

**«A P P R O V E D»**

**by the General Meeting of Shareholders**

**«ANOR BANK» JSC**

\_\_\_\_\_, 2020

(minute № \_\_\_\_\_)

Chairman of the Supervisory Board

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**CORPORATE  
GOVERNANCE CODE  
OF «ANOR BANK» JSC**

**Tashkent - 2020**

The present Corporate Governance Code of “ANOR BANK” JSC (hereinafter referred to as – “the Code”) has been developed in compliance with the Laws of the Republic of Uzbekistan “On Banks and Banking Activity”, “On Joint-Stock Companies and Protection of Shareholder Rights” (new edition), Regulation on Corporate Governance in Commercial Banks, approved by the Central Bank of the Republic of Uzbekistan of June 24, 2000 under №472, registered in the Ministry of Justice of the Republic of Uzbekistan on July 5, 2000 under №943, the Corporate Governance Code, approved by the Minutes of the Commission on enhancing the efficiency of joint stock companies activities and improving the corporate governance system of December 31, 2015 under №9, as well as the Charter of “ANOR BANK” JSC (hereinafter referred to as – “the Bank”).

## **I. GENERAL TERMS**

1. The present Code defines the fundamentals of corporate governance organization in the bank that the bank shall voluntarily follow demonstrating its commitment to conducting its business honestly and transparently.

2. This Code is based on the legislation of the Republic of Uzbekistan and international principles of corporate governance.

3. Within the scope of this Code, corporate governance shall be understood as a system of relationships between the Management Board of a bank, its Supervisory Board, shareholders, representatives of the personnel and other concerned parties, including creditors, with the purpose of achieving a balance of interests of the mentioned persons to ensure efficient organization of bank operations.

4. This Code has been developed based on the fundamental principles of adequate management, including accountability, transparency, credibility, commitment to high moral and ethical principles, and a target to ensure the sustainable development of the bank in the long term.

5. The decision on the adoption of the obligation to comply with the recommendations of this Code shall be made by the General Meeting of Shareholders through a simple majority vote.

## **II. ENSURING THE TRANSPARENCY OF OPERATIONS**

6. In order to ensure the transparency of operations of the bank the following are to be done:

- to determine the criteria for classifying the information into the categories of confidential information, commercial secret, as well as the data, which may have an impact on the change in the price of the shares;

- to ensure the publication of information subject to mandatory disclosure on the web-site of the bank and in other sources envisaged by the legislation, with the translation into English, Russian and other languages that are convenient for shareholders and other interested parties, including foreign investors;

- to disclose at the general meeting of shareholders the amount of remuneration and compensations of the Management Board of the bank;

- to publish the information about the Management Board of the bank and assessment of its operation efficiency, about the structure of the share capital of the bank (shareholders with the interest exceeding 10%) on the web-site of the bank;

- to publish on the web-site of the bank the information on justification of the proposed net profit distribution, amount of dividends, evaluation of their compliance with the dividend policy adopted in the bank;

- to provide, within a reasonable time, other information on the Bank (except for the confidential information and the commercial secret) which is required by shareholders and investors at their request.

7. For ensuring the transparency of its activities, the Supervisory Board of the bank shall approve the Regulation on Information Policy, which shall include:

- objectives and principles of disclosure of public information by the bank;
- a list of information subject to mandatory disclosure on the website, the terms and procedure for their disclosure, as well as the information channels through which such disclosure shall be made and the forms of such disclosure;
- obligations of the Management Board of the Bank to disclose the information on the Bank that must be disclosed;
- the procedure of information exchange between the members of management bodies, executive officers, employees of the bank with the shareholders and investors, other related persons as well as with the representatives of mass media;
- measures for ensuring the control over the compliance with the information policy of the bank.

8. The Regulation on Information Policy shall be obligatory for compliance by the management bodies of the bank and its employees.

