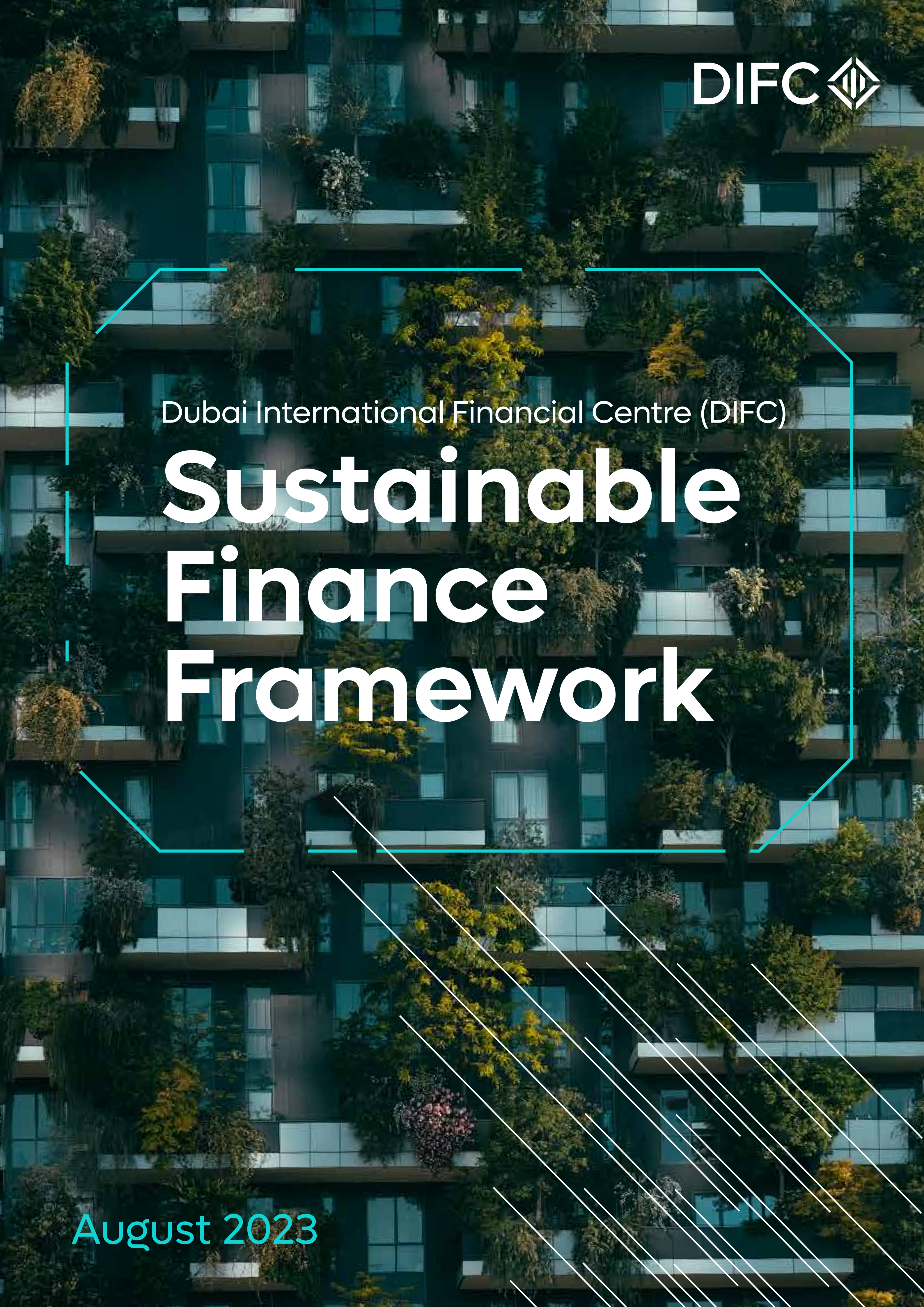


DIFC

Dubai International Financial Centre (DIFC)

Sustainable Finance Framework

August 2023

1. Introduction

The Dubai International Financial Centre ("DIFC", or the "Centre"), established in 2004, is the leading and International Financial Centre and global Future of Finance Hub in the Middle East, Africa and South Asia ("MEASA") Region, connecting regional markets to the economies of the world. With a close to 20-year track record of facilitating trade and investment flows across the MEASA region, the Centre connects these fast-growing markets with the economies of Asia, Europe and the Americas through Dubai.

DIFC is home to an internationally recognised, independent regulator and a proven judicial system with a common law framework, as well as the region's largest financial ecosystem of over 39,140 professionals working across 4,949 active registered companies – making up the largest and most diverse pool of industry talents in the region. With a strategic focus on key areas of business, DIFC supports a successful ecosystem across sectors including Banks & Capital Markets, Insurance and Reinsurance, Wealth & Asset Management, FinTech & Innovation, and Corporate Offices & Professional Services.

