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.

This is our third PRB self-assessment report and, in line with PRB requirements questions 2.1, 2.2, 2.3, and 5.1 are subject to EY limited assurance.

Principles for Responsible Banking

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.

The PRB signatories are required to

1. Analyze the major impacts of banking business in the social, environmental and economic sectors. Establish mid-to long-term goals and implementation plans related to major impacts, and then implement them.

2. Meet the threelevel 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.
**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.

### Business model

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 across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank’s portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

Golomt Bank was established on 6th of March in 1995 as a subsidiary company of Bodi International LLC, a major player in the social and economic sector of Mongolia. We are the 3rd largest bank in terms of total assets. Our main customer segments served are Retail Banking Services 45.2%, Corporate Banking 30.3%, and SME Banking 24.5% as of December 2022. We cooperate with over 110,000 borrowers and approximately 340,000 deposit clients. Golomt Bank has 102 branches and settlement centers across Mongolia. The main products and services we provide are mortgages, SME and corporate lending, payment services, credit card and deposits.

On November 23rd of 2022 Golomt Bank launched the IPO and successfully raised MNT 118.8 billion. As for use of proceeds, the bank intends to dedicate the funds raised from IPO to expanding its credit services. The majority 37% will be used for business loans, 26% will go to SME, 2% to consumer loans, and the remaining will be committed to housing loans.

### Strategy alignment

**Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?**

- ☒ Yes
- ☐ No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.
Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

- [ ] UN Guiding Principles on Business and Human Rights
- [ ] International Labour Organization fundamental conventions
- [ ] UN Global Compact
- [ ] UN Declaration on the Rights of Indigenous Peoples
- [ ] Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: ------------------------
- [ ] Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: ------------------------
- ☒ None of the above

In 2021, Golomt Bank has established its Sustainable Development Strategy which emphasizes four core focus areas:

1. Sustainable Governance,
2. Climate Risk Management,
3. Sustainable Green Financing,
4. Stakeholders' Engagement.

Our strategic focus on climate and water availability is consistent with identified national needs in Mongolia and supported through the assessment of our positive and negative impact areas, utilizing the UNEP FI Portfolio Impact Analysis Tool.

Golomt bank collaborates with peers and is committed to global initiatives, including the United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Responsible Banking (PRB), and is a signatory to the Collective Commitment to Climate Action (CCCA), Paris Climate Agreement, in line with unconditional emission reduction target of 22.7% of Mongolian National Determined Contribution (NDC).

The followings are the key activities that are implemented in 2022, in alignment with our strategic focus on climate and water.

**Climate:**

- Identified carbon-intensive sectors of the total loan portfolio as agriculture, power generation and energy, mining and land transportation
- Developed a methodology to measure carbon emission of the above carbon-intensive sectors. We utilized the ER tool, developed by the Ministry of Environment and Tourism of Mongolia by inputting annual coal and annual fuel consumption of clients.
- Measured the carbon emission of all loans with an outstanding balance as of 31 December 2022 in carbon-intensive sectors and compiled a baseline data.
- Set carbon emission reduction targets based on the baseline data
- E&S Risk Assessment Policy and green loan product aligned with the CO2 emission reduction targets
Water availability:
- Identified water-intensive sectors of the total loan portfolio as agriculture, gold mining, iron and steel, power generation and manufacturing
- Enhanced our credit E&S risk assessment procedure for the above water-intensive sectors by adding water management questionnaire and water indexes based on the client’s annual consumption
- Measured annual water consumption of all loans with an outstanding balance as of 31 December 2022 in water-intensive industries and set a baseline data.
- Determined water reduction targets based on the collected baseline data
- E&S Risk assessment policy and green loan product aligned with the water usage reduction targets

Golomt Bank has developed the Sustainable Business Strategy 2023 with a focus on the above significant impact areas. We will actively engage with clients in terms of raising awareness on national and international frameworks on climate and water, and will support our customers in carbon and water-intensive sectors who aim to reduce their negative impacts.
**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 (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly and fulfill the following requirements/elements (a-d):

**a) Scope:** What is the scope of your bank’s impact analysis? Please describe which parts of the bank’s core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

In 2021, Golomt Bank has 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. The scope of Golomt Bank’s impact analysis is on our consumer, corporate and SME banking activities in Mongolia. The impact analysis is based on the total loan portfolio data as of October 2021 reflecting the main (only) geography as Mongolia. The scope of the impact analysis covers all segments and sectors of the total loan portfolio of Golomt Bank as of 2021.

**b) Portfolio composition:** Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope

i) by sectors & industries for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or

ii) by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank’s scale of exposure, please elaborate, to show how you have considered where the bank’s core business/major activities lie in terms of industries or sectors.

Yes, we have considered the composition of our portfolio in the impact analysis (which referenced 2021 data):

i) As of 2021 data, the portfolio composition as per sectors and industries is as follows:

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2 That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.

3 Further guidance can be found in the [Interactive Guidance on impact analysis and target setting](#).

4 ‘Key sectors’ relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.
Trade 22.14%, Consumer 19.11%, Mortgage 18.48%, Construction 4.55% Maintenance 7.10%, Mining 11.55%, Manufacturing 6.20%, Other 10.87%.

ii) As of 2021 loan data, the portfolio composition by products and services is as follows:
Retail Banking Services 45.2%, Corporate Banking 30.3%, and SME Banking 24.5% as of December 2021.

