



GOLOMT BANK

Investing for a brighter future

Principles for
Responsible
Banking

PROGRESS REPORT

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Founded in 1995, Golomt Bank has been a pioneer bank in the Mongolian banking sector. We are one of the 5 systemically important banks and third largest Bank of Mongolia in terms of the asset size.

Golomt Bank is one of the 30 founding member banks of the PRBs. We officially signed to the Principles during the UN Roundtable Meeting on Sept.22, 2019 together with 131 other global banks and pledged to align our strategy and business operations with international and national level sustainable development frameworks, including Paris Agreement, SDGs and National Determined Contribution (NDC). Golomt Bank has also joined the UNEP FI's Collective Commitment to Climate Action (CCCA) and is committed to contribute to the temperature goals of the Paris Agreement which is to keep the global warming well-below 2°C above pre-industrial levels by 2100- equivalent to net zero before 2065.

Introduction

The Principles for Responsible Banking (PRB) are a unique framework for ensuring that signatory banks' strategy and practice align with the vision society has set out for its future in the Sustainable Development Goals and the Paris Agreement.

The PRBs define the roles and responsibilities of the financial industry in implementing the UN Sustainable Development Goals, and sets 6 principles that guide the financial sector in expanding its positive impact on society and the environment, and mitigate its negative impact.

Principles for Responsible Banking



The PRB signatories are required to

1

Analyze the major impacts of banking business in the social, environmental and economic sectors


2

Establish mid-to long-term goals and implementation plans related to major impacts, and then implement them

3

Meet the three-level requirement to fulfill the obligation to publicly report on the progress.

This report discloses the progress of Golomt Bank's efforts to implement the PRBs.

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
 Principle 1: Alignment We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.		
<p>1.1 Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.</p>	<p>Founded in 1995, Golomt Bank has been a pioneer bank in the Mongolian banking sector. We are one of the 5 systemically important banks and third largest bank of Mongolia in terms of the asset size.</p> <p>We operate through three main business segments including Retail, SME and Corporate banking.</p> <p>Following three main products are provided in the main customer segments:</p> <ol style="list-style-type: none"> <u>1. Business loan</u> (SME loan, Corporate loan, Project funded loan, Trade finance loan) <u>2. Mortgage loan</u> <u>3. Consumer loan</u> (Vehicle loan, Salary loan, Credit card, Savings backed loan) <p>Golomt Bank's loan portfolio consists of Corporate lending-36%, SME-26% and Retail lending-38% as of 31 December 2021.</p> <p>Golomt Bank has recognized as the Best Corporate Banking of Mongolia, serving to the 90% of Mongolian top 100 corporate companies.</p> <p>As one of the top banks in Mongolia, we are committed to align and maintain the sustainable and responsible banking practices at all level of operations.</p>	

1.2 Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

In the reporting year of 2021, Golomt Bank has identified Sustainable Development as one of the key *six strategic directions* of the bank and established our short term Sustainable Development Strategy.

Golomt Bank's main directions of sustainability strategy is to establish and maintain a sustainable governance, develop climate risk management, accelerate sustainable and green financing, and engage with key stakeholders and work together for the implementation of environmental and social priorities of the country.

Our strategy objectives support 10 of 17 United Nations Sustainable Development Goals as well as the Paris Agreement's goal of transitioning to net zero emissions by 2050.

Following four areas were identified as key pillars of the Bank's sustainable development and outline our approach and commitments that seek to support the SDGs and National Determined Contribution (NDC):

- **Sustainable Governance**

We aim to develop sustainability driven governance across the bank including sustainability supportive management, reduction of own environmental and social footprints of the bank, sustainability capacity building of all employees and develop sustainability reports aligned with the international standards.

- **Climate risk management**

We will enhance our E&S risk management system and develop climate risk management in alignment with our commitment to reduce climate change risk and contribute to the international and national goals of reducing the GHG emissions.

