

ABU DHABI COMMERCIAL BANK PJSC

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2023 ADCB Green Bond Report



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Introduction

Background

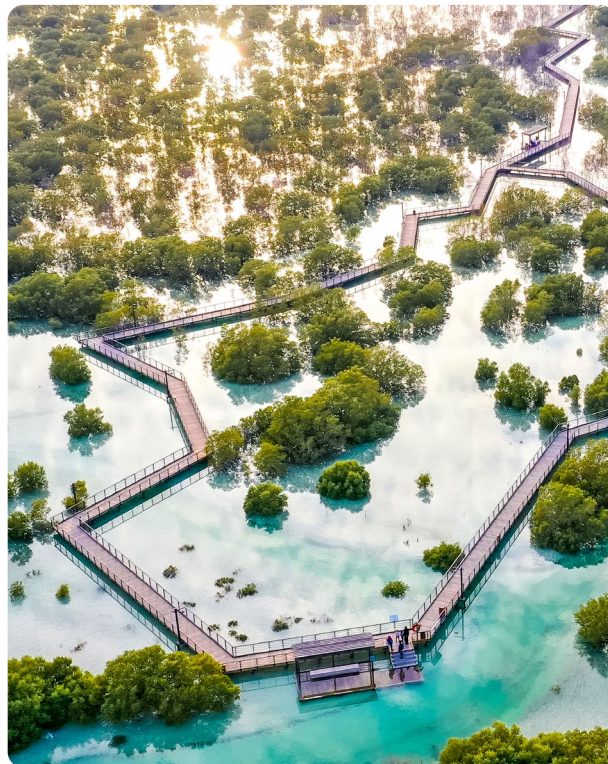
Abu Dhabi Commercial Bank PJSC (ADCB), is a leading banking institution in the UAE providing more than 1.5 million customers with a full suite of products and services, spanning Retail Banking, Private Banking and Wealth Management, Corporate and Investment Banking, Treasury and Investments and Property Management. The Group's key subsidiaries include retail-focused Islamic digital bank, Al Hilal (with operations in UAE and Kazakhstan) and ADCB Egypt, which provides retail and corporate banking services. As at 30 June 2023, ADCB was the third largest bank in the UAE by total assets.

Climate change is one of the greatest threats facing society and it poses significant environmental, economic and social risks worldwide. According to the United Nations Intergovernmental Panel on Climate Change (IPCC), the evidence is clear: global economies need to halve emissions by 2030 and reach net zero by 2050, to limit global warming to 1.5°C and avoid the worst effects of the climate crisis.

The UAE has designated 2023 the Year of Sustainability under the theme 'Today for Tomorrow' to highlight the need for immediate steps to promote a fair and equitable net zero future. The country will host the COP28⁽¹⁾ global climate conference in November - December 2023 to conduct a 'global stocktake' of the Paris Agreement, and the UAE is resolute that this exercise will promote an acceleration of coordinated action to combat climate change.

Limiting global warming to 1.5°C will require deep emission reductions across all sectors and vast amounts of capital. ADCB recognises the importance of the role played by banks in supporting the transition to an inclusive, net zero economy and we support the goals of the Paris Agreement and the UAE's strategic initiative to achieve net zero emissions by 2050⁽²⁾. ADCB has committed AED 35 billion in green financing by 2030 to support our customers' transition to net zero through mobilisation of finance towards sustainable and environmentally beneficial purposes.

Further information on our sustainability strategy, policy commitments and ESG disclosures can be found on adcb.com/esg



About this report

This Green Bond Report provides details on ADCB's⁽³⁾:

- Eligible Green Loan Portfolio
- Allocation of proceeds to the portfolio
- Estimated environmental impacts

This is the Bank's first report published following the issuance of our inaugural USD 500 million five-year Reg S green bond in September 2022, and is intended to be updated annually to reflect any changes to the Portfolio. This report is recommended to be read in conjunction with the **ADCB Green Bond Framework**.

We engaged Sustainalytics (a Morningstar company), to calculate the estimated impact achieved by the portfolio. Deloitte and Touche (ME) ("Deloitte") has provided independent limited assurance on the allocation of proceeds as disclosed on page 8 of this report. For more details, please refer to the **Independent Limited Assurance Report**.

(1) The 2023 United Nations Climate Change Conference or Conference of the Parties of the United Nations Framework Convention on Climate Change (UNFCCC), more commonly referred to as **COP28**
(2) **Third Update of Second Nationally Determined Contribution for the UAE, 2023**
(3) As at 30 June 2023

Key highlights

Allocation highlights

USD 500 mn

Five-year Reg S green bond issued



**AED 6 bn
(USD 1.65 bn)**

Eligible Green Loan
Portfolio

30%

Eligible Green Loan
Portfolio allocated

80%

ADCB's portfolio allocation to
renewable energy and green buildings



Geographical breakdown of projects financed



Impact highlights

719,509 tCO₂e

Annual financed emissions avoided



119 tCO₂e/AED mn

Annual financed emissions avoided
per million invested



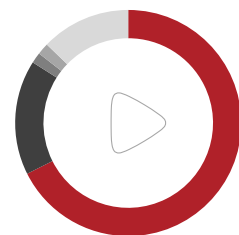
156,000

Equivalent number of cars
eliminated per year



Avoided emissions by category ('000 tCO₂e per year)

- Renewable energy: 486
- Pollution prevention and control: 118
- Wastewater management: 11
- Green buildings: 12
- Energy efficiency: 92



Green bond framework

Introduction

In alignment with our Board-approved Sustainability Strategy, we have established the **ADCB Green Bond Framework (the “Framework”)**, based on the International Capital Markets Association (ICMA) Green Bond Principles (GBP)⁽¹⁾.

