

Alinma Bank Sustainable Finance Framework

March 2024

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1. Alinma Bank's APPROACH TO SUSTAINABILITY

Alinma Bank (“Alinma”, “the Bank”, “we”, “our”) was established in 2006 as an Islamic banking services provider by Royal Decree and is a publicly listed company on the Saudi Exchange. Since 2009, Alinma has been providing Shariah compliant banking to our customers in the Kingdom of Saudi Arabia (KSA). The Bank’s mission, is to provide our customers with total Shariah-compliant financial solutions, build a thriving workplace for its 2,917 employees and contribute to the sustainable development of our community.

In 2023, we launched our Sustainability Strategy rooted in our purpose to serve our community and is designed to deliver impact and contribute to Saudi Vision 2030 and the Nation’s commitment to net zero emissions by 2060. Alinma’s Sustainability Strategy is built on a strong foundation of sustainability management and recognizes our role as a central node in the Saudi financial market. In lieu of this responsibility as a prominent financial institution in the KSA, Alinma’s Sustainability Strategy places a central focus on sustainable finance products among the six pillars of the strategy, as follows:

Accelerating sustainable finance:

We are committed to integrating ESG analysis into financing considerations as well as launch sustainable finance products to realize the ambitions of the Saudi Vision 2030.

Fostering environmental stewardship and enabling a circular carbon economy:

We support KSA’s journey to transition to a circular carbon economy which will serve as a mechanism to accelerate the achievement of environmental stewardship together with economic security.

Empowering our customers:

We aim to be recognized and celebrated as the fastest and most convenient bank in KSA and be the number one in Net Promoter Score (NPS) across the KSA banks.

Building a thriving workplace:

Our people are the most important resources available to the Bank to ensure business continuity and the provision of exceptional products, services, and offerings. We aim to continue providing a thriving workplace with healthy and happy people.

Strengthening our communities and contributing to greater financial inclusion:

Our CSR program reflects the role we play in the communities in which we operate and enhances the engagement and professionalism of employees. As the Bank is an integral part of Saudi society, we place a great deal of emphasis towards the communities we serve.

Implementing robust governance and responsible operations:

We adopt sophisticated standards of corporate governance, business ethics and compliance, in line with our regulator - The Saudi Central Bank (SAMA). We promote openness, transparency, and integrity. Our Corporate Governance framework acts as essential supporting structure of rules and practices which support the Bank to operate without compromise.



Sustainable finance encompasses the redirection of capital towards sustainable investments through various channels and services. It incorporates ESG criteria to foster sustainable development and facilitate the shift towards a low-carbon economy. Sustainable finance products serve as instrumental tools in channeling capital towards environmentally and socially responsible projects. They encompass a range of financial instruments designed to support projects and companies dedicated to sustainable practices, renewable energy, climate change mitigation, and social development. These products not only aim to generate financial returns but also contribute to positive environmental and societal impacts, aligning with the growing global emphasis on sustainability and responsible investment.

In addition to financial returns, we consider the environmental and social impacts of our products. As a critical node in the Saudi financial system, Alinma understands its role in launching innovative financial instruments that enable the flow of capital towards the commitments made under the Saudi Vision and as such contribute to the realization of the sustainability ambitions of the country. The launch of sustainable finance products underscores our commitment to driving positive change and fostering sustainable development in the KSA to enable the achievement of the Nation's net zero carbon emissions by 2050 commitment.

1.1. Alinma Bank's Sustainable Finance Framework

Alinma Bank's Sustainable Finance Framework ("the framework") outlines our approach to classification of financial instruments and services as sustainable and to navigate capital towards projects and transactions with positive environmental and social impact. The Framework intends to be used as the basis to issue Green, Social and/or Sustainability Sukuk and Finances ("Sustainable Financing Instruments") with Shariah-compliant financial solutions.

The Framework has been drafted in accordance with:

- (i) The Green Bond Principles¹, the Social Bond Principles², and the Sustainability Bond Guidelines³ ("the Principles") issued by the International Capital Market Association (ICMA);
- (ii) The Green Loan Principles and the Social Loan Principles issued by the LSTA, Loan Market Association and the Asia-Pacific Loan Market Association^{4,5}

As per the Principles, any Sustainable Financing Instruments issued under the Framework will fund Eligible Green and/or Social Projects that contribute to generating positive environmental and/ or social impact.

¹ Green Bond Principles (2021) (with June 2022 Appendix I): https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Green-Bond-Principles_June-2022-280622.pdf

² Social Bond Principles (SBP) June 2023: <https://www.icmagroup.org/assets/documents/Sustainable-finance/2023-updates/Social-Bond-Principles-SBP-June-2023-220623.pdf>

³ Sustainability Bond Guidelines 2021: <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>

⁴ Green Loan Principles (GLP) 2023: <https://www.lsta.org/content/green-loan-principles/#>

⁵ Social Loan (SLP) 2023: <https://www.lsta.org/content/social-loan-principles-slp/>

In aligning with the above principles and guidelines, the Bank’s Sustainable Finance Framework is presented through the four core components of the Green Bond Principles and the Social Bond Principles, as well as their recommendation for external review:

- a) Use of Proceeds
- b) Process for Project Evaluation and Selection
- c) Management of Proceeds
- d) Reporting

Such sustainable financing instruments issued under this Framework will be standard recourse-to-the-issuer obligations, and investors will not bear the credit risk of the underlying allocated eligible asset exposures.

