

Attachment to XacBank Board Resolution R-2023-45
dated 07 July 2023



WHISTLE BLOWING POLICY

Version	2.0
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Approved by	Board of Directors
Author / Developed by	Compliance department
Related documents	Internal labor procedure XacBank's Code of Conduct
Scope	Throughout XacBank
Additions, changes, revisions and the ineffectiveness of this policy	Board of Directors

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WHISTLE BLOWING POLICY

1. PREAMBLE

- 1.1. This policy shall regulate the Whistleblowing process within XacBank JSC ("Bank"). The Whistleblowing process involves the governing persons and employees of the Bank sending and receiving information, resolving the reported actual or potential violations of the norms specified in the legal documents regulating the Bank's operations, as well as addressing any reported actions that affect negatively the Bank's reputation, products and services, property and employees.
- 1.2. The purpose of this policy is to report illegal and unethical activities of the Bank's governing persons and employees without any prohibitions or restrictions, to reveal the issue early and solve every given case and to preserve the confidentiality of the whistleblower as well as to protect his/her interests;
- 1.3. The governing persons and employees shall follow the ethical standards per Bank's Code of Conduct Policy
- 1.4. This policy regulates the receiving and logging of information regarding fraud, corruption, and bribery related to governing persons and employees of the Bank, and the investigation, resolution, and reporting of such information shall be regulated in accordance with the relevant regulations of the Bank;
- 1.5. This policy does not apply to any issues arising in connection with receiving, resolving, reporting, or taking action on any complaints or information submitted by customers regarding the Bank's products and services, operations, and illegal or unethical actions of governing persons and employees.
- 1.6. This policy can be applied in relation to receiving and resolving complaints and information from business partners cooperating with the Bank on the basis of signed contracts regarding any illegal or unethical actions of authorized officials and employees of the Bank.
- 1.7. The following terms used in this policy shall be understood in the following meanings:
 - 1.7.1 "Whistle blowing" means to provide information to authorized persons about situations and actions that violate or may have violated the norms specified in the legal act regulating the Bank's operations;
 - 1.7.2 "Whistle blower" means the authorized officials and employees who blew the whistle according to clause 1.3.1 of this policy;
 - 1.7.3 "Legal act" means legal documents that establish standards, such as regulations and instructions approved by the laws and regulations of Mongolia, resolutions of the Bank's Board of Directors /"BoD"/, decisions, rules, regulations and instructions of the Executive Management;

- 1.7.4 "Governing persons " means a person defined as an authorized official in the banking regulations;
- 1.7.5 "Employee" means a citizen of Mongolia, a foreign national, or a person of no affiliation working with the Bank on the basis of a labor contract or a labor contract of special nature;
- 1.7.6 "Authorized person" means the authorized officer in handling related issues that receives, registers and transfers information submitted by the whistle blowers;
- 1.8. The Bank's Board shall decide on the issue of additions, changes, revisions and the ineffectiveness of this policy.
- 1.9. The Board shall organize regular training for the Bank's governing persons and employees on the "whistleblowing" policy and procedures.

2. PROVIDING INFORMATION

- 2.1. In accordance to this policy, governing persons, employees will report the following actions and violations:
 - 2.1.1. Actions that may have violated the laws and regulations of Mongolia;
 - 2.1.2. Actively violating or violation of the Bank's internal regulations, procedures, orders, resolutions, ethical norms and the following:
 - 2.1.2.1. Breach of trust that may cause damage to the Bank's property, funding, capital or reputation;
 - 2.1.2.2. Acts of discrimination against people based on their origin, ethnicity, language, race, age, gender, sexual orientation, social origin, social and marital status, wealth, occupation, position, religion, opinion, and education;
 - 2.1.2.3. Non-Disclosure of Conflict of Interest;
 - 2.1.2.4. The act of pressuring the employee in any form with use abuse of authority;
 - 2.1.2.5. Sexual or emotional harassment or coercion;
 - 2.1.2.6. Negligence or misconduct in one's profession or position;
 - 2.1.2.7. Concealment of any illegal or ethical violation, including but not limited to involvement in corruption or bribery;
 - 2.1.2.8. Actions or omission that can be considered as other risks;
 - 2.1.2.9. Violation of insider trading laws, regulations and policies

- 2.2. The whistle blower will identify and report issues/problems on their own terms.
- 2.3. When providing information, the whistle blower shall provide it to the authorized person in Mongolian, in their native language or any other well-known language either in a printed form or electronically (shugel@xacbank.mn) all while including the following information:
 - 2.3.1. General information about the issue, the applicable period, and the parties involved ;
 - 2.3.2. Circumstances in which the issue originated from, known, or suspected, and related facts/proof;
 - 2.3.3. Contact information (name, position, phone number, e-mail address etc.)
- 2.4. Whistle blowers may not disclose the information mentioned in 2.3.3. of this policy.
- 2.5. Whistle blowers will provide proof and evidence to their ability regarding the issue.
- 2.6. An employee who was terminated or resigned from employment from the Bank has the right to report any issue to the authorized person in accordance with Section 2.3 of this policy if he/she knows or suspects any illegal or unethical behavior by an governing person or an employee of the Bank.

