



SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Sustainable Financing Framework

Commercial Bank of Dubai
10 March 2023

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none">▪ Sustainable Financing Instruments
Relevant standards	<ul style="list-style-type: none">▪ Green Bond Principles and Social Bond Principles, as administered by the ICMA (as of June 2021 with June 2022 Appendix 1)▪ Green Loan Principles and Social Loan Principles, as administered by LMA (as of February 2021)
Scope of verification	<ul style="list-style-type: none">▪ CBD Sustainable Financing Framework (as of March 9, 2023)▪ CBD Eligibility Criteria (as of March 9, 2023)
Lifecycle	<ul style="list-style-type: none">▪ Pre-issuance verification
Validity	<ul style="list-style-type: none">▪ As long as there is no material change to the Framework

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SCOPE OF WORK

Commercial Bank of Dubai (“the Issuer” or “CBD”) commissioned ISS Corporate Solutions (ICS) to assist with its Sustainable Financing Instruments by assessing three core elements to determine the sustainability quality of the instruments:

1. CBD Sustainable Financing Framework (as of March 9, 2023) – benchmarked against the International Capital Market Association's (ICMA) Green Bond Principles (GBP) and Social Bond Principles (SBP), and Loan Market Association's (LMA) Green Loan Principles (GLP) and Social Loan Principles (SLP).
2. The Eligibility Criteria – whether the project categories contribute positively to the UN SDGs and how they perform against proprietary issuance-specific key performance indicators (KPIs) (See Annex 1).
3. Linking the transaction(s) to CBD overall ESG profile – drawing on the issuance-specific Use of Proceeds categories.

CBD BUSINESS OVERVIEW

Commercial Bank of Dubai engages in the provision of commercial banking services. It is classified in the Commercial Banks & Capital Markets industry, as per ISS ESG's sector classification.

It operates through the following segments: Institutional Banking, Corporate Banking, Personal Banking, Trading and Other. The Institutional Banking segment includes loan and other credit facilities, deposits, trade finance products, and e-commerce solutions to institutional clients. The Corporate Banking segment offers loans, working capital financing, trade finance, and deposits products to corporate clients. The Personal Banking segment consists of current accounts, easy access saving accounts, fixed rate deposit accounts, personal loans, overdraft facilities, vehicle finance, mortgage products, loans, and other credit facilities to small business and retail clients. The Trading and Other segment undertakes balance sheet management deals and manages the group's proprietary investment portfolio. The company was founded on July 3, 1969 and is headquartered in Dubai, United Arab Emirates.

ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ¹
Part 1: Alignment with GBP,SBP, GLP, SLP	The Issuer has defined a formal concept for its Sustainable Financing Instruments regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the ICMA GBP and SBP, LMA GLP and SLP.	Aligned
Part 2: Sustainability quality of the Eligibility Criteria	<p>The Sustainable Financing Instruments will (re-)finance eligible asset categories which include: Renewable Energy, Green Buildings, Pollution Prevention and Control, Clean Transportation and Access to Education.</p> <p>The use of proceeds categories have a significant contribution to SDGs 7 'Affordable and Clean Energy', 11 'Sustainable Cities and Communities', 12 'Responsible Consumption and Production', and 13 'Climate Action'. They also have a limited contribution to SDGs 3 'Good Health and Well-being' and 4 'Quality Education'.</p> <p>The environmental and social risks associated with those use of proceeds categories are well managed.</p>	Positive
Part 3: Linking the transaction(s) to CBD overall ESG profile	The key sustainability objectives and the rationale for issuing Sustainable Financing Instruments are clearly described by the Issuer. The majority of the project categories considered are in line with the sustainability objectives of the Issuer.	Consistent with Issuer's sustainability strategy

¹ The evaluation is based on the CBD's Sustainable Finance Framework as of March 9, 2023, and on the ISS ESG Corporate Rating updated Indicative Corporate Rating applicable at the SPO delivery date.

