MONGOLIAN SUSTAINABLE FINANCE PRINCIPLES

TEXTILE SECTOR GUIDELINE

December 2019
Ulaanbaatar, Mongolia

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GLOSSARY OF TERMS

BA	Business activities
BOD	Biochemical oxygen demand
BoM	Bank of Mongolia (Mongol Bank)
COD	Chemical oxygen demand
E&S	Environmental and Social
E&S risks	The potential E&S issues associated with a client or engagement that may imply exposure to risk and accordingly may need to be taken into account when making business and risk management decisions
E&S impacts	Any change, potential or actual, to (a) the physical, natural, or cultural environment, and (b) impacts on surrounding community and workers, resulting from a business or Business Activity to be financed. E&S impacts may be temporary or permanent, involving reversible or irreversible changes on the environment or society. Environmental risks can include changes to the atmosphere, water and land due to human activities (e.g. greenhouse gases, pollution, changes to habitats, etc.). Social risks can include impacts to a client's workforce as well as the surrounding community (e.g. occupational health and safety, human rights and labour standards, land disputes or resettlement, corruption, etc.)
ESMS	Environmental and Social Management System
FI	Financial Institution(s)
H&S	Health and Safety
OHS	Occupational Health and Safety
The Principles	Mongolian Sustainable Finance Principles
SME	Small and Medium Enterprise
Sustainable Finance	An approach that recognizes the role of Banks in driving long term economic development in Mongolia that is not only economically viable, but also environmentally responsible and socially relevant
Zud	A winter disaster event characterized by deep snow, severe cold in which large number of livestock die, primarily due to starvation due to being unable to graze, in other cases directly from the cold

INTRODUCTION

This guideline for banks provides loan or equity to the textile sector and to the activities related to production of cashmere wool fibres and garments. It was developed as a companion document to the Mongolian Sustainable Finance Principles (the Principles):

Principle 1 | Protect the natural environment
Principle 2 | Protect people and communities
Principle 3 | Protect cultural heritage
Principle 4 | Promote "green economy" growth
Principle 5 | Promote financial inclusion
Principle 6 | Promote ethical finance and corporate governance
Principle 7 | Promote transparency and accountability
Principle 8 | Practice what we preach

All banks involved in financing textile sector clients, projects or transactions should apply these Principles. The document focuses on guiding banks to develop and improve E&S risk management system for their client's level and client's transactions. Nevertheless, banks should also consider opportunities for E&S performance improvement beyond risk management.

OBJECTIVES

1. Identify the E&S risks and opportunities associated with textile sector client activities as well as their ability to manage E&S issues.
2. Define E&S risk rating criteria for a client for assessing and categorizing E&S risks associated with textile sector activities at the transaction and client level.
3. Adopt relevant industry international and national standards and best practices in the management of E&S risk exposure associated with providing finance to textile sector clients or transactions.
4. Adopt an approach to promote transparency and accountability when providing finance to textile sector clients or transactions.
5. Identify and explore potential opportunities and future improvements for a client or transactions environmental and social performance.

1. SCOPE AND APPLICABILITY

This Guideline is relevant for all commercial banks adopting the Principles and will assess BAs related to the clients of the textile sector.

In general, textile industry comprises the production of yarn, fabric and garments made out of various organic and non-organic raw materials. In the scope of this guideline, solely the transformation of natural raw wool and cashmere fibres into yarn, thread and garments are relevant. For the purposes of this guideline, textile sector activities include, but are not limited to:

1. Raw material production
2. Processing
3. Distribution
4. Use & End-life

See Table 1 for a list of more specific sub – sector activities that fall under these main activity groups.

Table 1. *General list of the textile industry activities*

Sector Activity	Sub-sector Activities
Raw material production	- breeding - herding - grazing - feeding - vaccination - welfare (protection) - raw material harvesting
Processing	- sorting - scouring - dehairing - dyeing - spinning - knitting/weaving - sewing - felt/nonwoven production
Distribution	- storage - transportation - retail
Use&End-life	- reusing - recycling

2. E&S ISSUES IN MONGOLIAN TEXTILE SECTOR

The environmental aspects of the textile industry in Mongolia is mainly related with inputs of surface and groundwater, hazardous chemicals, energy generation and disposal of solid and liquid waste. The social aspects concern about maintenance of occupational H&S regulations, human right and labour law compliance and protection of herders' communities' interests and well-being.

The definition of E&S risks can be understood as potential impacts on and risks to the environment and local communities by a bank's client or transactional activities. All potential E&S risks in Mongolian textile sector are listed in APPENDIX I based on the Table 1. A Table 2 shows current relevant E&S issues of the textile industry in Mongolia.

Table 2. *Existing issues in Mongolian Textile industry by categories*

Category	Issues
Chemical input	- lack of or poor track of chemical inputs - lack of specialized laboratories to measure the toxicity of input chemicals against internationally accepted thresholds

	- Potential harm from azo and pre-metallized dyes when dyes of uncertain origin are used - Lack of awareness and records about oils and lubricants used for maintenance of machinery and equipment - Lack of efficient use of chemicals, most companies lack R&D in reduction/minimization of total amount of chemicals used for wet processing - Only a few companies fully comply with the rules, regulations and norms in buying, storing, transferring and using of chemicals and hazardous chemicals In general, there is lack of records on chemical's use, insufficient effort to cutback the amount of chemicals used for processing and lack of capacity to monitoring and inspect the toxicity of input chemicals national laboratories and inspection/regulation agencies.
Emissions to air	*Emissions of gases, dust, particulate matters (PMs), volatile organic components (VOCs), residual chemicals, oil mist, odor.*
Energy consumption	- Absence of methodologically precise and correct assessment of energy consumption per 1 kg of manufactured product. *Currently, it is calculated by dividing total electricity consumption cost by a number of a product and a tariff* - no target policy for energy reduction per 1 kg of a product - heat loss and low financial motivation to take actions against poor insulation of the building - steam is not considered as an energy input despite the fact that 50-75% of total energy consumption comes from it[1] In general, weak energy consumption monitoring, absence of energy saving plan with calculated benefits and low steam optimization process are relevant indicators of this issue at the sector companies.
Occupational H&S at workplace	- lack financial resources and time management to obtain OHS committee - absence of adequately trained officers to perform emergency medical assistance - not enough number of OHS trainings among employees
Social	- Gender issues. In overall, 85% of a total number of the employees involved in cashmere processing industry are women[2] due to the prevalence of the national norms. Gender share in the production process is almost fairly divided – 47% are women, 53% are men[2]. - Basic human rights are known to be followed in the factories, however there is no adequate documentation

