



Address: Konrad-Adenauer-Stiftung  
Resident Representative Office in Mongolia  
Seoul Street,  
BRAUHOUSE - 22  
Ulaanbaatar 210628

Phone: +976 11 31 91 35 oder -136

Fax: +9 76 11 31 91 37  
Info.mongolia@kas.de



Address: C corpus of IFE,  
C-1105 room,  
Peace avenue 5, 113381 Ulaanbaatar

Phone: 7000 8084, 99105111,  
88978179

Fax: 7000 8084  
E-mail: info@cgdc.org.mn

Lead Author: Dr. Manuela Glass, Consultant CGDC (glass.manuela@gmail.com)



#### About the author

Dr. Manuela Glass, LL.M. is an international consultant to the Mongolian Corporate Governance Development Center (CGDC). Before coming to Mongolia in 2015, she worked at the Wittenberg Center for Global Ethics (wcge.org, Germany), dealing with national and international aspects of responsible business and stakeholder dialogue. She studied administrative law and political science in Germany, France and Poland and holds a PhD from the University of Cologne.



# HOW CORPORATE SOCIAL RESPONSIBILITY TRANSLATES INTO THE SUSTAINABLE DEVELOPMENT GOALS IN MONGOLIA— CHALLENGES AND FUTURE PROSPECTS

Survey prepared by the Corporate Governance Development Center of Mongolia



# TABLE OF CONTENTS

<b>Introduction .....</b>	<b>2</b>
<b>Methodology .....</b>	<b>3</b>
<b>1. Corporate Social Responsibility (CSR) – Various Terms and Core Meanings.....</b>	<b>4</b>
1.1. How CSR is defined and labelled .....	4
1.2. Explaining the benefits and essentials of successful CSR .....	5
Impact of environmental, social and governance programs on a company's financial performance.....	6
CSR in developing countries and emerging markets.....	8
Consumers and the general public as driving forces.....	8
Stakeholder communication is gaining importance.....	9
Obstacles to CSR from a company perspective .....	9
1.3. Round-up: The role of trust, transparency, and dialogue.....	11
<b>2. From Corporate Social Responsibility to Achieving the Sustainable Development Goals .....</b>	<b>12</b>
2.1. SDGs as a general framework and guidance to responsible business .....	12
The UN perspective on the benefit for and the role of business .....	13
2.2. The Expectations and Role of Companies – The Global (Business) Perspective .....	14
Limited performance for the time-being .....	14
Challenges ahead – Experts see little progress on Decent Work and Economic Growth and Responsible Consumption and Production.....	15
Company commitment to SDGs as an opportunity to counter global decline of trust in business by taking action .....	16
<b>3. Summary and lessons for Mongolia – Stakeholder involvement and dialogue as critical factors for success .....</b>	<b>18</b>
<b>4. Survey on the perception of Mongolian companies – SDGs as a chance to combine sustainable development and company success .....</b>	<b>20</b>
4.1. Corporate Social Responsibility – A well-known approach meets sceptics.....	20
4.1.1. How CSR/responsible business is defined .....	20
4.1.2. The importance of CSR/responsible business .....	22
4.1.3. The level of CSR in Mongolia from a company perspective .....	22
4.1.4. Who is supposed to act and who should benefit from CSR?.....	25
4.1.5. Managing responsible business on company level – Policies and implementation .....	27
4.1.6. Companies and their stakeholders.....	28
Little role attributed to employees .....	29
4.2. Sustainable Development Goals – A new momentum to responsible business in Mongolia that requires strong commitment by all stakeholders.....	29
4.2.1. The role of companies in achieving the Sustainable Development Goals in Mongolia.....	30
4.2.2. What companies motivates to contribute to SDGs achievement.....	34
4.2.3. The importance of the individual SDGs for Mongolia and the role companies play – The Why and the How .....	35
4.3. Round-up – Cooperation and knowledge-sharing as a precondition for a more sustainable Mongolian (business) future.....	39
4.4. NGO Perspective.....	41
4.5. Perspective of Business Associations.....	42
4.6. Conclusion.....	44
Summary and Recommendations .....	44
<b>ANNEX.....</b>	<b>46</b>
A. interviewed companies.....	46
B. List of interviewed business association.....	48
C. List of interviewed NGOs.....	48

## INTRODUCTION

This survey was prepared by the Mongolian Corporate Governance Development Center (CGDC) on behalf of Konrad Adenauer Stiftung Mongolia (KAS). The publication aims at outlining the state of the art of Corporate Social Responsibility (CSR)/responsible/sustainable business in Mongolia as well as future prospects of Mongolian companies' contribution to the Sustainable Development Goals (SDGs, or Global Goals, as they are also called). It is focused on the perspective of business in order to shed light on a stakeholder group that is considered to be crucial for spreading ideas of sustainable living and to break them down from the global arena to country level. Against this background, it shall help spreading knowledge among stakeholders from politics, state administration, business and civil society and foster dialogue on the prospects and challenges of sustainable development and sustainable business in particular. It shall also help deepening the exchange of ideas on that matter and to promote better understanding of the benefits of an economic system that brings welfare to all parts of society in a sustainable way and that is based on lived commitments and commonly shared core principles of responsible conduct. The survey finds that:

- ◆ Globally, there is an increasing understanding of the benefits responsible business is offering to company and that CSR “pays off”. More and more companies want to contribute to achieving the SDGs in their countries and beyond but feel a need for stronger guidance about day-to-day business implications of the individual SDGs. Awareness-raising and support for their efforts by politics, civil society, consumers and the general public are described as additional factors that shape individual companies' commitment and ability to invest into more responsible and sustainable business. Dialogue and communication within and beyond company borders is seen as essential for trust-building – A precondition of transparent and honest exchange of ideas, concerns and joint solutions to the benefit of all.
  - ◆ In Mongolia, companies have a relatively broad understanding of what CSR/responsible/sustainable business means in general and in relation to their own business. Implementing and managing corresponding measures is still evolving and in the opinion of company representatives requires better financial and non-financial support by politics and state administration, as well as by costumers and the general public. There is limited knowledge about the SDGs, meanwhile, companies see good opportunities and reasons to participate in achieving the Global Goals, provided that their efforts meet acknowledgment and support.
    - ◆ Compared to global trends, Mongolian companies agree that there is a stronger need for cooperation, exchange of ideas and trust-building, both in and among business and politics. At the same time, Mongolian companies rather tend to limit the role of their employees to implementing tasks and not to be a stakeholder group that might be an important actor on the way to sustainable business.

## METHODOLOGY

The publication is based on three steps:

- ✓ Already existing up-to-date international surveys have been reviewed in order to identify major aspects, directions and challenges that shape the current global debate on CSR and SDGs. They outline that companies increasingly see CSR/SDGs not as a burden but as a business opportunity and competitive advantage when it comes to attracting the best brains, national and international investors, branding and reputation.

- ✓ 49 company interviews and 5 interviews with Mongolian business associations and NGOs respectively have been conducted in April/May 2017. The questionnaires followed a semi-structured design, allowing collect both comparable qualitative and quantitative results. The aim of the interviews was to provide insights into how CSR/responsible business / sustainability and SDGs are perceived by Mongolian companies, business associations and NGOs. Interview partners were selected

based on their positions in the relevant companies and organizations. The interviewed companies represent a broad range of industries, company sizes and legal forms and the results provide insight into a wide spectrum of Mongolian business. Business associations and NGOs were interviewed have been interviewed in order to gain a broader context of company responses. Besides bringing the Mongolian perspective into play, the survey might also provide background for further dialogue. In broader terms, it shall also help Mongolian stakeholders in preparing Mongolia on its way to sustainable development and an improved dialogue culture.

- ✓ In a brief summary section, the Mongolian interview results have been compared to the international findings in order to identify steps Mongolian stakeholders should jointly take in order to provide a common track on the way to a sustainable future.

# CORPORATE SOCIAL RESPONSIBILITY (CSR) – VARIOUS TERMS AND CORE MEANINGS

## 1.1. HOW CSR IS DEFINED AND LABELLED

Corporate Social Responsibility (CSR) is defined in different ways, resulting from various interpretations as well as company cultures and market conditions in different countries. In general, it describes the responsibility of a company to sustainably manage its operations in terms of the so called “triple bottom line”, meaning the impact on the economic, ecological and social sphere. The triple bottom line also pays respect to the ever stronger debate merging CSR with the notion of sustainability, as e.g. reflected in the Sustainable Development Goals (SDGs).<sup>1</sup> The following two generally accepted definitions indicate a commonly shared ground on what CSR in general:

The European Commission defines CSR as “a fundamental concept designed to help companies integrate social and ecological concerns into their corporate activities and relationships with stakeholders.”<sup>2</sup> In the understanding of the European Commission, CSR “is important for the sustainability, competitiveness, and innovation of EU enterprises and the EU economy. It brings benefits for risk management, cost savings, access to capital, customer relationships,

and human resource management”. Not least, CSR “offers a set of values on which we can build a more cohesive society and base the transition to a sustainable economic system”.

In a similar way, the Organization for Economic Cooperation and Development (OECD) highlights the importance of responsible business – understood as going beyond CSR – for raising standards of living through job creation, skills and technology development, and distribution of wealth. “Responsible business conduct principles and standards emphasize the integration of environmental and social concerns within core business operations”.<sup>3</sup> OECD highlights that “all businesses – regardless of their legal status, size, ownership structure or sector – should make a positive contribution to the economic, environmental and social progress of the countries in which they operate, while at the same time avoiding and addressing negative impacts of their activities, including throughout the supply chain and business relationships.” Other major institutions such as the Asian Development Bank or the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) follow similar definitions, also highlighting the importance

<sup>1</sup> <https://sustainabledevelopment.un.org/?menu=1300>.

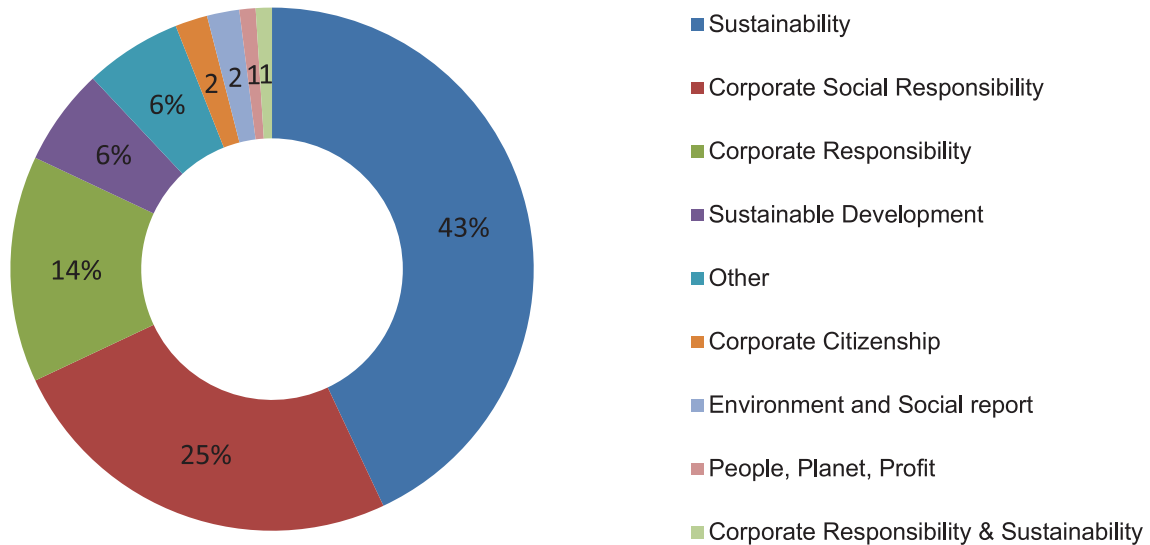
<sup>2</sup> [https://ec.europa.eu/growth/industry/corporate-social-responsibility\\_en](https://ec.europa.eu/growth/industry/corporate-social-responsibility_en).

<sup>3</sup> OECD, Development Co-operation Report 2016, <http://www.oecd-ilibrary.org/sites/dcr-2016-en/03/05/index.html;jsessionid=t5cidp1p9ogw.x-oecd-live-02?contentType=%2fns%2fChapter&itemId=%2fcontent%2fchapter%2fdcr-2016-12-en&mimeType=text%2fhtml&containerItemId=%2fcontent%2fserial%2f20747721&accessItemIds=&option6=imprint&value6=http%3a%2f%2foecd.metastore.ingenta.com%2fcontent%2fimprint%2foecd>.

of stakeholder interaction.<sup>4</sup>

Regardless from how CSR is defined, companies use many different terms when talking about their CSR-related activities and strategies which also reflect the great variety

of understanding of the term. E.g., the majority of the 100 companies that were covered by a 2013 KPMG survey used eight different terms labelling CSR reporting:<sup>5</sup>



**Chart 1:** Author’s illustration based on 2013 KPMG survey

It is important to note that the multitude of terms in use might not only be confusing but might in particular make smaller companies might think they are not “doing” CSR. As a consequence, they might be hesitant to participate in projects on CSR/responsible/sustainable business offered to them. Due to their global scale and the many stakeholders which are addressed by each of the 17 SDGs, this might even be more relevant for the Global Goals. However, in the long-run sustainability in the business sector can only succeed when companies independently from their size, structure and legal form see the opportunities that are offered to them and get a chance to participate. Explaining the day-to-day implications and benefits of responsible business conduct in the context of the

environment in which companies operate therefore continues to be of high importance.

## 1.2. EXPLAINING THE BENEFITS AND ESSENTIALS OF SUCCESSFUL CSR

The following section provides a brief overview of recent surveys by international consulting firms, indicating the value of CSR from a company perspective. The aim is to underline that CSR in the long run is beneficial for companies in a financial and non-financial sense and to outline the incentives that are connected to being a CSR player.

<sup>4</sup> See e.g. [www.unescap.org/sites/default/files/3Cs\\_handbook.pdf](http://www.unescap.org/sites/default/files/3Cs_handbook.pdf).

<sup>5</sup> Source: KPMG International, The KPMG Survey of Corporate Social Responsibility Reporting 2013, December 2013.

## Impact of environmental, social and governance programs on a company's financial performance

Over the course of the last years, several surveys provided evidence that responsible business provides companies with a competitive advantage, referring amongst others to increased returns, lower cost of capital, and employee retention. For example, acc. to a 2015 scientific survey, CSR practices might reduce the cost of debt for companies by 40% or more and increase revenue by up to 20%.<sup>6</sup> Similarly, a 2012 cross-sector study tracking the performance of US companies over 18 years, found that 'high sustainability' companies, those with strong environmental, social and governance systems and practices

in place, outperformed 'low sustainability' companies as measured by stock performance and in real accounting terms.<sup>7</sup> Acc. to the study, performance improved because those companies are able to attract better human capital, establish more reliable supply chains, avoid conflicts and costly controversies with nearby communities, and engage in more product and process innovations to remain competitive.

On a broader scale, in 2009, McKinsey published a global survey on "Valuing corporate social responsibility"<sup>8</sup>. The survey found that practicing CSR can positively impact the financial performance of a company amongst others by: Maintaining a good reputation, attracting talented employees, improving



<sup>6</sup> Rochlin, Bliss, Jordan, Kiser, Defining the Competitive and Financial Advantages of Corporate Responsibility and Sustainability, IO Sustainability and Babson, 2015, <http://projectroi.com/wp-content/uploads/2015/07/Project-ROI-Report.pdf>.

<sup>7</sup> Eccles, Joannou, Serafeim, The Impact of Corporate Sustainability on Organizational Processes and Performance, National Bureau of Economic Research, Working Paper 17950, <http://www.nber.org/papers/w17950>.

<sup>8</sup> McKinsey, Valuing corporate social responsibility, Survey 2009, see <http://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/valuing-corporate-social-responsibility-mckinsey-global-survey-results>.

efficiency and decreasing costs, opening new growth opportunities, and, improving access to capital. In the survey, both company representatives as well as investment and CSR professionals identified reputation and employees as the areas with the greatest potential gain for companies. At the same time, when defining the positive effect on shareholder value, the study revealed it is rather difficult to measure improvements in financial terms. However, respondents saw that in the long run, environmental and social programs will create shareholder value, whereas governance programs also add positively in the short run.

