**ASSESSMENT METHODOLOGY FOR IMPLEMENTATION OF “CORPORATE GOVERNANCE CODE”**

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**2022**

1. **Assessment purpose**
	1. The purpose of this assessment is to evaluate the implementation of the "Corporate Governance Code", identify the challenges in the company’s governance system, and improve the governance level of the company by developing and enforcing instructions and recommendations.

* 1. The remote assessment of the implementation of the "Corporate Governance Code" shall be carried out by the authorized official appointed by the company's Board of Directors in accordance with the questionnaire form, attached first appendix of the code, using the corporate governance scorecard.
	2. The officer in charge of issuers of the Exchange shall calculate the Assessment result with control scores and weighted scores based on the remote assessment submitted by the company at least twice (2) a year.
	3. The assessment results shall be used to make amendments to the securities listing classification of the Exchange, determine the then-current state of the governance of the listed company, and conduct an analysis of the corporate governance level for the purpose of disclosing to the public.
	4. The Exchange shall submit the results of the implementation and assessment of the "Corporate Governance Code" to the Committee within the first week of each quarter and disclose them to the public.
1. **Assessment structure**

The assessment of the “Corporate governance code” consists of 36 questions and uses the following structure. Herein:

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| **№** | **Contents** | **Maximum attainable score** | **Self-assessment Score** | **Control points** | **Percentage /weighted score/** |
| 1 | The Board structure | 12 |  |  |  |
| 2 | Committees under the Board and their functions | 10 |  |  |  |
| 3 | Reporting and transparency | 6 |  |  |  |
| 4 | Audit and control system | 6 |  |  |  |
| 5 | Risk management | 8 |  |  |  |
| 6 | Remuneration of authorized officials | 6 |  |  |  |
| 7 | Stakeholders interest | 8 |  |  |  |
| 8 | Company culture | 6 |  |  |  |
| 9 | Shareholders rights | 10 |  |  |  |
|  | **Total** | **72** |  |  |  |

1. **Assessment methodology**
	1. For each question, 2 for fully implemented or if a reasonable explanation is provided, 1 for partially implemented or provided an explanation for the planned implementation of measures and aims, and 0 for not submitted an assessment. Implementation and explanation shall be submitted for each question.
	2. Based on the assessment result, the implementation of the "Corporate Governance Code" of the company will be evaluated as follows:
		1. If the company achieved 90 percent or more out of the maximum attainable score, governance is considered good or risk-free;
		2. A score of 70-89 percent signifies governance is average, implying risk may arise in the future, therefore, it is recommended to issue cautionary notice;
		3. A score of 50-69 percent indicates below average governance or there is a risk, and requires conducting remote and on-site inspection;
		4. A score of 49 percent or below indicates poor governance or operation is at high risk and requires regulatory action.

