

**"APPROVED"**

decision of the extraordinary general meeting of shareholders  
of JSC " BOKIMYO "  
dated September 19 , 2023

Chairman of meeting  
O. Khurramov

*(seal)*

**POSITION  
ABOUT THE PROCEDURE OF REMUNERATION PAYMENTS  
TO MEMBERS OF THE EXECUTIVE BODY  
JOINT STOCK COMPANY  
BOKIMYO**

**(New edition)**

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## 1. General Provisions

1. These Regulations ( *hereinafter referred to as the enterprise* ) were developed in accordance with the Resolution of the President of the Republic of Uzbekistan “ **On measures for the effective organization of the activities of the agency for managing state assets**” PP-101 dated April 8, 2022 , Resolution of the Cabinet of Ministers of the Republic Uzbekistan dated December 9, 2020 No. 775 “On measures to further improve the system for assessing the performance of the executive body of state-owned enterprises and Resolution of the cabinet of Ministers of the Republic of Uzbekistan dated July 28 , 2015 No. 207 “ **ON the introduction of criteria for assessing the performance of joint-stock companies and other economic entities with a state share**”, **Corporate Governance Rules for State-Owned Enterprises** and the Charter of JSC " BOKIMYO " ( *hereinafter referred to as the enterprise* )

2. **This provision establishes the basis for remuneration of the executive body of the enterprise, the procedure for calculating incentives and sources of payment, in order to provide decent financial incentives for the executive body of the enterprise and increase the interest of the executive body in the results of the financial and economic activities of the enterprise.**

3. For all employees involved in the calculation and payment of remuneration and incentive funds to the executive body of the enterprise, compliance with the requirements of the regulations is mandatory.

4. The general meeting of shareholders of the company has the right to decide not to pay additional incentive payments to the executive body and (or) not to cover expenses, and not to take into account the recommendations of the Supervisory Board and the Committee for Appointments and Incentives under it (hereinafter referred to as the Committee) on the payment of additional incentive payments to *the* executive authority and (or) to cover the costs.

## II. Basic definitions

5. The following definitions are used in this provision:

The executive body is the director (chairman of the board, head) or the management of the enterprise, which manages the current activities of the enterprise . .

The governing body of the company is the general meeting of shareholders, the supervisory board.

Business plan - a document approved (approved) by the governing body, reflecting the main planned indicators of the financial and economic activities of the company and target values of indicators for the reporting period by quarter.

**Key performance indicators (KPI)** are quantitative evaluation criteria based on the company's strategic development plans, reflected as an integral part of the company's business plan and used to determine the effectiveness of the executive body.

**Integral efficiency coefficient (IEC)** is the average amount calculated based on the effective performance indicators of the executive body of the enterprise (KPI).

Bonus - a type of additional incentive paid at a time based on the decision of the relevant management body of the enterprise, if the activities of the executive body at the end of the year are highly valued and the target net profit is achieved.

## I II. Procedure and amount of payment to the executive body

6. The remuneration of the executive body of the enterprise may include the following payments:

6.1. Official salary (paid);

6.2. Incentive payments paid based on the results of the evaluation of the activities of the executive body;

6.3. Bonuses;

6.4. Incentive for long service;

6.5. Bonuses in connection with non-working holidays determined by the state;

6.6. Financial assistance provided once a year to restore health;

6.7. Temporary Disability Allowance;

6.8. Compensation payments.

To make the payments specified in clauses 6.1, 6.4, 6.5, 6.6 and 6.7, a separate decision of the company's management body is not required.

7. The head of the executive body of the enterprise and his first deputy, deputies, member of the board are assigned a fixed official salary in the following amounts, which depends on their position, qualification requirements and scope of work:

- to the head of the enterprise - 12 (twelve) times the minimum wage in the territory of the Republic of Uzbekistan;

- to the first deputy head of the enterprise - 11.5 (eleven and a half) minimum wages in the territory of the Republic of Uzbekistan;

- to the deputy head of the enterprise and the chief accountant - 10.6 (six tenths) of the minimum wage in the territory of the Republic of Uzbekistan;

- members of the executive body who are heads of the main structural divisions of the enterprise - 9.5 (nine and a half) times the minimum wage in the territory of the Republic of Uzbekistan.

8. The official salary of members of the executive body of the enterprise is paid monthly for actual working hours.

9. Incentives are paid to the executive body to ensure its interest in improving the efficiency of enterprise management and achieving the goals (planned indicators) established in its development strategy and business plan for the reporting period.

