

“APPROVED”

**BY THE GENERAL EXTRAORDINARY
MEETING OF SHAREHOLDERS OF JSC**

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MINUTES No. 25

**REGULATION ON THE DIVIDEND POLICY OF JSC
“NAVOIYAZOT”**

2016

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This "Regulation on the dividend policy of JSC "Navoiyazot" (hereinafter referred to as the "Regulation") was developed in accordance with the Civil Code of the Republic of Uzbekistan, the Law of the Republic of Uzbekistan "On Joint Stock Companies and Protection of Shareholders' Rights" in the new edition, current regulatory legal acts of the Republic of Uzbekistan and constituent documents Navoiyazot, as well as taking into account the recommendations of the Corporate Governance Code, approved by the minutes of the meeting of the Commission on increasing the efficiency of joint-stock companies and improving the corporate governance system dated 02/11/2016 No. 02-02/1-187. This Regulation contains the basic principles and procedure for disclosing information about Navoiyazot.

1. DEFINITIONS AND INTERPRETATIONS

1.1. Definitions

The Regulation applies the definitions used in the Charter of Navoiyazot and as defined below:

<i>"Charter"</i>	means the Charter of Navoiyazot Joint Stock Company (hereinafter referred to as the Charter) registered by the Inspectorate for Registration of Business Entities under the Khokimiyat of Navoi «_____» _____ 2016y. No. 172
<i>"General Shareholder s' Meeting"</i>	means the supreme governing body of JSC Navoiyazot
<i>"Supervisory Board"</i>	has the meaning disclosed in Chapter XXIII of the Charter
<i>"Executive Body"</i>	has the meaning disclosed in Chapter XXVIII of the Charter
<i>"Chairman of the Board"</i>	has the meaning disclosed in Chapter XXVIII of the Charter

1.2. Interpretations

In this Regulation, unless the context otherwise requires, words expressing only the singular shall include the plural and vice versa.

2. GENERAL PROVISIONS

- 2.1 Navoiyazot's dividend policy is a set of actions to determine quantitative parameters for the distribution of Navoiyazot's net profit between the payment of dividends to shareholders and leaving it at the disposal of Navoiyazot (by directing it to the reserve fund, for the accumulation and/or repayment of losses of previous years), as well as a system of relations and principles for determining the procedure and timing of dividend payment, as well as establishing Navoiyazot's liability for failure to fulfill the obligation to pay dividends.
- 2.2 Navoiyazot's dividend policy is based on strict compliance with the rights of shareholders provided for by the current legislation of the Republic of Uzbekistan, the Charter and internal documents of Navoiyazot, and is aimed at increasing the investment attractiveness

of Navoiyazot, its capitalization and maximum satisfaction of the rights and interests of its shareholders through an increase in the market value of shares and an increase in dividend payments.

- 2.3 The Regulation was developed in order to ensure transparency of the mechanism for determining the amount of dividends and their payments, as well as informing shareholders and other interested parties about Navoiyazot's dividend policy and determines the procedure for making a decision on the payment (declaration) of dividends, the conditions for their payment, the procedure for calculating the amount of dividends, as well as the procedure direct payment of dividends, including the timing, place, form of their payment, as well as Navoiyazot's responsibility for paying dividends.
- 2.4 The profits earned by Navoiyazot as a result of its business activities, after payment of taxes under applicable legislation, shall remain the property of Navoiyazot and shall be used for the establishment of Navoiyazot funds and payment of dividends on shares in accordance with the legislation and this Charter.
- 2.5 A dividend is a part of profit remaining at the disposal of the company after payment of taxes and mandatory payments, reinvestment, subject to distribution among the Shareholders.

