



# **CORPORATE GOVERNANCE CODE**

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### **INTRODUCTION**

#### **Goal**

The goal of this Corporate Governance Code (hereinafter "Code") is to protect the interests of investors and customers and promote long-term sustainable value by introducing internationally recognized governance principles and good practices to companies.

Corporate governance is a system for directing and controlling the company's activities. It is also a structural and organizational system for defining goals and objectives and setting and implementing an approach for monitoring performance. This concept also includes comprehensive correspondence between shareholders, boards of directors (BoD), executive management, and other stakeholders.

The main body responsible for the implementation of corporate governance is the BoD. Shareholders will monitor whether the company has a proper governance structure and organization through the BoD and external audit. By implementing good corporate governance practices, it is important for the increase of the company's valuation, the attraction of low-cost financing sources, and long-term sustainable development.

#### **Scope**

Each provision of principles shall be followed by securities issuers at the securities trading organizations, insurers, and entities engaged in trust services and investment management activities in Mongolia. For companies that do not offer their shares publicly, it is recommended to introduce and implement the principles outlined in this Code.

#### **Method / Approach**

A company strives to fully implement the governance principles of this Code and may not implement or take more appropriate organizational measures depending on the nature of the company's operations, structure, size, and stage of development. The implementation of the Code will be ensured according to the internationally accepted principle of "comply or explain". In other words, a company is obliged to explain how each principle stipulated in this Code has been complied with. But if a company does not comply, it has to explain why it has not complied with, what structural and organizational measures have been taken instead of such principles, and if the target has been set, the implementation period should be explained in detail according to the form in Appendix 1 of this Code.

Note: Compliance and explanations shall be provided on each provision.

The company shall report compliance with the governance principles stipulated in this Code at least once a year, and the governance report shall be placed in the company's annual report and on the company website. In the annual report, it shall be placed in a separate chapter with a clear name "compliance of corporate governance principles", and on the website, the link shall be placed in directly visible categories such as "About us" or "For investors".

As improving and strengthening corporate governance is an ongoing process, the BoD shall consult with investors, shareholders, and stakeholders on how to improve corporate governance and take necessary measures regularly, instead of reporting once a year.

If the BoD deems it necessary, the BoD shall approve the internal policy documents, rules, and regulations considering the company's characteristics and monitor their implementation, by using the model template of Appendix 2 "Corporate Governance Code Compliance Program" of this Code.

## **CORPORATE GOVERNANCE PRINCIPLES AND EXPLANATION**

### **NINE PRINCIPLES OF CORPORATE GOVERNANCE:**

#### **1. Structure and organization of the BoD**

"The BoD shall be a creative and effective structure with a clear vision, which provides diverse skills, knowledge, experience, and independence appropriately."

#### **2. Committees under the BoD, and their functions**

"The BoD shall carry out its activities through its committees with specific functions and is subject to its ultimate responsibility."

#### **3. Reporting and information transparency**

"The BoD shall take measures to ensure accuracy, completeness, and balance of financial and operational reporting and information transparency."

#### **4. Audit and monitoring system**

"The BoD shall ensure the independence and effectiveness of the audit and monitoring system."

#### **5. Risk management**

"A company shall organize the risk management system appropriately and independently and monitor the effectiveness of the system regularly."

#### **6. Remuneration of authorized officials**

"Salaries and bonuses of the BoD and executive management shall be fair and transparent in line with the company's vision and characteristics."

#### **7. Stakeholder interests**

"A company shall respect the interests of other stakeholders in its operations."

#### **8. Company culture**

"Members of the BoD shall set high standards of business ethics and responsibilities in the company, and lead and pursue them at executive management and employee level."

#### **9. Rights of shareholders**

"A company and the BoD shall respect the rights of shareholders, treat them equally, and fully provide them with the opportunity to obtain relevant information and exercise their rights."

