

Translated from Russian into English

APPROVED

By Annual General Meeting of Shareholders

Of JSC “KARBONAT”

Minutes No.2 on June 22, 2016

**REGULATION
ABOUT
MANAGEMENT BOARD
OF JOINT STOCK COMPANY
“KARBONAT”**

(new edition)

Djizakh region - 2016

Regulation about Management Board of JSC “KARBONAT” (new edition) - 2016

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1. General Provisions

1.1. This Regulation defines the status and regulates the work of the Management Board of Joint Stock Company "KARBONAT" (hereinafter referred to as the Company), the procedure for appointing its members, as well as the rights and obligations of each member.

1.2. Regulation was developed in accordance with the Law of the Republic of Uzbekistan dated May 6, 2014 under No. LRUz-370 "On Joint Stock Companies and Protection of Shareholders' Rights" (hereinafter referred to as the Law) and the Articles of the Company.

1.3. Management Board operates in accordance with the legislation, the Articles of the Company and these Regulations

2. Competence of the Management Board of the Company

2.1. The competence of the Management Board of the Company includes all issues of managing the current activities of the Company, with the exception of issues attributed to the competence of the General Meeting of Shareholders or the Supervisory Board of the Company.

2.2. The competence of the Management Board of the Company includes:

- organization of implementation of decisions of the General Meeting of Shareholders and the Supervisory Board of the Company;

- approval of projects of current and long-term development plans of the Company;

- preparation of estimates of administrative and business expenses of the Company for the forthcoming

- year;

- execution of transactions on export-import operations;

- approval of sales prices for manufactured products;

- write-off and execution of transactions for the alienation of real estate, securities, production equipment, motor vehicles;

- submission to the Supervisory Board of a proposal for the preparation of a recommendation on the distribution of the Company's profit;

- issues submitted by the Chairman of the Management Board for consideration by the Management Board;

- and other issues in accordance with the legislation and the Articles.

3. Procedure for the formation and composition of the Management Board of the Company

3.1. The Board consists of five members.

The Chairman of the Management Board is the Head of the Management Board.

The Management Board may include the heads of the main functional services and divisions of the Company.

3.2. The Chairman of the Management Board is appointed by the Supervisory Board within fifteen days after the annual General Meeting of Shareholders and a contract is concluded with him for a period of one year.

A decision on appointment of the Chairman of the Management Board is made by the Supervisory Board on the basis of a competitive selection, if it is necessary to fill the vacant position of the Chairman of the Management Board. Foreign managers can take part in the competitive selection. Provisions for the competitive selection are determined by the Supervisory Board.

3.3. When considered and elected to the Management Board, decisions are made by the Supervisory Board by a simple majority of votes.

3.4. Consideration of candidates for members of the Management Board of the Company by the Supervisory Board is carried out on a personal basis. A candidate member of the Management Board is obliged to inform the Company about the facts of bringing him to criminal responsibility.

3.5. When presenting a candidate to the Management Board, the Chairman of the Supervisory Board informs about the conditions for concluding a contract, the amount of remuneration for management activities and the candidate's consent to conclude a contract, confirmed by a personal statement of the candidate.

3.6. Candidates for members of the Management Board of the Company may attend a meeting of the Supervisory Board when considering their candidatures.

3.7. The agreement on behalf of the Company is signed by the Chairman of the Supervisory Board or a person authorized by the Supervisory Board of the Company. The contract concluded with the Chairman of the Management Board of the Company shall provide for his obligations to improve the efficiency of the Company and the frequency of his reports to the General Meeting of Shareholders and the Supervisory Board of the Company on the progress of the implementation of the annual business plan of the Company. The amount of remuneration paid to members of the Management Board of the Company directly depends on the efficiency of the Company and must be determined by the agreement. The Supervisory Board of the Company has the right to terminate (terminate) the agreement with the members of the Management Board of the Company if they violate the terms of the agreement. The Supervisory Board of the Company has the right to early terminate (terminate) an agreement with members of the Management Board of the Company if they commit gross violations of the Articles of the Company or cause losses to the Company by their actions (inaction).

3.8. A decision on election of the remaining members of the Management Board, on the possibility of extending the term, renegotiating or terminating (terminating) the agreement with the remaining members of the Management Board is made by the Supervisory Board on the basis of the recommendation of the Chairman of the Management Board annually within fifteen days after the annual General Meeting of Shareholders.

3.9. Quantitative composition of the Management Board is determined on the basis of the principles of the maximum possible performance of management functions by one employee, reduction of the management staff, elimination of duplicate links in production management and the associated reduction in management costs.

3.10. In accordance with these Regulations, the Chairman of the Management Board has the right to make proposals for additional candidates to the Management Board in connection with changes in the Company's activities and other circumstances.

4. Chairman of the Management Board of the Company

4.1. The Chairman of the Management Board is the Head of the Management Board.

4.2. The Chairman of the Management Board organizes the meetings of the Management Board of the Company, who signs all documents on behalf of the Company and minutes of the meeting of the Management Board of the Company, acts without a power of attorney on behalf of the Company in accordance with the decisions of the Management Board of the Company adopted within his competence.

