# SUSTAINABILITY REPORT 2025.

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# CEO Message.

Dear valued customers, partners, investors, and all stakeholders,

2025 marked a pivotal year for us in embedding sustainability as the core foundation of our business strategy. We fully integrated environmental, social, and governance principles into our daily decisions, product innovations, and risk management framework.

During the reporting year, we expanded our green loan portfolio, consistently reduced carbon emissions through digital services, grew our workforce to 703 employees creating 108 new jobs, supported young professionals through the Net Future 50 program, and fully funded 24 children's heart surgeries through the "Hearts Full of Love 24" initiative.

To strengthen our governance framework, we activated the Board of Directors' Sustainability, Social and Governance Committee, successfully renewed IDCXS 2022:02 certification, and continued compliance with ISO/IEC 27001:2013 standards. Going forward, we will continue to consolidate sustainable finance, inclusive society, and responsible governance as the foundation of long-term value.

## B. Khunshagai

Netcapital financial group
Chief Executive Officer

# Mission, Vision, Values, Our Culture.

## Mission

AI First Company

## Vision

To build an AI-First ecosystem integrating AI Bank, Digital Bank, and Commercial Bank.

## Values

- Be energetic and inspire others
- Be transparent and trustworthy
- Be passionate
- Execute with speed
- Foster a culture of joy and positivity

## Our Culture

- Positive Attitude
- Risk-Based Thinking
- Professional Team
- Youth Leadership
- Continuous Learning
- Striving for Success

# Advancing ESG.

**2020**
Became a founding member of the Sustainable Finance Association and implemented the 8 principles of the Sustainable Finance Standard (SFS) into operations.

**2021**
Adopted the first environmental and social policies, establishing the foundation for sustainable finance.

**2022**
Revised and adopted the "Sustainable Finance Policy" and refined internal governance systems.

**2023**
Introduced an automated ESG loan identification system and launched the "Chip" green loan product to the market.

**2024**
Developed and deployed a real-time risk-level management dashboard.

**2025**
Established the Board of Directors' Sustainability, Social and Governance Committee; renewed IDCXS and ISO 27001:2013 certifications.

# Annual Achievements 2025 Key Highlights.

### Duathlon

Collaborated with the Mongolian Triathlon Association, contributing to sports development.

Sports

### Volleyball MNVL

Served as the general sponsor of the Mongolian National Volleyball Premier League for the second consecutive year in 2025–2026.

Sports

### The Voice of Mongolia

Became the general sponsor of Season 4 of Voice of Mongolia competition show.

Culture

### Net Future 50

Selected top 50 future leaders from 300+ students through the Sundii Foundation initiative.

Education

### Unforgettable Hearts Project

In partnership with "Bundan" NGO, fully funded heart surgery costs for 24 children.

Health

POLICY · ASSESSMENT · OVERSIGHT

# Governance Policy Framework.

01

# Governance Policy Framework.

## SECTOR ASSESSMENT

**96%**

**2025 Code Assessment:**

Operated with high performance within the corporate governance framework, confirming a stable position among the industry's leading companies.

## POLICY & REGULATORY FRAMEWORK

- **Loan ESG Risk Policy**
- **General Risk Management Policy**
- **General Compliance Risk Policy**
- Updated 2025.12.23
  **Gender Equality Policy**
  (Approved by Board of Directors)
- **Sustainable Finance Policy**
- **Whistleblowing Policy**
- **Code of Ethics**

**UNIFIED CORPORATE GOVERNANCE FRAMEWORK — 7 POLICIES**

# Gender Equality.

Netcapital Financial Group strives to contribute to gender equality and is developing a "Gender Equality Policy" embedded in its Internal Labor Regulations and Code of Ethics.

