

**"APPROVED"**  
**GENERAL MEETING OF**  
**SHAREHOLDERS**  
**JOINT STOCK COMPANY**  
**" ToshkentYo'lovchi vagonlarini qurish va**  
**ta'mirlash zavodi "**  
**PROTOCOL**  
from 30.06.2022 years

**POSITION**  
**ABOUT DIVIDEND POLICY**  
**JOINT STOCK COMPANY**  
**« Toshkent yo'lovchi vagonlarini qurish va ta'mirlash zavodi »**

## I. GENERAL PROVISIONS

1. This regulation on the dividend policy of the joint stock company " Toshkent yo'lovchi vagonlarini qurish va ta'mirlash zavodi " (hereinafter referred to as the "Regulations") was developed in accordance with the current legislation of the Republic of Uzbekistan, the charter of the joint stock company " Toshkent yo'lovchi vagonlarini qurish va ta'mirlash zavodi " (hereinafter referred to as the "Company"), the Code of Corporate Governance, approved by the minutes of the meeting of the Commission on increasing the efficiency of joint-stock companies and improving the corporate governance system dated December 31, 2015. No. 9 and other internal documents of the Company.

These Regulations provide general issues that must be reflected and disclosed in the dividend policy of a joint-stock company.

2. The Company's dividend policy is aimed at increasing the welfare of shareholders and ensuring growth of the Company's capitalization. The purpose of the Regulations is to inform shareholders and other interested parties about the Company's dividend policy, i.e. establishing a transparent and understandable mechanism for shareholders to decide on the payment of dividends, determining the size, procedure and timing of their payment .

These Regulations are intended to determine the approach of the Company's Supervisory Board to developing recommendations on the amount of dividends on shares and the procedure for their payment.

If any issues related to the payment of dividends to shareholders of the Company are not regulated by the norms of the Law of the Republic of Uzbekistan "On Joint-Stock Companies and Protection of Shareholders' Rights", other regulatory legal acts of the Republic of Uzbekistan, the Charter of the Company and these Regulations, then they must be resolved based on the need ensuring the rights and interests of shareholders.

3. This dividend policy has been developed for the period until June 30, 2021. After this period, the Company will adopt the next Dividend Policy based on the goals and objectives outlined in the Company's development strategy.

The Company adheres to a residual dividend payment policy. This policy assumes that the dividend payment fund is formed after the need for the formation of its own financial resources, ensuring the full implementation of the Company's investment goals, is satisfied at the expense of profits.

4. The Company considers capitalization growth as the main way to satisfy the property interests of shareholders in extracting income from the Company's shares. The dividend policy is to optimize the proportions between the consumed and capitalized parts of the profit received by the Company in order to increase the market value of shares.

5. The Company's dividend policy is based on the following basic principles:

the principle of transparency, which means the definition and disclosure of information about the duties and responsibilities of the parties involved in the implementation of the dividend policy, including the procedure and conditions for making a decision on the payment and amount of dividends;

the principle of timeliness implies the establishment of time limits when making dividend payments;

the principle of validity, which implies that a decision on the payment and amount of dividends can be made only if the Company achieves a positive financial result, taking into account development plans and its investment programs based on the real financial position of the company;

the principle of fairness implies ensuring equal rights of shareholders to receive information about decisions made on the payment, amount and procedure for paying dividends;

the principle of consistency implies strict implementation of the procedures and principles of the dividend policy;

the development principle implies constant improvement of the dividend policy as part of improving corporate governance procedures and revision of its provisions in connection with changes in the strategic goals of the Company;

The principle of sustainability implies the Company's desire to ensure a stable level of dividend payments.

6. Making a decision (announcement) on the payment of dividends on placed shares is the right of the Company. The General Meeting of Shareholders has the right to decide on the payment or non-payment of dividends on shares.

7. Payment of declared dividends is the responsibility of the Company.

Expenses associated with the payment of dividends (including expenses for calculating and withholding taxes, transferring dividends, postage) cannot be assigned to the shareholder receiving dividends by decision of the management bodies. The Company is responsible to shareholders for failure to fulfill this obligation in accordance with the current legislation of the Republic of Uzbekistan.

8. Dividends are not accrued or paid on shares:

not posted;

acquired and/or redeemed by the Company itself;

in other cases provided for by the legislation of the Republic of Uzbekistan.

