Mongolian Sustainable Finance Principles

Manufacturing Sector Guideline
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## Glossary of Terms

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<th>Term of Abbreviation</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Bank</td>
<td>A Mongolian Bank signatory to the Mongolian Sustainable Finance Principles Joint Commitment Statement.</td>
</tr>
<tr>
<td>Beverage and food production</td>
<td>Production of drinks and food. Beverage and food production processes vary greatly depending on which beverage and food is being made.</td>
</tr>
<tr>
<td>Business Activities</td>
<td>The provision of financial products and services to clients including, but not limited to: corporate finance, investment banking (structured lending and capital, trading), equity investments, project finance, structured commodity finance, small and medium business lending, retail banking, trade and leasing, and other forms of direct lending</td>
</tr>
<tr>
<td>Business Operations</td>
<td>The undertakings of employees and the physical human capital, assets and infrastructure (e.g. offices, branches, equipment) that a Bank engages in the course of facilitating its Business Activities. This would also include suppliers, contractors and third party providers engaged by a Bank in the course of facilitating its Business Operations and Business Activities</td>
</tr>
<tr>
<td>BoM</td>
<td>Bank of Mongolia (Mongol Bank)</td>
</tr>
<tr>
<td>DEIA</td>
<td>A Detailed Environmental Impact Assessment is the regulatory required environmental impact assessment document needed to be submitted to the Ministry of Environment and Green Development in order to obtain a project license as required under the Mongolian Law of Environmental Impact Assessment.</td>
</tr>
<tr>
<td>EIA</td>
<td>An environmental impact assessment is a formal process used to predict the environmental consequences (positive or negative) of a plan, policy, program, or project prior the implementation decision. It proposes measures to adjust impacts to acceptable levels or to investigate new technological solutions.</td>
</tr>
<tr>
<td>EPP</td>
<td>An Environmental Protection Plan is a plan developed by a project and approved by the Ministry of Environment and Green Development, that reflects all monitoring and mitigation measures for identified impacts of the proposed project.</td>
</tr>
<tr>
<td>ESIA</td>
<td>Environmental and Social Impact Assessment is a formal process as per an environmental impact assessment which also includes social aspects and impacts</td>
</tr>
<tr>
<td>E&amp;S</td>
<td>Environmental and Social</td>
</tr>
<tr>
<td>E&amp;S risks</td>
<td>The potential E&amp;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</td>
</tr>
<tr>
<td>E&amp;S impacts</td>
<td>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&amp;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.)</td>
</tr>
<tr>
<td>E&amp;S opportunities</td>
<td>New business opportunities arising from meeting E&amp;S challenges such as development of clean or renewable technology, job creation and community development. Taking account of E&amp;S issues in making a business decision, could also lead to potential benefits to the client or the Bank providing financial services to the client</td>
</tr>
<tr>
<td>GASI</td>
<td>General Agency of Specialised Inspection of Mongolia</td>
</tr>
<tr>
<td>HACCP</td>
<td>Hazard analysis and critical control points or HACCP is systematic preventive approach to food safety and biological, chemical and physical hazards in production processes that can cause the finished product to be unsafe, and designs measurements to reduce these risks to a safe level</td>
</tr>
<tr>
<td>Term of Abbreviation</td>
<td>Definition</td>
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<tr>
<td>Heavy industry</td>
<td>An industry engaged in the large-scale complex manufacturing of capital goods or extraction of raw materials</td>
</tr>
<tr>
<td>Industrial park</td>
<td>An industrial park is an area zoned and planned for the purpose of industrial development</td>
</tr>
<tr>
<td>IFC</td>
<td>International Finance Corporation</td>
</tr>
<tr>
<td>Light industry</td>
<td>Less capital intensive than heavy industry, and is more consumer–oriented than business oriented</td>
</tr>
<tr>
<td>MEGD</td>
<td>Ministry of Environment and Green Development of Mongolia</td>
</tr>
<tr>
<td>MIA</td>
<td>Ministry of Industry and Agriculture</td>
</tr>
<tr>
<td>OHS</td>
<td>Occupational Health and Safety is an area concerned with protecting the safety, health and welfare of people engaged in work or employment</td>
</tr>
<tr>
<td>PPE (Personal Protective Equipment)</td>
<td>Protective clothing, helmets, goggles, or other garments or equipment designed to protect the wearer's body from injury</td>
</tr>
<tr>
<td>Principles</td>
<td>Mongolian Sustainable Finance Principles</td>
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<tr>
<td>SME</td>
<td>Small and Medium Enterprise</td>
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<tr>
<td>Sustainable Finance</td>
<td>An approach that recognises 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</td>
</tr>
<tr>
<td>Textile production</td>
<td>Production of yarn and cloth, subsequent design and manufacturing of clothing</td>
</tr>
<tr>
<td>Waste recycling</td>
<td>Process to change waste materials into new products to prevent waste of potentially useful materials, reduce the consumption of fresh raw materials, reduce energy usage, reduce air pollution (from incineration) and water pollution (from landfilling) by reducing the need for “conventional” waste disposal, and lower greenhouse gas emissions</td>
</tr>
<tr>
<td>Wastewater treatment</td>
<td>Industrial structure designed to remove biological or chemical waste products from water, thereby permitting the treated water to be used for other purposes</td>
</tr>
</tbody>
</table>
1. Introduction

This Guideline for banks providing debt or equity to the Manufacturing sector or manufacturing activities was developed as a companion document to the Mongolian Sustainable Finance 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 manufacturing sector clients, projects or transactions should apply the Mongolian Sustainable Finance Principles and this Sector Guideline when assessing new clients, projects or transactions. The Sector Guideline is designed to be consistent with, and support the furtherance of, the implementation of the Mongolian Sustainable Finance Principles. The main focus of this Sector Guideline is on E&S risk management, however banks should also consider opportunities for E&S performance improvement beyond risk management.

2. Objectives

The objective of the Manufacturing Sector Guideline is to provide guidance to the Banks with regard to the assessment of potential environmental and social (E&S) risks and opportunities associated with providing debt or equity to clients’ manufacturing sector activities. The Guideline is designed to support Banks to:

- Identify the risks and opportunities associated with a manufacturing sector client's activities as well as their ability to manage E&S issues;
- Develop E&S risk rating criteria for assessing and categorising E&S risks associated with manufacturing sector activities at the transaction and client level;
- Adopt relevant industry international standards and best practices in management of E&S risk exposure associated with providing finance to manufacturing sector clients or transactions;
- Adopt an approach to promote transparency and accountability when providing finance to manufacturing sector clients or transactions;
- Where appropriate identify and explore potential opportunities to improve a client or transaction's environmental and social performance.

