

“APPROVED”

By the decision of the annual
general meeting of shareholders
of Uzmetplant JSC on June 29, 2024

REGULATION
on the procedure for Remuneration of the executive
body of JSC “Uzmetplant”

Bekobad city - 2024

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I. General provisions

1. This Regulation on the procedure for paying remuneration to the executive body of the Joint Stock Company “Uzmetplant” (hereinafter referred to as the Regulation) has been developed in accordance with the Law of the Republic of Uzbekistan “On State Property Management”, the Resolution of the President of the Republic of Uzbekistan “On Measures for the Effective Organization of the Activities of the State Assets Management Agency” dated March 24, 2023 №. PD-101, the Resolution of the Cabinet of Ministers “On Measures to Further Improve the System for Assessing the Effectiveness of the Executive Body of Enterprises with State Participation” dated December 9, 2020 №775 and the Charter “On Criteria for Assessing the Effectiveness of the Activities of Joint-Stock Companies and Other Business Entities with State Participation”, approved by Resolution № 207 dated July 28, 2015, the Rules of Corporate Governance for Enterprises with State Participation, and the Regulation of JSC “Uzmetplant” (hereinafter referred to as the Plant).

2. This Regulation defines the basis of remuneration to the Executive body of the Plant, the procedure for calculating the incentive and the sources of payment in order to increase the interests of the Executive body for the financial and economic performance of the Plant and to provide appropriate financial incentives to the Plant’s Executive body.

3. Compliance with the requirements of the statute is mandatory for all employees participating in the calculation and payment of remuneration and incentive money for the Executive Body of the Plant.

4. The General Meeting of Shareholders of the Plant has the right to decide not to pay additional incentive payments and (or) not to reimburse expenses to the executive body, to decide not to take into account the recommendations of the Supervisory Board and its Nomination and Incentive Committee (hereinafter referred to as the Committee) on paying additional incentive payments and (or) compensating expenses to the Executive Body.

II. Main concepts

5. The following basic concepts are used in the Regulation:

Executive body – the chairman of the board or the Board of Directors of the Plant, which manages the daily activities of the Plant.

Governing body of the combine – is the general meeting of shareholders, the Supervisory Board

Business plan – a document approved by the Supervisory Board of the Plant, reflecting the main plan indicators of the financial and economic activities of the Plant and the target values of the indicators for the reporting period in quarters.

Key performance indicators (KPI) – Plant based on the strategic development plans of the Plant, which is an integral part of the business plan and is

reflected as a separate application, consists of quantitative assessment criteria used to determine the effectiveness of the Executive body's activities.

Cumulative efficiency index (CEI) – the average amount calculated on the important indicators of the effectiveness of the Executive body of the Plant (KPI).

Bonus - a type of additional incentive paid as a lump sum by the decision of the general meeting of shareholders if the effectiveness of the executive body's activities at the end of the year is highly assessed and the planned net profit indicator is met.

III. Procedure and amount of remuneration for the executive body

6. Fees to the Planted Executive may include the following fees:

6.1. Position Salary (rate);

6.2. Incentive payments paid based on the performance evaluation results of the executive body's;

6.3. Bonuses;

6.4. Incentives for long-term service;

6.5. Bonuses for non-working holidays established by the state;

In this case, it is not required to make a separate decision of the governance body of the Plant to make the payments specified in subsections 6.1, 6.4 and 6.5.

7. The employment contract concluded with the head of the executive body of the plant, his first deputy, deputies, and a member of the governance board shall establish a fixed salary for the governance board member, which is related to the position held, qualification requirements, and the nature of the work performed.

8. The salary of the members of the Executive Body of the Plant is paid monthly for the actual working time.

9. The incentive is paid to the Executive body to ensure its interest in improving the efficiency of the Plant's management and achieving the goals (plan indicators) set in its development strategy and business plan for the reporting period.

In this case, incentives are given based on the results of activities at the end of each quarter and year.

10. Incentive payments based on the results of the assessment of the effectiveness of the executive body's activities are made after the assessment of the effectiveness of the activities, provided that the net profit is received in the amount specified in the company's business plan, and are allocated according to the following criteria in accordance with the work performed: **insufficient, average, sufficient and high**.

