



**KHAN BANK**

# **SUSTAINABLE DEVELOPMENT REPORT 2021**

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# INTRODUCTION

## OVERVIEW

Focusing on the UN's Sustainable Development Goals, and contributing to social development and the environment, has long been an important initiative at Khan Bank. To transparently report on these activities, starting in 2019, we began publishing the annual Sustainable Development Report to share with stakeholders. The report includes information on activities carried out within the four main areas of Khan Bank's Sustainable Development Policy: sustainable financing, sustainable operations, sustainable social investment, and sustainable partnership and reporting. As Khan Bank is committed to engaging in responsible engagement with domestic and international associations, initiatives, and communities in the area of sustainable development, we regularly report on activities under the Sustainable Development Policy to the Bank of Mongolia, Mongolian Sustainable Finance Association, United Nations Global Compact, Green Investment Principles,

and international financial institutions and development banks, and implement the principles of transparency and cooperation. In this report, you can read detailed information about the sustainable development activities carried out by Khan Bank.

### *Feedback*

If you have any feedback on Khan Bank's sustainable development initiatives, feel free to send it to [foundation@khanbank.com](mailto:foundation@khanbank.com).

## KHAN BANK HIGHLIGHTS

### General highlights

(as of December 31, 2021)

**2.7 million**

CUSTOMERS

**50,000**

CORPORATE CUSTOMERS

**33,000**

POS MACHINES

**24,000**

MERCHANTS

**547**

BRANCHES

**204**

EXPRESS BANKING  
CENTERS

**1,431**

ATMs

**215**

KIOSK  
MACHINES

**6,500**

EMPLOYEES

### Digital banking highlights

(average daily digital channel transactions in 2021)

INTERNET BANKING

**40,528**

SMART BANKING

**778,332**

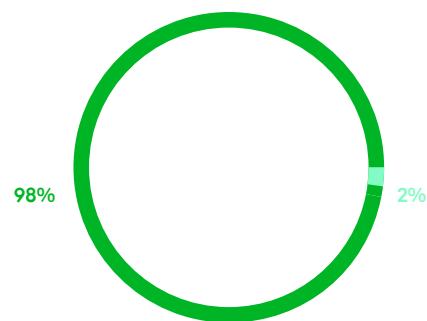
MOBILE BANKING

**360,480**

TOTAL

**1,179,340**

Total transactions completed



Through  
digital  
banking

At branches



# LETTER FROM THE CEO

Greetings,

I am pleased to present the Sustainable Development Report to all our customers, partners, shareholders, and employees. The reporting year marked the 30th anniversary of Khan Bank, a year full of achievements and successes in sustainable development and corporate social responsibility.

In 2007, Khan Bank established the Khan Bank Foundation, which implements corporate social responsibility and contributes to society. In 2010, Khan Bank joined the UN Global Compact. It implemented its principles of human rights, labor, environment, and anti-corruption into our daily operations to be a leader in sustainable development at the local and regional levels. The 17 Sustainable Development Goals and 8 principles of Mongolian Sustainable Finance are also implemented as the basic concepts of our Sustainable Development Policy.

To implement sustainable development principles that unite the world for one major initiative, we are sharing our activities, new initiatives, and experiences in this field with domestic and international organizations, in addition to regularly delivering annual reports to project coordinators and partner organizations. Our annual Sustainable Finance Evaluation with the Mongolian Sustainable Finance Association resulted in an "A" grade, and Khan Bank was named the Best ToC Bank in 2021.

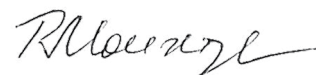
With a rich 30-year history, Khan Bank started a new chapter in its development and launched its brand refresh at the beginning of this year, renewing the Bank's mission, vision, and values. For the first time, the Bank's values recognize that sustainability is the future, signifying that we will continue to step forward in this global initiative and develop together.

We never stand still. We learn, adapt, and improve to build a truly sustainable business to continue equipping our customers for the future.

Through the Khan Bank Foundation, 15 projects and programs were effectively implemented during the reporting period with about 2.5 billion MNT in financing, making a real contribution to society's welfare. In the future, we will continue to be a leader in sustainable development and support a green future and green business to lead other private sector organizations and communities.

BEST REGARDS,

R. MUNKHTUYA, CEO



# ABOUT US

## ABOUT THE BANK

Khan Bank has been implementing corporate social responsibility projects and programs since 2007. In 2011, an environmental and social risk impact assessed credit operations, and in 2018, the Bank started implementing, monitoring, and reporting on the integration of the UN's 17 Sustainable Development Goals. In this context, we aim to support our customers in doing green business, making their operations environmentally friendly, and contributing to sustainable development. We also aim to implement sustainable development by making the Bank's operations

environmentally friendly, creating a healthy and safe social environment for the Bank with proper governance, and leading other entities and communities in this area. In recent years, we have expanded our sustainable development initiatives, learning from domestic and international experiences, and contributing to education, health, environment, vulnerable groups of society, culture, and local development through the Khan Bank Foundation.



## ACHIEVEMENTS

Khan Bank has received the following awards in the field of sustainable development and corporate social responsibility:

- Best Corporate Social Responsibility Implementer - Entrepreneur award from the MNCCI - 2005, 2007, 2008, 2009, 2011, 2012, 2013, 2014, 2015, and 2016
- Top Sustainability Advocates in Asia award from ACES - 2019
- Best ToC Office award from the Mongolian Sustainable Finance Association - 2019
- Best Bank with Environment and Social Management System award from the Mongolian Sustainable Finance Association - 2019
- ToC Lead Organization from the Mongolian Sustainable Finance Association - 2019
- Best Bank of ToC award from the Mongolian Sustainable Finance Association - 2021



Best Corporate Social  
Responsibility Implementer -  
Entrepreneur



Top Sustainability Advocates  
in Asia



Best Bank of ToC



Best ToC Office  
Best Bank with Environment  
and Social Management  
System

## TIMELINE

In 2000

The concept of corporate social responsibility was introduced to Mongolia for the first time, and the Bank began implementing internal activities in this area. The principles of responsible business, such as conducting legal, fair, and transparent activities and supporting the social issues of employees, were implemented.

2007

Khan Bank Foundation was established and started systematically implementing corporate social responsibility projects.

2010

Joined the United Nations Global Compact and began implementing its 10 principles.

2011

Environmental and social policies were implemented in lending operations and continuously improved.  
Joined the Mongolian Sustainable Finance Association and established the ToC working group.

2018

Expanded corporate social responsibility activities and began contributing to the 17 Sustainable Development Goals defined by the UN and integrating them at all levels of the Bank's operations.  
Joined the Green Investment Principles (GIP) created within the framework of the One Belt-One Road initiative and began implementing its 7 principles in its operations.

