

DOCUMENT NAME:

REGULATIONS OF THE BOARD OF DIRECTORS OF GOBI JSC

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1. GENERAL

1.1. Purpose

1.1.1. The purpose of this Regulations of the Board of Directors (hereinafter the “Regulation”) is to regulate the relations regarding the operations of the members, composition, functions, holding of meetings, evaluation, and reporting of the performance of the Board of Directors (hereinafter the “Board”) of Gobi JSC (hereinafter the “Company”).

1.2. Scope

1.2.1. This Regulation applies to the Annual General Meeting (AGM) of the Company, the Board members, and the Board office.

1.3. Terms and Definitions

1.3.1. **Annual General Meeting**: The supreme governing body of the Company, which consists of all of the shareholders who own the shares of the Company.

1.3.2. **Board of Directors**: The governing body of the Company during intervals between Annual General Meetings. The Board takes responsibility for establishing the Company's strategic direction, overseeing financial performance and Executive management's operations, safeguarding investor and shareholder interests, and implementing effective corporate governance practices.

1.3.3. **Independent members**: Board members who do not individually or jointly own five percent or more of the Company's common shares. They are not involved in the Company's business operations and are responsible for making unbiased decisions free from conflicts of interest. Their role is to protect shareholders' interests and fulfill the responsibilities of the Board.

1.3.4. **Cumulative voting formula**: A voting method used to elect Board members of a joint-stock company according to the Law on Company. The Financial Regulatory Commission approves the procedure for using this method.

1.3.5. **Corporate governance**: A system for directing and controlling the Company's activities and establishing organizational goals, objectives, and performance control methods. It encompasses relationships between shareholders, the Board, Executive management, and other stakeholders.

1.3.6. **Corporate governance code**: Governance principles that help companies establish suitable and efficient governance systems, safeguard the interests of all stakeholders, implement widely accepted best practices, and create long-term sustainable value.

1.4. RACI Matrix

Table 1 RACI matrix of operations of the Board

Process	AGM	Chairperson	Nomination Committee	Board Members	Board Office
<i>/ R-Responsible (works on), A-Accountable, C- Consulted, I- Informed/</i>					
Election of the Board members	A	I	R	I	C
Appointment and termination of the Board members	A	-	-	-	-
Establishing the rights and responsibilities of the Board members	I	A	R	C	R
Board members exercising their rights and responsibilities	I	C	A	R	C
Performance evaluation of the Board	I	I	A	R	R
Reporting of operations of the Board	I	A	-	C	C

1.4.1. This Regulation shall be approved by the Company's Board in accordance with the Law on Company, Corporate Governance Code approved by the Financial Regulatory Commission, the Company Charter, Regulations of the Board of Directors, and other applicable laws and regulations issued by regulatory bodies. The Regulation must be followed in all Company operations.

1.4.2. This Regulation shall come into effect from the date of its approval by the Board in a meeting and the Board retains the authority to amend the regulations as needed.

1.4.3. All Board members and employees of the Board office are collectively responsible for ensuring strict compliance with the provisions stated in this Regulation within the scope of their individual roles and activities.

2. COMPOSITION AND FUNCTIONS OF THE BOARD

2.1. Board Composition

- 2.1.1. The Board shall consist of 9 or more members, with a minimum of one-third of them being independent directors. The chairperson of the Board and a majority of its members shall make efforts to possess independence, serving to protect shareholders' interests and enhance governance practices.
- 2.1.2. In order to ensure stability within Board operations, no more than one-third of Board members may be replaced at any given time.
- 2.1.3. The Board shall be structured in an innovative and efficient manner that encompasses a diverse range of skills, knowledge, experience, and independence.
- 2.1.4. The Board shall strive to maintain a gender balance among its members, aiming for at least 30% representation of each gender.