3. BASIC PRINCIPLES OF DIVIDEND POLICY

- 3.1 Navoiyazot's dividend policy is based on the following principles:
- compliance of the practice of accrual and payment of dividends adopted at Navoiyazot with the legislation of the Republic of Uzbekistan and the best standards of corporate behavior;
 - respecting the interests of shareholders;
 - maintaining the required level of financial and technical condition of Navoiyazot, ensuring the development prospects of Navoiyazot;
 - the need to increase the investment attractiveness of Navoiyazot and its capitalization;
 - ensuring transparency (understandability) of the mechanism for determining the amount of dividend payments for shareholders and managers.
- 3.2 The recommended amount of dividend payments is determined by the Board of Navoiyazot on the basis of Navoiyazot's financial results, and the Board of Navoiyazot will strive to maintain, all other things being equal, positive dynamics of dividend payments to shareholders from year to year.
- 3.3 If there are appropriate proposals from a member (members) of the Management Board, it is possible for the Supervisory Board to approve the Methodology for the distribution of profits and the calculation of dividends for corporate relations with shareholders and investors, in accordance with which the directions of profit distribution will be calculated, including the calculation of the amount of dividends.

4. DIVIDEND PAYMENT TERMS

- 4.1 Navoiyazot has the right, based on the results of the first quarter, half of the year, nine months of the financial year and (or) based on the results of the financial year, to make decisions (announce) on the payment of dividends on placed shares. The decision to pay (declare) dividends based on the results of the first quarter, six months and nine months of the financial year can be made within three months after the end of the relevant period.

- 4.2 Navoiyazot strives to increase the amount of dividends paid to shareholders based on the amount of net profit received for the reporting financial period and the needs for the development of Navoiyazot's production and investment activities.
- 4.3 The conditions for paying dividends to Navoiyazot shareholders are:
- the presence of Navoiyazot's profit after tax determined according to its financial statements (Navoiyazot's net profit) for the reporting financial period and/or retained earnings of previous years, in respect of which the meeting of shareholders did not make a decision on its distribution;
 - absence of restrictions on payment of dividends provided for by the current legislation of the Republic of Uzbekistan and the Regulation;
 - corresponding decision of the General Meeting of Shareholders of Navoiyazot.
- 4.4 When distributing profits and losses based on the results of the financial year (including the payment (declaration) of dividends), profit distributed as dividends based on the results of the first quarter, six months and nine months of the financial year is not taken into account.

5. SOURCES OF FUNDS ALLOCATED FOR DIVIDEND PAYMENT

- 5.1 In accordance with the requirements of the current legislation of the Republic of Uzbekistan, dividends are paid from the net profit of Navoiyazot, calculated in accordance with the current rules of accounting and preparation of financial statements, and are distributed among shareholders in proportion to the number of shares of the corresponding category (type) they have.
- 5.2 In the structure of distribution of net profit for the reporting financial year, funds are allocated for mandatory deductions for Navoiyazot in accordance with the current legislation of the Republic of Uzbekistan, the Charter and internal documents of Navoiyazot, as well as for other areas of its expenditure, including the payment of dividends.
- 5.3 Members of the Navoiyazot Supervisory Board determine the recommended amount of dividends on Navoiyazot shares based on the obtained financial results, maintaining a balance of interests of Navoiyazot and shareholders. The Chairman of the Navoiyazot Supervisory Board has the right to submit for consideration to the Navoiyazot Board his proposals for the distribution of Navoiyazot profits, including the payment of dividends.
- 5.4 The amount of dividends paid on shares is determined by the General Meeting of Shareholders on the recommendation of the Navoiyazot Supervisory Board and cannot be greater than the amount recommended by the Navoiyazot Supervisory Board.
- 5.5 The amount of dividend paid per one ordinary and one preferred share (in case of placement of preferred shares of the Company) is determined in accordance with the current legislation of the Republic of Uzbekistan and the Charter of Navoiyazot.
- 5.6 The amount of interim dividends recommended by the Navoiyazot Supervisory Board (dividends declared before the end of the financial year - based on the results of the first quarter, half a year, nine months) is determined in accordance with the following conditions:
- the amount of dividends from the profit of the current year cannot exceed the amount of dividends planned in accordance with the Navoiyazot Business Plan for the current year approved by the General Meeting of Shareholders (determined taking into account mandatory deductions from profits to Navoiyazot funds in accordance with the current legislation of the Republic of Uzbekistan, the Charter and internal documents of

Navoiyazot);

- the amount of dividends from the profits of previous years cannot exceed the amount of the company's profits from previous years (according to the latest financial statements), in respect of which the general meeting of shareholders did not make a decision on its distribution.

