

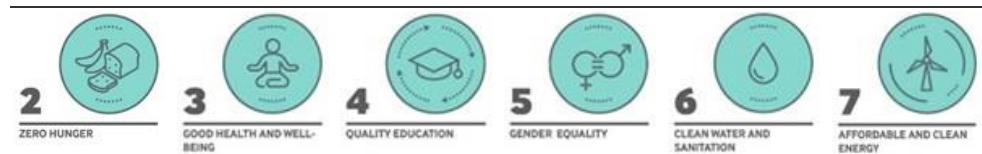
Arab National Bank

Second-Party Opinion – Sustainable Finance Framework

Excellent 
Good
Aligned
Not Aligned

Pillar	Alignment	Key Drivers
Use of Proceeds	Good	<ul style="list-style-type: none"> Sustainable Fitch views the use of proceeds (UoP) categories included in Arab National Bank's (ANB) sustainable finance framework to be aligned with the ICMA Green Bond Principles 2021 (GBP), Social Bond Principles 2023 (SBP) and Sustainability Bond Guidelines 2021 (SBG), as well as the LMA, LSTA and APLMA Green Loan Principles 2025 (GLP) and Social Loan Principles 2023 (SLP). The framework covers 12 UoP categories that contribute positively to the UN Sustainable Development Goals (SDGs). We positively view the green UoP categories, as the majority of the financed activities contribute to climate change mitigation and other critical environmental objectives. We also positively assess the social UoP categories, as the target population for most categories is well defined, and the contributions to social objectives, such as those outlined in the UN SDGs, are direct and measurable.
Use of Proceeds – Other Information	Good	<ul style="list-style-type: none"> ANB has a comprehensive exclusion list, minimising the risk of financing environmentally or socially controversial projects. The lookback period of three years is in line with standard market practice.
Evaluation and Selection	Excellent	<ul style="list-style-type: none"> The project selection process is well defined and includes the establishment of a sustainable finance committee comprising experts with diverse backgrounds. The selection process includes a multi-layered control structure for assessing both new and existing projects, providing assurance on internal controls and balances.
Management of Proceeds	Excellent	<ul style="list-style-type: none"> Managing the proceeds through earmarked segregation of funds is in line with standard market practice. The issuer has committed to invest temporarily unallocated proceeds in other ESG-labelled investments, which we view positively in terms of impact and transparency; proceeds may be invested in cash until instruments are identified.
Reporting and Transparency	Excellent	<ul style="list-style-type: none"> ANB will annually report on allocation and impact by category until full allocation, meeting standard market practice and ICMA standards. A third-party reviewer will annually assess funds allocation and verify impact methodologies, ensuring best practices in terms of transparency.

Relevant UN Sustainable Development Goals



Framework Type	Sustainability
Alignment	<ul style="list-style-type: none"> ✓ Green Bond Principles 2021 (ICMA) ✓ Social Bond Principles 2023 (ICMA) ✓ Sustainability Bond Guidelines 2021 (ICMA) ✓ Green Loan Principles 2025 (LMA/LSTA/APLMA) ✓ Social Loan Principles 2023 (LMA/LSTA/APLMA)
Date assigned	30 June 2025
See Appendix B for definitions.	

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Use of Proceeds Summary – ICMA Categories

Green	<ul style="list-style-type: none"> Renewable energy Energy efficiency Clean transportation Green buildings Pollution prevention and control Sustainable water and wastewater management Environmentally sustainable management of living natural resources and land use
Social	<ul style="list-style-type: none"> Access to essential services Affordable housing Employment generation and SME finance Socioeconomic advancement and empowerment

Source: ANB sustainable finance framework 2025

Framework Highlights

We consider ANB’s sustainable finance framework to be aligned with the GBP, SBP and SBG by the ICMA, and with the GLP and SLP by the LMA, LSTA and APLMA. Our opinion is that the framework’s alignment with these principles is ‘Excellent’.

The framework includes the four core components recommended by the abovementioned principles and guidelines: UoP; process for project evaluation and selection; management of proceeds; and reporting.

ANB published its inaugural sustainable finance framework with the objective of issuing green, social, sustainable and transition instruments that support the Saudi Vision 2030 and the SDGs, while delivering measurable values to the kingdom’s economy, environment and communities. The sustainable debt instruments raised under the framework may take the form of public transactions or private placement.

The net proceeds raised from the sustainable instruments issued under the framework will be used to finance or refinance projects and activities that meet the eligibility criteria under the green, social and transition project categories, as well as general-purpose corporate loans to pure-play companies, which are defined as companies that derive over 90% of their revenue from the green or social eligible UoP categories defined in the framework.

The green UoP categories include renewable energy, energy efficiency, clean transportation, green buildings, and sustainable water and wastewater management. These categories are taxonomy eligible under regional science-based taxonomies, such as the EU taxonomy, and the eligibility criteria outlined in the framework partially align with the EU taxonomy substantial contribution criteria (SCC) for climate change mitigation. Alignment with SCC of science-based taxonomies can provide additional assurance to market participants on the environmental impact associated with funded projects.

Other green UoP categories, such as pollution prevention and control, and the environmentally sustainable management of living natural resources and land use, are only partially eligible under regional science-based taxonomies; nevertheless, they contribute positively to different environmental objectives such as climate change mitigation.

The social UoP categories include access to essential services, affordable housing, SME financing, and socioeconomic advancement and empowerment. These categories are aligned with Saudi Arabia's vision for 2030 and contribute to improving access to housing and healthcare for populations that lack access. The UoP enhances financial inclusion and increases the representation of women in the workforce, which is one of Saudi Arabia's key objectives for 2030.

Projects included in the framework's transition project category relate to low-carbon sea, coastal transport and low-carbon aviation. We consider shipping and aviation to be hard-to-abate sectors, with currently no viable zero-emissions technologies at scale. The eligible projects under this category, as outlined in the framework, align with the current industry guidance and market standards for design efficiency in maritime vessels and next generation aircraft, and we therefore consider this project category to have a transitional benefit in the context of climate change mitigation.

The ICMA Guidance Handbook 2023 confirms that activities can be aligned with the GBP if they contribute meaningfully to an issuer's broader sustainability objectives, and if the sustainability benefits of the projects can be verified. We consider projects that contribute to improving the energy efficiency of the shipping and aviation sectors, as defined in the issuer's framework, to align with this guidance.

ANB has incorporated ESG considerations into its risk management and credit review processes, ensuring a comprehensive assessment of ESG risks during the project evaluation and selection phases. Furthermore, the bank has instituted an exclusion list to preclude the financing of projects and activities that it deems as environmentally and socially sensitive. Transactions associated with any form of human rights exploitation and modern slavery are also prohibited, thereby minimising the risk of financing projects involved in human rights violations.

The ICMA GBP, SBP and SBG, and the LMA, LSTA and APLMA GLP and SLP recommend that eligible projects are clearly described in the legal documentation for transactions. We have only reviewed the sustainable finance framework for this Second-Party Opinion and have not reviewed any transaction legal documents or marketing materials; however, the framework provides the description of projects. We also consider the other pillars in the framework, such as project evaluation and selection, management of proceeds, and reporting and transparency, to be aligned with the criteria of the ICMA GBP, SBP and SBG, and the LMA, LSTA and APLMA GLP and SLP.

The bank lists transition instruments as potential instruments to be issued under the framework; however, our assessment only looks for alignment with the ICMA GBP, SBP and SBG, and the LMA, LSTA and APLMA GLP and SLP.

Source: Sustainable Fitch, ANB sustainable finance framework 2025, ANB company material

Entity Highlights

ANB is a joint-stock company and one of the largest universal commercial banks in Saudi Arabia, with total assets of about USD66.2 billion as of end-2024. ANB was established in 1979 and is publicly listed on the Saudi Exchange (Tadawul). As of end-2024, its major shareholders included Arab Bank Plc (40%), Rashed Abdulrahman Alrashed & Sons Company (10%) and Al Jabr Investment Company (5.7%).

ANB provides a diverse variety of banking and financial services to its clients, including retail banking, corporate banking and treasury banking, as well as investment and asset management services, offering both conventional and sharia-compliant financial solutions.

Empowering SMEs is crucial for achieving the diversification objectives outlined in the Saudi Vision 2030, which include increasing SME contribution to GDP to 35% from 20%. ANB contributes to this target by strategically focusing on supporting SMEs.

The bank has partnered with the country's Tourism Development Fund and other government bodies to establish tailored guarantee and financing programmes, enabling SME expansion across industries. It has also introduced comprehensive support for SMEs through digital solutions and technical assistance to optimise onboarding and access to banking services.

The Saudi Vision 2030 is the kingdom's long-term development plan, setting out three main themes of a vibrant society, a thriving economy and an ambitious nation. The plan aims at diversifying the country's economy, empowering its citizens and achieving sustainability by 2030.