SPO ASSESSMENT

PART I: ALIGNMENT WITH ICMA GREEN BOND PRINCIPLES AND SOCIAL BOND PRINCIPLES, LMA GREEN LOAN PRINCIPLES AND SOCIAL LOAN PRINCIPLES

This section evaluates the alignment of the CBD Sustainable Financing Framework (as of March 9, 2023) with the ICMA Green Bond Principles (GBP) and Social Bond Principles (SBP), and LMA Green Loan Principles (GLP) and Social Loan Principles (SLP).

ICMA GBP AND SBP, LMA GLP AND SLP	ALIGNMENT	OPINION
1. Use of Proceeds	✓	<p>The Use of Proceeds description provided by CBD Sustainable Financing Framework is aligned with the ICMA GBP and SBP, LMA GLP and SLP.</p> <p>The Issuer's green and social categories align with the project categories as proposed by the ICMA GBP and SBP, LMA GLP and SLP. Criteria are defined in a clear and transparent manner. Disclosure of distribution of proceeds by project category is provided and environmental and social benefits are described.</p>
2. Process for Project Evaluation and Selection	✓	<p>The Process for Project Evaluation and Selection description provided by CBD Sustainable Financing Framework is aligned with the ICMA GBP and SBP, LMA GLP and SLP.</p> <p>The project selection process is defined and ESG risks associated with the project categories are identified and managed through an appropriate process. Moreover, the projects selected show alignment with the sustainability strategy of the Issuer.</p> <p>The Issuer involves various stakeholders in this process, in line with best marked practice.</p>
3. Management of Proceeds	✓	<p>The Management of Proceeds proposed by CBD Sustainable Financing Framework is aligned with the ICMA GBP and SBP, LMA GLP and SLP.</p> <p>The net proceeds collected will be equal to the amount allocated to eligible projects, with no exceptions. The net proceeds are tracked in an appropriate manner. The net proceeds are managed on an aggregated basis for multiple Green Bonds (portfolio approach). Moreover, the</p>

		Issuer discloses the temporary investment instruments for unallocated proceeds.
4. Reporting	✓	<p>The allocation and impact reporting proposed by CBD Sustainable Financing Framework is aligned with the ICMA GBP and SBP, LMA GLP and SLP.</p> <p>The Issuer commits to disclose the allocation of proceeds transparently and to report in an appropriate frequency. The reporting will be publicly available on the Issuer’s website. CBD explains the level of expected reporting and the type of information that will be reported. Moreover, the Issuer commits to report annually, until the proceeds have been fully allocated.</p> <p>The Issuer is transparent on the information reported, frequency, duration, scope and level of impact reporting, in line with best market practice. The Issuer commits to get the allocation report audited by an external party, in line with best market practice.</p>

PART II: SUSTAINABILITY QUALITY OF THE ISSUANCE

A. CONTRIBUTION OF THE SUSTAINABLE FINANCING INSTRUMENTS TO THE UN SDGs²

Companies can contribute to the achievement of the SDGs by providing specific services/products which help address global sustainability challenges, and by being responsible corporate actors, working to minimize negative externalities in their operations along the entire value chain.

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 UN SDGs, as well as other ESG benchmarks (the EU Taxonomy Climate Delegated Acts, the ICMA Green and/or 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 5-point scale (see Annex 1 for methodology):

Significant Obstruction	Limited Obstruction	No Net Impact	Limited Contribution	Significant Contribution
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Each of the Sustainable Financing Instruments' Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS ³
<p>Green Buildings <i>New or existing buildings that have achieved (or will achieve⁴):</i></p> <ul style="list-style-type: none"> ▪ <i>BREEAM, Building Research Establishment Environmental Assessment Method, 'Excellent' or better</i> ▪ <i>HQE, Haute Qualité Environnementale, 'Excellent' or better</i> ▪ <i>LEED, Leadership in Energy and Environment Design, 'Gold' or better</i> ▪ <i>Al Sa'fat, Dubai Green Building System in the Emirate of Dubai 'Gold' or better</i> ▪ <i>Estidama, Pearl Building Rating System in the Emirate of Abu Dhabi '2 Pearl Rating' or better</i> 	Significant Contribution	

² The impact of the UoP categories on UN Social Development Goals is assessed with proprietary methodology and may therefore differ from the Issuer's description in the framework.