2019

The Bank's Sustainable Development Report was published.  
The Bank's ToC working group was expanded to become a sustainable development working group.

2020

The Bank's internal sustainable development policy was approved.

2022Q1

"Sustainability is the future" was defined as one of the Bank's four values in the Bank's brand refresh project.

## BRAND REFRESH

On its 31<sup>st</sup> anniversary, Khan Bank unveiled a brand refresh. After three decades of being a trusted friend and faithful companion to our customers and partners, it was time to begin a new chapter in the Bank's legacy of growth, lead changes in society, and evolve with its customers and employees.

We believe sustainable development is the future and aspire to create an environmentally-friendly and sustainable business. Khan Bank also strives to grow with its customers and become the country's most trusted bank, contributing to society's well-being and Mongolia's development. We will continue to be a leader in sustainable development to become a reliable institution that thrives for years to come.

### VISION

- To be the most trusted bank that grows together with our customers.

### MISSION

- We strive to bring the best and most innovative financial resources to our customers, at every step of their financial journey.

### VALUES

#### Be champions of prosperity

- Our role is not to simply provide banking solutions, we put our customers, employees and shareholders on the path towards growth and prosperity.

#### Sustainability is the future

- We don't stand still. We learn, adapt and improve to build a truly sustainable business, so that we continue to equip our customers for the future.

#### Provide access to the best digital tools

- Everyone deserves the best experience, and we will constantly innovate and extend access to the best financial tools.

#### Be the trusted advocate for our customers

- For decades, customers have trusted us with their financial lives, and we will continue to be with them, progress for them and help them reach their goals.

## HIGHLIGHTS OF SUSTAINABLE DEVELOPMENT

The sustainable development working group has been expanded and has sub-working groups for four areas, facilitating the implementation of new projects.

By implementing the Ethical Banker program, we are strengthening an ethical mindset, encouraging executive leadership, and creating cultural change.

The Bank investigates the presence of corruption and bribery before establishing business relationships with third parties and throughout the relationship.

During the reporting period, the Bank's green loan portfolio (456 borrowers) was MNT 50.7 billion, constituting 19.8 percent of the banking system's green loans.

Since 2015, Khan Bank has raised green funding amounting to USD 40 million from international banks and financial institutions.

During the reporting period, environmental and social risk assessments were carried out for 239 business loan applications totaling MNT 694.3 billion.

An employee satisfaction survey was conducted in cooperation with a third party for the fifth year. Employee engagement increased to 79.9 percent, and management efficiency increased to 76.6 percent.

In 2021, we included a duplicate number of 14,292 employees in 273 classroom training sessions for professional and personal development, and a duplicate number of 54,676 employees participated in 159 online courses.

In 2021, we reduced our paper usage by MNT 450 million compared to 2020. During the reporting year, Khan Bank contributed to protecting the environment by providing customers with 52 types of paperless services.

71 Ulaanbaatar branches and 347 rural branches installed ramps for wheelchair access.

To change people's lives and contribute to society's welfare, as of today, Khan Bank Foundation has financed 480 projects and programs with more than MNT 7.5 billion.

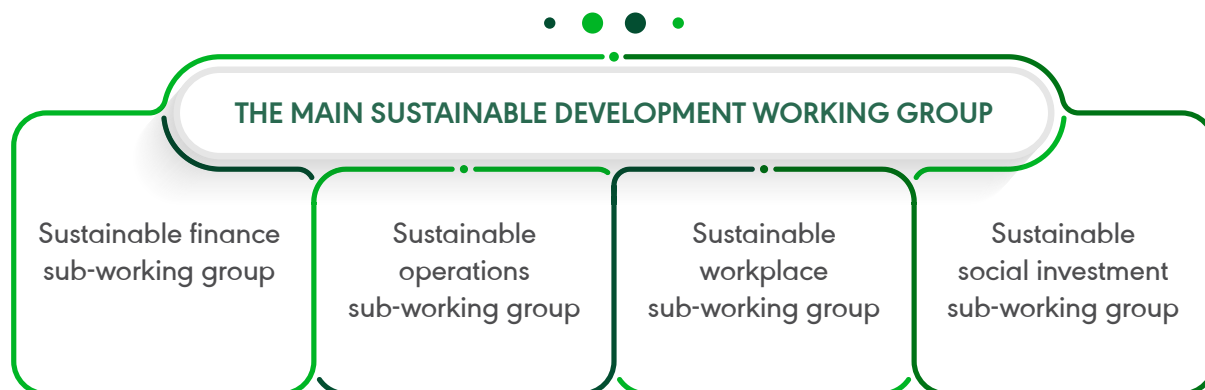
Khan Bank works in constant cooperation with more than 200 international banks in the field of correspondent banking and more than 20 international banking and financial institutions in the field of investment.

# CORPORATE GOVERNANCE

## SUSTAINABLE DEVELOPMENT STRUCTURE AND WORKING GROUP

Khan Bank first established a working group with the Mongolian Sustainable Finance Association in 2013, which expanded to become an independent working group for sustainable development in 2019. In 2020, the working group initiated the development and approval of the

Bank's sustainable development policy. Since early 2022, by dividing the working group into sub-working groups, we have been working to implement large-scale sustainable development initiatives.



## CODE OF ETHICS



HUMAN RIGHTS



Principle 6

5 GENDER  
EQUALITY10 REDUCED  
INEQUALITIES16 PEACE, JUSTICE  
AND STRONG  
INSTITUTIONS

Khan Bank first adopted and implemented its internal Code of Ethics in 2015. This is a document that regulates the relationship and ethics of people at all levels of the business, including all employees, customers, board members, shareholders, and partners.

As we support a culture of ethics, employees are responsible for following the Code of Ethics in the performance of their daily duties. The Ethical Banker program was initiated and implemented in 2021 and is now being successfully organized for the second year. In doing so, we carried out activities to strengthen ethical thinking, support executive leadership, make cultural change, and encourage the participation of every employee.

During the reporting period, we delivered interesting, rewarding, and systematic training courses through our KB Academy platform, providing information to our employees, recording videos with preventive content, and using methods of motivation. Since this training is mandatory for employees, everyone actively and fully participates in making ethics a daily habit, which has a significant effect on protecting the Bank and its employees from risks.

An employer is responsible for creating a workplace environment free of any harassment. If there are any complaints related to this, the Ethics Committee has been established to receive and resolve complaints and to protect employees from internal and external harassment in the workplace.

