



GREEN BOND FRAMEWORK

Updated version 2024





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Purpose

Purpose

▪ Synopsis

▪ CIB as a Green Bond Issuer

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

▪ Disclaimer

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 advancing the sustainable finance agenda and establishing 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 edition) issued by the International Capital Market Association (ICMA)
- The Egyptian Financial Regulation Authority's policy guidelines issued in July 2019
- IFC climate definitions and metrics policy applied to climate investments

This framework will be CIB's reference for the issuance of green bonds, in line with its strategic priorities, with its future funding needs and the Bank's Environmental and Social Management System framework. It will be subject to external review by a second opinion provider and periodical reviews and updates as deemed needed by CIB. This will be the bank's second publicly available "Green Bond Framework" replacing the first published framework on CIB's official website (<https://www.cibeg.com/>).



Synopsis

Launched in March 2016, Egypt Vision 2030 is a plan that sets a path towards economic and social justice, in line with the UN Sustainable Development Goals. 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 continue 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 42% by 2035.

Egypt is a signatory of the Paris Agreement and one of the nations that will suffer most from climate change's negative impact 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 sunbelt - 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 scale up and increase the share of renewables in Egypt's energy mix, to mainstream green buildings in 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 the green bond as an innovative, efficient tool for sustainable finance in Egypt. Given the bank's longstanding commitment to sustainable finance and activating the crucial role of the financial sector must play seeking sustainable and comprehensive solutions to mitigate climate change, CIB was the first bank in Egypt to issue the first corporate Green Bond at a value of USD 100 million aiming to promote green projects which represents an essential milestone in the bank's sustainability efforts and strides.

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 has issued Egypt's first green bonds in the private sector, after the issuance of the first sovereign green bond in Egypt in September 2020. The Bank may also decide to continue issuing other green bonds at suitable times depending on the market conditions and its funding needs.

CIB's Green Bonds' proceeds will be used in consistency with ICMA's Green Bond Principles and align with several UN Sustainable Development Goals (SDGs) that are relevant to CIB's strategy, namely:

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>

- 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. Global warming is compelling financial institutions across the globe to seek innovative means of financing projects that can have a positive impact on the environment and thus slow down or reverse the trajectory of a rapidly warming planet. The Paris Agreement adopted at the COP21 in 2015 urged financial institutions to broaden their funding mechanisms to address mitigation and adaptation measures for tackling climate change and encouraging both the governmental and the private sectors 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.

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



CIB as a Green Bond Issuer

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CIB is dedicated to creating shared value for all its stakeholders. The bank, thanks to its extensive network of 210 branches across Egypt and a workforce comprising 7,689 employees, provides high-end services to a broad spectrum of clients including corporate, commercial, retail, wealth, 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 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 that time 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:

- EMEA Finance Best Green Bond in Africa
- MENA Sustainable Bank of the Year
- Euromoney Best Bank in Egypt

The bank's continued efforts and commitment to sustainability are also reflected in CIB's inclusion in the most reputable national and international indices, including the (Egyptian Stock Exchange Sustainability Index, FTSE4Good Index, Bloomberg Gender Equality Index, and Carbon Disclosure Project - CDP)

As such CIB has decided to issue Egypt's first corporate green bond 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. Therefore, the bank has put in place a strong governance structure through a Sustainable Finance Steering Committee, a cross-functional committee delegated by the Board of Directors to ensure that the Bank's activities, a Sustainable Finance Function and a sustainability Strategic Network composed of focal points from all bank's functions.

CIB has been focused on duly staying at the forefront of the sustainability megatrend. In its efforts to establish sustainability systems, the bank has developed a well-structured policy & Framework architecture that includes major global, regional, and local frameworks such as 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. Our Sustainability Framework helps to operate the business in a sustainable way, 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 in order to manage the environmental and social risks of our banking operation, as we believe that the bank’s business model needs to 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 was 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 of course also 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 special 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 and/or the community that can become a risk to the financial institution.

3. Pioneering Green and Sustainable Finance

CIB climate strategic approach includes sustainable finance instruments to help corporate and SME clients secure capital expenditure medium-term loans for launching or expanding their environmentally friendly operations.

