



**SECOND PARTY<sup>1</sup> OPINION ON SUSTAINABILITY OF  
NBAD'S "GREEN BOND"  
Issued in March 2017**

**SCOPE**

Vigeo Eiris was commissioned to provide an independent opinion on the sustainable credentials of the "Green Bond" to be issued by NBAD, according to the Vigeo Eiris Environmental, Social and Governance (ESG) assessment methodology. The opinion is based on the review of the three components of a sustainable green bond, in line with the Green Bond Principles:

- Issuer: Analysis of the Issuer ESG commitments, its exposure to stakeholder-related ESG controversies and capacity to mitigate these risks.
- Project framework: Review of the eligible project categories and expected environmental benefits (use of proceeds) and evaluation of the process for project evaluation and selection and its implementation regarding a project sample.
- Reporting framework: Assessment of reporting capacity and commitments for project fund allocation, environmental benefits and ESG project management.

Vigeo Eiris's sources of information are gathered from the Issuer, press content providers and stakeholders. Vigeo Eiris reviewed documents supplied by the Issuer and conducted interviews with people from across different NBAD departments.

**VIGEO EIRIS OPINION**

Vigeo Eiris confirms that the bond to be issued by NBAD is a "Green Bond", aligned with the Green Bond Principles and Vigeo Eiris's level of assurance on the sustainability of the bond is reasonable<sup>2</sup>:

- The issuer's overall commitments are robust<sup>2</sup> regarding ESG issues (see Part I).
- The net proceeds of the issuance will be used to finance Energy, Efficient buildings, Waste, Water and Transportation Projects which contribute to fight against climate change (mitigation and adaptation) and to protect natural resources, i.e. avoidance/reduction of CO<sub>2</sub> emissions, production of renewable energy, reduction of water, energy and materials consumptions and prevention of pollution. In addition, eligible projects will meet a set of Environmental, Social and Governance (ESG) criteria to attest their sustainable value and responsible management (see Part II).
- The reporting commitments cover the selection of eligible projects, the estimate of environmental benefits and other additional ESG factors, showing an overall consistent level of transparency and a capacity to report on the Green Bond (see Part III).

**Part I. ISSUER**

Level of the Issuer's ESG performance:

As of January 2016, NBAD presents a general robust commitment regarding ESG issues even if heterogeneous levels of engagement are present. A robust and fairly consistent approach is reserved to environmental aspects and local community development, addressing the challenges of the next decades linked with energy and local development. Also, commitments regarding the management of human resources and responsible customer relations are robust. However, the issuer's commitments towards human and labour rights and corporate governance are more limited, a more comprehensive consideration and transparency would improve NBAD's ESG policies.

Stakeholder-related ESG controversies<sup>3</sup>:

As of March 2<sup>nd</sup> 2017, NBAD is not involved in any controversies. Thus, Vigeo Eiris does not express any assessment on NBAD's ability to mitigate ESG controversy risk.

<sup>1</sup> **Second Party Opinion – Green Bond Principles:** This opinion is to be considered as the "Second Party Opinion" described in the Voluntary Process Guidelines for Issuing Green Bonds, issued by Green Bond Principles, 2016.

<sup>2</sup> **Vigeo Eiris's scales** are defined as page 10.

<sup>3</sup> The opinion delivered on stakeholder-related ESG controversies is not a conclusion on the creditworthiness of NBAD or its financial obligations.

## **Part II. PROJECT FRAMEWORK**

### Use of proceeds:

The net proceeds of the Green Bond issuance will be used to finance, in whole or in part, Eligible Projects or corporate loans to Pure Players, part of Eligible Categories, which are clearly defined and whose content is relevant, including:

- Renewable energy
- Energy efficiency
- Green Real Estate – Efficient Buildings
- Sustainable Waste management
- Clean Transportation
- Sustainable Water management
- Climate Change adaptation
- Decarbonizing Technologies

Eligible Projects include existing, on-going and/or future projects which are located worldwide, especially within the Middle East region.

Eligible corporate loans to Pure Players mean where Pure Players are defined as legal entities with 90% or more of activities within Eligible Categories, which is considered as relevant.

