



# Development Impact Assessment

August 2024





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J.P. MORGAN DEVELOPMENT IMPACT ASSESSMENT

Golomt Bank

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**August 2024**

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# Executive Summary

Golomt Bank (“Golomt Bank” or the “Issuer”) is a commercial bank in Mongolia serving clients across retail, corporate and small-and medium-sized enterprises (“SMEs”). On May 20, 2024, Golomt Bank issued US \$300 million Reg S / 144A notes (the “Transaction”) to finance its general corporate purposes and pursue its expansion strategy. The J.P. Morgan Development Finance Institution (“JPM DFI”) has assessed the Transaction to have an anticipated development intensity of **High** with contributions to the **United Nations Sustainable Development Goals (UN SDGs) #2, #4, #5, #6, #7, #8, #12, and #13** as of August 2, 2024.

|   |   |  |  |
|---|---|--|--|
|    | <b>Sector Filter</b>                    | ✓  | The Transaction is expected to support the financial services sector, an eligible sector per the Methodology.  |
|    | <b>Geography Filter</b>                 | ✓  | The Issuer is headquartered in Mongolia, a country eligible to borrow from the World Bank.   |
|    | <b>Product Filter</b>                   | ✓  | The Transaction is a US \$300 million Reg S / 144A notes issuance that raises capital for the Issuer and is anticipated to enable the Issuer to finance its general corporate purposes, including expanding its financing activity with a focus on its green portfolio.                        |
|  | <b>UN SDGs Contribution</b>             | <b>#2 #4, #5, #6, #7, #8, #12, and #13</b> | The Transaction supports the issuer’s intentions to advance the UN SDGs associated with zero hunger, quality education, gender equality, clean water and sanitation, clean and affordable energy, decent work and economic growth, responsible consumption and production, and climate action. |
|  | <b>Development Gap Assessment</b>       | <b>High</b>                                | The assessment of relevant development indicators ( <i>see Section 5.a for full analysis</i> ) suggests Mongolia has a <b>High</b> gap relative to other developing countries in sectors in-scope of the Transaction.  |
|  | <b>Investment Contribution</b>          | <b>High</b>                                | The Transaction is anticipated to support Golomt Bank’s operations in the country and support the overall financial sector in Mongolia as well.  |
|  | <b>Development Intensity Assessment</b> | <b>High</b>                                | The combination of the development gap assessment and the investment contribution assessment yields an overall development intensity assessment of <b>High</b> .   |
|  | <b>Annual Reporting</b>                 | ✓  | The Issuer has committed to report on the development outputs and outcomes of this Transaction on an annual basis ( <i>see Appendix A</i> ).   |

# Introduction

Golomt Bank (“Golomt or the “Issuer”) is a leading commercial bank in Mongolia with over 1 million retail, corporate, and SME clients in the country with a population of 3.4 million people. Golomt Bank serves a high proportion of the urban working population in Mongolia, according to the Business Council of Mongolia. Since it was founded in 1995, it has contributed to Mongolia’s development by introducing innovative products and services that have accelerated the development of the Mongolian financial sector and expanded access to banking services for the Mongolian people.

As part of the Issuer’s support of financial inclusion throughout Mongolia, its activities are guided by its Sustainable Development Policy, which is based on three goals: (1) Promote sustainable business, (2) Focus on social and environmental issues, and (3) Create satisfactory job retention.

Golomt Bank also has a sustainability strategy, which guides its execution on its commitment to contribute to global and national sustainable development goals and strengthen its support of its customers on their green and sustainable projects.

On May 9, 2024, Golomt Bank issued US \$300 million Reg S / 144A notes in the international capital markets (the “Transaction”) to support the Issuer to pursue its expansion strategy, including increasing its green loan portfolio across the categories of renewable energy, low pollution energy, energy efficiency, green buildings, pollution prevention and control, sustainable agriculture, land use, forestry and eco-tourism, sustainable water and waste management, and clean transport.

As part of the Issuance, Golomt Bank also aims to increase access to financial services in Mongolia, promote female employment, support knowledge development, and mitigate the negative impacts of its operations, including greenhouse gas (“GHG”) emissions, water consumption, electricity consumption, and material waste.

The JPM DFI used its five-step Methodology<sup>1</sup> to assess the anticipated development impact of the Transaction as follows:

## 1. SECTOR FILTER

The Transaction is expected to support the financial services sector, which is an eligible sector as defined by the Methodology.

## 2. GEOGRAPHY FILTER

The Issuer is supporting its activity in Mongolia, a country eligible to borrow from the World Bank.

## 3. PRODUCT FILTER

The Transaction is a US \$300 million Reg S / 144A issuance in the international capital markets that raises capital for the Issuer and is anticipated to allow the Issuer to pursue its business and financing strategy, including increasing its green portfolio.

## 3. CONTRIBUTION TO THE UN SDGS

The Transaction’s anticipated development impact is expected to contribute to the **UN SDGs #2, #4, #5, #6, #7, #8, #12, and #13**. This is based on identifying the UN SDG indicators corresponding to the development outputs and outcomes set forth by the Issuer as well as the UN SDG targets aligned with those indicators as shown below.

<sup>1</sup> Full methodology available at <http://www.jpmorgan.com/dfi/methodology>.

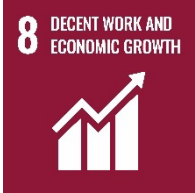


# Contribution to the UN SDGs

| ANTICIPATED DEVELOPMENT OUTPUTS   | UN SDG INDICATORS  | UN SDG TARGETS   | UN SDGs   |
|---|--|--|---|
| <ul style="list-style-type: none"> <li>Supporting smallholder farmers and financing sustainable agriculture through its green loan portfolio</li> </ul> | Cereal Yield (kg per hectare) <sup>2</sup>               | <i>Target 2.3:</i> Double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers |    |
| <ul style="list-style-type: none"> <li>Increasing the total number of employees trained and the number of hours of training provided</li> </ul>         | Firms offering formal training (% of firms) <sup>3</sup> | <i>Target 4.3:</i> By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university                   |    |
| <ul style="list-style-type: none"> <li>Increasing female representation in total employment and in management positions</li> </ul>                      | 5.5.2: Proportion of women in managerial positions       | <i>Target 5.5:</i> Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life    |  |
| <ul style="list-style-type: none"> <li>Reducing water consumption</li> </ul>  | 6.4.1: Water Use Efficiency                              | <i>Target 6.4:</i> Substantially increase water-use efficiency and ensure sustainable withdrawals and supply of freshwater   |  |
| <ul style="list-style-type: none"> <li>Reducing energy consumption</li> </ul>   | 7.3.1: Energy intensity level of primary energy          | <i>Target 7.3:</i> Double the global rate of improvement in energy efficiency  |  |

<sup>2</sup> Cereal yield was used as a proxy indicator from World Bank Data, as there was insufficient data for SDG Indicators related to SDG Target 2.3.

<sup>3</sup> Used as a proxy dataset due to lack of available data for SDG Indicator 4.4.1: Proportion of youth and adults with information and communications technology (ICT) skills, by type of skill.

