

Decision of the Cabinet of Ministers of the Republic of Azerbaijan

On approving the Charter and Structure of “Azercosmos” Open Joint-Stock Company

For purpose of ensuring implementation of Section 4.1 of Order 885 of the President of the Republic of Azerbaijan dated May 3, 2010 “On establishment of “Azercosmos” Open Joint Stock Company”, the Cabinet of Ministers of the Republic of Azerbaijan **decides as follows:**

1. To approve the Charter of “Azercosmos” Open Joint-Stock Company (attached hereto).
2. To approve the Structure of “Azercosmos” Open Joint-Stock Company (attached hereto).
3. This Decision shall become effective from the date of signing.

A.RASIZADE

Prime Minister of the Republic of Azerbaijan

Baku, December 23, 2010

№ 240

The Charter of "Azercosmos" Open Joint Stock Company

1. General terms

1.1. "Azercosmos" Open Joint Stock Company (hereinafter - the Company) has been established by the President of the Republic of Azerbaijan” On Establishment of “Azercosmos” Open Joint-Stock Company” dated May 3, 2010, by the order No. 885.

1.2. All shares of the “Azercosmos” OJSCo-are state owned.

1.3. The issues, related to the “Azercosmos” OJSCo’s activities not regulated within the charter, shall be regulated by the legislation of the Republic of Azerbaijan.

1.4. The Company is the subordinate body of the Ministry of Communications and High Technologies (hereinafter-Ministry).

1.5. The official name of the Company is as follows:

- in a whole - "Azərkosmos" Açıq Səhmdar Cəmiyyəti;
- in contracted shortened form - "Azərkosmos" ASC.

The full name of the company in English - "Azercosmos" Open Joint Stock Company;

The contracted shortened name of the Company in English - "Azercosmos" OJSCo.

1.6. The legal address of - "Azercosmos" OJSCo.: 2 A.Abbaszade Street, Baku, Republic of Azerbaijan.

2. Legal status of the "Azercosmos" OJSCo.

2.1. "Azercosmos" OJSCo. is a legal entity, possesses its own balance, current and other accounts in banks.

2.2. "Azercosmos" OJSCo.-possesses its own property, is responsible for the obligations with its own property and is entitled to conclude contracts, agreements, as well as obtain and perform property and non-property rights, undertake duties, simultaneously "Azercosmos" OJSCo. is entitled to act as plaintiff and defendant under legislation.

2.3. "Azercosmos" OJSCo. has the seal, relevant stamps and blanks with description of State Emblem of the Republic of Azerbaijan on them and an indication of names of the Ministry and Company as well.

2.4. Establishment or liquidation of representative offices and branches of the "Azercosmos" OJSCo., establishment, reorganization or liquidation of its subordinate entities with legal status are being realized according to the legislation by getting permission of State Committee on Property Issues of the Republic of Azerbaijan

2.5. "Azercosmos" OJSCo., is able to carry out types of activities (for which special license is required) upon getting special license under legislation.

2.6. "Azercosmos" OJSCo. is not responsible for any obligations, undertaken by the state.

2.7. The State is not responsible for the obligations of the "Azercosmos" OJSCo. and takes risks in the limit of the value of the state-owned shares for the damages with regard to the activity of the "Azercosmos" OJSCo.

3. The main purpose and areas of activity of the Company

3.1. The main purpose of the "Azercosmos" OJSCo. is to carry out maintenance, operation and launch of the telecommunication satellite into orbit.

3.2. According to these purposes “Azercosmos” OJSCo. at his own disposal (in its use), operates in the following areas related to the maintenance of satellite, satellite systems and ground equipment:

3.2.1. to provide the connection of state bodies, legal and physical entities to satellite networks for expanding integration into global information space, securing and strengthening national and information security;

3.2.2. to organize and render satellite communications, telecommunication services, high speed satellite Internet service, radio and TV broadcasting through satellite and satellite systems, at the same time, acceptance from a distance and photographing services;

3.2.3. to arrange actions on selection of the satellite manufacturer, launch vehicle and insurance companies for launching telecommunication satellites into orbit;

3.2.4. to prepare proposals relating to expanding possibilities of orbital positions allocated for the Republic of Azerbaijan by the International Telecommunication Union, protect the rights over orbital positions, participate in international satellite communications organizations and take relevant measures regarding cooperation within its powers;

3.2.5. to provide management and operation of satellite systems, telecommunication satellites, at the same time, installation, supply and operation of the ground systems and ground satellite communications devices for using satellite services;

3.2.6. to establish relations with the satellite operators for effective use of satellite, organization of commercial activity and cooperation on the other issues;

