

**«APPROVED» BY**  
**No.10 Resolution of the Sole Shareholder**  
**JSC «Uzbekiston Temir Yullari »,**  
**dated « 30 » September 2016**

**JSC "Uzbekiston Temir Yollari"**

**REGULATIONS**  
**Regarding operational procedure in case of conflict of interest**

**I. GENERAL PROVISIONS**

1. This Regulation was developed in accordance with the current legislation of the Republic of Uzbekistan, Articles of Association of the Joint-Stock Company "Uzbekistan Temir Yollari" (hereinafter - the Company), Code of the Corporate Governance approved by No. 9 Minutes of Meeting of the Committee for increasing the efficiency of Joint-Stock Companies and improving the corporate governance system dated 31.12..2015 and determines operating procedure for identification and conflict resolution arising in the Company.

2. When carrying out activity by the Company, conflicts of interests may arise due to a contradiction between the ownership or other interests of the Company (its management and control bodies, officials, employees) and the ownership or other interests of creditors, counterparties and other customers (hereinafter referred to as Customers) when, as a result actions (inaction) of the Company's management and control bodies and (or) its employees, violations of the rights and legitimate interests of the Company's sole shareholder may be admitted.

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

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

- between the Company's management bodies and its sole shareholder;
- between the management bodies and control bodies of the Company, officials, employees of the Company and Customers;
- between the Company and officials, employees of the Company in the performance of their official duties.

**II. SCOPE OF PERSONS COVERED BY THIS REGULATION**

4. This Regulation shall apply to members of the management and control bodies and all employees of the Company, regardless of the level of the position held.

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

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

6. Management of the conflict of interests in the Company shall be based on the following principles:

- mandatory disclosure of information about a real and potential conflict of interest;

- individual consideration and assessment of reputation 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 interest and its settlement;
- observance of the balance of interests of the management and control bodies of the Company and its employees when resolving a conflict of interests;
- protection of a person from prosecution in connection with the communication of a conflict of interest, timely disclosed by an employee and settled (prevented) by the Company.

#### **IV. REASONS FOR RISING OF CONFLICTS OF INTERESTS**

7. Conflicts of interests that may arise between the sole shareholder and the management bodies of the Company as a result of:

- non-observance of requirements of the legislation, statutory regulations and internal documents of the Company;
- closure of major transactions and transactions with affiliates, without prior approval by the authorized management bodies of the Company;
- adoption by the Company's management bodies of decisions that may lead to a deterioration of the financial condition of the Company;
- non-disclosure of information in accordance with the current legislation, or provision of incomplete information by persons who are members of the management bodies of the Company, regarding the positions held in management bodies of other organizations, 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 interests by the Company's sole shareholder;
- non-observance of standards of business communication and principles of professional ethics;
- non-fulfillment of contractual obligations, both by the Company and by the Customers;
- non-fulfillment of their duties, established by the legislation of the Republic of Uzbekistan 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 standards of business communication and principles of professional ethics;
- conduct of commercial activities, either by an official himself or by an employee of the Company, or by members of his family;

- availability of financial interests in another company with which the Company maintains business relations;
- working 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 Company's interests due to personal interests.

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

10. General mechanisms for the prevention of conflicts of interest are provided for by Articles of the Company and its internal documents.

These Regulations establish measures to prevent conflicts of interest that are mandatory for the Company's management and control bodies, officials and employees of the Company.

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

- comply with the requirements of legislation, statutory regulations, Articles of the Company and internal documents of the Company;
- ensure a sustainable achievement of the Company's profitability in the medium and long term;
- refrain from committing actions and making decisions that could lead to the rise of conflict situations;
- ensure effective management of the Company;
- exclude the possibility of involving the Company in illegal activities, including legalization (laundering) of proceeds from crime and financing of terrorism;
- ensure the maximum possible effectiveness in the production of goods (works and services);
- quarterly report to the management bodies in accordance with the law;
- exercise internal and external control in accordance with the Articles and internal documents of the Company;
- submit for consideration to the Supervisory Board of the Company large transactions, individual transactions or a number of interrelated transactions, in accordance with the procedure established by the legislation and Articles of the Company;
- examine the terms and conditions for conduct of major transactions and transactions with Affiliates by the control bodies;
- if necessary, involve an independent appraiser to determine the market value of the property, with the approval by the Supervisory Board of the Company of decisions to conduct transactions in accordance with the requirements of the law;
- ensure recording of information on Affiliates;
- ensure compliance with the procedure for making transactions with the Company's affiliates;
- refrain from making major transactions and transactions with affiliates without prior approval by the authorized bodies of the Company;