# Contribution to the UN SDGs

| ANTICIPATED DEVELOPMENT OUTPUTS  | UN SDG INDICATORS   | UN SDG TARGETS  | UN SDGs   |
|--|---|---|---|
| <ul style="list-style-type: none"> <li>Increasing the number of new hires annually</li> </ul>                        | 8.5.2: Unemployment, total (% of total labor force) (national estimate) | <i>Target 8.5:</i> By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value |    |
| <ul style="list-style-type: none"> <li>Expanding its loan portfolio, focusing on SMEs and green financing</li> </ul> | 8.10.2: Domestic credit to private sector (% of GDP)                    | <i>Target 8.10:</i> Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all  |   |
| <ul style="list-style-type: none"> <li>Reducing paper and plastic consumption</li> </ul>                             | Municipal solid waste <sup>4</sup>                                      | <i>Target 12.2:</i> By 2030, achieve the sustainable management and efficient use of natural resources.   |  |
| <ul style="list-style-type: none"> <li>Setting targets for reduction of Scope 1, 2, and 3 GHG emissions</li> </ul>   | 13.2.2: CO2 emissions (metric tons per capita)                          | <i>Target 13.2:</i> Integrate climate change measures into national policies, strategies and planning   |  |

<sup>4</sup> Used as a proxy dataset due to lack of available data for SDG Indicator 12.2.1: Material footprint, material footprint per capita, and material footprint per GDP.

# Development Gap Assessment

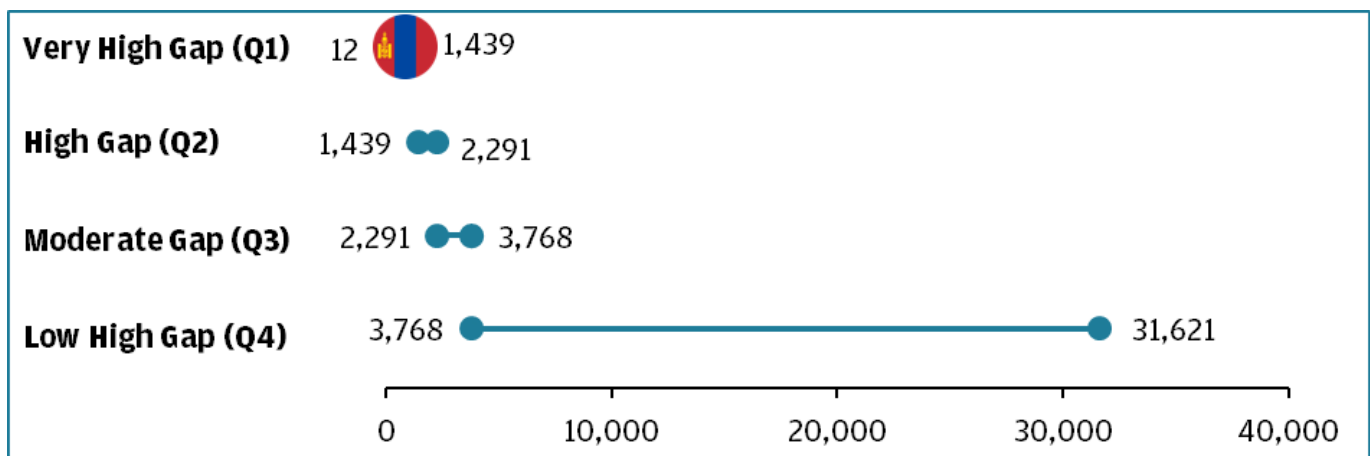
## 5.DEVELOPMENT INTENSITY ASSESSMENT

The JPM DFI assesses two dimensions to evaluate the development intensity of a transaction. The first dimension, the **Development Gap Assessment**, evaluates the magnitude of the development gaps of the country that will be supported by the Transaction. The second dimension, the **Investment Contribution Assessment**, measures how the Transaction is expected to address the development gaps (sector-specific and cross-cutting),<sup>5</sup> while accounting for policies and practices the Issuer has in place to mitigate any negative impacts, and the market development<sup>6</sup> effects resulting from the Transaction. The intersection of these two dimensions provides the overall **Development Intensity Assessment**.

### 5.A. DEVELOPMENT GAP ASSESSMENT<sup>7</sup>

To assess the development gaps to meet the UN SDGs, Mongolia’s metrics for in-scope sector indicators were compared to those of other countries eligible to borrow from the World Bank. The charts below show how Mongolia measures against this peer group on the following UN SDGs indicators aligned to the Transaction.

#### UN SDG Indicator 2.3.1: Cereal Yield (kg per hectare)<sup>8</sup>



Per the chart above, the cereal yield in Mongolia was **1,113 kg per hectare** in 2022. This statistic falls in the first quartile of the distribution of other developing countries, indicating that the development gap for **UN SDG Indicator 2.3.1** is **Very High**.

<sup>5</sup> Cross-cutting criteria are Transaction aspects that will be considered regardless of sector, including: (i) environmental / climate sustainability; (ii) job creation; (iii) gender and diversity; and (iv) institutional governance.

<sup>6</sup> Market development may occur through: (i) demonstration effects; (ii) supply chain effects; (iii) knowledge development; (iv) global standards; (v) market connectivity; (vi) market competitiveness; (vii) international trade and investment; and (viii) financial innovation & complexity.

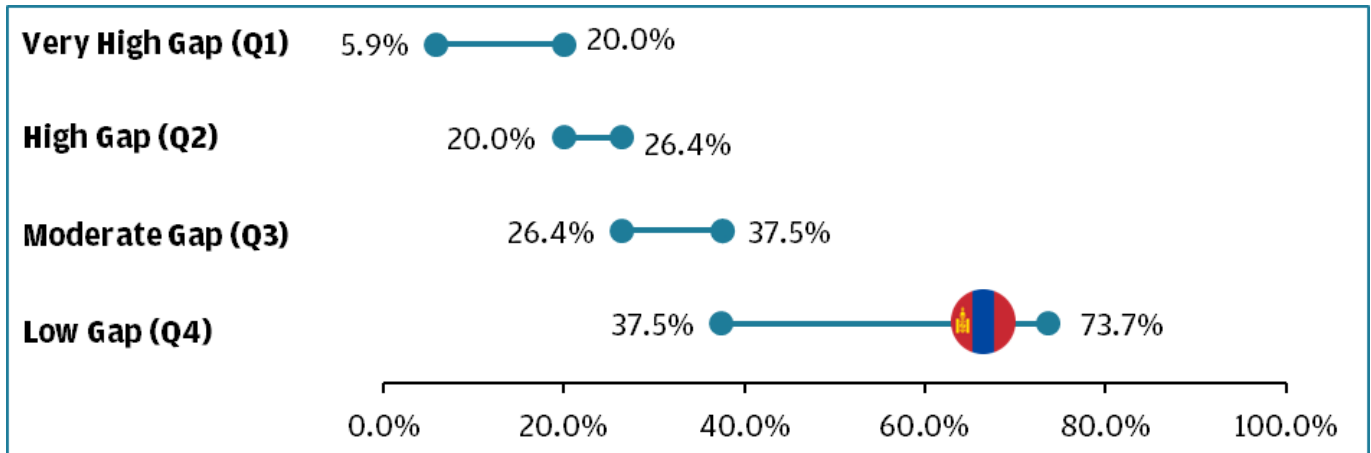
<sup>7</sup> The JPM DFI leverages only the indicators that are available in the World Bank’s World Development Indicators, the UN SDGs Indicators Database and / or other authoritative third-party sources. The most recent statistics available have been used for the assessment.