DIFC's vision is to drive the future of finance. Today, it offers one of the region's most comprehensive FinTech, Innovation and venture capital environments, including cost-effective licensing solutions, fit-for-purpose regulation, innovative accelerator programmes, and funding for growth-stage start-ups. DIFC's mission is to develop the most advanced financial centre that strengthens Dubai's existing reputation as a leading business destination and creating value by providing the best environment to accelerate growth.

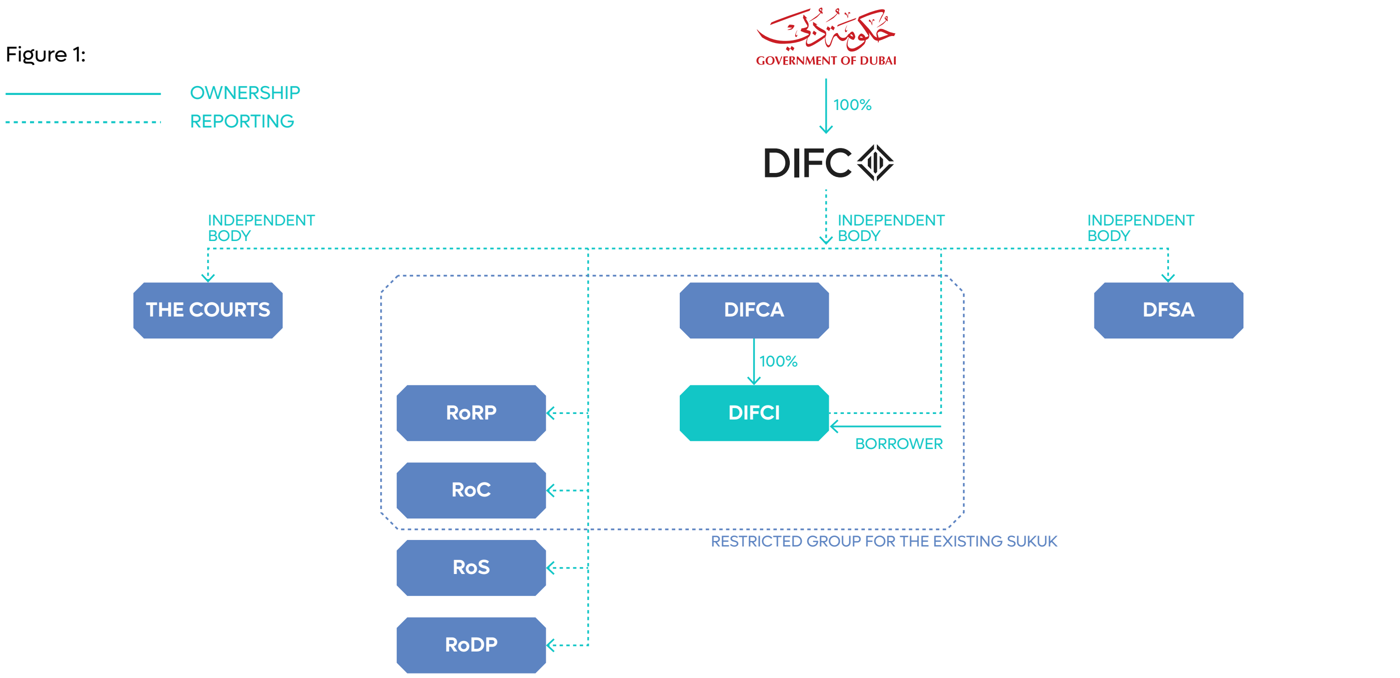
1.1. DIFC Principal Entities

The principal statutory bodies of the DIFC are the DIFC Authority ("DIFCA"), the Dubai Financial Services Authority ("DFSA") and the DIFC Courts.
DIFCA represents the Dubai Government in the DIFC and is the body charged with the overall public administrative functionality and oversight in the DIFC, including drafting and administering its laws and regulations (except for those relating to regulating financial services), and the implementation, supervision and enforcement thereof on a day-to-day basis, as well as providing a first-class administrative, operational and physical infrastructure for doing business in the DIFC. DIFCA also houses the offices of the Registrar of Companies ("RoC"), the Registrar of Real Property ("RoRP"), the Registrar of Security ("RoS"), the Commissioner of Data Protection ("CoDP") and the Commissioner of Intellectual Property.

For purposes of any financing, DIFCA's wholly owned subsidiary, DIFC Investments Limited ("DIFCI" or "DIFC Investments"), is the responsible entity for all its commercial dealings (e.g. housing a property and investment portfolio).

All the cashflows for purposes of any financing will be combined and reported at DIFCI level. The structure provided below (Figure 1) indicates the assets and cashflows involved.
In addition, DIFCA as the parent of DIFCI is also willing to assign the cashflows generated from its public administrative services (ROC, RoRP) to provide additional support and security for purposes of any sustainable financing.