The findings of McKinsey's 2009 survey have also been verified by a CSR Manager survey published by Deloitte in 2015. Acc. to the survey which investigated the influence of CSR on Central European countries from the perspective of company CSR managers, CSR has benefitted their companies internally by increasing employees' involvement (and decreasing employee turnover) and raising their ethical awareness and externally by improving the company's reputation and recognition of the brand as socially responsible. Improved relations with local communities and increase in customer trust were equally mentioned as positively affecting the companies.<sup>9</sup>

Deloitte also found that the most effective CSR methods and tools consist of corporate volunteering, ethical programs for employees, and dialogue with stakeholders.

There is also a variety of surveys, explaining

the value of responsible business from a sanctioning perspective, meaning that CSR misconduct is getting more and more costly for companies.<sup>10</sup> For example, acc. to a global survey published by Vigeo rating in 2015, almost 20 percent of 2,500 companies faced legal sanctions to failure in their social or environmental performance between 2012 and 2013, amongst others in the fields of business behavior, community involvement and treatment of employees, amounting all together to penalties of 95.5 billion Euros.<sup>11</sup>

In a similar way, in 2010 the United Nations Global Compact together with Accenture published a global survey on the perception of CEOs on sustainability and responsible business/CSR.<sup>12</sup> The results showed that 96% of CEOs believe that sustainability issues should be fully integrated into the strategy and operations of a company (up from 72% in 2007). 93% of CEOs stated that sustainability issues will be critical to the future success of their business. 72% of CEOs cited "brand, trust and reputation" as one of the top three factors driving them to take action on sustainability issues. Revenue growth and cost reduction is second with 44%. 72% of CEOs mentioned education as the global development issue most critical to address for the future success of their business. 58% of CEOs identified consumers as the most important stakeholder group that will impact the way they manage societal expectations, followed by employees

<sup>9</sup> Deloitte, CSR Managers Survey 2015 in Central Europe. How CSR has influenced Central European societies and economies. Lessons learnt and future trends. [https://www2.deloitte.com/content/dam/Deloitte/lt/Documents/strategy/LT\\_CSR\\_Managers\\_Report.pdf](https://www2.deloitte.com/content/dam/Deloitte/lt/Documents/strategy/LT_CSR_Managers_Report.pdf).

<sup>10</sup> For a brief overview, see <http://mneguidelines.oecd.org/global-forum/2016-GFRBC-Session-Note-Business-performance.pdf>.

<sup>11</sup> Paying the penalty: The cost of CSR misconduct, vigeo rating, May 2015, [http://www.vigeo.com/csr-rating-agency/images/stories/formulaires/2015\\_05\\_Related\\_Sanctions\\_version\\_finale\\_ENG.pdf](http://www.vigeo.com/csr-rating-agency/images/stories/formulaires/2015_05_Related_Sanctions_version_finale_ENG.pdf). Most sanctions occurred to companies in the US and Europe which is explained by the stronger legal framework and the bigger responsibilities companies have to deal with in those regions.

<sup>12</sup> United Nations Global Compact, A New Era of Sustainability, UN Global Compact-Accenture CEO Study 2010, [https://www.unglobalcompact.org/docs/news\\_events/8.1/UNGC\\_Accenture\\_CEO\\_Study\\_2010.pdf](https://www.unglobalcompact.org/docs/news_events/8.1/UNGC_Accenture_CEO_Study_2010.pdf).



with 45%. 88% of CEOs believe that they should be integrating sustainability through their supply chain, while only 54% believe that this has been achieved within their company. Asked about challenges ahead, 49% of CEOs mentioned the complexity of implementing sustainability strategies company-wide as most important. Lack of recognition, difficulty in engaging with external stakeholders, lack of skills and knowledge as well as lack of board support and employee resistance were mentioned as further critical issues.

### CSR in developing countries and emerging markets

The focus of CSR activities might be different when it comes to developing or emerging markets. For example, a 2016 survey by the Federation of the Indian Chambers of Commerce and Industry<sup>13</sup> found that the most important areas of CSR intervention are

- ✓ Promoting education and training
- ✓ Fighting hunger and poverty and promoting access to health care and sanitation
- ✓ Environmental protection
- ✓ Rural development, and
- ✓ Reducing inequality.

Access to education and training, environmental protection and access to healthcare were also among the top-3 expectations the general public voiced towards companies in developing and emerging markets worldwide, acc. to the 2016 Edelman Trust Barometer.<sup>14</sup>

### Consumers and the general public as driving forces

No matter if they are doing business in developed countries, emerging markets or developing countries, company representatives also increasingly see the role of consumers and the public in general as a driving factor for efforts on doing business responsibly. Acc. to the already cited 2015 survey by Deloitte, CSR managers from 10 Central European countries were convinced that business models are likely to change in the coming years, and that to a great extent, the change will be the result of pressure from customers who are increasingly expecting to see socially responsible products and service on the market.<sup>15</sup> On a global scale, similar results were found in 2015 by Cone Communications. Their Global CSR Study<sup>16</sup> revealed that:

🕒 Global consumers believe companies must operate responsibly to address social and environmental issues and that they must do more than make a profit.

🕒 84% of global consumers said whenever possible they try to purchase products or services that are socially or environmentally responsible and 90% would like to see more responsible products and services offered from companies.

🕒 Considering a company's CSR commitments has become the norm when making many important life decisions and companies should understand the importance of CSR in recruitment and retention, license to operate and financial attractiveness.

<sup>13</sup> Federation of Indian Chambers of Commerce and Industry, Corporate Social Responsibility Survey, March 2016.

<sup>14</sup> 2016 Edelman Trust Barometer, <http://www.edelman.com/insights/intellectual-property/2016-edelman-trust-barometer/>.

<sup>15</sup> Deloitte, CSR Managers Survey 2015 in Central Europe. How CSR has influenced Central European societies and economies. Lessons learnt and future trends. [https://www2.deloitte.com/content/dam/Deloitte/lt/Documents/strategy/LT\\_CSR\\_Managers\\_Report.pdf](https://www2.deloitte.com/content/dam/Deloitte/lt/Documents/strategy/LT_CSR_Managers_Report.pdf).

<sup>16</sup> Nielsen, Global Corporate Social Responsibility Report, June 2014, <http://www.nielsen.com/content/dam/niensglobal/apac/docs/reports/2014/Nielsen-Global-Corporate-Social-Responsibility-Report-June-2014.pdf>.

Ⓟ Global consumers consider a company's CSR commitments when they look to which companies they want doing business in their communities (84%), where to seek employment (79%) and what investments to make (67%).

Ⓟ Although nearly half (48%) view companies with blind optimism, believing companies are striving to be as responsible as possible unless they hear otherwise, slightly more (52%) assume a company is not acting responsibly until they see or hear evidence to prove otherwise.

Ⓟ 64% of global consumers said they only pay attention to company CSR efforts if an organization is going above and beyond what other companies are doing. Meanwhile, half state they won't notice CSR efforts unless a company is called out for wrongdoing.

Similar results were also found by Nielsen in its Global Corporate Social Responsibility Report which was published in June 2014.<sup>17</sup> Acc. to the report, consumers around the world prefer to work for socially responsible companies (67%), would pay more for socially and environmentally responsible products (55%) or check product packaging to ensure sustainable impact (52%). 49% of global respondents also said they would rather volunteer or donate to organizations engaged in social and environmental programs. The trend that consumers grant business an increasing role when it comes to responsible action is also reflected in the results of the 2016 Edelman Trust Barometer.<sup>18</sup> Acc. to the survey, 80% of the general population agrees that “a company can take specific actions that both increase profit and improve the economic

and social conditions in the community where it operates” (74% in 2015).

### Stakeholder communication is gaining importance

In general, when it comes to reporting, so called non-financial company data such as attractiveness for employees or company/brand reputation are getting more and more important, as is reflected in the current debate on integrated reporting in terms of outlining a company's sustainability performance.<sup>19</sup> This finding is in line with the already mentioned Cone 2015 survey acc. to which consumers' expectations do not only relate to CSR activities as such, but also to reporting on CSR. A large majority of respondents said that they expect that:

- ✓ Companies must show the personal relevance of CSR efforts
- ✓ Companies must report on their CSR efforts
- ✓ Companies must not be perfect but honest about their CSR efforts
- ✓ CSR commitments must be accountable.

### Obstacles to CSR from a company perspective

While the future of CSR and/or sustainability is generally seen in a positive light, there are obviously obstacles to a proper implementation and enhancements of CSR, both for individual companies and for countries or regions as a whole.

Just to mention two surveys, amongst

<sup>17</sup> 2016 Edelman Trust Barometer, <http://www.edelman.com/insights/intellectual-property/2016-edelman-trust-barometer/>.

<sup>18</sup> See e.g. <http://www.pwc.com/gx/en/industries/retail-consumer/issue-integrating-financial--non-financial-reporting.html>, [http://ec.europa.eu/finance/company-reporting/non-financial\\_reporting/index\\_en.htm](http://ec.europa.eu/finance/company-reporting/non-financial_reporting/index_en.htm), <https://www.unglobalcompact.org/>, <http://www.oecd.org/corporate/mne/>, <http://www.iso.org/iso/home/standards/iso26000.htm>.

<sup>19</sup> Deloitte, CSR Managers Survey 2015 in Central Europe. How CSR has influenced Central European societies and economies. Lessons learnt and future trends. [https://www2.deloitte.com/content/dam/Deloitte/lt/Documents/strategy/LT\\_CSR\\_Managers\\_Report.pdf](https://www2.deloitte.com/content/dam/Deloitte/lt/Documents/strategy/LT_CSR_Managers_Report.pdf).



others the already cited Deloitte 2015<sup>20</sup> survey found that

- ⌚ a wrong perception by the companies themselves but also other stakeholders of CSR as a form of charity or sponsoring,
- ⌚ a lack of incentives from public administration,
- ⌚ the fact that some companies will continue to be reluctant to invest in CSR,
- ⌚ the conviction that CSR “doesn’t pay”,
- ⌚ lack of management knowledge and public awareness/debate, as well as,
- ⌚ difficult economic conditions

are the biggest obstacles to CSR development in the future.

In addition, 49% of CEOs that were interviewed in the context of the 2010 United Nations Global Compact survey cite complexity of implementation across functions as the most significant barrier to implementing an integrated, company-wide approach to sustainability. Competing strategic priorities was second with 48%.<sup>21</sup>

<sup>20</sup> United Nations Global Compact, A New Era of Sustainability, UN Global Compact–Accenture CEO Study 2010, [https://www.unglobalcompact.org/docs/news\\_events/8.1/UNGC\\_Accenture\\_CEO\\_Study\\_2010.pdf](https://www.unglobalcompact.org/docs/news_events/8.1/UNGC_Accenture_CEO_Study_2010.pdf).

<sup>21</sup> 2016 Edelman Trust Barometer, <http://www.edelman.com/insights/intellectual-property/2016-edelman-trust-barometer/>.



### **1.3. ROUND-UP: THE ROLE OF TRUST, TRANSPARENCY, AND DIALOGUE**

As has been mentioned, relations with internal and external stakeholders, incl. the general public of countries in which companies are operating, are playing an increasingly important role. However, the global 2016 Edelman Trust Barometer identified a gap between what is perceived by the global general population as trust-building and the perceived performance of companies in this field.<sup>22</sup> Strong gaps were identified in the area of existing business practices in relation to ethical behavior, transparency and responsible

action, employees and customer relations, product quality, environment and the quality of leadership. The general public also voiced doubts about the companies' willingness to protect the environment, their ability to positively impact local communities, to address society's needs in their everyday business, and to team up with civil society to address social issues.

<sup>22</sup> See <http://www.un.org/sustainabledevelopment/development-agenda/#8e74e7178ec1f94c8>.

## 2. FROM CORPORATE SOCIAL RESPONSIBILITY TO ACHIEVING THE SUSTAINABLE DEVELOPMENT GOALS (SDGS)

### 2.1. SDGS AS A GENERAL FRAMEWORK AND GUIDANCE TO RESPONSIBLE BUSINESS

The UN defines sustainable development as development that meets the needs of the present without compromising the ability of future generations to meet their own needs. Acc. to the organization, sustainable development

builds on three core elements: economic growth, social inclusion and environmental protection. These elements are described as being interconnected and “require the promotion of sustainable, inclusive and equitable economic growth, creating greater opportunities for all, reducing inequalities, raising basic standards of living, fostering equitable social development and inclusion, and promoting integrated and



**Chart 2:** The 17 Sustainable Development Goals

sustainable management of natural resources and ecosystems”<sup>23</sup>.

Accordingly and in order to initiate action, in September 2015, UN member countries adopted the Sustainable Development Goals, 17 goals to end poverty, protect the planet, and ensure prosperity for all as part of a new sustainable development agenda:<sup>24</sup>

Each goal has specific targets (169, in total) to be achieved over the next 15 years and requires commitments of governments, the private sector, and civil society of each individual country. It is frequently highlighted that implementation and success will rely on countries’ own sustainable development policies, plans and programs, and will be led by the countries themselves.

### **The UN perspective on the benefit for and the role of business**

Acc. to the United Nations, leading business heads and investors increasingly understand that it is not enough for companies “to concern themselves only with short-term profits because natural disasters, social unrest or economic disparity can damage long-term prosperity. The businesses that understand this challenge and take action will be a step ahead.” In this context, the SDGs are seen as an instrument of creating new markets and opportunities for companies all over the world, provided that the global goals are turned into local business.<sup>25</sup> Unlike their predecessor, the Millennium Development Goals, the SDGs explicitly call on all businesses to apply their creativity and innovation to solving sustainable development challenges. Acc. to the UN, the SDGs “present an opportunity for business-led solutions and

technologies to be developed and implemented to address the world’s biggest sustainable development challenges. As the SDGs form the global agenda for the development of our societies, they will allow leading companies to demonstrate how their business helps advance sustainable development, both by minimizing negative impacts and maximizing positive impacts on people and the planet.”<sup>26</sup> Acc. to the UN’s SDG Compass<sup>27</sup> – a guide for business – the SDGs cover a wide spectrum of topics relevant to companies such as poverty, health, education, climate change and environmental degradation. The Goals shall help to connect business strategies with global priorities and to shape, steer, communicate and report their strategies, goals and activities. Like this, acc. to the UN, companies can capitalize on a range of benefits such as identifying future business opportunities. In view of the UN, the SDGs may strengthen the economic incentives for companies to use resources more efficiently, or to switch to more sustainable alternatives. Strengthening stakeholder relations and keeping the pace with policy developments. The UN further highlights that investing in the achievement of the SDGs supports pillars of business success, including the existence of rules-based markets, transparent financial systems, and non-corrupt and well-governed institutions. Moreover, the SDGs define a common framework of action and language that will help companies communicate more consistently and effectively with stakeholders about their impact and performance.

The UN’s SDG Compass describes 5 steps how companies can participate in reaching the Global Goals:

<sup>23</sup> See <http://www.un.org/sustainabledevelopment/sustainable-development-goals/>.

<sup>24</sup> See <https://www.unglobalcompact.org/what-is-gc/our-work/sustainable-development>.

<sup>25</sup> See <http://www.un.org/sustainabledevelopment/sustainable-development-goals/>.

<sup>26</sup> See <http://sdgcompass.org/>.

<sup>27</sup> See <https://www.unglobalcompact.org/take-action/action/sdg-blueprint>.

1	<b>Companies should familiarize themselves with the SDGs</b>
2	Companies should <b>define</b> priorities based on an assessment of their positive and negative, current and potential impact on the SDGs across their value chains.
3	Companies should <b>set goals</b> in order to foster shared priorities and better performance across their business fields. Aligning company goals with the SDGs also helps the company leadership to demonstrate its commitment to sustainable development.
4	Companies should <b>integrate</b> sustainability into the core business and governance, and embed sustainable development targets across all functions within the company. At this step, companies should also increasingly engage in partnerships across the value chain, within their sector or with governments and civil society organizations.
5	Companies should <b>report and communicate</b> with stakeholders on their sustainable development performance using common indicators and shared set of priorities.

Given that SDG implementation is still in the development stage, including ideas on concrete contributions the different stakeholders, incl. companies, can make, there is still little experience on the practical implications, prospects and challenges. Meanwhile, as the next section will show, there are ideas and first experiences that shed positive and negative light on the company participation in achieving the SDGs.

## 2.2. THE EXPECTATIONS AND ROLE OF COMPANIES – THE GLOBAL (BUSINESS) PERSPECTIVE

Experience suggests that international agendas or conventions that are addressing a multitude of stakeholders to achieve a common aim – what is also the logic behind the SDGs – lead to uncertainty on the role and responsibility of the individual groups, including politics on country level and business. For the time being, the SDGs are leaving many question marks in this regard and dialogue is required in particular

in countries where the level of “classic” CSR or responsible business in broad terms is not as developed as in leading countries.