1. **Scorecard/Assessment Questionnaire**

 **............................... JCS, LLC**

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| **Company governance assessment questionnaire** |
| *The implementation of the code will be reported within the framework of the principle of "Comply or explain", and whether it has been fulfilled in accordance with each article of the code, if not implemented then an explanation must be provided. If the structural and organizational measures to replace it have been taken or are being taken or if it is planned then it shall be reflected in the explanation section with its due time.* |
| **ONE. THE BOARD STRUCTURE****The Board is expected to be a visionary, creative, and effective structure that appropriately provides diverse skills, knowledge, experience, and independence.** |
| **№** | **Article** | **Implementation** | **Explanation** | **Score** | **Percentage** |
| *1* | ***1.1. The company shall regulate the duties and responsibilities of the chairman, the members, and the Board secretary in accordance with the rules of procedure of the Board.*** |   |   |  |  |
| *2* | ***1.2. The company shall have a nomination procedure and succession policy document covering the selection and appointment of board members.*** |   |   |  |  |
| *3* | ***1.3. Information such as work experience, length of service, independence, shareholding percentage, and meeting attendance of each member of the Board shall be included in the annual operational report and posted on the website.*** |   |   |  |  |
| *4* | ***1.4. The company shall have a policy on the structure and composition of the Board and its committees, and it must include the education, qualification, skill, and experience requirements of the members and the gender representation of the Board.*** |   |   |  |  |
| *5* | ***1.5. The Board orientation shall be organized to guide the members of the Board upon their first appointment, and the members shall be regularly included in the training to provide and upgrade skills, knowledge, and information necessary to perform their duties.*** |   |   |  |  |
| *6* | ***1.6.* *A board secretary shall be responsible for the proper functioning of the Board through the chairman of the Board.*** |  |  |  |  |
| SCORE |  |  |
| **TWO. COMMITTEES UNDER THE BOARD AND THEIR FUNCTIONS****The Board carries out its activities through its committees with specific functions and shall bear the ultimate responsibility** |
| *7* | ***2.1. The Chairman and the majority of the members of the Board shall aim to be independent members.*** |   |   |  |  |
| *8* | ***2.2. The audit committee under the Board shall have an operational procedure and audit policy document. The chairman of the audit committee shall not be the chairman of the Board. The company's executive management and employees can participate in audit committee meetings only at the request of the committee.*** |   |   |  |  |
| *9* | ***2.3. The remuneration committee under the Board shall have remuneration procedures and policy documents. The chairman of the remuneration committee shall not be the chairman of the Board and shall be an independent member. Executive management can attend the meetings of the remuneration committee only at the request of the committee.*** |   |   |  |  |
| *10* | ***2.4. The nomination committee under the Board shall have operational procedures and succession policy documents. The chairman of the nomination committee shall not be the chairman of the Board and shall be an independent member.*** |   |   |  |  |
| *11* | ***2.5. The Board may establish permanent or ad hoc committees with different functions. All committees under the Board shall have operational procedures and instructions, and have members with the necessary knowledge, skills, and work experience to perform their duties.*** |   |   |  |  |
| SCORE |  |  |
| **THREE. REPORTING AND TRANSPARENCY****The Board shall ensure the accuracy, completeness, and balance of financial and non-financial reporting and information disclosure** |
| *12* | ***3.1. The Board shall approve and monitor the company's information disclosure and reporting procedures.*** |   |   |  |  |
| *13* | ***3.2.* *The Board shall make the governance documents, rules, regulations, and instructions specified in this code available to the public through its website.*** |   |   |  |  |
| *14* | ***3.3.* *Financial and non-financial reporting shall be balanced, clear, and objective. The non-financial report comprises information that assesses factors and risks impacting the company's operations in environment, society, and the economy and whether the company’s goals and objectives have been achieved.*** |   |   |  |  |
| SCORE |  |  |
| **FOUR. AUDIT AND CONTROL SYSTEM****The Board shall ensure the independence and effectiveness of the audit and control system** |
| *15* | ***4.1. The Board shall include in the operational procedures of the audit committee the provision for engaging with the external auditor, providing the auditor with the necessary conditions to perform its duties as mandated by the law, and oversee the implementation of the procedure.*** |   |   |  |  |
| *16* | ***4.2. The external auditor participates in annual general meetings of shareholders and provides information to shareholders on matters related to the audit.*** |   |   |  |  |