### **PRINCIPLE 1. STRUCTURE AND ORGANIZATION OF THE BOARD OF DIRECTORS**

**The BoD shall be a creative and effective structure with a clear vision, which provides diverse skills, knowledge, experience, and independence appropriately.**

*INTERNATIONAL COOPERATION DEPARTMENT*

**1.1. A company shall stipulate the duties and responsibilities of the chairman, members, and secretary of the BoD under the operating procedures of the BoD in detail.**

**Commentary 1.** In the activities of some companies, the duties of the BoD and executive management are unclear, and information exchange, cooperation, and coordination are poor. Therefore, it is required to have an operating procedure for the BoD, which regulates the above matters in detail. The executive management shall implement the company's strategic goal and objectives within the framework of the company's values, code of ethics, budget, and risk limits approved by the BoD. The roles and responsibilities of executive management shall differ from those of the BoD.

**Commentary 2.** The rights and responsibilities of BoD's chairman and members shall be stipulated in the operating procedure of the BoD in detail. The chairman of the BoD shall be responsible for managing and organizing the activities of the BoD, enabling members to perform their duties, and establishing and strengthening correspondence between the BoD and the executive management based on mutual respect and trust. The chairman of the BoD is responsible for approving the meeting agenda and providing sufficient opportunity and time to discuss each issue and make a decision.

**Commentary 3.** The operating procedure of the BoD shall clearly define on which issues and in what manner the members may obtain recommendations from an external professional at the company's expense. In particular, giving the above opportunities to the independent members of the BoD in this procedure is useful for them to perform their duties as members properly and effectively.

**1.2. The company has a nomination procedure and succession policy document covering the selection and appointment of members of the BoD.**

**Commentary 1.** When selecting a candidate for a member of the BoD, their ethics, morals, work experience, professional skills, education, and reference on whether they committed a crime or whether they have overdue loans decided by the court shall be checked individually.

**Commentary 2.** When discussing the re-appointment of a member of the BoD at the meeting of shareholders, information such as the total length of service as a member, the report of the work completed during the previous term, and the evaluation of the member of the BoD shall be presented.

**Commentary 3.** How the nominee's independence as an independent member of the BoD is determined and whether the nominee works as an authorized official of other companies shall be presented at the meeting of shareholders in detail.

**Commentary 4.** The nominee as a member of the BoD shall submit a written nominee application, and in the event of appointment, a written request expressing his/her desire and ability to devote sufficient time to perform his/her duties.

**Commentary 5.** Each newly appointed member of the BoD shall be informed of the salary and bonus, liability insurance, notice in the case of a loss of independence as an independent

member, procedures for dealing with company information, and confidentiality obligations in writing.

**Commentary 6.** The members of the BoD shall be aware of and follow the company's code of conduct, the policy documents, and procedures adopted internally, which covered the prevention of corruption and official crimes, and the prohibited activities for an insider.

**1.3. Information including work experience, length of service, independence, share percentage, and attendance at meetings of each member of the BoD shall be reflected in the annual report and posted on the website.**

**Commentary 1.** A company shall evaluate and report the performance of the BoD, its committees, and the BoD's chairman, secretary and members regularly once a year. Accordingly, the working skills, attendance at meetings, time spent on the company's activities and significant work, efforts, and results of the member of the BoD, shall be mentioned.

**Commentary 2.** An evaluation of the work performance of the BoD, committees and members may be performed by external parties.

**Commentary 3.** An independent member shall be responsible for the performance evaluation of the chairman of the BoD and carry out the evaluation based on the opinions of other members.

**1.4. A company shall have a policy document on the structure and composition of the BoD and its committees, which covers the requirements for members' education, qualifications, skills and experience, and gender balance.**

**Commentary 1.** Performance of the targets set out in the policy document on the structure and composition of the BoD shall be evaluated annually, placed in the company's annual report, and posted on the company's website.

**Commentary 2.** A company strives to maintain gender balance in the composition of the BoD. International studies show that gender balance has a positive effect on the sustainable development of a company. Accordingly, the provision of a 30 percent quota of BoD to be held for one gender is stipulated in the corporate governance code of many countries in the world.

**Commentary 3.** A company strives to ensure gender balance not only at the BoD but also at the level of executive management and employees. A (nomination or remuneration) committee under the BoD shall be responsible for defining and implementing the gender policy.

