

**REGULATION ON PROCEDURE FOR ADJUSTMENT OF CONFLICTS  
OF INTEREST  
OF THE JOINT-STOCK COMPANY O'ZTEMIRYO'LYO'LOVCHI**

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## **1. General Provisions**

1.1. The present Regulation determines the list of situations of potential and actual conflicts of interest, general prevention of conflicts of interest, behavior of an official in the event of a conflict of interest, and the procedure for taking measures to prevent and resolve conflicts of interest.

1.2. The Regulation on the procedure for actions in the event of a conflict of interests in JSC O'ZTEMIRYO'LYO'LOVCHI with a state share (hereinafter referred to as "the Company") has been developed in accordance with the current legislation of the Republic of Uzbekistan, the Charter of the JSC O'ZTEMIRYO'LYO'LOVCHI (hereinafter - the Company), the Code of Corporate Governance of the JSC and local regulatory legal acts of the Company.

1.3. The Regulation on the procedure for actions in the conflict of interest is an internal document of the organization that establishes the procedure for identifying and resolving conflicts of interest occurring between officials of the organization in the course of their duty status.

1.4. The main objective of the Company's activities to prevent and settle the conflict of interests consists in limiting of the influence of private interests, personal interest of officials on the labor functions they perform and business decisions taken.

## **2. Concepts and definitions used in Regulation:**

2.1. Conflict of interest is a situation in which the personal interest (direct or indirect) of an official (representative of the organization) affects or can affect the proper performance of his / her job duties and in which there occurs or may occur a contradiction between the personal interest of the official (the representative of the organization) and the rights and legitimate interests of the organization, which could lead infliction of harm to the rights and legitimate interests, property and (or) the business reputation of the organization, the employee (representative) of which he is.

2.2. Personal interest of the official (representative of organization) is the interest of an official (representative of organization), associated with the possibility of obtaining by official (representative of organization) during performance of official duties of income in the form of money, valuables, other property or services of material nature, or other proprietary rights for himself or for third parties.

## **3. Quarter covered by Regulation**

3.1. Regulation covers all officials Company, regardless of the level of the position held.

3.2. Regulation enforcement applies to individuals cooperating with company on the basis of civil law contracts, in cases when the relevant obligations

are fixed in contracts with them, in their internal documents, or directly issue from the law.

#### **4. Basic principles of conflict of interest management in Company.**

Management of the conflict of interests in Company is based on the following principles:

- mandatory disclosure of information about a real and potential conflict of interest;
- individual consideration and assessment of reputational risks for company in the event of revelation of each conflict of interest and its settlement;
- strict confidentiality of the process of disclosing information about the conflict of interests and its settlement;
- maintenance of the balance of interests of the Company and an official in the settlement of conflict of interests;
- protection of the official from prosecution in connection with the report on the conflict of interests, which was timely disclosed by the employee and settled (precluded) by the Company.

#### **5. Duties of officers related to disclosure and management of conflict of interests**

5.1. The main duties of officials related to disclosure and settlement of a conflict of interests include:

- to be governed by interest the interests of the company - without regard for their personal interests, interests of their relatives and friends;
- to avoid situations and circumstances that could lead to conflict of interest;
- to disclose an emerged (real) or potential conflict of interest;
- to facilitate the settlement of an emerged conflict of interest.

#### **6. Order of disclosure of conflict of interest by the employee**

6.1. The company establishes the following types of disclosure of conflict of interests:

- disclosure of information on the conflict of interest in employment;
- disclosure of information on the conflict of interest when appointing a new position;
- one-time disclosure of information as conflicts of interest arise;

6.2. Disclosure of information about a conflict of interest shall be carried out in writing.

Initial disclosure of a conflict of interests is allowed in the oral form with subsequent fixation in writing.

#### **7. Order of settlement and ways to adjust conflict of interests**

7.1. company undertakes the confidential examination of the information submitted and the settlement of the conflict of interests.

7.2. Information received shall be carefully checked by an authorized official with the purpose of assessing the seriousness of the risks arising for the company and choosing the most appropriate form of conflict of interest settlement.