## ANTI-BRIBERY AND CORRUPTION



ANTI-CORRUPTION



In 2020, Khan Bank first approved and implemented an internal anti-corruption and bribery policy. As we contribute to sustainable development and act as a leader among business organizations, we are committed to Principle 10 of the United Nations Global Compact, to act consistently against all forms of corruption and bribery; Goal 16 of Sustainable Development Goals, to significantly reduce all forms of corruption and bribery; and the 6th principle of the Mongolian Sustainable Finance Association, to support ethical financing and corporate governance. In addition, we have developed a policy to detect, prevent, and stop corruption and bribery, openly express our position against it, inform all parties involved, and operate in accordance with Mongolia's laws and regulations. The

Bank's shareholders, all authorized officials, employees, individuals, legal entities, and third parties cooperating with the Bank are obligated to follow this policy. Furthermore, before establishing business relations with a third party and throughout the relationship, the Bank shall carefully check and verify whether it is not related to corruption or bribery, and whether it has established legal business relations with the Bank.

# SUSTAINABLE DEVELOPMENT POLICY

## KHAN BANK'S SUSTAINABLE DEVELOPMENT POLICY

In 2020, Khan Bank approved and started implementing its sustainable development policy. Before developing this policy, we were implementing the environmental and social policy, which was approved in 2011 and continuously improved to systematically assess environmental and social risks during the lending process. Simultaneously, responsible business principles were followed in other parts of the business and internal operations. Focusing on and contributing to the Sustainable Development Goals has long been an initiative at Khan Bank.

**Khan Bank's sustainable development policy consists of four main sections:**



Sustainable financing



Sustainable operations



Sustainable social  
investment



Sustainable partnership and  
reporting

The basic concept of this policy is based on the 17 Sustainable Development Goals defined by the UN in 2015, the 10 principles of the Global Compact adopted by the UN in 2000, and eight principles defined by the Mongolian Sustainable Finance Association in 2013.



For more information: <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>



For more information: <https://www.unglobalcompact.org/what-is-gc/mission/principles>



For more information: <http://toc.mn/principles#1>



# SUSTAINABLE FINANCING



Khan Bank continues to expand its scale by cooperating with international financing organizations, consulting companies, ministries, offices, and environmentally friendly organizations within the framework of sustainable financing.

During the reporting period, the green loan portfolio (456 borrowers) was MNT 50.7 billion, constituting 19.8 percent of the banking system's green loans.

Khan Bank cooperated with consulting service organizations in the following ways to improve its green products and services, make them accessible to customers, and make improvements related to other services:

- To increase the quality and accessibility of green loan products and improve green loan operations, Khan Bank received consulting services in green technology baseline setting and measurement, and cooperated with German consulting company IPC to expand the market and scope of consumer green loans.

- GFA consulting group conducted an evaluation to assess Khan Bank's green loan operations, lending capabilities, and market capacity, and to identify areas for further improvement.

Khan Bank signed a memorandum of cooperation with the international NGO Geres to implement the Switch Off Air Pollution (SOAP) project, which aims to reduce heat loss by better insulating homes and creating energy savings to reduce air pollution, and coal emissions by 30 percent.

In addition, we successfully implemented the following green loan products:

- JICA project loan for environmental protection
- Household and business loans to reduce air pollution, implemented in cooperation with the Ministry of Environment and Tourism
- Consumer and business green loan products financed by the Bank

- Energy efficient business loan to finance business projects and programs to increase energy efficiency
- Household green loan.

Khan Bank aims to lead by sustainably implementing loans, products, and services that support green business

## GREEN FUND

Since 2015, Khan Bank has raised a total of USD 40 million in green loan funding from international banking and financial institutions.

This includes a total of USD 15 million in 2015 and 2017 from the European Bank for Reconstruction and Development (EBRD) through the Mongolian Sustainable Energy Financing (MonSEFF) project, USD 20 million from joint financing organized by the Netherlands Development Bank (FMO) in 2021, and USD 5 million for green financing from the Global Climate Cooperation Fund (GCCF) under the management of the Switzerland-based investment management company ResponsAbility Investment AG.

These funds are used as a sustainable source of business and consumer loan financing for local businesses and

and consumption to reduce the negative impact on the environment, creating a green financing ecosystem, introducing a proper regulatory system to measure efficiency, having a positive impact on climate change, and increasing investment in the green economy.

individuals operating in renewable energy, energy-saving products and services, recycling, waste management, and green construction.

The Bank also cooperates with international organizations that provide green funds and technical consulting services in terms of green loan identification and loan evaluation forms. For example, in 2021, German Development Finance Institution (DEG), in cooperation with GFA Consulting Group, in the framework of a loan jointly financed by the FMO, evaluated the Bank's green loan portfolio. German consulting company IPC provided technical assistance covering green loan identification, green loan capacity building, market research, and green loan reporting in the framework of green funding from GCCF.

## GREEN PRODUCTS AND SERVICES

In terms of green loan products, we supported green business by providing technical consulting services to customers in green technology, energy saving, and reducing carbon dioxide (CO<sub>2</sub>) emissions, in cooperation with foreign investor organizations. We will continue developing green businesses and loans supporting green consumption and

introducing products and services to the market designed to reduce negative impacts on the environment and climate change. We will aim to lead in creating a green finance ecosystem by introducing products and services to the market, creating the right regulatory mechanisms to measure efficiency, and investing in the green economy.



Products	Goals	Description
Consumer green loan	These loans are provided to support environmentally friendly practices and activities related to the green economy.	Loans will be granted to customers who purchase environmentally friendly products to reduce air and soil pollution.
Green working capital loan		Loan financing will be disbursed for activities included in the Green Taxonomy or for the financial needs of individuals and enterprises engaged in the green economy.
Green investment loan		
Green technical investment loan		
Green credit line		
Green business loans to improve energy efficiency	Loans to reduce carbon dioxide emissions will be financed to support energy-efficient business operations and the use of renewable energy by entrepreneurs, enterprises, and SMEs.	In the framework of international cooperation, technical consulting services are provided to ensure that carbon dioxide emissions are reduced by at least 20 percent by performing energy assessments before granting loans and energy audits after project implementation. These services are provided to customers free of charge.
Household green loan	Financing will be provided to entrepreneurs and enterprises to purchase and install products and equipment that will reduce air and environmental pollution.	Green loans to reduce air and environmental pollution will be granted to borrowers who live in suburban areas, with support from the Ministry of Environment and Tourism and the National Committee for Environmental Pollution Reduction.
Pension green loan		
Business green loan		
JICA project loan	It will be granted to projects in specified areas to reduce urban air pollution.	Khan Bank is collaborating with the Ministry of Finance to issue a two-stage loan to support SMEs and protect the environment.
Agriculture and Rural Development Project (ARDP) Phase 1 and 2, funded by Asian Development Bank (ADB)	The ARDP aims to support supplier operations and develop a national value-added network (VAN) by providing an ADB guarantee to large enterprises engaged in production using raw materials of agricultural origin.	It will be granted to producers of value-added products made of Mongolian agricultural raw materials to support projects that meet or can meet specific VAN investment requirements.