Issuances under the Framework contribute towards ADCB’s purpose to support the transition to an inclusive, net zero economy and the Board-approved target of AED 35 billion of green finance by 2030.

The Framework has four key components

1

Use of proceeds



2

Process for project evaluation and selection



3

Management of proceeds



4

Reporting



1. Use of proceeds

An amount equal to the net proceeds of any green bond issued will be used to finance and/or refinance, in whole or in part, Eligible Green Loans ('Eligible Loans') that meet the Green Eligibility Criteria (please see next page).

2. Process for project evaluation and selection

Loans financed and/or refinanced through green bond proceeds are evaluated and selected based on compliance with the eligibility criteria as described in the Framework.

All eligible loans are subject to ADCB's standard credit processes, which seek to ensure compliance with applicable national rules and regulations, including know-your-customer (KYC) processes and ADCB's own policies and guidelines, as well as Environmental and Social Risk Management (ESRM) policies.

3. Management of proceeds

The net proceeds of green bonds issued is managed by ADCB in a portfolio approach.

ADCB has adjusted its account planning tool and core banking system to enable business teams to flag loans as green, in accordance with the ICMA GBP categories and the eligibility criteria. All loans flagged as 'green' are fed into the Sustainable Lending Portfolio Report, which is, at a minimum, updated every quarter to ensure ongoing compliance with the eligible criteria for review/sign-off by the Green Bond Working Group. Please see next page for further details on governance of the Framework.

4. Reporting

ADCB will publish an allocation and impact report annually, until net proceeds from the green bond have been fully allocated to Eligible Loans. ADCB intends to report on an aggregated basis for all of its outstanding green bonds at the level of the GBP categories.

External review

ADCB's Green Bond Framework has been reviewed by Institutional Shareholder Services (ISS) ESG, who has issued a **Second Party Opinion**. Deloitte, has provided limited assurance on the allocation of our portfolio to each of the eligible categories and allocated

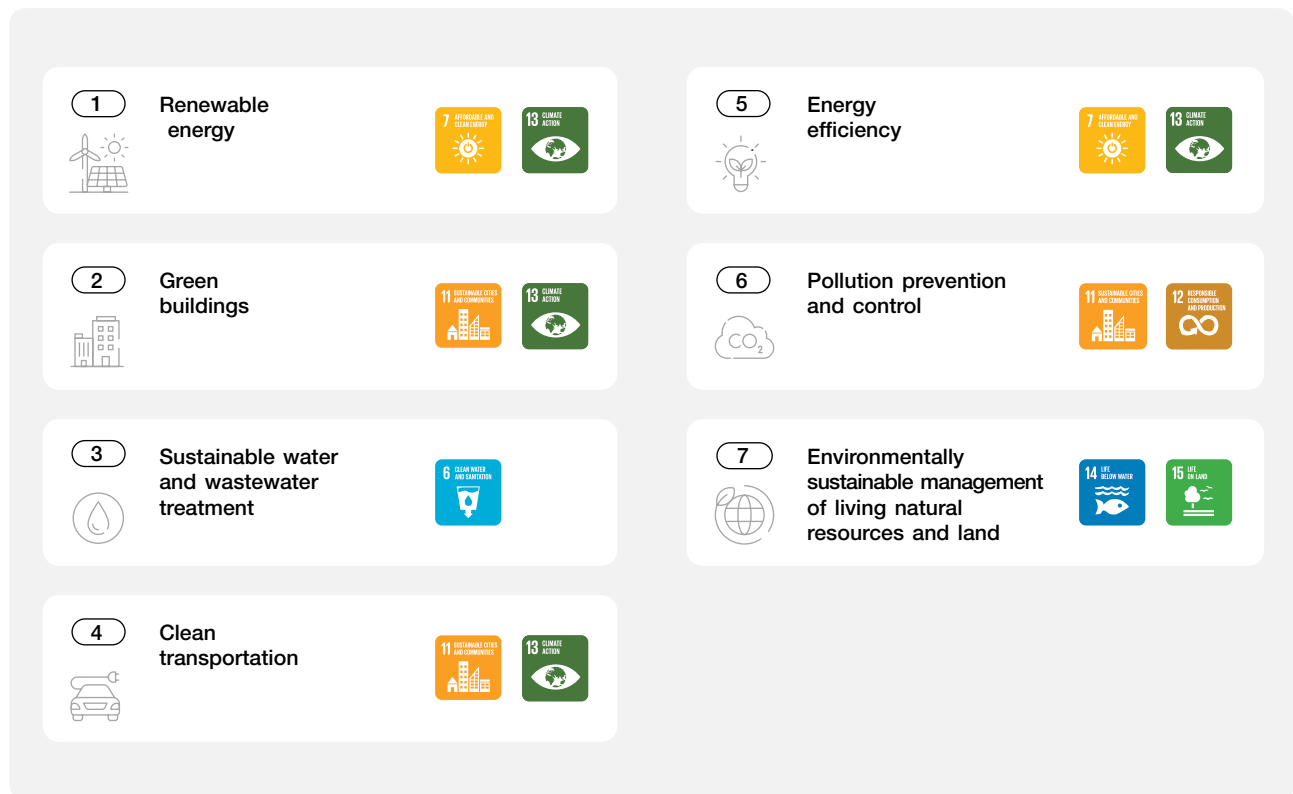
proceeds for the reporting period as disclosed on page 8 of this Report. See the **Limited Assurance Report** for further details. The remainder of the information contained within this report was not subject to the limited assurance engagement.

