

FRAMEWORK EXTERNAL REVIEW

Sustainability Quality of the Issuer and Sustainability-Linked
Loan Funding Framework

Emirates NBD Bank (P.J.S.C.)

23 September 2024

VERIFICATION PARAMETERS

Type(s) of instruments contemplated

- SLL Financing Instruments

Relevant standard(s)

- ICMA and LMA's Guidelines for Sustainability-Linked Loans financing Bonds (as of June 2024)

Scope of verification

- EMIRATES NBD Sustainability-Linked Loan Funding Framework (as of September 18, 2024)
- EMIRATES NBD Sustainability-Linked Loans pool (as of August 16, 2024)

Lifecycle

- Pre-issuance verification

Validity

- Valid as long as EMIRATES NBD's Sustainability-Linked Loan Funding Framework and Sustainability-Linked Loans pool remain unchanged.

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SCOPE OF WORK

Emirates NBD Bank (“the Issuer”, “the Bank” or “Emirates NBD”) commissioned ISS-Corporate to assist with its Sustainability-Linked Loan (SLL) Funding Framework by assessing three core elements to determine the sustainability quality of the instruments:

1. Emirates NBD’s SLL Funding Framework (as of September 18, 2024) – Implementation of the ICMA guidelines for Sustainability-Linked Loans financing Bonds.
2. Assessment of the sustainability credentials of the Sustainability-Linked Loans (SLLs) identified by Emirates NBD as eligible against the Emirates NBD SLL Funding Framework; and assessment of the sustainability credibility and materiality of the Key Performance Indicators (KPIs) selected and the ambitiousness of Sustainability Performance Target (SPTs) calibrated for the loans.
3. Consistency of the SLL Financing Instruments issuance with Emirates NBD’s Sustainability Strategy – drawing on the key sustainability objectives and priorities defined by Emirates NBD.

EMIRATES NBD BUSINESS OVERVIEW

Emirates NBD Bank (P.J.S.C.), together with its subsidiaries, provides corporate, consumer, and Islamic banking services. The Bank offers current accounts, savings accounts, gold investment accounts, value accounts, Islamic accounts, fixed deposits, and call deposits. It also provides personal, commercial vehicle, construction equipment, and home and office mortgage loans; overdrafts; and loans against property and gold, as well as project, Islamic, and trade and supply chain finance products. In addition, the Bank offers wealth investment plans; portfolio management; general and life insurance products; succession and liquidity planning; trust services; asset and fund management, and brokerage services; loan syndication; equity capital markets and advisory; call centre management; consumer finance; nominee and shared services; cash management, trade and corporate finance, and treasury products; debt origination, structuring, and syndication services; real estate advisory; safe deposit lockers; and foreign exchange products, as well as credit solutions against cash, investments, real estate, and IPO financing. Further, it provides credit, debit, prepaid, and commercial cards; and online, mobile, and phone banking services, as well as engages in the medium term borrowing and money market transactions.

The Bank operates approximately 874 branches and 4,144 ATMs/SDMs in the United Arab Emirates, Egypt, India, Türkiye, the Kingdom of Saudi Arabia, Singapore, the United Kingdom, Austria, Germany, and Bahrain. The company was founded in 1963 and is headquartered in Dubai, the United Arab Emirates. Emirates NBD Bank (P.J.S.C.) is listed on the Dubai Financial Market (DFM). The parent company of the Group is Investment Corporation of Dubai, which is wholly owned by the Government of Dubai.

ESG risks associated with the Issuer Industry

Emirates NBD Bank is classified in the Commercial Banks & Capital Markets industry, as per ISS ESG's sector classification. Key sustainability issues faced by companies¹ in this industry are: Business ethics, Labor standards and working conditions, Sustainability impacts of lending and other financial services/products, Customer and product responsibility, and Sustainable investment criteria.

This report focuses on the sustainability credentials of the issuance. Part III of this report assesses the consistency between the issuance and the Issuer's overall sustainability strategy.