11. Based on the indicators of the Business Plan of the Plant approved by the Supervisory Board, the report of the Executive Body on the implementation of the KPI is heard every quarter.

12. Incentives based on the results of the effectiveness of the executive body's activities are carried out in accordance with the Regulation on the criteria for assessing the effectiveness of the activities of joint-stock companies with state shares and other business entities, approved by Resolution №207 of the Cabinet of Ministers of July 28, 2015.

13. The amount of incentive payments paid quarterly based on the results of the assessment of the effectiveness of the executive body's activities is determined in the Plant's business plan, but the maximum amount of incentive payments cannot exceed 1 (one) time the employee's salary (wages).

14. The amount of remuneration for the head and members of the Executive Body of the Plant during the reporting period is determined by multiplying the amount of financial incentive for the executive body provided for in the business plan by the CEI using the following formula:

Рчор = 1 x Локд x СЙК x К, бунда:

$R_{chor} = 1 \times Lokd \times SYK \times K$, where

Rchor - the amount of incentives paid to the head and members of the Executive body at the end of the reporting quarter;

1 – the amount (coefficient) of incentives for the head and members of the Executive body specified in the business plan;

Lokd – the current official salary of the head or deputy head of the Executive Body of the Combine (as of the beginning of the reporting quarter or as of the date of conclusion of the employment contract);

SYK – total indicator (coefficient) of KPI at the end of the reporting quarter;

K - the period of actual operation, determined by the following formula:

$K = Kaml / Knorm$

Kaml - the number of working days in the reporting quarter;

Knorm – the number of normal working days in the reporting quarter;

During the reporting period, the number of days actually worked by the head and members of the Executive body includes the number of days they are on vacation, sick leave, training leave, and vacation at their own expense (if it does not exceed 15 calendar days).

In this case, according to the decision of the Supervisory Board, based on the actual participation of the executive body in the formation of the results of the Plant's activity, a correction coefficient can be applied.

15. If the CEI and the percentage of its implementation exceed the forecast (target indicator) in at least half of all KPI, based on the decision of the General Meeting of Shareholders of the Plant, the amount of remuneration for the head and members of the Executive Body may be doubled compared to the amount of remuneration provided for in the business plan.

16. The payment of incentive payments based on the results of the evaluation of the performance of the executive body is carried out quarterly in accordance with the decision of the Supervisory Board.

17. If during the year (quarter) the members of the Executive Body of the Plant were elected in a new composition or one or more of its members were changed (elected), then based on the results of the assessment of the effectiveness of the activities of the Executive Body of the Plant, incentive payments are paid in proportion to the period of their actual work.

18. The implementation of the KPI, CEI and their implementation at the end of the year should be audited by an audit organization, either as part of a separate additional subject of the contract for the audit at the end of the year, or by a separate audit organization through the provision of related services.

19. According to the results of the inspection carried out by the auditing organization, necessary clarifications will be made to the previously calculated KPI, CEI amount and their fulfillment percentages. If as a result of clarifications made to the amount of KPI, CEI and their fulfillment percentages:

In order to improve the amount of payments paid to the head and members of the executive body of the combine, when it is determined that it is necessary to calculate them additionally, this positive difference is corrected when the incentive money paid to them is paid according to the results of the work in the reporting year;

If a situation arises that **necessitates withholding overpaid payments**, the negative difference in payments previously paid to the head and members of the Executive Body of the Plant shall be adjusted when paying them incentive payments based on the results of work in the reporting year or, with their consent, shall be **withheld from their wages** or compensated in another manner established by law

20. If the annual CEI exceeds **100%** and the planned net profit indicator is met, the head and members of the Executive Body may be paid a bonus from the part of the net profit that exceeds the plan by decision of the General Meeting of Shareholders in the following manner:

when the plan increases from 10 percent to 20 percent, the bonus amount is **up to 1 percent**;

increases to 40 percent - **up to 2 percent**;

increases to 60 percent - **up to 3 percent**;

increases to 80 percent - **up to 4 percent**;

increases to 100 percent and more - **up to 5 percent**.

