

“APPROVED”

**By decision of sole shareholder - of all
common shareholder
“Almalyk MMC” JSC
№ 3/2016**

dated June 30, 2016

**State Commissioner in “Almalyk
MMC” JSC**

_____ **Samatov Sh.S.**

**PROCEDURE ON
THE COURSE OF ACTIONS IN CONFLICTS OF INTERESTS
OF “Almalyk MMC” JSC**

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1. GENERAL PROVISIONS

1.1. This Procedure on the course of actions in conflicts of interests of "Almalyk MMC" JSC (hereinafter referred to as the Company) establishes the procedure for identifying and management of conflicts of interests arising in the Company.

1.2. This procedure assumes that the timely identification of conflict of interest in the Company's activities is one of the key elements in the prevention of corruption offenses.

1.3. The following cases of conflicts of interests occurrence are considered in this Procedure:
between majority shareholders and minority shareholders;
between management bodies of the Company and its shareholder (shareholders);
between 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 performance of their duties.

2. BASIC DEFINITIONS AND REGULATORY REFERENCES

2.1. The following basic definitions are used in this Procedure:

shareholders - owners of common and preferred shares of the Company;

official - member of the Supervisory Board of the Company, member of the Management Board of the Company;

customers - creditors, contractors of the Company;

Corporate Governance Code - Corporate Governance Code of the Company;

conflict of interests - contradictions between property or other interests of the Company (its management and control bodies, officials, employees) and property or other interests of customers, when as a result of act (failure of act) of management and control bodies of the Company and (or) its employees may be engaged in the events of default of the rights and legitimate interests of shareholders;

corporate governance – system of relationships between Company's Management Board, its Supervisory Board, shareholders, representatives of the workforce and other interested parties, including creditors, in order to achieve balancing of interests of such persons to ensure efficient operation of the Company, modernization, technical and technological re-equipment of production capacities, release of competitive products and its export to foreign markets;

corporate conflict – occurrence of conflicts of interest between the interests of shareholders of the Company, between the interests of management and control bodies of the Company and the shareholder (s);

Corporate secretary - authorized employee of the Company performing functions in accordance with the legislation of the Republic of Uzbekistan.

majority shareholders - shareholders owning large blocks of shares;

minority shareholders - shareholders owning a small number of shares;

Company – "Almalyk MMC" JSC ;

Company's Control bodies - Auditing Commission, Company's Internal Audit Service;

management bodies of the Company - General meeting of shareholders (sole shareholder), Supervisory Board, the Board;

Company employees - persons who have employment relationships with the Company under the terms and conditions of employment agreement.

2.2. The Regulation has been developed in accordance with the current legislation of the Republic of Uzbekistan, Articles of association, Corporate Governance Code and other regulatory documents.

3. SCOPE OF PERSONS FALLING WITHIN THE AMBIT OF THE PROVISIONS

3.1. The Regulation applies to members of the management and control bodies and all employees of the Company, regardless of the level of position held.

3.2. Requirements for compliance with this Regulations apply to natural persons who cooperate with the Company on the basis of civil law contract in cases where the corresponding obligations are formalized in contracts with therewith, in their internal documents or directly resulting from the law.

4. BASIC PRINCIPLES OF CONFLICTS OF INTERESTS MANAGEMENT IN THE COMPANY

4.1. Conflict of interest management in the Company is based on the following principles:

Mandatory disclosure of information on real and potential conflicts of interest;

individual consideration and assessment of reputational risks for the Company in identifying each conflict of interest and its settlement;

strict confidentiality of disclosing information process concerning conflict of interest and its settlement;

observance of balancing of interests of management and control bodies of the Company and its employees in resolving a conflict of interest;

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

5. CAUSES (CONDITIONS) OF OCCURRENCE OF CORPORATE CONFLICTS AND CONFLICTS OF INTERESTS

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

Failure to comply with legal requirements, regulatory documents, and internal documents of the Company, including for delineation of authority;

inability of minority shareholders to exercise significant influence on the Company activities and on the decisions taken by the general meeting of shareholders and Supervisory Board;

conclusion of major deals, without prior approval by the authorized management bodies;

management bodies decision-making that may lead to deterioration in the financial condition of the Company;

non-disclosure of information in accordance with the current legislation or provision of incomplete information by persons who are the part of the management bodies of the Company concerning positions held in the management bodies of other organizations on the ownership of portions (shares) of any other companies.

