



**SUSTAINABILITY  
REPORT  
2024**

3 - 6

## About Us

Foreword	3
About MCS Group	4
Scope of the Report	5
2024 Sustainability Summary	6

21 - 36

## Social

Diverse and Inclusive Workplace	22
Employer-Supported Volunteering	26
Training and Capacity Building	27
Occupational Safety and Health	30
Corporate Social Responsibility and Community Development	31

7 - 9

## Our Sustainability Strategy

Environmental, Social, and Governance Strategy	8
GHG Emission Reduction approach	9

37 - 47

## Governance

Governance structure	38
Risk Management	40
Compliance Management System	42
Speak-Out Hotline	44
Sustainable Supply Chain Management and Procurement	45
Economic Contribution	47

10 - 20

## Environment

Climate Change Mitigation	11
Energy Management	13
Natural Resource Management	16
Biodiversity Protection and Conservation	18
Waste Management	19



## Foreword

At MCS Group, we remain committed to operating responsibly and sustainably, integrating the principles of Environmental, Social, and Governance (ESG) across all areas of our business. During the reporting period, we updated our greenhouse gas inventory methodology in alignment with international standards, toiling it to reflect the specific characteristics of each of our operational sector.

By expanding the use of clean energy sources in our carbon-intensive businesses, we continue to contribute to Mongolia's national efforts to reduce greenhouse gas emissions.

We also maintain a strong focus on waste collection, recycling, and reuse initiatives. In 2024, MCS Coca-Cola recovered 56 percent of all PET bottles sold, achieving a 16 percent increase from the previous year. Unitel Group collected and delivered 11,859 end-of-life devices for proper disposal and recycling in line with environmental regulations.

As part of our corporate social responsibility, MCS Group provided more than 1.1 billion MNT in assistance to provinces severely affected by harsh spring conditions. We also supported youth development by awarding one-year tuition scholarships to 78 students from eight universities and has offering three-month paid internships to help them gain practical experience in their chosen fields.

"Guided by our collective mission to "Introduce World Standards in Mongolia", we recognise the essential contributions of our employees to the growth of our company and our country. In 2024, we allocated approximately 60 billion MNT in monthly salary and bonuses, while continuously improving workplace safety, comfort, and flexibility to enhance both productivity and quality of life.

We also prioritise employee wellbeing by providing providing regular preventive health screenings. Since last year, employees and their families have been able to enroll in private health insurance plans at preferential rates, further strengthening long-term wellbeing and financial security.

With this Sustainability Report, we present the progress we have made toward our long-term ambition of building a sustainable and resilient future, and we invite you to follow our continued journey.



## About MCS Group

Established in 1993 as a consultancy in the energy and power sector, MCS Group has grown to offer a world-class portfolio of products and services across diverse industries, including energy and engineering, telecommunications, construction and real estate, mining, agriculture, banking and finance, fast-moving consumer goods, and healthcare. MCS is committed to advancing the nation's economy through responsible corporate governance and the adoption of progressive technologies.

MCS Group is steadfast in its dedication to driving the nation's economic growth. We integrate an ESG framework into our business strategy, uphold responsible corporate governance, adhere to ethical business practices, introduce advanced technologies, and foster collaboration with stakeholders. These efforts reflect our unwavering commitment to long-term sustainability.







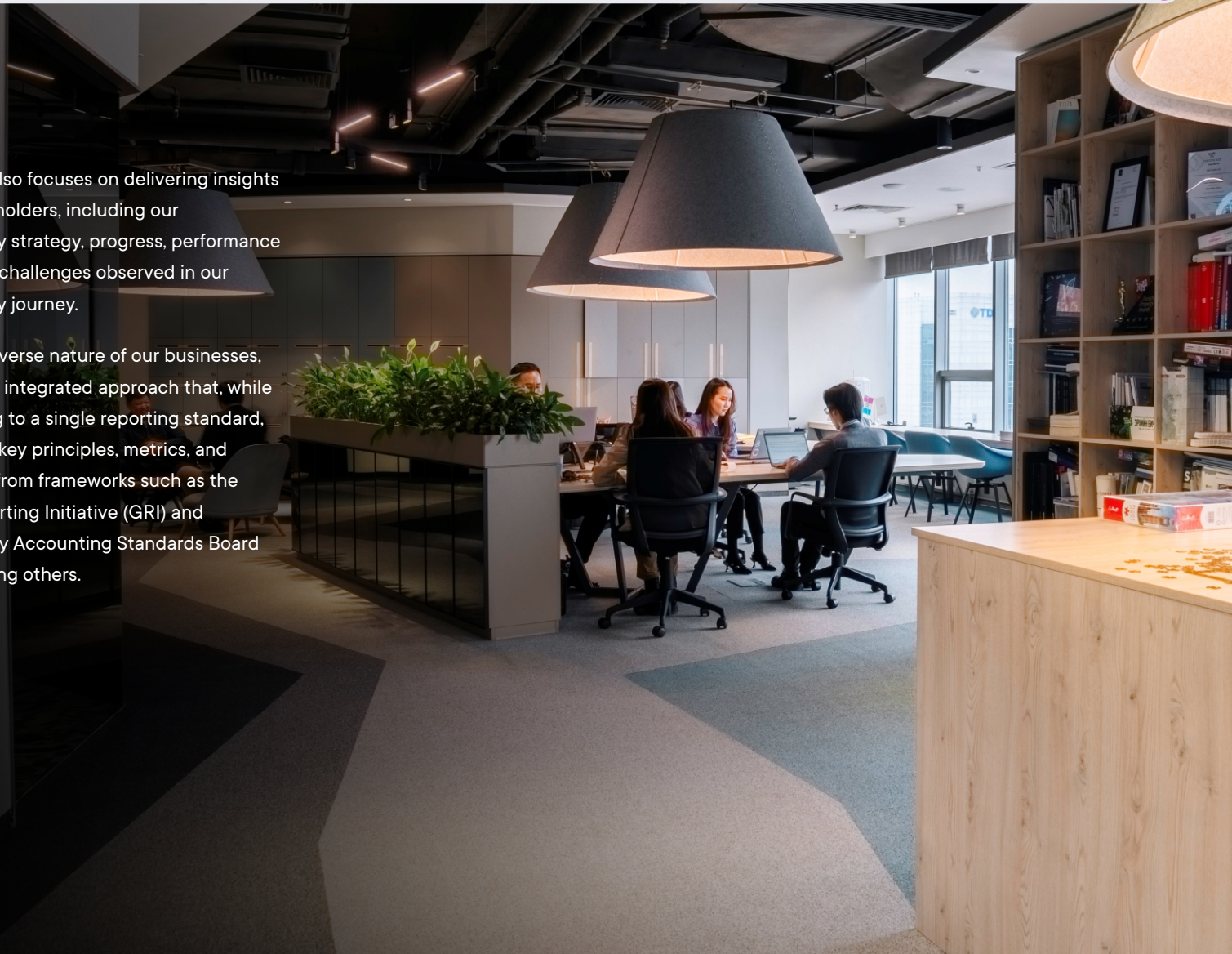
## Scope of the Report

At MCS Group, we are committed to sustainability across all our business operations, spanning a diverse range of industries. This sustainability report aims to provide a detailed disclosure of our operational footprint, environmental stewardship, social contributions, and ethical business practices, with a commitment to transparency in communicating our ongoing efforts.

Our sustainability report serves as a comprehensive overview of our efforts to address environmental and social challenges, as well as our broader contribution to the value chain. In addition to reducing our environmental impact, we prioritize fostering ethical business practices and establishing transparent governance structures, which are the foundational principles of our Environmental, Social, and Governance (ESG) strategy.

