

**Approved by  
the Resolution of the General Meeting  
of Shareholders of  
Bekabacement JSC  
dated 30.06.2016  
Minutes of Meeting No. 1-2016**

**REGULATIONS  
OF PROCEDURE IN CASE OF CONFLICT OF INTERESTS  
AT BEKABADCEMENT JOINT-STOCK COMPANY**

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## **I. GENERAL PROVISIONS**

1. These Regulations have been developed in accordance with the applicable legislation of the Republic of Uzbekistan, the Articles of Association of the Bekabadement Joint-Stock Company (the Company), the Code of Corporate Management and determine the procedure of identifying and settlement of conflicts of interests arising in the Company.

2. During operation of the Company, it's possible that conflicts of interests can arise due to contradiction between property or other interests of the Company (its management and control bodies, officers, employees) and property or other interests of creditors, contracting parties and other clients (hereinafter referred to as the Clients), when action/inaction of the Company management and control bodies and/or its employees can result in occasions of violation of the rights and legal interests of the shareholders.

Furthermore, it's possible that conflicts of interests (corporate conflict) can arise between the interests of the Company shareholders, between the interests of the Company management and control bodies and shareholder (shareholders).

3. These Regulations consider the following cases of arising conflicts of interests:

between majority shareholders (shareholders with large holding of shares) and minority shareholders (shareholders with small holding of shares);

between Company management and control bodies and its shareholder (shareholders);

between Company management and control bodies, officers, employees of the Company and Clients;

between the Company and officers, employees of the Company during discharge of their official duties.

## **II. PERSONS FALLING WITHIN THE SCOPE OF THE REGULATIONS**

4. The Regulations apply to the members of management and control bodies and all the employees of the Company irrespective of the level of occupied position.

5. The requirements to observance of these Regulations apply to individuals cooperating to the Company on the basis of civil law agreement in the cases when respective duties are fixed in the contracts with them, in the internal documents or directly arise from the law.

## **III. BASIC PRINCIPLES OF MANAGEMENT OF CONFLICT OF INTEREST IN THE COMPANY**

6. Management of conflict of interests in the Company is based on the below listed principles:

necessity of disclosure of details of real and potential conflict of interests;  
individual consideration and assessment of reputation risks for the Company upon revealing every conflict of interests and its settlement;  
strict confidentiality of the process of disclosure of information about conflict of interests and its settlement;  
observing the balance of interests of management and control bodies of the Company and its staff during settlement of conflict of interests;  
protection of person against persecution due to notification about conflict of interests timely disclosed by an employee and settled (prevented) by the Company.

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

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

failure to comply with the requirements of legislation, regulatory acts and internal documents of the Company;

inability of minority shareholders to exercise significant influence on the Company business and resolutions passed by the general meeting of shareholders and the Supervisory Board;

making major deals and deals with affiliated persons, without prior approval by the authorized management bodies;

management bodies make decisions which can lead to worsening of the Company financial position;

failure to disclose information in accordance with the applicable legislation or providing incomplete information by persons participating in the Company management bodies, about the positions occupied in the management bodies of other organizations, about stockholding in other companies.

8. Conflicts of interests which can arise between the Company management and control bodies, officers, staff and Clients as a result of:

failure to comply with legislation, foundation and internal documents of the Company;

non-observance of the principle of priority of interests of the Company shareholders;

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

non-performance of contractual obligations both by the Company and by the Clients;

non-performance of duties set by the legislation and the internal documents of the Company.

9. Conflicts of interests which can arise between the Company and its officers and staff as a result of:

failure to comply with the requirements of legislation and internal documents of the Company;

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

conducting business activities, both own and by family members;

existence of financial interests in other company with which the Company maintains business relations;

combined job in other entity as a manager, officer or participation in other company's management bodies;

giving business opportunities to other companies against the Company interests, for personal interests.

## **V. PREVENTION OF CONFLICTS OF INTEREST**

10. The Articles of Association of the Company and its internal documents provide the general mechanisms of prevention of conflicts of interests.

These Regulations establish the actions for prevention of conflicts of interests, binding for the Company management and control bodies, officers and staff.

