

ASSESSMENT

4 October 2023



Contacts

Sandra Lopez Navarro
Associate Lead Analyst-SF
sandra.lopeznavarro@moodys.com

Jill Shioda (Kuo-Tsing-Jen)
Associate Lead Analyst-SF
jill.shioda@moodys.com

Muhammad Ibrahim
Associate Lead Analyst-SF
muhammad.ibrahim@moodys.com

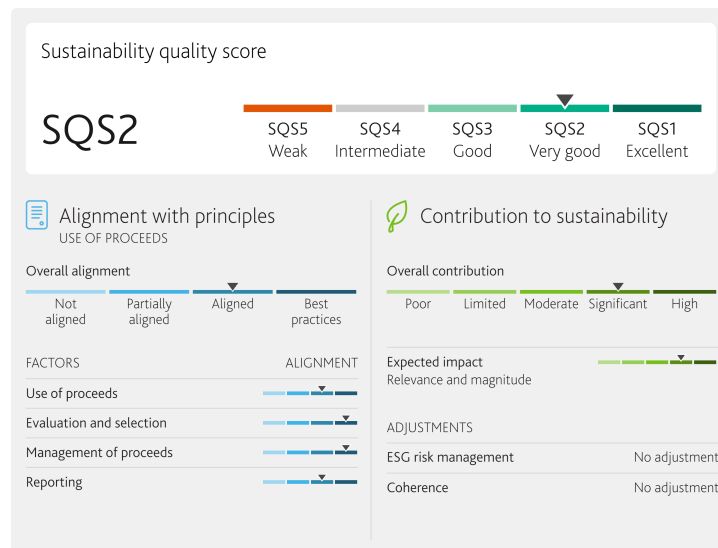
Tobias Lindbergh
SVP-Sustainable Finance
tobias.lindbergh@moodys.com

Abu Dhabi Developmental Holding Company PJSC

Second Party Opinion – Sustainable Finance Framework Assigned SQS2 Sustainability Quality Score

Summary

We have assigned an SQS2 Sustainability Quality Score (very good) to Abu Dhabi Developmental Holding Company PJSC's (ADQ) sustainable finance framework dated August 2023. The company has established its use-of-proceeds framework to finance projects across eight eligible green categories and four eligible social categories. ADQ has described the main characteristics of the green and social financing instruments within a formalised framework that covers the four core components of the International Capital Market Association's (ICMA) Green Bond Principles 2021 (including June 2022, Appendix 1), Social Bond Principles 2021 (including June 2022, Appendix 1) and Sustainability Bond Guidelines 2021, and the LMA/APLMA/LSTA Green Loan Principles 2023 and Social Loan Principles 2023. The framework demonstrates a significant contribution to sustainability.



This Second Party Opinion was originally assigned on a private basis on 24 May 2023 and is being published on 4 October 2023 at the request of the issuer.

Scope

We have provided a Second Party Opinion (SPO) on the sustainability credentials of ADQ's sustainable finance framework, including the framework's alignment with the ICMA's Green Bond Principles 2021 (including June 2022, Appendix 1), Social Bond Principles 2021 (including June 2022, Appendix 1) and Sustainability Bond Guidelines 2021, and the Loan Market Association, the Asia Pacific Loan Market Association and the Loan Syndications & Trading Association's (LMA/APLMA/LSTA) Green Loan Principles 2023 and Social Loan Principles 2023. Under the framework, the company plans to issue green, social and sustainability bonds, loans, sukuk and invest in projects, mainly through equity, in eight green categories and four social categories, as outlined in Appendix 2 of this report. Our assessment is based on the last updated version of ADQ's framework, received on 5 September 2023, and our opinion reflects our point-in-time assessment of the details contained in this version of the framework, and other public and nonpublic information provided by the company. We produced this SPO based on our [Framework to Provide Second Party Opinions on Sustainable Debt](#), published in October 2022.

Issuer profile

Abu Dhabi Developmental Holding Company PJSC (ADQ) was established in 2018 by the Government of Abu Dhabi as both an asset owner and investor. The company has direct and indirect investments in operating entities across a number of sectors, many of which provide essential services to Abu Dhabi and its citizens. The sectors include energy and utilities, food and agriculture, healthcare and life sciences, mobility and logistics, financial services, and industries. ADQ is 100% owned by the government and is one of the largest employers in the emirate, contributing around 22% to the emirate's non-oil economy in 2022. As a strategic partner of the Government of Abu Dhabi, ADQ is committed to accelerating the sustainable transformation of the emirate into a globally competitive and knowledge-based economy. ADQ is a long-term strategic investor and asset manager, with a strong emphasis on further development and growth.

Strengths

- » Several of the eligible green categories intend to finance activities that could make significant reductions in greenhouse gas (GHG) emissions in the UAE.
- » Clearly defined and relevant environmental and social objectives are associated with all eligible categories.
- » There is a well-established project selection process, with thorough screening and due-diligence to minimise environmental, social and governance (ESG) risks.

Challenges

- » Several eligible social categories are somewhat broadly defined.
- » The inclusion of equity investments represents a nonstandard use of proceeds susceptible to specific challenges.

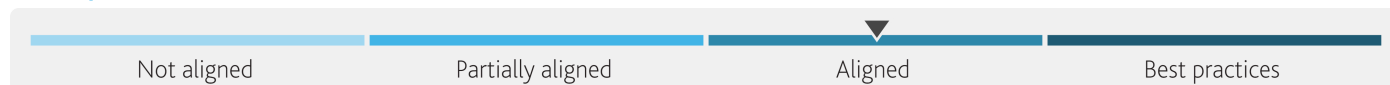
This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody's.com> for the most updated credit rating action information and rating history.

Alignment with principles

ADQ's sustainable finance framework is aligned with the four core components of the ICMA's Green Bond Principles 2021 (including June 2022, Appendix 1), Social Bond Principles 2021 (including June 2022, Appendix 1) and Sustainability Bond Guidelines 2021, and the Loan Market Association, the Asia Pacific Loan Market Association and the Loan Syndications & Trading Association's (LMA/APLMA/LSTA) Green Loan Principles 2023 and Social Loan Principles 2023:

- Green Bond Principles (GBP)
- Social Bond Principles (SBP)
- Green Loan Principles (GLP)
- Social Loan Principles (SLP)
- Sustainability-Linked Bond Principles (SLBP)
- Sustainability Linked Loan Principles (SLLP)

Use of proceeds



Clarity of the eligible categories – ALIGNED

ADQ has communicated the nature of the expenditure, and has set eligibility and exclusion criteria for most of the eligible categories, and the target populations for most of the four social categories. ADQ has identified the location of eligible projects as within the UAE, but indicated that some investments may go beyond the UAE, for which the issuer undertakes a country-based risk assessment before investing. The company has described project categories and, for most of the project categories, the general definition includes references to the technical thresholds used to define project eligibility. The issuer has informed us that the EU Taxonomy activities are included as a reference and that the technical screening criteria are not applied. The issuer has informed us that they expect that the allocation in the first transaction under the framework would be 100% in the clean transportation category, which is well defined and has a significant contribution to sustainability. The exclusion criteria are clear and apply across all eligible categories.

The cornerstone of the ICMA's Green and Social Bond Principles and the LMA/APLMA/LSTA Green and Social Loan Principles is the full utilisation of net proceeds to projects with clear environmental and social benefits. The inclusion of equity investments represents a non-standard use of proceeds that introduces potential concerns in terms of allocation and traceability, value discrepancies, double counting, adherence to sustainability objectives and impact reporting. With appropriate mitigation measures, certain equity investments can still be considered in line with the spirit of use-of-proceeds thematic issuance and therefore aligned with the GBP, SBP, GLP and SLP.

Equity investments will make up the majority of the eligible asset volume under ADQ's framework and include both participation in new share issues and acquisition of existing shares in the private and public markets. The issuer appears to have suitable measures in place to mitigate identified concerns related to the alignment with the GBP, SBP, GLP and SLP. For example, ADQ has stated that all equity investments will have full traceability to specific projects and to have access to sufficient information to assess their adherence to the eligibility criteria, supported by their role as a strategic investor and the substantive control and insight into the investment decisions they state that they have in the entities they invest in. They will exclusively use their pro-rated ownership share of the estimated or actual capital expenditure of the projects, reduced by any use of proceeds thematic instruments financing the same project through to the asset level, appearing to mitigate risks related to value discrepancy and double counting. The issuer has also stated that projects where the double counting risks cannot be sufficiently mitigated will not be eligible for any sustainable financing transaction. Based on the information provided to us and the identified mitigants, we are of the view that the structure conforms to the requirements in the GBP, SBP, GLP and SLP.

Of note, the 90% revenue threshold to determine whether certain acquisitions will be eligible under their framework would be subject to the same requirements outlined above, meaning that the actual capital expenditure, as opposed to the acquisition cost, will be used. In that sense, the revenue threshold is an additional selection criteria. ADQ has also stated that the exclusion criteria covers all equity investments, and that companies acquired will not have any project associated with the activities in the exclusion list.