[1] Baseline Assessment Report 2019, Step EcoLab
[2] http://www.mongoltextile.mn/?page_id=773

	against discrimination and reports of incidents and measurements taken to eliminate the problem. - No compliance to the standards of working hours, sufficient pay, occupational safety and health[1] - Unpaid over-time work
Soil degradation	Based on 2016 monitoring data, forty two percent of monitoring sites were judged to be in a "reference" or non-degraded state; 13.5% in slightly degraded, 21.1% in moderately degraded; 12.8% in heavily degraded and 10.3% in fully degraded level.[3]
Wastewater	- Primitive wastewater treatment plants and methods at the most dyeing and scouring workshops (some treatment plants are planned in the future) - Poor monitoring and control of wastewater disposal at knitting factories - Poor monitoring or compliance with effluent quality norms (t, pH, BOD, COD) - Poor tracking and documenting of wastewater volume and quality - Lack of approved plans for wastewater volume reduction and waste water quality improvement - very few companies are interested in ISO 14000 standard compliance[1] In general, in can be said that effluent and wastewater management and waste water quality monitoring are some of the weakest points in E&S of the Mongolian textile sector at the moment.
Water use	- Similar to energy consumption calculation, there is lack of industry-wide approved methodology to precisely calculate amount of water utilized to produce 1 kg of textile output - Many textile companies in Mongolia use both central clean water supply and/or self-drilled groundwater wells which are loosely regulated - poor or no monitoring of water usage metering, recording and documentation at each step of wet processing In general, water efficiency measures are not high priority for most companies and as such there is lack of proper measuring, recording and control of water consumption although water usage is calculated to be 1.6 times high compared to international benchmarks.

Above mentioned current issues create high and medium level risks for the environment and society (Table 3). The main issues were selected due to the scale of the problem and long-term effect on the environment and society according to previous and existing studies of international projects[4].

[3] http://greenmongolia.mn/upload/news_files/ee55b0b158c70450d3a2ac13ee10c3e7.pdf page 16

[4]ADB - Supporting Agriculture

AVSF - Sustainable Cashmere-Fibre Supply Chain in Mongolia

Table 3. *Main E&S risk hierarchy based on E&S issues in textile industry in Mongolia*

Risk level	Issues
A high-risk transaction involves activities that carry potential significant adverse E&S risks and/or impacts that are diverse, irreversible or unprecedented.	- overgrazing due to poor rangeland management and large size of the cattle - lack of or poor wastewater treatment system carries risk of environmental pollution, soil and surface water contamination, danger to wildlife and human health
A medium risk transaction involves activities with limited, few adverse E&S risks and/or impacts which are site specific, largely reversible and readily addressed through mitigation measures.	- inessential expenditure on energy due to poor energy footprint assessment and methodology - lack of or poor control of water (direct groundwater exploitation) usage and absence of proper management might lead to water resource depletion - poor occupational safety due to financial and human resources

3. RECOMMENDATIONS AND CONTROL MEASURES FOR E&S ISSUES IN THE MONGOLIAN TEXTILE SECTOR

Table 4. *Environmental and Social issues of Textile sector in Mongolia, and its control*

Issues	Control
Energy consumption	1. The best practice in terms of energy use lies in ISO 50001 certification, which helps companies to use energy more efficiently through the development of the energy management system. The same model is used for ISO 14001 (managing environmental performance), which makes it easier for organizations to integrate their energy management into environmental management. OEKO-TEX STeP standard[5] does not provide a specific benchmark for energy consumption. Nevertheless, the following techniques are specific to this sector according to IFC EHS Guideline for Textile Manufacturing[6]:

GGAHP - Green gold and Animal Health
SFA- Sustainable Cashmere
UNDP - Sustainable Cashmere Value Chain
WCS - Sustainable Cashmere

[5] https://www.oeko-tex.com/importedmedia/downloadfiles/STeP_by_OEKO-TEX_R__-_Standard_en.pdf
[6] https://www.ifc.org/wps/wcm/connect/711c2479-baf7-461a-aa85-0e483625550a/Final%2B-%2BTextiles%2BManufacturing.pdf?MOD=AJPERES&CVID=jqeIcTk&id=1323162617789

	- Adoption of low-bath-ratio dyeing (e.g. jet dyeing and package dyeing), low temperature dyeing or short dyeing cycles to reduce energy consumption, which is dependent on bath volume, temperature and treatment duration; - Consider efficient combination of operations, such as scouring and bleaching, to save energy and water; - Use of heat recovery from continuous dyeing/bleaching ranges to preheat incoming water and heat recovery through reuse of cooling water and by heat exchange from hot effluents discharged by batch dyeing machines. 2. Implement energy consumption monitoring system with purpose to avoid or reduce unnecessary energy intense process: - Install steam meters separately for space heating and for manufacturing process; - Install separate meter for electricity for each production section. 3. Prepare a written report on current conditions of energy utilization, including but not limited to: - Electricity consumption of each section; - Energy labelling of individual equipment if available (can be requested from the equipment manufacturer); - Steam consumption of each section; - Steam consumption, input and output parameters; - Electricity consumption per kg product, kWh/kg; - Steam consumption per kg product, MJ/kg; - Estimation of CO2 emission based on consumed electricity and steam. 4. Develop a written environmental policy and procedures with defined target to reduce energy consumption and officially approve it on a company level. 5. Nominate person responsible for environmental and energy saving policy implementation. 6. Develop documentation of staff training in conservation of energy. 7. Keep full energy records of the use of energy for each section of the factory.
Hazardous chemical materials	1. Recommendations to avoid or, where avoidance is not possible, to minimize the use of hazardous materials include the following: - Potentially hazardous surfactants should be replaced with biodegradable compounds that do not generate potentially toxic metabolites; - The use of non-biodegradable substances and complexing agents in pre-treatment and dyeing processes should be avoided (e.g. through the selection of less hazardous compounds or process modifications that allow removal of iron and alkaline cations); - Toxic and persistent organic and inorganic textile preservation chemicals (e.g. brominated and chlorinated compounds, dieldrin, arsenic, and mercury) and other finishing processes, should be replaced with biodegradable agents; - The use of potentially impacting antifoaming agents should be avoided or minimized, through recycling, preventing fabric rotation, or selecting biodegradable agents;

