ABU DHABI COMMERCIAL BANK PJSC

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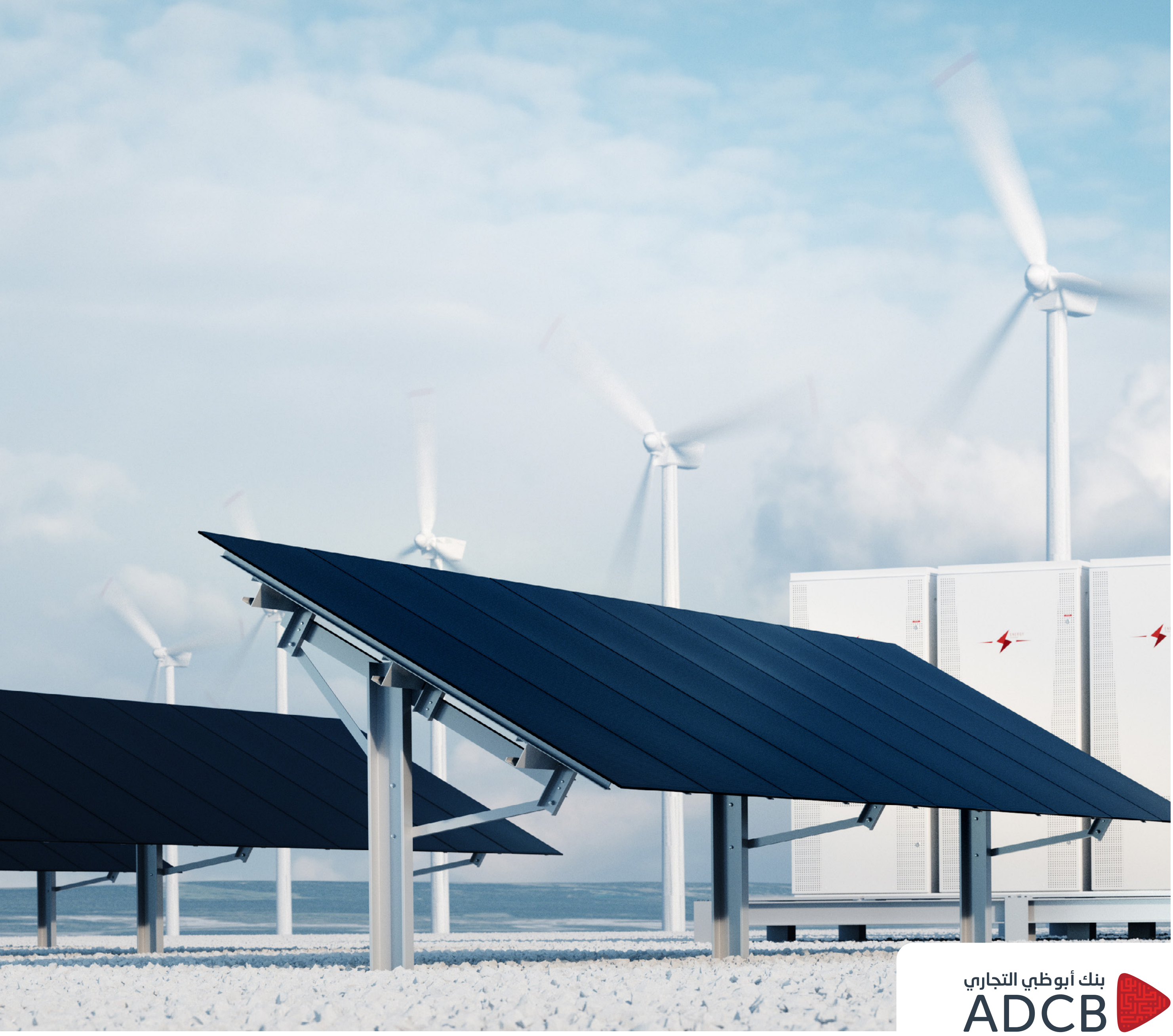
ADCB Group Sustainable Funding Framework

2026



بنك أبوظبي التجاري
ADCB

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1. Background

Abu Dhabi Commercial Bank PJSC ("ADCB" or the "Bank"), is a leading banking institution in the UAE providing more than 2 million customers with a full suite of products and services, spanning Retail Banking, Private Banking and Wealth Management, Corporate and Investment Banking, Treasury and Investments, and Property Management. The Group's key subsidiaries include Al Hilal Bank, a retail-focused Islamic digital bank; ADCB Egypt, offering both retail and corporate banking services; ADCB Kazakhstan, specialising in corporate banking under Islamic principles. As at 31 December 2025, ADCB was the third largest bank in the UAE by total assets.

As a leading financial institution in the UAE, ADCB is committed to supporting the country's strategic commitments to the UN Sustainable Development Goals (SDGs) and the transition to an inclusive, net zero economy. To deliver on this ambition, ADCB's Board-approved Group Sustainability Strategy focuses on managing business risks and opportunities across the ESG priorities that matter most to our stakeholders.

The strategy is built around four key priorities:

- Climate
- Customers and Communities
- Employees
- Governance

To ensure successful implementation of our strategy, the Bank approved a Sustainability Governance Framework, with full Board oversight and a designated Sustainability Department reporting to the Group Chief Financial Officer. Its commitments are clearly laid out in the publicly available Group Sustainability Policy. The Bank also adopts an Environmental and Social Risk Management (ESRM) Policy and Sustainability Risk Appetite Statement. This sets out our risk parameters for clients in certain sectors and activities that are more likely to be exposed to higher environmental and social risks as an important lens for credit decision making.

ADCB's Sustainable Funding Framework builds on the Bank's existing sustainability commitments by supporting the issuance of sustainable funding instruments and directing capital towards credible environmental and social projects. It complements ADCB's Sustainable Product Framework, which guides the development of sustainable finance products and outlines the Bank's approach to reporting progress against its sustainable finance target.

This Framework has been developed in line with recognised market standards and industry principles. It is jointly owned by Sustainability and the Treasury & Investment Group and governed through a cross-functional Sustainable Finance Working Group. The Group Sustainability Committee provides oversight, and the Framework is reviewed annually and updated, where appropriate. Further details on governance are provided in Section 4 of this Framework.