- **Sustainable Finance**

We will contribute to the achievement of SDGs by expanding our green investments and loans and by incentivizing effective cooperation with international and multilateral DFIs to increase our sustainable funding. We aim to increase our green loan portfolio by launching following green products:

- Green Business loan
- Green Mortgage loan
- Eco car loan
- Green Deposit product etc.

- **Stakeholders engagement**

We will closely collaborate with key stakeholders of sustainable development implementation in the country including our clients, regulators, financial sector associations, academies, and DFIs. Our main directions of stakeholders' engagement incorporate the implementation areas of NDC, SDGs and climate change reduction goals.



Principle 2: Impact and Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis:

Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:

- Scope:** The bank's core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.
- Scale of Exposure:** In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.
- Context & Relevance:** Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.
- Scale and intensity/salience of impact:** In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services.

Golomt Bank has been building an internal capacity to assess the climate associated risks and incorporating climate risks into our environmental and social risk management system. As a member bank of the Collective Commitment to Climate Action (CCCA), we are fully committed to engage in initiatives to reduce greenhouse gas emissions and manage climate change risks.

In alignment with the Principle #2 and CCCA commitment, we have established a working group consisting of E&S risk assessment experts, sustainable finance managers and credit risk managers of the bank. The working group studied the impact analysis framework and structure, conducted an analysis on the bank's total loan portfolio. In addition, Golomt Bank actively involved in webinars and conference calls held by the PRB Working Group on Impact Analysis as well as CCCA sessions guiding banks on how to assess portfolio climate risks.

In order to assess and identify bank's significant positive and negative impacts on environment and society, Golomt Bank has successfully conducted an impact analysis using UNEP FI's *Portfolio Impact Analysis Tool for Banks*, as a fundamental step to implement the Principles for Responsible Banking. We have analysed the total loan portfolio as of Oct 2021, assessing our all loan segments including retail, SME and corporate loans.

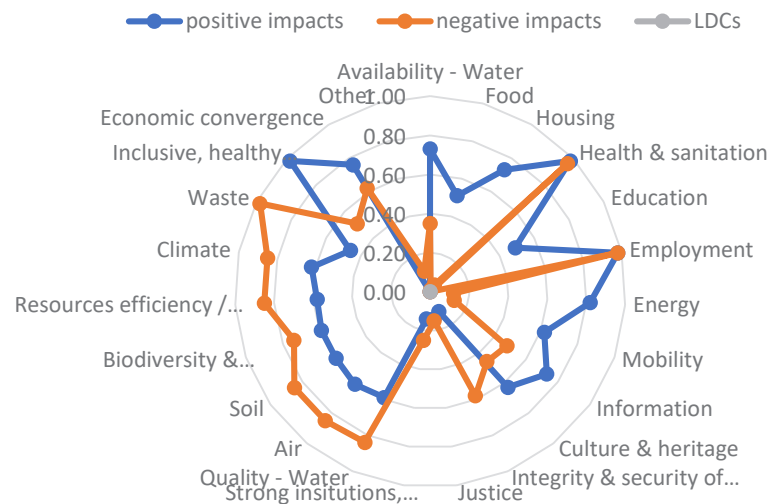
The result of the analysis showed that the following impact areas were affected by our loan portfolio:

(your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))

Show that building on this analysis, the bank has

- Identified and disclosed its areas of most significant (potential) positive and negative impact
- Identified strategic business opportunities in relation to the increase of positive impacts / reduction of negative impacts

Impact Associations - Corporate Banking



In relation to identifying the most significant impact areas among resulted areas, we have further analysed the key economic sectors and respective clients behind each impact area, and studied more about the key concerns of the country regarding environment and society. In addition, we actively engaged with the UNEP FI's climate and banking specialists to receive feedbacks on the bank's analysis.

We have also held internal comprehensive discussions with the respective relationship managers of clients operating in the key economic sectors in order to outline the loan associated risks and negative E&S impacts.

Building on the analysis, we identified our most significant impacts as below. The significant impacts are approved and supported by the bank's Sustainable Development Committee.