Clarity of the environmental or social objectives – BEST PRACTICES

ADQ has clearly outlined the environmental and social objectives associated with all 12 eligible categories. All eligible categories are relevant to the respective environmental or social objectives to which they are aiming to contribute. The issuer has referenced the United Nations' (UN) Sustainable Development Goals (SDGs) in articulating the objectives of the eligible categories, and the objectives are coherent with these recognised international standards.

Clarity of expected benefits – BEST PRACTICES

ADQ has identified clear expected environmental or social benefits for all of the 12 eligible categories, and these are relevant based on the projects likely to be financed under each category. The benefits are measurable for all project categories and the issuer will report on these quantitative benefits in its annual reporting. The issuer has communicated that it will include the split of financing and refinancing in the allocation report on its use of proceeds with look-back period(s) of less than three years.

Best practices identified

- » Objectives set are defined, relevant and coherent for all project categories
- » Relevant benefits are identified for all project categories
- » Benefits are measurable and quantified for most projects, with a commitment to do so in future reporting
- » Commitment to transparently disclose the share of proceeds used for refinancing where feasible
- » Commitment to transparently communicate the associated look-back period(s) where feasible

Process for project evaluation and selection**Transparency and quality of process for defining eligible projects – BEST PRACTICES**

The issuer's decision-making process for the selection and evaluation of projects is explicitly and comprehensively structured, and is outlined in its framework. The eligible green and social projects will be reviewed and selected by a sustainable finance committee. The committee will be responsible for validating project selection, compliance monitoring and the post-issuance reporting. The committee will review projects semiannually, and monitor the asset pool to ensure the financed green and social projects are meeting the predefined criteria.

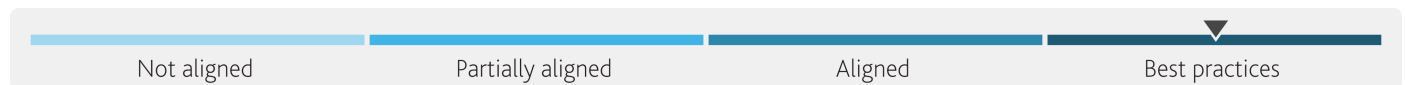
Environmental and social risk mitigation process – BEST PRACTICES

The issuer has a well-established and thorough screening and oversight process to minimise ESG risks. The issuer has implemented a due diligence process, integrating three phases of screening, monitoring, and mitigating ESG risks. Once the investments are made, an annual ESG maturity assessment is conducted by an independent third party using ESG assessment criteria that generate a quantitative ESG score to monitor and act upon performance gaps. In this regard, ADQ may engage the relevant portfolio company to request additional documents like environmental and social impact assessment studies (ESIAs), environmental and social action plans (ESAPs), and environmental management plans (EMPs).

Best practices identified

- » The roles and responsibilities for project evaluation and selection are clearly defined and include relevant expertise
- » There is evidence of continuity in the selection and evaluation process through the life of the financial instrument(s), including compliance verification and procedures to undertake mitigating actions when needed
- » The process for project evaluation and selection is traceable
- » Material environmental and social risks for most project categories are identified
- » Presence of corrective measures to address environmental and social risks across projects
- » ESG controversies are monitored

Management of proceeds



Allocation and tracking of proceeds – BEST PRACTICES

The issuer has defined a clear process for the management and allocation of financial instruments (bond/sukuk/loan) proceeds in its framework. The net proceeds from any financial instruments issued under the framework will be deposited in the issuer's general treasury account and earmarked for allocation using a project register. Adjustments will be made on a quarterly basis to match allocation to eligible projects and tracking of balances will occur on a monthly basis, and in addition any allegations and controversies related to the allocated assets will be monitored on monthly basis. ADQ intends to allocate all proceeds within 24 months of issuance.

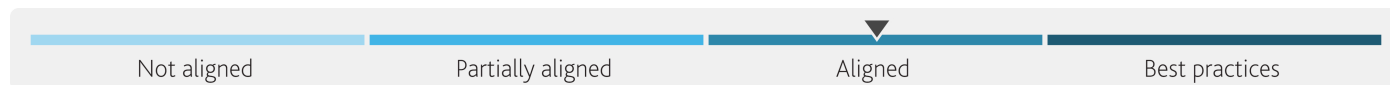
Management of unallocated proceeds – BEST PRACTICES

Following the issuer's general liquidity management policies, pending/unallocated proceeds will be invested in funds or otherwise in cash, cash equivalents and marketable securities, in accordance with ADQ's cash management policies and excluding investments covered by any of the exclusions mentioned in the framework. An allegation and controversy screening on these assets will be undertaken to ensure that these investments do not violate environmental or social mandates. In the event of a divestment or if an eligible project no longer meets the eligibility criteria, ADQ will identify alternative eligible projects as soon as possible, provided the particular transaction is not linked to a specific project, with the expected replacement time frame of 12 months.

Best practices identified

- » Broad disclosure of a clearly articulated and comprehensive management of proceeds policy to external stakeholders; bondholders or lenders at a minimum
- » Short allocation period, for example typically less than 24 months
- » Disclosure on temporary placement and presence of exclusion criteria toward environmentally or socially harmful activities
- » Commitment to reallocate proceeds to projects that are compliant with the framework

Reporting



Transparency of reporting – ALIGNED

The issuer will report annually on the use of proceeds of the green and social financial instruments under its framework until full allocation. For loan or private placements, the reporting will be provided to lenders or investors on a bilateral basis, while for public transactions the reporting will be available on the issuer's website. After full allocation, the issuer will report on a timely basis in the event of material developments. The issuer has communicated in the framework that the reporting will cover details on specific projects, including a list of projects and brief descriptions, and a breakdown of eligible assets by eligible category. The reporting will also cover the amount of proceeds allocated at the project level, the portion of financing and refinancing, and the sustainable benefits of the eligible assets.

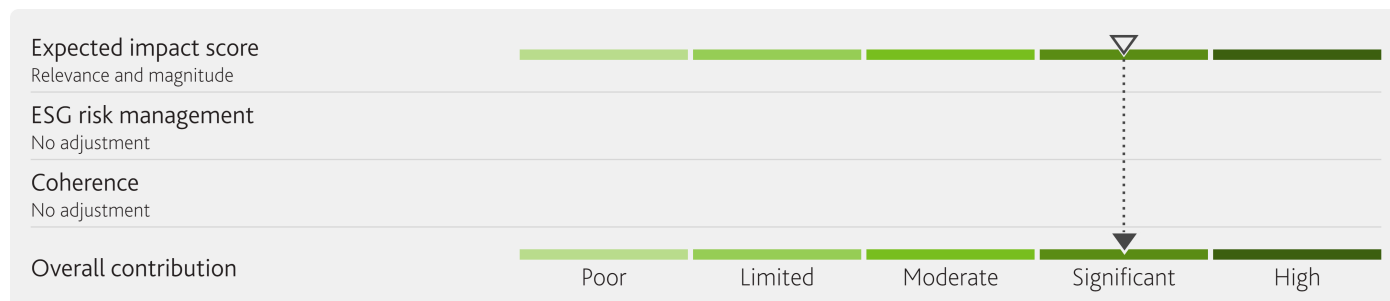
The issuer has identified relevant environmental and social reporting indicators for eligible categories and has clearly disclosed these indicators in its framework. The methodologies and assumptions used to report on environmental and social impacts will be disclosed in the report. The issuer is committed to the independent verification of the tracking and allocation of funds until full allocation, but there will be no verification of the impact reporting

Best practices identified

- » Reporting until maturity of financial instruments
- » Reporting covers material developments and issues related to the projects or assets
- » Reporting on allocation of proceeds and benefits done at least at eligible category level
- » Exhaustive allocation reporting – balance or % of unallocated funds, types of temporary investments (e.g. cash or cash equivalent) and share of financing vs re-financing
- » Clear and relevant indicators to report on the expected environmental/social impact of all the projects, where feasible, or eligible categories
- » Disclosure of reporting methodology and calculation assumptions to bondholders or lenders at a minimum
- » Independent audit of the tracking and allocation of funds at least until full allocation and in case of material changes

Contribution to sustainability

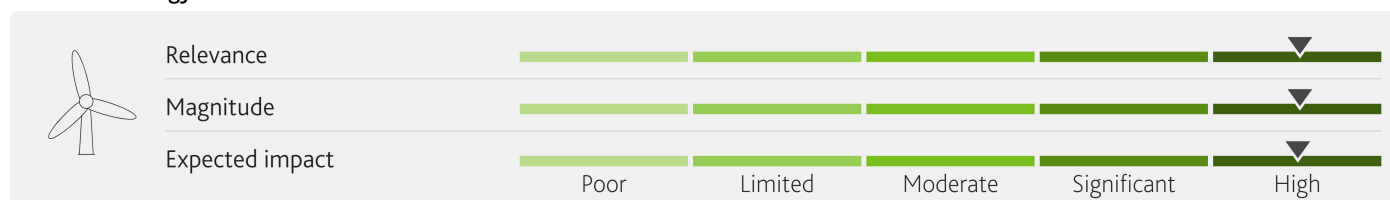
The framework demonstrates a significant overall contribution to sustainability.