In support of the UAE's Net Zero by 2050 Strategic Initiative, ADCB has defined a set of climate-related targets and actions including:

- **Commitment anchored to the UAE's climate ambition:** ADCB is a signatory to the UAE Climate-Responsible Companies Pledge to measure, manage and report Greenhouse Gas emissions including Scope 3 "financed emissions", with third party assurance
- **Realistic and credible sectoral climate targets:** Set 2030 emission reduction targets for the Oil & Gas and Power sectors, in line with the UAE's Nationally Determined Contributions (NDCs) and client commitments
- **Supporting our customers with sustainable finance:** ADCB committed to lend, invest, and facilitate AED 125 billion in sustainable activities by 2030, governed by a Sustainable Product Framework
- **Zero exposure to coal:** ADCB has zero direct exposure to coal mining, underscoring our commitment to responsible banking and environmental stewardship
- **Robust risk management approach:** Our Environmental and Social Risk Management (ESRM) Policy ensures that climate risk is embedded within our lending processes. We conduct regular climate stress testing and portfolio assessments to safeguard our resilience and align with regulatory expectations
- **Decarbonising our own operations:** We lead by example, reducing the carbon footprint of our own operations, guided by a comprehensive environmental policy
- **Global alignment and collaboration:** ADCB remains committed to limiting global warming in line with the Paris Agreement and considers collective action with industry groups and initiatives as essential in delivering meaningful outcomes

Note: More information on ADCB's sustainability policies and disclosures can be found on adcb.com/esg

2. ADCB Sustainable Funding Framework

ADCB has established this Framework under which the Bank and its subsidiaries may issue Green, Social, Sustainability and other thematic funding instruments across a range of liability products. This includes, but is not limited to, senior or subordinated bonds, private placements, sukuk, loans, Euro Commercial Paper and Certificates of Deposit (together, "Sustainable Funding Instruments").

Sustainable Funding Instruments include:

- **Green instruments** where proceeds are used to finance and/or refinance loans which meet the Green Eligibility Criteria defined within this Framework
- **Blue instruments:** these are used to finance and/or refinance a subset of loans which meet the Green Eligibility Criteria defined within this Framework and contribute to a sustainable blue economy. Where relevant, ADCB may take into consideration ICMA Bonds to Finance the Sustainable Blue Economy Guidance[1] and IFC Guidelines for Blue Finance[2]
- **Social instruments** where proceeds are used to finance and/or refinance loans which meet the Social Eligibility Criteria defined within this Framework
- **Sustainability instruments** where proceeds are used to finance and/or refinance loans which meet the Green and/or Social Eligibility Criteria defined within this Framework
- **Thematic instruments** where proceeds are used to finance and/or refinance loans which meet the Eligibility Criteria defined within this Framework. Where relevant, ADCB may take into consideration ICMA Bonds to Bridge the Gender Gap Guidance[3] and ICMA Sustainable Bonds for Nature: A Practitioner's Guide[4]

The Framework is structured around four core components and is supported by an independent external review, in accordance with market best practice and the applicable ICMA and LMA Principles listed on this page. Where relevant, ADCB will take into consideration the Green Enabling Projects Guidance Document 2024[5] on a best efforts basis.

International Capital Markets Association (ICMA)

- Green Bond Principles (GBP) 2025[6]
- Social Bond Principles (SBP) 2025[7]
- Sustainability Bond Guidelines (SBG) 2021[8]
- Guidance on Green, Social and Sustainability Sukuk 2024[9]

Loan Market Association (LMA)

- Green Loan Principles (GLP) 2025[10]
- Social Loan Principles (SLP) 2025[11]

Four components of this Framework

- **Use of proceeds**
- **Process for project evaluation and selection**
- **Management of proceeds**
- **Reporting**

(1) Bonds to Finance the Sustainable Blue Economy
(2) IFC Guidelines for Blue Finance
(3) Bonds to Bridge the Gender Gap
(4) Sustainable Bonds for Nature: A Practitioner's Guide
(5) Green Enabling Projects Guidance
(6) Green Bond Principles
(7) Social Bond Principles
(8) Sustainability Bond Guidelines
(9) Guidance on Green, Social and Sustainability Sukuk
(10) Green Loan Principles
(11) Social Loan Principles

3. Use of proceeds

ADCB will allocate an amount at least equivalent to the net proceeds of the Sustainable Funding Instruments issued under this Framework for the financing and/or refinancing of Eligible Green and Social loans (together "Eligible Loans") that meet the eligibility criteria.

Eligible loans may consist of project specific use of proceeds loans and general purpose corporate loans as outlined below.

Dedicated purpose financing (use of proceeds)

Financing identified as being for a dedicated purpose that:

- Meets at least one green or social eligibility criteria; or
- Meets a combination of green and/or social eligibility criteria set out in Section 3 of this Framework

General purpose financing(1)

Financing for general corporate purposes, when the recipient entity's core business meets the eligible green or social criteria (or a combination of both). Such 'pure play' companies are eligible if they meet one of the following criteria:

1. Derives greater than 90% of its revenue from eligible activities listed under green and/or social criteria as detailed in this Framework
2. For power generators only: derives greater than 90% of its energy generation mix from renewable energy sources
3. For pre-revenue entities only: dedicates greater than 90% of its capex/R&D expenditure to eligible activities listed under the green or social criteria as detailed in this Framework
4. Public healthcare providers and public education systems: eligible to qualify for inclusion based on their registration as public school/university, charity or non-profit organisation
5. Charities and non-profit organisations: eligible to qualify for inclusion based on their registration as public charities, social enterprises, non-profit organisations and other philanthropic organisations with charitable purpose focusing on eligible activities listed under social criteria as detailed in section 3.2 of this Framework or greater than 90% of its funding raised applied towards eligible activities listed under the social criteria as detailed in this Framework

Activities included: Green, blue, social, sustainability and other thematic issuances

Products included: Bonds, Private Placements, Sukuk, loans, Euro Commercial Paper, and Certificates of Deposit

Prior to or at issuance of the Sustainable Funding Instruments, ADCB will communicate if net proceeds are allocated towards nuclear energy projects.

(1) This includes Sustainability-Linked Loans if the recipient entity meets the eligibility criteria

3. Use of proceeds

3.1 Green eligibility criteria

This section details the green eligibility criteria prepared in accordance with the ICMA/LMA Principles and is aligned with the UN SDGs.