| *17* | ***4.3. Information about the internal audit system, its structure, organization, and functions, as well as changes in them, shall be disclosed to the public in a timely manner through the company's operational report and website.*** |   |   |  |  |
| SCORE |  |  |
| **FIVE. RISK MANAGEMENT****The Board shall organize risk management and compliance monitoring in an appropriate and independent manner and regularly monitor their effectiveness.** |
| *18* | ***5.1. The company shall have guidelines and structures for risk management, and the Board shall monitor the effectiveness and independence of risk management operations.*** |   |   |  |  |
| *19* | ***5.2. The Board shall aim to have a risk management committee with at least three members, the chairman and the majority of whom shall be independent members. The procedure, structure, and composition of the Risk Management Committee shall be disclosed to the public through the company's annual operational report and website, and regular reports shall be made on the attendance, issues discussed, and frequency of the committee's meetings.*** |   |   |  |  |
| *20* | ***5.3.* *The Board shall* *assess and inform the public whether there are environmental and social responsibility, health, and safety risks in the company's operations, and explain how those risks are managed.*** |   |   |  |  |
| *21* | ***5.4. The company shall have guidelines and structures for compliance monitoring, and the Board shall monitor the effectiveness and independence of compliance monitoring implementation.*** |  |  |  |  |
| SCORE |  |  |
| **SIX. REMUNERATION OF AUTHORIZED OFFICIALS****The compensation of authorized officials must be fair and transparent in line with the company’s vision and characteristics** |
| *22* | ***6.1.******The amount, issuing method, and frequency of the compensation of the Board member shall be openly discussed and approved at the meeting of the shareholders.*** |   |   |  |  |
| *23* | ***6.2.* *The company shall include the components of duties and the criteria for evaluating performance, the basis for determining the amount of compensation, in the compensation policy documents.*** |   |   |  |  |
| *24* | ***6.3. The company's annual operational report shall include the performance criteria for the base salary, bonuses, and other incentives of the executive management.*** |   |   |  |  |
| SCORE |  |  |
| **SEVEN. STAKEHOLDERS INTEREST****The interests of the stakeholders involved in the company's operations must be respected** |
| *25* | ***7.1.* *The company shall have a policy document on communication and cooperation with other stakeholders approved by the Board. The Board and executive management shall foster an organizational culture that respects the interests of stakeholders and cooperates with them.*** |   |   |  |  |
| *26* | ***7.2. The company's annual operation report shall reflect what issues it mainly focuses on and what type of strategy has been implemented in cooperation with stakeholders.*** |   |   |  |  |
| *27* | ***7.3. The company shall effectively operate the company's website for cooperating, informing, and communicating with stakeholders.*** |   |   |  |  |
| *28* | ***7.4. The company shall have an internal procedure for receiving suggestions, requests, complaints from its employees, for resolving social problems, and professional development and work plan for its employees.*** |  |  |  |  |
| SCORE |  |  |
| **EIGHT. COMPANY CULTURE****The members of the Board set high standards of business ethics in the company and follow them to the executive management and employees.** |
| *29* | ***8.1. In order to properly define the values and vision of the company and conduct legal, ethical, and responsible activities, the Board shall approve the code of conduct, inform the public and monitor its implementation.*** |   |   |  |  |
| *30* | ***8.2. There shall be a "whistleblower" system to report any illegal actions or ethical violations to the Board or the relevant committee under it.***  |   |   |  |  |
| *31* | ***8.3. The code of conduct shall regulate corruption and official crimes, support and/or not support/ donation of political activities.*** |   |   |  |  |
| SCORE |  |  |
| **NINE. SHAREHOLDERS RIGHTS****The company and the Board respect the rights of shareholders, treat them equally and provide full opportunities to obtain information and exercise their rights** |
| *32* | ***9.1*. *The company shall provide stakeholders with information on its operations, financial state, governance structure, organization, and performance results through its website.*** |   |   |  |  |
| *33* | ***9.2. The company shall have an investor relations program and shall develop electronic means to communicate with investors and provide them with information.*** |   |   |  |  |
| *34* | ***9.3.* *The company shall provide shareholders with opportunities and conditions to exercise their legal rights, such as participating in shareholders' meetings, making proposals, voting, and obtaining information.*** |   |   |  |  |
| *35* | ***9.4.* *Emphasis shall be made on shareholders exercising their right to vote on the company's business direction and ownership structure.*** |  |  |  |  |
| *36* | ***9.5. In order to prevent the interests of the company and shareholders from being violated, there shall be a procedure for dealing with conflicts of interest, and the implementation shall be disclosed to the public.*** |  |  |  |  |
| SCORE |  |  |
| **TOTAL SCORE**  |  |  |

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