

Annual operational report /form 1/

General obligations of a securities issuer was established by article 20 of Securities Market Law, and the securities issuer is obligated to submit an annual activity report to the Financial Regulatory Commission and the trading authority in accordance with the following form and shall provide information to the public through its website.

Reporting period	From January 1 st 2024 to December 31 st 2024	
Issuer name, state registration number, title of securities, and contact information	MIK Holding JSC, 9010001134, MSE:MIK, 11-328267	
Name of Registered stock exchange	Mongolian Stock Exchange	
Business sector	Other financial services	
Name of the audit company registered with the Financial Regulatory Commission (FRC) that issued the audit opinion on the year-end financial statements, and the date of registration.	Ernst & Young	
Total number of shares issued	20,709,320	
Name of specialist and reviewer who prepared the annual operational report	Reviewed by: Chief Executive Officer B. Gantulga	
1.	Financial statements for the reporting year /Complete the summary report indicators and attach the full financial statements/	
	Financial Statement	Attached
	Comprehensive Income Statement	Attached
	Changes in Equity Statement	Attached
	Cash Flow Statement	Attached
1.1.	Audit opinion on the annual financial statements	

	It has been presented fairly, in all material respects, in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").																											
1.2.	Audit confirmation letter /the confirmation letter must be prepared in accordance with the content specified in this guideline/																											
	N/A																											
2.	Management's recommendation of external and internal factors affecting the issuer's financial performance, analysis of financial statements, income, expenses, and profit indicators for the reporting period.																											
2.1.	Operational results / financial ratio indicators /	<table border="1"> <tr> <td colspan="2">Financial indicators</td> </tr> <tr> <td colspan="2">Profitability ratio</td> </tr> <tr> <td>Net Interest Margin (NIM) *</td> <td>0.21%</td> </tr> <tr> <td>Return on Assets (ROA) *</td> <td>-0.43%</td> </tr> <tr> <td>Return on Equity (ROE) *</td> <td>-0.44%</td> </tr> <tr> <td colspan="2">Changes in percentage (from the beginning of the year)</td> </tr> <tr> <td>Changes in total assets</td> <td>-0.44%</td> </tr> <tr> <td>Changes in the loan portfolio</td> <td>0</td> </tr> <tr> <td colspan="2">Share in assets</td> </tr> <tr> <td>Equity / Total assets</td> <td>98.75%</td> </tr> <tr> <td>Liabilities / Total assets</td> <td>1.25%</td> </tr> <tr> <td colspan="2">Liquidity ratio</td> </tr> <tr> <td>Liquid assets / Deposited assets</td> <td>187.12%</td> </tr> </table>	Financial indicators		Profitability ratio		Net Interest Margin (NIM) *	0.21%	Return on Assets (ROA) *	-0.43%	Return on Equity (ROE) *	-0.44%	Changes in percentage (from the beginning of the year)		Changes in total assets	-0.44%	Changes in the loan portfolio	0	Share in assets		Equity / Total assets	98.75%	Liabilities / Total assets	1.25%	Liquidity ratio		Liquid assets / Deposited assets	187.12%
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2.2.	Liquidity and financial resources, and affordability																											
2.3.	Measures taken due to external and internal factors affecting the issuer's activities, changes in the type of products and services.	<p>Mongolia's economy grew by 5.0 percent in 2024, indicating a steady economic recovery. Although the inflation rate increased to 9.1 percent per year, the average monthly household income increased by 19.9 percent, and the national average nominal wage increased by 19.5 percent, which positively impacts household financial conditions and is expected to improve mortgage repayment capacity and housing affordability. The financial sector continues to grow, with total assets of operating banks increasing by 25.1 percent and assets of non-bank financial institutions increasing by 26.5 percent, respectively, increasing the stability of the sector and reducing the counterparty risk. As of December 2024, the housing price index was 1.247, down 0.95 percent from the same period last year, and the growth of the housing price index (HPI) has begun to stabilize in</p>																										

recent years. The demand for housing is high due to the high proportion of young people in Mongolia's demographics and the high demand to redevelop ger districts and housing in the rural areas.

In 2024, 19,790 housing units were commissioned, an increase of 3.1 percent from the previous year and 23.8 percent over the past five years. Construction sector output grew by 0.6 percent in 2023.

As of the end of 2024, the total outstanding amount of mortgage loans issued under the Government's Affordable Housing Finance Program amounted to MNT 6.1 trillion, and the number of borrowers reached 90.7 thousand. "MIK HFC" LLC purchased and securitized 67.4% of these loans. In 2024, a total of MNT 2,928.5 billion of mortgage loans were issued, of which 47 percent, or MNT 1,373.6 billion, were issued within the framework of the AHFP, and 53 percent, or MNT 1,554.9 billion, were issued from banks and other sources. Compared to 2023, the amount of new loans issued under the program increased by 55.2 percent, and this growth was positively affected by the cessation of loan payment deferral and an increase in the issuance of RMBS. As part of the loan deferral program, MIK HFC LLC has deferred loan payments of MNT 10.1 trillion for 190.5 thousand borrowers cumulatively. Mortgage loans with market interest rates increased by 36.0%, indicating an increase in the supply of mortgage loans and high demand, which positively impacts the growth of the mortgage loan market.

In January 2024, MIK HFC LLC successfully issued \$225 million in Khulan bonds on the international market, with an interest rate of 11.5%, a term of 3 years.

Mongolia ranks third in the world regarding land area per capita, but about 50% of the population is concentrated in the capital city of Ulaanbaatar, which occupies 0.3% of the total territory. Therefore, to distribute program loans equally between the capital and rural areas, the program is working to increase the financing of program loans to rural areas

starting from 2024. Within the program's framework, an average of 17% of the total loan amount and an average of 24% by number of borrowers were provided to rural areas in 2018-2022. In 2023, program loans were provided to 8.9 thousand households, of which 32% or MNT 302.6 billion were provided to 3.7 thousand households purchasing housing in the rural areas. However, as of the second quarter of 2024, MNT 331.3 billion were provided to 3.3 thousand rural households, constituting 44% of the total loan amount and accounting for 50% by number of households.

The main guidelines of the government's monetary policy in 2024 include transferring the subsidized mortgage loan program from the Bank of Mongolia to the Government, and "MIK HFC" LLC will work with the Government to ensure the program's continuation in a stable and efficient manner.