³ The review is limited to the examples of certifications spelled out in the Framework.

⁴ Should the asset not reach any of the described certifications, it will be removed from the Green Portfolio.

Green Buildings

Refurbishment of new buildings targeting to achieve environmental certifications in:

- *BREEAM, Building Research Establishment Environmental Assessment Method, 'Excellent' or better*
- *HQE, Haute Qualite Environnementale, 'Excellent' or better*
- *LEED, Leadership in Energy and Environment Design, 'Gold' or better*
- *Al Sa'fat, Dubai Green Building System in the Emirate of Dubai 'Gold' or better*
- *Estidama, Pearl Building Rating System in the Emirate of Abu Dhabi '2 Pearl Rating' or better*

Limited Contribution



Green Buildings

New and existing buildings that are within the top 15% most energy efficient buildings in their respective region, as determined through, for instance, a specialist green building consultant study - when proxied with Al Sa'fat Green Building System (Gold or better) or Estidama – Pearl Rating System (Two Pearl or better)

Significant Contribution











Green Buildings

New and existing buildings that are within the top 15% most energy efficient buildings in their respective region, as determined through, for instance, a specialist green building consultant study – when based on building year of construction⁵

Limited Contribution



⁵ Whenever the building certification rating is not available, the year of construction of the building (2017 or newer in Abu Dhabi, and 2019 or newer for buildings in Dubai and 2020 or newer for villas in Dubai) will be used as a proxy, in line with the local applicable law (The "Executive Council Order of May 2010" for Abu Dhabi and "Dubai Green Building System replacement in October 2020"). This methodology has been developed by the green building consultant (Drees & Sommer) to ensure that buildings following those criteria are part of the top 15% most energy efficient buildings in their respective region.

<p>Renewable Energy <i>Wind: Onshore and offshore</i> <i>Solar: Photovoltaic solar power, concentrated solar power (CSP)</i> <i>Green hydrogen: produced by electrolysis using 100% wind and/or solar power</i></p>	<p>Significant Contribution</p>	
<p>Clean Transportation <i>Financing low carbon transportation solutions and related infrastructures:</i> <i>Bicycles</i></p>	<p>Significant Contribution</p>	
<p>Clean Transportation <i>Financing low carbon transportation solutions and related infrastructures:</i> <i>Charging stations and bicycle paths</i></p>	<p>Limited Contribution</p>	
<p>Clean Transportation <i>Financing low carbon transportation solutions and related infrastructures:</i></p> <ul style="list-style-type: none"> ▪ <i>Public transport (e.g., trains, subways, trams, electric and hybrid buses as well as zero direct tailpipe CO₂ emissions boats);</i> ▪ <i>Private vehicles (e.g., electric and hydrogen vehicles) with direct emissions below 50 gCO₂e/pkm;</i> ▪ <i>Construction, improvement, maintenance, and extension of related infrastructure (e.g., stations upgrade, railway networks, signaling for rail infrastructure)</i> 	<p>Significant Contribution</p>	
	<p>Limited Contribution</p>	
	<p>Limited Contribution</p>	
<p>Pollution Prevention and Control <i>Waste collection and transport</i></p>	<p>Significant Contribution</p>	
<p>Pollution Prevention Control <i>Waste sorting and recycling infrastructure</i></p>	<p>Significant Contribution</p>	
<p>Social Categories</p>		

Access to education

*Financial support at preferential rates to
access education through student loans*

**Limited
Contribution**



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

The table below evaluates the Eligibility Criteria against issuance-specific KPIs. The entirety of the assets are and will be located in United Arab Emirates.