In this case, incentives are provided based on the results of the quarter and year.

10. Incentive payments based on the results of assessing the activities of the executive body are made after assessing the company's activities in the event of net profit in the amount provided for by the company's business plan, and are distributed according to the following criteria depending on the work performed: insufficient, moderate, sufficient and high .

11. Based on the indicators of the business plan of the enterprise, approved by the management body of the enterprise, a report of the executive body on the implementation of KPI is heard on a quarterly basis.

12. Stimulation based on the results of the activities of the executive body is carried out in accordance with the regulation on the criteria for evaluating the effectiveness of the activities of joint-stock companies and other business entities with a state share, approved by the decision of the Cabinet of Ministers. dated July 28, 2015 No. 207.

13. The amount of incentive payments paid quarterly based on the results of the evaluation of the performance of the executive body is determined in the business plan of the enterprise, but the maximum amount of incentive payments cannot be more than 2 (two) times the official salary.

14. In the reporting period, the amount of remuneration for the head and members of the executive body of the enterprise is determined by multiplying the amount of money by the material incentives for the executive body provided for in the business plan for the ICE, according to the following formula:

$V_{kv} = 2 \times Dokl \times IKE \times R$ , where:

$V_{kv}$  – In quarter – the amount of incentive payments paid to the head and members of the executive body at the end of the reporting quarter

2 – the amount (coefficient) of incentives for the manager and members of the executive body specified in the business plan;

Dokl - the current official salary of the head or deputy executive body of the enterprise (at the beginning of the reporting quarter or the date of conclusion of the employment contract);

IKE – integrated indicator (coefficient) of KPI at the end of the reporting quarter;

R – actual working period, determined by the following formula:

$R = R_{fact} / R_{norms}$

$R_{fact}$  – the number of working days in the reporting quarter;

$R_{norms}$  – the number of standardized working days in the reporting quarter;

The number of days actually worked by the manager and members of the executive body in the reporting period includes the number of days that they were on vacation, sick leave, study leave, or vacation at their own expense (if it does not exceed 15 calendar days).

By decision of the management body or committee, based on the actual participation of the executive body in the formation of the results of the enterprise, a correction factor can be applied.

15. In the event that the percentage of implementation of the IQ according to the forecast indicators (target indicator) is exceeded in at least half of all KPI, the supreme management body (by decision of the general meeting of shareholders), the amount of remuneration for the head and members of the executive body can be doubled compared to the amount of remuneration provided for by the business -plan .

16. The payment of incentive payments based on the results of the evaluation of the activities of the executive body is carried out on the basis of the results of the reporting period on a quarterly basis in accordance with the decision of the supervisory board (in its absence, the general meeting of shareholders).

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

18. KPI, IKE and their performance at the end of the quarter and year must be verified by an audit organization as part of a separate additional subject of the contract for conducting an audit at the end of the year or by a separate audit organization providing similar services.

19. Based on the results of the audit conducted by the audit organization, the necessary clarifications will be made to the previously calculated amount of KPI, IQE and the percentage of their implementation. If, as a result of clarification of the amount of KPI, IECs and the percentage of their implementation:

in order to improve the amount of payments paid to the head and members of the executive body of the enterprise, when it is established that it is necessary to make their additional calculation, this positive difference is corrected when they are paid incentive payments based on the results of work in the reporting year;

when determining a situation that makes it necessary to withhold overpaid payments, the negative difference in payments previously paid to the head and members of the executive body of the enterprise is corrected; established by law.

20. If the annual IPI is more than 100 percent and the target net profit is met, the head and members of the executive body by the decision of the supreme management body of the enterprise (general meeting of shareholders) may be paid a bonus (premium) from the part of the net profit exceeding the plan, in the following order:

bonus amount – up to 1% when the plan increases from 10% to 20%;

when it increases to 40 percent - up to 2 percent;

when it increases to 60 percent - up to 3 percent;

when it increases to 80% - up to 4%;

When it increases to 100 percent or more - up to 5 percent.

21. The bonus is paid to the head and members of the executive body at the end of the year.

22. The personal amount of the bonus is calculated by multiplying the share of the total remuneration accrued for the reporting year by the bonus of each member of the executive body eligible to receive the bonus by the total amount of remuneration of all members of the executive body eligible to receive the bonus, in the amount specified in paragraph 20 of this Regulation.