General speaking, companies need to answer two questions on SDGs:

- ✓ Which of the SDGs (one or several) do they hold as most relevant for their business and why?
- ✓ How can they integrate the SDGs into their sustainability strategies?

### Limited performance for the time-being

While UN is generally optimistic about the prospects of integrating business into achieving the SDGs, at the same time, acc. to the UN SDG blueprint, there is still a lack of “clear understanding of what the minimum expectations to business are and no uniform definition of business leadership for the different goals. Further, it is still unclear to many companies how the SDGs in practice relate to existing sustainability principles, standards and commitments.”<sup>28</sup>

<sup>28</sup> GlobeScan, Evaluating Progress Towards the Sustainable Development Goals, March 2017, <http://www.globescan.com/component/edocman/?view=document&id=271&Itemid=591>, pp. 3, 12.

Accordingly, although UN and other institutions attempt to support companies with guidance and advice, corporate activity and commitment towards achieving the SDGs is still rated as being rather poor: Acc. to a 2017 global survey on the companies' response to the SDGs and the opportunities they see for the greatest impact, sustainability professionals rate NGOs, social entrepreneurs and the United Nations as doing the most to advance the goals, in contrast to the private sector and national governments.<sup>29</sup>

What is more, respondents of the above mentioned GlobeScan survey are rather critical about the global progress towards the SDGs: Only 9% see a good level of progress, whereas 54% are rather negative and 36% neutral about the general level of progress achieved so far by all stakeholders together.<sup>30</sup> At the same time, only 43% of Asian respondents and 45% of global corporate respondents are negative about the progress that has been made so far, whereas both European and North American respondents (57% each) are the most skeptical ones. In general, governments were the most positive ones on a global scale, with only 44% rating progress negatively. In contrast, academic and research were the most critical (58%).<sup>31</sup>

At the same time, less than one in ten company respondents that have been interviewed for the GlobeScan survey said that their companies are currently not contributing or not planning to contribute to the SDGs, which allows hope that performance will improve, provided that the mentioned preconditions

such as stronger leadership and stakeholder consultations are met.

### Challenges ahead – Experts see little progress on Decent Work and Economic Growth and Responsible Consumption and Production

Accordingly, the rating of global society's performance towards each of the 17 SDGs tells a mixed story:<sup>32</sup>

🕒 Industry, Innovation and Infrastructure (goal 9), Affordable and Clean Energy (goal 7), Partnerships for the Goals (goal 17), Climate Action (goal 13), and Gender Equality (goal 5) are seen as the most advanced, whereas,

🕒 Responsible Consumption and Production (goal 12), Decent Work and Economic Growth (goal 8), and Reduced Inequalities (goal 10) are seen as the goals with the most little progress.

Asked about the goals that are having the biggest impact on overall sustainable development progress, respondents ranked Climate Action, Quality Education, Responsible Consumption and Production, Peace, Justice and Strong Institutions, as well as Reduced Inequalities among the top5, while e.g. Industry, Innovation and Infrastructure and Partnership for the Goals were ranked as being less important, and e.g. Decent Work and Economic Growth as being of average importance. All surveyed stakeholder groups in Asia, Europe and North America see Climate Action as the most important goal, followed by Quality Education, Reduced Inequalities and Responsible Consumption. Meanwhile, there

<sup>29</sup> GlobeScan, Evaluating Progress Towards the Sustainable Development Goals, March 2017, <http://www.globescan.com/component/edocman/?view=document&id=271&Itemid=591>, p 8.

<sup>30</sup> GlobeScan, Evaluating Progress Towards the Sustainable Development Goals, March 2017, <http://www.globescan.com/component/edocman/?view=document&id=271&Itemid=591>, p 9.

<sup>31</sup> GlobeScan, Evaluating Progress Towards the Sustainable Development Goals, March 2017, <http://www.globescan.com/component/edocman/?view=document&id=271&Itemid=591>, p 10.

<sup>32</sup> GlobeScan, Evaluating Progress Towards the Sustainable Development Goals, March 2017, <http://www.globescan.com/component/edocman/?view=document&id=271&Itemid=591>, p 21.



are geographical differences, lifting Quality Education (Africa/Middle East) and Reduced Inequalities (Latin America) to the most important goal. Asked which goal is getting the most attention and on which stakeholders most work on, respondents to the GlobeScan survey globally regard Climate Action as the most visible one, while Asian respondents describe Sustainable Cities and Communities as the Goal most work is focused on.

### **Company commitment to SDGs as an opportunity to counter global decline of trust in business by taking action**

The GlobeScan survey found that the SDGs provide companies with a lens through which they can sharpen their sustainability efforts and that companies increasingly see opportunities related to the SDGs rather than just feeling pressure to respond to the goals.<sup>33</sup>

Most Survey respondents say their companies are responding to the SDGs by

- ✓ Developing Services or products that will provide Solutions in line with the SDGs
- ✓ Aligning core Business activities or Innovation efforts to society's Needs
- ✓ Pursuing partnerships related to the SDGs or apply the Goals as a lens when setting strategies and goals.
- ✓ Applying SDGs as a lens for setting sustainability strategies/goals
- ✓ Pursuing goals for limiting the company's negative social or environmental impact, and
- ✓ Advocating for supportive policies and appropriate legal frameworks.

When it comes to the reasons why companies are contributing or planning to

contribute to the SDGs, most respondents to the 2017 GlobeScan survey said they see the opportunity to align core business activities or innovation efforts with the needs of broader society, followed by opportunities to better align sustainability strategies, opportunities to grow revenue and expand to new markets, and profiting from potential reputational benefits.<sup>34</sup> Many respondents also underlined the importance of the SDGs to the international community and the urgency of the issues, which acc. to the authors suggests there is an important moral aspect to corporate initiatives around the Global Goals. Interestingly, only 4% of corporate respondents to the GlobeScan survey mentioned philanthropic contributions as a way to contribute toward the SDGs, which acc. to the authors of the study suggests that companies are rather searching for direct roles in providing solutions.<sup>35</sup>

It can therefore be concluded that potentially, committing to the SDGs is seen as a momentum to regain trust and credible leadership. This would also be a long-term answer to the most recent findings of the global Edelman Trust Barometer 2017:<sup>36</sup> Global trust in business, governments, NGOs and the media is declining as more and more people doubt that all these Groups which are the main shapers in most countries are doing „the right thing“. What is more, acc. to Edelman there is global feeling that „the system“ is failing, leading to a feeling of injustice, lack of hope and confidence, and a desire for change.<sup>37</sup> The 2017 Edelman Trust Barometer also revealed that global society expects business to take the lead when it comes to tackling societal issues: 75% of

<sup>33</sup> GlobeScan, Evaluating Progress Towards the Sustainable Development Goals, March 2017, <http://www.globescan.com/component/edocman/?view=document&id=271&Itemid=591>, p 22.

<sup>34</sup> GlobeScan, Evaluating Progress Towards the Sustainable Development Goals, March 2017, <http://www.globescan.com/component/edocman/?view=document&id=271&Itemid=591>, p 21.

<sup>35</sup> Edelman Trust Barometer 2017, <http://www.edelman.com/global-results/>, p. 10.

<sup>36</sup> Edelman Trust Barometer 2017, <http://www.edelman.com/global-results/>, p. 20.

<sup>37</sup> Edelman Trust Barometer 2017, <http://www.edelman.com/global-results/>, p. 41f.



respondents agreed that „A Company can take specific actions that both increase profits and improve the economic and social conditions in the community where it operates“. <sup>38</sup> More precisely, there is an expectation that in times of crisis, companies:

- ✓ Treat their employees well
- ✓ Offer high quality products/services
- ✓ Listen to costumers
- ✓ Pay their fair share of taxes, and
- ✓ Apply ethical Business practices.

Also, there is a general expectation that companies should not only identify their own business needs when developing their priorities and expectations but should also assess the need for products and services

relative to economic and societal fears.<sup>39</sup> At the same time, respondents where also clear that Business might further loose trust and its licence to operate, by:<sup>40</sup>

- ⌚ Paying bribes to government authorities for wining contracts
- ⌚ Paying executives hundreds of times more than workers
- ⌚ Moving profits to other countries to avoid taxes
- ⌚ Overcharge for products that people need to live, and
- ⌚ Reduce costs by lowering product quality.

<sup>38</sup> Edelman Trust Barometer 2017, <http://www.edelman.com/global-results/>, p. 46.

<sup>39</sup> Edelman Trust Barometer 2017, <http://www.edelman.com/global-results/>, p. 44.

<sup>40</sup> Edelman Trust Barometer 2017, <http://www.edelman.com/global-results/>, p. 44.

### 3. SUMMARY AND LESSONS FOR MONGOLIA – STAKEHOLDER INVOLVEMENT AND DIALOGUE AS CRITICAL FACTORS FOR SUCCESS

As has been discussed in the previous sections, responsible business is not only about doing “good business” but also about such soft factors as communicating with employees and external stakeholders and reporting as a means of transparency and accountability. Understanding CSR/responsible/sustainable business and its benefit for companies as well as the obstacles to a business environment that is stronger focused on responsible business and sustainability therefore requires both reflections on the companies’ perspective (internal dimension) and on the stakeholder perception on company CSR practices:

Internal awareness	External awareness
<ul style="list-style-type: none"> <li>✓ Understanding the notion of CSR</li> <li>✓ Identifying drivers and obstacles to investments in CSR on company level</li> </ul>	<ul style="list-style-type: none"> <li>✓ Importance stakeholder groups attach to CSR in general</li> </ul>
<ul style="list-style-type: none"> <li>✓ Having CSR policies and practices in place</li> </ul>	<ul style="list-style-type: none"> <li>✓ View on the individual company’s CSR practice</li> </ul>
<ul style="list-style-type: none"> <li>✓ Internal communication</li> </ul>	<ul style="list-style-type: none"> <li>✓ Stakeholder perceptions</li> <li>✓ Stakeholder expectations</li> </ul>

Stakeholder communication and dialogue on feasibility and expectations of others become even more important when the contribution of an individual company to achieving the Sustainable Development Goals is at stake. In addition to the need for better communication, due to the complexity of the SDGs and the connected development challenges, sustainability experts see an urgent need for trust-building and new forms of transparent leadership from the public and the private side. When it comes to the SDGs, the above mentioned surveys indicate that for the time-being governments, companies, NGOs, research and other stakeholders take a different stance on estimated progress towards the Global

Goals and connected challenges. Again, stronger exchange of ideas, concerns and solutions within and among stakeholder groups is described as one of the most essential elements of successful action towards sustainable development. In the above discussed surveys, educating and empowering employees has been mentioned several times as a key factor for a successful business transformation towards sustainable company structures. Employees are more and more considered as a stakeholder group paid for implementation, but also contributes ideas to day-to-day business solutions and at the same time acts as influencer who is spreading the word about company efforts.

These findings serve as a kind of “preface” for the following illustration of the situation in Mongolia from a company perspective: From what has been described on global level, Mongolian stakeholders can conclude that they have to take a close look at the most pressing issues for Mongolia and have to find a common initial point from where to start shaping the country’s future jointly.



## 4. SURVEY ON THE PERCEPTION OF MONGOLIAN COMPANIES – SDGS AS A CHANCE TO COMBINE SUSTAINABLE DEVELOPMENT AND COMPANY SUCCESS

In spring 2017, the Mongolian Corporate Governance Development Center (CGDC) interviewed 49 companies on their understanding of CSR and the potentials they connect with the SDGs. In addition, 5 business associations and 5 NGOs have been interviewed in order to gain a broader context of company responses.

The results indicate that companies understand the added value CSR and SDGs can bring and that many of them feel committed to more responsible business behavior. However, many company representatives state that the Mongolian business world, the legal and political environment, as well as the little acknowledgement of responsible business actions by the general Mongolian public, are obstacles for a stronger company commitment. The survey therefore concludes that the future of SDGs in Mongolia strongly depends on deeper, transparent and long-term cooperation between business, state administration and civil society on the gains and challenges that are connected to the Global Goals, as well as on the role each individual stakeholder group has to play in order to transform the SDGs into a success story for Mongolia's society. Trustful dialogue is therefore the key for turning the Global Goals into action: Acc. to the survey results, many companies consider the SDGs as a promising initiative which is different from previous attempts

and are therefore willing to contribute to them.

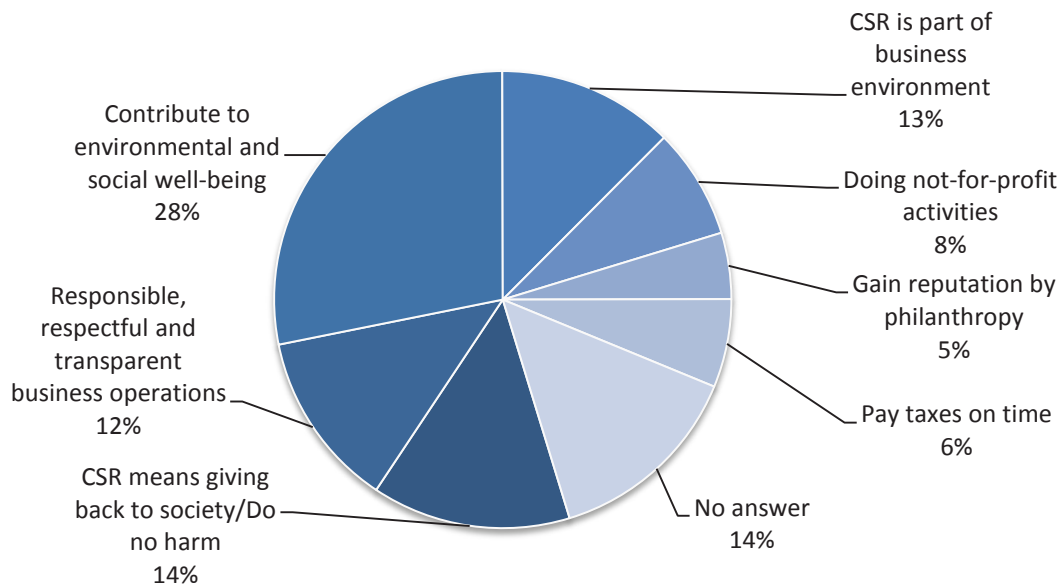
### **4.1. CORPORATE SOCIAL RESPONSIBILITY – A WELL-KNOWN APPROACH MEETS SCEPTICS**

The following section explores how opportunities of CSR/responsible/sustainable business are perceived by Mongolian companies and what kind of company-own and general challenges and limitations company representatives describe. The section also sheds light on the conditions companies define for being active and reliable players within Mongolia's society.

#### **4.1.1. How CSR/responsible business is defined**

Out of 49 respondents, 46 company representatives state that they are familiar with the term Corporate Social Responsibility and that they have an understanding of what responsible business means in relation to their own business.

## How CSR is defined in general

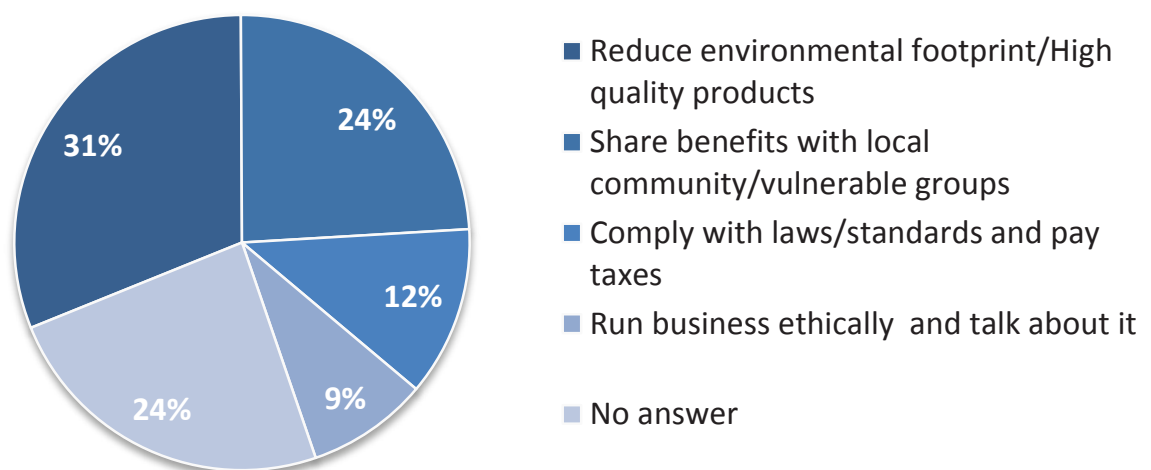


**Chart 3:** How do you define CSR/responsible/sustainable business in general?

On a general level, 28% of respondents interviewed company representatives say that define CSR as a measure to contribute to the environmental and social development in Mongolia. 14% place the idea of doing no harm to the center of attention. Only 13% of

interviewed company representatives say that CSR is core to business. At the same time, only few respondents define CSR as a pure not-for-profit affair or as a purely reputational matter.