	- Knitting and weaving oils do not contain heavy metals; - No use of aromatic solvents in discharge printing step; - Packaging material must not contain PVC. 2. According to OEKO-TEX STeP standards chemical management system fulfils its purpose if it covers the following issues as minimum: - Company policy regarding chemicals, - Designation of a responsible person for chemical management, - Chemical list (can follow Standard 100 by OEKO-TEX[7]), - Comprehensive information of the chemicals (active data research), - Knowledge of the requirements placed on the produced articles in terms of legal requirements and buyer requirement catalogues (restricted substance lists), - Risk assessment for identified critical chemicals, - Promotion of green chemistry[8]
Wastewater	1. According to OEKO-TEC STeP guideline wastewater treatment management should include: - The wastewater from textile and/or leather production processes shall be treated in a wastewater treatment plant (direct discharge) that is owned by the plant or operated as part of a municipal wastewater treatment plant (indirect discharge); - The sampling and testing of wastewater based on the required parameters shall be performed by an independent authorized laboratory/testing body; - The function, design and operation of the water treatment plant shall be ensured. It must be clear that legal and/or agreed provisions are being complied with; - If there are no legal requirements, principles of "good practice" should be followed, such as reducing environmental pollution at source, minimizing waste, wastewater control and monitoring, etc., and the benchmarks of the STeP standard shall be observed; - The sampling and testing of wastewater based on the required parameters shall be performed by an independent authorized laboratory/testing body. 2. Install wastewater meters: start recording and documenting wastewater volumes as well as sludge disposal for each wet processing unit, until wastewater treatment plant is operational or constructed. 3. Include targets for wastewater reduction and measures for effluent quality improvement in annual company planning and review periodically. 4. Strive to implement ISO 14000 as a first step towards the environmental impact compliance. 5. Research and endorse grey water reuse at sanitation facilities and/or production lines, where applicable. Recommendations on specific industrial process[3]: Scouring:

[7] https://www.oeko-tex.com/importedmedia/downloadfiles/STANDARD_100_by_OEKO-TEX_R__-_Standard_en.pdf

[8] "12 Principles of Green Chemistry - American Chemical Society". American Chemical Society

	- Use of readily biodegradable detergents/surfactants that do not give rise to toxic metabolites. (e.g. APEO should be replaced with alcohol ethoxylates); - Optimization of mechanical removal of water prior to the drying process; Dyeing: - Use of bleaching and dyeing systems (e.g. jet and package dyers and hot/cold pad batch techniques), that reduce liquor-to-fabric ratios for water/energy efficiency; - Use of dye formulations that contain highly biodegradable dispersing agents (e.g. based on fatty acid esters or modified aromatic sulfonic acids); - Substitution of chrome dyes with reactive dyes. Benzidine- based azo dyes, dyes containing heavy metals, and chlorine-based dyes should be avoided. Azo dyes that may produce carcinogenic aromatic amines should also be avoided; - Treatment of dyeing wastewater at treatment plants using commonly available techniques, such as electrolysis, ultrafiltration and reverse osmosis, activated sludge, flocculation, and oxidation/reduction.
Water use	1. Record calculate and document water consumption per textile output (m3 per kg) at each processing unit on a weekly basis. 2. Based on water consumption data and patterns, develop internal plans and targets on reducing water use, both in total volume and per kg of textile output to improve water efficiency. 3. Textile companies should, first and foremost, install separate water meters for: each step of wet processing units and general or other purposes such as sanitation facilities, canteen and lawn landscaping. 4. Any use of water from any source shall be in compliance with local and national legislation. If a permit is required, the permit shall be available and valid. Recommendations on specific industrial processes[3]: Scouring - Design of scouring systems to remove heavy settleable solids continuously, increase recovery of wool grease (for sale), recover heat from the final facility effluent, and control water usage; - Adoption of optimized process cycles and procedures to reduce cycle duration, reuse of rinse water for subsequent dyeing, or counter current rinsing in continuous machines, and reconstitution and reuse of dye bath; - Using mechanical dewatering equipment to reduce water content of the incoming fabric and reduce energy consumption in stenter frame. Dyeing - When applicable, use of continuous and semi-continuous dyeing processes to reduce water consumption with respect to more traditional batch dyeing processes;

	- Adoption of optimized process cycles and procedures to reduce cycle duration, reuse of rinse water for subsequent dyeing, or counter current rinsing in continuous machines, and reconstitution and reuse of dye bath;
Soil degradation	1. Implement pollution controls such as a pollution prevention action plan (including regular air, water and soil quality monitoring) 2. Incentive sustainable cashmere/wool production and rangeland management system among herders 3. Implement traceability system in order to monitor the source of raw cashmere/wool material
Emissions to air	Implement pollution controls such as a pollution prevention action plan. Dust - Enclosure of dust producing equipment, and use of local exhaust ventilation; - Use of dust extraction and recycling systems to remove dust from work areas; - Installation of fabric filters to prevent outdoor emission. Air Pollutants from Fiber Manufacturing - Air removed from the processes by the exhaust ventilation should be transported to a recovery system; - Use of emissions control techniques (e.g. absorption and chemical scrubbing). VOCs and Oil Mists - Installing and modifying equipment to reduce solvent use; - Adopting water-based methods for removing oil and grease from fabric instead of using volatile solvents; - Substituting cleaning solvents with less toxic solvents, particularly chlorinated solvents. Odor - Substituting odor-intensive substances with less impacting compounds (e.g. sulfur containing dyestuffs and reducing agents with non-pre-reduced sulphide-free dyestuffs; sodium dithionite in dyeing after treatment with aliphatic short-chain sulfinic acid derivatives); - Installing and modifying equipment to reduce use of odorous chemicals. For the benchmarks for industrial air emissions, see OEKO TEX SteP standard.
H&S at workplace	1. Comply with Mongolian Labour laws such as ILO labor standards[9], 2. Comply with Mongolian Labour law and Occupational health and safety law. 3. Specific recommendations: - Keep containers that store hazardous chemicals properly identified and stored safely; - Any type of chemical, especially those used in cleaning and dyeing must come with a material safety data sheet;

[9] http://ilo.org/global/standards/subjects-covered-by-international-labour-standards/lang--en/index.htm

	- First aid information should be listed so that users are aware of how to react in case of an accident or misuse of chemical products; - Preplanning in case of emergencies should be documented and practiced, including emergency drills, with clear marks on exits and escape routes; - Daily instructions should not only focus on proper use of machineries, but also on functioning with clear safety protocols; - Noise, light, ionizing/non-ionizing radiation, heat, physical and chemical hazards management are described in the General IFC EHS Guidelines[10] and OEKO TEX Step standards.
Social	- Comply with collective agreements and international Human rights conventions. - Avoid adverse impacts on the health and safety of affected community. Specific recommendations: - Develop a policy statement on discrimination, bullying and harassment; - Take steps to prevent or intervene in incidents of discrimination and harassment; - Develop and implement procedures to report and deal with incidents; - Inform workers of the policy statement and procedures to address incidents; - Overtime working regulation according to the Law on Labour of Mongolia; - appoint a coordinator to manage overtime reduction; - Set solutions to causes of overtime and establish an effective improvement action plan; - Use effective tools, for example, Human resource Solutions Effect Analysis, and Lean Six Sigma tools to identify and analyse the root causes of overtime; - Instruct all new workers/stakeholders on discrimination policy and procedures; - Implement traceability system in order to identify minorities being affected by cashmere/wool fibre production.

