

**“APPROVED” By the Resolution  
of the General Meeting of Shareholders  
of “Regional Electric Networks” JSC  
dated June 27, 2023 No. \_\_\_\_**

**REGULATIONS ON THE SUPERVISORY BOARD OF “REGIONAL  
ELECTRIC NETWORKS” JOINT-STOCK COMPANY**

**Tashkent – 2023**

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## **I. GENERAL PROVISIONS**

1. These Regulations have been developed in accordance with the Law of the Republic of Uzbekistan “On Joint-Stock Companies and Protection of the Rights of Shareholders”, the Charter of “Regional Electric Networks” JSC (hereinafter - the Company), and the Corporate Governance Code approved by the Minutes of Meeting No. 9 of the Commission on Improving Efficiency of Joint-Stock Companies and Improving the Corporate Governance System dated December 31, 2015, and determine the status and activities of the Company’s Supervisory Board, the election of its members, as well as their rights and obligations.
2. The Supervisory Board exercises general management of the Company’s activities, with the exception of issues that, according to legislative acts and the company’s charter, fall within the competence of the shareholder.
3. The distribution of responsibilities among the members of the Supervisory Board is carried out for each member of the Supervisory Board by the Chairman of the Supervisory Board.

## **II. POWERS OF THE SUPERVISORY BOARD**

4. The competence of the Company’s Supervisory Board includes:

Regularly hearing reports from the Company’s executive body on measures taken to achieve the Company’s development strategy, establishing the Company’s priority activities;

Submitting issues for consideration by the General Meeting of Shareholders, with the exception of cases stipulated in Article 65, paragraph 11 of the Law of the Republic of Uzbekistan “On Joint-Stock Companies and Protection of the Rights of Shareholders”;

Preparing issues for consideration by the General Meeting of Shareholders;

Submitting issues for discussion by the General Meeting of Shareholders to resolve matters stipulated in the second paragraph of the first part of Article 59 of the Law of the Republic of Uzbekistan “On Joint-Stock Companies and Protection of the Rights of Shareholders”;

Organizing the determination of the market value of property;

Approving the alienation of property by the company, determining the form and mechanism of its sale, and coordinating agreements on the investment of third parties in the company’s authorized capital;

Appointing members of the Company's Executive Body, and terminating their powers early;

Organizing a competition for the position of Head of the Executive Body and its members by describing the procedures for announcing the competition and approving the rules for conducting the competition, and recruiting highly qualified managers who think modernly, meet modern requirements, and also foreign managers on the basis of objective selection criteria;

Determining the fees and (or) compensations paid to the Company's executive body in connection with the main indicators of efficiency, established by the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated July 28, 2015 No. 207 "On the Introduction of Criteria for Assessing the Efficiency of Activities of Joint-Stock Companies and Other Business Entities with a State Share";

Appointing a corporate consultant and approving the regulations governing its activities;

Approving the Company's annual Business Plan. In this case, the Company's business plan for the next year must be approved at a meeting of the Company's Supervisory Board no later than December 1 of the current year;

Organizing an internal audit service and appointing its employees, as well as hearing its reports every quarter;

Obtaining any documents from the executive body related to the activities of the Company's executive body and for the fulfillment of the tasks assigned to the Supervisory Board of the Company. The documents received may be used by the Supervisory Board of the Company and its members only for official purposes.

Making a decision to conduct an audit, including an external audit of the Company's financial statements drawn up in accordance with international financial reporting standards.

