

APPROVED BY:



Appendix No 3 of the Resolution No 23/02 dated 19th February 2022 of Board of Directors of BDSec JSC

DAYANBILGUUN DANZAN
CHAIRMAN OF BOARD OF DIRECTORS

RULES OF PROCEDURES FOR REMUNERATION COMMITTEE OF THE BOARD OF DIRECTORS OF BDSEC JSC

ONE. General provisions

- 1.1 This procedure regulates the operation procedures and structure of the Remuneration Committee of the Board of Directors (hereinafter referred to as the "Committee"), remuneration, election and dismissal, and other relevant relations.

TWO. Powers of the Committee

- 2.1. The Committee would have the following powers.
- 2.1.1. The Committee is subject to develop and monitor the remuneration and incentive policies for members of the Board of Directors and management based on the principle of actions and contributions for the company's value and purpose;
 - 2.1.2. The Committee shall review the suitability of the company's remuneration criteria in accordance with the company's development strategy, financial situation, and prevailing trends in the labor market;
 - 2.1.3. The Committee shall monitor the implementation of the Board's decision related to the remuneration for the executive management;
 - 2.1.4. The Committee shall comment on the company HR and management's proposal of the policy in the remuneration for all employees.

THREE. The Committee duties and authorities

- 3.1. The Committee would have the following authorities:
- 3.1.1. The Committee shall have rights to obtain any documents, reports, explanations, and other information it requires from the company managements and other relevant employees;
 - 3.1.2. The Committee shall have rights to request comments and clarifications from the company managements and other relevant employees through attending as an observer in the Committee's meeting;
 - 3.1.3. The Committee shall have rights to get advice and services from independent consultants;
- 3.2. The Committee shall review this procedure annually and submit appropriate recommendation to the Board of Directors.

- 3.3. The Committee shall submit its report to the Board of Directors at least once a year.
- 3.4. The Committee members would have the following duties:
 - 3.4.1. Members of the Committee shall oblige to participate actively in its operations and attend in its meetings;
 - 3.4.2. The Committee shall develop industry and market trends, information technology, and other areas of strategic importance to the company in line with national and global development;
 - 3.4.3. Members of the Committee shall have the obligation for maintaining confidentiality and shall not disclose any information obtained during the meeting or their operation;
 - 3.4.4. Members of the Committee shall make conclusion on conflict of the interests and independency related to the Committee's decision.

FOUR. The Committee members appointment and resignation or dismissal

- 4.1. The Committee consists of a minimum of three members.
- 4.2. The term of office of the Committee's members is the same as the Board members' term.
- 4.3. Only a member of the Board has the right to be elected as a member of the Committee.
- 4.4. The Board of Directors will adhere to the principle of choosing independent members as Committee members as much as possible and 2/3 of the Committee members must be independent members of the Board.
- 4.5. A member of executive management or director of the company must not be elected as a member of the Committee.
- 4.6. The members of the Committee have the relevant knowledge, skills, and experience to interact with the company's executive management and other relevant employees.

FIVE. The Committee meeting agenda

- 5.1. Chair of the Committee must be elected by a majority vote.
- 5.2. Secretary of the Board is subject to work as the Secretary of the Committee until one of the Committee members is appointed as the Secretary of the Committee.
- 5.3. The Committee's activities are carried out meetings, and the Committee meetings shall be held as regular and extraordinary meetings.
- 5.4. The Committee meetings shall be held as close as possible to the regular time required for the timely performance of the Committee's activities and duties. A regular meeting of the Committee may be held at least once a year. The extraordinary meetings of the Committee can be convened at random or critical times, or on shorter notice in case of urgent business. If the Board of Directors schedules its meeting to discuss issues related to the rules and procedures of the Committee, the Committee shall meet in advance at least two days before the date of the meeting of the Board of Directors.
- 5.5. The meeting of the Committee shall be held as often as the Chairman deems necessary and if requested by the member, or by the decision of the Board.

- 5.6. The Committee meeting shall be valid if the Committee members attend in person or with the written consent of absent members as well as the meeting may be held through video or audio format.
- 5.7. The quorum shall be considered the majority of members of the Committee.
- 5.8. The Secretary of the Committee is subject to issue not less than 14 days' notice and the meeting agenda, and provide any necessary materials and information related to the meeting. Such notification shall be made in any convenient manner mutually agreed upon by the members of the Committee, such as by telephone, fax, post, or email.
- 5.9. Each meeting minutes shall be signed by the members present at the meeting.
- 5.10. The written opinion and meeting minutes must be prepared upon approval and signature by all members of the Committee as soon as possible, and they must be sent to the Chairman of the Board of Directors or the Secretary of the Board according to the internal rule of the company. If there is a member, who has a different opinion, such member shall submit his opinion along with the opinion of the Committee to the Chairman or the Secretary of the Board.
- 5.11. The decision shall be made by the majority of members present and voting.

SIX. Remuneration of the Committee members

- 6.1. The amount of remuneration, form and frequency of the member of the Board of Directors shall be openly discussed at the meeting of shareholders.
- 6.2. The remuneration committee must ensure that the information in the annual remuneration report and in the Company's annual report about remuneration for the Board of Directors is true, accurate and adequate.
- 6.3. The remuneration of the managements of the Company must be aligned with the company's profit and the management's work implementation.
- 6.4. When disclosing the remuneration of the executive management, always obtain his/her consent or specify this case in the employment contract.