- **Climate** – The proportion of the portfolio affecting to climate is 47%, and fighting against climate change is a priority topic of the country, as Mongolia is one of the 20 countries that are most vulnerable to the climate change.

	<ul style="list-style-type: none"> • Availability of water – The proportion of the portfolio affecting water is 32%. The availability and quality of the water is an emerging high risk for Mongolia, as the recent study shows that the country will face water scarcity by 2030. Thus, by recognising both climate and availability of water as our greatest impacts, Golomt bank will contribute to the NDC, Government Vision 2050, Mongolian Sustainable Finance Roadmap, Sustainable Development Goals and CCCA commitment. <p>In regards to business opportunities relying under the identified significant impacts, we identified carbon-intensive (production of construction materials, power generation and energy, heat production and land transportation) and water intensive industries (textile, agriculture and mining) which are also strategically important industries of Mongolian economy. Golomt Bank aims to support and finance the negative impacts reduction projects in climate and water availability of the above industries.</p> <p>We identified above carbon intensive sectors and focus on mitigating the effects of climate by implementing above targets. Therefore, we plan to support CO2 reduction in carbon intensive sectors for enhancing our positive contribution to the bank's own Sustainable Development Strategy, NDC, and SDG.</p> <p>In regards to the adaptation process, we will study more about significant positive impacts during the PRB implementing years.</p>	
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.</p> <p>We have undertaken an Impact Analysis utilizing the banking portfolio tool provided by UNEP FI and identified 2 significant negative impacts associated with our total loan portfolio including retail, business and corporate banking segments. In 2022, we will continue analysing the portfolio impacts in which we can maximize our positive impacts towards environment and society.</p>		

2.2 Target Setting

Show that the bank has set and published a minimum of two **Specific, Measurable** (can be qualitative or quantitative), **Achievable, Relevant** and **Time-bound** (SMART) targets, which address at least two of the identified “areas of most significant impact”, resulting from the bank’s activities and provision of products and services.

Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.

Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society’s goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.

This year, while approving the targets within Sustainable Development Strategy for 2021 and beyond, we have set a goal to fund and facilitate at least USD 45 million by 2025 towards sustainable solutions for our customers including green and sustainable initiatives that contribute to environment resilience.

Furthermore, in relation with the identified significant negative impacts we have set the following qualitative targets in 2022:

- **Climate impact:**

We will measure CO2 emissions of carbon-intensive sectors, develop an accurate baseline of CO2 emission and will set reduction targets for the identified carbon-intensive industries in 2022. We will support our clients to mitigate their climate risks and to reduce operational carbon emission by providing our green financing for mitigation purposes.

- **Water impact:**

Regarding the water-intensive industries, we will strengthen our credit E&S risk assessment by enhancing our risk questionnaire towards clients’ water consumption and by including a water index classifying their annual total consumption as low, medium and high. By thoroughly assessing clients’ water management (annual consumption, waste water, water recycling etc), Golomt Bank aims to consider the loan’s water impact more seriously at the Credit Committee’s decision. We will also support the clients in water-intensive industries to better and sustain their water management by providing our green financing.

Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Target Setting.

In 2021, Golomt bank has set the initially required targets for the identified impacts such as understanding the underlying industries, evaluating the negative impacts, and setting a baseline for reduction targets. In 2022, we will periodically review our progress and based on our baseline data, we will set quantitative targets for climate and water availability.