4. E&S RISK ASSESSMENT AND MANAGEMENT METHODOLOGY

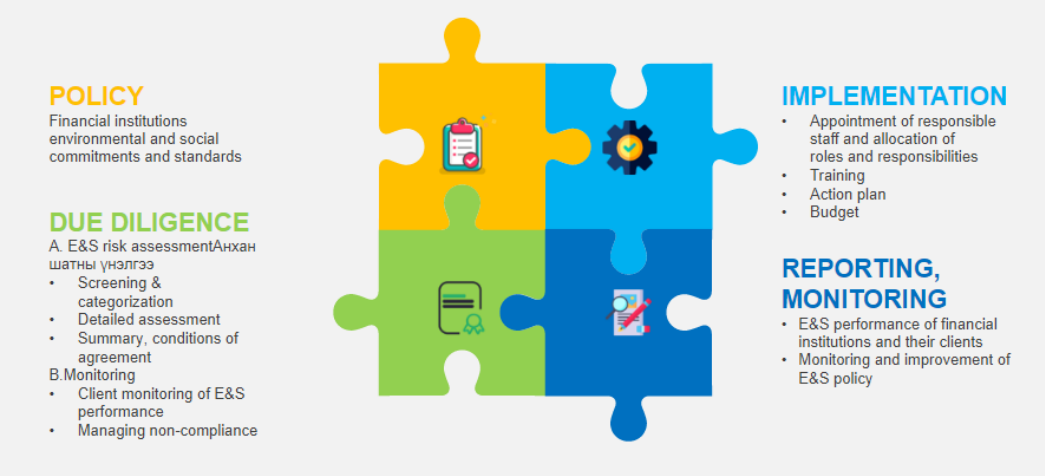
Environmental and Social Management System (ESMS) explains client's procedures for identifying, assessing and managing environmental and social risk of transactions, defines the decision-making process, describes the roles and capacity of staff in doing so and states the monitoring and reporting requirements. It provides guidance on how to screen, categorize transactions based on their environmental and social risks, conduct environmental and social due diligence and monitor the client's environmental and social performance.

A comprehensive procedure to evaluate E&S risks related to client's BA, banks can follow already existing MSFA guideline. Mongolian Sustainable Finance Principles should play a leading role in shaping the methodology E&S risk assessment for Mongolian textile sector companies. In particular, Principle 1 (Protect the natural environment), Principle 2 (Protect

[10] https://www.ifc.org/wps/wcm/connect/29f5137d-6e17-4660-b1f9-02bf561935e5/Final%2B-%2BGeneral%2BEHS%2BGuidelines.pdf?MOD=AJPERES&CVID=jOWim3p

people and communities), Principle 3 (Protect cultural heritage), Principle 4 (Promote "green economy" growth).
Child's work in herding and beyond is a historically practiced cultural aspect. This special condition needs to be carefully monitored and regulated to avoid age- and gender-sensitive risks. "A distinction should be made between the hazards of actually working with livestock and hazards that are inherent to children living in the rural environment."[11] Therefore, robust survey on forced child labour in herding should be conducted with well-defined objectives to inform on the methodology.

According to MSFA guideline, ESMS has four main components:
- E&S policy[12]
- E&S risk assessment and Due Diligence[13]
- Implementation and operation of ESMS[12]
- Ongoing monitoring and reporting[12, 13]



An E&S policy document reflects bank's vision and mission with respect to the environment, society and contributions to sustainable development. This document sets strategic environmental and social objectives and goals, incorporates all E&S risk considerations into all transactions and BAs. The E&S policy should be approved and supported by board members. All stakeholders and employees must be informed of this policy.

E&S Due Diligence consists of two steps – E&S risk assessment and monitoring. Detailed guidance for E&S Due Diligence is outlined below:
- E&S risk screening (Exclusion list check)
- Identification and categorization of E&S risks
- E&S risk assessment (compliance check, ESMS evaluation, operational site visit)
- Decision and E&S risk control (identify E&S risk control measures, include these measures in loan agreement)
- E&S risk monitoring over the duration of the lease

[11] Children's work in the livestock sector: Herding and beyond, FAO, 2013
[12] http://toc.mn/e-learning Module 7 Environmental and Social Risk Management System

[13] http://toc.mn/e-learning Module 3 Client E&S Impact Assessment, Mitigation & Management /Due Diligence/

In order to effectively implement ESMS a bank should select E&S team and define responsibilities and roles at all levels. Bank should utilize progressive training techniques that raise participants' awareness about the ESMS. A roadmap or time estimate for developing and implementing the ESMS should be prepared as well as human and financial capacity should be calculated and planned.

Ongoing monitoring and reporting plan help a bank to determine if action plans and improved procedures are achieving ESMS established objectives. Financial institutions are responsible for monitoring the client's E&S risk reduction measures and ESMS implementation process. If client's E&S performance and action were sufficient to reduce E&S risks and achieve ESMS goals, no additional measures are necessary. In other case, a new loan agreement or more robust and detailed action plan is requested by the financial institution.

4. RECOMMENDATORY STEPS FOR MONGOLIAN FINANCIAL INSTITUTIONS IN ESMS IMPLEMENTATION

Table 5. *Recommendation to make environmental and social assessment for the textile sector*

Step	Detail
Check documents	1. Special licenses: - company operational license - for machinery and inventory - for technology and know-how in compliance with Law of Mongolia on Technology Transfer[14] - the permission to hold activities on export, import, production, trade and use of hazardous and toxic chemicals are issued in compliance with the Law of Mongolia on Hazardous and Toxic Chemical[15], Law on Licensing and national/international standards (APPENDIX III, APPENDIX IV) (however, there is no legal requirement for importing, exporting and using liquid and dry soaps for cashmere and wool washing process[16]) - list of standards regulating product's quality 2. Project plan: - business plan - financial plan (how the loan is going to be spent) (maybe provide some contracts and agreements with suppliers, information on inventory characteristics etc.) - financial report of last 2 years (for companies) or income statement (for individuals) - report of relevant loans from other financial institutions 3. Asset and deposit documentation. Security in the form of pledges, mortgages, etc. 4. Approval and inspection records from GASI 5. E&S policy/ ESMS 6. E&S impact assessment report 7. Waste disposal plan

