CHARTER OF JSC “DEVELOPMENT FUND OF GEORGIA”

Article 1 – General Provisions

1. JSC "Development Fund of Georgia" (hereinafter - the Fund or the Company) is a legal entity established in accordance with the Law of Georgia “On Entrepreneurs”.
2. The Company name/brand name is სს "საქართველოს განვითარების ფონდი", and in English - JSC "Development Fund of Georgia" (DFG).
3. The legal form of the Company is a joint-stock company.
4. The legal address of the Company is Vukol Beridze Street No. 6, Tbilisi, Georgia.
5. The Fund’s business year shall coincide with the calendar year.
6. The liability of the Fund to its creditors shall be limited to its whole property. The Fund’s shareholder shall not be liable for the obligations of the Fund.
7. The objectives of the Fund are:
a) to implement commercially sustainable projects, make profit and ensure an increase in the value of its financial assets;
b) to utilize the investment potential of Georgia;
c) to encourage the attraction of local and direct foreign investments for the implementation of investment projects in strategic economic sectors via monetary and non-monetary co-participation;
d) to develop and/or finance new projects;
e) to administer the Fund’s shares in implemented projects.
8. The Fund shall attract and administer funds. The sources of financing of the Fund may be:
a) grants attracted from international financial institutions;
b) loans from international financial institutions and other entities. The Fund, itself, is responsible to repay such loans;
c) return on investment;
d) dividends received from companies transferred by the State to the fund and/or from companies established by the Fund itself;
e) income derived from the sale of shares and securities;
f) the capital contributions of the founder of the Fund;
g) other resources permitted by the legislation of Georgia.
9. The Fund shall have the right to use the profit generated by project implementation for the purposes specified in this charter.
10. The Fund shall be authorised to carry out any action permitted by Georgian legislation, including, but not limited to, attracting investments, implementing projects, and carrying out any other activity necessary for the achievement of the objectives set forth in paragraph 7 of this article. Those activities, which are permitted by law only on the basis of the applicable license/permit, shall be permitted only from the time the relevant license/permit is obtained.

Article 2 – Shares and Capital

1. The Fund's issued, as well as subscribed (paid-up) capital amounts to 250,000,000 (two hundred and fifty million) GEL. The Fund's capital shall be divided into 250,000,000 (two hundred fifty million) ordinary shares. Each share shall have a nominal value of 1 (one) GEL.
2. A share is a registered intangible security that determines the participation of a person in the capital of the Fund.

3. The shareholder's right to the share shall be assured by both paragraph 2 of Article 3 of this charter and an entry in the Fund's share register or an entry of the nominal owner. The shareholder must be given an extract from the Company's share register or an extract from the nominal owner.
4. Shares are transferred by modifying the share register, which must be confirmed by a person authorised to keep the register.
5. The Fund shall have the right to issue other securities convertible into shares as provided by law.

Article 3 – Founding Shareholder of the Joint Stock Company
1. The founding shareholder of the joint-stock company is the state, represented by the government of Georgia (hereinafter – GOG).
2. The ownership interest of the shareholder in the capital shall be determined as follows: State – 100%.

Article 4 – Governance Bodies of the Fund
The governing bodies of the Fund are the supervisory board and the board of directors.

Article 5 – General Meeting of Shareholders
1. The decision made by the GOG while exercising the authority of the general meeting of shareholders is formalized in the form of a decree issued by the GOG.
2. The decision specified in the first paragraph of this article is made in accordance with the GOG Ordinance No. 77 "On Approval of the Regulations of the Government of Georgia" dated February 14, 2018.
3. The GOG makes decisions at the general meeting of shareholders on the following issues that, according to this charter, are in the scope of the general meeting of shareholders:
a) amending the charter, adopting a new version of the charter;
b) issues provided for by article 5(6) of the Law of Georgia "On Entrepreneurs";
c) the authorisation of the redemption of shares by the Fund;
d) the alteration of the subscribed capital;
e) determining the composition of the supervisory board, election and recall at any time, and the amount and structure of remuneration of their members;
f) the approval of the fund's audit report and the selection of the person conducting the audit. If the person conducting the audit is chosen by the Fund through a tender, the general meeting of shareholders has the authority to choose or not choose such a person at its discretion and, as a result, to approve one of the two audit reports;
g) the approval of a financial report and distribution of dividends;
h) participation in court proceedings against the directors and members of the supervisory board, including the appointment of a representative in such proceedings;
i) the acquiring of property by the Fund, in accordance with the rules established by state procurement legislation;
j) the acquiring of property by the Fund (except for property provided for by state procurement legislation) unless otherwise determined by a decision of the general meeting of shareholders;
k) the disposal, exchange (transactions related to each other), or otherwise encumbrance of any property by the Fund unless otherwise determined by a decision of the general meeting of shareholders;
l) determining the number, nominal value and classes of shares, and the attaching rights;
m) changing the nominal value of shares, or subscribing additional shares;
n) granting consent to the projects specified in article 9 of the charter;

o) agreement on the appointment or dismissal of the executive director and the deputy executive director(s);
p) any other issues, except those related to the day-to-day activities of the Fund.