**1.5. Orientation training shall be organized for the members of the BoD upon their first appointment, and the members of the BoD shall be involved in regular training to upgrade their skills, knowledge, and information necessary to perform their duties.**

**Commentary 1.** A company is required to spend appropriate resources to regularly improve the knowledge and skills of the members of the BoD and to provide up-to-date information according to the program.

**1.6. The secretary of the BoD shall be responsible for the proper functioning of the BoD through the chairman of the BoD.**

**Commentary 1.** Appointment and dismissal of the secretary of the BoD are subject to the powers of the BoD, as the secretary of the BoD has an important role in the effective operation of the BoD and its committees.

**Commentary 2.** Roles and responsibilities of the secretary of the BoD include providing recommendations and information on governance issues to the BoD and its committees, monitoring the implementation of policy documents and internal procedures, managing documents and minutes of meetings of the BoD, and organizing meetings and training for members regularly.

**PRINCIPLE 2. COMMITTEES UNDER THE BOARD OF DIRECTORS, AND THEIR FUNCTIONS**

**The BoD shall carry out its activities through its committees with specific functions and is subject to its ultimate responsibility.**

**2.1. The Chairman of the BoD and most members of the BoD strive to be an independent member.**

**Commentary 1.** Being the chairman of the BoD as an independent member is more likely to make BoD activities more open and support pluralism. The BoD shall not be affected by the executive management but shall be led by an independent member to guide and control BoD.

**Commentary 2.**

Being most members of the BoD as independent members is more likely to make BoD's decisions independent from the interests of the executive management and ordinary members and respect the interests of shareholders. The independent members of the BoD shall be enabled to meet and consult together without the participation of ordinary members and executive management.

**2.2. The audit committee under the BoD shall have an operational procedure and audit policy documents. The chairman of the audit committee shall not be the chairman of the BoD. The company's executive management and employees shall participate in the audit committee meetings only at the committee's request.**

**Commentary 1.** The audit committee shall develop its operating procedure that will be approved by the BoD. The committee shall organize audit activities effectively and ensure the quality of financial statements.

**Commentary 2.** The chairman and members of the audit committee shall have appropriate knowledge and experience in financial statements. In the company's annual report and on the website, an audit policy, procedure of the committee, details of the composition, and the frequency and attendance of the meetings shall be placed publicly.

**Commentary 3.** The chairman of the audit committee shall have no connection with a company's external auditor and not work for this external audit company in the last three years.

**Commentary 4.** A company may separate the risk management function from the audit committee and establish a risk committee under the BoD separately.

**Commentary 5.** In order to ensure the independence of the audit committee activities, the company's executive management and employees shall attend the committee's meeting only at the committee's request.

**2.3. The remuneration committee under the BoD shall have salary and bonus procedures and policy documents. The chairman of the remuneration committee shall not be the chairman of the BoD and shall be an independent member. Executive management shall attend the remuneration committee meetings only at the committee's request.**

**Commentary 1.** The remuneration committee shall develop a remuneration policy for the company's authorized officials that will be approved by the BoD. In the company's annual report and on the website, the remuneration policy, the procedure of the committee, details of the composition, and the frequency and attendance of the meetings shall be placed publicly.

**2.4. The nomination committee under the BoD shall have an operational procedure and succession policy documents. The chairman of the nomination committee shall not be the chairman of the BoD and shall be an independent member.**

**Commentary 1.** The nomination committee shall develop a succession policy that will be approved by the BoD. In the company's annual report and on the website, a remuneration policy, the procedure of the committee, and the frequency and attendance of the meetings shall be placed publicly.

**Commentary 2.** The nomination committee shall determine whether the knowledge, skills, and work experience of the authorized official of the company meet the requirements of the position, whether there is a conflict of interest, and whether the independence of independent members of the BoD is ensured. The nomination committee shall be responsible for training and qualifications.

**2.5. The BoD may establish standing and non-standing committees with other functions under its jurisdiction. All the committees under the BoD shall have operational procedures and instructions and consist of members who have the required knowledge, skills, and work experience to perform their duties.**

**Commentary 1.** Standing and non-standing committees such as health, security, and environment committees may be established under the BoD depending on the nature of the company's operations.