¹ Please note, that this is not a company specific assessment but areas that are of particular relevance for companies within that industry.

ASSESSMENT SUMMARY

SECTION	EVALUATION SUMMARY ²
<p>Part 1: Assessment of Emirates NBD’s SLL Funding Framework against ICMA Guidelines for SLL financing Bonds</p>	<p>Implementation of the recommendations of the ICMA Guidelines for SLL financing Bonds</p> <p>The Issuer has defined a formal concept for its Sustainability-Linked Loan financing Instruments regarding the use of proceeds, processes for project evaluation and selection, management of proceeds and reporting.</p>
<p>Part 2: Assessment of the loans’ and borrowers’ sustainability quality on the basis of Emirates NBD’s eligibility criteria</p>	<p>The Sustainability-Linked loans pool aligns with Emirates NBD’s eligibility criteria. The pool consists of a total of three loans.</p> <p>Emirates NBD has put forth three sets of eligibility criteria for its SLLs to be eligible:</p> <ul style="list-style-type: none"> ▪ Alignment with the SLLP: Each loan in the SLL pool is aligned with the ICMA SLLP. However, while the LMA recommends a combination of benchmarking approaches, only one benchmarking approach enables to prove the level of ambition for SLLs: <ul style="list-style-type: none"> ▪ NACE code L: Borrower 2 ▪ NACE code M: Borrower 1 ▪ Positive contribution to one or more of the Green and Social Impact Objectives listed in the Framework. ▪ KPIs are considered ‘material’ and SPTs ‘ambitious’: The KPIs and SPTs considered in each of the SLLs are considered aligned with overall assessments of the SLLs ranging from Moderate to Robust .

² The evaluation is based on the EMIRATES NBD’s Sustainability-Linked Loan Funding Framework (August 15, 2024 version), on the Sustainability-Linked Loans pool as received on August 16, 2024.

	A comprehensive assessment of the sustainability quality of the SLL pool defined under the Framework can be found in Part 2.	
Part 3: Consistency of SLL Funding Instruments with Emirates NBD	The key sustainability objectives and the rationale for issuing the SLL Funding Framework are clearly described by the Issuer. At the date of publication of this report and leveraging ISS ESG Research, no severe controversies have been identified.	Consistent with the Issuer's sustainability strategy

SPO ASSESSMENT

PART I: REVIEW OF EMIRATES NBD'S SUSTAINABILITY-LINKED LOAN FUNDING FRAMEWORK

This section evaluates the alignment of the Emirate NBD's Sustainability-Linked Loan Funding Framework (as of September 18, 2024) with ICMA's Sustainability-Linked Loans financing Bond Guidelines.

ELEMENTS OF THE GUIDELINES FOR SLL FINANCING BONDS	OPINION
<p>1. Use of Proceeds</p>	<p>The Use of Proceeds description provided by Emirates NBD' Sustainability-Linked Loan Funding Framework reflects ICMA guidelines for SLL financing Bonds. The Issuer has included clear eligibility criteria for selecting the underlying SLLs. To avoid double counting, loans that have both a green/social and sustainability-linked component will not be considered as an eligible SLL. Further, only the drawn amounts of SLLs are eligible for inclusion. ISS-Corporate has been appointed as an independent external reviewer to assess through a pre-issuance external review the alignment of each eligible SLL in the eligible portfolio together with a high-level description (industry classification) of the borrowers' sectors, the selected KPIs and their intended sustainability objective that will be used for selecting the eligible SLLs (Approach 2³).</p> <p>The underlying SLLs included in the portfolio are aligned, with the most recent SLLP published corresponding to the year of signing of the SLL facility.</p> <p>The Issuer has defined Climate Change Mitigation as the core sustainability objective and Diversity and Inclusion as the secondary sustainability objective for its eligible SLLs under this Framework, in line with market best practice.</p>
<p>2. Process for SLL Evaluation & Selection</p>	<p>The Process for SLL Evaluation and selection provided by Emirates NBD' Sustainability-Linked Loan Funding Framework reflects ICMA guidelines for SLL financing Bonds. The Process for SLL Evaluation and Selection is clearly defined by Emirates NBD. Emirates NBD has transparently disclosed the committee responsible for project</p>