To ensure the continuity of the AHFP until the Government takes over the program and finances it from loan repayments, the "Temporary Procedure for Providing Mortgage Financing Sources to Banks" was approved by the Order No. A-246 of the President of the Bank of Mongolia in 2023. Within the procedure framework, the "General Agreement on Housing Mortgage Financing" was renewed on February 23, 2024, with the participants in the program, MIK HFC LLC and banks, and the Bank of Mongolia continuing to finance the program through the repayment of RMBS. Within the framework of the "Law on the Sovereign Wealth Fund" approved by the plenary session of the Parliament on April 19, 2024, it is stipulated that MNT 499.5 billion will be accumulated in the Savings Fund, and the accumulated resources will be invested in the subsidized mortgage program through the Bank of Mongolia. The Ministry of Finance and the Bank of Mongolia have signed an "Agreement on the Management and Development of the Savings Fund's Assets" within the resolution framework, and are investing in the subsidized mortgage program using the Savings Fund's resources.

		<p>As Mongolia has a young, socially active population, high smartphone usage, and increasing access to government and other e-services, the Company has begun facilitating the operations of its customers and borrowers by releasing liens electronically and resolving some borrower requests electronically. We have also begun introducing electronic tools and innovations into our internal operations. We are working to modernize our financial management system, digitize our portfolio purchases, and introduce “business intelligence tools.”</p> <p>MIK HFC LLC plans to purchase and securitize mortgage loans worth up to MNT 900 billion in 2025.</p> <p>In 2025, the following measures will target the rural community in the program loan products purchased and securitized by “MIK HFC” LLC. These include:</p> <ul style="list-style-type: none"> ▪ The maximum loan amount for a rural mortgage is MNT 150 million; ▪ Credit Guarantee Fund will issue guarantees for rural mortgage downpayments; <p>Measures implemented since 2023, such as providing a 60 percent guarantee for downpayments and a 3 percent interest subsidy for citizens purchasing housing in rural and remote districts, will continue to be implemented.</p>
2.4.	Detailed information on transactions recorded outside the balance sheet and accounting policies /off-balance/	Attached
2.5.	Information on loan repayments, loan collateral, and guarantees obtained during the reporting period;	<p>During the reporting period, mortgage loans were purchased through two special-purpose companies, totaling MNT 506.35 billion.</p> <p>Per the Government Resolution No. 68 of 2023 “On Some Measures to be Taken for Urban and Rural Revitalization”, the Bank of Mongolia, the Ministry</p>

		of Construction and Urban Development, the Credit Guarantee Fund, and Commercial Banks concluded a general agreement on rural housing financing under the “Mortgage Loan” scheme. Under this agreement, banks began issuing mortgage loans with downpayment guarantees in local and remote districts (Nalaikh, Baganuur, Bagakhangai). “MIK HFC” LLC issued RMBS worth MNT 506.35 billion in 2024 under the AHFP, of which 97 loans worth MNT 8.8 billion are down payment guaranteed loans.
3.	Information on conflicts of interest and large-scale transactions carried out by the issuer during the reporting period, the significance of the transaction, and information on the parties with conflicts of interest /including information on all conflicts of interest transactions carried out during the reporting period/	
	<ol style="list-style-type: none"> 1. 1/10/2024 - Legal entity deposit agreement - Trade Development Bank - Deposit placement 2. 4/15/2024 - Legal entity deposit agreement - Trade Development Bank - Deposit Placement 3. 7/26/2024 - Legal entity deposit agreement - Trade Development Bank – Deposit Placement 4. 9/11/2024 - Legal entity deposit agreement - Trade Development Bank - Deposit placement 5. 10/16/2024 - Legal entity deposit agreement - Trade Development Bank - Deposit Placement 6. 12/18/2024 - Legal entity deposit agreement - Trade Development Bank - Deposit placement 	
4.	Salary and bonus information	
	By Resolution No. 24/05 of the Annual Shareholders’ Meeting of “MIK Holding” JSC held on April 29, 2024, the budget for the remuneration of the Board of Directors was approved. Additionally, the salaries and bonuses for executive management are determined by the Board of Directors. For details regarding the salaries and bonuses granted during the financial year to regular and independent members of the Board, as well as to executive management, please refer to the “Corporate Governance Report” included in the annex.	
5.	Corporate governance information	
	Please refer to the “Corporate Governance Report” in the annex for information related to corporate governance for the financial year.	
6.	Market risk information	

	<p>MIK Holding JSC's market risk is influenced by external and internal economic conditions affecting its subsidiaries. In 2024, the Mongolian economy grew by 4.9 percent, supported by external and internal economic activities, inflation growth, supply constraints, and international factors. The Bank of Mongolia reduced the policy interest rate to 10 percent to support economic expansion. The share of non-performing loans within the securitized portfolio is expected to remain low. As of 2024, the MNT exchange rate against the US dollar stood at MNT 3,420.25, weakening by 0.28 percent since the beginning of the year. This depreciation may have a negative impact on the repayment of the company's US dollar-denominated obligations.</p>																												
7.	<p>Shareholder ownership information /names and ownership percentages of shareholders holding 5% or more, and the total number of shareholders/</p> <p>As of the end of the financial year, "MIK Holding" JSC had a total of 233 shareholders. The name and ownership percentages of significant shareholders, those holding five percent or more, are shown in the table below.</p> <table border="1"> <thead> <tr> <th>No</th> <th>Shareholder Name</th> <th>Number of Shares</th> <th>Ownership Percentage</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Development Bank of Mongolia</td> <td>3,081,955</td> <td>14.88%</td> </tr> <tr> <td>2</td> <td>CNB Consulting LLC</td> <td>2,608,480</td> <td>12.60%</td> </tr> <tr> <td>3</td> <td>Asia Diversified Real Estate Fund One Private Investment LLC</td> <td>2,312,500</td> <td>11.17%</td> </tr> <tr> <td>4</td> <td>Trade and Development Bank JSC</td> <td>2,070,932</td> <td>10.00%</td> </tr> <tr> <td>5</td> <td>TDB Capital LLC</td> <td>1,232,785</td> <td>5.95%</td> </tr> <tr> <td>6</td> <td>TDB Securities SC LLC</td> <td>1,097,953</td> <td>5.30%</td> </tr> </tbody> </table>	No	Shareholder Name	Number of Shares	Ownership Percentage	1	Development Bank of Mongolia	3,081,955	14.88%	2	CNB Consulting LLC	2,608,480	12.60%	3	Asia Diversified Real Estate Fund One Private Investment LLC	2,312,500	11.17%	4	Trade and Development Bank JSC	2,070,932	10.00%	5	TDB Capital LLC	1,232,785	5.95%	6	TDB Securities SC LLC	1,097,953	5.30%
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8.	<p>If the issuer offered shares to the public for the purpose of implementing a project, a report on the progress of the project and the utilization of the raised funds must be provided from the start of the project until its completion.</p> <p>"MIK Holding" JSC did not issue any additional shares to the public during the reporting period.</p>																												
9.	<p>Dividend information</p> <p>By Resolution No. 24/01 dated February 7, 2024, the Board of Directors of "MIK Holding" JSC resolved not to distribute dividends to shareholders in 2024.</p> <p>The Board of Directors of "MIK Holding" JSC approved the company's "Dividend Policy" under Resolution No. 15/03 in 2015, and this document is available in full on the company's official website.</p> <p>In accordance with this policy and under the terms of the "Indenture" related to international bond issuance, it was decided not to distribute dividends. The rationale for this decision was presented to shareholders during the 2024 Annual Shareholders' Meeting as part of the meeting agenda.</p>																												