<sup>8</sup> Cereal yield was used as a proxy indicator from World Bank Data, as there was insufficient data for SDG Indicators related to SDG Target 2.3. Source: Food and Agriculture Organization, electronic files and web site. Data retrieved from [World Bank Data](https://data.worldbank.org/) on March 28, 2024 (n=132).



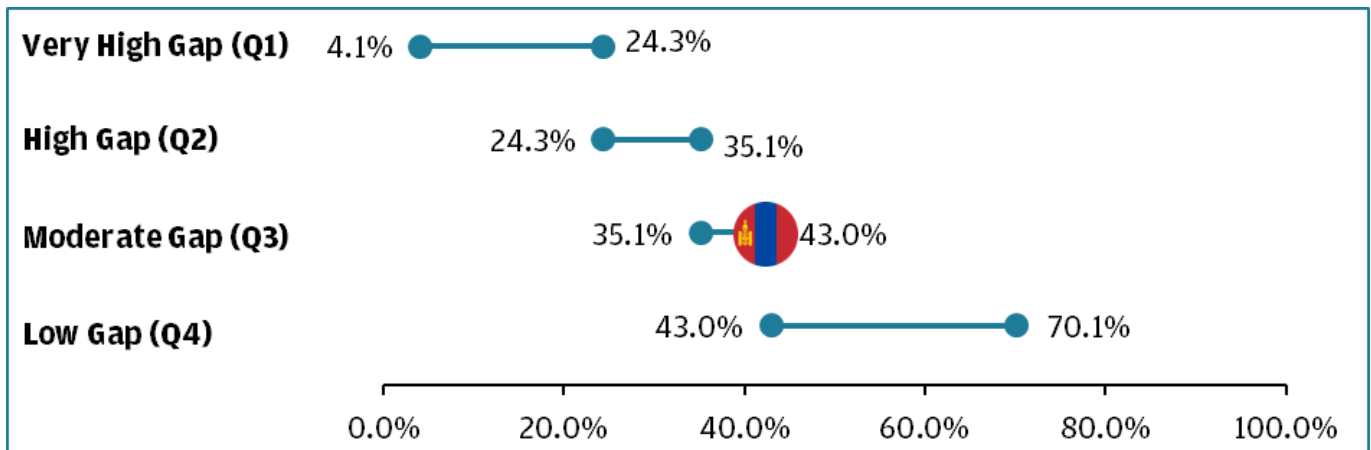
# Development Gap Assessment

## SDG Indicator 4.3.1: Firms offering formal training (% of firms)<sup>9</sup>



Per the chart above, **66.2% of firms in Mongolia provided formal training to their employees** in 2019. This statistic falls in the fourth quartile of the distribution of other developing countries, indicating that the development gap for **UN SDG Indicator 4.4.1** is **Low**.

## UN SDG Indicator: 5.5.2: Proportion of women in managerial positions (%)<sup>10</sup>



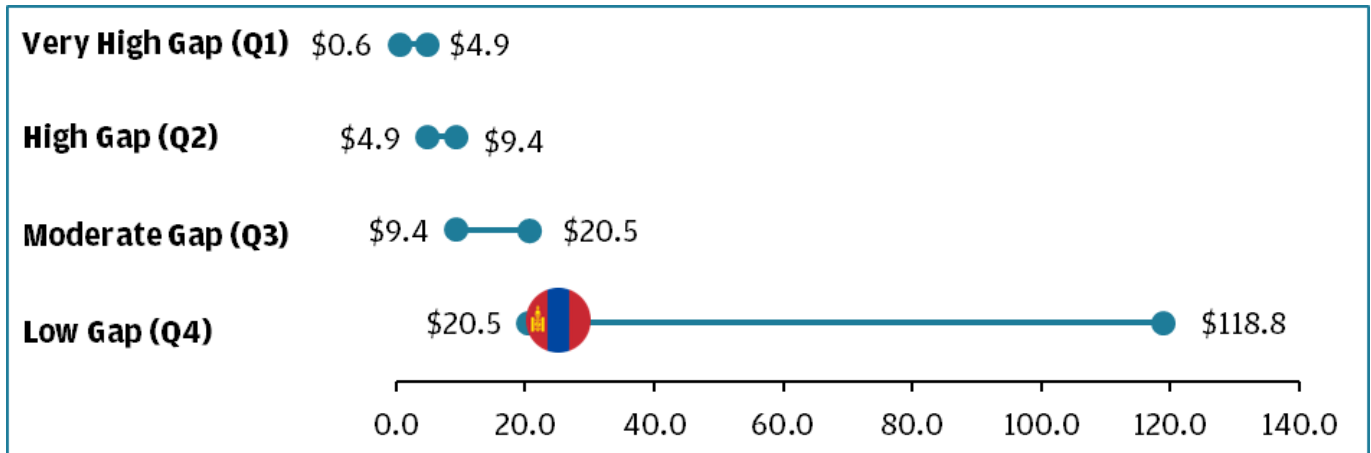
Per the chart above, the **proportion of women in managerial positions in Mongolia was 42.0%** as of 2022. This statistic falls in the third quartile of the distribution of other developing countries, indicating that the development gap for **UN SDG Indicator 5.5.2** is **Moderate**.

<sup>9</sup> Used as a proxy dataset due to lack of available data for SDG Indicator 4.4.1: Proportion of youth and adults with information and communications technology (ICT) skills, by type of skill. Source: World Bank, Enterprise Surveys (enterprisesurveys.org). Data retrieved from [World Bank Data](https://data.worldbank.org/) on March 28, 2024 (n=95).

<sup>10</sup> Source: ILO Modelled estimates, November 2023. Data retrieved from [UN Statistics](https://data.un.org/) as of March 28, 2024 (n=124).

