



GREEN BOND FRAMEWORK

May 2021



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Purpose

The CIB Green Bond Framework sets the governing guidelines and principles for issuing green bonds at CIB. It reflects the Bank's strong commitment to advance sustainable finance agenda and establish itself as a leading example in the banking sector of Egypt.

The Framework is developed based on international standards and best practices, such as:

- ▶ The Green Bond Principles (GBP), 2018 edition¹ issued by the International Capital Market Association (ICMA).
- ▶ The Egyptian Financial Regulation Authority's policy guidelines² issued in July 2019.
- ▶ International Finance Corporation (IFC) climate definitions and metrics policy³ applied to climate investments.

CIB will use this framework as a reference for the issuance of green bonds, in line with its strategic priorities, future funding needs and the Bank's Environmental and Social Management System (ESMS) framework. The Framework will be subject to external review by a second opinion provider and periodical reviews and updates as deemed necessary by CIB. The Framework will be publicly available on CIB's website (www.cib.eg) on the day of the first green bond issuance.



1. <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

2. https://www.fra.gov.eg/content/efsa_ar/pool_extra_efsa/UG43029UG43030.pdf

3. <https://www.ifc.org/wps/wcm/connect/8ebdc507-a9f1-4b00-9468-7b4465806ecd/IFC+Climate+Definitions+v3.1+.pdf?MOD=AJPERES&CVID=IQuLLhw>

Synopsis

Launched in March 2016, Egypt Vision 2030 is a plan that builds a path towards economic and social justice, in line with the United Nations Sustainable Development Goals (SDGs). The strategy, which was developed through a collaborative effort amongst representatives of civil society, the private sector, ministries, and academics, aims to set objectives across economic, social, and environmental dimensions while safeguarding a focus on sustainable development, social justice, and creating balanced growth.

Renewable energy is Egypt's fastest-growing power segment, with capacity expected to expand by more than 20% within the next five to ten years as the costs of solar and wind energy equipment continues to decrease. The Egyptian government has officially announced that it aims to increase its share of electricity provided by renewables to 20% by 2022 and to 42% by 2035.

Egypt is a signatory of the Paris Agreement and one of the nations that will suffer most from the negative impact of climate change if drastic action is not taken to curb emissions and rebalance the energy mix with an increased reliance on renewable energy sources. At the same time, Egypt boasts a range of opportunities for renewable energy generation, including solar energy – being strategically located on the global sun-belt – and wind energy farms in the Red Sea area and the Western Desert. The country also needs to build climate resilience capacity to protect its infrastructure, manufacturing and agricultural activities, which have a crucial impact on the well-being of the Egyptian population.

The development of a green bond program will help support national efforts to increase the share of renewables in Egypt's energy mix, mainstream green buildings across the country and further develop resource efficiency best practices in the industrial sector, as the green bond proceeds will exclusively go towards projects and activities that are environmentally sound. CIB views green bonds as an innovative, efficient tool for sustainable finance in Egypt. The move to issue Egypt's first green bond also represents an essential milestone in the Bank's sustainability journey.

As the leading private sector bank in Egypt and in the context of its commitment to developing a green economy as part of sustainable finance, CIB is set to issue Egypt's first green bonds in the private sector after the issuance of the first sovereign green bond in Egypt in September 2020⁴. The Bank may also decide to continue issuing additional green bonds at suitable times depending on the market conditions and its funding needs.

4. <https://www.bloomberg.com/news/articles/2020-09-29/egypt-offers-the-middle-east-s-first-sovereign-green-bond>

CIB's green bonds' proceeds will be used in consistence with ICMA's Green Bond Principles and will align with several UN SDGs that are relevant to CIB's strategy, namely:



► **SDG 6:** Clean Water and Sanitation



► **SDG 7:** Affordable and Clean Energy



► **SDG 9:** Industry, Innovation, and Infrastructure



► **SDG 11:** Sustainable Cities and Communities



► **SDG 13:** Climate Action

This determination comes in line with the urgent, global need to address climate change, which is compelling financial institutions across the globe to seek innovative means of financing projects that can positively impact the environment and slow down or reverse the trajectory of our rapidly warming planet. The Paris Agreement adopted at the COP21 in 2015 urged financial institutions to broaden their funding mechanisms to address mitigation and adaption measures for tackling climate change and encouraging both governmental and the private sector to take the lead in catalyzing a global energy transition.