10.	Report on activities related to corporate social responsibility carried out by the securities issuer during the reporting period.
	<p>Continuing the national "Billion Tree" movement, 2,144 trees were planted.</p> <p>In May 2024, to commemorate the 100th anniversary of the establishment and development of Mongolia's modern banking system, 100 trees were planted at the International Eco Park. Additionally, during the spring and fall of 2024, 20 trees were planted around the organization's premises, and 2,024 trees were planted at "MIK TUGUL," which was established in 2023 and is located in Bayangol soum, Selenge aimag.</p>

Signature and date of the individual submitting the report and the individual confirming its accuracy:

Name: Gantulga Badamkhatan

Position: Chief Executive Officer, MIK Holding JSC

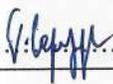
Signature: 



Signature and date of the individual who prepared and submitted the report:

Name: Saruul Ganbat

Position: Secretary of the Board of Directors

Signature: 

Off-balance sheet

Nº	Account number	Account name	Share holder	Share holder's name	Date of opening	Date of closing	Amount
Branch		190	MIK Holding				
	Product:	6004000000		DECLARED COMMON STOCKS			
	Currency	MNT					9,290,680.00
1	1900000002	DECLARED COMMON STOCKS	9000026759	MIK Holding	2015-12-02		9,290,680.00
	Product:	6005000000		SOLD COMMON STOCKS			
	Currency	MNT					20,709,320.00
2	1900000004	State Bank JSC	9020006126	State Bank JSC	2015-12-02		486,951.00
3	1900000076	TDB Securities SC	9900000004	TDB Securities SC /formerly TDB Capital LLC/	2022-12-31		1,097,953.00
4	1900000062	MIK Asset Two SPC LLC	9020017663	MIK Asset Two SPC LLC	2018-12-31		432,712.00
5	1900000006	Golomt	9020006118	Golomt	2015-12-02		1,023,033.00
6	1900000060	Nexus Finance Investment NBFI LLC	9900000002	Nexus Finance Investment NBFI LLC	2018-12-31		117,379.00
7	1900000010	XacBank JSC	9020006119	XacBank JSC	2015-12-02		210,621.00
8	1900000064	CEC Group	9000033144	CEC Group	2020-12-31		488,750.00
9	1900000058	Others	9000026758	Mongolian Mortgage Corporation HFC LLC	2016-04-30		32,661.00
10	1900000008	Capitron Bank LLC	9020006122	Capitron Bank LLC	2015-12-02		210,631.00
11	1900000063	Asia Diversified Real Estate Fund One Private Investment Fund	9900000003	Asia Diversified Real Estate Fund One Private Investment Fund	2018-12-31		2,312,500.00
12	1900000013	Chinggis Khaan Bank LLC	9020006124	Chinggis Khaan Bank LLC	2015-12-02		61,639.00
13	1900000009	Khan Bank JSC	9020006116	Khan Bank JSC	2015-12-02		210,621.00
14	1900000061	MIK Asset One SPC LLC	9010007659	MIK Asset One SPC LLC	2018-12-31		892,927.00
15	1900000011	TDB	9020006117	TDB	2015-12-02		2,070,932.00
16	1900000065	CNB Consulting LLC	9000033145	CNB Consulting LLC	2020-12-31		2,608,480.00
17	1900000055	TDB Capital LLC	9000026776	TDB Capital LLC /formerly United Banking Corporation LLC/	2015-12-24		1,232,785.00
18	1900000005	Development Bank of Mongolia	1000026756	Development Bank of Mongolia	2015-12-02		3,081,955.00
19	1900000015	Mongolian Mortgage Corporation HFC LLC	9000026758	Mongolian Mortgage Corporation HFC LLC	2015-12-02		4,136,790.00
	Product:	6007000000		STAMPS AND MARKS IN USE			
	Currency	MNT					1.00
20	1900000059	MIK HOLDING JSC-Stamps, Marks	9000026759	MIK HOLDING JSC	2017-02-01		1.00
TOTAL				MNT	65		30,000,001.00