5.2. Conflicts of interest that may arise between management and control bodies, officials, employees and customers as a result of:

non-compliance with the legislation of the Republic of Uzbekistan, constituent and internal documents of the Company;

non-observance of interests principle of priority of Company shareholders;

noncompliance with business etiquette and principles of professional ethics;

non-fulfillment of contractual obligations both by the Company and Customers;
non-fulfillment of its duties established by law and internal documents of the Company.

5.3. Conflicts of interests that may arise between the Company and officials, employees as a result of:

statutory non-compliance of the Republic of Uzbekistan, and internal documents of the Company;

non-compliance with business etiquette and principles of professional ethics;

business activities conducting, both own and by family members;

availability of financial interests in any other company with which the Company maintains business relations;

part-time employment in any other organization by a leader, officer or participation in its management bodies;

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

6. PREVENTING CONFLICTS OF INTERESTS

6.1. Articles of association and its internal documents provide for common mechanisms for preventing of conflicts of interest.

Present Regulations establish measures for preventing conflicts of interests that are mandatory for management and control bodies of the company, officials and employees of the Company execution.

6.2. In order to prevent any kinds of conflicts of interests, management bodies, control bodies, officials and employees of the Company shall:

comply with the requirements of the legislation of the Republic of Uzbekistan, regulatory documents, Articles of association and internal documents of the Company;

ensure sustainable achievement of earning capacity by the Company in the medium and long-run period;

refrain from committing actions and making-decision that may lead to conflict situations;

ensure effective management of the Company;

eliminate the possibility of involving the Company in the implementation of illegal activities, including legitimization (laundering) of proceeds of crime, and the financing of terrorism;

ensure maximum possible performance in the production of goods (works and services);

quarterly report to the management bodies in accordance with the law;

exercise internal and external control in accordance with the Articles of association and internal documents of the Company;

submit for consideration by Supervisory Board major deals, individual transactions or a number of related transactions, the amounts of which exceed amount established by the legislation and the Articles of association;

carry out examinations by the control bodies of the conditions for making major deals and non-arm's length transactions;

involve any independent appraiser to determine the market value of the property, with the approval by the Supervisory Board for conducting transactions decisions in accordance with the requirements of the law, if necessary;

ensure record keeping of affiliated persons;

ensure the development and compliance with transactions procedure:

a) with affiliated persons;

б) with shareholders of the Company and their affiliated persons;

not to make major deals and non-arm's length transactions without prior approval by the authorized bodies of the Company;

not to occupy positions in the management and control bodies of any other legal entities without the permission of superior bodies;

disclose information concerning the Company's activities in accordance with the requirements of the current legislation of the Republic of Uzbekistan and additional information in accordance with the Information Policy Regulations of the Company;

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

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

timely review the reliability and objectivity of negative information about the Company in the mass media and any other sources. To carry out timely response to each fact of the appearance of adverse or unreliable information;

participate in the identification of troubleshooting in the Company's internal control system;

ensure the adequacy of remuneration paid to members of the management and control bodies of the Company's financial status as well as the extent to which the achieved results of the Company's operations correspond to the planned indicators;

observe the principles of professional and corporate ethics.

