GOLOMT BANK

Investing for a brighter future



BLUE FINANCE FRAMEWORK

SUSTAINABLE WATER AND WASTEWATER MANAGEMENT

WATER-FRIENDLY AND CIRCULAR MANUFACTURING

FRESHWATER HABITAT PROTECTION AND RESTORATION

SUSTAINABLE TOURISM

S&P Global
Ratings

Powered by Shades of Green

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Second Party Opinion

Golomt Bank JSC Blue Finance Framework

Aug. 14, 2026

Location: Mongolia **Sector:** Diversified Bank

Alignment Summary

Aligned = ✓ Conceptually aligned = ○ Not aligned = ✕

- ✓ Green Bond Principles, ICMA, 2025
- ✓ Green Loan Principles, LMA/LSTA/APLMA, 2025
- ✓ Guidelines for Blue Finance, IFC, 2025
- ✓ Bonds to Finance the Sustainable Blue Economy: A Practitioner's Guide, ICMA/IFC/UNEP/UNGC/ADB, 2023

See Alignment Assessment for more detail.

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Light green

Activities representing transition steps in the near-term that avoid emissions lock-in but do not represent long-term low-carbon climate resilient solutions.

Our Shades of Green Analytical Approach >

Strengths

Golomt Bank's blue finance framework helps to address water security issues in Mongolia. Eligible projects aim to strengthen sustainable water and wastewater management, develop climate-resilient infrastructure, and deliver biodiversity and ecological benefits.

Weaknesses

No weakness to report.

Areas to watch

Golomt Bank could issue a variety of financing instruments under the framework. Reporting on short-term instruments can be a challenge. For secured bonds, while the collateral pool and the pool of eligible blue assets may not necessarily be identical, assets within the collateral pool will be subject to the framework's eligibility criteria.

Broad eligibility criteria can result in projects with uneven impacts. Relying on multiple certifications also poses challenges related to enforcement, traceability, and gaps in certification criteria.

Some eligible projects may still use fossil fuel. This is despite Golomt Bank excluding direct investments in projects linked to the fossil fuel value chain. It may be the case, for example, for water and wastewater treatment facilities, and sustainable tourism projects. The bank will encourage its clients to source renewable electricity, where technically and economically feasible.

Shades of Green Projects Assessment Summary

Golomt Bank expects to allocate 43% of proceeds to wastewater treatment, 26% to sustainable water supply and water efficiency, 24% to climate resilient infrastructure, 3% to sustainable tourism, 2% to water friendly products, and 2% to habitat protection and restoration.

The bank expects the majority of proceeds to finance new projects, while up to 20% will be directed to refinancing.

Based on the project categories' Shades of Green detailed below, the expected allocation of proceeds, and consideration of environmental ambitions reflected in Golomt Bank's Blue Finance Framework, we assess the framework Light green.

Sustainable water supply and water efficiency	**Medium to Light green**
Water extraction activities	
Water supply infrastructure	
Water conveyance and distribution systems	
Water efficiency technologies, equipment, and water management activities	

Wastewater treatment	**Medium to Light green**
Wastewater treatment plants and collection system	
Wastewater reuse projects	

Climate-resilient infrastructure	**Medium green**
Drainage, stormwater, and flood management systems	

Water-friendly products	**Light green**
Collection of excess natural organic (plant) material and conversation to new sustainable products or substances	
Household, agricultural, industrial, or consumer products made from sustainable raw materials	
Products or processes that achieve at least a 20% reduction per unit of product in relevant pollutant loads, or replace phosphate- or nitrogen-based synthetic fertilizers with sustainable, biodegradable alternatives	
Use of alternative low-carbon, biodegradable fibers to replace fossil-based fibers	

Circular plastics	**Light green**
Biodegradable plant-based plastics and packaging, or compostable plastics and packaging	

Use of recycled or reused plastics for manufacturing in a circular economy approach	
Plastics collection and recycling facilities, substitution of plastic packaging with sustainable and biodegradable materials, and reusing or repurposing plastics	

Habitat protection and restoration	**Medium green**
Conservation, enhancement, and restoration of freshwater ecosystems	
Information systems, technologies, and tools used to monitor, measure, track, and report physical and chemical conditions of water bodies, supporting ecosystem restoration and resilience to climate and environmental risk	
Nature-based restoration approaches for freshwater and land ecosystems	

Sustainable tourism	**Light green**
Nature-based freshwater visitor centers, certification, or education programs	
Licensed certified sustainable tourism	

See Analysis Of Eligible Projects for more detail.