**Commentary 2.** In the company's annual report and on the website, other committees' policies, the procedure of the committee, details of the composition, and the frequency and attendance of the meetings shall be placed publicly. The committees shall report their activities to the BoD at least quarterly.

**Commentary 3.** In case other parties offer to purchase the entire share or more than the controlling stake of a company, a non-standing committee under the BoD shall be established to manage this matter. The committee shall act independently and present the report prepared by external consultants and experts to the shareholders.

### **PRINCIPLE 3. REPORTING AND INFORMATION TRANSPARENCY**

**The BoD shall take measures to ensure accuracy, completeness, and balance of financial and operational reporting and information transparency.**

**3.1. The BoD shall approve the company's information transparency and reporting procedures and monitor their implementation.**

**Commentary 1.** Information including factual, positive, and negative information shall be delivered to shareholders and the public on time in a balanced manner.

**Commentary 2.** Procedures for the company's information and reporting shall be placed on its website regularly.

**Commentary 3.** Procedures for information transparency and reporting cover responsibilities of the company's authorized officials and employees, information transparency, processing and disclosure, reporting, correspondence with investors and the public, and remedy action if there are errors or discrepancies in securities trading and registration.

**3.2. The BoD shall deliver the governance documents, rules, regulations, and instructions specified in this Code to the public through its website.**

**Commentary 1.** Considering the importance of placing operational information and governance policy documents, internal rules, regulations, and instructions on the company's website for investors and stakeholders, this information shall be placed in a complete and reader-friendly format, as well as updated regularly.

**3.3. Financial and non-financial reporting shall be balanced, clear, and factual. The non-financial report shall cover information evaluating the factors and risks that may affect the company's sustainability within the framework of the environment, society, and economy, and information on whether the company's goals and objectives have been achieved.**

**Commentary 1.** In addition to environmental, social, and governance factors, non-financial reports shall cover information on how the company's strategic objectives are being achieved.

**Commentary 2.** Financial statements shall be presented in the time, content, and form provided by law, and sufficient and complete explanations shall be attached. Investors need balanced and accurate information on the business model, performance, strategic objectives, and their performance. Also, if there is a change in the reporting method, it shall be explained and an availability to compare with the previous report shall be provided.

#### **PRINCIPLE 4. AUDIT AND MONITORING SYSTEM**

**The BoD shall ensure the independence and effectiveness of the audit and monitoring system.**

**4.1. In the operating procedures of the audit committee, the BoD shall stipulate provisions on how to deal with an external auditor, terms and conditions for them to perform their duties stipulated by law, and monitor the implementation of the procedures.**

**Commentary 1.** The procedures of the audit committee shall cover criteria for selecting external audits, potential risks to audit independence, and how to manage them.

**Commentary 2.** The procedures of the audit committee shall cover the information exchange method, structure, and organization between the audit committee, executive management, and external auditor.

**Commentary 3.** The audit committee approves and supervises the services (other than those stipulated by laws) to be provided by an external auditor to the company.

**4.2. An external auditor shall participate in shareholders' regular meetings and provide audit-related information to shareholders.**

**Commentary 1.** The conditions and possibilities to ask questions and receive answers from an external auditor shall be provided for shareholders.

**4.3. Information on the internal audit system, its structure, organization, and functions shall be delivered to the public through the company's report and website, and any changes made to them will be notified regularly.**

**Commentary 1.** The internal audit system shall contribute significantly to the company's long-term sustainable growth and development by controlling its risk management and internal monitoring activities and improving the results regularly.

**Commentary 2.** The management of the internal audit unit shall have appropriate knowledge, skills and experience, and communicate and report directly to the BoD or its relevant committee.

#### **PRINCIPLE 5. RISK MANAGEMENT**

**The BoD shall organize the risk management and compliance monitoring in an appropriate and independent manner and monitor effectiveness regularly.**

**5.1. A company shall have risk management guidelines and structure, and the BoD shall monitor the results and independence of risk management activities.**

**Commentary 1.** The BoD is required to have a real and comprehensive understanding on evaluating and managing potential risks to the company.

