareholders in volume and in terms allowing shareholders to make well-founded decisions.

4.11. Shareholders have the right to reception of a part of net profit of the Company in the form of

dividends.

4.12. The company with a view of appropriate observance and protection of the specified right undertakes to pay the declared dividends in the terms established by the Charter of the Company or the decision of general meeting of shareholders.

4.13. The rights of shareholders it is regulated by positions of the Charter and internal documents of the Company.

4.14. Shareholders of the Society possess also other rights which are provided by the Republic Uzbekistan legislation, positions of the Charter and other internal documents of the Company.

4.15. The society provides the equal relation to all shareholders, irrespective of shares belonging to them, level of incomes, a floor, race, religion, a nationality, language, a social origin, personal and a social standing.

4.16. With the aim of maintenance of realisation of the rights and legitimate interests of shareholders, controls and control joint-stock company «UZENERGYENGINEERING» developed «Condition about dividend to the policy», opening the transparent mechanism of calculation of dividends.

V. DEVELOPMENT AND PROBLEM STRATEGY ON INTERMEDIATE TERM PROSPECT.

5.1. Strategic targets of joint-stock company «UZENERGYENGINEERING» are:

- Financial stability;
- Labour productivity increase;
- Release of competitive production and its export to non-residents of Republic of Uzbekistan;
- Modernisation, technical and technological reequipment of material base.

5.2. For definition of strategy of development and Company problems on prospect, controls joint-stock company «UZENERGYENGINEERING»":

- Develop and confirm at general meeting of shareholders strategy of development of the Company for the period to 5th years, proceeding from branch specificity, the analysis of the competitive environment, maintenance of export orientation and realisation of the confirmed government programs on branch development;
- Develop and bring on the statement (approval) of general meeting of shareholders or the supervisory board annual business plans on the basis of the intermediate term strategy confirmed by general meeting of shareholders;
- Introduce the necessary quantitative and qualitative criteria, allowing to carry out monitoring of achievement of the purposes designated in each of plans for development accepted in the Company.

5.3. The supervisory board co-ordinates activity of an executive office, bodies of internal control of the Company, the joint bodies created in the Company and, if necessary, involves experts for the organisation of working out of plans for development of the Company and monitoring of achievement of the purposes designated in them.

5.4. With the purpose of maintenance of export of services for foreign markets, joint-stock company "Qishloqenergoloyiha" reserves the right to itself to involve in structure of shareholders (except for the cases established by the legislation) of strategic foreign investors which should participate in management of the Company and release of competitive production.

VI. EXECUTIVE OFFICE INTERACTION WITH SHAREHOLDERS AND INVESTORS.

6.1. The company carries out the activity in strict conformity with the legislation of Republic of Uzbekistan, the standard principles of business ethics and internal documents.

6.2. For maintenance of efficiency of interaction of an executive office with shareholders and investors, joint-stock company «UZENERGYENGINEERING» control board provide interaction between shareholders, members of controls and authority of the Company on the basis of principles of mutual trust, respect, the accountability and control.

6.3. Members of the supervisory board within the limits of the competence have the right to receive the information on Company activity, to get acquainted with all constituent, standard, registration, accounting and other

documents of the Company according to the legislation of Republic of Uzbekistan and internal documents of the Company.

6.4. The executive office submits to consideration to the supervisory board annual and the quarterly account, the balance sheet, accounts of profits and losses, the conclusion of service of internal audit every quarter.

6.5. Joint-stock company «UZENERGYENGINEERING» follows requirements about execution by officials of the Company of the duties on a professional basis, reasonable performance of the obligations following from the legislation of Republic of Uzbekistan by all of them, the charter and decisions of controls of the Company.

6.6. Joint-stock company «UZENERGYENGINEERING» control board establishes qualifying requirements to candidates for members of the supervisory board, including presence of the qualifying certificate of the corporate managing director in the Company with the state share in an authorised capital stock, the corporate management given out by the scientifically-educational centre (except the cases established by the legislation).

6.7. For increase of efficiency and quality of work of the Supervisory board in joint-stock company «UZENERGYENGINEERING» the plan of measures about creation is developed at the Supervisory board of the Company of committees (working groups) on corresponding questions, including for revealing and the decision of conflict situations, from among members of the supervisory board, an executive office, the personnel of the Company and the involved experts (experts of a corresponding profile, teaching structure of profile High schools, etc.).