## CSR business related



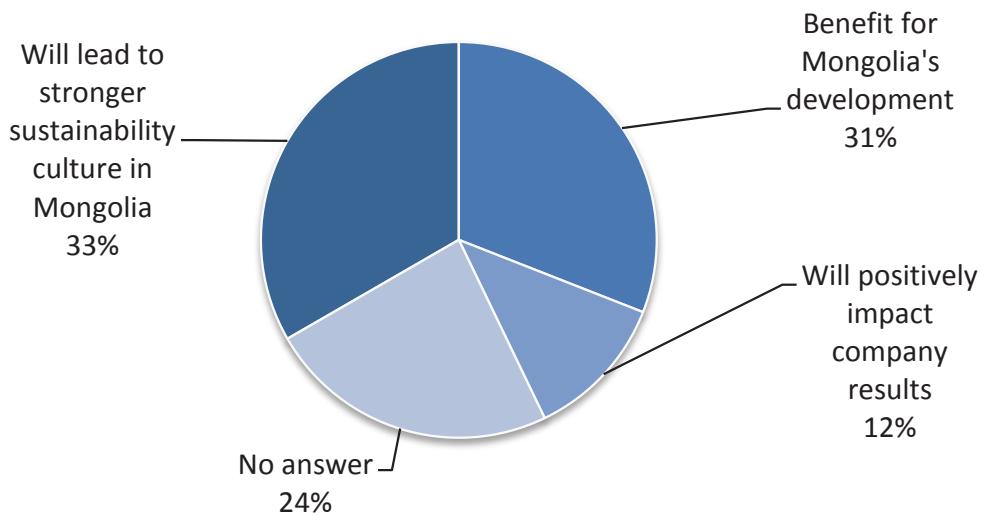
**Chart 4:** How do you define CSR/responsible/sustainable business related to your own business sector?

Related to company–own business activities, reducing the environmental footprint and providing high quality products is most often mentioned. About 1 in 4 respondents says that sharing profit with the community in which they live in is central to CSR activities. 9% define it as their task to serve as role models and to openly spread ethical behavior, also beyond business lines. Paying taxes on time is another aspect of responsible business the interviewed persons deem to be of high importance.

#### 4.1.2. The importance of CSR/responsible business

The interviewed persons attribute a strong level of importance to CSR/responsible business, with 29 company representatives describing CSR as very important for Mongolia, 17 as important and 3 as somehow important. Asked why CSR is important for Mongolia, a large share of respondents describes positive effects on the country's general development and on a sustainable future for all. Fewer respondents attribute importance on the positive impact responsible business might have on company results.

### Why CSR is important



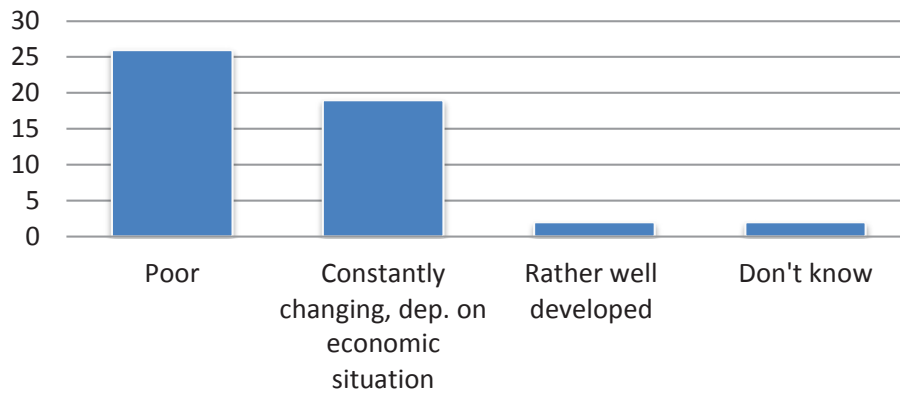
**Chart 5:** Why is CSR important for the future of the Mongolian society?

#### 4.1.3. The level of CSR in Mongolia from a company perspective

At the same time, when asked how well the concept of CSR or responsible business is established in Mongolia, companies rather draw a skeptical picture with the large majority of respondents stating that the level of CSR is poor (26) or constantly changing, depending

on economic situation (19), whereas only 2 respondents see Mongolia as well developed.

## Level of CSR in Mongolia

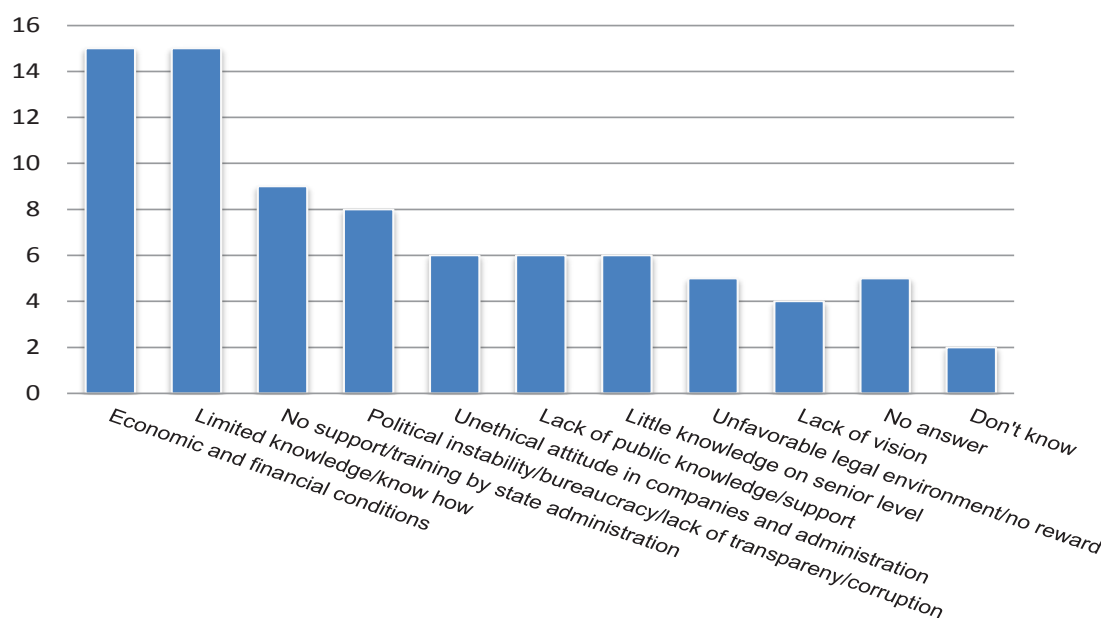


**Chart 6:** In your opinion, how is the state of CSR/responsible business/sustainable business culture in Mongolia?

Asked for reasons, 16 respondents explain that developing a CSR culture in Mongolia has only started in recent years. Some respondents state that for the time being, in general only large companies are constantly committed to CSR. In this context, respondents describe a variety of obstacles preventing Mongolian companies from doing better. Most importantly, the lack of information, knowledge and experience, as well as a lack of financial resources due to the

current economic conditions are mentioned. Companies also miss support and advice by the state administration and claim that a lack of transparency and the state of bureaucracy in Mongolia is affecting them negatively. The survey also reveals that respondents miss general public support for CSR/responsible/sustainable business measures of companies and that they see the mindset of decision-makers in politics and society as not supportive.

## Obstacles to CSR in Mongolia



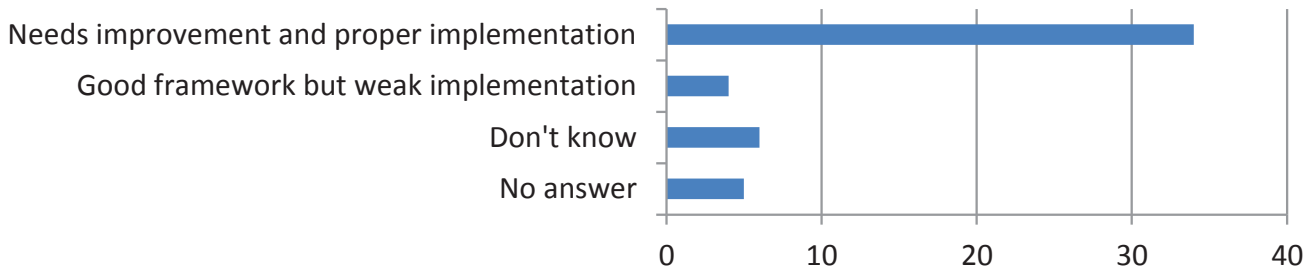
**Chart 7:** What are the main problems/obstacles related to improving the level of CSR/responsible business/sustainable business in Mongolia? [Multiple response]



A majority of company representatives also thinks that the existing legal framework needs to be improved in order to support

companies better, amongst others in terms of implementation incl. monitoring and rewards.

### Legal framework

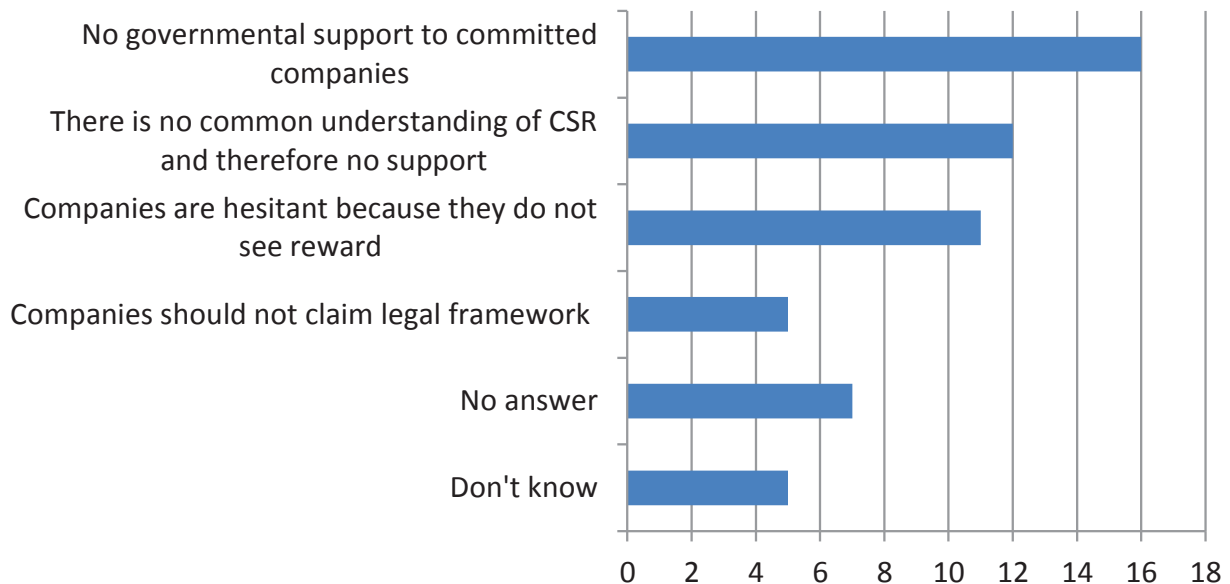


**Chart 8:** Is the existing legal framework in Mongolia suitable for strengthening the level of CSR/ responsible business/sustainable business or do you see room for improvement?

The perception that generally there is no understanding or knowledge about CSR/responsible/ sustainable business in Mongolia and therefore no support is also reflected in a

second question on the legal framework, with only few respondents stating that the law is not the problem, but the inactivity of companies in this field:

### How legal framework influences CSR



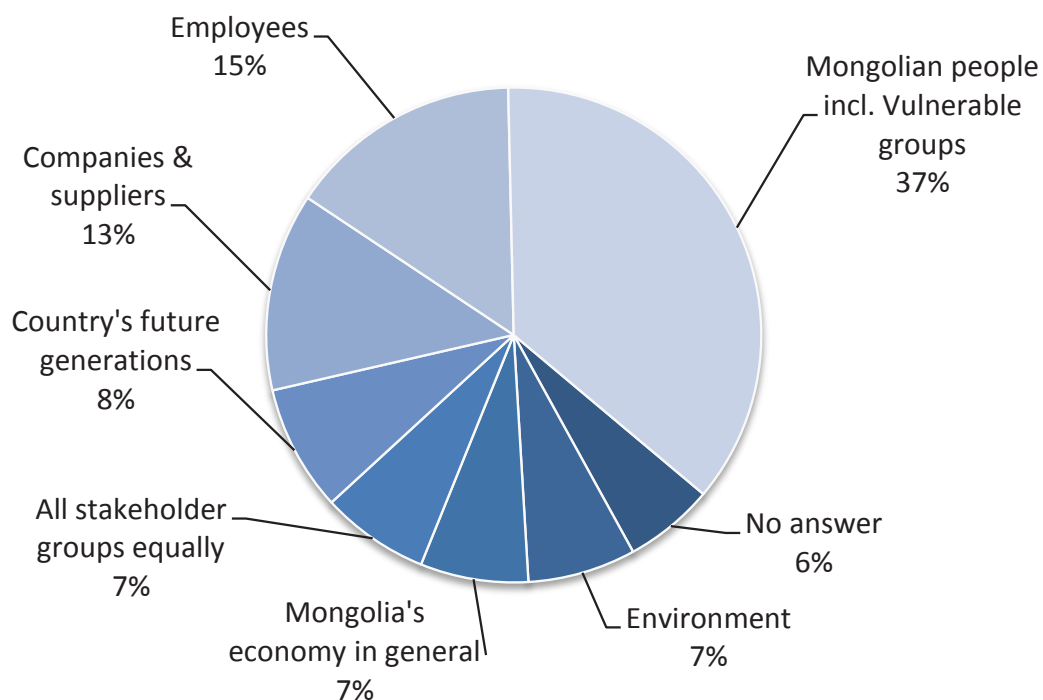
**Chart 9:** Specifically, do you think that the current legal framework and its implementation is supporting companies that are committed to CSR/responsible business/sustainable business or are companies rather hesitant as they don't see rewards or incentives from the public side for their efforts?

#### 4.1.4. Who is supposed to act and who should benefit from CSR?

When asked who should benefit most from CSR/responsible/sustainable business activities of Mongolian companies, 37% of respondents highlight the Mongolian society as a whole and vulnerable groups as most

important. 15% find that the companies' employees should benefit. Only 13% are of the opinion that the companies or suppliers themselves who are working on improving their business should benefit most from their own measures. Future generations (8%) and environment (7%) gain little attention.

### Who should benefit most from CSR



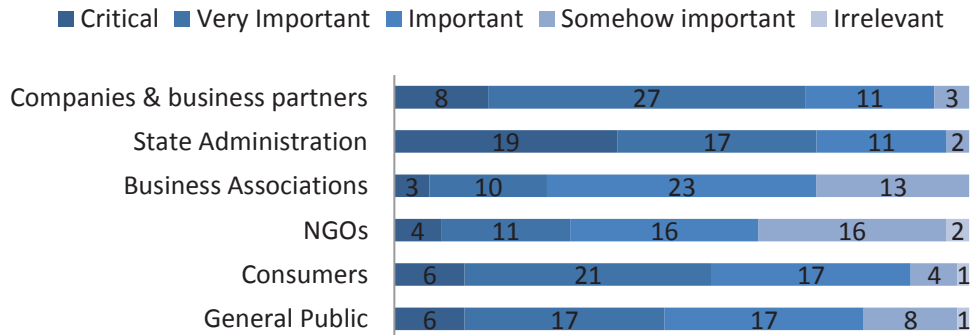
**Chart 10:** Who should benefit most from CSR/responsible business/sustainable business measures implemented by companies? [Multiple response]

When it comes to estimating which stakeholder groups should take most responsibility in order to improve the economic, environmental and social situation in Mongolia, companies describe a shared responsibility, but see state administration as the most important actor with 19 company representatives stating that administration is critical for generating progress, and 17 seeing them as very important. Asked why state administration is seen as critical, interviewees explain that they must provide clear policies, plans and regulations

and that out of governmental action incentives for companies for stronger committing to CSR must be created.