3. Scope and Applicability

This Guideline will apply to all Banks adopting the Principles and will cover Business Activities relating to manufacturing sector clients or investee companies. For the purposes of this Guideline, manufacturing sector activities include, but are not limited to:

1. Heavy Industry Manufacturing;
2. Light Industry Manufacturing; and
3. Food Industry Manufacturing.

See the table below for a list of more specific sub-sector activities that fall under these three main groups.
E&S risks, for the purposes of this Guideline, refer to potential impacts on and risks to the environment and local communities by a Bank’s client’s activities and its primary supply chain parties relating to manufacturing activities. Refer to Appendix 1: Manufacturing sector activity and associated E&S risks.

4. E&S Issues in the Mongolian Manufacturing Sector

There are a number of considerations for assessing E&S risk when providing finance to a manufacturing sector client, project or transaction, including but not limited to:

- The type (e.g. heavy, light or food industry) and scale of manufacturing activity (see Appendix 1);
- The location of manufacturing operations in relation to natural resources, protected areas, and communities and their economic activities; and
- Potential impacts on the environment (including waste and dust generation; air, water and land pollution from chemical usage (see chemical classification according to Mongolian law), etc.) or community (including hazards to human health, safety and security, resettlement, economic displacement, etc.), labour and human rights breaches (including poor working conditions, long work hours, informal employment contracts, child labour issues, hygiene and sanitation issues, etc.) and threats to a region's cultural heritage (see Appendix 1).

Some E&S issues have higher levels of risk associated with them. The table below provides examples of high and medium risk transactions:

<table>
<thead>
<tr>
<th>Sector Activity</th>
<th>Sub-sector Activities</th>
</tr>
</thead>
</table>
| Heavy Industry  | • Brick and Block Production  
|                  | • Cement Batching Plants  
|                  | • Glass Production  
|                  | • Metal Processing  
|                  | • Polystyrene Plants  
|                  | • Wastewater Treatment Plants  
|                  | • Waste Recycling Plants  
| Light Industry  | • Cotton Mills  
|                  | • Door and Window Manufacturing Plants  
|                  | • Textile Factories  
|                  | • Furniture Factories  
|                  | • Paper Mills  
|                  | • Pharmaceutical Production  
|                  | • Plastic (water bottle) Production  
|                  | • Precious Metals and Stones Product Manufacturing  
|                  | • Printing Houses  
|                  | • Souvenir Production  
|                  | • Tanneries  
|                  | • Timber Production  
|                  | • Tobacco production  
|                  | • Wool and Cashmere Processing  
| Food Industry   | • Beverage and Food Factories  
|                  | • Bread and Bakery Production  
|                  | • Flour Production  
|                  | • Meat Processing and Production  
|                  | • Milk Production  
|                  | • Vegetable Oil Production  

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Additional Information</th>
</tr>
</thead>
</table>
| **A high-risk** transaction involves activities that carry potential significant adverse E&S risks and/or impacts that are diverse, irreversible or unprecedented. | • Manufacturing Sector activity, uses hazardous chemicals for production such as:  
  • Tannery;  
  • Wool and cashmere production;  
  • Pharmaceutical production; and  
  • Wastewater treatment plant.  
• Manufacturing Sector activities with hazardous work conditions (such as Metal production, Cement batching plant);  
• Tobacco and alcohol production, which requires a special license and is regularly monitored by a state agency. |
| **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. | • Manufacturing Sector activities with poor safety performance (such as small plant and factories owned by foreign companies with poor state control);  
• Manufacturing Sector production of easy spoiled products such as:  
  • Bread and bakery production;  
  • Meat production; and  
  • Milk production.  
• Some activities of Manufacturing Sector depending on part of supply chain or processing activities could have both high risk and medium risks. Banks should have an E&S risk management system, but also each bank should consider the client’s specific Business Activity type. |

### 5. E&S Requirements for Manufacturing Sector Transactions in Mongolia

To meet the commitments of the Mongolian Sustainable Finance Principles and successfully manage E&S issues associated with a manufacturing sector client or transaction, each Bank shall develop and implement an E&S management system (ESMS) that assists banks in the identification, assessment, management and, where applicable, on-going monitoring of identified E&S risks including those E&S risks associated with the manufacturing sector.

As part of its wider ESMS, a Bank will aim to apply relevant Principles to its assessment of manufacturing sector activities. In particular, Principles 1 (Protect the natural environment), Principle 2 (Protect people and communities), Principle 3 (Protect Cultural Heritage), Principle 4 (Promote “green economy” growth) and Principle 6 (Promote ethical finance and corporate governance) are the most relevant for a Bank when considering manufacturing sector clients, projects or transactions. The table below illustrates how Banks can consider risks and opportunities in the manufacturing sector for each of these Principles.

For all Manufacturing Sector transactions a Bank should have single initial screening mechanism to evaluate E&S requirements, including, but not limited to:
<table>
<thead>
<tr>
<th>Requirement</th>
<th>Additional Information</th>
</tr>
</thead>
</table>
| 1. Initial crosschecking of all the client’s (and if appropriate, the contractor’s) documents and approvals for manufacturing activities. | • Special licenses/permits issued from relevant state agencies (see Appendix 2 and 3):  
  - Company operational licence(s);  
  - Special licenses for precious metal and stone products manufacturing; metal and machinery production and industrial and technological parks;  
  - Special licenses for alcohol production;  
  - Special licenses for tobacco production; and  
  - Special licenses for chemical usage.  
  • Project/Business plan;  
  • Approval and inspection records from GASI (Workplace conclusion, including hygiene, and HACCP) and other state agencies (Fire conclusion);  
  • Checking the company activity type against the Exclusion list; and  
  • Checking company policy, procedure and records on OHS (emergency/fire drills, list of related equipment, inspection records), Environmental, Social and Quality management and Waste disposal plans.  
  **Specific:**  
  • According to Environmental Impact Assessment (EIA) law the following projects should have a detailed EIA:  
    - State major factory or plant;  
    - Projects involving chemical production, transportation, storage, usage and disposal; and  
    - Projects located in the vicinity of national and local protected areas.  

2. Develop a manufacturing client or transaction E&S risk rating system to assess and categorize all risks. The assessment and categorization outcomes are important for determining client’s E&S risk level and informing credit approval, portfolio management and exit decisions. | • See Section 4 of this document for more detail on high and medium risks associated with manufacturing activities. |
| 3. Assess whether the manufacturing sector transaction (depending on size) meets the requirements of applicable international and national E&S laws and standards (see Appendix 2 and 3). | • Depending on the manufacturing activity, identify relevant compulsory national laws, standards and international voluntary standards;  
  • Check the client performance according to these laws and standards in terms of:  
    - Environment protection including but not limited to:  
      - Environment pollution;  
      - Biodiversity degradation; and  
      - Waste management.  
    - Social protection including but not limited to:  
      - Impact on local community; and  
      - Impacts on workers.  
  • Identify gaps (most negative E&S risks) and address them in an action plan. |
### Requirement | Additional Information
--- | ---
4. Identify manufacturing sector clients associated with significant E&S risks and assess the client’s ability to manage and/or mitigate such risks. | Management and mitigation on the part of the client:
- Develop and implement action plans for risks involved;
- Put in place comprehensive and effective stakeholder engagement mechanism (see Appendix 4);
- Seek risk mitigation measures, for example through a third party sharing of potential E&S risk.