Issuer Sustainability Context

This section provides an analysis of the issuer's sustainability management and the embeddedness of the financing framework within its overall strategy.

Issuer Description

Golomt Bank JSC is headquartered in Ulaanbaatar, Mongolia, and was established in 1995. The bank serves retail and corporate customers through 87 branches and 20 sub-branches. It has 2,800 employees. The bank's services include providing current accounts, savings accounts, digital banking, loan products, bancassurance, trade finance, and international payments.

Golomt Bank had total assets of Mongolian tugrik (MNT) 19.2 trillion (US$5.3 billion) as of end-2025. The bank is 79.8% owned by Golomt Financial Group LLC, followed by Swiss-MO Investment AG (5.21%), Bodi International LCC (3.42%), and the remaining are public shares.

Golomt Financial Group LLC is a financial holding company with interests in insurance and brokerage. It is solely owned by Mr. Bayasgalan Danzandorj, who is one of the founders, former CEO, and former chairman of Golomt Bank.

Material Sustainability Factors

Physical Climate Risk

Physical climate risks will affect many economic activities because climate change will increase the frequency and severity of extreme weather events. Banks finance a wide array of businesses that are exposed to physical climate risks, exposing banks to through their financing activities. However, while climate change is a global issue, weather-related events are typically localized. So the magnitude of a bank's exposure is linked to the geographical location of the activities and assets it finances. Similarly, banks' physical footprint (e.g. branches or ATMs) may also be exposed to physical risks, which may disrupt their ability to service clients in the event of a natural catastrophe, amplifying the impact on communities. Banks may contribute to mitigate the effects of physical climate risks by financing adaptation projects and climate-resilient infrastructure, as well as by investing in solutions that support business continuity in exposed geographies. Mongolia has faced far higher rates of warming than the global average. Changes in climate conditions are likely to pressure agricultural yields, according to "Climate Risk Country Profile: Mongolia," published by Asian Development Bank.

Climate Transition Risk

Banks are highly exposed to climate transition risk through their financing of economic activities, which impact the environment. Banks' direct environmental impact is small compared to financed emissions and stems mainly from power consumption (e.g. data centers). Policies and rules to reduce emissions could raise credit, legal, and reputational risks for banks with large exposures to high-emitting sectors, such as oil and gas, metals and mining, real estate, or transportation. These medium- to long term risks are significant and will be proportional to the impact of climate change on the economy. On a positive note, financing climate transition offers a growth avenue for banks through lending, debt structuring, and other capital markets activities. Mongolia aims to reduce its greenhouse gas emissions unconditionally by 23% by 2030 and by 30.3% by 2035, compared with business-as-usual levels. The country is yet to set the target year to reach net zero, according to its nationally determined contribution plan.

Biodiversity and Resource Use

Banks contribute to significant resource use and biodiversity impact through the activities they fund or invest in. For example, the construction sector—which is a major recipient of bank financing—is a large consumer of raw materials such as steel and cement. Similarly, bank-financed agricultural activities can have material biodiversity impacts. Mongolia has launched the

National Biodiversity Strategy and Action Plan for 2026-2030, setting out a roadmap for biodiversity conservation and ecosystem restoration.

Issuer And Context Analysis

Golomt Bank's blue finance framework addresses some of its most material environmental sustainability factors. Blue project categories such as sustainable water and wastewater management, water-friendly and circular manufacturing, freshwater habitat protection and restoration, and sustainable tourism aim to address climate transition risks, including improving resource efficiency, reducing greenhouse gas emissions, and enhancing resilience through the protection and restoration of natural ecosystems. On the other hand, eligible projects could introduce additional issues, such as exposure to physical climate risk, as well as biodiversity impacts.

Golomt Bank has published its sustainability financing framework in 2024, and is launching the first blue finance framework in Mongolia to channel investments to eligible projects. The bank is introducing blue-finance products and aims to reduce its impact on water resources by 5% by 2030. Its blue financing supports projects improving water efficiency, sanitation and water-supply infrastructure in Mongolia. The bank also updated its Environmental and Social Risk Assessment Procedure in 2025 to align fully with the International Finance Corp. (IFC) Performance Standards and added Environmental and Social Action Plans to externally sourced green loan agreements.

Golomt Bank has strengthened its physical climate risk assessment by integrating climate-related risks into its risk management framework and conducting scenario analysis using Network for Greening the Financial System-based pathways. The bank assesses three scenarios: continuation of current policies with warming above 3°C; a below-2°C scenario with a 67% chance of limiting warming to 1.6°C; and a delayed-transition pathway of 1.7°C, with impacts considered for 2030 and 2050.

