



GOBI JOINT STOCK COMPANY

REPORT ON THE IMPLEMENTATION
OF THE "CORPORATE
GOVERNANCE CODE"

(Reviewed by the Financial Regulation Commission)

Ulaanbaatar, Mongolia

December 31, 2023

info.gobi.mn

TABLE OF CONTENTS

❖ Evaluation method	3
❖ Integrated evaluation result.	4
❖ Detailed evaluation report.	5
❖ List of evidence.	23

EVALUATION METHOD

On June 22, 2022, the "Guidelines for Implementing the Corporate Governance Code" were approved to assess the application of the newly endorsed "Corporate Governance Code" by the Financial Regulatory Commission on March 23, 2022.

The Board office of Gobi JSC evaluated the company's implementation of the "Corporate Governance Code" using the prescribed methodology outlined in the guidelines.

The results of this evaluation were subsequently reviewed and validated by the Financial Regulatory Commission as of December 31, 2023.

Structure of the evaluation questionnaire

The evaluation questionnaire consists of a total of 36 questions across 9 main indicators:

1. Structure and organization of the board of directors
2. Committees under the board of directors and their functions
3. Reporting and transparency
4. Audit and control system
5. Risk management
6. Remuneration of authorized officials
7. Interests of stakeholders
8. Corporate culture
9. Rights of Shareholders

Evaluation score

The evaluation score is calculated based on the following framework for each question:

- 2 points for full implementation or a reasoned explanation
- 1 point for partial implementation or explanation of timed implementation measures and objectives
- 0 points for non-implementation and no evaluation submitted.

The overall evaluation is then calculated on a scale of 0-100 percent.

Integrated evaluation

Based on the overall evaluation results, the implementation of the "Corporate Governance Code" will be evaluated as follows:

- 90 percent or more: governance is normal or risk-free.
- 70-89 percent: the Mongolian Stock Exchange will give a recommendation due to medium risk or potential future risk.
- 50-69 percent: governance is insufficient or risky, leading to potential remote and on-site inspections by the Mongolian Stock Exchange
- Below 49 percent: Deemed as poorly governed or high-risk operations, requiring regulatory action.

INTEGRATED EVALUATION RESULT

Table 1. Summary of the evaluation of the implementation of the "Corporate Governance Code" of Gobi JSC

N o.	Chapter title	Maxim um Score	2022.12.31		2023.12.31		Difference
			Self- evaluation score	%	FRC reviewed score	%	
1	Structure and organization of the board of directors	12	10	83.3%	11	91.7%	8.4%
2	Committees under the board of directors and their functions	10	9	90.0%	9	90.0%	-
3	Reporting, information transparency	6	6	100.0%	6	100.0%	-
4	Audit and control system	6	6	100.0%	6	100.0%	-
5	Risk management	8	8	100.0%	8	100.0%	-
6	Remuneration of authorized officials	6	4	66.7%	6	100.0%	33.3%
7	Rights and interests of stakeholders	8	6	75.0%	8	100.0%	25.0%
8	Corporate culture	6	6	100.0%	6	100.0%	-
9	Rights of Shareholders	10	9	90.0%	10	100.0%	10.0%
	Total score	72	64	88.9%	70	97.2%	8.3%

Based on the findings presented in Table 1, Gobi JSC's rating for the implementation of the "Corporate Governance Code" was 88.9%, indicating an average performance by the end of 2022. However, following a re-evaluation at the end of 2023, the rating increased to 97.2% after a thorough review and verification conducted by the Financial Regulatory Commission. This 8.3% increase signifies a normal and risk-free assessment of governance.