Article 6 – Supervisory Board

1. The supervisory board is composed of at least 3 and not more than 5 members.
2. The composition of the supervisory board is determined by the general meeting of shareholders. To ensure the supervisory board member's independence, he/she cannot be a state employee, a state-political official, a political official, a civil servant and an employee of the Fund or a person authorized to represent the Fund starting from the moment the member's authority becomes effective. The candidate must meet the following qualification requirements: a higher education and at least 5 years of work experience in a managerial position in the financial and/or entrepreneurial sectors; a high reputation; no criminal record; members may also be citizens of other countries.
3. The activities of the supervisory board are managed by the chairperson. The chairperson of the supervisory board and his deputy are elected for a three-year term by the fund's supervisory board from among its members.
4. A member of the supervisory board may not be at the same time a member of the board of directors.
5. Each member of the supervisory board shall be elected by the general meeting of shareholders for a three-year term. The term of office of a member of the supervisory board shall be automatically extended, after its expiry, until a general meeting is held and new members are elected at that meeting. A member of the supervisory board may be re-elected.
6. By a decision of the general meeting of shareholders any member of the supervisory board may be recalled from membership at any time. Following the appointment of a member of the supervisory board, an service contract is executed between the joint-stock company and the member of the supervisory board, which on behalf of the joint-stock company is signed by the Prime-Minister of Georgia. The labour law provisions do not apply to the service contract. The services of the members of the supervisory board shall be compensated in the amount and manner determined by the general meeting of shareholders.
7. The supervisory board shall control the activities of the board of directors, and the functions of the board of directors may not be delegated to it, except for the cases provided for by legislation.
8. The supervisory board shall have the right:
a) to make a decision by majority vote on the direction, criteria and rules of financing the investment project based on the proposals and recommendations submitted by the board of directors. Furthermore, the financing rules must be agreed upon by the general meeting of shareholders;
b) to monitor the funded project's progress and performance;
c) to make a decision on the disposal of the Fund's interests/shares of the companies in its capital, as well as the foundation of a company with the Fund's equity participation and acquisition of shares, which decision also determines the Fund's powers in the founded/acquired company, the form of the Fund's equity participation in the project, and the amount of the share. The board of directors ensures that the supervisory board's decisions are carried out, taking into account article 5, clause 3 and article 9 of this charter;
d) to make a decision to keep the shareholders' register through an independent registrar and the sign the agreement with it;
e) to grant to any person a written general commercial power of attorney. A general commercial power of attorney may be granted jointly to two or more persons, who may individually or jointly represent a Company (a joint general commercial power of attorney);

f) to request, at any time, from the board of directors a report on the activities of the Fund;
g) to request, review, inspect and examine the business documents of the Fund, including the accounting documents, the property, and the cash of the Fund; to assign the above tasks to each member of the supervisory board or to engage experts to carry out such tasks;
i) to examine the annual accounts, proposals on profit distribution, and report on the activities of Fund, and to report to the general meeting in this regard;
j) to represent the Fund in relations with a board of directors, including in a court;
k) to approve the Fund's budget for the current fiscal year as well as the Fund's activity report;
l) to approve the Fund's organizational structure, payroll, and statutes of departments/divisions;
m) to approve the remuneration and motivation system for employees of the Fund and supervisory board;
n) to form committees in the supervisory board not otherwise provided for by the charter and to establish their bylaws;
o) to define the rules for disposing of the Fund's property and agree it with the general meeting of shareholders;
p) to make other decisions on matters directly assigned to its competence by charter.
9. The supervisory board's tasks and competencies shall be as follows:
a) control over the board of directors' activities;
b) control and inspect the Fund's financial documentation;
c) appointment and dismissal of the Fund's chairperson of board of directors (executive director) and deputy executive director(s) in agreement with the general meeting of shareholders.
10. Other tasks and competence of the supervisory board can be determined by the general meeting of shareholders.
11. The supervisory board may make a decision following discussion at the meeting. The session may be held at the Fund’s or any other address, in accordance with the rules defined by this charter, as well as via electronic devices.
12. The chairperson of the supervisory board, and in the case of convening an extraordinary session and in instance provided for by article 217.3 of the Law of Georgia "On Entrepreneurs", also the executive director, (hereinafter - the initiator) shall have the authority to convene the supervisory board meeting. The invitation can also be sent via electronic means. The notice of the supervisory board meeting is sent to the members of the supervisory board, along with the tentative agenda, 8 (eight) calendar days before the meeting's estimated date. The format of the meeting is determined by the initiator. Members of the supervisory board shall not be represented by other persons, including other members.
13. The meeting of supervisory board is authorised to adopt decisions if, at least, half of the existing members attend the meeting and the decisions shall be made by a majority of the members attending. In the case the votes are equally divided, the vote of the chairperson of the supervisory board (in his absence, the vote of the chairperson of the meeting) shall be decisive. If the supervisory board is not authorised to adopt decisions, the chairperson of the meeting of the supervisory board may convene a new meeting within not later than 48 (forty eight) hours, which shall be authorised to adopt decisions irrespective of the number of attending members of the supervisory board.