3. RECEIVING INFORMATION AND THE REVIEW PROCESS

- 3.1. Upon receiving the information, the authorized person shall determine whether the matter will be resolved by this policy and submit it to the Bank's Chief Auditor.
- 3.2. If the authorized person has reason to believe that the whistle-blower is motivated by personal interests or revenge, has violated the reputation of others, or intentionally framed someone with false information, the authorized person will refuse to deal with the information and will report this to the Chief Auditor.
- 3.3. If the matter described in the information does not fall within the scope of this policy, the information shall be forwarded to the responsible official in accordance with the regulations covering the matter.
- 3.4. In the following cases, the received information will not be checked:
 - 3.4.1. Clear false information;
 - 3.4.2. Previously submitted information on which the issue had been investigated and the result was announced;
 - 3.4.3. The whistle blower was not able to provide proof, assurances regarding the information sent;

- 3.4.4. The whistle blower provided information with the purpose of gaining profit or advantage or abusing their authority for themselves or for their related parties;
- 3.5. The Chief Auditor, in consultation with the Bank's relevant executives, will select a specialist to conduct an investigation based on the given information within 3 working days.
- 3.6. The investigating specialist has the following rights and obligations:
 - 3.6.2. Organize a meeting with the parties involved in the reported issue and explain the rights and responsibilities of all parties;
 - 3.6.3. Keep a detailed record of the investigation process;
 - 3.6.4. Obtain written statements from parties involved in the reported issue;
 - 3.6.5. Make a recommendation on the measures to be taken, the required time period to implement it following the inspection and submit it to the Chief Auditor and authorized persons along with the notes and statements specified in clauses 3.6.2 and 3.6.3.
 - 3.6.6. Inform the reporting employee about the progress of the examination, the possible time frame for solving the problem, and the measures to be taken;
 - 3.6.7. Examination documents shall be handed over in accordance with clause 3.6.4.
- 3.7. If necessary, a joint inspection with an external inspection organization may be conducted;
- 3.8. Upon receiving the information specified in Clause 3.6.4, based on the of the investigation, the Chief Auditor shall consult with the Bank's relevant management before deciding on the measures to be taken and the duration.
- 3.9. Depending on the nature of the issue, the investigation and measures to be taken based on the information will be carried out within a reasonable period of time, and this period shall not exceed 20 working days;
- 3.10. The authorized person will keep a record of the information and supervise the measures and activities to be taken following the investigation;
- 3.11. The relevant management of the bank will take appropriate measures to ensure that such violations and actions discovered during the investigation are not to be repeated.
/ Internally transparent presentation of measures taken and reflection on measurement of results /
- 3.12. If there is reason to believe that the issue mentioned in the report is of criminal nature, the authorized person shall report it to the law enforcement agency;
- 3.13. The authorized person shall notify the non-confidential whistle-blower specified in Section 2.3.3 of this policy regarding the measures taken following the information

provided by them and the pursuing results immediately after the issue has been resolved;

3.14. After the issue had been resolved, the authorized person shall retain the investigation documentation as directed by the Chief Auditor;

3.15. The Chief Auditor shall report on whistleblowing issues to the relevant Committee of the Bank's Board at least once a year;

4. RESPONSIBILITY

5. In accordance with this policy, the staff who received the information and those who investigated the issue will take care to protect the rights and confidentiality of whistleblowers who sent the information honestly and sincerely;

4.2. The employees who received the information and who conducted the investigation are responsible for maintaining the confidentiality of the information and protecting the privacy of the employee who disclosed the information;

4.3. If issues mentioned in the information are not proven by the investigation, this will not become a reason to impose any responsibility on the whistleblower;

4.4. If the whistleblower is proven to be involved with the issue mentioned in the information, he/she will be held responsible according to the relevant regulations.

4.5. Disciplinary punishment will be imposed according to the internal labor procedures to an employee who was driven by personal interests or revenge, who diminished the reputation of others, or deliberately slanders and releases false information;

4.6. Disciplinary action will be imposed on the employee who disclosed the confidential information and the whistleblower's identity according to the Bank's internal labor procedures.

5. PRINCIPLES FOR SUPPORT AND PROTECTION OF THE WHISTLEBLOWER

5.1. As part of the activities to support and protect whistleblowers, the Bank will take action to protect the whistleblower's confidentiality, business reputation, salary, incentives, and their employment.

5.2. In connection with blowing the whistle, the following actions that can cause harm to the Whistle blower are prohibited from being taken:

5.2.1. Demotion, restriction of promotion, imposing disciplinary punishment, termination or dismissal in connection with whistle-blowing;

5.2.2. Changing or transferring their official duties without their consent;

5.2.3. Reduction of their salaries without reasonable grounds, discrimination in evaluation of work results, awards and incentives are prohibited;

- 5.3. In order to properly implement the bank's whistleblowing policy, annual training will be organized for all employees on how to provide, receive and deal with information regarding this policy.

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