In the framework of the goal of developing Mongolia's green economy by introducing the common green economy principles and criteria applied internationally. Regarding the adoption of the Green Taxonomy, statistical data on green

loans has been compiled since the first quarter of 2020. As of 2021, Khan Bank accounted for 19.8 percent of all green loans in the banking sector. The categorization of green loans issued by Khan Bank has the following structure:



## ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT

Khan Bank avoids 27 activities that are prohibited from financing within the framework of the Bank's credit policy and credit regulations and implements loan environmental and social risk management. An environmental and social risk assessment is conducted for loan requests by gathering customer information and materials according to the eight IFC Performance Standards on Environmental and Social Sustainability.

During the reporting period, assessments were conducted on 239 business loan requests totaling MNT 694.3 billion, and remote environmental and social progress monitoring was carried out for eight loans.

Within the framework of the environmental and social risk management system, the regulation of procedures was improved by adding the relevant activities classified by the EBRD as Category A economic sectors.

- As of December 31, 2021, loans granted for alcohol and tobacco production and trade accounted for 0.47 percent of the loan portfolio.
- As of December 31, 2021, loans granted for toxic chemical production and trade accounted for 4.6 percent of the loan portfolio.

To improve the understanding and knowledge of all employees about environmental and social risk management, employees participated in online environmental and social risk assessment training through the KB Academy online platform during the reporting period. In addition, more than 120 loan officers were given personal training, information, and advice.

# SUSTAINABLE OPERATIONS



## SUSTAINABLE WORKPLACE

As part of its policy to create a sustainable workplace and be the employer of choice in the Mongolian labor market, the Bank contributed to its long-term and sustainable growth by implementing flexible and optimal human resource strategies and policies; strengthening the organizational culture; instilling the right attitude, positive behavior, and participation in its employees; and providing satisfactory, high performing, and productive working conditions.

The driver of the Bank's success is our motivated and energetic employees, who have become the trusted partners of 2.7 million customers. As a large employer with an influence on the domestic market, providing jobs to 6,500 employees, we develop a culture of employment relations that complies with the law, is fair and respects human rights, prohibits pressure or violence in the workplace, and define policies and strategies to protect the rights of employees.

### Employee satisfaction

Khan Bank has been continuously implementing training and projects to increase employee satisfaction and active participation. The fifth employee satisfaction survey was conducted in cooperation with a third party. Survey results showed that employee engagement had risen to 79.9 percent, and executive efficiency rose to 76.6 percent.

With the goal of increasing employee satisfaction, Khan Bank addresses employees' social problems by providing

grants, pension savings funds, additional superannuation for senior employees, various discount and supply programs, health insurance, and health check-ups. In addition, all employees are involved in art and sports competition, awards, and club activities that aim to provide work-life balance. A comprehensive policy was successfully implemented to prevent and protect employees during the COVID-19 pandemic and ensure occupational safety

and hygiene, which involved 6,000 employees. The need for remote work during the pandemic reminded us of the importance of the physical and psychological health of employees.

The Bank's employee wellness initiatives include:

- Launched the Employee Wellbeing section on the KB Academy online platform and delivered live monthly psychological counseling sessions with a professional psychologist, which resulted in more than 3,100 employees being contacted and receiving mental health support.

- To support the psychological health of employees isolated due to COVID-19 infection, more than 100 employees were enrolled in art therapy with a professional psychologist.

Employee salaries are increased every year in line with the country's economic growth and inflation. We maintain our leading employer status by offering competitive, fair wages and comprehensive benefits.

## Employee training and development

Khan Bank focuses on the training and development of its employees working in every corner of Mongolia and offers training courses that are accessible, flexible, needs-based, and continuous. The Bank pays particular attention to professionalism and specialization. In accordance with the Bank's mid and long-term strategies, we determine training needs based on employee feedback and regularly organize professional and personal development training.

In 2021, we included a duplicate number of 14,292 employees in 273 classroom training sessions for professional and personal development and a duplicate number of 54,676 logins in 159 e-learning courses. According to a 2021 employee satisfaction survey, training and development indicators have increased by 4.7 percent over the past five years, which is a result of the effectiveness of these training and development activities for employees.

We also implemented a tiered development program for management. The role and participation of management are critical for employees to work with one goal, a unified vision, satisfaction, and efficiency. As a result of the program, the skill indicators for management have shown constant growth of an average of one percent over the past five years.

### Tiered development program for management

The goal of the program is to provide continuous development for our management, be a people-centric leader, and strengthen a positive organizational culture. International and domestic leadership programs have been specially developed and implemented for the Bank's management.

*Number of managers who participated in 2021: 1,500*

### New Manager Program

A one-year step-by-step program is organized for new managers to ensure their learning and development path is clear and help them quickly adapt to their work.

*Number of managers who participated in 2021: 144*

### World Class Manager Program

To provide equal and accessible opportunities to learn from international methods, regardless of location in rural areas or Ulaanbaatar, we offered Global Growth Institute's international online, 12-module program World Class Manager 1 & 2 to our senior officers and managers.

*Number of managers who participated in 2021: Over 1,500*

*Duration of the programs organized: 285 hours in 4 sessions*

### Excellence Leadership Program

An interactive domestic leadership program was developed with a third party to support employee role models and strengthen the Bank's culture, values, and mission.

*Number of managers who participated in 2021: 20*

### Coaching in the Workplace Program

In cooperation with PwC, to successfully introduce and localize coaching within the Bank, an internationally recognized leadership tool, and to remain employee-centric by listening to, recognizing, and developing employees, the Coaching in the Workplace Program has been implemented since 2019.

*Number of managers who participated in 2021: 57*

### Executive Management Coaching Program

In this advanced coaching program, executive management is involved in developing skills to adapt to modern leadership styles.

### Programs to strengthen learning culture and become a learning organization

#### LinkedIn

Starting in 2019, in addition to transitioning from a "training" to a "learning" culture, we also provided all employees with the opportunity to participate in online professional and leadership skills development courses in cooperation with LinkedIn Learning to provide continuous learning opportunities according to employee needs and learning preferences. The continuous e-learning mindset of Khan Bank's employees has been recognized internationally, and the Bank set LinkedIn Learning's highest benchmark among partner institutions in the Asia-Pacific region. In addition, Khan Bank received Mongolia's first Digital Learning Transformation Awards as the organization with the most hours engaging in training and content.

*Number of employees who participated in 2021: 300*

*Number of training and content programs in 2021: 18,992*

#### KB Academy

In September 2019, the first version of the KB Academy e-learning system was introduced to provide all employees with equal access to learning regardless of location and time and to instill a culture of learning. Since its introduction, it has been continuously improved and developed to be easier to use, more accessible, and employee-friendly. KB Academy Version 3.11 was

introduced in 2021. The platform is a learning path for career development designed for individual employees and positions, providing the opportunity for continuous e-learning. In cooperation with nine major international and domestic training institutions, we worked on employees' comprehensive development by preparing training content and launching health and wellness sections on the platform. Continuous learning was provided during the pandemic, and monthly training and counseling were provided by a psychologist, paying particular attention to mental health.