For clients, projects or transactions involving significant E&S risks, a Bank should ensure that the client has adequately addressed, or developed an appropriate action plan to address, identified E&S issues. In other words, a Bank should ensure that clients have appropriate management plans and procedures with corrective actions to mitigate identified negative E&S impacts and reduce E&S risk levels.

Banks can request manufacturing sector clients to develop a systematic work plan or action plan to improve identified areas of poor or inadequate E&S performance. The plan should be credible, time-bound and documented. Banks shall, where appropriate, include conditions and covenants in the transaction documentation to ensure identified E&S risks are adequately managed and that instances of non-compliance are addressed with the client or treated as events of default.

In support of the above, and as part of the wider Bank ESMS, each Bank should seek to build its capacity across relevant business functions with regard to E&S risk management, including provision of E&S risk training, as well as recruiting and training specialized staff. If necessary, Banks can engage qualified and independent third parties for support on E&S risk management or the provision of training.

### 6. On-going Monitoring

Where a manufacturing 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, that have been included in the transaction documentation to ensure effective E&S risk mitigation.

### 7. Reporting¹

Banks shall report at least annually about its E&S management implementation processes and experience, including information of manufacturing sector clients and transactions to BoM and MBA (see Appendix 4). The reporting related to manufacturing sector transactions should at a minimum include, but is not limited to, the following:

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

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¹ Will revise when Mongolian Banks have agreed on the reporting requirements
# Appendix 1: Mongolian Manufacturing Sector Activity and Associated E&S Issues

The nature and type of E&S issues associated with a manufacturing sector client’s activities depends on the type and scale of manufacturing activities. A Bank should consider any E&S issues identified and detailed in a manufacturing company’s ESIA or DEIA as well as information and insights uncovered during the E&S risk assessment and categorization process. The following manufacturing sector activities and associated E&S issues should be considered when assessing E&S risk at the client or transaction level. Please note E&S issues are not limited to those presented in Table 1.

Table 1: Manufacturing Sector activity & associated E&S issues

<table>
<thead>
<tr>
<th>Sector Activity</th>
<th>Sub-Activity</th>
<th>Sub–Activity Breakdown</th>
<th>Key Environmental Issues</th>
<th>Control</th>
<th>Key Social Issues</th>
<th>Control</th>
</tr>
</thead>
</table>
| Heavy industry  | Brick and block production | • Preparation work  
• Moulding  
• Drying  
• Burning  
• Storage  
• Trading | • Dust generation  
• Air emission, contributing to air pollution  
• Noise and heat issues  
• Depletion of natural resources, such as water and raw materials | • Apply dust prevention and mitigation measures  
• Avoid, minimize, and control adverse impacts to human health, safety, and the environment from emissions to air\(^2\)  
• Apply noise, heat risks prevention and mitigation measures  
• Avoid or reduce natural resource, water usage and implement water efficiency measures such as water recycling; controlled usage of natural resources | • Human rights (e.g. breaches associated with working conditions and long work hours; informal employment contracts)  
• Human health and safety issues related to dust and emissions  
• Structural safety of project infrastructure | • Comply with Mongolian Labour laws such as ILO Labour standards\(^3\), applicable collective agreements and international human rights conventions  
• Comply with Mongolian Labour law and Occupational health and safety law  
• Avoid adverse impacts on the health and safety of affected community  
• Implement life and fire safety master plan identifying major fire risks, applicable codes, standards and regulations, and mitigation measures\(^4\) |

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<table>
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<th>Sector Activity</th>
<th>Sub-Activity</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Cement and concrete batching plant</td>
<td>Crushing</td>
<td>Dust generation</td>
<td>• Apply dust prevention and mitigation measures for CO₂ and heavy metal management, monitoring and control</td>
<td>• Human rights (e.g. breaches associated with working conditions and long work hours; informal employment contract) Human health concerns due to toxicity of raw materials</td>
<td>• Comply with Mongolian Labour laws such as ILO labour standards⁴, applicable collective agreements and International Human rights conventions</td>
<td>• Comply with Mongolian Labour law and Occupational health and safety law</td>
</tr>
<tr>
<td></td>
<td>Milling</td>
<td>CO₂ emission (greenhouse gas)</td>
<td>• Avoid or reduce fuel usage and implement effective fuel management and controlled usage of fuel</td>
<td>• Worker safety issues due to dust and emissions</td>
<td>• Apply noise, heat risks prevention and mitigation measures</td>
<td>• Apply noise, heat risks prevention and mitigation measures</td>
</tr>
<tr>
<td></td>
<td>Drying</td>
<td>Heavy metal emission, which may contribute to air pollution</td>
<td>• Avoid or reduce natural resource, water usage and implement water efficiency measures such as water recycling; controlled usage of natural resources</td>
<td>• Structural safety of project infrastructure and equipment</td>
<td>• Depletion of natural resources, such as water and raw materials</td>
<td>• Structural safety of project infrastructure and equipment</td>
</tr>
<tr>
<td></td>
<td>Cooling</td>
<td>Heavy metal present in the clinker</td>
<td>• Fuel over-usage</td>
<td>• Human rights (e.g. breaches associated with working conditions and long work hours; informal employment contract) Human health concerns due to toxicity of raw materials</td>
<td>• Noise and heat issues</td>
<td>• Comply with Mongolian Labour laws such as ILO labour standards⁴, applicable collective agreements and International Human rights conventions</td>
</tr>
<tr>
<td></td>
<td>Packing</td>
<td>Noise and heat issues</td>
<td>• Avoid or reduce fuel usage and implement effective fuel management and controlled usage of fuel</td>
<td>• Depletion of natural resources, such as water and raw materials</td>
<td>• Structural safety of project infrastructure and equipment</td>
<td>• Comply with Mongolian Labour law and Occupational health and safety law</td>
</tr>
<tr>
<td></td>
<td>Storage</td>
<td>Depletion of natural resources, such as water and raw materials</td>
<td>• Apply noise, heat risks prevention and mitigation measures</td>
<td>• Implementation of life and fire safety master plan identifying major fire risks, applicable codes, standards and regulations, and mitigation measures</td>
<td>• Structural safety of project infrastructure and equipment</td>
<td>• Comply with Mongolian Labour laws such as ILO labour standards⁴, applicable collective agreements and International Human rights conventions</td>
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<tr>
<td></td>
<td>Trading</td>
<td></td>
<td>• Depletion of natural resources, such as water and raw materials</td>
<td>• Implement life and fire safety master plan identifying major fire risks, applicable codes, standards and regulations, and mitigation measures</td>
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<th>Control</th>
</tr>
</thead>
</table>
| Glass production | - Raw material melting  
- Forming  
- Annealing  
- Packing  
- Storage  
- Trading | | • Fresh water use  
• Air, water pollution  
• Dust generation, which contributes to air pollution  
• Waste generation  
• Depletion of natural resources, such as water and raw materials | • Implement pollution controls such as a pollution prevention action plan (including regular water and air quality monitoring and leakage control procedures)  
• Apply dust prevention and mitigation measures  
• Avoid or minimize the generation of hazardous and non-hazardous waste materials and implement waste management controls, including proper disposal methods and on-going monitoring  
• Avoid or reduce natural resource, water usage and implement water efficiency measures such as water recycling; controlled usage of natural resources | • Human rights (e.g. breaches associated with working conditions and long work hours; informal employment contract)  
• Human health and safety issues related to heat, noise, respiratory hazard, physical and electrical hazards  
• Structural safety of project infrastructure and equipment | • Comply with Mongolian Labour laws such as ILO labour standards, applicable collective agreements and international human rights conventions  
• Comply with Mongolian Labour law and Occupational health and safety law  
• Avoid adverse impacts on the health and safety of affected community  
• Implement life and fire safety master plan identifying major fire risks, applicable codes, standards and regulations, and mitigation measures |

