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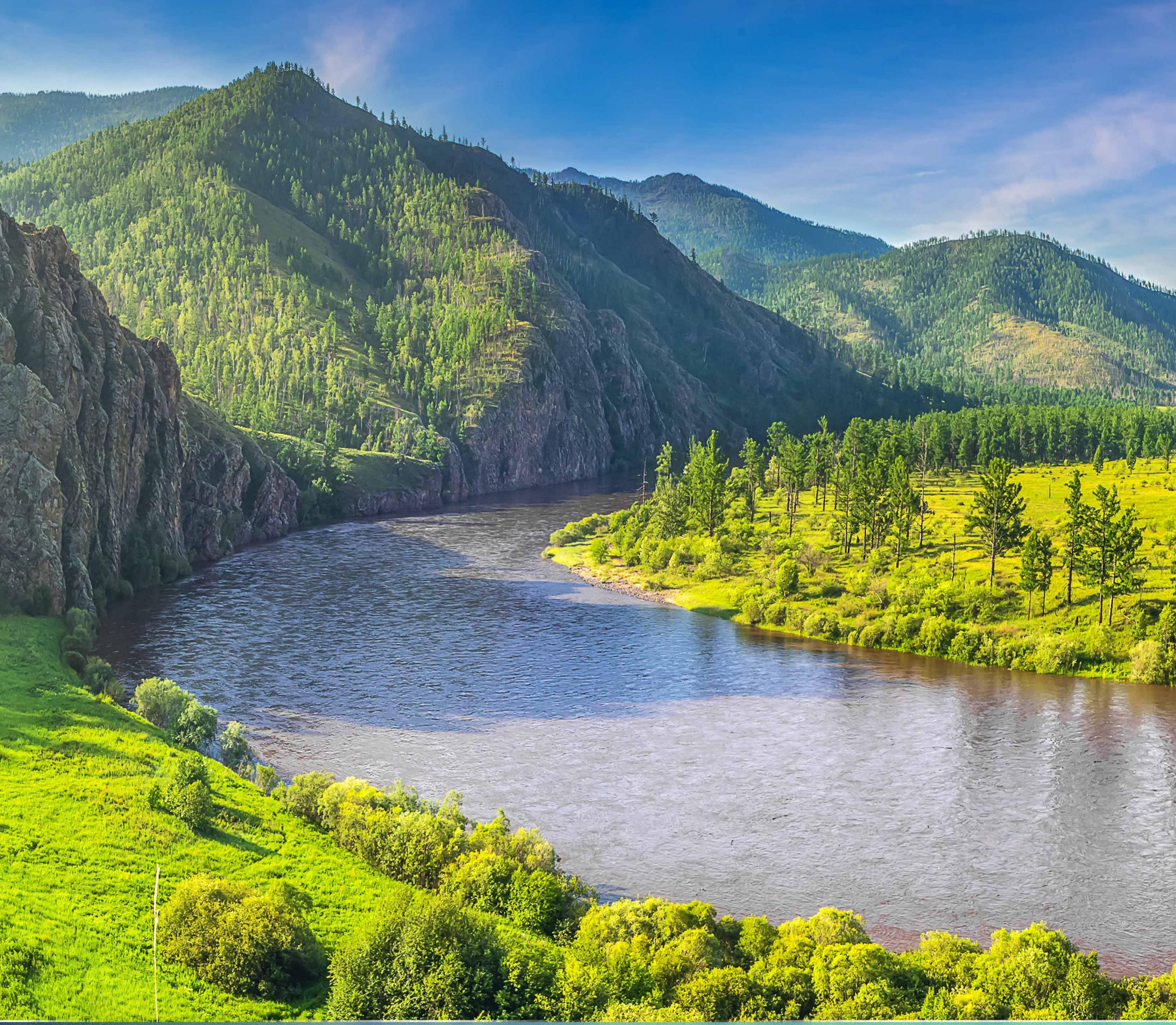

BLUE BOND GUIDELINE 2026

FINANCIAL REGULATORY COMMISSION OF MONGOLIA

GUIDELINE ON THE ISSUANCE OF BLUE BONDS

A market-wide reference framework for the labelling, issuance, allocation, and reporting of blue bonds by Mongolian entities

2026

Developed with reference to the IFC Guidelines for Blue Finance (Version 2.0), the ICMA Green Bond Principles, the LMA Green Loan Principles, the ICMA Guidance on Bonds to Finance the Sustainable Blue Economy, the Mongolian Green Taxonomy, and the market precedent established by Golomt Bank's Blue Finance Framework (July 2026), developed in partnership with the International Finance Corporation.