Only 8 out of the 49 respondents say that companies and their business partners are the most important actors, at the same time more than half of respondents say business is very important for advancing Mongolia as a country. From a company perspective NGOs and business associations play a minor role, while some importance is attributed to consumers and the general public.

## Importance of stakeholder groups for economic, environmental and social development

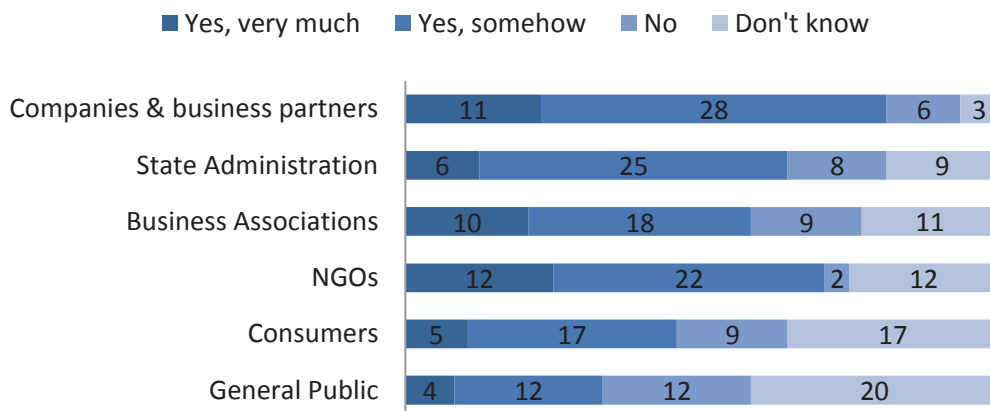


**Chart 11:** When it comes to the economic, social and environmental situation in Mongolia, which stakeholders to you see as most important/responsible and why?

Asked if the different stakeholder groups take their role serious enough, the majority of respondents testifies that companies and their business partners take their responsibility very serious (11) or somehow serious (28). Viewer

respondents (6 very much, 25 somehow) come to the same conclusion regarding state administration. Respondents are more critical about consumers and the general public or feel unable to take a position on these groups.

## How stakeholder groups commit to their responsibilities (N=48)



**Chart 12:** Referring to the last question, do you feel that the mentioned stakeholder groups take their responsibility/role serious?

At the same time, following international trends, company respondents see a stronger future role for consumers as costumers, potential employees or social media

participants: 40 out of 48 respondents feel that consumers will play a decisive role in Mongolia’s future society.

#### 4.1.5. Managing responsible business on company level – Policies and implementation

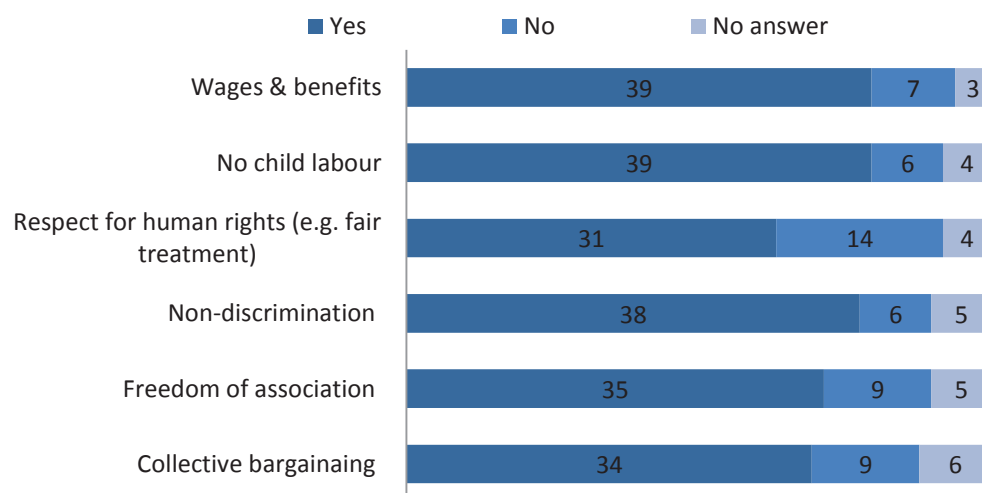
Having a mission/vision and a Code of Conduct in some form is considered as being the very start to any responsible/sustainable business. Accordingly, 46 of all company respondents state they their company has a vision/mission statement or a Code of Conduct that describes their company value. 35 state that CSR/sustainable business is one of the key elements and 7 state that they plan to make it part of their core values in the near future.

About two third of company representatives confirm that they have a formal policy regarding business conduct and compliance in place, or plan to develop such a policy. 55% percent say they have a management person responsible for business conduct and about 50% of respondents say they also

have a corresponding management system in place, while 25% respectively document fully or to some extend their business conduct and compliance management. Only 17% of responding companies at the moment publish a CSR/Sustainability Report, with 20 more % planning to do so in the future.

Besides questions of governance and economic stability, being clear about principles of social and environmental responsibility and reduction of any negative impact is considered as being the second most important step on the way to sustainable and beneficial growth. In this context, acc.to the survey’s results, a big share of companies also follows policies on social issues: 61% of respondents say they have a management system in place or planning to establish implementation measures for the below mentioned social issues, and 48% have a management person in charge of social questions.

### Social issues that are covered by company policies

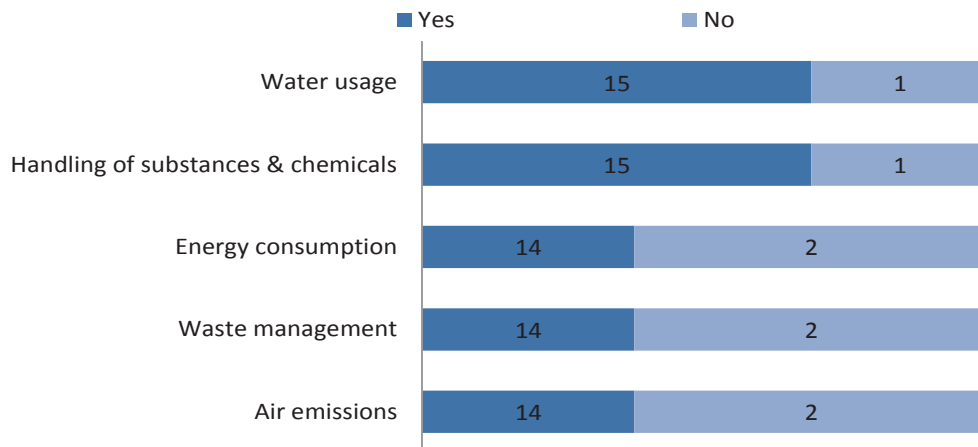


**Chart 13:** For which of the following social issues does your company have a policy?

At the same time, less than half (48%) of respondents state they have a formal environmental policy in place or plan to establish such a policy. The same share of respondents states that there is a management

person in charge of environmental matters. Out of those that already established environmental rules (16 companies or 33%), most have a policy or related processes in place on the most important issues:

## Environmental issues that are covered by company policies (N=16)



**Chart 14:** Does your company have a formal environmental policy, which includes a commitment to legal compliance, continuous measurement and continuous improvements in environmental performance?

94% of those companies with established environmental policies also have an environmental management system in place and 21% of the remaining companies are planning to set up such a system.

When it comes to supply chain issues, only 27% of the interviewed companies have a CSR/Sustainability Policy in place and 16% more plan to set up such a policy. Those with a policy in place state they cover to a great extent such issues as working conditions, non-discrimination, health & safety, anti-corruption, as well as environment. At the same time, only 39% of those with a supply chain policy were sure that these rules are also communicated to their suppliers. Meanwhile, 30 out of the 49 company representatives state that their company is informing or engaging its business partners about the company's internal CSR/sustainable business activities.

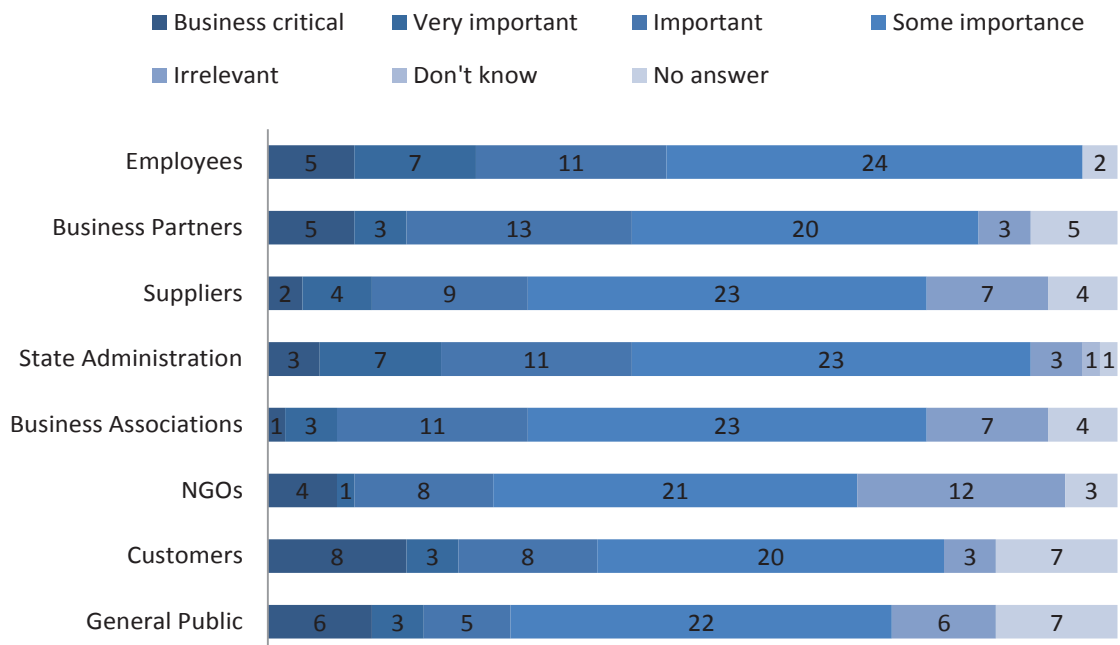
Less than half of the interviewed company representatives (23 companies, or 47%) answered on questions about concrete measures of their company that are not directly linked to their own business operations.

When it comes to environmental matters, 44% of those 23 companies support such environmental projects as tree planting and 21% are committed to fighting air pollution in Ulaanbaatar. Regarding social issues, 22% support sports and education by foundations or donations and 17% support their employees and families or communities where they live in. 83% of interviewed companies also state that they permanently or occasionally support local/regional or national projects or events as part of responsible business.

### 4.1.6. Companies and their stakeholders

Acc. to the survey results, Mongolian companies to a big share don't believe that their CSR/responsible/sustainable business efforts meet strong attention by their stakeholders, incl. employees and customers. For all groups, the biggest share of respondents is of the opinion that their activities are only of some relevance. Customers and the general public get the most counts in the categories "business critical" and "very important" which is also line with international trends.

**What importance do you believe that the different stakeholders attribute to CSR/sustainability activities related to your business directly?**



**Chart 15:** What importance do you believe that the following of your stakeholders attribute

to CSR/responsible business/sustainable business issues related to your business directly?

**Little role attributed to employees**

As has been mentioned above, employees are considered by many companies as being a relatively important stakeholder group for them and many confirm to have written company values and policies in place that they wish to be implemented. At the same time, only about half of respondents state that employees are currently informed or trained on CSR or sustainability matters or that they plan to offer such trainings soon. Only 37% of companies communicate with their employees on such matters, e.g. with the help of suggestion boxes or surveys. At the same time, 83% state that they reward or would reward voluntary work of their employees.

Asked on which topics companies would like to offer trainings to their employees and/or management, 75% said they would like to deal with Health & Safety, 72% with Code of Conduct,

63% with Environmental Management, and 54% respectively with Social Issues and Anti-Corruption & Ethics. Only 40% of employees and/or managers have so far been sent to external trainings and one quarter plans to do so in the future.

At the same time, Mongolian companies attribute a rather limited role to their own employees when it comes to broadening the scope of responsible business: Only 16% of respondents think that employees are important for developing new ideas on responsible business that go beyond pure implementation of decisions made by the owner or the board.

**4.2. SUSTAINABLE DEVELOPMENT GOALS - A NEW MOMENTUM TO RESPONSIBLE BUSINESS IN MONGOLIA THAT REQUIRES STRONG COMMITMENT BY ALL STAKEHOLDERS**

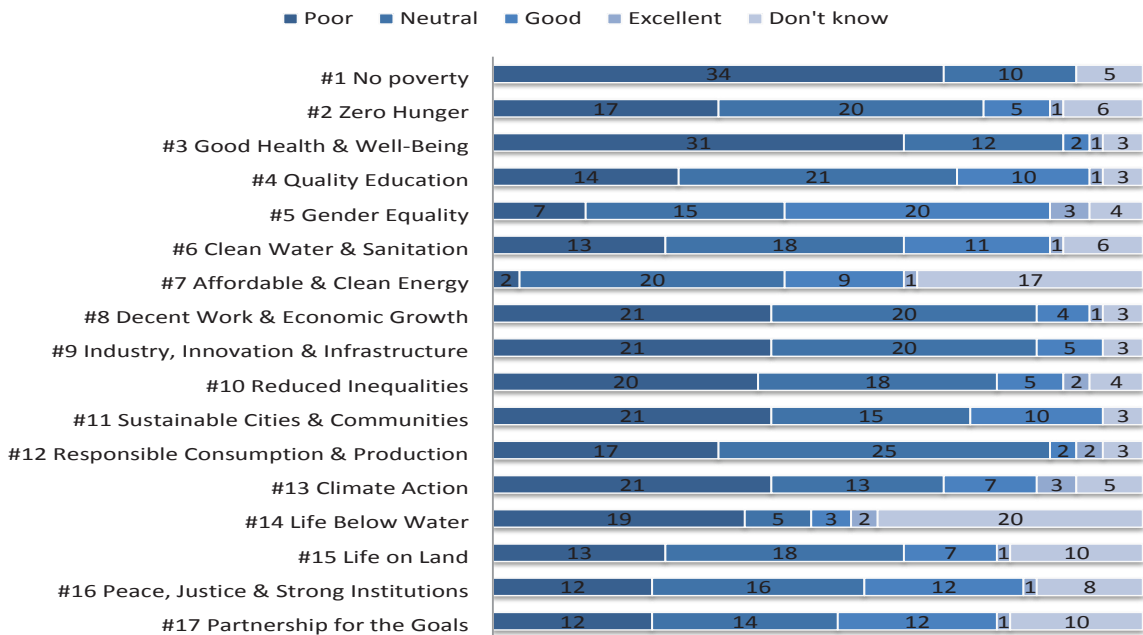
While a large share of company respondents confirmed its familiarity with the notion of CSR/

responsible business, fewer respondents have an instant connection to the Sustainable Development Goals (SDGs): 32 out of 49 respondents say that they are familiar with the term SDGs (CSR: 46), or at least have heard about the Global Goals. At the same time, only 17% of respondents feel well informed about the SDGs.

Asked about their assessment of Mongolia's general progress towards achieving sustainable development, the respondents – just as regards CSR – are rather critical, with no company representative pointing to good progress, while respectively 37% say development is poor or neutral and 26% say they are not able to decide.<sup>41</sup> However, asked about the 17 goals individually, respondents

are more positive in some parts. 20 of them see good progress regarding Gender Equality (#5) and 10 or more see good progress on the goals Quality Education (#4), Clean Water & Sanitation (#6), Sustainable Cities & Communities (#11), as well as Peace, Justice & Strong Institutions (#16), and Partnership for the Goals (#17). In contrast, progress on fighting poverty (#1) meets the biggest sceptics, with 70% of company representatives stating that Mongolia's progress in this field is poor. Also, Good Health & Well-Being (#3) and several other goals, including Decent Work & Economic Growth (#8), Industry, Innovation & Infrastructure (#9), and Climate Action (#13) are rated as goals that lack behind.