Figure 1:



The DFSA is an independent body responsible for supervising and regulating all financial services conducted in or from the DIFC.
The DIFC Courts are an independent English language common law judiciary, with leading international judicial expertise and specialised rules to address sophisticated national and transnational disputes, where English law, including English common law, features prominently in providing the foundations for DIFC law.

1.2. DIFC Strategy

Further to DIFC's success in delivering its 2024 growth targets, DIFC announced its 2030 Strategy in June 2021. The new strategy reflects DIFC's important role in supporting sustained economic growth and further differentiating Dubai as a global hub for financial institutions, Fintech businesses and innovation companies. The strategy embraces the broader objectives for the DIFC set out in its Founding Law, Law No. (5) of 2021, that aligns its role within the vision of Dubai towards sustainable economic growth, diversifying its economy, contributing to its financial services sector and the GDP of the Emirate, to attract and promote investments into Dubai, and to encourage local, regional, and international financial institutions and companies to establish themselves in the DIFC, whilst promoting the values of efficiency, transparency, and integrity.

The DIFC's most senior bodies consist of the Office of the President, the Office of the Governor and the Higher Board. These bodies share amongst them the responsibility for the broader strategy and direction of the DIFC, in line with the DIFC's Founding Law objectives, and supervising the DIFC Bodies, coordinating between them, ensuring cooperation amongst them and approving and supervising the implementation of each of their individual strategies, policies and plans without prejudice to their operational, financial and administrative independence in line with best international principles and standards.

The DIFCA Board of Directors aims to ensure that all of the Centre's activities, ranging from infrastructure development, financial management and client relations, are structured and implemented in such a way as to serve the strategic vision of Dubai's leadership in line with its duty under the Founding Law to assist the Offices of the President and the Governor of the DIFC in conceiving of and implementing the broader strategy and vision of the DIFC in line with Dubai's objectives.

The DIFC Management team's **four-tiered strategy** aims to:

1. Contribute to Dubai's reputation as a global business hub by maintaining international standards
2. Provide a world-class physical, legal and regulatory infrastructure
3. Ensure the financial sustainability of DIFC and the companies established in the Centre
4. Support client growth through authority business process streamlining, service improvement, and enhanced management structures

1.3. DIFC's Sustainability Initiatives

Supporting its 2030 Strategy, DIFC's Sustainability initiatives work to sustain their environment, engage their diverse community of professionals whilst also contributing to support those in need in the UAE and across the wider region. Aligning with UAE governmental initiatives, the year of sustainability. DIFC's Sustainability Framework of four strategic pillars (Social, Environmental, Governance and Government Alignment) ensures diversity and relevance across all its sustainable activities.

Environmental

Preserving the environment through strategic partnerships

Social

Bringing together communities of individuals to collaborate on projects that will benefit our community

Governance

Protecting the organisation and ensuring economic sustainability through effective partnerships and stakeholder management that encourage transparency and disclosure

Government Alignment

Promoting and preserving the UAE's National Identity by reinforcing a sense of culture aunity within society, through supporting UAE Government initiatives

In line with the **UAE's Sustainable Development Goals 2030** and **Dubai Economic Agenda D33**, DIFC, together with Dubai Financial Market ("DFM"), also founded the **Dubai Sustainable Finance Working Group** ("DSFWG") in 2019 with the objective to create the region's leading sustainable financial hub in partnership with leading regional and global institutions.

DIFC's commitment to environmental sustainability has guided developments in sustainable physical infrastructure and the use of natural resources throughout the Centre. As example of our commitment, in 2018, the Gate Village 11, received the **LEED Gold certification** and in 2020, Gate Avenue received the **LEED Gold accreditation**.

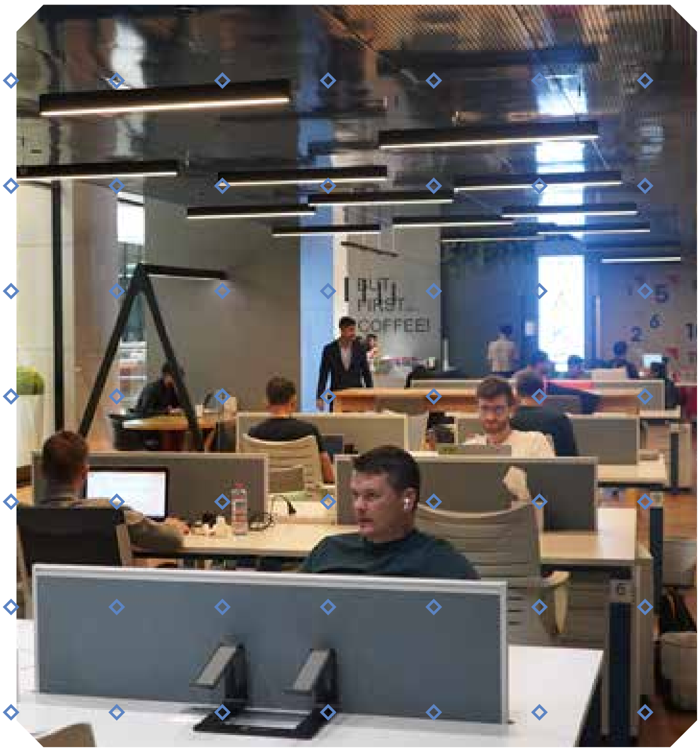
1.4. Contributing to Vision 2030 and Driving Innovation