### **III. IMPLEMENTATION OF EFFECTIVE INTERNAL CONTROL MECHANISMS**

9. For the purpose of implementation of effective internal control mechanisms, the Bank shall:

- specify the requirements for including independent members into the Supervisory Board in its Regulations on the Supervisory Board;
- delegate to the Supervisory Board the rights to determine the procedure, terms of provision (receipt) and adoption of decisions on charitable (sponsor) or gratuitous assistance only within the limits established by the General Meeting of Shareholders and the legislation, with the disclosure of information on this to all shareholders;
- by the decision of the General Meeting of Shareholders, conduct annual analysis of correspondence of business processes and projects with the development goals of the bank by attracting independent professional consulting organizations;
- set as the main objective of organizing the internal control system of the bank to ensure protection of rights and legal interests of all shareholders, including minority ones;
- authorize the internal audit service of the bank to perform internal control, including operations performed with legal entities, more than 50% of the authorized capital of which belongs to the bank;
- establish the procedure of voting on behalf of the bank by its representatives in the management bodies of the enterprises which are the part of the bank;
- authorize a person who took part in the general meeting of shareholders to make a copy of his/her filled in ballot at the expense of this person;
- in relevant internal documents, determine the procedure of interaction of internal control organs of the bank (auditing commission and internal audit department) with the Supervisory Board, general meeting of shareholders, committee of minority shareholders (if there is any) and shareholders.

10. In order to implement effective internal control mechanisms in the bank, the General Meeting of Shareholders approves the Internal Control Policy, which is mandatory for compliance by the employees of the bank, members of its management and control bodies.

11. The Bank shall include at least one independent member in the Supervisory Board (but not less than 15% of the number of members of the Supervisory Board envisaged by the Charter of the Bank) in compliance with the requirements of the provision on the Supervisory Board.

12. Independent members of the Supervisory Board of the bank may be the individuals who:

- have not been employed by the bank, its subsidiaries or affiliates within the last 5 years;

- are not shareholders of the bank, its subsidiaries or affiliated companies;
- are not related to a big customer or a supplier that has the respective contract with the bank, its subsidiaries or affiliated companies for the amount exceeding 5 thousand minimum wages, established by the legislation;
- do not have any service contracts with the bank, its subsidiaries or affiliated companies;
- are not a family member of the person, who is or has been within the last 5 years an executive officer of the bank, its subsidiaries or affiliated companies;
- are not a controlling person of the bank (or a member of the group of persons and/or organizations that collectively maintain the control of the bank);
- are not related to the bank by civil law contracts and are not employed by a major shareholder of the bank.

#### **IV. PROVIDING THE REALIZATION OF THE RIGHTS AND LEGAL INTERESTS OF SHAREHOLDERS**

13. In order to provide the realization of the rights and legal interests of shareholders, the management and control bodies of the bank shall:

- simplify the communication with the bank for shareholders by specifying on the website of the bank the addresses to which written or electronic requests may be sent, including the information on changes in the contact details of shareholders and bank details;
- create an opportunity and conditions for the shareholders who cannot personally participate in the general meeting of shareholders, to vote through e-mails (with confirmation of electronic digital signature), as well as by delegating their powers to a representative or organizing a general meeting in the form of a videoconference;
- develop the Regulation on Dividend Policy of the bank, disclosing a transparent mechanism for calculating dividends;
- envisage in the Regulation on the General Meeting of Shareholders the provision to shareholders, prior to the General Meeting of Shareholders, of necessary information on the agenda, including the position of the Supervisory Board concerning the agenda of the General Meeting;
- assign (appoint) an employee or subdivision to be responsible for relations with shareholders and investors;
- provide in the charter the right to holders of at least 1% of ordinary shares of the bank to demand the convening of the meeting of the Supervisory Board and to make proposals for the agenda, distribution of profits, candidates for the management and the control bodies, with the possibility of their replacement prior to the general meeting of shareholders;
- envisage in a separate internal document of the bank the opportunity for shareholders, including minority shareholders, to enter into shareholder agreements in order to form their joint position during the voting;
- cover the expenses for the maintenance of a committee of minority shareholders at the expense of the bank (in case of creation of a committee of minority shareholders);
- envisage in the Charter of the bank that a minority shareholder shall not hinder the activities of the management bodies of the bank by means of unreasonable request of any documents and the use of any confidential information, or any commercial secrets;
- envisage in the Charter of the bank, that in case of issue of additional shares, the shareholders shall have the pre-emptive right to purchase shares in proportion to their share in the authorized capital;
- guarantee an equal attitude to all shareholders, regardless of their shares, income level, gender, race, religion, nationality, language, ethnicity, social background, personal and social status;
- envisage in the Charter of the bank a later deadline for submission of proposals to the agenda of the annual general meeting of shareholders;