ASSESSMENT AGAINST KPIs

ESG guidelines into lending process

CBD identifies the potential ESG risks of a proposed transaction or relationship as part of its know-your-customer, due diligence and other onboarding process. The Issuer will apply the European Bank for Reconstruction and Development (EBRD) industry classifications to assess the overall ESG risk profile of the assets. If ESG risks are identified, the credit committee will assess and factor these risks into the decision-making process. In some cases, CBD may decline to participate in a specific transaction, although the issuer claims that no cases happened for environmental damaging business activity.

A ESG Policy⁶ is being drafted by the Issuer and will be in place in April 2023, stating principles and guidelines the Bank follows when defining and delivering ESG initiatives annually. The document describes the governance structure and internal controls that will be in place to carry out sustainable activities.

A due diligence is conducted by CBD's front-line unit and this process may include but is not limited to client engagement, media searches as well as escalated to the credit committee which will assess and factor these risks in the decision-making process.

CBD restricts lending to certain types of activities, that includes any gaming/gambling-related activities, motion picture production, development or distribution except exposure to cinemas, arms and armaments except where these relate to contract financing for general headquarter and companies and/or industries that do not comply with the country's environmental laws.

The ESG risk assessment process is applicable to the project and underlying asset level financing under the Framework, as well as onboarding new clients for general purpose financing.

The Issuer will expand its Credit Risk Policy to elaborate on the process for identifying and managing environmental and social risk by April 2023.

Labour, Health and Safety



CBD has a due diligence process to ensure all its customer are not performing any activities with negative reputational impact on CBD and respect the law of UAE, including labor law and standards on health and safety of employees. Moreover, the Wholesale Credit Policy is guided by the UAE's Labor Law and Occupational Health and Safety Management

⁶ Assessment in this section has several references to the ESG Policy presented by the issuer in draft mode. CBD has committed to have the Policy in place by April 2023

System National Standard in conjunction with IFC performance standard 2 and 4. Any non-compliant activity can be filtered through this process.

Biodiversity and Community dialogue

- ✓ CBD excludes lending to certain types of activities, including companies and/or industries that do not comply with the country's environmental laws. Moreover, CBD's Wholesale Credit Policy is guided by action plans issued by the UAE's Ministry of Climate Change and Environment and IFC performance standard 6 concerning the protection of biodiversity. It is also guided by IFC performance standard 4 regarding community dialogue.

Inclusion

- ✓ CBD confirms that it complies with Law No. (2) of 2021 Concerning the Knowledge and Human Development Authority in Dubai which includes Special Development Zones and free zones. Moreover the Bank confirms that its educational loans are accessible to all without any discrimination on the economic situation. They are offered at a discounted rate and the minimum salary requirement is reduced to capture lower income population.

Data protection and information security

- ✓ CBD confirms to protect the data and information by advanced technology and multi-layered privacy safeguard⁷, that include a framework of policies and protocols conforming to ISO27001, encryption and verification standards, training and awareness-building, as well as regular risk assessments and compliance counterchecks to keep the integrity of the security measures. Moreover, the Bank will seek ISO Certification of its information security management system as part of its ESG Initiatives in 2023.

Responsible treatment of customers with debt repayment problems

- ✓ CBD has set out pre-emptive requirement for the characteristics and coverage of the level of risk analysis in the Wholesale Credit Risk Policy for the prevention of client debt repayment problems from wholesale banking. That include requiring the analysis to be relative to the quantum and type of credit risk proposed and the mitigation/ alternate sources of repayment that may exist. For personal banking, the Bank confirms to comply with Consumer Protection Regulation⁸ in particularly Article 7- responsible financing practice. The compliance is audited on a yearly basis by internal and external independent parties.