The Dubai Industrial Strategy 2030 was launched in 2016 by the Ruler of Dubai, His Highness Sheikh Mohammed bin Rashid Al Maktoum, as part of the wider UAE Vision. The strategy aims to elevate Dubai to a global and central platform for knowledge-based, sustainable, and innovation-focused business. It is grounded on the following five key objectives: increase the total output and value-addition of the manufacturing sector, enhance the depth of knowledge and innovation, make Dubai a preferred manufacturing platform for global businesses, promote environmentally friendly and energy-efficient manufacturing and make Dubai a centre for the global Islamic products market. DIFC is at the heart of this providing an inclusive and conducive sustainable focused environment to drive the Dubai Industrial Strategy 2030.

DIFC is a proud champion of enterprise, with a deep commitment to providing a supportive environment for businesses across the spectrum – from the world's largest financial institutions to local entrepreneurs. In 2020, as part of the Centre's Strategy 2030, DIFC created the **DIFC Innovation Hub** (the "Hub"), the region's most comprehensive technology ecosystem, providing education, and both incubator and accelerator programmes. The Hub also provides access to regulatory and operating licenses, mentoring, networking, and potential to VC funding, including the Dubai Future District Fund. The AED 1 billion venture capital fund was launched by DIFC and Dubai Future Foundation to anchor Dubai as a global start-up and venture capital hub.

The Hub currently houses the largest **cluster of Fintech and innovation companies** in the region and is now the region's leading innovation ecosystem with 811 technology and innovation firms, ranging from start-ups to global unicorns. The Centre also established the DIFC Innovation Panel, which brings together global and regional thought leaders in the Future of Finance from industry, academia, and regulation.

In 2021, the Innovation Hub One Building project was approved by the President of the DIFC, His Highness Sheikh Maktoum bin Mohammed Al Maktoum, to expand the current innovation ecosystem at DIFC and cater to the growing demand from tech start-ups. The project is currently under construction and will be an extension of the existing DIFC Innovation Hub at Gate Avenue. The 315,000 sq. ft. hub will accommodate 1,000 start-ups and 3,000 employees by 2023, making the **DIFC Innovation Hub one of the largest hubs for FinTech and Innovation companies globally.**



The DIFC Innovation Hub brings access to best-in-class learning for undergraduates, post-graduates, and executives through the DIFC Academy. They will bring new skills and knowledge to the finance industry globally, regionally and locally. The DIFC Academy has also expanded its list of partnerships focused on compliance and anti-money laundering (AML) and has also signed a partnership agreement with The Emirates Institute for Banking and Financial Studies (EIBFS), a regional leader in banking and finance education and training. The Academy now has a total of 45 active global and regional partnerships to support professional development in finance, future of finance, legal and management.

The DIFC Innovation Hub is an integral part for the roadmap of His Highness Sheikh Mohammed bin Rashid Al Maktoum's vision for innovation driven growth in Dubai, shaping the future of finance future of economies in the UAE, as well as working to elevate the centre's contribution to the UAE Innovation Strategy and Dubai Economic Agenda D33.

2. Sustainable Finance Framework

DIFC, acting through its principal entities, including DIFC Investments, intends to use its sustainable finance framework (the "DIFC Sustainable Finance Framework" or the "Framework") as the basis to issue green, social or sustainability bonds, sukuk, loans and other debt instruments ("Sustainable Financing Instruments"). The Sustainable Financing Instruments will fund eligible sustainable projects that conform to the sustainable finance principles listed below:

The International Capital Market Association ("ICMA") Green Bond Principles ("GBPs") 2021 (with June 2022 Appendix 1) , Social Bond Principles ("SBPs") June 2023 and Sustainability Bond Guidelines ("SBGs") 2021 ; and/or

The Loan Market Association ("LMA"), Loan Syndications and Trading Association ("LSTA") and Asia Pacific Loan Market Association ("APLMA") Green Loan Principles ("GLPs") 2023 and Social Loan Principles ("SLPs") 2023 .