– guarantee the participation of members of the Management Board, the Supervisory Board and the Bank Auditor, as well as the representative of the Audit Organization at the Annual General Meeting of Shareholders;

– envisage in the Regulation on the Supervisory Board the conditions upon which a member of the Supervisory Board can be relieved of his/her duties, the operational procedure and functions of the chairman of the Supervisory Board of the bank, related to the arrangement and conduction of its meetings;

– take other necessary measures targeted at provision of implementation of rights and legal interests of the shareholders of the bank.

14. For the realization of rights and legal interests of shareholders of the bank they shall adopt all necessary internal documents, reflecting therein the above-mentioned recommendations.

## **V. DETERMINING THE LONG-TERM DEVELOPMENT STRATEGY AND THE OBJECTIVES**

15. For the determination of the development strategy and objectives for the long term perspective the management bodies of the bank shall:

– determine the maintenance of financial stability of the bank, the increase of competitiveness of banking services, the growth of profitability and rentability indexes, leading to an increase in the value of shares, as strategic objectives;

– develop and approve at a general meeting of shareholders a long-term development strategy of the bank for a period of more than 5 years, based on the sector specifics and analysis of the competitive environment;

– widely apply the successfully approved methods of management in foreign practice, including SWOT, GAP analysis and other approaches, special software products, etc;

– develop and propose for approval by the General Meeting of Shareholders or the Supervisory Board a short-term (annual) and medium-term (up to five years) business plans based on the long-term strategy approved by the General Meeting of Shareholders;

– implement the required quantitative and qualitative criteria that enable the monitoring of the achievement of the objectives indicated in each of the development plans approved by the Bank.

16. The Supervisory Board coordinates the activity of the Management Board, internal control bodies, collegial bodies established in the Bank, and, in case of necessity, involves experts for the organization of elaboration of the development plans of the Bank and monitoring of the achievement of the objectives indicated in them.

## **VI. IMPLEMENTING THE MECHANISMS FOR THE EFFECTIVE COOPERATION OF THE BANK'S MANAGEMENT BOARD WITH THE SHAREHOLDERS AND INVESTORS**

17. In order to implement the mechanisms for the effective cooperation of the Bank's Management Board with the shareholders and investors, the bank's management bodies:

– provide cooperation between the shareholders, the members of the management and control bodies of the bank on the basis of the principles of mutual trust, respect, reporting relationships and control;

– implement the requirement on the fulfillment by the bank officials of their obligations on a professional basis, reasonable performance of all obligations arising from the legislation, the Charter and decisions of the management bodies of the bank

– form committees (working groups) under the Supervisory Board of the bank on related issues, including for detection and resolution of conflict situations, composed of members of the

Supervisory Board, Managing Board, bank personnel and outsourced experts (specialists of respective profile, academic staff of profile higher educational institutions and others);