[14] https://www.legalinfo.mn/law/details/477
[15] https://www.legalinfo.mn/law/details/11509
[16] http://www.mne.mn/wp-content/uploads/2017/07/15.pdf

	8. Human resource policy 9. H&S guidelines, workplace hygiene policy, emergency plan
Check if client meets international and national E&S requirements (laws and standards)	1. Depending on the textile activity, identify relevant mandatory national laws, standards and international voluntary standards; 2. Client has to establish overarching E&S policy that defines E&S objectives complying with previously identified international and national regulations 3. Check the client performance according to these laws and standards in terms of: - Environment pollution, Water consumption, Biodiversity degradation, Waste management - Impact on local community, Impacts on workers Check APPENDIX III, APPENDIX IV for the laws and standards
3 E&S impact assessment	1. Check Table 3 to categorize all potential E&S risks mentioned in APPENDIX I. These issues should be identified based on IFC Performance Standards and the Principals. 2. Check 4. E&S RISK ASSESSMENT AND MANAGEMENT METHODOLOGY
4 Identify high-level risks and evaluate client's ability to cope with them	Management and mitigation on the part of the client: 1. Develop and implement action plans for risks involved 2. Put in place comprehensive and effective stakeholder engagement mechanism (see APPENDIX V); 3. Seek risk mitigation measures, for example through a third party sharing of potential E&S risk. 4. Comprehensive reliable traceability system On-monitoring and reporting should take place every 2 years according to national law

6. MONITORING

Where a textile sector transaction involving E&S risk issues has been approved, a Bank should monitor the client's implementation of any agreed E&S action plans, E&S risk management plans, or other requirements (stakeholder engagement plan, ESMS compliance monitoring, Organizational Capacity and Competency regulation, Emergency Preparedness and Response), that have been included in the transaction documentation to ensure effective E&S risk mitigation.

7. REPORTING

Banks shall report at least annually about its E&S management implementation processes and experience, including information of textile sector clients and transactions to BoM, MSFA and other stakeholders (see APPENDIX V). Reporting to "Global Reporting Initiative"[17] or any other reporting practices can be a future opportunity for the client to improve their sustainability

[17] https://www.globalreporting.org/Pages/default.aspx

performance. The reporting related to textile sector transactions should at a minimum include, but is not limited to, the following:

- Number of textile sector transactions screened;
- Number of textile sector transactions approved;
- E&S risk categorization, breakdown by textile sector activity or region;
- On-going monitoring requirements, i.e. the progress of the agreed E&S action plan.

APPENDIX I. MAIN E&S ISSUES IN THE TEXTILE INDUSTRY

Sector activity	Sub-sector activities	Key environmental issues	Key social issues
Production	- breeding - herding - feeding - vaccination - protection (from extreme climate conditions)	- soil degradation - GHG as methane - soil quality - water quality in some depth through ammonia emissions from manure - animal welfare (during *zud*)	- rangeland selection and division conflicts among herders - animal diseases (direct zoonotic diseases) - indirect infections through water and soil pollution from cattle - health risks related to dust - gender inequality - forced labour
Processing	- sorting - scouring - de-hairing - dyeing - spinning - knitting - weaving - sewing - felt/non-woven production	- sludge disposal - waste disposal and landfilling incineration - water use and efficiency - wastewater and effluent issues - high energy use - use of chemicals (inc. storage and transportation) - GHG emissions from factories or local incineration	- human right points related with working space and conditions (contract, working conditions, safety, working hours, salary) - health risks related to dyeing chemicals - to hazardous materials (textile preserving chemicals) - to microbiological contaminants (bacteria, fungi) - to detergents (scouring) - to VOCs - to exhaust gases - to odor - to heat - to physical hazards (general mechanical injuries from hand-work) health risks related to water and soil pollution around the production plant (high BOD COD, heavy metals, high TDS) - drinking water shortage due to water intense processes
Distribution	- collection - storage	- use of unsustainable, single use packaging	- human right points related with working space and

	- transportation - retail	- packaging waste - energy use on packaging - GHG emissions, contribution to global warming (international and national delivery to retail shops or manufacturing units)	conditions (contract, working conditions, safety, working hours, salary, - gender issues
Use & End-life	- collection of defected/broken garments - reconditioning garments (maybe include in opportunities)	- fiber waste - GHG emissions from transportation - packaging - energy use	- human right points related with working space and conditions (contract, working conditions, safety, working hours, salary) - quality and standard loss

APPENDIX II. EXAMPLES OF EXCLUSION LISTS

The IFC Exclusion List defines the types of projects that IFC does not finance.

- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB's, wildlife or products regulated under CITES.
- Production or trade in weapons and munitions.[18]
- Production or trade in alcoholic beverages (excluding beer and wine).[17]
- Production or trade in tobacco.[17]
- Gambling, casinos and equivalent enterprises.[17]
- Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where IFC considers the radioactive source to be trivial and/or adequately shielded.
- Production or trade in unbonded asbestos fibres. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
- Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.

A reasonableness test will be applied when the activities of the project company would have a significant development impact, but circumstances of the country require adjustment to the Exclusion List.

http://www.ifc.org/exclusionlist

The following activities do not qualify for Asian Development Bank financing according to SPS of 2009 and as expanded for this loan:

- production or activities involving harmful or exploitative forms of forced labor[19] or child labour[20];
- production of or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements or subject to international phase outs or bans, such as (a) pharmaceuticals[21], pesticides, and herbicides[22], (b) ozone depleting substances[23], (c) polychlorinated biphenyls[24] and other hazardous chemicals[25], (d) wildlife or wildlife products regulated under the Convention on

[18] This does not apply to project sponsors who are not substantially involved in these activities. "Not substantially involved" means that the activity concerned is ancillary to a project sponsor's primary operations.
[19] Forced labor means all work or services not voluntarily performed, that is, extracted from individuals under threat of force or penalty
[20] Child labor means the employment of children whose age is below the host country's statutory minimum age of employment or employment of children in contravention of International Labor Organization Convention No. 138 "Minimum Age Convention" (www.ilo.org).
[21] A list of pharmaceutical products subject to phaseouts or bans is available at http://www.who.int.
[22] A list of pesticides and herbicides subject to phaseouts or bans is available at http://www.pic.int
[23] A list of the chemical compounds that react with and deplete stratospheric ozone resulting in the widely publicized ozone holes is listed in the Montreal Protocol, together with target reduction and phaseout dates. Information is available at http://www.unep.org/ozone/montreal.shtml
[24] A group of highly toxic chemicals, polychlorinated biphenyls are likely to be found in oil-filled electrical transformers, capacitors, and switchgear dating from 1950 to 1985
[25] A list of hazardous chemicals is available at http://www.pic.int

