FRAMEWORK EXTERNAL REVIEW

Sustainability Quality of the Issuer and Sustainability-Linked Finance Facilities Financing Framework

Dubai Islamic Bank

20 February 2025

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	▪ Sustainability-linked Finance Facilities financing bonds
Relevant standards	▪ Guidelines for Sustainability-Linked Loans financing Bonds, ICMA, June 2024
Scope of verification	▪ Dubai Islamic Bank's Sustainability-Linked Finance Facilities financing Framework (as of Feb. 19, 2025) ▪ Dubai Islamic Bank's Sustainability-Linked Finance Facilities' KPIs and associated SPTs (as of Feb. 19, 2025)
Lifecycle	▪ Pre-issuance verification
Validity	▪ Valid as long as the cited Framework and the Sustainability-Linked Finance Facilities' KPIs/SPTs remain unchanged

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SCOPE OF WORK

Dubai Islamic Bank ("the Issuer," "the Bank" or "DIB") commissioned ISS-Corporate to assist with its Sustainability-Linked Financing Facilities financing instrument[1] ("SLFF financing instruments"), by assessing three core elements to determine the sustainability quality of the instruments:

1. DIB's Sustainability-Linked Finance Facilities financing Framework (as of Feb. 19, 2025), benchmarked against the International Capital Market Association's (ICMA) Guidelines for Sustainability-Linked Loans financing Bonds (SLLBG).

2. Assessment of the sustainability credentials of the key performance indicators (KPIs) selected and sustainability performance targets (SPTs) calibrated for those Sustainability-Linked Finance Facilities (SLF Facilities) — whether the KPIs are material and SPTs are ambitious.

3. Consistency of Sustainability-Linked Finance Facilities financing instruments with DIB's sustainability strategy, drawing on the key sustainability objectives and priorities defined by the Issuer.

[1] The instrument contemplated is limited to bonds.

DIB OVERVIEW

Dubai Islamic Bank engages in the provision of banking and financial services. It operates through the following segments: consumer banking, corporate banking, real estate development, treasury, and other. The consumer banking segment handles small and medium businesses and individual customers' deposits and provides consumer and commercial Murabahas, Salam, Ijarah, credit cards and funds transfer facilities as well as and trade finance facilities. The corporate banking segment handles financing and other credit facilities and deposit and current accounts for corporate and institutional customers. The real estate development segment includes property development and other real estate investments by subsidiaries. The treasury segment manages overall liquidity and market risk and provides treasury services to customers. The other segment encompasses functions other than the other core lines of businesses including investment banking services. The company was founded on March 12, 1975, and is headquartered in Dubai, United Arab Emirates.

ESG risks associated with the Issuer's industry

DIB is classified in the commercial banks and capital markets industry, as per ISS ESG's sector classification. Key sustainability issues faced by companies[2] in this industry are sustainability impacts of lending and other financial services/products, customer and product responsibility, sustainable investment criteria, labor standards and working conditions, and business ethics.

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

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

ASSESSMENT SUMMARY

SECTION	EVALUATION SUMMARY[3]
Part 1: **Assessment of DIB's Sustainability-Linked Finance Facilities financing Framework against ICMA's SLLBG**	**Implementation of the recommendations of ICMA's SLLBG** The Issuer has defined a formal concept for its Sustainability-Linked Finance Facilities financing instruments regarding the use of proceeds, processes for project evaluation and selection, management of proceeds, and reporting.
Part 2: **Assessment of the SLF Facilities' KPIs and associated SPTs on the basis of DIB's Eligibility Criteria for KPIs and SPTs**	**The Sustainability-Linked Finance (SLF) Facilities' KPIs and associated SPTs align with DIB's Eligibility Criteria for KPIs and SPTs.** A detailed analysis of the sustainability credibility of the KPI selection and SPT calibration is available in Part II of this report.
Part 3: **Consistency of SLL funding instruments with DIB's sustainability strategy**	**DIB's Sustainability-Linked Finance Facilities financing Framework is consistent with DIB's sustainability strategy.** The key sustainability objectives and the rationale for issuing the Sustainability-Linked Finance Facilities financing Framework are clearly described by the Issuer.

[3] The evaluation is based on DIB's Sustainability-Linked Finance Facilities Financing Framework (Feb. 19, 2025, version), on the sustainability-linked finance facilities' KPI and SPT eligibility criteria as received on Feb. 19, 2025.