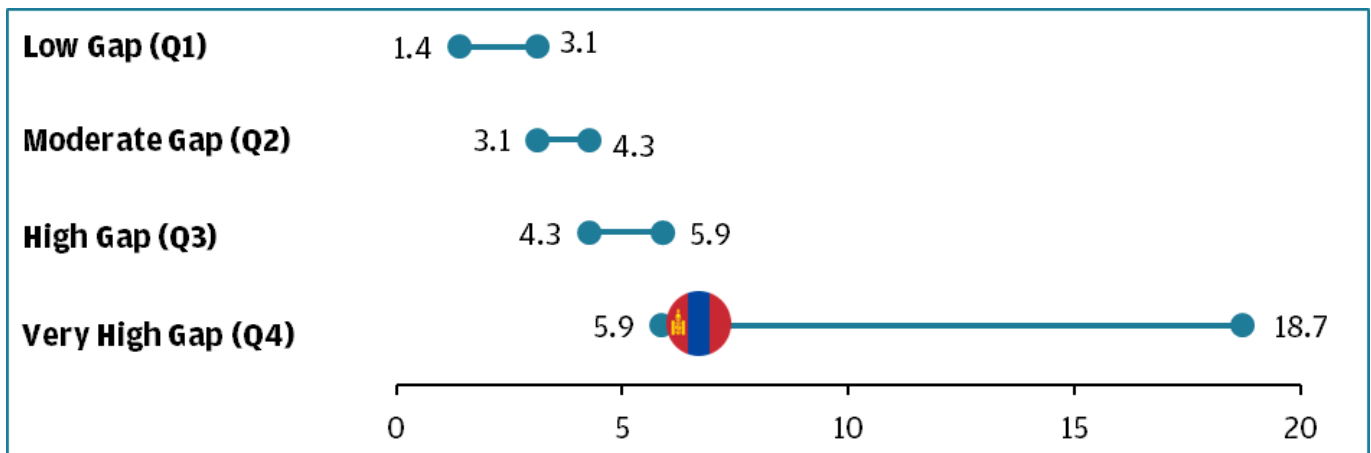
# Development Gap Assessment

## SDG Indicator 6.4.1: Water Use Efficiency<sup>11</sup>



Per the chart above, **water use efficiency in Mongolia was \$23.0 per cubic meter** in 2021. This statistic falls in the fourth quartile of the distribution of other developing countries, indicating that the development gap for **UN SDG Indicator 6.4.1** is **Low**.

## SDG Indicator 7.3.1: Energy intensity level of primary energy<sup>12</sup>



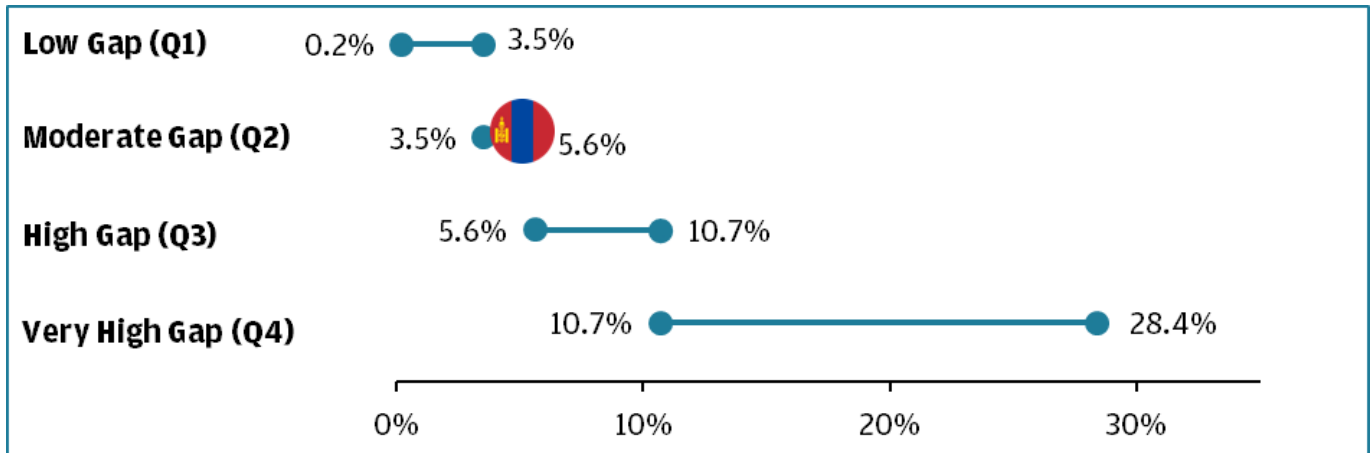
Per the chart above, the **energy intensity level of primary energy was 7.0 megajoules per constant 2017 purchasing power parity GDP** in Mongolia in 2021. This statistic falls in the second quartile of the distribution of other developing countries, indicating that the development gap for **UN SDG Indicator 7.3.1** is **Very High**.

<sup>11</sup> Source: Food and Agriculture Organization of the United States. Data retrieved from [UN Statistics](#) as of March 28, 2024 (n=123).

<sup>12</sup> Source: IEA, IRENA, UNSD, World Bank, WHO. 2023. Tracking SDG 7: The Energy Progress Report. World Bank, Washington DC. © World Bank. Data retrieved from [World Bank Data](#) as of March 28, 2024 (n=131).

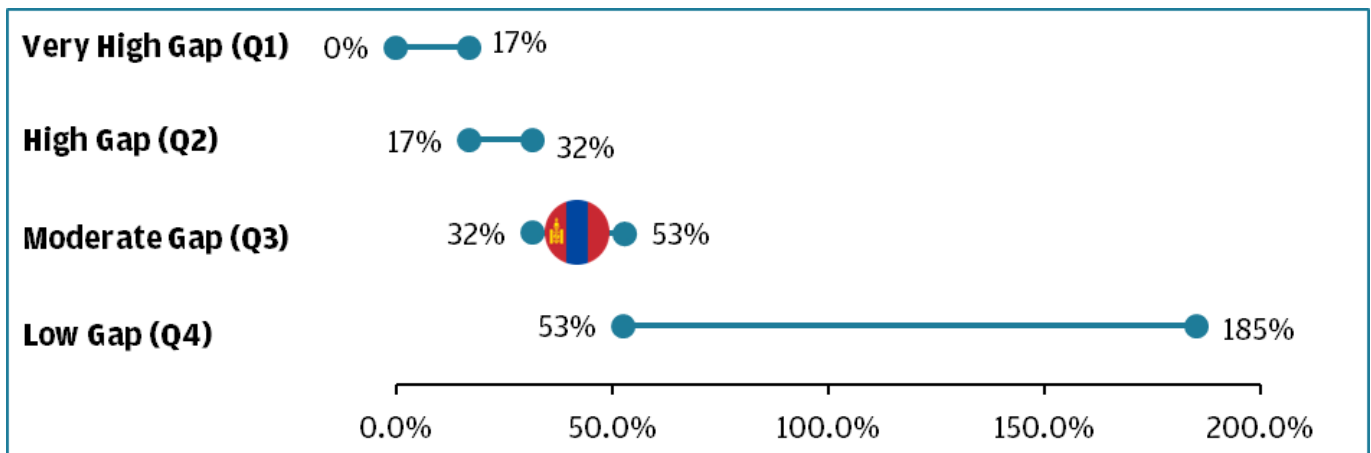
# Development Gap Assessment

## SDG Indicator 8.5.2: Unemployment, total (% of total labor force) (modeled ILO estimate)<sup>13</sup>



Per the chart above, **5.4% of Mongolia’s labor force was unemployed** in 2023. This statistic falls in the second quartile of the distribution of other developing countries, indicating that the development gap for **UN SDG Indicator 8.5.2** is **Moderate**.