(1) Further information on green bond principles can be found here: [ICMA Green Bonds Principles](#)

Green bond framework (continued)

Green eligibility criteria

A summary of ADCB's green eligibility criteria is outlined below. For further details, please refer to the **ADCB Green Bond Framework**.



Governance of the green bond framework

ADCB has established a Green Bond Working Group (GBWG) which consists of senior stakeholders from across the Bank including representatives from Treasury, Risk, Credit, Corporate and Investment Banking, Legal, and Sustainability.

In addition, external partners attend the GBWG to provide expert advice as required. The GBWG meets a minimum of every quarter and reports to the Group Sustainability Committee.

Green Bond Working Group responsibilities:

- Reviewing and updating the Framework
- Obtaining a Second Party Opinion
- Signing off the Eligible Green Loan Portfolio
- Monitoring the allocation of the green bond net proceeds and ensuring ongoing compliance with eligibility criteria
- Developing allocation and impact reporting with third party assurance
- Preparing green bond documentation
- Monitoring regulation, best practice and investor expectations

Allocation report

Inaugural green bond issuance

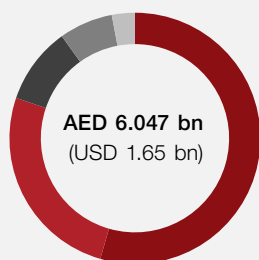
In September 2022, ADCB Group issued its inaugural green bond of USD 500 million.

| | |
|------------------|------------------------------------|
| Issuer | Abu Dhabi Commercial Bank PJSC |
| Notes | Fixed Rate Green Notes due in 2027 |
| Rank | Senior Unsecured |
| Principal amount | USD 500,000,000 |
| Net proceeds | USD 497,730,000 |
| Coupon | 4.5% |
| Tenor | 5 years |
| Cusip | Not Applicable |
| ISIN | XS2530757082 |



Allocation of the Eligible Green Loan Portfolio as at 30 June 2023

- Green buildings 54.8%
- Renewable energy 25.6%
- Sustainable water and wastewater treatment 10.3%
- Energy efficiency 6.5%
- Pollution prevention and control 2.8%



Allocation report (continued)

Green bond issued⁽¹⁾

| Instrument | Issuance date | Due date | Amount (USD mn) |
|-------------------|----------------|----------------|-----------------|
| ISIN XS2530757082 | September 2022 | September 2027 | 500 |

Eligible Green Loan Portfolio as at 30 June 2023⁽¹⁾

| Eligible Green Loan Portfolio by category | Funded ⁽²⁾ (AED mn) | Funded ⁽³⁾ (USD mn) | Lending portfolio (%) |
|---|--------------------------------|--------------------------------|-----------------------|
| Green buildings total | 3,314 | 903 | 54.8% |
| Green residential buildings - Retail mortgages ⁽⁴⁾ | 1,895 | 516 | 31.3% |
| Green commercial and mixed use buildings - Corporate and Investment Banking and Private Banking | 1,419 | 387 | 23.5% |
| Renewable energy total | 1,548 | 422 | 25.6% |
| Solar | 1,548 | 422 | 25.6% |
| Sustainable water and wastewater management | 622 | 169 | 10.3% |
| Energy efficiency | 394 | 107 | 6.5% |
| Pollution prevention and control | 169 | 46 | 2.8% |
| Clean transportation | - | - | 0.0% |
| Environmentally sustainable management of living natural resources and land | - | - | 0.0% |
| Total green loans | 6,047 | 1,648 | 100% |

| Key metrics | (%) |
|---|------|
| Net proceeds of green bond allocated to Eligible Green Loan Portfolio | 100% |
| Eligible Green Loan Portfolio allocated | 30% |
| Eligible Green Loan Portfolio unallocated | 70% |
| New corporate loans added to the portfolio post inaugural green bond issuance | 27% |

(1) Deloitte's Limited Assurance Report in relation to the Eligible Green Loan Portfolio and respective disclosed amounts, is included on pages 18 and 19

(2) These amounts represent the funded outstanding to loans that ADCB has identified as Eligible Green Loans in accordance with the [ADCB Green Bond Framework](#)

(3) The United States Dollar (USD) amounts are presented for the convenience of the reader only by converting the AED balances at the pegged exchange rate of USD 1 = AED 3.67

(4) Based on residential buildings in ADCB's portfolio that are within the top 15% most energy efficient buildings in Abu Dhabi and Dubai, as determined through the [specialist green building consultant study](#)

Impact report

Impact summary

ADCB engaged Sustainalytics to estimate the impacts achieved by our Eligible Green Loan Portfolio. Our reporting follows the ICMA Harmonised Framework for Impact Reporting⁽¹⁾, which creates a standardised reporting structure to enhance the understanding of the impact to all stakeholders including investors.