FRAMEWORK EXTERNAL REVIEW ASSESSMENT

PART I: REVIEW OF DIB'S SUSTAINABILITY-LINKED FINANCE FACILITIES FINANCING FRAMEWORK

This section evaluates the alignment of DIB's Sustainability-Linked Finance Facilities financing Framework (as of Feb. 19, 2025) with ICMA's SLLBG.

ELEMENTS OF THE SLLBG	OPINION
1. Use of proceeds	The use of proceeds description provided by DIB's Sustainability-Linked Finance Facilities financing Framework **reflects** ICMA's SLLBG. The Issuer included clear eligibility criteria for selecting the underlying Sustainability-Linked Finance Facilities ("SLF Facilities"). To avoid double counting, facilities that have both a green, social or sustainability use of proceeds and a sustainability-linked component will not be considered as an eligible SLF Facility. Furthermore, net proceeds are only allocated to the outstanding drawn parts of each eligible SLF Facility. DIB has combined Approach 1 and Approach 2 suggested in the SLLBG.[4] ISS-Corporate has been appointed as an independent external reviewer to assess through a pre-issuance external review (i) the alignment of the Framework's eligibility criteria with the five core components of the Loan Market Association's Sustainability-Linked Loan Principles (SLLP) through information on the evaluation process, criteria and/or thresholds in place in the SLF Facilities financing Framework to assess the SLF Facilities eligible portfolio, which includes a predefined list of KPIs and accompanying ambition ranges for SPTs (Approach 1); and (ii) the alignment of each eligible SLF Facility in the eligible portfolio together with a high-level description (industry classification) of the borrowers' sectors, the selected KPIs and their intended sustainability objective that will be used for selecting the eligible SLF Facilities (Approach 2). DIB's Sustainability-Linked Finance Facilities financing Framework requires that eligible SLF Facilities are to be aligned, and the underlying SLF Facilities included in the portfolio are aligned, with the most recent Sustainability-Linked Loan Principles published corresponding to the year of signing of the SLF facilities.

[4] According to the SLLBG, issuers are provided two options to achieve an appropriate level of transparency.

ELEMENTS OF THE SLLBG	OPINION
	The Issuer has defined climate change mitigation as the core sustainability objective of its eligible SLF facilities under this Framework, in line with market best practice.
2. Process for sustainability-linked loan evaluation and selection	The process for SLF Facility evaluation and selection provided by DIB's Sustainability-Linked Finance Facilities financing Framework **reflects** ICMA's SLLBG. The Process for SLL Evaluation and Selection is clearly defined by The evaluation and selection process of SLF Facilities and/or pair of predetermined KPIs/SPTs is defined and structured in a congruous manner. DIB has transparently disclosed the committee responsible for project evaluation, selection, monitoring, and reporting, as well as the corporate functions engaged in the process. The Sustainability-Linked Finance Facilities financing Framework defines exclusion criteria for customers, including projects associated with alcohol, adult entertainment, gambling, tobacco, interest-based loans benefitting from penal interest. DIB performs annual compliance tests for the selected KPIs and SPTs of each eligible SLF Facility based on the clients' annual reporting, which is externally verified. A SLF Facility passes the test only if it meets all of its SPTs for the selected KPIs, and fails the test if at least one of the SPT of the selected KPIs are not met or no information is available for the assessment. In practice, the SLF Facility can have KPIs other than the selected KPIs. The SPTs related to these additional KPIs do not need to be met for the SLF Facility to be eligible. Non-compliant and non-eligible SLF Facilities are temporarily removed from the sustainability-linked finance register until the next calibration, if the SLF Facility passes the compliance test. Furthermore, the Bank also included the process to identify ESG risks related to the customer of each eligible SLF Facility in the evaluation and selection process. It is not clear how DIB mitigates the identified ESG risks related to the customer of each eligible SLF Facility.
3. Management of proceeds	The management of proceeds provided by DIB's Sustainability-Linked Finance Facilities financing Framework **reflects** ICMA's SLLBG. DIB clearly defines the process for the management of proceeds. The net proceeds are tracked appropriately and attested in a formal internal process. The net proceeds collected will be allocated fully