**5.2. The BoD strives to have a risk management committee consisting of at least three members, and the chairman and most members shall be independent members. The procedure, structure, and composition of the risk committee shall be disclosed to the public through the company's annual report and website, and the attendance, agenda, and frequency of the committee's meetings shall be reported regularly.**

**Commentary 1.** The potential risks differ depending on the company's operation, size and business characteristics, so the BoD exercises roles in determining the type, volume, and limit of potential risks following the company's goals and vision.

**Commentary 2.** The risk committee shall review the company's risk management activities regularly, evaluate the results of the internal monitoring activities for risk control and detection, and present relevant recommendations to the BoD.

**Commentary 3.** The correspondence that enabled the executive management to deliver comprehensive information on the risks and how they are managed and to receive instructions and guidelines from the risk committee shall be introduced.

**Commentary 4.** The risk committee functions may be assigned to the audit committee, and in this case, the information on the risk management system, procedures, and implementation shall be explained in the annual report and on the website in detail.

**5.3. Environmental and social responsibilities and health and security risks in the company's operations shall be assessed and disclosed to the public, and how those are managed shall be explained.**

**Commentary 1.** Environmental and social responsibility and health and safety risks will affect the company's long-term sustainable operation. Therefore, it is important for shareholders and investors to fully understand and evaluate these risks.

**Commentary 2.** A company is not required to release a specific sustainability report when reporting information reflected in this recommendation. However, if the company releases a sustainability report in accordance with internationally recognized standards, it may meet the requirements of this Code by citing them.

**5.4. A company shall have compliance monitoring guidelines and structure, and the BoD shall monitor the effectiveness and independence of compliance monitoring implementation.**

**Commentary 1.** The BoD shall approve the guidelines for compliance monitoring and the annual budget and appoint and deal with human resources directly.

**Commentary 2.** The BoD and the executive management shall provide the necessary assistance and support to the person performing the compliance monitoring and ensure his/her independence.

## **PRINCIPLE 6. REMUNERATION OF AUTHORIZED OFFICIAL**

**Salaries and bonuses of the BoD and executive management shall be fair and transparent in line with the company's vision and characteristics.**

**6.1. The amount and frequency of salary, type of payment, and bonuses of the members of the BoD shall be discussed and approved at the shareholders' meeting openly.**

**Commentary 1.** When discussing and approving the salary and bonus of a member of the BoD at the shareholders' meeting, the amount shall be stated clearly, and the rationale shall be explained clearly. Salaries and bonuses shall be included in the materials of the shareholders' meeting clearly, by each member and not by the total salary pool. If salary and bonuses are given for the work performed separately as a member of any committee under the BoD, it will also be clearly reflected.

**Commentary 2.** The real amount of salary and bonuses paid to the members of the BoD shall be reflected in the annual report clearly. In addition to the official salary of the members of the BoD, the detailed breakdown of the salary as a member of any committee under the BoD or performed by other agreements with the company shall be included.

**6.2. A company shall include the components of duties and the criteria for evaluating performance which are the basis for calculating the amount of salary and bonus, in the remuneration policy documents.**

**Commentary 1.** The remuneration policy strives to set the level of salary and bonus to be fair, reasonable, and competitive in the market in accordance with the company's operation, size, and characteristics.

**Commentary 2.** The method of determining the amount of salary and bonuses shall be transparent. The BoD may obtain a recommendation from a qualified, independent consultant when determining the salary and bonuses of the company's authorized officials. Independent consultant means a person who is independent from an authorized official of the company or a person who is independent from any person whose interests may be affected by the results of the consulting service.

**Commentary 3.** It is appropriate to determine the salary and bonus of the company's authorized officials differently. The basic principles of determining the salary and bonus of the executive management, and the provision of dual salary and bonus regulation in the case of paying BoD's salary shall be stipulated specifically. Also, the salary and bonus of a

member of the executive management team shall be aligned with the company's profit and his/her performance.

**6.3. Performance criteria for providing base salaries, rewards, and other incentives to the executive management shall be included in the company's annual report.**

**Commentary 1.** The real amount of salary and bonuses paid to the executive management shall be transparent to the shareholders. The components of executive management's salary and bonuses (including base salary, short-term and long-term rewards, and incentives) shall be outlined in the remuneration policy.