Green bonds constitute a financial tool for countering the impact of climate change by promoting renewable energy, energy efficiency, waste management and green buildings, among other environmentally friendly solutions.

CIB as a Green Bond Issuer

CIB is dedicated to creating shared value for all its stakeholders. Thanks to its extensive network of 207 branches across Egypt and a workforce comprising of 6,900 employees, the Bank provides high-end services to a broad spectrum of clients, including corporate, commercial, retail and small and medium-sized enterprises (SMEs) that are helping to drive the growth of the Egyptian economy. CIB also operates two representative offices in the UAE and Ethiopia with plans to further expand into Africa with the recent acquisition of a 51% stake in Mayfair Bank of Kenya.

Whether it's the introduction of new products and services, the push towards digitization, or the prioritization of sustainable practices and responsible finance, CIB has always been in a position of leadership in the Egyptian market. The journey of responsible banking at CIB was formalized in 2013, and since then, CIB has set the tone for responsible business models in the Egyptian banking sector. Early on, the Bank chose to prioritize environmental and social impact alongside profitability, cost savings, and operational efficiency.

CIB's sustainability efforts are held to the highest international standards, as evident in CIB's numerous accolades and international recognitions, such as being named African Bankers' 2020 Best Regional Bank in North Africa, winning Euromoney's Corporate Responsibility award in 2019, being one of the 30 founding banks of the UNEP FI Principles for Responsible Banking, and a constituent on the FTSE4Good Index for five consecutive years, the Egyptian Stock Exchange sustainability index for six consecutive years and Bloomberg Gender-Equality Index for two consecutive years.

As such, CIB has decided to issue Egypt's first corporate green bonds in cooperation with the IFC. The main objective of this first green bond issuance is to make funds available for projects that address key environmental issues, such as climate change, natural resources depletion, loss of biodiversity and air, water, or soil pollution. For the past two years, the IFC has been working with financial regulators in Egypt to prepare guidelines for this new and important market tool that will support the growth of Egypt's green economy. CIB will thus be able to assist private sector initiatives that seek financing for projects in renewable energy, agribusiness, green buildings, and resource efficiency projects.

1. Instilling a Sustainability Governance Structure

CIB Sustainability integration starts at the highest level with signoff from the Bank's Board of Directors, who are committed to advancing the Bank's governance structures to ensure the integration of Environmental, Social and Governance (ESG) best practices into the Bank's policies and culture. CIB has put in place a robust governance structure which includes a Sustainable Finance Steering Committee, a cross-functional committee delegated by the Board of Directors to oversee the Bank's activities, a Sustainable Finance Function and a Sustainability Strategic Network composed of focal points from all the Bank's functions.

CIB has focused on remaining at the forefront of the sustainability megatrend. In its efforts to establish Sustainability Systems, the Bank developed a well-structured Policy and Framework Architecture that includes major global, regional and local frameworks, including the Principles for Responsible Investment (PRI), the Principles for Responsible Banking (PRB), the Task Force on Climate-related Financial Disclosures (TCFD) and the UN Global Compact & Environmental Program.

This Sustainability Framework articulates our strategic commitment to sustainable finance and is an integral part of our approach to risk management. The Framework helps to operate the business sustainably, promotes sound environmental and social practices, encourages transparency and accountability, and contributes to positive developmental impacts.

2. Managing Environmental and Social Risks

At CIB, “financing as usual” is no longer sufficient to manage the environmental and social risks of our banking operations, as we believe that the Bank’s business model must be responsive to the changing market demands and concerns in terms of sustainability.

CIB put its Environmental and Social (E&S) Risk Management System in place in 2016, when the first E&S Policy Guide and Procedures Manual were adopted. The E&S Policy and Procedures documents comply with IFC’s Performance Standards, the European Bank for Reconstruction and Development’s (EBRD) E&S guidelines and national laws and regulations. They are also applied across all credit files, which are also screened against an exclusion list and categorization. The E&S Policy also mandates the provision of needed environmental documents, including, but not limited to, an Environmental Impact Assessment (EIA) report.

The Environmental and Social Risk Management Framework articulates the Bank’s strategic commitment to sustainable development and represents an integral part of its approach to risk management. It details the policy, procedures, management commitment, delimitation of roles and responsibilities, guidance and workflow that the Bank follows to review and manage E&S issues and risks associated with its investments.