ELEMENTS OF THE SLLBG	OPINION
	within two years from the date of issuance, and will be at least equal to the outstanding amount drawn down as part of the sustainability-linked financing instruments, with no exceptions. The proceeds collected will be earmarked and managed on an aggregated basis (portfolio approach). Moreover, the Issuer discloses the temporary investment instruments for unallocated proceeds.
4. Reporting	The allocation and impact reporting provided by DIB's Sustainability-Linked Finance Facilities financing Framework **reflects** ICMA's SLLBG. DIB will publish and publicly disclose a Sustainable Finance Report on its website annually or more frequently if required by regulators throughout the lifetime of the Sustainability-Linked Finance instruments, until there are no more outstanding Sustainability-Linked Finance instrument. DIB explains that the level of expected reporting will be at portfolio level. The reporting will include the amount of net proceeds allocated, the size of the portfolio of eligible SLF Facilities and the year of origination of the eligible SLF Facilities, information on the achievement of KPIs/SPTs, the amount of unallocated proceeds, information on disqualified SLF Facilities and newly added SLF Facilities, the amount of SLF Facilities included in the Sustainability-Linked Finance Register and SLF Facilities excluded from the Sustainability-Linked Finance Register , and related allocated proceeds amounts. Further, DIB commits to engage an external auditor or other third party to verify the internal tracking and the allocation of funds from the Sustainability-Linked Finance instruments' proceeds to eligible SLF Facilities.
5. External Review	DIB engaged ISS-Corporate to act as an external reviewer of this Sustainability-Linked Finance Facilities financing Framework. The External Review is publicly available on DIB's website. Assets that have been reviewed by the external reviewer to be consistent with this Sustainability-Linked Finance Facilities financing Framework, as evidenced by an External Review published on DIB's website, will be included in the Sustainability-Linked Finance Register.

ELEMENTS OF THE SLLBG	OPINION
	A new external review of the Framework will be sought upon any subsequent update.

PART II: ELIGIBILITY OF THE SUSTAINABILITY-LINKED FINANCE FACILITIES' KPIs AND ASSOCIATED SPTs

Summary table[5]

KPIS	KPI 1 GHG EMISSIONS (SCOPE 1 AND 2), ABSOLUTE OR INTENSITY	KPI 2 GHG EMISSIONS (SCOPE 1, 2 AND 3), ABSOLUTE OR INTENSITY	KPI 3 RENEWABLE ENERGY CONSUMPTION, PROCUREMENT, GENERATION OR INSTALLED CAPACITY
Relevant	Relevant	Relevant	Relevant
Core	Moderately Core	Moderately Core	Moderately Core
	Limited information to assess[6]	Limited information to assess[7]	Limited information to assess[8]
Material	Partially Material	Partially Material	Partially Material
SPT's ambition against past performance	Ambitious against past performance based on limited evidence	Ambitious against past performance based on limited evidence	Ambitious against past performance based on limited evidence
SPT's ambition against peers	In line with peers[9]	In line with peers[10]	In line with peers[11]
	Ambitious against peers, on the basis of setting a target[12]	Ambitious against peers, on the basis of setting a target[13]	Ambitious against peers, on the basis of setting a target[14]

[5] Given that the assessment of the KPIs and associated SPTs is done at the lender level, the identification and management of the environmental and social risks associated with the customer of the Sustainability-Linked Finance Facility at transaction is out of the review's scope.
[6] In case the specific action plan requirements are not included in the non-exhaustive list of actions.
[7] Ibid.
[8] Ibid.
[9] In case the peer group is sufficient (more than three peers and more than 20% of them have issued similar targets).
[10] Ibid.
[11] Ibid.
[12] If the customer is the first to set a target and (i) the customer's current performance is in line with the peers' performance (top 50%) or (ii) if the target will enable the issuer to be part of the top 50%.
[13] Ibid.
[14] Ibid.

KPIS	KPI 1 GHG EMISSIONS (SCOPE 1 AND 2), ABSOLUTE OR INTENSITY	KPI 2 GHG EMISSIONS (SCOPE 1, 2 AND 3), ABSOLUTE OR INTENSITY	KPI 3 RENEWABLE ENERGY CONSUMPTION, PROCUREMENT, GENERATION OR INSTALLED CAPACITY
	Limited information to access the SPT's ambition against peers[15]	Limited information to access the SPT's ambition against peers[16]	Limited information to access the SPT's ambition against peers[17]
SPT's ambition against international targets	In line with the Paris Agreement	In line with the Paris Agreement	Aligned with international targets

General consideration of DIB's KPIs and associated SPTs

Core dimension: For every KPI, DIB defines a non-exhaustive list of actions that can be implemented by the customers to reach the SPT and, in certain cases, the customer's action plan may go beyond this list. DIB provides a high-level guidance for customers to structure their action plan, differentiating them based on their level of climate/ESG strategies already in place. However, the specific action plan requirements will be added as part of each relevant contract with customers. Consequently, if the specific action plan requirements are not included, there is limited information to assess the KPIs' core dimension, since there is limited or no visibility to what extent the KPI affects the customer's key processes and operations beyond business-as-usual.