Expected impact

The expected impact of the eligible projects on environmental and social objectives is considered significant. The issuer has provided the estimate distribution of proceeds among environmental and social categories. Thus, we have weighted the categories accordingly for the purpose of assessing their contribution to sustainability. A detailed assessment by eligible category is provided below.

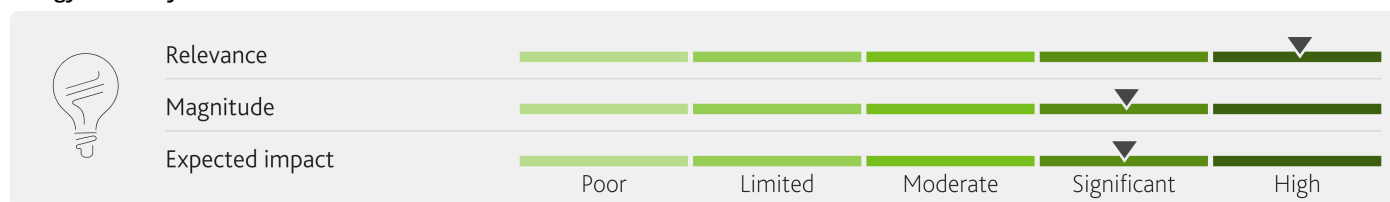
Renewable energy



The proposed renewable energy projects are highly relevant to ADQ given the fact that these projects would make very significant reductions in GHG emissions. The UAE, where ADQ is located, is one of the world's largest hydrocarbon reserve-holders and exporters. According to International Energy Agency (IEA) data, most of the energy produced in the UAE comes from natural gas and oil. These projects will support the country's national strategy to diversify its energy mix. The national strategy targets an energy mix of 44% clean energy and 6% nuclear by 2050.

The category is expected to have a high magnitude. Project financing covers solar (photovoltaics and concentrated solar power [CSP]), wind, ocean energy, hydropower, geothermal and bioenergy — all contributing to the transition away from fossil fuel sources like oil and gas. We note the CSP technology is considered water intensive and has potential negative implications where installations are set up in hot, dry regions with limited water resources. For hydropower projects, financing is limited to small-scale hydropower projects with less than 25 megawatt (MW) capacity and GHG intensity below 50gCO₂e/kWh that is in line with CBI requirement for new facilities. Geothermal projects will be based on meeting the 100gCO₂e/ kWh life cycle emissions threshold and the issuer confirmed in internal documentation that ocean energy includes tidal energy, wave energy and ocean thermal energy that generates less than 100gCO₂e/kWh. In addition, the eligible fuel cell projects will exclusively be powered by renewable energy. The category also includes the manufacture of renewable energy technologies, which will result in substantial GHG emission reductions in other sectors of the economy. Transmission of renewable energy also has the potential to demonstrate a considerable positive impact. Most project types are committed to use the best available technology in the market and have clearly defined thresholds to ensure positive long-term impact and eliminate or minimize potential lock-in effects. The issuer expects vast majority of the allocation to go towards renewable energy generation and associated T&D infrastructure.

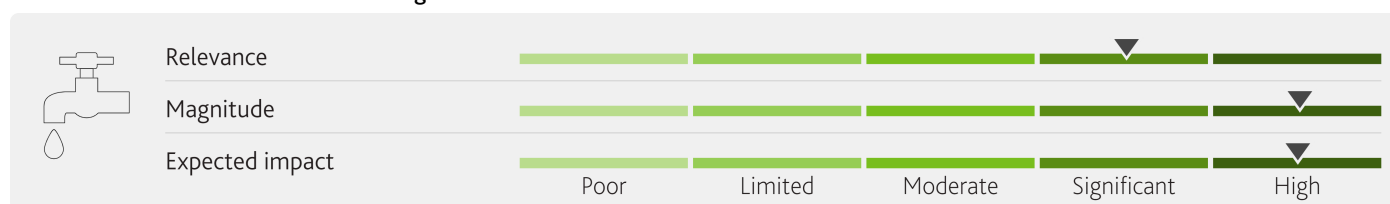
Energy efficiency



Eligible projects in this category are highly relevant and contribute to the UAE's national GHG reduction target. The UAE's Nationally Determined Contributions (NDCs) includes various initiatives related to energy efficiency across the residential and industrial sectors, and it's an important contributor to the national strategy to reduce GHG emissions and meet the country's Paris Agreement goals.

Investments in this category are likely to have a significant contribution to climate change mitigation because the threshold of 30% improvement is in line with the industrywide practice; both the CBI and EU taxonomies prescribe 30% improvement in energy efficiency in building renovation. The threshold also applies to "bulky energy services" activities. The category includes district heating and cooling systems with clear exclusion criteria and we note positively that the issuer commits to use low global warming potential refrigerants. However, there is a lack of visibility of the types and thresholds. In addition, bulky services cover energy recovery technology with a clear threshold that is in line with the CBI's requirement. Although we expect improvements from energy-efficiency measures, the category lacks details on energy recovery technologies to fully address lock-in effects.

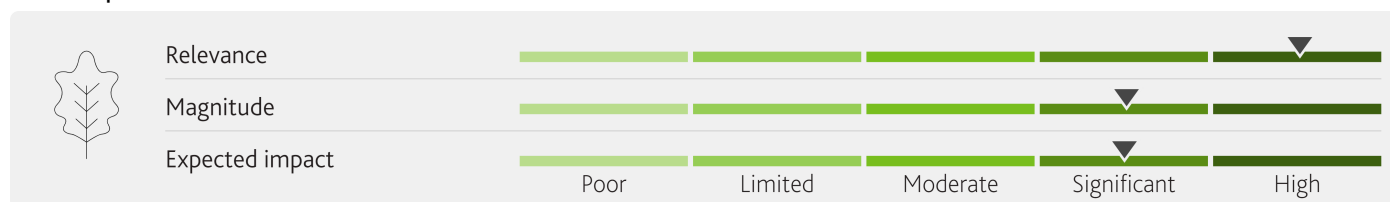
Sustainable water and wastewater management



The sustainable water infrastructure and wastewater treatment has a significant relevance in addressing the water challenges in Abu Dhabi. Population growth in Abu Dhabi and increasing demand from industry and agriculture have put a strain on the region's already limited water resources. Moreover, the region's reliance on desalination plants, which are costly and energy-intensive, has somewhat accelerated the need for an alternative source of water and more efficient use of the water resources, including treating and recirculating it. The category includes construction of wastewater treatment or discharge water recycling, dams and rainwater collection facilities. However, a thorough assessment on the relevance of these projects in other countries is difficult due to the extensive geographical scope and the lack of clarity on specific project locations.

The magnitude is high because of the long-term benefits expected from the water treatment project. Water abstraction and wastewater and treatment projects will comply with a net average energy consumption requirement of less than 0.5 kilowatt-hour (kWh) per cubic metre as per the EU taxonomy criteria. It will also have an effective methane emission control by limiting the financing to wastewater treatment plants that use the resulting biogas for energy generation, with a commitment to also exclude landfill disposal of resulting biosolids. For the construction of dams, ADQ would comply with the standards set forth by the Equator Principles that specifically reference the World Commission on Dams report¹ that provides guidance on the best practices for dam construction and management. Finally, the end use of treated water for all the projects will be limited to the supply of drinking water or agriculture purposes, thereby ensuring that it will not be used for energy intensive industrial purposes.

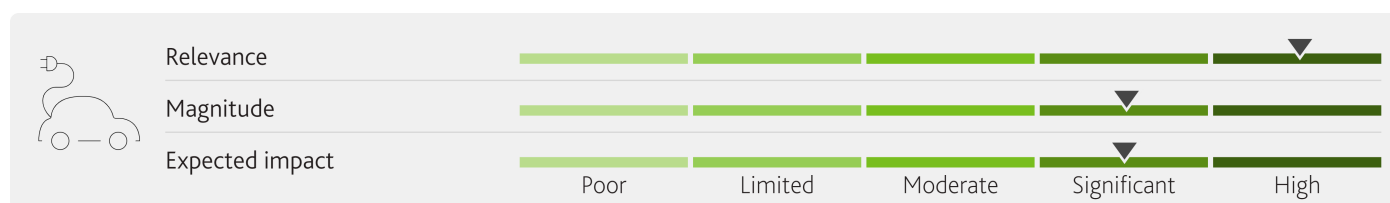
Pollution prevention and control



The reduction of waste through recycling and production of energy from waste is considered highly relevant in Abu Dhabi because of the mounting waste management issues for the region. Industrial activities, including oil and gas exploration and refining, chemical spills and agricultural practices have contributed to soil and groundwater contamination. The relevance of the recycling project is supported by the report published by Abu Dhabi Waste Management Company (Tadweer), which stated that the emirate's recycling rate was around 28% in 2021. The largest landfill site, Al Dhafra Landfill, reported that around 80% of the waste is sent to landfills, reinforcing the importance of reducing this ratio and finding an efficient use of the waste². These projects also align to the government's initiatives to reduce waste, expand the recycling programme and to reduce the amount of waste sent to landfills³.

