

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Sustainable Finance Framework

Jordan Ahli Bank

14 August 2024

VERIFICATION PARAMETERS

Type(s) of instruments contemplated

- Sustainable finance instruments

Relevant standards

- Green Bond Principles (as of June 2021 with June 2022 Appendix 1), Social Bond Principles (as of June 2023), Sustainability Bond Guidelines (as of June 2021), as administered by the International Capital Market Association (ICMA)
- Green Loan Principles and Social Loan Principles (as of February 2023), as administered by the Loan Market Association (LMA)

Scope of verification

- Jordan Ahli Bank’s Sustainable Finance Framework (as of Aug. 8, 2024)
- Jordan Ahli Bank’s Selection Criteria (as of Aug. 8, 2024)

Lifecycle

- Pre-issuance verification

Validity

- Valid as long as the cited Framework remains unchanged

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SCOPE OF WORK

Jordan Ahli Bank (“the Issuer,” or “the Bank”) commissioned ISS-Corporate to assist with its sustainable finance instruments by assessing three core elements to determine the sustainability quality of the instruments:

1. Jordan Ahli Bank’s Sustainable Finance Framework (as of Aug. 8, 2024), benchmarked against the International Capital Market Association’s (ICMA) GBP, SBP, SBG, and the LMA’s GLP and SLP.
2. The Selection Criteria — whether the project categories contribute positively to the United Nations Sustainable Development Goals (U.N. SDGs) and how they perform against proprietary issuance-specific key performance indicators (KPIs) (see Annex 1).
3. Consistency of sustainable finance instruments with Jordan Ahli Bank’s sustainability strategy, drawing on the key sustainability objectives and priorities defined by the Issuer.

JORDAN AHLI BANK OVERVIEW

Jordan Ahli Bank engages in the provision of commercial banking services. Its products and services include bank deposits, money transfers, cash and portfolio management, financial advice and research, bank assurance, financial leasing, and private banking. The company was founded by Yousef Nabil Yousef Mouasher and Suleiman Rajai Suleiman Sukkar on Jan. 1, 1955, and is headquartered in Amman, Jordan.

ESG risks associated with the Issuer's industry

Jordan Ahli Bank is classified in the commercial banks and capital markets industry, as per ISS ESG's sector classification. Key sustainability issues faced by companies¹ in this industry are business ethics, labor standards and working conditions, sustainability impacts of lending and other financial services/products, customer and product responsibility, and sustainable investment criteria.

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

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


ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ²
<p>Part I:</p> <p>Alignment with GBP, SBP, SBG, GLP and SLP</p>	<p>The Issuer has defined a formal concept for its sustainable finance instruments regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the GBP, SBP, SBG, GLP and SLP.</p> <p><i>*As per ISS-Corporate’s methodology, certain criteria of Energy Efficient and Renewable Energy Equipment³ and Environmentally Sustainable Management of Living Natural Resources and Land Use⁴ are assessed as providing no clear environmental and/or social benefits according to our methodology (see Part II of this report). However, as there are currently several national and international initiatives and that the definition of green and/or social might vary depending on sector and geography, it is recognized that those categories might be considered as eligible green or social categories by investors.</i></p>	<p>Aligned*</p>
<p>Part II:</p> <p>Sustainability quality of the Selection Criteria</p>	<p>The sustainable finance instruments will (re)finance the following eligible asset categories:</p> <p>Green categories: Renewable Energy, Energy Efficiency, Energy Efficient and Renewable Energy Equipment, Clean Transportation, Sustainable Water and Wastewater Management, Green Buildings, and Environmentally Sustainable Management of Living Natural Resources and Land Use.</p> <p>Social categories: Socio-Advancement and Empowerment, Affordable Housing, and Access to Essential Services.</p>	<p>Positive</p>

² The evaluation is based on Jordan Ahli Bank’s Sustainable Finance Framework (Aug. 8, 2024), on the analyzed selection criteria as received on Aug. 8, 2024.

³ Bangladesh EE label with 4 or 5 stars; South African energy efficiency label A+++, A++, A+; Vietstar 5 or 4 star (Vietnam); FIDE A or B (Mexico); Hong Kong Voluntary Energy Efficiency Labelling Scheme; Argentinian Official EE label category A or B; Brazilian Etiqueta Nacional de Conservação de Energia (ENCE).

⁴ Subprojects that are certified under the following agri-certification schemes are automatically eligible: Roundtable on Sustainable Biomaterials Standard, Fairtrade Standard for Small-Scale Producer Organizations, Fairtrade Standard for Hired Labour, and Friend of the Earth Standard for Sustainable Agriculture Products.

	<p>Product and/or service-related use of proceeds categories⁵ individually contribute to one or more of the following SDGs:</p>  <p>Other use of proceeds categories improve the operational impacts of Jordan Ahli Bank’s borrowers and mitigate potential negative externalities of their sectors on one or more of the following SDGs:</p>  <p>For Environmentally Sustainable Management of Living Natural Resources and Land Use and certain criteria of Energy Efficient and Renewable Energy Equipment,⁶ there is no evidence of an environmental contribution or of an improvement on the Issuer and/or end users’ potential negative externalities.</p> <p>The environmental and social risks associated with those use of proceeds categories and the financial institution are managed.</p>	
<p>Part III: Consistency of Sustainable Finance</p>	<p>The key sustainability objectives and the rationale for issuing sustainable finance instruments are clearly described by the Issuer. The majority of the</p>	<p>Consistent with Issuer’s sustainability strategy</p>

⁵ Socio-Advancement and Empowerment, Affordable Housing and Access to Essential Services.

⁶ NNI criteria for categories mentioned.