DETAILED EVALUATION REPORT

Table 2. Detailed evaluation report on the implementation of the "Corporate Governance Code" of Gobi JSC

Corporate Governance Evaluation Questionnaire					
<i>The code's implementation is reported in accordance with the "Implement or Explain" principle, detailing fulfillment for each article of the code, reasons for non-fulfillment, and the structural and organizational measures taken or planned to replace it, with timely updates in the explanation section.</i>					
ONE. STRUCTURE AND ORGANIZATION OF THE BOARD OF DIRECTORS					
The board of directors comprises a visionary, creative, and effective structure that offers a diverse range of skills, knowledge, experience, and independence.					
№	Article	Implementation	Explanation	Score	Rate
1	1.1. The company shall detail the duties and responsibilities of the chairman, members, and secretary of the board of directors in accordance with the board of directors' procedure.	Fully implemented	<p>In August 2022, Gobi JSC implemented the newly ratified "Operating procedure for the board of directors" and "Operating procedure for the board office," specifying the functions and duties of the board chairwoman, members, and secretary.</p> <ul style="list-style-type: none"> • Operating procedure for the board of directors • Operating procedure for the board office • Pages 98-99 of the 2022 Annual Activity Report, incorporating the 2022 Activity Report of the Board of Directors. 	2	100%
2	1.2. The company shall have a nomination procedure and succession policy document covering the selection and appointment of board members.	Fully implemented	<p>In February 2023, the Board of Directors at Gobi JSC endorsed the "Succession Policy for Authorized Officials" and the "Procedures for Selection and Nomination of Board Members" and is actively overseeing their implementation.</p> <p>In January 2023, the Nomination Committee sanctioned the "Memorandum of the Board of Directors" and the "Confidentiality Agreement."</p>	2	100%

			<ul style="list-style-type: none"> • Succession Policy for Authorized Officials • Procedures for Selection and Nomination of Board Members 		
3	1.3. Information such as work experience, length of service, independence, shareholding percentage, and attendance at meetings of each member of the board of directors shall be detailed in the annual activity report and posted on the website.	Partially implemented.	<p>The annual activity report provides detailed information on the work experience, years of service, independence, share ownership percentage, meeting attendance, and remuneration of the board of directors. This comprehensive report is accessible on the company's website.</p> <ul style="list-style-type: none"> • Pages 92-98 of the 2022 Annual Activity Report for specific details regarding the members of the Board of Directors. 	1	50%
4	1.4. The company shall have a policy document on the structure and composition of the board of directors and its committees, which shall include the education, qualification, skills and experience requirements of the members and the gender balance.	Fully implemented	<p>Provisions concerning the composition of the board and committees, as well as gender balance, have been incorporated into the "Operating procedure for the board of directors".</p> <p>The criteria pertaining to the education, qualifications, skills, and experience expected of board members are outlined in the "Procedures for Selection and Nomination of Board Members".</p> <p>The prerequisites for the board of directors' secretary are delineated in the "Operating procedure for the board office"</p> <ul style="list-style-type: none"> • Operating procedure for the board of directors • Procedures for Selection and Nomination of Board Members • Operating procedure for the board office 	2	100%
5	1.5. Training shall be organized to guide	Fully implemented.	Upon the initial appointment of a board member, an orientation	2	100%

	<i>the members of the board of directors when they are first appointed, and the skills, knowledge, and information necessary to perform their duties will be provided, and they will be regularly included in training to update them.</i>		<p>presentation is conducted to familiarize them with the company's operations and the board's functions.</p> <p>The board office formulates a comprehensive manual for board members, consistently reviewing and updating its contents.</p> <p>Additionally, the Nomination Committee identifies the training requirements of its members, integrating them into the board of directors' annual action plan at the outset of each year. Subsequently, the committee arranges and funds training sessions for its members to equip them with the necessary skills and knowledge essential for the effective discharge of their duties.</p>		
6	1.6. The board secretary shall be responsible for the proper operation of the board of directors through the board chairman.	Fully implemented.	<p>In accordance with a resolution made by the Board of Directors of Gobi JSC, the Board of Directors Office was established in September 2021 to enhance the overall efficiency of the Board of Directors. Subsequently, in August 2022, the "Operating Procedure of the Board of Directors Office" was formally approved. The board secretary and a board specialist are appointed by the Board of Directors, operating directly under the guidance of the Chairman of the Board of Directors.</p> <ul style="list-style-type: none"> Operating procedure for the board office 	2	100%
SCORE (Maximum score -12)				11	91.7%
TWO. COMMITTEES UNDER THE BOARD OF DIRECTORS AND THEIR FUNCTIONS					
The board of directors conducts its operations through specialized committees, each assigned specific functions, and holds ultimate responsibility.					
7	2.1. The Board Chairman and the majority of the	Fully implemented.	Gobi JSC, as outlined in its Governance Policy and Board of Directors Operating	2	100%