Foreword from Financial Regulatory Commission

Among the pressing environmental challenges facing Mongolia, water scarcity, water quality, groundwater use, and wastewater management are issues that require urgent attention and action. At the same time, it is essential to increase investment aimed at protecting, restoring, and ensuring the sustainable use of water resources. To this end, it is necessary to create an enabling environment to mobilize both domestic and international investment, increase private sector participation, and effectively leverage the opportunities offered by financial markets.

In this context, we have developed the “Guideline on Blue Bond Issuance” in collaboration with the International Finance Corporation, the Mongolian Sustainable Finance Association, and Golomt Bank, tailored to the specific context of Mongolia. We are confident that this Guideline will serve as a foundational reference for enterprises and organizations seeking to mobilize blue financing, including through the issuance of blue bonds, and will provide an important basis for fostering a common understanding, transparency, and sound practices in the market. Furthermore, we regard this Guideline as an important step toward creating new sustainable finance opportunities in Mongolia and linking the objective of protecting water resources with concrete investment.

The Financial Regulatory Commission has been implementing a range of measures to develop the sustainable finance framework and establish an appropriate regulatory environment for financial instruments with positive environmental and social impacts. Going forward, the Commission will continue to work closely with financial market participants, public and private sector organizations, and international institutions in this area.

We would like to express our sincere appreciation to the team at Golomt Bank for spearheading the development of this Guideline, and to the teams at the International Finance Corporation and the Mongolian Sustainable Finance Association for their valuable collaboration in its preparation.

Sincerely,

JAMBAAJAMTS TUNDEV

Chairman of the Financial Regulatory Commission

Foreword from Golomt Bank

Water is the foundation of all living organisms and the source of life itself. Beyond its vital role in sustaining life, water is also a strategic resource that underpins a nation's economic development, social well-being, and environmental sustainability.

Mongolia faces an uneven distribution of water resources, with the majority of its water consumption dependent on groundwater. At the same time, the country continues to confront growing challenges such as climate change, desertification, water scarcity, pollution, and the degradation of aquatic ecosystems. These challenges highlight the urgent need to expand blue finance and mobilize investments aimed at protecting, restoring, and ensuring the sustainable use of water resources.

One of the key instruments for advancing blue finance is the Blue Bond. Through blue bonds, investments can be channeled into sectors such as sustainable water management, wastewater treatment, water-use efficiency, the protection and restoration of aquatic ecosystems, and sustainable tourism, thereby generating positive environmental impacts. In addition, such investments can contribute to economic growth, social development, and enhanced resilience to climate change.

At the initiative of Golomt Bank, in collaboration with the Financial Regulatory Commission of Mongolia and the Mongolian Sustainable Finance Association (MSFA), and with the technical assistance of the International Finance Corporation (IFC), Mongolia's first "Blue Bond Guideline" has been developed and published. This guideline aims to support the development of Mongolia's blue finance market, provide market participants with a unified methodological framework aligned with international best practices and principles, and enhance transparency and impact.

We are confident that this "Blue Bond Guideline" will serve as a practical tool for financial institutions, investors, enterprises, and other stakeholders in identifying, financing, evaluating, and reporting projects, initiatives, and activities that contribute to the development of the blue economy.

Going forward, we remain committed to supporting investments in sustainable water management, water resource conservation, and ecosystem restoration. We will continue to contribute to the development of Mongolia's blue finance market in line with international best practices and to promote its long-term growth and success.

Sincerely,

ODONBAATAR AMARZAYA

Chief Executive Officer of the Golomt Bank

Foreword from Mongolian Sustainable Finance Association

Mongolia's sustainable finance market has a distinguishing feature: it began not with regulation, but with the market's own initiative. In 2013, Mongolian commercial banks jointly launched the Sustainable Finance Initiative, voluntarily adopting the Sustainable Finance Principles and embedding environmental and social risk assessment into credit decisions. That is the foundation everything since has been built on.