Note: As of 2022YE, there were no significant changes in the overall sectoral composition of the portfolio and in the portfolio composition by products and services. However, there was a 7% decrease in the mining sector portfolio due to the pandemic border closure decisions happened in 2022 between Mongolia and China.

c) Context: What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate? Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

This step aims to put your bank’s portfolio impacts into the context of society’s needs.

A framework for reviewing the most relevant challenges and priorities related to sustainable development in Mongolia is supported through the UNEP FI Impact Analysis Tool.

According to the impact analysis tool, the availability of water, housing, employment, mobility, climate, waste, and health and sanitation impact areas are identified as high priority areas in Mongolia:

Table 1- Golomt Bank’s key negative impact areas as a level of country need

<table>
<thead>
<tr>
<th>Impact areas associated with key sectors- Negative</th>
<th>Level of country need- Mongolia</th>
<th>Proportion of Golomt Bank’s portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability- Water</td>
<td>4</td>
<td>32%</td>
</tr>
<tr>
<td>Housing</td>
<td>4</td>
<td>0%</td>
</tr>
<tr>
<td>Employment</td>
<td>4</td>
<td>22%</td>
</tr>
<tr>
<td>Mobility</td>
<td>4</td>
<td>0%</td>
</tr>
<tr>
<td>Air</td>
<td>4</td>
<td>25%</td>
</tr>
</tbody>
</table>

UNEP FI Portfolio Impact Analysis Tool

5 Global priorities might alternatively be considered for banks with highly diversified and international portfolios.
In relation to identifying the most significant impact areas among the above 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.

<table>
<thead>
<tr>
<th>Impact Area</th>
<th>Score</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waste</td>
<td>4</td>
<td>44%</td>
</tr>
<tr>
<td>Health and sanitation</td>
<td>3</td>
<td>70%</td>
</tr>
<tr>
<td>Climate</td>
<td>3</td>
<td>47%</td>
</tr>
</tbody>
</table>

The Impact Analysis shows that Golomt Bank’s consumer banking activities make positive impacts on the areas of “Employment,” “Inclusive, healthy economies” and “Mobility.” The scale of our consumer base transactions is a material promoter of economic activity and access to finance for customers, also it’s a significant contribution to the customers’ mobility. On the other side, the consumer banking has negative impacts on “Climate” and “Resource efficiency/security,” which represent the potential areas to address on a national level.

Golomt Bank’s Business (SME) and Corporate banking activities make positive impacts at a national level on the areas of “Inclusive, healthy economies,” “Health and Sanitation,” and “Employment.” However, we have also identified negative impacts of business and corporate portfolio in “Climate,” “Waste,” “Health and Sanitation,” “Quality of water” as well as “Water availability.”

To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.
We selected “climate” as our significant impact area as such in 2022, we have worked to develop a baseline data of our financed carbon emissions from new loans in carbon intensive industries to form the basis for setting targets.

We have determined “water availability” as our another significant impact area based on the fact that water is an emerging high risk in Mongolia, and by identifying the most water-intensive sectors, Golomt Bank can contribute to the reduce the excessive use of water in water-intensive sectors and is well placed to finance the water efficiency and water saving projects in water intensive portfolio.
Note:
Even though banks shall choose the significant negative impacts of their portfolio and set reduction targets, the targets should be practical and measurable. The reason we are not focusing on the “Health and Sanitation” for our target setting for now is that we currently do not have measurable data for social impact areas. The social sectors will be added to the the SDG Financing Taxonomy of Mongolia, which will be finalised 2023H2. With SDG Financing Taxonomy, our bank will be able to identify social sectors and to measure social indicators of our total portfolio.
Similarly, for other significant negative impacts shown in the above chart such as air, soil, biodiversity and ecosystems, resource efficiency/security, waste etc., currently, the measurable sufficient data is not available at the portfolio level. On the other hand, through our credit E&S risk assessment, we have been assessing client’s water consumption and water sources, as well as client’s coal and fuel usage impacts more in details based on the sectors. In our analysis, the affecting sectors of climate and water areas are the major significant economic sectors of Mongolia, and Golomt Bank is willing to reduce the negative impacts of these sectors to become more sustainable.

<table>
<thead>
<tr>
<th>d) For these (min. two prioritized impact areas): <strong>Performance measurement:</strong> Has your bank identified which sectors &amp; industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank’s context.</th>
</tr>
</thead>
<tbody>
<tr>
<td>In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank’s current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank’s activities and provision of products and services. If you have identified climate and/or financial health&amp;inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex.</td>
</tr>
<tr>
<td>If your bank has taken another approach to assess the intensity of impact resulting from the bank’s activities and provision of products and services, please describe this.</td>
</tr>
<tr>
<td><strong>The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.</strong></td>
</tr>
</tbody>
</table>

Based on our portfolio analysis and impact areas identified from our banking activities, we have identified that we can significantly contribute to the areas of “climate” and “availability of water”, as these areas have the significant proportion in our portfolio.

- **Climate**- The proportion of the portfolio affecting climate is 47%.