	members of the Board of Directors shall aim to be independent members.		<p>Procedures, has articulated the requirement that the Chairperson of the Board of Directors and a majority of its members must be independent members.</p> <p>The appointment of an independent member extends to serving as both the Chairman of the Board of Directors and the Chairperson of committees operating under the purview of the board.</p> <ul style="list-style-type: none"> • Governance Policy • Operating Procedure of the Board of Directors • 2023 Annual General Meeting (AGM) Resolution 		
8	2.2. The audit committee under the board of directors has an operational procedure audit policy document. The chairman of the audit committee is not the chairman of the board of directors. The company's executive management and employees shall participate in audit committee meetings only at the request of the committee.	Fully implemented.	<p>In August 2023, the Risk and Audit Committee, under the Board of Directors, revised its operating procedures. Currently, an independent member, distinct from the Chairperson of the Board of Directors, assumes the role of the committee's chair. The committee convenes on a quarterly basis to oversee the company's financial reporting, internal audit, compliance, and risk management activities. Executives pertinent to the agenda of the meeting attend at the committee's request.</p> <ul style="list-style-type: none"> • Operating Procedures for the Risk and Audit Committee • The page 100 of the 2022 Annual Activity Report contains the 2022 work report of the Risk and Audit Committee • Resolution of the Board of Directors Appointing Members to Committees under the Board of Directors 	2	100%
9	2.3. The remuneration committee under the board of directors	Partially implemented.	<p>In August 2023, the Remuneration Committee, under the Board of Directors,</p>	1	50%

	<p>has remuneration operating procedures and remuneration policy documents. The chairman of the remuneration committee shall not be the chairman of the board of directors, but also an independent member. Executive management shall attend meetings of the Remuneration Committee only at the request of the committee.</p>		<p>revised its operating procedures. Currently, an independent member, distinct from the Chairperson of the Board of Directors, assumes the role of the committee's chair. The committee convenes biannually to oversee the company's remuneration system, assess its effectiveness, evaluate the performance of the remuneration, and review the results of the corporate culture survey. Executives pertinent to the agenda of the meeting attend at the committee's request. Furthermore, in 2023, discussions were held regarding the company's Remuneration Policy update project, with plans for approval at the first board meeting scheduled for 2024.</p> <ul style="list-style-type: none"> • Operating procedures of Remuneration committee • The page 102 of the 2022 Annual Activity Report contains the 2022 work report of the Remuneration Committee 		
10	<p>2.4. The nomination committee under the board of directors shall have operational procedures and succession policy documents. The chairman of the nomination committee is not the chairman of the board of directors and is also an independent member.</p>	Fully implemented.	<p>In August 2023, the Nomination Committee, under the Board of Directors, revised its operating procedures. Currently, an independent member, distinct from the Chairperson of the Board of Directors, assumes the role of the committee's chair. The Nomination Committee convenes biannually to review the work report of the company's management team. It actively engages in discussions and oversight of the self-evaluation and governance evaluation of the Board of</p>	2	100%

