

CHARTER OF THE BOARD OF DIRECTORS

1. GENERAL PROVISION

- 1.1. This Charter of the Board of Directors (the "**Board Charter**") of Central Express CVS JSC ("**CE**") shall regulate the functions and powers of the Board of Directors of the CE (the "**Board**"), the appointment and dismissal of the members of the Board, their qualifications and criteria, the meeting of the Board, decision-making process, and other matters pertaining to the functions of the Board.
- 1.2. The Board Charter shall be complied by the directors of the Board (the "**Director(s)**"), Company Secretary ("**CS**"), Chief Executive Officer ("**CEO**"), authorized officials and senior management of CE and its subsidiaries and affiliates (the "**Company**").
- The Board Charter may be shared at request of interested party.
- 1.3. The Board shall review the Board Charter every three years or when required and amendments shall enter into force upon approval by the Board.
- 1.4. In the event of a conflict between the Board Charter and Charter of CE (the "**Charter**"), Charter shall prevail. In the event that the Board Charter is not in conformity with the governing laws and regulations of Mongolia, the respective latest updated law shall prevail accordingly. The Executive Chairman of the Board (the "**Chairman**") with the involvement of other Directors shall resolve any uncertainty or disagreement regarding the interpretation of the provisions of the Board Charter and its implementation.

2. BOARD COMPOSITION AND ORGANIZATION

2.1. Directors and their Qualifications

2.1.1. The Board should be holistic and capable to manage it with the highest level of expertise, professional knowledge and skills. The Directors will make every effort to ensure an efficient management and control system for business of the Company with respect to its reputation and values.

- (i) A director should be able to make the sovereign decision;
- (ii) A director shall have the right to have access to the information related to operations, strategies and policies of the Company;
- (iii) A director should have the sufficient experience and ability to act as a director of the Board; and
- (iv) At least one-third of the Board shall be independent non-executive directors of the Board ("**INED(s)**").

2.2. Independent Non-Executive Director

2.2.1. INED means that member who has no direct or indirect interests with the Company and complies with the following requirements:

- (i) Director or together with his/her affiliated persons does not own more than 5 percent of total issued common shares of the CE;
- (ii) Director or his/her affiliated person has not within the last 3 years been employed by the Company or Group consisting the Company;

- (iii) does not employed at the public or state institutions except the public service organizations;
- (iv) does not have any relationship to the Company's business;
- (v) does not receive any additional remuneration except director's remuneration provided by the Company for the last 3 years and the director's remuneration is not composed a majority of his/her annual revenues;
- (vi) does not entitled to purchase the Company's share options, convertible securities or options, and not covered by the pension scheme;
- (vii) does not employed as an executive director by companies where senior employees of the Company act as Board director;
- (viii) does not employed by or have any relationship with current or previous external audit firms of the Company for the last 3 years;
- (ix) does not employed at the Board for more than 10 years.

2.2.2. INED shall have the same rights and responsibilities as other Directors and the following additional rights and obligations:

- (i) INED shall maintain the Board's effective and efficient monitoring on the operations and activities of the CEO, authorized officials and senior management, manage and resolve any potential conflicts of interest in a fair and equitable manner that arise between large and small shareholders, the CEO and senior management. Also INED shall act and carry out its duties independent from the CEO and controlling shareholders of the Company and, if necessary, provide advice and guidance;
- (ii) Monitor whether the policies, decisions or activities of the Board, the CEO and senior management are in line with interests of the Company and in conformity with the applicable laws and regulations. Also, take preventive measures against conflicts, demand to take corrective measures to eliminate conflicts from the relevant body, and if they do not abide by the demands, report the matter to the Board to resolve and call for a general meeting ("GM");
- (iii) Assign duties and obligations to the CEO to maintain open and transparent operations and activities within the Company and monitor the implementation process;
- (iv) Attend the GM in person and inform any different opinion on decisions made by the Board as well as provide clarifications and answers to the questions raised by the shareholders.