The report also focuses on delivering insights to our stakeholders, including our sustainability strategy, progress, performance and the key challenges observed in our sustainability journey.

Given the diverse nature of our businesses, we adopt an integrated approach that, while not adhering to a single reporting standard, draws upon key principles, metrics, and boundaries from frameworks such as the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB), among others.





## 2024 Sustainability Summary

### Environment

**1,595** thousand tonnes of CO<sub>2</sub>-eq  
Scope 1 and 2 emission



**9,900** tonnes of CO<sub>2</sub>-eq  
emission reduction and avoidance was achieved



Total Energy Savings



**1,365** MWh

Total energy generated by renewable sources



**4,101** MWh

**758,267** tonnes  
of water reused



**672** tonnes  
of waste from our operations were sent to be recycled



### Social

**14,000**

Total Employees



**30,968**

employee training participation

female employees



**41%**

female managers



**48%**

female executives



**44%**

**4.4/5**

Employee satisfaction score



**98**

CSR project and programmes implemented

### Contributions to the Economy

**1.3** trillion MNT  
paid in taxes and fees



**1.1** trillion MNT  
in investments



**4.6** trillion MNT  
total procurement

**3.1** trillion MNT  
domestic procurement

**90%**  
of our suppliers were domestic businesses

**55** billion MNT  
invested in CSR initiatives

**20,000+**  
jobs created indirectly





# Our Sustainability Strategy

At MCS Group, we have integrated an Environmental, Social, and Governance (ESG) framework tailored to the diverse nature of our business operations and the specific demands of the industries in which we operate.

[Read more](#)



## Environmental, Social and Governance Strategy

At MCS Group, we have integrated an Environmental, Social, and Governance (ESG) framework tailored to the diverse nature of our business operations and the specific demands of the industries in which we operate. Our ESG strategy is designed to minimize our environmental footprint, enhance social contributions, and promote ethical business practices across all levels of the organization. With a long-term goal of establishing sustainable and responsible business practices, we aim to drive lasting value for both our stakeholders and the communities we serve.

### ESG Strategy



#### Environmental

Contribution to climate change mitigation

Promoting energy efficiency and responsible consumption

Responsible management of natural resources and biodiversity conservation

Waste management



#### Social

Creating a healthy and safe workplace

Labour management and employee engagement

Fostering gender equality, diversity, and inclusion

Contributing to community development and stakeholder engagement



#### Governance

Upholding business ethics and independent management practices

Ensuring regulatory compliance

Establishing transparency and accountability

Sustainable supply chain management





## GHG Emission Reduction Approach

At MCS Group, we are committed to addressing carbon emissions by prioritizing the reduction of our operational GHG emissions. As part of this commitment, we estimate our emissions in accordance with internationally recognized standards and methodologies, ensuring relevancy, accuracy and consistency in our reporting. We recognize that measuring our carbon footprint is the key step in this approach, allowing us to develop and implement targeted strategies for meaningful reductions.

Our multifaceted approach to emission reduction focuses on the following key areas:



### Improving energy efficiency

- ✓ Incorporating advanced technologies
- ✓ Transitioning to low-carbon alternatives



### Increasing Use of Renewable Energy

- ✓ Expanding alternate energy sources in operations
- ✓ Investing in renewable energy projects



### Reducing fossil fuel usage

- ✓ Switching to alternate energy sources
- ✓ Increasing fuel efficiency



### Production & Operation Optimization

- ✓ Reducing emissions from products and services
- ✓ Addressing indirect emissions
- ✓ Engaging to supplier

# Environment

At MCS Group, we are committed to managing and reducing our greenhouse gas (GHG) emissions as part of our ESG strategy. We conduct a comprehensive GHG inventory, covering Scope 1 & 2 emissions across operations.

Read more



1,595<sup>thousand tonnes of CO<sub>2</sub>-eq</sup>  
Scope 1 and 2 emissions

9,900<sup>tonnes of CO<sub>2</sub>-eq</sup>  
emission reduction and avoidance were achieved

1,365<sup>MWh</sup>  
Total energy savings

4,101<sup>MWh</sup>  
Total energy generated by renewable sources

627<sup>tonnes</sup>  
of waste from our operations were sent to be recycled



# Climate Change Mitigation

## GHG Emission and Reduction Measures

At MCS Group, we are committed to managing and reducing our greenhouse gas (GHG) emissions as part of our ESG strategy. We maintain a comprehensive GHG inventory, covering Scope 1 and 2 emissions across operations. We are advancing our calculation methodology and broadening the boundary to incorporate prioritising Scope 3 emissions.

In 2024, we improved our GHG inventory methodology to better reflect the characteristics of each of our operational sector, aligning it with the IPCC guidelines, and the GHG Protocol, enhancing our credibility and global compliance.

Our updated GHG inventory includes the greenhouse gases recognised under the Kyoto Protocol, including carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), as well as industrial gases such as chlorofluorocarbons (CFCs), and perfluorocarbons (PFCs).

Business sectors	Scope 1	Scope 2
Energy and Engineering	4,283	2,356
Construction and Real Estate	2,079	4,822
Fast Moving Consumer Goods	4,871	11,575
Telecommunications	600	72,626
Agriculture	3,637	1,232
Hospitality and Service	681	6,270
Mining	1,458,066	22,255
GHG emissions by sector, metric tons of CO <sub>2</sub> - eq	1,474,218	121,137
GHG emission categorization		
Scope 1	Direct emissions from our operations	
Scope 2	Indirect emissions from purchased energy	





## Climate Change Mitigation

### Emissions Reduction and Low Carbon Technology Implementation

MCS Coca-Cola and MCS International installed an advanced heat boiler system that replaces coal with liquefied petroleum gas (LPG). The project is part of the Joint Crediting Mechanism (JCM) under the "Low Carbon Development Partnership" between the Government of Mongolia and Japan, focusing on emission reduction through the introduction of low-carbon technologies.

4,800

metric tons of CO<sub>2</sub>-eq

emissions reduction  
was achieved.

3,076 metric tons of CO<sub>2</sub>-eq

Unitel Group and Erchim Suljee by using renewable energy generated through solar power.

1,024 metric tons of CO<sub>2</sub>-eq

MCS Coca-Cola, Unitel Group, Energy Resources, MCS International, International Medical Center, Shangri-La Ulaanbaatar, Sky Resort, and Erchim Suljee have prevented the emission of greenhouse gases and pollutants through its targeted energy management efforts

4,100

metric tons of CO<sub>2</sub>-eq

emissions were avoided from being  
released into the atmosphere.



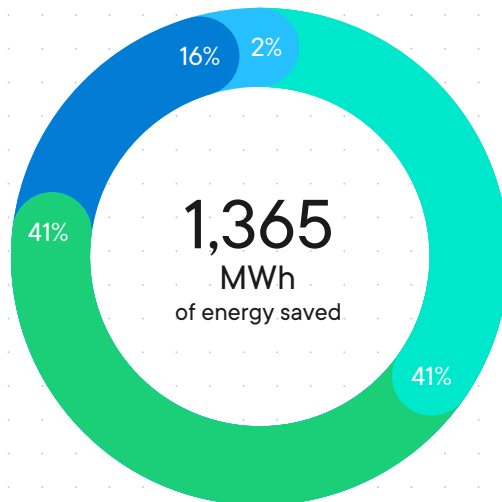


## Energy Management

### Energy Conservation and Efficiency Measures

Several subsidiaries and affiliates of MCS Group are obligated as energy consumers under national energy regulations. These companies implement energy-efficiency measures and develop energy management plans aimed at continuously improving their energy performance. During the reporting period, the companies achieved energy savings through introducing energy-efficient technologies, replacing outdated lighting fixtures, and monitoring and optimizing their overall energy consumption.