Determining the audit organization and the maximum amount of payment for its services;

Providing recommendations on the amount of salaries and compensation paid to the members of the Company's Audit Commission;

Providing recommendations on the amount of dividends, their form, and procedure for payment;

Using the company's reserve and other funds;

Establishing branches and opening representative offices of the Company;

Establishing subsidiaries and dependent business companies (they are established in the form of a joint-stock company or a limited liability company);

Making a decision on a major transaction concluded on the basis of the Law of the Republic of Uzbekistan “On Joint-Stock Companies and Protection of the Rights of Shareholders” on property with a balance sheet value or purchase value from fifteen to fifty percent of the net assets of the Company from the date of the decision to conclude such a transaction;

Making a decision on concluding a transaction with an affiliated person of the Company in accordance with the Law of the Republic of Uzbekistan “On Joint-Stock Companies and Protection of the Rights of Shareholders”;

Making decisions on concluding transactions related to the participation of the company in commercial and non-commercial organizations in the manner prescribed by law;

Making a decision to issue corporate bonds by the company, including bonds convertible into shares;

Making a decision to issue derivatives of securities;

Making a decision to repurchase the Company’s corporate bonds;

Making a decision on increasing the authorized fund (authorized capital) of the Company, as well as on issues related to the increase of the Company’s authorized fund (authorized capital) and the reduction of the number of the Company’s declared shares and making changes and additions to the Charter of the Company;

Approving the decision on the issue of securities (shares, bonds) and the issue prospectus;

Making changes and (or) additions to the decision on the issue of securities (shares, bonds) and the issue prospectus and approving their text;

Determining the placement price of shares (placement on the exchange and on the over-the-counter market for securities) in accordance with Article 34 of the Law of the Republic of Uzbekistan “On Joint-Stock Companies and Protection of the Rights of Shareholders”;

Approving the regulations on information policy;

Making a decision on providing charitable (sponsor) or free assistance;

Attracting an independent organization on a competitive basis to assess the Company's corporate governance system;

5. In order to implement the recommendations of the Corporate Governance Code, the Supervisory Board of the Company shall:

Coordinate the activities of the executive and internal control bodies created in the Company and, if necessary, organize the development of the Company's development plans and involve specialists to control the achievement of the goals indicated in them;

Assessing the compliance of the Company's organizational structure with the requirements of the legislation, as well as ensuring the transition to the publication of annual financial statements in accordance with international financial reporting standards;

Monitoring the implementation and fulfillment of the Corporate Governance Code recommendations.

6. The competence of the Supervisory Board of the Company may also include resolving other issues in accordance with legislative acts and the Company's Charter.

### **III. ELECTION, APPOINTMENT AND EARLY TERMINATION OF THE POWERS OF MEMBERS OF THE SUPERVISORY BOARD**

8. Members of the Company's Supervisory Board are elected by the General Meeting of Shareholders for a term of three years in accordance with the legislation and the company's charter.
9. The quantitative composition of the Company's Supervisory Board is determined by the Company's Charter. At the same time, up to three independent members (but not less than 15 percent of the number of Supervisory Board members provided for in its charter) are included in the Company's Supervisory Board.
10. The nomination of a candidate for an independent member is carried out by the General Meeting of Shareholders. If a candidate for an independent member of the Company is not nominated, information about the reasons for non-compliance with this recommendation of the Code is published.
11. The criteria for independent members of the Supervisory Board are established in the Corporate Governance Code.
12. Persons elected to the Company's Supervisory Board may be re-elected without restriction.

13. The head of the Company's executive body and its members may not be elected to the Company's Supervisory Board.
14. Persons working in the Company under an employment contract may not be members of the Company's Supervisory Board.
15. The early termination of the powers of an elected member of the Supervisory Board shall be carried out by a decision of the shareholder.
16. Persons elected to the Company's Supervisory Board must have a corporate governance qualification certificate (for companies with a state share).
17. The election of members of the Company's Supervisory Board is carried out by cumulative voting.
18. In cumulative voting, the number of votes belonging to each shareholder is multiplied by the number of persons elected to the Company's Supervisory Board, and the shareholder has the right to vote for one candidate or distribute them among two or more candidates.
19. Candidates who have received the most votes are considered elected to the Supervisory Board.