Green category	Definition	Eligibility criteria
Green buildings **Environmental objective:** Climate change mitigation	Financing or refinancing the acquisition, development, construction and refurbishment of buildings which meet at least one of the eligibility criteria	• New and existing residential, commercial and mixed use buildings that meet the minimum external green building certification level of the below green building certifications: – **Estidama, Pearl building rating system** in the Emirate of Abu Dhabi, '2 Pearl Rating' – **Al Sa'fat, Dubai Green Building System** in the Emirate of Dubai, 'Golden Sa'fa' – **Mostadam,** green building rating system, Saudi Arabia, 'Gold' – **LEED**, Leadership in Energy and Environmental Design 'Gold' – **GSAS**, Global Sustainability Assessment System (Middle East), '4 Star' – **BREEAM**, Building Research Establishment Environmental Assessment Method (UK/International), 'Excellent' – **EDGE**, Green Buildings Certification, 'Certified' or equivalent certifications – Other internationally recognised or regional green building certifications benchmarked by ADCB to be aligned with the other certifications listed above • New and existing residential buildings that are within the top 15% most energy efficient buildings in their respective region as verified by a third party during the year of issuance • Renovation of buildings that will lead to 30% reduction in the consumption of energy, and/or carbon emissions • New data centres or retrofits to existing data centres to enable a Power Usage Effectiveness (PUE) of <= 1.5

3. Use of proceeds

Green category	Definition	Eligibility criteria
Renewable energy **Environmental objective:** Climate change mitigation	Financing or refinancing the equipment, development, manufacturing, construction, operation and maintenance of renewable energy generation sources, transmission and distribution	• Renewable energy generation sources: – **Wind:** Onshore and offshore – **Solar:** Photovoltaic solar power, concentrated solar power (CSP), solar thermal, and floating solar power – **Hydroelectric:** Run of river plant and small or medium scale projects (up to 1,000MW) with a power density greater than 5W/m^2 or life cycle emissions intensity of less than 100g CO_2e/kWh – **Geothermal:** Projects with a life cycle emissions intensity of less than 100gCO_2e/kWh – **Green hydrogen and ammonia projects:** Storage and refuelling infrastructure and fuel production from electrolysis powered by 100% renewable or zero emissions energy – **Bioenergy**: projects that produce electricity and fuels (incl. sustainable aviation fuel) exclusively from: a. waste feedstock (e.g. used cooking oil, tallow) b. sustainable certified[1] energy crop feedstocks that are not produced for food consumption and do not compete with the production of food or deplete existing terrestrial carbon pools c. non-waste agricultural residues (e.g. straw, husks, bagasse) and d. purpose grown energy crops cultivated on restored or degraded land (i.e. no deforestation impact). Bioenergy should have at least a 50% reduction in GHG emissions compared to fossil fuel – No on-site generated renewable energy generation can be used in GHG emission intensive facilities • Infrastructure to support renewable energy: Projects related to energy transmission infrastructure wholly dedicated and used to support renewable energy generation • Development and/or manufacture of components such as photovoltaic panels and epoxy resins used to manufacture blades of wind turbines or facilities for renewable energy generation or energy storage

(1) Certifications include FSC (Forest Stewardship Council), PEFC (Programme for the Endorsement of Forest Certification), SBP (Sustainable Biomass Program), Roundtable on Sustainable Biomaterials (RSB), International Sustainability Carbon Certification (ISCC) and other equivalent standards

3. Use of proceeds

Green category	Definition	Eligibility criteria
Nuclear energy **Environmental objective:** Climate change mitigation	Financing or refinancing the equipment, development, manufacturing, construction, operation and maintenance of nuclear energy generation sources, transmission and distribution	• Nuclear power generation: projects that support the clean energy transition and climate goals. Eligible projects include construction and safe operation of new plants, associated transmission and distribution network wholly dedicated to nuclear energy, R&D of technology that produces energy from nuclear processes and investment in increasing operating lifespan or efficiency of existing nuclear power plant and related R&D • The below eligibility criteria for nuclear power generation applies: – Aligns with the regulations set out by the Federal Authority for Nuclear Regulation (FANR) in the UAE (https://www.fanr.gov.ae/en). This will exclude the production of nuclear weapons – The lifecycle GHG emissions intensity of the generation of electricity from the nuclear energy plant will have a lifecycle GHG emissions intensity less than 100gCO_2e/kWh – Long-term spent fuel and radioactive waste is managed in accordance with the UAE law, the regulations of FANR in the UAE and the guidelines of the International Atomic Energy Agency
Clean transportation **Environmental objective:** Climate change mitigation	Financing or refinancing the production, establishment, acquisition, expansion, upgrades, maintenance and operation of low-carbon vehicles and related infrastructure	• Fully electric or other zero direct tailpipe emission vehicles only (such as hydrogen-powered vehicles) for public, passenger and freight purposes. Including cars, buses, ferries and trains • Infrastructure to support electric vehicles including electrified railways and charging stations for electric vehicles • Manufacture of lithium batteries for electric vehicles and end-of-life recycling

3. Use of proceeds

Green category	Definition	Eligibility criteria
Energy efficiency **Environmental objective:** Climate change mitigation	Financing or refinancing the establishment, acquisition, expansion and upgrade of transmission lines and energy storage facilities or technologies and/or the associated infrastructure	• Smart energy grids, energy meters, management systems that promote energy efficiency by carrying information to users for remotely acting on consumption, as well as energy efficiency promotion through battery storage facilities • District cooling systems: Energy efficient air-conditioning systems are either: – Powered by at least 50% renewable energy or clean energy at least 50% waste heat or 75% cogenerated heat, or 50% of a combination of such energy and heat – Leading to an improvement in operational energy efficiency of at least 20% • Development, manufacture and installation of products or technologies that improve energy efficiency by reducing energy consumption of underlying assets, projects or systems leading to an improvement in operational energy efficiency of at least 20% and/or products ranked in the top two classes of the local energy efficiency label where available (e.g. energy-efficient lighting in buildings, equipment to increase the operational energy efficiency of utilities and in other industrial and manufacturing processes) • Mobile network upgrades from 3G/4G to 5G. Deployment of fibre optic network to replace copper based or microwave network
Sustainable water and wastewater management **Environmental objective:** Natural resource conservation Pollution prevention and control	Financing or refinancing of the establishment, acquisition, capacity expansion and upgrades of facilities and technologies to treat, distribute and conserve water	• Infrastructure for clean/drinking water, wastewater treatment and recycling facilities • Sustainable Urban Drainage Systems (SUDS) that increase water use efficiency through modern drainage systems with natural water processes • Products, services and projects that attempt to resolve water scarcity issues, including minimising current water usage, improving the availability, efficiency and reliability of water supply (e.g. water reclaim systems, leak detection systems, water saving products, smart water quantity monitoring systems) • Products, services and projects that attempt to resolve water quality issues and improve water quality • Desalination plants: powered by electricity and running with reverse osmosis technology. The plants should be partially powered by renewable energy or zero emissions clean energy

