

**APPROVED**  
by the General Meeting of Shareholders of  
the Joint-stock company «Konvin»  
28 June 2016 y.

**STATUTE ON THE PROCEDURE FOR ADJUSTMENT OF  
CONFLICTS OF INTEREST OF THE JOINT-STOCK  
COMPANY «KONVIN»**

## **I. GENERAL PROVISIONS**

1. This Regulation has been developed in accordance with the current legislation of the Republic of Uzbekistan, the charter of the Joint-stock company «Konvin» (hereinafter - the Company), the Code of Corporate Governance and determines the procedure for identifying and resolving conflicts of interest arising in the society.

2. In the conduct of the company's activities, conflicts of interests 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 customers (hereinafter referred as Clients). When as a result actions (inaction) of the Company's management and control bodies and (or) its employees, there may be instances of violation of the rights and legitimate interests of the Client.

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

3. In this Regulation, the following cases of conflicts of interest are considered:

- 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 management bodies and bodies of control of the company, officials,
- employees of the Company and Clients;
- between the Company and officials, employees of the Company under the performance of their official duties.

## **II. CIRCLE OF PERSONS AFFECTING THE POSITION**

4. The provision shall apply to the management and control bodies of the company and all its employees, regardless of the level of the position held.

5. The requirements for compliance with this Regulation apply to individuals cooperating with the Company based on a civil law contract in cases where the relevant obligations are fixed in contracts, in their internal documents or directly follow from the law.

## **III. BASIC PRINCIPLES OF MANAGING THE CONFLICT OF INTERESTS IN THE JSC**

6. Management of the conflict of interests in the 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 the Company in case of revealing of each conflict of interests and its settlement;
- strict confidentiality of the process of disclosing information about a conflict of interests and its settlement;
- compliance with the balance of interests of the Company's management and control bodies and its employees in resolving conflicts of interest;
- protection of a person from persecution in connection with the communication of a conflict of interest, timely opened by the employee and settled (prevented) by the Company.

- the inability of minority shareholders to exercise significant influence over the Company's operations and on decisions made by the general meeting of shareholders and the supervisory board;

- conclusion of major transactions and transactions with affiliates, without prior approval by authorized management bodies;

- adoption by the management bodies of decisions that may lead to a deterioration of the financial condition of the Company;

- not disclosure of information in accordance with the current legislation, or the provision of incomplete information by persons in the management bodies of the Company, the positions held in the management bodies of other organizations, the ownership of shares (shares) of other companies.

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

- non-observance of the legislation, constituent and internal documents of the Company;

- non-observance of the priority principle of the Client's interests over the interests of the Company;

- non-observance of norms of business communication and principles of professional ethics;

- non-fulfillment of contractual obligations, both on the part of the Company and on the part of clients; non-fulfillment of their duties, established by the legislation and internal documents of the company.

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

- violation of the requirements of the legislation and internal documents of the Company;

- non-observance of norms of business communication and principles of professional ethics;

- conduction of commercial activities, both own and family members;

- presence of financial interests in another company with which the Company supports business relationship;

- work part-time in another organization as a manager, an official or participation in its management bodies;

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

## **V. PREVENTION OF CONFLICTS OF INTERESTS**

10. The Charter of the Company and its internal documents provide for general mechanisms for the prevention of conflicts of interest.

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

11. In order to prevent any kind of conflicts of interest, the management bodies, control bodies, officials and employees of the Company shall:

- comply with the requirements of legislation, regulations, charter and internal documents of the Company;

- refrain from committing actions and making decisions that could lead to the emergence of conflict situations;

- ensure effective management of society;