6.8. The Company supervisory board holds sessions according to the confirmed plan of work and the schedule of carrying out of sessions of the supervisory board, and also as required (emergency meetings). Supervisory board sessions are spent not less often than once in a quarter that provides appropriate execution of the duties. Supervisory board sessions can be spent in the form of joint presence (the internal form) or a polling way (with the consent of all members of the supervisory board), and also in a video conferencing mode.

6.9. For maintenance of effective work of the supervisory board and representation of possibility of discussion of questions of the agenda, members of the supervisory board at formation of a position concerning the agenda of the supervisory board the Company aspires, that not less than 75 percent of sessions of the supervisory board in the Company were spent in the showup form. Joint-stock company «UZENERGYENGINEERING» aspires to the fullest possibility of reception by members of the Supervisory board of all information necessary for execution by them of duties.

6.10. Compensation of members of the supervisory board corresponds to market conditions, depends on financial results of activity of joint-stock company «UZENERGYENGINEERING» and is established so that to provide attraction and participation in work of the Company of highly skilled experts, to motivate them to fair and effective activity.

6.11. One of priorities in joint-stock company «UZENERGYENGINEERING» activity is the organisation of training and improvement of professional skill of workers and officials of the Company by means of participation in training courses, seminars, etc.

6.12. Perfection of corporate management of joint-stock company «UZENERGYENGINEERING» is directed on stimulation of processes of creation of favorable and creative atmosphere in labour collective.

6.13. In joint-stock company «UZENERGYENGINEERING» the order, preparations, carrying out and decision-making by General meeting of shareholders described in detail according to the legislation of Republic of Uzbekistan and the Company Charter position about General meeting of shareholders is accepted.

VII. THE CONFLICT OF INTERESTS.

7.1. The conflict of interests is understood as disputes or disagreements concerning the corporate management, arising between joint-stock company «UZENERGYENGINEERING» executive office, its supervisory board, shareholders, representatives of labour collective and other interested parties of the Company.

7.2. With the aim of prevention of occurrence and settlement of the disputable situations connected with the conflict of interests, position about an operations procedure at the conflict of interests is developed in joint-stock company «UZENERGYENGINEERING».

7.3. In position about operations procedure at the conflict of interests should contain:

- Duties of officials of joint-stock company «UZENERGYENGINEERING» to operate in interests of the

Company;

- Definitions of situations which can entail occurrence of the conflict of interests at fulfilment by officials of the Company of actions and transactions, and also disclosing of the information by them;
- Obligations of officials of the Company on informing of the supervisory board on occurrence of the conflict of interests;
- Conditions of participation of officials of the Company in control and control of other legal bodies;
- Decisions on suppression of occurrence of the possible conflict of interests at fulfilment by officials of the Company of actions and transactions, and also disclosing of the information by them;
- Detailed regulations of settlement of the disputable situations connected with the conflict of interests, including with instructions of definition of persons for their permission.

7.4. Position about operations procedure at the conflict of interests affirms and reconsidered by general meeting of shareholders.

VIII. ORGANIZATIONAL STRUCTURE.

8.1. The organizational structure of joint-stock company «UZENERGYENGINEERING» is developed according to the typical structure confirmed by the Decree of the President of Republic Uzbekistan from 24.04.2015y. №YII-4720 «About measures on introduction of modern methods of corporate management in joint-stock companies».

8.2. The system of controls of joint-stock company «UZENERGYENGINEERING» includes:

- General meeting of shareholders – the supreme body of management of joint-stock company «UZENERGYENGINEERING» through which shareholders realise the right to participation in management of the Company;
- Revision committee - body of control over financial and economic activity of the Company, accountable it is direct to General meeting of shareholders of joint-stock company «UZENERGYENGINEERING»;
- The supervisory board - the controls, whose purpose consists of control over maintenance of efficient control with activity of the Company, maintenance of steady long-term development of the Company, the general management of its activity (except for the questions carried to General meeting of shareholders), control over activity of an executive office, protection of the rights and interests of shareholders;
- The service of internal audit carries out control over financial and economic activity of the Company and directly submits to joint-stock company «UZENERGYENGINEERING»supervisory board.
- The individual executive office in the name of the General director of the Company - presides at current activity of the Company. The general director will organise performance and the realisation of strategy defined by general meeting of shareholders and the supervisory board of the Company.

8.3. Annual competitive selection on supervising posts in the Company is held on the basis of the Charter of the Company, domestic situations and the current legislation, with possibility of participation of nominees from among foreign managers.

