



2023

SUSTAINABLE DEVELOPMENT REPORT





Statement on Preparation of the Report

Golomt Bank JSC Sustainable Development Report 2023 (hereinafter referred to as "the Report") is intended to provide information about the progress made in the fields of ESG and green finance by Golomt Bank JSC (hereinafter referred to as "Golomt Bank", "the Bank", or "we"). It highlights the Bank's achievements in promoting green finance and facilitating green and low-carbon development in 2023. The report covers the financial year 1 January to 31 December 2023, unless otherwise stated.

About this report

This Sustainability Report is approved by the Chief Executive Officer and prepared in accordance with the following regulations, standards and guidelines:

Mongolian Stock Exchange, ESG Reporting Guideline (Issued in 2022)

UN Environmental Programme – Finance Initiative, Principles for Responsible Banking (issued in 2019)

Mongolian Sustainable Finance Principles (Issued in 2015)

The Task Force on Climate-related Financial Disclosures (TCFD) recommendations by the Financial Stability Board/ISSB (Issued in 2023)

Data Declaration

Data in the Report are primarily between 1 January 2023 and 31 December 2023. The monetary amounts mentioned in the Report are denominated in MNT, unless otherwise stated.

Form of Publication

The Report is released online and is available on the Bank's website. The Report is published in both English and Mongolian, whilst the Mongolian version shall prevail in the event of discrepancies between the two versions.

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CEO MESSAGE



We believe we drive meaningful change best by pursuing long-term economic growth, partnering with clients in their transition to a low-carbon economy, fostering entrepreneurial spirit, and encouraging the innovation required to meet the future challenges faced by our planet and society.

At Golomt Bank we are clear that sustainability is a long-term priority for the bank. This commitment is driven by the expectations of clients, investors, and regulators, and is delivered through the dedication of our colleagues as they pursue opportunities that are appropriately aligned with our risk appetite.

A further demonstration of our commitment is derived from our own ambitions – that we too are on a transition journey. By establishing our own path to strive for low carbon economy in line with a 1.5C trajectory across our operations, supply chain and financing activities, we have been enhancing our long-term direction. Through our interim goals for 2030, we have been defining the terms of our engagement.

Through our Sustainable Development Report, we remain committed to transparent disclosure, and to embracing the evolving market standards that allow our stakeholders to benchmark our progress against both our own commitments and societal expectations.



The topic of sustainability has many champions, but it also faces skepticism. We see 2023 as a year that market an inflection point in translating climate pledges into measurable and actionable strategies and solutions. We remain committed to supporting clients in their transition efforts to a low-carbon economy. Society is demanding greater climate action and increased transparency on the impact we are creating through our business activities.

Building on our sustainability agenda and commitment, we have started to measure our impact on the environment, society and the economic growth, measured our financed emission and emission from our own operation, finalized

our interim 2030 and long-term 2050 targets, and further refined our climate strategy to translate our commitments into action. While there is still much more to do, significant progress is being made.

We trust that you will enjoy reading this year's Sustainable Development Report and we thank you for engaging with us as we continue to drive our sustainability strategy at Golomt Bank.

Respectfully,

Chief Executive Officer
Norihiko Kato



SUSTAINABILITY HIGHLIGHTS



SUSTAINABILITY HIGHLIGHTS

MNT 565 Bn

MNT565bn committed in sustainable financing loans from 2019Q3 to 2023Q4, out of which MNT243 billion were disbursed in 2023 alone.

2030: 30% (baseline 2023)

2050: 50% (baseline 2023)

Finalized our mid-term and long-term GHG emission reduction targets. (Own operation & financed loan portfolio)

2,055,288 t CO₂e

Calculated our GHG emission from own operation of 2,055,288 tCO₂e.

MNT 183 Bn

Green loan portfolio MNT183 billion
3.9% of total portfolio
23% of the total market share

2030: 5% (baseline 2023)

2050: 10% (baseline 2023)

Finalized our mid-term and long-term goals for improving water management. (Own operation & financed loan portfolio)

1,607,027 t CO₂e

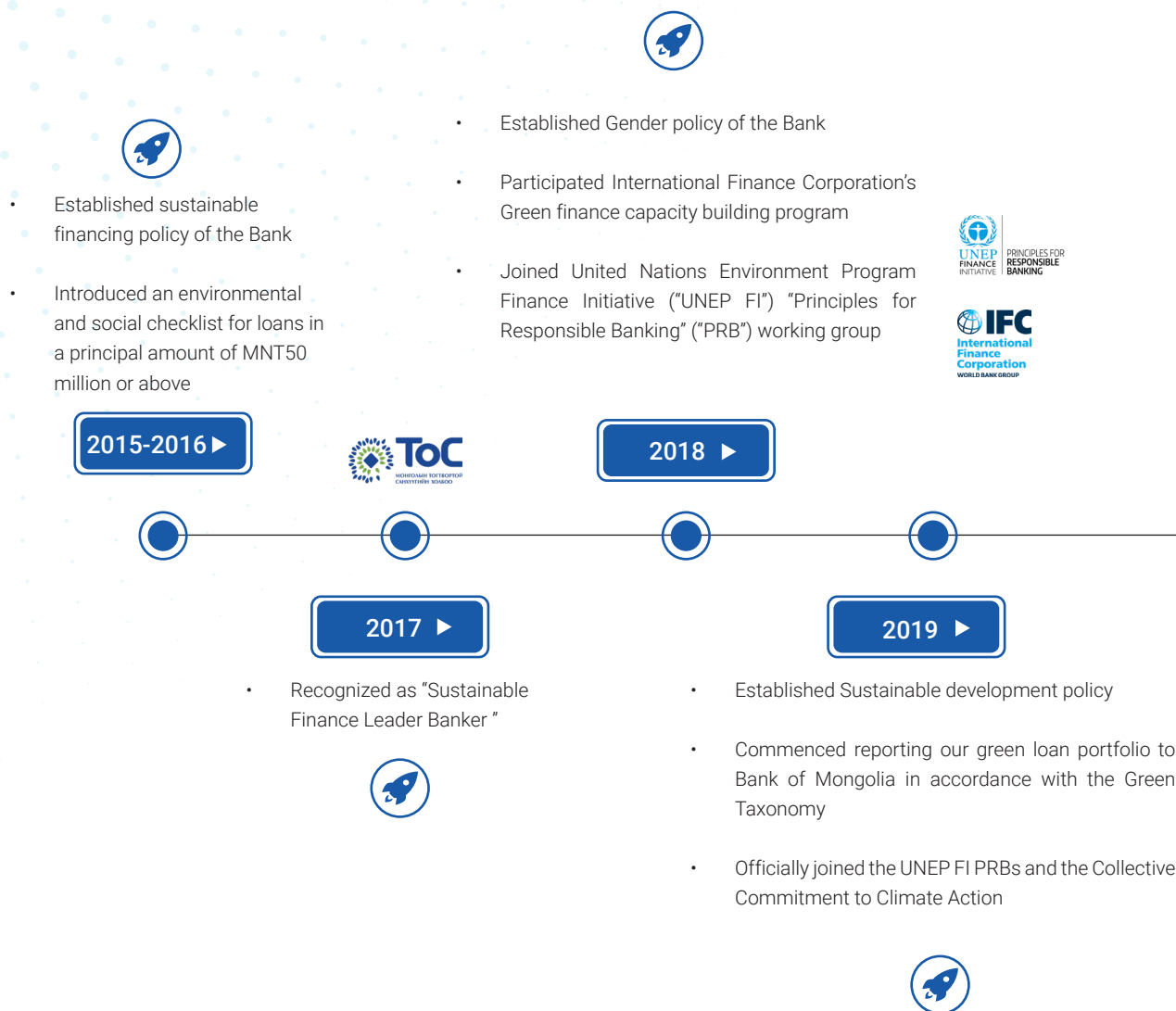
Calculated our financed GHG emission of 1,607,027 tCO₂e.

Introduced following trainings for all employees, and included in the Bank's training program.

- Human Rights
- Gender Equality



SUSTAINABILITY TIMELINE





- Enhanced credit environmental and social risk methodology
- Developed sustainable development capacity building program for employees
- Started publishing sustainable development annual report
- Recognized as "Sustainable Featured Bank 2020"

2020 ▶



2021 ▶

- Conducted impact analysis of loan portfolio in accordance with the impact assessment tool developed by UNEP FI
- Launched loan products for women entrepreneurs;
- Started publishing PRB annual report
- Recognized as "Sustainable Finance Leader Bank 2021"
- Established Gender equality committee and Sustainable development committee
- Established the Sustainable Finance Department
- Developed our medium-term sustainable development strategy for 2022 to 2025



- Introduced sustainable and green loan products
- Awarded "Featured Sustainable Finance Bank 2022"
- Joined Partnerships for Carbon Accounting Financials ("PCAF").
- Calculated our financed emissions
- Finalized our climate and water reduction targets
- Sustainable financing trainings for our clients
- Introduced "Women Owned" trademark aimed to support the women entrepreneurs
- Recognized as "Gender Leadership Bank 2023"



2022-2023 ▶





Climate change presents potentially significant risks and opportunities for both our clients and for the Bank. We recognize the role we have to play as a responsible facilitator in minimizing the impact of climate change. The substantial reduction in greenhouse gas emissions globally needed to mitigate the effects of climate change will require large-scale investment in key market sectors.

This will also create opportunities for Golomt Bank in supporting clients' transition to a low carbon and climate resilient economy.

For Golomt Bank, our main potential impact lies in aligning our financing and investment activities with the goals of the Paris Agreement, which include limiting global warming to well below 2C, preferably to 1.5C, compared to pre-industrial levels. Therefore, with a consideration of the country's transition plan, we have set ourselves the ambition of reaching net zero emissions by 2050 in line with a 1.5C trajectory across our corporate lending portfolio, as well as our own operations and supply chain.

We have set interim 2030 goals covering our scope 3 emissions for our lending activities and for our scope 1 and 2 operational emissions.





SUSTAINABILITY STRATEGY



Sustainability strategy

Golomt Bank strives to fully integrate the concept of sustainable development into its development strategy and make every effort to build a robust green finance system to contribute to the realization of Nationally Determined Contribution, the Paris Agreement and the protection of the environment and the society.