6.3. With the aim of preventing conflicts of interest between shareholders of the Company as well as between management bodies and control bodies, officials, employees of the Company and its shareholder (shareholders), management and control bodies, officials, employees of the Company are also obliged to:

respect the rights of majority and minority shareholders, enshrined in the Law of the Republic of Uzbekistan "On Joint Stock Companies and Protection of Shareholders' Rights", the Articles of association, Corporate Governance Code and internal documents of the Company;

ensure timely disclosure of information to shareholders to be disclosed in accordance with the law;

pay accrued dividends in a timely manner;

provide shareholders with comprehensive information on issues that may be subject to conflict;

identify transactions in which there is an interest of members of the Company's management bodies in acquiring shares (equity) of a competing company as well as participation in the management bodies of such persons;

strive to ensure that independent members are to be appointed to the Supervisory Board to ensure objectivity, balance and independence of managerial decisions.

6.4. With the aim of preventing conflicts of interest between management and control bodies, officials, employees of the Company and Customers, management and control bodies, officials, employees of the Company are also obliged to:

provide furnishing of information concerning the Company in accordance with the established practice;

ensure strict adherence to procedures for the use of confidential and any other important information;

sell goods (services) and collect payment from the Customer in the amount established on a mutually agreed basis in the contract, or according to tariffs, information of which has been fully disclosed;

prevent making the deals with Customers that could violate reputation of the Company;

sell goods (services) for its Clients professionally and in good faith;

eliminate willful use by the employees of the situation for personal purposes in the event of an apparent error by the Client (including mistake in the application, contract and other document signed by the Client). In the event of such mistake, any employee of the Company shall take reasonable efforts to prevent the execution of such a document and inform the Client thereof;

ensure that recommendations submitted to the Client are based on a fair analysis of the available information on the matter at hand;

improve information storage system created, acquired and accumulated in the process of the Company's activities so that without the consent of the Company's management bodies or authorized officials, information classified as operation information or constituting trade secret that is in the Company on hard copies, magnetic and other types of media does not become the subject of sale, transmission, copying, duplication, exchange and other distribution and replication.

6.5. With the aim of preventing conflicts of interest between the Company and officials, employees in the performance of their duties, officials and employees are also obliged to:

observe business etiquette and the principles of professional ethics;

conclude contracts in accordance with the established practice;

notify the superior official or management and control bodies of the intention to acquire a stake (shares) of any organization competing with the Company;

promptly inform the superior official concerning the occurrence of circumstances giving rise to the emergence of conflict situation;

notify in writing the superior official of organizations in which the official or his family members have a considerable financial interest, and with which the Company conducts or intends to conduct commercial activities;

refrain from any activity that directly affects the relations between the Company and organizations in which the official or his family members have considerable financial interest or are affiliated persons;

obtain prior permission of the Company's superior bodies for participation in the management bodies of any other organization whose interests may conflict with the interests of the Company;

inform the superior official about his intention to work in secondary employment in any other organization and that the proposed work does not contradict the interests of the Company.

7. CONFLICTS OF INTERESTS MANAGEMENT

7.1. In order to manage conflicts of interest arising in the Company, management and control bodies, officials and employees of the Company carry out pre-trial procedures in order to find such a solution that, being lawful and justified, would be in the interests of the Company.

7.2. Appointed officials are obliged to ensure records and timely consideration of letters, applications and requirements (including oral ones) of shareholders and Customers incoming in the name of the management and control bodies, corporate secretary and business divisions.

7.3. Corporate conflicts records are to be assigned to the corporate secretary of the Company. The corporate secretary of the Company makes preliminary assessment of the corporate conflict, prepares the necessary documents on the subject matter in question, and in agreement with the Supervisory Board of the Company transfers it to that body of the Company which competence is to consider this corporate conflict.

7.4. The corporate secretary 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 proposal to the Company's Board to change internal procedures and instructions, conduct other activities in order to eliminate the causes of this kind of conflict.

7.5. The employee who has received information from any Customer or from other sources the information concerning conflict situation is obliged to immediately inform the superior official

thereof. In the case of impossibility to manage the conflict at the level of business subdivision, divisional manager is obliged within one working day to provide the Chairman of the Board (General Director) or the member of the Board (his deputy) with information concerning the conflict, reasons for its occurrence, measures that have been taken. The chairman of the Board (General Director) or the member of the Board (his deputy) determines the procedure of conflict management, appoints the authorized person. If necessary, any commission is to be established to resolve conflict of interests.