5.7 The amount of dividends declared includes taxes withheld from shareholders.

6. PROCEDURE FOR MAKING A DECISION ON DIVIDEND PAYMENT

- 6.1 The decision on the payment (declaration) of dividends, including the decision on the amount of the dividend and the form of its payment for shares of each category (type), the timing of payment and the procedure for paying dividends, is made by the General Meeting of Shareholders of Navoiyazot in accordance with the Charter of Navoiyazot and based on the recommendations of the Supervisory Board of Navoiyazot on the amount of dividends.
- 6.2 The decision to pay dividends on outstanding shares based on the results of the financial year is made by the annual General Meeting of Shareholders as an integral part of the decision on the distribution of Navoiyazot's profits based on the results of the financial year.
- 6.3 The decision to pay dividends on outstanding shares based on the results of the first quarter, half of the year, nine months of the financial year is adopted by the General Meeting of Shareholders as a separate item on the agenda of the General Meeting of Shareholders.
- 6.4 The recommendations of the Supervisory Board and the resolution of the General Meeting of Shareholders and the payment of dividends shall specify the following:
- category and type of shares for which dividends are declared;
 - dividend amount per share of a certain category (type);
 - payment term;
 - form of payment.
- 6.5 The resolution on payment (declaration) of dividends may be adopted provided that there are no statutory restrictions on payment (declaration) of dividends.
- 6.6 The Navoiyazot Supervisory Board approves the Navoiyazot Profit Distribution and Dividend Calculation Methodology, which will be used to distribute profits and calculate dividend payments for subsequent voting on this issue at the Navoiyazot Supervisory Board.

7. LIST OF PERSONS ELIGIBLE TO RECEIVE DIVIDENDS

- 7.1 The Navoiyazot Supervisory Board determines the date for compiling the list of persons entitled to participate in the General Meeting of Shareholders of Navoiyazot. The list of persons entitled to receive dividends is compiled as of the date of compilation of the list of persons entitled to participate in the General Meeting of Shareholders.
- 7.2 The list of persons entitled to receive dividends is compiled by the Central Depository and (or) the investment intermediary of the Company by order of the Company.
- 7.3 The list of persons entitled to receive dividends includes the following persons:
- shareholders registered in the system of maintaining the register of shareholders on the date

of compilation of the list (the date of the General Meeting of Shareholders of Navoiyazot, at which the decision to declare dividends was made);

- other persons (mortgagors, trustees, etc.) registered in the system of maintaining the register of shareholders on the date of compilation of the list, to whom the rights to shares have been transferred, unless otherwise established by the agreement of such person with the shareholder;
 - shareholders in whose interests the shares are owned by a nominal holder of securities registered in the system of maintaining the register of shareholders as of the date of compilation of the list. To compile a list of persons entitled to receive dividends, the nominal holder of shares provides data on the persons in whose interests he owns the shares.
- 7.4 If the shares are partly owned, all co-owners of the shares are included in the list of persons entitled to receive dividends.
- 7.5 Information on the method of receiving dividends is contained in the questionnaire of a person registered in the register. Responsibility for providing reliable data to make appropriate changes to the questionnaire of a person registered in the register rests with the owner of the shares.
- 7.6 In order to protect the rights of shareholders to receive dividends, Navoiyazot, when organizing its relations with the Central Depository and (or) investment intermediary, will make all necessary efforts to establish measures of the latter's responsibility for compliance with the data presented in the list of persons entitled to receive dividends, as well as information about the method (form) of generating income with data from the register of shareholders of Navoiyazot.
- 7.7 In case of changes to the list of persons entitled to receive dividends, Navoiyazot will require the Central Depository and (or) investment intermediary to indicate the reasons for making such changes.
- 7.8 Any shareholder may apply to Navoiyazot with a request for information on his inclusion (non-inclusion) in the list of persons entitled to receive dividends.
- 7.9 Within seven business days of receipt of the request specified in clause 7.8, the Company shall prepare and send a reply to the shareholder to his/her mailing address, unless the request specifies another method of obtaining information.