<p>2.3 Plans for Target Implementation and Monitoring</p> <p>Show that your bank has defined actions and milestones to meet the set targets.</p> <p>Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.</p>	<p>Regarding the climate impact related targets, we defined the following actions:</p> <ul style="list-style-type: none"> • Determine the CO2 emission measurement methodology • Measure CO2 emission for carbon-intensive industries • Set database for CO2 emission of carbon-intensive portfolio, identify loans that are most carbon-intensive • Set quantitative targets for CO2 emission reduction • Support our clients in carbon-intensive industries by providing green loans to reduce their negative impacts towards climate, closely monitor and report the loan portfolio impacts. <p>We will utilize the PCAF methodology for the bank's CO2 emission reduction targets.</p> <p>In terms of the availability of water impact, we have set the following actions:</p> <ul style="list-style-type: none"> • Enhance our E&S risk assessment procedure for the identified water-intensive sectors by adding water management questionnaire and water index. • Mandatory measure annual water consumption of water-intensive industries • Set database of water-intensive portfolio and identify the loans with the most unsustainable water management • Set quantitative reduction targets for unsustainable water consumption by supporting our clients with negative impacts for water availability. <p>Golomt Bank has established a Sustainable Development Committee chaired by the CEO to oversee the sustainable development efforts within the Bank. The committee will also monitor the implementation of the sustainable targets on a bi-monthly basis reviewing the updates on the PRBs implementation.</p> <p>In 2021, Golomt bank has established a separate Sustainable Finance Department which is responsible for coordination and overall implementation of the bank's sustainability strategy and PRBs implementation.</p>	
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.</p> <p>Golomt Bank has defined the related actions to meet our initial Targets for reducing negative impacts in climate and water availability. Through the defined accountabilities our Committee and Management have for monitoring and reporting on our ESG targets, Golomt bank is on track for meeting the requirements under this principle. To further align, we will frequently revisit our action plan and will continuously improve the actions when needed.</p>		

<p>2.4 Progress on Implementing Targets</p> <p><u>For each target separately:</u></p> <p>Show that your bank has implemented the actions it had previously defined to meet the set target.</p> <p>Or explain why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target.</p> <p>Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures)</p>	<ul style="list-style-type: none"> Regarding the climate impact targets, we have implemented the following actions: First, we have identified the carbon-intensive industries in our loan portfolio based on our E&S risk assessment database. As per our database, the most carbon intensive industries were from the groups of coal users (heavy manufacturing, power generation and heat production) and coal producers, which are also intensive fuel users (mining i.e heavy machineries and land transportation). Then, we have defined the methodology to measure the CO2 emission of these industries by employing the annual coal and fuel consumption data. We are currently using the ER tool developed by the Ministry of Environment and Tourism of Mongolia and began measuring CO2 emission of carbon-intensive loans at our E&S risk screening process. We plan to have a solid database of CO2 emission of carbon-intensive sectors, then set quantitative reduction targets for bank's financed CO2 emission. Additionally, we have developed a green business loan product to support our clients' green and sustainable projects. By utilizing our green product, we are committed to strategically support our clients from the carbon-intensive industries to reduce their carbon emission and their transition from "brown" to "green." In relation with the water availability impact targets, we have implemented the following actions: First, we did a screening of our total loan portfolio to better understand what industries are the most water-intensive. Based on our evaluation, we have identified the economic sectors that have unsustainable water management and heavy water consumption as heavy manufacturing, textile, meat processing, agriculture and mining. Then, we have developed a water index for these water-intensive sectors based on their annual water consumption and high water index will affect the bank's investment decision. In accordance with our enhanced E&S risk assessment screening for water-intensive sectors, we will develop a database which then help us to set quantitative targets for the negative impact reduction for water availability. Also, same with the carbon-intensive industries, Golomt bank will support the clients' ambitions and needs to develop a sustainable water management by providing sustainable financing for clients in water-intensive sectors. 	
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Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets

We continue reporting our progress under this principle in 2021 and beyond.



Principle 3: Clients and Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.

At Golomt Bank, we value our relationship with customers and consider that sustainable relationship with customers is essential to our success and ability to create long-term value.

As such, our purpose and our key areas of ESG priorities and responsible banking are essential with respect to how we engage with and support our customers.