Under the plan, the government has set out multiple sustainability objectives, including increasing renewable energy to 50% of its energy mix by 2030 and increasing homeownership to 70% by 2030 from 47% in 2016. The Saudi Vision 2030 is transforming the socioeconomic landscape of the kingdom and driving the country towards a more sustainable environment.

ANB is actively supporting these goals by financing affordable, clean, urban infrastructure projects and expanding public access to education and healthcare to support the theme of a vibrant society. It also supports employment generation through SME financing, contributing positively to the theme of a thriving economy. Its financing of green projects, such as sustainable water management and sustainable agriculture, contributes positively to protecting the kingdom's vital resources and food security, which is a key strategy under the ambitious nation theme.

ANB aligns its corporate social responsibility strategy with the Saudi Vision 2030 and the SDGs, setting out the four pillars of community empowerment, economic growth, environmental sustainability and female empowerment. It has set out multiple targets under these pillars, including becoming the largest financier of SME transitions in the country by 2030, as well as establishing leadership in waste management and circularity by 2030.

The bank has set out a decarbonisation strategy prioritising reducing the emissions of high-emitting sectors in its financed activities in alignment with the kingdom's net-zero by 2060 commitment and the Saudi Vision 2030 objectives, such as reducing GHG emissions across the power and aviation sectors by more than 20% by 2030. The bank will introduce more sectoral emissions reduction targets to align its financed portfolio with the net-zero ambitions. It has also introduced initiatives on sustainable procurement and facilities management to reduce its Scopes 1 and 2 emissions.

The bank has established a dedicated ESG function within its strategy transformation office, and is supported by the central teams, business lines, and control and support functions to foster efficient execution. Providing further information on its ESG governance would further enhance the transparency of the bank's governance profile.

Source: Sustainable Fitch, ANB sustainable finance framework 2025, ANB company material, Saudi Vision 2030 annual report 2023



Use of Proceeds – Eligible Projects

Alignment: Good

Company Material

Sustainable Fitch's View

Renewable energy

- The UoP finances renewable technologies with a life-cycle emissions intensity below 100gCO₂/kWh, which include solar, wind, green hydrogen, ammonia and biofuels.
- Solar projects include PV solar energy and concentrated solar power with a minimum 85% of power generation derived from solar sources.
- Wind projects include only onshore wind.
- Biofuel projects include those with at least 65% reduction in GHG emissions compared to fossil fuels. The bank has excluded biofuel feedstocks from high biodiversity areas, primary forests, peat and/or wetlands, or those affecting food security.
- The UoP also covers supporting infrastructure for renewable energy, such as battery storage, upgrading grid infrastructure for integration of renewable energy, microgrids and back-up systems.
- It also supports pumped hydro storage from renewable sources, such as solar and wind energy.
- It excludes renewable energy that supports fossil fuel infrastructure.

- We expect the UoP to align with the renewable energy category of the ICMA GBP and SBG, and the LMA, LSTA and APLMA GLP.
- We expect the UoP to generate a good environmental impact, as it contributes to climate change mitigation by supporting the decarbonisation of the energy sector and the transitioning to a low-carbon economy.
- Financing renewable energy projects with a life-cycle emissions intensity below 100gCO₂/kWh supports SDG 7 (affordable and clean energy) by increasing the share of renewable energy in Saudi Arabia and expanding access to clean energy technology.
- By promoting renewable energy, Saudi Arabia can transition away from its heavy reliance on fossil fuels, which made up 99.4% of its electricity generation in 2022, according to the International Energy Agency (IEA).
- It also supports the country's ambitious target of increasing the share of renewable energy to 50% in its energy mix by 2030, as outlined in Saudi Vision 2030.
- We view solar and wind energy projects as substantially contributing to climate change mitigation. These projects are aligned with international standards, such as the EU taxonomy.
- We consider biofuel projects to have positive environmental impacts, assuming the biofuels are manufactured for transport and as bioliquids. The emissions reduction threshold of at least 65% compared to fossil fuels meets the EU taxonomy's requirements.
- We view positively the bank's decision to exclude biofuel feedstocks from areas that affect food security, thereby ensuring the food security of local communities. Full exclusion of food and feed crops from biofuel production would provide additional assurance that eligible projects align with best practices as outlined in international science-based taxonomies.
- ANB has confirmed that all eligible hydrogen and ammonia projects will be green in nature. We view green hydrogen and green ammonia as environmentally positive since they are produced using renewable energy sources, thus contributing to climate change mitigation.
- Further information on the life-cycle GHG emissions savings associated with eligible green hydrogen and ammonia production projects relative to a fossil fuel comparator would allow for a more detailed assessment of the project category's alignment with best practices outlined by international science-based taxonomies.
- We positively view the supporting infrastructure for renewable energy and pumped hydro storage, as these activities enhance the connectivity of renewable energy sources, increasing their utilisation. They also provide stability and reliability to the grid and increases efficiency in renewable energy transmission and distribution in the long run.



Energy efficiency

- The UoP finances the development, manufacturing and implementation of products or technologies that reduce the energy consumption by at least 20% from the baseline.
- The eligible projects include LED lighting; energy-efficient district cooling systems using at least 50% renewable energy, 50% waste heat, 75% cogenerated heat or 50% of a combination of such energy and heat; smart energy grids;

- We expect the UoP to align with the energy efficiency category of the ICMA GBP and SBG, and the LMA, LSTA and APLMA GLP.
- We expect the UoP to generate a good environmental benefit. It contributes to SDGs 7, 8 (decent work and economic growth) and 9 (industry, innovation and infrastructure) by



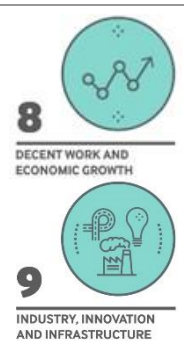


smart meters and energy management systems; and energy-efficiency measures for data centres with a power usage effectiveness (PUE) of 1.3, or lower for new centres.

- It will also finance battery storage connected to either a renewable power production plant or to a power production plant eligible under the low-carbon power threshold (100gCO₂/kWh); or where the infrastructure is located on a system for which at least 67% of its added generation capacity in the past five years falls below the low-carbon power threshold (100gCO₂/kWh), measured on a product carbon footprint basis over a rolling five-year average period.
- The bank will exclude improvement activities that lock in fossil fuel technology or infrastructure as well as data centres that use 30% more energy for cooling and other non-computing functions compared to the energy used directly by information technology equipment.

improving energy efficiency and global resource efficiency that result in GHG emissions reduction.

- Financing energy-efficiency projects supports Saudi Vision 2030 by promoting energy-efficient solutions and enabling innovation in low-carbon technology.
- This contributes to targets such as replacing all streetlights with LED lights, reducing energy consumption in energy-intensive sectors by 10%, and decreasing the economy's energy intensity by 3% annually.
- The UoP also contributes positively to the ambitious objective of the Saudi Energy Efficiency Centre, the country's government agency in improving efficiency in energy production and consumption, to reduce energy consumption by 1 million barrels of oil a day by 2030 compared to a business-as-usual scenario.
- The installation of LED lighting, energy meters and energy management systems is environmentally beneficial, as these enhance energy efficiency and can reduce long-term energy demand by optimising energy use. These activities also align with international taxonomies, such as the EU taxonomy.
- We positively view the installation of energy-efficient district cooling systems, as this could reduce energy consumed compared to a traditional cooling system. Given the country's predominantly arid desert climate, this is a vital energy-saving initiative.
- We consider positively the alignment of the eligibility criteria for district heating to market best practices for energy efficiency and resource use. These criteria align with those established by international science-based taxonomies, such as the EU taxonomy SCC for climate change mitigation.
- Financing battery storage enhances grid stability and resilience while facilitating the integration of clean energy into the grid, which we positively consider in our analysis.
- We positively view the initiatives on energy efficiency for data centres, as these facilities generally require substantial power for cooling and computing.
- A PUE of 1.3 is beneficial for the environment, as a lower PUE generally indicates that the data centre is efficient, with only a small portion of energy being used for non-computing tasks such as cooling and power distribution.
- It is also positive that the bank will exclude data centres that use over 30% more energy for cooling and non-computing functions compared to the energy used directly by information technology equipment, ensuring the data centres are efficient.



Clean transportation

- The UoP finances projects and infrastructure that are related to electric vehicles with zero direct tailpipe emissions and supporting infrastructure, such as urban and suburban passenger land transport, commercial fleets, personal vehicles and charging infrastructure.
- It also finances the R&D, production and procurement of sustainable aviation fuels (65% emissions reductions compared to fossil fuels and sustainable feedstocks), zero-emissions aircraft development and supporting infrastructure, as well as low-carbon operation of airport infrastructure.
- Eligible activities also include low-carbon sea and coastal transport, such as the R&D, production and procurement of low-carbon fuel alternatives for shipping, zero direct tailpipe CO₂ emissions ships, and low-carbon shipping operations, such as hydrogen or methanol re-fuelling infrastructure for ships.