SPT ambition against past performance: DIB's customers have external consultants to evaluate the ambition of SPTs, and DIB uses a two-layer model to assess the customer's situation and SPT's ambition: i) operating environment and ii) organization. This analysis considers, for instance, macroeconomic developments in the country and sector levels, regulatory changes, and structural changes in the company's operations including M&A or disposals.

DIB ensures that SPTs' average annual improvements (in compound annual growth rate or linear terms) over the period covered are greater than the average annual historical reduction/increment to ensure the SPTs reflect a better performance versus business-as-usual. DIB uses a sufficient amount of historical data and at least three years of historical data beyond

[15] In case the peer group is excessively small (i.e., three peers).
[16] Ibid.
[17] Ibid.

the baseline year data that has been externally verified when possible or attested to by internal management. If the customer's KPI baseline is zero, DIB will assess if the KPI addresses a relevant ESG issue and will require information on the reason why the KPI is not measured or widely disclosed in the sector and confirmation that no other KPI(s) capturing the same issue are available. These will be documented in the reporting and the SPT will be considered ambitious. In any case, DIB does not include customers with a baseline of zero due to information availability issues. In this context and compared to the baseline year, SPTs are **ambitious against past performance based on limited evidence** due to a lack of systematically verified data.

SPT ambition against peers: DIB identifies customers' peers based on their sector (at least 50% of turnover or other similar metric from the same product(s)/services as the customer) and, if possible, leading peers in ESG practices or peers with moderate ESG practices. Furthermore, DIB will consider, to the extent possible, the customers' ownership (e.g., publicly listed company, privately/government-owned company), organization type (e.g., limited liability company, NGO, foundation), size and geography to identify relevant peers. Then, the Bank aims to compare the SPT to 10 of most relevant peers, with a minimum of three peers. The peer review will be prepared by the customer(s) and then compared with the results obtained by DIB in its own peer review. To be considered ambitious, according to DIB's methodology, results must indicate that the customer aligns with at least the top 50% of peers included in the analysis. As per DIB's methodology, if peers do not have similar KPIs and associated targets, the customer will be considered more ambitious than the peers only if the customer is the first to set a target and (i) the customers' current performance is in line with the peers' performance (top 50%) or (ii) if the target will enable the issuer to be part of the top 50%. In such a scenario, DIB will assess whether (i) the KPI addresses a key ESG issue, (ii) the KPI is innovative in tackling the relevant issue and why it is not widespread in the market, and (iii) there is another indicator tracking the same key ESG issue and widely used in the market.

In this context, the SPT ambition against peers is deemed **in line with peers** if the peer group is sufficient (more than three peers and more than 20% of them have issued similar targets) and results indicate that the customer aligns with at least the top 50% of peers included in the analysis.

If instead peers do not have similar SPTs but they disclose the relevant metric, the target can be deemed **ambitious against peers, on the basis of setting a target**, if the customer is the first to set a target and (i) the customer's current performance is in line with the peers' performance (top 50%) or (ii) if the target will enable the issuer to be part of the top 50%.

Finally, SPT calibration can be based on a limited peer group (three or less), which could lead to **limited information to assess the SPT's ambition against peers**.

1. GHG emissions (Scope 1 and 2), absolute or intensity

Sector application and KPI category: Applicable KPI for the following sectors: automobile (including automotive manufacturing), aviation, education, energy (excluding the oil and gas sector[18]), manufacturing, real estate, telecommunication and utilities. The KPI covers at least 75% of GHG emissions (Scope 1 and 2).

Objective: Climate change mitigation.

KPI definition: The KPI is defined as GHG emissions reduction (Scope 1 and 2) in absolute terms or in terms of intensity. The Bank confirms that GHG accounting will be conducted in line with GHG Protocol standards. The denominators for intensity KPIs may include production data for physical intensity and revenue data for revenue intensity. If intensity is used, there must be visibility on underlying absolute emissions and future trajectory.

