

Translated from Russian into English

APPROVED

By Annual General Meeting of Shareholders

Of JSC “KARBONAT”

Minutes No.2 on June 22, 2016

**REGULATION
ABOUT
DIVIDEND POLICY
OF JOINT STOCK COMPANY
“KARBONAT”**

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1. General provisions

1.1. This regulation about Dividend policy of the joint stock company "KARBONAT" (hereinafter referred to as the company) has been developed in accordance with the legislation of the Republic of Uzbekistan, the Code of Corporate Governance, approved by the minutes of the meeting of the Commission to improve the efficiency of joint stock companies and improve the corporate governance system dated December 31, 2015 under No. 9, Articles of the company and other internal documents of the company and contains the basic principles of the dividend policy, the mechanism for calculating dividends, the form and procedure for their payment, as well as responsibility for the payment of declared dividends.

1.2. The company's dividend policy is a set of principles used by the company for determining the proportions between the capitalized part of the Company's profit and the part of the profit paid in the form of dividends, as well as a system of relations and principles for determining the procedure and timing of dividend payment, for establishing the company's responsibility for the full and timely payment of dividends.

2. Principles of the company's dividend policy

2.1. The company's dividend policy is based on the following basic principles:

- principle of transparency, which means the disclosure of information about determination of the amount of dividends, the form and procedure for their payment, as well as responsibility for the payment of declared dividends;
- principle of timeliness, implies the establishment of time limits in the implementation of dividend payments;
- principle of justification, which implies that a decision on the payment of dividends can be made only if the company achieves a positive financial result, taking into account development plans and its investment programs based on the real financial situation of the company;
- the principle of fairness, implies ensuring equal rights of shareholders to receive information about the decisions made on the payment of dividends;
- principle of consistency, implies strict compliance with the procedures and principles of the dividend policy;
- principle of development implies continuous improvement of the dividend policy as part of improving corporate governance procedures and revising its provisions in connection with the change in the company's strategic goals, as well as focusing on increasing the investment attractiveness and capitalization of the company;
- principle of sustainability implies the desire of society to ensure a stable level of dividend payments.

3. Terms of dividend payment

3.1. Conditions for the payment of dividends to the company's shareholders are:

- achievement by the society of a positive financial result, taking into account development plans and its investment programs based on the real financial situation of the society;
- the company's ability to fully pay dividends on shares within the time frame established by law;

no restrictions on the payment of dividends provided for by the legislation of the Republic of Uzbekistan and these Regulations;
corresponding decision of the General Meeting of Shareholders of the company.

4. Restrictions on the payment of dividends

4.1. The Company is not entitled to pay and make decisions on the payment of dividends on shares:

if at the time of payment of dividends there are signs of bankruptcy or these signs appear in the company as a result of payment of dividends;

if the value of the company's net assets is less than the amount of its authorized capital and reserve fund.

Upon termination of circumstances specified in this clause, company is obliged to pay the accrued dividends to the shareholders.

4.2. Payment of dividends should not lead to attraction of additional debt financing by the company or other costs not provided for in the approved plan for subsequent periods.

4.3. Dividends are not paid on shares:

not placed;

acquired and / or redeemed by the company itself;

in other cases stipulated by the legislation of the Republic of Uzbekistan.

5. Preparation of recommendations for distribution of profits and payment of dividends

5.1. For the General Meeting of Shareholders of the company to make a decision on the distribution of profits and payment of dividends, the Supervisory Board prepares a recommendation on the distribution of profits, including the amount of dividends on shares, the form and procedure for its payment.

5.2. The Chairman of the Management Board of the company submits for consideration by the Supervisory Board of the Company the proposals of the Management Board on the distribution of the company's profits, including the payment of dividends on shares.

5.3. When preparing a recommendation, the supervisory board of the company proceeds from the need:

compliance with the principles of the company's dividend policy;

balance of short-term (income generation) and long-term (development of the company) interests of shareholders;

increasing the income of shareholders of the company, both through the payment of dividends and through an increase in the capitalization of the company.

5.4. Recommendation is prepared based on the following factors:

amount of net profit and (or) retained earnings of previous years according to the data of the financial statements, the reliability of which is confirmed by the auditor's report;

financial and business plans of the company for subsequent periods;

structure of the company's circulating assets at the end of the relevant period;
debt burden of the company at the end of the corresponding period.

