

DOCUMENT NAME:
REMUNERATION POLICY OF GOBI JSC

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1. GENERAL PROVISIONS

1.1 Purpose

- 1.1.1 The purpose of this Remuneration Policy (hereinafter referred to as the "Policy") is to establish the principles governing compensation and bonuses within Gobi JSC (hereinafter referred to as the "Company"). It aims to provide clarity to authorized officials and all employees (including subsidiaries) regarding the foundation of the remuneration and incentive system.

1.2 Scope

- 1.2.1 This Policy is intended for public access and applies to the Company's Authorized Officers, as well as all employees and subsidiary staff.
- 1.2.2 The policy shall be developed and implemented in accordance with Mongolia's Company Law, Labor Law, Corporate Governance Code approved by the Financial Regulatory Commission, International Labor Organization Convention, Decent Work Concept, Company Charter, Governance Policy, and other relevant laws and legal documents.

1.3 Definition of Terms

- 1.3.1 The following terms shall be used within this policy.
 - 1.3.1.1 **Authorized Official:** Refers to the company's board members, CEO, Deputy CEOs, department directors, legal officer, board secretary, etc., management personnel directly or indirectly involved in making official decisions of the company and entering into contracts and agreements;
 - 1.3.1.2 **Management Team:** Refers to the team or its composition appointed by the CEO, responsible for managing the company's daily operations and making strategic decisions;
 - 1.3.1.3 **Remuneration Committee:** A committee under to the board of directors with the purpose of determining the policy to be followed regarding the remuneration of the company's authorized officials, forming an appropriate remuneration system at the company level, and carrying out monitoring and management functions related to its effectiveness and implementation;

1.3.1.4 **Performance Evaluation Rate:** The assessment of employee performance for the reporting period;

1.3.2 Abbreviations: This document uses the following abbreviations:

Table 1 Explanation of abbreviations

№	Explanation of abbreviations	Abbr.
1	Annual General Meeting	AGM
2	Authorized Officials	AO
3	Board of Directors	BoD
4	Remuneration Committee	RC
5	HR Department	HRD
6	Office of the Board of Directors	Board Office

2. POLICY

2.1 Remuneration Policy

2.1.1 The company has implemented a robust remuneration system that is aptly attuned to internal and external market dynamics, long-term strategic business objectives, growth trajectories, financial efficacy, and employee performance and productivity.

2.2 Remuneration Objectives

- 2.2.1 To foster an environment conducive to continual employee skill development, learning, fair performance evaluation, and the cultivation of stable, gratifying, and contented work conditions.
- 2.2.2 Ensuring that the ratio of labor productivity to average wage growth is in sync with inflation rates and actual wage increases.
- 2.2.3 Strategically planning the company's remuneration expenditures in alignment with its annual efficiency targets.

2.3 Remuneration Principles

- 2.3.1 **Alignment with Business Operations and Strategic Objectives:** The remuneration system shall be synchronized with objectives aimed at fostering sustained financial and operational growth, and continually enhancing shareholder returns.
- 2.3.2 **Market Competitiveness:** s: The company will attract qualified and highly skilled personnel through a competitive remuneration structure, striving to offer industry-leading salaries and incentives across all levels.
- 2.3.3 **Equality:** Equitable remuneration will be provided for work of commensurate value, ensuring no discrimination or disparity in salary and bonus distribution, fostering acceptance and uniformity across all tiers.

- 2.3.4 **Performance-Based Compensation:** Establishing clear, measurable criteria for assessing work productivity and performance, with compensation and rewards commensurate with evaluated skills, performance, and productivity.
- 2.3.5 **Wage Growth in Correlation with the Inflation Rate:** Regular analysis of economic indicators and inflation rates to align wage and incentive availability with real wage growth.
- 2.3.6 **Fairness and Transparency:** Ensuring that methodologies and criteria for determining wage and bonus amounts are fair, transparent, compliant with legal regulations, fostering efficient collaboration and mutual understanding between the company and its employees.
- 2.3.7 **Seeking Innovation and Continuous Improvement:** Drawing upon international best practices, seeking innovation, and consistently refining policy documents and principles to align with the company's operational characteristics and strategic objectives. Establishment of an appropriate remuneration system through collective bargaining and negotiations with industry tariff negotiations and trade union organizations.

3. REMUNERATION SYSTEM

3.1 Classification of Remuneration

- 3.1.1 The company categorizes remuneration into two groups, based on workplace characteristics and functions. Үнд:
 - 3.1.1.1 Remuneration of Authorized Officials
 - 3.1.1.2 Remuneration of all employees of the company

3.2 Remuneration of Authorized Officials

- 3.2.1 The Remuneration Committee is responsible for formulating policies and principles regarding the remuneration for Authorized Officials, including Board of Directors members, CEO, and Management Team members. These policies are subject to Board approval, with oversight over their implementation.
- 3.2.2 **Board of Directors Remuneration**
 - 3.2.2.1 The Remuneration Committee proposes salary and bonus amounts, form, and frequency for Board members, subject to approval at Annual General Meeting and clearly documented in the Company's annual activity report.
 - 3.2.2.2 The Remuneration Committee determines the principles governing the supply and bonus allocation for Board members.