³ According to the Sustainability-Linked Loans Financing Bond Guidelines (SLLBG), issuers are provided 2 options to achieve an appropriate level of transparency. For details, please refer to the [SLLBG](#).

	<p>evaluation, selection, monitoring and reporting, as well as the corporate functions engaged in the process.</p> <p>Further, the Bank has also included in the Evaluation and Selection process the process to identify ESG risks related to the borrower of each eligible SLLs. It is not clear how Emirates NBD mitigates the identified ESG risks related to the borrower of each eligible SLLs.</p> <p>The SLL Funding Framework defines exclusion criteria for borrowers, including projects associated with fossil energy generation or transportation, nuclear energy generation, weapons and defence, mining, gambling, tobacco, or livestock.</p> <p>SLLs that have failed to meet agreed targets or does not provide the necessary documentation for the annual compliance tests related to the designated KPIs contributing to the highlighted impact objectives at any point in time it is established, will be removed from the portfolio. However, they may later be added again if in subsequent periods deliver a positive compliance certificate for the designated KPI and the pre-defined target for the given year.</p>
<p>3. Management of Proceeds</p>	<p>The Management of Proceeds provided by Emirates NBD' Sustainability-Linked Loan Funding Framework reflects ICMA guidelines for SLL financing Bonds. The process for the Management of Proceeds is clearly defined by Emirates NBD. The net proceeds are tracked in an appropriate manner and attested in a formal internal process. The net proceeds collected will be equal to the amount allocated to eligible SLLs, with no exceptions. The proceeds collected will be earmarked and managed on an aggregated basis (portfolio approach). Moreover, the Issuer discloses the temporary investment instruments for unallocated proceeds.</p> <p>Emirates NBD has also defined the expected allocation period of 24 months from issuance. Additionally, any reallocation of proceeds due to the exclusion or introduction of SLLs into the pool will be done within 12 months, as defined by Emirates ENBD.</p>
<p>4. Reporting</p>	<p>The Allocation and Impact Reporting provided by Emirates NBD' Sustainability-Linked Loan Funding Framework reflects ICMA guidelines for SLL financing Bonds. Emirates NBD will annually publish an SLL funding report throughout the lifetime of the SLLB.</p> <p>The reporting will be publicly available on the Issuer's website. Emirates NBD explains that the level of expected reporting will be at portfolio level. The information of the reporting will include the amount of net proceeds that were allocated, the size of the portfolio</p>

	<p>of eligible SLLs and the year of origination of the eligible SLLs, information on the achievement of KPIs/SPTs, amount of unallocated proceeds, Information on disqualified SLLs and newly added SLL, the amount of new SLLs included in the SLL Financing Portfolio and SLLs excluded from the SLL Financing Portfolio and related allocated proceeds amounts.</p> <p>Moreover, the Issuer commits to report annually, until the Sustainability-Linked Loans Financing Bonds mature. Further, Emirate NBD commits to engage a third party or an external auditor to review the information included in the allocation report and confirm its alignment with the commitments made in this Framework.</p>
<p>5. External Review</p>	<p>Emirates NBD has engaged ISS-Corporate to act as an external reviewer of this SLL Funding Framework and the SLL Funding Assets. The External Review report is publicly available on Emirates NBD's website.</p> <p>Assets that have been reviewed by the external reviewer to be consistent with this SLL Funding Framework, as evidenced by an "External Review" published on Emirates NBD's website, will be included in the SLL Funding Asset Register.</p> <p>A new external review of the Framework and the SLL pool will be sought upon any subsequent update.</p>