Relevant: The KPI is **relevant** to the customer's business as it relates to the key issue faced by the above-mentioned industries according to key ESG standards for reporting and ISS ESG's assessment.

Core: The KPI is deemed **Moderately Core** as DIB defines a non-exhaustive list of actions that can be implemented by the customer that moderately affect its key processes and/or request moderate efforts, including energy efficiency improvement measures; construction or acquisition of certified green buildings; circular solutions to reduce emissions from usage of carbon-intensive materials; installation, production, development or procurement of renewable energy; and replacement of fleet with low-carbon vehicles and route optimization. DIB confirms that the action plan provided by the customers will not exclude the use of carbon offsets, but commits to limit the use of carbon offsets to residual GHG emissions and to an agreed percentage of maximum 10% by 2030. DIB provides additional considerations for aviation companies (replacement of fleet with more energy efficient airplanes, procurement of sustainable aviation fuel), steel and aluminum producers (replace fossil fuels with low-carbon energy sources, production of steel or aluminum with a higher percentage of recycled contents, production of low-carbon steel or aluminum versus global averages by changing energy mix, feedstock and/or integrating carbon capture, use and storage), and telecommunications companies (requirement to include Scope 1 emissions from stationary generators and emissions from refrigerant gases). Nevertheless, DIB does not exclude customers using Renewable Energy Certificates (RECs). Additionally, when the customer's action plan does not specify the actionable items listed above, please refer to the core assessment under the General Consideration section above.

Materiality: The Issuer confirms that the KPI will cover at least 75% of Scope 1 and 2 GHG emissions and at least cover 60% of the customers' total GHG emissions. Furthermore, the Issuer confirmed that emission intensity reduction may not necessarily lead to absolute reduction; in that case, DIB's methodology will ensure that the intensity reduction is sizeable. This KPI is deemed **Partially Material** since it covers less than 95% of total Scope 1 and 2 GHG emissions, which is less than the relevant threshold for emissions target setting, as laid out in SBTi Criteria C5.

[18] Companies in this sector include but are not limited to integrated oil and gas companies, integrated gas companies, exploration and production pure players, refining and marketing pure players, oil products distributors, and traditional oil and gas service companies. This excludes utility companies with ≤ 25% exposure (from a revenue perspective) to the aforementioned activities.

SPT ambition against international/national targets: DIB confirms that it will rely on the SBTi or an equivalent external party, the IEA Net Zero Emissions by 2050 (NZE) scenario and trajectories (or more ambitious scenarios), or other internationally recognized science-based trajectories to benchmark the ambition of the SPT.

If the SPT is aligned to a 1.5°C trajectory and externally validated by the SBTi, the IEA NZE scenario and trajectories (or more ambitious scenarios), or other internationally recognized science-based trajectories and verified by an external third party, the SPT will be assessed as **in line with the Paris Agreement**.

2. GHG emissions (Scope 1, 2 and 3), absolute or intensity

Sector application and KPI category: Core KPI for the following sectors: automobile (including automotive manufacturing), aviation, education, energy, manufacturing, real estate, telecommunication and utilities. The KPI covers at least 75% of GHG emissions (Scope 1 and 2) and at least 60% of GHG emissions (Scope 3) if Scope 3 GHG emissions represent at least 40% of total GHG emissions.

For the customers involved in the sales or distribution of natural gas and/or other fossil fuels, Scope 3 Use of Sold Product emissions must be considered in the determination of Scope 3 (category 11) irrespective of the share of these emissions compared to total Scope 1, 2 and 3 GHG emissions. For the customers involved in oil and gas refinery, Scope 3 emissions from the Processing of Sold Products must be considered in the determination of Scope 3 (category 10) irrespective of the share of these emissions compared to total Scope 1, 2 and 3 GHG emissions.

Objective: Climate change mitigation.

KPI definition: The KPI is defined as GHG emissions reduction (Scope 1, 2 and 3) in absolute terms or in terms of intensity. DIB confirms that GHG accounting will be conducted in line with GHG Protocol standards. The denominators for intensity KPIs may include production data for physical intensity and revenue data for revenue intensity. If intensity is used, there must be visibility on underlying absolute emissions and future trajectory.

Relevant: **The KPI is relevant** to the customer's business as it relates to the key issue faced by the above-mentioned industries according to key ESG standards for reporting and ISS ESG's assessment.

