

## TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

### 1. GENERAL PROVISIONS

- 1.1. **Purpose.** The terms of reference (the “**TOR**”) of the Remuneration Committee (the “**Committee**”) of the board of directors (the “**Board**”) of Premium Nexus JSC (“**Nexus**”) shall define functions and powers 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, Company Secretary, senior management, and authorized officials of the Company 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 and Company Secretary shall review this TOR every year and submit necessary changes or amendment 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, Charter and other applicable laws and regulations.

### 2. THE RIGHTS AND OBLIGATIONS OF THE COMMITTEE

#### 2.1. The Composition of the Committee

- 2.1.1. The Committee shall consist of not less than three members, with two-thirds of them being independent members and aim for at least one-third of them to represent one gender. 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 Committee shall be chaired by the chairman of the Committee and Company Secretary shall act as a secretary of the Committee.

#### 2.2. The Obligations of the Committee

- 2.2.1. The Committee is responsible for developing a policy on remuneration packages of the directors of the Board, senior management and authorized officials, monitoring its implementation and providing support to functions of the Board.
- 2.2.2. The Committee is responsible to review, access and make recommendations to the Board upon any issues within its terms of reference which will not be a binding decision to be followed by the Board.
- 2.2.3. The main form of the Committee operation shall be the meeting of the Committee.
- 2.2.4. The Committee shall report to the Board at least twice a year. The Committee shall report to the Board after the meeting as soon as reasonably practicable.
- 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.

### **2.3. The Rights of the Committee**

- 2.3.1. The Committee shall exercise rights specified in Article 81.6 of the Company Law.
- 2.3.2. The Committee is authorized to seek documents, reports, explanations and other information from senior management, employees, and specialist of the Company.
- 2.3.3. The Committee is authorized to secure the attendance of senior management and relevant employees at the meeting as observers and ask questions and clarifications.
- 2.3.4. The Committee is authorized to obtain outside legal or other independent professional advice

### **2.4. The Duties and Responsibilities of the Committee members**

- 2.4.1. Attend the meetings and other activities of the Committee;
- 2.4.2. Protect confidential information obtained during performing duties and obligations;
- 2.4.3. 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; and
- 2.4.4. Conduct an annual review of the implementation of this TOR and performance of the Committee and its members.

## **3. THE FUNCTIONS OF THE COMMITTEE**

### **3.1. Remuneration Packages of Directors of the Board and Senior Management**

- 3.1.1. The Committee shall develop remuneration policy considering the following factors:
  - (i) The remuneration packages of directors of the Board, senior management, and authorized officials shall be set by considering their contribution to strategic goal and value of the Company and implementation and execution of the objectives and goals approved by the Board; and
  - (ii) The remuneration packages of directors of the Board, senior management shall be competitive and not affect their independence.
- 3.1.2. To set benchmark of remuneration packages for directors of the Board, senior management and authorized officials and make recommendations to the Board in respect of the remuneration packages.
- 3.1.3. To determine objectives of the Company's incentive system, evaluate the outcome, and make recommendations to the Board.
- 3.1.4. To develop and review employee share option scheme and make recommendations to the Board.
- 3.1.5. To discuss and recommend to the Board budgeting for annual personnel costs.
- 3.1.6. To review and monitor the criteria set for the Company's remuneration packages are in line with the Company's strategic development, interests of shareholders, financial conditions and labor market conditions.

### **3.2. The Meeting of the Committee**

- 3.2.1. 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 not less than twice a year. 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.

- 3.2.2. 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.
- 3.2.3. 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.