11. For the purposes of prevention of conflicts of interests, the Company management and control bodies, officers and staff should:

comply with the requirements of legislation, regulatory acts, the Articles of Association and bylaws of the Company;

provide sustainable achievement of profitability of the Company in medium-term and long-term period;

abstain from actions and decisions which can cause conflict situations;

ensure effective management of the Company;

eliminate a possibility of involvement of the Company in illegal activities, including legalization of revenues gained by criminal way (laundering of money) and financing of terrorism;

provide maximum possible effectiveness during goods production (works and services);

report on a quarterly basis before the management bodies in accordance with the laws;

provide internal and external control in accordance with the Articles of Association and bylaws of the Company;

submit to review of the Supervisory Board large deals, separate deals or range of interrelated deals which amounts exceed the amounts set by the laws and the Articles of Association of the Company;

provide for study of the conditions of making large deals and deals with affiliated persons by controlling authorities;

when necessary, engage an independent appraiser for estimation of market value of property, upon approval by the Supervisory Board of the resolutions for making deals in accordance with the requirements of laws;

provide for record of information about affiliated persons;

provide development and observance of procedures of making deals:

a) with affiliated persons

b) with Company shareholders and their affiliated persons;

not make major deals and deals with affiliated persons without prior approval of them by the competent bodies of the Company;

not occupy positions in management and control bodies of other legal entities without permit of superior bodies;

provide disclosure of information about the Company business in accordance with the requirements of applicable laws and additional information according to the Regulations of Information Policy of the Company;

provide authenticity of accounting records and other published information to be provided to the shareholders and Clients, regulation and supervision authorities and other concerned persons, including that for the purposes of advertising;

develop and improve activities for prevention of usage in personal purposes of information available at the Company by the persons having access to such information;

timely consider authenticity and objectiveness of negative information about the Company in the mass media and other sources. Provide timely response on each fact of appearing negative or unauthentic information;

participate in finding the deficiencies of the internal control system of the Company;

provide adequacy of paid remuneration to the members of the management and control bodies to the Company financial position as well as to the degree to which the achieved results of the Company business correspond to the target indicators;

observe the principles of professional and corporate ethics.

12. For the purposes of prevention of conflicts of interests between the Company shareholders, and between the Company management and control bodies, officers, employees of the Company and its shareholder (shareholders), the Company management and control bodies, officers, employees should:

observe the rights of majority and minority shareholders fixed by the Law of Joint-Stock Companies and Protection of the Rights of Shareholders, regulatory acts, articles of association and internal documents of the Company;

provide timely notification of the information to be disclosed in accordance with the law to the shareholders;

timely pay charged dividend;

provide the shareholders with comprehensive information which can become a subject of conflict;

identify the deals in which the members of the Company management bodies are interested during acquisition of shares of a competitor company as well as participation in management bodies of such entities;

take all efforts to propose independent members for inclusion in the supervisory board to ensure that managerial decisions which are taken will be objective, weighted and independent.

13. For the purposes of prevention of conflicts of interests between the Company management and control bodies, officers, employees of the Company and Clients, the Company management and control bodies, officers, employees also should:

duly provide information about the Company;

provide strict observance of the procedure of usage of confidential and other important information;

sell goods (services) and collect payment from Client in amounts established on mutually agreed basis in contract or according to the rates which details are fully disclosed;

not allow making deals with Clients which can negatively impact the Company reputation;

sell goods (services) for its own Clients in a professional and bona fide manner;

prevent deliberate use a situation by employees for personal purposes when a Client makes an apparent error (including an error in request, contract and other document signed by Client). In case of such error, an employee of the Company should take reasonable efforts to prevent execution of such document and notify the Client to that effect.

ensure that recommendations given to Client are based on bona fide analysis of available information on that issue;

improve the system of storage of information created, acquired and accumulated in the process of the Company business, so that information classified as service information or commercial secret, available at the Company on paper, magnetic and other kinds of carriers, doesn't become a subject of sale, transfer,

copying, reproduction, exchange or other distribution and replication without consent of the Company management bodies or authorized officers.

14. For the purposes of prevention of conflicts of interests between the Company and officers, employees during discharge of their official duties, the officers, employees also should:

observe the standards of business communication and principles of professional ethics;

negotiate contracts in due manner;

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

timely inform a superior officer about occurrence of circumstances which promote arising of a conflict situation;

notify a superior officer in a written form about entities in which a Company officer or his/her family members have a significant financial interest and with which the Company conducts or supposes to conduct business;

abstain from any activity which directly affects the relationships between the Company and entities in which a Company officer or his/her family members have a significant financial interest or are affiliated persons thereof;

obtain prior permit from the superior bodies of the Company for participation in management bodies of other organization which interests can contradict to the interests of the Company;

inform a superior officer about his/her intent to have a combined job in another entity and that the proposed job doesn't contradict to the interests of the Company.

## **VI. SETTLEMENT OF CONFLICTS OF INTEREST**

15. For settlement of conflicts of interests arising in the Company, the Company management and control bodies, officers and employees shall conduct prejudicial procedures to find a solution which would meet the Company interests and be legal and reasonable.

16. Officers should provide record and timely consideration of letters, applications and demands (including verbal) of the shareholders and Clients received by the management and control bodies, the corporate secretary and the structural subdivisions.