4.3. Competence of the Chairman of the Management Board of the Company includes:

- implementation, within its competence, of the management of the current activities of the Company, ensuring its effective and sustainable work;

- to act on behalf of the Company without a power of attorney, including representing its interests;

 - signing documents on behalf of the Company;

 - conclusion of transactions, agreements and contracts on behalf of the Company;

 - appointment of the head of a branch or representative office;

 - approving the state and making appropriate changes to it, hiring employees, concluding and terminating employment contracts with them, applying disciplinary measures to them, ensuring that employees comply with labor and executive discipline;

 - disposal of property and funds within the framework of the law;

 - issuance of powers of attorney to act on behalf of the Company;

 - opening settlement and other accounts in banks;

 - publication of orders and instructions binding on all employees;

 - distribution of their functional duties between their deputies and approval of job descriptions of employees;

 - approval of internal documents not attributed to the competence of the General Meeting, the Supervisory Board or the Management Board of the Company;

 - carrying out current activities and making decisions on issues not attributed to the competence of the General Meeting, the Supervisory Board or the Management Board of the Company.

4.4. The chairman is obliged:

- organize the execution of work plans, decisions of the General Meeting of Shareholders and the Supervisory Board;

- manage the development of programs and business plans for the development of the Company, organize control over their implementation;

- to take measures to provide the Company with qualified personnel, to make the best use of the knowledge, qualifications, experience and abilities of employees;

ensure compliance with social guarantees and labor protection of the Company's employees; ensure that the Company and its employees comply with the requirements of the legislation in the activities of the Company;

ensure the organization of the proper condition and reliability of accounting and reporting in the Company;

annually submit to the General Meeting of Shareholders an annual report of the Company; report on a quarterly basis to the Supervisory Board on the progress in the implementation of the Company's annual business plan;

control the timely provision and publication of annual financial and other reports, information and data on the activities of the Company to the relevant authorities, shareholders, creditors and the media; to observe the rights of shareholders provided to them by law;

acquire property and incur expenses within the funds approved by the estimate of administrative expenses, etc.

ensure the fulfillment of the Company's contractual obligations; and other duties in accordance with the law and the Articles.

4.5. Combining the functions of the Chairman of the Management Board of the Company with a position in the management bodies of other organizations is allowed only with the consent of the Supervisory Board of the Company.

5. Meetings of the Management Board of the Company

5.1 The Chairman of the Management Board, if necessary, convenes a meeting of the Management Board by notifying other members of the Management Board.

5.2. If there is a quorum, the meeting of the Management Board of the Company is legally competent. The quorum must be at least sixty percent of the number of elected members of the Management Board of the Society.

5.3. Decisions at a meeting of the Management Board of the Company are made by a majority vote of those present, unless otherwise provided by law.

5.4. When resolving issues at a meeting of the Management Board of the Company, each member of the Management Board has one vote. Transfer of a vote by one member of the Management Board of the Company to another member of the Management Board is not allowed. In case of equality of votes of the members of the Management Board, the Chairman of the Management Board of the Company shall have the right to vote.

5.5. Minutes are kept at the meeting of the Management Board. Minutes of the meeting of the Management Board shall be drawn up no later than three days after its holding. Minutes of the meeting indicate:

- date, time and place of its holding;
- persons attending the meeting;
- the agenda of the meeting;
- items put to vote, voting results on them;

decisions taken.

Minutes of the meeting of the Management Board of the Company shall be signed by the members of the Management Board of the Company participating in the meeting, who are responsible for the correct execution of the minutes. Extracts from the minutes are signed by the Chairman of the Management Board, who is responsible for its accuracy.

6. Rights and obligations of members of the Management Board of the Company

6.1. Members of the Management Board act within the competence determined by the job description, the terms of the employment contract concluded with them, decisions of the General Meeting of Shareholders, the Supervisory Board of the Company, the Management Board and instructions of the Chairman of the Management Board.

6.2. Specific rights and obligations of the Chairman of the Management Board are stipulated in the contract with him in accordance with the legislation and the Company Code.

6.3. Members of the Management Board do not have the right to directly or indirectly receive remuneration for influencing the adoption of certain decisions of the Management Board.

6.4. Members of the Management Board do not have the right to use the capabilities of the Company (property or non-property rights, opportunities in the field of economic activity, information on the activities and plans of the Company) for the purpose of personal enrichment.

6.5. Members of the Management Board of the Company during the period of their work in this capacity are not entitled to establish or take part 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 Management Board is obliged to suspend his participation in similar enterprises upon appointment to a position in the Company and to inform the Supervisory Board of the Company about this suspension.

7. Remuneration to members of the Management Board of the Company

7.1. The amount of remuneration and compensation paid to the Management Board is determined by the decision of the Supervisory Board.

7.2. The remuneration of the Chairman and members of the Management Board is carried out depending on the efficiency of the Company.

7.3. The amount of remuneration paid to members of the Management Board of the Company directly depends on the efficiency of the Company and must be determined by the agreement.

8. Responsibility of members of the Management Board of the Company

8.1. Members of the Management Board of the Company in exercising their rights and fulfilling their duties must act in the interests of the Company and bear responsibility in accordance with the established procedure.

8.2. If several persons bear responsibility, their responsibility to the Company is joint and several.

8.3. Members of the Management Board who did not take part in the voting or who voted against the decision, which caused losses to the Company, are not liable, except for the cases established by Article 90 of the Law of the Republic of Uzbekistan "On Joint Stock Companies and Protection of Shareholders' Rights".

8.4. Company or a shareholder (shareholders) who owns at least one percent of the outstanding shares of the Company has the right to apply to the court with a claim against a member of the Management Board of the Company for compensation for losses caused to the Company.