STRATEGIC GOAL 1

Sustainable Governance:

The Bank will continue to identify its emission from the financing and its own operation, strengthen carbon footprint management, and adjust the credit portfolio structure in line with the policies in the country



STRATEGIC GOAL 2

Sustainable Green Finance:

The Bank will scale up green finance products & services



STRATEGIC GOAL 3

Climate Risk Management:

The Bank will conduct climate risk stress tests to identify and quantify the financial risks triggered by environmental factors and the potential investment opportunities created therefrom



STRATEGIC GOAL 4

Stakeholders' Engagement:

The Bank will continue to expand its cooperation with national and international partners in the area of sustainable financing and development

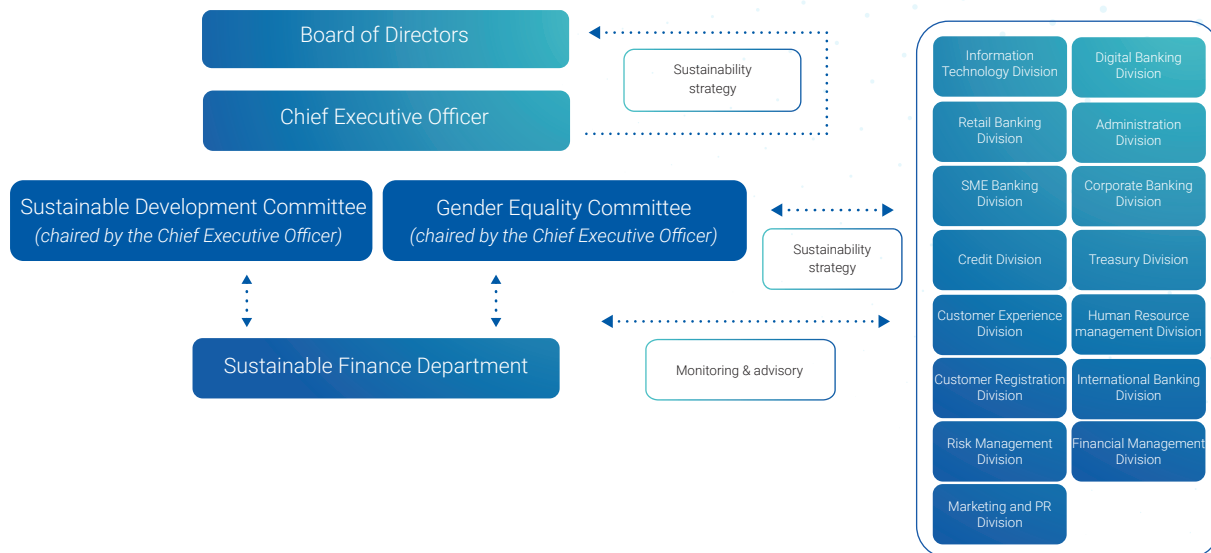


STRATEGIC GOAL 1:
SUSTAINABLE
GOVERNANCE



Strategic goal 1: Sustainable governance

Golomt Bank leverages organizational management role of the Board of Directors and the Senior Management in the field of green finance. The Bank maintains a three-tier governance structure consisting of the Board of Directors, the Senior Management and specialized team. This structure helps to continually raise the standard of green finance governance, laying a solid foundation for advancing aspects of work related to sustainability strategy of the Bank.



Board of Directors

The Board of Directors (Board) is responsible for the overall strategic direction, supervision and control of the Bank. The Board has four standing committees – the Audit Committee, the Risk Management Committee, the Nomination Committee, the Governance, Ethics, Remuneration Committee. As of 31 December, 2023 the Bank has five executive and three non-executive Board Members. The Bank believes that diversity of culture, experience, and opinion are important aspects of Board composition.

Board member experience and expertise

Leadership experience

| | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|
| Executive level role in financial industry (>10 years) | | | | | | | | | |
| Non-executive Board member for listed company | | | | | | | | | |

Areas of expertise

| | | | | | | | | | |
|---|--|--|--|--|--|--|--|--|--|
| Investment management | | | | | | | | | |
| Finance and/or audit | | | | | | | | | |
| Risk, legal and/or compliance | | | | | | | | | |
| Human resource, corporate culture | | | | | | | | | |
| Digitalization, and/or technology | | | | | | | | | |
| ESG | | | | | | | | | |
| Government, regulatory, and/or academia | | | | | | | | | |



About the Sustainable Development Committee

In 2022, Golomt Bank established its Sustainable Development Committee through the Executive Committee's Decree No.27, dated November 17, 2021. The committee is responsible for overseeing and managing the implementation of the Bank's sustainable financing and development strategy. It convenes at least two times per year to address both internal and external sustainability agenda. The CEO chairs the Committee, whereas the Sustainable Finance Department works as a secretariat.

About the Gender Equality Committee

The Gender Equality Committee was established in 2021 with an objective to promote gender equality internally within employees, and externally within customers through the Bank's products and services. The Committee is comprised of C-level Executives and chaired by the CEO.

About the Sustainable Finance Department

Upon the Executive Committee's Decree No.21/03, dated December 21, 2021, a dedicated Sustainable Finance Department was officially established. The Department oversees the Bank's overall implementation of the sustainability related strategies and policies, ensure alignment with the international and national standards, assessment of E&S risks of clients, identification and validation of green and sustainable use of proceeds, and nationally and internationally mandated reporting standards. In consultation with the Chief Executive Officer, Sustainable Finance Department defines the sustainability related KPIs, sets targets and track the performance against these KPIs. This effort commenced in the second half of 2023 and will be expanded and improved on a yearly basis.



STRATEGIC GOAL 2: SUSTAINABLE GREEN FINANCE



Our portfolio impacts

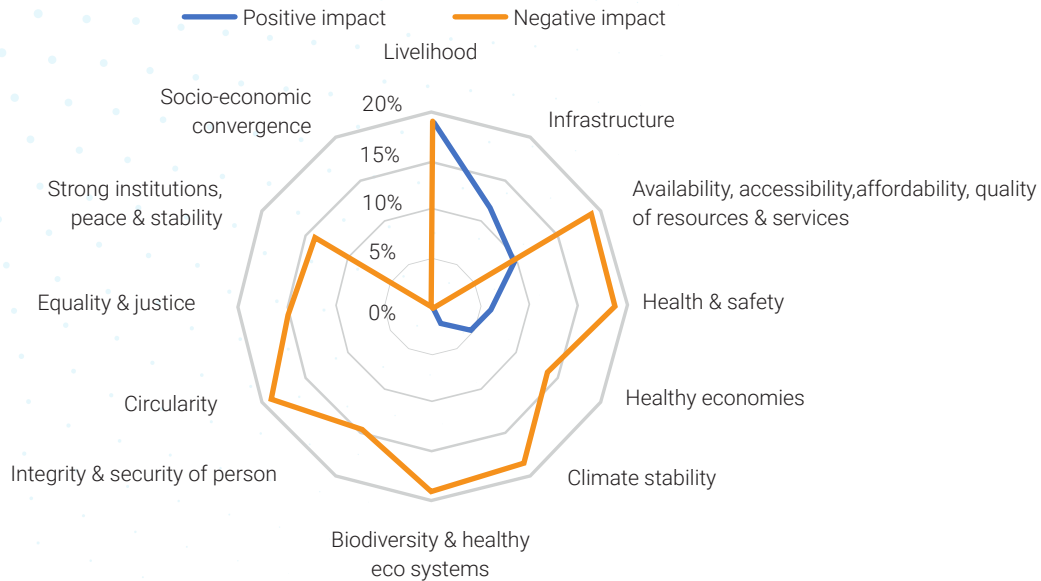
As a Bank, the largest impact we create is through our lending and financing activities. Hence, it is critical that we continually strengthen our capabilities to support our clients in their transition, while facilitating sustainable and inclusive growth and prosperity. This section focuses on how we have integrated climate considerations into our corporate, SME and retail banking activities.

The Principles for Responsible Banking (PRB) serve as a framework for how banks should align their businesses with societal goals to contribute to a sustainable future, including alignment with the UN SDGs and the Paris Agreement.

As a founding signatory, Golomt Bank committed to identifying the most significant positive and negative impacts of our corporate and consumer portfolio and to setting targets for two major impact areas. In 2021, we selected climate and water as two areas where the negative impact is prevalent. In 2023, we applied to new PRB impact assessment tool to explore key impact associations of our lending portfolio in relation to the UN SDGs and to assess the way our core business activities lead to environmental and social impacts.



Corporate portfolio impact analysis



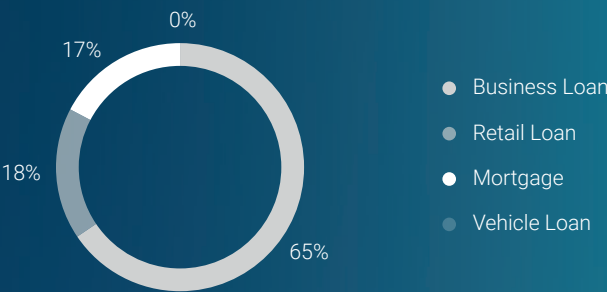
Measuring our financed emission, employment generation and value added

To fulfill our commitment as a signatory of UN Environmental Programme – Financial Initiative's Principle 2 – Impact & Target setting, we are committed to monitoring and reporting our progress against our sectoral targets annually. Within this scope, we computed our Scope 3 financed emission for the total loan portfolio as of 31 December 2023.

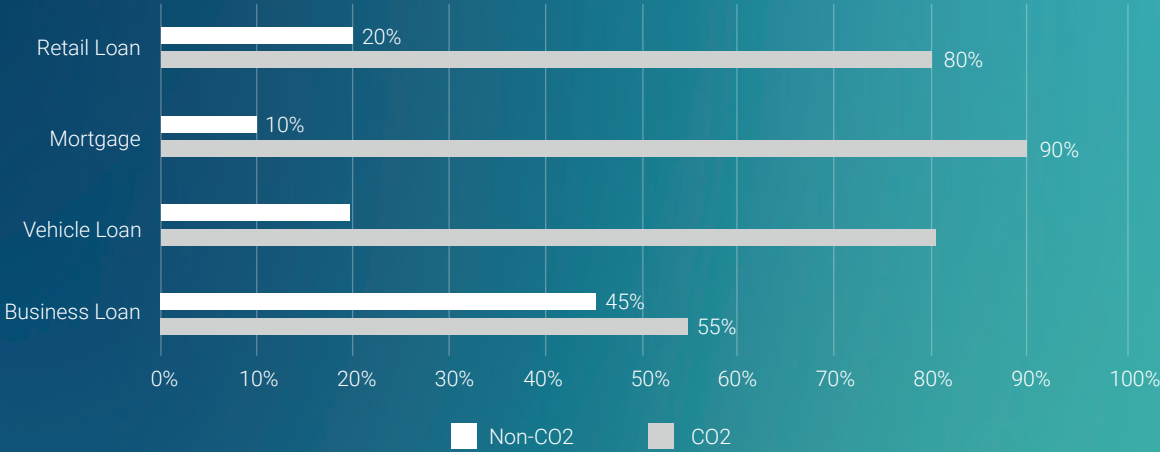
Based on the capacity provided by the PCAF as becoming the member, the Bank was able to compute the financed emission of the total loan portfolio as of 31 December 2023, amounting to 1,607,027 tCO₂. It is notable that 65% of the total financed GHG emissions of the Bank are sourced from the Business Loan portfolio, with 45% consisting of non-CO₂ emissions and 55% being CO₂ emissions.