International Trade in Endangered Species of Wild Fauna and Flora[26], and (e) transboundary trade in waste or waste products[27];
- production of or trade in weapons and munitions, including paramilitary materials;
- production of or trade in alcoholic beverages, excluding beer and wine[27];
- production of or trade in tobacco[28];
- gambling, casinos, and equivalent enterprises[27];
- production of or trade in radioactive materials[29], including nuclear reactors and components thereof;
- production of, trade in, or use of unbonded asbestos fibers[30];
- commercial logging operations or the purchase of logging equipment for use in primary tropical moist forests or old-growth forests;
- marine and coastal fishing practices, such as large-scale pelagic drift net fishing and fine mesh net fishing, harmful to vulnerable and protected species in large numbers and damaging to marine biodiversity and habitats;
- real estate investment, if non-owner occupied, or property acquisition;
- commercial real estate construction unless SME owner-occupied
- heavy construction material-related sectors;
- multi-family housing construction;
- all mining, mineral processing and extraction activities;
- businesses involved with oil or energy import;
- businesses involved primarily with the import of luxury items;
- SMEs that are subsidiaries of or controlled by large enterprises;
- wastewater treatment activities
- water supply activities

https://www.adb.org/sites/default/files/project-document/175428/48015-002-esms-01.pdf

[26] A list is available at http://www.cites.org
[27] As defined by the Basel Convention; see http://www.basel.int
[28] This does not apply to project sponsors who are not substantially involved in these activities. Not substantially involved means that the activity concerned is ancillary to a project sponsor's primary operations
[29] This does not apply to the purchase of medical equipment, quality control (measurement) equipment, and any equipment for which ADB considers the radioactive source to be trivial and adequately shielded.
[30] This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.

APPENDIX III. INTERNATIONAL AND NATIONAL E&S RELATED LAWS AND AGREEMENTS

Mandatory Mongolian Laws relevant in the scope of this guideline:

- Law on Agriculture product and commodity stock market (2011)
- Law on Air (2012)
- Law on Air pollution Fee (2010)
- Law on Animal Health (2017)
- Law on Buffer Zones of Special Protected Areas (1997)
- Law on Company activities' special license (2001)
- Law on Crop farming (2004)
- Law on Crop insurance (1999)
- Law on Crop varieties (1999)
- Law on Domestic Violence (2016)
- Law on Energy (2001)
- Law on Energy Efficiency (2015)
- Law on Environmental Protection (1995)
- Law on Environmental Impact Assessment (2012)
- Law on Fauna (2012)
- Law on Fees for Use of Natural Resources (2012)
- Law on Forestry (2012)
- Law on Gender equality (2012)
- Law on General Taxation (2011)
- Law on Health (2011)
- Law on Hygiene (1998)
- Law on Information Transparency and Right to Information (2011)
- Law on Inspection and Examination of animal, plant, their commodity and product during quarantined transportation across border (2002)
- Law on Labour (1999)
- Law on Land (2002)
- Law on Land Fee (1997)
- Law on Livestock gene pool and health protection (2001)
- Law on Livestock Protection (2011)
- Law on the National Human Right Commission (2000)
- Law on Natural Plant (1995)
- Law on Occupational Health and Safety (2008)
- Law on Plant protection (2007)
- Law on Procurement of products, works, services by state and local government funds (2005)
- Law on the Rights of the Child (2016)
- Law on Small and Medium Enterprises (2007)
- Law on Social Security (1994)
- Law on Social Welfare 2012
- Law on Soil conservation and Prevention of desertification (2012)
- Law on Standardization, Technical Regulation and Conformity Assessment Confidentiality (2017)
- Law on Special Permission for the Operation of Entities (2001)
- Law on Toxic and Hazardous Chemicals (2006)
- Law on Use of Water Supply and Sewerage System in Urban and Settlement Areas (2011)
- Law on Waste Management (2017)

- Law on Water (2012)
- Law Water Pollution Fee (new edition 2019)

- The Green Development Policy (2014)
- The "Cashmere" Program (2018-2021)
- The "Industrialization 21:200" Program (2018-2020)
- The "Mongol Export Program" (2019-2023)

International law and agreements:

- ILO OHS and working environment convention 1998 (mandatory)
- ILO Convention concerning Minimum Age for Admission to Employment (2002) (mandatory)
- ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (mandatory)
- UN Basel Convention (1997) (mandatory)
- UN Convention on Biological Diversity 1993 (mandatory)
- UN Global Compact
- UNCCD in Those Countries Experiencing Serious Drought and/or Desertification (1996) (mandatory)
- UNDP SDGs (mandatory)
- UNEP Convention on the Conservation of Migratory Species of Wild Animals (1979) (mandatory)
- UNFCCC Paris Agreement (2016) (mandatory)
- ILO MNE (voluntary)
- UNEP FI Principles for Responsible Banking (2019) (voluntary)

Industry related global voluntary framework and initiatives: (mostly focused on ethical work place, wage, and supply chain)

- ACT initiative (First global framework on living wages in the garment sector that brings together global brands and retailers and trade unions to improve wages in the industry by establishing industry collective bargaining in key garment and textile sourcing countries, supported by world class manufacturing standards and responsible purchasing practices)
- OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector[31]
- IDH Sustainable Trade Programme
- Better Work (Partnership between the ILO and IFC bringing together governments, global brands, factory owners, and unions and workers to improve working conditions in the garment industry and make the sector more competitive
- International Apparel Federation (International trade association consisting of apparel associations from more than 40 countries representing over 150,000 companies who provide products and services to the apparel industry.)

Best practice references (voluntary)

[31] https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/meetingdocument/wcms_579468.pdf

- ADB Environment Safeguards [32]
- AVSF actions[33]
- EBRD Performance Requirements[34]
- IFC EHS Guideline for Textile Manufacturing Sector[3]
- IFC The Equator Principles[12]
- IFC Performance Standards[13]
- IFC and WB General EHS Guideline[7]
- Sustainable Apparel Coalition (HIGG index)[35]
- SFA Code of Practice for Rangeland Stewardship
- SFA Code of Practice for Animal Welfare
- The Kering group Code of Ethics[36]
- UNFCCC Fashion Industry Charter for Climate Action
- WCS and Kering group Sustainable and Wildlife-Friendly Cashmere[37]

SDG. Table below follows top to bottom priority sequence. Green colour represents goals related to environment, blue-labour.

