

DOCUMENT NAME:

THE POLICY OF GOBI JSC ON ADAPTING TO CLIMATE CHANGE AND REDUCING  
GREENHOUSE GAS EMISSIONS

**CONTENT**

**1. GENERAL PROVISIONS ..... 3**

**1.1 Purpose ..... 3**

**1.2 Scope..... 3**

**1.3 Terms and Abbreviations..... 3**

**1.4 RACI matrix..... 4**

**2. POLICY ..... 4**

**2.1 Climate Change and Greenhouse Gas Emissions Reduction Policy ..... 4**

**3. ACTIONS AIMED AT ACHIEVING OBJECTIVES..... 5**

**3.1 Greenhouse Gas Emissions Baseline Assessment ..... 5**

**3.2 Greenhouse Gas Emissions Reduction Strategy ..... 5**

**3.3 Greenhouse Gas Emission Absorption ..... 5**

**3.4 Technology and Innovation ..... 5**

**3.5 Stakeholder Engagement and Collaboration..... 5**

**3.6 Monitoring, Reporting and Verification (MRV)..... 5**

**3.7 Policy Review and Continuous Improvement..... 6**

**4. POLICY IMPLEMENTATION, RESPONSIBILITIES AND ACCOUNTABILITY ..... 6**

**4.1 Responsibilities and Accountability..... 6**

## 1. GENERAL PROVISIONS

### 1.1 Purpose

- 1.1.1 The policy of Gobi JSC on adapting to climate change and reducing greenhouse gas emissions is to align with and strive towards the Net Zero 2050 target.

### 1.2 Scope

- 1.2.1 The Scope includes all emissions generated from operations, including:
- 1.2.1.1 Scope 1: Direct emissions;
  - 1.2.1.2 Scope 2: Indirect emissions from purchased electricity and heat;
  - 1.2.1.3 Scope 3: Indirect emissions from upstream and downstream activities in the supply chain

### 1.3 Terms and abbreviations

- 1.3.1 **Supply Chain:** Comprehensive activities from raw material preparation to product manufacturing and delivery to end consumers.
- 1.3.2 **Sustainable Raw Cashmere:** Raw cashmere that meets requirements such as rangeland condition, animal health, animal welfare, responsible herders, fair payment, raw material quality, and safety.
- 1.3.3 **Sustainable Development:** Meeting the needs of the present without compromising the ability of future generations to meet their own needs.
- 1.3.4 **Zero-Waste Economy:** An economic model focused on producing reusable products from the outset, thereby ensuring efficiency, cost-effectiveness, and profitability.
- 1.3.5 **Responsible Procurement:** Prioritizing environmentally and socially responsible practices when selecting suppliers, making purchases, and acquiring services.
- 1.3.6 **Greenhouse Gases from Indirect Operations:** Emissions associated with the organization's use of purchased electricity, heat, cooling, steam, and other energy sources.
- 1.3.7 **Greenhouse Gases from Direct Operations:** Emissions resulting from the organization's use of vehicles, power plants, machinery, air conditioners, and energy generators
- 1.3.8 **Abbreviations:** The following abbreviations may be used in this document.

*Table 1 Abbreviation of the document and position title*

No	Title of the document	Abbreviation
1	Board of Directors	Board

2	The Chief Executive Officer	CEO
3	Compliance Department	CD
4	Sustainable Development Division	SDD
5	Middle Management	MM

#### 1.4 RACI matrix:

*Table 2 RACI matrix*

<b>Position</b> <b>Process</b>	<b>Board</b>	<b>CEO</b>	<b>MT</b>	<b>MM</b>	<b>SDD</b>	<b>Employees</b>
<i>R-Responsible (works on), A-Accountable, C-Consulted, I-informed</i>						
Developing the Policy	CI	CI	CI	I	RA	-
Approving the Policy	A	RI	-	-	RI	-
Distributing the policy to all employees and enhance their knowledge and understanding	-	RC	RC	RC	A	I
Ensuring stakeholders' accessibility in an appropriate manner	CI	CI	CI	CI	RA	CI
Implementing the policy in operations	RC	RC	RC	RC	RA	RI
Providing methodological support for the implementation of the policy	RC	RC	RC	CI	RA	I
Monitoring and evaluating the implementation of the policy	RCI	RCI	CI	CI	RA	I
Updating policy as needed	RCI	RCI	CI	CI	RA	I