The bank understands the crucial role of the financial sector that plays in addressing climate change by providing the capital needed to expedite the transition to a low carbon and green economy. CIB is ready to support the radical changes required to the business practices with regard to the industrial processes, land-use, buildings, transport and other infrastructure to align with and achieve the goals of the Paris Agreement. To that end, the bank developed its “Sustainable Finance Product Governance Framework” to provide the guidelines for integrating ESG criteria into its financing and lending activities. The framework sets out our methodology for:

- Developing a portfolio of innovative sustainable finance instruments & products in order to meet stakeholders' requirements and align with CIB's environmental and social system.
- Identifying eligibility criteria for Sustainable Finance Products.
- Tracking and disclosing our performance against the environmental, social and climate change targets.



Figure 4: CIB Sustainable Finance Offering

CIB's Sustainable Finance offering includes the following:

- Energy Efficiency
- Renewable Energy
- Sustainable Transportation
- Sustainable Agriculture
- Energy Management System
- Green Building and Green Cities
- Sustainable Water and Waste Use
- Pollution Prevention and Control
- Circular Economy
- Non-Energy GHG Reduction
- Green Retrofit
- Water Desalination

Sustainable Tourism. In 2022, CIB was nominated as “The Best Bank in the Middle East for SMEs and in “Egypt for SME Banking” by (Euromoney). The bank 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 initiative, 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 sustainable development goals.

In 2019, CIB became one of the founding signatories of the UNEP-FI Initiative Principles for Responsible Banking, joining a group of 130 banks worldwide that have committed to strategically align their business with the sustainable development goals and the Paris Agreement on climate change. By signing up for these principles, CIB has 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

Since 2018, CIB has been conducting Carbon Footprint reports being the first Egyptian bank to quantify and publish its GHG emissions back in 2017/2018. The bank has been also disclosing its emissions on CDP since 2018 and in 2022 the bank upgraded in rating by scoring (B- Management), which indicates the evidence of managing our environmental impact.

In 2021, CIB issued the first Ecological Footprint Report in Egypt and Africa. This groundbreaking milestone is important to the bank on its journey. The report is proof of CIB’s intention to go beyond standard carbon footprint reporting and transition to integrated environmental reporting. It serves as a broad and dynamic framework for different types of impact categories, with focus on land footprint (total land use to provide resources); carbon footprint (total GHGs); and water footprint (total amounts of directly and indirectly consumed water, including water pollution impact).

The bank reduced its carbon footprint by 22% since baseline year (2018), which reflects emissions reduction from 55,906 mtCO₂e to 43,461 mtCO₂e (of scope 1,2 and 3 bank's internal operations) via optimizing resource consumption, encouraging sustainable habits and introducing innovative environmental technologies.

Over the past years, CIB successfully acquired the Green Pyramid Rating System (GPRS) Gold Rating certificate for three CIB branches, making it the first bank in Egypt to be awarded this certificate. The certificate is awarded by the Egyptian Green Building Council and recognizes the facilities' progress in four main categories: lighting, domestic water, air conditioning and indoor air quality. Also, CIB has attained the ISO 9001:2015, Quality Management certification. This certification is the international standard for Quality Management System (QMS). The ISO is designed to achieve higher operational efficiencies, improve performance and increase productivity. CIB is the first organization in Egypt and the first bank in the Middle East to receive this ISO certificate, covering all CIB's premises and business operations.



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

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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 is 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 and/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, the projects should 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 be in compliance 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, and 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 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 pipelines 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 through the use of IFC's CAFI® tool 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 through the installation of more efficient equipment, changes in processes, reduction of heat losses and/or increased waste heat recovery.	Reduce absolute energy consumption by at least 20%;	Technical data to be collected and reported through the CAFI® Tool. <ul style="list-style-type: none"> - Energy consumption reduction - GHG emission saved
	Brownfield energy efficiency in commercial and residential sectors (buildings)	Energy-efficiency improvement in lighting, appliances and equipment, substitution of existing heating/cooling systems for buildings.		
	Vehicle energy efficiency fleet retrofit	Existing vehicles and rail fleet retrofit or replacement (only electric)		
	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®: <ul style="list-style-type: none"> ● Type of label of appliance.
	Energy Management Systems	Compliance with ISO 50001 or equivalent certification, the finance or refinance of activities including working capital or assets for specific facilities (client sites) certified under ISO 50001"	ISO 50001 certification.	Information reported through CAFI®: <ul style="list-style-type: none"> ● Annual energy, water, and GHG reduction targets. Evidence of EnMS certification.
	Air conditioning and refrigeration	Retrofit of existing industrial, commercial and residential infrastructure to switch to cooling agent (ammonia) with lower global warming potential.		Technical data to be collected and reported through the CAFI® Tool.
Renewable Energy	Electricity Generation	Wind power, solar power, sustainable biomass, rehabilitation/ construction of biomass units for heat and/or electricity generation.	Eligibility default	Technical data to be collected and reported through CAFI® Tool. Energy produced GHG emission saved Installed capacity (MW)
	Heat Production or other renewable energy application	Solar water heating and other thermal applications of solar power, heat recovery applications, wind-driven pumping systems, thermal applications 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 municipal solid waste, sludge and agriculture 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 manufacturing or supplying a component that is exclusively for the purpose of producing or supporting RE.	

