

**"Approved"**

**by the Resolution of the Sole Shareholder**

**of the JSC "Uzbekistan Railways"**

**dated 14 September 2020 No. 58**

**CHARTER**

**of the Joint-Stock Company "Uzbekistan Railways"**

**(in the new edition)**

## Section I. General Provisions

1. The joint-stock company "Uzbekistan Railways" (hereinafter referred to as the "Company") was formed by the Decree of the President of the Republic of Uzbekistan dated November 7, 1994 No. UP-982 "On the formation of the State Joint Stock Railway Company "Uzbekistan Railways".

2. By the Decree of the President of the Republic of Uzbekistan of 2 March 2001 No. DP-2815 "On measures for demonopolization and corporatization of railway transport" the Company was transformed into an open joint stock company.

3. In accordance with the Law of the Republic of Uzbekistan No. 223-I of April 26, 1996 "On Joint Stock Companies and Protection of Shareholder Rights", the legal status of the Company is a joint-stock company.

The company is a commercial organization.

4. Relations relating to the creation, operation, reorganization and liquidation of the Company are regulated by the Law of the Republic of Uzbekistan "On Joint Stock Companies and Protection of Shareholder Rights", the Law "On Railway Transport" and other legislative acts of the Republic of Uzbekistan.

5. Name of the Company:

in the Uzbek language - "O'zbekiston temir yo'llari" aksiyadorlik jamiyati (abbreviated name - "O'zbekiston temir yo'llari" AJ) or "Ўзбекистон темир йўллари акциядорлик жамияти («Ўзбекистон темир йўллари» АЖ);

in the Russian language - Акционерное общество «Узбекистан темир йуллари» (abbreviated name - АО «Узбекистан темир йуллари»), is equivalent to «Акционерное общество «Узбекские железные дороги»;

In the English language - Joint Stock Company "O'zbekiston temir yo'llari" (abbreviated name- JSC "O'zbekiston temir yo'llari") or Joint Stock Company "Uzbekistan Railways" (abbreviated name - JSC "Uzbekistan Railways").

6. When organizing the transportation of passengers and cargo in international and mixed traffic, the Company shall act before the foreign railway administrations as a legal entity, called "O`zbekiston temir yo`llari" (Uzbek Railways-Узбекские железные дороги). The telegraph cipher is "УТИ-УТИ".

7. The company is a legal entity, has its own property, including property transferred to it in the authorized capital (capital), accounted for on its own balance sheet, accounts in bank institutions, including foreign currency account, round seal with the image of the State Symbol (coat of arms) of the Republic Uzbekistan, emblem (logo) and stamps in the state language.

8. The Company carries out management and economic regulation in the field of railway transport, carries out a unified technical policy for the development and improvement of the Company's railway network.

9. The Company's organizational structure includes regional railway nodes, offices, centers, directorates, departments, enterprises, institutions, organizations and structural subdivisions of railway transport in accordance with the structure approved by the decision of the Government of the Republic of Uzbekistan, as well as by the sole shareholder.

10. The organizational structure of the Company may include enterprises, institutions, subdivisions and organizations, regardless of the form of ownership, as well as foreign legal entities.

11. The company can establish enterprises, organizations and institutions of any organizational and legal form, as well as branches and representative offices, in accordance with the procedure established by law.

12. The company is guided by the Constitution of the Republic of Uzbekistan, the laws of the Republic of Uzbekistan, the decrees of the chambers of the Oliy Majlis, the decrees, resolutions and orders of the President of the Republic of Uzbekistan, the resolutions and orders of the Cabinet of Ministers of the Republic of Uzbekistan, decisions of the State Inspectorate on Supervision of Rail Transport Safety of the Republic of Uzbekistan, and this Charter.

13. Legal relations not regulated by this Charter are regulated by other legislative and regulatory acts of the Republic of Uzbekistan, as well as international agreements and treaties.

14. The employees of the Company shall wear uniforms provided for in the Regulation on uniforms of employees of the Company.