2.2. Board Functions

- 2.2.1. The Board shall fulfill the following functions to ensure transparency and openness in the company's reporting and information, oversee the control and risk management system, implement good governance practices, and safeguard the interests of shareholders and stakeholders:
 - 2.2.1.1. Safeguarding the interests of shareholders and stakeholders by closely monitoring the operations of the Company's Executive management team, conducting evaluations, and assessing the effectiveness of the Company's management;
 - 2.2.1.2. Establishing a system to monitor the costs of core operations, ensuring accurate risk management, financial activities, and accounting practices;
 - 2.2.1.3. Monitoring the transparency and openness of the Company's operations;
 - 2.2.1.4. Acting as a mediator in cases of conflicts of interest among shareholders, management, and other stakeholders of the Company, and implementing effective resolutions in line with good governance policies and the best interests of the Company;

3. APPOINTMENT AND TERMINATION OF THE BOARD

3.1. Appointment of Board Members

- 3.1.1. The Nomination Committee shall develop and approve selection criteria for regular and independent directors.
- 3.1.2. The Nomination Committee under the Board shall be responsible for vetting and registering candidates for the Board, ensuring compliance with eligibility criteria, and deciding whether to include them in the candidate list.

- 3.1.3. Board members shall be selected and appointed by the Annual General Meeting (AGM) using a cumulative voting formula for a term of three years.
- 3.1.4. Within 10 business days of their appointment at the AGM, new members shall familiarize themselves with and endorse the "Memorandum" outlining the rights and responsibilities of Board members.
- 3.1.5. The "Memorandum" referred to in Article 3.1.4 shall be prepared and approved by the Nomination Committee.
- 3.1.6. Salaries, remuneration, payment methods, and intervals shall be transparently discussed and approved by the AGM. The AGM shall openly deliberate and approve the amount, method, and frequency of payments for member salaries and bonuses.
- 3.1.7. The Board Office shall organize orientation training for newly appointed board members and provide insights into the functioning of the Board and the Company.

3.2. Termination of Board Members

- 3.2.1. Termination of Board members' terms of office shall occur in the following circumstances:
 - 3.2.1.1. Resignation, where a written resignation letter is submitted to the Board at least three months prior to the intended resignation date;
 - 3.2.1.2. Prolonged incapacity to fulfill the rights and responsibilities as a Board member;
 - 3.2.1.3. Appointment to a position that prevents the member from performing their duties and responsibilities;
 - 3.2.1.4. Conviction of a crime or violation of laws in commerce, finance, taxation, or securities;
 - 3.2.1.5. Deceased; and
 - 3.2.1.6. Other circumstances specified by law.
- 3.2.2. If a Board member is absent from consecutive meetings without valid reasons on three or more occasions, their removal from the Board may be discussed.
- 3.2.3. In the case of premature termination of a Board member's term, the Board shall appoint a temporary replacement based on the proposal of the Nomination Committee until a by-election can be conducted.
- 3.2.4. Board members appointed according to Article 3.2.3 shall meet the requirements for independent members and possess the rights and responsibilities of a Board member.
- 3.2.5. Extraordinary General Meeting resolutions may result in the premature termination of the full powers of the Board and its members.

4. RIGHTS AND RESPONSIBILITIES OF BOARD MEMBERS

4.1. Board Member Rights

- 4.1.1. To serve in the committees under the Board;
- 4.1.2. To participate in committee meetings with voting and pre-voting rights;
- 4.1.3. To get acquainted with the Company's relevant documents through the Board secretary when voting on a resolution related to the full authority of the Board;
- 4.1.4. To access relevant Company documents through the Board secretary when voting on resolutions pertaining to the full authority of the Board;
- 4.1.5. Upon the Nomination Committee's initiative, to seek guidance and training from external experts at the Company's expense on matters essential for improving the company's operations and the effectiveness of the Board.

4.2. Board Member Responsibilities

- 4.2.1. To uphold the Company's rights and legal interests in all activities undertaken;
- 4.2.2. Not to disclose any internal Company information or business confidential information acquired during their term of service, both during employment and for a period of 3 years following their departure, and not to exploit it for personal or third-party gain;
- 4.2.3. To attend Board and committee meetings punctually, unless excused for valid reasons such as illness, approved leave, or necessary domestic or international business trips;
- 4.2.4. To notify the Board secretary in advance if unable to attend a meeting in person;
- 4.2.5. To adhere to the established protocols for Board meetings;
- 4.2.6. To abide by applicable laws, regulations, and ethical standards expected of Board members;
- 4.2.7. To commit sufficient time and diligence to fulfill their duties as outlined in the law, company regulations, and this Regulation;
- 4.2.8. To make decisions that are reasonable, honest, and in the best interest of the Company, and aim to improve the results of the Company's operations while ensuring a balance of the interests of the investors.
- 4.2.9. To provide information about themselves and any related parties of common interests, as well as any updates, to the Board secretary according to the template;
- 4.2.10. To report to the Board in the event of a conflict of interest and shall not vote on the issue; and
- 4.2.11. To learn and comply by the Company's code of conduct, governance policies, and internal regulations;