  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. In 2022, Golomt Bank has outlined its methodology to measure the carbon emission of the carbon intensive sectors of the portfolio (as outlined in the UNEP FI Climate target setting guideline) which are agriculture, power generation and energy, mining and land transportation.

  **UNEP FI Portfolio Impact Analysis Tool**
  **PCAF Computation – will be reporting publicly commencing from 2025**
We have built a baseline data on the carbon emission of all loans issued in carbon intensive industries based on the clients’ data on annual coal and fuel consumption.

In March 2023, Golomt Bank has signed to the Partnership for Carbon Accounting Financials (PCAF). We have applied the PCAF methodology in order to calculate the banks’ financed emission.

As per our 2022 baseline data, Golomt Bank’s financed carbon emission of loans issued in carbon intensive industries amounts to 624,541.43 tn CO2e.

### Table 2 - Golomt Bank’s total financed carbon emission from loans in 2022 in carbon intensive industries

<table>
<thead>
<tr>
<th>Sector</th>
<th>Sub-Sector</th>
<th>Financial Emission /tnCO2e/</th>
<th>Number of loans</th>
<th>Percentage of total financed carbon emission</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mining</td>
<td>Gold</td>
<td>280,889.10</td>
<td>2</td>
<td>44.98%</td>
</tr>
<tr>
<td></td>
<td>Coal</td>
<td>962.20</td>
<td>1</td>
<td>0.15%</td>
</tr>
<tr>
<td>Land Transportation</td>
<td>Freight</td>
<td>298,884.83</td>
<td>7</td>
<td>47.86%</td>
</tr>
<tr>
<td></td>
<td>Transport</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Power generation and Energy</td>
<td>Heat production</td>
<td>43,325.21</td>
<td>1</td>
<td>6.94%</td>
</tr>
<tr>
<td>Agriculture</td>
<td>Poultry farming</td>
<td>428.17</td>
<td>2</td>
<td>0.07%</td>
</tr>
<tr>
<td></td>
<td>Timber and pulp</td>
<td>51.91</td>
<td>1</td>
<td>0.01%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>624,541.43</strong></td>
<td><strong>14</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

We recognize the critical role our bank can play in financing a low carbon economy of the country. Thus, we aim to invest in these carbon intensive sectors and finance their carbon emission reduction activities. The “just transition” is a key strategy for our bank supporting our carbon intensive clients to shift to a low carbon.

- **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 2050. In order to set portfolio reduction targets on negative impacts on the water, we have developed a baseline data of the water usage of new loans issued in water intensive sectors such as agriculture, gold mining, iron and steel, power generation and manufacturing. The underlying analysis of determining the water intensive sectors is based on the collected clients’ actual data,
from their Detailed Environmental Impact Assessment Report which is approved by the Ministry of Environment and Tourism, of annual water consumption of assessed sectors of the portfolio. Based on our analysis, the above sectors had the highest annual water usage (above 50,000 cubic meters on average) compared to the other sectors.

According to our baseline data, Golomt Bank has financed 13.8 million cubic meter water consumption of water intensive loans:

*Table 3- Total water consumption from loans issued in 2022 in water-intensive portfolio*

<table>
<thead>
<tr>
<th>Sub-Sector</th>
<th>Measured water consumption /cubic meter/</th>
<th>Number of loans</th>
<th>Percentage of total water consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>629,405.50</td>
<td>2</td>
<td>4.5%</td>
</tr>
<tr>
<td>Gold mining</td>
<td>903,604.84</td>
<td>3</td>
<td>6.5%</td>
</tr>
<tr>
<td>Iron and Steel</td>
<td>301,656.00</td>
<td>1</td>
<td>2.2%</td>
</tr>
<tr>
<td>Power Generation</td>
<td>32,119.80</td>
<td>1</td>
<td>0.2%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>11,959,986.79</td>
<td>10</td>
<td>86.3%</td>
</tr>
<tr>
<td>Other</td>
<td>36,396.90</td>
<td>2</td>
<td>0.3%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>13,863,169.83</strong></td>
<td><strong>19</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

*Other sub-sectors include water supply canalization, treatment and disposal of hazardous waste, and resort services.

Our baseline data also indicates the different water sources of these loans:

*Table 4- Water sources of water intensive portfolio of Golomt Bank*

<table>
<thead>
<tr>
<th>Water source</th>
<th>Water consumption</th>
<th>Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central grid system</td>
<td>11,647,481.79</td>
<td>Cubic meter</td>
</tr>
<tr>
<td>Dual water source (underground and surface)</td>
<td>440,128.94</td>
<td>Cubic meter</td>
</tr>
<tr>
<td>Underground well</td>
<td>1,775,559.10</td>
<td>Cubic meter</td>
</tr>
<tr>
<td><strong>Total water consumption</strong></td>
<td><strong>13,863,169.83</strong></td>
<td><strong>Cubic meter</strong></td>
</tr>
</tbody>
</table>
We will target the above sectors and clients in order to reduce the intensive water consumption and initiate the water efficiency technology utilization and gradually increase our scope to the whole loan portfolio to ensure the set target is reached.