We have since assembled a full sustainable finance framework: the National Sustainable Finance Roadmap in 2018; the Green Taxonomy Committee in 2019, followed by the Green Taxonomy in 2020 and its expansion into the Mongolia SDG Finance Taxonomy in 2023; and, with the Financial Regulatory Commission's green bond regulatory framework, the maturing of green and social bonds into a distinct asset class in our capital market.

At each step, banks led, regulators enabled, and international partners invested. Blue finance is beginning the same way. It is often assumed to mean ocean finance. It does not. International guidance now covers freshwater systems — rivers, lakes, wetlands, and groundwater — and water security more broadly. For a landlocked country whose entire water supply rests on its rivers and aquifers, that scope is not a technical detail; it is the basis on which Mongolia can participate in this market at all.

Water is our most constrained development resource. The country is warming faster than the global average, demand from cities, industry, and agriculture continues to rise, and groundwater reserves are being drawn down. These pressures concentrate in the same basins, and they already appear as credit and operating risk on our members' books.

The investment required to deliver Objective 6.3 of Vision-2050 — securing water supply against depletion — cannot come from the state budget alone. That makes two things necessary at once: financial instruments capable of mobilizing private capital into the water sector, and a common standard defining what qualifies.

Golomt Bank has developed Mongolia's first Blue Finance Framework and had it verified through an independent international second-party opinion. This is a substantive first step, and I extend my appreciation to the bank's leadership and team.

I also record our deep appreciation to the International Finance Corporation for its sustained, multi-year support in building Mongolia's sustainable finance market.

A path that began thirteen years ago as a voluntary commitment by Mongolian banks has now produced the country's first blue bond guideline. I do not expect it to be the last.

Sincerely,

ANAND ENKHBAT

Chief Executive Officer of the Mongolian Sustainable Finance Association

Acknowledgments

This Guideline is the product of a joint effort by the Financial Regulatory Commission of Mongolia (FRC), Golomt Bank, the International Finance Corporation (IFC), a member of the World Bank Group, and the Mongolian Sustainable Finance Association (MSFA).

It was developed under IFC's Green Finance Market Development Phase II and the IFC–Golomt Bank Blue Finance and ESMS projects. Green Finance Market Development Phase II was funded by the Government of Japan, whose generous support and continued commitment to climate action and sustainable finance in Mongolia are gratefully acknowledged.

The Guideline was publicly launched at the High-Level Sustainable Finance Forum 2026, held during the 17th Session of the Conference of the Parties (COP17) to the United Nations Convention to Combat Desertification (UNCCD).

The authors thank the organizations, institutions, and stakeholders who shared expertise and provided feedback throughout the drafting process; their contributions enhanced the Guideline's quality, strengthened its practical relevance, and helped align it with market needs and international good practice.

Contents

1 Purpose and Legal Basis

1.1 This Guideline on the Issuance of Blue Bonds (“the Guideline”) is issued by the Financial Regulatory Commission of Mongolia (“the FRC” or “the Commission”) to establish a common national reference framework for the labelling, issuance, use of proceeds, management, and reporting of blue bonds by entities operating in the Mongolian capital market.

1.2 The Guideline is issued pursuant to the FRC's mandate to regulate and develop the securities market and to promote sustainable and responsible finance in Mongolia, consistent with the objectives of the Mongolian Green Taxonomy, Mongolian SDG Finance Taxonomy and the Sustainable Finance Roadmap of Mongolia.

1.3 This Guideline is issued in connection with, and supplements, the FRC's Regulation on the Registration of Debt Instruments (“the Debt Instrument Regulation”). Where an Issuer wishes to register and issue a debt instrument labelled as a “blue bond,” it must satisfy the requirements of the Debt Instrument Regulation in full, and, in addition, the criteria and process set out in this Guideline. Where this Guideline is silent, the Debt Instrument Regulation governs; where the two are read together, the more specific blue-bond requirement applies to matters of labelling, use of proceeds, and blue-bond reporting.