In aligning with the above principles and guidelines, the DIFC Sustainable Finance Framework will be presented through the four core components of the GBPs, SBPs, SBGs, GLPs and SLPs as well as their recommendation for external review:

- a use of proceeds;
- b process for project evaluation and selection;
- c management of proceeds; and
- d exporting.

Bond(s), loans or sukuk issued under the Framework may take the form of public transactions or private placements, in bearer or registered format, and may take the form of senior unsecured or subordinated issuances. Such sukuk, bonds and any loans entered into under the Framework will be standard recourse-to-the-issuer obligations and investors will not bear the credit risk of the underlying allocated eligible asset exposures.

2.1. Use of Proceeds

DIFC will allocate an amount at least equivalent to the net proceeds of the Sustainable Financing Instruments issued under the Framework to finance and/or re-finance, in whole or in part, sustainable projects which meet the eligibility criteria of the following eligible green and/or social project categories ("Eligible Sustainable Projects"), as set out in more detail below.
A maximum 3-year look-back period would apply for refinanced projects and DIFC expects each issuance under this framework to be fully allocated within 3 years from the date of issuance.

Eligible Green Project Categories

Project Category	Eligibility Criteria
Environmental Objective: Climate Change Mitigation	
Green Buildings	Investment in new or existing commercial or residential buildings that belong to the top 15% in terms of energy efficiency of their local market or have received, or expect to receive based on its design, construction and operational plans, certification according to third-party verified green building standards, such as: ◆ LEED ("Gold" or above) ◆ BREEAM ("Excellent" or above) ◆ Estidama Pearl Building Rating System ("4 Pearl" and above) ◆ Global Sustainability Assessment System (GSAS) ("4 star" or above) Where possible, the buildings will meet minimum 30% performance improvement against ASHRAE 90.1 in addition to the above standards
Renewable Energy	Generation or procurement of energy to power the company's operations from the following renewable sources: ◆ Solar (PV and Concentrated Solar Power with a minimum 85% of power generation derived from solar sources)
Energy Efficiency	Investment in refurbishments/upgrade of buildings including energy-saving retrofit of cooling systems and/or energy optimisation measures that result in a minimum of 20% energy savings compared to existing baseline and replacement of lighting equipment with LED
Clean Transportation	Financing related to electric and low carbon vehicles and associated infrastructure for public and passenger transportation. Nonelectric vehicles will meet the following criteria: ◆ passenger and public transportation (under 50gCO2/p-km up to 2025, and 0gCO2/km thereafter) Investments and expenditure into construction, maintenance and renovation of charging infrastructure for electric vehicles

Environmental Objective: Sustainable Use and Protection of Water Resources

Sustainable Water and Wastewater Management	Investment in technologies, projects and infrastructure for the collection, distribution, treatment, recycling or reuse of water, rainwater, or wastewater including use of Treated sewage effluent (TSE) for irrigation and grey water reuse

Environmental Objective: Climate Change Mitigation

Environmental Objective: Pollution Prevention and Control

Pollution Prevention and Control	Investment in waste reduction, reuse, or recycling projects, including waste monitoring, collection and storage, categorization, sorting and separation, and recycling with the goal of increasing waste diversion and manage overall life-cycle of waste Recyclable wastes include paper, plastic, glass, cooking oil, and metal

[1] In alignment with ICMA Green Bond Principles, June 2021 (with June 2022 Appendix 1), https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Green-Bond-Principles-June-2022-060623.pdf
[2] In alignment with ICMA Social Bond Principles, June 2023, https://www.icmagroup.org/assets/documents/Sustainable-finance/2023-updates/Social-Bond-Principles-SBP-June-2023-220623.pdf
[3] In alignment with ICMA Sustainability Bond Guidelines, June 2021, https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/sustainability-bond-guidelines-sbg/
[4] In alignment with LMA Green Loan Principles, February 2023, https://www.lsta.org/content/green-loan-principles/
[5] In alignment with LMA Social Loan Principles, February 2023, https://www.lsta.org/content/social-loan-principles-slp/ https://www.dmt.gov.ae/en/Urban-Planning/Pearl-Building-Rating-System
[6] https://www.dmt.gov.ae/en/Urban-Planning/Pearl-Building-Rating-System
[7] In line with the CBI Buildings criteria
[8] TSE would be aligned with Dubai Wastewater Discharge Limits as stipulated under the Environmental Standards and Allowable Limits of Pollutants on Land, Water, and Air Environment, May 2003 (Dubai Municipality, Environment Department)
[9] The waste & recycling management plan at DIFC is in accordance with the Waste Hierarchy and Dubai Municipality regulations https://www.dm.gov.ae/municipality-business/waste-department-technical-guidelines-2/
[10] https://sme.ae/SME_File/Files/SME_Report_English.pdf
[11] https://innovationhub.difc.ae/programmes/accelerateher
The programme is in line with the UAE Gender Balance Council Strategy to reduce the gender gap across all sectors, enhance the UAE's ranking in global competitiveness reports on gender equality and achieve gender balance in decision-making positions, as well as promote the UAE's status as a benchmark for gender balance legislation.