2. Use of Proceeds

Alinma Bank will ensure that the Sustainable Financing Instruments proceeds are solely for the purpose of funding any activity or transactions relating to the projects mentioned in the “Eligible Assets” and Categories found in section Appendix 1 of this document.

The Bank has analyzed the criteria for Eligible Assets included the EU Taxonomy for sustainable activities (EU 2020/852) issued by the European Commission ⁶, and the Criteria published by Climate Bonds Initiative⁷. The criteria published in this Framework reflect market practices globally, and in the KSA with respect to investments in projects with potential for positive environmental and social impact.

We will allocate an amount at least equivalent to the net proceeds of the Sustainable Financing Instruments issued under this Framework to finance and/or re-finance, in whole or in part new or existing Eligible Assets that contribute to environmental objectives such as: climate change mitigation, climate change adaptation, natural resource conservation, and pollution prevention and control, and/ or deliver positive impact to society.

⁶ EU Taxonomy for sustainable finance activities: https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/eu-taxonomy-sustainable-activities_en

⁷ Climate Bonds Initiative Standard v3.0: <https://www.climatebonds.net/standard/sector-criteria>

Financing Eligible Assets may also include general corporate purpose financing of borrowers that derive at least 90% of their revenue from sources that meet the eligibility criteria set out below.

A maximum 3-year look-back period would apply for refinanced projects and Alinma Bank expects each issuance under this framework to be fully allocated within 2 years from the date of issuance. The Bank will, where possible, disclose to investors the expected share of financing versus refinancing for any Sustainable Financing Instrument.

The detailed Eligibility Criteria for Environmental and Social Categories have been included in Appendices 1 and 2 of the Framework respectively.

Exclusion list:

As a Shariah compliant bank, Alinma prohibits financing activities deemed unethical or harmful to society, including gambling, tobacco, or alcohol, as well as any involvement with political organizations. Beyond these sectors, Alinma Bank does not extend financing for military purposes including weapons, weapon components, and munitions.

Additionally, any Alinma Bank Green, Social or Sustainable sukuk proceeds will not be used to finance projects where the main purpose of the financing is related to fossil fuels, nuclear power generation, conflict minerals, weapons, gambling, vaping, tobacco, alcohol, mining, and/or oil & gas.

3. Process for Project Evaluation and Selection

We aim to use our internal procedures as outlined below to choose projects in line with Alinma Bank's Sustainable Finance Framework. This will involve assessing all risks before approval utilizing the ESG Due Diligence Toolkit and incorporating the appropriate governance structure including management and board committees in the decision-making process.

3.1. ESG Due Diligence Toolkit

Alinma Bank has developed the ESG Due Diligence Toolkit ("Toolkit") to help us identify and evaluate deals with evident environmental and social advantages as well as capture ESG risks associated with the projects. The toolkit is a key step in our decision-making process and is relied upon by stakeholders to understand the ESG risks of any transaction or obligor, identify transactions with potential for positive environmental and social impact, and quantify the overall

ESG risk profile of the transaction or obligor. The output from such a toolkit will be integrated into our risk decision-making process and is a powerful information tool for the process.

The toolkit will also monitor the financed projects and companies on a quarterly basis until the allocation proceeds are outstanding, as well as screen controversies associated with projects on a monthly basis. The toolkit assesses a range of key performance indicators in the environmental, social, and governance dimensions customized by sectors, enabling us to proactively minimize risks and identify opportunities related to projects and clients financed. Additionally, the Toolkit will be relied upon by the Alinma to screen any ESG-related controversies and allegations related to Eligible Assets and inform the decision-making process accordingly.

The Toolkit is adherent to the EBRD (European Bank for Reconstruction and Development) Risk Classification Criteria and the Equator Principles. The Sustainability Department is the custodian of the ESG Due Diligence toolkit.

3.2. Governance

Alinma Bank follows a multi-tier governance structure with respect to Eligible Assets under this Framework to ensure that only those projects are financed which are aligned with the criteria set forth in this Framework. Accordingly, Relationship Managers (“RMs) have the responsibility to identify projects and build a shortlist of potential deals. Periodically, the Sustainability Department will evaluate the Register to ensure alignment of the Eligible Assets with the criteria in this Framework and provide recommendations to the Sustainability Committee for approval if alignment is not found.

The Sustainability Committee will include representatives from the following departments:

- Corporate Banking
- Retail Banking
- Treasury
- Compliance & Anti-Financial
- Risk Management
- Credit Management
- Strategy & Sustainability.

