

Translated from Russian into English

APPROVED
By Annual general meeting of shareholders
Of JSC "KARBONAT"
Minutes No.2 on June 22, 2016

**REGULATION
ABOUT
THE PROCEDURE OF ACTIONS IN
INTERESTS CONFLICT
OF JOINT STOCK COMPANY
"KARBONAT"**

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1. General provisions

1.1. This Regulation about the procedure for actions in case of a conflict of interests 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 Corporate Governance Code, approved by the minutes of the meeting of the Commission on improving the efficiency of joint-stock companies and improving the corporate governance system dated 31.12. 2015 under No. 9, Articles of the company and other internal documents of the company and determines the procedure for identifying and resolving conflicts of interest arising in the company.

1.2. In the course of the company's activities, conflicts of interest may arise due to a contradiction between the property or other interests of the company (its management and control bodies, officials, employees) and the property or other interests of creditors, counterparties and other clients (hereinafter referred to as clients), when as a result of an action (inaction) of the management and control bodies of the company and (or) its employees, there may be cases of violation of the rights and legitimate interests of shareholders.

In addition, conflicts of interest (corporate conflict) may arise between the interests of the shareholders of the company, between the interests of the management and control bodies of the company and the shareholder (shareholders).

1.3. This Regulation covers the following cases of conflicts of interest:
between majority shareholders (shareholders holding large blocks of shares) and minority shareholders (shareholders holding a small number of shares);
between the management bodies of the company and its shareholder (shareholders);
between the management and control bodies of the company, officials, employees of the company and customers;
between the company and officials, employees of the company in the exercise of their official duties.

1.4. Regulation applies to members of management and control bodies and all employees of the company, regardless of the level of the position held.

1.5. Requirements for compliance with this Regulation apply to individuals who cooperate with society on the basis of a civil law contract in cases where the corresponding obligations are enshrined in contracts with them, in their internal documents or directly follow from the law.

2. Principles of managing conflicts of interest in society

2.1. Management of conflicts of interest in society is based on the following principles:
obligation to disclose information about a real and potential conflict of interest;
individual consideration and assessment of reputational risks for the company in identifying each conflict of interest and its settlement;
strict confidentiality of the process of disclosing information about a conflict of interest and its settlement;
maintaining the balance of interests of the management and control bodies of the company and its employees when resolving conflicts of interest;

protection of a person from prosecution in connection with reporting a conflict of interest, promptly disclosed by the employee and settled (prevented) by the Company.

3. Reasons (conditions) for conflicts of interest

3.1. Conflicts of interests that may arise between the majority and minority shareholders of the company, between the management bodies of the company and shareholders as a result of:

non-compliance with the requirements of legislation, regulations and internal documents of the company;

inability of minority shareholders to exert significant influence on the activities of the company and on the decisions taken by the general meeting of shareholders and the supervisory board;

conclusion of major transactions and transactions with affiliated persons, without prior approval by the authorized management bodies;

making decisions by the management bodies that may lead to a deterioration in the financial condition of the company;

non-disclosure of information in accordance with the current legislation or the provision of incomplete information by persons belonging to the management bodies of the company about the positions held in the management bodies of other organizations, about the ownership of shares (shares) in other companies.

3.2. Conflicts of interest that can arise between governing bodies and control bodies, officials, employees and customers as a result of:

non-compliance with legislation, constituent and internal documents of the company; non-observance of the principle of priority of the interests of the company's shareholders; non-compliance with the norms of business communication and the principles of professional ethics; non-fulfillment of contractual obligations, both on the part of the company and on the part of clients;

failure to fulfill their obligations established by legislation and internal documents of the company.

3.3. Conflicts of interest that may arise between society and officials, employees as a result of:

violation of the requirements of the legislation and internal documents of the company; non-compliance with the norms of business communication and the principles of professional ethics; conducting commercial activities, both own and family members; having financial interests in another company with which the company has a business relationship;

part-time work in another organization as a head, official or participation in its governing bodies;

providing business opportunities to other organizations to the detriment of the interests of the Company due to personal interests.

4. Avoiding conflicts of interest

4.1. The company's Articles and its internal documents provide for general mechanisms for preventing conflicts of interest.

This Regulation establishes measures to prevent conflicts of interest that are binding on the management and control bodies of the company, officials and employees of the company.