3.2.7. to implement space activity, at the same time, fruitful commercial and scientific-technical cooperation with the relevant entities, other legal entities in the fields of satellite, carrier rocket technologies from the viewpoint of development of the satellite services and agitate and support scientific researches for developing satellite services and information technologies;

3.2.8. to take measures for creation of space complex of the fixed communications systems and organization of information services regarding movements of the multifunction satellite retransmission systems and transport;

3.2.9. to organize transmission and reception of the information types (which can transform into electromagnetic signals) through satellite telecommunication systems in regard to rendering satellite services;

3.2.10. to provide multi-functional individual satellite communications and data transmission for the development of telecommunication satellite network, creation of the new technical complexes for the satellite communications broadcasting technologies, as well as organize satellite navigation system and render satellite navigation services;

3.2.11. to provide sales of satellite services, satellite equipment and software within a country and abroad including consulting and project works, at the same time, create the corresponding sales network;

3.2.12. to arrange management and operation of the satellite, satellite services and marketing, coordination of orbital position, simultaneously staff training for regulation of relations with the other satellite operators;

3.2.13. to analyze the economic and financial state of the representative offices and branches of the “Azercosmos” OJSCo., its subordinate entities with legal status and take measures for increasing the efficiency of their activities;

3.2.14. to improve the social protection and working situation of the Company’s staff and take measures regarding labor protection within its powers;

3.2.15. to control the intellectual property of the “Azercosmos” OJSCo. under legislation and give orders in this regard;

3.2.16. to prepare proposals on implementation of reforms related to the sphere of activity and submit the proposals to the Ministry;

3.2.17. to take measures in connection with performing tasks, considered in the relevant state programs within its powers;

3.2.18. to effectively use the assets at its disposal under legislation;

3.2.19. to purchase products (operations and services) regarding implementation of economic activities, at the same time, to hold competitions (tenders) according to the legislation;

3.2.20. Implementation of other types of activities, which are not prohibited by the legislation, in accordance with the main purpose of the “Azercosmos”OJSCo..

4. Chartered Capital and property of the “Azercosmos”OJSCo.

4.1 Incomes of the “Azercosmos”OJSCo. consist of funds from technical assistance and grants, credits, service and manufacture, as well as from sources and activities not prohibited by the legislation.

4.2 The property of the “Azercosmos”OJSCo. consists of funds, circulating assets and other property.

4.3 The value of the property of the “Azercosmos”OJSCo. is reflected in its balance.

4.4 The chartered capital of the “Azercosmos”OJSCo. is 40000000 (forty million) manats and consists of nominal value of its shares. Chartered capital consists of 2000000 (twenty million) undocumented, registered, ordinary shares (nominal value of each is 20 (twenty) manats).

4.5 The property of “Azercosmos”OJSCo. is organized in accordance with the below-mentioned sources:

4.5.1 property included in the chartered capital;

4.5.2 incomes from implementation of economic activities;

4.5.3 other sources not prohibited by the legislation.

4.6 Increase and decrease of the chartered capital of the “Azercosmos”OJSCo. is implemented in accordance with the Civil Code of the Republic of Azerbaijan.

4.7 As a contribution to the chartered capital of the “Azercosmos”OJSCo. may serve money, securities, other properties, property rights and rights which can be expressed in money terms.

4.8 The “Azercosmos”OJSCo. has the right to establish reserve, insurance and other funds determined by the legislation.

1. Implementation of accounting and financial reporting in the “Azercosmos”OJSCo.

5.1 The “Azercosmos”OJSCo. carries out accounting and statistical calculation pursuant to the appropriate legislation of the Republic of Azerbaijan. The “Azercosmos”OJSCo. maintains the financial reporting in accordance with the International Financial Reporting Standards.

5.2 The first financial year of the “Azercosmos”OJSCo. starts from the date of state register and ends on the 31st December of that year. The next financial year starts on the 1st January and ends on the 31st December.

5.3. For the purpose of providing transparency, the “Azercosmos”OJSCo. has to publish at the press, with the auditor’s comment, the annual financial statement together with information on the conclusion of the deed (deed of special importance) in the amount of more than 25% of net assets cost of the “Azercosmos”OJSCo. during the period not later than April 30 following the expiration of each financial year.

5.4. The “Azercosmos” OJSCo. organizes accounting, reviews quarterly and annual financial statements of the representative offices and branches, as well as subordinate entities with legal status, summarizes, draws up general report, financial statements on financial-economic activities (accounting balance, benefit and loss statement, report on amendments in the capital, report on action of cash assets, accounting policy and explanatory notes) and presents, as defined, to the Ministry for confirmation.

5.5. Every year after expiration of the financial year the “Azercosmos”OJSCo. submits annual financial statements with the auditor comment to the Ministry of Finance of the Republic of Azerbaijan, upon its request, which implements the state regulation in the field of accounting.