3.3. The Process

Upon receiving the financing/investing application from the business lines, the RMs will be responsible for conducting the due diligence process described above for the Eligible Green and Social assets identified for financing. Based on this review, RMs will prepare a list of potentially Eligible Assets for the periodic review by the Sustainability Department. The Sustainability Department will review the proposed portfolio of Eligible Assets presented by RMs to ensure alignment with the requirements of this Framework. Once the Sustainability Department has ensured alignment, it will recommend the approval to the relevant Sustainability Management Committee for financing of the projects and their subsequent labelling as green, or social

On a periodic basis, the relevant Management-level/Board-level committee will review the approvals to ensure that financings are in line with Alinma Bank's overall sustainability objectives and suggest any action as deemed necessary to ensure ongoing alignment.



4. Management of Proceeds

The funds issued through Sustainable Financing Instruments will be placed in the general funding accounts and set aside for allocation to Eligible Projects, tracked through the Sustainable Finance Asset Register. The net proceeds of any issuances received by Alinma Bank under the Framework will be fully utilized within two years of the issuance. We intend to maintain a track of all transactions under the Framework in a separate Sustainable Finance Register.

The Sustainable Finance Register will contain the following information:

- I. Sustainable Financing Instrument details: pricing date, maturity date, principal amount of proceeds, coupon, ISIN number, etc.
- II. Allocation of Proceeds:

- a. The Eligible Sustainable Projects List, including for each Eligible Sustainable Project, the Eligible Sustainable Project category, project description, project location, total project cost, and amount allocated
- b. Amount of unallocated Proceeds

We will follow a portfolio-based approach to match issuances with eligible green/social assets. Periodic reviews of the Sustainable Finance Register will ensure that an adequate balance of eligible green/social assets is maintained to match issuance amounts at all times.

On a quarterly basis, our Sustainability Committee - with the support of the Sustainability Department team - will review the Sustainable Finance Register. The aim will be to verify that all the Eligible Assets continue to meet the eligibility criteria set out in this Framework. Assets that no longer meet the criteria will be removed, and any resulting shortfalls will be adjusted to match the issuances under the framework.

Unallocated proceeds of the net Sustainable Finance Instruments will temporarily be placed in approved short-term shari'a-compliant instruments in accordance with our local liquidity management guidelines.

5. Reporting

Annually, we will release a report with details on allocation of net proceeds from any issuances under this Framework and the environmental and social impact of Eligible Projects. The initial report will be issued within one year from the date of issuance, with subsequent annual updates until full allocation of net proceeds from issuances under the Framework, or until such Sustainable Financing Instrument is no longer outstanding. The report will consist of two key parts as described below:

5.1. Allocation Reporting

- The Allocation reporting will be published annually and will include the following:
 - The total amount of proceeds allocated to the eligible green and/or social Projects
 - Breakdown of allocation by Eligible Green and Social category
 - Breakdown of allocation by project location
 - Refinancing versus new financing of projects
 - The balance of unallocated proceeds at the end of the reporting period

The Annual Sustainable Finance Report may also include confirmation that the use of proceeds conforms to this Framework.

5.2. Impact Reporting

We plan to offer reports on the environmental and/or social advantages of the Eligible Projects. Based on data availability and confidentiality, our impact reporting might encompass the qualitative and quantitative impact metrics mentioned below, and where feasible, taking reference from the relevant indicators recommended in the ICMA Harmonized Framework for Impact Reporting.⁸ In the case of operational projects, we will utilize actual measurements based on real-time performance.

For upcoming projects, we will employ estimated measurements based on the anticipated performance of the project. We will clarify in the report whether the metrics are actual or estimated. Moreover, we will reveal the calculation methodologies and key assumptions.

5.2.1 Environmental & Social Impact Reporting – Illustrative

Environmental Impact Reporting - Key Performance Indicators (KPIs) are essential metrics that provide a comprehensive understanding of the environmental footprint of Alinma Bank. These KPIs measure various aspects, including but not limited to carbon emissions, energy consumption, waste generation, and water usage. By assessing and reporting on these KPIs, companies can effectively track their environmental performance, identify areas for improvement, and demonstrate their commitment to sustainability and environmental stewardship. **Appendix 1** demonstrates some examples of these KPIs.

Social Impact Reporting involves the use of Key Performance Indicators (KPIs) to assess the social impact of Alinma Bank projects. These KPIs measure various social aspects, including but not limited to community engagement, labor practices, employee welfare, diversity and inclusion, and overall societal contributions. Through the careful tracking and analysis of these metrics, we can effectively evaluate and communicate our social impact, demonstrating our commitment to responsible and ethical practices. **Appendix 2** demonstrates some examples of these KPIs.

