



APPROVED BY:

Appendix No 5 of the Resolution No 23/02 dated 19th February of 2022 of Board of Directors of BDSEC JSC

DAYANBILGUUN DANZAN
CHAIRMAN OF BOARD OF DIRECTORS

SUCCESSION PLANNING POLICY OF “BDSEC JSC”

ONE. General provisions

- 1.1. This procedure is designed to identify the succession planning policy for the senior managements of the company.
- 1.2. The main purpose of this procedure is to identify the succession planning policy of the company, to provide continuity in leadership and avoid extended and costly vacancies in key positions.

TWO. Rules for succession readiness

- 2.1 The Nomination Committee of the Board /hereinafter referred to as the “Committee”/ shall find suitable or qualified persons for the management positions and Board member of the company.
- 2.2 The Committee is to identify the requirements for the authorized persons and criteria for skill, education, and work experience. The Committee shall find or determine and recommend suitable persons for the position from company’s human resource or outside sources.
- 2.3 HR specialist of the company shall provide the report and research to the Committee, and cooperate with the Committee through developing succession plan.
- 2.4 The Committee shall review performances of the authorized persons, provide its conclusion, and recommend his/her re-nomination or dismissal from current position.
- 2.5 HR specialist is subject to develop the training and development plan for employees, and identify individuals who show the potential needed for progression into the targeted positions.
- 2.6 HR specialist and Chief Executive Officer of the company shall implement training program and set development plan for preparing succession of the authorized persons as well as the nomination Committee shall monitor and review it.

THREE. Emergency measures

- 3.1 In the event an unexpected vacancy occurs on authorized persons, the Committee and the HR Specialist shall jointly conduct a survey of suitable and appointable persons for the position and regularly update the survey of candidates.
- 3.2 In the event that the CEO takes a long-term leave or is ill, the Board of Directors shall appoint a substitute person upon the recommendation of the Committee.

- 3.3 In the case that senior managements, including First Deputy Director, Deputy Director and Vice Presidents who leads department take a long-term leave or are ill, the Chief Executive Director of the Company shall appoint a substitute person. If the Committee considers that the appointed person is unqualified and insufficient in terms of skill, education and work experience, the appointment may be changed due to the consultation between CEO and the Committee.

FOUR. Other

- 4.1 The Committee is subject to monitor and review the implementation of this policy. Board of Directors has a right to review and assess the implementation and result of this policy, ensure feasibility of this document and amend it in order to improve procedures and policies.