- exclude the possibility of involving the Company in illegal activities, including the legalization (laundering) of proceeds from crime and the financing of terrorism;
- ensure the maximum possible effectiveness in the production of goods (works and services);
- exercise internal and external control in accordance with the Charter and internal documents of the Company;
- submit for consideration of the supervisory board major transactions, individual transactions or a number of interrelated transactions, the amounts of which exceed the amounts established by the legislation and the charter of the company;
- study the conditions for the conduct of major transactions and transactions with affiliated persons by the control bodies;
- if necessary, involve an independent appraiser to determine the market value of the property, subject to approval by the supervisory board of decisions to conduct transactions in accordance with the requirements of the law;
- ensure accounting of information on affiliated persons;
- ensure the development and compliance with the order of transactions:
  - a) With affiliated persons;
  - b) With the shareholders of the Company and their affiliates;
- do not make major transactions and transactions with affiliated persons without preliminary approval by the authorized bodies of the Company;
- do not hold office in the management and control bodies of other legal entities, without permission of the supervisory board of JSC;
- disclose information on the activities of the Company in accordance with the requirements of the current legislation and additional information according to Regulations on the Information Policy of the Company;
- ensure the reliability of financial statements and other published information provided to shareholders and customers, regulatory and supervisory authorities and to other interested persons, including for advertising purposes;
- develop and improve measures to prevent the use of personal the purposes of the information available to the Company by persons who have access to such information;
- timely to consider the reliability and objectivity of negative information about Society in the media and other sources. Realize timely response for each occurrence of a negative or unreliable information;
- ensure a sustainable achievement of the Company's profitability in the medium-term and long-term period;
- participate in the identification of deficiencies in the Company's internal control system;
- ensure the adequacy of the remuneration paid to members of the management bodies and control of the financial condition of the Company, as well as to what extent the achieved the results of the Company's activities are in line with the planned indicators;
- Observe the principles of professional ethics.

12. In order to prevent 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 observe the rights of majority and minority shareholders, stipulated by the Law "On Joint Stock Companies and Protection of Shareholder Rights", normative acts, the Charter and internal documents of the Company;
- ensure timely bringing to the shareholders of a clear and justified position of the Company in ensuring the legitimate rights of shareholders;
- timely pay out accrued dividends;
- provide shareholders with exhaustive information on issues that may become a subject of 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 participation in the management bodies of such persons;

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

13. In order to prevent conflicts of interests between management and control bodies, officials, employees of the Company and the Clients, management and control bodies, officials, employees of the Company are also obliged:

- ensure the provision of information about the society in accordance with the established procedure; ensure strict observance of the procedure for the use of confidential and other

- important information; realize the goods (services) and charge the Customer a fee in the amount established by

- mutually agreed basis in the contract, or at tariffs, information about which is fully disclosed;

- do not allow transactions that do not meet the interests of the Company's Customers; realize the goods (services) for its Clients professionally, carefully and in good faith, as well as carry out the orders of the Clients as far as possible in the best way in terms of financial efficiency, based on the current market situation;

- to exclude the conscious use by employees of the situation for personal purposes with the obvious error of the Customer (including in case of an error in the application, application and other document signed by the Client). In the event of such an error in the Client's instruction, the Company's employee shall make reasonable efforts to prevent the execution of the erroneous instruction and notify the Client thereof;

- ensure that the recommendations issued to the Client are based on a faithful analysis of available information on this issue;

- improve the system of preservation of 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 official or constituting a commercial secret located in the Company on paper, magnetic and other types of its carriers, became the subject of sale, transfer, copying, reproduction, exchange and other distribution and replication.

14. In order to prevent conflicts of interests between the Company and officials, employees in the performance of their official duties, officials and employees are also required:

- respect the norms of business communication and the principles of professional ethics; conclude contracts in accordance with the established procedure; to notify the superior official or management bodies and

- control of the intention to acquire a share (shares) of the organization competing with the Company;

- timely inform the higher-ranking official of the occurrence of circumstances that contribute to the emergence of a conflict situation;

- notify the superior official in written form about the organizations in which the official or members of his family have significant 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 an official or members of his family have significant financial interest or are affiliated persons;

- receive the permission in advance of the head of the executive body of the Company to participate in the management bodies of another organization whose interests may contradict the interests of the Company;

-inform the higher official in advance of his intention to work in combination with another organization and provide information confirming that the proposed work does not contradict the interests of the Company.

## **VI. SETTLEMENT OF CONFLICTS OF INTERESTS.**

15. In order to resolve conflicts of interest arising in the Company, the management and control bodies, officers and employees of the Company carry out pretrial procedures with a view to finding a solution that, being lawful and justified, would be in the best interest of the Company.

16. Officials are required to ensure that letters, statements and claims (including oral) shareholders and Clients addressed to management and control bodies, the corporate secretary and to structural units are accounted for and processed in a timely manner.