The table below provides a summary of the impact from the net proceeds of ADCB's Eligible Green Loan Portfolio. Further details on project-level avoided emissions are provided on the following pages. The impacts reported correspond to a representative year during the bond's term to maturity and are based on ADCB's share of project financing.

Portfolio level

Eligible Green Loan Portfolio (AED)

6 bn



Annual financed emissions avoided⁽²⁾ (tCO₂e)

719,509












Annual financed emissions avoided/AED mn (tCO₂e)

119



Use of proceeds

| Category | Sub category | Allocated amount (AED mn) | Annual financed emissions avoided (tCO ₂ e) | Annual financed emissions avoided per million invested (tCO ₂ e/AED mn) | SDGs |
|---|--|---------------------------|--|--|---|
| Renewable energy | Total | 1,548 | 486,198 | 314 |   |
| | Solar (Concentrated Solar Power) | 894 | 131,436 | 147 | |
| | Solar (Photovoltaic) | 654 | 354,762 | 542 | |
| Sustainable water and wastewater management | Wastewater treatment and water recycling | 622 | 10,847 | 17 |  |
| Energy efficiency | District cooling systems | 394 | 91,888 | 233 |   |
| Green buildings | Total | 3,314 | 12,330 | 4 |   |
| | Commercial and mixed use | 1,419 | 7,682 | 5 | |
| | Residential | 1,895 | 4,588 | 2 | |
| Pollution prevention and control | Waste-to-energy | 169 | 118,247 | 700 |   |

(1) Further information on the handbook for harmonised framework for impact reporting can be found here: [ICMA - Handbook](#)

(2) Due to rounding, the project level avoidance might not sum up to the total avoidance

Impact report (continued)

Impacts of Eligible Green Loan Portfolio by project

Renewable energy

| Project name | Project type | Location | Allocated amount (AED mn) | Share of total syndicated value (%) | Project generation (MWh) | Financed generation (MWh) | Project capacity (MW) | Financed capacity (MW) | Annual project emissions avoided (tCO ₂ e) | Annual financed emissions avoided (tCO ₂ e) | Annual financed emissions avoided per million (tCO ₂ e/AED mn) |
|--------------------------|--------------|-----------|---------------------------|-------------------------------------|--------------------------|---------------------------|-----------------------|------------------------|---|--|---|
| Project A | Solar CSP | Abu Dhabi | 87 | 7% | 220,000 | 15,400 | 100 | 7 | 140,048 | 9,803 | 113 |
| Project B | Solar PV | Dubai | 575 | 23% | 1,707,980 | 395,366 | 800 | 185 | 1,087,266 | 251,682 | 438 |
| Project C ⁽¹⁾ | Solar PV | Dubai | 79 | 9% | 1,799,189 | 161,927 | 900 | 81 | 1,145,328 | 103,080 | 1,305 |
| Project D | Solar CSP | Abu Dhabi | 807 | 8% | 2,339,746 | 191,072 | 950 | 78 | 1,489,436 | 121,633 | 151 |

Pollution prevention and control

| Project name | Project type | Location | Allocated amount (AED mn) | Share of total syndicated value (%) | Project generation (MWh) | Financed generation (MWh) | Project capacity (MW) | Financed capacity (MW) | Annual project emissions avoided (tCO ₂ e) | Annual financed emissions avoided (tCO ₂ e) | Annual financed emissions avoided per million (tCO ₂ e/AED mn) |
|--------------|-----------------|----------|---------------------------|-------------------------------------|--------------------------|---------------------------|-----------------------|------------------------|---|--|---|
| Project E | Waste-to energy | Sharjah | 169 | 30% | 220,000 | 66,000 | 30 | 9 | 394,155 | 118,247 | 700 |

Sustainable water and wastewater management

| Project name | Project type | Location | Allocated amount (AED mn) | Share of total syndicated value (%) | Annual wastewater treated (million M³) | Financed electricity generation (MWh) | Annual project emissions avoided (tCO ₂ e) | Annual financed emissions avoided (tCO ₂ e) | Annual financed emissions avoided per million (tCO ₂ e/AED mn) |
|--------------|--|-----------|---------------------------|-------------------------------------|--|---------------------------------------|---|--|---|
| Project F | Wastewater treatment and water recycling | Abu Dhabi | 622 | 100% | 139 | 5,205 | 10,847 | 10,847 | 17.44 |

Energy efficiency

| Project name | Project type | Location | Allocated amount (AED mn) | Share of total syndicated value (%) | Energy saved (%) | Annual project emissions avoided (tCO ₂ e) | Annual financed emissions avoided (tCO ₂ e) | Annual financed emissions avoided per million (tCO ₂ e/AED mn) |
|--------------------------|------------------|----------|---------------------------|-------------------------------------|------------------|---|--|---|
| Project G | District cooling | Dubai | 234 | 7% | 41% | 779,618 | 54,573 | 233 |
| Project H ⁽²⁾ | District cooling | Dubai | 160 | 100% | 41% | 37,315 | 37,315 | 233 |

