



SUSTAINABLE DEVELOPMENT REPORT 2023

Stronger. Together.





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Letter from our CEO

To all esteemed shareholders, clients, partners, government and non-government organizations, and our esteemed colleagues,

It is my privilege to present to you our inaugural Sustainable Development Report on the auspicious occasion of the 30th anniversary of Ard Daatgal JSC's establishment. The imperative to address the challenges posed by climate change, environmental degradation and social inequality was inevitable in our mission to align with sustainable development goals. Recognizing these challenges as surpassing the capacities of a single entity, we endeavor towards sustainable development by mitigating risks through collaboration and diversification of impacts.

Integrating sustainable practices into our business operations, we continuously enhance the company's internal processes, underpinned by a commitment to environmental stewardship. All members of our workforce undergo specialized training on our environmental, social responsibility and governance policies. As a joint stock company, Ard Daatgal is dedicated to upholding robust and enduring governance structures, maintaining elevated ethical standards to fulfill our obligations, and providing transparent and accurate information to our shareholders and partners.

Sustainable development is a journey, not a destination. We extend our profound appreciation to all our colleagues, the pioneers of the insurance industry, our clients, investors and shareholders who support our collaborative endeavors on this development trajectory. Our commitment lies in contributing to the establishment of a harmonious society and a sustainable future, fostering sound governance practices for sustainable development.

Sincerely, 

Tsogbadrakh G.

CEO of Ard Daatgal JSC



About Ard Insurance

Ard Insurance JSC, established in 1994, currently offers a wide range of over 50 general insurance products both retail and corporate customers. The company underwent restructuring to joint stock company on 1st October 2018, becoming one of the pioneering insurance entities to be listed on the Mongolian Stock Exchange. The primary market trading witnessed participation from 1,359 investors. By 2023, the number of its shareholders surpassed over 10,000, solidifying its standing as the primary insurance company in the Mongolian market, with the highest number of shareholders.



Our Purpose

Our goal is to deliver customized, ethical and optimal insurance services.



Our Mission

We are committed to evolving into a distinguished insurance company that offers services empowering customers with confidence, peace of mind, and enabling their future accomplishments.



Our Value

Success starts with the fundamental action of insuring and managing risk.

Total Assets

44.2 billion MNT

Market share

9.4%

Net Profit

3.2 billion MNT

Paid Loss

14.1 billion MNT

Insured Clients

243,000

About the Report

We take great pleasure in introducing the first "Sustainable Development Report", the first of its kind originating from the Mongolian insurance market, addressing the public, our investors and all stakeholders. The "Sustainable Development Report 2023" from Ard Insurance JSC outlines our operations, strategies and policies, highlighting our efforts towards implementing Environmental and Social Policies and Sustainable Development Goals.

All details, encompassing operational and financial data mentioned in the report, are elaborated upon in the Annual Report 2023 and the Audited Financial Statements of the company. For any queries, feedback, or suggestions related to the report, please send to info@arddaatgal.mn.

Scope of the Report

This report is crafted in alignment with the Environment, Social and Governance (ESG) standards, sustainability reporting guidelines, the United Nations Sustainable Development Goals, and the Insurance Sector Standard as prescribed by the Sustainability Accounting Standards Board (SASB), an integral part of the International Financial Reporting Standards (IFRS). Further insights on SASB, ESG, Sustainability Reporting Guidelines, and the UN Sustainable Development Goals can be found in the Appendices for a comprehensive overview.



01 Sustainable Development

Our Concept

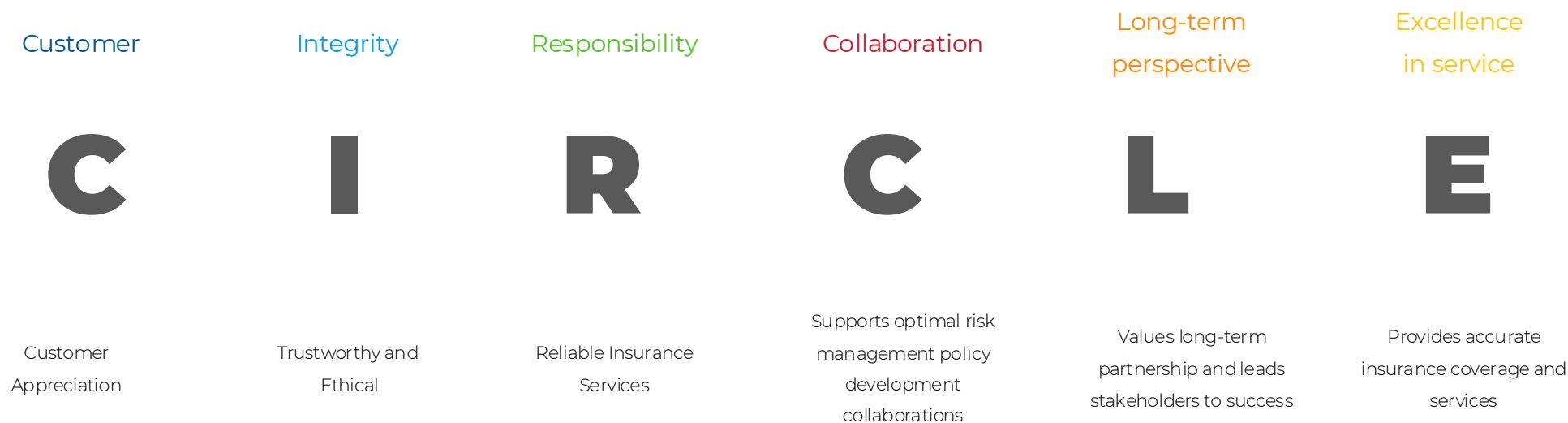
ESG System

Our Contribution

Concept of Sustainable Development

Ard Insurance JSC contributes to the sustainable development goals by offering general insurance products and services and managing our internal operations with focus on environmental, social and governance risks and opportunities. This approach supports the mutually beneficial activities of our clients. Our operations are guided by the principles and concepts that support this approach.