2.3. **Appointment and Resignation of Directors**

2.3.1. The Directors shall be appointed by the decision of the GM of CE. Appointment and resignation of the Directors should be regulated according to the Article 77 of the Company Law.

2.3.2. The information will be provided at an annual GM to nominate a Director including (i) age, (ii) occupation, (iii) amount of owned shares of the Company, (iv) criminal

record, (v) position held for the last 5 years, and (vi) reason for the appointment as a Director.

- 2.3.3. The reasons and basis should be stated for the re-election of a Director. The Board shall take into account of the attendance and job performance prior to recommending the Director for re-appointment.

2.4. Chairman of the Board

2.4.1. Chairman of the Board shall be elected by a majority vote of the Directors and the term of office of the Chairman shall be same as of the Board. In the absence of the Chairman, the duties shall be performed by a Director appointed by the Chairman or the Board.

2.4.2. The Chairman shall have the primary responsibility for managing the activities of the Board and its Committees. The Chairman shall be the key contact person with CEO and the Executive Management and shall be obligated to perform the duties and responsibilities as follow:

- (i) Provide an opportunity to the newly appointed Director to review and study the operational documents and regulations of the Company, if necessary provide additional trainings and seminars;
- (ii) Provide the Directors the relevant information required to perform the assigned duties and tasks;
- (iii) Provide sufficient time for the Directors to discuss and make the appropriate decisions;
- (iv) Manage the Board committee activities under the assigned duties and responsibilities;
- (v) Assess or evaluate work performance of the CEO and management team at least once a year;
- (vi) Ensure that the Directors express their opinions freely during the discussion sessions of the Board meeting;
- (vii) Provide the Directors an opportunity to cooperate with the CEO and management team;
- (viii) Monitor the fulfillment of the duties and responsibilities of the Board;
- (ix) Make an agreement with the CEO on behalf of the Board and monitor the fulfillment of terms of the contract;
- (x) Make recommendations on matters related to policies, strategies and operations of the Company and call the Board meeting to discuss such recommendations;
- (xi) Cooperate with independent consultants appointed by the Board;
- (xii) Take appropriate measures to prevent any internal problems and conflict of interests of the Directors; and
- (xiii) Monitor fulfillment of responsibilities stated in the Company Charter and the Board Charter by the Directors and CS.

2.5. Board Committees

- 2.5.1. The Board shall have an Audit Committee, Remuneration Committee, Nomination Committee and Environmental, Social and Governance Committee, and at least two-thirds of the members in the Audit Committee, the Remuneration Committee and the Nomination Committees shall be the INEDs. The Board may set up other committees to perform the certain assignment of the duties of the Board and determine the composition of such committee. The Board shall appoint the chair of the Board committees and the Board committees membership shall be reviewed by the Board every 3 years.
- 2.5.2. The Board shall be liable for recommendations and decisions made by its committees. The Board committee shall carry out tasks assigned by the Board and shall not exercise the powers that over the Board.
- 2.5.3. The terms of references of the Board committees including the structure and responsibilities shall be approved by the Board.
- 2.5.4. The Board committees shall inform the Board regarding recommendations on operations, policies and strategies of the Company. The Director have right to attend meetings of the Board committees and to be provided by relevant documents without any restrictions.

2.6. Company Secretary

- 2.6.1. As proposed by the Chairman, CS shall be appointed by the Board. CS shall be a full-time employee. The term of office of CS shall be same as of the Board. The term of office of the CS may be specified differently in resolution on his/her appointment.
- 2.6.2. CS should have the training certificate in corporate governance.
- 2.6.3. CS is obligated to perform the right and responsibilities specified in Article 82.2 of the Company Law and listed below:
- (i) Receive compliant and feedback from shareholders and concerns related powers of the Board and submit for its discussion and decision;
 - (ii) Receive, keep and archieve documents specified in Article 97.1 of the Company Law and ensure that authorized person has access to documents specified in Article 97.2 of the Company Law;
 - (iii) Maintain a share register that records of the shares issued by the Company and list of shareholders;
 - (iv) Budget the expenditure for the internal activities of the Board and monitor and report the expenditure;
 - (v) Work with respective agencies and authorities for the regulation of securities trading, payment, depository, brokers and dealers within the scope of work; and
 - (vi) Other duties assigned by the Board.

