

APPROVED»  
Decision of the single shareholder  
by the decision of the single  
shareholder  
Minutes № \_\_\_\_\_ dated \_\_\_\_\_ 2019

**REGULATION**  
**ON PROCEDURE AT CONFLICT OF INTEREST**  
**«TALIMARJON THERMAL POWER STATION»**  
**JSC**

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## **I. GENERAL PROVISIONS**

1. This Regulation was developed in accordance with current legislation of the Republic of Uzbekistan, Articles of Association of «TALIMARJON THERMAL POWER STATION» JSC (hereinafter referred to as – the Company), the Code of Corporate Management does determine the procedure of execution and preventing conflict of interests arising in the Company.

2. When carrying out the Company’s activity, there can conflict of interests occur because of contradiction between property and other interests of the Company (its management and control bodies, officials, employees), as well as property and other interests of creditors, contractors and other organizations and individuals with whom the Company has established contractual relationships (hereinafter referred to as “the Customers”) when some violation of rights and legitimate interests of the Customer may occur as a result of action (inaction) of management and control bodies of the Company and (or) its employees.

Besides, there may be conflicts of interests (corporate conflict) between interests of Company’s shareholders, between interests of management and control bodies of the Company and shareholder (shareholders).

3. This Regulation covers the following cases of conflicts of interests:

- between majority shareholders (major minority shareholding) and minority shareholders (shareholders, owning minor amount of shares);
- between the Companies management bodies and its shareholder (shareholders);
- between management bodies and control bodies of the Company, officials, employees of the Company and the Customers;
- between the Company and officials, employees of the Company when exercising official duties.

## **II. SCOPE OF PERSONS TO BE THE SUBJECT OF REGUALTION**

4. Regulation is extended to the management and control bodies of the Company and all the employees, regardless their positions.

5. The requirements for compliance with the present Regulation are extended to individuals cooperating with the Company on the basis civil contract, in cases when

relevant duties are allocated in contracts, in its internal documents or pursuant to the law.

### **III. BASIC PRINCIPLES OF INTERESTS OF CONFLICT MANAGEMENT IN COMPANY**

6. Managing of conflict of interests in the Company is based on the following principles:

- required disclosure on real and potential conflict of interests;
- individual consideration and reputational risks assessment for the Company in identifying every case of conflict of interests and their preventing;
- strict confidentiality of disclosure of conflict of interests and its preventing;
- balancing the interests of management and control bodies of the Company and its employees when preventing conflict of interests;
- individual protection from the prosecution connected to notification about conflict of interests timely disclosed by the employee and settled (prevented) by the Company.

### **IV. REASONS (CONDITIONS) FOR CONFLICTS OF INTERESTS**

7. Conflicts of interests that can arise between majority and minority shareholders of the Company, between the managing bodies and shareholders as a result of:

- failure to comply with the requirements of legislation, regulation documents and internal documentation of the Company;
- inability of minority shareholders to significantly influence the Company's activity and decisions accepted by General Meeting of Shareholders and Supervisory Board;
- conclusion of significant transactions and ones with affiliated entities without complying established procedure for the conclusion of such transactions;
- making decisions by managing bodies, which can deteriorate financial condition of the Company;
- non-disclosure of information in accordance with requirements of current legislation, or provision of incomplete information by members of management bodies of the Company, about positions employed in managing bodies of other organizations, about owning share (shares) of other companies.

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

- failure to comply legislative, constituent and legislative documents of the Company;
- failure to comply with principle of the Customer interest priority towards interests of the Company;
- failure to comply business etiquette and principals of professional ethics; breach of contract by both of the Company and the Customers;
- failure to perform its duties established by legislation and internal documents of the Company.

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

- statutory and internal documents non – compliance;
- failure to comply business etiquette and principals of professional ethics;
- conducting commercial activity related to the own Company’s activity and activity of its family members;
- financial interests in other company, which the Company maintains contractual relationships with;
- part – time work in other organizations as a director, officer or participating in their management bodies;
- providing business opportunities to other organizations to the detriment of the Company’s interests due to personal interests.

## **V. PREVENTING A CONFLICT OF INTERESTS**

**10.** Articles of Association and internal documents of the Company provide common mechanisms to prevent conflicts of interests.

This Regulation establishes measures to prevent conflicts of interests which are compulsory to the company’s management and control bodies, officials and employees.

