

Appendix No 4 of the Resolution No 23/02 dated 19<sup>th</sup> February 2023 of Board of Directors of BDSEC JSC

APPROVED BY:



**DAYANBILGUUN DANZAN**  
CHAIRMAN OF BOARD OF DIRECTORS

## **RULES OF PROCEDURES FOR NOMINATION COMMITTEE OF THE BOARD OF DIRECTORS OF BDSEC JSC**

### **ONE. General provisions**

- 1.1 This procedure regulates the structure of the Nomination Committee of the Board of Directors (hereinafter referred to as the "Committee"), the rights and duties of its members, their election and dismissal, and the organization of meetings.
- 1.2 The Board of Directors is not obliged to implement proposals provided by the Committee as the Committee's proposals are only recommendations.

### **TWO. Powers of the Committee**

- 2.1. The Committee shall have a right to require or obtain any information from the company management and employees through the Secretary of the Board;
- 2.2. The Committee is to determine the requirements for candidates for Board members and executive management of the company and identify criteria to evaluate their skills, education, work experience, and knowledge;
- 2.3. To register and select candidates for the Board member and nomination to the shareholders' meeting of the Company;
- 2.4. To review the Board and executive management's performances;
- 2.5. To develop or prepare terms of the agreement to establish with executive management of the Company;
- 2.6. To develop or prepare a succession planning policy for executive management of the Company;
- 2.7. To develop or prepare recommendations and review the Board's operational report in order to improve their operation;
- 2.8. To organize any training programs for the Board members;
- 2.9. Employees will be provided with conditions for anonymous suggestions and complaints, and those complaints will be reviewed, including information submitted about fraud, illegal, and unethical actions and omissions related to executive management and other managers and employees who play a significant role in internal audit activities.

**THREE. The Committee duties and authorities**

- 3.1. Members of the Committee shall oblige to participate actively in its operations and attend in its meetings.
- 3.2. Members of the Committee shall have the obligation for maintaining confidentiality and shall not disclose any information obtained during the meeting or their operation.
- 3.3. Members of the Committee are subject to monitor the implementation of the Committee's rule and procedures as well as the Committee is obliged to give notice of any changes in members' duties to the Board of Directors and provide its review annually.

**FOUR. The Committee members appointment and resignation or dismissal**

- 4.1. The Committee consists of a minimum of three members and shall be elected by a majority of the voting power of the Whole Board.
- 4.2. The term of office of the Committee's members is the same as the Board members' term.
- 4.3. 2/3 of the Committee members must be independent members of the Board.
- 4.4. The Chair of the Committee should be an independent member of the Board.
- 4.5. The Board of Directors will terminate or re-elect the Committee or any member at any time.

**FIVE. The Committee meeting agenda**

- 5.1. The Chair of the Committee must be elected by the majority vote.
- 5.2. The Committee's activities are carried out meetings, and the Committee meeting shall be held as regular and extraordinary meeting.
- 5.3. The regular meeting of the Committee may be held twice a year. The extraordinary meetings can be convened at random or critical times, or a shorter notice in case of urgent business.
- 5.4. If the Board of Directors schedules the meeting to discuss issues related to the rules and procedures of the Committee, the Committee shall announce its meeting in advance at least 7 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 Secretary of the Board is subject to issue not less than 3 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.
- 5.8. The quorum shall be considered the majority of members of the Committee.
- 5.9. The decision shall be made by the majority of members present and voting.