8. PROCEDURE, TERMS AND FORMS OF DIVIDEND PAYMENT

- 8.1 The timing and form of payment of dividends is determined by the Charter and/or the General Meeting of Shareholders of Navoiyazot.
- 8.2 If the last day of the dividend payment period falls on a non-working day, the expiration date is considered to be the next working day.
- 8.3 Navoiyazot is obliged to pay the declared dividends before the end of the established period.
- 8.4 Navoiyazot has the right to fulfill the obligation to pay dividends on any day during the established payment period.
- 8.5 Navoiyazot does not set a deadline for receiving and does not stop paying dividends on shares whose owners have not received accrued dividends (unclaimed dividends) within the prescribed period.

- 8.6 Interest for the use of unclaimed dividends is not accrued.
- 8.7 Taxation of dividends paid is carried out in the manner prescribed by the current legislation of the Republic of Uzbekistan.
- 8.8 The payment of a dividend is considered to be the transfer of the corresponding amounts of money from the Navoiyazot account to a bank account (mailing address) contained in the system of maintaining the register of shareholders of Navoiyazot or the transfer of other property to the shareholder for the payment of dividends, if such a form of payment was determined by the Charter and/or the General Meeting of Shareholders. In addition, dividends can be paid to individuals in cash through the Navoiyazot cash desk.
- 8.9 The owner of shares has the right to make changes to the registered person's questionnaire regarding the method of receiving cash income on shares, indicating the postal address or bank details to which dividends should be transferred at any time. The central depository and (or) investment intermediary provides Navoiyazot with updated information during the dividend payment period. The Company shall not be liable for sending dividends to the shareholder using the details previously known to Navoiyazot, if such is done by Navoiyazot before the moment when it became aware of the updated information.
- 8.10 Navoiyazot acts as a tax agent when paying dividends to shareholders on their shares. Navoiyazot calculates, withholds and transfers tax amounts from dividends to the budget in the manner and within the time limits provided for by current legislation. Dividends are transferred to shareholders minus withholding taxes.
- 8.11 A shareholder to whom standard tax rates should not be applied shall provide Navoiyazot or its paying agent with supporting documents established by the current legislation of the Republic of Uzbekistan. If Navoiyazot receives information about the application of tax benefits to a shareholder after dividends have been paid to him/her, Navoiyazot shall not refund overpaid taxes.
- 8.12 Expenses for paying dividends are covered by Navoiyazot.

9. DIVIDEND PAYMENT RESTRICTIONS

- 9.1 Navoiyazot does not have the right to make a decision (announce) on the payment of dividends on shares:
- until full payment of the entire Charter Fund of the company upon its establishment;
 - if on the day of the decision to pay dividends Navoiyazot meets the signs of insolvency (bankruptcy) in accordance with the legislation of the Republic of Uzbekistan on insolvency (bankruptcy) or if these signs appear at Navoiyazot as a result of paying dividends;
 - if on the day the decision to pay dividends is made, the value of Navoiyazot's net assets is less than its authorized capital, and the reserve fund, and the excess over the par value of the liquidation value of the placed preferred shares determined by the Charter (in the case of placement of preferred shares of the Company) or becomes less than their size as a result of the adoption of such solutions;
 - in other cases provided for by the current legislation of the Republic of Uzbekistan.