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instruments with Jordan Ahli Bank's sustainability strategy	project categories considered are in line with the Issuer's sustainability objectives. At the date of publication of the report and leveraging ISS ESG Research, no controversies have been identified.	
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SPO ASSESSMENT

PART I: ALIGNMENT WITH GREEN BOND PRINCIPLES, SOCIAL BOND PRINCIPLES, SUSTAINABILITY BOND GUIDELINES, GREEN LOAN PRINCIPLES AND SOCIAL LOAN PRINCIPLES

This section evaluates the alignment of the Jordan Ahli Bank’s Sustainable Finance Framework (as of Aug. 8, 2024) with the GBP, SBP, SBG, GLP and SLP.

ICMA’S GBP, SBP, SBG, AND LMA’S GLP AND SLP	ALIGNMENT	OPINION
<p>1. Use of Proceeds</p>	<p>✓ *</p>	<p>The Use of Proceeds description provided by Jordan Ahli Bank’s Sustainable Finance Framework is aligned* with the GBP, SBP, SBG, GLP and SLP.</p> <p>The Issuer’s green and social categories align with the project categories as proposed by the GBP, SBP, SBG, GLP and SLP. Criteria are defined clearly and transparently. Disclosure of an allocation period and commitment to report by project category has been provided and environmental and social benefits are described.</p> <p>The Issuer defines a look-back period of two years, and the maximum percentage of assets that can be refinanced in line with best market practice.</p> <p><i>*As per ISS-Corporate’s methodology, certain criteria of Energy Efficient and Renewable Energy Equipment⁷ and Environmentally Sustainable Management of Living Natural Resources and Land Use⁸ are assessed as providing no clear environmental and/or social benefits according to our methodology (see Part II of this report). However, as there are currently several national and international initiatives and that the definition of green and/or social might vary depending on sector and</i></p>

⁷ Bangladesh EE label with 4 or 5 stars; South African energy efficiency label A+++, A++, A+; Vietstar 5 or 4 star (Vietnam); FIDE A or B (Mexico); Hong Kong Voluntary Energy Efficiency Labelling Scheme; Argentinian Official EE label category A or B; Brazilian Etiqueta Nacional de Conservação de Energia (ENCE).

⁸ Subprojects that are certified under the following agri-certification schemes are automatically eligible: Roundtable on Sustainable Biomaterials Standard, Fairtrade Standard for Small-Scale Producer Organizations, Fairtrade Standard for Hired Labour, and Friend of the Earth Standard for Sustainable Agriculture Products.

		<i>geography, it is recognized that those categories might be considered as eligible green or social categories by investors.</i>
2. Process for Project Evaluation and Selection	✓	<p>The Process for Project Evaluation and Selection description provided by Jordan Ahli Bank’s Sustainable Finance Framework is aligned with the GBP, SBP, SBG, GLP and SLP.⁹</p> <p>The project selection process is defined and structured in a congruous manner. ESG risks associated with the project categories are identified and managed appropriately. Moreover, the projects selected show alignment with the Issuer’s sustainability strategy and clearly show the intended benefit to the relevant population. The Issuer defines exclusion criteria for harmful project categories.</p> <p>The Issuer clearly defines responsibilities in the process for project evaluation and selection and is transparent about it. Additionally, the Issuer involves various stakeholders in this process, in line with best market practice.</p>
3. Management of Proceeds	✓	<p>The Management of Proceeds provided by Jordan Ahli Bank’s Sustainable Finance Framework is aligned with the GBP, SBP, SBG, GLP and SLP.</p> <p>The net proceeds collected will equal the amount allocated to eligible projects. The net proceeds are tracked appropriately and are managed on an aggregated basis for multiple green bonds (portfolio approach). Moreover, the Issuer discloses the temporary investment instruments for unallocated proceeds.</p> <p>The Issuer has defined an expected allocation period of 24 months.</p>
4. Reporting	✓	<p>The allocation and impact reporting provided by Jordan Ahli Bank’s Sustainable Finance</p>

⁹ The Issuer confirms that its Sustainable Finance Framework is aligned with ICMA’s GBP, SBP and SBG and the LMA’s GLP and SLP. However, it does not intend to issue loans for itself.

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		<p>Framework is aligned with the GBP, SBP, SBG, GLP and SLP.</p> <p>The Issuer commits to disclose the allocation of proceeds transparently and to report with appropriate frequency. The reporting will be publicly available on the Issuer's website. Jordan Ahli Bank has disclosed the type of information that will be reported and explains that the level of expected reporting will be at the portfolio level. Moreover, the Issuer commits to report annually until the proceeds have been fully allocated.</p> <p>The Issuer is transparent on the level of impact reporting and the information reported and further defines the duration and frequency of the impact reporting, in line with best market practice.</p>
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PART II: SUSTAINABILITY QUALITY OF THE ELIGIBILITY CRITERIA

A. CONTRIBUTION OF THE SUSTAINABLE FINANCE INSTRUMENTS TO THE U.N. SDGs¹⁰

Companies can contribute to the achievement of the SDGs by providing specific services/products that help address global sustainability challenges, and by being responsible corporate actors, working to minimize negative externalities in their operations along the entire value chain. This section assesses the SDG impact of the UoP categories financed by the Issuer in two different ways, depending on whether the proceeds are used to (re)finance:

- Specific products/services
- Improvements of operational performance

1. Products and services



The assessment of UoP categories for (re)financing products and services is based on a variety of internal and external sources, such as the ISS ESG SDG Solutions Assessment (SDGA), a proprietary methodology designed to assess the impact of an Issuer's products or services on the U.N. SDGs, as well as other ESG benchmarks (the EU Taxonomy Climate Delegated Acts, the Green/Social Bond Principles and other regional taxonomies, standards and sustainability criteria).