3. Use of proceeds

Green category	Definition	Eligibility criteria

Pollution prevention and control
 	
Environmental objective:
Pollution prevention and control
	Financing or refinancing the establishment, acquisition, expansion, upgrades and ongoing management of waste	• Waste-to-energy:
		– Capturing of landfill gas with a gas capture rate ≥ 75% and in closed landfill with measures in place to monitor and minimise methane leakage
		– Anaerobic digestion with measures in place to monitor and minimise methane leakage. Bio-waste to be source segregated and collected separately. Produced biogas used directly for the generation of electricity or heat or upgraded to bio-methane for injection in the natural gas grid or used as a vehicle fuel or feedstock in the chemical industry
		– Municipal waste-to-energy with material recovery facilities which meet the below criteria:
		  – Municipal solid waste is source segregated
		  – Plant efficiency >= 25%
		  – Comply with the relevant national regulations and emission standards based on the location of the plant
		• Waste management and recycling companies and facilities of all types of waste (e.g. recycling waste into secondary raw materials, recycling food/garden/yard waste to produce compost)
		• Greenhouse gas control:
		– Development, construction, and operation of facilities employing Carbon Capture, Utilisation and Storage (CCUS) technologies to capture CO_2 emissions from industrial processes and energy generation, including technology-based carbon capture solutions
		– R&D for Direct Air Carbon Capture (DACC)
		– Permanent geological sequestration of CO_2
		– Minimum 90% capture rate as verified by an independent party
		– Carbon storage will need to comply with requirements and recommendations of ISO 27914:2017 for geological storage of CO_2 as verified by an independent party
		– CO_2 captured must not be used for enhanced oil recovery and the production of other forms of CO_2 based synthetic fuels
		• Industrial decarbonisation: Efficiency improvements (waste heat recovery, advanced control systems), electrification, renewable energy integration, use of sustainable materials in manufacturing processes that significantly reduce energy, water or material use e.g. clinker substitutes in cement, recycled steel, and bio-based plastics

3. Use of proceeds

Green category	Definition	Eligibility criteria
Environmentally sustainable management of living natural resources and land **Environmental objective:** Natural resource conservation	Financing or refinancing of sustainable agriculture and aquaculture practices that are certified to an independent standard	• Forestry or agriculture certified by third party standards – certified by EU, United States Department of Agriculture (USDA), and labels accredited by International Federation of Organic Agriculture Movements (IFOAM) • Sustainable and climate smart farming techniques to reduce inputs such as water, synthetic pesticides, synthetic fertilisers and improve yields in a sustainable manner. Examples include crop rotation, climate resilient seeds, agroforestry, conservation tillage etc. Exclude livestock production • Hydroponic, vertical farming, aquaponics and aeroponics with third party certifications such as Tractor, Global GAP, and LEAF Marque • Sustainable agriculture technologies, such as soil conditioners, biostimulants etc. reduce the environmental impact and support soil health
Terrestrial and aquatic biodiversity **Environmental objective:** Biodiversity conservation	Financing or refinancing of projects for the conservation of terrestrial and aquatic biodiversity	• Terrestrial and aquatic biodiversity conservation (including the protection of coastal, marine and watershed environments) • Wildlife habitat management, rehabilitation, restoration, and conservation of ecosystems from a degraded state and rewilding projects • Forest conservation, or REDD+ (Reducing Emissions from Deforestation and Forest Degradation)
Climate change adaptation **Environmental objective:** Climate change adaptation	Financing or refinancing of efforts to make infrastructure more resilient to impacts of climate change, as well as information systems, such as climate observation and early warning systems	• Infrastructure to increase resilience to extreme weather events • Information support systems (including ICT solutions), such as climate observation, systems for monitoring GHG emissions, and early warning systems • Green/blue urban infrastructure such as green roofs, green facades, permeable surfaces, rain gardens, bioswales, canals and ponds to address the effects of drought, floods and urban heat

3. Use of proceeds

Green category	Definition	Eligibility criteria
Circular economy adapted products, production technologies and processes and/or certified eco-efficient products **Environmental objective:** Climate change mitigation Resource efficiency and circularity	Financing or refinancing of products, production technologies and processes designed for circularity and/or adaptive re-use	**Sustainable materials and products** • Design and introduction of reusable, recyclable and refurbished materials, components and products; circular tools and services (with more than 50% waste diversion and/or use of waste as raw materials) • Products and related production processes which use bio-based or biodegradable materials sourced from sustainable feedstock that comply with the third party standards as outlined in the Environmentally Sustainable Management of Living Natural Resources and Land category and other equivalent standards, or waste materials segregated at source (excluding hazardous waste) • Resource efficient products with at least 90% recycled, renewable, waste or bio-based input (subject to the bio-based criteria above), limited to mechanical recycling and ensuring 90% of products are not for single use and are recyclable
Green enabling projects **Environmental objective:** Climate change mitigation Resource efficiency and circularity	Financing or refinancing of projects that are necessary to enable a green project's value chain and deliver a clear environmental benefit	**Metals** • **Steel:** Production of low-carbon steel and associated facilities. The low-carbon steel(1) is either (a) subject to a GHG emission intensity at a maximum of 0.4tCO_2e per tonne of steel manufactured and independently verified; or (b) 100% scrap subject to a maximum of 0.05tCO_2e per tonne of steel manufactured and independently verified • **Aluminium:** Production of low-carbon aluminium and associated facilities. The low-carbon aluminium is either (a) subject to a GHG emission intensity per tonne of aluminium manufactured at a maximum of the following thresholds(2) and independently verified: – 5.6tCO_2e until 2026 – 5.38tCO_2e until 2027 – 5.16tCO_2e until 2028 – 4.94tCO_2e until 2029 – 4.73tCO_2e until 2030 (b) Secondary aluminium • **Lithium:** Processing of lithium hydroxide monohydrate (exclude extraction) partially with renewable energy and/or carbon capture facilities subject to the criteria under this Framework. The lithium hydroxide monohydrate should be 100% sold to companies and/or used by the company for the manufacturing of lithium-ion batteries to be applied in electric vehicles or Battery Energy Storage System (BESS)

(1) IEA definitions for near-zero and low-emissions steel
(2) The GHG emission intensity thresholds are in line with the Transition Pathway Initiative (TPI) Carbon Performance assessment of aluminium producers as of July 2023. The thresholds are aligned with the 1.5-degree scenario