15. The legal address of the Company: Republic of Uzbekistan, 100060, Tashkent city, Taras Shevchenko Street, 7.

16. E-mail address of the Company: info@uzrailway.uz

Corporate web site of the Company: www.railway.uz

## **Section II. Main objectives and functions of the Company**

17. The main objectives of the Company's activities are:

- ensuring sustainable and efficient operation of railway transport, transport safety, improving the quality of transport services provided to meet the needs of the state, legal entities and individuals in rail transportation in conjunction with other modes of transport, at the required level of service, organization of ensuring optimal delivery times and preservation of passengers health and lives, as well as transported goods, providing consumers with a wide range of production trade and services, including wholesale trade, sale of electric energy, tourism and other services;

- preservation and development of a unified network of industrial infrastructure of railways and centralized dispatching management;

- provision of services at the level of world standards, increasing the competitiveness of rail transport in the transport services market;

- Carrying out in accordance with the established procedure a tariff policy in the field of transportation of goods, passengers, baggage and mail, taking into account cost reduction and improving the quality of services;

- research of the market situation of freight and passenger transportation by rail, forecasting its development and location;

- development and implementation of a set of measures to improve the sustainability of work and increase the capacity of the railway network;

- ensuring the mobilization readiness of the relevant railway transport facilities, protection from disclosure of information constituting state secrets;

- ensuring compliance with environmental protection requirements;

- maintaining a unified scientific, technical, innovation and investment policy in the field of railway transport;

- organization of development and introduction of new equipment and technologies, integrated development of railway transport;

- strengthening of the material and technical base, further development of the railway network, construction of new railway lines, bridges, tunnels and other artificial structures, their reconstruction and technical re-equipment;

- wide attraction of investments, including foreign ones, for modernization and improvement of rolling stock, track facilities, power supply systems, signaling and communications, as well as technological re-equipment of industrial enterprises of the industry, introduction of advanced technologies and modern management methods;

- expansion of international cooperation and foreign economic relations of the Company, organization of marketing research, provision of information services to the Company's enterprises and assistance in resolving the issues of increasing their competitiveness in the internal and external markets;

- establishment and development of production of import-substituting products, spare parts, units, parts, equipment for repair and maintenance needs and development of the Company on the basis of industrial enterprises of the Company and the Republic of Uzbekistan;

- development of basic principles, rules and methods for establishing economic relations and their implementation among the Company's enterprises;

- organization of training, retraining and advanced training of personnel;

18. Within the framework of the implementation of the tasks set, the Company provides the following functions:

a) in the field of organizing the management of the transportation process:

- organization of centralized operational management of the transportation process, the development, approval and execution of the train schedule, the rolling stock operating standards and the forecast plan for cargo transportation by the Company as a whole;

- development of unified regulatory documents on transportation conditions, rolling stock standards, analysis of their use, adjustment and control of the use of freight and passenger cars;

- regulation of loading and unloading in accordance with the requirements of the Regulations for the Transport of Dangerous Goods and the organization of train traffic in emergency situations;

- development of unified principles for the organization of the dispatching service and the transportation process with the wide application of modern information and communication technologies;

b) in the field of economy and finance:

- formation of projects of state and interstate programs for the development of railway transport, annual and long-range forecasts for production, economic and financial indicators in basic, industrial and contracting activities, as well as in the social sphere and in the field of environmental protection;

- organization of marketing research in the field of cargo and passenger transportation by rail, the development of proposals for annual and long-range forecasts and schemes for the development and placement of railway transport facilities for the future, comprehensive measures to increase the throughput and carrying capacity of the railway transport;

- planning and organization of capital, current repair and maintenance of the Company's property;

- carrying out of the coordinated policy in the field of tariffs for transportation of cargoes, passengers, mail, luggage and cargo luggage, in accordance with the current legislation of the Republic of Uzbekistan, interstate and intergovernmental agreements;

- implementation of financial settlements between enterprises and users of the Company's services, settlements with railways of other countries, the organization of accounting and statistical accounting and reporting, compliance with the national accounting standards of the Republic of Uzbekistan, the implementation of audit activities at the Company's enterprises, the calculation and payment of taxes and mandatory payments in accordance with current legislation;

- control the completeness and timeliness of the receipt of income from the transportation of passengers, cargo, mail, luggage, cargo (freight) luggage, the sale of goods, works and services, help strengthen the financial position of the Company, reduce costs and increase profits (revenue);

- development of basic principles, rules and methods for establishing economic relations and their implementation among the Company's enterprises;

- formation of funds and reserves, including the currency fund, formed in accordance with the standards approved by the Board of the Company, as well as, in accordance with the established procedure, funds for financing priority scientific research programs for the development of rail transport;

- publication of advertising and other literature reflecting the activities of the Company;

- determination in the established manner of forms, systems and amounts of labor remuneration, as well as other types of employees' incomes;

- implementation of measures for social development, improvement of social and living conditions of the Company's employees;