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<th>Key Social Issues</th>
<th>Control</th>
</tr>
</thead>
</table>
| Metal production | Metal receiving | • Noise, dust and heat issues  
• Fresh water use  
• Water pollution  
• Air emissions, which contribute to air pollution  
• Waste generation  
• Depletion of natural resources, such as water and raw materials | • Apply dust, noise, heat risks prevention and mitigation measures  
• Implement pollution controls such as a pollution prevention action plan (including regular air, water and soil quality monitoring)  
• Avoid, minimize, and control adverse impacts to human health, safety, and the environment from emissions to air  
• Avoid or minimize the generation of hazardous and non-hazardous waste materials and implement waste management controls, including proper disposal methods and on-going monitoring  
• Avoid or reduce natural resource, water usage and implement water efficiency measures such as water recycling; controlled usage of natural resources | • Human rights (e.g. breaches associated with working conditions and long work hours; informal employment contract)  
• Human health and safety issues  
• Structural safety of project infrastructure and equipment | • Comply with Mongolian Labour laws such as ILO labour standards[^10], applicable collective agreements and international Human rights conventions  
• Comply with Mongolian Labour law and occupational health and safety law  
• Avoid adverse impacts on the health and safety of affected community  
• Implement life and fire safety master plan identifying major fire risks, applicable codes, standards and regulations, and mitigation measures |

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<tr>
<th>Sector</th>
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</table>
|        | Polystyrene plant | 11 | • Expanded polystyrene  
• Pressing foam block  
• Cutting  
• Storage  
• Trading | • Environment pollution due to littering  
• Waste generation  
• Depletion of natural resources, such as water and raw material | • Implement pollution controls such as a pollution prevention action plan (including regular water and soil quality monitoring)  
• Avoid or minimize the generation of hazardous and non-hazardous waste materials and implement waste management controls, including proper disposal methods and on-going monitoring  
• Avoid or reduce natural resource, water usage and implement water efficiency measures such as water recycling; controlled usage of natural resources | • Human rights (e.g. breaches associated with working conditions and long work hours; informal employment contract)  
• Human health and safety issues  
• Structural safety of project infrastructure and equipment | • Comply with Mongolian Labour laws such as ILO labour standards, applicable collective agreements and international human rights conventions  
• Comply with Mongolian Labour law and Occupational health and safety law  
• Avoid adverse impacts on the health and safety of affected community  
• Implement life and fire safety master plan identifying major fire risks, applicable codes, standards and regulations, and mitigation measures |
|        | Wastewater treatment plant | 13 | • Pre-treatment  
• Primary treatment  
• Secondary treatment  
• Tertiary treatment  
• Disinfection  
• Odour control  
• Sludge treatment and disposal | • Water and soil pollution by using chemicals  
• Sludge (waste) generation | • Implement pollution controls such as a pollution prevention action plan (including regular water and soil quality monitoring and leakage control procedures)  
• Avoid or minimize the generation of hazardous and non-hazardous waste materials and implement waste management controls, including proper disposal methods and on-going monitoring | • Human health hazards from insufficient treatment  
• Worker health and safety issues  
• Structural safety of project infrastructure and equipment | • Comply with Mongolian Labour laws such as ILO labour standards, applicable collective agreements and international human rights conventions  
• Comply with Mongolian Labour law and Occupational health and safety law  
• Avoid adverse impacts on the health and safety of affected community  
• Implement life and fire safety master plan identifying major fire risks, applicable codes, standards and regulations, and mitigation measures |


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<th>Sub–Activity Breakdown</th>
<th>Key Environmental Issues</th>
<th>Control</th>
<th>Key Social Issues</th>
<th>Control</th>
</tr>
</thead>
</table>
| Waste recycling plant | Waste recycling plant | • Waste collection  
• Transportation  
• Storage  
• Treatment  
• Recycling and reuse | • Air, soil, water pollution | • Implement pollution controls such as a pollution prevention action plan (including regular air, water and soil quality monitoring and leakage control procedures) | • Dangerous or unsafe working conditions  
• Worker health and safety issues  
• Structural safety of project infrastructure and equipment | • Comply with Mongolian Labour law and Occupational health and safety law  
• Avoid adverse impacts on the health and safety of affected community  
• Implement life and fire safety master plan identifying major fire risks, applicable codes, standards and regulations, and mitigation measures |
| Light Industry | Cotton mill | • Preparatory work  
• Spinning  
• Weaving  
• Storage  
• Trading | • High water and energy consumption  
• Waste generation  
• Wastewater issues | • Avoid or reduce energy and/or water usage and implement water efficiency measures such as water recycling; use renewable energy sources such as wind, solar, hydro  
• Avoid or minimize the generation of hazardous and non-hazardous waste materials and implement waste management controls, including proper disposal methods and on-going monitoring  
• Reduce the amount of wastewater generation; use more environmental friendly technology of wastewater treatment | • Child labour  
• Human rights (e.g. breaches associated with working conditions and long work hours; informal employment contract)  
• Workers’ health issues related to chemical, physical hazards, heat and noise exposure  
• Structural safety of project Infrastructure and equipment | • Comply with Mongolian Labour laws such as ILO labour standards, applicable collective agreements and international Human rights conventions  
• Comply with Mongolian Labour law and Occupational health and safety law  
• Avoid adverse impacts on the health and safety of affected community  
• Implement life and fire safety master plan identifying major fire risks, applicable codes, standards and regulations, and mitigation measures |