⁸ ICMA Harmonized Framework for Impact Reporting: https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Harmonised-Framework-for-Impact-Reporting-Green-Bonds_June-2022-280622.pdf

6. External Review

6.1. Second Party Opinion

We have appointed Sustainalytics to provide a Second-Party Opinion on the Alinma Bank's Sustainable Finance Framework and confirm its alignment with the ICMA Principles. This Second Party Opinion document will be made available on our website - Post-issuance - External Assurance

Our annual allocation reporting will also be subject to external verification by an external third-party assurance provider. The external auditor will verify the following:

- The compliance of assets financed by the proceeds with eligibility criteria defined in Section 2 (Use of Proceeds) of this Sustainable Finance Framework
- Allocated amount related to the Eligible Assets financed by the proceeds
- The management of proceeds and unallocated proceeds amount




The report of the external auditor will be made available on Alinma Bank's website at: www.Alinma.com




7. Amendments to this Framework




Regular reviews will be conducted on this Framework to ensure the alignment with amendments to the Green Bond Principles, the Social Bond Principles, and the Sustainability Bond Guidelines issued by ICMA, as well as the Climate Bonds Initiative Taxonomy and the EU Taxonomy or any other relevant taxonomy upon its release in the region or country with an aim to adhere to the best market practices. Such reviews may lead to updates and amendments in this Framework. Significant updates will require prior approval from both Alinma Bank and the SPO provider. Any revised version of the Sustainable Finance Framework will maintain or enhance the current standards of transparency and reporting disclosures, including an external review. The updated Framework, if any, will be made available on Alinma Bank's website, replacing the existing Framework.





8. Appendix





Appendix – 1: Eligible Environmental Categories

Category	Eligibility Criteria	Exclusions	Alignment with UN SDGs
Renewable energy	<ul style="list-style-type: none"> Production of electricity from renewable sources: <ul style="list-style-type: none"> Solar Photovoltaic (PV) Concentrated Solar Power (CSP) Wind Power Offshore solar and wind projects Development/ refurbishment of hydroelectric facilities which are run-of-the-river plants with no artificial reservoir Green Hydrogen Projects produced from the electrolysis of water powered by renewable sources 	<ul style="list-style-type: none"> Projects with life cycle emissions > 100 gCO₂e/kWh Construction of large hydropower projects (>25MWp) Hydropower refurbishment projects intended to increase the capacity Biofuel facilities with a lifecycle emissions intensity higher than 35% of a fossil fuel baseline Biofuel facilities relying on majority non-certified feedstock or peat Projects dedicated to supplying power to hard-to-abate sectors Hydrogen coming from steam reforming or natural gas sources 	 SDG 7  SDG 9  SDG 13
	<ul style="list-style-type: none"> Development and/or manufacture of renewable energy technologies, including equipment for 		

	<p>renewable energy generation and energy storage including:</p> <ul style="list-style-type: none"> - Wind turbines - Solar panels - the constituent parts of renewable generation projects 		
	<ul style="list-style-type: none"> • Development of technologies and systems that increase defined renewable energy storage capacity such as battery storage • Transmission and distribution assets or infrastructure connecting renewable energy generation facilities 	<ul style="list-style-type: none"> • New T&D infrastructure dedicated to connecting fossil fuels or nuclear power 	
<p>Energy efficiency</p>	<ul style="list-style-type: none"> • Development, manufacture and implementation of products or technologies that reduce the energy consumption of underlying assets, projects, appliances, products or systems i.e. improved lighting through LEDs, improved chillers, or reduced power usage in manufacturing operations via hydrogen fuel cells and smart grid meters • Improved efficiency in the delivery of bulk energy services, including district heating/cooling systems (relying on low-global warming potential 	<ul style="list-style-type: none"> • Products or technology that improves the energy efficiency of fossil fuel production e.g. cleaner coal technology • Products or technology that have an energy efficiency improvement of < 30% 	<ul style="list-style-type: none">  SDG 7  SDG 9  SDG 11





	refrigerants), smart grids that results in reduced energy losses		
Sustainable water and waste-water management	<ul style="list-style-type: none"> • Research, development, construction, purchase, and upgrades/ maintenance of water desalination plants powered by renewable or low-carbon energy sources and with appropriate waste management plans in place • Development or improvement of sustainable urban drainage systems and river training and other forms of flooding mitigation, including: <ul style="list-style-type: none"> - Wastewater treatment (treatment or recycling of discharge water) 	<ul style="list-style-type: none"> • Products or technology that associated directly with fossil fuel production and/or distribution plants • Integrated water and power plant with fossil fuel facilities 	 SDG 9
Pollution prevention and control	<ul style="list-style-type: none"> • Soil remediation (land remediation of contaminated urban sites), Recycling facilities where the secondary raw materials (such as steel, aluminium, glass, plastics) cease to be waste and are sold to be used as secondary raw materials 		 SDG 11  SDG 12




