

ANNOUNCEMENT ON THE PRINCIPLE COMPLY OR EXPLAIN

Joint Stock Company “MAXSUSELEKTRTARMOQQURILISH” informs:

Based on the results of the assessment of the company's corporate governance system for 2018:

LLC “INTELLIGENT ANALYTICS GROUP”, in accordance with the contract for the provision of services for the assessment of corporate governance dated 31.05.2019, assessed the corporate governance system of JSC “Maxsuselektrtarmoqqurilish” (hereinafter the Company) for 2018.

The assessment was carried out in accordance with the current legislation of the Republic of Uzbekistan and in accordance with the requirements of the Corporate Governance Code approved by the Commission to improve the efficiency of joint stock companies and improve the corporate governance system (Minutes No. 9 dated December 31, 2015) and the Company's internal corporate documents.

An independent assessment of the corporate governance system in the Company was carried out on the basis of a questionnaire approved by the State Competition Committee of the Republic of Uzbekistan (today - the Agency for State Assets Management of the Republic of Uzbekistan) and the Scientific and Educational Center for Corporate Governance dated July 25, 2016.

The summary results of the assessment on the implementation of the Corporate Governance Code at Maxsuselektrtarmoqqurilish JSC are shown in the following table:

№	Directions	Number of questions	Possible points		Actual rating
			minimum	maximum	
1	Evaluation of the preparation procedures for implementation of the Corporate Governance Code	13	-135	135	130
2	Evaluation of compliance with the recommendations of the Corporate Governance Code	37	-360	360	-14
3	Assessment of conformity of the JSC organizational structure	3	-30	30	15
4	Evaluation of the competitive selection	5	-45	45	-10
5	Assessment of transition to publication in accordance with IFRS and international standards of audit	3	-50	50	30
6	Assessment of the implementation of modern management systems (ISO, ERP, R & D, etc.)	5	-55	55	-55
7	Assessment of the Information Policy	5	-170	320	72
8	Assessment of financial results	4	-150	150	-50
9	Assessment of other directions	25	-205	55	-35
Total:		100	-1200	1200	83
Final score on a percentage scale					7%

“INTELLIGENT ANALYTICS GROUP” MChJ presented a report, conclusion on the assessment of the corporate governance system of the company dated 31.05.2019. According to the results of the assessment of the corporate governance system, the total number of points was 83 points, that is, 7%, and in the opinion of “INTELLIGENT ANALYTICS GROUP” MChJ, the level of the corporate governance system in JSC “Maxsuselektrtarmoqqurilish” based on the results of the assessment carried out at the end of 2018 is recognized as “satisfactory”.

The study of the assessment of the corporate governance system revealed:

Notes on not following Codex recommendations	Explanation
About the incomplete content Regulations on internal control, recommendations of the Corporate Governance Code	The recommendations of the Corporate Governance Code are fully included in the Regulation on Internal Control of METQ JSC, approved by the general meeting of shareholders on June 30, 2016. A draft of amendments to the Regulations on the Auditing Commission of METQ JSC is being prepared, concerning the specification of the requirements for the qualifications of members of the Auditing Commission.
On the publication of information on the adoption by JSC of the recommendations of the Corporate Governance Code in its activities	The information was published in the media, on the Unified portal of corporate information and the company's website, on the website of the stock exchange, the information was not published due to the fact that at that time the JSC was not listed on the stock exchange, at the moment this disadvantage has been eliminated
On defining clear criteria for classifying information as confidential information and commercial secrets	Work on the implementation of clear criteria for classifying information as confidential information and trade secrets is underway and will be approved in the near future.
On determining the voting procedure for representatives of JSC in the management bodies of other enterprises	The Supervisory Board instructed the Executive Body to develop a procedure for voting for JSC representatives in the management bodies of other enterprises.
On creating an opportunity for shareholders to vote by e-mail (with confirmation by an electronic digital signature), as well as to hold a general meeting in the mode of video conferencing	An extraordinary meeting of shareholders (25.07.2020) and an annual general meeting of shareholders (30.09.2020) were held via videoconference, remotely on the EVOTE platform: http://evote.uz/
Compliance of the charter with the recommendations of the Corporate Governance Code	Work is underway to bring the charter of the Company to the recommendations of the Corporate Governance Code, in particular, issues are being considered on: - the right of owners of at least 1% of ordinary shares of JSC to demand the convocation of a meeting of the supervisory board; - on non-obstruction by the minority shareholder of the activities of the management bodies of the JSC; - the right of shareholders to acquire pre-emptive shares in the event of an additional issue; - revising the deadline for submitting proposals to the agenda of the annual general meeting of shareholders.
Notifying shareholders and investors about the updated organizational structure of the Company	The updated organizational structure is published on the website of the society in 3 languages.
On approval of the mid-term and long-term strategy of the company	The company is developing a medium-term and long-term strategy, difficulties arise due to the fact that the main economic and financial indicators of the strategy depend on the volumes received from the Ministry of Energy and its member structures, which mainly carry out government orders.
On professional development of JSC employees in accordance with IFRS	In accordance with the decree of the President of the Republic of Uzbekistan No. 4611 "On additional measures for the transition to international financial reporting standards", training will be carried out for employees of the JSC under IFRS
About obtaining a quality management system certificate	By Order No. of 2019, a senior management representative was appointed to ensure the development, implementation and maintenance of the processes required in the QMS. To date, the Company is preparing for the implementation of the quality management system.
On measures taken to reduce accounts payable and receivable	The increase in accounts payable and receivable in comparison with the previous reporting period is associated with an increase in the volume of work, as well as the seasonality of services provided. Work to reduce accounts payable and receivable is carried out on an ongoing basis.