- accumulation of revenues from transportation in a centralized manner on a separate basic income account of the Company, with their subsequent distribution in accordance with applicable regulatory and legal acts;

- implementation of compulsory payments from the income received from rail transportation for the maintenance of the State Inspection "Uzgosjeldornadzor" in accordance with the approved estimate;

c) in the field of technical policy:

- determination together with the Company's enterprises of the priority areas of scientific-research and development design work on the creation and use of fundamentally new technical means, technologies and materials, the financing of these works;

- constant increase of the technical level of production, improvement of technological processes;

- organization of work in the field of metrology, standardization and unification of products, certification and quality management, intellectual property, dissemination of scientific and technical information and best practices (excluded);

d) in the field of material and technical supply:

- determination of the needs of the railway transport industry in material and technical and fuel and energy resources, organization of their supply of the transportation process, wholesale and retail trade, and also, together with the ministries, associations and departments involved, the formation of orders for products supplied for railway transport as part of the supply of products for state needs, provision of the Company's enterprises;

- creation of reserves of the main types of material and technical resources for the elimination of the consequences of natural disasters, accidents and other unforeseen work (the departmental reserve of financial and material resources for the liquidation of emergencies is created at the expense of the Company's funds, and objective reserves of financial and material resources - at the expense of the Company's own funds, institutions and organizations);

- determination of the nomenclature and volume of the reserve, financial and material resources for the recovery from the emergencies, (excluded);

- organization of works on interaction and cooperation with suppliers of material and technical resources for the needs of the Company;

- organization of work on resource and energy supply;

- ensuring the mobilization readiness of the railway transport and the formation of material resources for work in a special period;

e) in the field of foreign economic activity:

- development and conclusion in accordance with the established procedure with the administrations of the railways of other states, foreign organizations and companies agreements or contracts on the transport of goods and passengers;

- development of international transport links and logistics;

- participation on behalf and on behalf of the Government of the Republic of Uzbekistan in international railway transport organizations;

- participation before the foreign partners as a subject of international transport law, which solves issues related to the transportation of passengers and foreign trade goods;

- creation or appointment in the international railway administrations of their representations and / or authorized representatives;



- conclusion of agreements with the relevant authorities of foreign states on the functioning of the railway transport;

- preparation and registration in the established order of passport and visa documentation for the departure of employees of the Company abroad;

- implementation of foreign economic activity, fulfillment of foreign trade, credit and other transactions not prohibited by current legislation, implementation of export-import transactions in accordance with the established procedure;

f) in the field of investment policy:

- development of long-term and medium-term forecasts of the Company's investment policy, including through centralized sources;

- formation of the Company's annual investment program at the expense of all sources of financing;

- management of projects for the construction of new, expansion, reconstruction and technical re-equipment of existing enterprises and railway transport facilities, acquisition, capital repair, with the extension of service life, and modernization of the Company's fixed assets carried out from all sources of financing;

g) in the field of personnel, labor and social issues:

- the definition of the system of selection and placement of personnel, the conditions for their professional growth, responsibility, incentives and social protection;

- the organization of the personnel training system, based on the needs of the Company;

- provision of the maintenance and development of material base in educational institutions and establishments of social sphere of the Company;

- provision of training, retraining and advanced training of personnel, as well as their internship in educational institutions, enterprises of the republic and foreign countries;

- implementation of effective personnel policy;

- Establishment in accordance with the current legislation of the peculiarities of working conditions, working hours and rest periods for certain categories of employees of the Company directly related to the movement of trains and the maintenance of passengers;

- ensuring compliance with the Company's corporate ethics;

19. The Company along with the performance of the listed functions:

- carries out control over the implementation of the requirements of the rules for the use of rail transport, the implementation of measures to ensure the safety of train traffic, the safety of railway transport facilities, analyze the causes of traffic safety violations, implement measures to prevent crashes, accidents, environmental disasters, develop rules for staying in high-risk areas and conducting their works;

- carries out work on the insurance of passengers and cargo;

- develops proposals for the development of transportation both in domestic communications, both direct and mixed messages, as well as on interaction with other modes of transport;

- establishes the procedure for access to the railway tracks of the general use of the rolling stock of enterprises and organizations, regardless of their departmental subordination and forms of ownership;

- organizes in accordance with the established procedure at industrial enterprises the acceptance (technical inspection) of railway equipment and other products supplied for railway transport;

- in accordance with the legislation of the Republic of Uzbekistan defines the procedure for the use of lands within the limits of the railway line, construction of buildings and structures on it;

- coordinates the relevant building codes and regulations;