The Bank’s policy guide describes how CIB ensures effective E&S management practices in all its activities, products and services with a particular focus on the following:

- ▶ Ensuring that all projects within the ESMS scope financed by the Bank comply with the applicable requirements.
- ▶ Financing projects only when they are expected to be designed, built, operated and maintained in a manner consistent with the applicable requirements.
- ▶ Making best efforts to ensure that all projects are operated in compliance with applicable requirements on an ongoing basis, always during the client company’s financing.
- ▶ Ensuring transparency in all activities.
- ▶ Ensuring that management and shareholders of the client companies understand the policy commitments made by CIB in this area.

CIB ensures due diligence in the identification and evaluation of environmental and social risks when extending finance to its commercial partners. This is done to avoid, mitigate or compensate any negative impact on the environment or the community that can become a risk to the financial institution.

3. Pioneering Green and Sustainable Finance

As part of its advocacy for sustainable finance, in 2019, CIB launched a green finance product, the CIB Green Credit Loan, to support corporate customers looking for economic growth through environmentally targeted projects and practices. The Green Credit Loan, which comes with a preferential interest rate, targets energy efficiency and renewable energy, as well as all projects that provide evidence of positive environmental

impact. In the retail segment, CIB also offers loans to finance the purchase and installation of solar panels, which come with a flexible repayment plan and technical assistance from highly reputable suppliers.

In line with efforts to drive sustainable finance, CIB also manages sustainable development funds and credit lines provided by governmental and international agencies to positively impact the community and the environment. By extending credit facilities to microfinance institutions, the Bank has indirectly financed hundreds of thousands of micro-entrepreneurs, more than half of which are female-owned.

CIB also recognizes the crucial role of small and medium enterprises in green transformation and acknowledges them as key drivers for Egypt's economic and sustainable growth. As an affirmation of the Bank's belief in the role of SMEs, CIB launched the Greening SMEs Program, which aims to assist SMEs in the adoption of sustainable practices and the pursuit of green business opportunities in line with Egypt Vision 2030 and the SDGs.

In 2019, CIB became one of the founding signatories of the UNEP FI Principles for Responsible Banking, joining a group of 130 banks worldwide that have committed to strategically align their business with the SDGs and the Paris Agreement. By signing these principles, CIB is committed to using its products, services, and relationships to support and accelerate the fundamental changes necessary to achieve shared prosperity for both current and future generations.

4. Reducing Operational Footprint

CIB has been working diligently to measure, reduce, and improve its environmental footprint. By regulating emissions, ensuring the safe removal and management of waste, and guaranteeing that buildings comply with the highest possible standards for safety and environmental impact, the Bank has demonstrated a robust commitment to mitigating negative effects, conserving the Bank's environment, and encouraging employees to do the same.

CIB uses the "4M Model" approach to improving its environmental footprint: measurement, monitoring, management and mitigation. The Bank reports annually on its greenhouse gas (GHG) emissions, where carbon footprint assessments are conducted for all branches nationwide. The Bank established seven carbon emission reduction targets for electricity, refrigerant leakage, water, paper usage, aerial transportation, ground transportation, and waste generation. CIB is committed to reducing 10% of its emissions by 2025 compared with baseline emissions in 2018⁵.

From adopting the most efficient lighting systems, optimizing HVAC systems, installing occupation sensors, and reducing the consumption of water to increasing awareness about climate change and carbon emissions, CIB has demonstrated that the Bank is committed to making a difference and setting an example as a leader in responsible banking. For the first time, the Bank also adopted an energy management system in accordance with ISO 50001 that aims to maximize savings already achieved with the Bank's innovative energy efficiency measures. CIB's energy efficiency project, which has realized an impressive 40% decrease in annual energy consumption, is a testament to the leading role that the Bank has played in supporting and contributing to Egypt's national energy efficiency strategy.

In July 2015, CIB was the first bank in Egypt to be awarded the Egyptian Green Pyramid Certificate Gold Rating for green buildings by the Ministry of Housing, Utilities and Urban Communities. CIB has also continued its efforts towards reducing plastic use by replacing conventional plastic bags with biodegradable material in collaboration with the EU-funded SwitchMed initiative, the UN Environment Programme (UNEP) office, and other local entities. Other important initiatives include e-waste management, paper reduction, and rooftop insulation measures.