*Number of training and content programs in 2021: 159*

*Number of employees who participated in 2021: 54,676*

### **Standard program**

We implemented the Customer Service Employee Standard Program to train customer service employees and reduce their knowledge and skills gaps. Standard training programs and plans were developed to evaluate employees' skills and guide them to be customers' trusted advisors.

The Bank also regularly organizes international and domestic professional and personal training, paying particular attention to leadership and professional service provision. These training programs include Certified Retail Banker, Agile, and Six Sigma methodology taught through courses in best international project management practices.

*Number of training programs organized in 2021: 175*

*Number of employees who participated in 2021: 2,740*

### **Empowerment Program for Relationship Managers**

A program providing sales and relationship consultant skills to all Relationship Managers has been successfully implemented since September 2020. Training content and programs have been developed based on international banking best practices and other research.

*Number of employees who participated in 2021: 943*

*Total duration of the programs organized: 816 hours in 50 sessions*

### **Key communication skills training**

Key communication skills training has been organized in classrooms and online for nine months to improve, familiarize, and strengthen Khan Bank's customer service and customer-centric employees and increase positive communication and communication skills.

*Number of employees who participated in 2021: 2,203*

### **Scholarship program for local universities**

The Bank's employee scholarship program has been implemented since 2013 to improve professionalism, education, and personal development. Scholarships are offered to contribute to their banking skills and support their growth by investing in their pursuit of bachelor's and master's degrees from accredited Mongolian universities and colleges.

*Number of employees who participated in 2021: 60*

## Human rights and equality

Khan Bank operates in accordance with the laws of Mongolia and develops policies and regulations to ensure employees' rights stated in the Labor Law and the Bank's internal regulations.

To ensure the rights of employees to work in a healthy and safe environment, we adhere to the Occupational Safety and Health Law to create the necessary environmental

conditions, assess workplace risks, and promptly take the necessary measures to ensure employee health and safety when risk is identified.

The Bank's labor relations policy defines the principles to be followed in regulating the employment relationship, such as fairness, openness, realism, reasonableness, and legality.

## SUSTAINABLE ENVIRONMENT

### Green Office

#### About Khan Bank Tower

- Address: Khan Bank Tower, Chinggis Avenue-6, Stadium Orgil-1, Khan-Uul District, Ulaanbaatar 17010, Mongolia
- Project duration: September 2010 to July 2017
- Grade: A
- Designer: Aedas Interiors (Hong Kong)
- Contractor: Khurd Group LLC
- Earthquake resistance: 8 Richter magnitude
- Number of floors: B2, B1, F1 – F24
- Height: 112 meters
- Total area: 42,236 m<sup>2</sup>
- Useable area: 34,780 m<sup>2</sup> (other 7,456.7 m<sup>2</sup>)
- Number of elevators:
  - Passenger – 8 (1,600 kg – 6, 1,200 kg – 2)*
  - Service – 2 (1,000 kg – 1, 650 kg – 1)*
- Escalators: 4 (1-3 floors)
- Khan Bank ownership: 54.13%
- Number of outdoor parking spaces: 250

#### Green Office activities

- Building management system (BMS)
- Lighting control system
- Motion sensor lighting
- Time and energy-efficient elevator settings
- Settings to reduce inappropriate water consumption
- Heat exchange system
- Automatic time settings for heating, cooling, and air conditioning systems
- Digital meters for all electrical inputs and outputs
- Waste management

## Office equipment

### Air exchange equipment for water heating, cooling, and humidification

The building is equipped with air exchange equipment for water heating, cooling, and humidification, which is important for creating a healthy and comfortable work environment. This equipment filters fine particles in the air (PM10-PM2.5) through a three-stage filter. It is designed to keep the humidity in office spaces constant at 30 to 50 percent. The air exchange equipment discards a certain percentage of the used air in a room, mixes some of it with outside air, and moves it through a filter. The system works with seasonal and timed settings. If necessary, it can support the cooling system in summer and the heating system in winter. Water-cooled chillers and cooling units operate during the summer and adjust the indoor temperature depending on the outside air temperature. This functionality extends the service life of equipment, increases productivity, and cuts electricity costs:

- *Three high-capacity units with a cooling capacity of 1,500 kW;*
- *If the cooling fan load is low, it has a rest mode;*
- *If the incoming temperature difference is small, it switches to rest mode.*

## Restroom equipment

The restrooms in the Head Office are equipped with comfortable, eco-friendly, and cost-saving equipment:

- Taps with automatic sensors
- Countertop sinks
- Urinals with automatic sensors
- Soap dispensers with automatic sensors
- Hand dryers with automatic sensors

### Energy-efficient water and heating solutions

As an energy-efficient building, water and heating units are equipped with fully automated systems:

- Heat meter
- Automatic pressure and temperature gauges
- Variable flow pump
- Water softener for a Hydro-X heating system
- High-precision manometer, thermometer, and balancer brackets.

FRP storage tanks for freshwater and hot water have been installed to supply the building with water in the event of a central water supply outage. In addition, we are working to install meters with automatic reporting of hot and cold water supply line status.

### Fire suppression system

Khan Bank has automatic and manual fire suppression systems, and reserve tanks for the systems will be installed inside the building. In the future, sprinklers will be installed for the automatic system, and sprinklers directed at the ceiling and floor are planned for spaces with hollow floors. The manual system consists of a fire-fighting box, 65 mm hose, directional nozzles, and

cut-off baffles. Hand-held signaling devices are placed next to each box. The automatic fire detectors are triple-sensor alarms that activate when smoke, heat, and carbon monoxide are detected at the same time. Other smoke extraction and excess pressure systems are installed in accordance with building codes.

## Appropriate use of resources

### Office consumption of energy, water, and heat

During the restrictions and lockdown of the COVID-19 pandemic, Head Office employees worked remotely for a certain period, reducing operating costs to a certain extent and significantly reducing fuel consumption and GHG emissions.

COST AND CONSUMPTION (HEAD OFFICE)				
		2019	2020	2021
WATER	Consumption (m3)	13,735	8,639	6,746
	Cost (MNT)	35,436,398	22,287,787	17,405,252
HEAT	Consumption (joule)	-	12,545	12,091
	Cost (MNT)	-	91,286,472	87,983,151
ENERGY	Consumption (kW)	2,722,545	2,844,057	2,421,001
	Cost (MNT)	436,441,926	458,908,544	263,180,262.7
FUEL	Consumption (ton)	-	267	65
	Cost (MNT)	-	615,982,386.5	176,769,155.5

## Use of paper

Compared to 2020, the use of paper in 2021 decreased by MNT 450 million.