3. Use of proceeds

Green category	Definition	Eligibility criteria
Green enabling projects (continued) **Environmental objective:** Climate change mitigation Resource efficiency and circularity	Financing or refinancing of projects that are necessary to enable a green project's value chain and deliver a clear environmental benefit	**Sustainable building materials** • Sustainable building materials such as insulation foams, sealants or adhesives which are necessary for the construction and/or refurbishment of certified green buildings in accordance with the criteria under the Green Building category **Internet of Things (IoT) and Artificial Intelligence (AI)** • IoT and AI that are specific to enabling other sectors to decarbonise or improve energy efficiency (e.g. Smart mobility and fleet management solutions for a company to improve performance and therefore power consumption, energy efficiency and emissions)

3. Use of proceeds

3.2 Social eligibility criteria

This section details the social eligibility criteria prepared in accordance with the ICMA SBP and is aligned with the UN SDGs.

ADCB adheres to local jurisdiction definitions of target population thresholds, where available.

Social category	Definition	Eligibility criteria	Target population
Affordable basic infrastructure	Financing or refinancing of basic infrastructure (e.g. clean drinking water, sewers, sanitation, transport, energy)	• Development and maintenance of pedestrian sidewalks, cycleways • Development, expansion or improvement of access to clean drinking water, sanitation and sewers	• General population
		• Transportation infrastructure: Development of roads or other transportation infrastructure to improve connectivity in underdeveloped rural areas or in areas where inadequate road infrastructure hinders community development	• Rural areas as determined by national regulation and areas with inadequate road infrastructure
		• Telecommunication services and infrastructure (including broadband/internet access) that improves connectivity for rural and underserved communities with an aim for 100% coverage	• Rural areas as determined by national regulation and underserved communities
		• Development and expansion of transmission and distribution infrastructure that provides electricity to enhance access to electricity for regions with no or lack of access to electricity	• Regions with no or lack of access to electricity (<50%)
Access to essential services	Financing or refinancing of healthcare facilities, education (public non profit only) and access to emergency services/disaster relief	• Activities involving the development, operations, expansion or acquisition of buildings, facilities, or equipment relating to: – Infrastructure and service management facilities for primary, secondary, tertiary and quaternary healthcare including hospitals, laboratories, clinics, childcare and elder care centres – Sale of affordable or subsidised pharmaceutical products – Disaster response and recovery (evacuation shelters, supplies of essential goods) or post-disaster recovery efforts around reconstruction of basic infrastructure (housing, electricity, transmission etc.), financial support for retail and commercial activities disrupted by the disasters, temporary housing and financial support for displaced persons	• General population

3. Use of proceeds

Social category	Definition	Eligibility criteria	Target population
Food security and sustainable food systems	Financing or refinancing of facilities that aid access to safe, nutritious, and sufficient food *Livestock production is excluded across all above criteria*	• Investments to promote domestic food manufacturing and processing to reduce reliance on imports and enhance resilience to respond to food shortages • Investments aimed to reduce food loss by improving food conservation or managing food surplus. Example projects include food banks, food collection and waste sorting bins • R&D related to agritech innovation and innovative farming solutions to increase domestic food production or facilitate sustainable food production through the usage of modern technologies • Investments to ensure access to food and protection of livelihoods during and immediately after an emergency	• General population
		• Support for smallholder farmers, farmer cooperatives primarily comprising of smallholder farmers, including improving access to finance, agricultural inputs, sustainable agriculture technical assistance etc.	• Smallholder farmers(1)
		• Infrastructure aimed to improve food security or reduce food loss in socio-economically disadvantaged populations in either rural areas or areas with low-income within ADCB's countries of operations, that will be affordable to all regardless of ability to pay	• Socio-economically disadvantaged populations in either rural areas or areas with low-income within ADCB's countries of operations(2)
		• Investments to ensure access to nutritious and sufficient food that meets dietary needs and requirements in lower-middle and low-income countries, that will be affordable to all regardless of ability to pay	• Populations in lower-middle and low-income countries as classified by the World Bank(3)
		• Investments to ensure access to food in regions with heavy influx of refugees	• Refugees
		• Investments to rebuild agriculture value chains and improve resilience of crops to climate change after a climate driven disaster	• Populations in disaster areas

(1) Smallholders as defined by the Food and Agriculture Organization in terms of physical and economic size
(2) Including but not limited to, Egypt, Kazakhstan and Turkey. Low-income populations can be defined as populations in regions with Gross Domestic Product per capita below the national average
(3) World Bank Country Classification

3. Use of proceeds

Social category	Definition	Eligibility criteria	Target population
Socio-economic advancement and empowerment	Financing or refinancing of loans to Micro, Small and Medium Enterprises (MSMEs) with an emphasis on employment creation or to alleviate unemployment stemming from socioeconomic crises[1]	• Financing to MSMEs located in socio-economically disadvantaged regions[1] • Female led MSMEs and female entrepreneur clients[2] • Specific initiatives by the UAE Government to promote MSMEs such as the programs run by Emirates Development Bank; Khalifa fund for enterprise development • MSMEs impacted by natural or man-made disasters • MSMEs in rural areas focusing on agricultural production, agricultural value chains or small scale fisheries	• MSMEs (defined per national regulation in each country) • Socio-economically disadvantaged countries • Females
		• Training and development programmes, capacity building aimed at improving the employability and upskilling of economically excluded or marginalised populations or communities, including as a result of natural disasters	• Economically excluded or marginalised populations or communities
Affordable housing	Financing or refinancing the development, construction, refurbishment, operation and maintenance of affordable or social housing	• Financing to government-supported or government-subsidised mortgages for the provision of affordable housing for low-income individuals as well as projects related to the development and construction of homes covered under such programmes • Renovation, maintenance, and improvement of homes for low-income individuals as part of social housing projects as described above • UAE housing programs such as Abu Dhabi Housing Program (ADHA) and Sheikh Zayed Housing Program where the key objective is to provide affordable, high-quality housing and residential plots to strengthen family stability and support social cohesion	• Low-income individuals and households[3] who do not own suitable housing or require housing assistance and meet the eligibility criteria for the housing programs
Charities and non-profit organisations	Financing or refinancing to social enterprises, registered charities, non-profit and other philanthropic organisations	• Financing to registered charities, non-profit organisations and other philanthropic organisations that advance social causes such as gender equality, human rights and culture in line with social categories and target populations as detailed in this Framework	• Vulnerable groups

