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INTERNAL AUDIT CHARTER OF "SENDMN NBFI" LLC

YEAR 2024

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INTERNAL AUDIT CHARTER OF "SENDMN NBFI" LLC

ONE. GENERAL PROVISIONS

1.1 The purpose of this charter (hereinafter referred to as the "charter") is to define the purpose, scope, and direction of the internal audit function's activities of "Send MN NBFI" LLC (hereinafter referred to as the "company"), and to regulate the function's management, organization, the rights and responsibilities of the auditor, and related relationships.

1.2 Other relations not regulated by this charter shall be regulated in accordance with other relevant laws, statutes, charters, and procedures.

1.3 The Company's Board of Directors shall make and approve relevant amendments and changes to this charter in accordance with newly enacted laws and regulations, resolutions and decisions of state organizations, and amendments and changes made to the Company's charter.

1.4 Definition of Terms

The terms used in this charter shall be understood as follows.

1.4.1 "Board" shall mean the company's Board of Directors;

1.4.2 "Executive management" shall mean the company's Executive Director and Chief Operating Officer;

1.4.3 "Risk and audit committee" shall mean the risk and audit committee under the Board;

1.4.4 "Company's internal unit" shall mean a department, team, or branch unit established in accordance with the company's internal organization and structure;

1.4.5 "Internal audit" is an independent, objective assurance and consulting activity designed to add value and improve the company's operations. It helps the company accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes;

1.4.6 "Audit guidance" shall mean a document approved by an authorized person, which defines the matters to be guided in performing an internal audit examination;

1.4.7 "Audit report" shall mean a document prepared for the purpose of reporting the results of an audit examination conducted in accordance with the internal audit guidance;

1.4.8 "Audited unit" shall mean the company's department, team, or branch unit being audited.

TWO. PURPOSE AND PRINCIPLES OF THE INTERNAL AUDIT ACTIVITY

2.1 The purpose of the internal audit activity is to assist the company in achieving its objectives by evaluating and improving the effectiveness of risk management, control, and governance processes through a systematic and disciplined approach.

2.2 The Internal Audit Department has the primary function of supporting the company's Board of Directors (Boad) and the Board's Risk and Audit Committee in exercising their oversight functions as stipulated in the Company Law, the company's charter, the Board's operational procedures, and other relevant rules and procedures. It shall carry out its activities independently and shall be responsible for reporting its results only to the Board and the Board's Risk and Audit Committee.

2.3 The Internal Audit Department shall adhere to the following principles in its activities. These include:

2.3.1 Audit activities shall be transparent, autonomous, and independent, and audit results shall be reported objectively, accurately, and fairly;

2.3.2 Audit activities shall be implemented with a focus on risk prevention, advising, and providing assistance, rather than with an approach of assigning accountability;

2.3.3 The Auditor shall uphold professional ethics and strictly maintain the organization's confidentiality;

2.3.4 Strictly adhere to the internal audit code of ethics;

THREE. SCOPE AND DIRECTION OF THE INTERNAL AUDIT ACTIVITY

3.1 The internal audit activity shall be conducted within the following scope. This includes:

3.1.1 Whether the governance system, organizational structure, duties, and responsibilities of the audited unit are optimal and appropriate;

3.1.2 Whether the required policies, procedures, and guidelines are in place;

3.1.3 Whether appropriate internal controls are being implemented effectively and in a timely manner within the functions of the audited unit;

3.1.4 Whether an internal control system has been established and is being implemented effectively in all areas of the company's operations;

3.1.5 Whether the accounting for the company's resources and assets has been done accurately;

3.1.6 Whether an appropriate risk management system has been established and is operational;

3.1.7 Whether the company's operational, financial, accounting, and other reports and information are being provided to relevant parties and company management accurately, reliably, and in a timely manner;

3.1.8 Whether the company's financial and operational information is complete and objective;

3.1.9 Whether the company's operations comply with the laws of Mongolia and the company's policies, charters, and procedures;

3.1.10 Whether the company's activities to combat money laundering and the financing of terrorism comply with the laws of Mongolia and the company's policies, charters, and procedures;