PART II: ELIGIBILITY OF THE SUSTAINABILITY-LINKED LOANS AND CONTRIBUTION TO THE IMPACT OBJECTIVES

A. INTRODUCTION TO THE ASSESSMENT METHODOLOGY

To provide an opinion on the sustainability credibility of each of the three key criteria defined by Emirates NBD in its SLL Funding Framework, and thus of the quality of the Sustainability-Linked Loans complying with those, we have followed the approach below:

- Each set of criteria is firstly assessed independently but for the overall evaluation, the three sets of criteria have been assessed jointly.
 - Be aligned with the vintage of the Sustainability Linked Loan Principles (LMA, APLMA, LSTA) corresponding to the year of signing of the facility
 - Have a positive contribution to at least one of the Green and Social Impact Objectives highlighted in the Framework
 - Have KPIs that are considered 'material' and SPTs that are 'ambitious' as assessed by an external reviewer
- In order to be deemed eligible, a lending product needs to fulfil all of those three key criteria.
- Please note that for the SPT assessment conducted by the analyst, Emirates NBD has clearly defined each SPT associated with each SLL. However, for confidentiality reasons, the associated borrowers' names, KPI's and SPTs assessed in this section will not be disclosed in the External Review.

1. Assessment methodology for the "material KPI and ambitious SPT" criteria

Building on our methodology to assess SLLs KPI selection, the KPI quality assessment is divided into 4 factors:

- Relevant
- Core
- Material
- Benchmarkable

Based on these 4 factors, the KPI materiality assessment is classified on a 4-level scale:

KPI materiality	
4 factors	Robust
2-3 factors	Good
1 factor	Moderate
0 factor	Absence

The 4 different level can be broken down as such:

- **Robust**, in case the KPI is relevant, core, material and benchmarkable.
- **Good**, in case the KPI is
 - relevant, moderately core, material and/or presents limitations to its ability to be benchmarked
 - relevant, core, moderately/partially material and/or presents limitations to its ability to be benchmarked
 - relevant, moderately core, moderately/partially material and benchmarkable
 - relevant, core, material and presents limitations to its ability to be benchmarked
- **Moderate**, in case the KPI is relevant, moderately core, moderately/partially material and presents limitations to its ability to be benchmarked
- **Absence**, in case one (or more) of the relevant, core, and material dimensions is (are) not fulfilled, or if the KPI is not benchmarkable.

For the LMA Sustainability-Linked Loans alignment, the KPI quality criterion should address the 4 criteria above.

Building on our methodology to assess sustainability-linked loan SPT calibration, the SPT calibration assessment has been divided into 3 dimension:

- Ambition against past performance
- Ambition against sectorial peers
- Ambition against international targets

Based on these 3 factors, the SPT ambition assessment is classified on a 4-level scale:

SPT ambition	
3 dimension	Robust
2 dimension	Good
1 dimension	Moderate
0 dimension	Absence

For the LMA Sustainability-Linked Loans alignment, the SPT ambition criterion should address at least one of the 3 factors. Based on the above, the two dimensions of the evaluation, the KPI materiality assessment, and the SPT ambition assessment, are combined as per the table below:

KPI materiality	4 factors - Robust	Absence	Good	Robust	Robust
	2/3 factors - Good	Absence	Moderate	Good	Good
	1 factor - Moderate	Absence	Moderate	Moderate	Moderate
	0 factor - Absence	Absence	Absence	Absence	Absence
		0 dimension - Absence	1 dimension - Moderate	2 dimensions - Good	3 dimensions - Robust
SPT ambition					

2. Assessment methodology of the “Impact Objective contribution” criteria.

In each SLLs evaluation, the KPI contribution of each loan to the objective has been assessed.