## SDG Indicator 8.10.2: Domestic credit to private sector (% of GDP)<sup>14</sup>



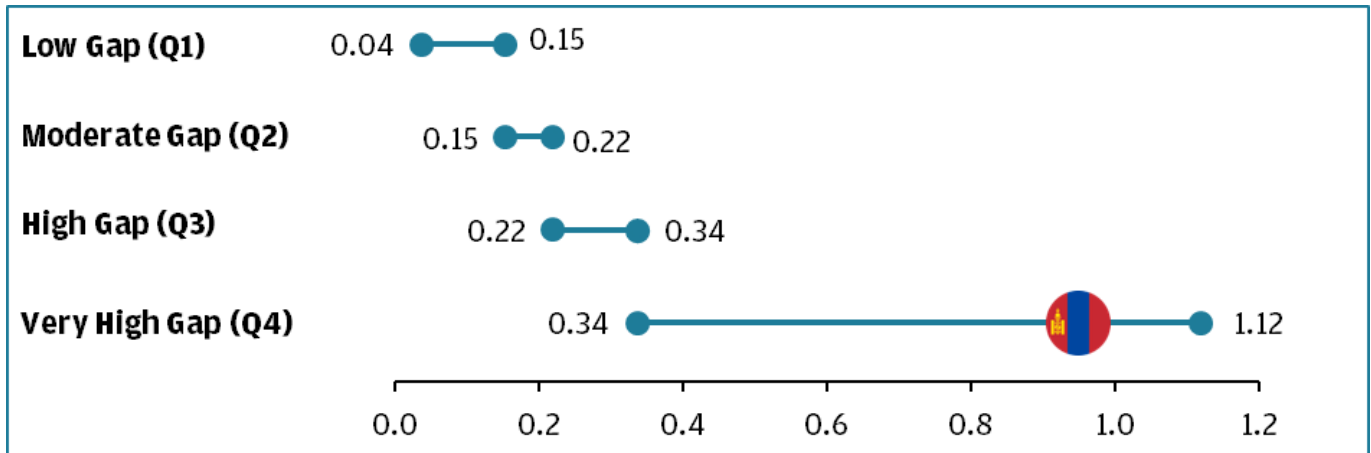
Per the chart above, **domestic credit flows to the private sector were 40.9% of GDP** in Mongolia in 2022. This statistic falls in the third quartile of the distribution of other developing countries, indicating that the development gap for **UN SDG Indicator 8.10.2** is **Moderate**.

<sup>13</sup> Source: International Labour Organization. “ILO Modelled Estimates and Projections database ( ILOEST )” ILOSTAT. Accessed February 06, 2024. Data retrieved from [World Bank Data](#) as of March 2, 2024 (n=132).

<sup>14</sup> Source: International Monetary Fund, International Financial Statistics and data files, and World Bank and OECD GDP estimates. Data retrieved from [World Bank Data](#) as of March 28, 2024 (n=134).

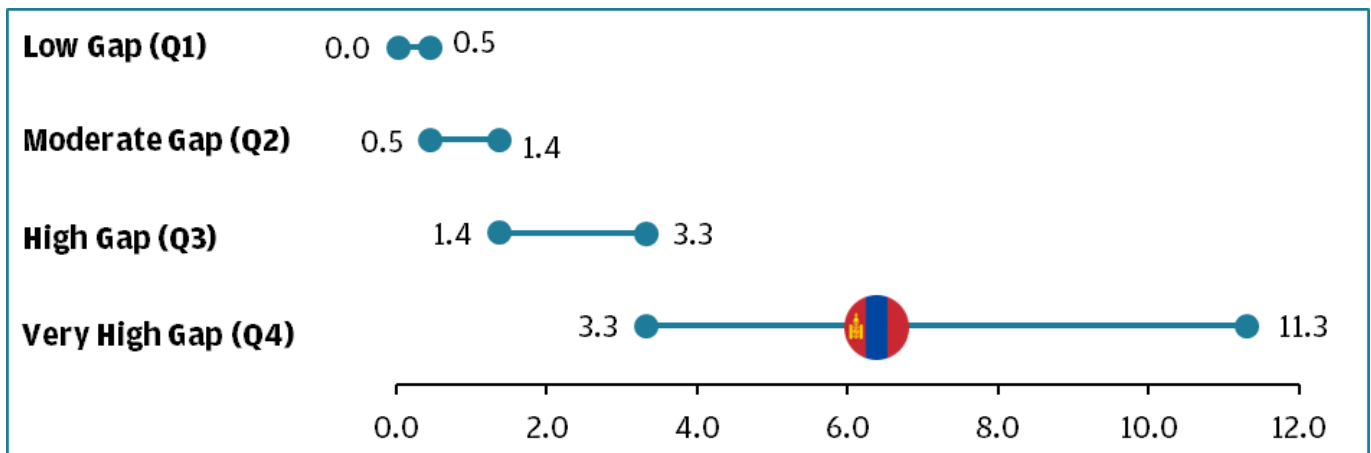
# Development Gap Assessment

## SDG Indicator 12.2.1: Total Municipal Solid Waste generated per annum per capita (metric tons)<sup>15</sup>



Per the chart above, the total **municipal solid waste generated per capita was 0.96 metric tons** in Mongolia in 2020. This statistic falls in the fourth quartile of the distribution of other developing countries, indicating that the development gap for **UN SDG Indicator 12.2.1** is **Very High**.

## SDG Indicator 13.2.2: CO2 emissions (metric tons per capita)<sup>16</sup>



Per the chart above, **CO2 emissions were 6.4 metric tons per capita** in Mongolia in 2020. This statistic falls in the third quartile of the distribution of other developing countries, indicating that the development gap for **UN SDG Indicator 13.2.2** is **Very High**.

**Development Gap Assessment:** The analysis of these metrics suggests Mongolia faces a **Very High** development gap with respect to **UN SDG Targets 2.3, 7.3, 12.2, and 13.2**, a **Moderate** development gap with respect to **UN SDG Targets 5.5, 8.5, and 8.10**, and a **Low** development gap with respect to **UN SDG Targets 4.4 and 6.4**. Averaging the assessment for these indicators suggests an overall development gap assessment of **High** for Mongolia in the sectors and areas the Transaction is intended to support.

<sup>15</sup> Used as a proxy dataset due to lack of available data for SDG Indicator 12.2.1: Material footprint, material footprint per capita, and material footprint per GDP. Source: Whatawaste Database. Data retrieved on March 28, 2024 (n=144).

<sup>16</sup> Source: Emissions data are sourced from Climate Watch Historical GHG Emissions (1990-2020). 2023. Washington, DC: World Resources Institute. Data retrieved from [World Bank Data](#) as of March 28, 2024 (n=143).



# Investment Contribution Assessment

## 5.B. Investment Contribution Assessment

*The second dimension of the development assessment evaluates the contribution of the Transaction towards sustainably addressing the development gaps while accounting for policies and practices to minimize negative impacts, and the market development effects resulting from the Transaction. The investment contribution assessment is comprised of three dimensions outlined in the framework below.*

### 5.B.1. Positive Impacts: High

This dimension evaluates the specificity and magnitude of positive output and outcome targets (including sector-specific and cross-cutting indicators) disclosed by the client in conjunction with the Transaction.