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<th>Sector Activity</th>
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<th>Sub–Activity Breakdown</th>
<th>Key Environmental Issues</th>
<th>Control</th>
<th>Key Social Issues</th>
<th>Control</th>
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</thead>
<tbody>
<tr>
<td>Door, window manufacturing</td>
<td>• Preparation work</td>
<td>• Dust generation</td>
<td>• Apply dust prevention and mitigation measures</td>
<td>• Human rights (e.g. breaches associated with working conditions and long work hours; informal employment contract)</td>
<td>• Comply with Mongolian Labour laws such as ILO labour standards, applicable collective agreements and international Human rights conventions</td>
<td></td>
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<tr>
<td></td>
<td>• Assembling</td>
<td>• Depletion of natural resources, such as water and raw materials</td>
<td>• Avoid or reduce natural resource, water usage and implement water efficiency measures such as water recycling; controlled usage of natural resources</td>
<td>• Worker health and safety issues</td>
<td>• Comply with Mongolian Labour law and Occupational health and safety law</td>
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<td></td>
<td>• Storage</td>
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<td>• Structural safety of project infrastructure and equipment</td>
<td>• Avoid adverse impacts on the health and safety of affected community</td>
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<td></td>
<td>• Trading</td>
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<td>• Implement life and fire safety master plan identifying major fire risks, applicable codes, standards and regulations, and mitigation measures</td>
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<tbody>
<tr>
<td><strong>Textile factory</strong>&lt;sup&gt;19&lt;/sup&gt;</td>
<td>Tailoring, Ironing, Storage, Trading</td>
<td>High water and energy consumption, Waste generation, Wastewater issues</td>
<td>Avoid or reduce energy and/or water usage and implement water efficiency measures such as water recycling; where possible, use renewable energy sources such as wind, solar, hydro</td>
<td>Human rights (e.g. breaches associated with working conditions and long work hours; informal employment contract)</td>
<td>Comply with Mongolian Labour laws such as ILO labour standards&lt;sup&gt;20&lt;/sup&gt;, applicable collective agreements and international Human rights conventions</td>
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<td></td>
<td>Avoid or minimize the generation of hazardous and non-hazardous waste materials and implement waste management controls, including proper disposal methods and on-going monitoring</td>
<td>Worker health and safety issues</td>
<td>Comply with Mongolian Labour law and Occupational health and safety law</td>
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<td></td>
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<td></td>
<td>Reduce the amount of wastewater generation; use more environmental friendly technology of wastewater treatment</td>
<td>Structural safety of project infrastructure and equipment</td>
<td>Avoid adverse impacts on the health and safety of affected community</td>
</tr>
<tr>
<td></td>
<td>Preparation work, Assembling, Storage, Trading</td>
<td>Sawdust generation due to wood cutting, Waste generation, High water and energy consumption</td>
<td>Apply dust prevention and mitigation measures</td>
<td>Human rights (e.g. breaches associated with working conditions and long work hours; informal employment contract)</td>
<td>Comply with Mongolian Labour laws such as ILO labour standards&lt;sup&gt;21&lt;/sup&gt;, applicable collective agreements and international Human rights conventions</td>
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<td>Avoid or minimize the generation of hazardous and non-hazardous waste materials and implement waste management controls, including proper disposal methods and on-going monitoring</td>
<td>Worker health and safety issues</td>
<td>Comply with Mongolian Labour law and Occupational health and safety law</td>
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<td>Avoid or reduce energy, water usage and implement water efficiency measures such as water recycling; where possible, use renewable energy sources such as wind, solar, hydro</td>
<td>Structural safety of project infrastructure and equipment</td>
<td>Avoid adverse impacts on the health and safety of affected community</td>
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<td></td>
<td></td>
<td></td>
<td>Apply dust prevention and mitigation measures</td>
<td></td>
<td>Implement life and fire safety master plan identifying major fire risks, applicable codes, standards and regulations, and mitigation measures</td>
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</table>

<sup>19</sup> IFC EHS Guidelines for textile manufacturing: [http://www.ifc.org/wps/wcm/connect/2a6647004865981b96efb6a6515bb18/Final%2BBTextiles%2BManufacturing.pdf?MOD=AUPRES&id=1323162617789](http://www.ifc.org/wps/wcm/connect/2a6647004865981b96efb6a6515bb18/Final%2BBTextiles%2BManufacturing.pdf?MOD=AUPRES&id=1323162617789)


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<th>Control</th>
</tr>
</thead>
</table>
| Pharmaceutical industry | • Grinding  
• Sieving  
• Mixing  
• Dosing  
• Packaging  
• Sterilization  
• Storage  
• Trading | • Air, soil, water pollution due to chemical use  
• Toxic waste generation | • Implement pollution controls such as a pollution prevention action plan (including regular air, water and soil quality monitoring)  
• Avoid or minimize the generation of hazardous and non-hazardous waste materials and implement waste management controls, including proper disposal methods and on-going monitoring | • Human rights (e.g. breaches associated with working conditions and long work hours; informal employment contract)  
• Worker health and safety issues related to drug (chemical) production | • Comply with Mongolian Labour laws such as ILO labour standards, applicable collective agreements and international Human rights conventions  
• Comply with Mongolian Labour law and Occupational health and safety law  
• Avoid adverse impacts on the health and safety of affected community |
| Precious metal and stone product manufacturing | • Cutting  
• Polishing  
• Thermal treatment  
• Irradiation  
• Storage  
• Trading | • High water and energy consumption | • Avoid or reduce energy and/or water usage and implement water efficiency measures such as water recycling; use renewable energy sources such as wind, solar, hydro | • Human rights (e.g. breaches associated with working conditions and long work hours; informal employment contract)  
• Worker health issues related to stone or metal dust  
• Worker’s safety issues related to sub– activities such as cutting, polishing  
• Structural safety of project infrastructure and equipment | • Comply with Mongolian Labour laws such as ILO labour standards, applicable collective agreements and international Human rights conventions  
• Comply with Mongolian Labour law and Occupational health and safety law  
• Avoid adverse impacts on the health and safety of affected community  
• Implement life and fire safety master plan identifying major fire risks, applicable codes, standards and regulations, and mitigation measures |

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<th>Control</th>
</tr>
</thead>
</table>
| Printing house$^{25}$ | • | • Emission to air  
• Wastewater  
• Hazardous material use  
• Waste generation | • Avoid, minimize, and control adverse impacts to human health, safety, and the environment from emissions to air  
• Reduce the amount of wastewater generation; use more environmental friendly technology of wastewater treatment  
• Avoid or minimize the use of hazardous materials, prevent uncontrolled releases of hazardous materials to the environment  
• Avoid or minimize the generation of hazardous and non-hazardous waste materials and implement waste management controls, including proper disposal methods and on-going monitoring | | • Chemical and physical hazards to human health  
• Structural safety of project infrastructure and equipment | | • Comply with Mongolian Labour law and Occupational health and safety law  
• Avoid adverse impacts on the health and safety of affected community |