The magnitude for this category is significant. The recycling project will be powered by renewable energy and will be limited to recycling municipal household waste with exclusion criteria applied to toxic material. The issuer also commits to only recycling waste that respects the waste hierarchy, but the actual implementation of the practice is unclear. Furthermore, the specific technology used for the recycling process is not disclosed, leading to concerns on the efficiency of the process. However, it is important to note that initiating a recycling project in Abu Dhabi with low recycling activity will lead to environmental benefits by reducing waste to landfill. The waste to energy project applies the most stringent CBI criteria, which are considered the best practices, and commits to respect the waste hierarchy by only including rejects from the reuse, reduce process.

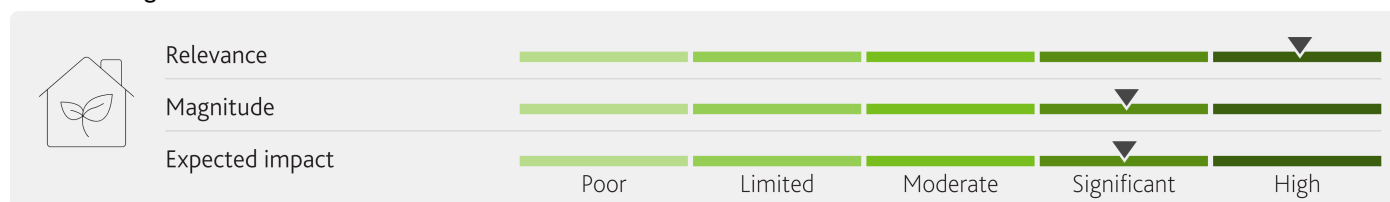
Clean transportation



Overall, the relevance of this category is considered high. Transport makes up around 7.3% of GHG emissions in the emirate, a smaller portion compared to the 23% that stem from energy-related GHG emissions from transportation globally. The activities support UAE's Net Zero by 2050 strategic initiative. The issuer has stated that the initial green financing transaction is likely to have 100% of the net proceeds allocated to this category.

The magnitude is significant because the transportation types align with the best market standards, the visibility on the types of 'low-emission' transportation and manufacturing activities included are very clear, however there is a possibility of financing hybrid vehicles. The category includes activities meeting threshold for passenger transportation of 50gCO₂/km until 2025 and decreasing to 0gCO₂/km from 2026 as required by the EU taxonomy. Freight transportation is largely in line with the CBI's requirements by committing to 25gCO₂/tkm and it will decrease to 21gCO₂/tkm from 2030. The category excludes shipping and aviation transportation modes. The category intends to finance public mass transportation, expected to create a positive long-term impact given that the UAE's transport sector is dominated by personal car use, and mass transit will mitigate UAE's carbon emissions from cars. However, there is a risk of locked-in effects with hybrid vehicles and limited visibility on the breakdown of the expected allocation of proceeds for each activity in the category.

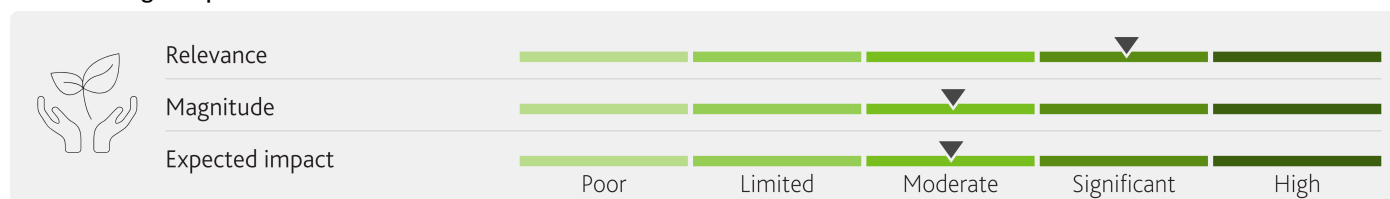
Green buildings



The projects included in this category are considered to be of high relevance because they respond to an important sustainability challenge, supporting the UAE's net zero goals. In the UAE, buildings account for about 70% of the country's electricity consumption. Most of the buildings in the country were built before green building codes or regulations were implemented and the emissions associated with the energy use are linked to the substantial cooling demand and the inefficient energy performance of the buildings. In 2010, the UAE introduced green-building standards, with Abu Dhabi implementing mandatory efficient standards for new buildings through the Estidama Pearl Rating System. Furthermore, Abu Dhabi has in place a building retrofit programme, as part of its strategy to reduce overall electricity consumption by 22% and water consumption by 32% in the emirate by 2030.

The category is considered to have a significant magnitude. ADQ may finance buildings that achieve an operational improvement of at least 30% in energy use or carbon emission after renovation, improvement or maintenance. This category also leverages internationally recognised building certification standards for construction, development, renovation, maintenance and acquisitions, which includes LEED, BREEAM, Al Sa'fat and Estidama Pearl Rating System for the UAE. The framework also includes equivalent alternative environmental standards where the emissions footprint of the building is in the top 15% of emissions performance in the local market. The energy use in buildings is key to reduce emissions and particularly important in the local context. Although green certification standards could vary according to the building type and location, the eligible projects under this category will likely contribute to the energy efficiency of the buildings. However, there is limited visibility on the expected proceeds allocation among new construction, existing buildings and refurbishments, which could imply differences in the level of energy efficiency achieved.

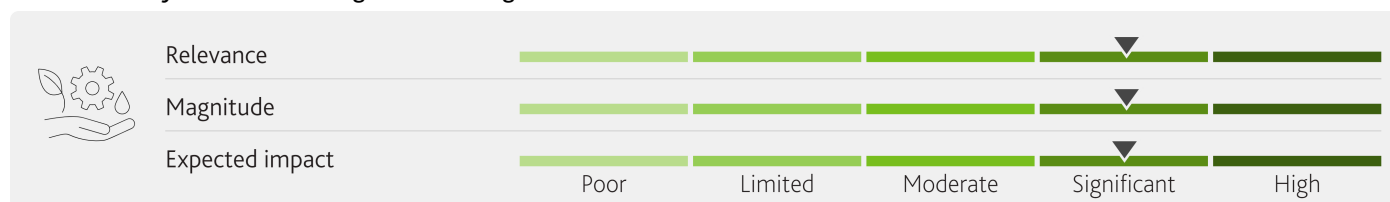
Climate change adaptation



The project category has significant relevance overall. The category intends to finance flood prevention systems that are an important infrastructure to address flooding caused by heavy rain, thus protecting lives and reducing the cost of recovery and reconstruction. However, the infrequent rainfall and flooding in Abu Dhabi, compared to other extreme weather events including extreme temperatures, sand and dust storms that occur frequently owing to its desert environment, means that these types of projects do not address the most relevant challenges to increase the resilience of its human infrastructure. Furthermore, assessing the relevance of these projects in other countries is difficult due to the lack of clarity on potential project locations.

The category is likely to have a moderate magnitude, due to vagueness in the definition of the activities and its expected benefits, as well as a lack of thresholds and specification of the solutions to be implemented. For flood prevention infrastructures, although the efficiency of the process is unknown because of the lack of details on specific projects, ADQ is committed to conduct routine due diligence to minimise ESG risks.

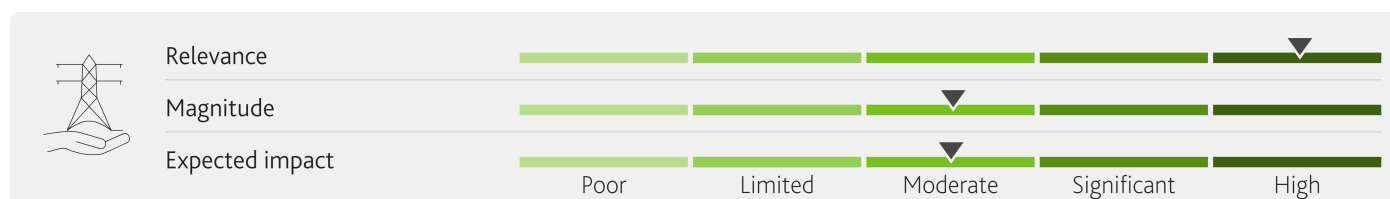
Environmentally sustainable management of living natural resources and land use



Climate-friendly farming practices is a significantly relevant topic for Abu Dhabi. Around 5.44% of land in Abu Dhabi was used for agricultural purposes, but a large portion of fertile land is yet to be used for cultivation. Furthermore, the UAE is in an arid area and, therefore, lacks adequate water for agriculture and consumption. At the same time, agricultural practices consume over 58% of the total volume of water available in the UAE. For these reasons, as well as to decrease heavy dependence on imports, the government is seeking to use modern agriculture technology that requires less water or recycled or desalinated water sources to cultivate crops that are resilient to the climate in the UAE. The UAE is dependent on food imports to a large extent and increased domestic production is expected to reduce transport related GHG emissions, which makes it relevant. However, it is not the most relevant activity to support climate change mitigation in the region.