### Mongolia's progress in achieving the SDGs



**Chart 16:** How would you rate Mongolia's performance to date in having achieved progress toward each one of the SDGs?

#### 4.2.1. The role of companies in achieving the Sustainable Development Goals in Mongolia

Interestingly, companies rate their own

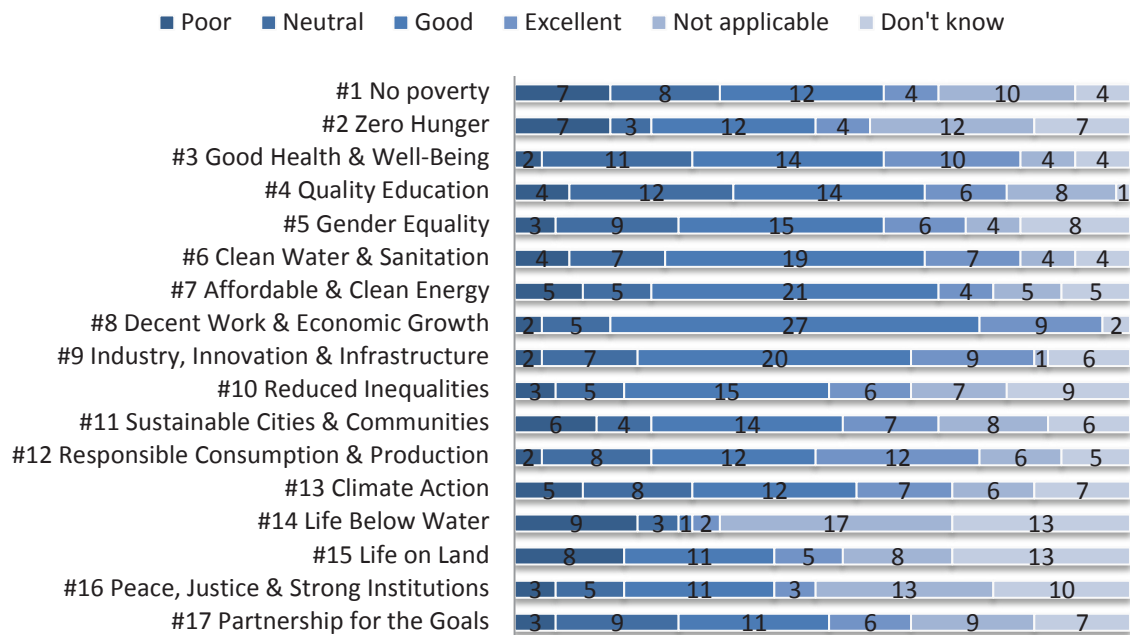
progress towards contributing to the SDGs generally better than the progress of Mongolia as a country (in relation to which the mentioned 37% said progress is respectively poor or

<sup>41</sup> Please note that in order to allow comparable data and interview answers, all participants at this stage of the interview were introduced to the SDGs, briefly explaining the background, purpose and the 17 goals to them.

neutral): On company level (N=48), only 10% of respondents say development is poor, while 35% say development is neutral, and 37% even say development is good. 17% are not able to decide. Companies in particular rate Decent Work & Economic Growth (#8),

Affordable & Clean Energy (#7) and Industry, Innovation & Infrastructure (#9) as goals where they already reached good progress. For Responsible Consumption & Production (#12) and Good Health & Well-Being (#3) quite a few companies even see excellent progress.

## Companies's progress in achieving the SDGs



**Chart 17:** How would you rate your company’s performance to date in having achieved progress toward each one of the SDGs (if applicable)?

In addition to estimating the state of SDG implementation in Mongolia, the survey focused on the the task, challenges and opportunities company representatives align with the Global Goals:

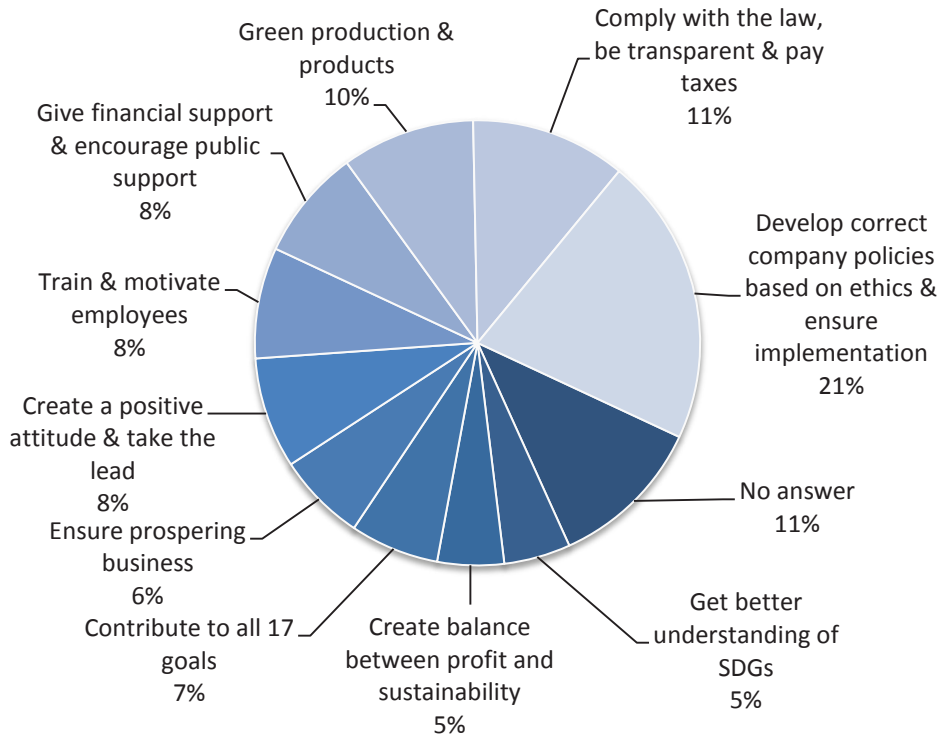
In an open answer field, the company representatives were asked which role the business community and individual companies could or should play in achieving the SDGs in Mongolia. Developing suitable company policies and ensure appropriate implementation got the most counts (21%), followed by accounting for

compliance with law, transparency and paying taxes on time (11%) and green production and eco-friendly products (10%). Equal attention was paid to giving financial support for achievement of the SDGs, for training and motivating employees and for creating a positive attitude and take the lead (8% each). The latter might be of high importance for building a better level of trust and cooperation on the way to joint progress on the Global Goals (see section 4.3. below).





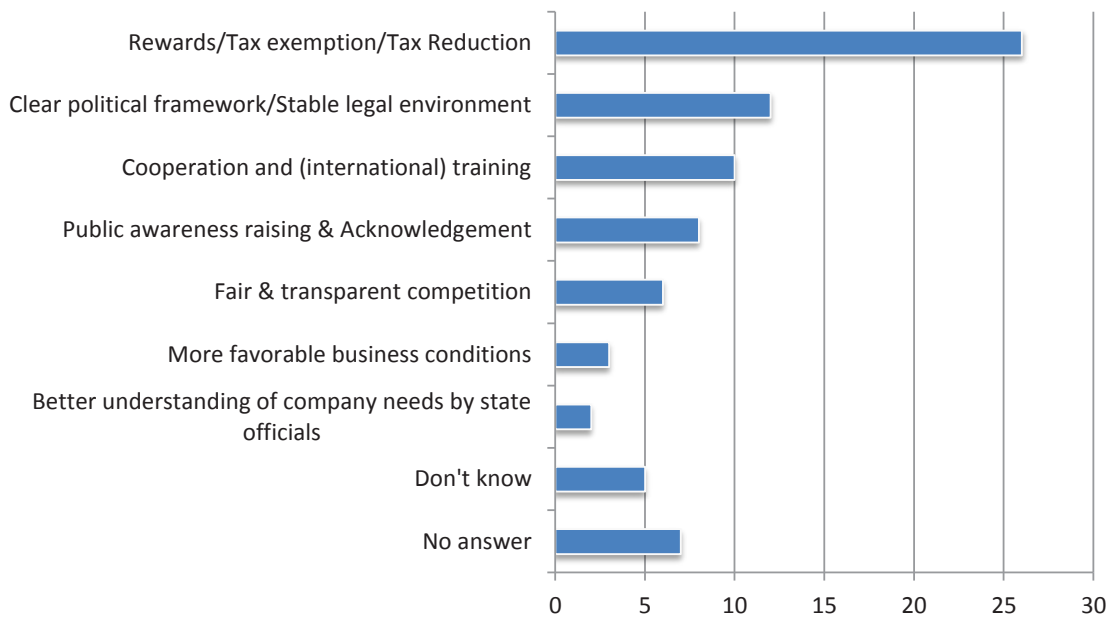
## Role of business community & companies in achieving the SDGs



**Chart 18:** In general, which role could the business community and individual companies play in achieving the SDGs?

Similar to the survey results on CSR/responsible/sustainable business, when asked about the incentives companies need in order to stronger participate in achieving the SDGs, company representatives mention both financial and non-financial support, with a strong focus on monetary reward and a stimulating legal/political environment: More than half of the interviewed companies see a strong necessity for being supported by tax reductions or exemptions, underlining that this would also be a direct reward to them, acknowledging their efforts. Respondents also repeat the need for a stable legal environment and a political framework that offers support to the idea of sustainable business and sustainable development in general. Obtaining more knowledge and expertise through cooperation

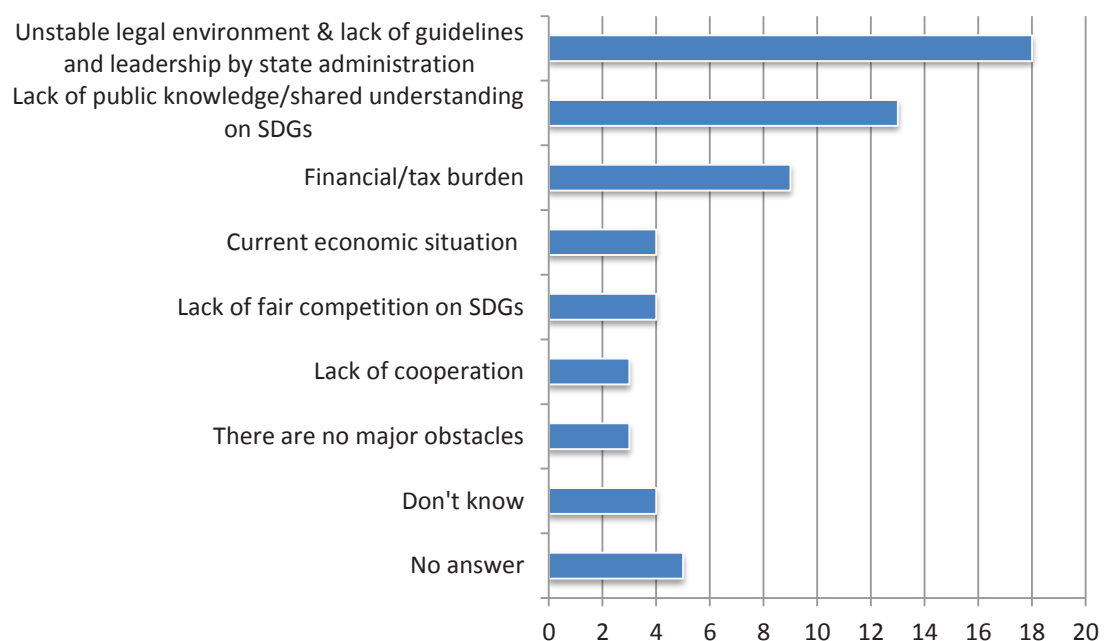
and training, including by practitioners from abroad, and raising general awareness for the importance of the Global Goals among the Mongolian general public are further aspects company representatives consider as being crucial.



**Chart 19:** In your opinion, what are incentives and opportunities for companies to participate in achieving the SDGs? [Multiple response]

At the same time, company representatives describe strong obstacles to more progress towards company involvement in achieving the SDGs that are both linked to state administration’s action and the general public’s attitude. Again, the legal environment and state-level commitment to the Global Goals, lack of knowledge and of shared understanding

on the purpose and practical implications of the SDGs, as well as financial/economic matters are mentioned as being particular forms of obstacles for companies. Only few respondents state that actually there are no major obstacles for companies and that little progress towards achieving the SDGs is rather linked to a lack of company initiative and goodwill.



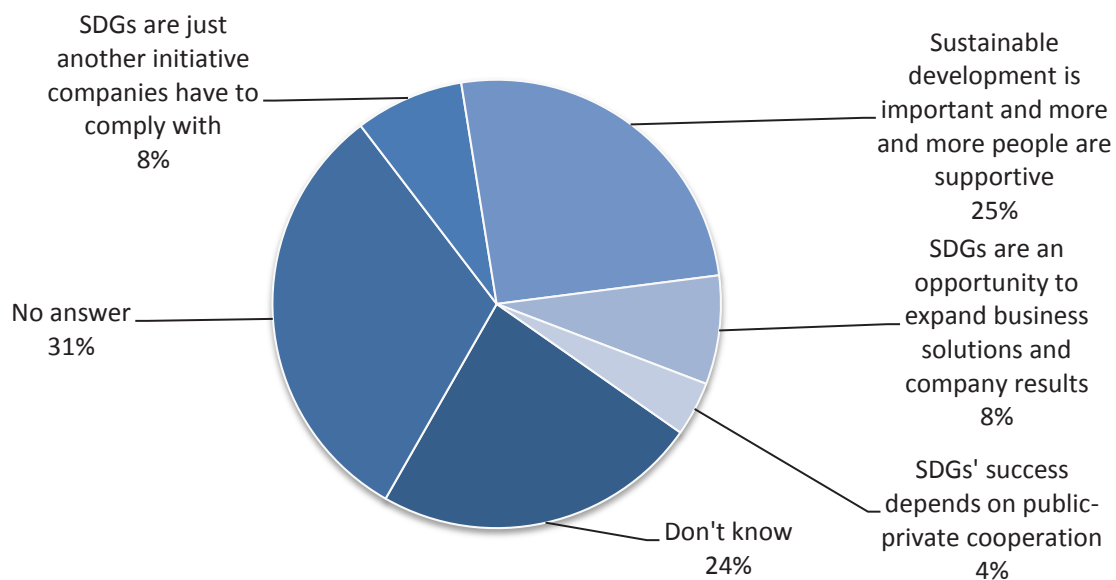
**Chart 20:** What are major obstacles for companies to participate in achieving the SDGs? [Multiple response]

### 4.2.2. What companies motivates to contribute to SDGs achievement

Nevertheless, despite the multitude of concerns and obstacles companies describe, many of them are positive about the potential benefit the Global Goals can bring to their business and the Mongolian society. In this context, acc. to answers to an open field

question, companies consider the Goals as a promising process, highlighting the general importance of sustainable development and the broader support the process is likely to gain in the future. Meanwhile, only 8% spontaneously link the SDGs to positive effects on their business in terms of finding new business solutions and improving results.

## Prospects of SDGs from a company perspective



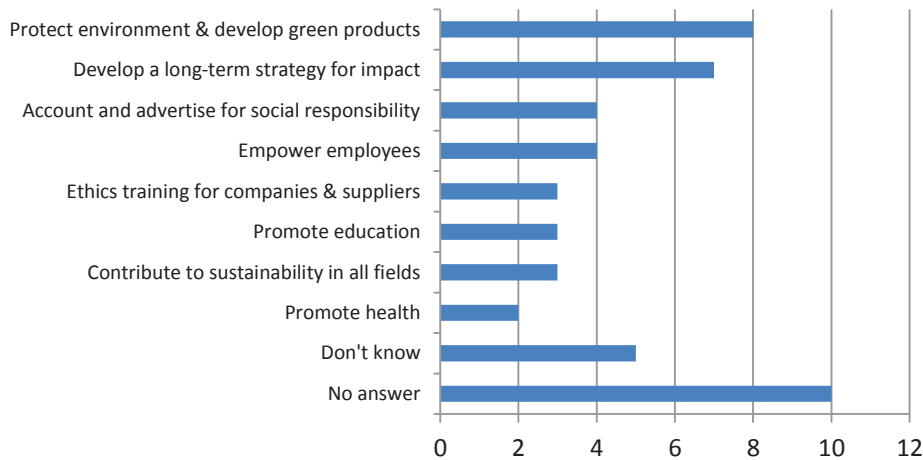
**Chart 21:** Do you see SDGs as just another initiative companies are required to respond to or do you consider SDGs as a promising process that will be different from previous initiatives?

It is remarkable that more than half of respondents either state they have no idea about the potential advantage the SDGs could bring to them or didn't answer the question which can be explained with the previous mentioned little knowledge on the details of the Global Goals.

Asked which sustainable business activities will in the short and long term positively contribute to the companies' business results, again only half of the interviewees answered which reinforces the impression that little practical knowledge on the SDGs has been so far established on company level. Protecting the environment and developing green products

gets the most counts, followed by opportunities to better align the company's impact strategy. Few companies see such measures as spreading knowledge and training on business ethics internally and externally as particularly relevant.

### Sustainability/responsibility measures that positively impact business results



**Chart 22:** Which CSR/responsible business/sustainable business activities will in the short and long term positively contribute to your business results and the success of your company?