**11.** In order to prevent any conflicts of interests the management and control bodies, officials and employees of the Company should:

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

- avoid actions and decisions which can result in conflicts; ensure effective management of the Company;
- exclude the Company's involvement into illegal activity, including legalization (laundering) of income received from crime and terrorism financing;
- ensure the maximum efficiency in the production of goods (works and services);
- quarterly report to the management bodies in accordance with legislation;
- carry out internal and external control in accordance with the Articles of Association and internal documents of the Company;
- provide to the supervisory board significant transactions, individual transactions or the series of related transactions which amounts exceed rates established by the legislation and Articles of Association of the Company;
- provide study of conditions of significant transactions and transactions with affiliated entities by the control bodies;
- if it is necessary, attract independent appraisal organization to determine market price of the property with the approval decisions on transactions by the supervisory board in accordance with legal requirements;
- provide information record on affiliated entities;
- ensure the development and maintenance of transactions procedure:
  - a) with affiliated entities;
  - b) with the Company's shareholders and its affiliated entities;
- not make significant transactions and transactions with affiliated entities without prior approval by the competent authorities of the Company in established procedure;
- not take positions in management and control bodies of other legal entities without permission of supervisory board of the Company;
- disclose information about the Company's activity in accordance with requirements of current legislation and additional information according Regulation of Communication Policy of the Company;
- ensure accuracy of accounting statements and other published information provided to shareholders and Customers, regulatory authorities and other concerned parties including advertising purposes;
- develop and improve measures preventing private use of information available in

the Company by individuals having access to such information;

- timely consider accuracy and objectivity of negative information about the Company in mass media and other informational sources. Provide timely response for each case of negative or unreliable information;
- ensure the sustainable achievement of the Company's profitability in the medium and long – run period;
- participate in identification of deficiencies of internal control system of the Company;
- ensure compliance with the size of remunerations paid to the members of management and control bodies, financial condition of the company, as well as achieved results according planned indexes;
- follow principals of professional ethics.

**12.** In order to prevent conflicts of interests between shareholders of the Company, as well as between management and control bodies, officials, employees and its shareholder (shareholders), management and control bodies, officials, employees also should:

- respect rights of majority and minority shareholders enshrined in the Law “About joint-stock companies and protection of shareholders rights”, regulation documents, Articles of Association and internal documents of the Company;
- ensure timely notification about stand and legitimate position of the Company ensuring legal rights of shareholders;
- timely pay accrued dividends;
- provide detailed information on issues which can result in conflicts to shareholders in a prescribed manner;
- identify transactions which are the subject of interest of the Company's members of managing bodies in acquisition of shares (interests) of competing company, as well as participation in management bodies of such entities;
- strive to nominate independent members to the membership of the Supervisory Board in order to ensure neutrality, balance and independence of management decisions.

**13.** In order to prevent conflicts of interests between management and control bodies, official, employees of the Company and Customers, management and control bodies, official, employees should:

- ensure provision of information about the Company in established procedure;
- ensure strict compliance with the order of using confidential and other important information;
- sell goods (services) and take payment from the Customer in the amount specified as mutual agreement in the contract, or at fully disclosed rates;
- sell goods (services) for its Customers in a professional, careful and faithful basis, as well as fulfill assignments of Customers and do the best in terms of financial effectiveness basing on current market environment;
- exclude the personal conscious use of situation with obvious Customer's mistake by the staff (including mistake in application, declaration and other document signed by the Customer). In case of such mistake in deck, the employee of the Company should take reasonable measures to prevent mistaken deck and inform the Customer;
- ensure recommendations issued to the Customer to be based on conscientious analysis of available information on the subject;
- improve the saving system of created, acquired and accumulated in the course of business information. It is necessary for information referred to official or commercial secret maintained in the Company in paper, magnetic or other types of media not to be the subject of sale, transfer, coping, reproduction, exchange or other distribution and replication without permission management bodies of the Company or authorized officials.

**14.** In order to prevent conflicts of interests between the Company and officials, employees when performing their duties, official and employees should:

- comply with the rules business communication and principals of professional ethics;
- conclude contracts in a prescribed manner;
- notify the superior officer or management and control bodies about intention to acquire a share (shares) of competing organization;
- timely inform the superior official on the circumstances giving a rise to a conflict situation;
- notify in writing the superior official about organizations in which the official or its family members have a significant financial interest and which the Company has or intended to has business with;



- avoid any activity which directly influence the relationships between the Company and organizations in which the official or its family members have a significant financial interest or are the affiliated entities;
- received prior permission of the head of executive body of the Company for participation in management bodies of other organization whose interests may conflict with the interests of the Company;
- inform in advance the superior official about intention to have a part – time work in other organization and provide information indicating that proposed work does not conflict the interest of the Company.

## **VI. CLEARING OF CONFLICT OF INTERESTS**

**15.** To clear the conflict of interest arising in the Company, management and control bodies, officials and employees shall carry out pre-trial proceedings in order to find decision meeting interests of the company being lawful and justified.

