

COMPLIANCE MONITORING POLICY AND PROCEDURE

1. GENERAL PROVISIONS

- 1.1. This Compliance Monitoring Policy and Procedure ("**Procedure**") of Central Express CVS JSC (the "**Company**") aims to determine ways to implement rules, regulations and standards approved by relevant regulatory bodies by Compliance unit of the Company in order to implement effective compliance monitoring of the Company and its subsidiaries.
- 1.2. By this Procedure, Compliance unit shall determine methods to implement internal rules, procedures, instructions and operations in compliance with relevant laws and regulations and requirements and standards approved by regulatory bodies in order to implement effective compliance monitoring.
- 1.3. **Purpose**
Purpose of this Procedure is to (i) improve corporate governance by implementing risk management; (ii) develop and implement internal control and risk management program, rules and procedures related to money laundering and financing of terrorism; (iii) organize training on forming compliance culture; (iv) inform fraud and violations or set up a process for whistleblowing.
- 1.4. **Scope**
This Procedure shall be complied by the authorized officials and employees of the Company and its subsidiaries.
- 1.5. **Review and Amendments**
Environmental, Social and Governance Committee ("**ESGC**") of the Board of Directors of the Company (the "**Board**") shall review this Procedure regularly and submit necessary changes or amendments to the Board for approval. Any changes or amendments shall enter into force upon approval by the Board.
- 1.6. **Provisions of this Procedure**
In the event of a conflict between this Procedure and Charter of the Company (the "**Charter**"), the Charter shall prevail. In the event that this Procedure is in compliance with the governing laws and regulations of Mongolia, the respective latest updated law shall prevail accordingly. Any uncertainty or disagreement regarding the interpretation of the provisions of this Procedure shall be regulated by the motion of the Executive Chairman of the Board with participation of directors of the Board. Any issues or matters not specified in this Procedure shall be regulated by Company Law of Mongolia, the Charter and other laws and regulations.

2. GENERAL PRINCIPLES

- 2.1. The following principles shall be adhered while implementing this Procedure.
 - 2.1.1. Independence:
 - 2.1.1.1. Compliance monitoring procedure shall be formal and independent;
 - 2.1.1.2. Shall have Compliance unit;
 - 2.1.1.3. Avoid conflict of interest; and
 - 2.1.1.4. Shall have budget required for compliance procedure.

2.1.2. Transparency:

2.1.2.1. Require and provide information to relevant internal departments; and

2.1.2.2. Cooperate with other departments and internal control department of the Company.

3. GENERAL RESPONSIBILITIES

3.1. General responsibilities required for implementing this Procedure are as follows:

3.1.1. Responsibilities of the Board

3.1.1.1. Approve policies, internal rules, regulations and instructions;

3.1.1.2. Approve and monitor the implementation of internal control and risk management plan related to money laundering and financing of terrorism tailored to risk levels and characteristics of the Company;

3.1.1.3. Approve budget required for implementing compliance; and

3.1.1.4. Appoint compliance officer and communicate directly and receive reports.

3.1.2. Responsibilities of Chief Executive Officer (“CEO”)

3.1.2.1. Implement plan, policies and instructions approved by the Board;

3.1.2.2. Manage day to day activities in relation to implementation of compliance monitoring procedure;

3.1.2.3. Determine, manage and control the Company’s risks; and

3.1.2.4. Monitor effectiveness and adequateness of internal control and risk management plan.

3.1.3. Responsibilities of employees of the Company

3.1.3.1. Comply with laws, internal programs, policies, rules, regulations and instructions;

3.1.3.2. Comply with professional code of ethics;

3.1.3.3. Cooperate and provide support required for compliance monitoring and control; and

3.1.3.4. Represent the Company when communicating with regulatory bodies and foreign organizations in relation to compliance matters and provide required information timely.

3.1.4. The Company shall have Compliance unit adapted to specific nature of business and resources of the Company. Responsibilities of the Compliance unit can be assigned to officer who is responsible for different duties. Responsibilities of the Compliance unit are as follows:

3.1.4.1. Monitor and ensure implementation of laws, regulations and internal rules, regulations and instructions of the Company;

3.1.4.2. Develop plan, policies, internal rules, regulations and instructions tailored to meet circumstances of the Company;

3.1.4.3. Develop training program for employees and management of the Company;

- 3.1.4.4. Evaluate implementation of compliance program and report directly to the Board and provide information and recommendation on further measures to be taken;
 - 3.1.4.5. Constitute and form compliance culture within the Company; and
 - 3.1.4.6. Implement whistleblowing procedure to inform any violation and fault.
- 3.2. Internal rules and regulations must include condition for compliance officer to report his activities to direct management.
- 3.3. Compliance unit shall take initiative to cooperate with employees of all departments of the Company and have rights to gather required information related to compliance.
- 3.4. As experienced employees are key to compliance monitoring processes, person having adequate knowledge and experience in laws, regulations and their effect and importance should be appointed as a compliance officer.
- 3.5. Compliance unit shall cooperate with regulatory bodies with the following manner:
 - 3.5.1. Prepare and provide documents and report required by the regulatory bodies; and
 - 3.5.2. Organize meeting and discussion session with respect to disputed issues.

4. WHISTLEBLOWING PROCEDURE

- 4.1. Authorized officials and employees of the Company shall be whistleblower to notify about any action violating or possibly to violate of Code of Ethics, situation of conflict of interests, misuse of position, neglectful acts and illegal acts including corruption and bribe.
- 4.2. Compliance unit shall receive whistleblower information and take appropriate measures.
- 4.3. Compliance unit shall keep the confidentiality of the whistleblower while receiving and reviewing information related to violation.
- 4.4. Authorized officials and employees of the Company shall have rights to receive instruction, advice and information about violation of ethics from Compliance unit.
- 4.5. Compliance unit can receive information through official letter, e-mail, phone, fax or website and provide response through same ways.
- 4.6. Within a framework of monitoring and implementing this Procedure, Compliance unit shall meet related person, receive explanation and proof, review and provide conclusion whether to impose disciplinary action based on informed violation.

5. REPORTING

- 5.1. Plan for implementing compliance monitoring procedure shall be as follows:
 - 5.1.1. Prevent corruption and bribe;
 - 5.1.2. Prevent and combat money laundering and financing of terrorism;
 - 5.1.3. Information confidentiality and security;
 - 5.1.4. Regulation of receiving and giving gifts;
 - 5.1.5. Informing violation or whistleblowing;
 - 5.1.6. Ensure fair competition; and

- 5.1.7. Social responsibilities.
- 5.2. The following issues shall be included in Compliance unit report:
 - 5.2.1. Execution report of action plan for implementing compliance program;
 - 5.2.2. Implementation of training, risk management and internal control plan;
 - 5.2.3. Assessment of performance of departments and employees of the Company in accordance with compliance program;
 - 5.2.4. Any compliance issue related to the Board, CEO, departments and employees and related measures taken; and
 - 5.2.5. Comment and conclusion on compliance program and action plan.
- 5.3. Rights, responsibilities and performance reporting frequency and form of Compliance unit shall be included and confirmed in plan for implementing compliance program.
- 5.4. Compliance unit shall report directly to head of relevant department. Also, in order to ensure independence of compliance officer, performance shall be reported to the Board.