			<p>Directors. Executives relevant to the meeting's agenda attend at the committee's request.</p> <ul style="list-style-type: none"> • Operating procedures for the Nomination committee • The page 101 of the 2022 Annual Activity Report contains the 2022 work report of the Nomination Committee. 		
11	<p>2.5. The board of directors may establish permanent or ad hoc committees with other functions. All committees under the board of directors have operational procedures and instructions, and have members with the necessary knowledge, skills, and work experience to perform their duties.</p>	Fully implemented.	<p>As outlined in the Operating Procedure of the Board of Directors, the board has the authority to institute either permanent or temporary committees with diverse functions.</p> <p>In response to the specific requirements of the company's operations, the board made a decision in 2016 to broaden the scope of the Audit Committee, transforming it into the Risk and Audit Committee. This committee, in its expanded role, is entrusted with the responsibility of overseeing dual compliance.</p> <ul style="list-style-type: none"> • Operating procedures for the Board of Directors 	2	100%
SCORE (Maximum score-10)				9	90.0%
THREE. REPORTING, INFORMATION TRANSPARENCY The Board of Directors shall ensure the truth, completeness and balance of financial and non-financial reporting and disclosure of information					
12	<p>3.1. The board of directors shall approve and monitor the company's information transparency and reporting procedures.</p>	Fully implemented	<p>In July 2018, the Board of Directors initially sanctioned the "Information Procedures." Subsequently, in November 2022, the regulation underwent enhancements in line with the recently approved "Regulation of Securities Registration" by the FRC, and it was reapproved with the updated title "Regulation of Information to be Delivered to the Public."</p> <p>To ensure the effective implementation of this regulation, regular reports on</p>	2	100%

			<p>information intended for the public are consistently disseminated through both the Mongolian Stock Exchange and the company's official website (info.gobi.mn). The Board of Directors oversees the diligent execution of this regulatory framework.</p> <ul style="list-style-type: none"> • Disclosure Procedure 		
13	<p>3.2. The board of directors shall make the governance documents, rules, regulations and instructions specified in this code available to the public through its website.</p>	Fully implemented	<p>By consistently updating the company's website with comprehensive information encompassing financial updates, activity reports, governance evaluation results, policy documents, and pertinent news and announcements, we aim to provide shareholders and the public with a robust and regularly refreshed source of information about our company.</p> <ul style="list-style-type: none"> • Rules and regulations available on the website 	2	100%
14	<p>3.3. Financial and non-financial reporting is balanced, clear and objective. The non-financial report is information that evaluates the factors and risks that may affect the company's sustainable operations in the environment, society, and economy, and whether the company's goals and objectives have been achieved.</p>	Fully implemented.	<p>The board and management team of Gobi JSC collaborate to enhance the content of the company's activity report. We prioritize financial transparency by supplementing financial figures with charts and explanations to ensure accessibility for all. Additionally, comprehensive external audit findings and disclosures are seamlessly integrated.</p> <p>In terms of non-financial reporting, detailed insights into each sales market, operational results covering aspects such as production design, product development, environmental impact, social responsibility, governance, board activities, risk management, and sustainable development are meticulously prepared and included.</p>	2	100%

			<p>Furthermore, these updates are consistently and publicly made available on Gobi JSC's website.</p> <ul style="list-style-type: none"> • 2022 Annual Activity Report • Reports and Indicators on the Company's Website 		
SCORE (Maximum score-6)				6	100.0%
FOUR. AUDIT AND CONTROL SYSTEM					
The board of directors shall ensure the independence and effectiveness of the audit and control system					
15	<p><i>4.1. The board of directors shall include in the operating procedure of the audit committee to deal with the external auditor and to provide him with conditions and opportunities for the smooth performance of his duties stipulated by the law, and shall monitor their implementation.</i></p>	Fully implemented	<p>Article 3.1.3 of the Operating Procedure for the Risk and Audit Committee stipulates communication with the independent auditor, facilitating the execution of functions mandated by the law.</p> <p>In October 2016, the committee established and adopted the "Requirements for an Independent Audit Company."</p> <p>Subsequently, in September 2021, the Board of Directors endorsed the "Procedure for Appointment of Independent Audit."</p> <p>In addition to overseeing the enforcement of the aforementioned regulations and resolutions, the Risk and Audit Committee annually supervises independent audit activities. It scrutinizes the conclusions and reports presented by the independent auditor during the initial meeting of the year. Furthermore, the committee delegates tasks to the company's management to ensure the implementation of the auditor's recommendations.</p> <ul style="list-style-type: none"> • Operating Procedures for Risk and Audit Committee • Procedure for Appointment of External Audit 	2	100%