Clean transportation	Urban transport modal change	Non-motorized transport (bicycles and pedestrian mobility).		Information reported through CAFI®: <ul style="list-style-type: none"> ● 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).		
	Electrical vehicles manufacturing	Eligible sub-projects include the financing of manufacturers	The eligible sub-project should be directly manufacturing and producing the EV and supporting products (motors, batteries etc)	<ul style="list-style-type: none"> ● Number of vehicles financed
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 the CAFI® Tool. <ul style="list-style-type: none"> ● Certification type ● GHG emission reduction
Sustainable water and wastewater management	Water use efficiency	Optimized irrigation techniques, installation of water re-use/ recycling system, rehabilitation of water distribution networks to reduce water leakages, diversification of water provision resources and installation of water production installation ensuring an efficient and sustainable use of water.	Decrease in water utilization from baseline by greater than or equal to 20%	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 night (in hotel); water use per square meter (commercial building or shopping mall); water use per "equivalent product" (pharmaceutical plant)... etc. ● Percentage of wastewater discharged. ● Water reduction consumption % ● Volume of treated water ● Reused or avoided wastewater m3 or % ● Evidence of a Water Management Strategy that will result in 20% 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).		
	Water Treatment	Desalination plants (adaptation)	The energy used for the desalination must fall within one of the following categories: <ul style="list-style-type: none"> · renewable energy · other forms of energy (such as grid electricity, fossil fuels),with the following conditions : <ol style="list-style-type: none"> 1-Energy demand per unit of fresh water generated must not exceed 5 kWh/m3 2-CO2 intensity per unit of fresh water generated must not exceed 1.9 kg CO2/m3 	

Climate Change Adaptation	Efficient Irrigation	Systems. While it's not cutting edge technology, farmers in affected regions will be quick to embrace irrigation systems that are much more efficient than they currently use. Packaging a product attractive to this segment could be popular.		Technical data to be collected and reported through the CAFI® Tool <ul style="list-style-type: none"> ● Annual water Savings ● Water reduction % ● Gross volume of recycled / reused water
	Water Recycling. Beyond desalination	Using gray water and harvesting rainwater, for crops and everyday human uses. The key to this type of technology is that it has to be inexpensive		
Circular economy adapted products, production technologies and processes	Circular Design and Production Projects	Design, development, sustainable production and/or use of materials (including bio-based materials), components and products that are reusable, recyclable or certified compostable Design and production of components, products and assets that support the circular economy through increasing the functionality, durability, modularity and ease of repair	Internationally recognized benchmark standards, including current EU standards for the quality of materials/products as well as use of chemical substances (e.g. REACH), Cradle to Cradle Product Institute's C2C Guideline, the ISCC Certification System, or APR Postconsumer Resin (PCR) Certification Program	Technical data to be collected and reported through the CAFI® Tool Amount of recycled materials <ul style="list-style-type: none"> - Number of recycled materials - recycled materials per unit product - Reduction in materials (%) - GHG emission reduction (%)
	Eco-efficient products	The increase in number of products and/or the share of production awarded an internationally recognized eco-label, or energy, eco-efficiency or other relevant environmental certification	Relevant environmental certification, such as the Nordic eco-label, EU eco-label, FSC PEFC, Cradle to Cradle Blue Angel and ISO 14021, that serves to recognize products that have a smaller environmental footprint over their lifecycle than other products serving the same use.	
Pollution Prevention and control	Greenfield Material recovery from solid waste projects	Construction or operation of new material recovery facilities applying mainly mechanical processes (such as dismantling, separation, sorting, crushing, shredding, and cutting) to process waste into secondary materials in preparation for recycling (only if net emission reductions can be demonstrated).	The activity shall be principally aimed at recovering secondary materials from waste in preparation for reuse or recycling. Recovered materials shall be suitable for reuse or recycling including but not limited to materials recovered through this activity include metals, glass, plastics, paper and cardboard, wood, textiles and textile fibres, bricks and other inert construction materials	Technical data to be collected and reported through the CAFI® Tool <ul style="list-style-type: none"> - Amount of goods produced with recovery, recycling or waste-to energy generation processes - Main usage of recovered materials - Amount of treated solid waste - Reduction in resource consumption (%)
	Brownfield Material recovery from solid waste projects	Modification, replacement or upgrading of existing facilities that enable higher rates of material recovery or improved output quality, such as through the installation of equipment for optical, ballistic, or magnetic separation. (only if net emission reductions can be demonstrated).		
	Waste to Energy projects	Projects include incineration, pyrolysis, gasification, anaerobic digestion, and landfilling with gas recovery in order to achieve waste-to-energy		