4.2. In order to prevent any types of conflicts of interest, governing bodies, control bodies, officials and employees of the company are obliged to:

- comply with the requirements of legislation, regulations, Articles and internal documents of the company;

 - ensure sustainable achievement of profitability by society in the medium and long term;

 - refrain from taking actions and making decisions that may lead to conflict situations;

 - ensure effective management of society;

- exclude the possibility of involving society in the implementation of illegal activities, including the legalization (laundering) of proceeds from crime and the financing of terrorism;

 - ensure the highest possible efficiency in the production of goods (works and services);

 - report quarterly to the governing bodies in accordance with the legislation;

- carry out internal and external control in accordance with Articles and internal documents of the company;

- submit major transactions, individual transactions or a number of interrelated transactions for consideration by the Supervisory Board, the amounts of which exceed the amounts established by legislation and Articles of the company;

- carry out studies by the control bodies of the conditions for making major transactions and transactions with affiliated persons;

- if necessary, engage an independent appraiser to determine the market value of the property, subject to approval by the supervisory board of decisions on transactions in accordance with

 - with the requirements of the legislation;

- ensure the accounting of information about affiliated persons; ensure the development and observance of the procedures for the execution of transactions:

 - a) with affiliated persons;

 - b) with the shareholders of the company and their affiliates;

- not to make major transactions and transactions with affiliated persons without their prior approval by the authorized bodies of the company;

 - not hold positions in the management and control bodies of other legal entities, without permission of higher authorities;

- disclose information on the company's activities in accordance with the requirements of the legislation and additional information in accordance with the Regulation on the company's information policy;

- ensure the accuracy of accounting statements and other published information provided to shareholders and customers, regulatory and supervisory authorities and other interested parties, including for advertising purposes;

- develop and improve measures to prevent the use of information available in the society for personal purposes by persons who have access to such information;

- timely consider the reliability and objectivity of negative information about society in the media and other sources. Carry out a timely response to each fact of the appearance of negative or inaccurate information; participate in identifying the shortcomings of the company's internal control system; ensure the adequacy of the remuneration paid to members of the management

and control bodies of the financial condition of the company, as well as the extent to which the achieved results of the Company's activities correspond to the planned indicators;

comply with the principles of professional and corporate ethics.

4.3. In order to prevent conflicts of interest between shareholders of the company, as well as between management and control bodies, officials, employees of the company and its shareholder (shareholders), management and control bodies, officials, and employees of the company are also obliged to:

observe the rights of majority and minority shareholders, enshrined in the Law "On Joint Stock Companies and Protection of Shareholders' Rights", regulations, Articles and internal documents of the company;

ensure timely delivery of information to shareholders that is subject to disclosure in accordance with the law;

pay the accrued dividends on time;

provide shareholders with comprehensive information on issues that may become the subject of a conflict;

to identify transactions in which there is an interest of members of the company's management bodies when acquiring shares (stakes) of a competing company, as well as participating in the management bodies of such persons;

strive to ensure that independent members are nominated to the supervisory board to ensure objectivity, balance and independence of the management decisions taken.

4.4. In order to prevent conflicts of interest between management and control bodies, officials, employees of the company and Clients, management and control bodies, officials, employees of the company are also obliged to:

ensure the provision of information about the company in the prescribed manner; ensure strict adherence to the procedure for using confidential and other important information;

sell goods (services) and charge the client a fee in the amount established on a mutually agreed basis in the contract, or at tariffs, information about which is fully disclosed;

not to allow transactions with clients that could negatively affect the reputation of the company;

sell goods (services) for their customers professionally and in good faith; to exclude the deliberate use of the situation by employees for personal purposes in the event of an obvious mistake by the client (including in the event of an error in the application, contract and other document signed by the client). In the event of such an error, the employee of the company must make reasonable efforts to prevent the execution of such a document and inform the client about it;

ensure that the recommendations given to the client are based on a good faith analysis of the available information on the matter;

improve the system for storing information created, acquired and accumulated in the course of the company's activities so that, without the consent of the company's management bodies or authorized officials, information classified as an official or constituting a commercial secret, which is in the company on paper, magnetic and other types of its carriers, is not become the subject of sale, transfer, copying, duplication, exchange and other distribution and replication.

4.5. In order to prevent conflicts of interest between society and officials, employees in the performance of their official duties, officials and employees are also obliged to:

comply with rules of business communication and the principles of professional ethics;
conclude contracts in the prescribed manner;

notify a superior official or management and control bodies about their intention to acquire a share (shares) in an organization competing with the society;

promptly inform a superior official about the occurrence of circumstances conducive to the emergence of a conflict situation;

notify a higher official in writing about organizations in which the official or members of his family have a significant financial interest, and with which the company conducts or intends to conduct commercial activities;

refrain from any activity that directly affects the relationship between society and organizations in which the official or his family members have a significant financial interest or are affiliated persons;

first obtain permission from the higher bodies of the company to participate in the management bodies of another organization, the interests of which may conflict with the interests of the company;

inform a superior official of their intention to work part-time in another organization and that the proposed work does not contradict the interests of society.