Its physical risk analysis focuses on drought, dzud (severe, multi-hazard winter disaster), and flood risks. Golomt Bank categorizes physical risk by sector as low, moderate or high; real estate, construction, and water supply/wastewater management are assessed as high physical-risk exposures, while agriculture is moderate. To improve resilience, Golomt Bank finances adaptation-related projects, including flood protection dikes, drainage networks, and water reservoirs, and has blue-finance initiatives for sustainable water management.

Golomt Bank's climate transition risk strategy appears well-defined and increasingly embedded in governance and risk management. The bank commits to align financing and investment activities with the Paris Agreement and Mongolia's NDC 3.0 and has separately approved bank-level targets to reduce financed and operational emissions by 30% by 2030 and by 50% by 2050. It has also integrated sustainability and climate risk into its risk taxonomy and risk appetite statement, established board- and management-level oversight, and introduced tools such as an internal carbon price and transition plan implementation guidelines for high-emission sectors.

Golomt Bank's approach to biodiversity and ecosystems is addressed mainly through its environmental and social risk management framework and selected sustainable finance activities. Biodiversity was included in the bank's 2025 double materiality assessment as one of the environmental indicators reviewed for financial and impact materiality. This procedure is embedded in the loan approval process and is used by dedicated environment and social risk officers to identify, assess, mitigate, and monitor client environmental and social risks. The bank discloses a biodiversity-related financing example: a MNT500 million (US$ 0.15 million) loan for fish hatchery laboratory equipment intended to support the breeding of 400,000–500,000 endangered freshwater fish in Selenge province. However, the bank does not have a stand-alone biodiversity strategy or targets.

Golomt Bank's framework addresses the requirements of the ICMA's Bonds to Finance the Sustainable Blue Economy: A Practitioner's Guide. Blue projects support a sustainable blue economy, and the financing incorporates applicable project selection criteria and exclusions recommended in the guide. The framework outlines how blue financing meets the requirements of the green bond principles and describes the bank's overarching sustainability objectives.

In addition, the financing addresses the requirements of the IFC guidelines for blue finance. All blue projects contribute to Sustainable Development Goal (SDG) 6 clean water and sanitation or SDG 14 life below water, and beyond compliance with applicable laws and regulations. The blue projects do not introduce material risk to other environmental priorities of the SDGs, and the framework clearly states what international sustainability standards the bank follows (e.g. the IFC Performance Standards).

Alignment Assessment

This section provides an analysis of the framework's alignment to Green Bond and Loan principles.

Alignment Summary

Aligned = ✓ Conceptually aligned = o Not aligned = ×

- ✓ Green Bond Principles, ICMA, 2025
- ✓ Green Loan Principles, LMA/LSTA/APLMA, 2025
- ✓ Guidelines for Blue Finance, IFC, 2025
- ✓ Bonds to Finance the Sustainable Blue Economy: A Practitioner's Guide, ICMA/IFC/UNEP/UNGC/ADB, 2023

✓ Use of proceeds

We assess all the framework's environmental project categories as having a green shade. Golomt Bank commits to allocating the net proceeds issued under the framework exclusively to eligible projects. Please refer to the Analysis Of Eligible Projects section for more information on our analysis of the environmental benefits of the expected use of proceeds. The look-back period is 36 months, which is in line with market practice.

Golomt Bank could issue a variety of financing instruments under the framework, including bonds, loans, senior non-preferred, senior preferred, subordinated and secured instruments such as covered bonds and securitisation instruments, structured notes, repurchase agreements. For secured bonds, while the collateral pool and eligible blue asset pool may not necessarily be identical, the collateral pool will be subject to the framework's eligibility criteria. The bank will specify the type of secured bonds in the transaction documents. We note that reporting for short-term instruments may be challenging. The bank would maintain internal tracking and monitoring procedures to ensure the same eligible asset and its associated impacts are not counted multiple times across different sustainable finance instruments.

✓ Process for project evaluation and selection

Golomt Bank's sustainable finance department will conduct an initial screening based on the framework's eligibility criteria. Then the working group will review and validate. The bank's sustainable development committee, comprising the chief executive officer and senior management representatives, will approve eligible projects. Screening relies on its environmental and social management system (ESMS), aligning with the IFC Performance Standards, to identify and manage social and environmental risks associated with eligible projects. Specific industry or product standards are also referenced as part of the edibility criteria. The framework also includes an exclusion list.