Financed emission GHG, by PCAF classes



FINANCED EMISSION OF TOTAL PORTFOLIO, BY GHG TYPES



Additionally, through our lending portfolio we are contributing to the SDG 8: Decent work and economic growth and SDG 10: Reduce inequality by creating 68,267 jobs and generating MNT1.8trillion value added in terms of savings, taxes and wages.

JOBS CREATED



68,267

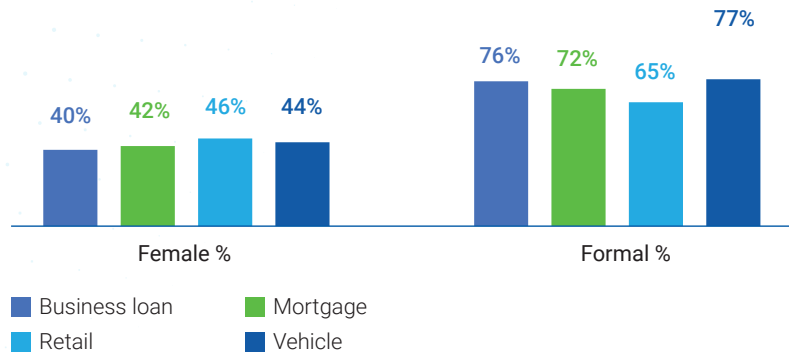


VALUE ADDED

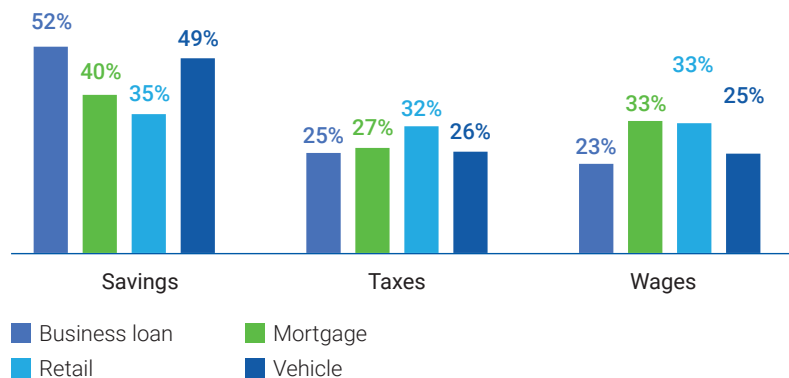


TOTAL
USD 534,142,741
/ MNT 1,821,797MLN

BREAKDOWN OF THE JOBS CREATED BY FEMALE AND FORMAL



BREAKDOWN OF THE VALUE ADDED BY CATEGORIES



Carbon intensive sectors

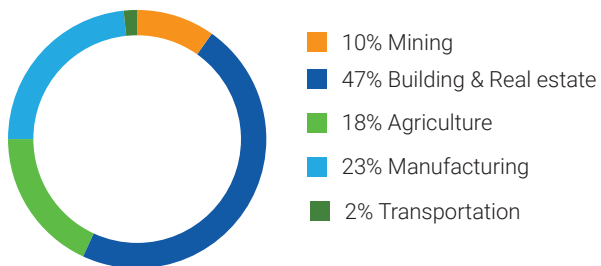
Golomt Bank has identified the following sectors as carbon intensive:

- Agriculture
- Power distribution and transmission
- Mining
- Road transportation
- Manufacturing
- Building & Real estate

In 2023, the Bank incorporated an additional intensive sector- Building & Real estate - in line with the IPCC and the IEA WEA 21 sector classification. The total financed GHG emission of carbon intensive sectors stand at 839,838 tCO₂e (52% of total financed emission).



Intensive sectors' GHG emission



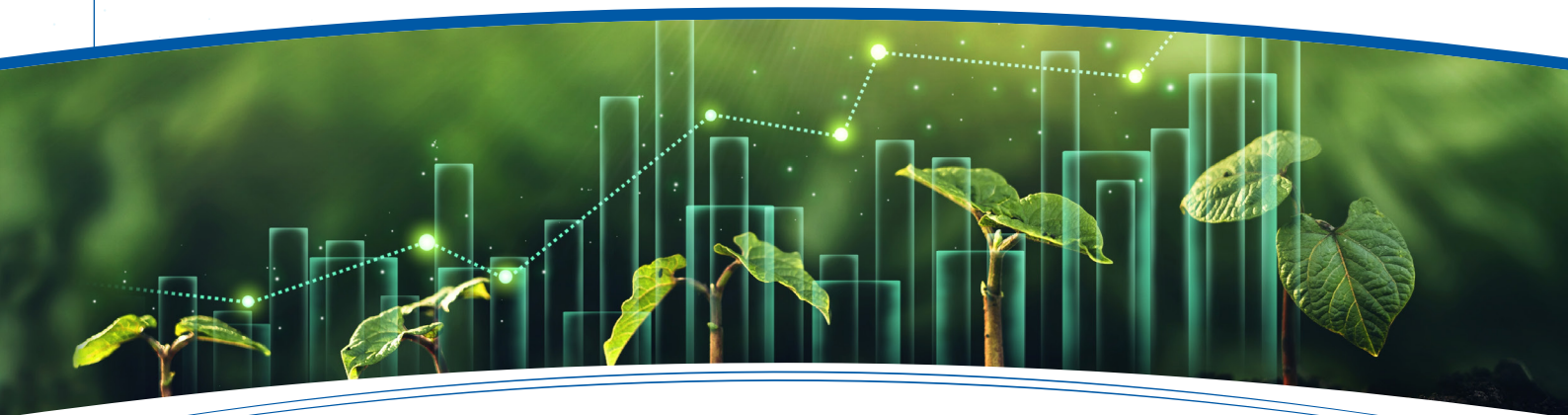
In the upcoming years, the Bank will set sector specific targets and strategic plans to reach the set targets. Please refer [HERE](#) for the methodology utilized for computing financed GHG emission, jobs created and value added through our portfolio as 2023 YE.

Financing low carbon transition

Many of our customers share our philosophy and are developing and implementing robust plans to adopt more sustainable business models, as well as transition to a low-carbon future. Thus, we empower our customers on their sustainability journey through a wide range of sustainable financing offerings, which can be deployed through loans.

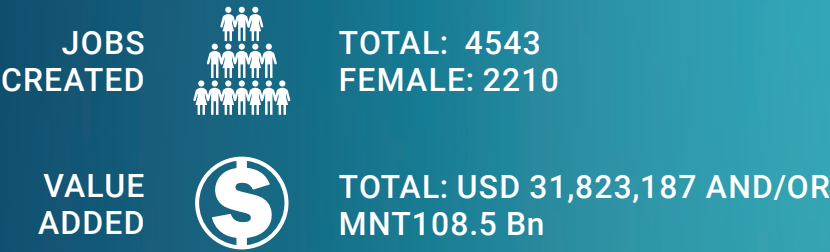
Banks have a two-way relationship with climate, whereby climate change has risk implications on the portfolio of banks and banks' lending affects the climate via the financing provided. Our climate strategy accounts for this two-way relationship by strengthening climate risk management capabilities and ensuring portfolio alignment with our climate targets. This opens up new opportunities for us to support and empower our clients to achieve their decarbonization targets and other sustainability goals by scaling up our sustainable and green business loan offerings.

| | Interest rate (monthly) | Maximum limit | Tenor (month) |
|---|-------------------------|---------------|---------------|
| Sustainable, green business loan (foreign and domestic fund) | 1.2% - 1.4% | MNT5-10 bln | 30-84 |
| Interest dividing green business loan | 1.2% - 1.4% | MNT5-10 bln | 84 |
| Women entrepreneurs loan | 1.2% - 1.4% | MNT100 mln | 36 |

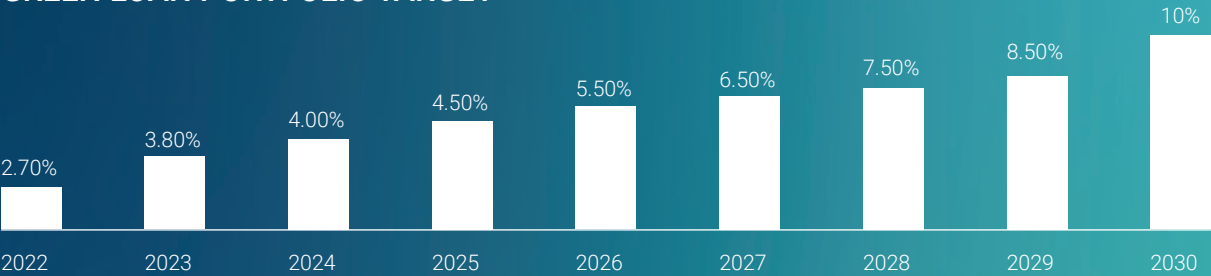


Green loan portfolio

Through the utilization of our loan offerings to finance the low-carbon transition, the Bank has set an ambitious goal to ensure that 10% of our total loan portfolio consists of green, sustainable loans by 2030.