- We expect the UoP to align with the clean transportation category of the ICMA GBP and SBG, and the LMA, LSTA and APLMA GLP.
- We consider the UoP to generate good environmental impacts. According to the IEA, the transport sector accounted for 28.5% of Saudi Arabia's total final energy consumption in 2022.
- Therefore, financing zero- and low-carbon transportation and infrastructure serves as a critical enabler of the energy transition and the long-term decarbonisation of the transport sector. This initiative contributes to climate change mitigation and could lead to a reduction in air pollutants.
- It also supports SDG 11 (sustainable cities and communities) and contributes positively to the clean transportation targets outlined in the Saudi Vision 2030, including modernising the public transportation infrastructure and having at least 30% of vehicles in Riyadh be electric in 2030.





- ANB will exclude vehicles dedicated to fossil fuel transport and sustainable aviation fuels feedstocks that come from high-biodiversity areas, primary forests and wetlands, or those that affect food security.
- ANB has confirmed that the emissions reduction threshold of the R&D and production of low-carbon fuel alternatives for shipping is in line with the sustainable aviation fuels.
- We consider the eligibility criteria defined for electric vehicles with zero direct tailpipe emissions and supporting infrastructure, with the exclusion of vehicles dedicated to fossil fuel transport, to be in line with the criteria set out in major international taxonomies, such as the EU taxonomy.
- We positively view the eligibility criteria for low-carbon aviation, sea and coastal transport, such as zero direct tailpipe emissions ships, zero-emissions aircraft development, low-carbon shipping operations and low-carbon airport operations, as they are mainly in line with the EU taxonomy SCC.
- Regarding the R&D and production of sustainable aviation fuels and low-carbon fuel for shipping, the emissions reduction threshold compared to fossil fuels is consistent with the emission savings threshold set out in the SCC, which we positively assess in our analysis.
- We view positively the bank's decision to exclude biofuel feedstocks from areas that affect food security, thereby ensuring the food security of local communities. Full exclusion of food and feed crops from biofuel production would provide additional assurance that eligible projects align with best practices as outlined in international science-based taxonomies.

Green buildings

- The UoP finances the acquisition, construction and development of new and existing buildings that either belong to the top 15% in terms of energy efficiency in their local market or are new buildings that have 10% lower primary energy demand than national regulations.
- It also covers buildings that have received, or expect to receive, certification from third-party verified green building standards, such as BREEAM Excellent or above, LEED Gold or above, Mostadam Gold or above, and Global Sustainability Assessment System 4-star.
- Eligible activities also include building renovations and retrofits that reduce energy or water use that achieve minimum 30% improvement in energy efficiency.
- We expect the UoP to align with the green building category of the ICMA GBP and SBG, and the LMA, LSTA and APLMA GLP.
- We consider the UoP to have an excellent environmental impact. The category contributes to climate change mitigation by improving the energy efficiency of buildings, which in turn reduces energy consumption and improves resource management.
- Through decarbonising the real estate sector, the UoP contributes positively to SDGs 7, 11 and 13 (climate action).
- According to the IEA, the residential sector accounted for 45% of the total final consumption of electricity in 2022, making it the largest electricity-consuming sector in Saudi Arabia.
- The country's total residential final consumption of electricity increased by 155% between 2020 and 2022. This shows the necessity of decarbonising the sector, which is why the Saudi Vision 2030 has set a target of reducing energy consumption in residential and commercial buildings by between 30% and 40% by 2030.
- Additionally, the Saudi Energy Efficiency Programme has set an energy consumption reduction target of 30% for buildings by 2030. The UoP contributes positively to these targets.
- The Saudi Building Code, introduced in 2018, includes comprehensive energy-efficiency standards. It aims to ensure that all new constructions comply with more stringent safety, sustainability and energy-efficiency requirements.
- We view positively that the UoP will finance buildings that belong to the top 15% in terms of energy efficiency in Saudi Arabia. Including information on how the top 15% of the most energy-efficient buildings are determined would provide transparency to the framework and allow external parties to fully assess the environmental impact of the UoP.
- We view the financing of new buildings that have a 10% lower primary energy demand than specified in national regulations as environmentally positive, as these projects will have strong energy-efficiency profiles and support the decarbonisation of the real estate sector.
- The eligible activities include various types of internationally and nationally recognised certifications. Qualifying for these green building schemes or certifications requires meeting





criteria on environmental topics such as energy performance, waste management, water consumption and pollution control.

- Certifications provide a certain level of assurance that the certified buildings have better environmental performance than conventional buildings and contribute positively to the Saudi Energy Efficiency Programme’s energy consumption reduction target.
- The bank will finance the refurbishment of buildings that achieve a minimum 30% improvement in energy efficiency, which we view positively. These criteria align with those established by stringent international standards and science-based taxonomies.

Pollution prevention and control

- The UoP covers waste management, reduction and recycling facilities, such as:
 - biowaste management;
 - residual waste-to-energy generation with carbon capture and sequestration (CCS), subject to a threshold of energy efficiency of 60% for electricity-only production or 75% for combined heat and power; and
 - material recovery facilities for metals, plastic and paper.
- Eligible activities also include initiatives for GHG control, such as R&D of direct air carbon capture; permanent geological sequestration of CO₂; and CCS projects applied to hard-to-abate sectors.
- The UoP also supports the decarbonisation of emissions-intensive industries that cover activities such as efficiency improvements; electrification; renewable energy integration; and the use of sustainable materials, such as clinker substitutes in cement, and recycled steel and bio-based plastics in the manufacturing process.
- It sets a threshold of a 20% reduction in emissions for industrial activities and establishes a carbon intensity threshold for cement (0.498tCO₂/tonne), steel (0.352tCO₂/tonne) and secondary aluminium (1.514tCO₂/tonne).
- The bank has excluded activities related to general waste incineration without sorting plastic and metals, landfilling of waste and hazardous waste, as well as CCS and sequestration projects linked to fossil fuels-related projects.

- We expect the UoP to align with the pollution prevention and control category of the ICMA GBP and SGB, and the LMA, LSTA and APLMA GLP.
- We consider the UoP to generate a positive environmental impact, as it supports the kingdom’s target to recycle 95% of the country’s waste by 2040, focusing on recycling practices, reduced landfill usage and improving waste management infrastructure.
- Saudi Arabia is enhancing its waste management and recycling capabilities to transition from a linear waste model to a circular economy.
- The UoP contributes positively to the Saudi Vision 2030 target of diverting 82% of waste from landfills by 2035. It also supports SDGs 11 and 12 (responsible consumption and production) by improving the efficiency and effectiveness of waste management system to reduce pollutants and waste generation through prevention, reduction, recycling and reuse.
- We positively view the financing of material recovery facilities, as they recycle and reuse waste materials, converting them into usable products and new materials, thereby contributing to the transition to a circular economy.
- Providing additional information on the proportion of processed collected non-hazardous waste that must be converted into secondary raw materials would allow external stakeholders to determine the alignment of the activity with international best practice.
- We also positively consider the biowaste management activities, such as anaerobic digestion of biowaste, as it reduces the volume of food waste sent to landfills.
- ANB has confirmed that it will implement policies to ensure that biowaste projects have no methane leakage, aligning with international best practices.
- Waste-to-energy activities support environmental sustainability by reducing methane emissions from landfills and preventing leachate pollution. These activities also facilitate energy recovery from waste, which helps diversify energy sources.
- ANB prioritises waste reduction, reuse and recycling. It emphasises waste-to-energy projects as a transitional activity to reduce landfilling, where feasible.
- This is in line with the waste management hierarchy, as waste-to-energy reduces the amount of waste generated, which makes it crucial for facilitating a sustainable waste management system.
- Establishing energy-efficiency thresholds for waste-to-energy projects, combined with CCS, ensures that the process is efficient. This approach maximises energy recovery from waste while reducing GHG emissions.