7.3. In view of the result of consideration of the conflict of interests, the following methods of its resolution are used:

- restriction of access of an official to specific information that may concern personal interests of an official;
- voluntary refusal of an official Company or his removal (permanent or temporary) from participation in the discussion and decision-making process on issues that are or may be influenced by a conflict of interests;
- review and change of the functional duties of the official;
- suspension of an official from office in accordance with the Labor Code of Uzbekistan, if his personal interests are in conflict with the functional duties;
- transfer of an official to a position providing for the performance of functional duties not related to a conflict of interest in accordance with the Labor Code of the Republic of Uzbekistan;
- transfer by an employee of the property belonging to him, which is the basis for the emergence of a conflict of interests, into trust management;
- abandonment on the part of the official of his personal interest which raises conflict with the interests of the company ;
- unsolicited dismissal of an official from company ;
- dismissal of an official at the initiative of the employer for committing a disciplinary offense, that is for failure to perform or improper performance by an employee of the duties assigned to him due to his fault.

7.4 Management of an existing conflict of interests shall be performed through the most "soft" measure of settlement and with due regard for existing circumstances. More stringent measures should be used only if this is caused by a real need or in the event that more "soft" measures have appeared to be inconclusive.

7.5 Decision on the choice of a specific method for resolving a conflict of interests shall be done with great consideration for the importance of the personal interest of the official and the degree of probability that realization of this personal interest will be to the detriment of the interests of the company .

## **8. Persons responsible for receiving information on an emerged conflict of interest and consideration of these information**

8.1. The persons responsible for receiving information about arising (existing) conflicts of interest are:

- the immediate supervisor of the structural unit of the company , in which the employee carries out labor activity;
- the Head of Personnel Department;
- the official responsible for the implementation of anti-corruption policy.

8.2. The responsible persons shall inform the chief executive of the company of the conflict of interests, and the latter has the right to give binding instructions for the settlement of the current situation.

## **9. Liability of officers for non-compliance with Regulation on conflict of interest**

9.1. Non-observance of the Regulation on conflict of interest by employees of the company entails criminal, administrative, civil and disciplinary liability in accordance with the legislation of the Republic of Uzbekistan.

9.2. Persons responsible for receiving and examining reports on a conflict of interest are required to take comprehensive measures to prevent the receipt of this information by unauthorized officials of the company and third parties.

Non-act in regard to these measures or the fact of unauthorized access to the information obtained may become the basis for application of disciplinary measures up to dismissal of the guilty employee and recovery of material and moral damage caused to the employee and company in accordance with the procedure established by law.

## **10. Members of the Supervisory Board and the corps of the Directors of the Company, as well as the employees of the Company, shall perform their professional functions in good faith and reasonable with due care and diligence in the interests of the Company and shareholders, avoiding the conflict of interests**

## **11. Revealing the situations that may result in conflict of interests during performance of action and transactions by the officials of JSC, and disclosure of information by them**

- Management of the current activities of the Company is carried out by the Director or Board of the Company, whose competence is determined by the Company's Charter. If the management of the current activities of the Company is carried out by the Management Board, the competence of the Head of the Board (Chairman of the Management Board) shall also be defined in the Company's Charter.

- In the event of early termination of the powers of a person who is a part of the Executive Body of a Company appointed by the General Meeting of shareholders, a temporary performance of his duties by a person determined by a resolution of the Company's Supervisory Board for the period until the next General Meeting of shareholders is convened.

- The competence of the Executive Body of the Company includes all issues related to management of the current activities of the Company, with the exception of matters referred to the competence of the General Meeting of shareholders or the Supervisory Board of the Company.

- The Director (Chairman of the Board) of the Company without a power of attorney acts on behalf of the Company, including representing his interests.

- The formation of the Executive Bodies of the Company and the early termination of their powers are carried out by decision of the General Meeting of shareholders, unless the Company's Charter addresses these issues to the competence of the Supervisory Board of the Company.

- Combining the function of the Director (Chairman of the Management Board) of a Company with a position in the management bodies of other organizations is allowed only with the sanction of the Supervisory Board of the Company.

- The General Meeting of Shareholders or the Supervisory Board of the Company, if entitled to do so according to the Company's Charter, have the right to terminate (cancel) the contract with the Director of the Company, members of the Management Board of the Company, trustee if they violate the terms of the contract.