**The contribution of Eligible Projects or corporate loans to Pure Players to sustainable development is positive, due to expected environmental benefits on climate change mitigation and adaptation, and on natural resources protection.** The associated environmental objectives are visible, measurable and relevant.

### Process for project evaluation and selection:

NBAD will conduct additional due diligence and analysis over the lifecycle of the chain of activities, based on Environmental, Social and Governance (ESG) criteria developed by NBAD and evaluated by Vigeo Eiris. We consider that ESG specific risks for Eligible Categories are mostly covered and dedicated requirements to the client and to transactions are defined.

The evaluation and selection process is in line with NBAD's commitments in terms of responsible finance, and is effective in identifying, assessing and integrating ESG issues in project selection and financing. In particular, a proper ESG due diligence procedure is adopted, followed by a relevant evaluation by the Green Bond Committee.

The selection of eligible projects will be decided by a dedicated internal Green Bond Committee. The list of eligible projects to be financed by the proceeds of the bond will be updated depending on the presence of a new opportunity of investment, and according to the requirements of the Green Bond Framework.

In case of controversy and/or additional information which would raise material issues regarding ESG risks and/or impacts of the investment financed, the investment would no longer be qualified as eligible and would be replaced by another Eligible Project or corporate loans to Pure Players, as described in the Green Bond framework, and would be subject to a review leading to the updating of that note. In addition, a dedicated information will be addressed both to the client and to investors.

**Vigeo Eiris considers that the evaluation and selection process is clearly defined with a robust integration of ESG issues.**

Three existing projects have already been selected by the Issuer, based on the described framework. We provide a reasonable level of assurance on the renewable energy project as an eligible project, contributing to fight against climate change with ESG-risk management integrated. However, due to the absence of relevant information, we provide a limited level of assurance for both real estate and transportation projects.

### Part III. REPORTING FRAMEWORK

NBAD is committed to report annually and until the maturity date of the bond, in a dedicated Green Bond report publicly available on NBAD website, on:

- Use of the Green Bond proceeds: fund allocation and list of financed projects, with related description of each project, in line with confidentiality practices
- Environmental benefits: based on ex-ante estimates of environmental benefits of each project, and aggregated at the bond level
- Responsible management: additional indicators on ESG factors aggregated at bond level, depending on the information availability and relevance of the ESG matters

Selected reporting indicators are exhaustive and relevant regarding use of proceeds and impacts, showing a consistent capacity to report transparently on fund allocation and on environmental benefits. Based on limited information, the reporting on responsible management is more partial, showing a limited level of transparency on project management.

**Vigeo Eiris provides a reasonable level of assurance on NBAD's reporting commitments.**

### EXTERNAL REVIEW

NBAD's Green Bond issuance is supported by external review provided by:

- A Second Party, the hereby opinion on sustainable credentials of the bond, before the issuance and covering all the bond dimensions, i.e. Issuer commitments, project (use of proceeds and ESG integration) and reporting
- A Third Party through an external financial auditor, on the annual verification of the tracking bond proceeds and the compliance of the selected projects with the above eligibility process, during the fund allocation process, until the maturity date of the bond.

More detailed results are provided in the next pages for each component.

*This opinion is valid as of the date of issuance limited to NBAD's Green Bond*

Paris, March 2<sup>nd</sup> 2017



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### Disclaimer

Transparency on the relation between Vigeo Eiris and the Issuer: Vigeo Eiris has never worked for NBAD. No established relationship (financial or others) exists between Vigeo Eiris and NBAD. This opinion aims to explain for investors why the Green Bond is considered as sustainable and responsible, based on the information which has been made available to Vigeo Eiris and which has been analyzed by Vigeo Eiris. Providing this opinion does not mean that Vigeo Eiris certifies the materiality, the excellence or the irreversibility of the projects financed by the Green Bond. NBAD is fully responsible for attesting the compliance with its commitments defined in its policies, for their implementation and their monitoring. The opinion delivered by Vigeo Eiris neither focuses on financial performance of the Green Bond, nor on the effective allocation of funds' use of proceeds. Vigeo Eiris is not liable for the induced consequences when third parties use this opinion either to make investments decisions or to make any kind of business transaction. The opinion delivered on stakeholder-related ESG controversies is not a conclusion on the creditworthiness of NBAD or its financial obligations.