Sales practices

- ✓ CBD has zero tolerance for any mis-selling activity under the HR Code of Conduct. In addition, the Bank has a dedicated Sales Performance Management policy to affect the sales incentives in cases of poor customer service or irresponsible sales practices. There

⁷ CBD Sustainability Report 2021 https://www.cbd.ae/docs/librariesprovider2/default-document-library/cbd-sustainability-report-2021.pdf?Status=Temp&sfvrsn=624436b_2

⁸ Consumer Protection Regulation for Central Bank of the U.A.E. https://www.centralbank.ae/media/vi1klb11/consumer-protection-regulation_0.pdf

are on-going customer surveys as part of the Bank's Voice of the Customer Program, and complaints to be handled by independent Complaint Handling team that reports to the Chief Customer Officer. Moreover, the Bank confirms to comply with Consumer Protection Regulation in particularly Article 2- disclosure and transparency.

Responsible marketing



CBD wholesale banking business unit is responsible to set pricing parameters in consultation with finance team of CBD to ensure the proposed credit facilities are priced appropriately for the risk assumed. Moreover, the Bank confirms to comply with Consumer Protection Regulation Article 2, 4 and 5 for personal banking, regarding disclosure and transparency, market and business conduct.

Exclusion criteria

CBD has no exclusion criteria. However, the issuer restricts lending to certain types of activities, that includes any gaming/gambling related activities, motion picture production, development or distribution except exposure to cinemas, arms and armaments except where these relate to contract financing for general headquarter and companies and/or industries that do not comply with the country's environmental laws. Moreover, the Bank has Anti-Money Laundering policy in place, as well as due diligence process at the point of customer onboarding and on an ongoing basis to ensure the exclusion criteria has been implemented.

PART III: LINKING THE TRANSACTION(S) TO CBD ESG PROFILE

A. CONSISTENCY OF SUSTAINABLE FINANCING INSTRUMENTS WITH CBD SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the Issuer

CBD is supporting the UAE Net Zero by 2050 strategic initiative and the drive to transition towards a climate-neutral economy. By financing projects under this Framework in the Clean Transportation or Renewable Energy sector, for example, it aims to reduce the carbon emissions in the UAE and contribute to the transition to sustainable core business activities. Access to Education is one of the 5 core ESG Pillars that the issuer has communicated publicly (financial literacy and education pillar) in line with the UAE's education national priority and to ensure inclusive and quality education to all.

In 2022, CBD together an external consultant completed a materiality assessment to review the most relevant ESG topics of the company. The following steps were taken to identify the key ESG topics for CBD stakeholders:

1. Refinement of key ESG topics
2. Stakeholder engagement
3. Quantitative and qualitative findings analysis

To guide the Company's net zero transition, CBD has an ESG Council co-chaired by the Chief Customer Officer and the Chief Risk Officer, consisting of the Head of Sustainability, along with three members of the senior management team. The Council meets bi-annually and is responsible for the review of the portfolio, approval of Sustainable Reporting and monitor the evolution of the sustainable finance business.

For the projects covered by this Framework, CBD has issued policies aimed at mitigating known material risks, including the ESG Policy. The ESG Council is responsible during the evaluation and selection of projects for addressing perceived environmental and social risks as part of the approval and monitorization of the projects.

CBD is a member of the Dubai Sustainable Finance Working Group, which is chaired by the Dubai International Financial Center.

There is no information available on the Issuer quantified ESG targets. There is no information available on whether the Issuer follows relevant ESG reporting guidelines.

Rationale for issuance

By publishing the Sustainable Finance Framework and issuing sustainable financing instruments, CBD aims to contribute to the transition of the business landscape in UAE. Financing Green Buildings, Renewable Energy, Clean Transportation and Pollution Prevention and Control projects will support the reduction of the carbon footprint of the country and accelerate the transition to sustainable business. For Access to Education, the issuer has the ambition to promote and encourage access to education by the community and its customers in line with the UAE's education national priority and to ensure inclusive and quality education to all.