Core: The KPI is deemed **Moderately Core** as DIB defines a non-exhaustive list of actions that can be implemented by the customer that moderately affect its key processes and/or request moderate efforts, including energy efficiency improvement measures; construction or acquisition of certified green buildings; circular solutions to reduce emissions from usage of carbon-intensive materials; installation, production, development or procurement of renewable energy; replacement of fleet with low-carbon vehicles and route optimization, with regard to Scope 1 and 2 GHG emissions. For Scope 3 emissions, actions include incorporating supplier ESG assessment/due diligence to reduce emissions from supply chain (upstream purchased goods and services), replacement of fleet with low-carbon vehicles and route optimization (downstream and upstream transportation and distribution), and procurement of renewable energy (upstream emissions of purchased fuels). Additionally, DIB confirms that the action plan provided by the customers will not exclude the use of carbon offsets but commits to limit the use of carbon offsets to residual GHG emissions and to an agreed percentage of maximum 10% by 2030. DIB provides additional considerations and action plans for oil and gas companies (changing sales or production mix away from fossil fuels (downstream use of sold products)), telecommunication (requirement to include Scope 3 purchased goods and services and actions such as improving energy efficiency of network infrastructure and data centers with a target for low-carbon data centers with PUE ≤ 1.4 or certified green by an external well-recognized standard, shift from diesel to hybrid generators, decarbonizing electricity, more efficient cooling technologies for data centers, assessing suppliers for E&S risks and reducing emissions from purchased goods and services (upstream), e-waste management), and automotive manufacturing (requirement to include Scope 3 use of sold products and Scope 3 purchased goods and services, and actions such as R&D related to zero tailpipe emissions vehicles and changing sales or production mix away from fossil powered vehicles (downstream), improving energy efficiency of production process, decarbonizing electricity, assessing suppliers for E&S risks and reducing emissions from purchased goods and services (upstream)). Nevertheless, DIB does not exclude customers using RECs. When the customer's action plan does not specify the actionable items listed above, please refer to the core assessment under the General Consideration section above.

Materiality: The Issuer confirms that the KPI will cover at least 75% of Scope 1 and 2 GHG emissions and at least 60% of Scope 3 GHG emissions if Scope 3 GHG emissions represent at least 40% of total GHG emissions. Furthermore, the Issuer confirms that emission intensity reduction may not necessarily lead to absolute reduction; in that case, DIB's methodology will ensure the intensity reductions are sizeable.

The Issuer also confirms that for customers involved in the sale or distribution of natural gas and/or other fossil fuels,[19] the KPI must include Category 11, and for the customers involved in oil and gas refinery,[20] the KPI must include Category 10, regardless of the share of these emissions compared to total Scope 1, 2 and 3 GHG emissions.

If this KPI covers less than two-thirds of Scope 3 emissions, and at least 75% of Scope 1 and 2 emissions, the KPI is deemed **Partially Material** to the customer's business model and sustainability profile, as it excludes more than 5% of total Scope 1 and 2 GHG emissions (which is more than the relevant threshold for emissions target setting, as laid out in SBTi Criteria C5), and to the corporate value chain, as it covers less than two-thirds of Scope 3 GHG emissions.

SPT ambition against international/national targets: DIB confirms that it will rely on the SBTi, the IEA NZE scenario and trajectories (or more ambitious scenarios), or other internationally recognized science-based trajectories to benchmark the ambition of the SPT.

If the SPT is aligned to a 1.5°C trajectory and externally validated by the SBTi, the IEA NZE scenario and trajectories (or more ambitious scenarios), or other internationally recognized

[19] Companies in this sector include but are not limited to integrated oil and gas companies, integrated gas companies, exploration and production pure players, refining and marketing pure players, oil products distributors, and traditional oil and gas service companies. This excludes utility companies with ≤ 25% exposure (from a revenue perspective) to the aforementioned activities.
[20] This excludes utility companies with ≤ 25% exposure (from a revenue perspective) to the oil and gas refinery activities.

science-based trajectories and verified by an external third party, the SPT will be assessed as **in line with the Paris Agreement**.[21]

3. Renewable energy consumption, procurement, generation or installed capacity (% of total energy / MW / MWh)

Sector application and KPI category: Core KPI for the following sectors: automobile (including automotive manufacturing), aviation, education, energy, manufacturing, real estate, telecommunication and utilities.

Objective: Climate change mitigation.