8.4. Before carrying out of competitive selection on supervising posts, its regulations are accepted with the description of procedures of the announcement of competition, objective criteria of selection, hiring on its results new, modern conceiving, highly skilled heads corresponding to modern requirements, and also foreign managers.

8.5. The supervisory board provides coordination of works on working out, introduction and a regular estimation of conformity of organizational structure of joint-stock company «UZENERGYENGINEERING»according to legislation requirements.

IX. THE INFORMATION PUBLICATION ON THE BASIS OF THE INTERNATIONAL STANDARDS OF AUDIT AND THE FINANCIAL REPORTING.

9.1. Joint-stock company «UZENERGYENGINEERING»keeps account and prepares the financial reporting according to National standards of accounting (NSA) of Republic of Uzbekistan.

9.2. With the aim of observance of the rights of shareholders on acquisition of the qualitative, full and authentic financial information on Company activity, mechanisms of attraction of the highly professional independent external auditor whose duties include acknowledgement of reliability of the financial reporting of joint-stock company

«UZENERGYENGINEERING»and its conformity to NSA of Republic of Uzbekistan requirements is provided in joint-stock company «UZENERGYENGINEERING».

The independent auditor of the Company, terms of a contract, including the size of payment of his services are affirmed at general meeting of shareholders.

9.3. Joint-stock company «UZENERGYENGINEERING»prepares the financial reporting as well under the international standards of the financial reporting (ISFS).

9.4. Joint-stock company «UZENERGYENGINEERING»regularly (necessarily), carries out training of the personnel of the Company involved in drawing up of the financial reporting and carrying out of internal audit, on training courses on ISFS and to the international standards of audit.

9.5. For maintenance of the publication of the information on the basis of ISFS and the international standards of audit, the professional auditor organisation is involved.

The auditor organisation for carrying out of external audit of the financial reporting according to the international standards of the financial reporting (ISFS), including the size of payment of its services are affirmed at general meeting of shareholders.

9.6. The annual financial reporting on the basis of ISFS and the international standards of audit, is published on a web site of the Company and in other sources in the terms established by the legislation.

X. MONITORING OF FUNCTIONING OF SYSTEM CORPORATE MANAGEMENT.

10.1. The independent estimation of system of corporate management is held to joint-stock company «UZENERGYENGINEERING»if necessary under the decision of the supervisory board of the Company.

10.2. The choice of the independent organisation for carrying out of an estimation of system of corporate management is carried out on the basis of competition under the decision of the supervisory board of the Company.

10.3. The independent estimation of system of corporate management in joint-stock company «UZENERGYENGINEERING»is carried out on the basis of the corresponding contract with the organisation which has been not connected by property relations from joint-stock company «UZENERGYENGINEERING».

10.4. As the independent organisation for carrying out of an estimation of system of corporate management in joint-stock company «UZENERGYENGINEERING»can act:

- Stock exchange;
- Professional participants of a securities market;
- The accredited rating agencies;
- The auditor organisations having in staff of the expert with the corresponding certificate of the corporate managing director or the expert of a securities market;
- The scientifically-educational centre of corporate management;
- The centre of researches of problems of privatisation, competition and corporate management development.

10.5 The independent estimation of system of corporate management in the Company is made on the basis of the questionnaire confirmed at the moment of an estimation State Committee of Concurrence Of Republic Uzbekistan and the scientifically-educational centre of corporate management.

10.6. Results of the carried out independent estimation of system of corporate management are published on joint-stock company «UZENERGYENGINEERING»web site together with the conclusion of the organisation which hold the stated estimation.

10.7. Bodies of state and an economic board, public authorities on places and other state organisations acting as the shareholder on behalf of the state:

- Have the right to involve at own expense the independent organisation for carrying out of an independent estimation of system of corporate management in joint-stock company «UZENERGYENGINEERING»;

XI. FINAL PROVISIONS.

11.1. The present Code comes into force from the moment of its statement at General meeting of shareholders.

11.2. General meeting of shareholders has the right to establish responsibility measures to officials of joint-stock company «UZENERGYENGINEERING» for non-observance of the Code or not opened information provided by the Code.

11.3. Control over Code observance in joint-stock company «UZENERGYENGINEERING» carries out the Supervisory board.

11.4. Questions not mentioned by the present Code are regulated by current legislation of the Republic of Uzbekistan, the international contracts and agreements, the Charter of the Company and other internal documents of the Company.