5. <https://www.cibeg.com/English/CIBCommunity/Corporate%20Sustainability/PublishingImages/Pages/Environment-and-Climate-Change/CIB%20-%202018%20CFP.pdf>

The Scope and Finance Procedures of CIB's Green Bond Framework

CIB's Green Bond Framework has been developed in line with the four key pillars of the Green Bond Principles (GBP) as described hereafter:

- ▶ Definition: Use of Proceeds
- ▶ Selection: Process for Project Evaluation and Selection
- ▶ Traceability: Management of Proceeds
- ▶ Transparency: Reporting & Verification

1. Use of Proceeds

The use of proceeds forms the cornerstone in classifying a bond instrument as “green.” Proceeds of CIB's green bond will be allocated exclusively to finance or refinance (up to 50% of each issuance), in whole or in part, eligible green assets in the Green Bond Asset Portfolio. CIB green assets will only include loans or investments made by CIB to finance in whole or in part assets, projects and expenditures that support the transition to a low carbon economy and have a positive impact on the environment and climate and are in line with CIB's Green Bond Eligibility Criteria as defined below.

For projects to be eligible for the allocation of proceeds for the first issuance of the green bond program, they must be located in Egypt, and comply with applicable laws of Egypt, FRA's guidelines for green bond issuance, ICMA's GBPs and IFC's climate finance eligibility criteria.

Additional eligibility categories may be added for subsequent issuances; however, these will still need to comply with ICMA's GBPs and FRA's regulations. The table below provides a summary of the types of assets eligible for finance under CIB's green bond program.

It is expected that certified green buildings will be a large part of the projects to be financed, considering that CIB has partnered with IFC on the development of the first green building financing line in Egypt. Industrial energy efficiency, manufacturing of energy efficient equipment, water waste projects will also be the focus of CIB financing under the green bond.

Proceeds of CIB's green bonds can be used to finance new projects at origination or to refinance in full or in part of existing projects already in CIB's portfolio, with the condition that these refinanced projects are capped at USD 50 million, with a maximum look back-period of two years from the date of the green bond issuance. So far, up to USD 20 million of eligible projects in the pipeline have been included in the green bond asset pool. Total GHG savings for the initial USD 20 million of the green asset portfolio is estimated with IFC's CAFI® at 12,708 tons of CO₂eq per year.

	Sub-category	Type of Applicable Technologies	Minimum Requirements	Data Reporting
Energy Efficiency	Brownfield energy efficiency in industry	Industrial energy-efficiency improvements by installing more efficient equipment, changes in processes, reduction of heat losses and increased waste heat recovery.	Reduce absolute energy consumption by at least 15%.	
	Brownfield energy efficiency in commercial and residential sectors (buildings)	Energy-efficiency improvement in lighting, appliances and equipment, and the substitution of existing heating/cooling systems for buildings.		
	Vehicle energy efficiency fleet retrofit	Existing vehicles and rail fleet retrofit or replacement (electric only).		
	Manufacturers and suppliers of equipment or products intended for EE projects	Financing of manufacturers and suppliers of equipment or products intended for EE projects. The eligible sub-project should be directly manufacturing or supplying energy-efficient technology equipment or appliance.	The EE equipment or products should either (i) be verified as energy-efficient based on a reasonable benchmark in the market of the technology or product being sold, or (ii) be directly supplied to EE projects (per definition of eligible EE equipment above).	Information reported through CAFI*: Type of label of appliance.

	Sub-category	Type of Applicable Technologies	Minimum Requirements	Data Reporting
Renewable Energy	Electricity Generation	Wind power, solar power, sustainable biomass, reha-bilitation/construction of biomass units for heat and electricity generation.	Eligibility default	Technical data to be collected and reported through CAFI*.
	Heat Production or other renew-able energy application	Solar water heating and other thermal applications of solar power, heat recovery applications, wind-driven pumping systems, thermal appli-cations of sustainably produced bioenergy, fabrication/distribution of biofuels from sustainable biomass improved cook stoves for biofuels.	Note: The feedstock for biomass/ biofuels assets only includes rejected munic-ipal solid waste, sludge and agri-culture waste.	
	Manufacturers and suppliers of equipment or products intended for RE projects	Eligible sub-projects can also include the financing of manufacturers and suppliers of equipment or products intended for RE projects.	The eligible sub-project should be directly manu-facturing or supplying a component that is exclusively for the purpose of producing or supporting RE.	