- We have a positive outlook on the R&D of direct air carbon capture, as it has the potential to reduce atmospheric carbon levels and support emissions reduction strategies. However, we cannot ascertain whether these projects will conform to international best practices without additional information on their technical specifications.
- We positively view the permanent geological sequestration of CO₂ and CCS projects applied to hard-to-abate sectors, as these projects capture GHG emissions from industrial sources that are difficult to decarbonise and store them permanently to prevent their release into the atmosphere, contributing to climate change mitigation.
- We also positively consider the threshold of capturing at least 90% of the CO₂ emissions in the production facility, along with the implementation of a rigorous process to monitor, report and verify performance and safety. These measures provide assurance that the CCS facility is efficient and ensure transparency and accountability.
- We considered the decarbonisation of high-emitting sectors, including cement, steel and aluminium, positively in our analysis. We anticipate the eligible activities will increase energy efficiency and minimise waste, resulting in lower GHG emissions and a more efficient utilisation of natural resources. These efforts contribute to climate change mitigation and reduce the overall environmental impact of industrial processes.
- Setting carbon intensity thresholds for cement, steel and secondary aluminium will encourage industries to adopt cleaner technologies and practices to meet these standards, further driving down emissions. We positively view the alignment of secondary aluminium with the EU taxonomy SCC.
- ANB has confirmed that the bank will only finance steel production from electric arc furnaces, which are more energy efficient and produce significantly lower carbon emissions than traditional blast furnaces; however, the emissions intensity threshold is higher than the threshold set out in the EU taxonomy SCC.
- We positively view the carbon intensity threshold for cement, though the bank has not specified the type of cement it would be financing.
- However, the carbon emission intensity meets the EU taxonomy's emissions intensity requirement for grey cement clinker production, although it is slightly higher than the threshold for cement production from alternative hydraulic binders, which is separately outlined under the manufacture of cement in the EU taxonomy.

Sustainable water and wastewater management

- The UoP finances projects that are relevant to potable water collection, treatment and supply systems, as well as leak detection and mitigation along water distribution systems.
- It also supports activities that improve the efficiency of wastewater collection and treatment systems, such as sewer systems and pumping stations, as well as projects that enhance water efficiency, including water recycling and reuse projects and water-saving systems.
- Eligible activities also include desalination plants using renewable energy or those that have an average carbon intensity of no more than 100gCO₂e/kWh over the residual asset life.
- The bank has excluded new fossil fuel-powered water treatment or desalination plants.
- We expect the UoP to align with the sustainable water and wastewater management of the ICMA GBP and SBG, and the LMA, LSTA and APLMA GLP.
- We consider the UoP to generate a good environmental impact. Inadequate treatment of wastewater and effluents from production processes can contaminate nearby water sources, leading to water scarcity and loss of biodiversity.
- Therefore, the UoP plays an important role in enhancing ambient water quality and safeguarding both ecosystems and human health. The water efficiency projects also support the safe reuse of water, and this UoP contributes positively to SDG 6 (clean water and sanitation).
- Water scarcity is a critical issue in Saudi Arabia due to its arid desert climate. Therefore, the kingdom introduced a National Water Strategy to establish a sustainable water sector by 2030, focusing on safeguarding water resources. The strategy





- includes initiatives for optimising water use in agriculture, reusing treated wastewater and developing desalination capacity.
- The Saudi Vision 2030 introduced goals to safeguard and optimise water resources, including reducing daily per capita water consumption to 150 litres by 2030 from 263 litres in 2020. Therefore, the UoP contributes positively to achieving the water target and plays an important role in adapting to the consequences of climate change, including increasing water scarcity.
 - Eligible activities such as potable water systems, wastewater management systems, and water efficiency projects are recognised under international taxonomies, and are related to activities that include water supply, water collection, treatment and supply systems, and wastewater collection and treatment.
 - We consider these activities to contribute positively to sustainable water supply and water use optimisation, though further information on specific energy consumption or leakage level requirements would allow for a more detailed assessment of these projects' alignment with best practices.
 - We view financing leakage detection and mitigation along water distribution systems as positive from an environmental perspective, as it reduces water loss and improves water efficiency, contributing to the sustainability of water resources.
 - Financing desalination plants using renewable energy contributes positively to climate change adaptation, especially in the Saudi Arabian context of having a scarcity of natural freshwater resources. According to the UN Department of Economic and Social Affairs, desalination provides about 70% of potable water supply in the kingdom.
 - Given that desalination is generally considered to be power-intensive, we deem desalination projects powered by renewable energy or having an average carbon intensity below 100gCO₂e/kWh to have a positive environmental impact, as they reduce GHG emissions and promote clean water production.
 - ANB has confirmed that the desalination projects in Saudi Arabia are subject to ESG due diligence, ensuring they align with the eligibility criteria outlined in the framework.

Environmentally sustainable management of living natural resources and land use

- The UoP covers sustainable agriculture and aquaculture. Eligible activities include water-efficient land use, such as drought-resistant crop development, solar-powered drip irrigation and desert-greening initiatives; regenerative farming practices, such as crop rotation and reduced fertiliser use; and sustainable fisheries accredited by either the Marine Stewardship Council or the Aquaculture Stewardship Council AquaGAP standard.
- The bank will also finance sustainable land management activities, such as habitat and wildlife protection; ecosystem restoration; reforestation, afforestation and forest rehabilitation in support of the Saudi Green Initiative and certified by the Forest Stewardship Council (FSC) or the Programme for the Endorsement of Forest Certification (PEFC); and green urban planning that incorporates green infrastructure, such as parks, green roofs and urban forests.
- It has excluded efficiency improvements for fossil fuel-powered agricultural equipment, agriculture or aquaculture practices that threaten species identified as red-list endangered, and agriculture or forestry projects not aligned with the FSC or PEFC.
- We expect the UoP to align with the environmentally sustainable management of living natural resources and land use of the ICMA GBP and SBG, and the LMA, LSTA and APLMA GLP.
- We view the UoP as generating a positive environmental impact. The UoP promotes sustainable farming and fishing practices, as well as the conservation of ecosystems and biodiversity. It also increases the efficiency of water use and enhances food security in the long term, supporting SDGs 2 (zero hunger), 13, 14 (life below water) and 15 (life on land).
- In view of the kingdom's arid desert climate and limited freshwater resources, the Saudi Vision 2030 has set objectives to plant 10 billion trees or to rehabilitate 40 million hectares of land, as well as to protect 30% of the kingdom's land and sea by 2030.
- The vision also seeks to increase agricultural land productivity while reducing water consumption by 2030. We view the UoP as contributing positively to these objectives.
- We positively view the activities related to sustainable agriculture and aquaculture, where eligible activities such as regenerative agriculture, developing drought-resistant crops and solar-powered drip irrigation are in line with the relevant





green criteria set out in the Singapore-Asia Taxonomy for Sustainable Finance.

- Sustainable land management contributes positively to preserving species and restoring ecosystems.
• Afforestation and reforestation can enhance carbon sinks and contribute to climate change mitigation.
• Green urban planning and infrastructure helps improve air quality in municipalities and mitigates the urban heat island effect.

Access to essential services

- This UoP category includes projects related to the construction or expansion of public hospitals and schools for the provision of not-for-profit, free or subsidised healthcare and education, including government-owned public-private partnerships.
• These projects are aimed at the general population, including populations that lack quality access to quality education and healthcare and include:
- providing free medical services to people who lack access to the hospital;
- providing life-saving hospital programmes free of charge;
- providing instalment payment options for uninsured patients with no interest;
- providing education programmes for medical staff;
- providing or distributing healthcare equipment and public services; and
- building infrastructure for the provision of emergency medical response and disease control service.

- We expect the UoP to align with the access to essential services category of the ICMA SBP and SBG, and the LMA, LSTA and APLMA SLP.
• Climate change poses a significant threat to public health, with extreme weather events happening, particularly in vulnerable countries such as Saudi Arabia.
• We view this UoP to have a good social impact, as it addresses climate risk, as well as the increasing demand for healthcare and infrastructure due to Saudi Arabia's growing and ageing population.
• This UoP will provide more people with access to affordable and quality healthcare that would improve the quality of life and life expectancy of the beneficiaries.
• Providing medical services either free of charge or through financial plans, ensures that all individuals, regardless of their financial situation, have access to essential medical care, potentially saving lives and improving health outcomes.
• Infrastructure development for emergency medical response and disease control enhances response times, accessibility, and capacity of healthcare services, ensuring timely care as well as effective disease surveillance and communication, contributing to better management of emergencies.
• Investing in education programmes ensures that medical staff have knowledge of the latest methods and technologies, enabling them to deliver the highest standard of medical care.
• This UoP's financing initiatives are closely related to the Saudi Vision 2030, as Saudi Arabia aims to improve the standard and quality of healthcare services, modernise facilities and equipment, and enhance the role of private sector investment as well as develop regulations that empower non-profit organisations.
• OECD data for enrolment shows that Saudi Arabia has one of the lowest enrolment rates among OECD countries for the age groups between six and 14 years and between 15 and 19 years, at 83% and 73.7%, respectively.
• Improving access to education in partnership with the government will help direct funds to programmes that will





	<p>improve enrolment and retention by improving the quality of education and making it more accessible.</p> <ul style="list-style-type: none"> • This is also aligned with the Saudi Vision 2030 aim to further integrate advanced technologies into education, by investing in physical and digital infrastructure to provide students of any age with a higher quality, multi-faceted education. • The UoP supports SDGs 3 (good health and well-being), 4 (quality education) and 11 by increasing access to good-quality and subsidised healthcare and education. • The issuer has identified populations with limited access as the target beneficiaries, which further enhances the social impact of this UoP.
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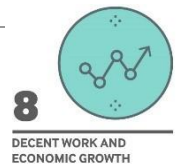
Affordable housing