Our concept is expressed by the word CIRCLE, which have the following structure:



Concept of Sustainable Development

In the context of sustainable development and environment, society and governance, we operate our business with the following commitments to our customers, investors, colleagues and the public.

Ard Insurance JSC contributes ESG by focusing on the following 3 goals of the Sustainable Development Goals of the United Nations, which aim to achieve a better and more sustainable future for all. These goals align with our vision and 30 years of success and experience in the financial and insurance sectors.



Supports quality education



Promotes inclusive and sustainable economic growth, employment and decent work



Combats climate change and its impacts

ESG concept values of our team:

Fair, committed and responsible

Respect customers and colleagues

Always learn and be an initiator

Search for optimal solutions without delay

Respect elders and teach youngsters

Care for family and work hard

ESG System

ENVIROMENTAL

- Operational practices are designed to mitigate adverse effects on the environment.
- Provide financial protection against damages caused by natural disasters through products and services.
- Allocate investments in eco-friendly and energy-efficient projects.

SOCIAL

- Uphold human rights, foster equitable and transparent collaboration with all stakeholders.
- Combat all forms of discrimination and promote inclusivity.
- Prevent loss occurrences, prioritize safety, promote insurance literacy.

GOVERNANCE

- Combat money laundering, terrorist financing, bribery and corruption to safeguard businesses.
- Ensure accessible and transparent reporting mechanisms, fostering accountability to stakeholders.
- Uphold to business ethics, adhere to legal standards, and foster inclusive growth.

Sustainable Development and Our Commitment



We partnered with the University of Finance and Economics to launch the academic conference titled “Challenges of Insurance Sector and Its Solutions”, offering a monetary award to bolster support to the students engaged in research and analytical endeavors.

Our collaboration with the Mongolian Football Association involved providing insurance coverage for young football players competing in international tournaments.

We conducted “Insurance in Our Life” training sessions for youth, with a total of 25,200 elementary school students from 63 general education schools across 21 provinces of Mongolia completing fundamental the basics of risk and insurance training in 2023.



We have dedicated efforts towards cultivating a resilient workplace environment that enhances productivity and staff satisfaction. Our human resources stability index of 85.9 percent signifies a consistent and committed work ethic among our staff.

In 2023, our company achieved a remarkable feat by securing a position among the top 3 insurance companies, driven by our robust financial performance showcased through total assets, premiums income and profitability metrics. Notably, our total assets represent 9.4 percent of the insurance sector of Mongolia. Our compulsory driver’s third party liability (TPL) insurance product emerged as a top performer in sales revenue, while an impressive 52% of all claim cases successfully navigated the corporate claims verification process.

Our shareholders number leaped to 10,000, increasing in number 7 times since the initial public announcement of listing the company’s shares in 2018. this milestone solidifies our standing as the premier publicly traded insurance company with the largest stakeholder community in the Mongolian market.



We lead on market offering insurance and financial protection as “Index Based Livestock Insurance”, “Crop Insurance” and other 24 additional insurance solutions aimed at preventing and protecting against adverse impacts of climate change and natural disasters of drought, snow hazard, flood, dust storm, which often result in substantial damages.

We have introduced e-insurance platform that minimizes paper usage, streamlines contract processes, and optimizes time and financial resources for stakeholders. This digital transformation also opens avenues for providing insurance services through government institutions. With 70 percent of our operations now automated, we have significantly reduced paper consumption, aligning our practices with sustainable development principles and fostering efficiency within our operations.



02 Environment

Environment Risk

Protection from Natural Disasters

Environment Protection Responsibility

Climate risks

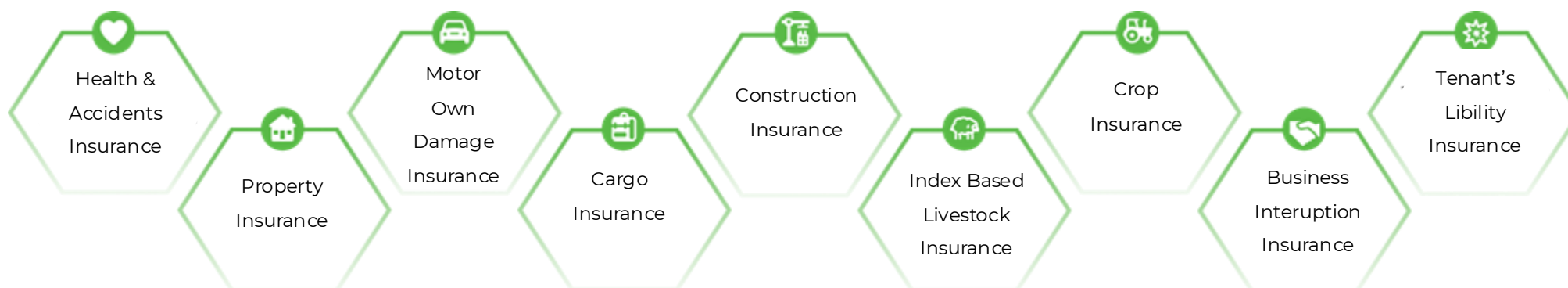
Today, global warming and climate change coupled with the rising frequency of natural disasters, we offer a range of insurance products and services to empower our customers in mitigating contingent financial risks. Our comprehensive suite comprises 9 types of insurance and 24 distinct insurance products designed to cover the perils of natural catastrophes.

Natural Risks

Our coverage extends to a spectrum of natural disaster risks, incorporating but not limited to incidents like strong winds, snowstorms, blizzards, dust storms, droughts, snow hazards, frosts, floods, earthquakes, soil and rock falls, collisions, landslides, changes in ground water levels, freezing rain, lightning strikes, hailstorms, frosts, forest fires, mudslides, freezes, heat strokes and more.

Fire Risks

In addition, our policies offer protection against fire-related hazards, fires, conflagrations, and a range of explosions.



Protection from Natural Disasters

Protection against Flood

During the summer 2023, Ulaanbaatar encountered significant flood risks triggered by heavy rainfall. Numerous families were adversely affected, resulting in the loss of their properties. In response to these challenges, we promptly addressed the situation by collaborating with our reinsurance partners to expedite the settlement of damages and provide support to our affected clients.