SDG 12	Sustainable consumption and production. LCA, natural resource use, chemical waste, fossil fuels.
SDG 6	Water pollution, the release of hazardous chemicals and materials, treatment of wastewater and water-use efficiency.
SDG 13	Stresses to take urgent action to combat climate change and its impacts'. With textile production generating more greenhouse gas emission than all international flights and maritime shipping combined, the fashion industry is a key sector for this SDG.
SDG 14	Marine pollution from cloth washing and microfiber release
SDG 15	Soil degradation due to agri-production/pasture land
SDG 1	Salary equality
SDG 5	Gender equality
SDG 8	Economic growth through full employment. Child labour. Artisanal work support
SDG16	Abuse and violation towards children
SDG 3	Good health and well-being (impacts of chemicals on workers)
SDG 11	Recycling and waste management

[32] https://www.adb.org/sites/default/files/institutional-document/33739/files/environment-safeguards-good-practices-sourcebook-draft.pdf
[33] https://www.avsf.org/en/cooperation_countries
[34] https://www.ebrd.com/who-we-are/our-values/environmental-and-social-policy/performance-requirements.html
[35] https://apparelcoalition.org/the-higg-index/
[36]https://keringcorporate.dam.kering.com/m/33a7ab2485a5e2ed/original/Kering_CodeEthique2019_DEF-A4-English.pdf
[37] https://mongolia.wcs.org/Initiatives/Sustainable-and-Wildlife-Friendly-Cashmere-Value-Chain.aspx

APPENDIX IV. RELEVANT MONGOLIAN AND INTERNATIONAL E&S STANDARDS, PRINCIPLES AND OTHER REFERENCES FOR THE TEXTILE SECTOR

Standards	
International	National
General	
ISO 14001:2015 – set of criteria and requirements for environmental management system (EMS) **ISO 14004** – guidelines on EMS establishment, implementation, maintenance and improvement of a robust, credible and reliable EMS **ISO 19011** – guideline for environmental audit management system **ISO 45001:2018** Occupational health and safety. Risk identification and control **OHSAS 18001:2007** Occupational Health and Safety Management Systems. Health and safety hazard management	**MNS ISO 14001 : 2005** Requirements and methodology of EMS implementation **MNS OHSAS 18001:2012** Occupational safety and health management guideline **MNS 4967 : 2000** Occupational safety and health. Terminology and definition **MNS 3362 : 1982** Wool raw material processing standards. Terminology and definition **MNS 3683:2015** Processed cashmere. Goat cashmere fibre. Technical specification. **MNS 5248:2015** Processed cashmere. Yak wool fibre. Technical specification. **MNS 4950:2015** Processed cashmere. Camel wool fibre. Technical specification.
Chemical use	
GOTS (REACH and EACH are elaborated in this standard)[38] 2.3.1. prohibited and restricted inputs 2.3.2. requirements related to hazards and toxicity 2.3.3. all chemical inputs need to be approved by GOTS, assessed by organizations on the list from Global Standard GmbH for GOTS Goods certification	**MNS 4992:2000**[39] - General requirements of safety and classification of chemical toxic substance **MNS 5029:2001** – Occupational Safety and Health. Labels and pictograms of hazardous materials (mandatory) **MNS 6458: 2014** – General requirements of storing chemical toxic and hazardous substance.

[38] https://www.global-standard.org/images/GOTS_Documents/GOTS_Standard_5.0_EN.pdf page 8
[39] http://www.oshmi.mn/old/mn

STeP OEKO-TEX[2] Chemical use **Standard 100 OEKO-TEX** (REACH and ECHA-SVHC list is included) [4] - The regulations regarding prohibited azo dyes, formaldehyde, nickel etc. are included in the test catalogue - Chemicals harmful to health are also tested if they have not yet been statutorily regulated. - Requirements of Annexes XVII and XIV of the REACH Directive, and of the ECHA-SVHC Candidate List are covered by the test method. **IFC EHS guideline for Textile Manufacturing**[3] 1.1 Hazardous material management	**MNS ISO 6206:2001** – Chemical technology. Chemical products of industrial use
Waste water	
STeP OEKO-TEX - Environmental performance - Environmental management **GOTS 2.4.11 Wastewater treatment**[40] **ISO 14001:2015 EMS** **IFC EHS guidelines for Textile Manufacturing** 1.1 Wastewater	**MNS 4943:2011** -Effluent treated wastewater. General requirements (mandatory) **MNS 4943:2015**[41] - Water Quality: The General Requirements for Wastewater (mandatory) **MNS 6561:2015**[42] Water quality. General Requirements for Wastewater discharged to Sewage Network (mandatory) **MNS 4288-95** General Requirements for location, treatment process and levels of Wastewater Treatment Plant (mandatory) **MNS 3342:1982** The General Requirements for Protection of Underground Water from Pollution (mandatory) **MNS 6148:2010** Water quality. Maximum limit of substance contaminating the groundwater (mandatory) **MNS (ISO) 5667-13:2000** - Sampling method for sludge from wastewater treatment plants

[40] https://www.global-standard.org/images/GOTS_Documents/GOTS_Standard_5.0_EN.pdf page 19
[41] https://www.adb.org/sites/default/files/project-documents/49169/49169-002-iee-en_0.pdf
[42] https://www.legalinfo.mn/annex/showPrint/7893

Water Use	
GOTS 2.4.10 (documentation regarding annual water consumption is required) **STeP OEKO-TEX 4.2.2** Water (documentation regarding annual water consumption and physicochemical quality parameters are required) **IFC EHS guidelines.** Water Consumption **ISO 14046:2014** Environmental Management-Water Footprint-Principles, requirements and guidelines **ISO 46001:2019** Water efficiency management systems - Requirements with guidance for use	**Order of the Minister of Environment, Green Development, Tourism A/301 (2015).** Water consumption norms of light industry (mandatory) **Order of the Minister of Construction and Urban Development 116**. Norms 40-02-16. Water Supply. Pipeline network and facilities[43] Norms 40-04-16 Water Supply. Outdoor Sewerage Network and Facilities (mandatory) **Law on Water. Guideline 1.** Documentation of water consumption records **Guideline 2.** Registration methodology of water sampling wells **MNS ISO 24511:2012** Operation of Water Supply and Sewerage Network: Operations Management and Maintenance of the Sewerage Facilities **MNS ISO 24512:2012** Operations Management and Maintenance of the Water Supply Facilities (mandatory)
Emissions to air (GHG and other substances)	
IFC guidelines for Textile Manufacturing **STeP OKEO-TEX 4.2.1** **WHO air quality guidelines** **GOTS** **ISO 11771:2010 Air quality (industrial processes)**	**MNS 5919:2008** The Permissible Level of Air Pollutants from Operations of Water Heating and Steam Generating Facilities at Power and Heating Plants (mandatory) **MNS 17.2.1.17:1980** The Terms and Definitions of Industrial Pollutants to Atmosphere **MNS 4585:2016** Air quality. General technical requirements (mandatory)
Occupational safety	
OHSAS 18001	**MNS 4968:2000** Work Safety: General