✓ Management of proceeds

The net proceeds will be placed into Golomt Bank's general account, with a register to track their allocation. If a project is no longer eligible, the bank will replace it as soon as practicable. Pending allocation, net proceeds will be kept in cash, cash equivalents, money market instruments, or other liquid investment, according to the bank's liquidity management guidelines and internal asset and liability management policy, and in line with the framework's exclusion list.

✓ Reporting

Golomt Bank commits to disclosing annually, and in case of any material changes, the allocation of proceeds and impact of the financed projects until full allocation of the net proceeds. The allocation reporting will include the total amount allocated to eligible projects, brief descriptions of the projects, the share of financing versus refinancing, and the balance of unallocated proceeds. Where available, the impact reporting will include the methodology, key assumptions, baselines, and calculation approach used for reported indicators. It is positive that the bank will seek independent assurance on both reporting.

Analysis Of Eligible Projects

This section provides details of our analysis of eligible projects, based on their environmental benefits and risks, using the "Analytical Approach: Shades Of Green Assessments".

Overall Shades of Green assessment

Based on the project category shades of green detailed below, the expected allocation of proceeds, and consideration of environmental ambitions reflected in Golomt Bank's Blue Finance Framework, we assess the framework Light green.



Activities representing transition steps in the near-term that avoid emissions lock-in but do not represent long-term low-carbon climate resilient solutions.

Our Shades of Green Analytical Approach >

Green project categories

Sustainable water supply and water efficiency

Assessment

Medium to Light green

Description

- Water extraction based on a thorough assessment of freshwater availability, ensuring water withdrawal does not exceed natural recharge, thereby avoiding over-extraction
- New, expanded, rehabilitated, or retrofitted sustainable water supply infrastructure (e.g. abstraction and treatment) that reduces the volume of water abstracted to meet a defined demand, achieving at least a 10% improvement in system efficiency measures per unit of service and directly linked to activity outputs (e.g. m3 per kg of steel produced)
- Development, replacement, or rehabilitation of water conveyance and distribution systems (e.g. pipelines and networks) that achieve at least a 10% reduction in physical water losses compared to a documented baseline
- Water efficiency technologies, equipment, and water management activities that reduce water footprint. The reduction should be characterized as representing an increase in the efficiency of the water supply system of a minimum of 10%

Analytical considerations

- As a form of natural capital, water is necessary for economic activity, thriving ecosystems, and public health. Projects in this category aim to expand access to fresh water, reduce losses in distribution, and enhance efficiency of water use. These activities can provide important social and environmental benefits in Mongolia, which faces increasing pressure on its water resources due to rising demand, climate change, and groundwater depletion.
- Golomt Bank stated that eligible projects aim to perform better than local regulatory requirements. They will not serve activities that support the expansion of fossil-fuel based technologies, as per the framework's exclusion criteria. Yet, they may include the use of fossil-fuel based equipment, given the energy system of Mongolia. The bank will encourage its clients to source renewable electricity and to implement energy-efficient designs, where technically and economically feasible. It is a positive factor that the eligibility criteria include quantitative performance thresholds, providing transparency of the intended environmental benefits. We assess this category Medium to Light green to reflect the broad inclusion of projects.

- Water extraction activities could introduce value chain risks (e.g. physical risks, land use change, and biodiversity impacts). The bank will conduct freshwater availability assessments to demonstrate eligible projects do not aggravate water shortages. The projects will also be subject to applicable permit requirements, usage limits, monitoring requirements, and mitigation measures established by local authorities. Golomt Bank relies on its ESMS to assess eligible projects' compliance status and mitigate potential environmental and social impacts.
- For water supply activities, Golomt Bank requires at least 10% water efficiency improvement; while for water conveyance and distribution projects, the bank requires at least 10% reduction in physical water losses. Examples include replacing old pipelines and implementing leak detection and pressure management systems.
- Water efficiency improvements help reduce demands on natural capital and reduce greenhouse gas emissions associated with water treatment and conveyance. As a result, they provide important benefits to achieving a low-carbon climate resilient future. Examples of eligible projects include drip irrigation, rainwater harvesting and reuse. Golomt Bank requires an at least 10% increase in system efficiency.
- Construction of water infrastructure could imply significant embodied emissions. Apart from encouraging its clients to conduct assessment on embodied emissions, Golomt Bank mainly relies on its ESMS to mitigate potential impacts on the environment. Similarly, its ESMS will assess and inform plans to address these fixed assets' exposure to physical climate risk.