RECORDING OF THE OFF-BALANCE SHEET

- 15.1. Valuable items in safekeeping: Items that are not reported in the Company's balance sheet, or are reported but must to be controlled and double recorded with non-monetary unit such as securities, specific registraded forms, property ownership rights, other valuable documents and the Company's rights shall be recorded and monitored in off-balance sheet.
- 15.2. The following are the classifications of the valuable items:
- 15.2.1. *Collateral received:* The borrower's collateral and ownership rights shall be recorded in off-balance sheet in current value for each borrowers.
- The valuable items shall be recorded in account #62100004 by its quantity and the collaterals in account #63100006 by the amount of collateral for each borrowers. If the borrower pays off the loan or debt, the collateral shall be written-off from the off-balance sheet.
- 15.2.2. *Valuable items in safekeeping:* Office building scheme, specific registraded forms and the other required items of the Company shall be recorded in quantity and value. The accounts for valuables in safekeeping shall be opened and recorded by its category such as owner or customer's name.
- 15.2.3. *Securities sold:* Securities issued and sold by the Company shall be classified and recorded in quantity.
- Senior and Junior bonds – In order to purchase mortgage loans, as its payment the Company issues mortgage-backed securities which are Senior and Junior bonds.
- When the Company issues bonds, the Senior bonds shall be recorded in account #62100002 and Junior bonds in account #62100003 by their quantity.
- 15.3. *Stamps and marks in use of the Company:* Stamps, marks and seals used in the company's operations shall be classified by their types and recorded in quantity.
- 15.4. *Recording of other premises certificate:* In order to reduce non-performing loans, based on the premises certificate transferred to the Company's name, it shall be recorded in quantity.
- 15.5. *Off-balance sheet consolidated account plan, account structure:* The off-balance sheet account plan has the form of a group account, a personal account and a sub-account.
- 15.6. Off-balance sheet sub-account:
- 61 – Potential obligations;
 - 62 – Valuable items;
 - 63 – Loans and other assets;
 - 64 – Others.
- 15.7 The off-balance sheet account has 10 digits. The first 2 digits indicate the account group, the 3rd and 4th digits indicate the balance (general ledger) account, the 5th, 6th, 7th and 8th digits indicate the detailed account classification (product), and the 9th and 10th digits indicate the costumer segment code. For example:
- 62 - Valuable items;
 - 6210 - General ledger account of valuable items;
 - 6210 0002 - Valuable items-Senior bonds;
 - 6210 0002 11 - Valuable items-Senior bonds held by banks and other financial institutions.



CORPORATE GOVERNANCE REPORT

Reporting period: 2024.01.01-12.30

CONTENTS

1. COMPOSITION OF BOARD OF DIRECTORS
2. BOARD OF DIRECTORS
3. COMMITTEES UNDER THE BOARD OF DIRECTORS
4. REMUNERATION OF THE BOARD OF DIRECTORS
5. OTHER ACTIVITIES OF THE BOARD OF DIRECTORS
6. INFORMATION TRANSPARENCY

COMPOSITION OF THE BOARD OF DIRECTORS

At the shareholders' annual meeting held on April 29, 2024, “MIK Holding” JSC elected 9 members (6 regular and 3 independent) to the BoD for a 3-year term.

The members have, on average, 18 years of professional experience, including 13 years in leadership positions. Most hold degrees in banking, finance, or economics, including associate professorships and master’s degrees, contributing to informed decision-making and oversight capabilities.

#	BoD Role	Name	Position
1	Chair, Independent Member	Khashchuluun Chuluundorj	Assoc. Prof., National University of Mongolia
2	Regular Member	Enkhjin Atarbaatar	Director, General of the Reserve Management and Financial Markets Department at the Bank of Mongolia
3	Regular Member	Sainzaya Bat-Olzii	Director, Project Finance Department, Development Bank of Mongolia
4	Regular Member	Munkhbaatar Myagmar	Advisor, Asia Diversified Real Estate Fund One LLC
5	Regular Member	Davaajav Tovuudorj	Director, Asset Management Department, Trade and Development Bank
6	Regular Member	Sergelen Nyamdorj	Deputy CEO, Trade and Development Bank
7	Regular Member	Uurtsaihbaatar Battsengel	CEO, Capitron Bank
8	Independent Member	Shijir Enkhbayar	Project Manager, Mining & Metallurgical Complex Project
9	Independent Member	Anar Amarjargal	CEO, Synergy Fund LLC

2024 ACTIVITIES OF THE BOARD OF DIRECTORS

#	Meeting Type	No. of Meetings	Avg. Attendance
1	MIK Holding JSC Board	6	72.15%
2	MIK HFC LLC Shareholders	1	66.6%
3	MIK HFC LLC Board	11	76.7%
4	MIK Real Estate LLC Shareholders	1	66.6%
5	SPC Shareholders	103	79%

The Board of Directors (BoD) of “MIK Holding” JSC has exercised, in accordance with the company’s charter, the full rights of shareholder meetings and Board meetings of its subsidiaries—namely, MIK HFC LLC, “Protego First” LLC, and “MIK Real Estate” LLC. Additionally, the BoD of MIK HFC LLC has exercised the full rights of the shareholders’ meetings of the Special Purpose Companies (SPCs).

At the Board meetings of “MIK Holding” JSC, the following matters were discussed and resolved: approval of financial statements; execution of audit service agreements; convening of the annual shareholders’ meeting; approval of the company’s business plan; and issuance of guarantees related to international securities offerings.

At the Board meetings of MIK HFC LLC, the following matters were discussed and resolved: establishment of SPCs; determination of terms for securitization transactions; convening of the annual shareholders’ meeting; and issuance of securities in international markets.

The annual shareholders’ meeting of MIK HFC LLC was convened, during which the BoD’s opinion on the company’s annual operations and financial statements, as well as the budget for Board member compensation, was discussed and approved.

The annual shareholders’ meeting of “MIK Real Estate” LLC was convened, where the BoD’s assessment of the company’s annual operations and financial statements was reviewed and a new Board member was elected.

At the SPC shareholders’ meetings, the following matters were discussed and resolved: approval of the BoD’s assessment of the company’s annual operations and financial statements; election of Board



members; approval of a revised company charter; and approval of major transactions and related-party transactions.

REPORTS OF THE BOARD COMMITTEES

Committee	Chair	Members	# of Meetings	Avg. Attendance
Audit & Finance	E. Shijir	T. Davaajav, Ch. Khashchuluun, A. Anar	4	75%
Nomination & Remuneration	Ch. Khashchuluun	M. Munkhbaatar, A. Anar	7	75%
Risk Management	A. Enkhjin	B. Sainzaya, B. Uurtsaihbaatar, N. Sergelen	3	83.3%
Sustainable Development	N. Sergelen	A. Enkhjin, E. Shijir	2	100%

There are four permanent committees operating under the Board of Directors (BoD). The members of each committee are selected from among the BoD members, and the committee chair is appointed and dismissed by a majority vote of the committee members, based on a resolution of the BoD. The majority of members and chairs of the Audit and Finance Committee, as well as the Nomination and Remuneration Committee, are independent directors.