3. Assessment methodology for the alignment with Sustainability-Linked Loan Principles criteria

Sustainability-Linked Loans included in the pool are benchmarked against the LMA/APLMA/LSTA Sustainability-Linked Loan Principles. We assess if the Issuer has defined a formal concept for its SLLs regarding the selection of the KPI, calibration of the SPT, financial characteristics, reporting, and verification.

Although this is not an eligibility criterion, a synthetic overall risk assessment opinion is disclosed in the summary of SLLs Assessment and SLL Pool Eligibility table.

4. Assessment methodology for the identification and management of the environmental and social risks associated with the eligible SLLs

The identification and management of the environmental and social risks associated with the eligible SLL are assessed based upon ISS ESG Corporate Rating.

Based on the rating received, the risk is classified on a 3-level scale:

Risk	
A+ - B-	Good E&S risk management
C+ - C-	Medium E&S risk management
D+ - D-	Poor E&S risk management

B. SUMMARY OF SLLs ASSESSMENT AND SLL POOL ELIGIBILITY

NACE Code: L - Real estate activities

SLLs	Borrower 1	Borrower 2
KPI	Robust	Good
SPT	Good	Moderate
Overall Assessment (KPI and SPT)	Robust	Moderate
Alignment with LMA SLLP	Aligned	Aligned
Risk Assessment	The identification and management of the environmental and social risks associated with the eligible SLL are considered Poor based upon ISS-Corporate assessment. ⁴	The identification and management of the environmental and social risks associated with the eligible SLL are considered Poor based upon ISS-Corporate assessment. ⁵
Overall Evaluation	The SLL meets the eligibility criteria. However, ISS-Corporate notes that the risk management is considered poor.	The SLL meets the eligibility criteria. However, ISS-Corporate notes that the risk management is considered poor.
Loan contribution to Impact Objectives	Climate Change Mitigation	Climate Change Mitigation

⁴ The assessment is conducted by ISS-Corporate leveraging ISS ESG methodology. Note that this risk assessment does not pre-empt the outcome of a comprehensive rating by ISS ESG.

⁵ Ibid.

SECOND PARTY OPINION

Sustainability Quality of the Issuer
and Sustainability-Linked Loan Funding Framework



NACE Code: M - Professional, scientific and technical activities

SLLs	Borrower 1		
KPI	KPI 1	KPI 2	KPI 3
	Robust	Good	Robust
SPT	SPT 1	SPT 2	SPT 3
	Moderate	Moderate	Moderate
Overall Assessment (KPI and SPT)	Good	Moderate	Good
Alignment with LMA SLLP	Aligned		
Risk Assessment	The identification and management of the environmental and social risks associated with the eligible SLL are considered Poor based upon ISS ESG assessment.		
Overall Evaluation	The SLL meets the eligibility criteria. However, ISS ESG notes that the risk management is considered poor.		
Loan contribution to Impact Objectives	Climate Change Mitigation	Climate Change Mitigation	Diversity and Inclusion

PART III: CONSISTENCY OF SLL FINANCING INSTRUMENTS WITH EMIRATES NBD'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the Issuer

TOPIC	ISSUER APPROACH
<p>Strategic ESG topics</p>	<p>Emirates NBD aligns closely with the Central Bank of the UAE (“CBUAE”) and other regulators by participating in working groups focused on sustainable finance and mitigating ESG-related risks in the financial sector. Emirates NBD seeks to match global best practices for reporting and disclosures and how to manage risks relevant to its business and industry. Emirates NBD continues to engage with stakeholders and review best practices across the industry to further enhance its ESG implementation and reporting.</p>
<p>ESG goals/targets</p>	<p>Environmental:</p> <ul style="list-style-type: none"> ▪ Reduce Scope 1 and 2 GHG emissions by 5% on a yearly basis until 2027 against a 2023 baseline, and a 30% reduction by 2030 against a 2023 baseline ▪ Align with the UAE Water Security Strategy 2036 to improve water efficiency by 5% per year against a 2023 baseline ▪ Emissions tracking enhanced with application of PCAF standards to include Scope 3 – Category 15 (Investments) to cover Financed Emissions <p>Social:</p> <ul style="list-style-type: none"> ▪ Emirates NBD’s strategy aligns with the UNSDGs through initiatives such as developing the SME ecosystem and economic output in the UAE ▪ Dedicated Diversity and Inclusion department in place since 2021