3. POWER OF THE BOARD

3.1. Rights and Responsibilities of the Board

The Board shall be appointed by the GM and shall be accountable for the shareholders. Except for powers of the shareholders set forth in applicable laws, regulations and the Charter, the Board shall have the power to carry out all activities necessary to maintain sustainable monitoring and ensure strategic management of the Company. The Board shall perform the following duties and responsibilities with the objectives to create long-term values for the shareholders and ensure the interests of the stakeholders:

- 3.1.1. Rights and obligations specified in Clause 8.1, 9.4 and 9.12 of the Company Charter;
- 3.1.2. Adopt and approve procedures specified in Clause 9.5, 14.2 and 15.1 of the Company Charter;
- 3.1.3. If required, the following matters shall be presented at the first Board meeting and discussed and resolved at the following scheduled Board meeting:
 - (i) Discuss and approve annual budget of the Company; and
 - (ii) Discuss and make recommendation on annual financial report of the Company.
- 3.1.4. File court claims for any loss and damages to the Company caused by the authorized officials of the Company;
- 3.1.5. Resolve matters regarding social welfare of the Company's employees, except for the matters that fall within the powers of the CEO;
- 3.1.6. Propose to call the Board meeting and its agenda items;
- 3.1.7. Make recommendations on draft resolution and agenda of the Board meeting;
- 3.1.8. Receive studies and information regarding the subject matters and implementation of decisions of the Board meetings from relevant senior associates;
- 3.1.9. Monitor the implementation and fulfillment of the Board decisions;
- 3.1.10. Serve as a member of the Board committees;
- 3.1.11. Protect the Company's confidential information obtained during performing its duties and responsibilities;
- 3.1.12. Provide personal and connected parties' information and its changes to the CS according to applicable format;
- 3.1.13. Attend corporate governance training and obtain certificate;
- 3.1.14. Inform any conflict of interests to the Board and abstain from voting on such matter at the Board meeting;
- 3.1.15. Make decisions based on taking consideration of interests of the Company and its business;
- 3.1.16. The Director has the right to request information and reports necessary to perform his/her duties from the CEO, senior management and external auditor.
- 3.1.17. The Board may seek an advice from professional organisation and individual and the Company shall be responsible for related expenses. The Board can implement

the expert's advice if it considers that there is no doubt regarding the reports or recommendation provided by such expert; and

3.1.18. Perform duties and responsibilities assigned by the GM and the Board.

3.2. Procedures of the Board

3.2.1. The Board shall consider the following factors for directing the CEO and senior management: (i) achieving the Company's goals; (ii) operational strategies and risks of the Company; (iii) structure and operations of internal control and risk management system; (iv) financial reporting standards; (v) regulatory compliance; and (vi) other matters as specified in the laws.

3.2.2. The Board shall regularly discuss assessment report provided by the CEO on strategic and business risks and internal control and risk management system of the Company and any major changes or amendments to them.

3.2.3. The Chairman and CS shall monitor whether the CEO and senior management provide required information for normal operations and procedures of the Board and its committees. If necessary, the Board may obtain necessary information from the Company's employees and independent consultants or experts.

3.2.4. The Board shall conduct a review of its performance and provide its report to the shareholders' meeting. CS shall provide the required supports for Board evaluation. If necessary, external consultant may be engaged for performing such evaluation.

