

«APPROVED»

**By resolution of sole shareholder of
JSC «Uzbekgidroenergo»
dated August 31, 2017**

**REGULATION ON THE PROCEDURE FOR RESPONSE TO CONFLICT
OF INTERESTS OF JOINT STOCK COMPANY
“UZBEKGIDROENERGO”**

Tashkent – 2017

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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 "Uzbekgidroenergo" (hereinafter - the Company), the Corporate Governance Code and determines the procedure for identifying and resolving conflicts of interest arising in the Company.

2. When exercising an activity of the Company, conflicts of interests may arise due to a conflict 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 - Customers) when as a result of the action (inaction) of the Company's management and control bodies and (or) its employees, violations of the rules of legitimate interests of shareholder may be allowed.

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

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

between the management bodies of the Company and its shareholder (shareholders);

between the management bodies and bodies of control of the Company, officials, employees of the Company and Customers;

between the Company and officials, employees of the Company during the performance of their official duties.

II. SCOPE OF PERSONS FALLING WITHIN THE AMBIT OF THE REGULATION

4. Ambit of the 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 apply to individuals cooperating with the Company on the basis of a civil law contract in cases where the relevant obligations are fixed in contracts with them, in their internal documents or directly follow from the law.

III. BASIC PRINCIPLES OF MANAGING CONFLICT OF INTERESTS IN COMPANY

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 interests;

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;

observance of the balance of interests of the management and control bodies of the Company and its employees during the settlement of 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. CAUSES (CONDITIONS) OF OCCURRENCE OF CONFLICT OF INTERESTS

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

non-observance of requirements of the legislation, normative acts and internal documents of the Company;

the inability of the shareholder to exercise significant influence over the activities of the Company and decisions made by 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;

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, the positions held in management bodies of other organizations, ownership of shares (stocks) 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 of the Company's shareholder;

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 the Customers;

failure to execute one's 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 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;

pursuit of commercial activities, both own and family members;

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

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. PREVENTING A CONFLICT OF INTERESTS

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

These Regulation establishes 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, officials and employees of the Company shall:

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

ensure stable achievement of the Company's profitability in the medium and long term;

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

ensure effective management of the Company;

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);

quarterly report to the management bodies in accordance with the law;

exercise internal and external control in accordance with the Charter and internal documents of the Company;

submit to the supervisory board for consideration major transactions, individual transactions or a series 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, with the approval by the supervisory board of decisions to conduct transactions in accordance

with the requirements of legislation;

ensure accounting of information on affiliated persons;

ensure the development and compliance with the order of transactions:

a) with affiliates;

b) with the Company's shareholder and their affiliates;

not make major transactions and transactions with affiliates without prior approval by the authorized bodies of the Company;

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

disclose information on the activities of the Company in accordance with the requirements of the current legislation and additional information in accordance with the Regulation on the Information Policy of the Company;

ensure the reliability of financial statements and other published information submitted to shareholders and customers, regulatory and supervisory bodies and other interested parties, including for advertising purposes;

develop and improve measures to prevent the use in the personal purposes of the information available 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, timely respond to each occurrence of negative or inaccurate information;

participate in the identification of deficiencies in the Company's internal control system;

ensure the adequacy of the remuneration paid to the members of the management bodies and control over the financial condition of the Company, and also to what extent the achieved results of the Company's activities correspond to the planned indicators;

respect the principles of professional and corporate ethics.

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

to observe the rights of the shareholder, stipulated by the Law "On joint stock companies and protection of shareholder rights", normative acts, the Charter and internal documents of the Company;

to ensure timely distribution of information to the shareholder, subject to disclosure in accordance with the law;

to timely pay out accrued dividends;

to provide the shareholder with exhaustive information on issues that may become a subject of the conflict;

to identify transactions in which there is an interest of members of the Company's management bodies when acquiring shares (stocks) of a competing company, as well as participation in the management bodies of such persons;

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

13. In order to prevent conflicts of interest 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 Company in accordance with the established procedure;

ensure strict observance of the procedure for the use of confidential and other important information;

to sell goods (services) and collect from the Customer a payment in the amount established on a mutually agreed basis in the contract or at tariffs, the information on which is fully disclosed;

to not allow the conclusion of transactions with Customers that may adversely affect the Company's reputation;

to sell goods (services) for its Customers professionally and in good faith;

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, 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 the execution of such document and inform the Customer thereof;

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

to 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 obliged:

to respect the norms of business communication and the principles of professional ethics;

to conclude contracts in accordance with the established procedure;

to notify the superior official or the management and control bodies of the intention to purchase a share (stocks) of the organization competing with the Company;

to timely inform the superior official of the occurrence of circumstances that contribute to the emergence of a conflict situation;

in writing to notify the superior official 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;

to 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;

to preliminary receive permission from the Company's higher bodies 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 his intention to work in combination with another organization and that the proposed work does not contradict the interests of the Company.

VI. SETTLEMENT OF CONFLICT OF INTERESTS.

15. In order to settle conflicts of interests arising in the Company, the management and control bodies, officials 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 interests of the Company.

16. Officials are required to ensure the recording and timely consideration of letters, statements and claims (including oral) of shareholders and Customers entering the name of the management and control bodies, the corporate secretary and the structural units.

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, 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 occurring conflicts, makes decisions on the need to provide additional information to all parties to the conflict and / or makes an offer to the head of the authorized body of the Company to change internal regulations and instructions, conduct other activities to eliminate the causes that give rise to such conflicts.

19. An employee who has received information about the conflict situation from the Customer or from other sources is obliged to immediately inform the superior 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 is considered by the committee (working group) with the supervisory board established to identify and resolve conflict situations.

22. Information on the conflict, which at any stage of its development affects or may affect the interests of the head of the executive body of the Company or his deputies, is transferred within three working days to decide 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 management bodies of the Company for settlement of any kind of conflict of interests arising in the Company are obliged:

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

to clearly delineate the competence and responsibility of the Company's management bodies;

to 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;

to 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;

to ensure that the authorized person participating in the settlement of the conflict immediately reported that the conflict affects or may affect his interests or the interests of his family members;

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

25. In order to settle the conflicts between the shareholder and between the Company's management bodies:

an independent member of the supervisory board may act as an intermediary in the settlement of the conflict,

the authorized person or the authorized body of the Company may participate in the negotiations between the parties of the conflict, provide the shareholder with information and documents at their disposal 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 the shareholder, prepare drafts of documents on settlement of the conflict for their signing by the shareholder, on behalf of the Company, within their competence, take obligations to the shareholder insofar as this can contribute to the settlement of the conflict;

the management bodies of the Company in accordance with their competence should arrange the implementation of a decision 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 of 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 of 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, the 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 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 occurrence.

VII. FINAL PROVISIONS

27. This Regulation, as well as amendments and additions to it, are approved by the decision of the shareholder.

28. If certain provisions of these Regulation enter in contradiction 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 until appropriate changes are made to this Regulation.