(1) Project currently under construction

(2) Due to lack of data, the avoidance estimation is based on the assumption that cost and technology is the same as Project G

Impact report (continued)

Green buildings

| Project name | Project type | Location | Gross building area (m ²) | Allocated amount (AED mn) | Share of total syndicated value (%) | Average energy intensity (kWh/m ²) | Average energy reduction (%) | Financed direct emissions (MW) ⁽¹⁾ | Financed indirect emissions (MWh) ⁽²⁾ | Annual financed emissions avoided (tCO ₂ e) | Annual financed emissions avoided per million (tCO ₂ e/AED mn) |
|--------------|----------------|-----------|---------------------------------------|---------------------------|-------------------------------------|--|------------------------------|---|--|--|---|
| Project I | Shopping mall | Abu Dhabi | 290,000 | 234 | 35% | 64 | 69% | 1,747 | 780 | 5,681 | 2.43 |
| Project J | Sports stadium | Al Ain | 46,452 | 646 | 100% | 76 | 35% | 956 | 427 | 745 | 0.12 |
| Project K | Office/retail | Dubai | 102,193 | 539 | 23% | 58 | 70% | 368 | 164 | 1,256 | 0.23 |
| Project L | Residential | Abu Dhabi | 193,038 | 1,321 | 86% | 53 | 50% | 2,376 | 1,061 | 3,446 | 0.25 |
| | Residential | Dubai | 68,123 | 574 | 91% | 49 | 53% | 796 | 355 | 1,302 | 0.23 |

(1) Direct Emissions are the emissions from the energy consumed directly on the premises.

(2) Indirect Emissions are the emissions resulting from the extraction, refining and transportation of primary fuels, including transmission and distribution losses, before their use in the generation of electricity

Case studies

Supporting our customers in their journey to net zero

Renewable energy: Financing an 800 MW solar photovoltaic power plant in Dubai

Financing the third phase of the Mohammed bin Rashid Al Maktoum Solar Park, an 800 megawatt (MW) solar photovoltaic (PV) plant. The project is part of what will be the largest single-site solar park in the world, with a planned capacity of 5,000 MW by 2030.

The plant is located on a 16 square kilometre area in Seih Al Dahal, in the outskirts of Dubai.

Total funded as at 30 June 2023

AED 575 mn

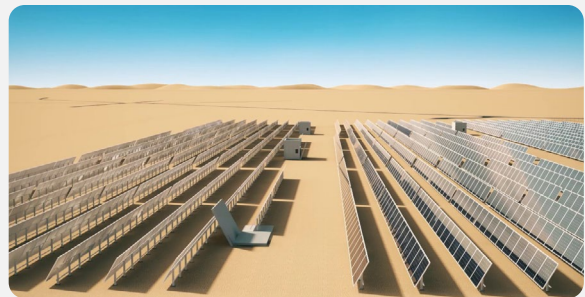
Annual estimated financed emissions avoided

251,682 tCO₂e



The project utilises PV modules with solar tracking technology increasing the power production from the PV plant, compared with fixed structures.

Currently operational, this facility is sufficient to power up 160,000 homes in Dubai.



Sustainable water and wastewater management: Bilateral project finance loan for the first Independent Sewage Treatment Plant (ISTP1)

Financing the development and ongoing operations of two sewage treatment plants, located in Al Wathba (Abu Dhabi) and Al Saad (Al Ain) with a capacity of 76 MIGD (Million Imperial Gallons per Day) and 20 MIGD respectively. Both plants have been fully operational since 2012, making them the UAE's inaugural independent wastewater treatment plants.



The Al-Saad plant has a facility which uses biogas created from the treatment process to produce over a quarter of the plant's required energy, further improving the overall energy efficiency.

Total funded as at 30 June 2023

AED 622 mn

Annual estimated financed emissions avoided

10,847 tCO₂e



Case studies (continued)

Green buildings: Adoption of a market leading green building methodology in line with EU Taxonomy

As part of the green bond framework, ADCB developed a market leading methodology for defining the top 15% most energy-efficient residential buildings in the UAE. This innovative methodology, developed by a specialist green building consultant, is aligned with the EU Taxonomy, the industry benchmark for the classification of green activities.

Further details on the green building methodology can be found [here](#)

ADCB's mortgages to retail customers for the purchase or repurchase of residential property that meet the eligibility criteria for top 15% energy efficient buildings in the Emirates of Abu Dhabi and Dubai have been considered as part of ADCB's Eligible Green Loan Portfolio. For first year of reporting, the eligibility criteria for inclusion in the portfolio was based on the year of construction of the villas or residential buildings. We will continue to enhance the quality of data reported and assess the screening criteria based on the green building rating systems applicable in Abu Dhabi and Dubai in the future.