Flood claims paid

MNT 1 billion

Protection against Pandemics

Acknowledging the systemic nature of global pandemics and the associated risks for non-life insurance companies, it's generally deemed uninsurable. However, during the period of 2019-2021, Ard Insurance JSC demonstrated its commitment to combating the impacts of the Covid-19 by disbursing MNT 500 million in claims, and the risk of Covid-19 was incorporated into Travel Insurance products.



Crop Insurance

Since 2017, we have been introducing crop insurance to the Mongolian market through a collaboration with Agricultural Reinsurance JSC. Our crop insurance initiatives have made a significant impact, offering coverage in 9 soums of Selenge province, one soum of Tuv province, and 8 soums each in Bulgan and Darkhan-Uul provinces. Through these efforts, we have effectively resolved crop insurance claims for 4 business entities, amounting to MNT 211 million.

Protection from Natural Disasters

Snow hazard & snow storm coverage

Our "Index-Based Livestock Insurance" is tailored to meet the needs of herders, offering financial protection against the potential maximum losses of livestock during extreme natural conditions, climatic adversities, and unforeseen disasters that pose significant threats to the traditional animal husbandry practices in Mongolia.

MNT 217 mln

premium

MNT 449 mln

claims paid

Index based livestock insurance product offers coverage for losses and damages incurred due to various incidents, including:

- Snow hazard, natural disasters
- Animal disease outbreaks
- Livestock predation by wolf or dog
- Cases of theft or missing livestock



Our Commitment to Environment Protection

Greenery & Trees

At our company, environmental protection is integral to our corporate social responsibility efforts. Since 2013, our team has maintained a tradition of planting trees annually. Approximately 1000 trees have been planted in various locations including Khamryn Monastery, the National Park, National Cultural and Recreation Center, and Incheon Dream Grove, aligning with the objectives of the “Billion Trees - National Program”.

The tree-planting events witness participation from a diverse group each year, with collaborations often extended to corporate clients and other insurance companies.



Our team have planted

Over 1000 trees

in course of a decade.



Our Commitment to Environment Protection

Online insurance

Since 2022, our team has been engaged in developing an online platform to streamline basic insurance activities. Commencing in 2023, we transitioned the writing of compulsory driver's TPL insurance to this online platform. Additionally, we established collaborations between the Ard App with the autobox application of the Auto Transport National Center and the National Data Center, enabling direct access to data and time convenient insurance services.

Furthermore, our online platform now facilitates the acceptance and processing of claim requests for various insurance categories, including Driver's TPL Insurance, Motor Own Damage Insurance, Health and Personal Accident Insurance, Credit Collateral Property Insurance, Apartment Owners Liability Insurance, and Cargo Insurance.

Paper usage

Reduced by 50%

In 2023, we transitioned 100% of our insurance service operations to an online platform, allowing us to achieve significant environmental benefits, including a 50% reduction in paper usage, savings on printer ink, elimination of paper documents for archiving purposes, and a decrease in air pollution attributed to the disposal of archival documents. This shift towards digital operations in comparison to the preceding year of 2022 highlights our commitment to sustainable practices.





03 Social Policy



Responsible Insurer

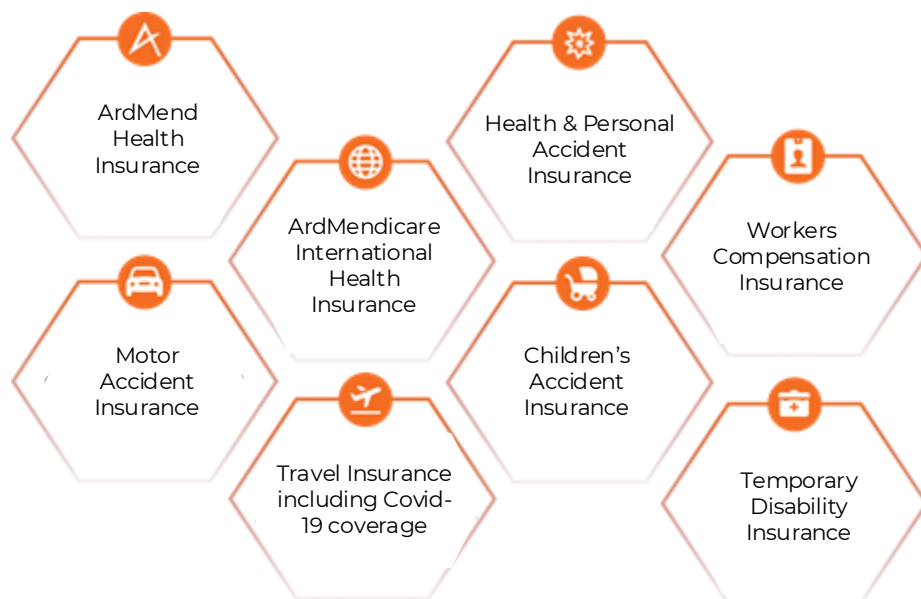
Responsible Employer

Corporate Responsibility

Responsible Collaboration

Development of Insurance Products

In this report, we aim to draw your attention to our “Accidents and Medical Insurance” service among the 50 insurance products offered by Ard Insurance JSC. This insurance service directly contributes to the achievement of the 3rd goal “Good health and well-being” and the 11th goal “Sustainable cities and communities” as outlined in sustainable development initiatives. The accidents and medical insurance products:



Our customers have benefitted from direct insurance payment services through a network of hospitals located in China, Korea, Japan, Thailand, Mongolia, Australia, Germany, Sweden and Switzerland. The figures below outline the total claims received and total claims paid for accidents and health insurance in 2023 .

Total 2,899 claim requests

MNT 2.2 billion

claims paid.

In collaboration with medical sector professionals, we have conducted informative trainings, covering crucial topics such as the significance and benefits of health insurance, and mitigating potential risks through preventive measures.