3.2.2.3 Remuneration of units under the Board, the internal audit division, and Board office staff are determined by the Board based on committee proposals, with bonuses paid in accordance with company-wide incentive.

3.2.3 Remuneration of CEO

3.2.3.1 CEO's compensation, including salary and bonus, is tied to the company's financial and operational performance, as well as individual work evaluation and skills.

3.2.3.2 The company's annual activity report includes performance criteria for the CEO's remuneration, with disclosure of actual payments made to shareholders.

3.2.3.3 If the CEO also serves as a Board member, the Remuneration Committee determines remuneration payment principles for the Board role.

3.2.4 Management Team Members Remuneration

3.2.4.1 The CEO determines salaries, bonuses, and criteria for Management Team Members within the framework of Board-approved policy.

3.2.4.2 If Management Team members also serve as Board members, the Remuneration Committee establishes principles for their salary, benefits, and incentives.

3.3 Remuneration of all employees of company

3.3.1 CEO determines principles and criteria for setting salaries and bonuses for all employees, subject to annual revision in accordance with this Policy.

3.3.2 Salary and bonus determinations for all employees are coordinated with the company's financial and operational results, as well as individual work performance.

3.3.3 Salary for Fixed-Paid Employees

3.3.3.1 Salary scales for fixed-paid positions are developed based on position category, rank, work experience, and skills.

3.3.3.2 Position ranks are established through a thorough Job Analysis, taking into account factors like authority, responsibilities, required skills and qualifications, workplace conditions, unique procedures, workload, and contributions to the company.

3.3.3.3 Reasonable and accurate salary scales shall be established between position ranks.

3.3.3.4 Company-wide minimum base salary adheres to state-approved minimum wage regulations.

3.3.3.5 Additional pay is performance-based, tied to percentage evaluation goals for each position.

3.3.4 Salary for Productivity-Based Paid Employees

3.3.4.1 The rates and norms of work evaluation of productivity based paid employees will be determined optimally.

3.3.4.2 The basis of work evaluation shall be set at no less than the minimum level of hourly wages.

3.3.5 Bonus pay

3.3.5.1 The bonus will be linked to the company's financial indicators and the performance of the operational plan, and will be given to each employee in fair recognition of their contribution and effort to the final work result.

3.3.5.2 Depending on the company's financial results, bonuses may not be awarded.

3.3.5.3 Individual and team achievements and productivity are periodically rewarded to enhance employee motivation and responsibility.

4. LEADERSHIP AND RESPONSIBILITY

4.1 Rights and Responsibilities in Remuneration Policy

Table 2 RACI matrix of Remuneration Policy

Process	AGM	Boar d	RC	CEO	HRD	Management team members	Board Office
A-Accountable, R-Responsible, C-Consulted, I-Informed							
Policy Development and Approval	I	R	R	C, I	A	C, I	A
Policy Enforcement	-	A	R, A	A	A	Γ	A
Development and Implementation of Relevant Regulations and Projects within Policy Framework	I	C, I	R, A	A	A	C, I	A
Monitoring and Enhancing Policy Implementation	-	C, I	R, A	A	A	C, I	A
Policy Updates as Necessary	I	R	A	C, I	A	C, I	A

4.1.1 The AGM holds the authority to approve the company's remuneration framework, encompassing salary, bonus amounts, and budget allocation for members of the Board of Directors. Additionally, the meeting is briefed on policy content and implementation, ensuring adherence.

- 4.1.2 The Board of Directors assumes responsibility for reviewing, endorsing, and, if necessary, refining and updating the Remuneration Policy.
- 4.1.3 The Remuneration Committee, convened during board meetings, spearheads the formulation and endorsement of the Policy, ensuring ongoing scrutiny and enhancement of its effectiveness alongside the company's overall remuneration structure.
- 4.1.4 Within the purview of the Policy, the Remuneration Committee sets forth remuneration procedures and principles applicable to authorized officials.
- 4.1.5 The Committee conducts assessments and monitoring of company-wide protocols, systems, projects, and initiatives related to remuneration, implementing adjustments as deemed necessary.
- 4.1.6 Overseeing Policy implementation, the CEO provides guidance to the Human Resources Department in crafting an apt company-wide remuneration and incentive framework.
- 4.1.7 Collaborating with the Remuneration Committee, the Board Office shall be responsible in the development and implementation of the Policy, ensuring an effective remuneration and incentive system for Board members.
- 4.1.8 The Human Resources Department collaborates closely with the CEO to devise and implement the Policy, fostering an effective company-wide remuneration and incentive structure alongside associated plans and initiatives.
- 4.1.9 The Human Resources Department presents and secures approval for the company's remuneration budget from the Board of Directors at the outset of each fiscal year, overseeing its subsequent realization.
- 4.1.10 Management team members acquaint themselves with the Policy, integrating its principles into their operations, championing continuous enhancement, ensuring effectiveness, and upholding the tenets of remuneration and incentives.

END OF DOCUMENT.