The assessment of UoP categories for (re)financing specific products and services is displayed on a three-point scale:



Each of the sustainable finance instrument's Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

GREEN CATEGORIES

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>Renewable Energy</p> <p><i>Projects related to the production, transmission and storage of energy from the following renewable sources:</i></p>	<p>Contribution</p>	 

¹⁰ The impact of the UoP categories on U.N. Sustainable Development Goals is assessed with proprietary methodology and may therefore differ from the Issuer's description in the Framework.

- Solar (PV and concentrated solar power)
- Wind energy
- Green hydrogen and green ammonia (from electrolysis powered by 100% renewable energy including wind and solar)

Energy Efficient and Renewable Energy Equipment

Energy Efficiency and Renewable Energy projects can include the financing of manufacturers and suppliers of equipment or products intended for EE and RE projects:

The EE equipment or products should be directly supplied to EE projects.

In the case of RE technology equipment, the eligible subproject should be directly manufacturing or supplying a component that is exclusively for the purpose of producing or supporting RE.

Equipment, appliances and lighting that show an energy efficiency assurance label, assuring at least 20% energy savings compared to the baseline are automatically accepted. Equipment, appliances or lighting with the following domestic EE labels can be accounted as eligible projects:

- Energy Star (IT equipment)
- White appliances listed in Energy Star's annual Most Efficient list

Contribution



Energy Efficient and Renewable Energy Equipment

Equipment, appliances and lighting that show an energy efficiency assurance label, assuring at least 20% energy savings compared to the baseline are automatically accepted. Equipment, appliances or lighting with the following domestic EE labels can be accounted as eligible projects:

- Bangladesh EE label with 4 or 5 stars

No Net Impact

- South African energy efficiency label A+++, A++, A+
- Vietstar 5 or 4 star (Vietnam)
- FIDE A or B (Mexico)
- Hong Kong Voluntary Energy Efficiency Labelling Scheme
- Argentinian Official EE label category A or B
- Brazilian Etiqueta Nacional de Conservação de Energia (ENCE)

Clean Transportation

Finance or refinance purchase, rental, leasing and operation of zero direct emission vehicles (EVs, electric scooters/mopeds and similar¹¹), as well as related infrastructure (e.g., electric charging points).¹² Hybrid vehicles are also included.

Contribution



Sustainable Water and Wastewater Management

Projects related to construction, upgrades, renovations or improvements and treatment of wastewater and projects that increase water-use efficiently including:

Sustainable water and wastewater management (including sustainable infrastructure for clean and/or drinking water, wastewater treatment and sustainable urban drainage systems)

Supply management and wastewater treatment that includes the following:

- Water monitoring: Smart networks, remote water quality/quality monitoring systems, including snowpack and remote sensing systems

Contribution



¹¹ The Issuer confirms that all EVs are eligible under this category, including industrial EVs (e.g., electric forklifts).

¹² Excluding vehicles that are used for the purpose of transportation of fossil fuels. Eligible infrastructure does not include parking facilities.

- *Water storage: Rainwater harvesting systems, storm water management systems, water distribution systems, etc. (excluding irrigation)*¹³
- *Water treatment: Drinking water treatment, water recycling systems, etc.*¹⁴
- *Water distribution: Rainwater harvesting systems, gravity-fed canal systems, pumped canal, or water distribution systems, etc.*¹⁵
- *Water-saving products*
- *Desalination plants running on reverse osmosis technology with an average carbon intensity of the electricity that is used for desalination at or below 100 gCO₂e/kWh.*¹⁶

Green Buildings

Eligible Green Building projects are for the financing of buildings that comply with standards on green buildings with the following certificates:

- *IFC's Excellence in Design for Greater Efficiencies (EDGE) certificate*
- *Environmental Assessment Method (BREEAM) certificate as defined by the Building Research Establishment*

Contribution



¹³ The client confirms to fulfill the requirements of the Mitigation, Adaptation & Resilience components mentioned in Sections 4.2 and 4.3 (Pages 17 and 19) of the [Water Infrastructure Criteria under the Climate Bonds Standard](#).

¹⁴ Ibid.

¹⁵ Ibid.

¹⁶ This threshold is to be met for every year of the bond lifetime. Emissions may be Scope 1 or Scope 2, depending on whether the facility sources its electricity from onsite or offsite generation. Offsite generation may factor into the calculation of emissions intensity in the following ways: (a) If entirely sourcing electricity from a wider electrical grid, the grid factor (or grid emissions intensity) is demonstrated to be at or below 100 gCO₂e/kWh. (b) Private purchase agreements that demonstrate the facility will source electricity from generation at or below 100 gCO₂e/kWh.

- *German Sustainable Building Council (DGNB) certificate*
- *Leadership in Energy and Environmental Design (LEED) certificate*

Environmentally Sustainable Management of Living Natural Resources and Land Use

Subprojects that are certified under the following agri-certification schemes are automatically eligible:

- *Aquaculture Stewardship Council Standards for Farmed Seafood*

Environmentally Sustainable Management of Living Natural Resources and Land Use

Subprojects that are certified under the following agri-certification schemes are automatically eligible:

- *Roundtable on Responsible Soy Association Standard*
- *Better Cotton Initiative*
- *Bonsucro Production Standard*
- *Rainforest Alliance 2020 Sustainable Agriculture Standard*

Subprojects under other agri-certification schemes may be eligible, but additional information on the certification will need to be provided to assess eligibility and determine what percentage of the subproject will be considered eligible.

- *Cotton made in Africa*
- *Global G.A.P. Integrated Farm Assurance Standard*

Integrated cropland-livestock forestry systems as well as the manufacture, purchase and distribution of inorganic or synthetic fertilizers, pesticides and herbicides as well as financing of industrial-

Contribution



Contribution



scale livestock farming, and techniques and/or technologies dedicated to industrial-scale livestock production units are excluded.