Wastewater treatment

Assessment	Description

Medium to Light green	• Wastewater treatment plants and collection system serving municipal, industrial, agricultural, commercial, and residential sectors, including:
	  o Facilities that pre-treat wastewater and discharge into centralized wastewater networks
	  o Facilities that conduct full treatment through on-site wastewater treatment systems
	• Wastewater reuse projects that reduce water abstraction or minimize pollution of water bodies

Analytical considerations

- Wastewater systems reduce pollution, enable resource recovery, and enhance ecosystem and public health. As a result, they are a key component of a low-carbon, climate-resilient future. The primary benefits they provide include improving water quality, which has important cumulative effects on a watershed; relieving water stress; and, depending on the system, providing a source of nutrient and energy recovery. However, these systems are energy-intensive and, if not sufficiently managed, can produce significant solid waste and methane emissions. According to United Nations, 53% of domestic wastewater is safety treated in Mongolia, falling short when compared to other countries in Eastern Asia.
- The Medium to light green interval reflects the inclusion of wastewater treatment and reuse projects with energy efficiency improvement thresholds, which is a Medium green element. Further, other measures, such as diverting sludge from landfill, will only be applied by the bank on a best-effort basis. Wastewater treatment in undeveloped areas has environmental significance because untreated sewage contributes to excess nutrients in water streams, which, in turn, can result in the loss of biodiversity and have detrimental effects on an ecosystem. Treated wastewater can be a reliable alternative water source in water-scarce regions. It is positive that the bank sets a quantitative energy efficiency improvement threshold. The bank will apply measures such as diverting sludge from landfill and encouraging clients to deploy renewable electricity on a best-effort basis rather than it being formal criteria in this project category.
- Golomt Bank stated that eligible projects aim to perform better than local discharge requirements. That said, wastewater treatment produces by-product solid waste and methane emissions. Moreover, the powering of these systems could be highly energy intensive. It may include the use of fossil-fuel based equipment, given the energy system of Mongolia. The bank requires a minimum of 20% improvement in eligible projects' energy efficiency and will encourage clients to source renewable electricity and implement energy-efficient designs, where technically and economically feasible.

- Sewage sludge will be handled, treated, transported, and disposed of in accordance with applicable environmental standards and permit requirements. We consider, where feasible, the reuse of sewage sludge (e.g. as fertilizer or for energy recovery) from the wastewater collection and treatment process to be a positive factor because it provides a circular economy solution. The sludge will be deposed of at landfills only when treatment and reuse options are limited.
- Construction of water infrastructure could result in significant embodied emissions. Apart from encouraging its clients to conduct assessment on embodied emissions, Golomt Bank mainly relies on its ESMS to mitigate potential impacts on the environment. Similarly, its ESMS will assess and inform plans to address these fixed assets' exposure to physical climate risk.

Climate-resilient infrastructure

Assessment	Description
Medium green	Drainage, stormwater, and flood management systems that reduce flood risk and prevent sediments, plastics, chemicals, or other pollutants from entering rivers, lakes, wetlands, groundwater recharge zones, or other freshwater systems

Analytical considerations

- Climate scientists have been clear that some degree of climate change will take place, even in the most-optimistic scenarios. This makes it crucial to plan for and mitigate potential risks to reduce their financial and environmental effects. Implementing adaptation solutions can also reduce resources and emissions linked to rebuilding damaged assets.
- Mongolia is particularly vulnerable to river and flash flooding. Eligible projects aim to reduce flood risk and prevent pollutants from entering water systems. The bank will consider both historical climate data and forward-looking climate projections to identify material climate hazards. However, such construction can lead to substantial emissions and heavy materials use. Apart from relying on its ESMS to mitigate potential impacts on the environment, Golomt Bank does not have specific plans to address embodied emissions. We assess this category Medium green.
- It is important to identify and manage the potential risk of mal-adaptation--that is, shifting to other parties vulnerability of climate-related events, and eligible projects' impacts on local biodiversity. The bank does not have clear policies and plans to manage such risks.
- Similarly, Golomt Bank's ESMS will assess and inform plans to address these fixed assets' exposure to physical climate risk.