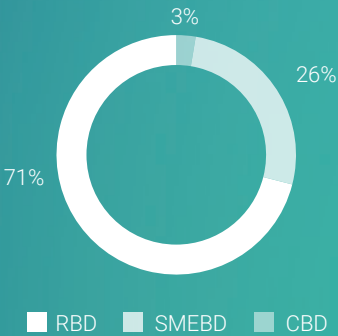


GREEN LOAN PORTFOLIO TARGET



Over the span of the past four years, we have committed a cumulative total of MNT565billion in sustainable financing transactions. In 2023, we committed a total of MNT243billion of sustainable and green financing in the forms of loans, with an outstanding portfolio as of 31 December 2023 at MNT183billion. From the portfolio we can see that energy efficiency, agriculture and water & waste consists 98.93% with 71% being corporate, 26% being SME and the remaining 3% being retail loans.

| Classification | 2022Q4 | 2023Q4 |
|--------------------------------|--------|--------|
| Renewable Energy | 0.07% | 0.00% |
| Clean Transport | 1.20% | 0.66% |
| Energy Efficiency | 0.05% | 52.41% |
| Green Building | 57.38% | 0.00% |
| Low Pollution Energy | 0.00% | 0.41% |
| Sustainable Agriculture | 20.87% | 41.89% |
| Sustainable Water & Waste | 20.43% | 4.62% |
| Pollution Prevention & Control | 0.00% | 0.00% |



Facilitating orderly and just transition

While we have established our commitment and ambitious targets to decarbonize our own portfolio towards a set target, we recognize that committing to long term target may not be adequate to effect change and impacts in the real green economy of Mongolia. In Mongolia, thermal coal remains a dominant source of energy, and the economic growth is highly dependent on the mining sector, specifically coal export. To proactively accelerate the transition of this economically important brown sector, Golomt Bank is and will continue to partner with clients to facilitate a gradual and just transition. This approach aligns with inclusive outcomes for affected stakeholders and ensures expected financial outcomes.

Energy Transition

Strengthen cooperation with clients in renewable energy

Provide existing clients with products and services to encourage at least 20% of their energy mix is renewable

Provide existing clients with products and services improve energy efficiency and offer renewable energy solutions (ex. purchase of EE and fossil fuel free equipments)

Disclose Bank's coal exposure annually to provide transparency



Mining sector Transition

Strengthen cooperation with clients in mining sector to assist in their transition through trainings and capacity building

Provide existing clients with products and services to encourage fossil fuel replacing heavy machinery and equipments

Provide existing clients with environmentally and socially beneficial products and services

Disclose Bank's mining exposure annually to provide transparency

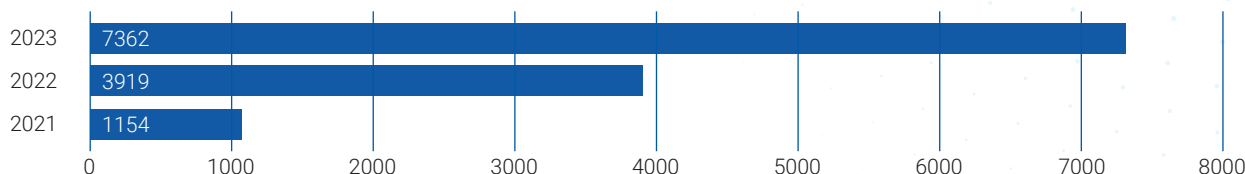


Building ESG expertise

Given the rapidly evolving landscape, we recognize that knowledge-building and a deeper understanding of climate change, SDGs and sustainable financing are key differentiators that are necessary for all of our employees to achieve Bank's sustainability agenda. Thus, on an annual basis we provide mandatory trainings to all employees.

Our Relationship and Corporate Managers play a critical role at the transaction and customer level, reinforcing green and sustainable business models for our clients. To be fully equipped for their roles, Relationship and Corporate Managers are required to undergo mandatory Sustainable Financing e-Learning training. This training ensures alignment with our E&S risk assessment regulation, familiarity with green and sustainable products and services, and awareness of current trends in the field. Newly hired Relationship and Corporate Managers must complete this training during onboarding, while existing Relationship and Corporate Managers receive refresher training on an annual basis.

Number of employees enrolled in sustainability related trainings



Introductory training on Sustainable Finance (green loans)

Training on E&S risk assessment

Training on Sustainability related policy and regulations

Introductory training on Gender Equality (from 2023)

Introductory training on Human Rights (from 2023)



Consumer portfolio

Golomt Bank provides a variety of products and services such as savings, current account, digital banking, loan, card products, foreign payments, and insurance to more than one million customers throughout Mongolia through its branches, ATMs/CDMs and online channels.

To empower a more sustainable lifestyle in the community, we are continually digitalizing our banking offerings, while remaining nimble in meeting the ever-changing needs and expectations of our customers. The Bank has been availing accessible banking solutions to encourage a more sustainable lifestyle among customers by scaling green and sustainable loan offerings.

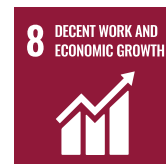
| | Interest rate (monthly) | Maximum limit | Tenor (month) |
|---------------------|-------------------------|------------------------------|---------------|
| Green housing loan | 1.25%-1.4% | MNT 160-300 mln | 120-240 |
| Eco car loan | 1%-1.1% | Dependent on product pricing | 30-96 |
| Green consumer loan | 1.25% | MNT 20 mln | 30 |



Financial inclusion

Golomt Bank believes that financial inclusion is a key enabler for the Sustainable Development Goals as it enables accessible and affordable financial services to all social classes and underserved groups to access appropriate, affordable and timely financial products and services.

As per the impact analysis completed utilizing the UNEP FI PRB tool, our consumer portfolio has positive impacts on the following Sustainable Development Goals. We want to ensure more segments of the community have access to useful and affordable financial products and services that meet their needs and are delivered in a responsible and sustainable manner.



Creating an enabling environment for the underserved

ATM and CDM access point



- Ulaanbaatar city 293 ATM and CDM
- Tuv aimag 2 ATM and CDM
- Darkhan-Uul aimag 18 ATM and CDM
- Sukhbaatar aimag 5 ATM and CDM
- Dornogovi aimag 13 ATM and CDM
- Dornod aimag 7 ATM and CDM
- Orkhon aimag 22 ATM and CDM
- Arkhangai aimag 5 ATM and CDM
- Khuvsgul aimag 12 ATM and CDM
- Uvurkhangai aimag 5 ATM and CDM
- Bayankhongor aimag 6 ATM and CDM
- Khovd aimag 6 ATM and CDM
- Bayan-Ulgii aimag 4 ATM and CDM
- Uvs aimag 4 ATM and CDM

ATM and CDM access point

By the end of 2023, the Bank has utilized 293 and 133 ATMs in the city and in aimag's respectively to increase clients' access points to the Bank's services and products.



- Sukhbaatar district 58 ATM and CDM
- Chingeltei district 28 ATM and CDM
- Songinokhairhan district 39 ATM and CDM
- Bayanzurkh district 61 ATM and CDM
- Khan-Uul district 52 ATM and CDM
- Bayangol district 49 ATM and CDM
- Baganuur district 5 ATM and CDM



Digitalization

Digitalization is a key strategy for the Bank to improve financial inclusivity by reducing agency and transaction costs, enhancing financial access and inclusion, and improving the performance of the financial sector, especially for underserved groups such as women and children, herders, those residing in remote areas, and micro, small, and medium-sized enterprises. Golomt Bank also considers those who do not have access to smartphones, ensuring that branches and CDMs/ATMs are available to serve their needs.

In 2023, the Bank made approximately 320 developments in its digital channels, of which 85% were innovations and improvements, and the rest of 15% were repairs carried out within the framework of error free digital banking.



SocialPay 3.0

In 2023, Golomt Bank updated Mongolia's first digital wallet, the SocialPay application, and launched 3.0 version with a new color design and numerous features aligned with global trends. The new version allows transfers and payments from all bank accounts by scanning all types of QPAY QR codes with SocialPay, making it a digital wallet that can be used in most stores in Mongolia. Additionally, it enables payments using the QR code of the Virtual UnionPay card in China.



SocialPay Junior

Golomt Bank introduced the SocialPay Junior application for children and youths. This application allows the younger generation to create virtual cards with customized design. Additionally, it offers essential financial services such as linking with physical cards for remote payments, sending money and invoices, and managing bank accounts.

New features and opportunities of digital channels

- In 2023, the digital loan project was implemented, enabling quick access to salary, consumer loans, POS secured loans, and pension loans through digital channels.

As a result, 25% of salary and consumer loans have transitioned to digital channels.

- Signed cooperation agreements with the State Bank and Capitron Bank in 2023 respectively. These agreements reduced the fee for transactions made on mutual ATM devices to MNT 100.

- The payment programs were installed on the devices at the General Authority for State Registration.

- Package transactions and Visa B2B were enabled on corporate internet banking platform.

Levelling the playing field for small medium enterprises

In 2023, we have approved 2,078 loans to SME in the form of business loans – supporting women entrepreneurs and project loans with better conditions. We continue the trend of lending to smaller businesses, with over 97% of the loans granted to micro and small businesses accessing through our branches across the country and the remaining through our dedicated SME Banking Division. Within this segment, the Bank has been providing products and services for women entrepreneurs since 2021 with a loan portfolio YOY increase of 74% (MNT11,473mln) providing an opportunity for more than 500 SME women entrepreneurs to gain access to a financial service with flexible conditions.

To better extend the outreach, improve access to financing the Bank leveraged on strong collaboration with partner organization -The Asia Foundation-to further aid micro, small and medium enterprises navigate the competitive landscape since 2019. In 2023,

- the Bank has co-organized the “Business Incubator” accelerator program three times enrolling in total 43 women entrepreneurs (Ulaanbaatar: 31, Countryside: 12)
- the Bank has organized financial literacy training nine times enrolling in total of 170+ women entrepreneurs
- the Bank has provided private 1:1 service for 140+ women entrepreneurs with Business branches
- the Bank has organized in total of five networking events enrolling 75 micro and small medium women entrepreneurs



Golomt Bank, in cooperation with the Mongolian National Chamber of Commerce and Industry, has launched the “Women Owned” trademark. The main purpose of the trademark is to support, develop, and differentiate the products and services of women entrepreneurs on the market.

The following business are qualified for the Women Owned trademark

Ownership

- For business entities, 51%< of the ownership or the highest management personnel are women
- For business cooperatives, 70%< of the ownership are women

Management

- The highest position within an entity is women (CEO, President, Chairwoman of the Board)
- 51%< of the employees are women

This initiative supports and aligns with the following:

Sustainable Development Goals



2050 Vision long-term development policy of Mongolia

- Objective 3.4 Provide financial services and risk protection designed to expand the middle class
- Objective 4.3 Develop a multi-pillar and inclusive financial system connected to the international financial markets
- Objective 4.5 Develop internationally competitive micro, small and medium enterprises and increase employment

Since the launch of the Trademark, the Bank has received 600 applications out of which 23 were approved in 2023, and the remaining are in a process of validation and approval.