21. Bonuses to the head and members of the executive body are paid at the end of the year.

22. The personal amount of the Bonus is calculated for each member of the Executive Body entitled to receive the Bonus by multiplying the share of the total official salary calculated in the reporting year in which the Bonus is calculated in

the total amount of official salaries calculated for all members of the Executive Body entitled to receive the Bonus by the Bonus amount specified in paragraph 20 of these Procedures.

23. The bonus is paid to the head and members of the Executive body who worked for **more than 6 months** in the reporting year.

24. Information about the amount of the paid bonus will be posted on the **official website** of the Plant within **two days** from the date of payment.

25. Incentives not related to long service and labor results are paid in cases established by the Collective Agreement and in the amount established by order of the Chairman of the Board - General Director, regardless of the results of the activities of the Executive Body and the assessment of efficiency:

a) On the occasion of non-working public holidays.

6) Remuneration for long-term service is carried out in accordance with the procedure specified in the Collective Agreement of the Plant.

IV. Restrictions on incentive payments to the executive body

26. The Executive Body of the Plant shall not be entitled to calculate or pay any incentive payments or bonuses related to the Executive Body in the following cases, except as provided by law:

- When the effectiveness of the Executive Body's activities is assessed as unsatisfactory or low and/or their activities are not assessed at all;

- When the performance evaluation results of the Executive Body are not published on the official website of the Management Agency (<https://kpi.davaktiv.uz/site/>);

- When the information specified in the legal documents about the operation of the Plant is not submitted on time to the information system of the State Assets Management Agency "State Property";

- When a disciplinary action in the form of a "reprimand" is imposed on the head and/or members of the Executive Body by the Government or the Supervisory Board;

- When the annual net profit of the Plant is less than the total amount of the incentive funds to be paid.

Also, based on the Committee's conclusion, the Supervisory Board may decide not to pay the incentive funds.

27. If the performance of the Executive Body is deemed unsatisfactory or low (in any case) for two consecutive quarters and/or its results are not posted on the official website of the State Assets Agency, it will lead to the initiative of the Plant shareholder or Supervisory Board to terminate the employment contract with the head of the Executive Body.

If the powers of the members of the Executive body are terminated before the deadline, the calculation and payment of the specified incentive for the reporting

period shall be carried out taking into account the actual time spent as a member of the Executive body of the Plant.

V. Sources of incentive for the executive bod

28. Incentive of the Planted Executive Body is paid within 1 (one) month after the decision of the Supervisory Board is adopted.

29. Incentives are granted by order of the Chairman of the Board of Directors - General Director of the Plant, which is adopted on the basis of a decision of the Supervisory Board.

30. The circulating (monetary) funds of the Plant are the source of payment to the Executive body for the reporting period.

31. The net profit of the Plant for the reporting period is the source of bonus payments to the executive body.

VI. Final Provisions

32. This Regulation are developed by the Committee and, after approval by the Supervisory Board of the company, are approved by the decision of the General Meeting of Shareholders.

33. The Regulation shall enter into force from the date of its approval by the resolution of the General Meeting of Shareholders and shall be valid until its cancellation or until a new Regulation on the payment of incentives is adopted.

In this case, the decision of the General Meeting of Shareholders to approve, amend and/or add to the Regulation is made by a majority vote of the shareholders present at the meeting.

34. Amendments and/or additions to the Regulation may be made in connection with amendments and/or additions to legislation, the Company's Regulation, and internal documents.

Amendments and/or additions to the Regulation shall enter into force upon approval by the resolution of the General Meeting of Shareholders.

35. Disputes related to the implementation of payments established by this Regulations are considered by the Supervisory Board.

36. If it is impossible to resolve disputes within the corporate governance bodies of the plant, a member of the Executive Body who believes that his or her legitimate rights and interests have been violated has the right to apply to the judicial authorities in accordance with the procedure established by the legislation of the Republic of Uzbekistan.

37. If, as a result of amendments to the legislation of the Republic of Uzbekistan and/or the Regulation of the Plant, certain provisions (requirements) of this Regulation contradict or are inconsistent with them, the norms of the legislation of the Republic of Uzbekistan and/or the Regulation of the Plant shall prevail.

38. In accordance with this Regulation, the amounts of remuneration paid to the Executive Body of the Plant shall be determined in the employment contract concluded with it.