1.4 The Guideline draws on international good practice — including the ICMA Green Bond Principles, the LMA Green Loan Principles, the IFC Guidelines for Blue Finance (Version 2.0), and the ICMA Guidance on Bonds to Finance the Sustainable Blue Economy — and on the precedent set by Golomt Bank's Blue Finance Framework (July 2026), the first bank-level blue finance framework developed in Mongolia in partnership with the International Finance Corporation (IFC).

1.5 The Guideline is not, of itself, legal or investment advice, and does not replace applicable securities law, disclosure regulation, or FRC listing rules. Where a conflict arises between this Guideline and binding law or regulation — including the Debt Instrument Regulation — the latter prevails.

2 Scope of Application

2.1 This Guideline applies to any Mongolian-incorporated bank, non-bank financial institution, corporate, municipality, or other eligible entity (“the Issuer”) that registers and issues a bond, note, or comparable debt instrument under the FRC's Regulation on the Registration and Issuance of Company Debt Instruments, and that wishes to label that instrument “blue,” “blue bond,” or an equivalent designation referencing water or freshwater sustainability outcomes.

2.2 The Guideline may also be applied on a voluntary basis to blue loans and other use-of-proceeds blue financing instruments. It may also inform sustainability-linked instruments whose key performance indicators use one or more impact metrics set out in Section 10.2 and related to the Eligible Blue Project Categories under this Guideline, provided that the relevant proceeds (where applicable), targets, and reporting are managed in a manner consistent with the principles set out herein.

2.3 Use of the “blue bond” label in the Mongolian market in connection with a public offering or FRC-regulated placement is conditioned on the Issuer's demonstrated alignment with the four core components of this Guideline (Sections 6–9) and on completion of the registration steps in Section 12.

3 Definitions

- **Blue Bond:** A use-of-proceeds debt instrument where an amount equal to the net proceeds is applied exclusively to Eligible Blue Projects, consistent with this Guideline.
- **Eligible Blue Project:** A project or asset that meets the eligibility criteria of one of the categories set out in Section 6 and is not excluded under Section 7.
- **Issuer:** The Mongolian entity issuing a blue bond or comparable blue financing instrument under this Guideline.
- **Second Party Opinion (SPO):** An independent, pre-issuance assessment of an Issuer's blue bond framework against recognized market standards.
- **ESMS:** Environmental and Social Management System — the Issuer's internal system for identifying, assessing, mitigating, and monitoring environmental and social risks.
- **Working Group:** The internal cross-functional body an Issuer establishes to screen, select, and monitor Eligible Blue Projects.

4 Strategic Rationale for Blue Finance in Mongolia

4.1 Water security is a strategic development and competitiveness priority for Mongolia. As a landlocked country with limited and unevenly distributed freshwater resources, Mongolia faces growing pressure from urbanization, industrial activity, climate variability, groundwater dependence, wastewater management gaps, and pollution affecting rivers, lakes, wetlands, and surrounding ecosystems.

4.2 Blue finance provides a mechanism to mobilize private capital toward the sustainable management, protection, restoration, and efficient use of water resources. Because Mongolia has no coastline, this Guideline interprets “blue finance” exclusively through a freshwater and water-security lens — encompassing access to safe water and sanitation, reduced water losses, increased water efficiency and reuse, pollution prevention, restoration of freshwater habitats, and business models that depend on healthy water-related ecosystems. Unlike international blue-economy guidance developed for coastal and marine markets, this Guideline does not apply any coastal-proximity test to project eligibility.

4.3 This Guideline is designed so that any Eligible Blue Project financed under it contributes to Sustainable Development Goal 6[1] (SDG 6: Clean Water and Sanitation), across one or more of the six targets: safe drinking water (6.1), sanitation and hygiene (6.2), wastewater treatment

[1] For Mongolia, Eligible Blue Projects under this Guideline are expected to contribute primarily to SDG 6. References to SDG 14 or international sustainable blue economy guidance should be interpreted only where relevant to freshwater biodiversity, aquatic ecosystems, or transboundary water-related impacts, and should not be understood as requiring a coastal or marine nexus.

and pollution reduction (6.3), water-use efficiency (6.4), integrated water resources management (6.5), and protection of water-related ecosystems (6.6).