(1) Socio-economically disadvantaged regions are defined using the United Nations Conference on Trade and Development (UNCTAD) list of developing countries, as per the development status categorisation. For list of developing countries, see here: Country classification (unctadstat.unctad.org)
(2) With at least 51% ownership by female or, where below, females that assume managerial role by being empowered to act on behalf of the company, indicated through signatory powers bestowed for opening or operating accounts with financial institutions
(3) The target group are Emirati individuals who do not own suitable housing or require housing assistance as they fall within income thresholds set by the programme, including household total monthly income less than AED25,000 and other criteria as specified on the government website: Social Welfare Programmes

3. Use of proceeds

3.3 Exclusions

The proceeds of any Sustainable Funding Instrument will not be allocated to projects related to the exclusions below, in which ADCB will primarily follow the IFC Exclusion List[1] and the EBRD Environmental and Social Exclusion List[2]. Please note that this list is in addition to and will supplement any exclusions being made as part of other existing policies of the Group[3]:

- Energy
  - Infrastructure or facilities related to the exploration, distribution or transportation of fossil fuel
  - Companies engaged in thermal coal power production and subsequent distribution to third parties
  - New thermal coal-fired power plant (or extending the useful life of an existing plant) for general electricity purposes except thermal coal-fired power plants dedicated to a specific project, such as an aluminium smelter or a steel mill (these are often small, i.e., < 100MW), where an E&S assessment has evidenced that no cost-efficient alternative is available
  - High-level nuclear waste processing, transportation, or storage activities (Entities operating under UAE licensing will be exempt)
  - Mining, exploration and upgrading of oil/tar sands, including pipeline infrastructure dedicated to exclusive use of transporting oil from oil sands (i.e., not blended with other fossil fuels)
  - Mining, exploration and upgrading of shale gas
  - Arctic offshore oil and gas exploration and production
- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements or subject to international bans
- Potential negative impact on critical natural habitats and areas protected including e.g., UNESCO World Heritage Sites
- Illegally infringe ownership of land or resources without Free, Prior and Informed Consent (FPIC)
- Production or activities involving harmful or exploitative forms of forced labour/harmful child labour
- Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples
- Activities prohibited by host country legislation or international conventions relating to the protection of biodiversity resources or cultural heritage
- Production or trade in weapons and munitions subject to the Defence Equipment Policy
- Gambling, casinos and equivalent enterprises (The enterprises run under the UAE licensing will be exempt)
- Production or trade in radioactive materials (except for use in generation of electricity). This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where the radioactive source is determined to be trivial and/or adequately shielded
- Production or trade in unbonded asbestos fibres. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%
- Shipment of oil or other hazardous substances in tankers which do not comply with International Maritime Organisation (IMO) requirements
- Trade in goods without required export or import licenses or other evidence of authorisation of transit from the relevant countries of export, import and, if applicable, transit
- Animal Welfare and Fur
  - Use of endangered species or non-human primates for any testing/experimental purposes
  - Animal trade involving endangered species for commercial purposes
  - Support of any type of animal fights for entertainment
  - Operating fur farms
  - Animal testing for non-medical purposes
- Thermal coal mining, distribution and transportation

(1) IFC Exclusion List (2007) (ifc.org)
(2) EBRD Environmental and Social Exclusion List (ebrd.com)
(3) ADCB Group ESRM Policy

4. Process for project evaluation and selection

Loans financed and/or refinanced through Sustainable Funding Instruments ("Eligible Loans") are evaluated and selected based on compliance with the Eligibility Criteria as stated in Section 3.

All Eligible Loans in ADCB are subject to the standard credit processes, which seek to ensure compliance with applicable national rules and regulations, Know-Your-Customer processes and ADCB's own policies and guidelines. This includes Anti-Money Laundering, Anti-Bribery and Corruption, Counter-Terrorist Financing, Sanctions, and Environmental and Social Risk Management (ESRM) policies. The implementation of these policies helps mitigate the environmental, social and governance (ESG) risks associated with Eligible Loans.

Assets already utilised by ADCB as collateral in any existing external funding transaction will not be selected as eligible and once Eligible Loans are utilised in a Sustainable Funding Instrument, they will not be eligible as collateral in an external funding transaction.

Governance of the Sustainable Funding Framework

ADCB has established a Sustainable Finance Working Group (SFWG) which consists of senior stakeholders from across the bank including representatives from Treasury, Risk, Islamic Banking, Credit, CIBG, RBG, PBG, Legal, Compliance and Sustainability. In addition, external partners attend the SFWG to provide expert advice as required. The SFWG meets a minimum of every quarter and reports to the Group Sustainability Committee.

The SFWG is tasked with reviewing and updating the ADCB Sustainable Funding Framework, obtaining a second party opinion, approving the eligible sustainable finance loan portfolios, monitoring progress against the Bank's sustainable finance target, production of the allocation and impact report, overseeing impact reporting with third-party assurance and ensuring ongoing compliance.

The Sustainable Finance Working Group (SFWG) is responsible for:

- Reviewing and updating the Framework including any Second Party Opinion
- Signing off on the Eligible Loans and pure play entities identified, assessed, and selected within ADCB's portfolio in accordance with the eligibility criteria, exclusion criteria, and applicable company policies. Pure play entities involved in the activities listed under the exclusion criteria of the Framework will be considered ineligible
- Monitoring the allocation of the net proceeds and ensuring ongoing compliance of the Eligible Loans. Exclude or replace loans which have been redeemed or no longer meet the eligibility criteria
- Review the allocation of net proceeds and determine if any changes are necessary every 12 months and as and when required
- Producing the allocation and impact reports on an annual basis until maturity of the Sustainable Funding Instruments, or until full allocation of the proceeds, and obtain independent third party assurance that an amount equal to the net proceeds has been allocated to Eligible Loans
- Providing guidance in respect to preparation of legal documentation for the Sustainable Funding Instruments
- Monitoring regulation, best practice and investor expectations with regard to the issuance of Sustainable Funding Instruments

4. Process for project evaluation and selection

Environmental and Social Risk Management (ESRM)

Under ADCB's climate framework, the Bank is committed to integrating climate within its risk management framework to assess material risks and opportunities within its loan portfolio. ADCB has set out an ESRM Policy to define the principles for the identification, measurement, monitoring and reporting of E&S risks across the Bank's business units.

The ESRM Policy, which is accompanied by sector-specific guidelines for high-risk activities, has been informed by industry best practice including the International Finance Corporation (IFC) Performance Standards, Equator Principles, and the Central Bank of UAE regulations and guidelines.