5.6. “Azercosmos”OJSCo. ensures that examination of financial-economic activities of representative offices and branches, as well as subordinate entities with legal status is carried out in accordance with legislation in force.

1. High Management Body

6.1 High Management Body of the “Azercosmos”OJSCo. is the General Assembly of its shareholders.

6.2 The issues, which fall within the exclusive authorities of the General Assembly of the “Azercosmos”OJSCo. are solved according to the Order ref. 885 dated May 3, 2010 of President of the Republic of Azerbaijan “About Establishment of “Azercosmos” Open Joint Stock Company”.

7. Executive Body

7.1 Management Board is the joint executive body of the “Azercosmos”OJSCo.

7.2 Management Body solves all issues regarding management of the “Azercosmos”OJSCo. within its powers as defined by legislation and this Order.

7.3 Composition of the Management Board consists of 3 persons – Chairman of the “Azercosmos”OJSCo. assigned and dismissed by the President and two Deputy Chairmen assigned and dismissed by the Ministry.

7.4 The “Azercosmos”OJSCo. is headed by the Chairman of the Management Board.

7.5 The Management Board:

7.5.1 making reports whenever required as defined and whenever required in the legislation;

7.5.2 pays salaries, welfare allowances, awards and other payments of the staff of the “Azercosmos”OJSCo. within the framework of the wages fund in accordance with the appropriate legislation of the Republic of Azerbaijan;

7.5.3 takes decisions regarding application of new technologies;

7.5.4 determines rules of inside discipline of the “Azercosmos”OJSCo.;

7.5.5 determines the duties of the Heads of work units of the “Azercosmos”OJSCo.;

7.5.6 takes the decision regarding implementation of audit of the financial-economic activities of the “Azercosmos”OJSCo., its work units, representative offices and branches, as well as subordinate entities with legal status as a whole;

7.5.7 presents proposals to the Ministry about perspective development plan of the “Azercosmos”OJSCo., capital investments to other legal entities, changes and amendments to this Charter;

7.5.8 submits to the Ministry appropriate proposals to confirm annual reports, balance accounts, profits and losses and distribute profits and losses concerned with the activity of the “Azercosmos”OJSCo.;

7.5.9 Spends aimed assets as assigned at the disposal of the “Azercosmos” OJSCo. received from the sources (credits, grants, technical assistance, gains from arranging works, rendering services, etc.) in order to support the

“Azercosmos”OJSCo. and perform duties, entrusted to the “Azercosmos”OJSCo. and regularly presents reports to the Ministry;

7.6 the Meetings of the Management Board are officialized in the form of protocol and decisions are taken concerning discussed issues. These decisions come into force after signing by the chairman of the “Azercosmos”OJSCo..

7.7 Decisions of the Management Board of the “Azercosmos”OJSCo. are taken by a simple majority vote. Should the votes divide equally the vote of the Chairman shall be decisive.

8. Chairman of the “Azercosmos”OJSCo.

8.1 Chairman of the “Azercosmos”OJSCo.:

8.1.1 carries out actual management over the activity of the “Azercosmos”OJSCo.;

8.1.2 determines allocation of responsibilities among Deputy Chairmen;

8.1.3. Takes necessary actions for implementation of tasks and exercising of rights of the “Azercosmos” OJSCo. according to legislation of the Republic of Azerbaijan and this Charter;

8.1.4. Operates on behalf of the “Azercosmos” OJSCo. without power of attorney, as well as represents the “Azercosmos” OJSCo. in all state bodies, enterprises, entities and organizations (as well as international organizations);

8.1.5 Presents offers about structure of the “Azercosmos” OJSCo. number threshold of the employees, estimate of expenditures and submits to the Ministry for the purpose of confirmation accordingly;

8.1.6 Adopts decisions and gives necessary instructions on the implementation of works for the launch into orbit, management and operation of telecommunication satellites;

8.1.7. Confirms Regulations of the structural sections, branches and representative offices of the “Azercosmos” OJSCo. , as well as Charters of the subordinate entities with legal status according to the legislation;

8.1.8. Confirms structure and staff list of the subordinate entities of “Azercosmos” OJSCo. ;

8.1.9. Gives orders on the property of “Azercosmos” OJSCo. as determined in the legislation, concludes agreements, provides power of attorneys, opens settlement accounts and other accounts in banks;

8.1.10. Provides usage of purposeful resources received from the sources (credits, grants, technical supports, receipts for the works done and services provided and etc.) considered by legislation to the order of “Azercosmos” OJSCo. for implementation of tasks entrusted to the “Azercosmos” OJSCo. ;