#### **IV. CHAIRMAN OF THE SUPERVISORY BOARD**

20. The Chairman of the Company's Supervisory Board is elected from among the members of the Supervisory Board by a majority vote of the total number of Supervisory Board members.
21. The Supervisory Board of the Company has the right to re-elect its chairman by a majority vote of the total number of members of the Supervisory Board.
22. The Chairman of the Company's Supervisory Board organizes its work, convenes and chairs meetings of the Supervisory Board, organizes the keeping of minutes at meetings, and chairs the General Meeting of Shareholders.
23. In the absence of the Chairman of the Company's Supervisory Board, his functions are performed by one of the members of the Supervisory Board.

#### **V. MEETINGS OF THE SUPERVISORY BOARD**

24. Meetings of the Company's Supervisory Board shall be convened on the initiative of the Chairman of the Supervisory Board, the Supervisory Board, the audit commission, a member of the executive body, and at the request of a shareholder (shareholders) holding at least one percent of the shares with voting rights of the Company.
25. Meetings of the Company's Supervisory Board shall be convened by the Chairman of the Supervisory Board at least once a quarter. The meeting shall consider:

Reports from the executive body on the implementation of the Company's annual Business Plan, on measures taken to achieve the Company's

development strategy, on the work performed and the achievement of performance indicators of the enterprises included in the enterprise;

Annual and quarterly reports of the internal audit service;

The conclusion of the audit commission on the existence of transactions with affiliated persons of the Company and major transactions, as well as consideration of whether these transactions have been concluded in compliance with the requirements of legislative acts and the Company's internal documents;

26. The quorum for holding a meeting of the Company's Supervisory Board must be no less than seventy-five percent of the number of elected members of the Company's Supervisory Board.
27. If the number of Supervisory Board members is less than seventy-five percent of the number of members provided for in the Company's charter, the Company is obliged to convene an extraordinary general meeting of shareholders to elect a new composition of the Company's Supervisory Board. The remaining members of the Supervisory Board have the right to make a decision to convene such an extraordinary general meeting of shareholders.
28. Decisions at a meeting of the Company's Supervisory Board shall be adopted by a majority of the votes of those present, except for cases stipulated by the Law of the Republic of Uzbekistan "On Joint-Stock Companies and Protection of the Rights of Shareholders" and the company's charter. In resolving issues at a meeting of the Company's Supervisory Board, each member of the Supervisory Board has one vote.

The Chairman of the Company's Supervisory Board has the casting vote in the event of a tie vote of the members of the Supervisory Board.

Decisions on issues of increasing the company's charter fund (capital) and making relevant amendments to the charter shall be adopted unanimously by the Company's Supervisory Board.

29. It is not allowed to transfer votes by one member of the Company's Supervisory Board to another member of the Supervisory Board or to a third party.
30. Minutes shall be kept at a meeting of the Company's Supervisory Board. The minutes of the Supervisory Board meeting shall be drawn up no later than ten days after the meeting.
31. The minutes of the meeting shall reflect:
  - The date, time, and place of the meeting;
  - The persons attending the meeting;
  - The agenda of the meeting;



- The issues put to a vote, the voting results on them;
  - The decisions made.
32. The minutes of the meeting of the Company's Supervisory Board shall be signed by the members of the Supervisory Board who participated in the meeting and are responsible for the correctness of the minutes.
33. The minutes of the meeting of the Company's Supervisory Board shall be presented to the Chairman of the Company's Management on the day of signing for execution. If the Supervisory Board decides to transfer issues for consideration by the Sole Shareholder, information about this decision shall be provided to the Chairman of the Company's Management on the day the Supervisory Board meeting is held.
34. The meeting of the Supervisory Board may be held by absentee voting, except for quarterly meetings at which the reports of the Audit Commission, internal audit, and the executive body are heard. In this case, the decisions of the Company's Supervisory Board may be adopted by absentee voting (by inquiry) by all members of the Supervisory Board.

Meetings of the Supervisory Board may be held via videoconference, provided that technical means, means of identifying members of the Supervisory Board, and other equipment are available.