Environmentally Sustainable Management of Living Natural Resources and Land Use

Subprojects that are certified under the following agri-certification schemes are automatically eligible:

- *Roundtable on Sustainable Biomaterials Standard*
- *Fairtrade Standard for Small-Scale Producer Organizations*

Subprojects under other agri-certification schemes may be eligible, but additional information on the certification will need to be provided to assess eligibility and determine what percentage of the subproject will be considered eligible.

- *Fairtrade Standard for Hired Labour*
- *Friend of the Earth Standard for Sustainable Agriculture Products*

Integrated cropland-livestock forestry systems as well as the manufacture, purchase and distribution of inorganic or synthetic fertilizers, pesticides and herbicides as well as financing of industrial-scale livestock farming, and techniques and/or technologies dedicated to industrial-scale livestock production units are excluded.



**No
Net Impact**

SOCIAL CATEGORIES

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
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Socio-advancement and empowerment

Loans dedicated to financing of women-owned/led SMEs¹⁷ meeting at least one of the following criteria as follows:

- *Entrepreneurship: ≥ 51% owned by women*

Target Population: Women-owned/led SMEs

Contribution



Socio-advancement and empowerment

Loans dedicated to financing of women-owned/led SMEs¹⁸ meeting at least one of the following criteria as follows:

- *Leadership: ≥ 20% owned by women AND (a) has ≥ 1 woman as CEO/COO/president/vice president; AND (b) has ≥ 30% of the board of directors composed of women, where a board exists*
- *Employment: ≥30% of women in workforce*

Contribution



Loans dedicated to financing of youth-owned/led SMEs meeting at least one of the following criteria as follows:

- *Entrepreneurship: ≥ 51% youth ownership or 30% youth management, board or investment committee*
- *Employment: ≥ 20% of the workforce comprises young individuals aged 18 to 30*

Loans dedicated to financing financial/social inclusion, SMEs meeting at least one of the following criteria as follows:

- *Location (geographically underserved): Projects located in*

¹⁷ The Framework defines SMEs as small or medium enterprises that meet at least two of the following three criteria: (A) has annual sales of less than \$15,000,000 equivalent; (B) has total assets of less than \$15,000,000 equivalent; and (C) employs fewer than 300 employees per IFC's [definition](#).

¹⁸ Ibid.

rural areas, outside the governorates of Amman, Irbid and Zarqa

- Startup/newly established projects: Projects in operation for less than three years

Socio-advancement and empowerment

Loans dedicated to financing financial/social inclusion, SMEs meeting at least one of the following criteria as follows:

- Projects that provide access to economic resources and microfinance for vulnerable groups, such as the very poor, people with disabilities, the elderly, migrants and marginalized communities

Contribution



Affordable Housing

Projects/activities that provide affordable housing or first-time home access¹⁹

- Individuals for construction of social housing in accordance with accredited or registered definitions of social and affordable housing, as well as U.N. and international standards for social welfare eligibility

Contribution



Affordable Housing

Projects/activities that provide affordable housing or first-time home access²⁰

- Housing bodies, organizations and entities that enable the provision of affordable housing and provide greater access to social and affordable housing in accordance with accredited or registered social and affordable housing definitions, and/or contributes to enhanced access for low-income residents or marginalized communities.

Contribution



¹⁹ First homeowners and property as primary residence cannot use the property as an investment.

²⁰ Ibid.

Access to Essential Services

Loans to finance:

- *Projects that include the construction or expansion of public hospitals, clinics, health care centers to provide free or subsidized healthcare*
- *Government-owned public-private partnerships focused on healthcare equipment distribution and emergency medical response infrastructure and disease control service, such as ambulance and advanced medical transport and financing basic medical equipment and devices*

Contribution



Access to Essential Services

Loans to finance:

Government-owned public-private partnerships focused on healthcare equipment distribution and emergency medical response infrastructure and disease control service, such as temporary hospitals.

Target Population: Underserved people who live in rural areas and tend to not have access to health care and education.

Contribution



Access to Essential Services

Loans to finance:

- *Projects that include the construction of public schools, universities and university campuses*
- *Educational and vocational training for medical care, emergency care and public health professionals*
- *Education provision, such as third-level education facilities and*

Contribution



*vocational training²¹ centers for
children, youth and adults*

Access to Essential Services

Loans to finance:

- *Campuses in underdeveloped countries*
- *Education provision such as schools and universities*

Target population: Underserved people who live in rural areas and tend to not have access to health care and education; youth/underserved students

Contribution





²¹ The Issuer confirmed that the vocational training includes all forms of training that focus on skill enhancement.

2. Improvements of operational performance (processes)

The below assessment qualifies the direction of change (or “operational impact improvement”) resulting from the operational performance projects (re)financed by the UoP categories, as well as related U.N. SDGs impacted. The assessment displays how the UoP categories mitigate the exposure to the negative externalities relevant to the Issuer’s business model and sector.

Jordan Ahli Bank finances operations/processes in third-party sectors that are not listed in the Issuer’s Framework. As such, ISS ESG is not able to display the exposure to negative externalities linked to the sector of the operations/processes financed. Negative externalities, if present, could have an impact on the overall sustainability quality of the issuance.

The table below displays the direction of change resulting from the operational performance improvement projects. The outcome displayed does not correspond to an absolute or net assessment of the operational performance.

