

APPROVED
by Resolution
No. 1/21 dated February 18, 2021
of the Sole Shareholder of all voting
shares of UMP JSC

RULES

of remuneration payment and expenses compensation to the Independent Directors - Members of the Board of Directors of Ulba Metallurgical Plant Joint Stock Company

1. General

1.1. These Rules establish a procedure of payment, remuneration amounts and compensation of the expenses of the Independent Directors-Members of the Board of Directors of Ulba Metallurgical Plant Joint Stock Company (hereinafter – Company).

1.2. These Rules are developed for the purpose of the implementation of the Law of the Republic of Kazakhstan “On Joint Stock Companies” and other legislative acts of the Republic of Kazakhstan, the Charter and the Corporate Governance Code.

1.3. Basic terms and definitions as used herein:

Company - Ulba Metallurgical Plant Joint Stock Company;

Charter - Charter of Ulba Metallurgical Plant Joint Stock Company;

Corporate Governance Code - Corporate Governance Code of Ulba Metallurgical Plant Joint Stock Company;

Board of Directors - Board of Directors of Ulba Metallurgical Plant Joint Stock Company;

Committees of the Board of Directors - Nomination and Remuneration Committee, Strategic Planning and Investments Committee, Audit Committee, and Industrial Safety Committee;

Rules – Rules of remuneration payment and expenses compensation to the Independent Directors-Members of the Board of Directors of Ulba Metallurgical Plant Joint Stock Company.

2. General Conditions of Remuneration Payment and Expenses Compensation

2.1 Remuneration and expenses compensation shall be paid to the Independent Director for the performance of his/her duties as a member of the Board of Directors.

2.2 The procedure of payment, remuneration amount and (or) compensation of expenses of the Independent Director shall be established by the decision of the Sole Shareholder (General Meeting of Shareholders) of the Company.

No person shall be involved in decisions related to his/her own remuneration.

2.3. Remuneration shall be paid to the Independent Director if the following conditions are met:

- 1) Fulfillment in good faith of powers of the member of the Board of Directors with the use of methods, which represent the interests of Company to the maximum extent;
- 2) Fulfillment of long-term goals and objectives identified by the development strategy of the Company to ensure the growth of long-term value and sustainable development of the Company;
- 3) Participation in the in-person and absentee meetings of the Board of Directors, including the meetings of the Committees of the Board of Directors, except for the disease, vacation leave or business trip.

2.4 In accordance with the tax legislation of the Republic of Kazakhstan, the remuneration of a member of the Board of Directors shall be deemed the income of a physical person and shall be subject to taxation in accordance with the Tax Code of the Republic of Kazakhstan.

2.5. Remuneration shall be paid by the Company in a monetary form, in tenge as the national currency of the Republic of Kazakhstan, once per six months of a year pro rata to the work period of the Independent Director during the corresponding six months of the calendar year.

2.6. Remuneration and compensation of the expenses of the Independent Director shall be transferred to the bank card or account or paid in cash from the cashier of the Company at the discretion of the Independent Director. Commission fee for the card servicing shall be paid by the Independent Director.

2.7 Should the powers of a member of the Board of Directors of the Company (including early ones) be terminated before the end of six months, remuneration and compensation of expenses shall be paid to the Independent Director for the period of his/her actual stay on the Board of Directors of the Company, no later than one month after the expiration of the term of office, the adoption of the appropriate decision by the Sole Shareholder (General Meeting of Shareholders) of the Company or the submission by the Independent Director of an application for early termination of his/her powers.

2.8 The basis and amount of remuneration payment and compensation of expenses to the Independent Director shall be specified in the agreement concluded with the Independent Director.

2.9 The basis for calculating remuneration for the Independent Director shall be as follows:

- 1) Agreement;
- 2) Time sheet for the participation of the Independent Director in the in-person meetings of the Board of Directors and its Committees, and absentee voting of the members of the Board of Directors (Annex No. 1), which shall be drawn up based on the results of six months by the Corporate Secretary of the Company and approved by the Executive Board Chairman of the Company, and by the third day of the month following the reporting period it shall be transferred to the General Accounting Department of the Company in order to calculate remuneration.

3. Remuneration Payment Procedure

3.1 The following types of remuneration shall be paid to the Independent Director:

- 1) annual fixed remuneration;
- 2) additional remuneration for the participation in in-person meetings of the Committees of the Board of Directors.

Remuneration of a member of the Board of Directors should not include options or other elements related to the organization's performance results.

3.2 In case of participation of the Independent Director in less than half of all conducted in-person and absentee meetings of the Board of Directors during the reporting period, except for the absence in the meetings by reason of disease, vacation leave, business trip, annual fixed remuneration shall not be paid.