#### 4.2.3. The importance of the individual SDGs for Mongolia and the role companies play – The Why and the How

As has been mentioned before, companies rate their own contribution towards achieving progress on the SDGs in Mongolia generally better than Mongolia’s contribution as a country.

When it comes to the company level in a more concrete way, acc. to the company responses (N=48), 15 companies have already integrated aspects of the SDGs in their Code of Conduct and/or values/mission/vision. 20 more

companies plan to do so in the near future, while 5 companies have no intention to integrate the Global Goals in their fundamental documents. At the same time, so far only 6 companies state that they have already spread the word about SDGs among their employees.

Asked about the importance the company representatives allocate with the 17 SDGs in relation to Mongolia’s general development a broad variety of goals arose. Altogether, Quality Education (#4) and Responsible Consumption & Production (#12) got the most counts:

Most Important (Country level)	Second Important (Country level)	Third Important (Country level)	Fourth Important (Country level)	Fifth Important (Country level)
<b>#3 Good Health &amp; Well-Being</b>	#3 Good Health & Well-Being	#4 Quality Education	#4 Quality Education	#12 Responsible Consumption & Production
<b>#9 Industry, Innovation &amp; Infrastructure</b>	#4 Quality Education	#12 Responsible Consumption & Production	#12 Responsible Consumption & Production	#8 Decent Work & Economic Growth
<b>#4 Quality Education</b>	#1 No poverty	#6 Clean Water & Sanitation	#8 Decent Work & Economic Growth	#11 Sustainable Cities & Communities

**Chart 23:** If you look at the goals 1–17, which 5 goals do you find most relevant for Mongolia and why?

Asked about the importance of the 17 SDGs in relation to the interviewed companies, the most often mentioned goals were Responsible Consumption & Production (#12) and Industry,

Innovation & Infrastructure (#9) which means that Goal #12 is the one for which companies see to most need for action both country and company level.

Most Important (Company level)	Second Important (Company level)	Third Important (Company level)	Fourth Important (Company level)	Fifth Important (Company level)
<b>#3 Good Health &amp; Well-Being</b>	#8 Decent Work & Economic Growth	#9 Industry, Innovation & Infrastructure	#12 Responsible Consumption & Production	#11 Sustainable Cities & Communities
<b>#8 Decent Work &amp; Economic Growth</b>	#9 Industry, Innovation & Infrastructure	#12 Responsible Consumption & Production	#9 Industry, Innovation & Infrastructure	#12 Responsible Consumption & Production
<b>#4 Quality Education</b>	#6 Clean Water & Sanitation	#7 Affordable & Clean Energy	#4 Quality Education	#6 Clean Water & Sanitation

**Chart 24:** If you look at the SDG goals 1–17, which 5 goals do you find most relevant for your business?

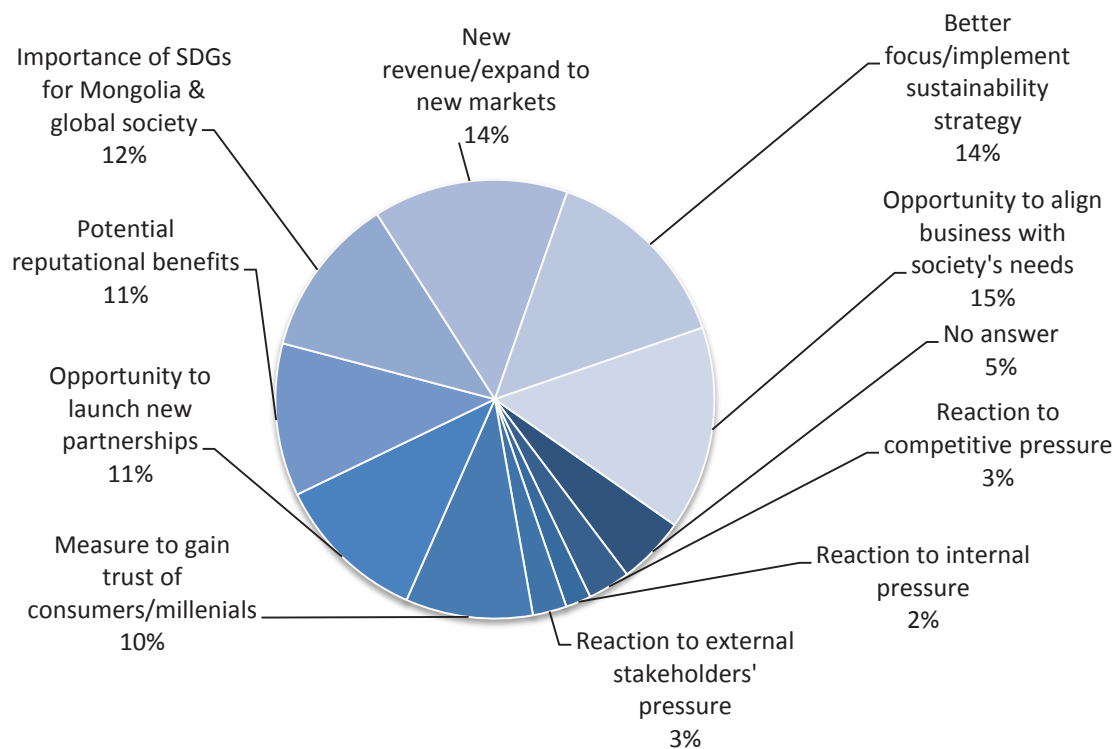
In addition to the above mentioned opportunities and impact companies relate to the SDGs, the interview partners were also asked about the main reasons why companies are contributing or planning to contribute to the implementation of the SDGs. Based on multiple choice, a big share of respondents states that the Global Goals are a good instrument to better align business strategies and

activities with society’s future need, to better focus the company’s sustainability strategy and to expand to new markets. Generating reputational benefits and gaining trust among consumers and millennials in particular hits 21% altogether. 12% mention the importance of the SDGs for Mongolia as a country as reason behind their actual or potential commitment.





## Why companies contribute to SDGs

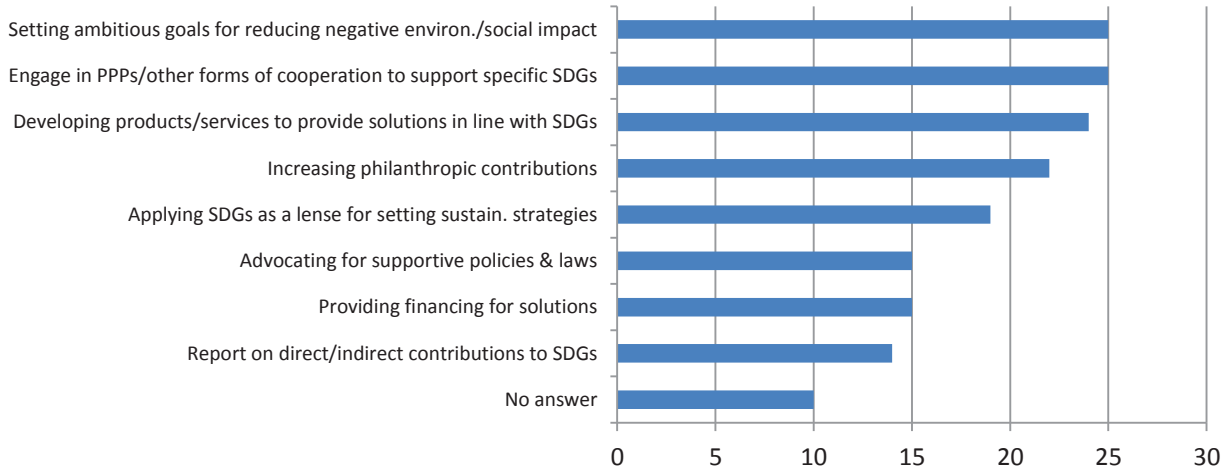


**Chart 25:** In your opinion, what are the main reasons for companies contributing or planning to contribute to the implementation of the SDGs? Please select up to four reasons.

When asked with the help of a multiple choice question how the companies are contributing or planning to contribute toward the SDGs, setting company goals to reduce negative impact on environment and society, developing suitable strategies and products as well as multi-stakeholder cooperation are among the top answers. Taking the SDGs as an opportunity to improve sustainability strategies

meets medium popularity among respondents. Although philanthropy was not among the main ideas when companies were asked to define responsible/sustainable business, in relation to SDGs implementation donations and other forms of voluntarism appear to play a bigger role. Only about one third of respondents feel that financial contributions for finding solutions are the core responsibility of the business community.

### How companies contribute or plan to contribute to SDGs

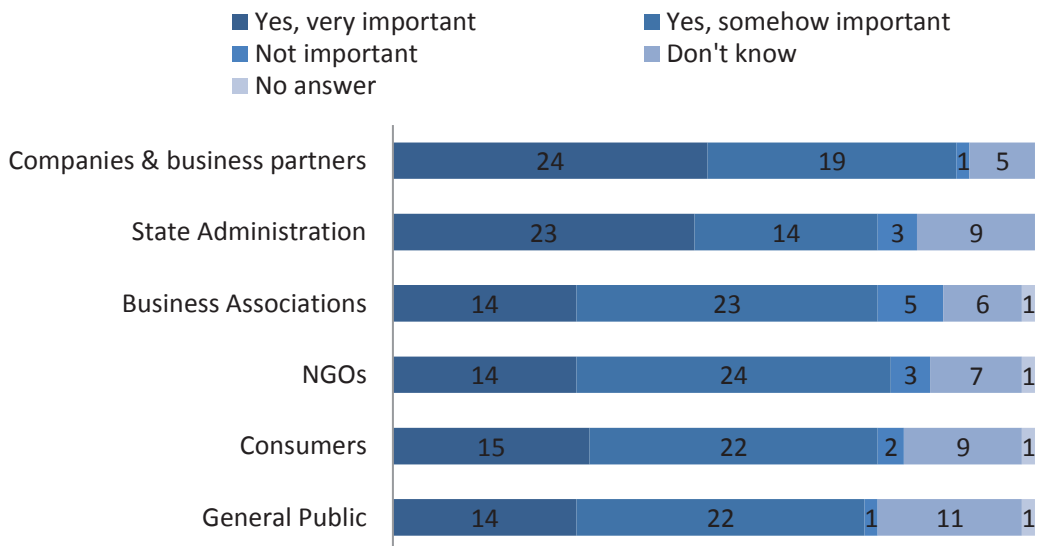


**Chart 26:** How is your company contributing or planning to contribute toward the SDGs? Please choose the five most suited from the list.

Asked which of the individual stakeholder groups is contributing most to achieving the SDGs in Mongolia, company representatives see a shared commitment of both the private and the public sector, with almost half of all respondents stating that state administration

is contributing almost as much as companies and their business partners. In relation to very strong commitment, the interview partners are less optimistic about business associations, NGOs, consumers and the general public but still are positive about their general performance.

### Who is contributing most on SDGs in Mongolia?



**Chart 27:** Who in your opinion is contributing most on achieving progress on the SDGs in Mongolia?

### 4.3. ROUND-UP – COOPERATION AND KNOWLEDGE-SHARING AS A PRECONDITION FOR A MORE SUSTAINABLE MONGOLIAN (BUSINESS) FUTURE

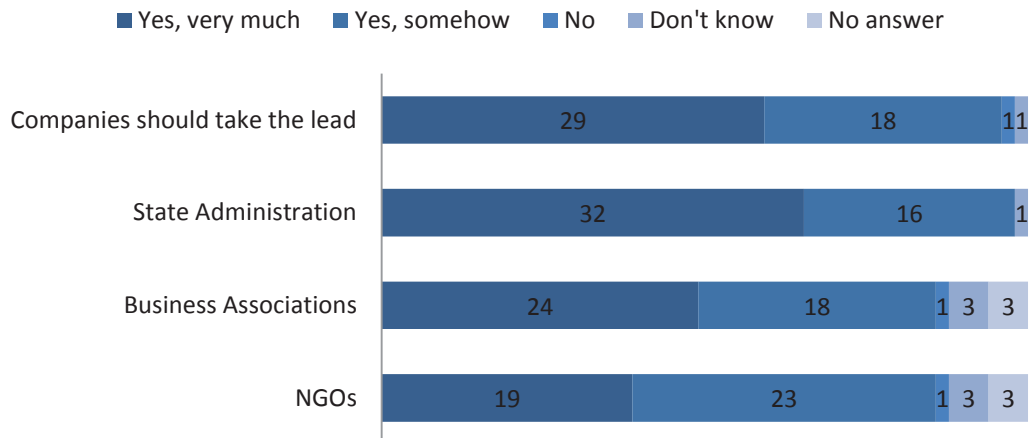
As has been the result of various interview questions for which the company representatives had to define conditions, opportunities and challenges of Mongolia’s efforts to commit to a sustainable society, exchange and knowledge-sharing were highlighted several times.

Accordingly, survey respondents attribute strong importance to dialogue and stronger cooperation: 46 out of 49 see a need for that and many of them describe a shared responsibility of

stakeholders.

When asked who should be responsible for organizing measures that shall lead to better cooperation and as a consequence a better level of responsible/sustainable business in Mongolia, the company representatives see both the companies themselves and state administration as the most important groups, with slightly more respondents granting a greater responsibility to the latter. Although the interviewed company representatives were rather critical or unsure about the role NGOs are playing in the game, they acknowledge NGOs and civil society to be important partners when it comes to discussing matters of nation-wide scope.

### Who should take the lead



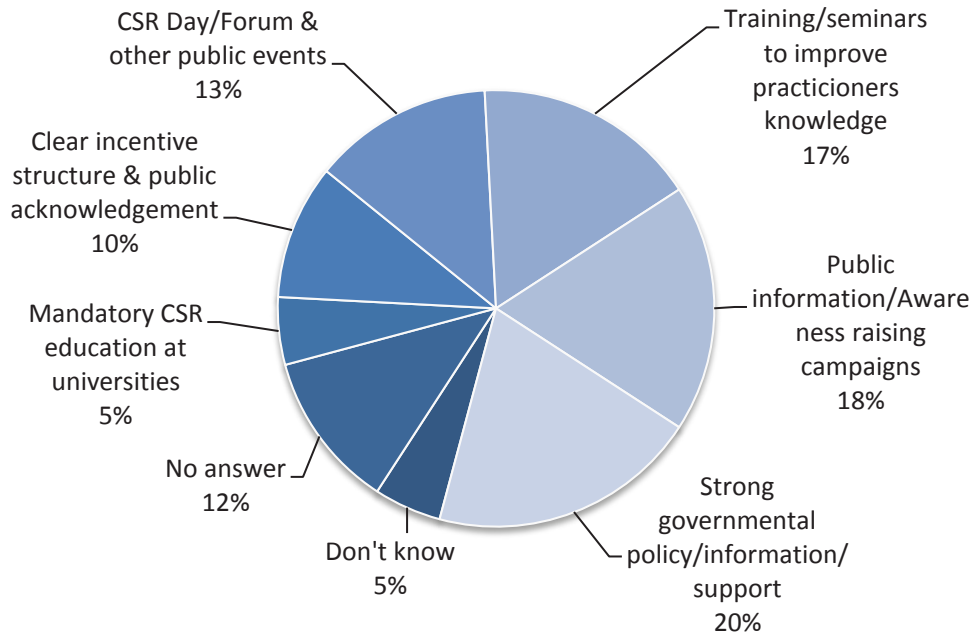
**Chart 28:** Who should be responsible for organizing measures that shall lead to stronger cooperation and a better level of CSR/responsible business/sustainable business in Mongolia?

Asked which measures would help most to foster cooperation among stakeholders and advance the level of CSR / responsible business in Mongolia, again better coordination and knowledge-sharing are among the top answers: 20% of respondents see a strong governmental role for strengthening policy commitments and leadership by state administration. 17% think that spreading expert knowledge is the key. Public awareness-raising and acknowledgement

as well as transparent incentives that are comprehensible for all stakeholder groups are further measures company representatives find important.