100 institutions

4,500 workers

received training.

Insurance Underwriting

Renewable Energy

We support policies that promote environmentally responsible practices. As part of this commitment, we offer Property, Business Interruption and Liability insurance coverage at reduced premium rates to companies dedicated to environmental conservation through development of renewable energy sources such as solar and wind.

As of 2023, net insurance premiums written to renewable energy companies represent 0.05 percent of gross insurance premiums or MNT 1 billion. Our objective is to provide insurance coverage and maintain reduced premiums to incentivize responsible practices among the companies addressing climate change through environmentally friendly initiatives and projects aimed at reducing greenhouse gas emissions. Thus we aim to increase net premiums and claims compensation within the industry.

Below are specific examples of positive environmental impact of one of our renewable energy client over the course of a year:

122,000 tn
cut of raw coal
usage

1.6 mln tn
saved water

180,000 tn
reduction of
greenhouse gas
emission



Insurance Claims

Our company places high importance on the nature of claims and strongly opposes any activities and incidents that go against social harmony and human rights. We have implemented claims provisions that explicitly reject any claims associated with such actions. Below are examples of activities and incidents that fall outside of the scope of our policy:

Damage resulting from the use of weapons of war, atomic, nuclear or radiological risks

Strikes, social unrest, civil disturbances, riots, and criminal assaults

War, revolution, disputes, seizures, hijackings, detentions, bombings, and terrorist acts

Damages stemming from politically-driven activities

In 2023, Ard Insurance paid in total MNT 6.7 billion for the coverage of 5,424 claim requests of Motor Own Damage and Compulsory Driver's TPL insurance occurrences.

52%

Claims verification percentage of
Ard Insurance JSC

48%

Claim verification percentage by
the Traffic Police

We have streamlined the motor claims process, leading to economic savings, enhanced efficiency in timing and capacity utilization. Through these efforts, we have improved the quality and reduced the time required for verifying incidents in corporate claims, thereby lightening the workload of state institution services.

Insurance Claims

Small & Medium Enterprise Owners

Ard Insurance JSC collaborates closely with small and medium-sized business owners, offering valuable guidance on risk management and tailored insurance solutions to suit their needs.

Breaking down the insurance engagements, we provide coverage for all risks related to construction materials valued at MNT 10.3 billion and tenant's property valued at MNT 18.3 billion, ensuring comprehensive protection for SMEs.

Indemnities have been paid out under insurance contract engagements with various sectors including wholesale and retail trade, public service, construction contractors, and individuals with public responsibilities.

Insurance serves as a shield against financial risks, fostering the development and expansion of SMEs. It provides a foundation for stable business operations, offering protection against potential liabilities for property damage or bodily injuries that may occur during business activities.

Below is a breakdown of SME claims paid by type of insurance.

13%

Commodity Insurance

26%All types of Liability
Insurance**10%**Apartment Owner's
Liability Insurance**2%**

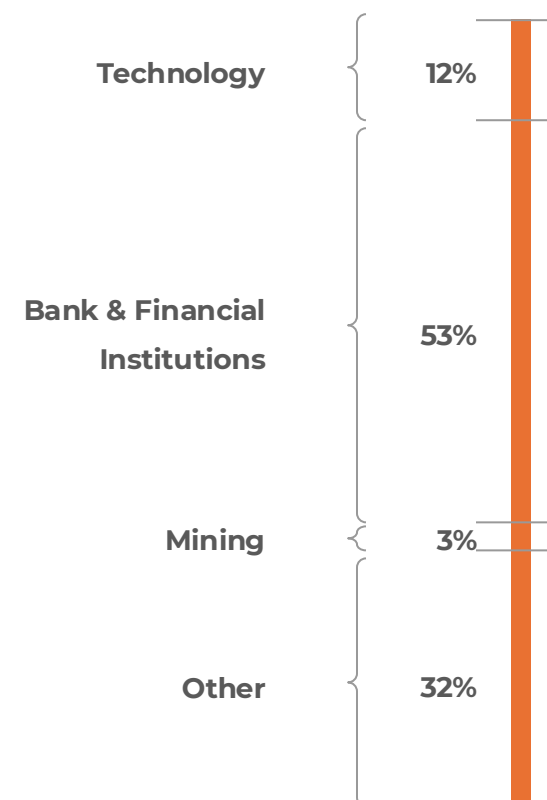
Tenant's Liability Insurance

48%Contractual Worker's
Liability Insurance

Reserve Fund Investments

The insurance reserve fund predominantly allocates its investment portfolio to financial products provided by banks and financial institutions. In recent times, we have expanded our investment portfolio by diversifying into financial instruments, including stocks, bonds and asset-backed securities.

Our future investment strategy involves venturing into technology-based businesses and companies that prioritize environmental and social development. Guided by specific criteria encompassing environmental, social and governance indicator, we aim to allocate 20% of the total portfolio by 2025 towards investments in companies that align with these criteria.



Continuous Development & Sustainable Employment

Our team comprises dedicated colleagues with a wealth of experience ranging from five to 35 years in the insurance industry, representing our greatest asset. At our company, we strive to foster a work environment that values flexibility, inclusivity, and security in employment engagements. We offer opportunities for ongoing education, competitive salaries and benefits, and career advancement.



Total employees	34 %	66 %
Executive management	75 %	25 %
Mid and junior level	34 %	66 %



Continuous Development & Sustainable Employment

In 2023 our employees completed

total 222 hours

of various trainings.



Professional competence



Personal development



Corporate culture

The company offers both full and partial incentives along with financial support to its employees, aiming to bolster their independence and well-being.

Since 2023, Ard Insurance JSC has initiated an Intern Program welcoming paid interns to join the company. This program presents a valuable opportunity for students and young individuals to gain experience and knowledge within the insurance industry.