**703** TOTAL EMPLOYEES
By the end of 2025

## GENDER RATIO

**Total employees:** 703

63.1% Female — 36.9% Male

**Directors & management:** 76

35.5% Female — 64.5% Male

**Board of Directors members:** 7

71.4% Female — 28.6% Male

**Customers:**

49.3% Female — 50.7% Male

**41.5** Average training hours per employee

**31.6** Average employee age

**20** Interns in internship program

OPERATIONS · GREEN FINANCE · SOCIETY

# Sustainable Operations & Financing.

02

# Implementation of International Standards.

IDCXS

**Excellence Level · Recertified**

IDCXS 2022:02

95.83%

Digital Customer Experience Standard | Excellence Level · Re-certified |

In 2025, successfully renewed IDCXS 2022:02 certification for the 2nd consecutive year at 95%, at the "International Excellence" level, certified by the British Standards Institution (BSI).

IDCXS

**Recertification Audit Successfully Completed**

ISO/IEC 27001:2013

3rd Year

Successfully completed the second surveillance audit of the ISO/IEC 27001:2013 Information Security Management System in 2025.

This reaffirmed that our customer-centric service policy, operational alignment, and quality management system continue to meet international requirements.

# Environmentally Friendly Operations.

**351,800**
Digital loans issued to customers

**26.4**
Tonnes of $CO_2$ emissions prevented

**3.5**
Million sheets of paper saved (1 loan = 10 sheets)

### New Branch – New Tree

Internally practicing the tradition of planting a tree for every new branch opening.

### Digital Loans, Paper Savings

By issuing digital loans to 351,800 people via the NetPay app, saved the equivalent of 26.4 tonnes of paper.

### Green Office

Building green office habits through waste sorting, green procurement, and internal training.

# Paperless Daily Operations.

We have fully transitioned daily operations to a digital environment and are implementing a paperless working principle. This is the core pillar of our comprehensive environmentally friendly operations policy.

## Paperless Operations

### Digital Internal Process

All internal processes have been digitized and the paperless working principle has been established at policy level.

### Digital Loan Disbursement

The entire process from contract signing to loan disbursement is executed digitally via the NetPay app.

### Digital Communication

Internal approvals, customer communications, and report information are conducted entirely in a digital environment.

### Digital Signature

Electronic signatures are used on contracts and documents, enabling verification without paper.

**All contracts and documents digitized · Internal processes 100% paperless · Green office habits instilled in all employees**

HUMAN RESOURCE PRINCIPLE

## "The right person, in the right position, at the right time"

HR policy is defined within the framework of vision, mission, values, and code of ethics focusing on recruiting, retaining, onboarding, training, and developing employees.

**INTERNAL POLICIES:**

- Whistleblowing Policy
- Code of Ethics
- Gender Equality Policy

**Internal Training & Employee Programs**

Year-round internal programs:

**New Employee Training**
Onboarding and orientation

**NetX**
Presentation skills and employer brand development

**NetCup**
Unified sports event — team skills

**NetVibe**
Engagement event — innovation and participation

**NetSummer**
Unified summer outing — shared culture

**NetNaadam**
National festival event — cultural heritage

# International Funding Sources.

In 2025, we expanded international funding sources, reaching a total outstanding funding of USD 14.4 million. We deepened partnerships with world-leading impact investment organizations.

INVESTMENT

**$3.0M**

Million dollar

## Enabling Qapital

IMPACT INVESTMENT | INVESTMENT

Partnered with a Swiss impact investment fund to newly mobilize loan funding dedicated to micro and small-to-medium enterprises.

INVESTMENT

**$11.4M**

Million dollar

## Kilde Singapore

DIGITAL LOAN PLATFORM

Strengthened the partnership with Singapore's Kilde platform initiated in 2024 and successfully mobilized additional digital loan funding.

# Customer Service & Complaint Management.

**137,158**
Total customers

**273**
Feedback and complaints received (2025)

**272**
Resolved (2025)

**99.6%**
Resolution rate

## Complaint & Dispute Resolution Mechanism

Under the "Customer Voice Policy," feedback, requests, and complaints are received via branches, phone, digital channels, and social media; registered, forwarded to responsible units, resolved within SLA timeframes, and formally responded to customers.

In 2025, 272 out of 273 feedback and complaints received from the public were resolved, achieving a resolution rate of 99.6%.

## IDCXS Certification (2025)

Our company was successfully certified under the IDCXS standard in 2024 to meet customer service and complaint resolution process standards, and was recertified in October 2025.