Residential mortgages funded as at 30 June 2023
AED 1,895 mn
Annual estimated financed emissions avoided
4,648 tCO₂e



Methodology

ADCB engaged Sustainalytics to calculate the estimated impact achieved by the portfolio. The estimation practices and general principles rely on the Greenhouse Gas (GHG) Protocol⁽¹⁾. Our methodologies are based on guidance provided by the International Financial Institutions (IFI)⁽²⁾ on GHG accounting and global emissions reporting. In addition, we rely on the Partnership for Carbon Accounting Financial (PCAF) Global Accounting Standard⁽³⁾ for the estimation of avoided financed emissions and for guidance on estimation where data was not readily available. Finally, the UN's Clean Development Mechanism⁽⁴⁾ was also used as guidance to inform the calculation methodologies used in this report.

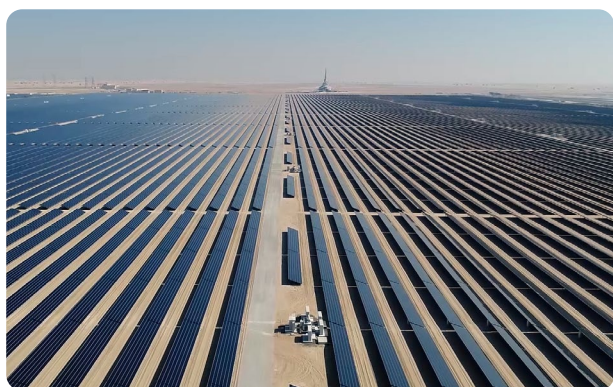
The impact indicators included in this report are informed by the **ICMA Harmonised Framework for Impact Reporting Handbook**. Our reporting encompasses both the anticipated impacts of projects under construction and the verified impacts of projects in operation.

The environmental impacts are calculated in proportion of ADCB's share in the total project financing. Whenever possible, we base our calculations on publicly available data as reported by relevant projects or companies. In cases where data was unavailable, we relied on assumptions and estimates specific to each asset type and location.

Renewable energy

It is assumed that energy generated by the projects replace a mix of current and upcoming planned electricity generation using fossil fuels, and therefore associated emissions. The approach taken to derive the avoided greenhouse gas emissions uses:

- The emissions of the renewable energy projects, which is often (but not always) zero
- The baseline emissions or emissions occurring in the absence of the project. For electricity generation, these emissions are based on the energy mix used to supply electricity to the local grid
- Financed project avoided emissions are calculated by using the share of project financing of the total project emissions avoided from the above calculations



Data sources and assumptions

- For the projects included in this report, the annual energy generation (measured in MWh) was from publicly available data as reported by relevant projects or companies, except for projects under construction, for which the energy capacity (measured in MW) was used
- For projects currently under construction, the annual energy generation was estimated leveraging the data on energy capacity with capacity factors based on technology type and location using data from IRENA⁽⁵⁾
- The baseline emission factors for the countries where projects are located were sourced from IFI⁽⁶⁾. To account for emissions from upstream activities, an additional, indirect emissions factor was applied⁽⁷⁾
- For zero-carbon technologies such as solar and wind, the emissions per unit of generation are assumed to be 0 gCO₂e/kWh

(1) [Greenhouse Gas Protocol](#)

(2) [International Financial Institutions, "Members of the International Financial Institutions on Greenhouse Gas Accounting"](#)

(3) [Partnership for Carbon Accounting Financials, The Global GHG Accounting and Reporting Standard for the Financial Industry](#)

(4) [UNFCCC, CDM Methodology Booklet, \(2021\)](#)

(5) [Statistics Time Series, International Renewable Energy Agency](#)

(6) [UNFCCC, The IFI Dataset of Default Grid Factors](#)

(7) [Government of the UK, Department for Business, Energy & Industrial strategy, "Government conversion factors for company reporting of greenhouse gas emissions"](#)

Methodology (continued)

Pollution prevention & control and sustainable water & wastewater treatment



It is assumed that the waste treated in the waste to energy plant would have otherwise ended up in landfill and other treatment methods, where more greenhouse gases would have been generated. It is also assumed that the new energy generated by the waste crowd out a mix of current and upcoming planned electricity generation capacity. For both the crowded-out waste management and the crowded-out electricity generated, there are associated avoided emissions. The approach taken to derive the carbon avoidance is based on the comparison between:

- The emissions of the waste-to-energy project
- The baseline emissions or emissions occurring in the absence of the project. For the electricity generation, which forms part of the avoided carbon emissions, these emissions are based on the energy mix used to supply electricity to the local grid. Additionally, the emissions originating from waste treatment are estimated considering the local treatment of waste
- Financed project avoided emissions are calculated by using the share of project financing of the total project emissions avoided from the above calculations

This methodology also applies to the carbon avoided by the co-generation facility (ISTP1), which as part of treating the water uses the waste from the process to generate energy.