5. Settlement of conflicts of interest

5.1. To resolve conflicts of interest arising in society, management and control bodies, officials and employees of the company carry out pre-trial procedures in order to find a solution that, being legal and reasonable, would meet the interests of society.

5.2. Officials are obliged to ensure the recording and timely consideration of letters, statements and demands (including oral) of shareholders and customers addressed to the management and control bodies and structural divisions.

5.3. Accounting for corporate conflicts is the responsibility of the person in charge of the company. This person gives a preliminary assessment of the corporate conflict, prepares the necessary documents on the merits of the issue, and, in agreement with the Supervisory Board of the company, submits them to the body of the company whose competence is to consider this corporate conflict.

5.4. A person in charge for accounting for corporate conflicts of the company analyzes frequently occurring conflicts, makes decisions on the need to provide additional information to all parties to the conflict and / or makes a proposal to the head of the authorized body of the company to change internal procedures and instructions, take other measures in order to eliminate the causes that give rise to this kind of conflicts ...

5.5. An employee who has received information about a conflict situation from a client or from other sources is obliged to immediately inform a superior official about it. If it is impossible to resolve the conflict at the level of a structural unit, the head of the unit is obliged, within one working day, to provide the head of the executive body or his deputy with information about the

conflict, the reasons for its occurrence, the measures that have been taken. The Chairman of the Management Board or his deputy determines the procedure for resolving the conflict, appoints an authorized person. If necessary, a commission is created to resolve conflicts of interest.

5.6. An authorized person (commission) takes all measures to resolve the conflict of interest. If it is impossible to resolve the conflict of interests, the Chairman of the Management Board submits the issue for consideration by the Management Board, sends information about the conflict to the Chairman of the Supervisory Board.

5.7. Information about a conflict that, at any stage of its development, affects or may affect the interests of the Chairman of the Management Board of the company or his deputies, within three working days is transferred to the Supervisory Board for making a decision on the procedure for resolving the conflict.

5.8. If, as a result of consideration of the conflict, it becomes necessary to develop or amend the existing internal documents of the company, the Supervisory Board or the Management Board makes a decision on the development of the document, or making appropriate changes.

5.9. Management bodies of the company in order to resolve any type of conflict of interest arising in the company are obliged to:

- as quickly as possible to identify emerging conflicts of interest, to determine their causes;
- clearly delineate the competence and responsibility of the management bodies of the Company;
- determine the authorized person of the Company or, if necessary, create a commission for the settlement of the conflict;
- as soon as possible to determine the position of the Company on the merits of the conflict, make an appropriate decision and bring it to the attention of the other party to the conflict;
- send the other party to the conflict a full and detailed answer clearly justifying the position of the Company in the conflict, and motivate the message on refusal to satisfy the request or demand of the party to the conflict on the basis of legislation, regulations, Articles and internal regulatory documents approved by the general meeting of shareholders of the Company;
- ensure that the authorized person who participated in the resolution of the conflict immediately reports that the conflict affects or may affect his interests or the interests of his family members;
- ensure that persons whose interests are or may be affected by the conflict do not participate in the resolution and decision-making on this conflict.

5.10. To resolve conflicts between shareholders, between the management bodies of the company and shareholders:

- an independent member of the Supervisory Board can act as a mediator in resolving a conflict between the company's shareholders;
- an authorized person or an authorized body of the company can participate in negotiations between shareholders, provide shareholders with information and documents at their disposal and related to the conflict, explain the norms of legislation, Articles and internal documents of the company;

authorized bodies or authorized persons of the company give advice and recommendations to shareholders, prepare draft documents on the settlement of the conflict for their signing by the shareholders, on behalf of the company, within their competence, assume obligations to shareholders to the extent that this can contribute to the settlement of the conflict;

management bodies of the company, in accordance with their competence, must organize the implementation of the decision to resolve the corporate conflict and facilitate the implementation of agreements signed on behalf of the company with a party to the conflict. In cases where there is no dispute between the party to the conflict and the company on the merits of their obligations, but disagreements have arisen about the procedure, method, timing and other conditions for their fulfillment, the company must invite the party to the conflict to resolve the disagreements that have arisen and set out the conditions on which the company is ready to satisfy the shareholder's demand. ;

if the consent of the company to satisfy the demand of the shareholder is associated with the need for this party to perform any actions stipulated by the legislation, Articles or other internal documents of the company, then such conditions are exhaustively indicated in the company's response, as well as the information necessary for their fulfillment (for example, the amount of payment for making copies of documents requested by the shareholder or bank details of the company, etc.).

5.11. This list of measures is not exhaustive. In each specific case, there may be other forms of conflict resolution depending on the sector where the conflict of interest arises.