Coinciding with the Bank's digital transformation, the use of paper is decreasing year by year.

№	Type of paper	Unit of measurement	Branches		Head Office		Total	
			Unit	Amount	Unit	Amount	Unit	Amount
1	A4 copy paper	package	77,648	686,785,200	3,236	31,392,125	80,884	718,177,325
2	POS paper	unit	647,930	260,163,700	-	-	647,930	260,163,700
3	ATM paper	unit	914	5,478,437	1,550	9,025,280	2,464	14,503,717
4	Cardboard paper	package	47,019	11,303,622	-	-	47,019	11,303,622
5	Paper for queue machine	unit	2,090	6,683,820	2,831	673,778	4,921	7,357,598
Total unit and amount			775,601	970,414,779	7,617	41,091,183	783,218	1,011,505,962

During the reporting period, we were able to save 10-15 percent per unit of transaction paper by reducing the space between information printed on transaction receipts. The optional printing of merchant and customer copies of receipts also makes it possible to save paper with every transaction.

	2020	2021
Total number of transactions	182,168,145	238,931,805
Average transactions per month	15,180,679	19,910,984
Total paper use	2,024,091	2,654,798
Average paper use per month	168,674	221,233
Transactions made with a bundle of paper	70-80ш	80-90ш

In addition, we launched a new service, online document delivery, which allows customers to send bank statements to companies using their digital signature, which saves on paper use for printed statements.

### Paperless services

During the reporting period, Khan Bank introduced 52 paperless services for its customers, resulting in the following environmental and societal benefits.

		2018	2019	2020	2021
1	Services rendered	1,236,927	1,623,268	1,697,063	1,610,835
2	Pieces of paper saved	2 million	2.5 million	2.6 million	2.4 million
3	Trees saved	4 tons	5 tons	5 tons	4.5 tons
4	Months of employee time saved	1,840	2,400	2,500	2,400
5	Work saved at each branch	368	483	505	479
6	Customer time saved	10 mins	10 mins	10 mins	10 mins
7	Transportation costs saved	MNT 1.3 billion	MNT 1.3 billion	MNT 1.4 billion	MNT 1.4 billion
8	Trips to the Bank eliminated	1.2 million	3.5 million	3.5 million	3.5 million

### Procurement policy and procedures

Under the Bank's procurement policy, during the process of purchasing products and selecting suppliers, the Bank requires the company's criteria of projects implemented within the company's sustainable development policy and corporate social responsibility. A product's ISO certificate must meet environmentally friendly technology standards and include the manufacturer's instructions on how to dispose of it in an environmentally friendly manner.

Since 2017, we have organized the purchase of building materials, furniture, and equipment for upgraded branches under these requirements and policies.

## CUSTOMER SERVICE

### Customer satisfaction

To increase customer satisfaction, Khan Bank works with a professional surveying organization to conduct an annual satisfaction survey. The net promoter score (NPS), an indicator of customer satisfaction, was -56 for Khan Bank in 2020 and improved by -3 or 5 percent to -53 in 2021.

With the goal of improving customer satisfaction, we identified 65 areas for improvement in 20 departments and Head Office units and implemented specific tasks for execution.

### Service quality improvement

- The second stage of the comprehensive relationship skills project was implemented to standardize and strengthen the skills of correct application at branches.
- Regarding the approval of the Contact Center's telecommunications standards, monitoring instructions were revised in October 2021, and the implementation of the new standards is monitored.
- The Six Sigma project was implemented to reduce Contact Center calls. The number of targeted calls decreased by 30 percent in the first 11 months of the reporting year as a result of conducting research, mapping customer paths, collecting and analyzing data, and implementing project measures.
- In September 2021, 100 rural retail banking employees started working for the Contact Center and answered 57 percent of the main line calls. As of December, the number of dropped calls decreased by 92 percent, and the SLA increased to 91 percent.
- In December 2021, the Contact Center took a new approach to resolving the problems of customers who called repeatedly in a single day to reduce the call load. A total of 553 customers were contacted and had their problems resolved.
- The customer protection policy was revised.
- Within the framework of the Bank's strategy, goals, and objectives, the customer service policy and procedures for employees at all levels were renewed and approved.

## Accessible products and services

Khan Bank has carried out activities for people with disabilities to make its banking products and services more accessible, contributing to the human rights principles of the UN Global Compact; the 9th, 10th, and 11th goals of the Sustainable Development Goals; and the 5th principle of the ToC. We plan to continue offering a favorable environment and equal and accessible products and services to people with disabilities, women, children, and vulnerable groups. The following activities were carried out to improve accessibility:

- Increased the number of wheelchair access ramps at branches. During the reporting period, 71 Ulaanbaatar branches and 347 rural branches had ramps installed.
- The VoiceOver feature has been added to the Khan Bank application for visually impaired users. Users with visual impairment can use voice commands to receive banking services through the application.
- Previously, customers could only update their information at branches, but now they can update their information at a Kiosk. During the reporting year, more than 93,000 customers updated their information at a Khan Bank Kiosk.
- Documents can be digitally signed and sent to organizations through Kiosk machines. This saves customers time and eliminates the need to personally deliver statements to organizations cooperating with Khan Bank.
- Starting on December 1, 2021, Viber video calls were launched to support Internet Banking users abroad who cannot verify their devices. Within one month, we received requests from 1,417 customers and solved 519 (37 percent) issues.

## Customer financial education

Khan Bank has initiated many activities to regularly provide financial education to its customers and support their future financial stability.

### Global Money Week Campaign

The Bank of Mongolia, the Mongolian Bankers Association, the Family, Child and Youth Development, National Center for Lifetime Education, Deposit Insurance Corporation, Sparkasse Bank Fund in Mongolia, and commercial banks jointly organized the Global Money Week campaign from March 22, 2021, to April 12, 2021. Khan Bank provided financial education content and organized online training for children, young parents, self-employed entrepreneurs, and the general public. Despite the pandemic lockdown, people actively participated in the campaign and the Bank placed in the first place from the Bank of Mongolia and the Mongolian Bankers Association.

### Process When Convinced Campaign

The Bank of Mongolia, the Mongolian Bankers Association, the General Police Department, and commercial banks jointly organized the Process When Convinced Campaign from July 19, 2021, to October 31, 2021. Khan Bank

provided its customers with content, recommendations, and knowledge about information security and preventing cyberattacks and crimes in the financial sector. As a result, the number of cybercrimes was successfully reduced, and the Bank placed in first place by the Bank of Mongolia.

### World Savings Day Campaign

The Bank of Mongolia, the Mongolian Bankers Association, Deposit Insurance Corporation, Sparkasse Bank Fund in Mongolia, commercial banks, and other organizations jointly organized the World Savings Day campaign from October 1-31, 2021. Khan Bank distributed educational content, training, and knowledge to customers about the importance and benefits of savings. Customers received information on how to increase the saving habits of children and young people, how small and medium-sized business owners can manage their finances properly, and how to prevent financial risks.