3.1.11 Other considerations pertaining to the audit's function and responsibilities;

3.2 The internal audit activity shall have the following focuses. These include:

3.2.1 The implementation of laws, policies, charters, and procedures;

3.2.2 The implementation of the Board's resolutions and decisions;

3.2.3 The implementation of contractual terms and conditions;

3.2.4 The company's goals, objectives, strategies, projects, programs, plans, and their implementation and performance;

3.2.5 Financial and accounting standards and their implementation;

3.2.6 The financing and expenditure of investments, and their efficiency;

3.2.7 The planning, performance, and results of operational income and expenses;

3.2.8 The accuracy, reliability, and transparency of operational and financial information;

3.2.9 The effectiveness of internal control activities;

3.2.10 The effectiveness of risk management;

3.2.11 The governance system, organizational structure, work performance of the company's units and employees, the interdependence of internal activities, and process efficiency;

3.2.12 The information security management system;

3.2.13 The information technology system, its planning, development, implementation, and the confidentiality, security, and reliability of information;

3.3 The internal audit activity shall be conducted in accordance with relevant legislation and the international standards for internal auditing. It is advisable that it be guided by resolutions, rules,

procedures, policy documents, methodologies, recommendations, and directives issued by authorized state bodies.

FOUR. MANAGEMENT AND ORGANIZATION OF INTERNAL AUDIT

4.1 The Company shall maintain an Internal Audit function. The Chairman of the Board and the Board's Risk and Audit Committee shall ensure the governance of the Internal Audit Department.

4.2 The Risk and Audit Committee under the Board shall evaluate and prepare recommendations on the leadership of the Internal Audit Department, the appointment of audit personnel, and the determination of their compensation and incentives, and shall present these recommendations to the Board of Directors.

4.3 Decisions on the appointment, dismissal, and determination of compensation and incentives for internal auditors shall be made by the Board of Directors.

4.4 The Internal Audit Department shall be composed of the head of the department and internal auditors. They must have graduated from a university in banking, finance, accounting, economics, law, or other professional fields recognized by the Financial Regulatory Commission, have at least one year of work experience, have no criminal record, be of good ethical standing, and be free from conflicts of interest.

4.5 The Head of the Internal Audit Department shall manage the daily activities of the Internal Audit Department, provide professional guidance to the auditors, ensure the fulfillment of their duties, and evaluate their work performance.

4.6 An employment relationship shall be considered established upon the issuance of the order appointing an auditor, or for the period specified if the order explicitly states an effective period, and shall be regulated by the Internal Labor Regulations.

4.7 If the Risk and Audit Committee under the Board deems it necessary to engage an external audit, it shall present its proposal and conclusion to the Board of Directors for a decision.

4.8 The operational expenses of the Internal Audit Department shall be included in the budget of the Board's operational expenses. The Internal Audit Department shall organize its activities in accordance with this charter and the internal audit department's procedures.

4.9 In addition to the audits approved in the annual plan, the Internal Audit Department shall conduct unscheduled audits in accordance with the tasks and directives given by the Board and the Board's Risk and Audit Committee.

4.10 The Internal Audit Department shall plan its activities for the short, medium, and long term and shall report its activities to the Board annually.

FIVE. INDEPENDENCE AND OBJECTIVITY

5.1 The Board shall provide the conditions for the Internal Audit Department to carry out its activities independently and autonomously. Internal auditors shall be independent and objective in fulfilling their duties and shall always maintain and improve their professional skills. To keep the internal audit independent and objective, there must be no external interference in determining the audit selection, scope of work, procedures, frequency, timing, or report content.

5.2 In the event that any party influences, attempts to influence, or threatens the Internal Audit Department or an auditor in their activities, the auditor shall fill out an influence declaration, immediately notify the Board and the Board's Risk and Audit Committee, and have the issue resolved in accordance with the proper procedures.

5.3 The Internal Audit shall not have direct responsibility or authority over the company's operations.

5.4 The auditors of the Internal Audit Department shall approach all matters fairly and in accordance with reality and shall be free from any conflict of interest. If internal auditors have any conflict of interest that could influence the performance of an audit, they shall notify the Board's Risk and Audit Committee and their direct supervisor, as this could negatively affect their independence, objectivity, and professional competence.

5.5. Furthermore, the internal audit function is not responsible for implementing the internal control system; rather, each unit of the company has the responsibility to establish, manage, and guide its own internal control system.