This certification directly contributed to strengthening operational transparency, stability, KPI reporting foundations, and reducing repeat complaints.

# Green Loan Portfolio & Structure.

**5.2%**

Share of green loan portfolio in total loan portfolio

Green loans constitute **5.2%** of the Group's total loan portfolio, demonstrating consistent progress in sustainable finance.

2025 PORTFOLIO

## Green Loan Products:

| | |
|---|---|
| Household loan | 9.2 billion ₮ |
| Digital goods | 3.8 billion ₮ |
| Auto loan | 0.24 billion ₮ |
| Others | ≈ 7 million ₮ |
| **TOTAL** | **13.2 billion ₮** |

# Green Auto Loan.

GREEN AUTO LOAN PRODUCT

## Loan conditions:

Maximum Loan Amount
**100 million ₮**

Loan Term
**Up to 96 months**

Down Paymen
**10% or more**

Eligible Vehicle
**New / 0 km**

MONTHLY INTEREST RATE — BY DOWN PAYMENT PERCENTAGE:

# Green Loan Portfolio Roadmap.

Strategic target to grow the loan portfolio to **122 billion ₮** by 2030.


### 3 KEY PRINCIPLES:

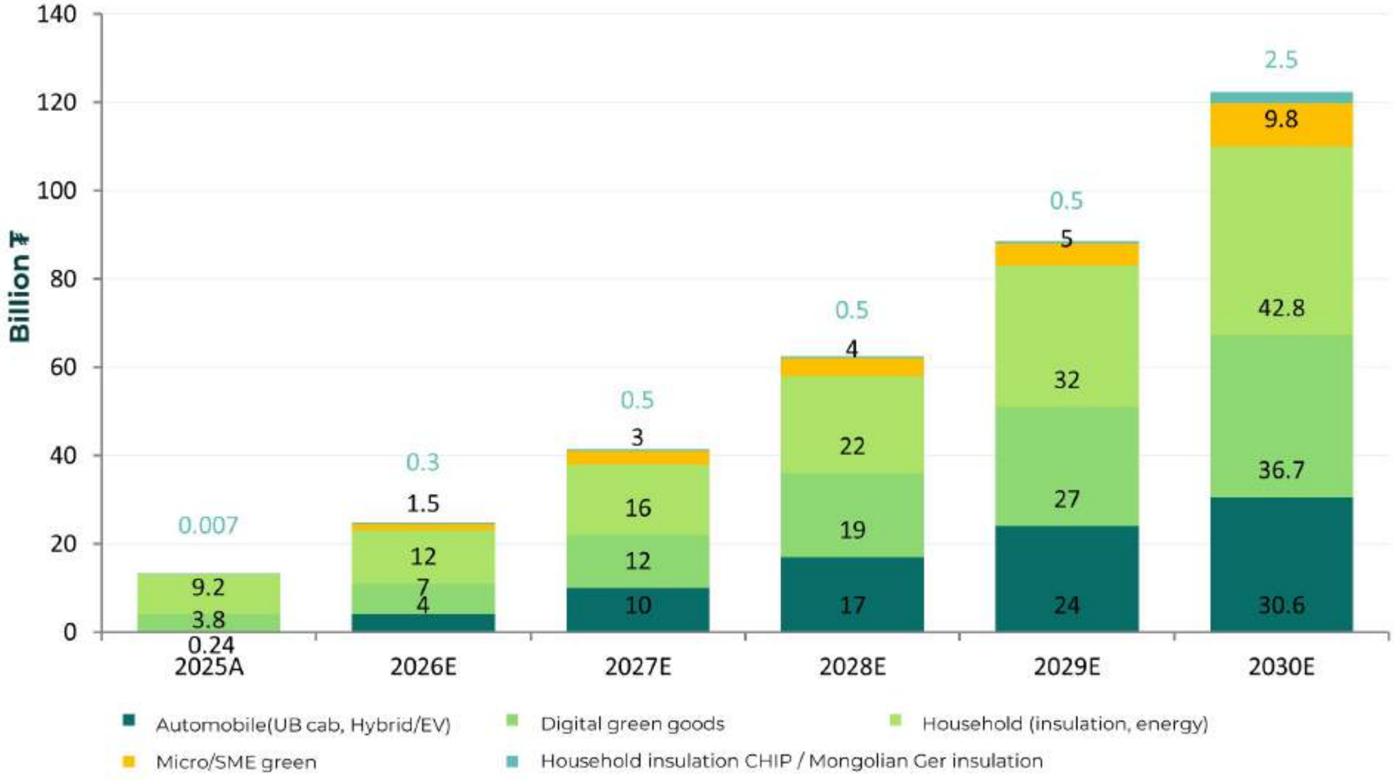
**Internal funding**
Primary financing base from savings and deposits