KPI definition: The KPI is defined as renewable energy consumption, procurement, generation or installed capacity, measured as a percentage of total energy per MW / MWh. DIB confirms that the definition of renewable energy will be aligned with the eligibility criteria of any of DIB's Sustainable Finance Framework,[22] the EU taxonomy technical screening criteria, national regulations or market standards such as the Climate Bonds Standard.

Relevant: **The KPI is relevant** to the customer's business as it relates to the key issue faced by the above-mentioned industries according to key ESG standards for reporting and ISS ESG's assessment.

Core: The KPI is deemed **Moderately Core** as DIB defines a non-exhaustive list of actions that can be implemented by the customer that moderately affect its key processes and/or request moderate efforts, including installation, production, development or procurement of renewable energy and energy storage solutions, smart meters/monitoring systems and grids to facilitate integration of renewable energy. Additionally, DIB confirms that the action plan provided by the customers will not exclude the use of carbon offsets but commits to limit the use of carbon offsets to residual GHG emissions and to an agreed percentage of maximum 10% by 2030. Furthermore, DIB does not exclude the customers using unbundled short-term RECs.

Additionally, when the customer's action plan does not specify the actionable items listed above, please refer to the core assessment under the General Consideration section above.

Materiality: The Issuer confirms that the KPI will cover at least 67% of the customer's operations.

However, it is to be noted that renewable energy consumed/purchased is a proxy for the customer's Scope 2 GHG emissions. ISS-Corporate has no visibility on how much GHG emissions the covered operation represents out of the customer's total GHG emissions, nor do we have visibility on how much reduction will result in the increased usage/procurement

[21] While a well below 2°C scenario is consistent with the Paris Agreement goal to limit warming, it is the middle range of ambition. Indeed, this scenario is consistent with a carbon budget that limits the global mean temperature rise to 1.65°C with a 50% probability. The SBTi has not accepted WB2°C since July 2021.

[22] Under DIB's Sustainable Finance Framework, the following project categories are included under renewable energy: solar photovoltaic energy, concentrated solar power (including floating) and solar heating, green hydrogen (including green ammonia), wind energy, bioenergy, biofuels (including biogas and biomass), geothermal energy, hydroelectric energy, hydro-wave, hydro-tidal thermal energy conversion, hydro-ocean thermal energy conversion, and nuclear.

of renewable energy. Furthermore, DIB includes nuclear power generation among the renewable energy sources, which carries negative externalities including thermal pollution from water use, radiative waste disposal challenges on biodiversity, in addition to its dependence on uranium, which is a non-renewable resource requiring mining that is linked to many salient risks from an environmental and social perspective.

Therefore, KPI 3 is deemed not material to the entire corporate value chain of the company as per ISS methodology but **partially material** to the overall business model.

SPT ambition against international/national targets: The assessment of the SPTs is contingent on the fact that the SPT is aligned with Climate Group's RE100 initiative. As a result, the SPT is deemed **aligned with international targets**.

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

Key sustainability objectives and priorities defined by the Issuer

TOPIC	ISSUER APPROACH
Strategic ESG topics	The Issuer focuses on the following topics: ▪ Embrace diversity and inclusion ▪ Enhance employee well-being ▪ Drive transparency and disclosure ▪ Reduce operational footprint ▪ Champion business ethics and customer privacy ▪ Propel sustainable finance ▪ Promote financial inclusion ▪ Embed sustainability in decision-making These sustainability pillars have been defined through a materiality analysis carried out in line with Global Reporting Initiative Standard 3. The materiality matrix is published in the Sustainability Report.
ESG goals/targets	To achieve its strategic ESG topics, the Issuer has set the following goals for 2030: ▪ Be the most diverse Islamic financial institution in its markets of operation ▪ Position itself as an employer of choice in the banking sector ▪ Disclose its financial and non-financial performance in line with best-in-class standards ▪ Achieve net zero within operations and significantly reduce its footprint across water, waste and energy ▪ Be recognized as a trusted institution to its customers and business partners ▪ Significantly step up the share of its funding activities toward sustainable projects ▪ Be the preeminent banking partner to the underrepresented segments of society ▪ Fully integrate ESG risk assessment and mitigation into all its financing decisions The goals are public and progress is monitored yearly in the Sustainability Report.
Action plan	For each strategic ESG topic, the Issuer has a list of initiatives to support the achievement of the 2030 goals. The initiatives