Golomt Bank’s current performance on climate and water areas:

- As of 2022, Golomt Bank’s financed emission of loans with an outstanding balance as of 31 December 2022 and in carbon intensive sectors totals to 624,541.43tn CO2e.
- As of 2022, Golomt Bank’s financed water of loans with an outstanding balance as of 31 December 2022 and in water intensive sectors totals to 13.8 million cubic meter.
- As of 2022, our green loan portfolio is MNT 95.6 bn. Our green loan portfolio is aligned with the Mongolian Green Taxonomy, with 57% in green building, 21% in sustainable agriculture and 22% on sustainable waste and water.
# Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?⁷

<table>
<thead>
<tr>
<th>Component</th>
<th>Yes</th>
<th>In progress</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope</td>
<td>☒</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Portfolio composition</td>
<td>☒</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Context</td>
<td>☒</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance measurement</td>
<td>☒</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

1. *Climate Change Mitigation*
2. *Water*

How recent is the data used for and disclosed in the impact analysis?

<table>
<thead>
<tr>
<th>Duration</th>
<th>☐</th>
<th>☐</th>
<th>☒</th>
<th>☐</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 6 months prior to publication</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Up to 12 months prior to publication</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Up to 18 months prior to publication</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Longer than 18 months prior to publication</td>
<td>☒</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Open text field to describe potential challenges, aspects not covered by the above etc.: *(optional)*

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⁷ You can respond “Yes” to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.
2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

a) **Alignment:** which international, regional or national policy frameworks to align your bank’s portfolio with have you identified as relevant? Show that the selected indicators and 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.

You can build upon the context items under 2.1.

In our PRBs progress report of 2021, Golomt Bank has disclosed qualitative targets on climate and water areas, which we identified as our significant impacts per our impact analysis. In this report, we have published quantitative targets on climate and water, which are aligned with SDGs, Paris Agreement and National Determined Contribution of Mongolia.

- **Target 1- Climate change mitigation**
  Golomt Bank’s short term climate target is to reduce financed GHG emission of all loan portfolio by 30% by 2030. The strategy to achieve our set target would be to focus on carbon intensive sectors until 2025 and gradually expand our scope to all loan portfolio.
  Golomt Bank’s climate target is aligned with SDG 13 “Climate Action” and Paris Climate Agreement and with a national level framework, the Mongolian National Determined Contribution which is to reduce GHG emission by 22.7% by 2030.

- **Target 2- Water Availability**
  Golomt Bank’s short term water target is to reduce water consumption (from the 3 water sources including central grid, underground and surface) from all loan water intensive loan portfolio by 5% by 2030. The strategy to achieve our set target would be to focus on water intensive sectors until 2025 and gradually expand our scope to all loan portfolio.
  Rainfall in Mongolia is relatively low, ranging from a yearly average of 350 millimeters in the north to 80 millimeters in the south in the Gobi Desert. Regional differences in rainfall and population result in local hot spots of water insecurity, particularly in Ulaanbaatar where half of the population lives, and in Gobi region where mining companies depend on water for their operations. Thus, we have aligned our water target with the “Vision 2050 Mongolia’s Long-term Development Policy”, Goal No.6.3: “Prevent water shortage, create structures and facilities to build water resources and create conditions to provide equal access of population to water.”
Additionally, our target for water availability supports SDG 6 “Water” in terms of the following indicators:

- 6.1.1 Drinking Water
- 6.3.1 Wastewater – Proportion of domestic and industrial wastewater flow safely treated
- 6.3.2 Water Quality
- 6.4.1 Water Use Efficiency – Aims to increase water use efficiency across all sectors
- 6.5.1 Water Management – Aims to implement integrated water resources management (IWRM) at all levels
- 6.6.1 Ecosystems – Protect and restore ecosystems

**b) Baseline:** Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.

A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the Annex of this template.

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

<table>
<thead>
<tr>
<th>Impact area</th>
<th>Indicator code</th>
<th>Indicator</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Climate change mitigation</td>
<td>A.2.2</td>
<td>Absolute financed emissions: What are your absolute emissions (financed emissions = scope 3, category 15) in your lending and/or investment portfolio?</td>
<td>Our baseline of absolute financed emissions is 624,541.43tn CO2e. The baseline scope includes the financed emission on all loans issued prior to 31 December 2022 and with an outstanding balance as of 31 December 2022 in carbon intensive industries which include agriculture, power generation and energy, mining and land transportation.</td>
</tr>
</tbody>
</table>
SMART targets (incl. key performance indicators (KPIs)): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

| Water availability | Water consumption of water-intensive portfolio. | Our baseline of water consumption of all loan portfolio is 13.8 million cubic meter of water. The baseline scope includes all loans issued prior to 31 December 2022 and with an outstanding balance as of 31 December 2022 in water-intensive sectors which include agriculture, gold mining, iron and steel, power generation and manufacturing. |

Note: Other sectors are excluded from our baseline data as of 2022, since for the first set of climate targets Golomt Bank focuses on only carbon intensive sectors where the carbon emission measurement methodology is identified.

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

N/A

SMART targets: Reduce financed carbon emission by 30% by 2030 with a focus on carbon intensive sectors until 2025 and expand the scope to all loan portfolio until 2030.

SMART target Water: Reduce water usage by 5% by 2030 with a focus on water intensive sectors until 2025 and expand the scope to all loan portfolio until 2030.