**Sustainable growth**
Medium-scale financing to reach the 18% portfolio target

**International partnerships**
Additional funding from international green funds and development banks

# Toward Sustainable Development 2025 → 2030.

Auto, digital green goods, household insulation, micro SME — **5 segments with 9.3× growth**




**GREEN LOAN GROWTH 2025→2030:**

| GREEN LOAN | 2025 | 2030 |
|---|---|---|
| **Automobile** | 0.2Bn | **30.6Bn** 127× growth |
| **Digital green goods** | 3.8Bn | **36.7Bn** 9.7× growth |
| **Household insulation** | 9.2Bn | **42.8Bn** 4.7× growth |
| **Micro/SME green** | — | **9.8Bn** new |
| **Corporate B2B** | — | **2.5Bn** new |
| **TOTAL:** | 13.2Bn | **122.4Bn** 9.3× overall |

# ESG Risk Management Framework.

**Board of Directors (BoD)**

Sustainability, Social & Governance Committee · Strategy and policy approval

**Deputy CEO for Risk Management**

Overall ESG risk oversight and decision-making

**Risk Management Department (RMD)**

*ESG assessment methodology, monitoring, reporting — 2nd line of defense*

**Business Units**

Loan Department & Branches — Assessment, data collection, customer interaction
1st line of defense

**SUPPORTING POLICIES:**

- **Sustainable Finance Policy**
- **Loan ESG Risk Policy**
- **General Risk Management Policy**
- **General Compliance Risk Policy**
- **Gender Equality Policy**
- **Code of Ethics · Whistleblowing Policy**

# Borrower ESG Risk Assessment Process.

CREDIT DECISION-MAKING CONSIDERATIONS: FINDINGS SUMMARY & REMEDIATION PLAN

**01** Prohibited activities screening — 20 activities

**02** Sector preliminary assessment — 50 million ₮ · >12 months

**03** Borrower level ESG assessment — 5 criteria

**04** Detailed ESG risk assessment — 20 criteria + sector

## FACTORS CONSIDERED:

*Environment*
Energy/GHG · Water · Waste · Biodiversity · Climate risk · Pollution

*Health, safety & labour*
OHS · Construction · Physical hazards · Chemical/radioactive material storage

*Social: Community*
Land use · Indigenous peoples · Cultural heritage · Gender

*Sector-specific (SFS principles)*
Mining · Agriculture · Construction · Manufacturing · Wool & cashmere

## PROHIBITED ACTIVITIES FOR FINANCING

**20** categories:

- Illegal narcotics
- Gambling / Casino
- Forced labor
- Weapons manufacturing
- Asbestos · PCB · Ozone-depleting substances
- Protected areas
- CITES animals and plants

**If non-compliant → REJECT**

# Borrower ESG Risk Assessment Process Results.

COMPREHENSIVE APPROACH: All ESG risk factors are integrated into the ESG risk management framework and managed through regular monitoring, reporting, and improvement.

