

TERMS OF REFERENCE OF THE ENVIROMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

1. GENERAL PROVISIONS

- 1.1. **Purpose.** The terms of reference (the “**TOR**”) of the Environmental, Social and Governance Committee (“**Committee**”) of the board of directors (the “**Board**”) of Premium Nexus JSC (“**Nexus**”) shall define duties, powers and functions of the Committee and regulate the appointment and resignation of members of the Committee.
- 1.2. **Scope.** This TOR shall be complied by the Board, the committees of the Board, Secretary of the Board, senior management, and authorized officials of Nexus and its subsidiaries and affiliates (the “**Company**”).

The TOR may be shared to interested parties at request and shall be posted on Nexus’s website.
- 1.3. **Review and Amendments.** The Committee shall review this TOR every three years and submit necessary changes or amendments to the Board for approval. Any changes or amendments shall enter into force upon approval by the Board.
- 1.4. **Provisions of the TOR.** In the event of a conflict between this TOR and charter of Nexus (the “**Charter**”), the Charter shall prevail. In the event that the TOR is in compliance with the governing laws and regulations of Mongolia, the respective latest updated law shall prevail accordingly. The Board shall resolve any uncertainty or disagreement regarding the interpretation of the provisions of the TOR and its implementation. Any issues or matters not specified in this TOR shall be regulated by the Company Law, the Charter and other applicable laws and regulations.

2. THE COMMITTEE AND ITS POWERS

2.1. Constitution of the Committee

- 2.1.1. The Committee shall consist of not less than three members. Chairman and members of the Committee shall be elected by a majority vote of directors of the Board and only a director of the Board shall have the right to be elected as a member of the Committee.
- 2.1.2. The term of office of the Committee members shall be the same as of the Board.
- 2.1.3. The chairman of the Committee shall be an independent non-executive director of the Board.
- 2.1.4. The Committee shall be chaired by the chairman of the Committee and the Secretary of the Board shall act as a secretary of the Committee.

2.2. The Rights and Obligations of the Committee

- 2.2.1. The Committee is to promote the integration of international best practices into the corporate governance of the Company, develop and implement environmental, social and governance (“**ESG**”) vision, strategy and policies, and monitor operation of internal control and risk management.
- 2.2.2. Recommendation of the Committee shall be considered only as a proposal, therefore it is not mandatory to be implemented by the Board.
- 2.2.3. The Committee has the right to obtain documents from authorized officials and employees of the Company and have them to participate in the Committee meeting as observers.
- 2.2.4. The Committee has the right to obtain external consulting services.

- 2.2.5. The Committee shall perform other duties and obligations assigned by the Board within the scope of rights and responsibilities set forth in this TOR.
- 2.2.6. The Committee shall regularly report its activities to the Board at least twice a year. If required, the Committee shall report to the Board after each meeting.

2.3. Duties and Responsibilities of the Committee Members

- 2.3.1. Active participation in the Committee's operations and meetings.
- 2.3.2. Protect confidential information obtained during performing duties and obligations.
- 2.3.3. Any conflict of interest related to decisions of the Committee and changes occurred in regards to the independence of the Committee members shall be informed to the Board.
- 2.3.4. Conduct an annual review of the implementation of this TOR and performance of the Committee and its members.

3. FUNCTIONS OF THE COMMITTEE

3.1. Environmental, Social and Governance

- 3.1.1. Identify the relevant matters that significantly affect the operation of the Company and the interest of other important stakeholders in the environmental, social and governance aspects;
- 3.1.2. Develop and review the Company's ESG vision, strategy, framework and policies and make relevant recommendations to the Board, and implement the ESG policies adopted by the Board;
- 3.1.3. Develop and update as necessary the Company's policies on production safety, environmental protection, social responsibility management and corporate governance;
- 3.1.4. Examine the Company's policies on human rights, business ethics and integrity, and diversity and the policies to integrate ESG issues into the business model, including through the analysis of the relative KPIs;
- 3.1.5. Set and monitor ESG targets and recommend actions to improve performance; and
- 3.1.6. Conduct and review the risk assessments in respect of the Company's impact on health, safety, environment and society.

3.2. Corporate Governance

- 3.2.1. Develop and review the Company's policies on corporate governance and make recommendations to the Board;
- 3.2.2. Review and monitor the training and continuous professional development of directors of the Board and senior management including making recommendations on methods to improve directors' knowledge of the environmental, social, and corporate governance policies and their responsibilities;
- 3.2.3. Review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- 3.2.4. Review on an annual basis the terms of reference for each of the committees of the Board and make recommendations on any update to the Board, as appropriate; and
- 3.2.5. Review and discuss with the Board, on a regular basis, the structure of the committees, the number and content of Board meetings, the schedule of issues which should be

considered by the Board meeting or meeting of its committees, and communication process between the Board and management.

3.3. Internal Control and Risk Management

- 3.3.1. Identify and monitor the potential operational, financial, and legal risks and develop guidelines and policies for the Company management team to determine, assess, mitigate and eliminate risks.
- 3.3.2. Develop recommendation to improve, facilitate and expand the internal audit function of the Company.
- 3.3.3. Monitor and assess the overall performance of internal audit and risk management including matters related to executive management, budget and human resources and implementation of recommendation of internal and external audit by the Company.
- 3.3.4. Ensure the security of computer systems and develop special plan that outlines process of the financial information and responsibilities of information technology staff in case of any failure or breakdown of the computer systems.

3.4. Meeting of the Committee

- 3.4.1. The Committee shall have regular and special meetings. The meeting shall be convened regularly based on recommendation of the Chairman or members of the Committee, or decision made by the Board in order to perform main duties of the Committee. Regular meetings shall be held every 3 months. Special meetings shall be convened at any time depending on operations of the Company and matters to be discussed. If the Board meeting is scheduled to discuss the functions and activities of the Committee, the Committee shall hold its meeting 7 days prior to date of the Board meeting.
- 3.4.2. Committee meeting shall be held in person, electronically or by written consent of the members. The Committee meeting shall be considered valid with the majority of the members present at the meeting. The decisions, recommendations and minutes of the Committee meetings (except for written resolutions) shall be in effect upon signing.
- 3.4.3. Secretary of the Committee shall provide to all directors meeting notice and agenda, list of subject matters and related documents via e-mail or forms agreed with the directors three days prior to the date of the meeting.