The magnitude is considered significant for this category, which includes sustainable agriculture. Agricultural practices will be supported by recognised third-party certifications. While increasing the land to conduct sustainable farming is a material issue for Abu Dhabi, the ability to successfully reverse soil erosion depends on the type of soil and the technique applied. Risk of carbon release is minimised by the exclusion criteria applied to projects that convert high carbon stock lands for agricultural purposes, thereby minimising the release of carbon to the atmosphere. Furthermore, ADQ has included advanced agriculture techniques, including hydroponics, permaculture and crop sensors, which involve growing plants without soil and using nutrient-rich water solutions — all techniques that are essential for the challenging climate conditions in the region. New fertiliser application systems ensure the reduction of fertiliser use, use of organic fertilisers, low-carbon fertilisers and green ammonia, and an exclusion criterion is applied to inorganic or synthetic fertilisers. For the low till agriculture, the till-reduced tillage leaves between 15% and 30% crop residue cover on the soil during the critical erosion period. These are considered an effective method to reduce dependence on water and avoid soil degradation, which reflects the local challenges related to water shortage and dry climate.

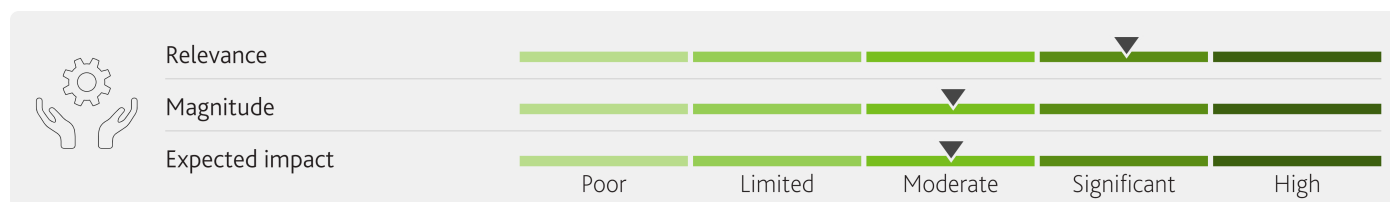
Affordable basic infrastructure



The world faces a \$15 trillion investment gap by 2040, and emerging markets account for nearly two-thirds of that need investment, which highlights the importance of further investments in emerging markets infrastructure. Projects will target rural communities with limited access or no access to essential services in developing countries defined as MSCI Emerging Markets index constituents and/or least developed, low income and lower middle-income countries on the DAC list of ODA recipients, representing a relevant target population. Rural population comprises about 67% and 60% of the population in low-income and lower-middle-income countries respectively. Addition of basic infrastructure typically has a direct economic growth effect, which in turn reduces poverty, inequality and improves human capital. This makes rural development with affordable basic infrastructure highly relevant for the target population, and although the social projects do not represent a core activity of the issuer, investment in energy, water, transmission and communication are part of the issuer's activities at large, leading to the overall relevance to be considered high.

The category covers development projects in drinking water, sanitation, telecommunication and energy distribution related infrastructure within the rural communities in emerging economies. Although the category intends to provide social benefits, it lacks specific details on the impact of the eligible projects, for example affordability, scale and quality of service, leading the impact to be moderate.

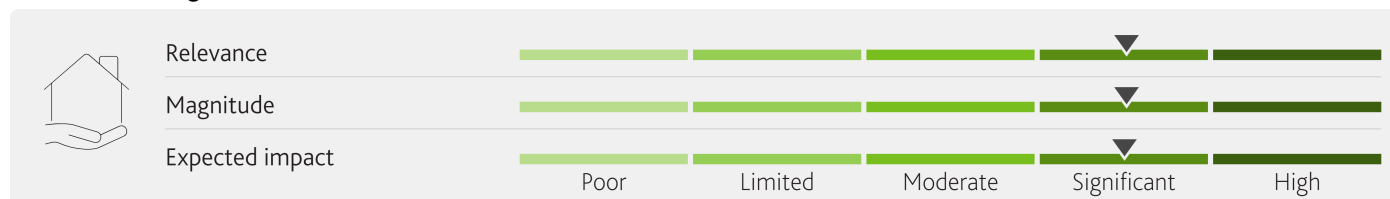
Access to essential services



Under healthcare services, ADQ may invest in the construction of hospitals, clinics and healthcare centres. While the target countries are not disclosed, they are generally defined as emerging or underdeveloped countries. Although underdeveloped countries generally have a shortage of healthcare professionals because of limited resources, the level of urgency varies depending on the country. Similarly for hospitals, the need for further healthcare facilities and practitioners depends on population size, healthcare needs, and existing healthcare infrastructure. ADQ may also invest in public schools, university campuses, and educational and vocational training for medical, emergency, and public health professionals, with a focus on low-income and lower middle-income countries. Disparity in education is a significant issue in many emerging market countries, with often large gaps in educational levels between different groups, which results in difference in income levels. Providing priority access to these countries is relevant and will facilitate the improvement of the socioeconomic status of students and the economic growth of the country. The relevance is considered significant because investment in education is not part of the issuer's activities at large and may not be a particularly material objective for the issuer's sector to address, compared with other specified social categories in the issuer's framework.

The magnitude is moderate because of lack of clarity on the affordability and accessibility of the services for the target population. An exclusion criteria is applied to funding for private institutions, aiming inclusivity of all populations. Construction of hospitals and public schools as well as provision of educational and vocational training will target underserved populations, defined as people living 10 miles from access to these services or in rural areas with limited access living in MSCI Emerging Markets Index countries or least developed, low income and lower middle-income countries on the DAC list of ODA recipients. While the target population is well-defined, the accessibility and affordability of services, particularly pertaining to training and hospitals, remain uncertain. These uncertainties raise concerns regarding the prioritized access to the offered services for the target population.

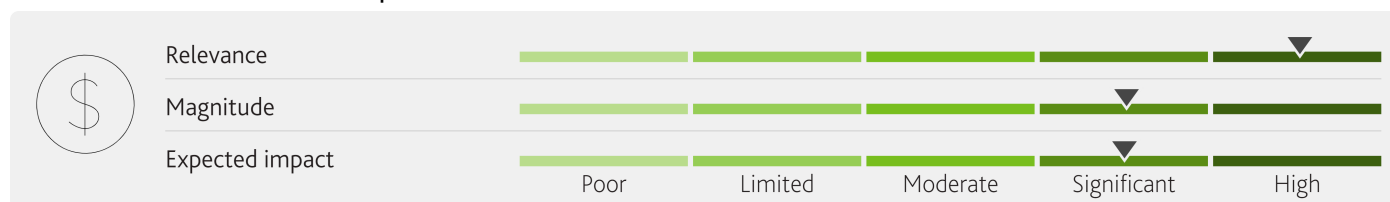
Affordable housing



The relevance is considered significant, due to affordability issues driven by a rapid increase in population and a surge in the cost of land. Even though housing access is not a pressing social risk for the UAE, affordable housing addresses an important social issue, contributing to stability, security and broader social benefits. Housing assistance is present for UAE nationals at the federal level through the UAE Government, which assigns land, supplies free housing or housing loans to Emirati citizens. As well as at the emirate level through the Abu Dhabi Housing Authority (ADHA) which was established to deliver affordable housing for citizens in the emirate. This category is clearly defined and includes the construction of social housing and the construction of housing for students in the UAE.

The magnitude is considered significant as this affordable housing category comprises expenditures as part of government run programmes in the UAE, with the aim to deliver a positive social impact. The issuer clearly defined the target population for the projects under construction of social housing as people eligible for government social housing programmes in the UAE. These projects will increase the availability of social housing units for Emirati citizens while reducing household indebtedness. Regarding the construction of housing for students, the target population is general public in the UAE, where vulnerable students will be vetted based on parents' income, giving priority to low-income parents. These projects aim to target a vulnerable population and help to alleviate the financial hurdle of completing education. The availability, accessibility and affordability are covered by the government programmes, which aim to provide a sufficient level of quality for the beneficiaries. Overall, facilitating access to affordable housing is expected to deliver a positive long-term impact.

Socioeconomic advancement and empowerment



This project category is highly relevant and includes the support of initiatives targeted to women to improve economic opportunities through business interventions, including financing for women-led companies, women-led capital firms, startups, and organisations supporting women entrepreneurs; training to help women job seekers; and funding to improve women's access to education, equipment, and economic opportunities. These types of projects are very relevant, and especially for the MENA region which has one of the lowest female labor force participation globally, of around 19%. In addition, for UAE, the female business-owners constitute 10% of the total private sector.

The magnitude of this category is significant because financing directed to promote women-led companies and entrepreneurship, as well as their education, training and access to equipment to run businesses can lead to progressive long-term advancement and the creation of synergies in the region. However, the category somewhat lacks details on specific programmes.

ESG risk management

We have not applied a negative adjustment for ESG risk management to the expected impact score. ADQ has an established practice in place to ensure appropriate management of ESG risks following international standards, including applicable environmental, health and safety assessment, as well as consideration of environmental and social stewardship across its operations, supply chain, and investment portfolios. The company has a governance structure to promote compliance with all legal obligations and pursues industry-leading practices where applicable.

Coherence

We have not applied a negative adjustment for coherence to the expected impact score. The projects to be financed under the framework align with the sustainability priorities of ADQ, which focuses on mitigating climate change, environmental stewardship, diversity, inclusion and human capital development, health, safety and social stewardship, and extended socioeconomic positive impacts.