16	4.2. The independent auditor participates in regular meetings of shareholders and provides information to shareholders on matters related to the audit.	Fully implemented	Annually, representatives from the external audit organization attend the ordinary meeting of shareholders in person, facilitating shareholders to pose questions and obtain information directly from the external auditor.	2	100%
17	4.3. Information about the internal audit system, its structure, organization, and functions, as well as changes in them, will be reported to the public from time to time through the company's activity report and website.	Fully implemented	Operative under the direct purview of the Risk and Audit Committee, the Internal Audit Department's annual activity report encompasses details about the internal audit system, its structure, functions, and a comprehensive report on the tasks completed in the current year. To ensure transparency, this information is disseminated to the public through the company's website. • Page 104 of the 2022 Annual Activity Report includes the work report of the Internal Audit Department for the year 2022.	2	100%
SCORE (Maximum score-6)				6	100.0%
FIVE. RISK MANAGEMENT					
The board of directors shall organize risk management and compliance monitoring in an appropriate and independent manner, ensuring regular monitoring of their effectiveness.					
18	5.1. The company shall have guidelines and structures for risk management, and the board of directors shall monitor the effectiveness and independence of risk management activities.	Fully implemented.	The Risk and Audit Committee is tasked with establishing and overseeing the company-level risk management system. Approval of the "Risk Management Policy" rests with the committee, while the "Risk Management Implementation Procedure" is subject to approval by the CEO. The committee takes charge of ensuring the implementation of these policies and procedures. To facilitate diligent oversight, quarterly meetings are convened by the committee to monitor the effectiveness of the	2	100%

			<p>risk management system. Subsequently, the outcomes of these assessments are presented at the board meetings.</p> <ul style="list-style-type: none"> • Procedures for Risk and Audit Committee Operations • Risk Management Policy 		
19	<p>5.2. The board of directors shall aim to have a risk management committee, which shall have at least three members, the chairman and the majority of whom shall be independent members. The procedure, structure, and composition of the Risk Committee shall be announced to the public through the company's annual activity report and website, and regular reports shall be made on the attendance, issues, and frequency of the committee's meetings.</p>	Fully implemented.	<p>In 2016, to establish a comprehensive risk management system at the company level, the Board of Directors expanded the role of risk management, elevating it to the function of the Audit Committee and renaming it the Risk and Audit Committee. This committee comprises three members, with two of them being independent members, and an independent member assumes the role of the committee's chair.</p> <p>The Risk and Audit Committee convenes quarterly to review the company's risk management team's report, and discussions during these meetings encompass company-wide risks, proposed measures, directives, and the ongoing monitoring of their implementation.</p> <p>In addition to providing a report on the committee's composition and activities, the Annual Activity Report includes comprehensive information about the company's risk management.</p> <ul style="list-style-type: none"> • Operating Procedures for the Risk and Audit Committee • Page 100 of the 2022 Annual Activity Report, which features the work report of the Risk and Audit Committee for the year 2022. 	2	100%
20	<p>5.3. Evaluate whether there are</p>	Fully implemented.	<p>The Board of Directors at Gobi JSC endorsed the Sustainable</p>	2	100%

	<p><i>environmental, social responsibility, health and safety risks in the company's operations and inform the public, and explain how those risks are managed.</i></p>		<p>Development Commitment in 2022, and the Sustainable Development Policy was enacted under the directive of the CEO.</p> <p>Our Annual Activity Report encompasses a comprehensive account of our environmental, social, and governance (ESG) activities, consolidated under the Sustainable Development section.</p> <p>Furthermore, in March 2023, alongside the preparation of an evaluation report following the ESG report form developed by the Mongolian Stock Exchange, a distinct Sustainable Development Report was published.</p> <ul style="list-style-type: none"> • Commitment to Sustainable Development • Sustainable Development Policy • ESG Report 2022 • 2022 Sustainable Development Report • Pages 62-81 of the 2022 Annual Activity Report, containing information related to Environmental and Social Responsibility, and pages 105-109, which provide reports and information about Risk Management. 		
21	<p><i>5.4. The company shall have guidelines and structures for compliance monitoring, and the board of directors shall monitor the effectiveness and independence of compliance monitoring implementation.</i></p>	Fully implemented.	<p>Gobi JSC instituted a compliance unit within the Sustainable Development Department effective November 2021. This unit operates under the purview of the Sustainable Development Division and is tasked with fostering an organizational culture centered on professional ethics. It achieves this by overseeing adherence to the organization's compliance requirements and</p>	2	100%