	Sub-category	Type of Applicable Technologies	Minimum Requirements	Data Reporting
Sustainable Transport	Urban transport modal change	Non-motorized transport (bicycles and pedestrian mobility).		Information reported through CAFI®: Vehicle efficiency.
	Transport oriented urban development	Integration of transport and urban development planning (dense development, multiple land-use, walking communities, electric transit connectivity, etc.), leading to a reduction in the use of passenger cars.		
	Inter-urban transport	Transport demand management measures to reduce GHG emissions (e.g., speed limits, high-occupancy vehicle lanes, congestion charging/road pricing, parking management, restriction or auctioning of license plates, car-free city areas).		
Green Buildings	Greenfield energy efficiency in commercial and residential sectors (buildings)	Buildings that comply with green buildings standards as evidenced by IFC's Excellence in Design for Greater Efficiencies (EDGE) certificate, Local Green Buildings Certification System (if applicable), or Leadership in Energy and Environmental Design (LEED) certificate, or Building Research Establishment Environmental Assessment Method (BREEAM) Certificate.	EDGE or BREEAM (good or higher) or LEED certification (silver or higher)	Technical data to be collected and reported through CAFI®.

	Sub-category	Type of Applicable Technologies	Minimum Requirements	Data Reporting
Waste and Water Efficiency	Water use efficiency	Optimized irrigation techniques, installation of water reuse/recycling system, rehabilitation of water distribution networks to reduce water leakages, diversification of water provision resources and installation of water production installation ensuring efficient and sustainable use of water.	Decrease in water utilization from baseline by greater than or equal to 10%.	Information reported through CAFI®: <ul style="list-style-type: none"> • Annual water savings (cubic meter per year) from water efficiency sub-projects. • Water use per unit of output (water use per ton; water use per guest per night (in hotels); water use per square meter (commercial building or shopping mall); water use per “equivalent product” (pharmaceutical plant) etc. • Percentage of wastewater discharged. • Evidence of a Water Management Strategy that will result in 10% reductions in water use signed by the CEO of the organization.
	Wastewater	Treatment of wastewater if not a compliance requirement (e.g., performance standard or safeguard) as part of a larger project that reduces methane emissions (only if net emission reductions can be demonstrated).		
	Recycling or reuse	Waste-recycling projects that recover or reuse materials and waste as inputs into new products or as a resource (only if net emission reductions can be demonstrated).		
Energy Management Systems (EnMS)	Energy Management Systems	Compliance with ISO 50001 or an equivalent certification.	ISO 50001 certification.	Information reported through CAFI®: <ul style="list-style-type: none"> • Annual energy, water, and GHG reduction targets. • Evidence of EnMS certification.
Non-energy GHG Reductions Energy Management Systems (EnMS)	Air conditioning and refrigeration	Retrofit existing industrial, commercial and residential infrastructure to switch to a cooling agent (ammonia) with a lower potential impact on climate change.		Technical data to be collected and reported through CAFI®.

In addition to the eligibility list included in the table above, E&S policies apply, including the Exclusion List⁶ for the projects to be financed. The Exclusion List includes projects such as:

- ▶ Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone- depleting substances, PCB's, wildlife or products regulated under CITES.
- ▶ Production or trade in weapons and munitions.
- ▶ Production or trade in alcoholic beverages (excluding beer and wine).
- ▶ Production or trade in tobacco.
- ▶ Gambling, casinos and equivalent enterprises.
- ▶ Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and or any equipment where IFC considers the radioactive source to be trivial and/or adequately shielded.
- ▶ 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 more than 2.5 km. in length.
- ▶ Production or activities involving harmful or exploitative forms of forced labor/harmful child labor⁷.
- ▶ Commercial logging operations for use in primary tropical moist forests.
- ▶ Production or trade in wood or other forestry products other than from sustainably managed forests.
- ▶ Coal, oil and gas energy generation.
- ▶ Industrial processes related to fossil fuels (e.g., coal, /oil and /gas, mining and /extraction, coal washing and& processing, oil refinery, associated supply chain infrastructure).
- ▶ Oil recovery.
- ▶ Landfills.

6. Available at: <http://www.ifc.org/exclusionlist>

7. Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty. Harmful child labor means the employment of children that is economically exploitive, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral, or social development.