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

24. Information on the amount of the paid premium will be posted on the official website of state enterprises within two days from the date of payment.

25. Incentives that do not depend on the length of service and performance results are paid in the following amounts, regardless of the performance of the executive body and performance assessment:

a) in connection with non-working public holidays (*New Year, Navruz holiday, Independence Day, Teacher and mentor day, Constitution Day of the Republic of Uzbekistan, the first day of the religious holiday “ Ruza Khayit” (Eid al-Fitr) , “Karbon Khayit” (Eid al-Adh) on the first holiday*) - in an amount not exceeding 50 percent of the official salary;

b) remuneration for long-term work provided for in the Collective Agreement of the enterprise or in accordance with the regulation on the payment of remuneration for long-term work or regulations established for the field of activity of the enterprise.

At the same time, the amount of remuneration for long-term work is set at 200 (two hundred) percent of the official salary (on average, 15 years or more of work experience) proportionally divided by 12 months and paid in the same amount every month during the year.

26. Once a year, the head or members of the executive body who are on labor leave are paid material assistance for the restoration of health in the amount of 1 (one) times the size of the official salary.

If the vacation is carried over to the next year due to production needs, the financial assistance provided will be paid in December of the reporting year.

27. Allowances and compensation payments for temporary disability to the executive body are carried out in the manner prescribed by law.

#### **IV. Restrictions on the payment of incentive payments executive body**

28. The executive body of the enterprise is not allowed to accrue and pay any incentive payments and bonuses related to the results of the evaluation of the work of the executive body, in the following cases, except as provided by law:

- when the performance of the executive body is evaluated at an unsatisfactory or low level and/or its performance is not evaluated at all;

- when the results of the activities of the executive body are not published on the official website of the Agency for State Assets Management (<https://kpi.davaktiv.uz/site/>);

- in case of untimely provision of information on the activities of the enterprise, specified in the constituent documents, to the information system "Davlat mulki" of the State Property Management Agency;

- when the Government or the Supervisory Board imposes a disciplinary sanction on the head and /or members of the executive body;

- when the size of the annual net profit of the enterprise is less than the amount of incentive funds payable as a whole.

Also, based on the opinion of the Committee, the Supervisory Board may decide to refuse to pay incentive funds.

29. If the activity of the executive body is unsatisfactory or at a low level (in any combination) and/or is not evaluated at all for two quarters in a row, or its results are not posted on the official website of the State Property Management Agency, the shareholder or supervisory board of the enterprise leaves with the initiative to terminate the employment contract with the head of the executive body.

In case of early termination of powers of members of the executive body, the calculation and payment of the said incentives for the reporting period are made taking into account the actual time spent in the position of a member of the executive body of the enterprise.

#### **V. Sources of incentives for the executive body**

30. Encouragement of the executive body of the enterprise is paid within 1 (one) month after the decision of the relevant management body.

31. Stimulation is carried out by order of the head of the executive body of the enterprise, which is adopted on the basis of the decision of the relevant management body.

32. The source of payment for the executive body for the reporting period is the working (cash) funds of the enterprise.

33. The source of bonuses for the executive body is the net profit of the enterprise for the reporting period.

## **VI. Final provisions**

34. These Regulations are approved by a decision of the general meeting of shareholders after its development by the Committee and approval by the Supervisory Board of the company.

35. The regulation comes into force from the date of its approval by the decision of the general meeting of shareholders and is valid until it is canceled or 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) supplement the charter is made by a majority of shareholders participating in the meeting.

36. Amendments and/or additions to the Regulations may be made in connection with the introduction of amendments and/or additions to the legislation, the Charter of the company, internal documents.

Changes and/or additions to the Regulations come into force after approval by the decision of the General Meeting of Shareholders.

37. Disputes related to the implementation of payments provided for by these Regulations are considered by the Supervisory Board.

38. If it is impossible to resolve disputes in the corporate governance bodies of the enterprise, a member of the executive body who believes that his legal rights and interests have been violated has the right to appeal to the judicial authorities in the manner established by the legislation of the Republic of Uzbekistan.

39. If, as a result of amendments to the legislation of the Republic of Uzbekistan and (or) the charter of the enterprise, the paragraphs of individual provisions (requirements) of these regulations contradict or are incompatible with them, the legislation of the Republic of Uzbekistan and/or the charter of the enterprise shall apply.

40. According to this Regulation, the amount of remuneration paid to the executive body of the enterprise must be determined in the employment contract concluded with it.