Opinion: *The key sustainability objectives and the rationale for issuing Sustainable Financing Instruments are well described by the Issuer. All project categories financed are in line with the sustainability objectives of the Issuer.*

B. CBD BUSINESS EXPOSURE TO ESG RISKS

This section aims to provide an overall level of information on the ESG risks to which the Issuer is exposed through its business activities, providing additional context to the issuance assessed in the present report.

ESG risks associated with the Issuer's industry

The Issuer is classified in the Commercial Banks & Capital Markets, as per ISS ESG's sector classification. Key challenges faced by companies in terms of sustainability management in this industry are displayed in the table below. Please note, that this is not a company specific assessment but areas that are of particular relevance for companies within that industry.

ESG KEY ISSUES IN THE INDUSTRY
Sustainability impacts of lending and other financial services/ products
Customer and Product responsibility
Sustainable Investment Criteria
Labor standards and working conditions
Business Ethics

ESG strengths and points of attention related to the Issuer's disclosures

Leveraging ISS ESG's Research, the following strengths and points of attention⁹ have been identified:

STRENGTHS	POINTS OF ATTENTION
<p>The company has implemented some measures to ensure customer and product safety through an information security management system (ISMS). Additionally, the company commits to responsible marketing practices through accurate and transparent pricing of its products and services.</p> <p>Further, the company has laid out a customer service charter to assess and track customer complaints.</p>	<p>The company has a privacy policy. However, it remains uncertain if the company has a procedure in place to ensure information security in its outsourced data processing. Further, it remains unclear if the company has a formal structure for the responsible treatment of clients with debt repayment problems.</p>

⁹ Please note that CBD is not part of the ISS ESG Corporate Rating Universe. Thus, the information is based on a disclosure review conducted by the analyst in charge of the Commercial Banks & Capital Markets sector, based on publicly available information exclusively. No direct communication between the Issuer and the analyst has taken place during the process. The below is not based on an ISS ESG Corporate Rating but considers ISS ESG Research's methodology.

<p>The company offers flexible working schedules and remote working options as benefits to its employees and has an employee assistance program to offer counselling services to its employees. Further, the employees are entitled to special leaves such as maternity & paternity leaves, paid leaves for exams, and volunteering.</p> <p>Additionally, the company has provisions and catalogues to ensure training and awareness regarding health for its employees.</p>	<p>The company has implemented some elements of health and safety management system such as emergency response, training & awareness raising, structures & responsibilities, and programs. However, the company has not provided evidence supporting the implementation of a health and safety management system (HSMS) certified to an international standard</p>
<p>The company has formally charted out an anti-money laundering policy to a varied degree of detail. Additionally, the company ensures compliance through employee training. Further, confidential reporting channels are provided for employees for noncompliance reporting.</p>	<p>The company has not disclosed a code of its business ethics that covers key aspects such as anti-corruption, anti-insider dealing, and conflicts of interest. Additionally, it is unclear if the company conducts compliance risk assessments and audits and has provisions for third-party anti-corruption due diligence</p>
	<p>The company has not disclosed information with regard to its general social and environmental guidelines for lending and investment banking that covers social and environmental impact, risk assessment, human rights, labor rights, community health and safety, resource efficiency, pollution, ecosystem, and climate change. The application procedures of environmental and social guidelines and transparency on implementation such as risk and impact assessment, action plans, approval process, and training remain unclear.</p>

Please note that the consistency between the issuance subject to this report and the Issuer's sustainability strategy is further detailed in Part III.B of the report.

Sustainability impact of products and services portfolio

Leveraging ISS ESG's Sustainability Solutions Assessment methodology, the contribution of the Issuer's current products and services portfolio to the Sustainable Development Goals defined by the United Nations (UN SDGs) has been assessed as per the table below. This analysis is limited to the evaluation of final product characteristics and does not include practices along the Issuer's production process.