	<ul style="list-style-type: none"> ▪ Commitment to have 25% women in senior leadership roles by 2027
<p>Consistency with the Impact Objective</p>	<p>Emirates NBD has identified two impact objectives, Climate Change Mitigation and Diversity and Inclusion. Emirates NBD has correspondingly formulated several strategies that aim to meet its impact objectives.⁶</p> <p>Impact Objective 1 - Climate Change Mitigation: Emirates NBD has multiple Net Zero Initiatives that places emphasis on four distinct areas regarding environmental sustainability and climate change, including LEED Certification, Monitoring Energy Consumption, No Plastic, and Investment in Renewable Energy. Each of these aspects have dedicated measures and actions implemented by Emirates NBD.⁷ Emirates NBD also specifically highlights the importance of financed emissions. The Issuer places its focus to developing calculation methodology and subsequent targets regarding financed emissions based on the various sectors that Emirates NBD finances, including utilities, manufacturing, transportation and storage, construction, and mining and quarrying. Beyond emission tracking and data setting Emirates NBD also invests in sustainable projects with the aim to reduce financed emissions.⁸</p> <p>Impact Objective 2 - Diversity and Inclusion: Emirates NBD focuses on access and affordability of underserved segments to lending, as well as diversity, equity and inclusion within Emirates NBD. Emirates NBD has multiple initiatives and measures in its sustainability strategy that aligns with its Diversity and Inclusion impact objective, including forming key partnerships to share experience and delivering workshops and training sessions on workplace inclusion and disability etiquette, such as Women in Leadership initiative, Let's Link Women Club, Career</p>

⁶ ENBD, 2024, Environmental, Social and Governance Report 2023, <https://cdn.emiratesnbd.com/assets/pdf/esg-report-2023.pdf>

⁷ ENBD, 2024, Task Force on Climate-Related Financial Disclosures Report 2023, <https://cdn.emiratesnbd.com/assets/pdf/tcfd-report-2023.pdf>

⁸ ENBD, 2024, ESG Momentum Report 2024, https://www.emiratesnbd.com/-/media/enbd/files/csr/esg_momentum_report_2024.pdf

	<p>Comeback Programme, and Women in Finance initiative.</p>
<p>Action plan</p>	<p>Environmental:</p> <p>Emirates NBD has several key environmental initiatives to achieve its environmental goals, mainly focusing on enhancing facility management by installing solar panels, enhancing electronic waste management, and implementing smart parking systems in Meydan Smart Building. Emirates NBD also has specific measures to address Scope 1 and 2 GHG emissions, as well as Scope 3 GHG emissions, such as transitioning to the use of hybrid and electric vehicles, increasing use of staff transport, and increasing investments in sustainable projects.⁹ Particularly regarding financed emissions, Emirates NBD plans to publish a detailed sectoral glide path which sets out the Issuer’s reduction targets for financed emissions in 2025.</p> <p>Emirates NBD also confirms that it is investing in sustainable projects as part of its sustainable financing efforts, including concentrated solar parks in UAE, zero-emission vehicle fleets in Dubai, agricultural wastewater plants in Egypt, etc.</p> <p>Social:</p> <p>In pursuit of its commitment to diversity and inclusion, Emirates NBD has formed key partnerships to share experience and deliver workshops and training sessions on workplace inclusion and disability etiquette, including Women in Leadership initiative, Let’s Link Women Club, Career Comeback Programme, and Women in Finance initiative.¹⁰ Furthermore, Emirates NBD pays special attention to financial inclusion of underserved population groups, such as youth and women small and medium sized enterprises (SMEs). Emirates NBD looks to provide its younger audience access to financial tools through its digital banking platform, and provides loans to low-income</p>

⁹ ENBD, 2024, ESG Report 2023, <https://cdn.emiratesnbd.com/assets/pdf/esg-report-2023.pdf>
ENBD, 2024, ESG Momentum Report 2024,
https://www.emiratesnbd.com/-/media/enbd/files/csr/esg_momentum_report_2024.pdf

¹⁰ Ibid.