Water-friendly products

Assessment	Description
Light green	• Sustainable collection of excess natural organic (plant) material and conversion to new sustainable products or substances with alternative use and value without disrupting local ecosystems • Household, agricultural, industrial, or consumer products made from sustainable raw materials that replace harmful alternatives or reduce nitrogen, phosphorus, plastic, chemical, or other pollutant loads entering freshwater systems • Products or processes that achieve at least a 20% reduction per unit of product in relevant pollutant loads, or replace phosphate- or nitrogen-based synthetic fertilizers with sustainable, biodegradable alternatives in areas connected to rivers, lakes, wetlands, groundwater systems, or other freshwater basins • Use of alternative low-carbon, biodegradable fibers (e.g. Lyocell) to replace fossil-based fibers (e.g. polyester) across value chains in the medical, apparel, and other industries

Analytical considerations

- The bulk of a good's greenhouse gas emissions and environmental impact typically lies in the sourcing of raw materials and their energy-intensive transformation into finished goods. Substituting plastic and fossil-based material with alternative compostable and biodegradable materials is positive from a pollution prevention perspective and in avoiding links to fossil fuel feedstocks. It can benefit local biodiversity and human health by minimizing chemical and solid loads in marine ecosystems. However, such substitution may also bring additional environmental risks if left unmitigated, especially in the upstream, downstream, and for construction activities.
- Examples of eligible projects include producing phosphate free detergents to reduce nutrient pollution, producing organic fertilizers from livestock waste to replace synthetic nitrogen- and phosphate-based fertilizers, and adopting Lyocell fibers to replace polyester in apparel production. Golomt Bank requires that feedstock does not directly compete with food production and is primarily derived from waste material, residues, or other non-food sources. However, the reliance of eco-labels or certifications without clear emissions thresholds means visibility on the full climate benefits is limited, leading to a shade of Light green.
- These products can reduce nitrogen and phosphorus loads in the aquatic environment. In addition, shifting from phosphate-based or nitrogen-based synthetic fertilizers toward sustainable alternatives in freshwater zones can reduce nutrient runoff and protect water quality and local ecosystems. The use of alternative fibers (e.g. Lyocell) to replace fossil-based fibers (e.g. polyester) reduces reliance on fossil fuel feedstocks. Golomt Bank requires a minimum of 20% reduction per unit of product in relevant pollutant loads, adding transparency of the intended environmental benefits.
- Golomt Bank will rely on relevant eco-labels or certifications to screen eligible projects. Examples include EU Ecolabel, Blue Angel, Green Seal, UL ECOLOGO, Safe Choice, Cradle to Cradle Certified, Rainforest Alliance, Forest Stewardship Council, Organic Materials Review Institute Listed, Ecocert Input, EU Organic, USDA Organic, International Federation of Organic Agriculture Movements-accredited certifications, etc. Although these certifications cover a broad set of environmental issues, they differ considerably in their requirements and robustness.
- The bank will incorporate circularity considerations into packaging design and procurement decisions by sourcing from certified producers that meet relevant sustainability and packaging standards. Yet, the supply chain has challenges, and transportation to and from manufacturing facilities may be carbon intensive. While project emissions associated with transport may be substantial, they may be challenging to address and monitor given the bank's position as a lender.

Circular plastics

Assessment	Description
Light green	• Biodegradable plant-based plastics and packaging, or compostable plastics and packaging, in locations where compostable facilities are readily available • Use of recycled or reused plastics for manufacturing with a circular economy approach in areas connected to rivers, lakes, wetlands, groundwater systems, or other freshwater basins. • Plastics collection and recycling facilities, substitution of plastic packaging with sustainable and biodegradable materials, and reusing or repurposing plastics in areas close to a water body

Analytical considerations

- Circular solutions involving improved plastic reuse, recycling, and reduction can reduce upstream demand for raw material extraction and prevent downstream waste from entering ecosystems, landfills, or incineration facilities. On the other hand, recycling entails energy consumption, emissions, and discharges to the environment that require mitigation strategies. Even if plastics are recycled, they typically require additional plastic materials during processing, which can rely on fossil fuels.
- Examples of eligible projects include using plastic waste to produce insulation materials for housing and producing biodegradable food packaging using agricultural residues. Golomt Bank requires that feedstock does not directly compete with food production and is primarily derived from waste materials, residues, or other non-food sources. However, the

reliance of eco-labels or certifications without clear quantitative thresholds on recycled inputs means visibility on the full climate benefits is limited, leading to a shade of Light green.

- Golomt Bank will rely on relevant eco-labels or certifications to screen eligible projects. Examples include Global Recycled Standard, Recycled Claim Standard, SCS Recycled Content Certification, Blue Angel, EU Ecolabel, Cradle to Cradle Certified etc. Although these certifications cover a broad set of environmental issues, they differ considerably in their requirements and robustness.
- The supply chain has challenges, and transportation to and from recycling facilities may be carbon intensive. While project emissions associated with transport may be substantial, they may be challenging to address and monitor given the bank's position as a lender.