## **VI. RIGHTS AND OBLIGATIONS OF MEMBERS OF THE SUPERVISORY BOARD**

35. Members of the Supervisory Board have the following rights:

- To personally participate in meetings of the Supervisory Board, to speak on the issue discussed at the meeting within the time frame established by the regulations;
- To receive information about the Company's activities and its development plan for a certain period by decision of the Supervisory Board;
- To receive remuneration and (or) compensation for performing the functions associated with membership in the Supervisory Board in the manner prescribed by law and the company's internal documents;
- Other rights provided for by the legislation and the company's charter;
- To establish committees (working groups) under the Supervisory Board on relevant issues, including contentious situations, audit, personnel, and other issues.

36. A member of the Supervisory Board is obliged to:

- Notify the Company of its involvement in the transaction by sending a written notification with a detailed indication of the information about the transaction proposed by the Company's affiliated persons;

- Perform their duties conscientiously, as well as in the manner deemed most optimal for the interests of the Company.
- Other obligations provided for by legislative acts and the Company's charter.

37. Members of the Supervisory Board do not have the right to use the Company's capabilities (property or non-property rights, opportunities in the field of economic activity, information about the Company's activities and plans) for the purpose of personal enrichment.

## **VII. RESPONSIBILITY OF MEMBERS OF THE SUPERVISORY BOARD**

38. Members of the Company's Supervisory Board, in exercising their rights and fulfilling their duties, shall act in the interests of the company and shall be liable to the company in accordance with the laws and the company's charter.

39. If several persons are liable, their liability to the Company is considered to be joint and several.

40. Members of the Supervisory Board who did not participate in the voting or voted against a decision that caused damage to the Company shall not be held liable, except for the circumstances specified in Article 90 of the Law of the Republic of Uzbekistan "On Joint-Stock Companies and Protection of the Rights of Shareholders".

41. The Company or a shareholder (shareholders) holding at least one percent of the Company's shares in circulation has the right to apply to the court with a claim against a member of the Supervisory Board to recover damages caused to the Company.

## **VIII. FINAL PROVISIONS**

42. Material incentives for members of the Supervisory Board are carried out on the basis of the Company's Regulations "On the procedure for paying salaries to members of the Supervisory Board."

43. The relevant department of the Company is responsible for providing members of the Supervisory Board with the necessary materials and information, as well as for communications with shareholders and investors.

The secretary appointed by the shareholders or the Supervisory Board, as well as the secretary of the Company's Supervisory Board, and the following responsibilities are assigned to them:

- To act as a contact person for interaction between members of the Supervisory Board, the executive body, and the audit commission;
- To prepare relevant information and documents for meetings of the Supervisory Board;
- To prepare documents for submission to shareholders;

- To submit draft decisions on issues introduced on behalf of the Supervisory Board to the shareholder for consideration;
- To bring the decisions adopted by the General Meeting of Shareholders, the Supervisory Board, the executive body, the audit commission, and the internal auditor to the attention;
- To perform secretarial and clerical duties for meetings of the Supervisory Board and the General Meeting of Shareholders;
- To keep the minutes of the Supervisory Board meetings;
- To draw up the minutes of the Supervisory Board meeting no later than 10 days after the meeting;
- To prepare documents and information for holding meetings of the Supervisory Board and to ensure that members of the Supervisory Board are familiarized with the working materials at the stage of preparation for the meetings;
- To provide materials for meetings of the Supervisory Board and shareholders in an appropriate form and design;
- To distribute materials prepared for meetings of the Supervisory Board to members of the Supervisory Board and heads of the executive body.

A secretary appointed by the shareholder or the Supervisory Board for performing his duties has the right to receive a cash reward by decision of the Supervisory Board or the General Meeting of Shareholders.

44. Persons guilty of violating the requirements of these Regulations shall be held liable in accordance with the established procedure.
45. If certain articles of these Regulations are contrary to the current legislation of the Republic of Uzbekistan and/or the Company Charter, these articles shall be considered invalid, and the issues regulated by these articles shall be regulated by the norms of the current legislation of the Republic of Uzbekistan and/or the Company Charter until the relevant amendments are made to this Regulation.