- refrain to hold positions in the management and control bodies of other legal entities, without consent of the authorized bodies of the Company;
- carry out disclosure of information on the Company's activities, in accordance with the requirements of the current legislation, and additional information, in accordance with the Regulations on the Information Policy of the Company;
- ensure reliability of the financial statements and other published information of the Company provided to the sole shareholder and customers of the Company, regulatory and supervisory authorities and other interested persons, including for advertising purposes;
- develop and improve measures to prevent the use of information for personal purposes in the Company, by persons who have access to such information;
- timely consider the reliability and objectivity of negative information about the Company in the media and other sources. Carry out a timely response for each occurrence of negative or unreliable information about the Company;
- participate in the identification of deficiencies in the Company's internal control system;
- ensure adequacy of the remuneration paid to members of the Company's management and control bodies, financial condition of the Company, and the extent to which the Company's performance results are in line with the planned indicators;
- comply with the principles of professional and corporate ethics.

12. In order to prevent conflicts of interests between the Company's shareholder, management bodies and control bodies, officials, employees of the Company, its sole shareholder, management and control bodies, officials, employees shall:

- observe the rights of the sole shareholder of the Company, stipulated by the Law "On Joint Stock Companies and Protection of the Shareholders Rights", statutory regulations, the Articles and internal documents of the Company;
- ensure timely communication to the sole shareholder of the Company an information that is subject to disclosure in accordance with the law;
- timely pay out dividends accrued to the sole shareholder of the Company; provide the Company's sole shareholder with exhaustive information on issues that may become a subject of conflict;
- identify transactions which involve 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.

13. In order to prevent conflicts of interest between management and control bodies, officials, employees and customers of the Company, the management and control bodies, officials, employees of the Company shall:

- ensure the provision of information about the Company in accordance with the established procedure;
- ensure strict observance of the procedure for the use of confidential and other important information;
- sell goods (services) and collect fees for them in the amount established on a mutually agreed basis in the contract, or at tariffs, information about which is fully disclosed by the Company;

- refrain to perform transactions with persons capable to adversely affect the reputation of the Company;
- sell goods (services) professionally and in good faith;
- exclude intentional use by employees of the Company of a situation for personal purposes with an obvious error of the Customer (including in case of an error in the request, contract and other document signed by the Customer). In the event of such an error, a member of the Company shall make reasonable efforts to prevent execution of such document and inform the Customer thereof;
- ensure that the recommendations issued 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 of the Company, information classified as confidential or constituting a trade secret located in the Company on paper, magnetic and other types of media shall not become as 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 and employees of the Company, in the performance of their official duties, officials and employees of the Company shall:

- respect standards of business communication and principles of professional ethics;
- execute contracts in accordance with the established procedure;
- notify the higher officer or the management and control bodies of the Company on the intention to purchase a share (shares) of the organization competing with the Company;
- timely inform the higher-ranking official of the Company on the occurrence of circumstances that contribute to the rise of a conflict situation;
- notify in writing the higher-ranking official of the Company on the organizations in which the Company's official or members of his family have significant financial interest, and with whom the Company conducts or intends to conduct commercial activities;
- refrain from any activity that directly affects relations between the Company and organizations in which the Company's official or members of his family have significant financial interest or are affiliates;
- obtain permission from the Company's higher bodies in advance to participate in the management bodies of another organization whose interests may be in conflict with the interests of the Company;
- inform the higher official of the Company on his intention to work part-time in another organization and 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 shall 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 of the Company shall ensure recording and timely consideration of letters, applications and claims (including oral) of the sole shareholder

and the Company's Customers received by the management and control bodies, to the structural subdivisions of the Company.