Habitat protection and restoration

Assessment	Description
Medium green	• Conservation, enhancement, and restoration of freshwater ecosystems, preferably using an integrated ecosystem management approach, including the development of innovative governance structures to support private and public investment. These ecosystems include, but are not limited to, rivers, lakes, wetlands, and groundwater systems • Information systems, technologies, and tools used to monitor, measure, track, and report physical and chemical conditions of water bodies, supporting ecosystem restoration and resilience to climate and environmental risks • Nature-based restoration approaches for freshwater and land ecosystems, including wetland rehabilitation, riverbank stabilization, and re-vegetation, aimed at improving water retention, reducing erosion, and enhancing ecosystem resilience

Analytical considerations

- Healthy ecosystems and biodiversity are an important part of a low carbon, climate resilient future, providing natural resources, water and soil management, and pollination services. Protecting or restoring biodiversity also often creates climate co-benefits, such as carbon sequestration or adaptation solutions. Well-designed projects can reduce threats such as unsustainable resource extraction, climate change risks, land use change, pollution, and invasive species.
- Eligible projects support Mongolia's National Biodiversity Strategy and Action Plan 2026-2030, aiming to strengthen conservation and restoration across the country's ecosystems. According to Golomt Bank, eligible projects will involve collaboration with qualified environmental specialists such as biologists and hydrologists to maximize biodiversity conservation benefits. However, insight is limited into the likely carbon sequestration or adaptation or resilience co-benefits. We assess this category Medium green.
- The use of information technology systems such as remote sensors, automated monitoring systems, and data collection technologies can help monitor ecosystem health and support restoration planning.
- Golomt Bank's ESMS will assess and manage physical climate risks and social risks, as part of its screening and credit approval process.

Sustainable tourism

Assessment	Description
Light green	• Nature-based freshwater visitor centers, certification, or education programs that showcase freshwater ecosystems, biodiversity, and sustainable water stewardship,

and disseminate research and knowledge about rivers, lakes, wetlands, and other water-related ecosystems

- Licensed certified sustainable tourism in areas near or dependent on freshwater and nature assets, such as lakes, rivers, wetlands, protected areas, and watershed landscapes, with inclusive livelihood elements and business opportunities, such as resorts, hotels, and boat operators.

Examples of licensed certified sustainable tourism:

- Preferred-by-Nature certification
- Others based on the Global Sustainable Tourism Council (GSTC) Criteria for Hotels and Tour Operators

Analytical considerations

- Developing tourism projects could catalyze additional environmental impacts from constructing new infrastructure and increase emissions from additional land, sea, and air travel. Tourism development near sensitive ecosystems can cause habitat disturbance, pollution, and cultural heritage impacts, if not properly managed. Mongolia has been promoting sustainable development in tourism through initiatives such as launching the National Program on Tourism Development 2026-2060, and partnering with the Asian Development Bank to develop economically inclusive tourism and conservation in the protected area network.
- The Light green assessment reflects the inclusion of tourism projects that aim to provide nature and biodiversity conservation benefits. Eligible certifications and the framework exclusions help ensure that eligible projects have environmental benefits. While the potential list of projects is broad, eligible infrastructure will exclude any large-scale projects or accommodation facilities to avoid significant environmental impacts to the ecosystem. Additionally, they are required to obtain internationally recognized certifications that inform strict compliance with conservation rules and proactive environmental management.
- According to Golomt Bank, licensed certified sustainable tourism refers to tourism with an accepted certification. Examples include the Preferred-by-Nature certification and the GSTC Criteria for Hotels and Tour Operators. All these certifications must be publicly endorsed by the IFC and Asian Infrastructure Investment Bank, supporting nature and biodiversity conservation benefits in order to be eligible. For instance, both Preferred-by-Nature Certification and the GSTC Criteria mandate the identification and protection of sensitive habitats, implementation of biodiversity conservation plans, and strict waste and wastewater management, reducing chemical discharge to avoid contamination of soil and water. The certifications also encourage low-impact infrastructure to limit visitor pressure on fragile ecosystems. Environmental and social risk assessments will also be carried out prior to financing. The bank also confirms that projects involving deforestation will not be eligible, which partially mitigates potential development that harms or alters ecological integrity.
- In addition, for tourism projects involving water-efficiency infrastructure, the bank will require a minimum 10% improvement in system efficiency, against the base line. All eligible projects are also subject to meet the local environmentally friendly accommodation service requirements, with requirements in different environmental issues such as energy efficiency, energy conservation, water consumption, water savings, waste management, environmental awareness, and staff training etc.
- While direct investment in fossil-fuel vehicles and equipment is not eligible, the tourism projects may involve vehicles or equipment powered by fossil fuel, given the context of Mongolia. Golomt Bank mentions that the projects will prioritize the use of electric vehicles and equipment powered by renewable or low-carbon energy sources wherever technically and economically feasible.
- Physical climate risks and social risks will be assessed and managed through Golomt Bank's ESMS, as part of its screening and credit approval process.

