**Approved**

**General Meeting of Shareholders**

**Joint Stock company**

**«Toshkent shahar dori - darmon»**

**on May 26, 2016**

**POSITION**

**ACTIONS TO TAKE WHEN A CONFLICT OF INTEREST**

**JOINT STOCK COMPANY**

**«TOSHKENT SHAHAR DORI - DARMON»**

**TABLE OF CONTENTS**

I. General Provisions

II. The persons falling under the provisions of

III. The basic principles of managing conflict of interests in society

IV. The reasons (conditions) conflicts of interest

V. Prevention of conflicts of interest

VI. Conflict of interests

VII. Final provisions

1. **GENERAL PROVISIONS**

1. These Regulations are developed in accordance with the current legislation of the Republic of Uzbekistan, the charter of the joint-stock company «Toshkent shahar dori - darmon» (hereinafter - the Company), Corporate Governance Code and determines the procedure to identify and resolve conflicts of interest that arise in society.

2. In carrying out the Company's activities may cause conflicts of interest due to the contradiction between the property or other interests of the Company (its management and control bodies, officers, employees) and the property or other interests of the creditors, business partners and other customers (the customers), as a result of actions (inaction) of administration and control of the Company and (or) its employees may be admitted violations of the rights and legitimate interests of shareholders.

3. In addition, there may be conflicts of interest (corporate conflict) between the interests of shareholders of the Company, between the interests of the administration and control of the Company and shareholder (s).

4. This Regulation covers the following cases of conflicts of interest:

• between the majority shareholders (shareholders owning large stakes) and minority shareholders (shareholders owning a small number of shares);

• between the Company's management bodies and its shareholder (s);

• between the authorities and public control bodies, officials, and employees of the Company's clients;

• between the Company and officials, employees of the Company in the exercise of their duties.

**II. CIRCLE OF PERSONS ARE SUBJECT TO THE PROVISIONS**

5. The Regulations are applicable to members of the management and control bodies and all the employees of the company, regardless of the level of the post.

6. Requirements on compliance with these Regulations shall apply to natural persons cooperating with the Company on the basis of a civil contract, in cases where the relevant duties are enshrined in a treaty with them, in their internal documents, or follow directly from the law.

**III. SIGNIFICANT CONTROL**

**CONFLICT OF INTEREST IN SOCIETY**

7. Management of conflict of interest in the Company is based on the following principles:

* Mandatory disclosure of information about the actual and potential conflicts of interest;
* • individual consideration and evaluation of reputational risk for the Company in identifying each conflict of interest and its resolution;
* • Strict confidentiality of the process of disclosure of conflicts of interest and to resolve it;
* • balancing the interests of the administration and control of the Company and its employees in the resolution of conflicts of interest;
* • Protection of persons from prosecution in connection with the communication on conflict of interest, the timely disclosure of employee and settled (prevented) by the Company.

**IV. CAUSES (TERMS) OF CONFLICT OF INTERESTS**

**8**. The conflicts of interest that may arise between the majority and minority shareholders of the Company, by the Company's management bodies and shareholders as a result of:

• non-compliance with the requirements of legislation, regulations and internal documents of the Company;

• inability of minority shareholders have a significant influence on the activities of the Company and accepted by the general meeting of shareholders and the supervisory board decision;

• conclusion of large transactions and transactions with related parties, without prior approval of competent authorities;

• the decision-making authorities, which may lead to a deterioration of the financial situation;

• non-disclosure of information in accordance with applicable law or the provision of incomplete information by members of the Company's governing bodies, on the positions held in other organizations, governing bodies, on the ownership of shares (stocks) of other companies.

9. Conflicts of interest that may arise between the organs of management and control bodies, officials, employees and customers as a result of:

• non-compliance with legislation, statutory and internal documents of the Company;

• non-compliance with the principle of the priority of the interests of shareholders of the Company;

• non-compliance with the rules of business communication and principles of professional ethics;

• failure to fulfill contractual obligations, both by the Company and by the Customer;

• failure to perform its obligations, statutory and internal documents.

10. Conflicts of interest that may arise between the Company and officers, employees as a result of:

• breaches of the law and the Company's internal documents;

• non-compliance with the rules of business communication and principles of professional ethics;

• doing business as their own and family members;

• the availability of financial interests in another company with which the Company maintains business relations;

• working part-time in another organization manager, officer or participate in its management bodies;

• providing business opportunities to other organizations at the expense of the Company's interests because of personal interests.

**V. PREVENTION OF CONFLICTS OF INTEREST**

11. The Charter of the Company and its internal documents provided for common mechanisms to prevent conflicts of interest.

The present Regulation establishes measures to prevent conflicts of interest, binding on the authorities of the management and control of society, officials and employees of the Company.