Audit and Finance Committee

This committee is responsible for supporting the BoD in effectively and constructively carrying out its leadership and oversight duties. It oversees the company's financial plans and statements, liaises with the external auditor, and ensures implementation of internal audit policies and procedures.

Issues discussed at meetings:

- The company's financial budget and plans
- Internal audit program and reports
- Quarterly financial performance reports
- Selection of external audit firm

Risk Management Committee

The Risk Management Committee (RMC) under the BoD is responsible for overseeing risk policies, acceptable risk limits, and identifying and evaluating risks that may affect business operations.

Issues discussed at meetings:

- Acceptable risk framework
- Risk management reports
- Compliance activity plans and reports

Nomination and Remuneration Committee

This committee is responsible for supervising governance structures (excluding documents related to finance and internal control), policies, rules and regulations, their amendments and implementation. It handles the nomination and selection of BoD members, executives, and senior officers who report directly to the BoD. The committee also defines requirements for those positions, drafts terms for employment agreements, and organizes performance evaluations of the BoD and executive management. It oversees the implementation of remuneration policy, sets upper limits for compensation and bonuses, ensures compliance with these limits, and evaluates the company's HR policies and incentive systems.

Issues discussed at meetings:

- Changes in BoD structure and composition
- Executive reports, salaries, and bonuses; implementation of HR policies
- Reports from the Board Secretariat
- Implementation of HR policies
- Remuneration and bonuses for BoD members

Sustainable Development Committee

The Sustainable Development Committee (SDC) under the BoD is responsible for defining the company's sustainability policies, strategies, and objectives, ensuring their continuous improvement, and monitoring performance indicators and reporting.

The committee meeting reviewed the progress of the implementation of the company's sustainability policy.

REMUNERATION OF THE BOARD OF DIRECTORS

The remuneration of the members of the Board of Directors consists of a fixed salary and additional compensation. The fixed salary is a regular monthly payment granted by virtue of being appointed as a BoD member. The additional compensation is calculated based on participation in meetings and is paid quarterly. The method for calculating additional compensation has been developed and approved by the BoD.

Type	Frequency	# of persons	2023/05/01-2023/12/31		2024/01/01-2024/04/30	
			Fixed	Bonus	Fixed	Bonus
Salary	12	9	50,400,000	36,000,000	25,200,000	18,000,000
Member of the Board	12	9	50,400,000			
				36,000,000	25,200,000	18,000,000
Social Insurance	12	9	6,199,200	4,428,000	3,099,600	2,214,000
Total	12	9	56,599,200	40,428,000	28,299,600	20,214,000

EXECUTIVE MANAGEMENT SALARY AND BONUSES

In accordance with the agreement concluded with the Chief Executive Officer (CEO), the amount of salary and bonuses is determined by the Board of Directors (BoD). The executive management is required to report their performance to the BoD once a year.

The BoD may grant bonuses to the executive management based on the company's annual profitability, growth and development of operations, risk reduction efforts, and the outcomes achieved.

OTHER ACTIVITIES OF THE BOARD OF DIRECTORS

Board of Directors Evaluation

In accordance with the procedure for evaluating the Board of Directors, a decision was made under Resolution No. 25/13 of 2025 to conduct an evaluation of the Board's activities for the year 2024. The evaluation was carried out between March 24–28, 2025. It was conducted electronically using detailed questionnaires, and scores were assigned on a scale from 1 to 5.

No	Category	Rating
1	General mandate fulfillment	4.31
2	Structure & composition	4.60
3	Operations	4.31
4	Roles & responsibilities	4.16
	Overall average	4.35

The Board received high evaluations in the areas of strategy and leadership: it was noted that the Board effectively fulfils its role in defining the company's strategy (4.55) and is capable of acquiring and understanding the information necessary to define the company's long-term direction (4.36), demonstrating a forward-looking and well-planned approach.

A culture of structured meetings and organized discussions has been established:

Board meetings are conducted with clear procedures (4.55), and members engage in open discussions on agenda items (4.55), indicating a transparent and collaborative decision-making process.

Strong awareness and understanding of risk and conflicts of interest: The Board members were assessed as having a solid understanding of their responsibilities regarding company risk (score: 4.54) and a strong ability to identify and address issues related to conflicts of interest (score: 4.636). These results indicate that the Board possesses a well-developed understanding of ethical and legal responsibilities.

Based on the evaluation results of the Board’s activities in 2024, the high scores in the areas mentioned above demonstrate sound governance, mature management practices, and a responsible approach by the Board.

Additionally, based on the relatively lower scores in certain criteria, the Board identified areas requiring attention and developed an improvement plan accordingly.

Board of Directors Strategic Discussion

On December 26, 2024, a strategic discussion session was held to review the company’s strategic plan, current status, and market outlook. The discussion was attended by consultants D. Bailikhüü and D. Boldbaatar, Board Chair Ch. Khashchuluun, Independent Member E. Shijir, and Board Members A. Enkhjin and T. Davaajav, who shared their views and insights.

INFORMATION TRANSPARENCY

The company ensured transparency by publicly disclosing its periodic reports, timely information, and governance documents through the Financial Regulatory Commission (FRC), Mongolian Stock Exchange (MSE), and its official website within the timeframes specified by relevant regulations. In addition, relevant information intended for foreign investors was prepared and delivered to the responsible units.

In line with the newly revised “Corporate Governance Code” approved by the FRC, the company has been submitting semi-annual implementation reports to the FRC and MSE for review and certification, and to receive a governance rating.



**IMPLEMENTATION EVALUATION REPORT
OF THE CORPORATE GOVERNANCE CODE**

Reporting period: 2025.04.30

CONTENTS

EVALUATION METHOD _____	ERROR! BOOKMARK NOT DEFINED.
SUMMARY OF EVALUATION RESULTS _____	ERROR! BOOKMARK NOT DEFINED.
DETAILED REPORT OF EVALUATION _____	ERROR! BOOKMARK NOT DEFINED.

EVALUTAION METHOD

The evaluation of the implementation of the “Corporate Governance Code” of “MIK Holding” JSC was conducted in accordance with the methodology approved by Resolution No. A/58 of 2022 by the CEO of the Mongolian Stock Exchange.