Social impact of the product portfolio:

The company primarily has products in institutional banking, corporate banking, retail banking, and trading and offers treasury services, including bonds, commodities and interest rate hedging, foreign exchange, and investment services; payment and cash management services; capital advisory solutions; insurance products. The company's products and services cater to sectors such as

manufacturing, construction, real estate, transportation, hospitality, and individual loan for businesses. The company's products and services neither has positive nor negative contributions to social sustainability objectives. Thus, the impact of the product portfolio on social sustainable development goals (SDG) is considered neutral.

Environmental impact of the product portfolio:

The company primarily has products in institutional banking, corporate banking, retail banking, and trading and offers treasury services, including bonds, commodities and interest rate hedging, foreign exchange, and investment services; payment and cash management services; capital advisory solutions; insurance products. The company's products and services cater to sectors such as manufacturing, construction, real estate, transportation, hospitality, and individual loan for businesses. The company's products and services neither has positive nor negative contributions to environmental sustainability objectives. Thus, the impact of the product portfolio on environmental sustainable development goals (SDG) is considered neutral.

Breaches of international norms and ESG controversies

At Issuer level

At the date of publication and leveraging ISS ESG Research, no controversy in which the Issuer would be involved has been identified.

At industry level

Based on a review of controversies over a 2-year period, the top three issues that have been reported against companies within the Commercial Banks & Capital Markets industry are as follows: Failure to mitigate climate change impacts, failure to prevent money laundering, and failure to respect the right to just and favorable conditions of work.

Please note, that this is not a company specific assessment but areas that can be of particular relevance for companies within that industry.

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ANNEX 1: Methodology

Green and Social KPIs

The Green and Social KPIs serve as a structure for evaluating the sustainability quality – i.e. the social and environmental added value – of the use of proceeds of CBD Sustainable Financing Instruments.

It comprises firstly the definition of the use of proceeds category offering added social and/or environmental value, and secondly the specific sustainability criteria by means of which this added value and therefore the sustainability performance of the assets can be clearly identified and described.

The sustainability criteria are complemented by specific indicators, which enable quantitative measurement of the sustainability performance of the assets and which can also be used for reporting. If a majority of assets fulfill the requirement of an indicator, this indicator is then assessed positively. Those indicators may be tailor-made to capture the context-specific environmental and social risks.

Environmental and social risks assessment methodology

The Environmental and social risks assessment evaluates whether the assets included in the asset pool match the eligible project category and criteria listed in the Green and Social KPIs.

All percentages refer to the amount of assets within one category (e.g. wind power). Additionally, the assessment “no or limited information is available” either indicates that no information was made available or that the information provided did not fulfil the requirements of the Green and Social KPIs

The evaluation was carried out using information and documents provided on a confidential basis by CBD (e.g. Due Diligence Reports). Further, national legislation and standards, depending on the asset location, were drawn on to complement the information provided by the Issuer.

Assessment of the contribution and association to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method, the extent to which CBD Sustainable Financing Instruments contributes to related SDGs has been identified.

ANNEX 2: Quality management processes

SCOPE

CBD commissioned ICS to compile a Sustainable Financing Instruments SPO. The Second Party Opinion process includes verifying whether the Sustainable Financing Framework aligns with the ICMA GBP and SBP, LMA GLP and SLP to assess the sustainability credentials of its Sustainable Financing Instruments, as well as the Issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA Green Bond Principles and Social Bond Principles
- LMA Green Loan Principles and Social Loan Principles
- Key Performance Indicators relevant for Use of Proceeds categories selected by the Issuer

ISSUER'S RESPONSIBILITY

CBD responsibility was to provide information and documentation on:

- Framework
- Eligibility criteria
- Documentation of ESG risks management

ISS ESG'S VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG 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 Financing Instruments to be issued by CBD has been conducted based on a proprietary methodology and in line with the ICMA GBP and SBP, LMA GLP and SLP.

The engagement with CBD took place from January to March 2023.

ISS' BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS 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

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the Issuer themselves. 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.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

For more information on SPO services, please contact: SPOsales@isscorporatesolutions.com

For more information on this specific Sustainable Financing Instruments SPO, please contact: SPOOperations@iss-esg.com

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