Erchim Suljee, as part of their energy distribution and utility operations, focuses on conserving energy by reducing energy losses at substations. In 2024, the company upgraded electric heaters at substations with energy-efficient alternatives and replaced outdated lighting fixtures to further reduce energy consumption.



- By replacing old lighting with energy efficient fixtures
- By renovating into technologies with reduced energy loss
- By monitoring and optimizing energy usage
- Others

898  
MWh

Energy Resources

125  
MWh

Unitel Group

72  
MWh

MCS Coca-Cola

69  
MWh

Erchim Suljee

63  
MWh

Shangri-La Ulaanbaatar

56  
MWh

MCS International

51  
MWh

Sky Resort

31  
MWh

International Medical Center

### Employee Training on Energy Conservation

Companies that are mandated to implement energy-saving measures obligated to conduct regular training and workshops to enhance employees' knowledge of energy conservation. In addition, various initiatives are organized to promote energy-saving habits, including the proper and efficient use of electrical energy.

As part of its' energy conservation plan, Erchim Suljee provided professional consultations and training to its consumers, including to an obligated energy consumers, and the Energy efficiency managers. The company also carried out calculations, and in-depth assessments to evaluate energy performance. In 2024, Erchim Suljee delivered training and guidance on energy conservation to more than 3,700 consumers, while also offering support to help them improve their energy-efficiency practices.



## Energy Management

### Clean Energy Utilization

**4,101 MWh**

Unitel Group and Erchim Suljee have collectively generated and consumed 4,101 MWh of electricity from solar power.

**3,975 MWh**

Unitel Group have have generated and consumed a total of 3,975 MWh of electricity from renewable sources, and have installed 33 solar panels on their telecommunications towers in 2024.

**26,159 GJ**

MCS International has generated and consumed 26,159 GJ of heat and 38,681 tonnes of steam, utilizing their advanced LPG boilers during the reporting year.



## Energy Management

### Energy Intensity performance

As obligated energy consumers under the National Energy Conservation Law, MCS Coca-Cola, MCS International, Sky Resort, Energy Resources and International Medical Center constantly monitor and manage their energy intensity performance in addition to their energy efficiency measures.

#### Company

2023

2024

#### MCS Coca-Cola

litres of product produced per kWh of electricity

19.9

19.7

#### MCS International

percentage of energy used per unit of electricity generated

9.7

9.5

#### Sky Resort

kWh of energy used per unit of service

19

21

#### Intermed Hospital

kWh of energy used per unit of service

28.6

68.1\*

#### Energy Resources

kWh of energy used per tonne of run-of-mine coal

7.3

6.9

\* Electricity consumption at Intermed hospital increased due to the construction and expansion of the hospital buildings.





## Natural Resource Management

### Water Intensity Performance

MCS Coca-Cola, Energy Resources, and MCS International operate water treatment facilities for both operational use and wastewater treatment. These facilities ensure that water is used efficiently and is properly treated before being reused or discharged.

The wastewater treatment facility at MCS Coca-Cola treated 263 thousand metric tonnes of water during the reporting period. The facility treats the wastewater in full compliance with MNS 4943:2018, and MNS 6734:2018 standards, and provides the treated water free of charge to local entities.

The user of the treated water includes fire departments, city cleaning and renovation services, car wash centres, and entities responsible for watering green spaces and urban areas. During the reporting period, 9,912 tonnes of treated wastewater was supplied to these users.



Energy Resources operates advanced and innovative water facilities at its Ukhaa Khudag mine complex. As part of its responsible water management in the arid Gobi region, the company comply with Mongolian regulations, and national standard MNS 4943:2015, and has also signed the Voluntary Code of Practice on Responsible Water Management in the South Gobi Region.

In 2024, the Belt Filter Press facility at the company's Coal Handling and Preparation Plant efficiently processed sludge and recycled 748,355 metric tonnes of water. Additionally, 115 thousand metric tonnes of surface run-off water was collected in designated ponds, and was reused for various purposes at the mine site.

The company also treated 204,000 metric tonnes of domestic wastewater, of which 16,500 tonnes was used for road and tree watering, and 33,100 tonnes was used for mine dust suppression and other purposes.

## Water Intensity Performance

MCS Group is committed to using water responsibly and efficiently whenever possible, continually monitoring its water intensity.

MCS Coca-Cola achieved a water usage rate of 2.18 liters per liter of product produced in 2024.

Energy Resources made progress in optimizing its water consumption, recording a usage rate of 170 liters per tonnes of coal processed during the reporting year, which represents an 82 percent reduction compared to the previous year.

Metagro at its vertically integrated agricultural complex combining intensified livestock and arable farming, continually monitors its water use with the aim of improving efficiency. In 2024, the company used 11.4 tonnes of water per tonne of meat processed.





## Natural Resource Management Reforestation Efforts

MCS Group companies carry out reforestation and tree planting initiatives as part of their environmental management efforts. These activities support restoration of surrounding area around mining operations and industrial sites, establishments of wind breaks for agricultural business, and the development of landscaping and green areas under environmental management plans.

During the reporting period, Metagro planted 24,620 trees including elm, willow, and aspen grown in its own nursery to establish protective wind break in its agricultural fields located in Kherlen soum of Khentii province. The company continues to provide regular irrigation and maintenance for the newly planted trees.

Energy Resources have cultivated 15 species of trees in its nursery fields, and planted a total of 99,050 trees in 2024. The company planted 50,000 trees across a 20 hectare area in Dadal soum of Khentii province to restore degraded forest land. In Tsogttsetsii soum, 19,050 trees were planted near the Ukhaa Khudag mine. Additionally, 10,000 saxaul shrubs were planted on a 10 hectare site in Bayandalai soum of Umnugovi province for saxaul forest restoration. MCS Group employees planted 20,000 coniferous trees across 13 hectares in the Khurkhree Valley of Bogd Khan Mountain to help restore degraded forest, along with another 2,700 in various other locations.



### Seed and Seedling Preparation

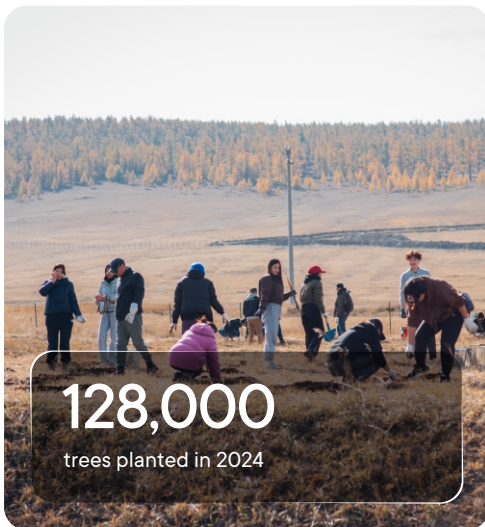
Energy Resources prepares seedlings adapted to Gobi climate conditions at its 2.5 hectare nursery field in Tsogttsetsii soum. In 2024, the nursery cultivated 49 thousand trees and shrubs of 15 species from seeds and cuttings.

Metagro cultivated 7,000 seedlings of 6 species in its 1.7 hectare nursery.

### Urban Green Area

Energy Resources contributed to local landscaping by creating a 4,000 m<sup>2</sup> grassed area near residential apartments, public streets, and the employee camp in Tsogttsetsii soum.

MCS International have planted 1,100 trees near the Ukhaa Khudag Power Plant, while Metagro planted approximately 1,200 trees around their employee homestead.



128,000

trees planted in 2024



## Biodiversity Protection and Conservation

Unitel Group, Energy Resources, Metagro, and Erchim Suljee assess potential impacts of their operations on local ecosystems, biodiversity, and wildlife habitats. Based on these assessments, the companies implement comprehensive environmental measures tailored to local ecological conditions to maintain ecological balance and protect natural resources. They also conduct regular biodiversity monitoring to evaluate the effectiveness of these measures.