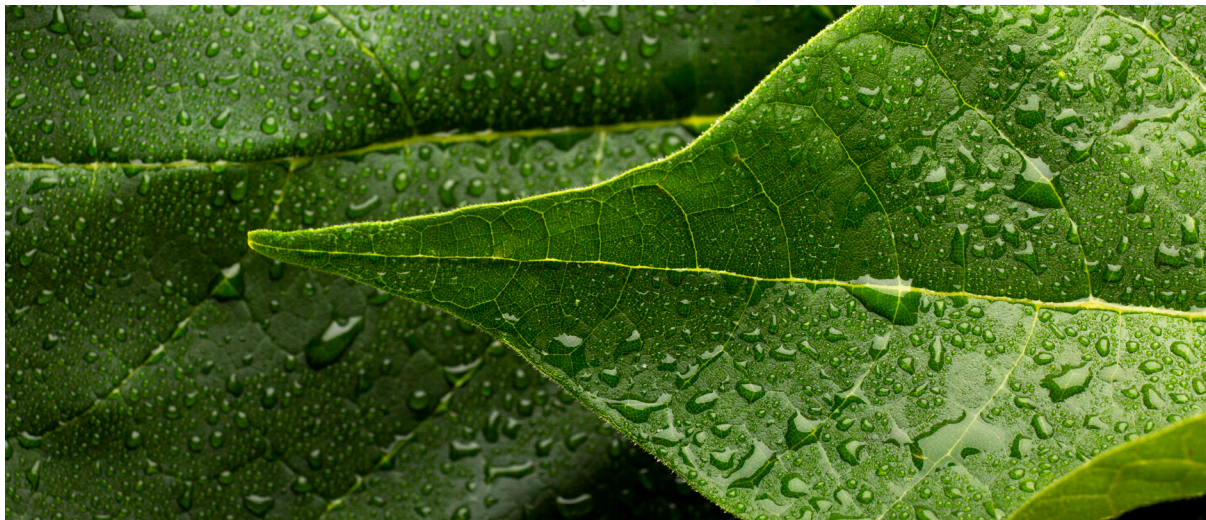


IMPLEMENTING ESG
WITHIN THE SCOPE OF OUR
OWN OPERATION



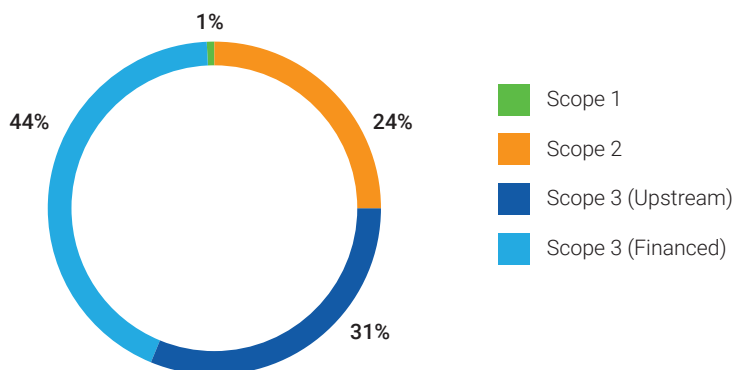
(E)nvironment

Golomt Bank is committed to protecting the environment by mitigating our direct business impact and by utilizing resources in a responsible and sustainable manner. Our goal is to achieve 30% and 50% reduction in GHG emission by 2030 and 2050, respectively across our own operations and supply chain.



Enabling greenhouse gas emission reduction within our operation

1. Scope 1. Fuel consumption in our owned or leased vehicles
2. Scope 2. Purchased energy and heating in our offices and branches
3. Scope 3 (other). Other indirect emissions through our supply chain. For the Scope 3 upstream, we are currently estimating emissions associated with business travel, employee work from home activity, waste, paper and water.



Energy efficiency

Energy consumption represents one of the most significant environmental impacts from our operations as the nationally operating power plants are coal fired. It is therefore one of the ongoing focal from our operation. In 2023, Golomt Bank's 5 offices and 76 branches consumed approximately 1,181,445 kwt of energy (2022: 1,379,706 kwt), all of which were sourced from the central power grid. With the installment of a solar panel, back in 2021, with a capacity of 1080 kwt per month, Bank has sourced approximately 6,376 kwt of energy from a renewable energy in 2023 (2022: 5,987 kwt). In addition, the Bank utilizes only LED lights for all offices and branches to ensure energy efficiency.

We are committed to improving energy efficiency of our operation and in 2024 we will work setting ambitious mid-term and long-term targets to attain at least 30% and 50% energy efficiency in our operation by 2030 and 2050 respectively. Furthermore, the Bank is developing the capability to process energy consumption data from branches.

Supply chain

Our commitment to emission reduction extends beyond our own operation, therefore a close engagement with our suppliers is essential to ensure a sustainable supply chain. As one of the leading Banks in Mongolia, we purchase a diverse range of products and services, including software, corporate services, and other materials necessary for our daily operations. The Bank has successfully integrated sustainability clauses into our current Procurement Policy, where the Mongolian Sustainable Finance Principles and procurement from local vendors are considered and prioritized.

| Procurement | 2023 | 2022 | 2021 |
|---|------|-------|------|
| Sourced domestically (including SMEs and women entrepreneurs) | 95% | 96.2% | 70% |
| Sourced internationally | 5% | 3.8% | 30% |

We are enhancing the Procurement Policy and associated Regulations to align on emission data collections as well as target plans and opportunities for reduction.

Water efficiency

The majority of our offices and branches occupy leased spaces and are co-located with other tenants. Most of the water we use is sourced from third-party providers, such as municipal water suppliers and utilities. Considering this factor, water is discharged to public water treatment facilities, and therefore, no standards for effluent discharge have been set. Thus, we focus and seek



to improve water efficiency within our office space and, where feasible, and will prioritize water efficiency measures in branches located in countryside and in the city. Within this scope, the Bank prioritizes automatic and water efficient mixer taps whenever replacement or new construction of branches or offices are planned.

We are committed to improving water usage reduction of our operation and in 2024 we will work setting ambitious mid-term and long-term targets to attain at least 5% and 10% energy efficiency in our operation by 2030 and 2050 respectively.

Waste

We generate general office waste and small amount of hazardous waste such as batteries and fluorescent bulbs, in our offices and branches. As majority of our branches and offices occupies leased space and is co-located with other tenants, much of our waste data is estimated based on industry average. We divert materials for recycling of plastics, aluminum cans and papers at two offices that are owned by the Bank, and is planning to extend into e-waste management.

Besides our initiative of diverting materials for recycling at two offices that are owned by us, our waste reduction initiatives are focused on reducing paper usage, paper products and we intend to continue to reduce single-use plastic items across offices and branches.

Enablers

The implementation of our climate approach is supported by our involvement in market initiatives and the development of our internal capabilities.

1. Enhanced climate data acquisition and analysis
2. Thought leadership

Enhanced ESG data

In line with the Bank's set targets and in response to increasing regulatory guidelines and requirements for managing sustainability and climate risk disclosures, Golomt Bank has identified the need for a scalable, data-driven approach to climate reporting. Beginning in 2024, the Bank plans to build a centralized ESG Data Hub at an IT infrastructure level.





THOUGHT
LEADERSHIP



Sustainable Finance Week 2023: Mongolia Green Finance Forum

/13-16 June 2023/

The Sustainable Finance Week 2023 was organized in cooperation between the Office of the President of Mongolia, the Mongolian Sustainable Finance Association (MSFA), the Beijing Institute of Finance and Sustainability, International Financial Cooperation – Sustainable Banking and Finance Network, and number of national and international partners including Golomt Bank. The primary objective of this four-day program is to provide valuable insights into a diverse range of trending sustainable finance topics, facilitate meaningful dialogue and exhibit groundbreaking visions and methodologies pertaining to sustainable finance among 500 participants. Golomt Bank's CEO Mr.Norihiko Kato shared its Bank's experience on climate change risk management within the Bank including the importance of E&S Risk Assessment processes and methodologies.



National Forum on Sustainable Development of Mongolia

/7 September 2023/

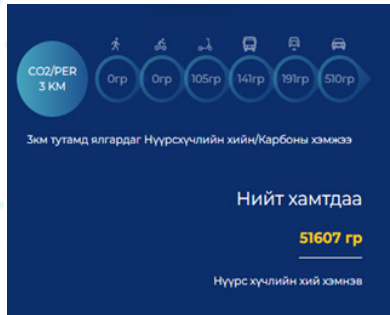


The Government of Mongolia, under the leadership of the Ministry of Economy and Development, developed the national accelerators for SDGs that will serve as an impetus to sustainable and inclusive development based on extensive consultations with the various stakeholders including the public and private sector, civil society, academic institutions, local citizens and youth.

Golomt Bank supported the forum and showcased its excellent initiatives for sustainable development.

Financial Managers' Convention and Business Conference

/3-4 October 2023/



The annual Financial Managers' Convention and Business Conference were successfully organized for the 5th year under the principle of "Think Globally, Act Locally." The main purpose of the event is to evaluate the economic and financial results of the year and economic situation in the upcoming years. As for 2023, a panel discussion was held on the topic of "Sustainable Financing" as the highlight of the event, which is becoming an important factor for the private sector. The event featured the integration of energy-efficient and environmentally friendly elements – where the stage screen, standing screens, lighting, music and equipment were powered by solar energy. Through this effort, the Bank managed to prevent 28.3kgCo2e emission per hour. In addition, participants contributed to this initiative by choosing sustainable modes of transportation, collectively saving 51.6kgCO2. In alignment with Golomt Bank's commitment to sustainability, this initiative resulted in preventing 278kgCo2e from emitting, which can be absorbed by a

single tree over a span of eleven years.



(S)OCIAL

With increased focus from investors, consumers, wider workforce, and the media presence, ESG is high up on the agenda for the Bank. But we are aware that it isn't all about the "E" for environment. The "S" for social limb of ESG covers a variety of different societal and workplace topics. The Bank believes that practicing Diversity, Equity and Inclusion (DEI) and Human Rights help maintain the most important commodity – human resources. Thus, the Bank has addressed Gender Equality, ESG, SDG and Human Rights issues by integrating them through the relevant regulations and documents. Please refer to the detailed regulatory table in the disclosure section.

Building a Great Corporate Culture

At Golomt Bank, we believe in the approach of culture by design to enable our people to be their best under a motto "Our Culture is Our Pride".