Eligible Social Project Categories

Project Category	Eligibility Criteria
Social Objective: Employment Generation	
Employment Generation, and programmes designed to prevent and/or alleviate unemployment stemming from socioeconomic crises (such provision and/or promotion could include SME financing and microfinance)	Investments and/or expenditures related to supporting entrepreneurs and start-ups, including providing funding to start-ups expected to facilitate employment generation and job creation through direct funding or indirect funding via start-up focused funds, and non-financial support through provision of accelerator/incubator programmes, subsidized licenses and courses Target Populations ◆ Small and medium-sized enterprises , including Start-ups
Socioeconomic Advancement and Empowerment	Expenditures related to providing capacity building for women professionals via female-focused career mentorship programmes (such as AccelerateHer programme) Target Populations ◆ Women Professionals at early stages of their career (6 months to 5 years career experience)

Exclusions Criteria: Any expenditure related to the following activities will be excluded from the Eligible Green / Social Project Categories:

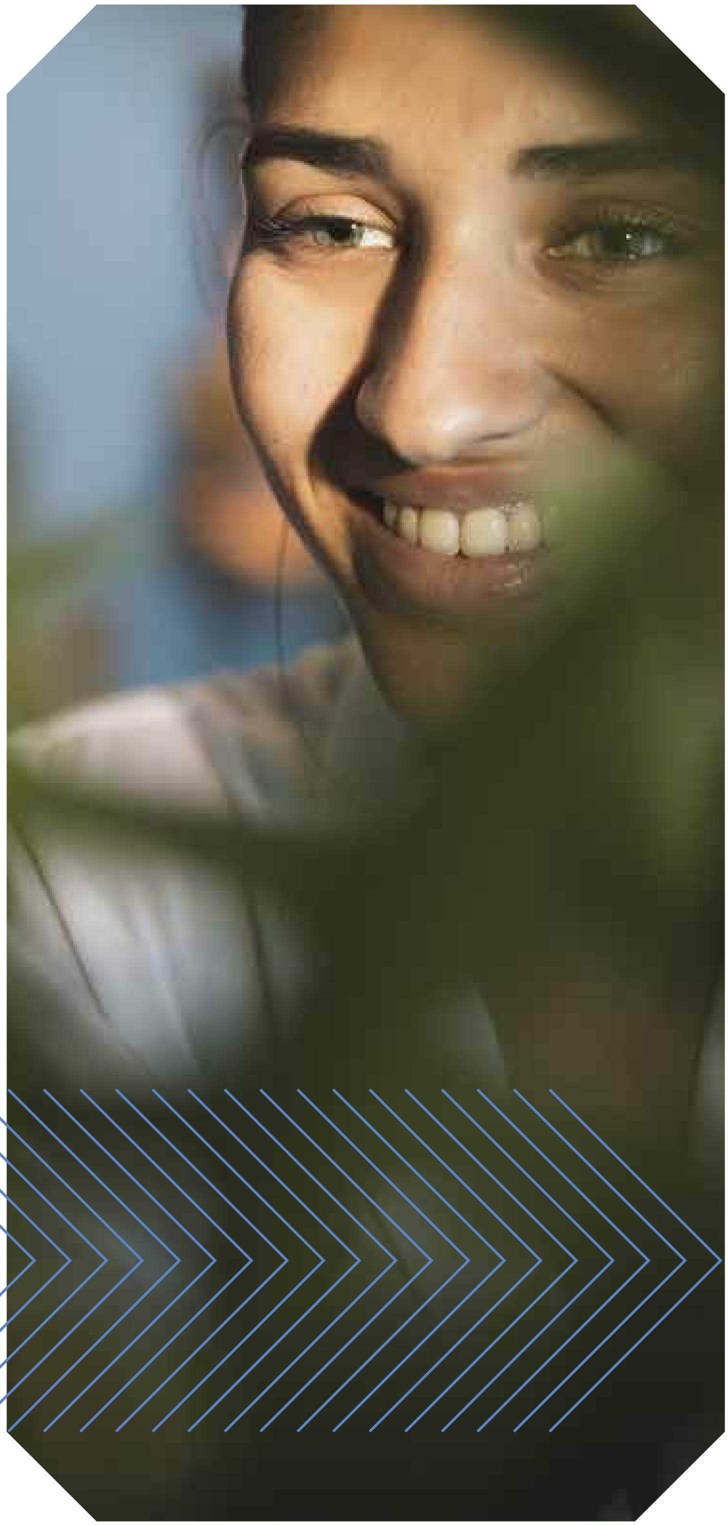
- Fossil fuel, fossil fuel electric power generation projects, and energy efficiency improvement projects for fossil fuel-based electric power generation
- Thermal coal power generation
- Lethal defence goods or weaponry
- Activities involving modern slavery, or forced labour
- Gambling, casinos and equivalent enterprises
- Adult Entertainment

2.2. Project Evaluation and Selection Process

The Project Evaluation and Selection Process will ensure that the proceeds of any DIFC Sustainable Financing Instrument are allocated to finance or refinance Eligible Sustainable Projects that meet the criteria and objectives set out above in section 2.1, Use of Proceeds. DIFC's Sustainable Finance Committee will be responsible for governing and implementing the initiatives set out in the Framework.