- The Supervisory Board of the Company has the right of early termination (cancellation) of the contract with the Director of the Company, members of the Board of Directors of the Company, as well as with the trustee in case of they commit flagrant violations of the Company's Charter or cause losses to the Company by their actions (inaction).

## **12. Obligations of the JSC's officials to inform the Supervisory Board on occurrence of conflict of interest.**

The Regulation establishes the following duties of officials in view of the disclosure and settlement of a conflict of interests:

- when making decisions on business matters and performing their labor duties, to follow the interests of the Department - without regard for their personal interests, interests of their relatives and friends;

- to avoid (if possible) situations and circumstances that could lead to a conflict of interest;

- to disclose emerged (real) or potential conflict of interest;

- to facilitate the settlement of an emerged conflict of interests.

Officials are required to notify the Supervisory Board in written form of a conflict of interest or the possibility of its arising, as soon as he becomes aware of it, complying with the form of the Notice of Conflict of Interest (hereinafter - Notice)

The notification shall specify:

В уведомлении указывается:

a) last name, first name, patronymic of the official who sent the Notice (hereinafter - the Notifier);

b) the position of the Notifier;

c) a statement of conflict of interest;

d) the lodgement date.

3. The notice given by the employee shall be signed by him personally.

The notification shall be registered on the day of receipt in the Journal of Notification of the occurrence of a conflict of interest (hereinafter - the Journal)

### **13. The procedure for disclosure of conflict of interest and the order of its settlement, including possible ways of adjustment of an emerged conflict of interest**

13.1. In accordance with the provisions of this Regulation, the following types of disclosure of conflicts of interest are established:

- disclosure of information on the conflict of interest during signing on;
- disclosure of information on the conflict of interest during reassignment;
- One-time disclosure of information as conflicts of interest arises;
- Disclosure of information on the conflict of interests during the annual attestations for compliance with ethical standards adopted in the company .

13.2. Disclosure of information on a conflict of interest is carried out in writing. Initial disclosure of the conflict of interests is allowed to be verbalized with further fixation in writing.

13.3. The person responsible for receiving information on emerged (existing) conflicts of interest shall be appointed from among the officials by the manager of the Department.

13.4. The submitted notifications shall be reviewed by the Commission for Compliance with the Requirements for Service Behavior and Conflict of Interest.

13.5. The Department undertakes to maintain confidentiality of the information submitted and to adjust conflicts of interest.

13.6. The information received must be carefully checked by an authorized official in order to assess the severity of the risks that arise for the Department and to choose the most appropriate form to adjust the conflict of interest.

13.7. Based on the results of the verification of the information received, it should be determined whether the present situation (the situation that may arise) is specified as the conflict of interests or not.

A situation that is not a conflict of interest does not need special ways of settling.

13.8. In the event that a conflict of interest occurs, the following methods of its resolution can be used:

- restriction of access of an official to specific information that may concern private interests the personal interests of an official;
- voluntary refusal of the Department official or his removal (permanent or temporary) from participation in the discussion and decision-making process on issues that are or may be influenced by a conflict of interests;
- review and change of the functional duties of the official;
- suspension of an official from office, if his personal interests are in conflict with the functional duties;
- transfer of an official to a position providing for the performance of functional duties not related to a conflict of interest;
- transfer by an employee of the property belonging to him, which is the basis for the emergence of a conflict of interests, into trust management;
- abandonment on the part of the official of his personal interest which raises conflict with the interests of the Department;



- unsolicited dismissal of an official;
- dismissal of an official at the initiative of the employer for committing a disciplinary offense, that is for failure to perform or improper performance by an employee of the duties assigned to him due to his fault.

By agreement of the Department and an official who disclosed information about the conflict of interests, other forms of its settlement can be found.

13.9. Management of an existing conflict of interests shall be performed through the most "soft" measure of settlement and with due regard for existing circumstances. More stringent measures should be used only if this is caused by a real need or in the event that more "soft" measures have appeared to be inconclusive.

Decision on the choice of a specific method for resolving a conflict of interests shall be done with great consideration for the importance of the personal interest of the official and the degree of probability that realization of this personal interest will be to the detriment of the interests of the Department.