5.5. Amount of dividend paid per one ordinary share is determined by dividing the total amount of dividends allocated for payment on ordinary shares of the company by the number of placed ordinary shares of the company.

5.6. A size of dividend paid per one preferred share is established by Articles of the company as a percentage of the par value of the company's shares.

6. Making a decision on distribution of profits and payment of dividends

6.1. To make a decision on the distribution of profits and payment of dividends, the Supervisory Board of the Company submits to the General Meeting of Shareholders a recommendation on the distribution of profits and payment of dividends, including the amount of dividends on shares, the form and procedure for its payment.

6.2. Decision-making on the payment of dividends on shares is the right of the company. The general meeting of shareholders has the right to decide on the payment or non-payment of dividends on shares.

6.3. The Company has a right, based on the results of the first quarter, six months, nine months of the financial year and (or) based on the results of the financial year, to make decisions (declare) on the payment of dividends. The decision to pay dividends based on the results of the first quarter, six months and nine months of a financial year may be made within three months after the end of the relevant period.

6.4. The decision on the payment of dividends, including the decision on the amount of the dividend, the form of its payment on shares of each type and the procedure for payment of dividends, is adopted by the General Meeting of Shareholders of the company in accordance with Articles of the company and on the basis of a recommendation

Supervisory Board of the company on the amount of dividend on shares, the form and procedure for its payment. The amount of dividends cannot exceed the amount recommended by the Supervisory Board.

6.5. A decision to pay dividends on shares based on the results of the financial year is adopted by the General Meeting of Shareholders of the company as part of the decision on the distribution of the company's profit based on the results of the financial year.

6.6. By the decision of the general meeting of shareholders on the payment of dividends, the following shall be determined:

- the type of shares on which dividends are paid;
- the amount of dividend per share of a certain type;
- form of dividend payment;
- the procedure for the payment of dividends.

6.7. Company is not entitled to make a decision on the payment of dividends in cases established by legislation and these Regulations.

7. Payment of dividends

7.1. Payment of the declared dividends is the responsibility of the company.

7.2. Dividends are paid from the company's net profit remaining at the company's disposal and (or) retained earnings of previous years. Dividends on preferred shares may also be paid out of the company's funds specially designated for this.

7.3. Persons registered in the register of shareholders of the company, formed for the general meeting of shareholders, at which a decision was made to pay dividends to shareholders, are entitled to receive dividends on shares.

7.4. Payment by the company of the accrued dividends on ordinary shares is carried out in compliance with the equal rights of shareholders to receive dividends. At the same time, the company is not entitled to pay dividends to a major shareholder if, as a result, the payment of dividends to minority shareholders is not ensured within the established time frame.

7.5. A term and procedure for the payment of dividends are determined by Articles of the company or by the decision of the General Meeting of Shareholders. The deadline for the payment of dividends cannot be later than sixty days from the date of such a decision.

7.6. If the owners of the company's securities have not claimed the accrued dividends within the time frame established by the General Meeting of Shareholders, the company continues to pay such (unclaimed) dividends. A dividend that has not been claimed by the owner or his legal successor or heir for three years, by the decision of the General Meeting of Shareholders, remains at the disposal of the company.

8. Responsibility for the payment of declared dividends

8.1. Management Board of the Company is responsible for the full and timely payment of dividends to the shareholders of the Company. Control over the actions of the Management Board is carried out by the Supervisory Board of the company together with the Audit Commission of the company.

8.2. In order to ensure the payment of accrued dividends, the Supervisory Board considers at its meetings the issue of the progress of dividend payment. In case of incomplete or untimely payment of dividends due to the fault of the Company's Management Board, the Supervisory Board takes appropriate measures.

8.3. If the company does not fulfill its obligations, shareholders have the right to demand payment of the declared dividends on shares in court.

8.4. The company is not liable for violation of obligations to pay dividends in the absence of correct and complete data of the shareholder in the company required for payment (transfer) of dividends to him.

9. Disclosure of information

9.1. company posts this Regulation on the corporate website of the company www.karbonat.uz.

10. Final Provisions

10.1. Issues related to the payment of dividends to the shareholders of the Company that are not regulated by the norms of the legislation of the Republic of Uzbekistan, Articles of the Company and these Regulations should be resolved based on the need to ensure rights and legitimate interests of the shareholders of the Company.