Article 7 – Audit Committee

1. An audit committee shall be established within the supervisory board, in accordance with the Law of Georgia "On Entrepreneurs".
2. A member of the audit committee shall have competence in the field of activities of the Company. At least one member of the audit committee shall have competence in accounting and/or auditing.

3. The audit committee shall supervise:
a) the Fund's structural division of internal audit;
b) the financial reporting process;
c) the effectiveness of quality control, risk management and, where relevant, of the internal audit of financial information;
d) the audit of the financial statements/consolidated financial statements based on the opinions included in a quality control system monitoring report;
e) the observance by the auditor/audit firm of the requirements (including the rules regarding independence) of the Law of Georgia “on Accounting, Reporting and Audit”.
4. An audit committee shall submit to the supervisory board information about the results of the audit conducted, the effect of the audit on the veracity of the financial statements, and the involvement of the audit committee in that process.
5. An audit committee shall make recommendations for ensuring the veracity of financial information, and for the auditor/audit firm to be selected by the general meeting.
6. An audit committee shall regularly submit to the supervisory board an activity report, and shall immediately notify them of any hindrances that emerged while it was performing its functions.

Article 8 – Board of directors
1. The main functions of the board of directors shall be to develop investment projects, submit projects to the general meeting of shareholders, in instances prescribed in the paragraph 3, Article 4 of the Law of Georgia "On JSC Development Fund of Georgia," and likewise to the supervisory board - in the instances prescribed in the paragraph 4, Article 6 of the same Law, and manage approved projects, as well as to carry out other powers granted by this charter and the supervisory board.
2. The structure, number of members, and composition of the board of directors shall be agreed upon with the supervisory board.
3. The main functions of the board of directors are:
a) developing investment projects and presenting them to meeting of shareholders or the supervisory board of the Fund in the cases provided for in the first paragraph of this article;
b) project management;
c) taking into consideration paragraph 3 of article 5 and article 9 of this charter, and without prejudice to the decision/decisions of the supervisory board made in accordance with the paragraph 8(c) of article 6 of the charter, exercising the authority of a partner/shareholder in enterprises existing/founded with the equity participation of the Fund, including, without limitation, making capital contributions and capital alterations in such enterprises existing/founded with the equity participation of the Fund, creation/cancellation of the supervisory board, appointment/call-out of members of the supervisory board, distribution and utilization of net profit, as well as participation in decision-making on issues regarding the distribution of annual and interim profits in the form of dividends, confirmation of the decision on approval of the charter and its amendments, making decision on other issues that are within the competence of the partner/shareholder under the approved charter;
d) exercise other rights granted by this charter and the supervisory board.
4. The board of directors shall make decisions in the following manner:
a) the board of directors shall meet based on the executive director's decision, as needed, but no less than once a month;
b) each member has one vote at the meeting of the board of directors. The board of directors shall adopt decisions by a majority of votes of the members attending the meeting. The meeting shall be authorized

to adopt a decision if more than a half of the members out of total composition are present. If the votes on the topic under consideration are split, the executive director shall have the authority to cast the decisive vote;
c) The executive director shall determine the agenda for the board of directors. The board of directors shall be authorised to adopt decisions without conducting a meeting with the preliminary decision of the executive director if such a decision is made in writing and more than half of the total members of the board of directors agree to it. Decisions made in this manner shall be reflected in the board of directors' decision;
d) The board of directors shall have the authority to enact additional rules and regulations governing the decision-making process by the board of directors;
e) The secretary of the meeting shall prepare the minutes of the board of directors' meetings. The meeting minutes shall be signed by the members of the board of directors and the meeting secretary;
f) If necessary, the board of directors' decision on the matter discussed at the meeting may be reflected in the order of the executive director and included in the minutes of the board of directors' meeting;
g) The executive director shall have the authority to present any matter within his competence before a board of directors meeting for discussion or agreement.
5. The board of directors shall be obliged to publish the information required by the legislation on the authorised user's page of the electronic portal.
6. The board of directors' activities shall be managed by the chairperson of the board of directors, that is the executive director, who shall be appointed and dismissed by the supervisory board for a three-year term. The executive director shall manage and represent the Fund, also shall manage the day-to-day activities of the Fund in accordance with this charter and the applicable laws of Georgia. The Fund's representative authority shall also be delegated to the deputy executive director(s), who shall be nominated for a three-year term. The executive director and the deputy executive director(s) of the Fund shall represent the Fund individually.
7. The executive director shall make decisions on matters that do not fall under the authority of the supervisory board or the general meeting of shareholders according to this charter and the applicable laws.
8. The chairperson of the board of directors shall directly manage the implementation of the project.