<p>Clean transportation</p>	<ul style="list-style-type: none"> • Projects that promote a shift towards less polluting and more energy efficient modes of transport, particularly in the case of long distance, urban travel and freight, including: <ul style="list-style-type: none"> - low energy or low emission transportation assets <50gCO2/km - Traffic management systems aimed at reducing congestion with a demonstrated case for emissions reduction - Low-carbon-fuel ships powered by battery or alternative fuels such as biofuel or hydrogen - Bunkering and powering facilities for ships that run on the above fuels - Low-carbon rail transport assets, including: <ul style="list-style-type: none"> ▪ Carriages ▪ Metro, Intercity & High-speed Rails, Mass Rapid Transit (MRT)/Light Rail Transit (LRT) ▪ Freight Rail ▪ Trams 	<ul style="list-style-type: none"> • Systems, vehicles, ships and infrastructure dedicated to the transportation of fossil fuels • Diesel-powered locomotives for mass transport with tailpipe emissions intensity of > 50g CO2e/pkm • Vehicles with tailpipe emission intensity of > 50 gCO2/km 	   	<p>SDG 7</p> <p>SDG 9</p> <p>SDG 11</p> <p>SDG 13</p>
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

<p>Green buildings</p>	<ul style="list-style-type: none"> Acquiring and/or constructing buildings that meet or will meet the criteria below: New, existing, or refurbished residential, commercial, or mixed-use buildings that have received or are expected to receive at least one of the following certifications: <ul style="list-style-type: none"> LEED “Gold” or above Mostadam “Gold” or above Estidama, Pearl Building Rating System in the Emirate of Abu Dhabi “3 Pearl Rating with a minimum 20% improvement in energy performance above ASHRAE 90.1 criteria New or existing buildings belonging to top 15% based on emission intensity in the region, as determined by a third-party assessment 	<ul style="list-style-type: none"> Improvement activities that result in the use of fossil fuel technologies Activities relating to buildings directly involved in the exploration, extraction, refining and distribution of fossil fuels 	<div style="display: flex; flex-direction: column; align-items: center;"> <div style="display: flex; align-items: center; margin-bottom: 10px;">  <div style="margin-left: 10px;">SDG 6</div> </div> <div style="display: flex; align-items: center; margin-bottom: 10px;">  <div style="margin-left: 10px;">SDG 9</div> </div> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;">SDG 11</div> </div> </div>
<p>Climate change adaptation</p>	<ul style="list-style-type: none"> Activities that increase the resilience of ecosystems, including communities, climate observation and early warning systems, water resilient infrastructure, bridges to address higher levels of flooding, systems and 		<div style="display: flex; align-items: center;">  <div style="margin-left: 10px;">SDG 13</div> </div>





	infrastructure for anticipated wind speeds, heavy rains and increased temperatures		
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Appendix – 2: Eligible Social Categories

Category	Eligibility Criteria	Exclusions	Alignment with UNSDGs
Affordable basic infrastructure	<ul style="list-style-type: none"> Construction, development, operation, renovation and/or maintenance of facilities, services, systems or equipment used for the target population: <ul style="list-style-type: none"> Development of infrastructure to provide communities that have limited access or no access to services such as transport, water and energy Development of sanitation infrastructure to enable proper disposal of wastewater and enable a safe living environment for target populations that currently lack access to quality infrastructure. Development of telecommunication infrastructure to extend affordable access to internet coverage, speed, and/ or mobile phone coverage to 		 SDG 6  SDG 7  SDG 9  SDG 11









	communities who currently lack access		
Access to Essential Services: Education	<ul style="list-style-type: none"> Facilities, equipment, and activities that enhance access to public, not-for-profit, free, or subsidized education including: <ul style="list-style-type: none"> - Construction of public universities, and university campuses - Activities such as retrofitting infrastructure, school transportation service, mobilizing skilled resources for remote education, to expand access to primary, secondary, university, and vocational education - Activities to promote entrepreneurship and innovation among secondary and university students including financing hackathons and FinTech competitions 	<ul style="list-style-type: none"> Funding of private for-profit institutions which are not accessible by the general population and do not have any financial assistance programs to aid access 	 SDG 4  SDG 10
Access to Essential Services: Healthcare	Facilities, projects, and equipment that enhance access to healthcare services in emerging markets through affiliations with government health programs, or are more	<ul style="list-style-type: none"> Funding of private for-profit institutions which are not 	 SDG 3



	<p>broadly accessible to the whole public through government spending, subsidies, or social security. This includes:</p> <ul style="list-style-type: none"> • Development, expansion, or acquisition of buildings, facilities, and equipment relating to hospitals, laboratories, clinics, healthcare, and hospices • Funding of children’s pediatric care or maternal and reproductive healthcare products and services for women • Activities that support the funding of health-related R&D programs supporting such as new medicines, treatments, vaccinations, or health equipment • Investing in activities that will strengthen the provision of early warning, risk reduction and management of health crises 	<p>accessible by the general population and do not have any financial assistance programs to aid access</p>	
<p>Employment generation</p>	<ul style="list-style-type: none"> • Providing finances to target population of SMEs as defined by SAMA¹ with a focus on support local entrepreneurs and promoting financial inclusion of local SMEs. • Providing finances for projects or enterprises classified as microfinance (as defined by the SAMA¹) 		 SDG 8  SDG 9