9. In the cases provided for in part one of Article 54 of the Law "On Joint-Stock Companies and Protection of Shareholders' Rights," the company does not have the right to pay or make decisions on the payment of dividends on shares.

## **II. PROCEDURE FOR DETERMINING THE SIZE AND ACCRUAL OF DIVIDENDS**

10. The Company has the right, based on the results of the first quarter, six months, nine months of the financial year and (or) based on the results of the financial year, to make decisions (announce) on the payment of dividends on shares, except for those specified in paragraph 8.

The decision to pay (declare) dividends based on the results of the first quarter, six months and nine months of the financial year can be made within three months after the end of the relevant period.

Dividends are paid from the company's net profit remaining at the company's disposal and (or) retained earnings from previous years. Dividends on preferred shares can also be paid from the company's funds specially designated for this purpose. At the

same time, in order to timely pay dividends and prevent deterioration in the financial condition of the Company due to the withdrawal of funds from circulation for the payment of dividends, the Company creates a reserve for bad receivables at the expense of the company's profits.

11. The General Meeting of Shareholders of the Company makes a decision on the payment (declaration) of dividends on shares of each category. The Supervisory Board of the Company submits recommendations to the general meeting of shareholders on the amount of dividends on shares and the procedure for their payment. The amount of dividends cannot be greater than that recommended by the Supervisory Board.

12. The decision of the general meeting of shareholders on the payment (declaration) of dividends must determine:

- category (type) of shares on which dividends are paid (declared);
- the amount of dividend per share of a certain type;
- term, procedure and frequency of payment of dividends .

At the same time, the Company does not have the right to make a decision on the accrual (payment) of dividends in cases established by law, as well as the impossibility of full payment of dividends on common shares within the time limits established by law.

13. The amount of dividends on shares recommended to the meeting of shareholders is determined by the Supervisory Board based on the following factors:

- the amount of net profit according to the financial statements, the reliability of which is confirmed by the auditor's report;
- financial and economic plans of the Company for subsequent periods;
- the structure of the Company's working capital at the end of the relevant period;
- debt load of the Company at the end of the relevant period.

When determining the amount of recommended dividends, the Supervisory Board should take into account the financial and economic plans of the Company for subsequent periods, the current and future state of the Company's working capital and liabilities. The payment of dividends recommended by the Supervisory Board to the General Meeting of Shareholders of the Company should not lead to the Company attracting additional debt financing or other costs not provided for by the approved financial and economic plan for subsequent periods.

At the same time, the size of the dividend payment fund (DPV) is calculated in the following sequence:

- 5% of net profit is allocated to the formation of the Company's reserve fund (until the size of the reserve fund established by the Company's charter is reached);
- Part of the Company's net profit, recommended by the Supervisory Board, is allocated for the development of the Company, including the introduction of innovative technologies, updating and modernization of equipment, meeting the investment goals and needs of the Company, repaying loans and other purposes;
- Net profit, minus the amounts for the above stated purposes of these Regulations, forms the dividend payment fund (DPV). The company declares the amount of dividends without taking into account taxes on them. The dividend is distributed among shareholders in proportion to the number and type of shares they own.

### **III. PROCEDURE AND DATES FOR PAYMENT OF DIVIDENDS**

14. The company pays dividends in cash or other legal means of payment or in company securities. Declared dividends are paid in the national currency of the Republic of Uzbekistan or, at the written request of a non-resident shareholder of the Republic of Uzbekistan, the company is obliged to convert the dividends accrued to it into freely convertible currency, with the transfer of funds to the bank account provided by the non-resident shareholder.

15. The period for payment of dividends is established by a decision of the general meeting of shareholders of the Company, but cannot exceed 60 days from the date of the decision to pay dividends by the general meeting of shareholders.

16. If the owners of the Company's securities were unable to receive accrued dividends within the time limits established by the general meeting of shareholders, the Company continues to pay such (unclaimed) dividends. The period for payment of unclaimed dividends cannot be more than three years from the date of expiration of the Company's obligation to pay declared dividends.

17. In case of non-payment (non-receipt) of dividends due to the fault of the company within the time limits established by the general meeting of shareholders, a penalty is accrued for the unpaid (unreceived) dividends based on the refinancing rate established by the Central Bank of the Republic of Uzbekistan. The amount of penalties accrued on unpaid (unreceived) dividends must not exceed 50 percent of the amount of unpaid (unreceived) dividends.