USE OF PROCEEDS (PROCESSES)	OPERATIONAL IMPACT IMPROVEMENT ²²	SUSTAINABLE DEVELOPMENT GOALS
<p>Energy Efficiency²³</p> <p><i>Projects related to the acquisition, replacement, redesign or refurbishment of equipment, systems and/or contracting services/products to decrease energy consumption for every unit of service output.</i></p> <p><i>This includes utilizing waste energy and any other measure to improve the efficiency of energy use (or reduce specific energy consumption) of the system directly affected by the subproject based on minimum requirements.</i></p> <p><i>Projects improving the energy efficiency of industrial production processes.</i></p> <p><i>Individual renovation measures, including installation, maintenance or repair of:</i></p> <ul style="list-style-type: none"> ▪ <i>Energy efficiency equipment (e.g., LED lighting)</i> ▪ <i>Home improvement equipment such as double glazing and roof/wall insulation</i> 		

²² Limited information is available on the scale of the improvement as no threshold is provided. Only the direction of change is displayed.

²³ In general, an EE project must reduce absolute energy consumption by at least 20%.

Energy Efficiency²⁴

Projects related to acquisition, replacement, redesign or refurbishment of equipment, systems and/or contracting services/products to decrease energy consumption for every unit of service output.

Projects improving the energy efficiency of industrial production processes.

Individual renovation measures, including installation, maintenance or repair of:

- *Instruments and devices for measuring, regulating and controlling energy performance of buildings (e.g., zoned thermostats, building automation and control systems, smart meters)²⁵*



Energy Efficient and Renewable Energy Equipment²⁶

Energy Efficiency and Renewable Energy projects can include the financing of manufacturers and suppliers of equipment or products intended for EE and RE projects.²⁷

The EE equipment or products should either be verified as energy-efficient based on a reasonable benchmark in the market of the technology or product being sold OR be directly supplied to EE projects.

- *This includes utilizing waste energy and any other measure to improve the efficiency of energy use (or reduce specific energy consumption) of the system directly affected by the subproject based on minimum requirements.*
- *Projects improving the energy efficiency of industrial production processes.*
- *Individual renovation measures, including installation, maintenance or repair of:*



²⁴ Ibid.

²⁵ The assessment is limited to the examples provided.

²⁶ In general, an EE project must reduce absolute energy consumption by at least 20%.

²⁷ In the case of EE equipment or products, the eligible subproject should be directly manufacturing or supplying the energy-efficient technology, equipment or appliance.

- *Energy efficiency equipment (e.g., LED lighting)²⁸*
- *Home improvement equipment such as double glazing and roof/wall insulation*

Energy Efficient and Renewable Energy Equipment²⁹

Energy Efficiency and Renewable Energy projects can include the financing of manufacturers and suppliers of equipment or products intended for EE and RE projects.³⁰

The EE equipment or products should be directly supplied to EE projects.

- *Instruments and devices for measuring, regulating and controlling energy performance of buildings (e.g., zoned thermostats, building automation and control systems, smart meters).*



Sustainable Water and Wastewater Management

Projects related to construction, upgrades, renovations or improvements and treatment of wastewater and projects that increase water-use efficiently, including:

Sustainable water and wastewater management (including sustainable infrastructure for clean and/or drinking water, wastewater treatment and sustainable urban drainage systems).

Supply management and wastewater treatment that includes the following:

- *Water monitoring: Smart networks, remote water quality/quality monitoring systems, including snowpack and remote sensing systems*



²⁸ The assessment is limited to the examples provided.

²⁹ In general, an EE project must reduce absolute energy consumption by at least 20%.

³⁰ In the case of EE equipment or products, the eligible subproject should be directly manufacturing or supplying the energy-efficient technology, equipment or appliance.

- *Water storage: Rainwater harvesting systems, storm water management systems, water distribution systems, etc. (excluding irrigation)*³¹
- *Water treatment: Drinking water treatment, water recycling systems, etc.*³²
- *Water distribution: Rainwater harvesting systems, gravity-fed canal systems, pumped canal, or water distribution systems, etc.*³³
- *Water saving products*
- *Desalination plants running on reverse osmosis technology with an average carbon intensity of the electricity that is used for desalination at or below 100 gCO₂e/kWh.*³⁴

Green Buildings

Eligible Green Building projects are for the financing of buildings that comply with standards on green buildings with the following certificates:

- *Leadership in Energy and Environmental Design (LEED) certificate*³⁵



³¹ The client confirms to fulfill the requirements of the Mitigation, Adaptation & Resilience components mentioned in Sections 4.2 and 4.3 (Pages 17 and 19) of the [Water Infrastructure Criteria under the Climate Bonds Standard](#).

³² Ibid.

³³ Ibid.

³⁴ This threshold is to be met for every year of the bond lifetime. Emissions may be Scope 1 or Scope 2, depending on whether the facility sources its electricity from onsite or offsite generation. Offsite generation may factor into the calculation of emissions intensity in the following ways: (a) If entirely sourcing electricity from a wider electrical grid, the grid factor (or grid emissions intensity) is demonstrated to be at or below 100 gCO₂e/kWh. (b) Private purchase agreements that demonstrate the facility will source electricity from generation at or below 100 gCO₂e/kWh.

³⁵ Issuer confirms that use of proceeds for LEED Gold/Platinum certified headquarter building of the Issuer as eligible criteria.

B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE FINANCIAL INSTITUTION AND THE SELECTION CRITERIA

The table below evaluates the selection criteria against issuance-specific KPIs. The entirety of the assets are and will be located in Jordan, Palestine and Cyprus.