Health
Insurance

Personal
Accident
Insurance

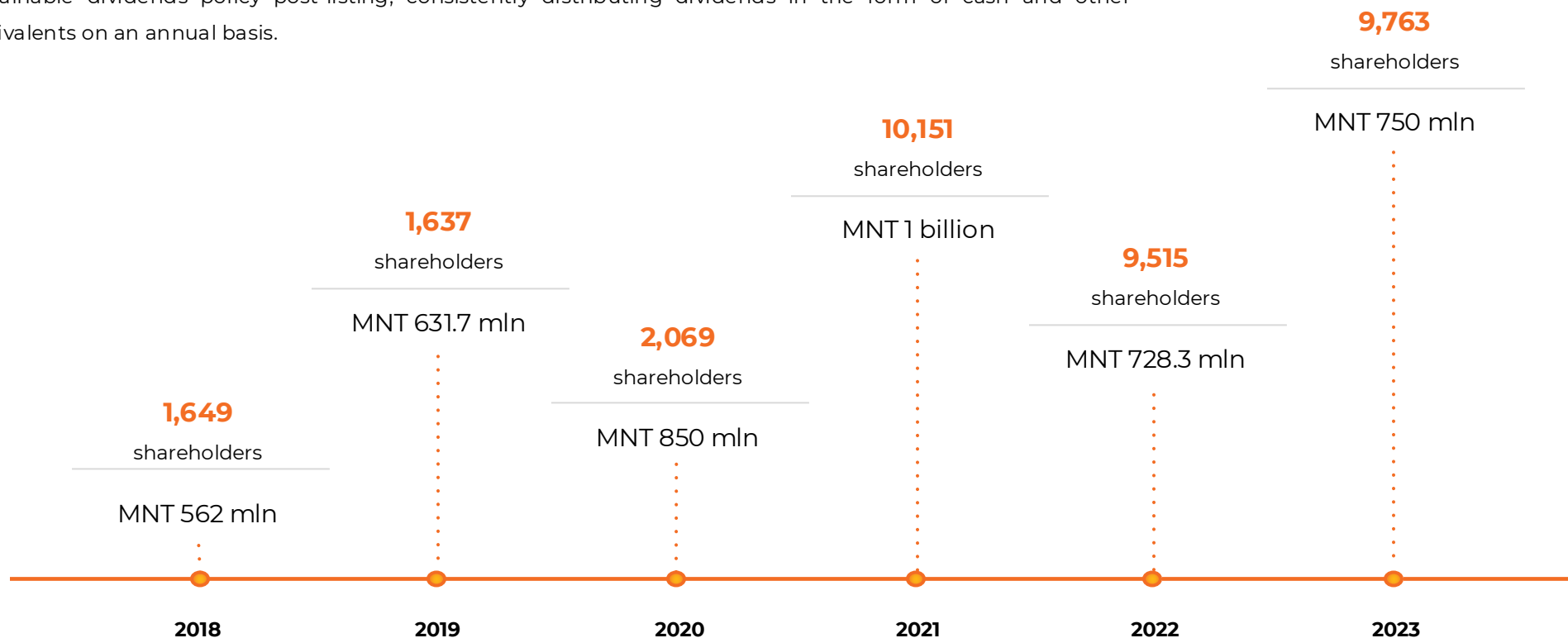
Retirement
Savings

Share
Incentives



Valuable Investment

Ard Insurance JSC has been dedicated to safeguard the interests of its shareholders and nurturing valuable investments ever since its public listing on the Mongolian Stock Exchange in 2018. The company has maintained a sustainable dividends policy post-listing, consistently distributing dividends in the form of cash and other equivalents on an annual basis.



Reliable Partner

We place a high value on collaboration in all our business endeavors, working closely with a diverse range of foreign and domestic individuals and institutions across various sectors. These sectors include infrastructure, transportation, civil aviation, air transportation, construction, real estate, mining and oil, agriculture, trade and services, light and heavy industry, defense, banking, tourism, health, information technology, government and non-government entities, community organizations, research, education, legal services, international organizations, embassies and more.

Our goal is to establish ourselves as a trusted partner for both foreign and local institutions and businesses, while remaining committed to sustainable development. We continuously strive to enhance our practices in alignment with environmental, social and governance objectives.

+220

State institutions

80%

TOP-100 companies
distinguished by MNCCI

+70

Insurance brokers and
agents

+20

Reinsurance companies

+330k

Health insurance
covered hospitals



04 Governance

Corporate Governance

Ethics and Compliance

Risk Management

Information Security

The corporate governance framework of Ard Insurance JSC focuses on executing activities with productive, consistent and professional approaches, while prioritizing control, accountability and transparency. The company's Board plays a pivotal role in ensuring professional, rational decision-making and effective leadership management. Their primary focus is on safeguarding the interests of shareholders and fostering sustainable, long-term returns for the company.

Board of Directors

- Plays a key role in overseeing and guiding the company's strategy and plans towards achieving inclusive growth and sustainable development.
- Comprises 9 board members, with 33% of them being independent members.
- 33.3% female members.

Executive Management

- Directs and oversees the implementation sustainable development initiatives within the company.
- Prepares sustainable development reports and manages the flow of information.

Governance, Nomination, Salary & Incentives Committees

- Reports on sustainability and governance matters to the Board .
- Develops an incentive policy and nominates employees who drive initiatives toward sustainable development.

Finance, Risk and Investment Committee

- Within the core activities as insurance underwriting, indemnification, and product development, the committee assembles activities towards sustainable development, environment and social commitments.
- The committee is enforcing ESG criteria provisions for investment requirements and risk assessment to complete by 2025.

Audit Committee

- Monitors the compliance of the company's accounting and reporting practices with relevant laws and regulations, providing reports to the Board.
- Ensures the accuracy of figures, information and data included in the sustainable development report.

Code of Ethics

The company's executive management team and its employees are expected to uphold the principle of rule of law in the execution of their duties and adhere to the ethical standards outlined in the "Code of Ethics" approved by the Executive order in 2015.