18. The structural division of the Company, which among its functions includes organizing and conducting work with shareholders, together with the Company's accounting department, prepares, coordinates and carries out all activities to organize the payment of dividends by the Company as provided for in these Regulations.

19. Any shareholder has the right to contact the Company with a request to provide information on the procedure for calculating dividends on shares, the procedure for calculating and taxing the amount of dividends, and the terms of payment.

20. Persons recorded in the register of shareholders of the company, formed for the general meeting of shareholders, at which a decision was made to pay dividends to shareholders, have the right to receive a dividend on shares.

21. If the shares are partly owned, the dividend is distributed among shareholders in proportion to their share, in accordance with the established procedure.

22. The shareholder is obliged to promptly inform the investment intermediary and/or the Central Securities Depository, which provides services for recording rights to his shares, about changes in his data. In cases where a shareholder fails to provide information about changes in his data, the Central Depository and/or the investment intermediary providing services for recording rights to his shares are not liable for losses caused to the shareholder in connection with this.

23. If a shareholder incorrectly indicated his bank details or address for transferring dividends, or did not inform the Company about the specified details, or untimely reported them, the Company is not responsible for losses caused to the shareholder in connection with this. After the incorrectly transferred amounts of dividends are returned to the Company due to the fault of

the shareholder for the reasons specified in this paragraph, their re-transfer to the shareholder using the updated details is carried out minus the costs of their return and re-transfer.

24. The Company is a tax agent when paying income to shareholders on shares owned by them and pays accrued dividends minus the taxes established by the current legislation of the Republic of Uzbekistan on income from securities. The shareholder, to whom standard tax rates should not be applied, provides supporting documents established by the current legislation of the Republic of Uzbekistan to the Company (the Paying Agent engaged by it).

#### **IV. RESPONSIBILITY FOR PAYMENT OF DECLARED DIVIDENDS**

25. The company is obliged to pay declared dividends on shares of each type.

26. When paying dividends, none of the shareholders has advantages in terms of payment timing.

Payment by the Company of accrued dividends on common shares is carried out in compliance with the equal rights of shareholders to receive dividends. At the same time, the Company does not have the right to pay dividends to a major shareholder if this does not result in the payment of dividends to minority shareholders on time.

27. The executive body of the Company is responsible for the full and timely payment of dividends to the shareholders of the Company. Control over the actions of the executive body is carried out by the Supervisory Board of the Company together with the Audit Commission of the Company.

28. In order to ensure the payment of accrued dividends, the supervisory board considers at its meetings the issue of the progress of dividend payment. In the event of incomplete or untimely payment of dividends due to the fault of the executive body of the Company, the supervisory board determines the measures of responsibility for the guilty persons and imposes appropriate sanctions or initiates their imposition.

29. If the Company fails to fulfill its obligations, shareholders have the right to demand payment of declared dividends on shares of each type in court.

30. For failure to fulfill or improper fulfillment of the duties of a tax agent assigned to the Company to withhold and transfer amounts of tax on dividends, the Company is liable in accordance with the legislation of the Republic of Uzbekistan.

#### **V. INFORMATION DISCLOSURE PROCEDURE**

31. These Regulations, as well as changes and additions made to it, are disclosed by the Company on its corporate website on the Internet within ten days after signing the minutes of the meeting of the management body of the company at which the corresponding decision was made.

32. When the general meeting of shareholders makes a decision on the payment of dividends, the Company discloses information in the form of reports of material facts within the time limits established by law. In this case, the Company sends a notification to shareholders by email about the accrual of dividends to them.

33. Upon fulfillment by the Company of its obligations to pay dividends, the Company discloses the relevant information in the form of reports of material facts within the time limits established by law.

## **VI. FINAL PROVISIONS**

34. These Regulations, as well as amendments and additions to it, are approved by a decision of the general meeting of shareholders.

35. Changes and additions to these Regulations are made at the suggestion of members of the Company's supervisory board, the Company's audit commission, the Company's internal audit service, and the head of the Company's executive body.

36. If certain articles of these Regulations conflict with the current legislation of the Republic of Uzbekistan and/or the Charter of the Company, these articles lose force and, in terms of issues regulated by these articles, one should be guided by the norms of the current legislation of the Republic of Uzbekistan and/or the Charter of the Company until appropriate changes are made to these Regulations .