17. Keeping records of corporate conflicts is vested in the corporate secretary of the Company. The Corporate Secretary of the Company shall give a prior evaluation to a corporate conflict, prepare necessary documents on a point of substance, and as agreed with the Supervisory Board of the Company, submit them to a body of the Company having competence to examine such corporate conflict.

18. The Corporate Secretary of the Company shall analyze frequent conflicts, make decision on the necessity to submit additional information to all the participants of a conflict and/or make a proposal to the manager of competent body of the Company for revision of internal procedures and instructions, other activities for the purpose of elimination of reasons giving rise to such kind of conflicts.

19. An employee who has obtained information about a conflict situation from a Client or other sources should immediately notify superior officer to that effect. In case of impossibility to settle a conflict on the level of structural subdivision, manager of subdivision should submit information about conflict, reasons of its occurrence, actions to be taken, within one business day to manager of executive body or his substitute. Manager of executive body or his substitute shall determine the procedure of settlement of conflict, appoint an authorized person. When necessary, a committee shall be established for settlement of a conflict of interests.

20. Authorized person (committee) shall take all actions for settlement of conflict of interests. In case of impossibility to settle a conflict of interests, manager of executive body shall bring the issue for consideration of the board of directors, send the details of conflict to the Chairman of the Supervisory Board.

21. This information shall be examined by the committee (task group) at the Supervisory Board created for identifying and settlement of conflict situations.

22. Information of a conflict which affects or can affect the interests of manager of executive body of the Company or his substitutes at any stage of its development, within three business days shall be transferred for making decision about the procedure of settlement of conflict to the Supervisory Board for further examination by the committee (task group) and submission of finding on this issue to the Supervisory Board.

23. If as a result of examination of conflict, the necessity arises to develop or amend applicable internal documents of the Company, the Supervisory Board or executive body shall make decision for development of document or making relevant amendments.

24. The Company management bodies for settlement of any kind of conflict of interests arising in the Company should:

identify arising conflicts of interests to maximum degree, determine their reasons;

clearly delimit competence and responsibility of the Company management bodies;

determine authorized person of the Company or, in case of such necessity, establish a committee for settlement of conflict;

determine within shortest time the position of the Company on the substance of conflict, make relevant decision and ring it to information of another party of the conflict;

send to another party of conflict a full and comprehensive response clearly substantiating the position of the Company in the conflict, and notice about refusal to satisfy the request or claim of a conflict participant should be motivated on the basis of legislation, regulatory acts, articles of association and internal regulating documents approved by the general meeting of shareholders of the Company;

ensure that authorized person participating in settlement of conflict to immediately notify that the conflict affects or can affect his/her interests or interests of his/her family members;

ensure that the persons whose interests are affected or may be affected don't participate in settlement and making decision on that conflict.

25. For settlement of conflicts between shareholders, between the Company management bodies and shareholders:

an independent member of the Supervisory Board may appear as intermediate during settlement of conflict arising between the shareholders of the Company;

authorized person or authorized body of the Company may participate in negotiations between the shareholders, provide information and documents available and related to conflict, explain the norms of legislation, articles of association and internal documents of the Company;

authorized bodies or authorized persons of the Company give advices and recommendations to shareholders, prepare documents about settlement of conflict for signing by shareholders, on behalf of the Company within their competence undertake obligations before the shareholders to the extent which can promote settlement of conflict;

Company management bodies in accordance with their competence should arrange realization of resolution for settlement of corporate conflict and assist to performance of the agreements signed on behalf of the Company and with participant of conflict. In cases when there is no dispute between the party of conflict and the Company on the substance of their obligations, but controversies arise about the procedure, method, timing and other conditions of discharging them, the Company should propose to the participant of the conflict to settle the arising controversies and set forth the conditions on which the Company is prepared to satisfy the claim of shareholder;

if consent of the Company to satisfy the claim of shareholder is connected with the necessity of taking some actions by that party as anticipated by the laws, the articles of association or other internal documents of the Company, then the Company's response should indicate comprehensively such conditions and give the information necessary for fulfillment thereof (e.g. amount of payment for making copies of document requested by shareholder or bank details of the Company, etc.).

26. This list of actions is not exhaustive. There may be other forms of conflict settlement in each particular case, depending on the sector of arising a conflict of interests.

## **VII. FINAL PROVISIONS**

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

28. If certain provisions of these Regulations contradict to the applicable legislation of the Republic of Uzbekistan and/or the Articles of Association of the Company, these provisions shall be null and void and in terms of the issues regulated by those provisions, the provisions of the applicable legislation of the Republic of Uzbekistan and/or the Articles of Association of the Company should be followed till the time of making relevant amendments in these Regulations.