Note: Golomt Bank’s SMART target for Climate as of January 2023 is tentative to change and to be aligned with the climate scenario analysis implemented by the Central Bank of Mongolia and planned to be published in 2024H1. In order to enhance our science-based approach on emission reduction targets, in 2023,
Golomt Bank will collaborate with technical experts on setting science based targets for emission reduction. We will approach and seek consultancy from the SBTi on aligning our climate target with the 2 degree scenario analysis approach.

**d) Action plan:** which actions including milestones have you defined to meet the set targets? Please describe.

Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

<table>
<thead>
<tr>
<th>Climate Action Plan 2023 approved by the Sustainable Development Committee:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Policy Amendment:</strong></td>
</tr>
<tr>
<td>• Thermal coal transition action plan, no issue of new working capital loan for thermal coal clients</td>
</tr>
<tr>
<td>• Determination of carbon intensive sectors, mandatory CO2 emission measurement</td>
</tr>
<tr>
<td>• Add index score of CO2 emission to the overall E&amp;S risk score of a loan</td>
</tr>
<tr>
<td><strong>Development of services and products:</strong></td>
</tr>
<tr>
<td>• Strategic support for renewable energy clients</td>
</tr>
<tr>
<td>• Accelerate sustainable loans for carbon reduction projects</td>
</tr>
<tr>
<td>• Increase green/sustainable loan portfolio- New green loan disbursement target in 2023 (MNT 36bn)</td>
</tr>
</tbody>
</table>

During Sustainable Development Committee discussion held in February 2023, we have analysed the carbon intensive clients in terms of their business need. We are not setting targets to reduce direct investment into these sectors. We will work together with our clients to manage their climate risk by offering our sustainable loans with discounted interest rate and to assist them in shifting to green technologies resulting in emission reduction.

<table>
<thead>
<tr>
<th>Water Action Plan 2023:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Policy Amendment:</strong></td>
</tr>
<tr>
<td>• Determination of water intensive sectors, mandatory water usage measurement</td>
</tr>
<tr>
<td>• Index score of water usage added to the overall E&amp;S risk score</td>
</tr>
<tr>
<td><strong>Development of services and products:</strong></td>
</tr>
<tr>
<td>• Strategic support for water efficiency and water recycling projects</td>
</tr>
<tr>
<td>• Sustainable loans and recommendation for water meter for clients</td>
</tr>
</tbody>
</table>

N/A
• Increase green/sustainable loan portfolio- New green loan disbursement target in 2023 (MNT 36bn)

<table>
<thead>
<tr>
<th></th>
<th>… first area of most significant impact: … (please name it)</th>
<th>… second area of most significant impact: … (please name it)</th>
<th>(If you are setting targets in more impact areas) …your third (and subsequent) area(s) of impact: … (please name it)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Alignment</strong></td>
<td>☒ Yes</td>
<td>☒ Yes</td>
<td>☐ Yes</td>
</tr>
<tr>
<td></td>
<td>☐ In progress</td>
<td>☐ In progress</td>
<td>☐ In progress</td>
</tr>
<tr>
<td></td>
<td>☐ No</td>
<td>☒ No</td>
<td>☒ No</td>
</tr>
<tr>
<td><strong>Baseline</strong></td>
<td>☒ Yes</td>
<td>☒ Yes</td>
<td>☐ Yes</td>
</tr>
<tr>
<td></td>
<td>☐ In progress</td>
<td>☐ In progress</td>
<td>☐ In progress</td>
</tr>
<tr>
<td></td>
<td>☐ No</td>
<td>☒ No</td>
<td>☒ No</td>
</tr>
<tr>
<td><strong>SMART targets</strong></td>
<td>☒ Yes</td>
<td>☒ Yes</td>
<td>☐ Yes</td>
</tr>
<tr>
<td></td>
<td>☐ In progress</td>
<td>☐ In progress</td>
<td>☐ In progress</td>
</tr>
<tr>
<td></td>
<td>☐ No</td>
<td>☒ No</td>
<td>☒ No</td>
</tr>
<tr>
<td><strong>Action plan</strong></td>
<td>☒ Yes</td>
<td>☒ Yes</td>
<td>☐ Yes</td>
</tr>
<tr>
<td></td>
<td>☐ In progress</td>
<td>☐ In progress</td>
<td>☐ In progress</td>
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<tr>
<td></td>
<td>☐ No</td>
<td>☒ No</td>
<td>☒ No</td>
</tr>
</tbody>
</table>

**Self-assessment summary**

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your…

- Alignment
- Baseline
- SMART targets
- Action plan
2.3 Target implementation and monitoring (Key Step 2)

For each target separately:
Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank’s progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

In our previous PRBs progress report of 2021, we have set qualitative targets on the significant impacts of climate and water such as to develop a one year baseline data on CO2 emission of carbon intensive portfolio, and similarly, water consumption baseline data of water intensive portfolio. The below is our progress on the previously identified qualitative targets:

**Climate:**
- Identified carbon-intensive sectors of the total loan portfolio as agriculture, power generation and energy, mining and land transportation
- Developed a methodology to measure annual carbon emission of the above carbon-intensive sectors. We utilized the “Emission Reduction Tool” to convert the coal and fuel consumption data of clients into carbon emission equivalents.
- Measured the carbon emission of loans in carbon-intensive sectors with an outstanding balance as of 31 December, 2022 and compiled a baseline data for the period of January 1 2022-December 31 2022
- Set carbon emission reduction targets based on the baseline data
- Aligned our E&S Risk Assessment Policy and green business loan product with bank’s CO2 emission reduction targets