Evaluation Structure

The evaluation model for the “Corporate Governance Code” consists of 36 questions and is organized into the following structure:

1. Structure and Organization of the Board of Directors (BoD)
2. Committees under the BoD and their Functions
3. Reporting and Transparency
4. Audit and Control Systems
5. Risk Management
6. Remuneration of Authorized Officers
7. Stakeholder Rights and Interests
8. Corporate Culture
9. Shareholder Rights

Scoring Criteria

Each question is scored as follows:

- **2 points** for full implementation or when a justified explanation is provided;
- **1 point** for partial implementation or if implementation is planned with a set timeline;
- **0 points** for no evaluation provided.

Implementation and justifications are assessed individually, converted into percentages, and scored on a scale of 0–100%.

Final Rating Categories Based on Aggregate Score

Based on the aggregate score, the implementation level of the Corporate Governance Code is assessed as follows:

- **90% and above:** Good governance with no risk.
- **70–89%:** Moderate governance, with potential risks — recommendations required.
- **50–69%:** Weak governance — remote or on-site inspections are necessary.
- **Below 50%:** Poor governance — regulatory intervention is required due to high operational risk.

SUMMARY OF EVALUATION RESULTS

Based on the consolidated results, the overall governance rating of “MIK Holding” JSC is **100%**, indicating that the company’s governance is at a normal level with **no identified risks**.

№	Principle	Total Possible Points	Awarded Points	Control Points	Score (%)
1	Structure and Organization of the Board	12	12		100
2	Committees under the Board and Their Roles	10	10		100
3	Reporting and Transparency	6	6		100
4	Audit and Control Systems	6	6		100
5	Risk Management	8	8		100
6	Remuneration of Authorized Officers	6	6		100
7	Stakeholder Interests	8	8		100
8	Corporate Culture	6	6		100
9	Shareholder Rights	10	10		100
	Total	72	72		100.0

DETAILED REPORT OF EVALUATION

The implementation of the Code is reported based on the “**Comply or Explain**” principle. For each provision of the Code, the report must state whether it has been fulfilled. If it has not been implemented, the report must explain **why it was not fulfilled**, what **alternative structures or organizational measures** have been taken or are being taken in its place, and — if implementation is planned — the explanation must include the **timeline** for doing so.

I. STRUCTURE AND ORGANIZATION OF THE BOARD OF DIRECTORS (BoD) The Board of Directors (BoD) must maintain a structure that is diverse in skills, knowledge, experience, and independence, while also being visionary, proactive, and effective.					
№	Requirement	Implementation	Explanation	Score	%
1	The company must define in detail the roles and responsibilities of the BoD Chairperson, members, and Secretary through its BoD operational procedures.	Fully implemented	Included in the BoD’s operational procedures.	2	100
2	The company must have a nomination policy and succession plan that cover the selection and appointment of BoD members.	Fully implemented	Selection and appointments of the BoD are governed by the BoD operational procedures and the "Succession Policy."	2	100
3	The company must disclose information such as the experience, tenure, independence, shareholding percentage, and meeting attendance of each BoD member in the annual report and on the website.	Fully implemented	Based on Resolution No. 25/13 of the Board of Directors dated March 24, 2025, an evaluation of the Board’s activities for the year 2024 was conducted. The evaluation report was presented to the Board on April 17, 2025, and the results were presented at the Annual Shareholders’ Meeting on April 30, 2025. The Board’s activity report was published on the company’s website as an annex to the annual report in the form of a Corporate Governance Report.	2	100
4	The company must have policies defining the composition of the BoD and its committees, including requirements for education, qualifications, skills, experience, and gender balance.	Fully implemented	Covered in the BoD’s operational procedures and committee regulations. “MIK Holding” JSC applies the principles of sustainable development across all levels of decision-making, ensuring non-discrimination based on gender, respecting stakeholder rights, promoting collaboration, and maintaining inclusive relationships. These principles are outlined in the BoD’s resolution dated April 24, 2024,	2	100

			approving the "Sustainable Development Policy."		
5	An orientation training shall be organized upon the initial appointment of a Board member, and they shall regularly participate in training to acquire and update the skills, knowledge, and information necessary for the performance of their duties.	Fully implemented	<p>In accordance with the content and format specified in the "Procedure for Orienting New Board Members" approved by the Board of Directors (BoD), an orientation handbook is prepared and delivered to newly appointed BoD members, and an introductory training session is conducted.</p> <p>Additionally, the BoD annually includes training and seminar topics in its operational plan, and the implementation of the training plan is reflected in the BoD's annual report.</p> <p>According to the 2025 annual operational plan of the BoD, training for the Board was scheduled to be conducted in May of that year. The operational plan was submitted on February 3, 2025, to the email address Lkhagvamyadag@frc.mn.</p>	2	100
6	The Corporate Secretary shall be accountable for the proper operation of the Board of Directors' (BoD) activities through the Chairman of the BoD.	Fully implemented	<p>The duties of the Corporate Secretary are carried out by the Secretariat of the Board of Directors (BoD), which consists of one Corporate Secretary and one Legal Officer. Staff members of the Secretariat are selected according to the company's internal procedures, and are appointed by a resolution of the BoD based on the nomination of the Chairperson of the BoD. The Secretariat staff report directly to the Chairperson of the BoD, and their activities and interactions are governed by the Secretariat's internal regulations.</p>	2	100
RESULTS				12	100
II. COMMITTEES UNDER THE BOARD OF DIRECTORS AND THEIR FUNCTIONS The Board of Directors (BoD) carries out its activities through its committees, each responsible for specific functions, while retaining ultimate accountability.					