<ul style="list-style-type: none"> • This UoP category includes projects related to financing and/or refinancing of government-supported, or government-subsidised, mortgage financing programmes (including mortgage financing and financing of development or construction) for the provision of affordable housing to target populations. • Target populations are defined as those that are eligible for government-subsidised mortgage financing schemes and are first-time homebuyers. The programme also provides guarantees for borrowers with salaries under SAR5,000 and customers that are close to retirement. 	<ul style="list-style-type: none"> • We expect the UoP to align with the affordable housing category of the ICMA SBP and SBG, and the LMA, LSTA and APLMA SLP. • We view the UoP to have a good social impact. Financing affordable housing could contribute significantly to reducing the housing deficit the country faces and to improving living conditions for its citizens, especially the population who otherwise would not have access to securing housing. • The real estate sector is crucial for the country's economy, contributing 7% to the GDP as of 2021. Homeownership rates stood at 63.7% in December 2023; however, the country has set an ambitious target as part of the Saudi Vision 2030 initiative to increase home ownership to 70% by 2030. • To achieve this, the Saudi ministry of housing introduced several initiatives to support homeownership, including subsidised loans, partnerships with private developers to construct new homes, and reforms to land and property laws to make the market more accessible for average Saudi citizens. • The target beneficiaries include first-time buyers and customers who are close to retirement. The bank also facilitates homeownership for those with income less than SAR5,000 by providing guarantees. • This UoP contributes to SDG 11 through the creation of inclusive and sustainable communities by enabling affordable property ownership and access to affordable rental housing, both of which support financial and housing security.
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Employment generation and SME finance

<ul style="list-style-type: none"> • This UoP category covers financing and/or refinancing to SMEs and microfinance clients, as well as the provision of support measures such as offering extensions to payment periods and exemptions from facility fees during natural disasters and pandemics. • These are targeted at SMEs as defined by the Saudi central bank. Small-sized enterprises have between 6 and 49 employees and revenue between SAR3 million and SAR40 million. Medium-sized enterprises have between 50 and 249 employees and revenue ranging from SAR40 million to SAR200 million. 	<ul style="list-style-type: none"> • We expect the UoP to align with the employment generation category of the ICMA SBP and SBG, and the LMA, LSTA and APLMA SLP. • Loans to SMEs have a significant social impact by creating jobs and stimulating local economies, reducing poverty and inequality. • According to Saudi Arabia's Small and Medium Enterprises General Authority, SMEs in Saudi contributed to around 28.7% of the total GDP in 2020 and play an important role in diversifying the economy away from fossil fuels. • This UoP is also aligned with the Saudi Vision 2030 for increasing the contribution of SMEs to GDP to 35%. • Access to finance empowers marginalised groups, such as women and minorities, and supports community development through improved services. • Relief to enterprises affected by natural disasters and pandemics provides crucial aid, helping in their recovery and giving them the necessary impetus to regrow. • This UoP contributes to SDG 8.
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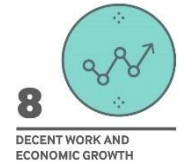




Socioeconomic advancement and empowerment

- This UoP category covers financing to women-owned and women-focused SMEs, which are defined as follows:
 - women-owned SMEs that are at least 51% owned by one or more women;
 - financial institutions helping to acquire and serve women-owned SMEs; and
 - financial institutions that help to provide access to economic resources, microfinance and skills training for women on social welfare programmes.

- We expect the UoP to align with the socioeconomic advancement and empowerment category of the ICMA SBP and SBG, and the LMA, LSTA and APLMA SLP.
- According to the International Labour Organization, the employment rate for women increased to 28.6% in 2021 from 18.2% in 2016. According to the National Labour Observatory, this figure further improved to 30.8% by 2Q24.
- The proportion is lowest among the G20 countries, but the percentage increase was the highest among the G20 countries, indicating an improvement in women's participation in labour force.
- The Human Rights Commission reported that the share of women in SMEs increased to 45% in 2022 from 22.5% in 2017, highlighting the role of SMEs in increasing women's workforce participation.
- This UoP is aligned with the Saudi Vision 2030 target on increasing women's participation in workforce to 40%.
- Providing financial and technical support to women-owned SMEs directly or indirectly promotes gender equality, economic empowerment, and fosters entrepreneurship and innovation. This leads to increased financial inclusion for women.
- Providing training on skills plays a crucial role in reducing gender inequality, enhancing women's participation in the workforce, and promoting community development by enabling women to make more significant contributions to the society.
- This UoP contributes to SDGs 5 (gender equality) and 8.



Transition project – clean transportation

- The UoP category covers low-carbon sea and costal transport. Proceeds will be allocated to finance or refinance ships that derive 100% of the energy used onboard from fuels or other energy carriers that achieve at least 80% GHG emission savings compared to their fossil fuel equivalent on a tank-to-wake (TtW) basis.
- It excludes vehicles that are used for fossil fuel transport.
- This UoP also finances next-generation aircraft and excludes the use of sustainable aviation fuel feedstocks that come from high-biodiversity areas, primary forests and wetlands, or those that affect food security.
- The issuer has confirmed that next generation aircraft financed through the framework will comply with emissions standards established by the International Civil Aviation Organization (ICAO) and must include at least a 10% to 15% reduction in fuel consumption and CO₂ emissions compared to industry baselines.

- We consider the financing of ships that meet globally accepted design and fuel efficiency criteria to be a decarbonising activity that contributes to climate change mitigation by improving energy efficiency of the shipping sector.
- Further, we also consider the financing of next-generation aircraft that meet globally accepted requirements on fuel-efficient aircraft technology to be a decarbonising activity that contributes to climate change mitigation as it improves energy efficiency.
- According to the IEA, shipping accounts for 2% of global energy-related CO₂ emissions, or 10% of the transportation sector's emissions. This share will increase due to the expected growth in shipping, as 80% of merchandise is transported by sea.
- We consider shipping to be a hard-to-abate sector with currently no commercially viable zero-emission solutions at scale. Therefore, technologies such as alternative or low-carbon fuels and energy efficiency improvements are crucial to reduce the environmental impact of shipping.
- The International Maritime Organization (IMO) is a specialised agency of the UN that is responsible for regulating maritime transport; it has committed to decarbonising the shipping industry by, or close to, 2050.
- As part of its short-term GHG reduction measures, it adopted the mandated energy efficiency design index (EEDI) for new builds in 2013. The energy efficiency existing ship index and carbon intensity indicator (CII) for existing ships were mandated in 2023.
- The EEDI has become more stringent over time and has phase-wise reduction rates in value compared to the baseline EEDI depending on the type of ship. The last of these phases





went into force on 1 January 2025 and a fourth phase is envisaged later in the decade.

- The issuer has clarified that the proceeds will be used to finance ships that comply with the IMO's phase 3 (applicable from 2025 onwards) EEDI reduction target requirements based on the ship type and year of vessel delivery.
- We consider vessels that meet the EEDI reduction standards as contributing to the transition of the shipping sector, as EEDI-compliant ships are more energy efficient, which partially mitigates the impact of carbon emissions, mitigating the impact of CO₂ emissions from shipping. Furthermore, the issuer has confirmed that these vessels will not be utilised for transporting fossil fuels.
- The ICMA Guidance Handbook 2023 indicates that issuers can reference existing standards and taxonomies to define what projects qualify as green.
- Financed vessels will obtain 100% of their onboard energy requirements from alternative fuel sources that demonstrate a minimum of 80% reduction in TtW GHG emissions, when compared to their conventional fossil fuel counterparts.
- This criterion is a requirement for green classification under the Singapore-Asia Taxonomy for Sustainable Finance; therefore, we are of the opinion that the financed vessels will be significantly more energy efficient than the average vessel.
- The issuer has confirmed that it will engage independent third-party entities to verify both the EEDI calculations and the reduction in TtW emissions for the ships receiving financing.
- Until recently, the IMO focused on TtW emissions; it adopted guidelines on life-cycle GHG intensities of marine fuels in 2024, which assess the GHG emissions from fuel production to the ship's exhaust. No thresholds have yet been defined for reduction in GHG emissions intensity.
- EEDI is based on the fuel's TtW emissions and not its well-to-wake or life-cycle emissions, which are more comprehensive.
- We anticipate an expansion in the scope of definitions and parameters in the coming years, given the ongoing global evolution of guidelines and regulations. Consequently, this will necessitate a review and update of the currently applicable criteria.
- However, based on current industry guidance, we consider the EEDI to be an appropriate metric that is indicative of a vessels' design efficiency and ultimately operational efficiency.
- There is a risk that a vessel that is compliant with the EEDI reduction targets might not be operationally efficient; however, research indicates a positive correlation between EEDI compliance and better CII ratings.
- An analysis by the industry working group, Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping, using data from the EU Monitoring, Reporting and Verification for 2019 shows that a significant percentage of post-2017 vessels (39% of container ships, 59% of bulk carriers and 69% of tankers) achieved CII ratings of A or B. Since 2019, subsequent EEDI phases have imposed even stricter efficiency requirements.
- We have also considered other science-based taxonomies, such as the EU taxonomy, in our analysis, as the issuer is guided by the Singapore-Asia Taxonomy for Sustainable Finance, EU taxonomy and Climate Bond Initiative criteria in the absence of a Saudi Arabian taxonomy.
- The criteria that the vessel is compliant with EEDI reduction targets and derives 100% of the energy used onboard from fuels or other energy carriers that achieve at least 80% GHG emissions savings compared to their fossil fuel equivalent on a



TtW basis is largely aligned with Singapore-Asia Taxonomy for Sustainable Finance and will contribute to the transition of the shipping sector by improving the fuel efficiency of the vessel.