While the UAE is heavily reliant on fossil fuels for its energy production and economy, ADQ is one of the primary public vehicles to implement the Government of Abu Dhabi's economic vision to reduce the reliance of the local economy on the hydrocarbon sector, supporting its decarbonisation strategy, which includes achieving net zero emissions by 2050.

Appendix 1 - Mapping eligible categories to the United Nations' Sustainable Development Goals

The twelve eligible categories included in ADQ's framework are likely to contribute to fourteen of the United Nations' (UN) Sustainable Development Goals (SDGs), namely:

UN SDG 17 Goals	Eligible Category	SDG Targets
GOAL 1: No Poverty	Socioeconomic Advancement and Empowerment	1.4: Ensure all have equal rights to economic resources, access to basic services, property ownership and finance
GOAL 2: Zero Hunger	Environmentally Sustainable Management of Living Natural Resources and Land Use	2.4: Ensure sustainable food production systems that improve productivity and support ecosystems and climate change adaptation
GOAL 3: Good Health and Well-being	Socioeconomic Advancement and Empowerment	2.A: Enhance agricultural capacity in emerging markets through investment in rural infrastructure, research and technology
		3.2: End preventable deaths of newborns and children under 5 years of age
GOAL 4: Quality Education	Access to Essential Services	3.C: Increase health financing and promote the recruitment, development and training of the health workforce in emerging markets
		4.1: Ensure that all children complete quality primary and secondary education leading to relevant and effective outcomes
GOAL 5: Gender Equality	Socioeconomic Advancement and Empowerment	4.6: Ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy
		5.5: Ensure women's full participation and equal opportunities for leadership at all levels of political and economic life
GOAL 6: Clean Water and Sanitation	Affordable Basic Infrastructure	6.4: Increase water-use efficiency across all sectors and ensure sustainable supply of freshwater to reduce water scarcity
GOAL 7: Affordable and Clean Energy	Affordable Basic Infrastructure	7.1: Ensure universal access to affordable, reliable and modern energy services
	Renewable Energy	7.2: Increase substantially the share of renewable energy in the global energy mix
	Energy Efficiency	7.3: Double the global rate of improvement in energy efficiency
GOAL 8: Decent Work and Economic Growth	Socioeconomic Advancement and Empowerment	8.3: Promote policies that support productivity, job creation, entrepreneurship, innovation, and encourage the growth of SMEs
	Access to Essential Services	8.6: Substantially reduce the proportion of youth not in employment, education or training
GOAL 9: Industry, Innovation and Infrastructure	Affordable Basic Infrastructure	9.1: Develop sustainable infrastructure to support economic development and human well-being, focusing on equitable access
	Access to Essential Services	9.3: Increase SMEs' access to finance, and their integration into value chains and markets, particularly in emerging markets
	Energy Efficiency	9.4: Upgrade infrastructure and retrofit industries to make them sustainable, with all countries taking action
GOAL 10: Reduced Inequality	Access to Essential Services	10.2: Empower and promote the social, economic and political inclusion of all
	Socioeconomic Advancement and Empowerment	10.2: Empower and promote the social, economic and political inclusion of all

UN SDG 17 Goals	Eligible Category	SDG Targets
GOAL 11: Sustainable Cities and Communities	Affordable Housing	11.1: Ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums
	Clean Transport	11.2: Provide access to safe, affordable, accessible and sustainable transport systems for all
	Affordable Basic Infrastructure	11.2: Provide access to safe, affordable, accessible and sustainable transport systems for all
	Sustainable Water and Waste Water Management	11.5: Reduce deaths, people affected and economic losses caused by disasters, particularly for people in vulnerable situations
GOAL 12: Responsible Consumption and Production	Pollution Prevention and Control	11.6: Reduce the adverse per capita environmental impact of cities, with special attention to air quality and waste management
	Environmentally Sustainable Management of Living Natural Resources and Land Use	12.2: Achieve the sustainable management and efficient use of natural resources
GOAL 13: Climate Action	Pollution Prevention and Control	12.5: Substantially reduce waste generation through prevention, reduction, recycling and reuse
	Climate Change Adaptation	13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries
GOAL 15: Life on Land	Environmentally Sustainable Management of Living Natural Resources and Land Use	15.A: Mobilize and increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems

The UN SDGs mapping in this SPO considers the eligible project categories (or key performance indicators) and associated sustainability objectives/benefits documented in the issuer/borrow/lender's financing framework, as well as resources and guidelines from public institutions, such as the ICMA SDG Mapping Guidance and the UN SDG targets and indicators.

Appendix 2 - Summary of eligible categories in ADQ's framework

Eligible Category	Description	Sustainability Objectives	Impact Reporting Metrics
Green Projects Categories			
Renewable Energy	<ul style="list-style-type: none"> • Production of electricity from renewable sources: <ul style="list-style-type: none"> - Solar Photovoltaic (PV) - Concentrated Solar Power (CSP) - Wind Power - Ocean Energy - Hydropower - Geothermal - Bioenergy (biomass, biogas and biofuels) - Green hydrogen (produced from electrolysis entirely powered by renewables) • Development and/or manufacture of components for the above eligible renewable energy technologies, including equipment for renewable energy generation and energy storage including: <ul style="list-style-type: none"> - Wind turbines - Solar panels - Renewable energy batteries - Hydrogen fuel cells • Development of technologies and systems that increase defined renewable energy storage capacity, including: <ul style="list-style-type: none"> • Transmission and distribution assets including : • Assets or infrastructure that connects defined renewable energy generation facilities/inputs 	Climate change mitigation	<ul style="list-style-type: none"> • Annual GHG emissions reduced/avoided (tCO₂e) • Annual renewable energy generation in MWh/GWh (electricity) and GJ/TJ (other energy) • Capacity of renewable energy plant(s) constructed or rehabilitated (MW) • Capacity of renewable energy plant(s) to be served by transmission systems (MW) • Annual Absolute (gross) GHG emissions from the project (tCO₂e)
Energy efficiency	<ul style="list-style-type: none"> • Development and implementation of products or technologies that reduce the energy consumption by 30% or more of underlying assets, projects, appliances, products or systems i.e., improved lighting, improved chillers, or reduced power usage in manufacturing operations • Improved efficiency in the delivery of bulk energy services, including district heating/cooling systems (low- Global Warming Potential (GWP) refrigerants), smart grids, energy recovery technology , the storage, transmission and distribution of energy that results in reduced energy losses • Development/manufacture of energy efficiency technologies including LED lights, and smart grid meters 	Climate Change Mitigation	<ul style="list-style-type: none"> • Annual energy savings in MWh/GWh (electricity) and GJ/TJ (other energy savings) • Annual GHG emissions reduced/avoided (tCO₂e) • Number of people who benefitted • Annual Absolute (gross) GHG emissions from the project (tCO₂e)

Eligible Category	Description	Sustainability Objectives	Impact Reporting Metrics
Green Projects Categories			
Sustainable water and wastewater management	<ul style="list-style-type: none"> Water pipes and collection facilities to collect water/rainwater for the supply of drinking water or for use in agriculture Dams that comply with the Equator Principles (where relevant) for the supply of drinking water or for use in agriculture Wastewater treatment (treatment or recycling of discharge water) where the treated water is supplied as drinking water or for use in agriculture 	Sustainable Use of Water Resources	<ul style="list-style-type: none"> Sustainable water management - water use sustainability and efficiency projects: <ul style="list-style-type: none"> Annual absolute (gross) water use before and after the project in m3/a, reduction in water use in % Wastewater treatment projects (including sewage sludge management): <ul style="list-style-type: none"> Annual absolute (gross) amount of wastewater treated, reused or avoided before and after the project in m3/a and p.e./a(1) and as % Annual absolute (gross) amount of raw/untreated sewage sludge that is treated and disposed of (in tons of dry solids p.a. and in %) Annual absolute (gross) amount of sludge that is reused (in tons of dry solids p.a. and in %) Improved water supply infrastructure and facilities and/or improved quality of the supplied drinking water as a result of the project: <ul style="list-style-type: none"> Number of people with access to clean drinking water (or annual volume of clean drinking water in m3/a supplied for human consumption) through infrastructure supporting sustainable and efficient water use Improved sanitation facilities that have been constructed under the project: <ul style="list-style-type: none"> Number of people with access to improved sanitation facilities under the project Improved measures to reduce the risk from adverse flooding impact: <ul style="list-style-type: none"> Number of people and/or enterprises (e.g. companies or farms) benefitting from measures to mitigate the consequences of floods and droughts Sustainable land and water resources management (SLM) systems in place: <ul style="list-style-type: none"> Area covered by sustainable land and water resources management practices Annual catchment of water (m3/year) that complies with quantity (m3/year) and quality (e.g. turbidity) requirements by utilities.