5 Core Components and Alignment with Market Standards

5.1 A blue bond issued under this Guideline must address the following four core components, consistent with the ICMA Green Bond Principles and LMA Green Loan Principles:

1. Use of Proceeds — Section 6
2. Process for Project Evaluation and Selection — Section 8
3. Management of Proceeds — Section 9
4. Reporting — Section 10

5.2 Issuers are encouraged to reference the IFC Guidelines for Blue Finance (Version 2.0) and the ICMA Guidance on Bonds to Finance the Sustainable Blue Economy for detailed methodology, while applying the Mongolia-specific adaptations set out in this Guideline, in particular the freshwater eligibility categories in Section 6 and the exclusion list in Section 7.

5.3 This Guideline may be updated periodically by the FRC to reflect developments in the blue finance market, evolving national priorities, and lessons from issuance experience. Material updates will be published on the FRC's website and communicated to registered Issuers and market participants.

6 Use of Proceeds — Eligible Blue Project Categories

- An amount equal to the net proceeds of each blue bond must be allocated exclusively to new or existing Eligible Blue Projects falling within one or more of the four categories below. These categories are adapted from the IFC Guidelines for Blue Finance (Version 2.0) and the market precedent of Golomt Bank's Blue Finance Framework, recast for Mongolia's landlocked freshwater context.

6.1 **Category 1: Sustainable Water and Wastewater Management**

Primary SDG 6 contribution: *SDG 6.1, 6.2, 6.3, 6.4*

Sustainable Water Supply & Water Efficiency

- Water extraction activities based on a documented assessment of freshwater availability, ensuring withdrawal does not exceed natural recharge and avoids over-extraction.
- New, expanded, rehabilitated, or retrofitted water supply infrastructure (abstraction, treatment, conveyance) achieving at least a 10% improvement in system efficiency per unit of service, directly linked to activity outputs (e.g., m^3 per unit of product or per household served).
- Development, replacement, or rehabilitation of water conveyance and distribution systems achieving at least a 10% reduction in physical (real) water losses against a documented baseline.

- Water efficiency technologies and management practices (drip irrigation, rainwater harvesting and reuse, water recycling systems, leak-detection sensors, smart metering) that reduce water footprint by a minimum of 10%.

Wastewater Treatment and Reuse

- Wastewater treatment plants and collection systems serving municipal, industrial, agricultural, commercial, or residential users, including facilities that pre-treat for discharge into centralized networks and facilities providing full on-site treatment.
- Wastewater reuse projects that reduce freshwater abstraction or minimize pollution of water bodies.
- Upgrades to decentralized sanitation systems, septic facilities, and fecal sludge management that reduce contamination of groundwater or nearby freshwater systems.

Climate-Resilient Water Infrastructure

- Drainage, stormwater, and flood management systems that reduce flood risk and prevent sediments, plastics, chemicals, or other pollutants from entering rivers, lakes, wetlands, or groundwater recharge zones.

6.2 **Category 2: Water-Friendly and Circular Manufacturing**

Primary SDG 6 contribution: *SDG 6.3, 6.4, 6.6*

Water-Friendly Products

- 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 achieving at least a 20% reduction per unit of product in relevant pollutant loads or replacing phosphate- or nitrogen-based synthetic fertilizers with sustainable, biodegradable alternatives in areas connected to rivers, lakes, wetlands, or groundwater basins.
- Use of alternative low-carbon, biodegradable fibers (e.g., Lyocell) to replace fossil-based fibers across value chains.

Plastics Circularity

- Plant-based, or compostable plastics and packaging, where compostable facilities are readily available.
- Use of recycled or reused plastics for manufacturing in a circular-economy approach in areas connected to freshwater basins.
- Plastics collection and recycling facilities, and substitution of plastic packaging with sustainable or regenerative materials, in areas near a water body.