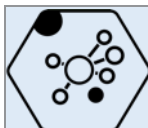
In 2021, Golomt Bank promoted responsible relationship with its customers to win the fight against Covid-19 and supported our clients by implementing the following key actions:

- Within the context of strengthening our corporate banking relations, Golomt Bank annually organizes a Financial Manager's Convention forum among the key corporations and business companies of Mongolia to connect the financial and business sector leaders and discuss about the new economic opportunities. In 2021, the forum was organized under the topic of Build back better and Golomt Bank encouraged the clients and customers to develop a better future after the pandemic, while maintaining the new style working.
- Total of 16,780 borrowers' loans were restructured due to COVID-19 including corporate, micro and SME, consumer and mortgage loans.
- Golomt Bank implemented a Financial Capacity Building Program dedicated for women business owners and entrepreneurs and organized 32 trainings for 350 participants. We signed a MoU with Women Entrepreneur Mentors Club and closely support its activities for women business owners.

In terms of maintaining a responsible relationship with our customers, we have the following internal policies and practices:

- "Code of Ethics" is mandated for all Golomt Bank's employees to maintain their professional ethics whilst adopting Compliance policy, Regulation on

	<p>preventing and Combating Corruption, Anti-fraud policy, and Breach of Conduct Reporting Policy (Whistle Blowing). The bank promotes our compliance culture by appointing a “Compliance Ambassador” among the employees to monitor any disrupts related with the client’s relationship, data and overall professionalism</p> <ul style="list-style-type: none"> • Our customer relationship staffs trained for “Introduction of dual vocational training for bank specialists” to strengthen their customer service capabilities aligned with the international standards. 	
<p>3.2 Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.</p>	<p>In accordance with our short term Sustainable Development Strategy, we will focus on the following activities to encourage clients’ sustainable practices:</p> <ul style="list-style-type: none"> • E&S Risk management system Golomt Bank has an E&S risk management system for its portfolio which assesses all business loans by our E&S risk expert. By enabling our clients to communicate back on their E&S risk evaluation, we support our clients to better understand their operational risks associated with environment and society. Also, our credit E&S risk assessment procedure raises awareness among clients and gives incentives to reduce their negative E&S footprints. In 2021, we included a climate risk assessment in our E&S risk management system and began measuring clients’ operational carbon emission. The carbon emission assessment will also educate our clients on their carbon footprints and will provide recommendations on reducing their carbon emission. • Sustainable Financing We aim to provide sustainable financing for our clients and support their sustainable projects. In 2021, Golomt bank has successfully raised foreign funding with total amount of USD 30.5 million and was able to facilitate the proceeds to support for Micro, SME and sustainable projects and loans. As per Mongolian Green Taxonomy, Golomt Bank’s green loan portfolio amounted USD 34.2 million in 2021, which includes renewable energy, energy efficiency, sustainable waste, etc. In 2022, we plan to develop more green loan products to suit our clients’ sustainability needs. As of April 2022, we have launched the following green loan products into the market • Eco car loan product • Green business loan product • Green housing and mortgage product. 	



Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 Describe which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.

Golomt Bank actively engages and consults with a range of internal and external stakeholders to continuously seek their views to help inform our identification of ESG risks and opportunities towards effective implementation of the PRBs, NDC, SDGs and other important commitments.


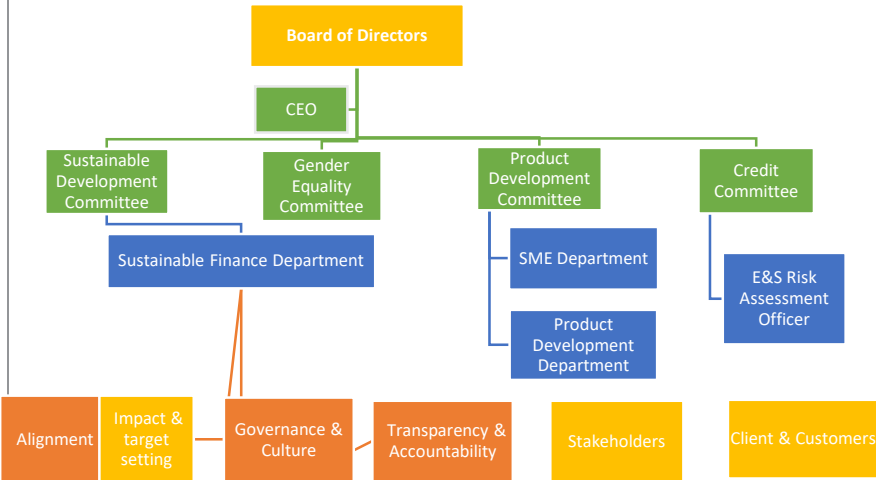
We initially identified our key stakeholders as follows:

- Investors
- Customer
- Partners
- Business Community (Mongolian Sustainable Finance Association ("MSFA"), Peer Banks, Rating agencies etc.)
- Employees
- State Regulators (Bank of Mongolia, State Bodies, Finance Regulatory Commission etc)
- Society-Communities (Media, NGOs, etc)

During the Covid 19 pandemic, we focused on our deep support and engagement with our stakeholders. In 2021, following key actions and results were achieved in order to improve our stakeholders' engagement and implementation of PRBs:

- Initially identified our key stakeholders based on sustainability impacts.
- Engaged relevant stakeholders in our portfolio impact analysis process, effectively addressed the significant impacts of our portfolio and target setting.
- Established new engagements with sustainability related stakeholders such as UNIDO, UNICEF etc.
- Closely cooperated with MSFA as a "Sustainable Finance Lead Bank" recognised by MSFA. As a lead Bank, we supported various activities organized by MSFA and co-organized the annual Mongolian Sustainable Finance Forum among the financial sector stakeholders. During the Forum, Golomt Bank introduced its commitment to PRBs and relevant updates

	<p>while encouraging peer banks to align their strategy and business to jointly contribute to SDGs and NDC.</p> <p>In the next implementing years, we will strengthen opinion exchanges with our stakeholders and will incorporate their valuable opinions into our key decision making. We will also promote diversified internal and external communication channels for our stakeholders.</p>	
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 <p>Principle 5: Governance & Culture We will implement our commitment to these Principles through effective governance and a culture of responsible banking</p>		
<p>5.1 Describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.</p>	<p>Golomt Bank's governance structure, internal policies and procedures implemented towards ESG objectives and PRBs is illustrated below:</p> 	

	<p>Golomt Bank's sustainable governance structure consists of the Board, Sustainable Development Committee, Gender Committee, Product Development Committee, Credit Committees and other respective units.</p> <ul style="list-style-type: none"> The Board of Directors The Board of Directors oversees and monitors the fulfillment of bank's main strategic directions and is the ultimate decision making body for matters of main strategic, financial, regulatory or reputational significance. As such, the Board of Directors is responsible for the oversight of ESG matters, including environmental and climate-related risks. In 2021, we've established Sustainable Development Committee to help oversee the implementation of sustainable development strategy and its targets. Sustainable Development Committee The Committee is responsible for monitoring, overseeing and managing all the sustainability related matters including implementation of bank's Sustainable Development Strategy. The Committee is chaired by the CEO and supported by the Sustainable Finance Department, a department established to coordinate the sustainable efforts of the Bank. Gender Equality Committee Gender Equality Committee, also chaired by CEO aims for supporting gender equality and inclusiveness for Bank's employees and our customers. Sustainable Finance Department Sustainable Finance Department is responsible for the coordination, implementation of the PRBs, Sustainable Development Strategy and Sustainable financing. Product Development Committee & Credit Committee Product Development Committee takes the leading role to develop and launch the green/sustainable products and services of the Bank. The Credit Committee ensures the proper implementation of risk management framework for environmental and social risks. All business loan applications are pre-assessed by E&S risk experts and then approved by Credit Committee. 	
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<p>5.2 Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.</p>	<p>Golomt Bank's Training Department organizes sustainability related trainings to strengthen capacity building and raise sustainability awareness among all employees.</p> <p>In 2021, more than 80% of total employees have joined and participated in sustainability related trainings including internal (Sustainable Development, Green Finance and credit E&S risk assessment) and external trainings organized by related academies and centres.</p>	
<p>5.3 Governance and Structure for Implementing of the Principles</p> <p>Show that your bank has a governance structure in place for the implementation of the PRB, including:</p> <ul style="list-style-type: none"> a) target-setting and actions to achieve targets set b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected. 	<p>ESG Roles & Responsibility</p> <p>Golomt Bank's governance structure showcased under section PRB 5.1 provides the structure for effective and responsible decision-making within the Bank ensuring we meet our ESG objectives.</p> <p>In addition, our risk management framework and policies, internal audit function and other established systems and procedures help us effectively mitigate ESG risks.</p> <p>Moreover, Bank's Sustainable Development Committee and Gender Committee is responsible for oversight, review and/or approval of matters relating to our ESG priorities including the performance against targets.</p> <p>We report on our progress to align with the PRBs and implementation of sustainable development actions to the Committees on a bi-monthly basis.</p>	
<p>Please provide your bank's conclusion/ statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.</p>		
<p>Golomt Bank has well fulfilled the governance requirements through our existing governance structures and addition of the new Committees in 2021.</p>		