## DETAILED RESULTS

### Part I. ISSUER

#### Level of the Issuer's ESG performance:

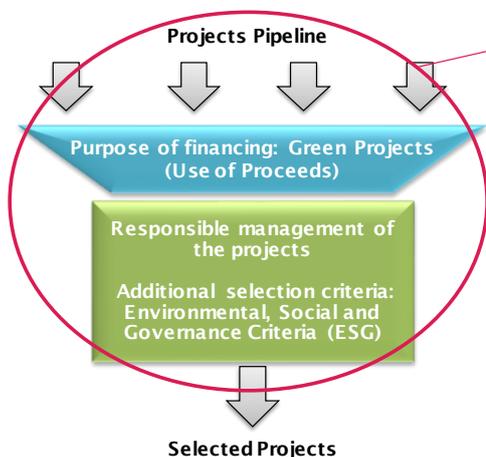
As of January 2016, NBAD's overall commitments on ESG issues are considered robust with heterogeneous levels of engagement.

Domain	Comments	Opinion assessment level
Environment	NBAD shows an overall robust commitment towards environmental issues. All the relevant issues at stake in the banking sector are properly considered. In particular, NBAD has adopted a comprehensive environmental strategy, paying attention to the development of green products and services, in particular regarding the development of renewable energy sources. The recent adoption of the Equator Principles is another positive measure taken to improve the management of environmental impacts in the financing of projects. Direct impacts - such as energy consumption and personnel transportation - benefit of some specific actions in order to reduce negative impacts but they still lack of relevant targets and clear commitments.	Advanced
		Robust
		Limited
		Weak
Social	In the social domain, NBAD shows a robust commitment to addressing the relevant issues, even if mixed levels of maturity are present, also due to the local context. First of all, the policies and subsequent initiatives undertaken to support local communities are robust: the attention paid to SMEs and to the government programs for the development of Abu Dhabi in next decades is relevant and consistent. Coming to business behaviour, robust commitments are present regarding information to customers, responsible customer relations and prevention of corruption, while the engagement on transparency of lobbying strategies is weak. Regarding human resources and human rights, training and career management, health and safety and responsible management of reorganisations are properly considered, as well as non-discrimination even if with a minor emphasis. Room for improvement is present for labour relations and respect of human rights standards.	Advanced
		Robust
		Limited
		Weak
Governance	Regarding corporate governance policies, NBAD shows an overall limited commitment. The board of directors include only a minority of independent members and relevant room for improvement is present regarding transparency, for instance on directors' remuneration (rules on short/long term incentives). An audit committee is in place, in charge of overseeing the internal and external controls. A policy has been adopted in order to manage conflicts of interests and transactions with major shareholders.	Advanced
		Robust
		Limited
		Weak

#### Stakeholder-related ESG controversies and disputable activities:

As of March 2<sup>nd</sup> 2017, NBAD is not involved in any controversies (sources Factiva research). Based on assessment of evidence emerged, Vigeo Eiris does not express any assessment on NBAD's ability to mitigate ESG controversy risk.

### Part II. PROJECT FRAMEWORK



#### Project Evaluation and Selection Framework

1. Ensure the Green Bond proceeds will finance **Eligible Projects** with the purpose of financing **green projects**
2. Attest the **Sustainable Value and responsible management of these projects**, through Environmental, Social and Governance (ESG) selection criteria, in line with the Equator Principles guidelines and ESG relevant drivers

The selection of eligible projects will be decided by a dedicated Green Bond Committee, involving representatives from different functions of NBAD (Sustainable Business, Citizenship & CSR, Treasury, IR and PR, Debt Origination, Internal Audit). The list of eligible projects to be financed by the proceeds of the bond will be updated depending on the presence of a new opportunity of investment, and according to the requirements of the green bond framework.

Use of proceeds:

The net proceeds of the Green Bond issuance will be used to finance, in whole or in part, Eligible Projects\* or corporate loans to Pure Players\*\*. In addition, NBAD will conduct additional due diligence and analysis over the lifecycle of the chain of activities, based on Environmental, Social and Governance (ESG) criteria developed by NBAD and evaluated by Vigeo Eiris, and which are available on the Issuer’s website.