Energy Resources commissioned a field diversity monitoring at the Ukhaa Khudag site. The study recorded 20 argali sheep including 6 males, more than 70 ibex, and 64 Mongolian gazelles. In terms of bird species, 126 birds representing 33 families and 14 order were documented, showing an increase compared to previous monitoring results.



Unitel Group established 48 new ponds in 2024 to support the water needs of wildlife such as snow leopards, Gobi bears, argali sheep, ibex, foxes, vultures, and eagles. Since the launch of the project, a total of 71 ponds have been built across 15 provinces of Mongolia.



Erchim Suljee implements continuous preventive measures to reduce bird collisions with high-voltage transmission lines. In 2024, the company installed 3,862 meters of insulated overhead lines across 53 transmission towers.



Metagro installed 15 bird nests along the fence line of its agricultural fields. These nests aim to enhance local steppe ecosystems by creating additional habitats that supports the increase of populations.





## Waste management

At MCS Group, we are committed to responsible waste management practices for both general and hazardous waste generated from our operations. We take appropriate measures to ensure safe handling and disposal.

**627 tons**

of waste from our offices and operations were sent to dedicated facilities for proper management.

**2,241 tons**

of general waste were handled appropriately in compliance with regulatory requirements.

**103 tons**

of hazardous waste were safely disposed of through partnerships with specialized organizations.

**2,682 tons**

Metagro made an effort in sustainability by composting 2.3 tonnes of organic and food waste, integrating this compost into agricultural processes to enhance soil health.

**387 tons**

MCS Coca-Cola has actively worked to reduce the total weight of PET used in its operations and has successfully saved 387 tonnes of PET since 2014.



## Waste Collection, Recycling, and Reusing Initiatives

### Collecting Plastic Packages

As part of its initiative to collect plastic waste, MCS Coca-Cola has established numerous plastic collection points in Ulaanbaatar and across 16 provinces, delivering the collected plastic waste to recycling facilities.

The company increased its efforts to recollect PET product packaging for recycling, achieving a 16 percent increase and recovering 56 percent of all PET product packaging sold.



Total Distribution has been contributing to this initiative by successfully transporting 51.7 tonnes of PET from provincial locations to recycling facilities in Ulaanbaatar, amounting to a 44.7 percent increase compared to the previous year

Wellbee recollects aluminum tubes and plastic materials from both B2B and B2C through collection bins.

In 2024, the company recollected 43 percent of HDPE, LDPE, and PP plastics from its B2B customers, while 2.3 percent were recollectd from B2C customers.

### No E-Waste

Unitel Group continued its No E-Waste campaign for the second consecutive year, focusing on collecting expired, outdated, and out-of-service IPTV set-top box devices through collection centres, branch offices, and call service agents. As part of this initiative, a series of awareness campaigns was organized to inform the public about e-waste and the importance of proper disposal.



### Product Lifecycle Management

To ensure the proper disposal and recycling of outdated electronic devices, Unitel Group collected 11,859 outdated device in 2024 and delivered them for recycling. Since 2023, the company has collected 25,650 outdated devices, responsibly recycling and disposing of 5.9 tonnes of e-waste.



## Social

We are committed to creating a work environment that prioritizes diversity and inclusion across our corporate governance, HR policies, business operations, and corporate social responsibility, while integrating sustainable development principles throughout our activities.

[Read more](#)



14,000

Total Employees

30,968

employee training participation

65,630

OSH training participation (including duplicate participation)

4.4

Employee satisfaction score

98

CSR project and programmes implemented



## Diverse and Inclusive Workplace

### Workplace and Employees

At MCS Group, we are committed to creating an open and inclusive workplace for all employees. We strive to establish efficient and productive labour practices built on mutual trust, upholding the value of every employee, and foster a corporate culture grounded in fairness, equality and gender balance. We aim to ensure employee satisfaction, and actively support employee initiatives at all levels of the organization.



# 13,507

Full-Time Employees



# 381

Contract Employees



# 887

Managers



# 253

Executives



# 349

Employees with disabilities



# 20,000+

Jobs created indirectly

### Gender equality

## 41%

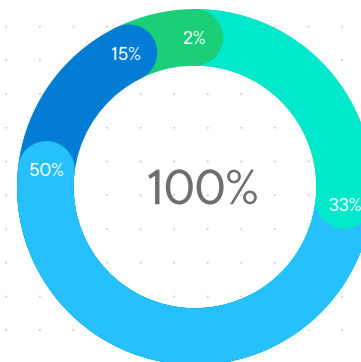
Female employees

## 48%

Female managers

## 44%

Female executives



### Age groups

## 33%

After 1996

Z

## 50%

1981-1995

Y

## 15%

1965-1980

X

## 2%

Senior employees



## Diverse and Inclusive Workplace

### Inclusive Workplace and Employee Engagement

We are committed to fostering an inclusive and flexible working environment, while supporting new ideas and initiatives from our employees and ensuring equal opportunities for everyone.

Enhancing employee satisfaction and cultivating a culture grounded in shared values, mutual trust, and a positive workplace atmosphere are key priorities of our organizational culture.

#### EMPLOYEE SATISFACTION SURVEY SCORE

# 4.4

We conduct an annual employee satisfaction survey across the entire workforce. Employee satisfaction is assessed through 14 key indicators, from which a weighted average score is calculated.

#### EMPLOYEE ENGAGEMENT SURVEY SCORE

# 4.5

Employee engagement, which reflects employees' motivation, commitment, behaviors, and belief in the company's values is measured using 8 key indicators, and evaluated through a weighted average score.







## Diverse and Inclusive Workplace

### Employee benefits

We aim to provide our employees with the opportunity to work confidently and with satisfaction by addressing social and health needs, supporting their personal development and fostering a collaborative environment where we grow together.

14.5

billion MNT

in benefits  
and welfare provided

in 2024

#### Gifts



Gifts for newlyweds,  
Children's Day, newborns,  
and elderly employees

#### Discounts



Lunch discounts based on job  
grade, access to discounted products  
and services from MCS Group  
subsidiaries, and discounts from around  
40 partner companies

#### Paid days off



Paid leave for employee  
birthdays, for parents of newborns,  
and paid leave for participating in  
volunteer work that benefits society  
and the environment

#### Health



Preventive health screenings

#### Allowance and Assistance



One-time allowance for  
elderly employees

#### Training



Opportunities to attend  
MCS Academy programs and professional  
development courses both  
domestically and internationally

#### Insurance



Employee insurance tailored  
to the nature of company operations,  
and the opportunity for employees  
and their families to enroll  
in discounted health insurance

#### Loan



Opportunities to obtain  
loans with preferential terms  
through cooperating banks

**Benefits package  
at MCS Group**



## Diverse and Inclusive Workplace

### Employee benefits

#### MCS Benefits platform

To provide employees with clear information on all available benefits and to support them in purchasing products and services offered by MCS Group subsidiaries at discounted rates, we launched the "MCS Benefits" platform.

To further encourage and support employees in purchasing through the MCS Benefits platform, we provide additional monetary allowances on top of base salaries, amounting to 13.1 billion MNT distributed to employees during the reporting year.



# 13.1 billion MNT

In additional allowances  
provided to employees through  
the MCS Benefits platform

#### Employee Wellbeing

As employees represent one of the company's core values, we place strong emphasis on their wellbeing, health and overall quality of life.

We strive to create a stable work environment by regularly providing preventive health screenings to all employees in accordance with internal labour policies, supporting employee wellbeing and helping prevent potential health issues. In 2024, we allocated 1.4 billion MNT for employee health screenings.