2. Project Evaluation and Selection Process

CIB will maintain a pool for eligible green assets in a “Green Bond Asset Portfolio.”

CIB eligible green assets selection process considers the following objectives, features and benefits:

- ▶ Each eligible green asset included meets CIB Green Bond Eligibility Criteria for inclusion in the Green Bond Asset Portfolio.
- ▶ Each eligible green asset included is also reviewed to ensure compliance with CIB’s Environmental and Social Risk Management Policy, including the Exclusion List.

CIB will follow use the following steps to ensure compliance:

Step 1: Green Asset Prospection and Initiation

Individual business units at CIB will initially work on project origination, and will identify eligible items in their pipeline, or existing portfolio (if items have already been financed). The selection criteria are in accordance with the conditions outlined in the Use of Proceeds sections.

Step 2: Internal Sscreening Pprocess

Assets that are pre-selected through the respective originating business areas subsequently need to be validated by CIB’s specialist from the Sustainable Finance Division. Following prospection and initiation of a project, the process of reviewing, analyzing and financing a green project is similar to any other loan at the Bank, including E&S considerations and exclusion list, with the additional step of the review from the Sustainable Finance team of technical information, which will be used to assess project eligibility and greenhouse gas emission savings with the use of IFC’s Climate Assessment for Financial Institutions⁸ (CAFI®) tool, a digital, web-based platform that helps banks and other financial institutions to assess the climate eligibility and measure the GHG impact of the projects they finance.

Step 3: Individual Project Approval

Once screened, eligible green assets will be presented to the Green Bond Task Force (“GBTF”). The GBTF acts to ensures compliance of pre-selected assets with the Framework and has full discretion to object to the inclusion of any asset, ultimately blocking them from being included in the Green Asset Portfolio in case of relevant concerns. The Green Bond Asset Task Force “GBTF” will be chaired by CIB’s Head of Sustainable Finance and include representatives from CIB Treasury, the business lines and FI.

8. https://www.ifc.org/wps/wcm/connect/Industry_EXT_Content/IFC_External_Corporate_Site/Financial+Institutions/Priorities/Climate_Finance_SA/CAFI_SA/

Overall Internal Policies

- ▶ International and national recognized standards.
- ▶ Internal sector policies and guidelines.

Green Bond Framework

- ▶ The Green Bond Framework further defines eligible criteria.
- ▶ More narrow criteria leaves less room for subjective selection.

Identification of Potential Eligible Projects

- ▶ Business lines will provide project summaries to the Sustainable Finance Department, who will review and clear projects adhering to the set Eligibility Criteria.

Approval of Eligible Projects

- ▶ Once the Sustainable Finance team clears the project, approval for the investment in loans, bonds or equity, participations will be approved following the internal credit approval process. In parallel will be presented to the GBTF for approval to include in the Green Bond Asset Portfolio.

Figure 1: Allocation of Proceeds Tracking

3. Management of Proceeds

The green bond proceeds will be held by CIB under a ledger sub-account named “Green Bond Asset Account”, which is tagged within CIB’s accounting and credit management system for efficient monitoring. The CIB Green Bond Asset Portfolio is dynamic with assets maturing and new eligible assets being added. The GCBTF is responsible for supervising the Green Bond Asset Portfolio and the total aggregate amount issued in CIB Green Bonds. The GBTF meets quarterly in order to ensure that the aggregate amount in the Green Bond Asset Portfolio is equal to or greater than the aggregate amount raised by CIB Green Bonds. For this purpose, the aggregate size and maturity of the Green Bond Asset Portfolio is monitored quarterly. The GBTF will also manage future updates to this Framework and possible future expansion of the Eligibility Criteria.

CIB is committed to allocating 100% of the bond’s amount to eligible green assets by the end of the third year of issuance. Accordingly, after the three-year ramp-up period, the Green Bond Asset Portfolio must remain greater than or at least equal to the green bond outstanding amount.

Process for the temporary allocation of the proceeds of the green bond: CIB has a process for the temporary allocation of the proceeds of the bonds until full allocation to eligible green sub-projects during the first three-year ramp-up period. Temporary placement of funds can be made in the form of sub-loans to SMEs or placed in interbank placements, with no investment in government-related securities.