5. CHAIRPERSON OF THE BOARD

5.1. Appointment of the Chairperson

- 5.1.1. The chairperson shall be elected by a majority vote of all Board members at the first Board meeting.
- 5.1.2. The chairperson shall not be the person serving as the Executive management of the Company.
- 5.1.3. The chairperson serves the same term as the Board. Board members may be elected as chairperson an unlimited number of times.
- 5.1.4. In the absence of the chairperson, the Board member appointed from the Board meeting shall fulfill the responsibilities of the chairperson.

5.2. Rights and Responsibilities of the Chairperson

- 5.2.1. To manage and organize the activities of the Board, and monitor the implementation of the work plan;
- 5.2.2. To provide the conditions for the Board members to implement their functions, maintain a professional relationship based on respect and trust between the Board and the Executive management;
- 5.2.3. To announce, hold, and convene the Board meetings;
- 5.2.4. To approve the issues to be discussed at the Board meeting, make changes to the agenda, add additional issues for discussion, and ensure that each issue is given sufficient time and opportunity to be discussed and decided upon;
- 5.2.5. To inform whether the decision-making process and attendance of the meeting are deemed valid under this Regulation and the Company's Charter;
- 5.2.6. To assign the writing of the minutes of the Board meetings to the Board office, and monitor and sign it as responsible personnel for the accuracy;
- 5.2.7. To supervise and evaluate the operations of the Board office;
- 5.2.8. To organize the voting between the Board meetings;
- 5.2.9. To monitor the preparation and holding of the regular and irregular AGMs;
- 5.2.10. To communicate with the Company's management and other organizations on behalf of the Board, organize the execution of decisions of the AGM, and monitor their implementation;
- 5.2.11. To conclude agreements with the Company's CEO on behalf of the Company;
- 5.2.12. To explain the Board resolutions, state and report the Board's position on matters regarding its full authority; and
- 5.2.13. To take relevant measures to raise board members' knowledge about corporate governance.

5.3. Termination of the Chairperson

- 5.3.1. The term of office for the chairperson shall be terminated in the following cases:
 - 5.3.1.1. The chairperson makes a request to terminate their term of office;
 - 5.3.1.2. The chairperson becomes incapable of exercising their rights as the chairperson;
 - 5.3.1.3. Others stated in the law;
- 5.3.2. Within 14 days after the termination of the term of office of the chairperson, a new chairperson shall be appointed in accordance with article 5.1 of this Regulation.

6. INDEPENDENT BOARD MEMBERS

6.1. Responsibilities of Independent Members

- 6.1.1. In addition to the rights and responsibilities stated in Chapter Four of this Regulation, independent Board members shall have the following responsibilities:
 - 6.1.1.1. To examine management performance in depth to ensure that the Company's goals and objectives are met, and to monitor performance reports;
 - 6.1.1.2. To determine whether financial and non-financial information integrity, financial control, and risk management systems are adequately protected;
 - 6.1.1.3. To take the lead in the activities of the committees under the Board and participate proactively;
 - 6.1.1.4. To monitor whether the actions, policies, and resolutions of the Board and Executive management adversely affect the interests of the Company, ensure compliance with laws, rules, and regulations, and prevent violations;
 - 6.1.1.5. If any violation is found, to request that the responsible person eliminate the violation, and if the request is not fulfilled, bring the issue to the Board meeting for resolution, and submit a request for AGM;
 - 6.1.1.6. To demand transparency and openness in the Company's activities from the executive management, monitor implementation, and demand from relevant persons;
 - 6.1.1.7. To manage and control the potential for conflicts of interest among the Executive management, the Company, and the shareholders;
 - 6.1.1.8. To provide independent reviews and opinions of the Company's operational strategies, policies, and accountability issues as needed;
 - 6.1.1.9. To attend the AGM in person, report any principled disagreements with the resolutions of the Board, respond to the shareholders' inquiries, and provide clarifications;

6.1.1.10. To create an annual work plan for the operations of the Company and the Board, and at the end of the year, provide a report on initiated and completed work.