\*Eligible projects must be part of Eligible Categories and include existing, on-going and/or future projects which are located worldwide, especially within the Middle East region. Up to 100% of the proceeds may be applied to finance existing projects, i.e. projects (in operation phase) with closing not earlier than 2011.

Each project category has been evaluated by Vigeo Eiris : the definitions are clear and the contents are relevant. Of note, the definition of green building is based on relevant environmental standards, considering their diffusion and the average level of implementation in the Middle East region. However, the “silver” for LEED or “good” for BREEAM (and their equivalent) eligible levels could be improved and in absolute remain an area of improvement.

\*\*Eligible corporate loans to Pure Players mean where Pure Players are defined as legal entities with 90% or more of activities (in terms of revenue) within Eligible Categories (excluding the financing of other companies and dividend payments to non-pure-play companies).

The definition is considered to be clear and relevant, and the level of commercial integration is considered as major (>50%).

Eligible project categories, with associated expected environmental benefits, include:

Eligible categories	Environmental benefits
Renewable energy	Climate change mitigation > Avoidance of CO <sub>2</sub> emissions due to renewable energy production (compared with local baseline)
Energy efficiency	Climate change mitigation > Reduction of CO <sub>2</sub> emissions due to energy savings (compared with local baseline)
Green Real Estate – Efficient Buildings	Climate change mitigation > Reduction of CO <sub>2</sub> emissions due to energy savings (compared with local baseline) Natural resources protection >Reduction of water, energy and materials consumptions and Prevention of pollution
Sustainable Waste Management	Climate change mitigation > Reduction of CO <sub>2</sub> emissions due to energy savings and Avoidance of CO <sub>2</sub> emissions due to waste energy production (compared with local baseline) Natural resources protection >Reduction of energy and materials consumptions and Prevention of pollution
Clean transportation	Climate change mitigation > Reduction of CO <sub>2</sub> emissions due to energy savings (compared with local baseline)
Sustainable Water Management	Natural resources protection >Reduction of water and energy consumptions and Prevention of pollution Climate change adaptation > Increased river flows adaptation
Climate change adaptation	Climate change adaptation > Reduction of the impacts of climate change
Decarbonising Technologies	Climate change mitigation >Reduction of CO <sub>2</sub> emissions due to emissions capture and storage

**The contribution of Eligible Projects or corporate loans to Pure Players to sustainable development is positive:**

- The expected environmental benefits on climate change mitigation and adaptation, and on natural resources protection, have been described and will be assessed annually
- The associated objectives, i.e. the reduction and avoidance of CO2 emissions, the reduction of water, energy and materials consumptions and the prevention of pollution, are visible, precise, measurable and relevant.

Process for project evaluation and selection

NBAD has committed to attest the responsible management and sustainable value of the financed projects, belonging to eligible categories as described in NBAD Green Bond Framework and assessed according to NBAD Evaluation Methodology: Project Evaluation and Selection Process, which have been developed by NBAD and evaluated by Vigeo Eiris, using its ESG methodology (detailed evaluation framework in Methodology appendix).

**The evaluation process implemented by NBAD is exhaustive, properly considering most of the ESG issues:**

ESG specific risks for projects to be financed through NBAD green bonds are mostly covered and dedicated requirements to the client and to transactions are defined. Of note, the consideration of the respect of labour rights, employment conditions and local employment could be reinforced and remain an area of improvement.

NBAD is currently engaged in the implementation of the Equator Principles and synergies are present, both in the Green Bond Framework and in the Evaluation Methodology: Project Evaluation and Selection Process, developing a common approach between EP compliant projects and green bond financed projects.

These ESG assessment criteria will be publically available on Issuer website, within the Green Bond Framework.

**The evaluation and selection process is in line with NBAD Group commitments in terms of responsible finance, and is robust in identifying, assessing and integrating ESG issues in project selection and financing.**

The assessment process is formalized in the NBAD Green Bond framework, with a general definition of the ESG principles and the different steps in the evaluation depending on the risk categorization at project level.