## Best measures to foster cooperation & level of CSR

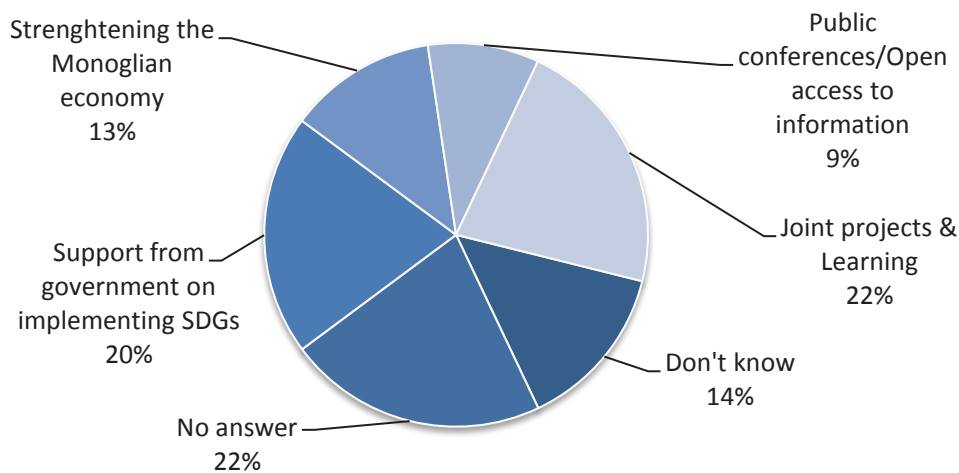


**Chart 29:** Which measures would help most to foster cooperation among the stakeholders and to advance the level of CSR/responsible business/sustainable business in Mongolia?

Asked the same question in relation to achieving the SDGs, there is a slightly stronger focus on implementation and on strengthening Mongolia's economy as a precondition for sustainable growth and development. Joint

projects and joint learning receive the most counts. However, like for previous questions on SDGs implementation, fewer company representatives feel able to voice an opinion.

## Measures to jointly achieve progress on SDGs



**Chart 30:** In your opinion, what would be the best measures/activities for achieving SDGs in Mongolia jointly?

77% of respondents say their company would be interested to participate in cooperation events with the aim of finding common solutions. Asked what other measures they would find suitable for stimulating company action, 20% of respondents repeat that a favorable legal environment, incl. tax reductions for front-running companies would present a strong incentive for them. At the same time, 35% of company respondents highlight that the business sector has to live up to its commitment, by implementation, monitoring, following governance standards, learning from international experts and by sharing experience among each other, which indicates that many companies see the business sector as important shaper of the future development in Mongolia.

#### 4.4. NGO PERSPECTIVE

In the context of the company interviews, NGOs were also asked to share their view on the level of CSR and SDGs in Mongolia. Due to the fact that the development of NGOs as watch dogs and advocacy players is still evolving, only 5 interviews with Mongolian NGOs could be arranged. However, they present interesting perspectives on the importance of cooperation and how company action is perceived by third parties.

All interview partners were familiar with the terms CSR and SDGs and defined responsible business as a way to ensuring long-term stability of companies while at the same time giving back to society. However, all respondents said they do not feel well informed about the purpose and contents of the SDGs. All of them rated the level of CSR in Mongolia as poor, mentioning amongst others the lack of CSR education and information and the unstable economic conditions in Mongolia as reasons. Some also said that companies generally lack initiative to “do better” and that CSR/responsible

business is rather a PR tool for companies which businesses see as just causing extra expenses. At the same time, 4 of the respondents rated CSR as very important as it is the foundation for any future development of the country and is also connected to strengthening individual’s mindsets in terms of ethics and morals. All 5 respondents said that the current legal framework needs improvement and better rewards and incentives in order to motivate companies on their way to more responsible business. Asked who should profit most from responsible business, the NGO representatives said that both companies and the Mongolian society need to receive benefits. 4 of 5 respondents see a shared responsibility of all stakeholders for improving the economic, social and environmental situation in Mongolia. When asked who is taking its responsibility serious enough, NGOs were rather critical towards consumers and the general public. 3 of the 5 respondents were also skeptical that Mongolian consumers might push companies to stronger commit to responsible and sustainable business in the future.

All 5 interview partners mentioned the importance of cooperation among all stakeholders as well as the important role trust, openness and transparency play on Mongolia’s way to a more sustainable future. All of them described a shared responsibility of both the public and the private sector for stimulating measures that shall help improve cooperation and the level of sustainability.

When it comes to rating Mongolia’s progress towards achieving the SDGs, 4 of the NGO representatives said development is poor (1 neutral). They were particular critical about Good Health & Well-Being (#3), No poverty (#1), Reduced Inequalities (#10), energy matters and Decent Work & Economic Growth (#8), while they were more positive about Gender Equality (#5). Ending poverty (#1) and promoting

Industry, Innovation & Infrastructure (#9) were among the goals NGOs find most relevant for Mongolia. Asked about Mongolian companies' role in fulfilling the SDGs, 2 respondents said performance is poor and 2 had a neutral stance. Asked which business activities will best contribute to Mongolian companies' business results in terms of sustainable development, the NGO representatives saw prospects for better reputation, stable business, consumer satisfaction and transparency. All 5 respondents identified "Opportunities to launch new collaboration/partnerships" and "Measure to gain trust, in particular among millennials" as main reasons why companies want to contribute to achieving the SDGs. Asked about the concrete contributions companies can initiate for achieving success on the SDGs, working on new forms of Public-Private-Partnership, pursuing goals to reduce negative environmental/social impact, the development of products and services in line with SDGs as well as applying SDGs as a lens for setting sustainable strategies and goals were on the top counts.

#### **4.5. THE PERSPECTIVE OF BUSINESS ASSOCIATIONS**

In order to enrich the survey with a business perspective that is a bit more independent from day-to-day business, 5 business associations were interviewed, representing a wide range of Mongolian companies of different industries, sizes, and legal forms.

All representatives said they are familiar with the notion of CSR/sustainable business, and most of them heard about the Sustainable Development Goals. At the same time, none of them felt well informed about the latter and 3 of them concretely missed more information and knowledge sharing from the governmental side. They were slightly more optimistic about the level of CSR/sustainable business in Mongolia, with

3 of them saying it is changing, while 2 claimed the situation to be poor. Lack of knowledge and expertise, lack of incentives, a negative mindset and too much government involvement as well as a lack of public acknowledgment were mentioned as reasons for Mongolia's limited performance. All of the 5 respondents said that CSR/responsible business is important or very important, that the current legal framework needs to be improved and that supporting mechanisms and incentive structures, also for SMEs and start-ups, need to be set up. Positive impact should be reached for both the business themselves and society, in particular vulnerable groups. All stakeholder groups, incl. costumers and the general public are mentioned when it comes to the importance of individual groups for improving the situation in Mongolia. Meanwhile, the latter two are described as rather not fulfilling their task at the moment. Just like the NGO respondents, the representatives of business associations are skeptical about the stronger role consumers could play in the future. In line with the other stakeholder groups, business associations see a strong need for better cooperation among all groups and describe a shared responsibility when it comes to organizing measures for better exchange and a more advanced level of responsible business. Regarding Mongolia's performance to having achieved progress towards the individual 17 SDGs, the 5 representatives of business associations were as skeptical as the other stakeholder groups, but saw some potential regarding Gender Equality (#5), Decent Work & Economic Growth (#8), Reduced Inequalities (#10) and Peace, Justice & Strong Institutions (#16). Good Health & Well-Being (#3), Quality Education (#4), Clean Water & Sanitation (#6) and Responsible Consumption & Production (#12) were among the top counts when asked about the most relevant SDGs for Mongolia as a

country. Like the others, the 5 representatives described a shared responsibility of all stakeholders for achieving the goals. In relation to the company level, the business association representatives mentioned Good Health & Well-Being (#3), Quality Education (#4), Decent Work & Economic Growth (#8), and Responsible Consumption & Production (#12) as being among the most important goals. The 5 representatives were rather skeptical about the current contribution of their member companies to achieving progress on the SDGs in general. Asked about the individual goals they were positive e.g. regarding Zero Hunger (#2), Quality Education (#4), Decent Work & Economic Growth (#8), as well as Reduced Inequalities (#10). Asked for the reasons why companies contribute to achieving the SDGs, all 5 representatives mentioned potential reputational benefits. Opportunity to better focus sustainability strategy and to align core business activities with society's needs, as well as opportunity to gain new partnerships and extend to new markets were mentioned as more reasons. Asked about the concrete contributions companies can initiate for achieving success on the SDGs, the development of products and services in line with SDGs, applying SDGs as a lens for setting sustainable strategies and goals working on new forms of Public-Private-Partnerships, pursuing goals to reduce negative environmental/social impact, advocating for supportive policies and laws, as well as providing financing for solutions, were mentioned as most important.

In line with the responses of businesses and NGOs, business association representatives described financial rewards incl. tax exemptions and public acknowledgment of company efforts as relevant. More explicitly, they mentioned that companies require clear goals and directions set by the Mongolian government in order to be

able to contribute to the individual goals. Asked about the role of trust, 2 respondents said that government/state administration must act as front-runners and improve openness and transparency in Mongolia.

More explicitly than the companies themselves, the business association representatives highlighted the role of employees for promoting sustainable business, and that companies are responsible for training and promoting them and have to give back to the communities in which they operate.

## 4.6. CONCLUSION

The results indicate that companies understand the added value CSR and SDGs can bring and that many of them feel committed to more responsible business behavior. However, many company representatives state that the Mongolian business world, the legal and political environment, as well as the little acknowledgement of responsible business actions by the general Mongolian public, are obstacles for a stronger company commitment. The survey therefore concludes that the future of SDGs in Mongolia strongly depends on deeper, transparent and long-term cooperation between business, state administration and civil society on the gains and challenges that are connected to the Global Goals, as well as on the role each individual stakeholder group has to play in order to transform the SDGs into a success story for Mongolia's society. Trustful dialogue is therefore the key for turning the Global Goals into action: Acc. to the survey results, many companies consider the SDGs as a promising initiative which is different from previous attempts and are therefore willing to contribute to them.

### SUMMARY AND RECOMMENDATIONS

Overall, CSR/SDGs present strong incentives for companies, both regarding financial and non-financial matters. At the same time they leave many question marks when it comes to implementing and following-up the Global Goals on country level. In this context, companies need to take action on familiarizing, defining, setting and integrating goals and need to find appropriate ways of stakeholder communication. As a measure of support, politics, business and civil society need to engage in knowledge-sharing, exchange and learning.

Stakeholder involvement, including

communities in which companies operate, is getting more and more important.

Communication, dialogue and leadership are essential elements of trust-building. Following the global results, trust in business and politics is on the decline and companies need to find ways to fight this trend. An important step is that stakeholders understand and define their own role and the responsibility, incl. limitations, of others.

Employees will play a greater role in the future and will be decisive for a company's sustainable success. Companies need to work towards attracting the best talents and investing in employees' involvement in order to reach a decrease of turnover, in particular among younger employees.

The role of consumers and the general public in relation to business actions of companies will become more important in the future. At the same time, Responsible Consumption & Production (Goal #12) is globally rated as one of the goals with the smallest progress.

As a result of the global findings and the Mongolian survey, the following key findings and recommendations can be formulated:

✓ CSR/responsible business and sustainability incl. the respective efforts should to a greater extent be considered by companies, politics, civil society and the public as core element of business.

✓ Knowledge-sharing within and among stakeholder groups and steady exchange on progress and obstacles should be institutionalized and responsibility for this task be defined.

✓ Companies should educate and empower their employees and involve them more into finding business solutions and practices on the way to more responsible/sustainable business. This would also be in line with the interviewees'

estimation that Quality Education (Goal #4) is of high importance for Mongolia.

✓ Companies should pay increasingly attention to the positive and negative impact of their business on the environment and communities in which they operate. They must be aware that there might be a gap between how companies rate their responsibility performance and how this performance is perceived by others, which might lead to mistrust and frustration.

✓ Companies and all other stakeholders should increasingly act as role-models – both regarding responsible behavior and communication – on the way to a more sustainable society. They should steadily and openly voice their commitment and acknowledge efforts of others in order to achieve a change of mindset and stronger public acknowledgment of stakeholder efforts.

✓ Companies should built trustful relations to their customers and the general public by not only delivering quality products and services but also by being transparent and reliable in their business actions, tax paying, etc. This would also be in line with the Mongolian survey results acc. to which company representatives rate Responsible Consumption & Production (Goal #12) as one of the most important ones, both on company and country level.

✓ Mongolian stakeholders should work towards better awareness and acknowledgment of forms of responsible and sustainable business. Front-running companies need to feel rewarded for their efforts and incentives that are granted to them in acknowledgment of responsible and sustainable business action need to be comprehensible for everyone.

✓ Finally and acc. to the results highly important to most interviewed stakeholders, companies, politics and civil society need to find ways to a transparent, constant and target-oriented culture of dialogue and communication.

Only in a trust-based environment a common understanding on the aim, prospects and challenges of a sustainable future, as well as on the individual and collective responsibilities each stakeholder group has to take can be reached and support be generated. Companies should position themselves as action-shapers in order to contribute to a positive attitude and to initiate progress.

# ANNEX

## A. List of interviewed companies

(Large=100+, medium=19-100, small=5-19, micro=1-5)

	<b>Company name</b>	<b>Industry</b>	<b>Position of interviewed person</b>	<b>Number of employees</b>
1	Gurvan Gal	Health Care	CEO	217
2	Mongol Shuudan	Postal Services	CEO	912
3	Oyu Tolgoi	Mining	Manager	2500
4	XAC Leasing	Financial Services	CEO	26
5	Atlas Copco	Mining	Customer Service Representative	70
6	Khan Bank	Banking	Business Development Manager	5000+
7	GEM International	Beverage Company	Financial and project manager	500
8	Batu Construction	Construction	General Manager	22
9	Altai Logistic	Logistics	CEO	300
10	National Investment Bank	Banking	Auditor	187
11	Nachin Zaan	Pawnshop	Head of Internal Audit	300+
12	Airmarket	Services	HR Manager	120
13	Erinzuuch	Real Estate	Manager	10
14	UniGas	Clean Energy	Senior HR Specialist	160
15	Da Khuree Trade	Auto Sales	Manager	60+
16	Ulaanbaatar Buyan	Funeral Services	Vice Director	170
17	Ulaanbaatar City Bank	Banking	Branch Director	300–400
18	Wagner Asia	Automotive	Managing Director	550
19	Misheel Mega Mall	Store, Showrooms & Government One-Stop Service Center	Sales Manager	N/A
20	International Freight Forwarding Center of UB Railway	Logistics	Managing Director	53
21	Suu Joint Stock Company	Dairy Products	Public Relations Manager	400

22	IFS	Financial Services	HR Manager	15+
23	MAD	Agriculture	Executive director	15
24	Thermal Power Plant 4	Energy	CEO	1492
25	Eco Alt	Mining	CFO	300
26	Shunkhlai Group	Management Services	Company Lawyer	17
27	Anand Road LLC	Infrastructure	Executive Director	55
28	Erdenes Tavan Tolgoi	Mining	Director of Local Cooperation	630
29	Raffles International	Education	HR Manager	21
30	SICA LLC	Research, consulting	Manager	16
31	UNITEL	Communication	Human Resources Director	1000+
32	State Bank	Banking	HR Research Analyst	3550
33	Mining National Operator	Mining	Director	150
34	Greentrends	Environmental consulting Company	Business Development Director	7
35	TESO Corporation	Trade, Industry and Construction	HR Director	1000+
36	Nomin Holding	Trading, retail	Procurement Officer	5336
37	Petrotrak	Mining	CEO	21
38	Edshill	Design, Consulting & Construction	Director	26
39	MCS, APB	Beverage Company	HR Manager	260
40	TELMEN Group	Construction	President	116
41	Gandirs Group	Mining, tourism	President	100
42	DalaiBuyan	Construction, Industry & Trade	CEO	51
43	Khaan Insurance	Insurance Company	Financial Manager	25
44	APU	Beverage Company	Head of Strategic Planning	810
45	Master Mining Service	Mining	Director	30
46	Uils Road LLC	Construction	Executive Director	50



47	Surleg Hangain Zam	Mining	CEO	47
48	Monos Group	Pharmaceuticals	Investment and Procurement Officer	1500+
49	Capital Bank	Banking	Director of Finance Asset Management	350

### B. List of interviewed business association

	<b>Name of Institution</b>	<b>Position of interviewed person</b>
1	Business Council of Mongolia	Manager
2	Mongolian Non Bank Financial Institutions Association	CEO
3	Mongolian Institute of Certified Public Accountants	CEO
4	Mongolian Association of State Alumni	N/A
5	Rotary Club of Ulaanbaatar	President

### C. List of interviewed NGOs

	<b>Name of Institution</b>	<b>Position of interviewed person</b>
1	Development Solutions	Executive Director
2	Anonymous NGO1	N/A
3	Anonymous NGO2	N/A
4	Zorig Foundation	Program Coordinator
5	UFE	N/A