- determines the conditions for the intersection of railway tracks with pipelines, communication lines, electricity transmission lines and other engineering communications, junction of access roads, as well as minimum distances from facilities associated with the production, storage, loading, transportation and unloading of hazardous and special cargo to public railways and structures;

- establishes the procedure for conducting examinations and checking for knowledge of the rules for the technical operation of the railway, the rules for the use of railway transport, the technical conditions for loading and fastening cargoes, other regulatory acts by the Company's employees, including the procedure for testing and issuing licenses for driving a locomotive on public roads, assignment of class to locomotive drivers of the Company;

- organizes monitoring of compliance with the rules for the operation of electrical, thermal and heat power plants in railway transport, as well as containers operating under pressure;

- establishes the procedure for medical examination and inspection of personnel associated with the movement of trains exposed to harmful unfavorable working conditions, as well as enrollees, students of the Company's educational institutions;

- organizes work on mobilization training and civil protection of the railway transport, develops a unified methodology for mobilization training, ensures interaction with interested organizations on the issues of carrying out transportations in a special period, the maintenance of technical means and material assets in the mobilization state reserve and a special reserve;

- organizes and implements measures for accident-free operation of railway vehicles, ensuring safety during the transport of dangerous and special cargo;

- ensures the implementation of the necessary measures to protect state secrets and information related to the providing of the service.

- provision of information services in the field of railway transport;

- performance of other functions in accordance with law

### **Section III. Authorized capital of the Company.**

Procedure of its increase or decrease. Shares, bonds and other securities of the Company

20. The joint-stock company "Uzbekistan Railways", established on the basis of a state-owned enterprise, is the legal successor of all available property, cash and other financial resources, as well as debts that are held by a state enterprise at the time of the transformation.

21. The initial value of the authorized capital was determined as a result of the assessment of the Company's property, pursuant to the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan of March 3, 2001 No. 108, Order No. 239k-PO of the State Property Committee of the Republic of Uzbekistan of August 20, 2001.

22. The amount of the authorized capital is 4 009 518 075 200 UZS divided into 9 324 460 640 ordinary shares.

23. The nominal value of a common share is 430 UZS.

24. The Company's shares are the property of the state and are not subject to sale or other alienation, cannot be pledged, and also cannot serve as collateral for the issue of secondary securities.

25. The authorized capital of the Company can be increased by placing additional shares.

26. The decision to increase the authorized capital (the price of the placement of shares, the approval of the issue prospectus and the decision to issue shares) and on making appropriate changes to the Company's Charter shall be made by the sole shareholder of the Company, without holding a meeting of the Company's Board.

27. Additional shares may be placed only by private subscription to the state, unless otherwise established by law.

28. Additional shares shall be placed within the period established by the resolution on their issue, but not later than one year from the date of state registration of the additional issue of shares.

29. The Company has the right to issue an additional 11 403 327 085 ordinary shares with a nominal value of 430 UZS, for a total of 4 903 430 646 550 UZS, to increase the authorized capital.

30. When shares are issued and placed within the total number of announced shares, paid-up shares are transferred to the authorized capital of the Company.

31. The authorized capital of the Company can be reduced by reducing the nominal value of shares or reducing their total number, including by acquiring a part of shares by the Company, with their subsequent cancellation.

32. The decision to reduce the authorized capital and introduce appropriate changes to the Company's charter Association is adopted by the sole shareholder of the Company, without holding a meeting of the Company's Board.

33. The Company creates a reserve fund of the company in the amount of 25% of the authorized capital.

34. The reserve fund of the Company is formed by mandatory annual deductions from net profit, until it reaches 25% of the authorized capital.

35. The amount of annual allocations to the reserve fund is at least 5% of the annual net profit of the Company.

36. The reserve fund of the Company is used in accordance with the procedure established by law.

37. Other funds may be created by decision of the sole shareholder of the Company.

#### **Section IV. Rights of the Company**

38. In order to fulfill its statutory tasks and functions, the Company has the right:

- independently determine the volume of sales of goods, works and services, based on the needs of the economy and the population of the Republic of Uzbekistan, on the basis of state orders and direct contracts (contracts);

- in its own name, acquire and exercise property and personal non-property rights, incur obligations, be a plaintiff and defendant in court;

- create in a prescribed manner subdivisions, centers, firms, organizations, branches and representative offices, organize joint ventures, join various republican and international organizations and associations;

- to carry out in accordance with the legislation the issue and placement of shares and other securities, as well as to acquire shares and other securities of joint-stock companies both in the Republic of Uzbekistan and abroad;

- to acquire, build housing and, in accordance with the established procedure, to sell it to individuals and legal entities, including by providing loans to employees of the Company and other persons;

## **Section V. Management of the Company's activities**

39. The shareholders, the supervisory board and the executive body of the company are the governing bodies of the Company.