Golomt Bank's cultural attributes

Benefits

Supporting health of our employees

- 1,063 employees were enrolled in Vitamin event held annually
- 1,275 employees were able to access first hand in office doctor
- 2,494 employees were enrolled in a private insurance

Availing inclusivity of disabled people

- 23 disabled employees are being provided with a position
- 503 employees are being provided with additional financial support due to at work incidents

Availing inclusivity of aged employees

- 5 former employees are being provided with financial pension support

Work life balance

- Flexible working hours
- Employees have the choice to adjust their working hours
- Employees' salaries were raised by 30%
- Opportunities to participate in interest clubs, sports and cultural events

Family benefit

- Paid leaves on employees' and their children's birthdays
- 47 employees were able to access mortgage loan with flexible conditions
- Employees and their families can live in furnished, comfortable summer houses at the "Oin Bulag" camp

Developing Our People

We are committed to building the long-term careers of our people and creating impactful outcomes for our customers and stakeholders'. Amidst global disruption and uncertainties, we remain committed to helping our people thrive.

1. Developing our talent

We annually review the state of talent and the strength of the human capital at Golomt Bank in support of our business, as well the satisfaction level of our employees. In 2023, Golomt Bank was able to obtain Great Place to Work Certification from the Great Place To Work Institute.



2. Preparing our workforce for the future

With job disruption set to continue in the post pandemic world and employees having to embrace new ways of working, we have also accelerated efforts to equip employees to be relevant and future ready through multi-level trainings. In 2023, in total of 164,738-man hours were dedicated for national and international trainings. We prepare our employees for the future by equipping them with data, digital, functional and leadership skills.

3. Availing multiple career growth opportunities

Besides being committed to building long-term careers for our employees, under SDG 4, through our multi-level training strategy, we recognize diverse aspirations and career growth paths. We are committed to building the long-term careers of our people by providing them with various career opportunities within the organization. Our internal cross mobility programme allows employees to maximize these opportunities and move within departments or across businesses. Internal mobility empowers employees to take change of their career development by gaining lateral exposure and acquire different skill sets and experiences.

4. Advancing our leadership development

To ensure continuous learning, 1900 management level employees were able to enroll in World Class Manager Vol.2 provided by the Global Growth Institute in cooperation with Gurun Academy.

Driving Diversity Equity and Inclusion

Fostering an inclusive culture with equal opportunities

At Golomt Bank, we embrace diversity, equity and inclusion to enable us to attract the best people, build the best teams and produce the best work. We are intentional about providing equitable opportunities and building an inclusive culture where all are empowered to grow to their fullest potential, drive change and make a positive difference to others. We are committed to ensuring a workplace free of disrespectful behavior or harassment, where employees are treated with dignity and respect.

1. Promoting equal opportunity

We are committed to providing equal opportunities for our employees and prospective hires. We hire people on the basis of skills, experience or ability to perform the job, regardless of age, race, gender, religion, marital status, family responsibilities or disability. We adhere to the local laws, regulations and laws, where 23 of total employees are persons with special needs.



2. Building an inclusive culture

We are committed to nurturing an inclusive culture in Golomt Bank where all employees feel valued, cared for, and invested in. We build communities, and support employees in creating a safe and inclusive workplace.

The Bank has been awarded the “Great Place To Work” Certification for the second consecutive year based on the anonymous survey conduct within the employees on the perception of fairness, feelings of belonging and perception of leadership.



Salient human rights risks

Customers, governments and civil society organizations increasingly expect companies to do business with respect for people and planet. At Golomt Bank, we expect all employees to protect and respect human rights in terms of fair business practices, human rights and ethics, environment and labor rights. The Bank has in place and is improving continuously to align itself with the Universal Declaration of Human Rights and the Human Rights Based Approach through policies, regulations and corporate culture.

Based on the country and sector, we identified key human right risks and we will identify key actions to mitigate potential adverse impacts and key indicators for assessing the effectiveness of our efforts.

| | Types of HR issues | Low | High | How GB is addressing |
|-------------------------|---|-----|------|--|
| Fair Business Practices | Taxation | | | |
| | Corruption | | | Code of Conduct, Anti-money laundering regulation, Code of Ethics |
| | Market distortion & competition | | | |
| Human rights & ethics | Government influence | | | E&S Risk Assessment to ensure environmental and social impacts are identified and managed appropriately. |
| | Conflicts & security | | | |
| | Land use & property rights | | | Product development regulation |
| | Community impact | | | |
| | Animal welfare | | | |
| | Consumer interests & product safety | | | |
| Environment | Climate & Energy | | | E&S Risk Assessment to ensure environmental and social impacts are identified and managed appropriately. |
| | Water use & water availability | | | Decarbonizing our own operation agenda |
| | Soil & ground water contamination | | | |
| | Environment & waste | | | |
| Labor rights | Freedom of association | | | Internal HR policy |
| | Labor conditions (contracts, working hours) | | | Whistleblowing mechanisms |
| | Forced labor & human trafficking | | | |
| | Child labor | | | |
| | Discrimination & gender | | | Anti-discrimination regulation |
| | Wage & remuneration | | | Internal HR policy |
| | Health & safety at work | | | |





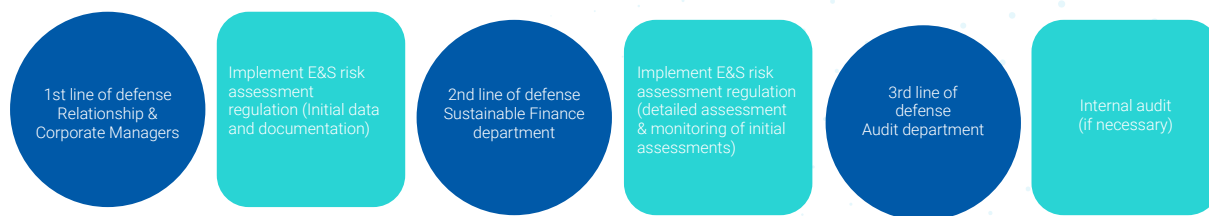
STRATEGIC GOAL 3. CLIMATE CHANGE RISK MANAGEMENT



Managing ESG risks of customers

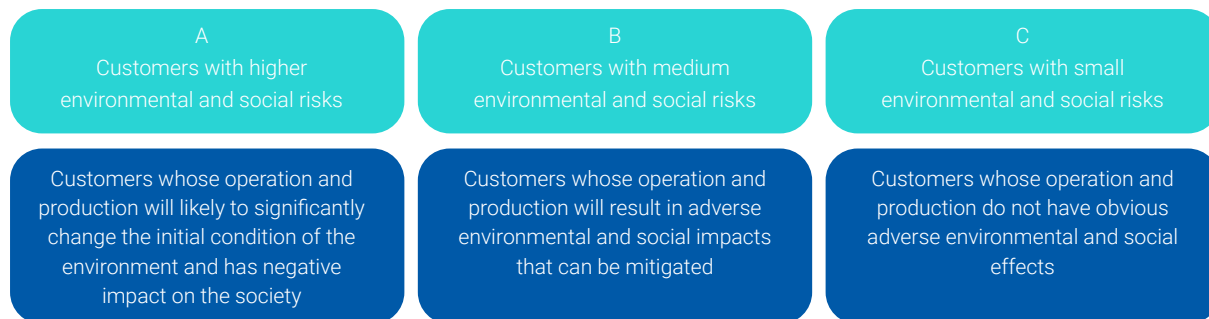
Golomt Bank has enhanced the policies, systems and processes used for managing E&S risk which cover risk identification, measurement, assessment, monitoring and reporting, control and mitigation, and controlled or reduced the risks that might arise from its business in accordance with the national plans to attain green and low-carbon economy, relevant environmental laws and regulations and industrial policies.

The Bank established an E&S risk governance structure that is commensurate with its business size and attributes, and defined management responsibilities with the three lines of defense.



Risk identification:

Golomt Bank classifies customers into three categories, that is A, B, C, given many factors such as their potential environmental and social risks, industries to which they operate in, and their stage of development, label them in related business management system, and takes more stringent assessment and review measures for high-risk customers. The classification results shall be re-examined annually.



Risk Measurement:

At the portfolio level, the Bank establishes quantitative and qualitative indicators and targets to measure, monitor, assess, and manage exposures to ESG risks, and to analyze the severity by industry.

1. Monitor the balance and proportion of credit to carbon intensive sectors on a quarterly basis (to be implemented since 2024)
2. Evaluate the impact of customer ESG risks

Risk Monitoring:

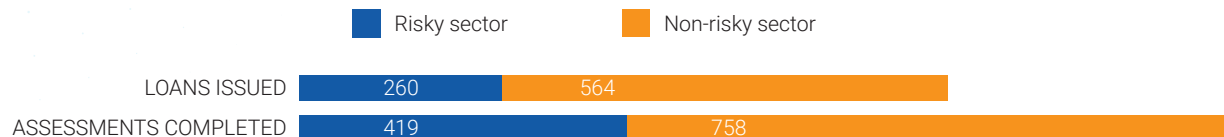
Golomt Bank monitors on the compliance of ESG risk related covenants on a half year basis in cooperation with the Credit Division, to ensure that environmental and social risks are appropriately mitigated and managed by our clients.

Circumstances in which the Bank shall not provide or be cautious about providing credit support

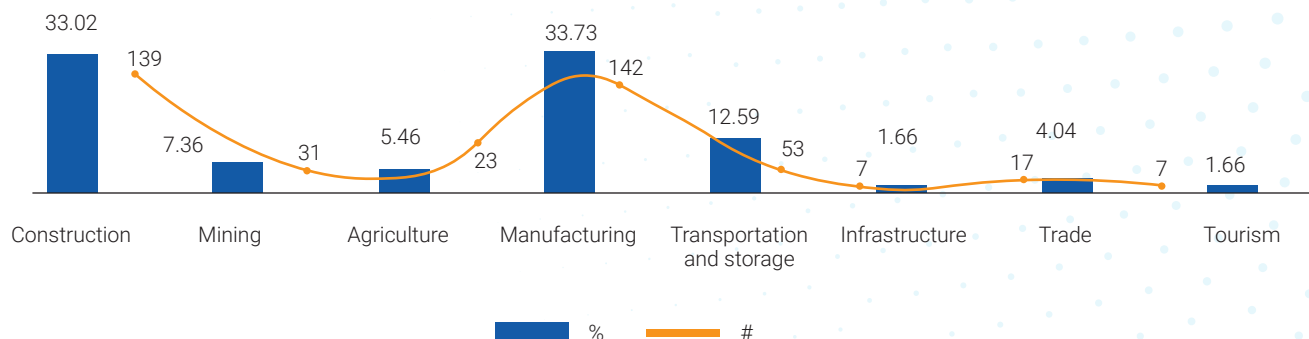
Under one of the following circumstances, the Bank shall not provide credit support for new businesses; in the case of existing businesses, it shall urge the customers concerned to make rectification and to take risk mitigation measures.