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

• comply with legal requirements, regulations, Articles of Association and internal documents of the Company;

• Ensure the achievement of sustainable profitability of the Company in the medium and long term;

• refrain from actions and decisions that may lead to a conflict;

• ensure the effective management of the company;

• eliminate the possibility of the involvement of the Company in the implementation of the illegal activity, including the legalization (laundering) of proceeds from crime and terrorist financing;

• to ensure the greatest possible efficiency in the production of goods (works and services);

• quarterly report to the authorities in accordance with the law;

• carry out internal and external monitoring in accordance with the Charter and internal documents of the Company;

• provide to the Supervisory Board of a big deal, the individual transaction or a series of related transactions, the amount of which exceeds the size established by the legislation and the charter of the company;

• to study the bodies monitoring the conditions of major transactions and transactions with affiliates;

• If necessary, engage an independent appraiser to determine the market value of the property, with the approval of the Supervisory Board decisions on the transactions in accordance

with legislative requirements;

• ensure the integration of information on affiliated persons;

• to ensure the development of and compliance with the orders of the transactions:

a) with affiliates;

b) to the Company's shareholders and their affiliates;

• Do not make large transactions and transactions with related parties without the prior approval of the competent authorities of the Company;

• Do not hold positions in the management and control bodies of other legal entities, without the permission of higher authorities;

• to disclose information about the Company's activities in accordance with the applicable legislation and the additional information according to the Regulations on Information Policy;

• to ensure the accuracy of financial statements and other published information provided to shareholders and customers, regulators and supervisors and other interested parties, including for advertising purposes;

• develop and improve measures to prevent private use of available information in the Company by persons having access to such information;

• timely to consider the integrity and objectivity of negative information about the Company in the media and other sources. Provide timely response for each case of occurrence of negative or inaccurate information;

• Participate in the identification of weaknesses of internal control system;

• ensure the adequacy of the remuneration payable to the members of the administration and control of the financial condition of the Company, as well as to how the results achieved the Company's activities comply with planned arrangements;

• observe the principles of professional and corporate ethics.

13. In order to prevent conflicts of interest between the shareholders of the Company, as well as between the bodies of the management and control bodies, officials, employees of the Company and its shareholder (s), the management and control bodies, officials, company employees are also required to:

• respect the rights of majority and minority shareholders, fixed by the Law "On joint-stock companies and protection of shareholders' rights", regulations, Articles of Association and internal documents of the Company;

• To ensure timely delivery of information to the shareholders to be disclosed in accordance with the law;

• timely payment of accrued dividends;

• provide shareholders with comprehensive information on issues that may be the subject of the conflict;

• to identify the transaction, in which there is an interest of members of the management bodies on the acquisition of shares (stakes) in a competing company, as well as participation in such management bodies;

• seek to ensure that the membership of the Supervisory Board nominated independent members to ensure impartiality, balance and independence of the management decisions.

14. In order to prevent conflicts of interest between management and control bodies, officials, and employees of the Company's clients, management and control bodies, officials, employees of the Company are also required:

• ensure that information about the company in the prescribed manner;

• ensure strict compliance with the order of the use of confidential and other important information;

• sell the goods (services) and to charge the Customer a fee in the amount specified on the basis of mutually agreed in the contract, or at the rates on which the information is fully disclosed;

• Do not allow transactions with customers that can adversely affect the Company's reputation;

• sell the goods (services) to their customers professionally and in good faith;

• eliminate the deliberate use of the staff situation for personal gain at the Customer obvious error (including the error in the application, contract and other document signed by the Customer). In the case of such an error employee of the Company shall take reasonable efforts to prevent the execution of the document and inform the Client;

• ensure that the recommendations issued by the Client based on a conscientious analysis of the information available on this subject;

• improve the system save the created, acquired and accumulated in the information activities of the Company, so that without the consent of the management bodies or the authorized officials of the information referred to the official or a commercial secret, located within the Company on paper, magnetic and other types of its carriers, It did not become the subject of sale, transfer, copy, reproduction, exchange and other dissemination and replication.

15. In order to prevent conflicts of interest between the Company and officials, officers in the performance of their duties, officers and employees are also required to:

• comply with the rules of business communication and principles of professional ethics;

• enter into contracts in accordance with established procedure;

• inform the superior officer or the management and control bodies of intent to acquire a share (shares) competing with the company by the Company;

• promptly inform the superior officer of the occurrence of the circumstances that contribute to the emergence of a conflict situation;

• notify in writing the superior officer of the organizations in which the official or his family members have a significant financial interest, and with which the Company conducts or intends to do business;

• refrain from any activity that directly affects the relationship between the Company and organizations in which the official or his family members have a significant financial interest or are affiliates;

• obtain the prior permission of the parent bodies of the Company to participate in other company management bodies, whose interests may conflict with the interests of the Company;

• inform the superior officer of its intention to work part-time in another organization and that the intended operation is not contrary to the interests of the Company.