Data sources and assumptions

- For the projects included in this report, energy generation (measured in MWh) was from publicly available data as reported by relevant projects or companies
- The baseline emission factors for the grid in countries where projects are located were sourced from the IFI and to account for emissions from upstream activities, an additional, indirect emissions factor was applied⁽¹⁾
- The emission factor for the waste to energy plants were sourced directly from the relevant project or company
- The data on the local waste mix and the local waste treatment practices were sourced from the IPCC⁽²⁾
- The model for estimating emissions from waste management was sourced from the EIB⁽³⁾
- For the co-generation facility (ISTP1), the avoided carbon emissions are based on the energy generated by the biogas that is used in the plants own operations and is assumed to displace grid energy. It is also assumed that if the gas had not been captured it would have been emitted into the atmosphere. The quantity of gas is estimated based on the power generated and typical estimates based on calorific value



(1) Government of the UK, Department for Business, Energy & Industrial strategy, ["Government conversion factors for company reporting of greenhouse gas emissions"](#)
(2) IPCC, ["2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Chapter 2 Waste Generation, Composition and Management Data"](#) (2019)
(3) European Investment Bank, [EIB Project Carbon Footprint Methodologies](#) (2022)

Methodology (continued)

Green buildings



It is assumed that new buildings consume less energy than a mix of existing buildings and new construction. The avoidance of greenhouse gas emissions is calculated using:

- To the extent available, the reporting on emissions from the energy efficient building projects is based on metered energy consumption. If such information is not available, estimates for the relevant projects are based on the building certificates, standards or country-level averages
- The baseline emissions, or emissions occurring in the absence of the projects is based on the estimated energy intensity of comparable buildings, or in the case of refurbishments, the prior emissions
- Financed project avoided emissions are calculated by using the share of project financing of the total project emissions avoided from the above calculations



Data sources and assumptions

- For the projects included in this report, building data including gross building area, location, emission intensities and relevant building certificates were from publicly available data as reported by relevant projects or companies and used as inputs for the calculations. Where relevant, calculations are based on the most recently available green building certificates or energy performance certificates for each property
- Where relevant, the energy intensity for buildings was modelled based on a representative sample of LEED certifications and grades of the respective buildings
- Based on location and building characteristics such as type and size, the energy intensity of a baseline building is estimated using a combination of country averages and publicly available statistical models⁽¹⁾
- The emissions factors for the baseline properties are based on the average energy mix for buildings in the relevant country. A distinction is made between electricity consumption and other energy consumption
- The grid emissions factors for the countries in which the projects are located were sourced from IFC⁽²⁾. To account for emissions from upstream activities, an additional, indirect emissions factor was applied⁽³⁾
- Building country average energy consumption (measured in kWh/m²) was assumed to be similar for office buildings and retail buildings

(1) IFC's EDGE model is used for statistical modelling of buildings

(2) UNFCCC, [The IFI Dataset of Default Grid Factors](#)

(3) Government of the UK, Department for Business, Energy & Industrial strategy, ["Government conversion factors for company reporting of greenhouse gas emissions"](#)

Methodology (continued)

Energy efficiency



It is assumed that the projects in question, in this case district cooling, replace a mix of other existing methods of providing the same amount of cooling to houses. The avoidance of greenhouse gas emissions is calculated using:

- Estimation of the emissions of the energy efficient cooling projects based on the number of clients, the average national energy use, both residential and commercial
- The baseline emissions, or emissions occurring in the absence of the projects is based on the estimated energy intensity of comparable cooling, drawing the energy from the national grid
- Financed project avoided emissions are calculated by using the share of project financing of the total project emissions avoided from the above calculations



Data sources and assumptions

- The number of clients served and the makeup of these clients were sourced from the project itself⁽¹⁾
- The share of residential energy used for cooling⁽²⁾ and national average household consumption was used to estimate the energy consumption baseline
- The improvement was based on the estimated difference in energy efficiency between district cooling and other cooling methods⁽³⁾
- The grid emissions factors for the countries in which the projects are located were sourced from IFI⁽⁴⁾. To account for emissions from upstream activities, an additional, indirect emissions factor was applied⁽⁵⁾
- Building country average energy consumption (measured in kWh/m²) was assumed to be similar for office buildings and retail buildings

(1) Client data
(2) ["Effectiveness and viability of residential building energy retrofits in Dubai", Rakshan et al](#)
(3) ["Energy consumption in the United Arab Emirates", Worlddata.info](#)
(4) [UNFCCC, The IFI Dataset of Default Grid Factors](#)
(5) Government of the UK, Department for Business, Energy & Industrial strategy, ["Government conversion factors for company reporting of greenhouse gas emissions"](#)

Independent limited assurance report

Deloitte.

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Independent Limited Assurance Report to the Directors of ADCB

We have been engaged by the Directors of Abu Dhabi Commercial Bank PJSC ("ADCB") to perform a limited assurance engagement relating to the Selected Information, as outlined below, within the ADCB Green Bond Report ("the Report") which discloses the reported use of the proceeds of the Green Bond issued on 14 September 2022.

Use of report

This report is made to the Directors of ADCB in accordance with ISAE 3000 (Revised) and our agreed terms of engagement. Our work has been undertaken so that we might state to the Directors of ADCB those matters we are required to state to them in this limited assurance report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than ADCB and the Directors of ADCB for our work, for this report, or for the conclusion we have formed.

Our conclusion

Based on our work as described in this report, nothing has come to our attention that causes us to believe that the Selected Information, as presented on page 8 of the Report which discloses the reported use of the proceeds of the bond, has not been prepared, in all material respects, in accordance with the applicable criteria defined within the Report.