The Sustainable Finance Committee, led by the Strategy Department, is comprised of certain DIFC management personnel, including representatives from the following departments for the selection and evaluation of the Eligible Sustainable Projects, and may be supplemented by representatives from other departments, as required:

1. Strategy Department
2. Finance Department
3. Corporate Development Department
4. Property Management and Development



The Sustainable Finance Committee will:

- Meet at least two times each year, endeavoured to be distributed evenly throughout the year
- Ratify Eligible Sustainable Projects, which are initially proposed by the constituent team members
- Ensure that all Eligible Sustainable projects have been assessed from an environmental and social risk management perspective
- Undertake regular monitoring of the asset pool to ensure the eligibility of Sustainable Projects with the criteria set out above in section 2.1, Use of Proceeds, whilst replacing any ineligible/divested Sustainable Projects with new eligible Sustainable Projects
- Facilitate regular reporting on any Sustainable issuance in alignment with our Reporting commitments
- Manage any future updates to this Framework
- Ensure that the approval of Eligible Sustainable Projects will follow the DIFC's existing investment approval processes

2.3. Management of Proceeds

The proceeds of each DIFC Sustainable Financing Instrument will be deposited in DIFC's general funding accounts and earmarked for allocation towards the Eligible Sustainable Projects using the Sustainable Finance Register.
The Sustainable Finance Register will contain the following information:

I. Sustainable Financing Instrument (Sukuk/-Bond/Loan etc.) 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, Company's ownership percentage, total project cost, amount allocated, settled currency, etc.
   b. Amount of unallocated Proceeds

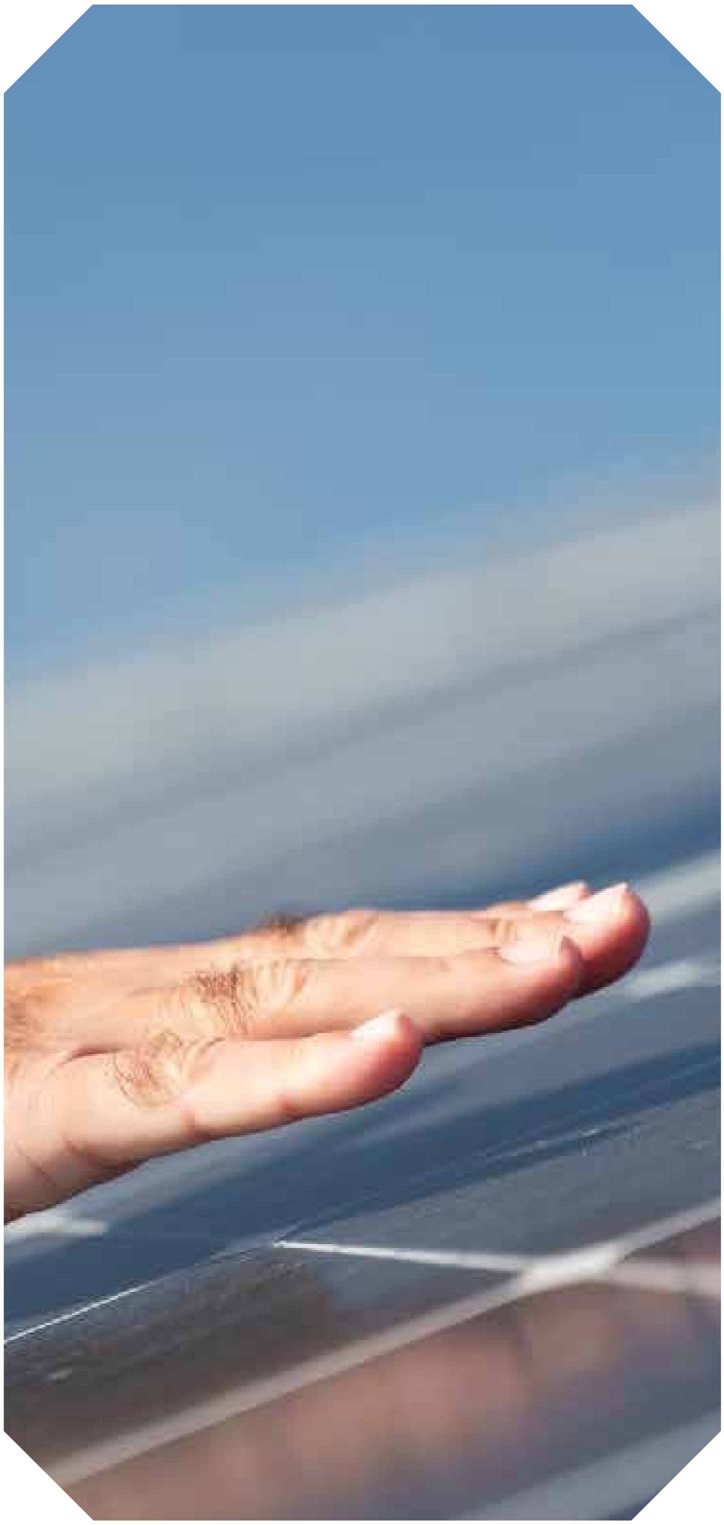
Any proceeds temporarily unallocated will be invested according to the Company's standard liquidity policy into cash or cash equivalents, subject to the Exclusions Criteria defined in the Framework.