## CYBER SECURITY AND INFORMATION SECURITY

### Information security

Khan Bank implements international methods, initiatives, and standards to ensure the security of customers and the Bank's information. In addition, personnel and technical activities are given special attention to make the approach feasible. By implementing information security risk management, we identify future risks to the Bank in advance and take necessary measures.

In accordance with the information security management system, the international ISO 27005 guidelines are followed when implementing information security risk management. The relevant information security risk management policies and procedures were updated in 2021, and risk was effectively managed by assessing potential risks to information assets and implementing countermeasures.

Khan Bank regularly provides information security training and recommendations to all employees to reduce and manage the risk of data loss.

Through the Process When Convinced Campaign organized with the Bank of Mongolia, the Mongolian Bankers Association, the General Police Department, and commercial banks, the Bank regularly delivered recommendations to customers on ensuring privacy and not losing or disclosing information.

### Information security technology controls and operations

The Information Security Control Center works 24/7 for real-time monitoring to stop, respond to, take countermeasures, and prevent attacks. Employee access to the Bank's data is implemented and regularly monitored through international security methods, processes, techniques, and systems. Cyber-attacks, targeted attacks, and other attacks detected by the international Open Web Application Security Project (OWASP), Common Vulnerabilities and Exposures (CVE), and Advanced Persistent Threat (APT) systems are stopped with the help of machine learning. By implementing security solutions for banking systems, networks, servers, and end-user devices, we regularly implement black, white, and gray box penetration testing and controls in cooperation with leading and internationally-recognized organizations.

## International standards

### **The Payment Card Industry Data Security Standard (PCI DSS)**

Khan Bank meets all the requirements of PCI DSS v3.2.1, the latest version of payment card security. This standard has strict criteria, and its implementation is checked and verified annually by an internationally authorized auditing organization. The Bank successfully implemented the requirements of PCI DSS v3.2.1 and verified its certificate on November 30, 2021. This certification gives the Bank the right to use the Visa International digital logo for payment cards.

### **ISO 27001:2013**

Khan Bank has successfully implemented its information security management system since 2014 in accordance with the international standard ISO 27001:2013 to ensure information security and business continuity. Every year, an international audit organization conducts an internal audit of information security implementation. The Bank implements 114 controls in 14 groups of the ISO 27001:2013 standard and is constantly improving them.

### **ISO 27701:2019**

Khan Bank became the first organization in Mongolia to implement international standards for protecting the security of personal information under ISO 27701:2019 Privacy Information Management and General Data Protection Regulation (GDPR). Under the requirements of these standards, relevant controls have been successfully implemented in our main operations.

# SUSTAINABLE SOCIAL INVESTMENT



## ABOUT KHAN BANK FOUNDATION

Khan Bank's social responsibility principles and sustainable development policy are implemented through the Khan Bank Foundation. Since its founding in 2007, the foundation has implemented 480 projects and programs with the financing of MNT 7.5 billion under its mission to bring positive changes to people's lives and make real contributions to the welfare of society.

### Priority areas for Khan Bank Foundation's projects and programs:



During the reporting period, Khan Bank Foundation successfully implemented sustainable development initiatives in addition to its annual projects and programs. The following is an overview of these initiatives.

## EDUCATION

### Khan Bank Scholarship Program

Khan Bank's corporate social responsibility and sustainable development policy implementer, Khan Bank Foundation, provides freshman scholarships to students nationwide.

Khan Bank Foundation has granted over MNT 2 billion in scholarships over the past 15 years, substantially supporting youth in pursuit of quality education and development.

For the 2021-2022 academic year, 60 exemplary students were selected to receive partial scholarships.

We selected 57 exemplary students from among 500 applicants from Mongolia's 21 provinces, Zamiin-Uud, Zuunkharaa, and Ulaanbaatar's Baganuur district, through a two-step selection process. The selection committee, consisting of Khan Bank employees and representatives from educational organizations, conducted a screening process focused on the achievements, grade point average, social activities, and essays of the applicants.

### Psychological Empowerment of Teenage Boys

Through an Australian government initiative, the Courage to Change team participants of the Zorig Foundation's Women's Leadership Program 2021 worked to raise awareness of the psychological issues faced by adolescent boys, one of the most important problems facing today's society. The Psychological Empowerment of Teenage Boys support project was launched in January 2021. Khan Bank Foundation cooperated with the project to renovate a school's psychological counseling room with donated furniture and equipment, handing the model psychological counseling room over to the school's administration on June 6, 2021.

## PUBLIC HEALTH

### Women's Development Program

Khan Bank Foundation launched the Women's Development Program on March 8, 2021, to support women's employment and personal and professional development, raise awareness, and promote women's standing in society, career highlights, and strengths.

The COVID-19 pandemic has not only changed our lifestyle but also reminded us that we need to appreciate the importance of each profession, especially that of the police and healthcare workers, to value their devotion, and to invest in their knowledge and development.

The Women's Development Program gave nurses and caregivers on the front lines of protecting public health an opportunity to enhance their knowledge in the midst of difficult times.

The program's 120 nurses and caregivers were chosen through a two-step selection process from approximately 400 applicants.

According to a 2019 survey, there were 13,000 nursing professionals in Mongolia, 70 percent of whom were interested in attending specialized courses at foreign and domestic institutions, getting nursing credentials, and

gaining more experience in their profession. The survey also mentioned that due to the nature of their profession, there were not enough opportunities to learn foreign languages and focus on personal development. We implemented the Women's Development Program to meet this need.

The project participants attended two online courses of their choice from the four personal development courses suggested by the Bank. The top 40 participants to lead the group in enthusiasm and performance were given a 90 percent scholarship to attend a specialized course provided by Mongolian National University of Medical Sciences. Half of the participants being from rural areas was one of the highlights of this program.

Khan Bank Foundation plans to implement this project every year and to focus on including women from every industry.

We are confident that this year's program to improve the skillsets of nurses and attendants will have a positive impact on social well-being during a time when healthcare professionals are globally valued and being held in greater esteem.

### **Project supporting healthcare organizations**

In the framework of Khan Bank's corporate social responsibility, we expressed heartfelt gratitude for the nurses who have been working tirelessly for our health. On International Nurses Day, three sets of essential uniforms were provided to 280 nurses working for the National Center for Communicable Diseases. In addition, the Foundation cooperated with UNICEF's call for companies to donate support packages for mothers and children in COVID-19 isolation wards and provided 500 packages of household items and school supplies. Packages went to 150 mothers and children at the National Center for Communicable Diseases, 200 at the Khan-Uul District General Hospital, 50 at the state rehabilitation clinic, and 100 patients at the state rehabilitation center.