4. Reporting and verification

As per the requirements of FRA’s framework for green bond issuance in Egypt and ICMA’s Green Bond Principles, CIB will report annually on the Use of Proceeds and Impact Components of the Eligible Assets. The report will cover (i) allocated funds to categories of green eligible sub-projects, (ii) unallocated funds and means of temporary allocation, and (iii) actual share of refinancing of each issuance, in addition to:

- ▶ The annual report will be certified by the Bank’s CFO.;
- ▶ CIB external auditors will verify the total outstanding amount reported in the annual report is correct and allocated to the stated (eligible) projects.;
- ▶ The end-of-year report will be certified by an independent adviser that is accepted by the FRA..

Second Party Opinion Provider for the compliance of the Green Bond Framework with ICMA’s GBPs:

A Second Party Opinion (“SPO”) will be obtained prior to the issuance of the green bond from an SPO provider already included in the list of eligible SPO provider issued by the FRA. The SPO provider will issue, prior to the first issuance, an assessment of the compliance of CIB’s Green Bond Framework with both FRA guidelines for green bond issuance and ICMA’s Green Bond Principles. This assessment will also include the eligibility as green projects of existing green projects in the CIB portfolio (refinanced projects) as well as any projects in the pipeline for which such information is already available. The SPO will be made public on CIB’s official website. For the annual verification during the issuance tenor, an external reviewer would be appointed, this reviewer who must also be accepted and approved by the FRA.

In case of temporary non-allocation of the funds to green projects, CIB will also inform investors of the utilization of the unallocated proceeds.

Impact components of the Eligible Assets: In addition to its allocation reporting, CIB commits to publishing on its website annual updates on the environmental impacts of the projects funded with green bond proceeds. The report will include both allocation and impact reporting obtained through the use of IFC’s CAFI® tool.

Allocation:

- ▶ The total amount of proceeds allocated to eligible loans/assets.
- ▶ The number of eligible loans/assets.
- ▶ The balance of unallocated proceeds.

Impact

As a reporting indicator, CIB will track the greenhouse-gas GHG emission reduction per year using IFC's CAFI® tool. For some projects, it might not be feasible to measure GHG emission reduction due to the complexity of methodologies. For example, projects in RE or EE supply chains, or mass transit projects. In this case, the impact report will include qualitative information and other proxy quantitative data on a case-by-case basis, taking into consideration reporting on the following:

- ▶ **EE projects:** Energy and GHG emission saved,;
- ▶ **RE projects:** Energy produced and GHG saved and Installed Capacity (MW),;
- ▶ **Green buildings:** Certification type, GHG reduced,;
- ▶ **Sustainable transportation:** Number of vehicles financed, length of railways built,;
- ▶ **Water and waste water:** Annual absolute (gross) water use before and after the project in m3 per year, reduction in water use (in percentages), annual absolute (gross) amount of wastewater treated, reused or avoided before and after the project in m3 per year or as percentages,;
- ▶ **Waste projects:** Waste that is recycled before and after the project in % of total waste and/ or in the absolute amount in tons per year..

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Any decision to purchase any CIB Green Bonds should be made solely on the basis of the information to be contained in any offering document or prospectus produced in

connection with the offering of such bonds. Prospective investors are required to make their own independent investment decisions and seek their own professional advice.

No representation is made as to the suitability of any CIB Green Bonds to fulfil environmental and sustainability criteria required by prospective investors. Each potential

purchaser of CIB Green Bonds should determine for itself the relevance of the information contained or referred to in this Framework or the relevant bond documentation for

such CIB Green Bonds regarding the use of proceeds and its purchase of CIB Green Bonds should be based upon such investigation as it deems necessary.

In addition, it should be noted that all of the expected benefits of the projects as described in this Framework may not be achieved. Factors including (but not limited to) market, political and economic conditions, changes in government policy, changes in laws, rules or regulations, the lack of available suitable projects being initiated, failure to complete or implement projects and other challenges, could limit the ability to achieve some or all of the anticipated benefits of these initiatives, including the funding and completion of eligible green projects. In addition, each environmentally focused potential purchaser of CIB Green Bonds should be aware that eligible green projects may not deliver the environmental or sustainability benefits anticipated, and may result in adverse impacts. On this basis, all and any liability, whether arising in tort, contract or otherwise which any purchaser of CIB Green Bonds or any other person might otherwise have in respect of this Framework or any CIB Green Bonds as a result of any failure to adhere to or comply with this Framework is hereby disclaimed to the fullest extent permitted by law.