## Environmental

**100%**

Corporate loans covered by ESG assessment

**Key factors:**

- Climate risk
- GHG emissions
- Energy consumption and waste management

**Actions taken:**

- Mandatory ESG assessment for borrowers (20 criteria)
- GHG emissions reporting preparation
- Paperless workflow, energy-efficient office

## Social

**100%**

Employees trained on ESG

**Key factors:**

- Gender inequality
- Employee development and skills instability
- Borrower social impact

**Actions taken:**

- Gender equality policy adopted and implemented
- ESG + ethics training for all employees
- Whistleblowing policy and confidential reporting channel active

## Governance

**6**

Updated 6 Policies/regulations (2025)

**Key factors:**

- Loan quality risk, NPL growth
- New regulatory requirements
- Market interest rate and exchange rate fluctuations

**Actions taken:**

- Risk-based assessment, multi-stage loan decision
- Three lines of defense — Business · Risk
- Internal audit · Regular reporting

# 2025 Targets & Performance.

**100%**
**New corporate loans ESG screened**
*New corporate loans — ESG screened*

**6**
**Policies adopted or revised**
*Policies adopted or revised*

**100%**
**Staff trained on ESG fundamentals**
*Staff trained on ESG fundamentals*

| Performance Table | Target | Result | Төлөв |
|---|---|---|---|
| **ESG & Governance** | Target: Implement loan ESG screening | 100% implemented | Achieved |
| **Governance Policy** | Update policies and regulations | 6/6 documents | Achieved |
| **Gender Equality** | Adopt and implement policy | Adopted, being enforced | Achieved |
| **HR & Training** | ESG + ethics training | 100% of employees covered | Achieved |
| **Sustainable Finance** | Expand products | Ongoing | In Progress |
| **GHG Reporting** | Reporting preparation | Methodology developed | In Progress |

VISION · FUTURE INITIATIVES

# Sustainable Development Vision.

03

# Vision & Upcoming Actions. Sustainability Vision.

The Group organizes social responsibility activities every year and contributes to sustainable development. We operate with the following five pillars embedded in our vision.

Upcoming Actions:

- ✓ Increase employment
- ✓ Expand green loans
- ✓ Model green office
- ✓ Products to reduce air pollution

**Sustainability**

Foundation for long-term development

**Climate Risk**

Mitigation and adaptation

**Gender Equality**

Inclusive employment

**Sustainable Finance**

Responsible investment

**Green Finance**

Green loans, green office

# Institutional Financial Accessibility.

ACCESSIBLE SERVICES · 2025

21
provinces

8
districts

*Delivering financial services across Mongolia's broad territory via the NetPay application.*

NETPAY · DIGITAL PLATFORM

## Access loans anytime, anywhere in the world

After a one-time contract, loans can be accessed from anywhere via the NetPay app. Expanding rural financial accessibility and jointly implementing community-needed projects.

SERVICE SECTORS:

- Kindergarten
- Hospital
- Public utilities
- Healthcare
- Tree planting

**21 provinces · 8 districts · 5 social sectors**

## Sustainable Finance Policy.

Netcapital Finance Corporation NBFI LLC's sustainable finance policy is aimed at supporting the Group's contribution to Mongolia's long-term development and the achievement of environmental, social, and governance objectives through its financial products and services, as well as its corporate social responsibility activities.

### 01 Secure loan funding

Expand funding sources from international impact finance and domestic markets.

### 02 Provide green loans

Green loan products for green business operators and individuals.

### 03 ESG assessment

Conduct environmental, social, and governance risk assessment on loan applications.

### 04 Support micro & SMEs

Increase micro business loans and support small-to-medium enterprises.

# Strategic Priority Directions.

Aligned with Vision 2050, the Paris Agreement, and the UN Sustainable Development Goals, four strategic directions have been established to define the Group's future development. Specific targets, metrics, and accountability frameworks will be further developed under these directions.

### Sustainable Finance

- Support responsible businesses
- Green loan products and services
- Loan ESG risk assessment
- Relations and financing with international financial institutions
- International and domestic sustainable finance initiatives

### Sustainable Social Investment

- Corporate social responsibility strategy and fund
- Social responsibility projects and programs

### Sustainable Collaboration & Reporting

- Annual operational, financial, and SFS reports
- Questionnaires and reports from investors, partners, and regulatory bodies
- Audit and stakeholder engagement

### Sustainable Operations

- HR policy and sustainable employment
- Corporate governance
- Environmentally friendly work environment
- Diverse and inclusive operations
- Information security and audit

NET CAPITAL
financial group

# Thank you

SF Report · 2025

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