The key objectives of the Policy are as follows:

- Incorporate material E&S risks into the overall risk appetite framework of the Group
- Establish an effective E&S risk governance structure and oversight with clear responsibilities across the three lines of defence
- Create a common definition for E&S risks and related terminology across the Group
- Define the framework to identify, assess, monitor and report material E&S risks faced by the Group
- Promote training and development for E&S risk management as and when required
- Develop E&S risk awareness and understanding at all levels as well as embed the importance of sustainability in the existing risk culture

ADCB Group E&S risk governance framework

Board Risk Committee (BRC)

BRC is responsible for endorsing the Group ESRM Policy, including E&S risk appetite, and further delegation of E&S risk oversight and management activities as required

Risk Management Committee (RMC)

RMC is responsible for approving the Group's ESRM Policy, risk appetite, scenario analysis and stress testing, as well as Internal Capital Adequacy Assessment Process (ICAAP)

Group Sustainability Committee (GSC)

GSC, in close coordination with the RMC, is responsible for receiving updates on E&S risks and opportunities (including climate risks) from the ESRM Working Group

Environmental and Social Risk Management (ESRM) Working Group

ESRM Working Group is co-chaired by Risk and Sustainability with members from Credit, Corporate & Investment Banking, Private Banking & Wealth Management. The Group is responsible for implementing the ESRM framework, policies and procedures (including climate stress testing)

ESRM policy covers a detailed list of responsibilities for each of the following:

- Group Chief Risk Officer
- Management Credit Committee
- Group Credit
- Group Risk
- Group Sustainability
- Business units

5. Management of proceeds

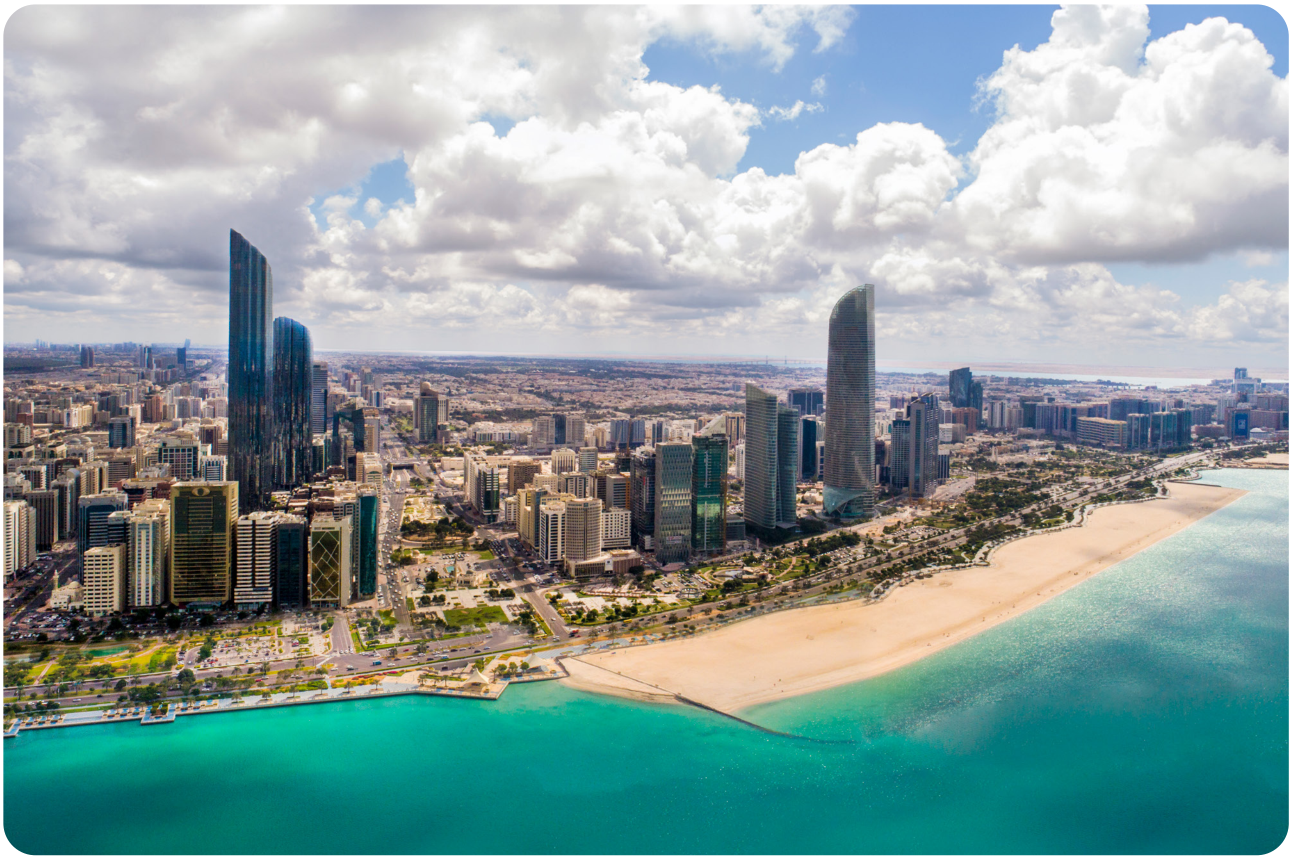
The net proceeds of the Sustainable Funding Instruments issued under this Framework will be managed by ADCB in a portfolio approach.

ADCB will monitor the allocation of net proceeds following the issuance of Sustainable Funding Instruments on a periodic basis to ensure Eligible Loan balances are updated, and facilities which mature, are repaid or are no longer eligible will be removed.

Proceeds of the Sustainable Funding Instrument will only be used to finance and/or refinance the notional amount outstanding of each Eligible Loan which remains funded by ADCB and is not encumbered in any external funding transaction. Eligible Loans will also be monitored to ensure they are not used as collateral in any existing or future external funding transaction.

ADCB has created fields in the account planning tool and core banking system to enable business teams to flag loans as green, social and/or sustainable, in accordance with the project categories and the Eligibility Criteria outlined in this Framework. All loans flagged as green, social and/or sustainable within ADCB's core banking system are fed into the Sustainable Lending Portfolio Report to keep track of all Eligible Loans. The report is updated at a minimum every quarter to ensure ongoing compliance with the Eligibility Criteria and reviewed/ signed-off by the Sustainable Finance Working Group.