			<p>other commitments, while also spearheading company-wide compliance monitoring efforts.</p> <p>In April 2022, the Compliance Policy was adopted. Currently, the Risk and Audit Committee oversees compliance control at the company level.</p> <ul style="list-style-type: none"> • Compliance Policy 		
SCORE (Maximum score-8)				8	100.0%
SIX. REMUNERATION OF AUTHORIZED OFFICIALS					
The remuneration of authorized officials are fair and transparent in line with the vision and characteristics of the company					
22	<p>6.1. The remuneration amount, form and frequency of the board member shall be openly discussed and approved at the AGM.</p>	Fully implemented	<p>Gobi JSC engages in transparent discussions and obtains approval for the amount, type, and frequency of remuneration and bonuses for its board members during the shareholders' meeting. Specifically, at the 2023 Annual General Meeting of Shareholders, the remuneration and payroll budget for the board members were thoroughly deliberated upon and officially approved.</p> <ul style="list-style-type: none"> • 2023 AGM resolution 	2	100%
23	<p>6.2. The company shall include the components of duties and criteria for evaluating work performance, which are the basis for determining the amount of wages and bonuses, in the documents of the wage and bonus policy.</p>	Fully implemented.	<p>In December 2016, the Remuneration Committee sanctioned the company's "Remuneration Policy." The adoption of a new policy is scheduled for approval at the first regular meeting of the Board of Directors in 2024.</p> <p>Commencing from March 2022, the company has embarked on a comprehensive, phased initiative to enhance the Performance Management System across the organization.</p> <ul style="list-style-type: none"> • Remuneration Policy 	2	100%

24	6.3. The company's annual activity report shall include the performance criteria for the base salary, awards and other incentives of the executive management.	Fully implemented	<p>The Annual Activity Report provides comprehensive details, including the remuneration structure and performance indicators of the Executive Management Team.</p> <ul style="list-style-type: none"> • Page 120 of the 2022 Annual Activity Report contains the information on the salaries and bonuses of the Management Team executives. 	2	100%
SCORE (Maximum score-6)				6	100.0%
SEVEN. RIGHTS AND INTERESTS OF STAKEHOLDERS					
The interests of parties engaged in the company's activities shall be duly acknowledged.					
25	7.1. The company has a policy document on communication and cooperation with other stakeholders approved by the board of directors. The board and executive management shall foster an organizational culture that respects the interests of stakeholders and works with them.	Fully implemented	<p>Gobi JSC upholds a commitment to safeguarding the interests of all stakeholders throughout its operations, a principle articulated in its Governance Policy and Code of Conduct.</p> <p>Under the directive of the CEO, dedicated efforts are underway to ensure the effective implementation of the "Decision Procedure for Receiving Stakeholders' Applications and Complaints."</p> <p>Additionally, in November 2023, the Board adopted the "Stakeholder Engagement Plan."</p> <ul style="list-style-type: none"> • Governance Policy • Code of Conduct • Procedures for Stakeholders Complaints • Stakeholder Engagement Plan 	2	100%
26	7.2. The company's annual activity report shall outline its primary focus areas and how it has been implemented in	Fully implemented	<p>The Annual Activity Report incorporates details about collaboration with stakeholders, and its content is refined annually. It strives to encapsulate information on both</p>	2	100%