### **World Heart Day**

At the initiation of State Third Hospital, sponsored by the Khan Bank Foundation, and organized in partnership with the National Center for Public Health, the Campaign Against Hypertension has been carried out annually since 2016 to prevent the prevalence of hypertension and to provide the public with free health screenings, knowledge, and cardiovascular health tips.

On World Heart Day, celebrated every year on September 29, Khan Bank shared heart health information through news websites and its internal and external digital channels.

## ENVIRONMENT

### Khan Bank Forest Program

Khan Bank has been implementing the Khan Bank Forest program since 2007 to promote environmental protection, fight air pollution, and nurture green areas. Over the years, about 24,000 trees and bushes have been planted. During its 30th anniversary, Khan Bank reforested Ikh Bayan Gorge, where the Selbe River's headwaters are located, for Tree Planting Day.

Khan Bank spent months preparing to reforest 40 hectares of Ikh Bayan Gorge, where forestation had declined due

to human activity and natural disasters, with the goal of planting 108,000 trees. The larch and pine seedlings planted will play a significant role in combatting air pollution in this area and help preserve ecological balance by replenishing the Selbe River headwaters, which flow into the Tuul River. Khan Bank, along with the Ulaanbaatar City Environment Department and Forest Research and Development Center, will care for and manage these trees for the next five years.



## ARTS AND CULTURE

In 2021, one of the major projects undertaken by Khan Bank to support culture and the arts is the establishment of Khan Bank's history museum. The museum was established to create an archive of Khan Bank's valuable historical documents and materials, to create value, and to provide financial education to the public.

During the reporting period, we organized the following exhibitions at Khan Gallery to develop an appreciation of culture and art among children and support Mongolian artists:

- In June 2021, Khan Bank announced a drawing contest for the children of the Bank's employees and exhibited the 30 best works from 380 submissions.
- Starting in August 2021, five artists were able to hold a month-long solo exhibition at Khan Gallery free of charge.

Khan Bank also gave the Angels circus troupe the opportunity to rehearse at Khan Seoul Theater free of charge to contribute to the development of Mongolian circus arts.

## LOCAL DEVELOPMENT

### Khan Bank 3x3 basketball courts

In 2021, on its 30th anniversary and as part of its corporate social responsibility, Khan Bank built 3x3 basketball courts in all 21 provinces and Ulaanbaatar's Baganuur and Bagakhangai districts.

These basketball courts, built to support the health, dreams, and future well-being of children and youth, are equipped with cushioned rubber flooring and equipment and materials meeting international standards. The Bank worked with professional organizations to ensure the good hygiene and safety of children and youth playing on the

courts. The recipients of the basketball courts, such as province governors' offices, physical education and sports committees, and secondary schools, will monitor their further use and maintenance.

We believe this project will provide opportunities for children and youth to spend their free time in a healthy and productive way, and strengthen their dreams and aspirations to become future champions who will represent our country in the world of basketball.

## SUSTAINABLE DEVELOPMENT

### 2030 Newsletter

Starting in 2019, Khan Bank Foundation began publishing the online, bi-weekly 2030 Newsletter, in cooperation with the website Unread, to provide information and knowledge regarding sustainable development and its importance. A total of 75 issues have been published, with 25 issues published during the reporting period. We hope that the 2030 Newsletter, published to engage readers in protecting the environment from climate change, promote green development in every sector, and develop risk-free

daily activities, provides readers with basic knowledge concerning pressing issues.

- 6,000+ regular readers
- Published bi-weekly
- The only digital newsletter in Mongolia providing dedicated information on the 17 Sustainable Development Goals (SDGs)
- Subscription link: [www.2030.mn](http://www.2030.mn)
- 75 issues published over the past three years



# SUSTAINABLE PARTNERSHIP AND REPORTING



## DOMESTIC COOPERATION

As Khan Bank aspires to lead in the field of sustainable development and grow with its customers, it cooperates with numerous organizations and associations, learning from others and sharing its best practices to serve as an example of how to properly develop sustainable development and corporate social responsibility. The Bank actively works with the following domestic organizations for sustainable development with an active membership and transparent reporting:



## INTERNATIONAL COOPERATION

Khan Bank consistently cooperates with more than 200 international banks for correspondent banking and more than 20 international banking and financial institutions for investment.

Khan Bank reliably performs customers' international payments and transactions in 13 different currencies through 46 nostro accounts at 28 international banks. In 2021, while expanding cooperation with international banks to ensure seamless foreign payments and transactions, Khan Bank examined various ways to further improve international transaction services and introduce up-to-date technological advances.

Khan Bank signed trade financing rights agreements with international banks and IFIs for more than USD 200 million to support our customers' international trade activities. By doing so, we offer payment instruments and financing services widely used for international trade based on the characteristics and turnover of customer trade in accordance with standards such as UCP600, URDG, and Incoterms 2020, issued by the International Chamber of Commerce. We have effectively maintained long-term cooperation with international banks, IFIs, and major development banks such as International Finance Corporation (IFC), Asian Development Bank (ADB), and the European Bank for Reconstruction and Development

(EBRD). Through this cooperation, it is possible for the Bank to work with more than 800 international banks in trade financing, and Khan Bank's internationally qualified employees regularly organize professional training and consulting on trade financing for customers engaged in international trade to uphold our mission to grow together.

In 2021, Khan Bank signed long-term financing agreements totaling USD 220 million with 12 international organizations, including international development banks and investment management companies. Of this, USD 25 million is intended to finance green loans, and the remaining USD 195 million will be used to support micro, small, and medium-sized enterprises and for other business purposes. By the end of 2021, the outstanding funding balance from foreign lenders and IFIs stood at USD 283 million, which accounts for seven percent of the Bank's total funding.

Furthermore, the Bank cooperates with the following international organizations concerning sustainable development, engaging with an active membership and transparent reporting:

- United Nations Global Compact
- Green Investment Principles

## TRANSPARENCY AND REPORTING

Within the framework of sustainability reporting and transparency, Khan Bank annually publishes its Sustainable Development Report. Khan Bank not only fully complies with the Banking Law of Mongolia and the regulations and procedures set by the regulatory body, the Bank of Mongolia, but also regularly submits relevant reports in a timely manner. In addition, Khan Bank regularly presents reports to cooperating IFIs, correspondent banks, and international credit rating agencies on how its prudent and transparent corporate governance principles, environmental and social risk

management system, protection of customer rights, and anti-money laundering and anti-terrorist financing measures comply with international standards.

In terms of the loans financed for a specific purpose, Khan Bank duly cooperates with lenders by submitting quarterly reports containing information on the effectiveness and proper use of the funding.

In 2021, Khan Bank delivered more than 200 reports to international lenders and credit rating agencies.



## SUSTAINABLE DEVELOPMENT REPORT 2021

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