#### Financing Activity

Golomt Bank aims to achieve incremental positive impacts in Mongolia through its financing activity and augmenting its green loan portfolio, including:

- Increasing its green loan portfolio to comprise 10% of the total loan portfolio by 2030, from a baseline of 3.9% in 2023. The green loan portfolio is comprised of the below components:
  - Renewable energy
  - Low pollution energy
  - Energy efficiency
  - Green buildings
  - Pollution prevention and control
  - Sustainable agriculture, land use, forestry and eco-tourism
  - Sustainable water and waste management
  - Clean transport
- By growing its green loan portfolio, Golomt Bank intends to achieve development outputs and outcomes in Mongolia, including:
  - Through financing renewable energy, low pollution energy, energy efficiency, green buildings (defined as buildings that adhere to the International EDGE standard), pollution prevention and control, and clean transport, Golomt Bank aims to reduce the energy consumption and greenhouse gas of the buildings financed.
  - Through financing sustainable agriculture, land use, forestry and eco-tourism, Golomt Bank aims to lend to an increased number of smallholder farmers, increase the overall agricultural yield, and expand the proportion of land under sustainable management.
  - Through financing sustainable water and waste management projects, Golomt Bank aims to decrease the water consumption of the loan portfolio by 5% by 2030 and 10% by 2050 from 2022 baseline by focusing on particularly water-intensive loans, and to decrease the waste generated by the loan portfolio.

# Investment Contribution Assessment

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## Operations

In addition to the positive impacts that Golomt Bank aims to achieve through expansion of its loan portfolio, the Issuer also aims to achieve incremental impacts with regards to its operational sustainability, including:

- Increasing access to financial services in Mongolia by:
  - Promoting digital banking services, and for those without access to smartphones or technology, ensuring access to one bank branch at the provincial level; and
  - Extending financial services and products to new customer bases including herders, students and juniors, female entrepreneurs, and micro, small, and medium-sized enterprises.
- Promoting female employment and leadership by:
  - Maintaining a high proportion of female representation in total employment from a baseline of 65% in 2022 in and executive management from a baseline of 77% in 2022; and
  - Convening the Bank's Gender Equality Committee on a quarterly basis to implement initiatives to expand access to financial services, empower women to generate income and establish businesses, and advocate for gender equality.
- Supporting knowledge development and employment in Mongolia by:
  - Continuing to provide annual learning to our employees, from a baseline of 112,588 hours of training provided and 68.1 learning hours per employee in 2022; and
  - Supporting direct employment by continuing to hire new employees, aiming to increase the number of employees hired annually from a baseline of 600 in 2022.

# Investment Contribution Assessment

## 5.B.2. Mitigating Negative Impacts: High

*This dimension evaluates the Issuer's operational policies and practices to ensure that the development outputs and outcomes specified in the previous section are undertaken in a responsible, inclusive and sustainable manner. This includes:*

### Environmental and social risk management framework

To mitigate environmental and social risks, Golomt Bank applies its [Sustainable Development Policy](#) and adheres to applicable international standards.

- Golomt Bank's Sustainable Development Policy incorporates environmental and social responsibility and risk management into its internal operations, credit operations, marketing efforts, training and development initiatives and human resource practices.
- To oversee and manage the implementation of its sustainable development strategy, ensure alignment with the Paris Agreement, and enhance supervision and reporting, Golomt Bank's Sustainable Development Committee convenes on a quarterly basis.
- In 2022, Golomt Bank approved and implemented its "Internal Procedures for Environmental and Social Risk Assessment," which made procedural improvements to identify unacceptably high risks within the E&S framework, developed specialized assessment models for over 400 economic sectors and introduced a green loan assessment model that places significant emphasis on E&S risk assessment.

### Negative impacts and reduction plans

As part of its goals to achieve positive outputs and outcomes in Mongolia, Golomt Bank aims to reduce the negative impacts of its portfolio and operations, including:

- Through participation in the Partnership for Carbon Accounting Financials, Golomt Bank aims to reduce greenhouse gas ("GHG") emissions by 30% by 2030 and 50% by 2050 for total emissions from 2023 levels, including:
  - Reducing Scope 1 emissions from a baseline of 408,064 tons of CO<sub>2</sub> equivalent ("tCO<sub>2</sub>e") in 2023;<sup>17</sup>
  - Reducing Scope 2 emissions from a baseline of 1,159,819<sup>17</sup> tCO<sub>2</sub>e in 2023;
  - Reducing Scope 3 emissions, including upstream and financed emissions of its high-impact loan portfolio, which includes manufacturing, mining, agriculture, infrastructure, land transportation, construction and buildings, from a baseline of 2,749,816 tCO<sub>2</sub>e in 2023; and
  - Increasing the proportion of GHG emissions offset by planting trees, from a baseline of 2.6% offset in 2022.
- In addition to reducing GHG emissions, Golomt Bank aims to make other improvements to operational sustainability, including:
  - Reducing electricity consumption from a baseline of 1,379,706 kilowatts in 2022;<sup>18</sup>
  - Reducing energy consumption, water consumption, and heating in branches;
  - Reducing water consumed from a baseline of 7,349m<sup>3</sup> in 2022; and
  - Increasing recycling from 103.7 kilograms recycled in 2022 and the total amount of plastic waste from a baseline of 221.9 kilograms in 2022.

<sup>17</sup> Scope 1 and Scope 2 emissions figures have been revised from May 2024 offering memorandum due to Golomt Bank's changes in GHG calculation methodology primarily linked to revised figures for average 2023 market price used for fuel and diesel emissions calculations, attribution factor calculation and changes to conversion metric used to measure heating to align with the UK DEFRA metric. Golomt Bank has received [third party verification for its emissions values](#). Electricity and heating usage in Golomt Bank's branches are not included as Golomt Bank did not record these values in 2023. However, these data will be available in 2024 and onwards. <sup>18</sup> Metric relates to the four offices Golomt Bank had open as of 2022.

# Investment Contribution Assessment

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## **Policies and procedures to mitigate negative impacts across ESG matters**

In recognition of its existing environmental and social risks and efforts to mitigate those, Golomt Bank applies its Sustainable Development Policy and strive to adhere to applicable international standards, evidenced by the following:

- Golomt Bank applies its aforementioned Sustainable Development Policy to incorporate environmental and social responsibility and risk management into its internal operations, credit operations, marketing efforts, training and development initiatives and human resource practices.
- It has its own Sustainable Development Committee which convenes on a quarterly basis to oversee and manage the implementation of its sustainable development strategy, ensure alignment with the Paris Agreement, and enhance supervision and reporting.
- In 2022, Golomt Bank approved and implemented its “Internal Procedures for Environmental and Social Risk Assessment.” This document made procedural improvements to identify unacceptably high risks within the E&S framework, developed specialized assessment models for over 400 economic sectors and introduced a green loan assessment model that places emphasis on E&S risk assessment.
- Golomt Bank is a member of the “Partnership for Carbon Accounting Financials,” an international standards organization that focuses on calculating GHG emissions. Golomt integrates the methodology from this organization into its loan assessments.
- To ensure compliance and internal control, Golomt Bank has in place a body of internal policies and procedures, such as its Anti-Bribery Policy Statement, Anti-Fraud Policy and Anti-Money Laundering and Terrorist Financing Policy.