1. Lack of implementation of E&S risk related covenants
2. Activities included in the Exclusion list

In 2023, a total of 1,177 environmental and social risk assessments were conducted, representing a year-over-year increase of 107%. Out of the total assessments, 64% were from non-risky sectors with a 74% disbursement rate. The remaining 36% were identified as operating in risky or low, medium, and high impact sectors on the environment and society, with 62% of these resulting in loan disbursements.

Number of E&S Risk assessment & issuance

The breakdown of the risky sectors by economic classification are as follows



Climate related risks and opportunities

Golomt Bank acknowledges the importance of climate related risks, and thus, identified the transmission paths and impacts of climate risk to its key risks from the perspective of physical risk and transition risk. The Bank will proactively work towards integrating risk management into the Bank's overall risk management system and ensure reporting compliance with IFRS S1 & S2.

Physical risk

It is the risk that a customer's business operation, asset value, and other aspects will be negatively impacted by increasingly severe and climatic disasters (e.g. floods, droughts, heat waves), continues climatic change (e.g. temperature rise), and loss of ecosystem (e.g. desertification, water scarcity, degradation of soil).

Transition risk

It is the risk that a customer's operational and financial conditions will be affected by policy changes, technological innovation, changes in consumer preference, changes in investors' preference as a result of addressing the challenges of climate change.





STRATEGIC GOAL 4: STAKEHOLDERS' ENGAGEMENT



Stakeholders' engagement mapping

Because financial institutions play a systemic role in society, our stakeholders have a fundamental expectation that the Bank supports the sustainability transition. At Golomt Bank, we engage with a wide range of stakeholders to understand their expectations and to learn how we can improve.

| | Investors | Customers | Employees | Society | Regulators & policy-makers |
|----------------|---|---|---|--|--|
| | We provide timely and detailed disclosures to enable investors to make informed investment decisions with Golomt Bank | We interact with customers to better understand their requirements so that we can propose the right financial solutions for them | We communicate with our employees using multiple channels to ensure they are aligned with our strategic priorities and ensure high retaining rate | We engage the community to better understand the role we can play to address societal needs and gaps | We strive to be a good corporate citizen |
| How we engage? | <ul style="list-style-type: none"> • Annual Sustainable Development Report • UNEP FI PRB Progress Report • Financial Reports | <ul style="list-style-type: none"> • Multiple channels, including call centers, branches and digital banking • Engagement through Relationship and Corporate Managers • Annual customers' survey | <ul style="list-style-type: none"> • Annual cultural survey • Annual "Great Place to Work" survey • Annual Managers' Meeting | <ul style="list-style-type: none"> • Engagement with MNCCI, BCM, AmCham, EuroCham • Partnership with UN and its agencies | <ul style="list-style-type: none"> • Partnership with the Ministry of Economic Development • Partnership with the Bank of Mongolia & Financial Regulatory Commission |

Involvement in market initiatives

Golomt Bank maintains dialogue and engagement with several key stakeholders to gain insights that ensure our approach remains relevant and aligned with market standards, and also to share good practice within the international and national financial sector.

Mongolian Sustainable Finance Association (MSFA)

The Mongolian Sustainable Finance Association (MSFA) is a member serving NGO with a purpose to green the financing system by promoting sustainability and green growth in its member financial institutions and businesses. The Association work closely with the members and partners to design integrated and transformative policies, business approaches, and multi-sector initiatives that create positive change in line with the Sustainable Development Goals, the Paris Agreement, as well as Mongolia's Sustainable Development Vision, Nationally Determined Contributions, and Green Development Policy.

Golomt Bank sits on the Board and is an active member of the Association.

United Nations Environmental Programme-Financial Initiative, Principles for Responsible Banking (UNEP-FI, PRB)

UNEP FI work with the banking community through the UN Principles for Responsible Banking to accelerate a positive global transition for people and the planet. With over 330 signatory banks representing over half of the global banking industry, the principles, banks take action to align their core strategy, decision-making, lending and investment with the UN Sustainable Development Goals, and international agreements such as the Paris Climate Agreement.

Golomt Bank is one of the founding members of the principles and is a sole member representing Mongolia.

Partnership for Carbon Accounting Financials (PCAF)

PCAF is a global partnership of financial institutions that work together to develop and implement a harmonized approach for assessing and disclosing financed emission.

Golomt Bank has become the member of PCAF in February 2023, and has been utilizing the methods to compute financed emission across our portfolio.



Science Based Targets initiative (SBTi)

SBTi is a partnership between the Carbon Disclosure Project (CDP), the United Nations Global Compact, the World Resources Institute (WRI), and the World-Wide Fund for Nature (WWF), which defines and promotes best practice in emissions reductions and net zero goals in line with climate science. SBTi also provides independent verification of goals.

Golomt Bank has utilized the tools and the methodology provided by SBTi to identify our mid- and long-term targets in line with climate science.

Commitment to Climate Action (CCCA)

Commitment to Climate Action was adopted by some signatories to the Principles for Responsible Banking (PRB) as an additional climate commitment when it was launched in September 2019, thereby fast-tracking PRB commitment to align business strategy with the temperature goals of the Paris Agreement.

Golomt Bank was a signatory to CCCA, which was retired in 2023 as the initiative has met its objectives to accelerate the setting of Paris Agreement aligned targets for the banking sector.

Methodology

| | Methodology | Link |
|----------------------|---|----------------------------|
| Scope 1,2 | UK updated emission conversion factors 2023 | click here |
| Scope 3 (other) | | |
| Electricity and heat | Energy Regulatory Commission | click here |
| Scope 3 (financed) | The JIM Foundation | click here |

Additional disclosure Information on Employees

Female vs Male (by type – Full time)

Sustainable Development Goals:



| | 2023 | | | 2022 | | | 2021 | | |
|------------------------------|--------|------|-------|--------|------|-------|--------|------|-------|
| | Female | Male | Total | Female | Male | Total | Female | Male | Total |
| Number of employees | 1,747 | 747 | 2,494 | 1,662 | 744 | 2,406 | 1,241 | 675 | 1,916 |
| Employees with special needs | - | - | 23 | - | - | 22 | - | - | 21 |
| Total | 1,747 | 747 | 2,517 | 1,662 | 744 | 2,428 | 1,241 | 675 | 1,937 |

Female vs Male (by positions)

Sustainable Development Goals:



| Type of Contract | 2023 | | | 2022 | | | 2021 | | |
|---------------------------------|--------|------|-------|--------|------|-------|--------|------|-------|
| | Female | Male | Total | Female | Male | Total | Female | Male | Total |
| Executive level Director | 7 | 12 | 19 | 5 | 13 | 18 | 5 | 14 | 19 |
| Department and Branch Directors | 60 | 64 | 124 | 66 | 77 | 143 | 60 | 65 | 125 |
| Employees | 1,680 | 671 | 2,374 | 1,591 | 654 | 2,267 | 1,176 | 596 | 1,793 |
| Total | 1,747 | 747 | 2,517 | 1,662 | 744 | 2,428 | 1,241 | 674 | 1,927 |

Female vs Male (by aimags and the city)

Sustainable Development Goals:



| | Permanent | Female | Male |
|--------------------|-----------|--------|------|
| Western region | 78 | 48 | 30 |
| Bayan-Ulgii | 26 | 13 | 13 |
| Govi-Altai | - | - | - |
| Zavkhan | - | - | - |
| Uvs | 15 | 11 | 4 |
| Khovd | 37 | 24 | 13 |
| Mountainous region | 116 | 76 | 40 |
| Arkhangai | 12 | 8 | 4 |
| Bayankhongor | 17 | 9 | 8 |
| Bulgan | - | - | - |
| Orkhon | 44 | 32 | 12 |
| Uvurkhangai | 19 | 11 | 8 |
| Khuvsgul | 24 | 16 | 8 |
| Central region | 161 | 119 | 42 |
| Govisumber | - | - | - |
| Darkhan-Uul | 47 | 31 | 16 |
| Dornogovi | 47 | 41 | 6 |
| Dundgovi | - | - | - |
| Umnugovi | 54 | 38 | 16 |
| Selenge | 13 | 9 | 4 |
| Tuv | - | - | - |
| Eastern region | 42 | 27 | 15 |
| Dornod | 29 | 20 | 9 |

| | | | |
|-------------|-------|-------|-----|
| Sukhbaatar | 13 | 7 | 6 |
| Khentii | - | - | - |
| Ulaanbaatar | 2,097 | 1,477 | 620 |
| Total | 2,494 | 1,747 | 747 |

New hires for 2023

Sustainable Development Goals:



| Type of Contract | 2023 | 2022 | 2021 |
|------------------|-------|-------|-------|
| | Total | Total | Total |
| Graduate hires | 282 | 281 | 206 |
| Internship | 290 | 35 | 45 |
| Total | 572 | 316 | 251 |

Information on Environmental Footprint

Sustainable Development Goals:



| ENERGY | 2023 | | | 2022 | | | 2021 | | |
|---|-----------|----------|-----------|-----------|----------|-----------|-----------|----------|-----------|
| | Offices | Branches | Total | Offices | Branches | Total | Offices | Branches | Total |
| Total energy consumption (kW) | 1,181,445 | - | 1,181,445 | 1,379,706 | - | 1,379,706 | 1,429,886 | - | 1,429,886 |
| Total net energy consumption (kW) | 1,175,069 | - | 1,175,069 | 1,373,719 | - | 1,373,719 | 1,424,241 | - | 1,424,241 |
| From renewables (kW) | (6,376) | | (6,376) | (5,987) | | (5,987) | (5,645) | - | (5,645) |
| Employees | | | 2,494 | | | 2,406 | | | 1,916 |
| Energy intensity by total income (kW/employees) | | | 473.7 | | | | | | |

| GHG EMISSION | 2023 | | | 2022 | | | 2021 | | |
|----------------------------|---------|----------|-----------|-----------|----------|-----------|-----------|----------|-----------|
| | Offices | Branches | Total | Offices | Branches | Total | Offices | Branches | Total |
| Scope 1 (tCOe) | | | 30,192 | | | 27,601 | | | 17,881 |
| Fuel | | | 19,308 | | | 17,676 | | | 11,388 |
| Diesel | | | 10,884 | | | 9,925 | | | 6,493 |
| Employees | | | 2,494 | | | 2,406 | | | 1,916 |
| Scope 1 intensity | | | 12.1 | | | | | | |
| Scope 2 (tCOe) | | | 882,307 | | | 1,021,511 | | | 1,041,394 |
| Energy usage | 881,302 | - | 881,302 | 1,020,463 | - | 1,020,463 | 1,040,344 | - | 1,040,344 |
| Heating | 1,005 | - | 1,005 | 1,048 | - | 1,048 | 1,050 | - | 1,050 |
| Employees | | | 2,494 | | | 2,406 | | | 1,916 |
| Scope 2 intensity | | | 353.77 | | | | | | |
| Operational Scope 3 (tCOe) | | | 1,142,789 | | | - | | | - |
| Water consumption | 1,342 | - | 1,342 | 1,312 | | | 638 | | |
| Waste generated | - | | 620 | | - | | - | | |
| Waste recycled | 40.96 | | 40.96 | 34.19 | | 34.19 | | | - |
| Paper | 18.62 | | 18.62 | 22.31 | | 22.31 | | | |
| Plastic | 6.51 | | 6.51 | 7.80 | | 7.80 | | | |
| Glasses | 9.06 | | 9.06 | 10.85 | | 10.85 | | | |
| Paper usage | 8,689 | 28,448 | 37,137 | 7,564 | 26,320 | 33,884 | 6,420 | 23,558 | 29,978 |
| Battery | | | 102 | | 32 | | 25 | | |
| Business trip (by air) | | | 43,651 | | 32,885 | | 2,538 | | |
| Employee commute | | | 1,059,977 | | | - | | | - |