- For full alignment, any biofuels used must be officially recognised by the IMO as eligible and must comply with the IMO's life-cycle GHG intensity guidelines. The issuer has not confirmed this point; nevertheless, we positively view the overall impact of the intended projects.
- We would need additional information on the carbon intensity (annual efficiency ratio or energy efficiency operational index) of the vessels to determine alignment with the Climate Bond Initiative criteria for shipping. We view the alignment with IMO's EEDI criteria positively, as the EU taxonomy considers this index in the SCC for sea and coastal water transport, and the criteria reflect current market practices in the sector with respect to design efficiency.
- For full alignment with the EU taxonomy, the SCC require additional reductions in emissions when compared with the EEDI criteria applicable on 1 April 2022. These details have not been confirmed, which limits our ability to confirm full SCC alignment. The issuer aims to align the criteria outlined in this project category with those established by the Saudi Arabian taxonomy, once it is finalised.
- The aviation sector contributed to 2.5% of global energy-related CO₂ emissions in 2023 according to the IEA. This proportion is expected to increase significantly in the coming years, as emissions from other sectors fall and those from aviation increase due to increase in demand for aviation.
- The ICAO is a specialised UN agency that establishes standards and regulations for international air transport, ensuring safety, efficiency and regularity. In 2022, it adopted a long-term aspirational goal of net-zero carbon emissions for the sector by 2050. The ICAO has published a set of emissions standards for aircraft of various sizes, measured in maximum take-off weight, which serve as industry standards for energy efficiency and fuel usage.
- The bank will allocate the proceeds to financing next-generation aircraft in Saudi Arabia. The financed aircraft will comply with the applicable new type limit of ICAO standards on CO₂ emissions. In addition, the financed aircraft will have fuel efficiency savings of 10% to 15% compared to the ICAO's requirements for reductions in metric value (a proxy for fuel efficiency) for different types of aircraft.
- We consider aviation to be a hard-to-abate sector with limited commercially viable or scalable low-carbon alternatives. Therefore, fleet modernisation, retrofitting aircraft and the increased use of sustainable fuels are the most viable and high-impact solutions to improve energy efficiency and reduce carbon emissions in the sector in the short and medium term.
- Retrofitting legacy aircraft is often economically unjustifiable due to prohibitive costs and operational disruptions. Sustainable aviation fuel offers potential benefits; however, its adoption is hindered by higher costs relative to conventional jet fuel and regional production constraints.
- Therefore, fleet modernisation, which often involves replacing older aircraft, emerges as a viable and effective strategy for enhancing overall fleet energy efficiency. Next-generation aircraft can significantly reduce fuel consumption through technological advancements and design improvements compared to current-generation aircraft, where the exact energy savings vary depending on the specific aircraft model, route and operational conditions.
- Saudi Arabia is projected to significantly expand its aviation capacity in the coming years to bolster the nation's tourism sector and stimulate economic growth within the country.



- Saudi Arabia has a relatively young fleet by global standards, due primarily to existing airlines' fleet modernisation and the emergence of new carriers in recent years that operate newer-technology aircraft.
- Saudi Arabia's largest commercial airline, Saudia, is undergoing fleet modernisation and is expected to replace all aircraft with next-generation aircraft. However, the proportion of next-generation aircraft in other airlines' fleets is significant, with flynas at over 87%, flyadeal at over 65% and the new Riyadh Air reaching 100% of the fleet.
- Global science-based taxonomies consider aviation that meets stringent energy efficiency criteria as a transitional activity. The EU taxonomy, for example, requires aircraft delivered prior to 31 December 2027 to demonstrate additional emissions reductions ranging between 1.5% and 11% below the applicable ICAO standard, depending on aircraft size. In addition, the entity must adhere to a standard global replacement ratio, which is calculated at a global level over a 10-year period.
- The aircraft financed by the issuer are expected to meet the relevant ICAO criteria, and to provide fuel savings and emissions reductions of 10% to 15% beyond industry baselines, which aligns them with the criteria established by international taxonomies. In our view, requirements regarding replacement ratios are less applicable to the financing outlined under this category in the framework, as Saudi Arabia's airlines have relatively young fleets and a high proportion of next-generation aircraft.
- Examples of next-generation aircraft the issuer intends to finance through this framework include the Boeing 787 Dreamliner and Airbus A350. These aircraft meet or exceed ICAO standards and provide additional benefits in terms of energy efficiency and fuel usage.
- The issuer has committed to using manufacturer-provided documentation and end-user reports to confirm aircraft emissions profiles meet the criteria established in the framework.
- We consider the bank's financing of next-generation aircraft to align with the aviation sector's global decarbonisation efforts to improve energy efficiency and contribute to climate change mitigation.
- Financing the manufacture or purchase of next generation aircraft helps improve the average energy efficiency and emissions intensity of the global fleet and incentivises the continued development of low-carbon air transport alternatives.
- The criteria established by the issuer under this UoP category align with current industry guidance and available technologies; however, we would expect the issuer to update the relevant thresholds for eligible projects under this category as viable alternatives come to market, and industry guidance evolves to reflect latest technological developments.
- Doing so would ensure that the issuer is following latest best practices in the industry, which is important given its transitional nature and the inherent emissions intensity of current aviation technologies.
- Further, Saudi Arabia is advancing sustainable aviation fuel capabilities, with Red Sea International Airport pioneering its use in February 2025, and plans for domestic production by 2030.
- We expect the proportion of sustainable aviation fuel to increase over the coming years as the country develops its production capacity. This will further add to the fuel efficiency of the financed aircraft, which we expect to use sustainable



aviation fuel. We positively view the exclusion criteria for feedstock for sustainable aviation fuel production.

- We consider this UoP to be aligned with the energy efficiency category of the ICMA GBP, based on the consideration of globally accepted standards and international taxonomies, and demonstrable benefits provided in terms of energy efficiency.

Source: ANB sustainable finance framework 2025

Source: Sustainable Fitch

Use of Proceeds – Other Information

Company Material

- The bank will finance or refinance, wholly or partially, projects or activities that meet the eligibility criteria outlined in the framework, and/or to general-purpose corporate loans to pure-play companies that are defined as companies that derive over 90% of their revenue from the green or social eligibility criteria defined in the framework.
- The framework establishes a three-year lookback period for eligible assets, measured from the issuance date of any sustainable debt issuance.
- ANB has set out a list of exclusion in the framework, restricting it from allocating proceeds from any issuance of sustainable debt instrument to activities related to the exploration, production, transportation or distribution of fossil fuels; fossil fuel power generation; gambling; vaping, tobacco and alcohol; animal mistreatment; adult entertainment; conflict materials; weapons; and activities involving exploitation of human rights and modern slavery.

Source: ANB sustainable finance framework 2025

Alignment: Good

Sustainable Fitch's View

- In line with the recommendations of the ICMA, and the LMA, LSTA and APLMA, ANB will provide an annual report detailing the proportion of projects financed and refinanced with the bond proceeds. This breakdown enables stakeholders to assess the extent of additionality contributed by the new projects under the instrument.
- Financing new projects is generally associated with increased impact and additionality, when compared to refinancing of existing projects. The framework does not commit to a preset ratio of new versus refinanced projects, which limits our assessment of this section.
- The framework includes the financing and refinancing of companies that derive 90% or more of their revenue from environmentally and socially sustainable activities. These are referred to as pure-play companies.
- The ICMA principles recommend issuers demonstrate that the proceeds have been allocated to assets, investments or other related and supporting expenditures with clear environmental and/or social benefits.
- We recognise the green and social impact of pure-play companies. While the purpose of finance is defined, further clarity on the type of expenditures may benefit the instrument's transparency and would better fit the recommendations of the ICMA.
- The types of expenditures that can be financed with the bond proceeds should be specified by issuers in their bond frameworks or documentation. Our understanding is that the financing of pure-play companies will align with all of the ICMA's core components, similar to other UoP categories.
- The lookback period of three years is in line with standard market practice.
- The exclusion list is comprehensive and well defined, covering multiple activities and sectors that are environmentally and socially sensitive. It provides assurance to external stakeholders that the bank will not allocate the net proceeds to sectors that are environmentally and socially controversial.
- The framework also clarifies that any eligible investments under this framework will be into companies that do not derive revenue from any activities on the exclusion list. Therefore, we assume that the companies financed do not have any lines of business that contravene the exclusion list.