3.2.5. Based on proposal of the CEO, the Board together with the CEO shall evaluate the performance of the CEO and senior management and set up their remuneration. To set up a remuneration system, the Board shall consider whether the amount of remuneration is (i) aligned with long-term interests of the Company and shareholders and (ii) is sufficient to retain skilled employees needed for the Company for long-term.

3.2.6. The Board shall approve succession plan for the CEO and senior management of the Company with close supports and assistance from the CEO and the Board committees. The plan shall clearly define the priority list of successors, professional development plan of executive management, long-term succession planning and short-term plan for unplanned absence of executive management. Succession plan shall direct the Board develop strategy to recruit and retain senior employees needed for development of the Company.

3.3. Control of Financial Reporting

3.3.1. The Audit Committee shall regularly present annual, interim and quarterly reports and financial statements to the Board for its approval. The financial statements for the preceding year shall be discussed by the Board within 3 months after the financial year end. The quarterly financial statement of the Company shall be discussed by the Board within 14 days after the last day of the accounting period.

3.3.2. The Board shall invite the independent auditor to attend the Board meeting to discuss the annual report, financial statements and recommendation of the independent auditor.

3.3.3. If the recommendation made by the independent auditor is approved by the Board, the CEO shall be responsible for implement such recommendation.

3.4. Appointment of the Independent Auditor and its Assessment

- 3.4.1. The independent auditor shall be appointed by the Board. The Audit Committee shall propose to appoint and/or provide its recommendation to change the independent auditor to the Board.
- 3.4.2. The Board shall approve services fees of the independent auditor as recommended by the Audit Committee with consultation of the CEO.
- 3.4.3. The CEO and Audit Committee shall report to the Board regarding an annual evaluation of the independent auditor and terms and conditions of the agreement.
- 3.4.4. If conflict of interest between the external auditor and the Company occurs or may arise, the independent auditor, the CEO or the Audit Committee shall report to the Board. The Board shall make the decision whether such conflict of interests influence the auditor's independence.

3.5. Remuneration

- 3.5.1. Remuneration committee shall introduce remuneration policy and any changes or amendments to the Board for approval. The Board shall determine the amount of remuneration for the CEO and senior management in accordance with the remuneration policy.
- 3.5.2. Remuneration Committee shall provide a report presenting short and long-term incentive plans of the Company and information on remuneration of the Directors, CEO, and senior management.
- 3.5.3. The Board shall introduce employee share option scheme and any changes or amendments to the GM for approval.

3.6. Relations with Shareholders

- 3.6.1. If possible, the Board shall simultaneously and equally disseminate the required information to all shareholders and stakeholders.
- 3.6.2. The Board shall convene the GM and ensure that shareholders are provided by relevant information of such meeting.
- 3.6.3. The Board may ask independent auditor to attend the GM and provide the opportunity to respond to the questions raised by shareholders.

4. MEETING OF THE BOARD AND ITS DECISIONS MAKING

4.1. Meeting Notice and Agenda

- 4.1.1. The Board meeting shall be called by the Chairman, Directors and the CEO.
- 4.1.2. The Chairman, consulting with the CEO shall set the date, venue and agenda of the Board meeting and CS shall prepare for the Board meeting. Notice and agenda of the Board meeting shall be sent to all Directors at least 14 days prior the date of meeting. If considered urgent by the Chairman, the Board meeting may be convened at any time.
- 4.1.3. Documents related to the agenda of the Board meeting shall be sent to all Directors at least 3 days prior to the date of meeting. Board meeting documents shall include agenda, documentation, draft resolutions and other related documents.

4.2. Meeting attendance and participation

- 4.2.1. The Directors shall attend the Board meeting either in person or forms specified in Clause 9.7 of the Company Charter. The Board meeting shall be considered valid with the quorum presented in Clause 9.6 of the Company Charter. Board meeting can be adjourned due to lack of the quorum or as agreed by the Directors in advance.
- 4.2.2. The Director or authorized person calling or demanding to convene the Board meeting should attend the meeting in person.
- 4.2.3. If the Director not attending the Board meeting in person provides votes on subject matters in written form, he/she shall be deemed have attended the Board meeting.
- 4.2.4. Except the Board decide to exclude, the CEO shall attend the Board meeting. Senior management team may attend the meeting at the request of the Board.
- 4.2.5. In case the Director is unable to attend the Board meeting for several times, he/she should explain the reason to the Chairman.