[43] https://www.legalinfo.mn/law/details/12063

ISO 14001 **ILO (WHO Occupational health guidelines)**	requirements for Workplace (mandatory[44]) **MNS 4990:2015** Occupational Safety and Health. Occupational Hygiene. Work place environment (mandatory) **MNS 4996:2000** Occupational Safety and Hygiene. General requirement of lighting norm and its measuring methodology for work place (mandatory) **MNS 5002:2000** Occupational Safety and Hygiene. General requirement of noise norm and safety. Work place environment (mandatory) **MNS 5147:2002** Electric and Static Conditions. Permissible Acid Level at Workplace (mandatory) **MNS 4994:2000** Work Safety: Vibrations Norm and General Requirements for Safe Operations (mandatory) **MNS 5002:2000** The General Requirements for Work Safety: The noise norms (mandatory) **MNS 0012.4.005:1985** The Labour Protection Equipment. Tools and Types (mandatory) **MNS 5028:2001** Occupational safety and health. General requirements for the determination of toxic substances by the detector tube in the air of workplace (mandatory) **MNS 5682:2006** The Technical Requirements for Pedestrians and Access for Disable Persons (mandatory)

[44] https://www.adb.org/sites/default/files/project-documents/39229/39229-033-emr-en_0.pdf

APPENDIX V. RELEVANT STAKEHOLDERS OF THE MONGOLIAN TEXTILE SECTOR

Representation	Organization	Responsibility
Government	Ministry of Food, Agriculture and Light industry[45]	Responsible for issuing special licenses and permissions for chemical substance import; for creating legal environment of Textile sector; for tendering Textile sector bids.
	Ministry of Environment and Green Development[46]	Responsible for E&S conservation and appropriate use; water resources; biodiversity and E&S oversight and protection.
	General of agency specialized inspection (GASI)[47]	GASI ensures the law implementation, creates the sustainable human, social development and favourable business environment and creates public health, safety condition and quality products and service within Mongolia.
	SME Department[48]	Supports SME activities
	SME Support Centre[49]	Delivers awareness and capacity building training to SME; implements SME projects
	The Institute of Light Industrial Research and Development[50]	The institute carries out scientific research and evaluation of machinery, inventories, assess the quality of the cashmere fiber, and develops innovative solutions for cashmere manufacturing industry.
	Mongolian agency for standards and metrology[51]	Supports Mongolian national production by standardization, measurement, certification, and monitoring policy.
	National statistics office of Mongolia[52]	Develops an open source platform with recently analysed data from governmental agencies, ministries and statistical institutions
	Water and Sewerage Authority[53]	Responsible for drinking water supply in Ulaanbaatar, managing wastewater treatment and making contract with wastewater treatment companies.

[45] http://mofa.gov.mn/exp/
[46] http://www.mne.mn/
[47] http://inspection.gov.mn/
[48] http://sme.gov.mn/?lang=mn
[49] http://jdu.ub.gov.mn/
[50] http://khureelen.edu.mn/news/18
[51] http://www.masm.gov.mn/
[52] https://www.en.nso.mn/
[53] http://usug.ub.gov.mn/index.php/2013-03-19-06-46-58/135-2013-03-28-05-03-38

	Veterinary and Animal Breeding Agency[54]	Diagnose of livestock, animal and poultry diseases, verification analyses of agriculture commodity and product's export and import with international quality
Companies	Manufacturers (complex processing, initial, knitting SME, household), retailers	Textile sector companies should demonstrate a commitment to follow relevant national and international E&S laws, standards and good practices.
NGO and CSO	International and national NGOs, developing initiatives	NGOs and CSOs may play a role in pushing for sustainable development at the national level as well as bringing pressure against individual institutions or companies. They also may serve as advocates or implementation partners to reduce risk and promote good social and environmental practice.
	Local community	Local communities may be impacted by a Bank's client's activity. They may make grievances and/or seek protection against any negative impacts.
	Herder cooperatives	Communities can reduce grassland degradation by keeping other herders out, creating natural resource management plans focused on sustainable herd sizes, and working together on alternative businesses to increase their income.
	Mongolian Wool and Cashmere Association[55]	Protects rights of wool and cashmere product producers; improves stakeholder engagement process between manufacturers, researchers, government and non – government organizations; capacity building
Financial institutions	Bank of Mongolia[56]	BoM can potentially play a role in this initiative including seeking to: strengthen coordination with other regulators, establish and improve a long-term information sharing mechanism, improve information services, and provide banks with timely updates on relevant E&S risks. BoM may assess banks' performance on E&S through annually self-evaluation and its own monitoring system and use such results as important basis for regulatory rating, licensing, and incentive mechanisms.

[54] https://zasag.mn/en/m/avab
[55] http://mongoltextile.mn/nav/75
[56] http://www.mongolbank.mn/

	Mongolian banks	Banks must develop and implement an overarching sustainability policy framework and an ESMS that includes E&S risk assessment procedures, monitoring, reporting and capacity building mechanisms.
	MSFA[57]	Main objectives of the Association: represent the common legal interests and rights of all Members in regards to Mongolian Sustainable Finance Principles; coordinate the joint activities of Members with regard to the issues and challenges facing the banking sector during the implementation of this initiative; facilitate the contribution of all Members in support of development of Banks' effective and sound E&S management system and other procedures.
	FRC[58]	Develops proposal of updating for financial, insurance and micro – credit's market legal environment; controls activity of financial organizations
	Banking and Financing Academy[59]	Provides skills enhancement and professional capacity building training services to banking and financial sector professionals at all levels starting from tellers to executive level managers
	Mongolian Commodity Exchange[60]	Regulate and inform market price of the raw cashmere/wool raw material, fair participation of all raw material suppliers, consulting all suppliers in ethical labour principles, update on new technology release and innovative solutions in the sector.
	International Finance Corporation[61]	IFC seeks to provide equity and debt financing to private enterprises across all sectors in Mongolia and offers integrated products that combine financing with expert advice – maximizing returns and social benefits, minimizing E&S footprints, and contributing to Mongolia's long-term economic development.

[57] http://toc.mn/
[58] http://www.frc.mn/index.php/joomlart/2013-02-07-01-23-04
[59] http://www.bfa.mn/
[60] http://www.mce.mn/
[61] http://www.ifc.org/

Disclaimer: 'This guideline was made with the financial support of the European Union. Its contents are the sole responsibility of MSFA and do not necessarily reflect the views of the European Union'.