Be fair and moral



Be responsible



Maintain information confidentiality (of insured, clients and individual,)



Be independent from others influence

Anti-corruption Policy

Our commitment is to maintain integrity in all aspects of our daily operations, free from any form of corrupt practices. The following actions are strictly prohibited:

- Exploiting one's position for personal gain, sowing favoritism, soliciting or accepting undue advantages, harassing, or defaming others.
- Leveraging one's position for personal material gain, engaging in unethical demands, or taking advantage of opportunities for personal benefit.
- Engaging in the forgery of documents, stamps, symbols, or official records.
- Managers are expected to uphold principles of fairness and equality in their treatment of all employees. Discrimination in any form, excessive praise, granting special privileges, or demeaning others is strictly prohibited.

Compliance Policy

All company activities, from forging business relationships with corporate and individual clients to insurance underwriting, registration, payment processing, and product/service introduction, are conducted in full compliance with Mongolian laws and regulations. We maintain a strict policy of steering clear of any involvement in activities such as money laundering, terrorism financing, and weapon proliferation. Our commitment lies in preventing these activities and ensuring continual compliance.

On December 15, 2022, the company's Board of Directors approved the "Internal Control Program for Combating Money Laundering and Terrorism of Ard Insurance JSC". This program remains in effect and continues to be diligently implemented to uphold the company's stringent stance against such illegal practices.



Risk-Based Decision Making

Our company implements effective risk management policies to fulfill the responsibilities owed to shareholders, lenders, and policyholders. These include:

- Identifying, evaluating, and reducing risks early
- Accepting manageable risks
- Assessing risk-based capital requirements
- Conducting solvency risk assessments
- Conducting loss-based risk analysis

Additionally, we collaborate with professional organizations to evaluate insurance risk factors for policyholders and clients, providing guidelines and recommendations to mitigate risks. Over the past few years, we have organized more than 400 risk management training sessions, meetings, and workshops.

Within the scope of risk management implementation, we utilize the “Risk Report” and “Solvency Assessment Report”, which are developed and used in our daily operations.

In cooperation with the National Emergency Management Agency (NEMA) and our insured organizations we organize systematic trainings as:

- Disaster management practice training
- Firefighting tactics training
- Disaster management class training
- Disaster management integrated practice training.

We also contribute with NEMA, providing early warning of weather conditions and disasters of insurance risk character by means of our electronic channels and mobile communication devices as sending messages.

Information Security

In 2020, we aligned with the international TIER II standard for information security, housing the Ard application and ERP programs servers in the “I Tools” data center. While the Level 2 data center features a backup generator and backup cooling equipment, it’s noteworthy that the main power and cooling distribution lines have a single solution, posing a higher risk. The current annual outage duration stands at 22 hours, with an annual reliability rate of 99.7 percent.



Corporate quality management standard



Corporate information security management standard



Information technology infrastructure management



Information technology infrastructure control system



Web management platform with reliable server

05 Appendix

SASB Standards

UN Sustainable Development Goals

ESG, Sustainable Development Reporting Guidance

Sustainable Accounting Standards Board /SASB/ - Insurance Sector Standard

Topic	Code/Metric	Details
Transparent Information & Fair Advice to Customers	FN-IN-270a.1: Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of insurance product-related information to new and returning customers	In 2023, there were 3 claim complaints, total 8,822 claims paid. Complaints and claims ratio = 0.03%
	FN-IN-270a.2: Complaints-to-claims ratio	Working on extracting other related information.
	FN-IN-270a.3: Customer retention rate	
	FN-IN-270a.4: Description of approach to informing customers about products	In addition to conducting trainings on insurance knowledge to the public, distributing product introduction to organizations using online communication tools.
Incorporation of Environmental, Social and Governance Factors in Investment Management	FN-IN-410a.1: Total investment assets by industry and asset class	
	FN-IN-410a.2: Description of approach to incorporation of ESG factors in investment management processes and strategies	Details in Social-Responsible Insurer section.
Policies Designed to Incentivize Responsible Behavior	FN-IN-410b.1: Net premiums written related to energy efficiency and low carbon technology	Clean Energy Ltd., the renewable energy company that built and put into operation Wind Power Plant (WPP), Mongolia's first privately invested renewable energy source, has been insured for the past 4 years, and assets valued at 415 billion MNT are insured annually. Details in Social-Responsible Insurer .
	FN-IN-410b.2: Discussion of products or product features that incentivize health, safety or environmentally responsible actions or behaviours	Details in Environment & Social-Responsible Insurer in Insurance product development section.

Sustainable Accounting Standards Board /SASB/ - Insurance Sector Standard

Topic	Code/Metrics	Details
Environmental risk exposure	FN-IN-450a.1: Probable Maximum Loss (PML) of insured products from weather-related natural catastrophes	Working on extracting the information.
	FN-IN-450a.2: Total amount of monetary losses attributable to insurance payouts from (1) modeled natural catastrophes, and (2) non-modeled natural catastrophes, by type event and geographic segment (net and gross of reinsurance)	Details in Environment section.
	FN-IN-450a.3: Description of approach to incorporation on environmental risks into (1) the underwriting process of separate contracts and (2) the management of firm-level risks and capital adequacy	Details in Environment – Climatic risks section.
Systemic Risk Management	FN-IN-550a.1: Exposure to derivative instruments by category: (1) total potential exposure to non-centrally cleared derivatives, (2) total fair value of acceptable collateral posted with the Central Clearing house, and (3) total potential exposure to centrally cleared derivatives	This type of activity is not carried out..
	FN-IN-550a.2: Total fair value of securities lending collateral assets	Working on extracting the information.
	FN-IN-550a.3: Description of approach to managing capital and liquidity-related risks associated with systemic non-insurance activities	Macroeconomic risks are considered in the "Risk Management Policy" of Ard Insurance JSC. The risk management department conducts stress tests at least once a year, prepares predictions of how macroeconomics will affect the company's financial situation, and prepares proposals for further measures.