40. In accordance with Art. 58 of the Law of the Republic of Uzbekistan "On Joint Stock Companies and Protection of the Rights of Shareholders", decisions on issues referred to the competence of the General Meeting of Shareholders shall be taken by the sole shareholder of the Company solely and shall be executed in writing.

The General Meeting of Shareholders shall not be held in the Company.

41. The Board of the Company performs the functions of the Supervisory Board. (hereinafter referred to as the Board). The council consists of 8 people.

42. The Management Board of the Company is the executive body of the Company. It consists of 8 people.

43. The Chairman of the Management Board of the Company is appointed on a competitive basis in accordance with the procedure established by law. A foreign manager may be appointed Chairman of the Management Board of the Company.

44. Members of the Management Board of the Company are appointed in accordance with the procedure established by law.

45. Relations between the Company and its structural subdivisions, enterprises, organizations and institutions are regulated in accordance with the procedure established by law.

### **Powers of the Company's shareholder**

46. The competence of a shareholder of the Company includes:

- introduction of amendments and additions to the Company's Charter, including those related to the increase of the Company's charter capital (authorized capital) and reduction of the number of announced shares of the Company, and approval of the new version of the charter;

- reorganization of the Company;

- liquidation of the Company, appointment of a liquidator (liquidation commission) and approval of an interim and final liquidation balance sheet;
- determination of the maximum amount of declared shares;
- increase or decrease in the amount of the authorized capital (of the Company);
- acquisition of the Company's own shares;
- approval of the organizational structure of the Company;
- approval of members of the Audit Committee consisting of 3 people to monitor the financial and business activities of the Company, early termination of their powers, and approval of the Regulations on the Audit Committee;
- Approval of the annual report and the annual business plan of the Company, as well as the specific conditions for the medium-term and long-term development of the company based on the main directions and objectives of the company;
- conclusion on behalf of the Company of labor contracts with the chairman and members of the Management Board of the Company, after their appointment in accordance with the established procedure;
- establishment of remuneration and / or compensation paid to the Management Board of the Company, as well as their size limits;
- distribution of profits and losses of the Company;
- on obligatory audits, including the establishment of an audit organization for the Company's financial statements in accordance with International Financial Standards, the maximum fees for the services of the company and its conclusion (termination of the contract); decision making;
- hearing of the conclusions of the Company's Audit Committee on matters within its competence, including compliance with the requirements for the management of the Company established by legislation;
- conclusion on behalf of the Company of labor contracts with employees of the internal audit service of the Company, after their appointment in accordance with the established procedure;

- establishment of requirements for the form and content of the report (report) of the Company's management and control bodies
- taking decisions on the issue of the Company, corporate bonds, including those convertible into shares of the Company;
- decision-making on the issue of derivative securities;
- Decision-making on repurchase of corporate bonds of the Company;
- determination of the price of placement (placing on the exchange and organized over-the-counter securities market) of shares in accordance with Article 34 of the Law of the Republic of Uzbekistan "On Joint Stock Companies and Protection of Shareholder Rights";
- splitting and consolidation of the Company's shares;
- making decisions on the Company's transactions in the cases provided for by Chapters 8 and 9 of the Law of the Republic of Uzbekistan "On Joint Stock Companies and Protection of Shareholder Rights";
- decision-making on the size, form and procedure for dividend payment;
- resolution of other issues in accordance with the law;

### **The Company's Board**

47. The competence of the Board of the Company includes:

- determination of priority directions of the Company's activity;
- approval of the new version of the Company's Charter
- organization of the establishment of the market value of property;
- approval of the annual business plan of the Company. At the same time, the business plan for the next year should be approved at a meeting of the Company's Board no later than December 1 of the current year;
- creation of internal audit service and appointment of its employees, as well as quarterly hearing of its reports;



- access in accordance with the established procedure to documents relating to the activities of the executive body of the Company and obtaining them for the performance of the duties assigned to the Company's Board; The Company's Board and its members can use the received documents solely for official purposes;

- if necessary, involving of an independent organization on the basis of a tender for the assessment of the corporate governance system in the Company;

- Monitoring the achievement of the goals outlined in the business plan of the Company;

- Control over the implementation of the Corporate Governance Code;

- giving recommendations on the amount of remuneration and compensation paid to members of the Company's Audit Committee;

- giving recommendations on the amount of dividends, the form and procedure for its payment;

- use of reserve and other funds of the Company;

- Creation of branches and opening of representative offices of the Company;

- the creation of subsidiaries and dependent business entities;

- making decisions on transactions in cases provided for by Chapters 8 and 9 of the Law of the Republic of Uzbekistan "On Joint Stock Companies and Protection of Shareholder Rights";

- conclusion of transactions related to the Company's participation in commercial and non-commercial organizations, in accordance with the procedure established by law.