	<p>areas and stress relief lending so that these audience can be financially supported while navigating through financial stress. Emirates NBD also has digital solutions that enable agricultural micro-players that lacks the means to receive financing through conventional financing to receive financial support.¹¹</p>
Climate Transition Strategy	<p>Emirates NBD’s decarbonization strategy is aligned with the UNSDGs (United Nations Sustainable Development Goals) with an intent to support UAE’s national path to climate neutrality by 2050. Emirates NBD is committed to exploring and implementing strategies to decarbonize its operations and financing across Scope 1, Scope 2 and Scope 3 GHG emissions. To progress the Net Zero journey, Emirates NBD has become a signatory to Principles for Responsible Banking (PRB) and will be reporting as per PRB guidelines in the future annual ESG reports. Concurrently, internal engagement is initiated with key stakeholders to develop the transition plan towards achieving net zero, in alignment with the PRB framework, the UAE’s Net Zero 2050 goals, and the UAE Nationally Determined Contributions (NDCs) of 2030. The transition plan will include setting specific net zero targets for financed emissions at a sectorial level, ensuring alignment with both international and national sustainability standards, and will be published in 2025.¹²</p>
Top three areas of breaches of international norms and ESG controversies in the industry¹³	<p>Financial market irregularities, Layoffs, Failure to mitigate climate change impacts</p>
Breaches of international norms and ESG controversies by the Issuer	<p>At the date of publication and leveraging ISS ESG Research, no controversy in which the Issuer would be involved has been identified.</p>
Sustainability Reporting	<p>Emirates NBD’s sustainability reporting follows Global Reporting Initiative (“GRI”) 2021 Universal Standards</p>

¹¹ ENBD, 2024, ESG Momentum Report 2024, https://www.emiratesnbd.com/-/media/enbd/files/csr/eshg_momentum_report_2024.pdf

¹² Ibid.

¹³ Based on a review of controversies identified by ISS ESG over a 2-year period, the top three issues that have been reported against companies within the Commercial Banks & Capital Markets industry are displayed above. Please note that this is not a company specific assessment but areas that can be of particular relevance for companies within that industry

	and Sustainability Accounting Standards Board ("SASB") standards
Industry associations, Collective commitments	Emirates NBD is a signatory of United Nations Global Compact, UAE Climate-Responsible Companies Pledge by the UAE Ministry of Climate Change and Environment, UNSDG Gender Balance Pledge, and a member of the Dubai Chamber's Sustainability Network. Furthermore, Emirates NBD Asset Management is a signatory of the United Nations Principles for Responsible Investment.
Previous sustainable/sustainability-linked issuances or transactions and publication of sustainable financing framework	Emirates NBD issued a sustainable finance framework in August 2023. Please see the second-party opinion for more information. ¹⁴ Emirates NBD also issued a USD 750 million Green Bond in October 2023 and Emirates Islamic issued a USD 750 million Sustainability Sukuk in May 2024 under the same framework.

Rationale for issuance

Emirates NBD is committed to providing investors with the opportunity to support companies that have set ambitious and significant sustainability goals, by issuing the first SLL Funding Framework which implements the recommendations outlined in the Sustainability-Linked Loans Financing Bond Guidelines (SLLBG) 2024.