	collaboration with stakeholders.		financial and non-financial activities, presented in a manner tailored to meet the needs of diverse stakeholders including shareholders, customers, and the public. <ul style="list-style-type: none"> Page 87 of the 2022 Annual Activity Report contains the information on cooperation with stakeholders. 		
27	7.3. Operate the company's website effectively for cooperation, information exchange, and communication with stakeholders.	Fully implemented	The company's website serves as a platform for disseminating information pertinent to the company's activities, catering to both shareholders and the public. Its content is consistently updated to ensure relevance. Additionally, the website features a dedicated menu for cooperation with stakeholders, receiving feedback, and regularly addressing and responding to input. <ul style="list-style-type: none"> Feedback form on the company's website Company's website 	2	100%
28	7.4. The company has internal procedures for accepting employee suggestions, requests, and complaints, as well as addressing social issues and professional development.	Fully implemented.	The "Procedures for Stakeholder Complaints" delineate the process for receiving and addressing complaints from employees. Additionally, the training and development of employees are governed by the "Training and Development Regulations" with an annual plan formulated and diligently executed. Social issues affecting employees are addressed in accordance with the terms outlined in the collective agreement signed with the trade union. Subsequent improvements are implemented based on the findings and recommendations highlighted in the implementation report.	2	100%

			<ul style="list-style-type: none"> Procedures for Stakeholders Complaints 		
SCORE (Maximum score-8)				8	100.0%
EIGHT. CORPORATE CULTURE					
The members of the board of directors shall establish elevated standards of business ethics within the company and uphold them throughout the executive management and employee levels.					
29	8.1. The board of directors shall approve the code of conduct to define the company's values and vision, inform the public, and monitor its implementation.	Fully implemented	<p>In August 2022, the Board of Directors endorsed the updated "Code of Conduct," subsequently making it accessible to the public on the company's website.</p> <p>This comprehensive "Code of Ethics" explicitly outlines the ethical principles and standards to be adhered to by members of the board of directors, the management team, and all employees.</p> <ul style="list-style-type: none"> Code of Conduct 	2	100%
30	8.2. Implement a "whistleblower" system to report illegal actions or ethical violations to the board of directors or the relevant committee.	Fully implemented	<p>Starting from November 2022, Gobi JSC has been implementing the "Whistleblower System" with the aim of receiving, resolving, and monitoring ethical violations detected at the company level through the Ethics Committee.</p> <ul style="list-style-type: none"> Whistle Blowing System Operating Procedures Company Whistleblowing System 	2	100%
31	8.3. The code of conduct shall address freedom from corruption, official crimes, and support/non-support/donation of political activities.	Fully implemented.	<p>In its "Code of Conduct," Gobi JSC incorporates principles such as working within the framework of the law, being free from conflicts of interest, corruption, and bribery. Additionally, it outlines principles related to government, political, and religious relations. In alignment with these principles, specific regulations are established to prevent corruption, abuse of</p>	2	100%

			<p>office, and to regulate the giving and receiving of donations and gifts.</p> <p>As part of this commitment, in November 2023, the Board of Directors sanctioned the "Procedures for Transactions with Conflicts of Interest."</p> <ul style="list-style-type: none"> • Code of Conduct • Procedures for Transactions with Conflicts of Interest 		
SCORE (Maximum score-6)				6	100.0%
NINE. RIGHTS OF SHAREHOLDERS					
The company and the board of directors are obligated to respect the rights of shareholders, ensuring equal treatment and affording them full opportunities to access information and exercise their rights.					
32	9.1. Provide stakeholders with periodic information on operations, financial status, governance structure, organization, and performance results on the company's website.	Fully implemented	<p>Gobi JSC ensures the effective implementation of its "Disclosure Procedures" and communicates with stakeholders promptly through the Mongolian Stock Exchange and company's official website.</p> <p>In March 2023, Gobi updated the structure and content of the company's website. Through the menu for shareholders, Gobi openly informs stakeholders about the company's financial and operational reports, current news, and policies.</p> <ul style="list-style-type: none"> • Disclosure Procedures • Company's Official Website 	2	100%
33	9.2. Establish an investor relations program and develop an electronic channel for communication and information exchange.	Fully implemented	<p>In April 2023, Gobi JSC endorsed the "Investor Relations Program." As part of this program, factory tours are organized at least twice a year to facilitate the active participation of our shareholders.</p> <p>Through the Gobi official website, the company not only disseminates news and information to its shareholders</p>	2	100%

