

## 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 2019:

LLC "SQB SECURITIES" in accordance with the contract for the provision of services for the assessment of corporate governance No. 02-OKU / 2020 dated 26.06.2020, assessed the corporate governance system of JSC "Maxsuselektrtarmoqqurilish" (hereinafter referred to as the Company) for 2019.

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	110
3	Assessment of conformity of the JSC organizational structure	3	-30	30	30
4	Evaluation of the competitive selection	5	-45	45	-5
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	-35
7	Assessment of the Information Policy	5	-170	320	129
8	Assessment of financial results	4	-150	150	-150
9	Assessment of other directions	25	-205	55	45
Total:		100	-1200	1200	284
Final score on a percentage scale					24%

According to the results of the assessment of the corporate governance system carried out by SQB SECURITIES LLC at the end of 2019, the total number of points was 284 points, or 24% of the maximum and, according to SQB SECURITIES LLC, the level of the corporate governance system in Maxsuselektrarmoqqurilish JSC based on the results of the assessment at the end of 2019, it 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 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.
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.
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.