SIX. ASSURANCE AND CONSULTING SERVICES

6.1 Assurance

6.1.1. The internal audit shall provide a well-founded assurance to the company's shareholders and stakeholders that the organization is operating effectively and efficiently.

6.1.2. The internal audit shall review whether the company's strategic, operational, financial, and compliance objectives are appropriate.

6.1.3. The internal auditor must refrain from assessing operations for which they had responsibility within the previous year. Any such action could compromise their independent judgment.

6.1.4. The internal auditor may provide recommendations or advice for improving operations.

6.1.5. In the event that non-conformance with the Definition of Internal Auditing, the Code of Ethics, or the IPPF (International Professional Practices Framework) standards impacts the overall scope or operation of the internal audit activity, the head of the Internal Audit

department must report this to the CEO, the Risk and Audit Committee of the Board of Directors, and the Board.

6.2 Consulting Services. The internal audit shall provide consulting services to the company in the following ways. These include:

6.2.1. To provide assurance on whether the audited unit's operations comply with relevant laws, regulations, rules, and policies;

6.2.2. To provide recommendations for improving business operations after completing the assessment of the audited unit's business processes.

6.2.3. To issue recommendations regarding current and potential risks in the audited unit's operations.

SEVEN. INTERNAL AUDITOR'S RIGHTS

7.1 The internal auditor has the following rights. These include:

7.1.1. In accordance with the approved audit engagement, to have unrestricted access to and review the operations of the company's audited unit, information at all levels, records, and documents, and to communicate directly with employees;

7.1.2 To set deadlines for and obtain necessary written and electronic documents, materials, reports, information, and explanations from relevant officials and employees during the audit process; to temporarily receive and review them, and to conduct meetings and interviews;

7.1.3 To request assistance from the employees of the unit being audited as required for the audit work, and to use necessary premises, equipment, and tools;

7.1.4 To review documents and materials related to the verification of financial statements and records in accordance with relevant procedures;

7.1.5 To submit a proposal to the relevant unit or official to hold an employee accountable for insufficiently implementing a recommendation provided by the internal auditor, and to monitor its implementation;

7.1.6 To engage relevant professional individuals in the audit work to obtain an opinion on necessary issues, in agreement with the relevant management of the company;

7.1.7 The Internal Auditor shall work in direct communication with the Executive Management and other authorized officials.

7.1.8 The Head of the Internal Audit Department has the right to free and unrestricted access to the company's Board and the Board's Risk and Audit Committee.

7.1.9 The Head of the Internal Audit Department has the right to determine the allocation of resources to meet the scope of audit work, the audit frequency, and the objectives of the internal audit. If deemed necessary, the Head of the Internal Audit Department has the right to make changes to the audit program and audit timeline so as not to interrupt the scope of work of the approved audit plan.

EIGHT. DUTIES AND RESPONSIBILITIES OF THE INTERNAL AUDITOR

8.1 The Internal Auditor shall have the following duties. These include:

8.1.1 The Internal Audit has the duty to plan, execute, and report on risk-based audits, as well as to ensure the implementation of recommendations given by the audit, conduct follow-ups, fulfill special tasks and assignments, and determine the scope and timeline of the audit work. On-site audit work (fieldwork) shall be performed professionally and in a timely manner. They have the duty to openly report the results of the internal audit work and related recommendations to the management team, the Executive Management, and the Board's Risk and Audit Committee.

8.1.2 To conduct planned and unplanned financial, performance, and compliance audits to prevent potential operational and financial risks to the company's operations, and to issue conclusions and recommendations to rectify any identified violations and deficiencies;

8.1.3 To adhere to and be guided by the International Standards for the Professional Practice of Internal Auditing, rules, and professional ethical principles, and to report any risk that could affect independence and objectivity to the Board's Risk and Audit Committee and the Internal Audit Department to be resolved;

8.1.4. To propose initiatives for improving and developing the company's risk management and internal control systems, and to perform audits professionally, with high quality and responsibility;

8.1.5. To use all documents and information reviewed and obtained during the course of the audit solely for internal audit activities and to maintain their confidentiality;

8.1.6. To monitor the implementation of recommendations and conclusions made based on audit results and to take measures to ensure their fulfillment;