Sustainable Accounting Standard Board /SASB/ - Asset Management & Custody Activities

Topic	Metric	Disclosure reference
Governance /Climate-related risks, opportunities and correlation of Corporate Governance/	Board review of climate-related risks and opportunities	The monitoring system is under processing.
	Management's responsibility in evaluating and handling climate-related risks and opportunity	Details in Governance – Corporate Governance section.
Strategy /To reveal impacts of climate-related risks and opportunities on organization's business, strategy, and financial planning/	Short, medium, and long-term impacts of climate-related risks and opportunities on the organization	Details in Sustainable Development – ESG System section.
	Effects of climate-related risks and opportunities on corporate strategies, business operations, and financial planning	Details in Sustainable Development – ESG System section.
	Explanation of the organization's sustainability strategy concerning climate-related solutions, like the 2 degrees Celsius target	Working on extracting the information.
Risk Management /Clarifying the processes by which the organization identifies, evaluates, and addresses climate-related risks/	Organizational procedures for recognizing and evaluating climate-related risks	
	Organizational procedures for mitigating climate-related risks	Information is currently not available.
Measurements and Targets /Explanation of the metrics and goals employed to evaluate and address climate-related risks and opportunities/	Integration of the process for identifying, evaluating, and managing climate-related risks into the organization's broader risk management framework	
	Explanation of metrics used to assess climate-related risks and opportunities aligned with the organization's strategy and risk management practices	
	Disclosure of greenhouse gas emissions and associated risks for Scope 1, Scope 2, and, where relevant, Scope 3	Information is currently not available.
	Discussion of the performance of objectives and goals utilized to address climate-related risks and opportunities within the organizational climate management framework	

Our Commitments Toward UN Sustainable Development Goals

	Page	1 NO POVERTY	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	14 LIFE BELOW WATER	15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS
Introduction																		
Message from our CEO	02				●				●								●	●
About Ard Insurance	03																	
About the Report	04																	●
Sustainable Development																		
Concept of Sustainable Development	06				●				●	●				●				
ESG System	07			●		●					●			●				
Our Commitment	08				●													
Environment																		
Environmental Risks	10	●												●				
Insurance Protection	11	●		●				●					●	●		●		
Responsibility	12				●							●		●		●		
Social																		
Responsible Insurer	14-16			●	●			●	●			●		●				
Responsible Employer	17			●					●		●							
Corporate Responsibility	18				●													
Responsible Collaboration	19				●				●			●						●
Governance																		
Corporate Governance	21																	
Ethics & Compliance	22					●			●		●							
Risk Management	23-24								●		●						●	●
Information Security	25				●				●	●							●	●

ESG & Sustainability Reporting Guidance

Code	Topic	Indicator	Description	Measure unit	Details
MS	Sustainability Management System Indicators				
MS1.1	Sustainability Management System	Management commitment	Does your company have sustainable commitment statement approved by management team?	No	
MS2.1		Sustainability policy and procedures	Does your company have a designated approved sustainability policy and targets?	No	
MS2.2			Does your company have a set of sustainability procedures?	No	
MS3.1		Governance structure	Does your company have a dedicated sustainability committee?	No	
MS3.2			Does your company have a dedicated ESG/sustainability director/s (full-time/part-time) at the board level?	No	
MS3.3			Does your company have a dedicated ESG/sustainability manager/s (full-time/part-time) at the executive level?	No	
MS3.4			Does your company have a dedicated ESG/sustainability officer/s (full-time/part-time) at the operational level?	No	
MS3.5			Does your company cover sustainability issues in board meetings as part of the official agenda on a regular basis?	No	
MS4.1		Sustainability impact assessment	Does your company have an impact process, assessment and/or matrix that describes how your company avoids, mitigates, or remediates negative impacts on economy, environment, or society?	No	
MS5.1		Organizational capacity	Sustainability training for employee, by annual average hours per employee (hr) and gender	10 hr	
MS6.1		Monitoring	Is sustainability included in the scope of audit committee (and other relevant board committee) and internal control functions?	Yes	Details in Governance - Corporate Governance of the report.
MS7.1		Sustainability reporting	Does your company disclose sustainability report (separate/integrated into annual report) annually?	Yes	
MS7.2			Does your company prepare climate risks TCFD aligned reporting?	Yes	Details in Introduction – About the Report of the report.
MS7.3			Are the Sustainable development and ESG reports of your company approved by independent party?	No	
MS8.1		Membership and Collaboration	Does your company collaborate with international and local sustainability associations, including human rights and business declarations?	No	

ESG & Sustainability Reporting Guidance

Code	Topic	Indicator	Description	Measure unit	Details
E	Environmental Indicators				
E1.1	Energy	Total energy consumption	Total energy consumption and consumption cost	kW, MNT	As of 2023, 29559.99 kW/h - 7,894,562
E1.2		Electricity	Total electricity consumption and electricity saving (annual)	-	These figures are not available.
E1.3		Heat	Total heat consumption and heat saving (annual)	-	
E1.4		Fuel	Total fuel consumption and fuel saving (annual), including: 1. Fuel, coal or gas used for heating 2. Fuel, petroleum or diesel cost used for transportation	Litr/kg & %, GJ, MNT	
E1.5		Non-renewable energy	Non-renewable energy consumption percentage	-	
E1.6		Renewable energy	Renewable energy consumption percentage	-	
E2.1	GHG emission	3.1 Emissions	Direct and indirect operation created emissions total	183.6 tons	Details in Social - Responsible Insurer and Environment – Responsibility of the report.
E2.2		3.2 Emissions reduction	Reduction of direct and indirect operation created emissions total (annual)	-	
E2.3		3.3 Countermeasures /Carbon offsetting/	Total carbon offsetting or countermeasures (tree planting program, or emission reduction project support, etc.)	Planted over 150 trees	
E3.1	Climate change	Climate policy, regulations	Does your company have a separate/integrated climate change policy?	No	This indicator is under process.
E3.2		Climate risk and impact assessment	Did your company conduct a climate risk and impact assessment? (scenario analysis, stress test, etc.)	No	
E3.3		Economic loss	Total amount of economic loss caused due to climate related disasters and events	No	
E3.4		Climate investment	Total amount invested into infrastructure to combat climate change, adaptation and product development	Yes	Details in Environment and Social - Responsible Insurer of the report.
E3.5		Prevention/Adaptation to climate change	Has your company formulated preventive measures/actions against climate change impact risks on profitability or products and services (unless preventive measures cannot be taken) adaptation measures/actions?	No	