Principle 6: Transparency & Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

1.1 Progress on Implementing the Principles

Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).

Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.

Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.

Our Progress in 2021:

In 2021, the Bank has prioritized and strongly committed in implementing following four specific principles for building effective and systematic PRB implementation process, whilst developing our disclosures ready to align with international standards.

Principle 1 – Alignment

Principle 2 – Impact Analysis & Target Setting

Principle 5 - Governance & Culture

Principle 6- Transparency and Accountability

Golomt Bank's Annual report and Sustainable Development Report provides overall updates on 2021 activities, including our progress on implementing PRB, our Sustainable Development Strategy, impact analysis results, target setting and other sustainability related topics. We have highlighted some of PRB progresses below:

Principle 1 – Alignment

- Established and approved Sustainable Development Strategy 2022-2025
- Our strategic priorities are aligned to the SDGs and NDC

Principle 2 – Impact Analysis & Target Setting

- identified Carbon Intensive sectors in our Loan Portfolio using *The Portfolio Impact Analysis Tool for Banks*
- set targets that address two of our most significant impacts, aligned with the Paris Agreement and SDGs

Principle 3 – Clients & Customers

- Organized events to strengthen our customer engagement.

	<ul style="list-style-type: none"> - Signed a MoU with Women Entrepreneur Mentors Club to support women entrepreneurs - Restructured borrower's loan to reduce COVID 19 impacts. - Co-organized Financial Capacity Building Program for women entrepreneurs to support their business. <p>Principle 4 - Stakeholders</p> <ul style="list-style-type: none"> - Expanded relations with sustainability related stakeholders such UNIDO, UNICEF etc. - Co-organized the annual Mongolian Sustainable Finance Forum - Closely cooperated with MSFA to support sustainable related activities <p>Principle 5 - Governance & Culture</p> <ul style="list-style-type: none"> - Strengthened management oversight in relation to accountability and governance and established Gender Committee as well as the Sustainable Development Committee - Segregated duties of a unit to coordinate and align the units' sustainable actions plan - Enhanced Credit E&S Risk Assessment Policy <p>Principle 6 - Transparency and Accountability</p> <ul style="list-style-type: none"> - Disclosed PRB implementation report for the years 2020, 2021 in the Sustainable Development Reports - Sustainable Development Committee is provided with updates on our implementation of the requirements of PRBs 	
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking</p> <p>In 2021, Golomt Bank has fulfilled several requirements under PRBs. We have implemented impact analysis on our credit portfolio according to the portfolio analysis tool and set fundamental targets to reduce the negative impacts for the identified areas which are "climate" and "water availability." We have established Sustainable Development Committee which supports an appropriate governance over the PRBs implementation across the Bank. We have also approved Sustainable Development Strategy which highlights targets on climate risk assessment, sustainable financing and alignment with sustainability reporting standard. We will continue work on our action plan and will continuously improve our progress over PRBs.</p>		