8.1.7. To continuously improve and develop professional knowledge and skills;

8.1.8. To approach all issues fairly and in accordance with facts, and to work free from conflicts of personal interest;

8.1.9. Not to conceal or suppress identified violations or necessary information;

8.1.10. To compile the internal audit engagement's case file and enter it into the electronic registration system and archive;

8.1.11. Not to participate in any activity that could negatively affect the reputation of the internal audit function or one's own organization;

8.1.12. The conclusions and recommendations resulting from the internal audit must meet the following requirements. These include:

8.1.12.a. Must be based on relevant laws, regulations, rules, standards, and evidence, and be developed at a professional level;

8.1.12.b. Must be clear and achievable;

8.1.12.c. Must have a deadline for reporting and for completion of implementation;

8.1.12.d. Must be signed and certified;

8.1.12.e. In order to meet the requirements of partner organizations, reports, conclusions, and recommendations related to the Company's anti-money laundering and combating the financing of terrorism activities must be prepared by having them translated into Mongolian and English, and certified with a translation seal and by a notary.

8.2 The internal auditor shall bear the following responsibilities. These include:

8.2.1. If the internal auditor commits any act that contravenes this charter and it is not of a criminal nature, they shall be held liable as stipulated in the company's Internal Labor Regulations.

8.2.2. If the internal auditor's action has the nature of a crime as defined in the Criminal Code, the matter shall be referred to law enforcement authorities for resolution.

NINE. RELATIONS WITH EXTERNAL AUDIT AND REGULATORY BODIES

9.1 The Internal Audit department has the right to express its opinion on the proposals and conclusions made by the Risk and Audit Committee of the Board of Directors regarding the selection of the external audit firm and the establishment of a contract.

9.2 The internal audit shall work effectively with external auditors and other regulatory bodies. To avoid duplication of audit work, the internal audit may cooperate with the external audit firm and regulatory bodies within the following scope. This includes:

9.2.1 Mutually sharing the annual audit plan, reports, and other relevant documents, organizing joint training, and studying and exchanging methodologies and experiences;

9.2.2 Cooperating in the planned inspections conducted by the external audit and regulatory bodies by providing internal audit reports and relevant information.

9.3 The internal audit shall not be held responsible for the intended use of reports, information, and documents prepared for and provided to external auditors and regulatory bodies.

TEN. RIGHTS, DUTIES, AND RESPONSIBILITIES OF THE AUDITED UNIT

10.1 The audited unit includes the organizational unit being inspected and audited, its management, and its employees.

10.2 The audited unit, its management, and its employees have the right to provide comments and explanations on the inspection and audit report.

10.3 During the course of internal audit activities, the management and staff being audited have a duty to provide the information, materials, references, and explanations requested by the internal auditor within the specified timeframe, and to participate in interviews and surveys when necessary.

10.4 The management and staff are obligated to implement the conclusions and recommendations made by the internal auditor and to submit the results of measures taken in accordance with the recommendations, conclusions, and requirements to the auditor within the specified timeframe.

10.5 Management and employees have a duty to provide support and assistance to the internal auditor's work, and it is strictly forbidden to obstruct the audit work.

10.6 If an official or the company obstructs the audit activities by refusing to present documents and materials necessary for the verification of financial reports or to provide explanations, they shall be subject to disciplinary liability as stipulated in the Internal Labor Regulations.

ELEVEN. INVESTIGATING FRAUDULENT ACTIVITIES

11.1 At the request of the Executive Management or the Risk and Audit Committee of the Board of Directors (Board), the internal audit shall conduct investigations into fraudulent and other suspicious cases and activities. In cases that are transferred to law enforcement or involve legal proceedings, all documents, materials, investigation procedures, the investigation report, and interview notes related to the investigation must meet all necessary requirements.

11.2. Internal auditors who have conducted an audit shall maintain confidentiality for the purpose of protecting the position of the company and the auditee.

11.3. The internal audit shall deliver the audit report to the management.

TWELVE. PROFESSIONAL STANDARDS

12.1. Internal auditors shall work with a high level of professional skill when collecting and assessing information about the process being audited and when performing the audit work. The internal audit shall strictly adhere to the standards approved by the Institute of Internal Auditors, the internal auditor's code of ethics, and the company's policies, rules, and procedures.

12.2. Internal auditors shall act professionally when communicating with the company's management, all employees, customers, and other third parties.