### **5.b.3. Impact on Market Development: High**

*This dimension evaluates the spill-over effects of the Transaction on society and the broader economy, including:*

- **Financial Innovation and Complexity:** The Transaction is Golomt Bank’s debut issuance in the international capital markets, which not only positions Golomt Bank well but also supports the overall financial sector in the country. Golomt Bank is the first Mongolian commercial bank to tap the dollar bond market on a standalone basis in 12 years. This trade has the potential to reopen the dollar bond market for Mongolia's banking sector.

**Investment Contribution Assessment:** Averaging the elements of the investment contribution framework above suggests an overall assessment of **High** for the Transaction.



# Development Intensity Assessment

## 5.C. Development Intensity Assessment

The Issuer has a **High** development gap in sectors and areas in scope of the Transaction and the Transaction is anticipated to have a **High** investment contribution towards sustainably addressing these development gaps. According to the matrix below, this combination yields an overall Development Intensity Assessment of **High** for this Transaction.

|                         | DEVELOPMENT GAP |          |          |             |           |
|-------------------------|-----------------|----------|----------|-------------|-----------|
|                         |                 | Low      | Moderate | High        | Very High |
| INVESTMENT CONTRIBUTION | Very High       | High     | High     | Very High   | Very High |
|                         | High            | Moderate | High     | <b>High</b> | Very High |
|                         | Moderate        | Moderate | Moderate | High        | High      |
|                         | Low             | Low      | Moderate | Moderate    | Moderate  |
|                         | None            | None     | None     | None        | None      |

# Appendix A

## Development Impact Reporting Template

Golomt Bank has committed to track and report on the below metrics annually:

| Indicator <sup>19</sup>   | Baselines  |           | Targets  |              |
|---|------------|-----------|--|--------------|
|   | Base Value | Base Year | Target Year  | Target Value |
| <i>Green Loan Portfolio – Financing (SDG 8: Decent Work and Economic Growth)</i>  |            |           |  |              |
| Green loan proportion of total portfolio (%)  | 3.9        | 2023      | 10   | 2030         |
| <i>Renewable Energy</i>   | -          | -         | Targets not available but realized values to be reported |              |
| <i>Low Pollution Energy</i>   | -          | -         | Targets not available but realized values to be reported |              |
| <i>Energy Efficiency</i>  | -          | -         | Targets not available but realized values to be reported |              |
| <i>Green Buildings</i>  | -          | -         | Targets not available but realized values to be reported |              |
| <i>Pollution Prevention and Control</i>   | -          | -         | Targets not available but realized values to be reported |              |
| <i>Sustainable Agriculture, land use, forestry and eco-tourism</i>  | -          | -         | Targets not available but realized values to be reported |              |
| <i>Clean Transport</i>  | -          | -         | Targets not available but realized values to be reported |              |
| <i>Green Loan Portfolio – Development Outputs and Outcomes (SDG 2: Zero Hunger; SDG 8: Decent Work and Economic Growth; SDG 12: Responsible Consumption and Production)</i> |            |           |  |              |
| <b>Green Buildings</b>  |            |           |  |              |
| GHG Emissions for green buildings financed (metric tons)  | -          | -         | Targets not available but realized values to be reported |              |
| <b>Sustainable Agriculture</b>  |            |           |  |              |
| Smallholder farmers <sup>20</sup>   | -          | -         | Targets not available but realized values to be reported |              |
| Proportion of land under sustainable management (%)   | -          | -         | Targets not available but realized values to be reported |              |
| Herders supported (cashmere production) <sup>21</sup>   | -          | -         | Targets not available but realized values to be reported |              |
| Total waste generated (metric tons)   | -          | -         | Targets not available but realized values to be reported |              |
| Training provided to entrepreneurs on ESG topics (hours)  | -          | -         | Targets not available but realized values to be reported |              |

<sup>19</sup> Where no target value or target year is provided, Golomt Bank has not established a target but has committed to ongoing annual reporting on this metric. Golomt Banks also expects to report annually on the metrics where a target is provided.

<sup>20</sup> Smallholder farmers are defined as pastoralists, farmers, forest keepers, and fishers who manage areas from less than one hectare to 10 hectares by the Food and Agriculture Organization. Metric was not included in offering documents; metric included per client suggestion after bond issuance, on May 22, 2024.

<sup>21</sup> Metric was not included in offering documents; metric included per client suggestion after bond issuance, on May 22, 2024.

# Appendix A

## Development Impact Reporting Template

Golomt Bank has committed to report against the following targets on an annual basis.

| Indicators   | Baselines  |           | Targets  |              |
|--|------------|-----------|--|--------------|
|  | Base Value | Base Year | Target Year  | Target Value |
| <i>Access to Financial Services (SDG 8: Decent Work and Economic Growth)</i> |            |           |  |              |
| Customers gaining access to digital banking services (#)                     | -          | -         | Targets not available but realized values to be reported |              |
| SME, junior customers, female entrepreneurs served (#)                       | -          | -         | Targets not available but realized values to be reported |              |
| Customers with 2 or more active financial products from Golomt Bank (#)      | -          | -         | Targets not available but realized values to be reported |              |
| <i>Female Employment and Leadership (SDG 5: Gender Equality)</i>             |            |           |  |              |
| Female representation in management (%) <sup>22</sup>                        | 77         | 2022      | Targets not available but realized values to be reported |              |
| Female representation in total employment (%)                                | 65         | 2022      | Targets not available but realized values to be reported |              |
| <i>Knowledge Development and Employment (SDG 4: Quality Education)</i>       |            |           |  |              |
| Learning provided to employees (total hours)                                 | 112,588    | 2022      | Targets not available but realized values to be reported |              |
| Learning hours per employee (hours)  | 68.1       | 2022      | Targets not available but realized values to be reported |              |
| New employees hired (# of employees)   | 600        | 2022      | Targets not available but realized values to be reported |              |

<sup>22</sup> Executive management.

# Appendix A

## Development Impact Reporting Template

Golomt Bank has committed to report against the following targets on an annual basis.

|   | Baselines  |           | Targets  |              |
|---|--|-----------|--|--------------|
| Indicators  | Base Value   | Base Year | Target Year  | Target Value |
| <i>GHG Emissions (SDG 13: Climate Action)</i>   |  |           |  |              |
| GHG emissions <sup>23</sup>   | 4,317,699  | 2023      | 3,022,389 <sup>24</sup>                                  | 2030         |
|   |  |           | 2,158,849 <sup>25</sup>                                  | 2050         |
| Scope 1 emissions (tCO <sub>2</sub> e)  | 408,064  | 2023      | Targets not available but realized values to be reported |              |
| Scope 2 emissions (tCO <sub>2</sub> e)  | 1,159,819  | 2023      | Targets not available but realized values to be reported |              |
| Scope 3 upstream emissions (tCO <sub>2</sub> e)   | 1,142,789  | 2023      | Targets not available but realized values to be reported |              |
| Scope 3 financed emissions, category 15 (tCO <sub>2</sub> e)  | 1,607,027  | 2023      | Targets not available but realized values to be reported |              |
| Proportion of GHG emissions offset by planting trees (%)  | 2.6  | 2022      | Targets not available but realized values to be reported |              |
| <i>Operational Sustainability (SDG 6: Clean Water and Sanitation, SDG 7: Clean and Affordable Energy; SDG 12: Responsible Consumption and Production; 13: Climate Action)</i> |  |           |  |              |
| Electricity consumed (kilowatts), offices   | 1,379,706  | 2022      | Targets not available but realized values to be reported |              |
| Electricity consumed (kilowatts), branches  | Baseline values to be available starting in early 2025 <sup>26</sup> |           | Targets not available but realized values to be reported |              |
| Water consumed (m3), offices  | 7,349  | 2022      | Targets not available but realized values to be reported |              |
| Water consumed (m3), branches   | Baseline values to be available starting in early 2025 <sup>27</sup> |           | Targets not available but realized values to be reported |              |
| Paper waste (kilograms)   | 103.7  | 2022      | Targets not available but realized values to be reported |              |
| Waste transported for recycling (units)   | 221.9  | 2022      | Targets not available but realized values to be reported |              |