<p>Socioeconomic advancement and empowerment</p>	<ul style="list-style-type: none"> • Development and support initiatives of women to improve economic opportunities through business interventions, including: <ul style="list-style-type: none"> - Financing for women-led companies where at least one of the following conditions is met: <ul style="list-style-type: none"> - At least 51% of the shareholding is owned by a woman or by women - At least 51% of top management are women 		 SDG:1  SDG 4  SDG 5  SDG 8
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SAMA1: Alinma communicated to Sustainalytics that the Bank defines MSMEs as micro, small, and medium enterprises in line with the Saudi Central Bank (SAMA)’s classification of revenues and the Small and Medium Enterprise Bank (SME Bank)’s definition. The SME Bank defines MSMEs as enterprises with revenues not exceeding SR 200 million (less than USD 53 million equivalent). SME Bank, “Definition of small and medium enterprises”, at: <https://smebank.gov.sa/>


Appendix – 3: Environmental Impact Reporting – Illustrative list

Category	Impact Indicators
Renewable energy SDG 7  SDG 9  SDG 13 	<ul style="list-style-type: none"> Annual GHG emissions reduced/avoided (tCO₂e) Annual renewable energy generation in MWh/GWh (electricity) and GJ/TJ (other energy) Capacity of renewable energy plant(s) constructed or rehabilitated (MW) Capacity of renewable energy plant(s) to be served by transmission systems (MW) Annual Absolute (gross) GHG emissions from the project (tCO₂e)
Energy efficiency SDG 7  SDG 9  SDG 11 	<ul style="list-style-type: none"> Annual energy savings in MWh/GWh (electricity) and GJ/TJ (other energy savings) Annual GHG emissions reduced/avoided (tCO₂e) Number of people who benefitted Annual Absolute (gross) GHG emissions from the project (tCO₂e)
Sustainable water and wastewater management SDG 6  SDG 9 	<ul style="list-style-type: none"> Sustainable water management - water use sustainability and efficiency projects: <ul style="list-style-type: none"> Annual absolute (gross) water use before and after the project in m³/a, reduction in water use in % Wastewater treatment projects (including sewage sludge management): <ul style="list-style-type: none"> Annual absolute (gross) amount of wastewater treated, reused or avoided before and after the project in m³/a and p.e./a⁽¹⁾ and as % Annual absolute (gross) amount of raw/untreated sewage sludge that is treated and disposed of (in tonnes of dry solids p.a. and in %) Annual absolute (gross) amount of sludge that is reused (in tonnes of dry solids p.a. and in %) Improved water supply infrastructure and facilities and/or improved quality of the supplied drinking water as a result of the project:

	<ul style="list-style-type: none"> - Number of people with access to clean drinking water (or annual volume of clean drinking water in m3/a supplied for human consumption) through infrastructure supporting sustainable and efficient water use • Improved sanitation facilities that have been constructed under the project: <ul style="list-style-type: none"> - Number of people with access to improved sanitation facilities under the project • Improved measures to reduce the risk from adverse flooding impact: <ul style="list-style-type: none"> - Number of people and/or enterprises (e.g. companies or farms) benefitting from measures to mitigate the consequences of floods and droughts • Sustainable land and water resources management (SLM) systems in place: <ul style="list-style-type: none"> - Area covered by sustainable land and water resources management practices - Annual catchment of water (m3/year) that complies with quantity (m3/year) and quality (e.g. turbidity) requirements by utilities.
<p>Pollution prevention and control</p> <p>SDG 11 SDG 12</p>  	<ul style="list-style-type: none"> • Waste management projects – resource efficiency: <ul style="list-style-type: none"> - Waste that is prevented, minimized, reused or recycled before and after the project in % of total waste and/or in absolute amount in tonnes p.a. - For certain waste management projects that reduce the amount of waste disposed of, it may also be possible to capture GHG emissions from waste management before and after the project (tCO2e) p.a. • Pollution Control Projects: <ul style="list-style-type: none"> - Annual absolute (gross) amount of waste that is separated and/or collected, and treated (including composted) or disposed of (in tonnes p.a. and in % of total waste) • Improved access to municipal waste collection (including separation): <ul style="list-style-type: none"> - Number of people or % of population with access to waste collection under the project - Area with improved regular (daily, weekly or bi-weekly) waste collection service - How many fractions of waste were separated before and after the project - The absolute amount or % of residual non-separated waste before and after the project • Improved municipal waste treatment or disposal services: <ul style="list-style-type: none"> - Number of people or % of population provided with improved municipal waste treatment or disposal services • Improved recycling programmes: <ul style="list-style-type: none"> - Number of people benefitting from selective collection of recyclables - Number of informal recyclers integrated into a formal system