7	The Chairman and the majority of the Board of Directors members shall aim to be independent directors.	Fully implemented	According to the charter of “MIK Holding” JSC, the company's Board of Directors (BoD) shall consist of 9 members, 3 of whom must be independent directors.	2	100
8	The Audit Committee under the Board of Directors (BoD) shall have an operational procedure and an audit policy document. The Chairperson of the Audit Committee shall not be the Chairman of the BoD. The company's executive management and employees may attend the meetings of the Audit Committee only upon the committee's request.	Fully implemented	The composition, functions, and operations of the Finance and Audit Committee are regulated by the “Charter of the Committees under the Board of Directors.”	2	100
9	The Remuneration Committee under the Board of Directors (BoD) shall have an operational procedure for remuneration, as well as a remuneration policy document. The Chairperson of the Remuneration Committee shall not be the Chairman of the BoD and must be an independent director. The executive management may attend the meetings of the Remuneration Committee only upon the committee's request.	Fully implemented	The composition, functions, and operations of the Nomination and Remuneration Committee are regulated by the “Charter of the Committees under the Board of Directors.” A majority of the members of this committee are independent directors. Additionally, there is a methodology in place for calculating and paying the remuneration of BoD members, and information regarding BoD members' remuneration is disclosed in the company's annual operational report.	2	100
10	The Nomination Committee under the Board of Directors (BoD) shall have an operational procedure and a succession planning policy document. The Chairperson of the Nomination Committee shall not be the Chairman of the BoD and must be an independent director.	Fully implemented	The Board of Directors (BoD) has approved the "Succession Planning Policy," and the Nomination and Remuneration Committee under the BoD is responsible for overseeing the implementation of this policy.	2	100
11	The Board of Directors (BoD) may establish other permanent or temporary committees with various functions as needed. All committees under the BoD shall have operational procedures or guidelines and be composed of members with the necessary knowledge, skills, and	Fully implemented	Governed by the Charter of the Committees under the Board of Directors.	2	100

	professional experience to carry out their functions.				
RESULTS				10	100
III. REPORTING AND TRANSPARENCY OF INFORMATION					
The Board of Directors (BoD) shall ensure the accuracy, completeness, and balance of both financial and non-financial reporting and information transparency.					
12	The Board of Directors (BoD) shall approve the company's information disclosure and reporting procedures and oversee their implementation.	Fully implemented	On March 19, 2021, the Board of Directors approved the "Information Transparency Policy."	2	100
13	The Board of Directors shall make the governance documents, charters, procedures, and guidelines specified in this code available to the public through its official website.	Fully implemented	The governance documents have been uploaded as files in the "Shareholders" section of the company's website.	2	100
14	Financial and non-financial reporting shall be balanced, clear, and accurate. Non-financial reports shall include information assessing factors and risks that may impact the company's sustainable operations within the environmental, social, and economic spheres, as well as an evaluation of whether the company has achieved its operational goals and objectives.	Fully implemented	Detailed information on risk management related to potential operational risks and the activities undertaken in this regard can be found in the Risk Management System section of the Annual Operational Report. <ul style="list-style-type: none"> • Annual Operational Report • Environmental, Social, and Governance (ESG) Report 	2	100
RESULTS				6	100
IV. AUDIT AND CONTROL SYSTEM					
The Board of Directors (BoD) shall ensure the independence and effectiveness of the audit and control system.					
15	The Board of Directors (BoD) shall include in the Audit Committee's operational procedures provisions regarding interaction with the external auditor and ensuring that the auditor can perform its legally mandated duties without obstruction, and shall monitor the implementation of these provisions.	Fully implemented	Governed by the Charter of the Committees under the Board of Directors.	2	100
16	The external auditor shall attend the annual general meeting of shareholders and provide information to the shareholders regarding audit-related matters.	Fully implemented	The company's external financial auditor, Ernst & Young Audit Mongolia LLC, personally presented the audit opinion at the Annual General	2	100

			Meeting of Shareholders held on April 29, 2024.		
17	Information regarding the internal audit system, its structure, organization, functions, and any changes made thereto shall be disclosed to the public through the company's operational report and official website on a timely basis.	Fully implemented	It is disclosed to the public through inclusion in the Annual Operational Report.	2	100
ДҮҮ				6	100
V. RISK MANAGEMENT					
The Board of Directors (BoD) shall organize risk management and compliance oversight in an appropriate and independent manner and shall regularly monitor their effectiveness.					
18	The company shall have a risk management guideline and structure in place, and the Board of Directors (BoD) shall oversee the effectiveness and independence of the risk management activities.	Fully implemented	<p>The Risk Management Department operates under the Chief Executive Officer (CEO) of the company.</p> <p>Based on the International Finance Corporation (IFC)'s governance improvement recommendations and the Corporate Governance Code, the Board of Directors (BoD) approved an updated Risk Management Policy in 2021 and the Risk Appetite Statement in 2022.</p> <p>Under these documents, the CEO has issued and approved additional related internal regulations. The Risk Management Report is reviewed and evaluated through meetings of the Risk Management Committee under the BoD.</p> <p>Additionally, the Risk Management Report is included in the company's Annual Operational Report.</p> <ul style="list-style-type: none"> • Risk Management Policy • Charter of the Committees under the Board of Directors • Group Company Structure 	2	100
19	The Board of Directors (BoD) shall aim to establish a Risk Management Committee, which	Fully implemented	The Risk Management Committee under the Board of Directors (BoD) operates with	2	100

	<p>must consist of at least three members, with the Chairperson and the majority of its members being independent directors.</p> <p>The committee's operational procedures, structure, and composition shall be disclosed to the public through the company's Annual Operational Report and official website.</p> <p>Regular reports shall also be provided regarding the committee's meeting attendance, matters discussed, and meeting frequency.</p>		<p>four members.</p> <p>This information is included in the Annual Operational Report and published on the company's website.</p> <ul style="list-style-type: none"> • Charter of the Committees under the Board of Directors 		
20	<p>The company shall assess whether there are environmental, social responsibility, health, and safety risks associated with its operations, disclose this information to the public, and explain how these risks are being managed.</p>	Fully implemented	<p>The company issued its 2022 Environmental, Social, and Governance (ESG) Report and conducted a Materiality Assessment.</p> <p>Additionally, a "Sustainable Development" section has been created on the company's website to regularly provide related information.</p> <p>A permanent "Sustainable Development Committee" was newly established under the Board of Directors (BoD).</p> <ul style="list-style-type: none"> • ESG Report • Materiality Assessment • Sustainable Development section 	2	100
21	<p>The company shall have a compliance monitoring guideline and structure in place, and the Board of Directors (BoD) shall oversee the effectiveness and independence of compliance monitoring activities.</p>	Fully implemented	<p>The Compliance Department operates under the Chief Executive Officer (CEO) of the company.</p> <p>The Board of Directors (BoD) initially approved the Compliance Policy in 2018, and based on the International Finance Corporation (IFC)'s governance improvement recommendations and the Corporate Governance Code, an updated version of the policy was approved again in 2021.</p> <p>The Compliance Activity Report is reviewed and evaluated semi-</p>	2	100