TOPIC	ISSUER APPROACH
	are not publicly disclosed, but the Issuer listed 32 environmental and social objectives.
Climate transition strategy	The Issuer, following the policies developed by the UAE Sustainable Finance Framework 2021-2031 and according to its ESG strategy, has set the following climate targets: ▪ Sustainable finance to represent 15% of the portfolio by 2030 ▪ Net-zero Scope 1 and 2 emissions by 2030 DIB is also analyzing portfolio decarbonization target setting and other portfolio-level sustainable finance targets to align with the UAE's Net Zero 2050 plan that builds on the Paris Agreement, which the UAE ratified. Additionally, DIB is a signatory of the United Nations Global Compact.
Sustainability reporting	The Issuer reports on its ESG performance and initiatives annually. The report is prepared in line with the Global Reporting Initiative.
Industry associations, collective commitments	The Issuer has joined the following regional partnerships: ▪ UAE Bank Federation: DIB works with industry peers to establish best practices and promote sustainable finance initiatives. ▪ Emirates Institute for Banking and Financial Studies: Partnership dedicated to enhancing knowledge and expertise of the employees in sustainable finance within the banking sector. ▪ Dubai Sustainable Finance Working Group: DIB is an active member of the group.
Previous sustainable/sustainability-linked issuances or transactions and publication of sustainable financing framework	In November 2022, DIB issued its first sustainable sukuk with a volume of USD 750 million. In February 2023, the second issuance occurred with a volume of USD 1 billion, followed by another issuance of USD 1 billion in March 2024. The Sustainable Finance Framework was verified by ISS-Corporate.

Rationale for issuance

The framework is DIB's latest concrete action to make its balance sheet more sustainable. Sustainability-Linked Finance Facilities will also contribute towards DIB's Sustainable Finance commitment to have 15% of our portfolio sustainable finance by 2030. DIB has pledged together with other large UAE banks to mobilize over AED 1 trillion in sustainable finance by 2030. DIB has issued US$2.75bn of Sustainable Sukuk so far between 2022 to 2024 and retain the flexibility of issuing both products in the future depending on which product reflects the balance sheet growth at any point of time.

DIB's Sustainability Strategy has two pillars, "Lead by Example" and "Finance a Sustainable Future". This new framework contributes especially to the second pillar, "Finance a Sustainable Future". More specifically, in the "Finance a Sustainable Future" pillar, the framework contributes to the objective of "Significantly step up the share of our funding activities towards sustainable projects" in the priority area of "Propel Sustainable Finance".

In Q4 2024 DIB launched a comprehensive Sustainability Policy, accompanied by enhanced disclosures of key policy statements which impact its ESG positioning in the market. This strategic initiative represents its unwavering commitment to responsible business practices. DIB has currently committed to:

• Make 15% of DIB's portfolio Sustainable Finance by 2030

• Achieve Net Zero in DIB's Scope 1 and 2 GHG emissions by 2030 for DIB UAE.

DIB is in the process of analyzing portfolio decarbonization target setting and further portfolio level Sustainable Finance targets that align with the UAE's Net Zero 2050 plan.

Opinion: *The key sustainability objectives and the rationale for issuing Sustainability-Linked Finance Facilities financing instruments are clearly described by the Issuer.*

DISCLAIMER

1. Validity of the External Review: Valid as long as the cited Framework remains unchanged.
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ANNEX 1: METHODOLOGY

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

ANNEX 2: QUALITY MANAGEMENT PROCESSES

SCOPE

DIB commissioned ISS-Corporate to compile a SLF Facilities Framework External Review. The second-party opinion process includes verifying whether the Sustainability-Linked Finance Facilities Financing Framework aligns with ICMA's SLLBG (as of June 2024) and assessing the sustainability credentials of its sustainability-linked finance instruments, as well as the Issuer's sustainability strategy.

CRITERIA

Relevant standards for this second-party opinion:

- Guidelines for Sustainability-Linked Loans financing Bonds, ICMA, June 2024

ISSUER'S RESPONSIBILITY

DIB's responsibility was to provide information and documentation on:

- Framework
- Sustainability-Linked Financing Facilities' KPIs and SPTs
- Documentation of ESG risk management at the asset level

ISS-CORPORATE'S VERIFICATION PROCESS

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

This independent second-party opinion of the sustainability-linked finance instruments to be issued by DIB has been conducted based on proprietary methodology and in line with the SLLBG.

The engagement with DIB took place in January and February 2025.

ISS-CORPORATE'S BUSINESS PRACTICES

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

About this External Review

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

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

Please visit ISS-Corporate's website to learn more about our services for bond issuers.

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

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