48. The work procedure of the Company's Board is determined by the Regulations on the Supervisory Board of the Company. Amendments to the Charter on changes in the number of members of the Audit Committee, the Management Board and the Board of the Company are taken by the shareholder without holding a meeting of the Board;

49. Issues referred to the competence of the Company's Board cannot be referred to the Management Board of the Company for consideration.

50. Decisions of the Board of the Company shall be taken by a simple majority of votes, unless otherwise provided by law.

51. Meetings of the Company's Board are held not less than once a quarter.

52. Decisions of the Board of the Company may be adopted by absentee voting (by poll) by all the members of the Board unanimously.

53. In the event of a tie (equal) of votes of the members of the Company's Board, when the Company's Board of Directors votes, the vote of the Chairman of the Company's Board is decisive.

### **Management Board of the Company**

54. Management of the Company's day-to-day operations is carried out by the collegial executive body of the Company - the Management Board of the Company.

55. The competence of the Management Board of the Company includes the following issues:

- development of a concept for the development and improvement of the railway transport network;
- determination of the main directions of economic, scientific, technical and social development of railway transport;
- development of the project of the main activities of the Company;
- development of the Company's business plan;
- determination of the Company's need for rolling stock, machinery, mechanisms and other specialized equipment and means for their acquisition, as well as the volume of capital investments and construction and installation works for the Company's facilities financed by centralized sources and other sources provided for by the investment program;
- organization of financial and economic work and financing of divisions, enterprises, organizations and institutions that are part of the organizational structure of the Company;

- development of tariffs for the transport of goods, passengers, mail, baggage and cargo luggage, additional fees for rail services provided in domestic railway and mixed messages. The approval of these tariffs and the development of charges are made in accordance with the procedure established by law, as well as in accordance with the Charter of Railways of the Republic of Uzbekistan, approved by Resolution of the Cabinet of Ministers of October 23, 2008 No. 232 and the Law of the Republic of Uzbekistan "On Railway Transport";

- formation of centralized funds and reserves to finance capital investments, scientific research and other works of general importance;

- provision of preferential tariffs for the carriage of goods by rail on the territory of the Republic of Uzbekistan on the basis of relevant requests of consignors, consignees, railway administrations and forwarding organizations, based on economic feasibility;

- preparation of proposals for the establishment, reorganization, liquidation in the established manner of the enterprises, organizations, institutions and other structures entering the organizational structure of the Company, determining their powers;

- management of the Company's property, as well as the activities of structural joint-stock companies in accordance with the current legislation;

- Make an additional contribution to the authorized capital of legal entities participating in the Company as a shareholder, increase or decrease the share of these legal entities in the authorized capital and make decisions on their exclusion;

- transaction, the subject of which is property, the value of which is up to 15 percent of the net assets of the Company as of the date of making a decision on the completion of such a transaction, while the decision is taken unanimously by the Company's Management Board. In the event that the unanimity of the Management Board of the Company on the issue of the transaction is not reached, then by decision of the Company's Management Board the issue of the transaction can be submitted for consideration by the Company's Board;

- conclusion of transactions related to the Company's participation in commercial and non-commercial organizations, if there is a corresponding resolution of the President of the Republic of Uzbekistan or an order of the Cabinet of Ministers of the Republic of Uzbekistan;

- approval of the list of positions of the Company's employees entitled to receive and wear uniforms, insignia;

- development of proposals for changes and amendments to the Company's Charter;

- approval of annual reports and balances of financial and economic activities of enterprises and organizations of the Company;

- consideration of the procedure and conditions for the implementation of enterprises, organizations, institutions, organizational structure of the Company, preparation of proposals on this issue to the Company's Board;

- consideration of issues of improving the current legislation on railway transport for subsequent submission of proposals to the Company's Board;

- approval of cost estimates for the maintenance of enterprises and units of the Company's core business and social facilities;

- approval of local documents of the Company;

- approval of the forms, systems and amounts of remuneration of employees of the Company, as well as consideration and approval of proposals for the encouragement of employees based on the results of economic activities.