#### Health insurance

To help prevent and prepare for potential health issues, we began offering employees and their families the opportunity to enroll in discounted private health insurance starting in 2024.

We offer private health insurance with coverage of up to 30 million MNT, designed to meet the needs and requirements of our employees, and providing favorable service conditions.

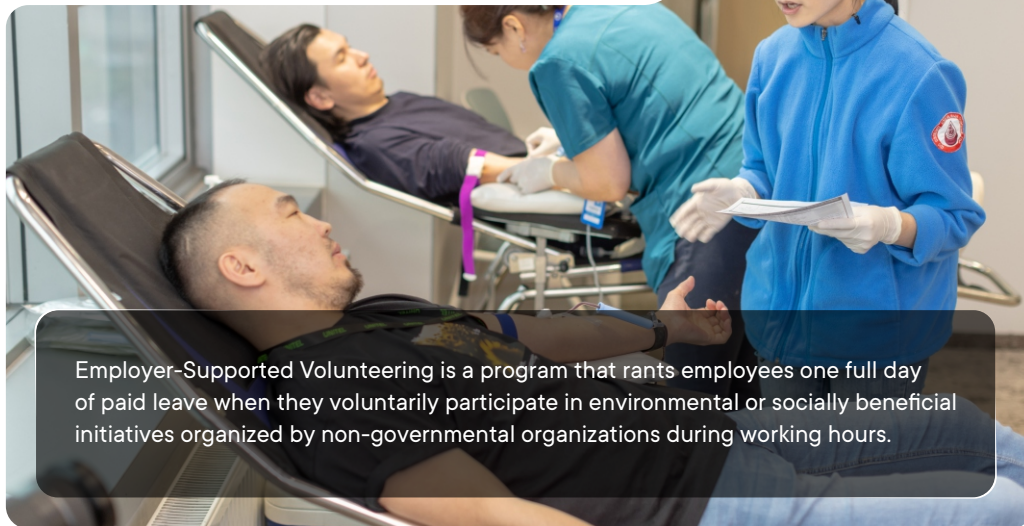




## Employer-Supported Volunteering

In 2024, 1,571 employees of MCS Group dedicated 5,297 hours to volunteer work as part of the “Employer-Supported Volunteering” program. This included environmental activities such as tree planting and cleanup efforts, as well as social initiatives like blood drives and charitable support for children in remote districts.

### What is Employer-Supported Volunteering (ESV)?



Employer-Supported Volunteering is a program that grants employees one full day of paid leave when they voluntarily participate in environmental or socially beneficial initiatives organized by non-governmental organizations during working hours.

### Volunteering Initiatives

Employees at Anungoo prepared and distributed presents for children living in Nalaikh District, in celebration of International Children's Day.



Intermed hospital employees organized a celebration event for children staying in the hospital, as well as for the children of the hospital staff.

Unitel Group, in collaboration with the National Center for Transfusion Medicine, have organized “Be a Hero” blood donation day. A total of 45 employees donated blood, helping support blood reserves for approximately 1,500 patients in need.

To mark Unitel Group's 18th anniversary, employees have prepared and delivered presents New Year gift packages along with handwritten encouragement cards to more than 500 students turning 18.

As part of the same campaign, gifts were also delivered to children in Arkhangai, Uvurkhangai, Bayankhongor provinces. Additionally, employees from Unitel's Sales and Service department prepared gifts and organized a New Year celebration for 54 children at the Narkhan foster care center.





## Training and capacity building

MCS  
ACADEMY



Total employee training participation

30,968

MCS Academy training

500

In-house training

267

Other training

261

Total training sessions

1,028

Total training expense

3.6 billion MNT



## Training and capacity building

### MCS Academy

MCS Academy is founded on the principles of continuous learning and knowledge sharing, enabling employees to support each other's development. With more than 130 active in-house trainers, the Academy delivers over 100 training programs covering general and professional skill development, as well as core competency training for employees across the Group.

#### Core Competency

MCS Group's training and development policy is designed to continuously build employee capability, supporting the organization's long-term sustainable growth. Based on the skills that each employee needs to develop, the Group provides the required training through both short-term and long-term development programs to accelerate learning and capacity building.

Employees assess their own core competencies, identify the skills they need to strengthen, and follow a personal development plan, enabling continuous learning throughout the year.



#### Training Programmes

21 trainings

479 attendees

MCS Management Programme

7 trainings

134 attendees

Manager Development Programme

5 trainings

127 attendees

Leadership Programme

312 trainings

6,255 attendees

Personal Development Programme

12 trainings

270 attendees

Functional Training Programme

82 trainings

1,133 attendees

Employee Wellbeing Programme





## Training and capacity building

### MCS Academy

#### Learning Management System

Our Learning Management System (LMS) enables employees to access MCS Academy online courses, receive up-to-date training information, and to register for recommended courses based on their personal development plans.

The LMS also allows the employees to assess their own core competencies and create personal development plans based on the skills they wish to improve, with direct access to relevant training programmes.

Through the MCS Academy online platform, employees have open access to more than 40 online courses, over 50 employee-generated contents, and articles, as well as podcasts featuring Group executives and in-house trainers.







## Occupational Safety and Health

MCS Group is committed to ensuring the safety of all employees and contractors. We continuously improve our policies on occupational safety, systematize operations, and strengthen our safety culture by incorporating international best practices.

OSH training participation

2023

114,945

2024

**65,630**

Total OSH training expense (MNT)

354 million MNT

**314 million MNT**

Lost Time Injury Frequency Rate (LTIFR)

0.17

**0.18**

Severity Rate (SR) per 100 employees

5.12

**3.54**

Mitigated risk rate

79%

**88%**



## Corporate Social Responsibility and Community Development

### Access to Healthcare

#### Health Awareness Campaign

Anungoo organized the “Naturella Dispenser” health education programme for adolescent girls. As part of this initiative, health education sessions were conducted for more than 28 thousand female students across seven districts of Ulaanbaatar, and one-month sets of menstrual and sanitary products were provided free of charge.



#### Vitamin and Supplements Donation

Wellbee supports maternal and child health by donating vitamins and immunity-boosting supplements to healthcare institution free of charge. In 2024, the company donated more than 17 thousand healthcare products to National Center for Maternal and Child Health of Mongolia, maternity hospitals, and district and provincial hospitals.



#### Access to Healthcare in Rural Areas

As part of its programme to improve access to healthcare services in rural region, Energy Resources regularly organizes specialist medical consultations and health screening services in collaboration with professional medical institutions.

In 2024, in partnership with the “Khairlaya Khuvaaltsaya” NGO and the National Center for Maternal and Child Health of Mongolia, the company organized pediatric specialist consultations for more than 900 children aged 0-16 in Tsogtsetsii soum, providing all examinations free of charge.







## Corporate Social Responsibility and Community Development

### Equal Access to Education

#### Student Scholarship Programme

As part of our commitment to supporting education and contributing to the development of the next generation of skilled professionals, MCS Group awarded tuition scholarships to 78 students.

From more than 850 applicants, 78 students across 37 fields of study and were selected based on a combined assessment of their academic performance, problem-solving skills, essays, and additional assignment results.



78 students receive one full year of tuition support



Opportunity to undertake a paid internship at MCS Group.



Access to self-development and professional training offered by MCS Academy



Hands-on learning from the leading professionals across various industries

Potential to receive employment offers upon graduation





## Corporate Social Responsibility and Community Development

### Equal Access to Education



#### Unitel STEAM HUB

Launched in 2022, Unitel HUB national programme aims to improve access to education, reduce the digital divide, and support STEAM learning for children and youth in rural communities. As of 2024, the programme has expanded its operations to 20 provinces across Mongolia.

