**INTERNATIONAL ANNOUNCEMENT
“COMPLY OR EXPLAIN”**

“Uzbek Metallurgical Plant” Joint-Stock Company (hereinafter referred to as Uzmetkombinat JSC), in accordance with the decision of the General Meeting
of Shareholders dated June 25, 2016, assumed an obligation starting from June 25, 2016 In 2016, comply with the Corporate Governance Code (hereinafter referred
to as the Code) approved by the minutes of the meeting of the Commission on Improving the Efficiency of Joint Stock Companies and Improving the corporate governance No. 9 dated December 31, 2015, demonstrating its commitment to honest and transparent business conduct.

Uzmetkombinat JSC carried out its activities in compliance with the recommendations of the Code and intends to comply with them in the future.

In accordance with paragraph 11 of the Code, if it is impossible to comply with certain recommendations of the Code, the company discloses in detail
its causes, following **the international principle of “comply or explain”**. In the reporting period, the recommendations of the Code were followed with some exceptions:

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| **Item No. Code**  | **Principles/guidelines Code**  | **An explanation** |
| **Chapter III, paragraph 18 “Implementation of effective internal control mechanisms”** | Joint-stock companies include in the Supervisory Board at least one independent member (but not less than 15% of the by its charter, the number of members of the Supervisory Board). | In accordance with Article 63 of the Law of the Republic of Uzbekistan dated May 6, 2014 No. LRU-370 “On joint stock companies and protection of shareholders’ rights”, shareholders who together are owners of at least than one percent of the voting shares of the company, no later than thirty days after the end of the company's financial year, if the company's charter no later deadline has been set, has the right to put issues on the agenda on the day of the annual general meeting of shareholders and nominate candidates to the supervisory board of the company, the number of which cannot exceed the number of members of this body.Member of the Supervisory Board of a company whose shares are included there must be at least one independent member on the exchange quotation list of the stock exchange, who can be re-elected annually. At the same time in companies with a predominant share of the state and (or) an economic association, the nomination and voting for an independent member of the Supervisory Board are carried out by representatives of the state and (or) an economic association.The Regulation on the Supervisory Board in force at Uzmetkombinat JSC provides for the possibility of electing independent members to the Supervisory Board with the definition of the criteria provided for in Corporate Governance Code.To date, on the part of a major shareholders, namely the Ministry of Economy and finance of the Republic of Uzbekistan, which owns 54,24% of the shares Uzmetkombinat JSC and Republic of Uzbekistan Recovery and Development Fund which owns 38,38% of the shares Uzmetkombinat JSC did not receive any proposed candidates as independent members to the Supervisory Board. In turn, Uzmetkombinat JSC informs that it seeks to achieve compliance with the relevant recommendation of the Code in the future. |