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</thead>
<tbody>
<tr>
<td>Tannery(^26)</td>
<td>Soaker – ash process</td>
<td>• Air, soil and water pollution due to use of chemicals • Environment degradation due to slow biodegradation period of leather • Waste generation • Wastewater treatment issue</td>
<td>• Implement pollution controls such as a pollution prevention action plan (including regular air, water and soil quality monitoring and leakage control procedures) • Avoid disposing leather or related by-products directly into the environment • Avoid or minimize the generation of hazardous and non-hazardous waste materials and implement waste management controls, including proper disposal methods and on-going monitoring • Reduce the amount of wastewater generation; use more environmental friendly technology of wastewater treatment</td>
<td>• Human rights – breaches associated with working conditions and long work hours; informal employment contract • Human health issues related to chemical and biological hazards (chromium, formic acid, mercury and fungi, bacteria) • Structural safety of project infrastructure and equipment</td>
<td>• Comply with Mongolian Labour laws such as ILO labour standards(^27), applicable collective agreements and international Human rights conventions • Comply with Mongolian Labour law and Occupational health and safety law • Avoid adverse impacts on the health and safety of affected community • Implement life and fire safety master plan identifying major fire risks, applicable codes, standards and regulations, and mitigation measures</td>
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<tbody>
<tr>
<td>Tobacco production</td>
<td>• Preparation and wrapping&lt;br&gt;• Attaching filter&lt;br&gt;• Packing&lt;br&gt;• Storage&lt;br&gt;• Trading</td>
<td>• Raw materials sourced with the use of harmful pesticides and/or heavy fertiliser dependence</td>
<td>• Implement integrated pest management, including the usage of chemical pesticides with low toxicity and the requirement to have permission to use pesticides allowed in Mongolia</td>
<td>• Child labour&lt;br&gt;• Human rights (e.g. breaches associated with working conditions and long work hours; informal employment contract)&lt;br&gt;• Risk of cancer due to exposure to carcinogenic tar and radioactive elements</td>
<td>• Comply with Mongolian Labour laws such as ILO labour standards, applicable collective agreements and international Human rights conventions&lt;br&gt;• Comply with Mongolian Labour law and Occupational health and safety law&lt;br&gt;• Avoid adverse impacts on the health and safety of affected community</td>
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<tr>
<td>Wool, cashmere processing</td>
<td>• Sorting&lt;br&gt;• Scouring&lt;br&gt;• Dehairing&lt;br&gt;• Dyeing and Blending&lt;br&gt;• Spinning&lt;br&gt;• Knitting&lt;br&gt;• Weaving&lt;br&gt;• Finishing&lt;br&gt;• Storage&lt;br&gt;• Trading</td>
<td>• Air, soil and water pollution due to chemicals use&lt;br&gt;• Waste generation&lt;br&gt;• Wastewater treatment issue</td>
<td>• Implement pollution controls such as a pollution prevention action plan (including regular air, water and soil quality monitoring)&lt;br&gt;• Avoid or minimize the generation of hazardous and non-hazardous waste materials and implement waste management controls, including proper disposal methods and on-going monitoring&lt;br&gt;• Reduce the amount of wastewater generation; use more environmental friendly technology of wastewater treatment</td>
<td>• Human rights (e.g. breaches associated with working conditions and long work hours; informal employment contract)&lt;br&gt;• Human health issues related to chemical and biological hazards&lt;br&gt;• Structural safety of project infrastructure and equipment</td>
<td>• Comply with Mongolian Labour laws such as ILO labour standards, applicable collective agreements and international Human rights conventions&lt;br&gt;• Comply with Mongolian Labour law and Occupational health and safety law&lt;br&gt;• Avoid adverse impacts on the health and safety of affected community&lt;br&gt;• Implement life and fire safety master plan identifying major fire risks, applicable codes, standards and regulations, and mitigation measures</td>
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29 [http://www.mne.mn/chemical/images/content/uploaded/zuvshuurul_1204_50bd6d5bd07d8.htm](http://www.mne.mn/chemical/images/content/uploaded/zuvshuurul_1204_50bd6d5bd07d8.htm)
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<th>Control</th>
</tr>
</thead>
</table>
| Food industry  | Beverage factory | • Bottle blowing and cleaning  
• Water filtering  
• Bottling  
• Ozonisation  
• Corkage  
• Labelling  
• Storage  
• Trading | • High water and energy consumption  
• Waste generation | • Avoid or reduce energy and/or water usage and implement water efficiency measures such as water recycling; use renewable energy sources such as wind, solar, hydro  
• Avoid or minimize the generation of hazardous and non-hazardous waste materials and implement waste management controls, including proper disposal methods and on-going monitoring | • Human rights (e.g. breaches associated with working conditions and long work hours; informal employment contract)  
• Hygiene issues  
• Food safety related to improper storage  
• Structural safety of project infrastructure and equipment | • Comply with Mongolian Labour laws such as ILO labour standards, applicable collective agreements and international Human rights conventions  
• Comply with Mongolian laws on hygiene  
• Evidence of proper storage facilities  
• Implement life and fire safety master plan identifying major fire risks, applicable codes, standards and regulations, and mitigation measures |

| Bread, bakery production | | • Dough kneading and mixing  
• Fermentation  
• Dough cutting  
• Baking  
• Trading | • Environment pollution by waste disposal | • Avoid or minimize the generation of hazardous and non-hazardous waste materials and implement waste management controls, including proper disposal methods and on-going monitoring | • Human rights (e.g. breaches associated with working conditions and long work hours; informal employment contract)  
• Hygiene issues  
• Food safety related to improper storage  
• Structural safety of project infrastructure and equipment | • Comply with Mongolian Labour laws such as ILO labour standards, applicable collective agreements and international Human rights conventions  
• Comply with Mongolian laws on hygiene  
• Evidence of proper storage facilities  
• Implement life and fire safety master plan identifying major fire risks, applicable codes, standards and regulations, and mitigation measures |