6.2. Meetings of Independent Members

- 6.2.1. Independent members shall hold a separate meeting at least once a year to discuss issues pertaining to the operations of the Company and the Board.
- 6.2.2. The issues to be discussed at the meeting of the independent members shall be determined in consultation with the chairperson and the independent members.

7. BOARD MEETINGS

7.1. Conducting Board Meetings

- 7.1.1. Board meetings are the primary organizational form of the Board's activities, and the meetings may be regular or irregular.
- 7.1.2. Regular Board meetings shall be held every two months.
- 7.1.3. Irregular Board meetings can be called by the chairperson, members of the Board, the Company's CEO, or members of the Executive management team. The person making the request to hold a meeting must notify the proposal in writing or by email and must prepare meeting with the assistance of the Board secretary.
- 7.1.4. Board meetings shall be deemed valid if majority of the members attend.
- 7.1.5. If Board members are unable attend the meeting in person, arrangements should be made for remote participation, enabling members to listen to each other, express opinions, and use communication tools.
- 7.1.6. The chairperson shall set the date of the Board meeting and the agenda at least 10 working days in advance. The Board secretary shall send the meeting notice and any relevant materials to the Board members via email at least 3 working days before the meeting.
- 7.1.7. With the approval of the majority of the Board members, items not on the agenda but that do not require analysis may be discussed.
- 7.1.8. If Board members need to propose additional changes to the agenda, they must submit their proposal in writing or by email to the Board secretary at least 7 working days in advance. The reasons for the changes and the agenda items must be clearly stated.

7.2. Ground Rules for Board Meetings

- 7.2.1. The person who prepared the relevant materials for the agenda item shall present them during the meeting.

- 7.2.2. The Board members may ask additional questions related to the agenda items.
- 7.2.3. The Board members shall deliberate on the issue and provide their insights.
- 7.2.4. The chairperson of the Board shall formulate a draft resolution based on the suggestions of the Board members.
- 7.2.5. The Board resolution shall be made by tallying the votes of the Board members,
- 7.2.6. The Board shall assign tasks and provide suggestions to the Company's Executive management team.

7.3. Minutes of Board Meetings

- 7.3.1. The Board secretary shall be responsible for recording the minutes of the Board meetings.
- 7.3.2. The minutes of the Board meetings shall include the following:
 - 7.3.2.1. Meeting place, day and time;
 - 7.3.2.2. Members who attended the meeting;
 - 7.3.2.3. Agenda items;
 - 7.3.2.4. Voting results and the issues resolved by voting;
 - 7.3.2.5. passed resolutions;
 - 7.3.2.6. suggestions and tasks assigned to the management team;
- 7.3.3. Audio recordings shall be made during the Board meetings and shall be archived by the Board secretary.
- 7.3.4. The minutes of the meeting shall be completed within 5 working days after the meet. They shall be sent to the Board members by e-mail for presentation after being reviewed by the chairperson of the Board.
- 7.3.5. The minutes of the meeting shall be signed by the Board members who attended the meeting, and the chairperson of the Board shall be responsible for their accuracy.
- 7.3.6. If a Board member refuses to sign the minutes of the meeting, he/she shall provide a written explanation.
- 7.3.7. Inaccurate minutes of the meeting shall not invalidate the Board resolution.

7.4. Validity of Board Resolutions

- 7.4.1. Each Board member shall have the right of one vote when passing a resolution at Board meetings.
- 7.4.2. The resolution shall be valid if passed by the majority vote of the Board members present at the Board meeting.
- 7.4.3. If a Board member pre-votes without attending the meeting for valid reasons, the vote is counted and the resolution may be passed.

- 7.4.4. If a Board member does not have the to vote on a resolution as per the Law on Company and Gobi JSC's Charter, the resolution shall be approved by a majority of the eligible voting Board members.
- 7.4.5. The Board shall have its own official resolution form and stamp.
- 7.4.6. A resolution shall be issued at the Board meeting, and become effective upon the signature of the chairperson of the Board. If required, the resolution may be signed by the approving members.