In 2024, Unitel introduced the “RoboKID” programme, which teaches robot assembly and coding. With a maximum of 10 children per session, a total of 712 students from 20 provinces successfully completed the programme.

Additionally, the training curriculum was updated in 2024 with the introduction of four new courses, enabling students to progress through up to 3 levels. Children aged 6 to 14 can now participate in the full set of courses offered at Unitel HUB centers.

Furthermore, two Mongolian students who received full scholarships to Stanford University and Duke University conducted seminars titled “Opportunity for All” at Unitel STEAM HUB centers in Bayan-Ulgii, Uvs, Khovd, Dornogobi, Dornod, Arkhangai, and Uvurkhangaig provinces. These seminars provided guidance on applying to top international universities, securing scholarships, and preparing application documents.

A total of 524 students attended the sessions and received information and advice on university admissions and scholarship application processes.

#### “My Dream” Essay Competition

As part of a long-standing tradition, Total Distribution organizes the “My Dream” essay competition in collaboration with the Deaf Club of Mongolia. This competition aims to help children and youth with hearing impairments improve their reading, writing and public speaking skills, express themselves more confidently, and enhance their participation in society.

In 2024, the fifth annual competition was held with 80 students from 13 schools taking part.





## Corporate Social Responsibility and Community Development

### Equal Access to Education

#### “Young Leadership Program”

With the aim of supporting youth leadership and development in Mongolia, M bank sponsored and partnered in the “Young Leadership Program 2024” organized by the Zorig Foundation NGO. The program is designed to strengthen leadership abilities and personal growth among young people and includes a diverse range of training, seminars and activities.



#### “Muruudliin Khutuch” Training Center

As part of its long-term Local Education Support Program, Energy Resources has been working to expand access to quality education in rural areas and reduce the pressure on Tsogttsetsii soum's secondary school. In addition to establishing the “Muruudul” school and kindergarten complex, the company has continued to invest in initiatives that support local education. During the reporting period, the company provided funding for the “Muruudliin Khutuch” Training Center located in the “Tssetsii” miners' town, and also provided housing for the teachers working at the center.

Furthermore, due to operational challenges faced by Tsogttsetsii Soum's No. 1 General Education School, starting from December 2024 the company enabled 425 students from grades 1 to 5 to attend classes at the “Muruudliin Khutuch” Training Center.



#### “Work During Break” Program

As part of the “Work During Break – Paid Internship Program”, 20 university students from Tsogttsetsii, Tsogt-Ovoo and Khankhongor soums participated in two-month paid internship. They worked as temporary support staff at the Ukhua Khudag mine complex, gaining real work experience and strengthening their competitiveness in the labor market.

#### National “CanSat” Competition

DDishTV sponsored the National “CanSat” Competition, which aims to promote space science and provide practical engineering and technical learning opportunities for university students, high school students, and hobby groups. The competition fosters interest in space technology through hands-on projects and contributes to developing domestic talent in this field.



## Corporate Social Responsibility and Community Development

### Contributions to Disaster Relief

In 2024, MCS Group provided more than 1.1 billion MNT in assistance to provinces severely affected by harsh spring conditions. Of this, 500 million MNT was donated to the National Emergency Management Agency to support relief efforts. In addition, MCS Group's subsidiaries and affiliates contributed over 600 million MNT worth of in-kind support through products and services.

Unitel Group provided 150 million MNT worth of mobile internet and messaging services free of charge for three months to 2,800 emergency management staff across 21 provinces. MCS Coca-Cola, Total Distribution, Wellbee, and DDishTV collectively contributed products and services valued at 50 million MNT.

Furthermore, Energy Resources expanded its community support programme for herders providing fodder, supplies, manpower and equipment valued at approximately 300 million MNT to herders in the eastern Umnugobi province. Erdene Mongol, an affiliate of Energy Resources, supported herders in Shinejinst and Bayangobi soums in Bayarkhongor province with around 120 million MNT worth of fodder and hay.

Metagro also deployed heavy equipment to clear snow-blocked roads, access routes, and livestock pastures in Kherlen soum region of Khentii province following a severe blizzard, restoring mobility and ensuring access to essential areas.



## 1.1 billion MNT

in assistance to provinces severely affected by harsh spring conditions.





## Corporate Social Responsibility and Community Development

### Community Engagement and Social Contribution

Energy Resources has consistently invested in projects that promote long-term sustainable outcomes for local communities. In 2024, the company contributed a total of 70 billion MNT in grants, donations, and community development programmes supporting local sustainable development.

#### Local SME Support Programme

To promote small and medium-sized enterprises among herders and residents, Energy Resources, in partnership with XacBank, implements the “Local SME Support Programme” as part of its initiative to support sustainable livelihoods. In 2024, interest-free loans amounting to 193 million MNT were provided to 19 beneficiaries.

#### Promoting Agriculture in the Community

Energy Resources actively supports agriculture by allowing local residents to use eight hectares of the company's forest belt area in Tsogttsetsii soum. This initiative aims to encourage agricultural activity, strengthen skills, and empower household businesses. In 2024, 43 households and cooperative cultivated over 20 types of vegetables in the four hectares of the area, harvesting a total of eight tonnes of produce. The site was also upgraded with a drip irrigation system in 2024.



#### “Good Neighbor” programme

Energy Resources continues its “Good Neighbour” programme, providing Tsogttsetsii soum residents with uninterrupted electricity and treated drinking water. During the winter months, the company supplied 46,000 tonnes of thermal coal free-of-charge to the Dalanzadgad power plant and to 11 soums in Umnugovi province. To further support local herders, the company donated 11,000 bales of hay and 1,000 bales of 800 fodder to the winter reserve funds of Tsogttsetsii and Tsogt-Ovoo soums, benefitting more than 430 herders.

#### Support to the Herders

To support herders and residents of Ulziit village in Khentii province, Metagro prepared and provided hay bales from the edges of its crop fields to help households prepare for the winter. In addition, the company extended New Year greetings and gifts to village elders in celebration of Tsagaan Sar.

Furthermore, in response to the severe winter and spring conditions, the company deployed its tractors, vehicles and equipment to clear vital routes and grazing areas. A total of 340 kilometers of road was cleared, and 355 hectares of pastureland was opened up for use by local herding households.



# 70 billion MNT

in grants, donations,  
and community development  
programmes supporting local  
sustainable development.





# Governance

The comprehensive ESG governance framework at MCS Group integrates sustainability principles into our management practices, with the aim of creating long-term value creation for all stakeholders.

[Read more](#)



## Governance Structure

Within its comprehensive governance framework, MCS Group embeds sustainability goals and principles across its operations, working toward long-term value creation for all stakeholders.

### Board of Directors

#### Audit and Risk Committee

Provides independent and professional oversight and recommendations.

The committee oversees MCS Group's internal audit and control systems, risk management processes, and the implementation of compliance activities. It also works closely with independent audit firms and ensures that relevant actions are taken based on their assessments and recommendations.

#### Ethics Committee

The Ethics Committee operates independently to promote and embed high ethical standards across MCS Group.

It oversees and advises on adherence to ethical standards outlined in applicable policies, procedures, and requirements, supporting affiliates and its stakeholders to ensure proper adherence and implementation.

#### ESG Committee

The committee is responsible for formulating and implementing sustainability policies and strategies, and ensure the decision informed by environmental, social, and governance indicators.

The committee manages the process of assessing ESG-related risks and opportunities that may affect MCS Group operations and overall performance, providing appropriate oversight, and reporting of ESG-related information to stakeholders.

#### Nomination and Remuneration Committee

The committee is responsible for determining succession plans and remuneration policies that support the achievement of business strategies and goals, ensure sustainable business growth, and promote transparent and effective corporate governance.