56. In accordance with the established procedure, the Company's Management Board submits proposals on the organizational structure of the Company's executive apparatus for approval to the Cabinet of Ministers of the Republic of Uzbekistan, while the Cabinet of Ministers of the Republic of Uzbekistan approves the maximum number of management personnel.

57. The Management Board of the Company, headed by the Chairman of the Management Board of the Company, takes decisions on all matters of operational, production, financial and other activities that are not within the competence of the sole shareholder and the Board of the Company.

Acts as a representative of the shareholders to vote on the election of the members of the executive body are not eligible.

### **Chairman of the Management Board of the Company**

58. Chairman of the Board of the Company:

- manages the activities of the Company, bears personal responsibility for the performance of tasks assigned to the Company and compliance with this Charter;

- distributes duties among members of the Management Board, determines their powers in resolving issues of the Company's activities;

- organizes execution of decisions of the shareholder, the Board and the Management Board of the Company;

- if necessary, changes the structure of the executive body of the Company, the organizational structure of the management apparatus of regional railway junctions and other enterprises, organizations and institutions within the organizational structure of the Company, within the established number of management personnel;

- approves the regulations on the departments, centers and departments of the executive apparatus;

- without authorization, disposes of the Company's funds in accordance with the established procedure, opens settlement and other accounts in banks, signs settlement documents and reports of the Company, represents the Company in relations with state bodies and any legal and physical persons of the Republic of Uzbekistan and abroad, concludes agreements, contracts, other transactions on behalf of the Company, issues powers of attorney to perform such transactions;

- Introduces, in accordance with the established procedure, for the consideration of the sole shareholder, the Board of the Company and the Government of the Republic of Uzbekistan, draft legislative and other normative acts on matters within the competence of the Company;

- approves the statutes and regulations of departments, centers, enterprises, institutions, organizations and structural units that are members of the Company;

- issues orders, orders, instructions, approves instructions and other acts on issues falling within his competence, mandatory for execution by all officials and employees of the Company;

- repeals the orders issued by the heads of the enterprises entering into the structure of the Company and other acts that contradict the current legislation of

the Republic of Uzbekistan, as well as the Charter and decisions of the Company's Management Board;

- approves the basic forecast parameters of the production and financial activities of the Company and its enterprises, the staff schedules of the executive body of the Company and the staff of enterprises, institutions, divisions that make up the Company;

- takes measures to obtain profits in the amounts necessary for the development of the Company;

- provides insurance of business risks of the Company and responsibility of the Board;

- appoints heads of enterprises, institutions, organizations and structural units that are members of the Company, in accordance with the established procedure;

- approves the nomenclature of posts and in accordance with it conducts the reception, transfer, transfer and termination of employment contracts with employees of the executive apparatus, enterprises and organizations of the Company;

- ensures effective interaction of production units and other structural divisions of the Company;

- takes disciplinary measures against employees of the Company, as provided for by the current legislation and the Regulations on the discipline of the Company's employees;

- approves the Regulations on the procedure for awarding employees, sets official salaries, allowances to them, various kinds of surcharges, encourages the Company's employees, and establishes compensation payments for the social protection of employees of the Company;

- awards in due course the advanced employees of the Company with badges, diplomas and applies other types of encouragement;

- ensures observance of social guarantees, labor protection and industrial safety of the Company's employees;

- responsible for the state of financial and economic activities of enterprises that are members of the Company and takes the necessary measures aimed at ensuring financial stability in them;

- takes decisions on conducting inspections of financial and economic activities of enterprises that are members of the Company, reviews their results and takes decisions on them and takes the necessary measures to eliminate the identified shortcomings.

- determines positions in the voting on behalf of the Board of its representatives in the management bodies of enterprises, organizations and institutions that are members of the Company's organizational structure;

- ensures compliance by the Company with current legislation, local documents and other normative acts;

## **Section VI. Property, funds and finances of the Company**

59. The Company's assets are tangible, including money, securities, shares (shares, deposits) and intangible assets that can be objects of possession, use, disposal.

60. The Company has a separate property that is accounted for on its own balance sheet, and can acquire and exercise property and personal non-property rights on its own behalf, be a plaintiff and a defendant in court.