Source: Sustainable Fitch

Evaluation and Selection

Company Material

- ANB has established a sustainable finance committee (SFC) to:
 - review all new proposed eligible expenditures and endorse projects for inclusion;
 - review projects in the sustainability portfolio to confirm their eligibility, and review and approve the proposed allocation of proceeds;
 - monitor the ongoing use of the proceeds to confirm ongoing compliance;
 - monitor the nominal amount of eligible expenditures in the portfolio;
 - manage any future updates to the framework; and
 - review and approve the annual sustainable finance report.
- The SFC comprises representatives from treasury, strategy, sustainability, credit, risk management, wholesale, retail and SME, finance and investor relations, marketing, legal and compliance, and any other departments as required.
- The SFC will be supported by the risk and finance divisions to review deals that are already in the bank's book.

Alignment: Excellent

Sustainable Fitch's View

- The evaluation and selection process for eligible projects is clearly defined in the framework and aligns with the requirements set out by the ICMA, LMA, LSTA and APLMA.
- We positively view the establishment of a SFC for project selection and evaluation, as well as having a multi-layered control structure for both new and existing projects, providing assurance on internal controls and balances.
- The SFC comprises representatives from different job functions to ensure there is sufficient challenge and discussion in the group.
- We view positively that the bank includes sustainability expertise in the group to ensure the SFC is equipped with relevant skills to assess the environmental and social impact of projects and that ESG factors are incorporated in the decision-making and asset allocation.
- ANB has confirmed that ESG risks are assessed comprehensively at both the client and portfolio levels, minimising the risk of financing projects that are environmentally and socially sensitive during the project evaluation and selection process.



Evaluation and Selection	Alignment: Excellent
Company Material	Sustainable Fitch's View
<ul style="list-style-type: none"> Deals that are newly originated have to go through credit review and approval process after completed issuance. 	
Source: ANB sustainable finance framework 2025	Source: Sustainable Fitch

Management of Proceeds	Alignment: Excellent
Company Material	Sustainable Fitch's View
<ul style="list-style-type: none"> The net proceeds will be placed in the bank's general funding accounts with an equivalent amount designated for allocation to the sustainability portfolio as approved by the SFC. If a previously approved UoP is no longer deemed acceptable, an equivalent amount will be added back to the tracked proceeds balance within the sustainable portfolio. Any proceeds that are temporarily unallocated will be invested in other ESG-labelled instruments, in line with the bank's risk appetite, or held in cash until such qualifying ESG-labelled instruments are available. 	<ul style="list-style-type: none"> The net proceeds will be earmarked to the sustainable portfolio under the bank's general funding accounts. We consider the virtual segregation to align with the ICMA and LMA, LSTA and APLMA requirements, and to be in line with standard market practice. The ICMA requires issuers to disclose the intended types of temporary placement for unallocated proceeds. We positively view investing unallocated proceeds in other ESG-labelled instruments, as it furthers the environmental and/or social impact that the instruments bring. Holding the proceeds in cash until qualifying ESG-labelled instruments are identified aligns with market practice. ANB has also confirmed that unallocated proceeds will not be used to finance any projects that fall under the framework's exclusion criteria, which is in line with market practice. ANB expects the net proceeds to be fully allocated within two years from the date of issuance, in line with standard market practice. Any previously approved UoP that no longer aligns with the eligibility criteria will be credited to the sustainable portfolio. This provides assurance that the net proceeds will be monitored in line with the eligibility criteria until the maturity of the instrument.
Source: ANB sustainable finance framework 2025	Source: Sustainable Fitch

Reporting and Transparency	Alignment: Excellent
Company Material	Sustainable Fitch's View
<ul style="list-style-type: none"> The bank will provide a report describing allocation of net proceeds and expected impact annually, until full allocation of aggregate net proceeds to eligible expenditures. The reports will include: <ul style="list-style-type: none"> balance of allocated and unallocated proceeds; balance of allocated proceeds by project category, by refinancing versus financing and by geography; list of eligible expenditures; selected case studies with project descriptions and location; and expected impact of eligible expenditures. The qualitative and quantitative of impact KPIs are selected from the ICMA Handbook – Harmonised Framework for Impact Reporting. The bank will commission a third party to provide an annual assessment on the allocation of funds, as well as verifying the key assumptions and methodologies used to calculate impact. The illustrative impact indicators are listed in section 5.4 of the sustainable finance framework. 	<ul style="list-style-type: none"> ANB has committed to reporting on the allocation and impact of its issuances annually until full allocation, as well as reporting the allocation of proceeds by project category, which aligns with the requirements set out by the ICMA, LMA, LSTA and APLMA. We also view positively that the bank will provide additional information in the allocation report, such as the list of eligible expenditures and amount of unallocated proceeds, as well as allocation by geography and refinancing versus financing, providing transparency to external stakeholders. The ICMA, LMA, LSTA and APLMA also require issuers to include a brief description of the projects financed, which may be included in the bank's allocation report. We positively view the bank's commitment to align the impact reporting with the ICMA Handbook – Harmonised Framework for Impact Reporting, providing qualitative and quantitative metrics to measure the impacts of the eligible categories. It provides transparency and assurance on the reporting quality to external stakeholder by following the guidance for impact metrics that are measurable, standardised and comparable. The bank intends to commission a third-party reviewer to assess the post-issuance allocation of funds and verify the impact reporting assumptions and methodologies on an annual basis, placing it in line with best practice. It also aligns with the recommendations from the ICMA, LMA, LSTA and APLMA, lending credibility to the reported metrics.
Source: ANB sustainable finance framework 2025	Source: Sustainable Fitch



Relevant UN Sustainable Development Goals

<ul style="list-style-type: none"> • 2.4: By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality. 	 <p>2 ZERO HUNGER</p>
<ul style="list-style-type: none"> • 3.8: Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all. 	 <p>3 GOOD HEALTH AND WELL-BEING</p>
<ul style="list-style-type: none"> • 4.2: By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education. • 4.3: By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university. • 4.4: By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship. 	 <p>4 QUALITY EDUCATION</p>
<ul style="list-style-type: none"> • 5.5: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life. • 5.a: Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws. 	 <p>5 GENDER EQUALITY</p>
<ul style="list-style-type: none"> • 6.3: By 2030, improve water quality by reducing pollution, eliminating dumping and minimising release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally. • 6.4: By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity. 	 <p>6 CLEAN WATER AND SANITATION</p>
<ul style="list-style-type: none"> • 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix. • 7.3: By 2030, double the global rate of improvement in energy efficiency. 	 <p>7 AFFORDABLE AND CLEAN ENERGY</p>
<ul style="list-style-type: none"> • 8.3: Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services. • 8.4: Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead. • 8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value. 	 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>

Relevant UN Sustainable Development Goals

- **9.3:** Increase the access of small-scale industrial and other enterprises, particularly in developing countries, to financial services including affordable credit and their integration into value chains and markets.
- **9.4:** By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.



- **11.1:** By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.
- **11.2:** By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.
- **11.3:** By 2030, enhance inclusive and sustainable urbanisation and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.
- **11.6:** By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.



- **12.4:** By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimise their adverse impacts on human health and the environment.
- **12.5:** By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.



- **13.1:** Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.
- **13.2:** Integrate climate change measures into national policies, strategies and planning.



- **14.4:** By 2020, effectively regulate harvesting and end overfishing, illegal, unreported and unregulated fishing and destructive fishing practices and implement science-based management plans, in order to restore fish stocks in the shortest time feasible, at least to levels that can produce maximum sustainable yield as determined by their biological characteristics.



- **15.1:** By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements.
- **15.2:** By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.
- **15.4:** By 2030, ensure the conservation of mountain ecosystems, including their biodiversity, in order to enhance their capacity to provide benefits that are essential for sustainable development.
- **15.5:** Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species.



Source: Sustainable Fitch, UN

Appendix A: Principles and Guidelines

Type of Instrument: Sustainability

Four Pillars

1) Use of Proceeds (UoP)	Yes
2) Project Evaluation & Selection	Yes
3) Management of Proceeds	Yes
4) Reporting	Yes

Independent External Review Provider

Second-party opinion	Yes
Verification	Yes
Certification	No
Scoring/Rating	No
Other	n.a.