ADCB will seek to invest all of the net proceeds from the issuance of a Sustainable Funding Instrument as soon as reasonably practicable, but no later than three years following the issuance of that Sustainable Funding Instrument. Unallocated net proceeds will be invested in ESG labelled instruments or short-term instruments in accordance with its liquidity policy and for other capital management needs. This could include, but is not limited to cash and bank deposits, money market instruments, and short-dated labelled debt (Green/Social/Sustainability/Sustainability-linked Bonds). For the avoidance of doubt, unallocated proceeds will not be invested in activities which fall under the exclusion criteria of this Framework.



6. Reporting

ADCB will publish an allocation and impact report annually, until net proceeds from the Sustainable Funding Instruments have been fully allocated to Eligible Loans. ADCB intends to report on an aggregated basis for all of its outstanding Sustainable Funding Instruments at the level of the eligible categories. The report will be made publicly available on ADCB's website.

Allocation reporting

The allocation report may provide indicators such as:

- The total amount of ADCB Sustainable Funding Instruments outstanding
- The amount of net proceeds allocated to Eligible Loans
- The balance of unallocated proceeds (if any)
- The amount or the percentage of new financing and refinancing
- The geographical distribution of the assets (at country level)
- Examples of assets including descriptions, locations and amount allocated

Impact reporting

ADCB intends to report on the environmental and/or social impacts of the Eligible Loans funded with proceeds from the Sustainable Funding Instruments through annual impact reporting until full allocation of the proceeds. Such reports will strive to align with the ICMA Handbook for Harmonized Framework for Impact Reporting(1). The impact report may provide indicators such as (but not limited to) the indicators outlined below.

Green project categories

Eligible categories	Sample of impact metrics
Green buildings	• Environment certification or Energy Performance Certificate (EPC) (as applicable) • Building certification standard • Estimated annual energy consumption in kWh/m^2 or savings in MWh • Estimated annual reduced and/or avoided GHG emissions in tonnes of CO_2 equivalent
Renewable energy	• Total installed capacity in MW • Estimated annual reduced and/or avoided GHG emissions in tonnes of CO_2 equivalent
Nuclear energy	• Total installed capacity in MW • Estimated annual reduced and/or avoided GHG emissions in tonnes of CO_2 equivalent • US$ spend in R&D
Clean transportation	• Number of clean vehicles deployed (e.g. electric) (units per year) • Distance travelled by the mode of transport financed (km) • Number of units installed per km (e.g. number of charging points, electric track if applicable) • Estimated reduction in fuel consumption • Estimated annual reduced and/or avoided GHG emissions in tonnes of CO_2 equivalent

(1) ICMA Impact and Other Reporting

6. Reporting

Green project categories

Eligible categories	Sample of impact metrics
Energy efficiency	• Distance of transmission (km) • Energy transmitted (MWh per year) • Energy savings (% or MWh per year) (if applicable) • Estimated annual GHG emissions reduced and/or avoided in tonnes of CO_2 equivalent
Sustainable water and wastewater management	• Annual water savings (m^3) • Annual volume of wastewater treated or avoided (m^3) • Annual volume of sewage sludge treated, disposed of and/or reused (m^3) • Number of improved water supply infrastructure and facilities as a result of the project • Number of households with access to improved sanitation facilities
Pollution prevention and control	• Energy generation in MWh per year • Volume of waste processed (separated, collected, treated and disposed) (tonnes per year or % of total waste) • Estimated annual reduced and/or avoided GHG emissions in tonnes of CO_2 equivalent
Environmentally sustainable management of living natural resources and land	• Agriculture land area (hectares) • Area of certified forests managed (hectares) • Increase of natural landscape area in urban areas (km^2 or percentage of increase) • Organic farming certification scheme • Type of crop and its proportion (if available)
Terrestrial and aquatic biodiversity	• Absolute number of protected and/or priority species that are deemed sensitive in protected/conserved area before and after the project • Absolute number of indigenous species, flora or fauna (trees, shrubs and grasses, etc.) restored through the project • Estimated annual reduced and/or avoided GHG emissions in tonnes of CO_2 equivalent
Climate change adaptation	• Increase in grid resilience, energy generation, transmission/distribution and storage in MWh • Reduction in the number of customers/employees suffering loss of power/transport services • Number of kilometres of road, rail or other infrastructure adapted
Green enabling projects	• Tonnes of low-carbon steel produced • Tonnes of low-carbon aluminium produced • Tonnes of lithium processed • Types of sustainable building materials produced or procured • Types of IoT or AI solutions which enable other sectors to decarbonise
Circular economy adapted products, production technologies and processes and/or certified eco-efficient products	• The % increase in materials, components and products that are reusable, recyclable, and/or certified compostable as a result of the project and/or in absolute amount in tonnes per annum • The % of single use products replaced by products designed and produced for reuse • Amount of raw materials that are substituted by secondary raw materials and by-products from manufacturing processes (percentage or tonnes per annum)

6. Reporting

Social project categories

Eligible categories	Sample of impact metrics
Affordable basic infrastructure	• Number of people benefited • Number of water infrastructure projects built/upgraded • Share of people with access to public transport
Access to essential services (e.g. healthcare, education and vocational training)	• Number of people benefiting from the services • Number of hospitals and other healthcare facilities built/upgraded • Number of essential healthcare facilities built for public or subsidised services • Number of schools or educational institutions built
Food security and sustainable food systems	• Number of people benefiting from the project • Farmers provided with access to agricultural inputs (financial inputs, equipment, etc.) • Hectares of land cultivated
Socio-economic advancement and empowerment	• Number of MSMEs financed • Jobs created, supported and/or retained • Number of loans made to MSMEs with majority women in senior management or ownership positions • Number/value of loans made to MSMEs with majority women in workforce or supply chain • Proportion of women in management positions • Number of MSMEs that receive support for equipment and facilities and technological modernisation
Social housing	• Number of individuals/families benefiting from subsidised housing • Number of dwellings • Disabled people with access to well-equipped dwellings
Charities and non-profit organisations	• Number of people benefiting by the programs run by the charities and non-profit organisations • Number of non-profit organisations that receive financing

7. External review

Second party opinion

This Framework has been reviewed by S&P Global, who has issued a Second Party Opinion. The Sustainable Funding Framework and Second Party Opinion will be made publicly available on ADCB's website.

External verification on the Allocation Reporting

ADCB intends to obtain external verification from an independent third party on the allocation of the proceeds from any Sustainable Funding Instrument to Eligible Loans. The external verification will be made publicly available on ADCB's website.

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