			<p>annually at the meetings of the Risk Management Committee under the BoD.</p> <p>Additionally, the Compliance Activity Report is included in the company's Annual Operational Report.</p> <ul style="list-style-type: none"> • Compliance Policy • Charter of the Committees under the Board of Directors • Group Company Structure 		
RESULTS				8	100
VI. REMUNERATION OF AUTHORIZED OFFICERS					
The remuneration and incentives of authorized officers shall be fair, transparent, and aligned with the company's vision and characteristics.					
22	The amount, form, and frequency of remuneration and incentives for Board members shall be openly discussed and approved at the shareholders' meeting.	Fully implemented	At the Annual General Meeting of Shareholders of "MIK Holding" JSC, the budget for the Board members' remuneration was approved.	2	100
23	The company shall include in its remuneration policy document the components of job responsibilities and the performance evaluation criteria that serve as the basis for determining the amount of salary and incentives.	Fully implemented	<p>By the order of the Chief Executive Officer (CEO), the Salary and Wage Regulation was approved and put into effect on May 30, 2022.</p> <p>This regulation governs the calculation and payment of employees' salaries and wages in accordance with relevant laws and procedures, the determination of job grade levels, and the assignment of corresponding salaries and wages.</p> <p>Additionally, the Performance Management Regulation was approved, which sets out the procedures for evaluating employee performance.</p> <ul style="list-style-type: none"> • Charter of the Committees under the Board of Directors 	2	100
24	The company's Annual Operational Report shall include the performance criteria used for awarding the executive	Fully implemented	The "Charter of the Committees under the Board of Directors" includes the functions and list of matters to be discussed by the	2	100

	management's base salary, bonuses, and other incentives.		Nomination and Remuneration Committee. By the order of the Chief Executive Officer (CEO), the "Salary and Wage Regulation" was approved and put into effect on May 30, 2022. This regulation governs the calculation and payment of employees' salaries and wages in accordance with relevant laws and procedures, the determination of job grade levels, and the assignment of corresponding salaries and wages. Additionally, the Performance Management Regulation was approved, which establishes the procedures for evaluating employee performance.		
RESULTS				6	100
VII. STAKEHOLDER INTERESTS					
The company shall respect the interests of all stakeholders involved in its operations.					
25	The company shall have a policy document approved by the Board of Directors (BoD) regarding engagement and collaboration with other stakeholders. The BoD and executive management shall foster an organizational culture that respects stakeholders' interests and promotes collaboration with them.	Fully implemented	The company is committed to protecting the interests of its stakeholders. This commitment is reflected in the Code of Ethics approved by the Board of Directors (BoD).	2	100
26	The company's Annual Operational Report shall include information on the key issues prioritized when engaging with stakeholders, the strategies adopted, and how those strategies were implemented.	Fully implemented	Information Transparency Policy	2	100
27	The company shall effectively operate its official website to collaborate, exchange information, and communicate with stakeholders.	Fully implemented	The company shall effectively operate its official website to collaborate, exchange information, and communicate with stakeholders. The company also regularly maintains and updates its website.	2	100
28	The company has internal procedures and work plans in place for receiving and addressing employees' suggestions, requests, and complaints, as well as for	Fully implemented	As outlined in the "Code of Ethics" and the "Internal Labor Regulations."	2	100

	resolving social issues and supporting professional development.				
RESULTS				8	100
VII. CORPORATE CULTURE					
The members of the Board of Directors (BoD) shall establish high standards of business ethics within the company and lead by example, setting a standard for the executive management and employees to follow.					
29	The Board of Directors (BoD) shall clearly define the company's core values and vision, approve a Code of Ethics to ensure lawful, ethical, and responsible operations, disclose it to the public, and monitor its implementation.	Fully implemented	The Board of Directors (BoD) has approved the "Code of Ethics."	2	100
30	A whistleblower system is in place for reporting any illegal acts or ethical violations to the Board of Directors (BoD) or the relevant committee under the BoD.	Fully implemented	In accordance with the "Code of Ethics" approved by the BoD, ethical violations by authorized officers are addressed by the relevant committee under the BoD.	2	100
31	The Code of Ethics also regulates the principles of avoiding corruption and misconduct, and sets guidelines regarding supporting (or not supporting) political activities and making (or not making) political donations.	Fully implemented	The "Code of Ethics" approved by the BoD specifically incorporates the "Principle of Zero Tolerance for Corruption and Bribery."	2	100
RESULTS				6	100
IX. SHAREHOLDERS' RIGHTS					
The company and the Board of Directors (BoD) shall respect the rights of shareholders, treat them equally, and fully ensure their access to information and their ability to exercise their rights.					
32	The company shall provide stakeholders with timely information regarding its operations, financial status, governance structure and organization, and performance results through its official website.	Fully implemented	In compliance with the "Information Transparency Policy" approved by the Board of Directors (BoD), the company discloses periodic and ad-hoc information to stakeholders through the Mongolian Stock Exchange (MSE) and the company's official website.	2	100
33	The company shall have an investor relations program and shall develop electronic channels for communication and information exchange with investors.	Fully implemented	The company's website includes a dedicated section for investors, through which feedback and suggestions are received.	2	100
34	The company shall ensure the necessary conditions and opportunities for shareholders to exercise their legal rights, including attending shareholder meetings, making proposals,	Fully implemented	The Annual General Meeting of Shareholders is organized each year in accordance with the procedures set out in the Company Law and other relevant regulations.	2	100

	voting, and accessing information.		Meeting materials are provided annually to the securities companies serving the shareholders, both in printed and electronic formats. Additionally, shareholders are welcome to visit the company's premises to vote and obtain information.		
35	Special attention shall be given to ensuring that shareholders can exercise their right to vote on matters related to the company's business activities and ownership structure.	Fully implemented		2	100
36	To prevent conflicts of interest between the company and its shareholders, the company shall have a procedure in place for handling related-party transactions, and its implementation shall be publicly disclosed.	Fully implemented	Information on related-party transactions entered into by the company is disclosed to shareholders and the public through the company's semi-annual and annual operational reports.	2	100
RESULTS				10	100
CONSOLIDATED RESULTS				72	100.0