**16.** Officials should ensure recordkeeping and timely consideration of letters, applications and claims (including oral ones) of shareholders and Customers obtained for management and control bodies, corporate secretary and structural subdivisions.

**17.** Corporate conflicts recordkeeping shall be attached to corporate secretary of the Company. Corporate secretary shall preliminary assess the corporate conflict, prepare necessary documentation to the point, and transfer them in agreement with supervisory board to the authority of the Company whose competence include the consideration of this corporate conflict.

**18.** Corporate secretary of the Company shall analyze frequently raised matters and requirements of shareholders, take decisions on the need to provide additional information touching these matters to all shareholders or propose executive body of the Company on changing internal procedures and instructions, arranging events in order to neutralize reasons for that kind of notifications.

**19.** The employee who has received from the Customer of other source the information about conflict situation should immediately inform superior official. In case of failure to clear the conflict at the level of structural subdivision, the head of this subdivision should information about the conflict, its reasons and taken measures to the Chairman of the Board or his Deputy within one working day. Chairman or Deputy Chairman shall

determine the procedure of conflict clearing and appoint authorized person. If it's necessary, there shall be created the commission for clearing the conflict of interests.

**20.** Authorized person (commission) shall take all measures to clear the conflict of interests. In case of failing to clear the conflict of interests, the Chairman of the Board shall bring the matter before the Board, direct date on the conflict to the Chairman of Supervisory Board.

**21.** This date shall be considered by the committee (working party) before the supervisory board created for identification and resolving of conflicts.

**22.** Information about the conflict which at any stage of its development affects or may affect interests of the Chairman of the Company or Deputy and directors shall be submitted for decision on procedure of clearing the conflict within three working days to the Supervisory Board for further consideration by the committee (working party) and providing the opinion on the matter to the Supervisory Board.

**23.** If there is a necessity to develop or make amendments in current internal documents of the Company as a result of consideration of the conflict, the Supervisory Board or executive body shall take a decision to develop document or make appropriate amendments.

**24.** To clear any type of conflict arising in the Company, its management bodies should:

- quickly identify conflicts of interests and determine their causes; accurately distinguish between the competence and responsibility of the Company's management bodies;
- determine the authorized person of the Company, or if there is necessity create committee for clearing the conflict;
- determine the position of the Company related to the matter as soon as possible, take appropriate decision and notify the other side of the conflict;
- send to other party of the conflict a full and detailed response, clearly substantiating the Company's position, and motivate notification on a refusal to comply with the request or requirement of the conflict member, on the basis of legislation, regulative documents, Articles of Association and internal regulating documents approved by the general meeting of shareholders of the Company;

- ensure that authorized person participated in conflict clearing immediately reported that the conflict involves its interests or interests of his family members;
- ensure that persons whose interests may be involved, were not participating in resolution and decision on this conflict.

**25.** In order to clear the conflict between shareholders, the Company's management bodies and shareholders:

- independent member of Supervisory Board may act as an intermediate agent when clearing the conflict between shareholders of the Company;
- authorized person or authorized body of the Company may participate in negotiations between shareholders, provide shareholders with available information and documents related to the conflict, explain statutory regulations, Articles of Association and internal documents of the Company;
- authorized bodies and authorized persons of the Company shall advice and recommend to shareholders, prepare drafts of documents on clearing conflict for signature by shareholders, on behalf of the Company within its competence assume obligations to shareholders to the extent that can contribute the conflict clearing;
- in accordance with its competence, the Company's management bodies should implement decision on the clearing of corporate conflict and assist execution of the agreements signed on behalf of the Company with the member of conflict. In case if there is no conflict between the member of the conflict and the Company related to their obligations but disagreement related to procedure, method, terms and other conditions, the Company should propose to clear the conflict and lay down provisions for shareholder's requirement meeting by the Company;
- if the Company's agreement to meet shareholder's requirements is associated with the necessity to take any actions by this party provided by the legislation, Articles of Association or other internal documents of the Company, the response of the Company should comprehensively specify such conditions, as well as information necessary for their execution (for example: payment size for making copies of requested by the shareholder documents or the Company's bank details and etc.).

**26.** This list of measures is not exhaustive. Any certain case may include other forms of conflict clearing depending on the sector of conflict of interests.

## **VII. FINAL PROVISIONS**

**27.** This Regulation, as well as amendments and additions thereto shall be approved by the General Meeting of Shareholders by a simple vote's majority.

**28.** If individual provisions of this Regulation shall contradict the current legislation of the Republic of Uzbekistan and/or Articles of Association of the Company, these provisions become invalid. Considering issues regulated by these provisions, it is required to follow norms of current legislation of the Republic of Uzbekistan and/or Articles of Association of the Company until making appropriate amendments into this Regulation.