**Water availability:**
- Identified water-intensive sectors of the total loan portfolio as agriculture, gold mining, iron and steel, power generation and manufacturing
- Enhanced our credit E&S risk assessment procedure for the above water-intensive sectors by adding water management questionnaire and water indexes based on the client’s annual consumption.
- Measured annual water consumption of loans in water intensive industries with an outstanding balance as of 31 December, 2022 and set a baseline data for the period of January 1, 2022-December 31, 2022.
- Determined reduction targets on the water-intensive portfolio.
- Aligned our E&S Risk Assessment Policy and green business loan product with bank’s CO2 emission reduction targets.
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 Client engagement

Does your bank have a policy or engagement process with clients and customers in place to encourage sustainable practices?

☒ Yes ☐ In progress ☐ No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

☒ Yes ☐ In progress ☐ No

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. It should include information on relevant policies, actions planned/implemented to support clients’ transition, selected indicators on client engagement and, where possible, the impacts achieved.

This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).

In 2022, Golomt bank has encouraged close engagement with clients and customers in terms of sustainable practices. The key actions implemented towards promotion of sustainable practices of clients are:

- The bank has supported green projects and customers’ green efforts by developing new green loan products. We have introduced our green business loan product, sustainable business loan product, energy efficient housing loan, and eco-car loan product respectively. We have aimed to meet customers’ demands whilst seeking sustainability-linked positive impacts on the community.

- We have focused on internal capacity building of our employees in fundamental knowledge of sustainability aspects, environmental and social risks of businesses in order to promote the responsible relationship

[Corporate (golomtbank.com)]
A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relation channels.

Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

- Golomt bank organizes the annual Financial Manager’s Convention (FMC) Financial forum to connect key financial and business sector potential customers and discuss new economic opportunities. In 2022, the forum was organized to encourage the clients and customers who develop a better sustainable future through their operation and this year we handed the Most Sustainable Company award to the first waste recycling company of Mongolia that we financed through our green loan.

- We have established internal policies and practices that ensure our employees maintain their professional ethics and compliance by following the "Code of Ethics" to keep the responsible relationship with our clients and customers. To prevent and combat corruption, anti-fraud incident, and reporting breaches of conduct (whistleblowing), we provided training to all our employees on relevant regulations and policies. The bank has a commitment to compliance by appointing a "Compliance Ambassador" among employees to monitor any issues related to customer relationships, data, and overall professional relationships. We also follow an Anti-Discrimination policy in the bank’s overall operations and customer services.

3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

Golomt Bank, one of the largest banks in Mongolia, has taken several steps to promote our work with clients and customers on sustainable practices and enable sustainable economic activities. Here are some of the actions implemented by the bank:

- **Green Loan Products:** Golomt Bank offers several "green" banking products, including eco-loans, green mortgages, and green car loans. These products are designed to encourage customers to adopt sustainable practices by providing favorable interest rates and terms for environmentally-friendly activities. In 2022, we have launched the following green loan products into the market:

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10 A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

11 Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.
- Eco car loan product
- Sustainable and Green business loan product
- Green housing loan product.

- **Corporate Social Responsibility:** The bank has developed a comprehensive Corporate Social Responsibility (CSR) program that includes environmental protection, education, and community development initiatives. Golomt Bank partners with various organizations to support initiatives that promote sustainable development, such as tree-planting campaigns, recycling programs, and the “Zurkh Martahgui” health project.

- **Sustainable Financing:** Golomt Bank secured foreign funding of $37.75 million in 2022 and effectively utilized the proceeds to finance micro, small and medium-sized enterprises, sustainable projects and loans. Furthermore, Golomt Bank’s green loan portfolio in 2022 was valued at over $30 million under the Mongolian Green Taxonomy.

- **Sustainable Operations:** The bank has implemented a CO2 measurement method to our carbon-intensive sector’s loan portfolio, such as coal mining, manufacturing, transportation, chemical industries, etc.

The impact of Golomt Bank’s sustainability efforts can be seen in several areas. For example, the bank’s green loan portfolio has grown significantly in 2022H1, indicating that more customers are adopting sustainable practices. Golomt Bank's above sustainability efforts encourages our customers and clients by increasing sustainability awareness and improving the demand for sustainable-linked products.
Principle 4: Stakeholders

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

### 4.1 Stakeholder identification and consultation

*Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups) you have identified as relevant in relation to the impact analysis and target setting process?*

☐ Yes  ☐ In progress  ☐ No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank’s impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

As a signatory, Golomt Bank has committed to engaging with a range of stakeholders to identify and address environmental and social issues relevant to its business activities. The bank’s stakeholder engagement process involves identifying and prioritizing stakeholder groups based on their level of influence, interest, and potential impact on the bank’s operations and sustainability performance. Some of the stakeholders that Mongolian Golomt Bank has engaged, collaborated, or partnered with to implement the PRB and improve its impacts include:

- **Customers:** Golomt Bank engages with its customers to understand their sustainability concerns and to promote sustainable banking products and services via different channels including social media, SDG open day event, FMC event and more. In addition, we focused on our digitalization and were awarded The Best Customer-Centric Company during the Future CX’22 customer experience conference.