It also oversees the selection, appointment, and dismissal of Board members, executive management, and other members of the management team.

#### The Finance and Investment Committee

The committee defines the Group's investment strategy and policy, oversees short and long-term financial and investment planning, and ensures effective management of capital and budgets.

Through consistent implementation of the group-wide investment policy, the committee works to support business profitability and sustainable financial performance.





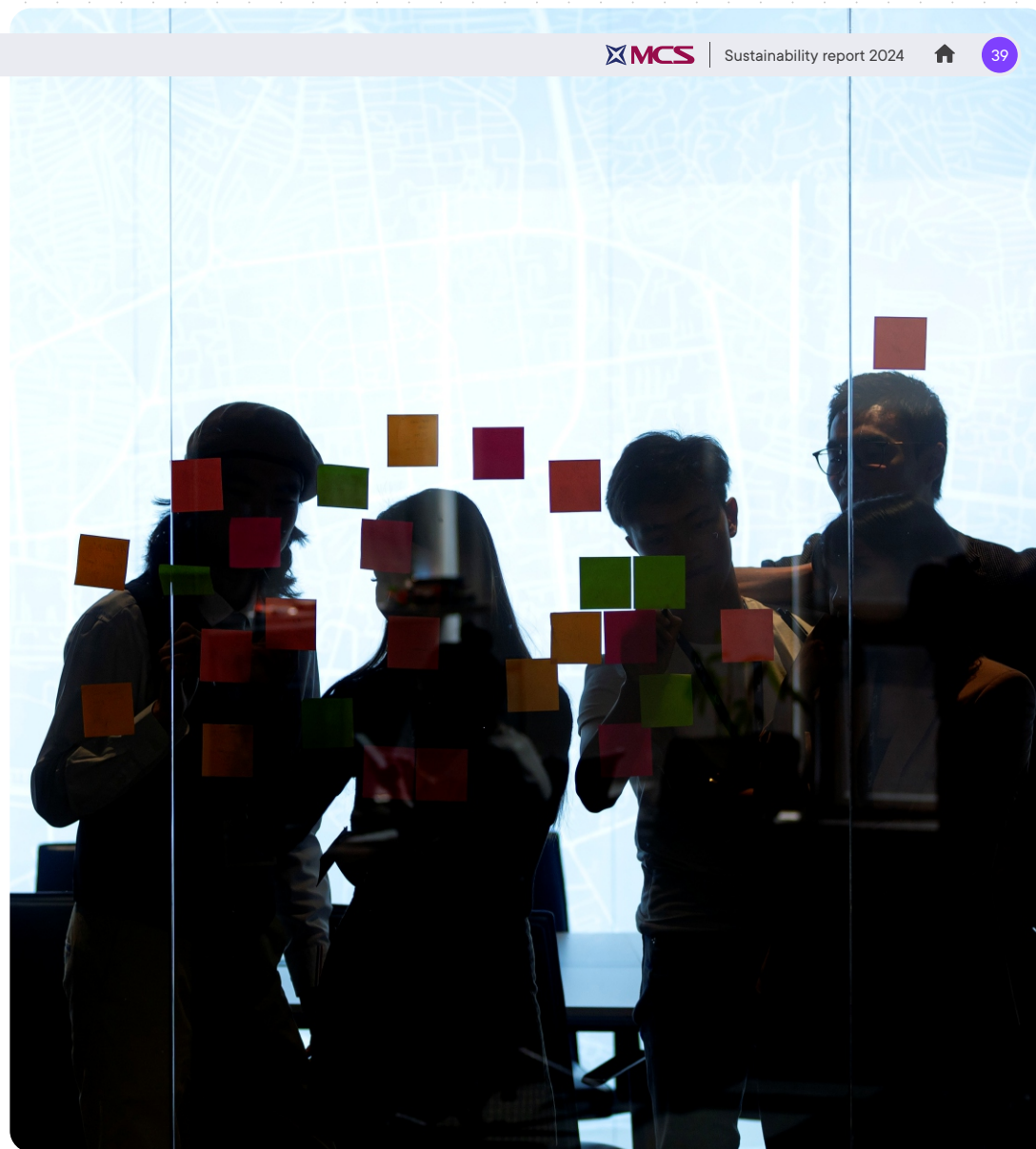
## Governance Structure

### Internal Audit

The Internal Audit Department of MCS Group operates as an independent and autonomous unit. It systematically evaluates the effectiveness of the Group's risk management, internal control, and governance systems from a professional internal audit perspective. By enhancing and adding value to operations, the department supports the organization in achieving its objectives efficiently and effectively.

The department performs its assurance and advisory functions independently, maintaining strict confidentiality and avoiding any conflicts of interest. During the reporting period, the Internal Audit Charter of MCS Group was revised and formally approved.

The Internal Audit Department develops quarterly and annual risk-based audit plans, which are reviewed and approved by the Audit and Risk Committee. It then implements these plans and submits audit reports, findings, and recommendations to the management of relevant affiliates, the Audit and Risk Committee, the Board of Directors, and to the shareholders if necessary.





## Risk Management

MCS Group has implemented a comprehensive risk management system aligned with the ISO 31000:2018 standard. We systemically identify, assess, and manage potential risks that may affect our business objectives, strategies, and operations, while continuously improving our processes.

By applying the three lines of defense principle, our risk management system clearly defines risk ownership, responsibilities, and control functions at every level of the organization, ensuring active participation and oversight across the Group.





## Risk Management

### Risk Culture

Risk culture is an integral component of MCS Group's risk management system. We strive to embed risk-aware behaviours, values, and attitudes into our operations.

During the reporting period, we implemented a series of initiatives that strengthened risk awareness at all levels of the Group. As a result, our ability to identify, assess, and manage risks has continued to mature, establishing solid foundation for the sustainable growth and long-term value protection at MCS Group.

#### LEADERSHIP ENGAGEMENT:



Dedicated training sessions were delivered to leadership teams across subsidiaries to deepen their understanding of risk concepts and reinforce the integration of risk consideration into decision-making.

#### RISK CULTURE MATURITY ASSESSMENT:



A Group-wide assessment was conducted to evaluate the maturity of our risk culture. Based on the findings, recommendations were provided to management teams.

#### TRAINING AND CAPACITY BUILDING:



We expanded training and communication initiatives on risk management, strengthening employees' ability to identify, report, and manage risks, and increasing participation in risk-related activities.

#### LEADERSHIP COMMITMENT:



Regular discussions on risk at the management level have reinforced leadership commitment, and set a strong tone from the top, serving as a model for employees across all levels of the organization.





## Compliance Management System

The Compliance Management System at MCS Group is designed to ensure that our business operations comply with all applicable laws and regulations, manage risk through continuous compliance monitoring, and foster a strong culture of compliance across the organization.

The system comprises our governance and organizational structure, compliance policies, procedures and a comprehensive set of compliance activities.

### Policies and Procedures

In 2021, we updated our compliance policies and procedures in alignment with the **ISO 37301:2021** Compliance Management Systems Standard. These include:

#### Compliance Policy

MCS Group subsidiaries and affiliates have adopted a compliance management system aligned with international standards. The Compliance Policy defined the goals and objectives, scope, principles, planning, and reporting requirements for all compliance activities across the Group.

#### Anti-Money Laundering and Terrorism Financing Procedures

These procedures strengthen due diligence requirements for identifying and verifying business partners, establish regular monitoring and verification processes, and define reporting and oversight mechanisms for potential risks.

#### Anti-Corruption Procedures

These procedures reinforce the principles that all employees must remain free from any form of all corruption or bribery. They outline the preventive measures for mitigating corruption related risks, as well as mechanisms for reporting, escalation, and accountability.