	<ul style="list-style-type: none"> • Reduced local pollution to air and/or water Indicators: <ul style="list-style-type: none"> - Absolute or % reduction in local pollutants
<p>Clean transportation</p> <p>SDG 7  SDG 9 </p> <p>SDG 11  SDG 13 </p>	<ul style="list-style-type: none"> • Clean transportation projects and transport infrastructure: <ul style="list-style-type: none"> - Passenger-kilometres (i.e. the transport of one passenger over one kilometre) and/or passengers; or tonne-kilometres (i.e. the transport of one tonne over one kilometre) and/or tonnes - Annual GHG emissions reduced/avoided (tCO₂e) p.a. - Reduction of air pollutants: particulate matter (PM), sulphur oxides (SO_x), nitrogen oxides (NO_x), carbon monoxide (CO), and non-methane volatile organic compounds (NMVOCs) • Deployment of clean transportation: <ul style="list-style-type: none"> - Annual Absolute (gross) GHG emissions (tCO₂e) - Number of clean vehicles deployed (e.g. electric) - Estimated reduction in car/truck use in number of kilometres driven or as share of total transport ridership - Estimated reduction in fuel consumption • Construction or improvement to core infrastructure: <ul style="list-style-type: none"> - Annual Absolute (gross) GHG emissions (tCO₂e) - Total in kilometres of new or improved train lines/dedicated bus, BRT, LRT corridors bicycle lanes - Number of wildlife crossings created - Volume of reused or recycled rail material for rail, or port infrastructure in tons • Projects aimed at avoidance or reduction of transport use Indicators: <ul style="list-style-type: none"> - Annual Absolute (gross) GHG emissions (tCO₂e) - Land use density including ‘transit-oriented development’ (people and jobs per unit of land area) - Estimated reduction in car use (km driven) or as share of total transport ridership - Increase of households with internet access (absolute or percentage) - Reduction in congestion

<p>Green buildings</p> <p>SDG 9 SDG 11</p>   <p>SDG 6</p> 	<ul style="list-style-type: none"> • Energy performance <ul style="list-style-type: none"> - kWh/m² of GBA p.a.; and % of energy use reduced/avoided vs local baseline/building code; and, if relevant % of renewable energy (RE) generated on site • Carbon performance <ul style="list-style-type: none"> - kgCO₂ /m² of GBA p.a; and - Annual GHG emissions reduced/avoided (tCO₂e) vs local baseline/baseline certification level; and/or - % of carbon emissions reduced/avoided vs local baseline/baseline certification level • Water efficiency and savings <ul style="list-style-type: none"> - m³/m² of GBA p.a; and Annual absolute (gross) water use before and after the project in m³/a (for retrofitted buildings) and/or - % of water reduced/avoided vs local baseline/baseline certification level/IGCC/International Plumbing Code • Waste management <ul style="list-style-type: none"> - Amount p.a. of waste minimised, reused or recycled in % of total waste and/or in absolute (gross) amount in tonnes p.a. - Waste removed in tonnes • Certification standard, if available <ul style="list-style-type: none"> - Type of scheme, certification level and m² GBA • Use of materials with lower environmental footprint - for both new buildings and retrofitted buildings: <ul style="list-style-type: none"> - Embodied energy (and carbon) over life-cycle (“cradle to grave”), in tons CO₂ - % of embodied energy (and carbon) reduced over life-cycle (“cradle to grave”), vs local benchmark/ baseline • Water Efficiency - for both new buildings and retrofitted buildings: <ul style="list-style-type: none"> - Amount of rainwater harvested and reused in m³/a - Recharge to groundwater in mm/d, mm/a • Waste Management - in the use of both new buildings or retrofitted buildings: <ul style="list-style-type: none"> - Recycling, re-use or composting of non-hazardous waste in % • Indoor Air Quality - for both new buildings and retrofitted buildings: <ul style="list-style-type: none"> - Reduction of particulate matter vs local baseline: sulphur oxides (SO_x), and nitrogen oxides (NO_x) carbon monoxide (CO), (PM_{2.5}/PM₁₀) and non-methane volatile organic compounds (NMVOCs) • Light quality and energy efficiency - for both new buildings and retrofitted buildings: <ul style="list-style-type: none"> - Number of LED or SSL lighting fixtures with lumen/watt (Lm/W)
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	<ul style="list-style-type: none"> - Energy efficiency from installation of motion detectors (kWh) vs baseline/previous equipment - Energy efficiency from installation of low-E window glass panels vs baseline/previous equipment
<p>Climate change adaptation</p> <p>SDG 13</p> 	<ul style="list-style-type: none"> • Temperature-Related Indicators: <ul style="list-style-type: none"> a) Reducing or avoiding weather-related damage: <ul style="list-style-type: none"> - Increase in grid resilience, energy generation, transmission/distribution and storage in MWh - Reduction in the number of wildfires, and/or in the area damaged by wildfires in km² - Reduction in emergency and unplanned rail and tarmac replacement in km b) Reducing or avoiding weather-related disruption: <ul style="list-style-type: none"> - Increase in grid resilience, generation and storage in MWh • Wind-Related Indicators: <ul style="list-style-type: none"> c) Reducing or avoiding weather-related damage: <ul style="list-style-type: none"> - Reduction in repair costs due to storms (to all kinds of infrastructure and assets) d) Reducing or avoiding weather-related disruption: <ul style="list-style-type: none"> - Reduction in the number of customers/employees suffering loss of power/transport services - Reduction in the number of power lines incapacitated due to storms • Water-Related Indicators: <ul style="list-style-type: none"> e) Reducing or avoiding weather-related damage: <ul style="list-style-type: none"> - Reduction in flood damage costs - Reduction in number of operating days lost to floods - Reduced/avoided water loss (in reservoirs/waterways/natural habitats etc.) in m³ - Reduction in land-loss from inundation and/or coastal erosion in km² f) Reducing or avoiding weather-related disruption: <ul style="list-style-type: none"> - Reduction in number of operating days lost to floods g) Increased water availability: <ul style="list-style-type: none"> - Additional water availability and/or increased water catchment in m³/year - Reduction in household demand for clean water in m³/year