Article 9 – Participation in the Projects
1. The Fund's priority areas for project financing are:
a) high-tech and eco-friendly production;
b) innovative production and start-up enterprises (start-ups);
c) export-oriented production;
d) local production with import substitution potential;
e) performance of any economic activity permitted by the legislation of Georgia (excluding gambling business) in which Georgia's economy has a comparative advantage over other countries' economies.
2. For the priority areas specified in the first paragraph of this article the supervisory board shall define the amounts of funds (investment plan), within the framework of which relevant projects will be financed at the start of each year. If the project covers more than one priority, the funds to be invested in this project will be allocated to the priority that is the most important for this particular project. The supervisory board shall have the authority to make changes to the investment plan throughout the year.
3. The guiding principles of the Fund's financing activities are as follows:

a) maximum effectiveness of this activity and participation of the Fund only in projects in which the Fund indirectly represents the state as a minority shareholder that will maximally support the attraction of other investments;
b) determine the strategy and objectives of investment or other kind of activities and implement them in accordance with the charter of the Fund;
c) conducting investing or other activities through transparent and fair procedures, impartially, and considering best business practices.
4. Taking into account paragraphs 1 through 3 of this article and based on proposals and recommendations submitted by the board of directors, the supervisory board shall make a decision, by majority of votes, on the investment projects financing areas (investment plan), criteria, and rules. The criteria may include issues related to the rules for assigning a specific project to the appropriate area, while the rules may refer to direct negotiation as well as public tender rules. In all cases, the investment plan and the methods for implementing it (direct negotiation or public tender) shall be made public on the Fund's webpage.
5. The Fund considers financing a project if the value of its investment, at the same time, is:
a) not less than 3 million GEL, save for the exceptional cases defined by the supervisory board;
b) not more than 30% of the project's value, save for the exceptional cases defined by the supervisory board; and
c) not more than 49% of the project's equity.
6. During the project's implementation, the Fund's obligation to determine the terms and conditions for the disposal of 100 percent of its share shall be established in agreement with the Fund's supervisory board. This agreement can also be general that applies to any or a group of related projects.
7. The project shall be co-financed by the private sector, including capital contributions, loans, guarantees, or otherwise. Private sector co-financing may not include preparatory work required for project implementation. A project cannot be financed without co-financing.
8. Unless otherwise specified by the decision of the general meeting of shareholders adopted based on this charter and/or by the decision of the supervisory board in the part of the powers of the supervisory board, the fund's participation in the project requires the decision of the fund's supervisory board or the general meeting of shareholders.
9. The measures taken/to be taken on matters related to the management of projects approved before September 10, 2023, including the implementation of financing determined upon approval of this project and the disposal of property/assets created within the framework of the projects, shall not be considered to be the implementation of a new project, except for the decision to increase the Fund’s financing for such projects.
10. The effect of this article shall not apply to the Start-up Georgia project, including start-up projects to be implemented within its framework and/or ongoing projects, and such projects shall be governed in accordance with the Ordinance No. 206 of the GOG dated May 11, 2016 "On the Approval of the Programme for Promotion of Start-ups (Start-ups)".
11. Unless otherwise determined by the general meeting of shareholders, for the Fund's participation in the project the decision of the general meeting of shareholders is necessary.

Article 10 – Rights and Duties of a Shareholder
1. The sole responsibility of a shareholder is to ensure that the contribution is made in accordance with the relevant legal act(s) of the GOG.
2. The shareholder shall have the right to request a special inspection/audit of the economic activities or the overall annual balance.

Article 11 – Reporting of the Fund
The chairperson of the supervisory board of the Fund shall submit an annual report on the annual activities carried out by the fund to the general meeting of shareholders. The Fund shall publish annual financial statements audited by an auditor/auditing firm every year.

Article 12 – Liquidation of the Fund
The liquidation of the Fund shall be carried out according to the procedure established by Georgian legislation.

Article 13 – Conclusive Provisions
Issues not regulated by this charter shall be governed by the relevant norms of the Law of Georgia "On Entrepreneurs".