A proper due diligence procedure is adopted for 'Project Evaluation and Selection Process' and is appended in the NBAD Green Bond framework

Internal responsibilities are well-defined and the Green Bond Committee involve people from different functions of NBAD, expected to receive dedicated training on EP methodology.

The ESG evaluation is verified internally by the client team and the level of information available is sufficient to guarantee its robustness.

Three projects have already been selected by NBAD according to the requirements of the Green Bond Framework, in the following categories:

Eligible category	Description
Renewable energy	Capacity of 100 MW installed, the plant uses a parabolic trough solar thermal collectors concentrate heat from sunlight and is expected to displace 175,000 tons of CO2 every year Located in UAE
Green Real Estate – Efficient Buildings	LEED Silver certification Located in USA
Clean transportation	Based on forecasted traffic volumes, the heavy rail network project will reduce greenhouse gases by more than 2.2 million tonnes annually Located in UAE

These projects are categorized as environmentally beneficial and assessed by NBAD within the ESG-risk assessment process.

Vigeo Eiris confirms that these projects provide environmental benefits, which have been described for the renewable energy project and partially described for the other projects. Regarding the ESG-risk management integration, we provide a reasonable level of assurance on this renewable energy project. However, due to the presence of less relevant information for the real estate and transportation projects, we provide a limited level of assurance on them.

Management of proceeds

The Green Bond will be issued by NBAD and the net proceeds of the bond issuance will be managed within NBAD’s liquidity in a specific portfolio before the fund allocation, in cash or other liquidity instruments that do not include GHG intensive activities.

NBAD will grant loans, from time to time and up to the total amount of the issuance, to a Special Purpose Vehicle or to the client through a loan, based on the eligibility criteria and decided by the dedicated Green Bond Committee. NBAD will keep the remaining amount in its treasury until the total allocation, within 12 months.

The Issuer will take specific measures as part of the annual financial audit process to track investments of the proceeds allocated to Eligible Projects, as described by the Green Bond Framework (Management and Tracking of the Proceeds of Issuance, Reporting on Use of Proceeds).

In case of asset divestment / client credit suspension, the Issuer will use the net proceeds to finance other Eligible Projects which are compliant with the current framework.

**Part III. REPORTING FRAMEWORK**



NBAD is committed to report annually and until the maturity date of the bond on:

- **Use of the Green Bond proceeds:** fund allocation and list of financed projects, with related description of each project, in line with confidentiality practices
- **Environmental benefits:** based on ex-ante estimates of environmental benefits of each project, and aggregated at the bond level, assessed and quantified by NBAD team according to defined methodologies
- **Responsible management:** additional indicators on ESG factors aggregated at bond level, depending on the information availability and relevance of the ESG matters

NBAD is committed to transparently report on fund allocation, on a yearly basis, up to the total amount raised by NBAD through the green bond, in a dedicated Green Bond report, verified by a third party, to be publicly available on NBAD’s Investor Relations webpage, found through [www.nbad.com](http://www.nbad.com).

In addition and until the maturity date of the bond, NBAD will report on the annual update of the list of projects financed by the net proceeds of the bond issuance, on the compliance of the selected projects with the above process, and the reporting indicators, to be included in the dedicated report. This process will be verified by a third party (external auditor) on a yearly basis and its related report will be made available to the public on NBAD’s Investor Relations webpage.

In order to report on the benefits or on the ESG issues of the projects, the Issuer could substitute any of the proposed indicators when convenient and appropriate to facilitate the reporting on the performance and on the management of the use of proceeds in the selected projects.