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12 Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations
• *Investors:* The bank engages with its investors to communicate its sustainability performance and to understand their expectations and concerns. We are closely communicating with Development Investment Institutions, such as ADB, Symbiotics, Blue Orchard, IIB, EBRD, Responsibility, EQ, and Front clear.

• *Employees:* We constantly conduct sustainable finance and E&S risk assessment trainings to improve sustainability awareness and knowledge throughout the bank. In 2022, Golomt bank has been awarded a Great Place to Work based on the employee satisfaction survey.

• *Business Community:* We collaborate with Mongolian Sustainable Finance Association (MSFA), peer banks and rating agencies, etc. We closely engaged with MSFA as a Featured Sustainable Finance bank in 2022 for sharing our best sustainable practices with MSFA member banks and non-financial institutions.

• *State Regulators:* The bank engages with regulators to ensure compliance with environmental and social regulations and to promote sustainable banking practices. As for the relationship with the Bank of Mongolia, we report our Green Loan portfolio quarterly and cooperate with BoM, Finance Regulatory Commission, and other state regulators on sustainable policy and actions towards NDC.

• *Civil society organizations:* The bank has relationships with civil society organizations including media, and non-government organizations to understand their perspectives on sustainability issues and promote sustainability-related actions. For example, we support Child center and Unurbul orphanages with training and donations.

Through its stakeholder engagement process, Mongolian Golomt Bank has been able to identify and address sustainability issues relevant to its business activities, such as climate change, biodiversity conservation, and social inclusion. For instance, the bank has developed a green lending program to finance environmentally sustainable projects and has established a social performance management system to ensure that its operations are socially responsible. The bank also regularly reports on its sustainability performance to its stakeholders, demonstrating its commitment to transparency and accountability.

In 2022, we enhanced our relationship with our key stakeholders like the UNEPFI PRB team and UNEPFI CCCA experts to implement PRB, identify CO2 measurement methods, and effective GHG target setting.
### Principle 5: Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

#### 5.1 Governance Structure for Implementation of the Principles

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>In progress</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does your bank have a governance system in place that incorporates the PRB?</td>
<td>☒</td>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>

Please 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 the effective implementation of the Principles. This includes information about:

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

Golomt bank has made appropriate changes in the governance structures to effectively align our operation to domestic and international goals and frameworks. Moreover, policies and procedures are essential for managing significant positive and negative impacts and supporting the implementation of principles. Please find the following Sustainable Governance Structure of Golomt bank:

[Click here for Golomt bank's Sustainable Governance Structure](Golomtbank-Sustainable-Report-2022-eng.pdf)
The Board of Directors, Sustainable Development Committee, Gender Equality Committee, Product Development Committee, Credit Committees, and other respective units are closely engaged in the bank’s sustainable development strategy.

- The Board of Directors - The Board of Directors is responsible for supervising and ensuring the bank’s key strategy towards Sustainability and ESG ambitions.

- Sustainable Development Committee – The Chair of the Committee is the CEO. In 2022, Sustainable Development Committee approved the E&S risk assessment regulation alongside overseeing the Sustainable Development strategy performance. Since the approval of the regulation, it has been implemented in the E&S risk assessment process and other related internal operations. The Sustainable Development Committee is mainly responsible for the PRBs implementation at the Bank. The Committee holds at least one time per quarter and monitors the overall implementation of the Principles.

- Gender Equality Committee - The Chair of the Committee is the CEO. Gender Equality Committee support and monitor Gender-related activities. For example, our bank participated SDG Open Day event for sharing our Gender equality practices with our clients and promoting SDG #5 Gender equality goals.

- Sustainable Finance Department – To increase smooth communication and effective performance towards the strategy, Sustainable Finance Department expanded its scope with E&S risk assessment. Whilst supporting and engaging with related units and key stakeholders, the department is responsible for green financing, reporting, policy implementation, and E&S risk assessment procedures.

- Product Development Committee & Credit Committee - Product Development Committee launched sustainable and green business loans, eco-car loan, and green housing loan products in 2022. The credit committee considers more E&S risk assessment reports in the credit decision process. The chair of these Committees is the CEO.

At the moment, Golomt Bank has no remuneration practices linked to sustainability targets.

5.2 Promoting a culture of responsible banking:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).
Golomt Bank’s Training Department organizes sustainability related trainings to strengthen capacity building and raise sustainability awareness among all employees.

1876 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 in 2022.