In addition to the eligibility list included in the table above, E&S policies apply, including the Exclusion List for the projects to be financed. The Exclusion List include 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 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 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 km 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.
- Coal, oil, and gas energy generation.

⁵ Available at: <http://www.ifc.org/exclusionlist>

- Industrial processes related to fossil fuels (e.g. coal/oil/gas mining/extraction, coal washing & processing, oil refinery, associated supply chain infrastructure)
- Oil recovery
- Landfills

2. Project Evaluation and Selection Process

CIB will maintain a pool for eligible green asset 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 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 (in case these have already been financed). The selection criteria are in accordance with the conditions outlined in the use of proceeds sections.

⁶ 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

Step 2: Internal screening process

Assets that are preselected through the respective originating business areas subsequently need to be validated by CIB specialists 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 Institutions (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

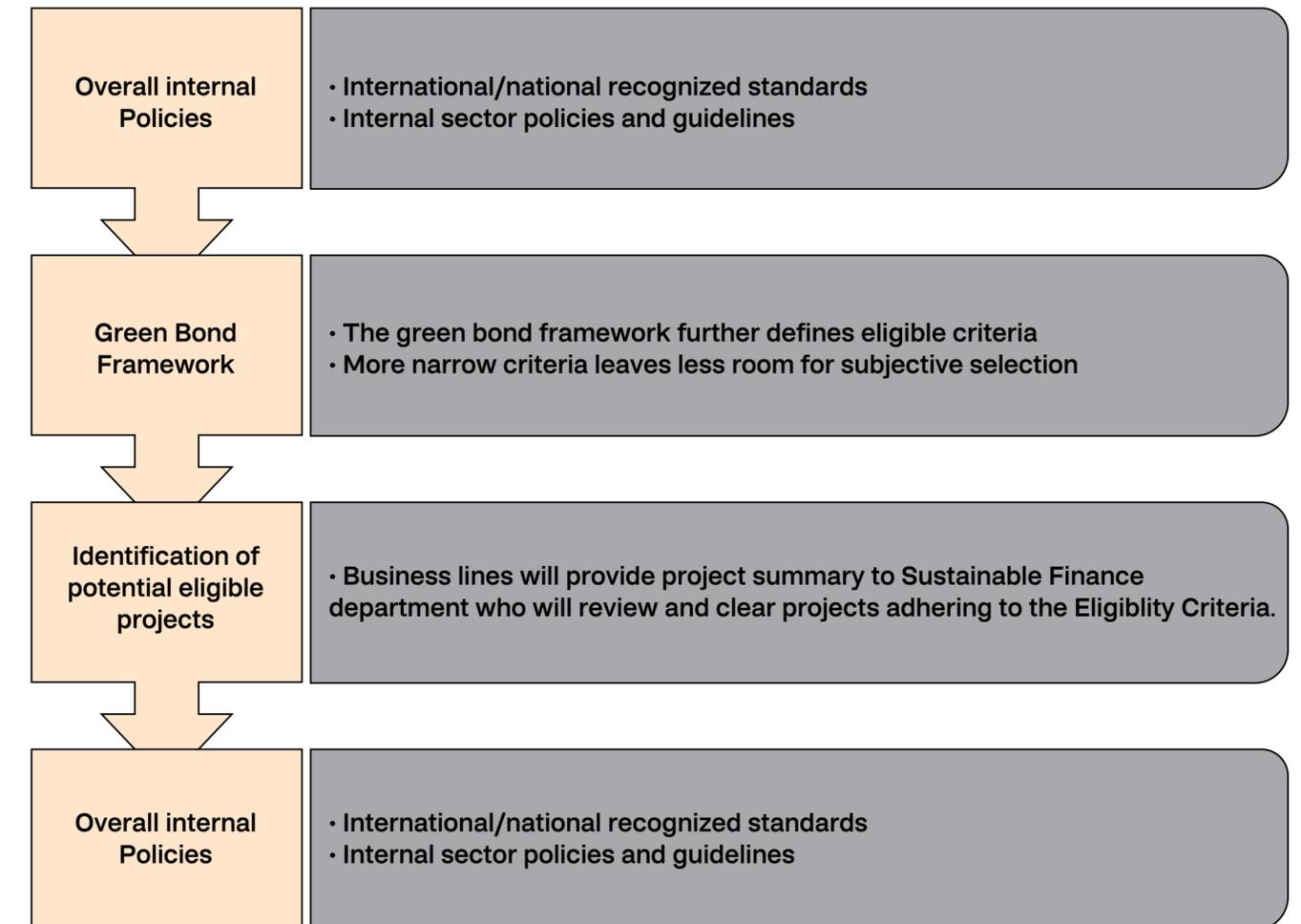
Once screened, eligible green assets will be presented to the Green Bond Task Force (GBTF). The GBTF acts to ensure compliance of pre-selected assets with the Framework and has full discretion to object to the inclusion of any asset, ultimately blocking them from being included in the Green Asset Portfolio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