6.3 **Category 3: Freshwater Habitat Protection and Restoration**

Primary SDG 6 contribution: *SDG 6.5, 6.6*

Habitat Protection and Restoration

- Conservation, enhancement, and restoration of freshwater ecosystems — including rivers, lakes, wetlands, and groundwater systems — preferably through an integrated ecosystem management approach.
- Information systems, technologies, and tools (remote sensors, drones, automated monitoring) used to monitor, measure, and report the physical and chemical condition of water bodies, supporting restoration and climate resilience.
- Nature-based restoration approaches, including wetland rehabilitation, riverbank stabilization, and re-vegetation, aimed at improving water retention, reducing erosion, and enhancing ecosystem resilience.

6.4 **Category 4: Sustainable Tourism**

Primary SDG 6 contribution: *SDG 6.6*

Sustainable Tourism

- Nature-based freshwater visitor centers, certification, and education programs showcase freshwater ecosystems, biodiversity, and sustainable water stewardship.
- Licensed, certified sustainable tourism operations (resorts, hotels, boat operators) located near or dependent on freshwater and nature assets — lakes, rivers, wetlands, protected areas, watershed landscapes — with inclusive livelihood elements, certified under GSTC Criteria, Preferred by Nature, or an equivalent recognized standard.

7 Exclusion List

7.1 An Issuer may not allocate blue bond proceeds to any entity whose business activities fall within the following list, which is consistent with Appendix 1 of the ICMA Practitioner's Guide: Bonds to Finance the Sustainable Blue Economy and with generally applicable exclusion lists used in the Mongolian financial sector:

- Activities prohibited under Mongolian law or international conventions and agreements ratified by Mongolia.
- Cultivation, production, transport, or trafficking of unregulated psychoactive substances.
- Illegal gambling and casino operations.
- Promotion or organization of obscene acts.
- Forced labor, exploitative labor practices, the worst forms of child labor, discrimination, or restriction of workers' rights to organize and bargain collectively.
- Manufacture and sale of firearms.
- Multi-level marketing or pyramid schemes.
- Cross-border export, import, or trade conducted without the required permits.
- Activities conducted within, or that degrade, internationally or nationally protected areas.

- Activities prohibited under international conventions on biological diversity or cultural and historical heritage protection.
- Manufacture, sale, or use of asbestos-containing products.
- Production or trade of products containing polychlorinated biphenyls (PCBs).
- Production or trade of ozone-depleting substances banned under international agreements.
- Production or trade of internationally banned drugs, pesticides, or other toxic substances.
- Trade in species listed under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).
- Unsupervised or destructive fishing practices (e.g., explosive fishing, unregulated freshwater fishing).
- Transport or disposal of internationally prohibited waste.
- Timber production, sale of timber or logging equipment, in or near legally protected forest areas.
- Production or trade of non-sustainably sourced timber or forest products.
- Activities prohibited under the Rotterdam and Stockholm Conventions.
- Producers of alcoholic beverages above 28% alcohol content where such products constitute more than 20% of the issuer's or its related parties' total income.
- Fossil-fuel power generation, and activities knowingly and intentionally dedicated to expanding fossil-fuel-based technologies.

7.2 An Issuer should also assess whether otherwise eligible projects create material fossil-fuel dependency, long-term carbon lock-in, or avoidable greenhouse gas emissions. Where technically and economically feasible, an issuer should prioritize low-carbon, energy-efficient, and climate-resilient alternatives.

8 Process for Project Evaluation and Selection

8.1 Each Issuer must apply an existing or newly established sustainable finance governance structure to the evaluation and selection of Eligible Blue Projects. At minimum, this structure must include:

- A senior oversight body (e.g., a Sustainable Development Committee, chaired by or reporting to the Issuer's chief executive or equivalent) responsible for overseeing the blue bond framework and the Eligible Blue Project portfolio.
- A Working Group or designated function responsible for screening, documenting, validating, monitoring, and reporting on Eligible Blue Projects against the eligibility criteria and exclusions in Sections 6 and 7.
- Confirmation that proposed projects align with SDG 6 outcomes, relevant environmental objectives, and applicable market standards, before addition to the Eligible Blue Project register.
- Periodic review of the Issuer's framework to reflect changes in strategy, national requirements, and sustainable finance market practice.

Prior to inclusion in the Eligible Blue Project register, each project must pass three eligibility checks: (i) contribution to an eligible SDG 6-related blue outcome; (ii) no significant harm to other environmental and social objectives, including climate mitigation and adaptation objectives; and (iii) compliance with applicable environmental and social safeguards, including the Issuer's ESMS, national requirements, and internationally recognized standards where relevant.