<table>
<thead>
<tr>
<th>5.3 Policies and due diligence processes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does your bank have policies in place that address environmental and social risks within your portfolio? Please describe.</td>
</tr>
<tr>
<td>Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.</td>
</tr>
<tr>
<td>Golomt Bank has an internal Environmental and Social Risk Assessment procedure that outlines all procedures of assessing credit E&amp;S risks as well as green loan identification and assessment. We assess all business loans above MNT 100 million, and perform an in-detailed assessment based on the loan sector for all business loans above MNT 500 million. Especially, for the loans in mining, construction, and in manufacturing sectors, we thoroughly check the compliance with environmental standards authorized by regulators. During our credit environmental and social risk assessment, we ensure the minimum environmental standards in all levels of clients’ operations. We screen the environmental risks in third-party products, procurement agreements as well as executory contracts. As a result of the E&amp;S risk assessment, we identify the high, medium and low risk levels of the loans and issue a risk mitigation recommendations for high risk loans. As per our scoring system, 70 and above score will be ranked as high. The E&amp;S risk expert is employed under the Sustainable Finance Department, independent from the Credit Division. The credit E&amp;S risk assessment is a mandatory loan document for the Credit Committees and for high E&amp;S risk loans, the E&amp;S risk expert has a right to participate in the Credit Committee Meetings to present the assessment and further recommendations for the Credit Committee Members. The final loan decision is approved by the Committee Members. Golomt Bank also issues E&amp;S covenants for particular loans in their loan agreements in order to manage their E&amp;S risks. The covenants are monitored by the Credit Monitoring Department, which is also responsible for the regular on-site and remote monitoring of the loans.</td>
</tr>
</tbody>
</table>

Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank’s governance system?

☒ Yes  ☐ No
Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?
☑ Yes ☐ No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?
☐ Yes ☒ In progress ☐ No
### 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.

#### 6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

- ☒ Yes
- ☐ Partially
- ☐ No

If applicable, please include the link or description of the assurance statement.

#### 6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

- ☐ GRI
- ☐ SASB
- ☐ CDP
- ☐ IFRS Sustainability Disclosure Standards (to be published)
- ☐ TCFD
- ☐ Other: ….  

Golomt Bank is in a progress of aligning our Sustainable Development Report with the above international standards and frameworks.  


#### 6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis\(^\text{13}\), target setting\(^\text{14}\) and governance structure for implementing the PRB)? Please describe briefly.

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\(^{13}\) For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement

\(^{14}\) For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.
Golomt Bank will continue make progress implementing the 6 Principles for Responsible Banking over the next 12 months, especially, we will implement continuous actions to meet the targets and action plan for significant impact areas as climate and water.
6.4 Challenges
Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

☐ Embedding PRB oversight into governance
☐ Gaining or maintaining momentum in the bank
☐ Getting started: where to start and what to focus on in the beginning
☐ Conducting an impact analysis
☐ Assessing negative environmental and social impacts
☒ Choosing the right performance measurement methodology/ies
☒ Setting targets
☐ Other: …

If desired, you can elaborate on challenges and how you are tackling these:
Independent Limited Assurance Report in relation to
Golomit Bank LLC’s UNPRB Self-Assessment 2022/2023

To the Management and the Board of Directors of Golomit Bank LLC

Scope
We have been engaged by Golomit Bank LLC (the “Company”) to perform a limited assurance engagement, as defined by International Standards on Assurance Engagements, hereafter referred to as the engagement, to report on the four key areas in the Company’s UN Environment Programme Finance Initiative Principles for Responsible Banking (the “PRB”) Reporting and Self-Assessment Template, including 2.1 Impact Analysis, 2.2 Target Setting, 2.3 Target Implementation and 5.1 Governance Structure for Implementation of the Principles (the “Subject Matter”), for the year ended 31 March 2023. Our assurance does not extend to any other information in the PRB Reporting and Self-Assessment Template.

Criteria applied by Golomit Bank LLC
In preparing the Subject Matter, the Company applied self-assessment of its fullfilments of its commitments as signatory of the PRB that are described in the PRB Reporting and Self-Assessment Template, covering the assessment areas, including 2.1 Impact Analysis, 2.2 Target Setting, 2.3 Target Implementation and 5.1 Governance Structure for Implementation of the Principles (Criteria).

Golomit Bank LLC’s responsibilities
The Company’s management is responsible for the preparation of the PRB Reporting and Self-Assessment Template for the fulfilment of its commitments as a signatory of the PRB in accordance with the applicable criteria. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

EY’s responsibilities
Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our limited assurance engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE 3000) and the criteria set out in accordance with the PRB, and the terms of reference for this engagement as agreed with the Company on 7 March 2023. Those standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our Independence and Quality Control
We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants and the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and have the required competencies and experience to conduct this assurance engagement.

EY also applies Hong Kong Standard on Quality Control 1 (HKSAQ 1), “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” which conforms with International Standard on Quality Control 1 (ISQC 1), “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, or Other Assurance or Related Services Engagements” and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed
Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management’s internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information, and applying analytical and other appropriate procedures.

Our procedures included:
- Conducting interviews with selected personnel to understand the business and reporting process;
- Conducting interviews with selected personnel to understand the process for collecting, collating and reporting the Subject Matter during the reporting period;
- Checking management’s disclosure over the Subject Matter is consistent with the supporting evidences obtained;
- Checking that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the Criteria;
- Identifying and testing assumptions supporting calculations;
- Testing, on a sample basis, underlying source information to check the accuracy of the data.

We also performed such other procedures as we considered necessary in the circumstances.
Conclusion
Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter for the year ended 31 March 2023, in order for it to be in accordance with the Criteria.

Restricted use
This report is intended solely for the information and use of the Company for the purpose of the preparation of the Subject Matter and is not intended to be and should not be used by anyone other than those specified parties. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organization. Any reliance of any such third party may place on this report is entirely at its own risk.

Ernst & Young
Hong Kong
7 July 2023