ASSESSMENT AGAINST KPIs

ESG guidelines into financing process

Jordan Ahli Bank has set up an ESG due diligence process and an Environmental and Social Management System (ESMS). The credit application followed by the Bank under the International Finance Corporation (IFC) sustainability bond proceeds has the following steps:

- A screening against the excluded list
- Checking the client for social or environmental incidents
- A review of the categorization list and industry E&S risks
- The Bank follows the categorization list following the internal risk matrix for proper environmental and social due diligence
- Performs due diligence, covenants and action plan
- Business review and approval
- A full review of the credit proposal

The activities financed under the Sustainable Finance Framework are assessed following the ESMS, which is based on IFC performance standards. The Issuer confirms that all bonds currently financed are based on the IFC's sustainable bond agreement; however, in the future, the Issuer will finance other types of bonds using the same ESMS as for the IFC sustainable bonds. The Bank screens the E&S risks of the transactions and provides further due diligence when it is required. All loans will comply with the Bank's standard lending due diligence, and any project financed with a sustainable instrument will undergo additional screening from the ESG department for its alignment with the eligibility criteria set forth in the Sustainable Finance Framework. An internal ESG assessment of the products categorize them within three pillars based on the sector of the client and the activity. The risk levels (high, medium and low) are categorized internally by the Issuer in line with IFC risk categorization. For activities categorized as low risk, the Issuer will review the client's operations to confirm the purpose of it. For medium-risk activities, the environmental and social assessment includes an overview of the client's operations, which could require site visits, and checking that the client complies with regulations. For high-risk activities, the Issuer performs an in-depth assessment, including site visits and if needed, the help of a third-party expert to assess the risks.

The Bank deals with each risk category differently to mitigate the risks and impact of the activities. To further mitigate risk, the Bank provides awareness on the importance of ESG

practices and adds covenants on the clients to ensure their commitment to reduce their ESG impacts in addition to site visits and consulting E&S specialists for high-impact activities or when needed.

ESG Guidelines into financing process for most sensitive sectors³⁶ financed under the Framework

ESG Guidelines into financing process for Forestry, Agriculture and Aquaculture

The Bank confirms that it will deal with each category with different procedures to mitigate the risks and impacts of these activities. While the general ESG guidelines apply to the Forestry, Agriculture and Aquaculture activities, there is no tailored environmental and social risk assessment specifically for these sectors.

Labor, Health and Safety



The Bank has measures and policies in place ensuring labor, health and safety standards are respected. The Bank ensures the borrowers respect labor and human rights. The Bank confirms to follow IFC Performance Standards 2 and 4 and has a sexual harassment and non-discrimination policy, an occupational health and/or global health and safety policy, a child and/or forced labor policy, a human rights policy, and a policy ensuring freedom of association. The Environmental and Social Management System process includes a signed form from the borrowers covering those aspects. Site visits are part of the Bank's due diligence covering labor rights for activities considered to have medium and high risks.

Biodiversity



The Bank has measures and policies in place ensuring biodiversity protection. The Bank follows IFC Performance Standard 6 regarding biodiversity conservation and sustainable management of living natural resources. The Bank's ESMS guidelines include protecting and conserving biodiversity as an integral part of the planning process and avoiding or mitigating threats to biodiversity arising from its business activities.

Community dialogue



The Bank has measures and policies in place ensuring community dialogue is an integral part of the planning process. The Bank's ESMS states its commitment to IFC Performance Standards 4 (Community Health, Safety and Security), 5 (Land Acquisition and Involuntary Resettlement), 7 (Indigenous Peoples) and 8 (Cultural Heritage). All financing will be compliant with the ESMS. The Bank is

³⁶ The categorization of a sector as "most sensitive" follows an evaluation of the number of controversies prevalent in the context of the financing operations of a financial institution.

committed to creating an ESMS policy, performing transaction screening, risk categorization, environmental and social due diligence, correcting the action plan, applying environmental and social covenants, and monitoring the performance.

Inclusion



The Issuer confirms that access to essential services, public health care and education are offered to the entire population free of charge or with subsidized fees.³⁷



The Bank states in its sustainability and ESG policy that borrowers are not discriminated against based on race, religion, gender, age or language, and that its operations ensure dignity and equality.

Data protection and information security



The Issuer has a cyber and information security policy, including cyber security concerning information security and data privacy in compliance with ISO 27001. The policies are aligned with the regulatory requirements of the Central Bank of Jordan. Additionally, the Issuer has an outsourcing policy for Jordan Ahli Bank Group and due diligence ensuring third parties comply with information security and data protection, monitoring and reviewing it periodically.

Responsible treatment of customers with debt repayment problems



The Bank has measures and policies in place ensuring a responsible treatment of customers with debt repayment problems. The Issuer has implemented various measures to responsibly deal with clients having debt repayment problems based on its credit policy. For example, the Issuer offers preemptive actions including covenants limiting indebtedness, and if needed, the Banks would add measures regarding indebtedness and loan-to-value ratio coverage. It also offers debt counseling services to avoid future repayment problems and debt restructuring under non-detrimental conditions.

Sales practices



The Bank has reward and incentive programs, including sales incentives and commissions. The sales targets are decided considering a range and taking into account employees' and markets' circumstances when setting the targets. Employees involved in sales receive responsible marketing practices training, with guidelines about acceptable and unacceptable marketing behaviors. The

³⁷ Jordan Ahli Bank excludes the three main governorates — Amman, Irbid and Zarqa — from its financing due to the high concentration of economic and social activities in those cities in Jordan, as per the Central Bank of Jordan's [Green Finance Strategy](#).

Issuer gathers and analyzes customer feedback and performs regular performance reports detailing customer satisfaction scores.

Responsible marketing



The Issuer is committed to transparency in its marketing activities. It has a marketing policy in place to ensure clear and truthful communication, providing a fair representation of the products offered without misleading customers. The Bank avoids the use of small print in its contracts. Also, a transparency policy that requires correct pricing, with a breakdown of costs and avoiding hidden fees is in place. All marketing materials have disclosures about the risks associated, with the pricing and potential customers provided with risk assessments. If a customer's application is rejected, the Issuer explains the factors that led to the decision and steps the customer can take to improve its chances in the future.