4.3. Voting and Resolution

- 4.3.1. Each Director shall have one voting right on the adopting of proposed resolutions at the Board meeting. In case of an equality of votes, the Chairman shall have a second or casting vote. Resolutions of the Board meeting shall be deemed adopted as specified in Clause 9.6^{Error! Bookmark not defined.} of the Company Charter.
- 4.3.2. A representative as specified in Clause 9.8 of the Company Charter shall have a right to attend and vote at the Board meeting.
- 4.3.3. If some Directors have no right to vote on proposed resolutions at the Board meeting, the resolutions shall be deemed to be adopted by a majority vote of those Directors eligible to vote.
- 4.3.4. At the request of the Chairman, Board resolutions may be adopted by a way of an external voting. In this case, as approved by the Chairman, CS shall send documents related to proposed resolutions to all Directors in writing or via e-mail and receive voting in same ways. The Board resolutions shall be issued based on voting results and deemed to be adopted upon accepted and signed by a majority of the Directors. The Directors shall provide their votes on draft resolutions within 3 days and if not, the resolutions is deemed to be approved by the Directors.

4.4. Rules of the Board meeting

- 4.4.1. The Chairman shall chair the Board meeting. In the absence of the Chairman, a Director appointed or resolved by the Board may chair the meeting.
- 4.4.2. The discussion of proposed resolutions at the Board meeting shall proceed in accordance with the agenda. In the event of request to discuss additional items at the Board meeting, majority of the Directors shall approve the discussion accordingly.
- 4.4.3. Information and details related to the proposed items included in the agenda shall be presented by the Chairman or the Directors and CEO proposed such items. If documents related to such information and details sent to all Directors in advance, they are not required to be presented at the Board meeting as attendees agreed.

- 4.4.4. Each item included in the agenda of the Board meeting shall be voted and approved. The Directors shall vote on proposed resolutions in the form of “for”, “rejected” and “abstained”.
- 4.4.5. If proposed item is not approved by the first voting procedure, such item can be reviewed and negotiated for further discussions and approval.
- 4.4.6. The minutes of the Board meeting including the notice, quorum, agenda and discussed and approved items shall be recorded by the CS and signed by all Directors attended the meeting.

5. OTHER PROVISIONS

5.1. Liabilities of the Directors

- 5.1.1. The Directors making decision in breach of Clause 84.4 of the Company Law (except Clause 84.8 of the Company Law) shall be liable as specified Clause 84.9 of the Company Law.
- 5.1.2. Liabilities listed in Clause 85.2 of the Company Law.
- 5.1.3. Any other matters not specified in the Board Charter shall be regulated in accordance with applicable laws and regulations.

5.2. Conflict of Interests of the Directors

- 5.2.1. The Director is obligated to report of any conflict of interests or any conflict of interest that may arise to the Chairman and provide all relevant information as specified in procedure for reporting of conflict of interests of the Company. The Director having conflict of interests with the Company or proposed items to be discussed and approved at the Board meeting shall not attend the meeting.

5.3. Expenses of the Directors

- 5.3.1. CE shall compensate the Directors for the reasonable expenses related to attending the Board meeting. Proof documents of such expenses shall be approved by the Chairman. Other expenses shall be compensated by the approval of the Chairman in advance.

5.4. Training and Professional Development of the Directors

- 5.4.1. New Director shall participate in the induction training on rights, responsibilities and liabilities of the Directors and financial and operational reports of the Company.
- 5.4.2. CE shall be responsible for training expenses for the Directors and CS within approved budget.