Eligible Category	Description	Sustainability Objectives	Impact Reporting Metrics
Green Projects Categories			
Pollution Prevention and Control	<ul style="list-style-type: none"> • Recycling plants that are (recycling household / municipal solid waste into new materials where the secondary raw materials cease to be waste and can be sold as secondary raw materials) • Waste to energy with the following conditions : <ul style="list-style-type: none"> - Plant efficiency \geq 25%; and - Bottom ash recovery; and - \geq 90% recovery of metal from ash; and - All recyclables sorted prior to incineration; and - Average carbon intensity of electricity and/ or heat over the life of the plant \leq waste management allowance; and - The capacity of the plant does not exceed the calculated residual waste at any time in the plant's life. 	Pollution Prevention and Control	<ul style="list-style-type: none"> • Waste management projects – resource efficiency: <ul style="list-style-type: none"> - Waste that is prevented, minimized, reused or recycled before and after the project in % of total waste and/or in absolute amount in tons p.a. - For certain waste management projects that reduce the amount of waste disposed of, it may also be possible to capture GHG emissions from waste management before and after the project (tCO2e) p.a. • Energy recovery from waste including energy/emission-efficient waste to energy projects: <ul style="list-style-type: none"> - Annual energy generation from non-recyclable waste in energy/emission-efficient waste to energy facilities in MWh/GWh (electricity) and GJ/TJ (other energy) - Energy recovered from waste (minus any support fuel) in MWh/GWh/KJ of net energy generated p.a. - GHG emissions from waste management before and after the project (tCO2e) p.a. • Pollution Control Projects: <ul style="list-style-type: none"> - Annual absolute (gross) amount of waste that is separated and/or collected, and treated (including composted) or disposed of (in tons p.a. and in % of total waste) • Resource efficiency/reduction in raw materials used in manufacturing: <ul style="list-style-type: none"> - KG of raw material per produced unit before and after - Added monetary value created using waste • Improved access to municipal waste collection (including separation): <ul style="list-style-type: none"> - Number of people or % of population with access to waste collection under the project - Area with improved regular (daily, weekly or bi-weekly) waste collection service - How many fractions of waste were separated before and after the project - The absolute amount or % of residual non-separated waste before and after the project • Improved and regular access to street sweeping <ul style="list-style-type: none"> - Number of people or % of population with access to street sweeping under the project - Km of street with regular (daily, weekly or bi-weekly) street sweeping service coverage • Improved municipal waste treatment or disposal services: <ul style="list-style-type: none"> - Number of people or % of population provided with improved municipal waste treatment or disposal services • Improved recycling programs Indicators: <ul style="list-style-type: none"> - Number of people benefitting from selective collection of recyclables - Number of informal recyclers integrated into a formal system • Reduced local pollution to air and/or water Indicators: <ul style="list-style-type: none"> - Absolute or % reduction in local pollutants • Manufacturing for the circular economy Indicators: <ul style="list-style-type: none"> - Tons of waste reduced - Products changed to increase waste reduction - Tons of secondary raw materials or compost produced

Eligible Category	Description	Sustainability Objectives	Impact Reporting Metrics
Green Projects Categories			
Clean Transportation	<ul style="list-style-type: none"> Investments and expenditure in low energy consuming or low emission transportation, including: <ul style="list-style-type: none"> Passenger cars (under 50gCO₂/km until 2025 and moving to zero emission from 2026 onwards) Public mass transportation, including rail (under 50gCO₂/pkm and moving to zero emission from 2026 onwards) Freight transportation, including rail (under 25gCO₂/tkm and moving to under 21gCO₂/tkm from 2030 onwards) Investments and expenditure into zero emission electric vehicles and their components such as batteries, including the manufacture or development of electric vehicle components such as batteries <p>Eligible investments and expenditure includes the purchase of eligible vehicles, infrastructure required for eligible vehicles (e.g. railway lines or EV charging infrastructure) and manufacturing plants dedicated to the production of eligible vehicles and their components</p>	Climate Change Mitigation	<ul style="list-style-type: none"> Clean transportation projects and transport infrastructure: <ul style="list-style-type: none"> Passenger-kilometers (i.e., the transport of one passenger over one kilometer) and/or passengers; or ton-kilometers (i.e., the transport of one ton over one kilometer) and/or tons Annual GHG emissions reduced/avoided (tCO₂e) p.a. Reduction of air pollutants: particulate matter (PM), sulfur oxides (SO_x), nitrogen oxides (NO_x), carbon monoxide (CO), and non-methane volatile organic compounds (NMVOCs) Deployment of clean transportation: <ul style="list-style-type: none"> Annual Absolute (gross) GHG emissions (tCO₂e) Number of clean vehicles deployed (e.g., electric) Estimated reduction in car/truck use in number of kilometers driven or as share of total transport ridership Estimated reduction in fuel consumption Construction or improvement to core infrastructure: <ul style="list-style-type: none"> Annual Absolute (gross) GHG emissions (tCO₂e) Total in kilometers of new or improved train lines/dedicated bus, BRT, LRT corridors bicycle lanes Reduction in weather-related disruption (days p.a.) and/or risk frequency (%) Ambient noise reduction from the transport infrastructure in decibels Estimated change in land consumption for transport infrastructure <ul style="list-style-type: none"> Number of hectares compensated Number of wildlife crossings created Volume of reused or recycled rail material for rail, or port infrastructure in tons Construction or improvement to auxiliary infrastructure <p>Indicators:</p> <ul style="list-style-type: none"> Annual Absolute (gross) GHG emissions (tCO₂e) Improved luminance or road surface reflection coefficient (cd/m²) Number of LED or SSL lighting fixtures with lumen/watt (Lm/W) Ambient noise reduction in decibels <p>Projects aimed at avoidance or reduction of transport use</p> <p>Indicators:</p> <ul style="list-style-type: none"> Annual Absolute (gross) GHG emissions (tCO₂e) Land use density including 'transit-oriented development' (people and jobs per unit of land area) Estimated reduction in car use (km driven) or as share of total transport ridership Increase of households with internet access (absolute or percentage) Reduction in congestion

Eligible Category	Description	Sustainability Objectives	Impact Reporting Metrics
Green Projects Categories			
Green Buildings	<ul style="list-style-type: none"> Construction, development, renovation, maintenance and/or purchase of commercial, public service, recreational or residential buildings that meet recognized green certification environmental building standards such as: <ul style="list-style-type: none"> LEED (Leadership in Energy and Environmental Design) Gold or higher BREEAM (Building Research Establishment's Environmental Assessment Method) Excellent or higher Estidama 4 Pearl rating or higher Al Sa'fat Platinum or higher Equivalent alternative environmental standards, where the emissions footprint of the building is in the top 15% of emissions performance in the local market Renovation, improvement and/or maintenance projects for existing commercial or residential buildings that achieve a minimum of 30% operational improvement in energy use or carbon emission as a result of renovation 	Climate Change Mitigation	<ul style="list-style-type: none"> Energy performance <ul style="list-style-type: none"> kWh/m² of GBA p.a.; and % of energy use reduced/avoided vs local baseline/building code; and, if relevant % of renewable energy (RE) generated on site Carbon performance <ul style="list-style-type: none"> kgCO₂ /m² of GBA p.a; and Annual GHG emissions reduced/avoided (tCO₂e) vs local baseline/baseline certification level; and/or % of carbon emissions reduced/avoided vs local baseline/baseline certification level Water efficiency and savings <ul style="list-style-type: none"> m³/m² of GBA p.a; and Annual absolute (gross) water use before and after the project in m³/a (for retrofitted buildings) and/or % of water reduced/avoided vs local baseline/baseline certification level/IGCC/International Plumbing Code Waste management <ul style="list-style-type: none"> Amount p.a. of waste minimized, reused or recycled in % of total waste and/or in absolute (gross) amount in tons p.a. Waste removed in tons Certification standard, if available Type of scheme, certification level and m² GBA Use of materials with lower environmental footprint - for both new buildings and retrofitted buildings: <ul style="list-style-type: none"> Embodied energy (and carbon) over life-cycle ("cradle to grave"), in tons CO₂ % of embodied energy (and carbon) reduced over lifecycle ("cradle to grave"), vs local benchmark/ baseline Land use and biodiversity – for new buildings: <ul style="list-style-type: none"> Land remediated/decontaminated/regenerated, in ha or m² % of unadulterated green spaces before and after the project Water efficiency - for both new buildings and retrofitted buildings: <ul style="list-style-type: none"> Amount of rainwater harvested and reused in m³/a Recharge to groundwater in mm/d, mm/a Waste management - in the use of both new buildings or retrofitted buildings: <ul style="list-style-type: none"> Recycling, re-use or composting of non-hazardous waste in % Indoor air quality - for both new buildings and retrofitted buildings: <ul style="list-style-type: none"> Reduction of particulate matter vs local baseline: sulfur oxides (SO_x), and nitrogen oxides (NO_x) carbon monoxide (CO), (PM_{2.5}/PM₁₀) and non-methane volatile organic compounds (NMVOCs) Light quality and energy efficiency - for both new buildings and retrofitted buildings: <ul style="list-style-type: none"> Number of LED or SSL lighting fixtures with lumen/watt (Lm/W) Energy efficiency from installation of motion detectors (kWh) vs baseline/previous equipment Energy efficiency from installation of low-E window glass panels vs baseline/previous equipment Transport connectivity and clean transportation infrastructure – for both new buildings and retrofitted buildings: <ul style="list-style-type: none"> Land use density including 'transit-oriented development' (people and jobs per unit of land area) Number of Electric vehicle charging stations as a % of total parking and/or number of bicycle facilities provided Distance (in km) to public transportation (thereby reducing the scope 3 emissions of the building)

