

### Public Information Summary

<b>Host Country</b>	Mongolia
<b>Name of Borrower</b>	MSM Group LLC (the “Borrower”)
<b>Project Description</b>	The Project will support the expansion of the Borrower’s equipment sale, leasing and rental business, while also supporting the upgrade of the Borrower’s systems, facilities, and product offerings.
<b>Proposed DFC Loan</b>	\$10,000,000
<b>Total Project Cost</b>	\$20,000,000
<b>U.S. Sponsor</b>	David Reiner
<b>Policy Review</b>	
<b>Developmental Objectives</b>	This Project is expected to have a highly developmental impact in Mongolia through support for the purchase of new advanced machinery and equipment to stock the Borrower’s wholesaling business. This equipment will be sold and leased to companies in a host of sectors, including SMEs, which currently have limited growth due to reliance on outdated equipment. The availability of advanced equipment is expected to have the strong potential to support modernization of the Mongolian economy.
<b>Environment and Social Assessment</b>	<p><b>Screening:</b> The Project has been reviewed against DFC’s environmental and social policies and determined to be categorically eligible. The Project has been screened as Category B because it involves an investment in existing medium-scale equipment and commodities trading operations within existing fence-line which have the potential to result in limited environmental and social impacts. However, these impacts can be mitigated to acceptable levels by adopting good management practices. Key issues of concern include the need for: (a) effective environmental and social management systems; (b) proper management of hazardous materials (including pesticides and fuels); (c) safety in the workplace; (d) proper management of risks of contractors and in the supply chain; and (e) effective grievance mechanisms.</p> <p><b>Applicable Standards:</b> DFC’s environmental and social due diligence indicates that the Project will have impacts which must be managed in a manner consistent with the following International Finance Corporation’s (IFC) 2012 Performance Standards (PS):</p> <p>PS 1: Assessment and Management of Environmental and Social Risks and Impacts;</p>

PS2: Labor and Working Conditions;  
PS3: Resource Efficiency and Pollution Prevention; and  
PS4: Community Health, Safety, and Security.

The Project involves the expansion of existing operations within existing fence-line and which are located within commercial or industrial areas. Therefore, PS 6 (Biodiversity Conservation and Sustainable Natural Resource Management) is not expected to be triggered.

In accordance with PS 3, IFC's General Environmental, Health, and Safety (EHS) Guidelines are also applicable to the Project. DFC's statutorily required language will be supplemented with provisions concerning the rights of association, organization and collective bargaining, minimum age of employment, prohibition against the use of forced labor, non-discrimination, hours of work, the timely payment of wages, and hazardous working conditions. Standard and supplemental contract language will be applied to all workers of the Project, including contracted workers.

The Project's greenhouse gas (carbon dioxide equivalent) emissions are estimated to be less than 20,000 tons per year.

**Environmental and Social Risks and Mitigation Measures:** The Borrower has developed a Health, Safety, and Environmental and Social Management System (HSESMS) that provides the approach to managing environmental risks in compliance with the IFC's Performance Standards. The Borrower has performed an environmental review of its operations and identified the risks associated with its concrete mixing and equipment and commodities trading operations. Appropriate plans have been developed to manage the identified environmental risks to acceptable levels. The Borrower's organizational capacity, training, monitoring, and reporting have been assessed to be adequate for properly managing the environmental, health, and safety risks to acceptable levels.

Solid waste and wastewater management practices are acceptable and involve recycling of plastic, paper, and metallic wastes and discharge of wastewaters to the municipal sewerage network. Solid wastes that cannot be recycled are sent to municipal landfills. Agro-chemicals (such as pesticides and fertilizers) and equipment involved in the trading operations are also properly managed in compliance with the local regulations and are consistent with the internationally recognized industry practices. Adequate fire prevention and control and other safety measures are also in place.

	<p>The Borrower has implemented a Human Resources Policy that mostly aligns with IFC Performance standards. The Borrower will be required to revise these policies regarding employment definitions and employee grievance mechanism. The Borrower has implemented an Integrity Code that commits the Borrower to respecting human rights, including the prohibition of child and forced labor, however the Borrower must develop a supply chain due diligence procedure to implement this policy for suppliers of raw materials. The Borrower also has an appropriate stakeholder engagement policy and external grievance mechanism.</p> <p>The Borrower is expected to continue implementing its HSESMS and monitor the environmental performance of its operations. The Borrower is also expected to manage its operations in accordance with IFC's 2012 Performance Standards and EHS General Guidelines. The Borrower will be required to update its policies to more explicitly address social risks in its due diligence and monitoring. Additionally, the Borrower will be required to update its human resources policies to ensure alignment with IFC PS.</p>
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