ESG & Sustainability Reporting Guidance

Code	Topic	Indicator	Description	Measure unit	Details
E	Environmental Indicators				
E4.1	Water	Water used	Total amount water used	-	These figures are not available.
E4.2		Water saved	Total amount of water saved/recycled through savings and efficiency improvements	-	
E4.3		Water reuse	Recycled/reused water percentage	-	
E4.4		Waste water treatment	Treated waste water	-	
E5.1	Solid waste	Waste	Total amount waste discharged		In 2023, a total of 3600 kg of waste discharged.
E5.2		Recycled waste	Waste recycling percentage	-	
E5.3		Hazardous waste	Total amount of hazardous waste discharged (including electrical appliances)		In 2023 the company used 280-290 batteries, 18 printer ink cartridges. Details in Environment – Responsibility of the report.
E6.1	Biodiversity	Landscape planning	Percentage of environmentally friendly managed public space or built green space in total area	Not listed	
E6.2		Protection of wild animal and plants	Number of species conserved	Not listed	
E6.3		Activities negatively affecting biodiversity	Percentage of areas of special protected areas, high biological diversity and cultural value that are owned, leased, managed, or adjacent to operational sites that may be used.	Not listed	

Code	Topic	Indicator	Description	Measure unit	Details
S	Social Indicators				
S1.1	Human Resource	Human resources stability	The turnover rate of employees (the number of employees who left their jobs divided by the average number of employees)	0.28%	
S1.2		Newly created jobs	The number of full-time jobs increased from the same period previous year	1 (graphic designer)	
S1.3		Training	Annual average training hour per employee	159 hr	
S2.1	Occupational health and safety (OHS)	OHS policy	Does your company have an OHS policy, regulations (separate or integrated)?	Yes	The relevant provisions are incorporated into the internal regulations governing labor and operations.
S2.2		Incidents	Work-related incidents percentage	0%	Details in Social - Responsible Employer of the report
S2.3		OHS training	Annual average hours of OHS training per employee	12 hr	
S2.4		Health programs	Number of employees covered by voluntary health programs such as medical health check	95 person	
S3.1	Gender equality	Gender policy, regulations	Does your company have a Gender policy, regulations (separate or integrated)?	No	
S3.2		Anti-sexual harassment policy, regulations	Does your company have an Anti-sexual harassment policy, regulations (separate or integrated)?	Yes	The relevant provisions are incorporated into the internal regulations governing labor and operations.
S3.3		Non-discrimination policy, regulations	Does your company have a Non-discrimination policy, regulations (separate or integrated)?	Yes	The relevant provisions are incorporated into the internal regulations governing labor and operations.
S3.4		Gender proportion	Percentage by male and female employees out of total employees	M-33%, F-66%	Details in Social - Responsible Employer of the report.
S3.5		Board gender proportion	Percentage by male and female board members	M-66.6%, F-33.3%	Details in Governance - Corporate Governance of the report.
S3.6		Executive level gender proportion	Percentage by male and female executive level team members	M-75%, F-25%	Details in Social - Responsible Employer of the report.
S3.7		Mid and junior level gender proportion	Percentage by male and female employees of mid and junior level	M-34%, F-66%	
S3.8		Gender pay gap	Ratio of average male salary to average female salary	ratio	

Code	Topic	Indicator	Description	Measure unit	Details
S	Social Indicators				
S4.1	Access & Inclusion	Disability policy	Does your company have a publicly available Disability policy (separate or integrated)?	Yes	The relevant provisions are incorporated into the internal regulations governing labor and operations.
S4.2		Employees with disability	Percentage of employees with disability	0.03%	
S4.3		Access to facilities	Does your company have special facility settings for employees with disability?	Yes	
S4.4		Fines	Amount of fines paid for noncompliance with laws and regulations on disability	None	
S5.1	Social responsibility and community engagement	Stakeholders engagement	Does your company have a stakeholders engagement policy?	Yes	Details in Governance – Compliance Policy of the report.
S5.2		Social impact assessment and land acquisition policy and procedures	Does your company have a social impact assessment policy, program? (including land acquisition)	No	
S5.3		Complaints policy and procedures	Does your company have a complaints policy or regulations?	Yes	
S5.4		Disclosure to the public	Does your company have a system to disclose information, collect feedback, and resolve complaints of individuals affected by your company's operations?	Yes	
S5.5		Workers/community complaints	Percentage of resolved complaints and feedback received from employees and the public.	Decreased twice	
S5.6		Social responsibility investment	Percentage of revenue invested on social responsibility measures and programs, by SDG breakdown	-	Details in Social – Reserve Investments of the report.
S6.1	Sustainable value chain management	Procurement policy	Does your company have a policy/regulation on local procurement and sustainable or environmental, social risk potential procurement? (separate or integrated)	No	
S6.2		Local procurement	Percentage of procurements from local suppliers.	-	
S6.3		Sustainable, green procurement	Percentage of suppliers selected by ESG sustainability criteria.	None	

Code	Topic	Indicator	Description	Measure unit	Details
G	Governance Indicators				
G1.1	Corporate governance	Corporate governance policy, regulations	Does your company have a Corporate governance policy and procedures, and are these procedures reported?	Yes	Details in Governance - Corporate Governance of the report.
G1.2		Board independence	Percentage of board seats occupied by independent members	33%	
G1.3		Rights of minority shareholders	Does your company have a policy to protect minority shareholders rights?	Yes	
G2.1	Corruption and ethics	Anti-corruption policy	Does your company have an anti-corruption policy or Code of Ethics?	Yes	Details in Governance - Code of Ethics of the report.
G3.1	Compliance	Compliance policy	Does your company have a compliance policy?	Yes	Details in Governance – Compliance Policy of the report.
G3.2		Compliance programs	Does your company have a compliance program including information on employee training, audit, monitoring system, reporting violations, guidance for conflicts of interest, sanctions etc.?	Yes	



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