**Commentary 2.** Comprehensive information on long-term rewards and incentives (including shares and options convertible into shares) and their implementation conditions shall be disclosed to the public.

**Commentary 3.** In the annual report, the salary and bonus information of the company's authorized officials shall be presented in a manner comparable to the previous year. Also, the performance of long-term rewards and incentives (such as shares and options convertible into shares) and the basis for granting them shall be reported annually.

**Commentary 4.** When disclosing the salary and bonuses of the executive management, it is advisable to obtain his/her consent or specify this in the employment contract.

**PRINCIPLE 7. STAKEHOLDER INTERESTS**

**The interests of the parties involved in the company's activities shall be respected.**

**7.1. A company shall have a policy document for communication and cooperation with other stakeholders approved by the BoD. The BoD and executive management shall cultivate an organizational culture that respects stakeholders' interests and cooperates with them.**

**Commentary 1.** It is required to accept the contributions of other stakeholders (company employees, creditors, customers, suppliers, local citizens where the company operates) to the sustainable growth of the company and medium and long-term value.

**Commentary 2.** As a guiding structure responsible for the company's development strategy, the BoD shall identify the interests and needs of stakeholders properly and balance them appropriately.

**7.2. Information on what matters it mainly focused on and what strategy it pursued when cooperating with stakeholders shall be included in the company's annual report.**

**Commentary 1.** In order to establish effective correspondence with the stakeholders, best international practices shall be introduced, and the transparency of non-financial information related to stakeholders shall be ensured.

**7.3. With the objective of cooperating and exchanging information with the stakeholders, the company's website shall be operated effectively.**

**7.4. The company shall have an internal procedure for receiving feedback, requests, and complaints from employees and an internal procedure and work plan for solving social issues and professional development.**

## **PRINCIPLE 8. COMPANY CULTURE**

**Members of the BoD shall set high standards of business ethics and responsibilities in the company, and lead and pursue them at executive management and employee level.**

**8.1. The BoD shall approve the code of ethics, disclose it to the public, and monitor its implementation, in order to define the company's values and vision properly and conduct activities legally, ethically and responsibly.**

**Commentary 1.** In order to increase and maintain its value in the long term, a company shall adhere to certain norms of legal, ethical and professional responsibility in its operations. A company shall take certain measures to strengthen and protect the business reputation among its customers, suppliers, creditors, employees, supervisors and regulators.

**Commentary 2.** The BoD shall approve the company's values and code of ethics, and the executive management shall be responsible for introducing and implementing them in the organization. The executive management shall organize internal training regularly and lead to pursue of the principles and attitudes.

**Commentary 3.** The BoD shall review the implementation of the Code of Ethics, the detected ethical violations, and the process of their resolution regularly, and make necessary reforms and changes.

**8.2. There shall be a "whistleblowers" framework to report any illegal activities or ethical violations to the BoD or its relevant committees.**

**Commentary 1.** Ethical norms to be followed by the company's authorized officials and employees shall be included in the code of conduct, and in case of violation, a system of reporting and imposing responsibility shall be established and updated if necessary.

**Commentary 2.** The BoD shall create an environment to deliver information (related to disrespectful actions to the company's values and unethical, irresponsible, or illegal actions) to the BoD and its relevant committee and impose sanctions. Regulations for ensuring the confidentiality of the person who provided the information or "whistleblower" and protecting his/her reputation, salary and bonuses and workplace shall be introduced.

**Commentary 3.** The BoD shall organize training regularly for the company's authorized officials and employees on the "whistleblowing" system and how to provide, receive, and resolve information according to it.

**8.3. The Code of Ethics shall cover regulations on anti-corruption and avoiding official crimes, supporting /or not supporting/ political activities, and donations.**

**Commentary 1.** It is a criminal offense that the company's authorized officials and employees give improper rewards, bonuses, or bribes to government officials, and it is harmful to the company's reputation. Therefore, the BoD shall provide relevant employees with regular training to prevent corruption.