<sup>23</sup> Scope 1 and Scope 2 emissions figures have been revised from May 2024 offering memorandum due to Golomt Bank's changes in GHG calculation methodology primarily linked to revised figures for average 2023 market price used for fuel and diesel emissions calculations, attribution factor calculation and changes to conversion metric used to measure heating to align with the UK DEFRA metric. Golomt Bank has received [third party verification for its emissions values](#). Reduction targets represent 30% reduction by 2030 and 50% reduction by 2050, covering Scope 1, 2 and 3 (upstream and category 15 financed emissions).

<sup>24</sup> Represents a 30% reduction.

<sup>25</sup> Represents a 50% reduction.

<sup>26</sup> Year-end value for 2024 will be available in early 2025.

<sup>27</sup> Year-end value for 2024 will be available in early 2025.



# Appendix B

## DISCLAIMER: READ IN CONJUNCTION WITH DEVELOPMENT IMPACT ASSESSMENT

The Development Finance Institution of JPMorgan Chase & Co. (the "JPM DFI") has prepared the Development Impact Assessment (the "DIA") to which this Appendix is attached in accordance with the methodology (the "Methodology") developed by the JPM DFI. The Methodology is employed to perform an ex-ante assessment of the developmental impact of Transaction in which JPMorgan Chase & Co. and/or its affiliates (collectively referred to herein as "J.P. Morgan") participate, including the Transaction referenced in the DIA. Capitalized terms used but not defined in this Appendix have the meanings assigned thereto in the DIA.

This Development Impact Assessment does not contain or constitute an offer of, or the solicitation of an offer to buy or subscribe for, any securities or any other financial product. The DIA has been prepared solely to assist recipients in evaluating the anticipated developmental impact of the Transaction based on the Methodology. Certain aspects of the JPM DFI Methodology are subjective in nature or require judgment, including the development impact intensity rating of the Transaction. The DIA does not purport to be all-inclusive or to contain all of the information that any recipient may consider material or desirable in making its own assessment regarding the Transaction and whether it assesses the Transaction's development impact for such recipient's individual purposes. Factors and information which were considered relevant by JPM DFI in making such determinations may not be suitable or appropriate for, or be considered relevant by, any recipient for such recipient's own assessment of whether the Transaction constitutes or meets the criteria for development finance. Each recipient of this DIA should therefore take such steps as it deems necessary to ensure that it has the information it considers material or desirable and should perform its own independent investigation and analysis of the Transaction. The information contained herein (a) is not a substitute for a recipient's independent evaluation and analysis and (b) should not be considered as a recommendation by JPM DFI or any J.P. Morgan entity that any recipient participate in the Transaction as a provider of development finance or as to whether the Transaction achieve any particular development finance criteria or requirement to which it may be subject.

As used herein "Evaluation Materials" means all information pertaining to the Issuer, the Transaction or the intended use of proceeds furnished or communicated to JPM DFI or any J.P. Morgan entity by or on behalf of the Issuer in connection with the Transaction (whether prepared or communicated by the Issuer, their respective advisors or otherwise) including, without limitation, (i) the Development Impact Questionnaire (ii) and publicly available information. Any assessment of the Transaction regarding its development impact and the development intensity rating of the Transaction and its intended use of proceeds (including market commentary, market data, observations and the like) is based on the Evaluation Materials.

By reviewing the DIA, each recipient acknowledges and agrees that JPM DFI received the Evaluation Materials from or on behalf of the Issuer or publicly available sources and the DIA is provided to recipient for informational purposes only, and neither JPM DFI, nor any J.P. Morgan entity has any responsibility, and shall not be liable, for the accuracy or completeness or lack thereof of the Evaluation Materials or any information contained therein or their suitability or otherwise for use in connection with the DIA. Neither JPM DFI nor any J.P. Morgan entity has made any independent verification as to the accuracy or completeness of the Evaluation Materials or their suitability or otherwise for use in connection with the DIA.

The DIA has been prepared, in part, based on certain forward-looking statements and projections provided by the Issuer related to the Transaction and its intended use of proceeds. Any such statements and projections reflect various estimates and assumptions by the Issuer concerning anticipated results of the Transaction and the intended use of proceeds. No representations or warranties are made by JPM DFI or any J.P. Morgan entity as to the accuracy of any such statements or projections. Whether or not any such forward looking statements or projections are in fact achieved will depend upon future events some of which may not be within the control of Issuer. Accordingly, actual results may vary from the projected results and such variations may be material.

There is currently no market consensus on what precise attributes are required for a particular financing to be defined as 'development', and therefore no assurance can be provided to recipients that the Transaction will satisfy, whether in whole or in part, any expectations or requirements of any recipient or any present or future expectations or requirements with respect to development finance. Neither JPM DFI nor any J.P. Morgan entity makes any representations or assurances as to whether and are not responsible for ensuring that (a) the characterization of the Transaction as development finance or the level of its expected development intensity rating impact will (i) comport with any recipient's definition of development finance, (ii) meet any recipient's criteria and expectations with regard to developmental impact, or (iii) comport with the characterization or definitions used by any other development finance institution in the public or private sectors or (b) the proceeds of the Transaction will in fact be used for eligible development finance projects.

By reviewing the DIA, each recipient acknowledges and agrees that none of JPM DFI, any J.P. Morgan entity, or any of their respective directors, officers, employees or agents shall have any responsibility or incur any liability whatsoever to any person or entity with respect to (a) the contents of any assessment regarding the development impact of the Transaction (including without limitation the DIA), (b) the development intensity rating of the Transaction, or (c) the Methodology or any matters referred therein, discussed as a result thereof or related thereto. Further, by reviewing the DIA, each recipient represents, warrants and acknowledges that it: (i) is sophisticated and experienced with respect to the Transaction and, as applicable, in extending credit to entities similar to the Borrower, (ii) has the ability to conduct and has conducted its own independent evaluation, analysis and assessment of the Transaction and the Transaction contemplated thereby including whether the Transaction constitutes or meets the criteria for development finance, and (iii) acknowledges and agrees to the provisions of this Annex.

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