

DOCUMENT NAME:

SUSTAINABLE DEVELOPMENT STRATEGY POLICY OF GOBI JSC

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1. GENERAL PROVISIONS

1.1 Purpose

- 1.1.1 The purpose of the Sustainable development strategy policy of Gobi JSC is to guide the business towards sustainable operations that align with the organization's Vision, Mission, Values, and societal expectations. This strategic policy aims to integrate all stakeholders into the Sustainable Development Policy during decision-making and strategic planning processes, and to manage risks and opportunities related to environmental management, social responsibility, and ethical governance.

1.2 Scope

- 1.2.1 This strategic policy will be publicly available and is applicable to the organization's Board of Directors (hereinafter referred to as the "Board"), Executive Management, all employees, subsidiaries, suppliers, and other stakeholders.
- 1.2.2 This document aligns with the United Nations Sustainable Development Goals, the principles of the Global Compact, and Mongolia's long-term development policy Vision 2050, and is aimed at supporting core business activities.

1.3 Terms and abbreviations

- 1.3.1 **Abbreviations:** The following abbreviations may be used in this document.

- 1.3.1.1 Abbreviation of the document title

Table 1 Abbreviation of the document and position title

No	Title of the document	Abbreviation
1	Sustainable development	SD
2	Sustainable development strategy policy	SDSP
3	Board of Directors	Board
4	Executive Management	EM
5	Sustainable development division	SDD
6	Middle management	MM

1.4 RACI matrix:

Table 3 RACI matrix

<div>Position</div> <div>Process</div>	Board	EM	SDD	MM	Employees
R-Responsible (works on), A-Accountable, C-Consulted, I-informed					
Developing the SDSP	CI	CI	AR	I	I
Approving the SDSP	A	RC	RC	I	I
Distributing the policy to all employees and enhance their knowledge and understanding	I	R	AR	R	I
Implementing the SDSP in operations	RC	RC	AR	RC	R
Providing methodological support for the implementation of the policy	R	R	A	CI	I
Monitoring the implementation of the policy	RC	RC	AR	I	I
Updating the policy as needed	CI	CI	AR	CI	I

2. COMMITMENT TO A SUSTAINABLE DEVELOPMENT

2.1 Commitment to a sustainable development

2.1.1 GOBI JSC is committed to establishing a responsible and sustainable development system and producing high-quality cashmere products that meet customer requirements. Our organization pledges to support the following key directions and to empower and collaborate with stakeholders:

2.1.1.1 **Environment:** Recognizing the impacts of climate change, our organization prioritizes reducing the ecological footprint of its operations, utilizing natural resources responsibly, minimizing negative environmental impacts, and implementing measures to protect biological diversity.

- 2.1.1.2 **Social responsibility:** Promoting workplaces that respect human rights, ensure inclusivity, support gender equality, and foster participation while making a positive impact on society.
- 2.1.1.3 **Ethical governance:** Committing to operate with transparency, fairness, and accountability; ensuring equal participation of stakeholders; and making ethical and fair decisions.

3. SUSTAINABLE DEVELOPMENT STRATEGY POLICY

3.2 Policy on climate change and environment

- 3.2.1 We aim to establish a low-waste (circular) economy by responsibly utilizing natural resources, reducing waste, promoting energy and water-efficient operations, implementing responsible sourcing and use of raw materials, and adhering to principles that protect biodiversity.
- 3.2.2 In line with the global Net Zero goal, we are committed to reducing greenhouse gas emissions from our operations, adopting low-carbon production practices, enhancing carbon sequestration, promoting the use of renewable energy, and implementing measures across all activities to mitigate risks associated with climate change.
- 3.2.3 We will promote and advocate for environmentally friendly practices and consumption to our customers, partners, stakeholders, and the public.
- 3.2.4 We will integrate and implement internationally recognized environmental management standards into our operations, institutionalize them, and continuously improve our practices.

3.3 Policy on social orientation

- 3.3.1 We are committed to implementing the principles of business and human rights management, adhering to international human rights best practices in operations, assessing social impact, and striving to create decent work environments that respect human rights, promote gender equality and diversity, provide equal opportunities for every employee to voice their opinions and express themselves, and are free from workplace harassment, child labor exploitation, forced labor, and discrimination.

- 3.3.2 We will build a skilled team and workforce based on a positive attitude, productivity, and expertise, manage their performance, and continuously enhance their knowledge and skills.
- 3.3.3 We will respect the rights of every employee, supplier, and customer, prioritizing their safety and health.
- 3.3.4 Within the framework of social responsibility, we will support initiatives aimed at improving social well-being, creating a better living environment, and enhancing the livelihoods of herders while making a positive impact on society and leading stakeholders in a sustainable, inclusive, and responsible manner.
- 3.3.5 We will study and preserve both the tangible and intangible cultural heritage of nomadic civilization, promoting its transmission to future generations and supporting activities that ensure its continued legacy.

3.4 Policy on ethical governance

- 3.4.1 We will prioritize effective leadership to ensure the organization's long-term investments, financial stability, and business continuity while establishing a fair, ethical, and responsible governance system that maintains a balance of interests for all stakeholders.
- 3.4.2 At all levels of the organization, we will operate in accordance with the law, upholding responsibility, fairness, transparency, and accessibility of information while remaining free from bribery, corruption, and conflicts of interest.

3.5 Sustainable development and business relations

- 3.5.1 We will not only ensure compliance with laws and regulations but also integrate the principles and concepts of sustainable development into our business model, from raw materials and production to distribution and sales. Through our business, which fosters shared value, collaborative ecosystems, and open partnerships, we will create value recognized by stakeholders and internationally.

3.6 Responsibilities towards customers

- 3.6.1 In addition to providing our customers with high-quality cashmere products, we will provide transparent, open, and accessible information regarding the environmental impact of our products, the social conditions of production, and ethical standards, enabling them to make informed and responsible choices.

- 3.6.2 We will contribute to enhancing consumers' knowledge and capabilities regarding the efficient use of natural resources in our products, adapting to and mitigating climate change, promoting human rights and gender sensitivity, and encouraging sustainable purchasing practices.

3.7 Value chain and responsible purchasing

- 3.7.1 We will collaborate with suppliers who uphold human rights, protect the environment, adhere to ethical standards, and ensure labor safety, free from corruption and conflicts of interests. These suppliers provide us with sustainable raw materials, technology, and services. Together with stakeholders in the value chain, we will work towards developing a network of sustainable, collaborative partnerships.
- 3.7.2 We will establish a traceability system from the source of raw materials to the final product, ensuring compliance with internationally recognized standards, and invest in technologies and systems to improve the traceability of the supply chain.
- 3.7.3 We will prioritize sourcing sustainable, ethical, and responsible raw materials, particularly cashmere, and will purchase from suppliers who engage in environmentally friendly practices with proper pasture management to reduce the impact on natural resources. We will also support various initiatives aimed at improving the livelihoods of herders and local communities.

4. IMPLEMENTATION

4.1 Monitoring and implementation

- 4.1.1 To ensure the implementation of the sustainable development strategy, we will include long-term, medium-term, and short-term goals in relevant policy documents, adopt and implement various international and industry best practices, monitor performance, and take corrective actions to improve results.

END OF DOCUMENT