8.2 Issuers must apply environmental and social risk categorization (e.g., high, medium, low, negligible risk) to all prospective borrowers or projects financed under the blue bond, informed by an Environmental and Social Management System (ESMS) aligned with the IFC Performance Standards or an equivalent internationally recognized standard. Higher-risk activities should be subject to enhanced due diligence and post-financing monitoring, including periodic re-assessment (e.g., at 12-month intervals).

8.3 Consistent with the World Bank Group / Joint MDB Methodological Principles for Paris Agreement Alignment, only projects assessed as aligned with the objectives of the Paris Agreement are eligible for financing under this Guideline. Eligible projects must avoid significant harm to other environmental and social objectives.

8.4 Final approval of Eligible Blue Projects rests with the Issuer's senior oversight body or a delegated approving authority, and approved projects must be recorded in an Eligible Blue Project register (Section 9).

9 Management of Proceeds

9.1 Net proceeds of a blue bond must be tracked by the Issuer through an internal Eligible Blue Project register recording, at minimum: the relevant financing instrument, eligible project category, allocation amount, financing or refinancing status, expected impact indicators, and any substitutions.

9.2 The Issuer must maintain systems and controls to prevent double counting, ensuring that neither financing amounts nor associated environmental and social impacts are counted more than once across its sustainable finance instruments.

9.3 Where proceeds are used for refinancing, projects or assets financed up to 36 months prior to the issuance date may qualify, unless a category-specific provision states otherwise. The majority of proceeds should be directed to new financing.

9.4 Issuers should aim to fully allocate net proceeds to Eligible Blue Projects within 24 months of issuance or drawdown, unless a longer period is disclosed and justified in the offering documentation. Portfolios should be monitored at least quarterly, with non-compliant projects removed from the register and, where practicable, replaced.

9.5 Pending allocation, unallocated proceeds must be held in cash, cash equivalents, money market instruments, or other liquid investments consistent with the Issuer's treasury policies and must not be directed to any activity on the exclusion list in Section 7.

9.6 Where collateral is provided in connection with a blue bond, the Issuer should seek to ensure the collateral assets are consistent with the Eligible Blue Project categories in Section 6.

10 Reporting

10.1 Issuers must publish allocation and impact reporting at least annually, from issuance or drawdown until full allocation of net proceeds, and thereafter promptly upon any material development. Reporting may be published as a standalone blue bond report or incorporated into the Issuer's annual or sustainability report and must be made available to the FRC and investors.

10.2 Allocation Reporting

Allocation reports must include, at minimum:

- The total amount allocated to Eligible Blue Projects, including allocation by eligible category.
- The share of financing and refinancing, where feasible.
- A description of Eligible Blue Projects financed or refinanced, on an aggregated basis and subject to confidentiality considerations.
- The balance of unallocated proceeds and how such proceeds are being managed.

10.3 Impact Reporting

Issuers must report, where feasible, output and impact metrics for Eligible Blue Projects, including the methodology, key assumptions, baselines, and calculation approach used, mapped to the relevant SDG 6 target(s). Indicative impact indicators by category are set out below, consistent with the IFC Guidelines for Blue Finance (Version 2.0):

Eligible Category	Indicative Impact Indicators
1. Sustainable Water and Wastewater Management	• Volume of water collected from natural sources (m^3/year) • Water withdrawal reduction (m^3/year) • Water savings (m^3/year) • Number of people served/benefited (#/year) • Volume of wastewater treated (m^3/year) • Volume/percentage of wastewater reused (m^3/year; %)
2. Water-Friendly and Circular Manufacturing	• Percentage of water-friendly products against total products (%) • Weight/volume and percentage of fertilizers or plastics replaced (tons/year; %) • Capacity for plastic recycling (tons/year) • Number of people served/benefited (#/year)
3. Freshwater Habitat Protection and Restoration	• Length of river or area of aquatic ecosystem conserved, improved, and/or restored (m^2/year) • Number of people served/benefited (#/year)