**VI. Conflict of interest**

16. To resolve the conflicts of interest that arise in the Company, management and control bodies, officials and employees of the Company is carried out pre-trial procedures with a view to finding a solution that, being lawful and justified, would be in the interests of the Company.

17. Officers are required to ensure the integration and timely consideration of letters, statements and claims (including oral) shareholders and customers entering the name of the management and control bodies, corporate secretary and subdivisions.

18. Consideration of corporate conflicts rests with the Company's Corporate Secretary. Corporate Secretary gives a preliminary assessment of corporate conflicts, preparing the necessary documents on the merits, and in agreement with the Supervisory Board of the Company sends them to the body of the Company, the competence of which is related consideration of a corporate conflict.

19. Corporate Secretary of the Company analyzes often arise conflicts, decides on the need to provide more information to all parties to the conflict and / or make a proposal to the head of the authorized body of the Company to change the internal rules and regulations, conduct other activities in order to eliminate the causes of this kind of conflict.

20. A staff member received from the Client or from other sources of information on the conflict must immediately inform the superior officer. In case of failure to settle the conflict at the level of the structural unit, head of division shall, within one working day to present the head of the executive body or his deputy information about the conflict, its causes, the measures that have been taken. The head of the executive body or his deputy shall determine any settlement of the conflict, appoint an authorized person. If necessary, a commission for the settlement of a conflict of interest.

21. Person (Commission) is taking all measures to resolve the conflict of interest. At impossibility of settlement of the conflict of interests of the executive body of the head brings the matter to the Board, directs the attention of the Chairman of the Supervisory Board of the conflict.

22. This information is considered by the Committee (Working Group), the Supervisory Board created to identify and resolve conflicts.

23. Information about the conflict that at any stage of its development affects or may affect the interests of the head of the executive body and his deputies, within three working days shall be submitted for a decision on the procedure for resolving the conflict to the Supervisory Board for further consideration by the committee (working group) and providing the supervisory Board opinion on the matter.

24. If the result of the consideration of the conflict there is a need for developing or amending the existing Company's internal documents, the supervisory board or executive body shall take a decision on the development of the document, or making the appropriate changes.

25. Management bodies for the settlement of any kind of conflict of interest arising in the Company shall:

• quickly identify emerging conflicts of interest, to determine their causes;

• a clear distinction between the competence and responsibilities of the management bodies;

• identify the authorized person of the Company or, in the case of a need to create a commission to resolve the conflict;

• as soon as possible to determine the Company's position on the substance of the conflict, to take the appropriate decision and communicate it to the other parties to the conflict;

• send to the other side of the conflict, complete and detailed answer, clearly substantiating the Company's position in the conflict, and a message of refusal to grant the request or requirement to motivate the participant of the conflict on the basis of laws, regulations, statutes and internal regulating documents approved by the General Meeting of Shareholders;

• ensure that an authorized person who participated in the conflict, immediately reported that the conflict affects or may affect its interests or those of his family members;

• to ensure that persons whose interests are affected or may be affected by the conflict, did not participate in the resolution and the decision on the conflict.

26. 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 a mediator in the settlement of conflict between the shareholders of the Company;

• an authorized person or an authorized body of the Company may participate in the negotiations between the shareholders, provide shareholders with the means at their disposal relating to the conflict information and documents to clarify the rules of law, the Charter and internal documents of the Company;

• authorized bodies or persons authorized by the Company provide advice and recommendations to the shareholders, prepared draft documents on the conflict settlement to be signed by the shareholders, on behalf of the Company within the limits of their competence take the commitment to shareholders to the extent that it can contribute to the settlement of the conflict;

• the Company's governing bodies according to their competence, shall organize the implementation of the decision on the settlement of the corporate conflict and to facilitate the execution of the agreements signed on behalf of the Company with a party to the conflict. In cases where the parties of the conflict and the Company is no dispute on the merits of their obligations, but disagreement on the procedure, method, timing and other terms of their performance, the Company has to offer participants in the conflict to resolve the dispute and set out the conditions under which the Company is ready to meet the demand of the shareholder ;

• if the company agreed to meet the demand of the shareholder is associated with the need to commit to this party to any action provided for by the legislation, the Charter and other internal documents of the Company, the Company's reply exhaustively specify those conditions as well as reports required for their execution information (eg, size fee for making copies of documents requested by the shareholder or the Company's bank details, etc.).

27. The list of measures is not exhaustive. In each case, there can be other forms of settlement of the conflict, depending on the sector of conflicts of interest.

**VII. FINAL PROVISIONS**

28. These Regulations, as well as amendments and additions thereto shall be approved by the general meeting of shareholders by a simple majority.

29. If individual provisions of these Regulations come into conflict with the current legislation of the Republic of Uzbekistan and / or the Company's Charter, these articles become invalid in part regulated by these articles of issues should be guided by the norms of the current legislation of the Republic of Uzbekistan and / or the Articles of Association until the appropriate changes in the this Regulation.