[illegible]

Other

Training for employees

Sustainable Development Goals:



| ESG training enrollment | 2023 | 2022 | 2021 |
|--|---------|---------|--------|
| # of employees enrolled (double counted) | 7,362 | 3,919 | 1,154 |
| Total training man hours | 164,738 | 112,588 | 95,185 |

Benefits for employees

Sustainable Development Goals:



| Benefits for employees | 2023 | 2022 | 2021 |
|--|-------|-------|-------|
| Health | | | |
| # of employees enrolled in "Vitamin" event | 1,063 | - | - |
| # of employees accessed in-office doctor | 1,275 | | - |
| # of employees covered with private health insurance | 2,494 | 1,300 | 1,593 |
| Employees with special needs | | | |
| # of employees provided additional financial support from the Bank due to work incidents | 503 | | 937 |
| Inclusivity for employees on pension | | | |
| # of former employees on pension with financial support from the Bank | 5 | | 5 |

Financial inclusion – Digitalization

Sustainable Development Goals:



| Digital performance /YoY growth in %/ | 2023 | 2022 | 2021 |
|--|--------|------|------|
| Total number users of digital channels | 16.4% | - | - |
| Number of active users of digital channels | 17.1% | - | - |
| Number of transactions made through digital channels | 38.6% | - | - |
| Total number of Social Pay users | 37.2% | - | - |
| Total number of transactions made through Social Pay | 121.4% | - | - |

Cyber security

Sustainable Development Goals:



| Cyber security incidents | 2023 | 2022 | 2021 |
|--|-----------|-----------|------------|
| Cyber security incidents prevented, in # | 7,500,000 | 6,700,000 | 10,000,000 |
| Cyber security incidents prevented, in % | 100% | 100% | 100% |

Stakeholders' engagement

Sustainable Development Goals:



| Client engagement | 2023 | 2022 | 2021 |
|--|--------|--------|--------|
| # of complaints | 24,431 | 27,403 | 25,303 |
| # of complaints resolved | 24,431 | 27,403 | 25,303 |
| # of complaints resolved within 5 working days | 22,655 | 25,574 | 18,828 |
| Customer satisfaction survey rating | 77.4% | 76.5% | 76.4% |
| Employee engagement | 2023 | 2022 | 2021 |
| Employee satisfaction survey rating, in % | 87% | - | - |
| Employee performance index | 91% | | |
| Employee competency index | 90% | | |

"Billion Tree" Fund

Sustainable Development Goals:



| Support | 2023 | 2022 | 2021 |
|--|-------------|------|------|
| Amount of financial support provided to the Fund | MNT 868 mln | - | - |
| # of trees planted by employees | 290 | 140 | 247 |
| Pine | 25 | - | - |
| Spruce | 165 | 140 | 247 |
| Almond tree | 100 | - | - |

Customers of the Bank, by gender

Sustainable Development Goals:



| | 2023 | 2022 | 2021 |
|--|------|------|------|
| Percentage of the Bank's total customers, by gender | | | |
| Women | 48% | 48% | 48% |
| Men | 44% | 43% | 43% |
| Other | 8% | 8% | 9% |
| Percentage of the Bank's customers accessing consumer loan products, by gender | | | |
| Women | 52% | 51% | 49% |
| Men | 46% | 47% | 49% |
| Other | 1% | 2% | 2% |
| Percentage of the Bank's customers accessing saving products, by gender | | | |
| Women | 56% | 56% | 56% |
| Men | 44% | 44% | 44% |
| Other | 0% | 0% | 0% |

Policies and Regulations Related to ESG

| Human Rights | SDG | ESG | Gender equality | |
|--------------|-----|-----|-----------------|---|
| | | | | Information security |
| | | | | Credit operation regulation |
| | | | | Compliance regulation |
| | | | | Anti-corruption, anti-money laundering regulation |
| | | | | Whistle blowing (ethics and other) |
| | | | | Gender Equality Policy |
| | | | | Anti-discrimination policy |
| | | | | Customer grievance mechanism |
| | | | | Customer management regulation – Private banking |
| | | | | Compensation regulation |
| | | | | Working hour regulation |
| | | | | Internship and partnership with education facilities regulation |
| | | | | Labor regulation |
| | | | | Training and development regulation |
| | | | | Physical security standard |
| | | | | Marketing regulation – content, sponsorship |
| | | | | Marketing regulation – customer survey |
| | | | | On work incident regulation |
| | | | | SHE |
| | | | | Procurement regulation |
| | | | | Sustainable Development Policy |

Fully integrated

Improvement in progress

Alignment with other reporting standard

Principles of Responsible Banking UNEP FI

| Principles | Commitment | Report section | Page no. |
|--|---|---|-------------------------|
| 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. | Governance Strategy | 17-19 |
| Principle 2. Impact & 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. | Climate change risk management Sustainable Green Finance | 35-37 45-47 17-19 |
| Principle 3. Clients and customers | We will work responsible with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations. | Sustainable Green Finance | 21-28 |
| Principle 4. Stakeholders | We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals. | Stakeholders' engagement | 50-51 |
| Principle 5. Governance & culture | We will implement our commitment to these Principles through effective governance and a culture of responsible banking. | Governance | 17-19 |
| Principle 6. Transparency and 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. | Reporting | 64 |

MSE reporting standard

| Type | Code | SDG alignment | GRI alignment | Reporting topic | Response & References | Source |
|---|------|-----------------|---------------|---|--------------------------------------|--|
| Sustainability Management System Indicators | MS1 | | | Senior management commitment | Refer to CEO Foreword and Commitment | |
| | MS2 | | GRI 102-14 | Sustainability policy, strategy and regulations | Refer to Strategy | Principles we follow, human rights, stakeholders |
| | MS3 | | GRI 102-22 | Governance structure | Refer to governance and committees | ESG, risks decision making structure, Committee and the Chair, BoD involvement |
| | MS4 | | GRI 102-15 | Materiality assessment | Key impacts, risks and opportunities | |
| | MS5 | | GRI 102-16 | Organization capacity | Training per employee/hr, by gender | |
| | MS6 | | GRI 102-31 | Monitoring | Monitored by audit | |
| | MS7 | | GRI 102 | Sustainability reporting and verification | PRB EY audit | |
| | MS8 | | GRI 102 | Memberships | | |
| Environmental indicators | E1 | SDG 7 & SDG 13 | GRI 302 | Energy | | |
| | E2 | SDG 7 & SDG 13 | GRI 302 | GHG emissions | | |
| | E3 | SDG 7 & SDG 13 | GRI 201 | Climate change | Targets, climate change risk | |
| | E4 | SDG 6 | GRI 303 | Water | Water withdrawn and saved | |
| | E5 | SDG 12 | GRI 306 | Waste | Waste recycling % | |
| | E6 | SDG 12 & SDG 15 | GRI 304 | Biodiversity | Water target | |

| | | | | | | |
|---------------------------|-----|--------|------------------|---|---|--------------------------------|
| Social indicators | S1 | SDG 8 | GRI 401 | Human capital development | Full time employee, new hires, average training hours | |
| | S2 | SDG 3 | GRI 403 | Occupational health and safety | Voluntary health check program covered | |
| | S3 | SDG 5 | GRI 405 | Equal opportunity | Employee at each status by gender | |
| | S4 | SDG 10 | GRI | Access and inclusion | % of employee with disability, accessibility facility | |
| | S5 | SDG 11 | GRI 413 | Community engagement and disclosure | Grievance policy, complaint resolution rate | |
| | S6 | SDG 12 | GRI 201, GRI 414 | Supply chain management | Local suppliers, policy | |
| Governance indicators | G1 | SDG 16 | GRI 201 | Corruption and ethics | Board structure and other info | Shareholders for Annual Report |
| | G2 | SDG 16 | GRI 417 | Corporate governance | Anti-corruption related info | Annual report |
| | G3 | SDG 16 | GRI 201 | Compliance | Compliance policy | Annual report |
| | G4 | SDG 16 | | Stakeholders' engagement | | |
| Financial sector specific | FS1 | SDG 13 | | Financial literacy and inclusion initiatives | | |
| | FS2 | SDG 13 | | Transaction assessed for E&S risk assessment | | |
| | | SDG 13 | | Green portfolio as per the Mongolian Green Taxonomy | | |

Selected ESG related Awards, Indices and Ratings

Country specific sustainability awards



The Leading Bank of Gender Equality 2023



The Best Bank of Sustainable Finance 2019



The Leading Bank of Sustainable Finance 2020



The Best Bank of Sustainable Finance 2021



The Best Bank of Sustainable Finance 2022

Transparency and Accountability

| Reports | Covered year | Link |
|--|--------------|--|
| Sustainable Development Report | 2020 | ENG: Sustainable Development (golomtbank.com) |
| Sustainable Development Report | 2021 | MON: Тогтвортой хөгжил (golomtbank.com) |
| Sustainable Development Report | 2022 | |
| Sustainable Development Report | 2023 | |
| Principles for Responsible Banking: Progress Report | 2021 | ENG: Sustainable Development (golomtbank.com) |
| Principles for Responsible Banking: Progress Report (EY assured) | 2022 | |
| Principles for Responsible Banking: Progress Report (EY assured) | 2023 | Assurance in progress. To be published in August 2024 |
| Social Responsibility | 2023 | Annual report 2023 (page 98-103) |