7.6. The authorized person (commission) takes all measures to resolve conflicts of interest. If it is impossible to manage conflicts of interest, Chairman of the Board (General Director) or member of the Board (his deputy) submits the matter to the Board for consideration, forwards information concerning the conflict to the Chairman of the Supervisory Board.

7.7. This information is to be considered by a committee (working group) under the Supervisory Board established to identify and manage conflict situations.

7.8. Conflict information which affects or may affect the interests of the Chairman of the Board (Director General) of the Company (his deputy) or a member of the Board at any stage of its development, is to be transferred within three working days for decision-making on the procedure for conflict management to the Supervisory Board for further consideration by the Committee (working group) and opinion submission on the matter at hand to the Supervisory Board.

7.9. If, as a result of any conflict consideration, a need arises to develop or amend the existing internal documents of the Company, the Supervisory Board or the Board makes decision on the document development, or introduction of appropriate changes.

7.10. Management bodies of the Company to manage any type of conflict of interest arising in the Company are obliged to:

- identify emerging conflicts of interest as quick as possible, to determine its causes;

- clearly differentiate the competence and responsibilities of the Company's management bodies;

- determine the authorized person of the Company or, if necessary, establish commission to manage the conflict;

- determine the position of the Company on the merits of conflict as soon as possible, take appropriate decision and bring it to the notice of the other party to the conflict;

- forward to the other party to the conflict a full and detailed response clearly justifying the Company's position in the conflict, and to give failure message to satisfy the request or claim of the party to the conflict based on legislation, regulations, Articles of association and internal regulatory documents approved by the general meeting of shareholders of the Company;

- ensure that the authorized person involved in the conflict management immediately reports that the conflict affects or may affect his interests or the interests of his family members;

- ensure that persons whose interests affect or may affect the conflict, do not participate in the resolution and decision-making concerning this conflict.

7.11. To manage conflicts between shareholders, between the Company's management bodies and shareholders:

- individual member of the Supervisory Board may act as an intermediate agent in the conflict management that has arisen between the shareholders of the Company;

- any authorized person or any authorized body of the Company may participate in negotiations between shareholders, provide shareholders with information and documents relating to the conflict and information available to them, explain statutory provisions, Article of association and internal documents of the Company;

- any authorized bodies or any authorized persons of the Company give advice and recommendations to shareholders, prepare draft documents on conflict management for signing by

shareholders, on behalf of the Company, within its competence, undertake obligations to shareholders to the extent that it can facilitate to manage the conflict;

management bodies of the Company, in accordance with its competence, shall organize the implementation of decision on corporate conflict management and facilitate the execution 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 its obligations, but disagreements have arisen on the procedure, method, terms and other conditions for its fulfillment, the Company shall invite the conflict participant to resolve the disputes and state the conditions on which the Company is ready to meet the shareholder's requirement;

if the consent of the Company to satisfy the shareholder's requirement is related to the need for this party to perform any actions stipulated by the legislation, Articles of association or any other internal documents of the Company, then the Company's response will exhaustively indicate such conditions as well as the information necessary to execute it (for example, amount of charge for making copies of documents requested by shareholder or bank details of the Company, etc.).
если согласие Общества удовлетворить требование акционера сопряжено с необходимостью

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

8. FINAL PROVISIONS

8.1. This Regulation as well as amendments and additions thereto, are to be approved by the general meeting of shareholders by a simple majority vote.

8.2. If certain norms of this Regulation conflict with the current legislation of the Republic of Uzbekistan and/or the Articles of association, such articles become null and void, and in respect of issues regulated by these articles should be guided by current statutory provisions of the Republic of Uzbekistan and/or the Articles of association of the Company until such amendments are made to these Regulations.