			and investors but also openly receives, addresses, and responds to their feedback.		
			<ul style="list-style-type: none"> • Investor Relations Program • Feedback Menu on the Company's Website • Gobi's Official Website 		
34	9.3. Create opportunities for shareholders to exercise their legal rights, participate in meetings, make proposals, vote, and obtain information.	Fully implemented	<p>In April 2018, the Board of Directors of Gobi JSC initially approved the "Procedures of Annual General Meeting" and subsequently revised the regulations in April 2021. This procedure meticulously regulates all aspects related to shareholders' participation in the agenda of the meeting, the exercise of their rights—including participation and voting—delivery of meeting announcements to shareholders, and the organization of the Annual General Meeting of Shareholders. The implementation of these regulations is diligently ensured.</p> <ul style="list-style-type: none"> • Procedures for Annual General Meeting 	2	100%
35	9.4. Ensure attention to shareholders exercising their right to vote on the company's operations and ownership structure.	Fully implemented	<p>Gobi JSC, in adherence to the principles of good governance, places significant emphasis on respecting the rights of its shareholders. The company is dedicated to affording shareholders opportunities to exercise their rights as defined by the Company Law.</p> <ul style="list-style-type: none"> • Investor Relations Program • Feedback Menu on the Gobi Website 	2	100%
36	9.5. Establish a procedure for dealing with conflicts of interest to prevent violations of the company's and shareholders'	Fully implemented	<p>During the initial annual meeting of the Board of Directors, Gobi JSC approves the names of related party companies engaged in conflicts of interest transactions for the ongoing year. Subsequently, at the year-</p>	2	100%

	<i>interests, with public disclosure of its implementation.</i>		<p>end, a comprehensive review and monitoring of the performance of conflicts of interest transactions throughout that year takes place. The report on these transactions, along with information on affiliated parties, is openly disclosed in the Annual Activity Report. Additionally, the Risk and Audit Committee presents their findings at the regular meeting of shareholders.</p> <p>In November 2023, the Board of Directors approved the company's "Procedure for Transactions with Conflicts of Interest."</p> <ul style="list-style-type: none"> • Pages 28-29 of the 2022 Annual Activity Report, which contains information on transactions with conflicts of interest. • Resolution of the Board of Directors granting permission for transactions with parties with conflicts of interest in 2023. • Procedures for Transactions with Conflicts of Interest 		
SCORE (Maximum score-10)			10	100.0%	
Total score (maximum score-72)			70	97.2%	

LIST OF EVIDENCE

LINKS

1. [Governance Policy](#)
2. [Risk Management Policy](#)
3. [Succession Policy of Authorized Officials](#)
4. [Remuneration Policy](#)
5. [Sustainable Development Policy](#)
6. [Compliance Policy](#)
7. [Procedures for Annual General Meeting](#)
8. [Operating Procedures for Board](#)
9. [Operating Procedures for Board Office](#)
10. [Operating Procedures for Risk and Audit Committee](#)
11. [Operating Procedures for Remuneration Committee](#)
12. [Operating Procedures for Nomination Committee](#)
13. [Procedures for Selection and Nomination of Board Members](#)
14. [Disclosure Procedure](#)
15. [Procedures for Appointment of External Audit](#)
16. [Code of Conduct](#)
17. [Procedures for Transactions with Conflict of Interest](#)
18. [Whistle Blowing System Operating Procedures](#)
19. [Corporate Governance Code Implementation Program](#)
20. [Investor Relations Program](#)
21. [Procedures fro Stakeholder Complaints](#)
22. [Stakeholder Engagement Plan](#)
23. [Commitment to Sustainable Development](#)
24. [Company's Official Website /info.gobi.mn/](#)
25. [Rules and Regulations on Company's Website](#)
26. [Reports and Indicators on Company Website](#)
27. [Feedback Menu on Company's Website](#)
28. [Whistleblowing system](#)
29. [2022 Annual Activity Report](#)
30. [ESG Evaluation Report 2022](#)
31. [Sustainable Development Report 2022](#)
32. [Resolution of the Board of Directors on Granting Permission for Transactions with Conflicts of Interest in 2023](#)
33. [Resolutions of Annual General Meeting 2023](#)
34. [Resolutions of Board of Directors on Appointment of Chairwoman and Board Committees Composition](#)