#### Political Contribution Procedures

These procedures ensure that all political contributions comply with legal requirements, remain free from conflicts of interest and corruption risks, and clearly define the oversight role of the holding company in approving and managing any political contributions across the Group.



## Compliance Management System Oversight and Management

The compliance units and responsible employees across MCS Group play a vital role in ensuring the effective implementation of our Compliance Management System.

As part of their responsibilities, they oversee the planning and reporting of compliance activities, promote a strong culture of compliance, and provide employees with training and relevant information. Through these efforts, the Compliance Management System is effectively implemented at the company level across the Group.

### Compliance Training

We organize annual compliance training and workshop to identify and assess potential compliance risks across our operations, and to implement measures that prevent and mitigate those risks.

We regularly conduct training for compliance staff, relevant functional teams, and new employees. These programmes cover key compliance topics such as the Code of Conduct, conflict of interest, international anti-corruption and anti-bribery standards, business and sanctions regulations, and other essential compliance subjects.





## Speak Out Hotline

The Ethics Committee operates the Speak Out Hotline, an official channel for receiving and managing reports related to ethical concerns.

Through this system, individuals may confidentially report issues related to conflicts of interest, human rights violations, bribery, corruption, ethical misconduct, breaches of laws, policies, or procedures associated with MCS Group subsidiaries and affiliates. All reports are handled fairly and impartially, and the Ethics Committee provides guidance and recommends appropriate actions whenever necessary.

Speak Out is one of our key mechanisms for protecting whistleblowers, identifying potential violations in a timely manner, mitigating risks, and safeguarding MCS values.

The Ethics Committee reviews each case based on the nature and complexity of the report and delivers an initial assessment within at least 10 business days.



## How to Report?



8888-2027

speakout@mcs.mn

speakout.mcs.mn





## Sustainable Supply Chain Management and Procurement

MCS Group prioritizes local sourcing in its investment efforts and development activities, actively fostering partnerships with local businesses to drive shared value creation by ensuring transparency and promoting fair competition principles throughout our procurement processes. To enhance supplier engagement and foster broader participation, all procurement announcements are published on our official website, ensuring open access and equal opportunity for all potential suppliers.

In 2024, MCS Group procured goods and services worth a total of 4.6 trillion MNT, of which 3.1 trillion MNT were sourced from more than 8,600 domestic businesses. Overall, 90 percent of our suppliers were local enterprises and individuals.

To promote our core values across the supply chain, we require all suppliers, partners, their employees, representatives, affiliated entities and subcontractors to uphold and align with our core values. We actively encourage our suppliers to comply with the principles outlined in our [Supplier Code of Conduct](#) and ensure the code is well introduced in their operations.

Our procurement processes are guided by the principles of transparency, fairness, competitive market price, efficiency, and accountability. To ensure fair competition, all procurement activities above 10 million MNT follow a competitive selection process, requiring at least three valid quotations from suppliers.





## Sustainable Supply Chain Management and Procurement

### Supplier Portal

MCS Group ensures transparency and accessibility in all procurement announcements through our Supplier Portal. The portal enables suppliers to view newly posted procurement notices in one place, register for tenders, submit price quotations, and monitor the selection and evaluation processes.

#### As of 2024, Supplier Portal has:

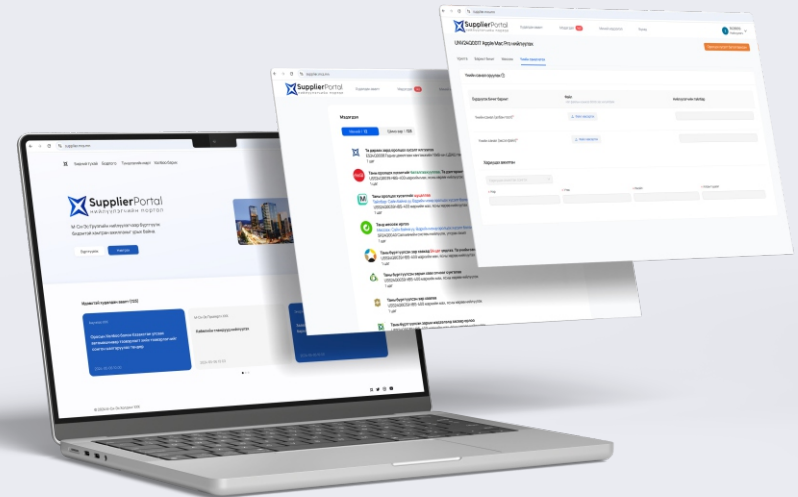
MCS Group subsidiaries and affiliates

**35 companies**

Procurement notices posted

**1,000+**

**Register as Supplier**



## Economic Contribution

In 2024, MCS Group and its affiliates made significant contributions to the socio-economic development of Mongolia

1.3 trillion MNT

in taxes and fees paid.

1.1 trillion MNT

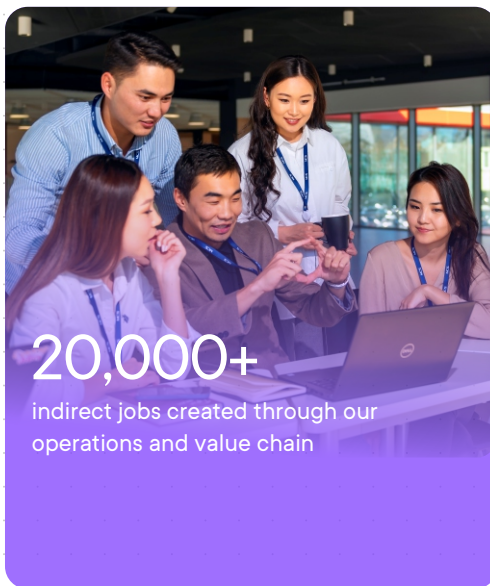
invested in the Mongolian economy

55 billion MNT

allocated to CSR initiatives, implementing 98 projects and programmes

60 billion MNT

per month paid in salary and bonuses to our 14 thousand employees.



20,000+

indirect jobs created through our operations and value chain

## Procurement



4.6 trillion MNT

spent on procurement,

3.1 trillion MNT

worth goods and services purchased from

8,619

national suppliers

90%

of our suppliers in 2024 were local enterprises and individuals, supporting domestic businesses





## List of Abbreviations

GHG	greenhouse gas
ESG	Environmental, Social, and Governance
PET	Polyethylene Terephthalate
MNT	Mongolian Tugriks
GRI	Global Reporting Initiative
SASB	Sustainability Accounting Standards Board
CO <sub>2</sub>	Carbon dioxide
CO <sub>2</sub> -eq	Carbon dioxide equivalent
CSR	Corporate Social Responsibility
IPCC	Intergovernmental Panel on Climate Change
CH <sub>4</sub>	Methane
N <sub>2</sub> O	Nitrous oxide
CFCs	Chlorofluorocarbons

PFCs	Perfluorocarbons
LPG	Liquified Petroleum Gas
JCM	Joint Crediting Mechanism
HDPE	High-Density Polyethylene
LDPE	Low-Density Polyethylene
PP	Polypropylene
B2B	Business-to-Business
B2C	Business-to-Consumer
IPTV	Internet Protocol Television
HR	Human Resources
OSH	Occupational Safety and Health
ESV	Employer-Supported Volunteering
LMS	Learning Management System

List of Abbreviations

LTIFR	Lost-Time Injury Frequency Rate
SR	Severity Rate
NGO	Non-Governmental Organization
STEAM	Science, Technology, Engineering, the Arts, and Mathematics
SME	Small and Medium-sized Enterprise
CEO	Chief Executive Officer

Metrics and Units

MWh	Megawatt-hour
GJ	Gigajoule
kWh	Kilowatt-hour
M <sup>2</sup>	square metre



Introducing World Standards