## 2. POLICY

### 2.1 Climate change and Greenhouse Gas Emissions Reduction Policy

2.1.1 GOBI JSC is committed to reducing greenhouse gas emissions across all its operations, achieving Net Zero levels, mitigating climate change, and adapting to its impacts. Our organization will implement science-based targets, increase the use of renewable energy, and support activities that enhance greenhouse gas absorption. Additionally, we will take measures to mitigate and adapt to climate change, promote various initiatives, provide stakeholders with

knowledge and information, and build capacity to consistently work toward sustainability.

### **3. ACTIONS AIMED AT ACHIEVING OBJECTIVES**

#### **3.1 Greenhouse Gas Emissions Baseline Assessment**

- 3.1.1 Conduct a comprehensive carbon footprint analysis to determine the current level of greenhouse gas emissions across operations, production, and the supply chain.
- 3.1.2 Identify high-emission sources specific to cashmere production, including livestock farming, manufacturing, and transportation.

#### **3.2 Greenhouse Gas Emissions Reduction Strategy**

- 3.2.1 Implementing energy-efficient technologies in production.
- 3.2.2 Transitioning energy consumption in operations to renewable energy sources.
- 3.2.3 Establishing sustainable herding. Collaborating with herders to reduce pasture degradation and introduce practices for sustainable herding.
- 3.2.4 Using recycled and recyclable materials for additional raw materials.
- 3.2.5 Improving waste management to minimize, reuse, and recycle waste generated during production.

#### **3.3 Increasing Greenhouse Gas Emission Absorption**

- 3.3.1 Investing in carbon offset projects related to the cashmere sector, including reclamation and afforestation.
- 3.3.2 Supporting projects that improve rangeland and landscape management to enhance carbon sequestration.

#### **3.4 Technology and Innovation**

- 3.4.1 Supporting research efforts aimed at reducing greenhouse gas emissions in cashmere production.
- 3.4.2 Researching and implementing clean production technologies.

#### **3.5 Stakeholder Engagement and Collaboration**

- 3.5.1 Organizing and promoting training programs on reducing greenhouse gas emissions in collaboration with suppliers, customers, and local communities.
- 3.5.2 Participating in initiatives and collaborative efforts aimed at ensuring sustainability in the cashmere processing industry.

#### **3.6 Monitoring, Reporting, and Verification (MRV)**

- 3.6.1 Establishing a reliable monitoring and reporting system to track progress toward emission reductions and achieving net-zero goals
- 3.6.2 Organizing independent audits by reputable and professional third parties as necessary to ensure the transparency, accuracy, and reliability of data.

### **3.7 Policy Review and Continuous Improvement**

- 3.7.1 Regularly reviewing the policy and its outcomes to identify directions for adaptation and refinement based on new scientific discoveries and technological advancements.
- 3.7.2 Maintaining on-going dialogue with environmental experts, policymakers, and the scientific community to align with best practices and regulatory requirements.

## **4. POLICY IMPLEMENTATION, RESPONSIBILITIES, AND ACCOUNTABILITY**

### **4.1 Responsibilities and accountability:**

- 4.1.1 GOBI JSC will implement this policy and ensure alignment with its sustainability commitments and policy objectives through performance monitoring and continuous improvement.
- 4.1.2 Executive management will incorporate this policy and its objectives into the organization's strategic plan, integrate them into business processes, and provide the necessary conditions to achieve the intended outcomes.
- 4.1.3 Middle management will implement this policy and its objectives, promote continuous improvement, and ensure effectiveness by engaging employees.
- 4.1.4 Employees will support the company's policy and objectives by actively participating and collaborating with initiative and commitment.
- 4.1.5 The Sustainable development division will be responsible for developing and approving this policy and its objectives, overseeing implementation, ensuring continuous improvement, and providing information to all stakeholders.

**END OF DOCUMENT**