Fund allocation:

Criteria	Reporting indicators
Use of the Green Bond proceeds	List of projects financed by the green bond proceeds (in line with confidentiality practices) with <ul style="list-style-type: none"> <li>• related description of each project (type, location, technology, stage of the project, project lifetime)</li> <li>• Financial data and proceeds allocation : loan (in k€), total cost of the project, date of initial funding (refinancing or financing indication), NBAD’s share in total project debt in (%)</li> </ul>
	Total outstanding amount of selected loans and percentage of allocated Green Bond proceeds
	Overall refunding vs. new funding (in % of allocated amount, and in % of total amount)

**Environmental benefits:**

Expected benefits	Reporting indicator
Climate Change mitigation (energy, transportation, decarbonising)	<ul style="list-style-type: none"> <li>- Ex-ante estimates of annual GHG emissions avoided in tCO2e or Ex-ante expected avoidance before operation phase (according to the methodology developed by European Investment Bank – Version 10.1*)</li> <li>- Ex-ante estimates of annual energy savings or Ex-ante expected savings before operation phase</li> <li>- Annual renewable energy production in MWh or Ex-ante estimation of expected production before operation phase)</li> <li>- Capacity of renewable energy plant(s) installed in MW</li> </ul>
Natural resources protection (water, energy, waste)	<ul style="list-style-type: none"> <li>- Ex-ante estimates of annual / lifecycle energy, water, waste and materials savings (reduction of consumptions or production)</li> <li>- % of recycled /recyclable materials used for construction</li> <li>- Annual production of biofuels and biogas</li> <li>- Data on depurated, collected or reused water</li> </ul>
Climate Change adaptation	<ul style="list-style-type: none"> <li>- Data on climate change adaptation</li> <li>- Data on flood mitigation</li> </ul>

*\*The determination of the GHG emissions from projects will be released according to the EIB methodology (Methodologies for the Assessment of Project GHG Emissions and Emission Variations - Version 10.1 [http://www.eib.org/attachments/strategies/eib\\_project\\_carbon\\_footprint\\_methodologies\\_en.pdf](http://www.eib.org/attachments/strategies/eib_project_carbon_footprint_methodologies_en.pdf))*

**Responsible management:**

NBAD is committed to use other ESG qualitative and quantitative indicators to report on the responsible management of the projects, aggregated at bond level, depending on the information availability and relevance of the ESG matters.

For example, the additional ESG reporting could cover following issues:

- Environmental and social risk management: linkages with any Equator Principles project evaluations, results of the ESG impact assessments or of social audits
- KYC Compliance
- Involvement of suppliers in considering social and environmental factors in their activities
- Community involvement (% project with public meetings / inquiry, list of actions carried out with local communities)
- End-of-life management

## METHODOLOGY

In Vigeo Eiris's view, environmental, social and governance factors are intertwined and complementary and cannot be separated when assessing the management of ESG in any organization or in any activity, including the issuance of bonds. In this sense, Vigeo Eiris writes an opinion on the Issuer's corporate responsibility as an organization, and on the objectives, the management and the reporting of the projects financed by this bond.

Vigeo Eiris's methodology to define and to assess corporate ESG performance is based on criteria aligned with public international standards, in compliance with the ISO 26000 guidelines, and organized in 6 domains: Environment, Human Resources, Human Rights, Community Involvement, Business Behavior and Corporate Governance. The evaluation framework has been customized regarding material issues, based on the Bank and the Electric & Gaz assessment frameworks and specificities inherent to the worldwide markets and emerging issues.

Vigeo Eiris' review uses information provided by NBAD, press content providers and stakeholders (partnership with Factiva Dow Jones: access to the content of 28,500 publications worldwide from reference financial newspapers to sector-focused magazines, local publications or Non-Government Organizations). Vigeo Eiris has reviewed documents (Annual Report, EP Procedure, Green Bond Framework, Project documents and characteristics,...) and online information and conducted interviews with 11 people from across different NBAD departments.

### Part I. ISSUER

#### Level of the Issuer's ESG performance:

NBAD has been evaluated by Vigeo Eiris during December 2015 on its social responsibility performance, based on 21 relevant ESG drivers organized in the 6 sustainability domains. NBAD's ESG performance has been assessed by Vigeo Eiris on the basis of its Leadership, i.e. relevance of the commitments (content, visibility and ownership)

- Scale for assessment of ESG performance: Advanced, Robust, Limited, Weak.

NBAD's processes and performance in terms of corporate responsibility have not been subjected to Vigeo Eiris Rating's complete process of rating and benchmark.

#### Stakeholder-related ESG controversies and disputable activities:

A controversy is information, a flow of information, or contradictory opinions that are public, documented and traceable, allegation against an Issuer on corporate responsibility issues. Such allegations can relate to tangible facts, be an interpretation of these facts, or constitute an allegation on unproven facts.