17. Recording of corporate conflicts shall be assigned to the Department of corporate relations with shareholders of the Company. A Corporate Relations Department of the Company shall make preliminary assessment of the corporate conflict, prepare the necessary documents on the merits and, in agreement with the Company Supervisory Board, transfer it to the body of the Company whose competence includes consideration of such corporate conflict.

18. Department of Corporate Relations with Shareholders of the Company shall analyze frequently arising conflicts, take decisions on the need to provide additional information to all parties to the conflict and / or make proposals to the head of the authorized body of the Company to change internal procedures and instructions, conduct other activities to eliminate the causes of such kind conflicts.

19. An employee of the Company who received information about the conflict situation from a Customer or from other sources shall immediately inform the higher official about this. If it is impossible to resolve the conflict at the level of the structural unit, the head of the unit shall submit information within one working day to the Chairman of the Executive Board of the Company or his deputy about the conflict, the reasons for its occurrence, and the measures that have been taken. Chairman of the Executive Board of the Company or his deputy shall determine procedure for conflict settlement, appoint an authorized person. If necessary, a committee shall be created to resolve the conflict of interests.

20. An authorized person (Committee) shall take all measures to resolve the conflict of interests. If it is impossible to resolve a conflict of interests, a Chairman of the Executive Board of the Company shall refer the conflict to the Supervisory Board of the Company for consideration and send information on the conflict to the Chairman of the Company's Supervisory Board.

21. Information on the conflict, which at any stage of its development affects or may affect the interests of the Chairman of the Executive Board of the Company or his deputies, shall be communicated within three working days to the Supervisory Board of the Company to make a decision on the procedure for resolving the conflict with issued of the opinion on this issue.

22. If, as a result of consideration of the conflict, there is a need to develop or amend the existing internal documents of the Company, the Supervisory Board or the Executive Board of the Company shall decide whether to develop a document or make appropriate changes.

23. Management bodies of the Company for the settlement of any kind of conflict of interests arising in the Company shall:

- identify emerging conflicts of interest, determine their causes as soon as possible;
- clearly determine authorities and responsibilities of the Company's management bodies;
- determine an authorized person of the Company or, if necessary, create a committee for settlement of the conflict;
- determine as soon as possible 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 detailed answer that clearly substantiates the position of the Company in the conflict and a message on refusal to satisfy the request or demand of the party to the conflict shall be motivated on the basis of legislation, statutory regulations, Articles and internal regulatory documents approved by the sole shareholder of the Company;

- ensure that an authorized person participating in the resolution of the conflict shall immediately report that the conflict affect or may affect his interests or the interests of his family members;

- ensure that persons whose interests affect or may affect the conflict, shall not participate in the resolution and decision-making on this conflict.

24. In order to resolve conflicts between the sole shareholder and the management bodies of the Company:

- an authorized person or an authorized body of the Company can provide the sole shareholder with the information and documents available at his disposal and the information related to the conflict, explain standards of the legislation, the Articles and internal documents of the Company;

- authorized bodies or authorized persons of the Company shall give advice and recommendations to the sole shareholder of the Company, prepare draft documents on the settlement of the conflict for their signing by the sole shareholder, on behalf of the Company, within their competence, assume obligations with regard to the sole shareholder to the extent that this can contribute to the settlement of a conflict;

- the management bodies of the Company in accordance with their competence shall organize the implementation of a resolution on the settlement 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, terms and other conditions for their implementation, the Company shall invite the participant of the conflict to settle the differences that have arisen and set out the conditions under which the Company is ready to satisfy the sole shareholder of the Company;

- if consent of the Company to satisfy the requirement of the sole shareholder of the Company is associated with the need to carry out any actions stipulated by the legislation, the Articles or other internal documents of the Company, the Company's response shall exhaustively specify such conditions, as well as information necessary for its fulfillment (for example, the amount of payment for making copies of the documents requested by the shareholder or bank details of the Company, etc.).

25. 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**

26. These Regulations, as well as amendments and supplements to it, shall be approved by the sole shareholder of the Company.

27. If certain provisions of these Regulations enter in contradiction with the current legislation of the Republic of Uzbekistan and / or the Articles of the Company, these Clauses shall lose effect and regarding issues regulated by these Clauses it should be guided by provisions of the current legislation of the Republic of Uzbekistan and / or the Articles of the Company until appropriate changes are made to this Regulation.