3.3 Annual fixed remuneration and additional remuneration for participation in the in-person meetings of the Committees of the Board of Directors shall be paid by the Company during the month following the reporting period of remuneration payment. The reporting period of remuneration payment shall be six months of the relevant calendar year.

3.4 Rates of annual fixed and additional remunerations to an Independent Director are determined depending on complexity and responsibility of executing tasks, specifics and scales of production (business) and risks related to it, branch specifics of labor, on role and place of the Company in social and economic development of the Republic and also taking into account specified requirements to the level of their qualification and analysis of international practice for determination of remuneration level to Independent Directors in the applicable branch.

3.5 Established rate of annual fixed remuneration can be reduced in case of:

- 1) slowdown of the financial and economic indicators of the Company in comparison with the previous period (or key performance indicators of the Company);
- 2) failure to achieve of the stated objectives and performance indicators based on the results of assessment of an Independent Director activity.

4. Expense Compensation Procedure

4.1 The following expenses are compensated to an Independent Director related to the departure to the meetings of the Board of Directors, Committees of the Board of Directors and meetings initiated by the Chairman of the Board of Directors of the Company conducting away from the permanent place of residence of an Independent Director:

- 1) transportation;
- 2) accommodation;
- 3) daily allowance;
- 4) telephone communication in the Republic of Kazakhstan except for mobile communication;
- 5) services of scanning, xeroxing, faxing, printing, printing of documents, Internet access in the Republic of Kazakhstan;
- 6) courier and mail services.

4.2 Compensation of expenses on transportation, on services of scanning, xeroxing, faxing, printing, printing of documents, Internet access in the Republic of Kazakhstan, on telephone communication (except for mobile communication) in the Republic of Kazakhstan, on courier and mail services is carried out by the Company at actual expenses on submission of conforming documents.

4.3 Compensation of expenses on accommodation is carried out at actual expenses but not more than cost for deluxe single room including expenses on reservation, on submission of conforming documents.

4.4 Rate of daily allowance per each day for the period of staying for participation in a meeting/conference is determined within the norms of reimbursement of business trip expenses for the Board Chairman of the Company established by internal document of the Company.

4.5 Conforming documents should comply with the legislative requirements of the Republic of Kazakhstan.

4.6 Conforming documents shall be provided no later than fifteen (15) calendar days from the date the expenses occurred.

5. Final Provisions

5.1 These Rules shall become effective as from the date of its approval by the decision of the Sole Shareholder (General Shareholders Meeting) of the Company.

5.2 Amendments and additions to the Rules shall be approved by the decision of the Sole Shareholder (General Shareholders Meeting) of the Company.

5.3 These Rules shall not be applicable to meetings of the Board of Directors and the Board of Directors committees held outside the Republic of Kazakhstan.

5.4 The Company shall not make any remuneration payments and shall not compensate expenses to the Independent Directors which are not stipulated in these Rules and (or) decisions of the Sole Shareholder (General Shareholders Meeting) of the Company.

5.5 The issues that are not regulated by these Rules shall be regulated by the legislation of the Republic of Kazakhstan, decisions of the Sole Shareholder (General Shareholders Meeting) of the Company and internal documents of the Company.

5.6 Conflicts related to the payment of remuneration and compensation of expenses to the Independent Directors shall be governed in accordance with the requirements of legislation of the Republic of Kazakhstan and internal documents of the Company.

Annex No. 1

to the Rules of remuneration payment and expenses compensation
to the Independent Directors-Members of the Board of Directors
of Ulba Metallurgical Plant Joint Stock Company

APPROVED BY
Executive Board Chairman - UMP JSC
_____ Full name
_____ 20__

TIME SHEET
for the participation of UMP JSC Independent Directors in the Board of Directors
in-person and absentee meetings, and in-person meetings of the Committees of UMP JSC
Board of Directors for ___ half-year period of 20__

Procedure of UMP JSC Board of Directors/Board of Directors Committees meetings, full names and initials of the Independent Directors who attended them	Half-year period								Board of Directors/Board of Directors Committees meetings held		
	Date and month of the Board of Directors/Board of Directors Committees meeting								Total	including with participation of the Independent Director	participation percentage, %
<i>IN-PERSON</i>											
Full name											
...											
<i>ABSENTEE</i>											
Full name											
...											
<i>MEETINGS IN TOTAL (in- person and absentee)</i>											
Full name											
...											
<i>Board of Directors Committees in-person meetings</i>											
Full name											
...											

Corporate Secretary - UMP JSC _____ Full name _____ 20__