Appendix – 4: Social Impact Reporting – Illustrative list

Category	Impact Indicators
<p>Affordable basic infrastructure</p> <p>SDG 6  SDG 7 </p> <p>SDG 9  SDG 11 </p>	<ul style="list-style-type: none"> • Number of new household power connections • Number of first-time internet connections • Number of residents benefitting from basic infrastructure new/upgraded which is otherwise not accessible (i.e. rail transportation, development road) • Number of water infrastructure projects financed • Number of new household water connections • Number of people with access to sustainable transport systems • Length of sustainable road construction with equitable access
<p>Access to essential services: Healthcare, Educational and vocational training, Telecommunication and Financial services</p> <p>SDG 3  SDG 4 </p> <p>SDG 8  SDG 9 </p> <p>SDG 10 </p>	<ul style="list-style-type: none"> • Number of hospitals and other healthcare facilities financed • New or improved service provided by number of beds • Number of children vaccinated • Number of residents benefitting from healthcare which is otherwise not accessible • Number of people with a rare disease being provided access to services and adequate medication • Number of businesses participated as an entity in specialized advisory programmers conducted for the year • Number of educational institutions funded by type • Number of students served • Number of textbooks and teaching materials supplied • Amount of finances provided to low-income students or persons from underdeveloped countries • Monetary credit granted and portfolio percentage allocation • Number of people with increased access to financial services, including microfinance • Number of people with increased access to telecommunication services • Number of first-time internet connections • Number of SMEs that receive support for equipment and facilities and technological modernization

	<ul style="list-style-type: none"> • Number of finances granted to low-income households for installations of sustainability improvement technologies
<p>Affordable housing</p> <p>SDG 1 SDG 11</p>  	<ul style="list-style-type: none"> • Number of beneficiaries • Location of the projects • Average housing price • Financial effort of households to purchase housing • Rental costs compared to the national/regional rent index • Associated positive social impacts • Disabled people with access to well-equipped dwellings • Number of individuals/ families benefiting from subsidized housing
<p>Employment generation</p> <p>SDG 8 SDG 9</p>  	<ul style="list-style-type: none"> • Number of finances to SMEs and/or microenterprises • Number of disabled people employed • Average finance size
<p>Socioeconomic advancement and empowerment</p> <p>SDG 1 SDG 2</p>   <p>SDG 4 SDG 5</p>   <p>SDG 8 SDG 10</p>  	<ul style="list-style-type: none"> • Amount of financing approved to SMEs • Amount of financing approved to SMEs for export purposes • Types of SME financed • Amount of financing approved for women-led SMEs • Number/ Share of disabled people employed • Number of products and services serving low-income groups • Number of smallholder farmers reached

p.e. = population equivalent

Abbreviation	Description
"Alinma" or "the Bank" or "we" or "our"	Alinma Bank
Framework	Alinma Bank Sustainable Finance Framework
Principles	Collectively for the Green Bond Principles, the Social Bond Principles, the Sustainability Bond Guidelines
CSP	Concentrated Solar Power
CSR	Corporate Social Responsibility
ESG	Environmental, Social, and Governance
Toolkit	ESG Due Diligence Toolkit
EBRD	European Bank for Reconstruction and Development
KPI	Key Performance Indicator
kWh	KilloWatt hour
LRT	Light Rail Transit
MRT	Mass Rapid Transit
MWp	MegaWatt peak
NPS	Net Promoter Score
PV	Photovoltaic
RM	Relationship Manager
SAMA	Saudi Central Bank
SME	Small-Medium Enterprise
ICMA	the International Capital Markets Association
"KSA" or "the Nation"	the Kingdom of Saudi Arabia
tCO ₂ e	tonnes of carbon dioxide equivalent
T&D	Transmission & Distribution