**Commentary 2.** The BoD shall include certain principles and limitations regarding donations and support to political parties, movements, organizations, and individuals engaged in political activities in its instructions and procedures, and monitor their implementation.

## **PRINCIPLE 9. RIGHTS OF SHAREHOLDERS**

**A company and the BoD shall respect the rights of shareholders, treat them equally, and fully provide them with the opportunity to obtain relevant information and exercise their rights.**

**9.1. A company shall provide investors and other stakeholders with information on its operations, financial status, governance organization, and performance results through its website regularly.**

**Commentary 1.** The general information on the company's activities shall be placed in a manner, such as the company's website, that enables investors (owners of securities such as stocks and bonds issued by the company, or persons interested in becoming owners) to view at any time. Furthermore, activities to cooperate with, and report to, stakeholders on environmental, social, and governance matters shall be implemented regularly.

**Commentary 2.** The following information shall be placed on the company's website. These include information on contact persons, brief biographies of the chairman of the BoD, members and executive management, company charter, financial statements and annual reports for the last five years, important decisions and notices submitted to and received from securities traders and regulatory bodies, and shareholders meeting announcements and decisions.

**Commentary 3.** Information on the company's structure, history, business operations, calendar of major events such as shareholders' meetings and distribution of dividends, types of securities that were issued, relevant rights, historical information on their trading prices, dividends policy and allocation of dividends, press releases, contact with media organizations, and the name and contact information of the person responsible for securities registration shall be placed on the website.

**9.2. A company shall have a program to cooperate with investors and develop an electronic channel for communicating and exchanging information with investors.**

**Commentary 1.** A company shall have a program to ensure investors' participation, receive their opinions, and exchange information with them.

**Commentary 2.** A company shall deliver information on its business, governance, and financial indicators and prospects to investors and stakeholders.

**Commentary 3.** A company shall develop and use electronic channels to deliver information to, and communicate with, investors understandably and easily.

**9.3. A company shall create opportunities and conditions for shareholders to exercise their legal rights, such as participating in shareholders' meetings, making proposals, voting, and obtaining information.**

**Commentary 1.** A company shall approve and pursue a specific procedure that regulates matters such as deciding to conduct a shareholders meeting, approving the agenda, delivering a meeting announcement, preparing for the meeting, enabling shareholders to review the relevant facts and information in advance, ensuring the participation of the shareholders, holding a poll to lead the meeting, documenting and keeping the meeting decisions, writing meeting minutes, and enabling shareholders to view the meeting decisions and minutes.

**Commentary 2.** The shareholders' meeting shall be held at a time and location convenient for shareholders, the meeting notice shall be delivered in advance, and the executive management shall be present at the meeting.

**Commentary 3.** A company shall enable attendees to participate and vote in shareholders' meetings electronically using remote technology.

**Commentary 4.** Particular attention shall be paid to ensuring the right of foreign and small shareholders to be represented at the BoD, receive information, submit proposals and vote at shareholders' meetings, and file complaints to court.

**9.4. Particular attention shall be paid to shareholders exercising their right to vote on matters related to the company's operations and ownership structure.**

**Commentary 1.** The BoD strives not to reduce the current shareholdings of shareholders when seeking new capital-raising opportunities. In addition, in case of issuing additional shares, shareholders shall be enabled to purchase shares in proportion to their share ownership.

**Commentary 2.** If it is decided not to enable current shareholders to purchase the new securities in proportion to their share ownership, a report shall be submitted to a relevant authority, and an explanation shall be placed on the website.

**9.5. In order to prevent violations of the common interests of the company and shareholders, there shall be a procedure for dealing with conflicts of interest, and its implementation shall be disclosed to the public.**

**Commentary 1.** Transactions with conflict of interest shall only be made in writing, prior approval for transactions shall be obtained, transactions shall be made at fair market prices, and comprehensive information on completed transactions shall be placed on the website and included in the annual report.

**Commentary 2.** The monopoly of the supply channel by a related party, embezzlement or improper transfer of the company's property, and providing warranty or guarantee to shareholders and their related parties on behalf of the company, shall be prevented.

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