S&P Global Ratings' Shades of Green

Assessments	**Dark green**	**Medium green**	**Light green**	**Yellow**	**Orange**	**Red**
Description	Activities that correspond to the long-term vision of an LCCR future.	Activities that represent significant steps towards an LCCR future but will require further improvement to be long-term LCCR solutions.	Activities representing transition steps in the near-term that avoid emissions lock-in but do not represent long-term LCCR solutions.	Activities that do not have a material impact on the transition to an LCCR future, or, Activities that have some potential inconsistency with the transition to an LCCR future, albeit tempered by existing transition measures.	Activities that are not currently consistent with the transition to an LCCR future. These include activities with moderate potential for emissions lock-in and risk of stranded assets.	Activities that are inconsistent with, and likely to impede, the transition required to achieve the long-term LCCR future. These activities have the highest emissions intensity, with the most potential for emissions lock-in and risk of stranded assets.
Example projects	Wind power	Certified forestry	New energy efficient buildings	Fossil fuel buses	Conventional steel production	Oil and gas exploration

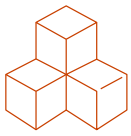
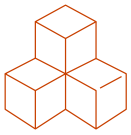
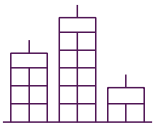
Note: For us to consider use of proceeds aligned with ICMA Principles for a green project, we require project categories directly funded by the financing to be assigned one of the three green Shades.

LCCR--Low-carbon climate resilient. An LCCR future is a future aligned with the Paris Agreement; where the global average temperature increase is held below 2 degrees Celsius (2 C), with efforts to limit it to 1.5 C, above pre-industrial levels, while building resilience to the adverse impact of climate change and achieving sustainable outcomes across both climate and non-climate environmental objectives. Long term and near term--For the purpose of this analysis, we consider the long term to be beyond the middle of the 21st century and the near term to be within the next decade. Emissions lock-in--Where an activity delays or prevents the transition to low-carbon alternatives by perpetuating assets or processes (often fossil fuel use and its corresponding greenhouse gas emissions) that are not aligned with, or cannot adapt to, an LCCR future. Stranded assets--Assets that have suffered from unanticipated or premature write-downs, devaluations, or conversion to liabilities (as defined by the University of Oxford).

Mapping To The U.N.'s Sustainable Development Goals

Where the financing documentation references the Sustainable Development Goals (SDGs), we consider which SDGs it contributes to. We compare the activities funded by the financing to the International Capital Markets Association (ICMA) SDG mapping and outline the intended linkages within our SPO analysis. Our assessment of SDG mapping does not affect our alignment opinion.

This framework intends to contribute to the following SDGs:

Use of proceeds	SDGs
Sustainable water supply and water efficiency	 **3. Good health and well-being**  ***6. Clean water and sanitation**  **9. Industry, innovation and infrastructure**
Wastewater treatment	 **3. Good health and well-being**  ***6. Clean water and sanitation**  **9. Industry, innovation and infrastructure**  **13. Climate action**
Climate-resilient infrastructure	 **6. Clean water and sanitation**  **9. Industry, innovation and infrastructure**  **11. Sustainable cities and communities**  ***13. Climate action**  **14. Life below water**
Water-friendly products	 ***12. Responsible consumption and production**  **13. Climate action**  **14. Life below water**  **15. Life on land**

Circular plastics	 ***12. Responsible consumption and production**	 **13. Climate action**	 **14. Life below water**	 **15. Life on land**	
Habitat protection and restoration	 **3. Good health and well-being**	 ***6. Clean water and sanitation**	 **13. Climate action**	 ***14. Life below water**	 ***15. Life on land**
Sustainable tourism	 **8. Decent work and economic growth**	 **14. Life below water**	 **15. Life on land**		

*The eligible project categories link to these SDGs in the ICMA mapping.

Related Research

- Analytical Approach: Second Party Opinions, March 6, 2025
- FAQ: Applying Our Integrated Analytical Approach For Second Party Opinions, March 6, 2025
- Analytical Approach: Shades Of Green Assessments, July 27, 2023

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