2.4. Reporting

On an annual basis, DIFC will publish on its website an allocation report and an impact report on its Eligible Sustainable Projects, as detailed below. This reporting will be updated annually until full allocation of the net proceeds of any Sustainable Financing Instrument issued, or until the Sustainable Financing Instrument is no longer outstanding. Furthermore, additional reports are intended to be published on a timely basis in case of material developments.

2.4.1. Allocation Reporting

a. List of eligible Sustainable projects
b. The amount of Proceeds allocated to each Eligible Sustainable Project category
c. Descriptions of the Eligible Sustainable Projects financed, such as project locations, amount allocated, etc.
d. Share of new financing vs. refinancing
e. Selected examples of projects financed
f. Amount of unallocated Proceeds



2.4.2. Impact Reporting

The Company will provide reporting on the actual and expected environmental and social benefits of the Eligible Sustainable Projects. Subject to data availability and confidentiality, impact reporting may cover the following impact reporting metrics listed below, and where available, taking reference from the relevant indicators suggested in the ICMA Harmonized Framework for Impact Reporting. In addition, calculation methodologies and key assumptions will be disclosed.

Eligible Project Categories	Impact Reporting Metrics
Eligible Green Projects	
Green Buildings	◆ Level of certification by property ◆ Energy efficiency gains in MWh or % vs. baseline ◆ Estimated avoided GHG emissions (tCO2eq) ◆ Annual energy savings (MWh p.a.)
Energy Efficiency	◆ Estimated avoided GHG emissions (tCO2eq) ◆ Expected energy saved (in MWh) ◆ Percentage annual energy efficiency gain relative to an established baseline
Sustainable Water Management	◆ Amount of water recycled (litres) ◆ Amount of water reused (litres)
Pollution Prevention and Control	◆ Waste prevented, minimised, reused or recycled (% or tonnes p.a.) ◆ Estimated avoided GHG emissions from waste management (tCO2eq) ◆ Amount of waste separated and/or collected, and treated or disposed of (tonnes p.a. or % of total waste)
Renewable Energy	◆ Renewable energy purchased (MWh) ◆ Renewable energy capacity added/rehabilitated (MWh p.a.)
Eligible Social Projects	
Employment Generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises	◆ Number of Start-ups Supported / Accelerated ◆ Number of Jobs created ◆ Amount of funding provided to Start-ups
Socioeconomic Advancement and Empowerment	◆ Number of women professionals supported

[12] Where actual impacts are unavailable, these may be replaced with proxies / expected impact calculations with justifications.

3. External Review

3.1. Second Party Opinion ("SPO")

DIFC has appointed S&P Global Ratings to assess this Sustainable Finance Framework and its alignment with the GBPs, SBPs, SBGs, GLPs and SLPs, and issue a Second Party Opinion accordingly.

3.2. Post issuance external verification

In order to provide timely and transparent information about the reporting of the funds from Sustainable Financing Instruments issued under this Framework, DIFC will engage a third-party reviewer to provide an annual assessment on the alignment of the allocation of funds with the Framework's criteria.

4. Amendments to this Framework

The Sustainable Finance Committee will review this Framework on a regular basis, including its alignment to updated versions of the Principles as and when they are released, with the aim of adhering to best practices in the market. Such review may result in this Framework being updated and amended. In case of minor updates, the Bank would seek corresponding updates in the SPO from S&P Global Ratings.

In case of changes that are not minor in nature, the Bank would seek an updated SPO at the relevant time. Any future updated version of this Framework that may exist will either keep or improve the current levels of transparency and reporting disclosures, including the corresponding review by an external reviewer. The updated Framework, if any, may be published on our website and will replace this Framework.