8.1.11. By the agreement of the Ministry assigns to the post and dismisses the heads of representative offices and branches of the “Azercosmos” OJSCo. , as well as heads of subordinate entities with legal status;

8.1.12. Gives instructions to the structural sections, branches, representative offices of the “Azercosmos” OJSCo. and subordinate entities with legal status;

8.1.13. Assigns to the post and dismisses the employees (excluding deputies of the chairman) of the Administration of the “Azercosmos” OJSCo., takes stimulatory and disciplinary reproach actions concerning them, as well as heads of representative offices, branches of the “Azercosmos” OJSCo. and subordinate entities with legal status;

8.1.14. Within the powers provides implementation of the laws of Azerbaijan Republic, decrees and orders of the President of Azerbaijan Republic, decisions and orders of the Cabinet of Ministers of Azerbaijan Republic, other normative legal acts, decisions and orders of the Ministry;

8.1.15. For the purpose of management of the “Azercosmos” OJSCo. and regulation of the current activity it gives orders and decisions within its authorities, implementation of which are obligatory;

8.1.16 Establishes commissions for the purchase of goods, implementation of works and provision of services;

8.1.17. Fulfills other authorities as per the legislation.

8.2. In case of impossibility of the chairman of the “Azercosmos” OJSCo. to fulfill its functions, they will temporarily be carried out by the deputy chairman who will be determined by the Minister of Communications and High Technologies of the Republic of Azerbaijan.

9. Internal audit and financial control mechanism

9.1 The “Azercosmos” OJSCo. founds internal audit service which subordinates to the “Azercosmos” OJSCo. Colleagues of the internal audit service have a right to evaluate and make conclusions independently while they fulfill their functions.

9.2 Internal auditor should have 4 years working experience in the field of high economic and legal education or high education and audit for other specialty or concerned fields;

9.3 Main functions of the internal audit service are as follows:

9.3.1. Verification of compliance of the activity of “Azercosmos” OJSCo. , its structural sections, branches, representative offices, subordinate entities with legal status to the legislation of Azerbaijan Republic and internal rules of the “Azercosmos” OJSCo. ;

9.3.2. Making regular audit of operations made in all fields for the purpose of evaluating precisely the economic activity and financial situation of the “Azercosmos” OJSCo. ;

9.3.3. Provision of information to the chairman of “Azercosmos” OJSCo. about the results of internal audit verifications, as well as offers for the elimination of deficits appeared;

9.3.4. Implementation of other authorities considered in the corresponding legislation of Azerbaijan Republic and this Charter;

9.4. All the colleagues of “Azercosmos” OJSCo. are obliged to submit necessary documents upon the request of colleagues who implement internal audit and provide corresponding conditions for the fulfillment of their functions.

10. Independent (edge) audit of the “Azercosmos” OJSCo.

Independent audit of the financial – economic activity of the “Azercosmos” OJSCo. is made in accordance with corresponding legislation of Azerbaijan Republic.

11. Mutual relations of the “Azercosmos” OJSCo. with its branches and representative offices, as well as subordinate entities with legal status

11.1. Mutual relations of “Azercosmos” OJSCo. with its branches and representative offices, as well as subordinate entities are regulated in accordance with normative acts, this Charter, as well as their Charters and Regulations, decisions of the management bodies of the “Azercosmos” OJSCo.

11.2 The “Azercosmos” OJSCo. has following authorities in the mutual relations with branches and representative offices, as well as subordinate entities with legal status:

11.2.1 Submission of offers to the Ministry as per existing normative legal acts about the lease of property being at the balance of branches and representative offices, as well as subordinate entities with legal status to the legal and physical persons and deletion of main resources being at the balance;

11.2.2 Formulation of management bodies of the branches and representative offices, as well as subordinate entities with legal status in accordance with legislation.

11.2.3. Control over the formulation of prognostic indicators and statements for economic activity of the branches and representative offices, as well as subordinate entities with legal status, giving recommendations and offers regarding these issues, participation in their discussion;

11.2.4. Investigation and revision of the financial-economic activities of the branches and representative offices, as well as subordinate entities with legal status;

11.2.5. Provision of final revision of the activities of branches and representative offices, as well as subordinate entities with legal status;

11.2.6. Implementation of other authorities considered in this legislation and Charter.

12. Reorganization and termination

Issues related to the reorganization and termination of the “Azercosmos” OJSCo. are solved by the President of the Republic of Azerbaijan.

Approved by the Decree No. 240
dated 23 December, Of the Cabinet of Ministers
of the Republic of Azerbaijan

The Structure
of the “Azercosmos” Open Joint Stock Company

The office of the “Azercosmos” Open Joint Stock Company.