- regulate the cases and procedure of holding the Supervisory Board meetings by questioning, as well as via videoconferencing;
- refer the issues of authorization of audio and video recording and broadcasting of the General Meeting of Shareholders on the Internet to the authority of the Chairman of the General Meeting of Shareholders;
- implement the requirement for independent resolution by the executive bodies of issues within their competence for unconditional fulfillment of tasks set by the Supervisory Board, the General Meeting of Shareholders, the Charter and development plans of the bank;
- improve qualification of the bank officials by means of participation in training courses, seminars and other events;
- introduce the position of a corporate consultant reporting to the Supervisory Board and responsible for the control of compliance with the requirements of corporate legislation in the bank's operation;
- link the amount of remuneration for the members of the Supervisory Board with the results of independent evaluation of the corporate management system and financial results of the bank's operation;
- set requirements to the form and content of the statement (report) of the management and control bodies of the bank, that report at the general meeting of shareholders, and determine time limits for the general meeting;
- may restrict the right of the executive body members, representing the shareholders, to vote on the issue regarding the election of the executive body members;
- stipulate in the Charter the date, on which the Bank usually holds a regular general meeting of shareholders.

18. In order to implement mechanisms for effective interaction of the executive body with the shareholders and investors, the bank shall adopt necessary internal documents, reflecting therein the above-mentioned recommendations.

## **VII. CONFLICT OF INTEREST**

19. For the purpose of preventing and settling disputable situations related to the conflict of interests, the bank shall develop a regulation on the procedure of actions in case of a conflict of interests, which shall include:

- obligations of the bank's officials to operate in the interests of the bank;
- determination of situations which may result in arising of conflict of interests when executing actions and transactions by bank officials as well as upon their disclosure of information;
- obligations of the bank's officials to inform the Supervisory Board about the occurrence of any conflicts of interests;
- prohibition of participation of the bank's officials in the management and control bodies of other legal entities without the permission of the Supervisory Board of the bank;
- prevention of any potential conflict of interests when executing actions and transactions by the bank's officials, as well as upon their disclosure of information;
- detailed regulations for resolution of disputable situations related to conflict of interest, including through appointment of a disinterested third party to resolve them or assignment of responsibility for the resolution of conflict of interest to an independent member(s) of the Supervisory Board.

20. The procedure of prevention and settlement of conflicts of interest shall be approved by the General Meeting of Shareholders.

## **VIII. PUBLICATION OF THE INFORMATION ON THE BASIS OF INTERNATIONAL AUDITING AND FINANCIAL REPORTING STANDARDS**

21. In accordance with the legislation requirements, the Bank publishes financial statements prepared in accordance with International Financial Reporting Standards.

22. The financial reporting shall be published at least once a year, within the time limits prescribed by the legislation.

## **IX. MONITORING THE IMPLEMENTATION OF THE CODE RECOMMENDATIONS**

23. For the purposes of monitoring the implementation of recommendations of the Code, the bank shall assess the system of corporate governance in the bank, for the performance of which an independent organization shall be engaged.

24. Such independent assessment of corporate governance system in the bank shall be carried out at least once a year on the basis of a relevant contract with an organization which is not related to the property relations with the bank.

25. The following entities may act as an independent organization for assessing the corporate governance system in the bank:

- stock exchange;
- professional participants of the securities market;
- audit organizations with the specialists holding an appropriate certificate of a corporate manager or a specialist of the securities market in their staff;
- accredited rating agencies;
- Scientific and Educational Center of Corporate Governance;
- the Center for Research on Privatization, Competition Development and Corporate Governance Problems.

26. Selection of an independent organization for the assessment of the corporate governance system shall be carried out on the basis of a tender by decision of the Supervisory Board of the bank.

27. The results of an independent assessment of the corporate governance system shall be published on the web-site of the bank together with the conclusion of the organization which has conducted such assessment.

## **X. CONCLUDING PROVISIONS**

28. Violation of recommendations of the Code shall not lead to application of responsibility measures by the state bodies.

29. The General Meeting of Shareholders shall be entitled to impose disciplinary measures on the bank's officers for violation of any recommendations of the Code or for non-disclosure of information stipulated by the Code.

30. Control over implementation of recommendations of the Code in the bank shall be carried out by the Supervisory Board.