The funds generated through this Framework are specifically designated for sustainability-linked loans, adhering to various market standards and guidelines on a best-effort basis. Issuing a debt instrument which reflects the Issuer's efforts to engage borrowers via SLLs may prove attractive for financial institutions that are in the process of advancing the sustainable finance markets to support companies that have set ambitious and material sustainability goals.

Additionally, the opportunity to communicate a portfolio of selected SLLs to investors in public markets, via issuance of a bond may serve as an incentive to enhance the robustness of SLL structures in the market over the longer-term. It is anticipated that any development of a market for SLLs financing bonds will clearly reflect the evolution and issuance trends in the SLL market overall.

¹⁴ ISS-Corporate, August 2023, Second Party Opinion, <https://www.iss-corporate.com/file/documents/spo/spo-20230828-Emirates-NBD.pdf>

SECOND PARTY OPINION

Sustainability Quality of the Issuer
and Sustainability-Linked Loan Funding Framework

Opinion: *The key impact objectives and the rationale for issuing SLLBs are clearly described by the Issuer. The majority of the KPIs/SPTs set out in the SLL pool are in line with the impact objectives of the Issuer.*

DISCLAIMER

1. Validity of the Second Party Opinion ("SPO"): Valid as long as the cited Framework and Sustainability-Linked Loans pool remain unchanged.
2. ISS-Corporate, a wholly-owned subsidiary of Institutional Shareholder Services Inc. ("ISS"), sells, prepares, and issues Second Party Opinion, on the basis of ISS-Corporate's proprietary methodology. In doing so, ISS-Corporate adheres to standardized procedures designed to ensure consistent quality.
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ANNEX 1: ISS ESG Corporate Rating Methodology

ISS ESG Corporate Rating provides relevant and forward-looking environmental, social, and governance (ESG) data and performance assessments.

For more information, please visit:

<https://www.issgovernance.com/file/publications/methodology/Corporate-Rating-Methodology.pdf>

ANNEX 2: QUALITY MANAGEMENT PROCESSES

SCOPE

Emirates NBD commissioned ISS-Corporate to compile a SLL Funding Framework External Review. The External Review process includes verifying whether the Sustainability-Linked Loan Funding Framework aligns with the general market standards for Sustainable Finance and to assess the sustainability credentials of its Sustainability-Linked Loans' pool, as well as the Issuer's sustainability strategy.

CRITERIA

Relevant Standards for this External Review:

- International Capital Market Association's (ICMA) and the Loan Market Association's (LMA) Guidelines for Sustainability-Linked Loans financing Bonds

ISSUER'S RESPONSIBILITY

Emirates NBD Bank's responsibility was to provide information and documentation on:

- Framework
- Sustainability-Linked Loans' pool
- Documentation of ESG risks management at the asset level

ISS-CORPORATE'S VERIFICATION PROCESS

Since 2014, ISS Group, of which ISS-Corporate is part, has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

This independent External Review of the SLL Funding Framework to be issued by EMIRATES NBD has been conducted based on a proprietary methodology.

The engagement with EMIRATES NBD took place from July to September 2024.

ISS-CORPORATE'S BUSINESS PRACTICES

SECOND PARTY OPINION

Sustainability Quality of the Issuer
and Sustainability-Linked Loan Funding Framework



ISS-Corporate has conducted this verification in strict compliance with the ISS Group Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About this External Review

Companies turn to ISS-Corporate for expertise in designing and managing governance, compensation, sustainability and cyber risk programs that align with company goals, reduce risk, and manage the needs of a diverse shareholder base by delivering best-in-class data, tools, and advisory services.

We assess alignment with external principles (e.g. the ICMA Sustainability-Linked Bond Principles/the LMA Sustainability-Linked Loan Principles), analyze the sustainability quality of the assets and review the sustainability performance of the Issuer themselves. Following these three steps, we draw up an independent External Review so that investors are as well informed as possible about the quality of the bond from a sustainability perspective.

Learn more: <https://www.iss-corporate.com/solutions/sustainable-finance/bond-issuers/>

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