9.2 Navoiyazot does not have the right to pay declared dividends on shares:

- until full payment of the entire Charter Fund of the company upon its establishment;
 - if on the day of the decision to pay dividends Navoiyazot meets the signs of insolvency (bankruptcy) in accordance with the legislation of the Republic of Uzbekistan on insolvency (bankruptcy) or if these signs appear at Navoiyazot as a result of paying dividends;
 - if on the day the decision to pay dividends is made, the value of Navoiyazot's net assets is less than its authorized capital, and the reserve fund, and the excess over the par value of the liquidation value of the placed preferred shares determined by the Charter (in the case of placement of preferred shares of the Company) or becomes less than their size as a result of the adoption of such solutions;
- in other cases provided for by the current legislation of the Republic of Uzbekistan.

10.DISCLOSURE OF INFORMATION ON DIVIDEND POLICY

- 10.1 Navoiyazot ensures that the Dividend Policy Regulations and all changes to it are permanently available on the Navoiyazot website on the Internet at www.navoiyazot.uz.
- 10.2 Information on the decision to pay dividends, on the amount, timing, method and form of their payment is disclosed in the manner prescribed by the current legislation of the Republic of Uzbekistan.
- 10.3 The materials presented to shareholders for making a decision on the payment of dividends at the General Meeting of Shareholders must contain information indicating the presence or absence of the conditions necessary for the payment of dividends.
- 10.4 Navoiyazot publishes a message about the decision to pay dividends by posting information on the Navoiyazot website and the websites of the authorized state body for regulating the securities market within the time limits established by law.
- 10.5 The message published by Navoiyazot on the decision to pay dividends, their amount, form, timing and payment procedure must clearly and unambiguously provide shareholders with information on these issues. At the same time, this message to shareholders explains the obligation of shareholders, in the event of a change in bank details and postal addresses, to make changes to the profile of a registered person in the register of shareholders of Navoiyazot, as well as the consequences of failure to comply with this obligation.

11.RESPONSIBILITY OF THE COMPANY FOR DIVIDEND PAYMENT

- 11.1 Navoiyazot is obliged to pay declared dividends in the amount and within the time frame established by the decision of the General Meeting of Shareholders and the Charter of Navoiyazot.
- 11.2 If Navoiyazot fails to fulfill its obligations, shareholders have the right to demand payment of declared dividends in court.
- 11.3 Navoiyazot is not responsible for late payment of dividends if the register of shareholders does not contain correct and complete data of the registered person necessary for payment (transfer) of dividends to him or if the shareholder fails to appear at the place of payment of dividends if the method of receipt is determined "personally" (in cash means).

- 11.4 In case of incomplete and (or) untimely payment of dividends to shareholders who promptly reported changes in their bank details or postal addresses to the registrar, the officials directly responsible for this are liable in accordance with the current legislation of the Republic of Uzbekistan.

12.FINAL PROVISIONS

- 12.1 Issues related to the payment of dividends to shareholders of Navoiyazot, which are not regulated by the norms of the current legislation of the Republic of Uzbekistan, the Charter of Navoiyazot and the Regulation, should be resolved based on the need to ensure the rights and legitimate interests of shareholders of Navoiyazot.
- 12.2 The Regulation is approved, amended and supplemented by a decision of the Navoiyazot Supervisory Board. The decision is made in the manner prescribed legislation and/or the Navoiyazot Charter.
- 12.3 If, as a result of changes in legislative or other regulatory acts of the Republic of Uzbekistan, certain articles of this Regulation conflict with them, these articles become invalid and until the moment of amendments to the Regulation, Navoiyazot is guided by the requirements - legislative and regulatory legal acts of the Republic of Uzbekistan.

Acting Chairman of the Board
N.Yo.Juraev