Eligible Category	Indicative Impact Indicators
4. Sustainable Tourism	• Number of certified sustainable operators (GSTC, Green Globe, Preferred by Nature) (#) • Number of jobs created in sustainable tourism operations (#) • Number of people served/benefited (#/year)

11 External Review

11.1 Pre-Issuance Second Party Opinion

Prior to issuance, an Issuer must obtain a Second Party Opinion (SPO) from a qualified independent provider assessing the alignment of its blue bond framework with the ICMA Green Bond Principles, the LMA Green Loan Principles, the ICMA Guidance on Bonds to Finance the Sustainable Blue Economy, and this Guideline. The SPO must be made publicly available, including on the Issuer's website. Any material update to the framework should be reviewed by the SPO provider or another qualified reviewer.

11.2 Review of Eligible Blue Projects

Issuers are encouraged to submit Eligible Blue Projects added during each reporting period to independent third-party review, to confirm alignment with the eligibility criteria, exclusion list, and environmental and social risk management requirements of this Guideline.

11.3 Independent Assurance

Issuers must obtain independent assurance from an external auditor on their allocation and impact reports on at least an annual basis until full allocation of proceeds.

12 Registration and Approval Process with the FRC

12.1 An entity seeking to issue a blue-labelled bond in the Mongolian domestic market must register the instrument in accordance with the FRC's Regulation on the Registration and Issuance of Company Debt Instruments. As part of that registration — filed together with, or as an annex to, the standard registration application — the Issuer must submit the following blue-bond-specific materials:

1. The Issuer's blue bond framework, addressing the four core components in Section 5 and demonstrating alignment with the eligible categories in Section 6 and the exclusion list in Section 7.
2. The pre-issuance Second Party Opinion referred to in Section 11.1.
3. Evidence of the governance and evaluation process described in Section 8, including the composition and mandate of the responsible oversight body and Working Group.
4. A description of the Issuer's proceeds management and tracking arrangements under Section 9.
5. A commitment to the ongoing reporting and external review obligations in Sections 10 and 11.

12.2 The FRC will review the submission for completeness and consistency with this Guideline alongside its standard review of the registration application under the Debt Instrument Regulation, and will confirm, within the timeframe applicable to that regulation, whether the instrument may be labelled and registered as a “blue bond.” The FRC's confirmation relates to consistency with this Guideline and does not constitute investment advice, a credit assessment, or a guarantee of environmental outcomes.

12.3 The FRC may maintain a public register of blue bonds issued under this Guideline, listing each Issuer, instrument, issuance date, SPO provider, and a link to allocation and impact reports as they are published.

13 Supervision, Monitoring, and Enforcement

13.1 The FRC may request, at any time, evidence supporting an Issuer's continued compliance with this Guideline, including the Eligible Blue Project register, allocation and impact reports, and underlying assurance opinions.

13.2 Where the FRC determines that an Issuer has materially failed to comply with this Guideline — including through misallocation of proceeds, failure to report, or financing of excluded activities — the FRC may require corrective action, suspend the Issuer's use of the “blue bond” label for future issuances, and/or refer the matter for further regulatory or enforcement action under applicable securities law, in order to protect market integrity and guard against greenwashing.

13.3 Issuers remain subject to all other applicable requirements of the Debt Instrument Regulation, other FRC rules, disclosure obligations, and securities law; this Guideline supplements, and does not substitute for, those requirements.

14 Review and Updates to this Guideline

14.1 The FRC will review this Guideline periodically, and no less than every three years, in consultation with market participants, the Mongolian Sustainable Finance Association, and relevant development partners, to reflect developments in the domestic and international blue and sustainable finance markets.

14.2 Material amendments will be published on the FRC's website and communicated to Issuers with instruments outstanding under this Guideline, together with any transitional arrangements.

15 Disclaimer

This Guideline is issued for regulatory and market-development purposes. It does not constitute investment advice or a recommendation to invest in any instrument. Classification of an instrument as a “blue bond” under this Guideline does not guarantee acceptance by any investor, lender, rating agency, external reviewer, or other stakeholder, nor does it guarantee any particular environmental, social, or financial outcome. All issuances remain subject to the

Issuer's own credit and risk management processes, applicable law, and the terms of the relevant transaction documentation.