17. The corporate secretary of the Company is responsible for the registration of corporate conflicts. The Corporate Secretary of the Company preliminarily assesses the corporate conflict, prepares the necessary documents on the merits of the matter, and, in agreement with the Company's supervisory board, and transfers them to that body of the Company whose competence includes the consideration of this corporate conflict.

18. The Corporate Secretary of the Company analyzes frequently encountered issues and demands of shareholders, makes decisions on the need to provide additional information to all shareholders on these issues, or makes a proposal to the head of the executive body of the Company. This is for changing internal procedures and instructions, conduct other activities to eliminate the causes of this kind treatment.

19. An employee who has received information about the conflict situation from the Client or from other sources is obliged to immediately inform the higher official about this. If it is not possible to resolve the conflict at the level of the 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, and the measures that have been taken. The head of the executive body or his deputy determines the order of the conflict settlement, appoints the authorized person. If necessary, a commission is created to resolve the conflict of interests.

20. The authorized person (the commission) shall take all measures to resolve the conflict of interests. If it is not possible to resolve a conflict of interests, the head of the executive body submits the matter to the board for consideration, sends information on the conflict to the Chairman of the supervisory board.

21. This information considered by the committee (working group) with the supervisory board established to identify and resolve conflict situations.

22. Information on a conflict that at any stage of its development affects or may affect the interests of the head of the executive body of the Company. Either his deputies is forwarded within three working days to a decision on the procedure for resolving the conflict to the supervisory board for further consideration by the committee (working group) and the provision of an opinion on this issue to the supervisory board.

23. If, as a result of the consideration of the conflict, it becomes necessary to develop or amend the existing internal documents of the Company, the supervisory board or the executive body shall decide on the development of the document or make appropriate changes.

24. The Company's management bodies for the settlement of any kind of conflict of interests arising in the Company are obliged for:

- identify emerging conflicts of interest as soon as possible, determine their causes;

-clearly delineate the competence and responsibility of the Company's management bodies; 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, take an appropriate decision and bring it to the attention of the other party to the conflict;

- send to the other side of the conflict a full and thorough answer clearly substantiating the position of the Company in the conflict, and to inform the refusal to satisfy the request or demand of the party to the conflict on the basis of legislation, regulations, charter and internal regulatory documents approved by the general meeting of shareholders of the Company;

- ensure that the authorized person participating in the resolution of the conflict immediately reported 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 did not participate in the resolution and decision-making on this conflict.

25. In order to resolve conflicts between shareholders, between the Company's management bodies and shareholders:

-an independent member of the supervisory board may act as an intermediary in the settlement of a conflict that arose between the shareholders of the Company;

-an authorized person or an authorized body of the Company may participate in negotiations between shareholders, provide shareholders with information and documents available to them and related to the conflict, explain the norms of the legislation, the charter 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 shareholders, on behalf of the Company, within their competence, take 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 should organize the implementation of a resolution on the resolution of a corporate conflict and facilitate the implementation of agreements signed on behalf of the Company with a participant in the conflict. In cases where there is no dispute on the merits of their obligations between the party to the conflict and the Company, but there are disagreements about the procedure, method, timing and other conditions for their implementation, the Company shall invite the participant in the conflict to settle the differences that have arisen and set out the conditions under which the Company is ready to satisfy the shareholder's demand;

-if the consent of the Company to satisfy the shareholder's requirement is associated with, the need for this party to carry out any actions provided for by law, the Charter or other internal documents of the Company. Company's response shall specify such conditions in an exhaustive manner, and the information necessary for their fulfillment (for example, the fee for making copies of the documents requested by the shareholder or bank details of the Company, etc.).

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

## **VII. FINAL PROVISIONS**

27. This Regulation, as well as amendments and supplements thereto, shall be approved by the general meeting of shareholders by a simple majority of votes.

28. If certain provisions of these Regulations conflict with the current legislation of the Republic of Uzbekistan and/or the Charter of the Company, these articles lose force and in the

part regulated by these articles issues should be guided by the norms of the current legislation of the Republic of Uzbekistan and/or the Charter of the Company. It can be done until the relevant changes made to this Regulation.