Vigeo Eiris provides an opinion on companies' controversies risks mitigation based on the analysis of three factors:

- **Severity:** the more a controversy will relate to stakeholder's fundamental interests, will prove actual corporate responsibility in its occurrence, and will have adverse impacts for stakeholders and the Company, the highest its severity. Severity assigned at corporate level will reflect the highest severity of all cases faced by the Company (scale: Minor, Significant, High, Critical);
- **Responsiveness:** ability demonstrated by an Issuer to dialogue with its stakeholders in a risk management perspective and based on explanatory, preventative, remediating or corrective measures. At corporate level, this factor will reflect the overall responsiveness of the Company for all cases faced (scale: Proactive, Remediate, Reactive, Non Communicative);
- **Frequency:** reflects for each ESG challenge the number of controversies faced. At Corporate level, this factor reflects on the overall number of controversies faced and scope of ESG issues impacted (scale: Isolated, Occasional, Frequent, Persistent).

- Scale for assessment of ability to mitigate stakeholder-related ESG controversies: Advanced, Robust, Limited, Weak.

The impact of a controversy on a company's reputation reduces with time, depending on the severity of the event and the company's responsiveness to this event. Conventionally, Vigeo Eiris' controversy database covers any controversy with Minor or Significant severity during 24 months after the last event registered and during 48 months for High and Critical controversies.

## Part II. PROJECT FRAMEWORK

### Use of proceeds

The use-of-proceeds requirements are defined to ensure that the funds raised are used to finance and/or refinance an eligible project and are traceable within the issuing organization, and include the management of proceeds. Each project endorsed shall comply with all of the eligible project criteria in order to be eligible. The environmental purpose of the bond's associated eligible projects has been precisely defined, with regard to NBAD's commitments, and assessed regarding described and estimated benefits of the eligible projects. The contribution of eligible projects to Sustainable Development is evaluated regarding the UN Sustainable Development Goals.

### Process for project evaluation and selection

The evaluation and selection process has been assessed by Vigeo Eiris regarding the exhaustiveness and relevance of ESG selection criteria and associated supporting elements integrated in the Green Bond framework, and the coherence of the process. The analysis was conducted focusing on the most relevant drivers regarding projects issues - based on 13 relevant ESG drivers, aligned with public international standards - and on the evaluation methodology.

- Scale for assessment of ESG integration in the selection process: Advanced, Robust, Limited, Weak.

In addition, the implementation of the project evaluation and selection process have been assessed regarding documentation for a sample of projects, formed by the Issuer.

- Scale of level of assurance on implementation of the evaluation and selection process: Reasonable, Limited, Weak.

## Part III. REPORTING FRAMEWORK

Reporting indicators are selected from existing indicators to enable annual reporting on fund allocation, environmental benefits and on responsible management of the project financed by the Green Bond proceeds, collected at project level and aggregated at bond level. Vigeo Eiris has evaluated the relevance of these indicators according to three principles: transparency, exhaustiveness and effectiveness.

- Scale of level of assurance on reporting on the project: Reasonable, Moderate, Weak

## VIGEO EIRIS'S ASSESSMENT SCALES

Performance evaluation	
Advanced	Advanced commitment; strong evidence of command over the issues dedicated to achieving the objective of social responsibility. Reasonable level of risk management and using innovative methods to anticipate emerging risks.
Robust	Convincing commitment; significant and consistent evidence of command over the issues. Reasonable level of risk management.
Limited	Commitment to the objective of social responsibility has been initiated or partially achieved; fragmentary evidence of command over the issues. Limited to weak level of risk management.
Weak	Commitment to social responsibility is non-tangible; no evidence of command over the issues. Level of insurance of risk management is weak to very weak.

Level of assurance	
Reasonable	Able to convincingly conform to the prescribed principles and objectives of the evaluation framework
Moderate	Compatibility or partial convergence with the prescribed principles and objectives of the evaluation framework
Weak	Lack or unawareness of, or incompatibility with the prescribed principles and objectives of the evaluation framework