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32 IFC EHS Guidelines for Food and Beverage Processing [http://www.ifc.org/wps/wcm/connect/c7bfa004b855482b314f36a6515bb18/Final%2BFood%2Band%2BBeverage%2BProcessing.pdf?MOD=AJPERES](http://www.ifc.org/wps/wcm/connect/c7bfa004b855482b314f36a6515bb18/Final%2BFood%2Band%2BBeverage%2BProcessing.pdf?MOD=AJPERES)
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<tbody>
<tr>
<td>Flour production</td>
<td>Grain cleaning</td>
<td>Air, water and soil pollution by flour dust</td>
<td>Implement pollution controls such as a pollution prevention action plan (including regular air, water and soil quality monitoring)</td>
<td>Explosive issue to flour dust suspended in air</td>
<td>Comply with Mongolian Labour law and Occupational health and safety law</td>
</tr>
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<td></td>
<td>Blending</td>
<td></td>
<td></td>
<td>Human rights (e.g. breaches associated with working conditions and long work hours; informal employment contract)</td>
<td>Avoid adverse impacts on the health and safety of affected community</td>
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<tr>
<td></td>
<td>Thermal treatment of grain</td>
<td></td>
<td></td>
<td>Hygiene issues</td>
<td>Comply with Mongolian Labour laws such as ILO labour standards, applicable collective agreements and international Human rights conventions</td>
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<td>Softening</td>
<td></td>
<td></td>
<td>Food safety related to improper storage</td>
<td>Comply with Mongolian laws on hygiene</td>
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<tr>
<td></td>
<td>Grinding</td>
<td></td>
<td></td>
<td>Human health issues related to usage of preservatives</td>
<td>Evidence of proper storage facilities</td>
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<tr>
<td></td>
<td>Screening</td>
<td></td>
<td></td>
<td>Structural safety of project infrastructure and equipment</td>
<td>Implement life and fire safety master plan identifying major fire risks, applicable codes, standards and regulations, and mitigation measures</td>
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<td></td>
<td>Milling</td>
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<td>Storage</td>
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<tr>
<td>Meat product production</td>
<td>Slaughtering</td>
<td>Waste (hazardous) generation</td>
<td>Avoid or minimize the generation of hazardous and non-hazardous waste materials and implement waste management controls, including proper disposal methods and on-going monitoring</td>
<td>Human rights (e.g. breaches associated with working conditions and long work hours; informal employment contract)</td>
<td>Comply with Mongolian Labour laws such as ILO labour standards, applicable collective agreements and international Human rights conventions</td>
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<td>Processing</td>
<td>Water pollution from discharges or effluents</td>
<td>Implement pollution controls such as a pollution prevention action plan (including regular water quality monitoring)</td>
<td>Hygiene issues</td>
<td>Comply with Mongolian laws on hygiene</td>
</tr>
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<td></td>
<td>Packaging</td>
<td></td>
<td></td>
<td>Food safety related to improper storage</td>
<td>Evidence of proper storage facilities</td>
</tr>
<tr>
<td></td>
<td>Storage</td>
<td></td>
<td></td>
<td>Structural safety of project infrastructure and equipment</td>
<td>Implement life and fire safety master plan identifying major fire risks, applicable codes, standards and regulations, and mitigation measures</td>
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<td>Trading</td>
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<th>Key Social Issues</th>
<th>Control</th>
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<tbody>
<tr>
<td>Milk product production</td>
<td>Filtering</td>
<td>• Quality control • Pasteurizing • Concentrating • Making milk powder, concentrated milk, butter, yogurt, curd • Grating cheese • Storage • Trading</td>
<td>• Waste and wastewater generation</td>
<td>• Avoid or minimize the generation of hazardous and non-hazardous waste materials and implement waste management controls, including proper disposal methods and on-going monitoring • Reduce the amount of wastewater generation; use more environmental friendly technology of wastewater treatment</td>
<td>• Human rights (e.g. breaches associated with working conditions and long work hours; informal employment contract) • Hygiene issues • Food safety related to improper storage • Structural safety of project infrastructure and equipment</td>
<td>• Comply with Mongolian Labour laws such as ILO labour standards[^38], applicable collective agreements and international Human rights conventions • Comply with Mongolian laws on hygiene • Evidence of proper storage facilities • Implement life and fire safety master plan identifying major fire risks, applicable codes, standards and regulations, and mitigation measures</td>
</tr>
<tr>
<td>Vegetable oil production[^39]</td>
<td>Seed cleaning</td>
<td>• Grounding • Pressing • Oil extracting • Refining • Bottling • Storage • Trading</td>
<td>• Soil and water pollution due to oil leakage</td>
<td>• Implement pollution controls such as a pollution prevention action plan (including regular water and soil quality monitoring and leakage control procedures)</td>
<td>• Human rights (e.g. breaches associated with working conditions and long work hours; informal employment contract) • Hygiene issues • Food safety related to improper storage • Worker health issues • Structural safety of project infrastructure and equipment</td>
<td>• Comply with Mongolian Labour laws such as ILO labour standards[^10], applicable collective agreements and international Human rights conventions • Comply with Mongolian laws on hygiene • Evidence of proper storage facilities • Implement life and fire safety master plan identifying major fire risks, applicable codes, standards and regulations, and mitigation measures</td>
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</table>

[^39]: [IFC EHS Guidelines for Vegetable Oil Processing](http://www.ifc.org/wps/wcm/connect/83b8628048855b84893c9a6a6515bb18/Final%2B-%2BVegetable%2BOil%2BProcessing.pdf?MOD=AJPERES)
Appendix 2: Relevant Mongolian Laws for the Manufacturing Sector

The following national laws and regulations are applicable when assessing manufacturing sector client activities:

Laws:

*Mongolian Law* (mandatory):

- Labour Law (1999)
- Law on Air (2012)
- Law on Air pollution Fee (2010)
- Law on Alcoholism control (2000)
- Law on Company activities’ special licence (2001)
- Law on Environmental Protection (1995)
- Law on Gender equality (2012)
- Law on Forestry (2012)
- Law on Industrial parks’ legal framework (2009)
- Law on Land (2002)
- Law on Land Fee (1997)
- Law on Natural Plant (1995)
- Law on Plant protection (2007)
- Law on Procurement of products, works, services by state and local government funds (2005)
- Law on Regulation of foreign investments for entities of strategic importance (2012)
- Law on Small and Medium Enterprises (2007)
- Law on Social Security (1994)
- Law on Soil conservation and Prevention of desertification (2012)
- Law on Tobacco control (2005)
- Law on Toxic and Hazardous Chemicals (2006)
- Law on Waste (2012)
- Law on Water (2012)
- Procedure of monitoring Alcohol production
- Procedure on control of Tobacco production, import, trade (2013)

- Mongolia’s industrialisation program

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41 References: http://www.legalinfo.mn/
42 http://www.legalinfo.mn/annex/details/5883?lawid=9202
43 http://www.legalinfo.mn/annex/details/3282?lawid=7045
44 http://www.legalinfo.mn/law/details/5429?lawid=5429
Appendix 3: Relevant Mongolian and International E&S Standards, Principles and other References for the Manufacturing Sector

Mongolian Standards\(^{45}\) (mandatory):

- MNS Standards related to Air quality;
- MNS Standards related to Chemical technology;
- MNS Standards related to Environmental protection;
- MNS Standards related to Garment industry;
- MNS Standards related to Glass and ceramic production;
- MNS Standards related to Paper production;
- MNS Standards related to Occupational Health and Safety;
- MNS Standards related to Soil quality;
- MNS Standards related to Rubber and plastic plant;
- MNS Standards related to Textile and tannery technology;
- MNS Standards related to Water quality and safety;
- MNS Standards related to Wood technology.
- Inspection checklist for Manufacturing Sector’s activity\(^{46}\)

International Standards (voluntary):

- **ISO 14001**: Standard specifies the requirements for an E&S management system.
- **ISO 9000**: Quality management.
- **OHS18001**: Occupational Health and Safety.