61. The property of the Company is also formed at the expense of the following sources:

- income received from the sale of goods, works, services, as well as other types of economic activities;

- income from purchased securities;

- income received from the profit on equity participation in the authorized capitals of subjects of non-state forms of ownership, including in the form of dividends on shares;

- centralized and non-centralized appropriations and investments;
- other sources not prohibited by the legislation of the Republic of Uzbekistan.

62. The Company's revenues are formed centrally from revenues received from all types of transportation, works and services, as well as sales of goods of structural enterprises and divisions of the Company.

63. The cost of gratuitously transferred (received) property between the Company's structural enterprises, institutions and organizations is not recognized as income (loss) and is not subject to income tax and value-added tax from the receiving (transferring) party.

64. Internal movement between the Company's enterprises, performance of work, provision of services related to the provision of the transportation process, shall not be considered as revenue (turnover) from the sale of goods (works, services).

65. The Company uses property and funds under its jurisdiction in the interests of all enterprises. In accordance with the established procedure, it may build, reconstruct, acquire, receive and lease movable and immovable property (in this case, the rent from the delivery of property in the amount of 100% goes to the account of the enterprise of the asset-holder balance) - to perform other actions that do not contradict the law.

66. The construction of new and reconstruction of existing railway lines, railway transport facilities, expansion, reconstruction and technical re-equipment of existing enterprises, acquisition, modernization, capital repair and renewal of the service life of the rolling stock are carried out in accordance with the investment program of the Republic of Uzbekistan and the targeted construction program at the expense of own funds of the Company and other sources of financing.

67. Profit (income) obtained by the results of the Company's activity, after payment of taxes and other payments to the budget, is distributed according to the decision of the sole shareholder.

68. The Company and its structural subdivisions have the right:



- to open settlement and other accounts in any bank for the storage of cash and carry out all types of settlement, credit and cash transactions at the place of their registration;

- accumulate and transfer funds from net profit (after payment of taxes) to the central fund of the Company to finance centralized capital investments, maintenance of social facilities and educational institutions, to provide financial assistance to enterprises and other similar purposes;

- to create a reserve of funds for carrying out major repair work and special needs (content of materials of the reserve group II).

## **Section VII. Accounting, reporting and control**

69. The Company and its divisions maintain accounting records in accordance with the National Accounting Standards and operational economic accounting. Accounting, tax and statistical reporting are in accordance with the procedure established by applicable law.

70. In accordance with the established procedure, the Company's enterprises submit to the Company, tax authorities and other state bodies the necessary information on the results of their financial and economic activities in accordance with the current legislation.

71. Supervision over the activities of economic entities within the structure of the company is carried out in the form of internal and external audit.

72. The Audit Committee elected by a shareholder of the Company shall monitor the Company's financial and economic activities and provide the sole shareholder of the Company with an opinion on the reliability of the data contained in the financial statements, as well as information on violations of the law in the course of financial and business operations, financial statements.

73. Internal audit of financial and economic activities of the Company and its enterprises, targeted use of property and funds, as well as control and evaluation of the work of the Company's executive body, is carried out by the Internal Audit Service of the Company.

74. The external audit of the financial and economic activities of the Company and its enterprises is carried out by the audit organizations on a contractual basis in accordance with the current legislation.

75. Responsibility for the organization, condition and reliability of the Company's accounting in the Company, timely submission of the Company's annual report and other financial statements to the relevant authorities, as well as information on the Company's activities provided to creditors and to the mass media shall be borne by the executive body of the Company – the Management Board in accordance with the current legislation.

76. Before publishing annual reports and other information on financial and economic activities, the Company is obliged to verify and confirm them, to attract an external auditor not related to property interests with the Company or its enterprises.

77. The Company is obliged to keep:

- the Charter of the Company, amendments and additions to the Charter registered in accordance with the established procedure, documentation related to the creation and transformation of the Company, a certificate of state registration of the Company;

- documents confirming the rights of the Company to property located on its balance sheet;

- statutes and regulations on the enterprises and divisions included in the structure of the Company, on the branches and representative offices of the Company;

- decisions of the sole shareholder of the Company, minutes of meetings of the Board and the Management Board of the Company, as well as orders and orders of the Company's Management Board;

- financial statements of the Company, provided to the relevant government agencies;

- conclusions and reports of commissions, audit organizations, state control bodies;

- To keep other documents stipulated by the legislation in accordance with the Company's Charter, resolutions of the Company's bodies and legislation;

## **Section VIII. Reorganization and liquidation of the Company**

78. The Company is reorganized and liquidated in accordance with the procedure established by law.