Exclusion criteria

Jordan Ahli Bank's policies exclude companies and projects involved in: (a) involuntary resettlement, (b) risk of adverse impact on indigenous people, (c) significant environmental risks, or risks to community health and safety, biodiversity and cultural heritage, and (d) significant occupational health and safety risks. Additionally, the Bank includes in its Framework a list of excluded activities that will not be financed under the Framework: production or trade in any product or activity deemed illegal under national laws, regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals; pesticides/herbicides; ozone-depleting substances; PCBs; wildlife or products regulated under CITES; production or trade in weapons and munitions; production or trade in alcoholic beverages; production or trade in tobacco; gambling, casinos and equivalent enterprises; production or trade in radioactive materials (except for medical purposes); and production or trade in unbonded asbestos fibers. This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%, drift net fishing in the marine environment using nets in excess of 2.5 kilometers in length, production or activities involving harmful or exploitative forms of forced labor/harmful child labor, commercial logging operations for use in primary tropical moist forest, production or trade in wood or other forestry products other than from sustainably managed forests. The Issuer created an anti-fraud risk management department to deal with fraud risk issues, establish a fraud risk management policy and a code of conduct, and approve a whistleblowing policy.³⁸

³⁸ As outlined on Page 74 of the Issuer's 2023 [Annual Report](#).

PART III: CONSISTENCY OF SUSTAINABLE FINANCE INSTRUMENTS WITH JORDAN AHLI BANK'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the Issuer

TOPIC	ISSUER APPROACH
<p>Strategic ESG topics</p>	<p>The Issuer focuses on sustainability through the implementation of three pillars: environmental sustainability, social sustainability, and responsible governance. These sustainability pillars have been categorized through sub-pillars that focus on sustainable and responsible finance for projects with positive environmental and social impacts, sustainable company operations across supply chains, and environmental and social responsibility initiatives including eight focus areas: community empowerment, particularly women's empowerment, poverty and unemployment, health, environment and climate change, education and financial inclusion, art and culture, social innovation and creativity, and volunteering. These sustainability pillars have been defined through Global Reporting Initiative (GRI) standards.</p>
<p>ESG goals/targets</p>	<p>To achieve its strategic ESG topics, the Issuer has set targets to reduce GHG emissions by 20% in 2023 compared with 2022. The Issuer also has set long-term goals such as 50% GHG reduction and 90% renewable energy usage by 2027. For 2025, the Issuer targets complete digitalization with a 40% reduction in paper consumption. Under the green building category, the Issuer targets to obtain LEED Platinum certification upon completion of the construction phase. As a part of social responsibility the Issuer targets diversity and inclusion with an increase in the percentage of women in management by 2027 to 30% considering the baseline year of 2022. With the same agenda, the Issuer intends to increase 40%-50% of new female hires, and the percentage of women-based businesses and suppliers. The Bank also targets to increase the percentage of local suppliers to 91% with an increased number of people with disabilities in the workforce.</p>

	<p>The Bank commits to responsible governance by setting targets to increase board members' diversity and independence, stakeholder engagement, executive compensation, and incentives. The majority of the targets and goals are public. They are monitored annually and the progress is reported through the Issuer's sustainability report.</p>
<p>Action plan</p>	<p>The Issuer focuses on reducing energy consumption, Scope 1 and Scope 2 GHG emissions, and paper waste to achieve goals set with the environmental objectives. The Bank has undertaken initiatives to support sustainable lending and investing, such as financing green buildings and electric vehicles. The Bank implemented the My Green Property and My Green Project programs to support the real estate sector with tailored financing options for SMEs for the adoption of renewable energy, energy saving technologies, recycling solutions, tools for digital transformation and safety equipment. The Bank's Finance Your Green Needs program provides loans for eco-friendly operations across the supply chain and offers letters of credit and guarantees for green projects. To increase diversity and inclusion for women in the workforce and supply chain, the Issuer plans to provide tailored financing service to women-led SMES and startups, and intends to create awareness among company leaders, managers, employees and decision makers to integrate gender diversity. The Bank considers employment as a key pillar and has the Ahli 777 program, Ahli leaders and Ahli skills programs, and other specialized training programs for employee well-being and youth empowerment. The Bank intends to integrate ESG factors with transparency and accountability as a measure toward the governance-related targets. Furthermore, the Issuer has launched the Ambassadors of Environmental, Social, and Governance Sustainability program and formed a sustainability and ESG executive committee along with the sustainability and ESG department. The Bank plans to implement anti-money laundering and bribery/anti-corruption policies in adherence with the responsible governance practices.</p>

	<p>To achieve the set ESG targets, the Issuer has allocated JOD 1.53 million, which is divided into community support and empowerment, education and youth employment, internal social responsibility and business support. Additionally, the Issuer is in the process of issuing a sustainability bond of USD 50 million, for which 85% proceeds will be allocated to green projects and 15% will be allocated to social projects.</p>
<p>Climate Transition Strategy</p>	<p>The Bank has set both short- and long-term targets for reducing greenhouse gas emissions. By 2027 the Issuer aims to reduce GHG emissions by 50% from its own Scope 1 and 2 activities. To reach its ambitions, the Issuer targets to integrate 90% renewable energy usage by 2027 with installations of solar power plants and energy-saving initiatives. Apart from this, for the headquarters building, the Issuer targets to achieve LEED Platinum certification. As part of its Green Finance Strategy, the Issuer offers the Green Business Bundle Program, electric vehicle loan financing program, and EV charging infrastructure financing as an initiative to increase its engagement with sustainable finance. The Issuer also offers ESG training sessions covering topics such as circular economy practices, climate risks and transition risks, and climate change and mitigation strategies for their banking professionals. As part of the Green Building Council, the Issuer intends to adopt a circular economy to reduce waste, pollution and emissions while extending the lifecycle of products, resources and energy. In collaboration with the Arab Group for the Protection of Nature, the Issuer is involved in a tree planting program and aims to expand green cover, combat desertification, drought and support small-scale farmers. The Issuer has collaborated with Dar Abu Abdullah, Tkiyet Um Ali for a sustainable aquaculture project that also supports economically disadvantaged communities. To incorporate sustainable procurement practices, the Issuer has constructed a Supplier's Code of Conduct to ensure environmental aspects are considered across its supply chain.</p>