Eligible Category	Description	Sustainability Objectives	Impact Reporting Metrics
Green Projects Categories			
Climate Change Adaptation	<ul style="list-style-type: none"> Surge barriers, pumping stations, floodwalls/seawalls, floodgates, levees, and evacuation routes, water resilient infrastructure and bridges to address higher levels of flooding Development or improvement of sustainable urban drainage systems and river training for the purpose of flooding mitigation 	Climate Change Adaptation	<ul style="list-style-type: none"> Temperature-related indicators: <ol style="list-style-type: none"> Reducing or avoiding weather-related damage: <ul style="list-style-type: none"> Increase in grid resilience, energy generation, transmission/distribution and storage in MWh Reduction in the number of wildfires, and/or in the area damaged by wildfires in km² Reduction in emergency and unplanned rail and tarmac replacement in km Reducing or avoiding weather-related disruption: <ul style="list-style-type: none"> Increase in grid resilience, generation and storage in MWh Wind-related indicators: Reducing or avoiding weather-related damage: <ul style="list-style-type: none"> Reduction in repair costs due to storms (to all kinds of infrastructure and assets) Reducing or avoiding weather-related disruption: <ul style="list-style-type: none"> Reduction in the number of customers/employees suffering loss of power/transport services Reduction in the number of power lines incapacitated due to storms Water-related indicators: Reducing or avoiding weather-related damage: <ul style="list-style-type: none"> Reduction in flood damage costs Reduction in number of operating days lost to floods Reduced/avoided water loss (in reservoirs/waterways/natural habitats etc.) in m³ Reduction in land-loss from inundation and/or coastal erosion in km² Reducing or avoiding weather-related disruption: <ul style="list-style-type: none"> Reduction in number of operating days lost to floods Increased water availability: <ul style="list-style-type: none"> Additional water availability and/or increased water catchment in m³/year Reduction in household demand for clean water in m³/year Land-related indicators: Reducing or avoiding weather-related damage: <ul style="list-style-type: none"> Reduction in repair costs and/or operating days lost due to landslides Increase in area under wetland management in km²

Eligible Category	Description	Sustainability Objectives	Impact Reporting Metrics
Green Projects Categories			<ul style="list-style-type: none"> i) Reducing or avoiding weather-related disruption: <ul style="list-style-type: none"> - Reduction in the number of operating days lost to disrupted transport networks or other infrastructure j) Increased agricultural productivity: <ul style="list-style-type: none"> - Reduction in changes in the nutrient and/or pH level for agricultural soils - Increase in agricultural land using more drought resistant crops in hectares - Area cultivated by precision agriculture in km² • Other sustainability indicators: <ul style="list-style-type: none"> - Increased number of urban residents with access to thermally safe conditions in buildings/transport systems - Increased number of households with access to resilient energy systems - Increased number of people/businesses/acres with secure water supply - Decrease in climate-related risk insurance premia - Reduced number of people suffering from flood-related infections - Reduced number of people evacuated/injured/displaced/economically unproductive due to climate-related hazards - Reduction in workforce absenteeism due to climate-related health impacts - Reduced/avoided loss of livestock and/or crops - Number of kms of road, rail or other infrastructure adapted - Decrease in the number of days between a disaster and the related response and recovery
Environmentally Sustainable Management of Living Natural Resources and Land Use	<ul style="list-style-type: none"> • Sustainable agriculture, fishery, aquaculture, forestry supported by at least one of the following third party certifications including, but not limited to: EU Organic, Sustainable Agriculture Network (SAN), Rainforest Alliance, FSC (Forest Stewardship Council), ASC (Aquaculture Stewardship Council) and MSC (Marine Stewardship Council). • Establishment, expansion, or ongoing operation of crop production unit as a whole, e.g., conversion of degraded land for agricultural production, or maintenance of climate-friendly farming practices . 	Biodiversity Preservation	<ul style="list-style-type: none"> • Reduction in net GHG emissions, GHG intensity (e.g., tCO₂e/unit of output) or energy intensity (e.g., GJ/unit of output) • Water savings from improved irrigation, stormwater and rainwater capture, groundwater recharge and/or the reuse of highly treated wastewater (e.g., m³/year) • Farmland covered by new, or rehabilitated efficient irrigation, water efficient crops and/or • resource conserving crop rotation (ha or km²)

Eligible Category	Description	Sustainability Objectives	Impact Reporting Metrics
Social Projects Categories			
Affordable basic infrastructure	<ul style="list-style-type: none"> • Construction, development, operation, renovation and/or maintenance of facilities, services, systems or equipment used for: <ul style="list-style-type: none"> - Supply of drinking water to rural areas that have limited access to drinking water, for example piping networks and endpoint connections - Basic sanitation, wastewater and sewerage systems in rural areas that have limited access to such infrastructure, for example sewage collection infrastructure and networks - Telecommunication infrastructure to supply communities in rural areas with telecommunications or internet coverage below the national average, for example telecoms towers - Supply of electricity (covering transmission and distribution networks and not power generation itself) to rural areas that do not have existing or reliable electricity transmission infrastructure, for example extending grid connections to villages <p>Target population: rural communities that have limited access or no access to these services in developing countries, defined as countries in the MSCI Emerging Markets index and/or least developed, low income and lower middle-income countries on the DAC list of ODA recipients</p>	Significant Social Benefits	<ul style="list-style-type: none"> • Number of new household power connections • Number of first-time internet connections • Number of water infrastructure projects financed • Number of new household water connections

Eligible Category	Description	Sustainability Objectives	Impact Reporting Metrics
Social Projects Categories			
Access to Essential Services	<ul style="list-style-type: none"> • Investing in educational and vocational training for medical care, emergency care and public health professionals including doctors, nurses, paramedics and other frontline medical professionals <p>Target population: Underserved populations, defined as people living 10 miles from access to these services or in rural areas with limited access, in developing countries, defined as countries in the MSCI Emerging Markets index and/or least developed, low income and lower middle-income countries on the DAC list of ODA recipients</p> <ul style="list-style-type: none"> • Construction of essential healthcare facilities that will provide public or subsidized services. Examples include: hospitals, clinics and healthcare centers. <p>Target population: Underserved populations, defined as people living 10 miles from access to these services or in rural areas with limited access, in developing countries and emerging markets, defined as countries in the MSCI Emerging Markets index and/or least developed, low income and lower middle-income countries on the DAC list of ODA recipients</p> <ul style="list-style-type: none"> • Construction of public schools, universities and university campuses. <p>Target population: Underserved populations, defined as people living 10 miles from access to these services or in rural areas with limited access, in developing countries and emerging markets, defined as countries in the MSCI Emerging Markets index and/or least developed, low income and lower middle-income countries on the DAC list of ODA recipients</p>	Significant Social Benefits	<ul style="list-style-type: none"> • Number of hospitals and other healthcare facilities financed • New or improved service provided by number of beds • Number of children vaccinated • Number of residents benefitting from healthcare which is otherwise not accessible • Number of educational institutions funded by type • Number of students served

Eligible Category	Description	Sustainability Objectives	Impact Reporting Metrics
Social Projects Categories			
Affordable Housing	<ul style="list-style-type: none"> Construction of social housing Target population: people eligible for government social housing programs in the UAE Construction of housing for students Target population: General public in the UAE, however, vulnerable students will be vetted based on parents' income. The priority will go to low-income parents <p>To ensure they deliver positive social impact, all affordable housing related expenditures will be delivered as part of government run programmes in the target country and accordingly align to any required criteria</p>	Significant Social Benefits	<ul style="list-style-type: none"> Number of beneficiaries Location of the projects Average housing price Financial effort of households to purchase housing Rental costs compared to the national/regional rent index Associated positive social impacts Disabled people with access to well-equipped dwellings Number of individuals/ families benefiting from subsidized housing
Socioeconomic Advancement and Empowerment	<ul style="list-style-type: none"> Development and support initiatives of women to improve economic opportunities through business interventions, including: <ul style="list-style-type: none"> Financing for women-led companies where at least two of the following conditions is met: <ul style="list-style-type: none"> At least 51% of the shareholding is owned by a woman or by women The chief executive officer or the president is a woman At least 51% of top management are women 30% or more of the board of directors are made up by women Funding participation in women-led capital firms, start-ups, and organizations supporting women entrepreneurs Funding to help improve women's access to education, equipment, and economic opportunities 	Significant Social Benefits	<ul style="list-style-type: none"> Amount of financing approved for women-led SMEs Number of jobs created and/or maintained

Moody's related publications

Second Party Opinion analytical framework:

» [Framework to Provide Second Party Opinions on Sustainable Debt](#), October 2022

Topic page:

» [ESG Credit and Sustainable Finance](#)

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

Endnotes

- 1 [The World Commission on Dams](#), International Rivers, accessed May 2023.
- 2 [Landfill to waste in Abu Dhabi](#), Environment Agency - Abu Dhabi, accessed May 2023.
- 3 [UAE waste management initiative](#), The United Arab Emirates' Government portal, accessed May 2023.

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