⁷ https://www.ifc.org/wps/wcm/connect/Industry_EXT_Content/IFC_External_Corporate_Site/Financial+Institutions/Priorities/Climate_Finance_SA/CAFI_SA/

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 CBTF is responsible for supervising the Green Bond Asset Portfolio and 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 are monitored quarterly. The GBTF will also manage future updates to this framework and possible future expansion of the eligibility criteria.

CIB will use best efforts to achieve 100% of the Bond Amount for the first issuance by the end of the year 3 from date of issuance allocated to eligible green sub-projects; accordingly after the two-year ramp-up period, the green bond asset portfolio should at all times be greater than or at least equal to the Green Bond outstanding amount. This includes assets (i) where financing has taken place within a 24-month period preceding the date of the Green Bond issuance and/or (ii) where financing takes place within a 36-month period following the date of the Green Bond issuance



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 bond 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 subprojects, (ii) unallocated funds and means of temporary allocation, and (iii) actual share of refinancing of each issuance. In addition:

- 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;
- 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) has been obtained prior to the issuance of the green bond from a SPO providers already included in the list of eligible SPO provider issued by the FRA. The SPO provider has issued, 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 also included 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 was made public on CIB's official website at the following link. For the annual verification during the issuance tenor, an external reviewer was appointed, also accepted 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 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 emissions 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;
- Sustainable water and wastewater management: : annual absolute (gross) water use before and after the project in m³ per year, reduction in water use (in percentage), annual absolute (gross) amount of wastewater treated, reused or avoided before and after the project in m³ per year or as percentage; Waste projects: waste that is recycled before and after the project in % of total waste and/or in absolute amount in tons per year.

- Pollution Prevention and control: Amount of goods produced with recovery, recycling or waste-to energy generation processes - Main usage of recovered materials
Amount of treated solid waste Reduction in resource consumption (%)
- Climate change adaptation Annual water savings water reduction -water reduction consumption % - gross volume of recycled /reused water
- Circular economy adapted products, production technologies and processes: amount of recycled materials Number of recycled materials, recycled materials per unit product, Reduction in materials (%),GHG emission reduction (%)



Disclaimer

Purpose ▪ Synopsis ▪ CIB as a Green Bond Issuer ▪ The Scope and Finance Procedures of CIB's Green Bond Framework ▪ **Disclaimer**

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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.