<p>Top three areas of breaches of international norms and ESG controversies in the industry³⁹</p>	<p>Failure to mitigate climate change impacts, layoffs and financial market irregularities.</p>
<p>Breaches of international norms and ESG controversies by the Issuer</p>	<p>At the date of publication and leveraging ISS ESG Research, no controversy in which the Issuer would be involved has been identified.</p>
<p>Sustainability Reporting</p>	<p>The Issuer reports on its ESG performance and initiatives annually. The report is prepared in line with the Global Reporting Initiatives (GRI) Standards and is available on the Issuer’s website. The Issuer confirms that the report also aligns with Amman Stock Exchange Guidance on Sustainability Reporting and the United Nations Sustainable Development Goals. The Issuer also confirms to follow International Financial Reporting Standards, the Sustainability Accounting Standards Board, the Central Bank of Jordan, the Jordan Securities Commission, and the Central Bank of Jordan’s Sustainability Guidelines, Group-Level Corporate Governance Manual and Appendices for its sustainability-related disclosures and reporting.</p>
<p>Industry associations, Collective commitments</p>	<p>The Issuer has memberships with the Jordan Green Building Council, INJAZ, the Jordan Sports Federation for Companies, the International Chamber of Commerce, the United Nations Women’s Empowerment Principles, the Equal Opportunities Committee’s Higher Council for the Rights of Persons with Disabilities, the Union of Arab Banks, the Jordan Exporters Association, the Association of Banks in Jordan, the Jordan Strategy Forum, the National Association for Investor Protection, the French Chamber of Commerce and Industry in Jordan, the Jordanian Museums Association, and the Financial Markets Association.</p>
<p>Previous sustainable/sustainability-linked issuances or transactions and publication of sustainable financing framework</p>	<p>–</p>

³⁹ Based on a review of controversies identified by ISS ESG over a two-year period, the top three issues that have been reported against companies within the commercial banks and capital markets industry are displayed above. Please note that this is not a company-specific assessment but rather areas that can be of particular relevance for companies within that industry

Rationale for issuance

Through the issuance of dedicated purpose financing Instruments, the Issuer aims to contribute to the realization of sustainable finance and a sustainable society and environment as a responsible issuer. The Issuer's Sustainable Financing Framework aims to help the Issuer promote its sustainability strategy and achieve goals such as greenhouse gas emission reduction by 2027 and 90% renewable energy use by 2027 with improved environmental performance, social responsibility and corporate governance practices.

The Issuer's sustainability objectives are themed using its key pillars: Environmental sustainability, focusing on environmental conservation and negative impact reduction; social sustainability, focusing on the upliftment of local communities, workforce and supply chain; and responsible governance, focusing on ESG issue management.

Opinion: *The key sustainability objectives and the rationale for issuing dedicated purpose financing instruments are clearly described by the Issuer. The majority of the project categories financed are in line with the Issuer's sustainability objectives.*

DISCLAIMER

1. Validity of the Second Party Opinion ("SPO"): Valid as long as the cited Framework remains unchanged.
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ANNEX 1: METHODOLOGY

The ISS-Corporate SPO provides an assessment of labeled transactions against international standards using ISS-Corporate's proprietary [methodology](#).

ANNEX 2: QUALITY MANAGEMENT PROCESSES

SCOPE

Jordan Ahli Bank commissioned ISS-Corporate to compile a sustainable finance instruments SPO. The second-party opinion process includes verifying whether the Sustainable Finance Framework aligns with the GBP, SBP, SBG, GLP and SLP and assessing the sustainability credentials of its sustainable finance instruments, as well as the Issuer's sustainability strategy.

CRITERIA

Relevant standards for this second-party opinion:

- ICMA's Green Bond Principles
- ICMA's Social Bond Principles
- ICMA's Sustainability Bond Guidelines
- The LMA's Green Loan Principles
- The LMA's Social Loan Principles

ISSUER'S RESPONSIBILITY

Jordan Ahli Bank's responsibility was to provide information and documentation on:

- Framework
- Selection criteria
- Documentation of ESG risk management at the Framework level

ISS-CORPORATE'S VERIFICATION PROCESS

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

This independent second-party opinion of the sustainable finance instruments to be issued by Jordan Ahli Bank has been conducted based on proprietary methodology and in line with the GBP, SBP, SBG, GLP and SLP.

The engagement with Jordan Ahli Bank took place in July and August 2024.

ISS-CORPORATE'S BUSINESS PRACTICES

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

About this SPO

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

ISS-Corporate assesses alignment with external principles (e.g., the Green/Social Bond Principles), analyzes the sustainability quality of the assets, and reviews the sustainability performance of the Issuer itself. Following these three steps, we draw up an independent SPO so that investors are as well-informed as possible about the quality of the bond/loan from a sustainability perspective.

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

For more information on SPO services, please contact: SPOsales@iss-corporate.com

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