Respective responsibilities

ADCB management are responsible for:

- Establishing applicable criteria for preparing the Selected Information ("the Allocation Reporting Criteria");
- Designing, implementing and maintaining internal processes and controls over information relevant to the preparation of the Selected Information that are free from material misstatement, whether due to fraud or error; and
- Measuring and reporting the Selected Information based on the applicable criteria.

Our responsibility is to express a conclusion on the Selected Information based on our procedures. We conducted our engagement in accordance with International Standard on Assurance Engagements ISAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board (IAASB), in order to state whether anything had come to our attention that causes us to believe that the Selected Information have not been prepared, in all material respects, in accordance with the applicable criteria as defined within the Report.

Our procedures consisted primarily of

- Performing enquiries with management to understand how the Allocation Reporting Criteria have been applied in the preparation of the Selected Information;
- Obtaining an understanding of the key systems, processes and controls for managing and reporting the Selected Information;
- Inspecting issuance documentation and bank statements to confirm the total reported value of net proceeds;
- Inspecting minutes of the Green Bond Working Group to confirm the value of portfolio allocations during the period and that allocated projects were considered against the eligible categories and approved;
- Substantive testing to confirm that a sample of identified assets from the approved listing were funded in line with the approach set out in the Allocation Reporting Criteria;
- Inspecting system generated reports and statements to confirm the balances were in line with the requirements of the Allocation Reporting Criteria;
- Obtaining a listing of assets to confirm this is consistent with the disclosure relating to proportion of total proceeds refinanced;
- For a sample of assets refinanced, inspecting operational records or other appropriate project documentation to confirm the amounts refinanced and that refinancing eligibility is in line with the Allocation Reporting Criteria; and
- Accumulating misstatements and control deficiencies identified and assessing whether material.

Independent limited assurance report (continued)

Criteria

The “Allocation Reporting Criteria” is published within the ADCB Green Bond Report and is based on the ADCB Green Bond Framework 2022 (the Framework).

The self-defined applicable criteria; the nature of the Selected Information; and absence of consistent external standards allow for different, but acceptable, measurement methodologies to be adopted which may result in variances between entities. The adopted measurement methodologies may also impact comparability of the Selected Information reported by different organisations and from year to year within an organisation as methodologies develop.

Inherent limitations

Our engagement provides limited assurance as defined in ISAE 3000. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Inherent limitations exist in all assurance engagements due to the selective enquiry of the information being examined. Therefore fraud, error or non-compliance may occur and not be detected. Our work does not involve testing the operating effectiveness of controls over the underlying data, nor have we sought to review systems and controls beyond those relevant to the Selected Information.

Our independence and competence

We complied with Deloitte’s independence policies, which address and, in certain cases, exceed the requirements of the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants in their role as independent auditors, and in particular preclude us from taking financial, commercial, governance and ownership positions which might affect, or be perceived to affect, our independence and impartiality, and from any involvement in the preparation of the report.

We have applied the International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Deloitte & Touche (M.E.)

The logo for Deloitte & Touche, featuring the company name in a stylized, handwritten-style font.

Abu Dhabi – United Arab Emirates
28 August 2023

Disclaimer

This Green Bond Report (“Report”) has been prepared by Abu Dhabi Commercial Bank PJSC (“ADCB”) for information purposes only. The information, statements and opinions contained in this Report do not constitute a public offer under any applicable legislation or an offer to sell or solicitation of an offer to buy any securities or financial instruments or any advice or recommendation with respect to such securities or other financial instruments. This Report is not intended for distribution in any jurisdiction in which such distribution would be contrary to local law or reputation.

The material contained in this Report is intended to be general background information on ADCB and its activities and does not purport to be complete. It may include information derived from publicly available sources that have not been independently verified. Deloitte and Touche (ME) (“Deloitte”) has performed a limited assurance engagement on the allocation of proceeds as disclosed (on page 8) of this Report. The remainder of the information contained within this Report was not subject to the limited assurance engagement. See the Limited Assurance Report (on Pages 18 and 19 of this Report) for more details on the scope of Deloitte’s work. No representation or warranty is made as to the accuracy, completeness or reliability of the information. It is not intended that this Report be relied upon as advice to investors or potential investors, who should consider seeking independent professional advice depending on their specific investment objectives, financial situation or particular needs.

This Report may contain certain forward-looking statements with respect to certain of ADCB’s plans and its current goals and expectations relating to future financial conditions, performance and results. These statements relate to ADCB’s current view with respect to future events and are subject to change, certain risks, uncertainties and assumptions which are, in many instances, beyond ADCB’s control and have been made based upon management’s expectations and beliefs concerning future developments and their potential effect upon ADCB.

By their nature, these forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond ADCB’s control, including, but not limited to the UAE domestic and global economic and business conditions, market related risks such as fluctuations in interest rates and exchange rates, the policies and actions of regulatory and Governmental authorities, the impact of competition, the timing impact and other uncertainties of future acquisition or combinations within relevant industries.

As a result, ADCB’s actual future condition, performance and results may differ materially from the plans, goals and expectations set out in ADCB’s forward-looking statements and persons reading this document should not place reliance on forward-looking statements. Such forward-looking statements are made only as at the date on which such statements are made and ADCB is under no obligation and does not undertake to update forward-looking statements contained in this document or any other forward-looking statement it may make.

Abu Dhabi Commercial Bank PJSC

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