7.5. Using External Voting for Resolutions

- 7.5.1. The Board may pass resolutions by external voting, and in the event that the Board meeting is held through external voting, the meeting notice, the agenda and related documents, along with the voting ballots, shall be delivered at least 5 working days before the meeting in print or via e-mail.
- 7.5.2. Within 3 working days of receiving the notice of external voting and the ballot paper, the Board members shall submit their votes to the chairperson of the Board via the Board secretary. If a Board member fails to cast a ballot within this time frame, he or she is deemed to have refused to vote on the resolution.

8. BOARD COMMITTEES

8.1. Composition of Board Committees

- 8.1.1. The Board shall have Risk and Audit, Nomination, and Remuneration committees.
- 8.1.2. Each of the committees under the Board shall consist of at least 3 members, and at least 2/3 of them shall be independent members.
- 8.1.3. The committee chair and members are appointed by a majority vote of the Board members at a Board meeting after being nominated by the Nomination committee.
- 8.1.4. The term of office of committee members is the same as the term of office of the Board members.

8.2. Operations of Board Committees

- 8.2.1. The Board committees shall have specific functions, and full authority to reach conclusions on issues, present those conclusions to the Board, and make decisions on certain matters as per the Company Law.
- 8.2.2. The Board committee shall have specific functions and shall have the authority to reach conclusions, present those to the Board and make decisions in respect of particular matters specified in the Company Law.
- 8.2.3. The Board office is responsible for ensuring the working conditions of the committees.

- 8.2.4. The committees shall report their work to the Board annually.
- 8.2.5. The Board may establish a standing or temporary committee to enhance and strengthen the governance of the Company.

9. PERFORMANCE EVALUATION OF THE BOARD

9.1. Planning Board Activities

- 9.1.1. The committees under the Board shall review their activities and create work plans for the upcoming year at the final meeting of the year.
- 9.1.2. Independent members shall create a work plan for the following year that pertains to the operations of the Company and the Board at the end of each year.
- 9.1.3. At the first Board meeting of the year, the Board shall discuss and approve its annual action plan.
- 9.1.4. The Board office shall draft and submit the action plan specified in Article 9.1.3 of this Regulation for the chairperson's approval.

9.2. Performance Evaluation of the Board

- 9.2.1. Board members shall evaluate their own performance at the end of each year using the self-evaluation questionnaire of the Board created by the Nomination committee.
- 9.2.2. The performance of the Board shall be evaluated once at the end of each year using the self-evaluation questionnaire of the Board created by the Nomination committee.
- 9.2.3. At the conclusion of each year, the independent members shall prepare a report on the results of the work they planned and initiated in relation to the activities of the Board and the Company.
- 9.2.4. The Board office shall create an annual report on the progress made in implementing the action plan approved by the Board in accordance with Article 9.1.3 of this Regulation.
- 9.2.5. Performance evaluation of the Board and its committees and members may be conducted by external parties.

9.3. Reporting on Board Activities

- 9.3.1. The Nomination committee shall receive the evaluations and reports outlined in Articles 9.2.1, 9.2.2, and 9.2.3 of this Regulation, discuss them at the year-end committee meeting, and present them to the Board.
- 9.3.2. At the final Board meeting of each year, the Board office shall present the report outlined in Article 9.2.4 of this Regulation.

9.3.3. The chairperson of the Board and the chair of each committee shall report their work in the Company's annual report and at the AGM.

10. PROCESS MAPPING

10.1 Operational Process of the Board

10.1.1 The operational process map of the Board is provided in Appendix 1 of this Regulation.

11. LEGAL OBLIGATIONS

11.1 Compliance with Legal Obligations

11.1.1. Failure to adhere to or violation of the responsibilities outlined in this Regulation shall result in the application of relevant legal obligations.

11.2. Miscellaneous

11.2.1. Any issues not covered by this Regulation shall be resolved in accordance with the Law on Company, the Company Charter, and any applicable rules and regulations issued by regulatory and securities trading organizations.

THE END.

12. Appendix

12.1. Operational Process of the Board

ТУЗ-ийн үйл ажиллагааны процесс