1) Use of Proceeds (UoP) – based on expected or actual instrument allocation

UoP as per Green Bond Principles (GBP)

Renewable energy	Yes
Energy efficiency	Yes
Pollution prevention and control	Yes
Environmentally sustainable management of living natural resources and land use	Yes
Terrestrial and aquatic biodiversity conservation	No
Clean transportation	Yes
Sustainable water and wastewater management	Yes
Climate change adaptation	No
Certified eco-efficient and/or circular economy adapted products, production technologies and processes	No
Green buildings	Yes
Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP	No
Other	n.a.

Use of Proceeds as per Social Bond Principles (SBP)

Affordable basic infrastructure	No
Access to essential services	Yes
Affordable housing	Yes
Employment generation (through SME financing and microfinancing)	Yes
Food security	No
Socioeconomic advancement and empowerment	Yes
Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP	No
Other	n.a.

Target Populations

Living below the poverty line	No
Excluded and/or marginalised populations and /or communities	Yes
People with disabilities	No
Migrants and/or displaced persons	No
Undereducated	No
Underserved, owing to a lack of quality access to essential goods and services	Yes

Type of Instrument: Sustainability

Unemployed and/or workers affected by climate transition	Yes
Women and/or sexual and gender minorities	Yes
Aging populations and vulnerable youth	No
Other vulnerable groups, including as a result of natural disasters, climate change, and/or climate transition projects that cause or exacerbate socioeconomic inequity	No
Other	First-time home buyers, individuals close to retirement

2) Project Evaluation & Selection

Evaluation & Selection

Credentials on the issuer's social and green objectives	Yes
Documented process to determine that projects fit within defined categories	Yes
Defined and transparent criteria for projects eligible for sustainability bond proceeds	Yes
Documented process to identify and manage potential ESG risks associated with the project	Yes
Summary criteria for project evaluation and selection publicly available	Yes
Other	n.a.

Evaluation & Selection/Responsibility & Accountability

Evaluation/selection criteria subject to external advice or verification	Yes
In-house assessment	Yes
Other	n.a.

3) Management of Proceeds

Tracking of Proceeds

Sustainability bond proceeds segregated or tracked by the issuer in an appropriate manner	Yes
Disclosure of intended types of temporary investment instruments for unallocated proceeds	Yes
Other	n.a.

Additional Disclosure

Allocations to future investments only	No
Allocations to both existing and future investments	Yes
Allocation to individual disbursements	No
Allocation to a portfolio of disbursements	Yes
Disclosure of portfolio balance of unallocated proceeds	Yes
Other	n.a.

4) Reporting

UoP Reporting

Project-by-project	No
On a project portfolio basis	Yes
Linkage to individual bond(s)	Yes
Other	n.a.

UoP Reporting/Information Reported

Allocated amounts	Yes
Sustainability bond-financed share of total investment	Yes
Other	n.a.

UoP Reporting/Frequency

Type of Instrument: Sustainability

Annual	Yes
Semi-annual	No
Other	n.a.

Impact Reporting

Project-by-project	No
On a project portfolio basis	Yes
Linkage to individual bond(s)	Yes
Other	n.a.

Impact Reporting/Information Reported (exp. ex-post)

GHG emissions/savings	Yes
Energy savings	Yes
Decrease in water use	Yes
Number of beneficiaries	Yes
Target populations	Yes
Other ESG indicators	Annual renewable energy generation; reduction of air pollutants; percentage improvement in fuel efficiency; tonnes of waste minimised, reused or recycled; m ³ /year of wastewater treated; tonnes of sewage sludge treated; water savings; farmland covered by new efficient irrigation

Impact Reporting/Frequency

Annual	Yes
Semi-annual	No
Other	n.a.

Means of Disclosure

Information published in financial report	No
Information published in ad hoc documents	Yes
Information published in sustainability report	No
Reporting reviewed	Yes
Other	n.a.

Source: Sustainable Fitch, ICMA

Appendix B: Definitions

Term	Definition
Debt types	
Green	Proceeds will be used for green projects and/or environmental-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Green Bond Principles or other principles, guidelines or taxonomies.
Social	Proceeds will be used for social projects and/or social-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Social Bond Principles or other principles, guidelines or taxonomies.
Sustainability	Proceeds will be used for a mix of green and social projects and/or environmental and social-related activities as identified in the instrument documents. The instrument may be aligned with ICMA Sustainability Bond Guidelines or other principles, guidelines, taxonomies.
Sustainability-linked	Financial and/or structural features are linked to the achievement of pre-defined sustainability objectives. Such features may be aligned with ICMA Sustainability-linked Bond Principles or other principles, guidelines or taxonomies. The instrument is often referred to as an SLB (sustainability-linked bond) or SLL (sustainability-linked loan).
Conventional	Proceeds are not destined for any green, social or sustainability project or activity, and the financial or structural features are not linked to any sustainability objective.
Other	Any other type of financing instrument or a combination of the above instruments.
Standards	
ICMA	International Capital Market Association. In the Second-Party Opinion we refer to alignment with ICMA's Bond Principles: a series of principles and guidelines for green, social, sustainability and sustainability-linked bonds.
LMA, LSTA and APLMA	Loan Market Association (LMA), Loan Syndications and Trading Association (LSTA) and Asia Pacific Loan Market Association (APLMA). In the Second-Party Opinion we refer to alignment with Sustainable Finance Loan Principles: a series of principles and guidelines for green, social and sustainability-linked loans.
EU Green Bond Standard	A set of voluntary standards created by the EU to "enhance the effectiveness, transparency, accountability, comparability and credibility of the green bond market".

Source: Sustainable Fitch, ICMA, UN, EU Technical Expert Group

Appendix C: Second-Party Opinion Methodology

Second-Party Opinion

Second-Party Opinions (SPO) are a way for issuers to obtain an independent external review on their green, social, sustainability and sustainability-linked instruments.

As per the ICMA Guidelines for External Reviewers, an SPO entails an assessment of the alignment of the issuer’s green, social, sustainability or sustainability-linked bond or loan issuance, framework or programme with the relevant principles. For these purposes, “alignment” should refer to all core components of the relevant principles.

Sustainable Fitch analysts vary the analysis based on the type of instruments, to consider whether there are defined uses of proceeds or KPIs and sustainability performance targets. The analysis is done on a standalone basis, separate to the entity.

Analytical Process

The analysis considers all available relevant information (ESG and financial). The reports transparently display the sources of information analysed for each section and provide a line-by-line commentary on the sub-factors analysed. The ESG analysts working on an SPO will also engage directly with the issuer to acquire any additional relevant information not already in the public domain or in instrument-related documentation.

An important part of the analysis is the assessment of the E and S aspects of the use of proceeds. In addition to the alignment with ICMA Principle and Guidelines, the analysis may also refer to major taxonomies (eg the EU taxonomy for E aspects, and the UN Sustainable Development Goals for S aspects).

Once the analyst has completed the analysis, with commentary for the related SPO, it is submitted to the approval committee, which reviews it for accuracy and consistency. Based on issuer preference and mandate, an SPO can be monitored (annually or more frequently, if new information becomes available) or on a point-in-time basis.

Scale and Definitions

ESG Framework	
Excellent	Sustainable finance framework and/or debt instrument structure is fully aligned to all relevant core international principles and guidelines. Practices inherent to the structure meet excellent levels of rigour and transparency in all respects and are well in excess of the standards commonly followed by the market.
Good	Sustainable finance framework and/or debt instrument structure is fully aligned to all relevant core international principles and guidelines. Practices inherent to the structure meet good levels of rigour and transparency; in some instances, they go beyond the standards commonly followed by the market.
Aligned	Sustainable finance framework and/or debt instrument structure is aligned to all relevant core international principles and guidelines. Practices inherent to the structure meet the minimum standards in terms of rigour and transparency commonly followed by the market.
Not Aligned	Sustainable finance framework and/or debt instrument structure is not aligned to relevant core international principles and guidelines. Practices inherent to the structure fall short of common market practice.

Source: Sustainable Fitch

SOLICITATION STATUS

The Second-Party Opinion was solicited and assigned or maintained by Sustainable Fitch at the request of the entity.

A Sustainable Fitch ESG Analytical Product (ESG Product) provides an assessment of the Environmental, Social and/or Governance ("E", "S" and "G") qualities of an issuer and/or its financial instruments or securities. ESG Products include without limitation ESG ratings, ESG scores, ESG second-party opinions and other ESG assessments, opinions and data-related products, among other ESG Products. An ESG Product is not a credit rating. ESG Products are provided by Sustainable Fitch, a Fitch Solutions company, and an affiliate of Fitch Ratings. Sustainable Fitch has established specific policies and procedures intended to avoid creating conflicts of interest and compromising the independence or integrity of Fitch Ratings' credit rating activities and Sustainable Fitch's ESG Product generation activities. For a description of the methodology, limitations and disclaimers relating to Sustainable Fitch's ESG Products, please use this link: www.sustainablefitch.com.

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