Industry’s Leading E&S Standards and Best Practices

**IFC Performance Standards**\(^{50}\) (recommended)

- PS 1: Assessment and management of E&S and social risks and impacts
- PS 2: Labour and Working Conditions
- PS 3: Resource efficiency and Pollution Prevention
- PS 4: Community Health, Safety, and Security
- PS 5: Land acquisition and involuntary resettlement
- PS 6: Biodiversity Conservation and Sustainable management of living natural resources
- PS 7: Indigenous Peoples
- PS 8: Cultural Heritage

**IFC/WB**\(^{51}\) **Environmental, Health and Safety Guidelines** (recommended)

*General EHS Guidelines* (The General EHS Guidelines contain information on cross-cutting environmental, health, and safety issues potentially applicable to all industry sectors. It should be used together with the relevant industry sector guideline(s)).

**EBRD Performance Requirements** (voluntary): Required where EBRD is an investor (similar to IFC standards)

\(^{45}\) [estandard.mn/](http://estandard.mn/)


\(^{47}\) [www.iso.org](http://www.iso.org)


\(^{50}\) [www.ifc.org/performancestandards](http://www.ifc.org/performancestandards)

\(^{51}\) [www.ifc.org/ehsguidelines](http://www.ifc.org/ehsguidelines)

## Appendix 4: Relevant Manufacturing Sector Stakeholders in Mongolia

The following manufacturing sector stakeholders are relevant to the Mongolian Sustainable Finance Initiative and this Sector Guideline:

<table>
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<tr>
<th>Representation</th>
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<tbody>
<tr>
<td><strong>Government</strong></td>
<td>General Agency of Specialised Inspection (GASI)&lt;sup&gt;53&lt;/sup&gt;</td>
<td>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.</td>
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<td></td>
<td>Industry and Agriculture Department&lt;sup&gt;54&lt;/sup&gt;</td>
<td>Supports the production growth of Manufacturing sector by adopting high technology; monitoring safety and security of animal products; implement the state programs, related to Manufacturing sector; protect plant and soil nutrition by adopting environmental friendly technologies.</td>
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<td></td>
<td>Ministry of Environment and Green Development (MEGD&lt;sup&gt;55&lt;/sup&gt;)</td>
<td>The MEGD has responsibility for E&amp;S conservation and appropriate use; water resources; biodiversity and E&amp;S oversight and protection.</td>
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<td></td>
<td>Ministry of Industry and Agriculture&lt;sup&gt;56&lt;/sup&gt;</td>
<td>Responsible for issuing special licenses and permissions for plant protection substance import, trade; import of veterinary medicine and tobacco plantation; for creating legal environment of Manufacturing sector; for tendering Manufacturing sector bids; monitoring the progress of tenders</td>
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<td></td>
<td>Mongolian Agency of Standardisation and Measurement&lt;sup&gt;57&lt;/sup&gt;</td>
<td>Support Mongolian national production by standardisation, measurement, certification, monitoring policy</td>
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<td></td>
<td>SME Department&lt;sup&gt;58&lt;/sup&gt;</td>
<td>Supports SME activities</td>
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<td>SME Support Centre&lt;sup&gt;59&lt;/sup&gt;</td>
<td>Delivers awareness and capacity building training to SME; implements SME projects</td>
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<td></td>
<td>Water and Sewerage Authority&lt;sup&gt;60&lt;/sup&gt;</td>
<td>Making contract with Wastewater treatment companies</td>
</tr>
<tr>
<td><strong>Non-governmental organisations (NGOs) and civil society organisations (CSO)</strong></td>
<td>NGOs and CSOs</td>
<td>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.</td>
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<td></td>
<td>Forestry Manufacturers and Woodworkers Association&lt;sup&gt;61&lt;/sup&gt;</td>
<td>Protects members rights and support them; co-operates with relevant government and non – government organisations on development of industry policy and contributes into industry development intensification process</td>
</tr>
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<td></td>
<td>Leather Industry Association&lt;sup&gt;62&lt;/sup&gt;</td>
<td>Protects members’ rights; supports the processing of leather raw material and producing the leather or fur finish products</td>
</tr>
</tbody>
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<sup>53</sup> http://inspection.gov.mn/  
<sup>54</sup> http://nhaag.ub.gov.mn/  
<sup>55</sup> http://www.mne.mn/  
<sup>56</sup> http://mofa.gov.mn/  
<sup>57</sup> http://www.masm.gov.mn/  
<sup>58</sup> http://www.masm.gov.mn/?lang=mn  
<sup>59</sup> http://jdu.ub.gov.mn/  
<sup>61</sup> http://fwassociation.wordpress.com/  
<sup>62</sup> http://leather.mn/nav/96#.UzKQPmSwTs
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<tr>
<td>Local community</td>
<td>Local communities may be impacted by a Bank’s client’s activity. They may make grievances and/or seek protection against any negative impacts.</td>
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<tr>
<td>Metal, Machinery Production Association</td>
<td>Supports the development policy of industry; co-operates with relevant government and NGOs</td>
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<tr>
<td>Mongolian Construction Material Manufacturer Association</td>
<td>Supports construction material production; creates favourable environment for investment</td>
<td></td>
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<tr>
<td>Mongolian Food Manufacturers Association</td>
<td>Protects members rights; provides the government by professional assistance; delivers food safety awareness and capacity building trainings to own members</td>
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<tr>
<td>Mongolian Wool and Cashmere Association</td>
<td>Protects rights of wool and cashmere product producers; improves stakeholder engagement process between manufacturers, researchers, government and non – government organisations; capacity building</td>
<td></td>
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<tr>
<td>Manufacturing sector Company</td>
<td>Manufacturing sector companies should demonstrate a commitment to follow relevant national and international E&amp;S laws, standards and good practices.</td>
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<tr>
<td>Banking and Financing Academy</td>
<td>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</td>
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<tr>
<td>Bank of Mongolia</td>
<td>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&amp;S risks. BoM may assess banks’ performance on E&amp;S through annually self-evaluation and its own monitoring system and use such results as important basis for regulatory rating, licensing, and incentive mechanisms.</td>
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<tr>
<td>Financial Regulation Committee</td>
<td>Develops proposal of updating for financial, insurance and micro – credit’s market legal environment; controls activity of financial organisations</td>
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<tr>
<td>International Finance Corporation</td>
<td>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 – maximising returns and social benefits, minimising E&amp;S footprints, and contributing to Mongolia’s long-term economic development.</td>
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</tbody>
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http://bmat.mn/s/12
http://mfia.mn/
http://mongoltextile.mn/nav/75
http://www.bfa.mn/
http://www.mongolbank.mn/
http://www.ifc.org/
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<td>Mongolian Banker Association&lt;sup&gt;70&lt;/sup&gt;</td>
<td><strong>Main objectives of the Association:</strong> 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&amp;S management system and other procedures.</td>
</tr>
<tr>
<td></td>
<td>Mongolian Banks</td>
<td><strong>Banks must develop and implement an overarching sustainability policy framework and an ESMS that includes E&amp;S risk assessment procedures, monitoring, reporting and capacity building mechanisms.</strong></td>
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<sup>70</sup> [http://mba.mn/](http://mba.mn/)