

Sustainalytics Second Party Opinion

Bank of Bahrain and Kuwait Sustainable Finance Framework

12 November 2025

Framework owner and location:
Bank of Bahrain and Kuwait B.S.C.
Manama, Bahrain

Sector:
Banks

Overall Assessment

Sustainability Contribution



Neutral Moderate Significant Strong

Principles Alignment



Green Bond Principles 2025
Social Bond Principles 2025
Sustainability Bond Guidelines 2021
Green Loan Principles 2025
Social Loan Principles 2025

Contribution to SDGs



Assessment Summary

The Bank of Bahrain and Kuwait B.S.C. has developed the Sustainable Finance Framework, dated November 2025, under which it intends to issue bonds, sukuk, trade facilities, working capital facilities, current accounts and savings accounts, term deposits, derivatives¹ and other debt instruments, and obtain loans to fund projects in the Bahrain, Kuwait, the United Arab Emirates, Saudi Arabia, Qatar, Oman, Turkey, India and Egypt in eight environmental and four social categories.

We have assessed the overall Sustainability Contribution of the Framework as **Significant** based on the average Sustainability Contribution of the Framework's 12 use of proceeds categories. As per our methodology, we have applied equal weighting across categories.

Investments under the Renewable Energy, Energy Efficiency, Clean Transportation, Sustainable Water and Wastewater, and Climate Change Adaptation categories will strongly support a low carbon economy. However, desalination plants, one of the projects the Bank plans to finance, lack defined energy efficiency thresholds despite having high energy demands. Under Pollution Prevention and Control, measures will enhance waste management practices. Meanwhile, financing under Living and Natural Resources may include smallholder livestock farms with high environmental footprints, although these expenditures still promote sustainable agriculture. Green Buildings will contribute to a low carbon built environment but may not always meet minimum energy efficiency thresholds.

For social categories, the Bank's financing for Access to Essential Services, Affordable Housing, Employment Generation and Food Security does not specifically target regions or groups with the greatest unmet needs. However, affordability will be ensured through heavily subsidized mortgages and services provided at no or subsidized cost, although cost reductions in MSME financing are less clearly defined. Overall, these expenditures are expected to significantly enhance access to such services and facilities in the countries of financing.

We have assessed the Framework as **Aligned** with the Green Bond Principles 2025, Social Bond Principles 2025, Sustainability Bond Guidelines 2021, Green Loan Principles 2025 and Social Loan Principles 2025.

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¹ Derivatives are not administered by the International Capital Market Association or the Loan Market Association and hence are out of the scope of the Second Party Opinion.

Breakdown per Use of Proceeds Category

We have assessed the overall Sustainability Contribution of the Framework as **Significant** based on the average Sustainability Contribution of the Framework's use of proceeds categories. As per our methodology, we have distributed weight equally across categories, as shown below.

Category	Sustainability Contribution Level				Weight
Renewable Energy	Neutral	Moderate	Significant	Strong	8.3%
Energy Efficiency	Neutral	Moderate	Significant	Strong	8.3%
Pollution Prevention and Control	Neutral	Moderate	Significant	Strong	8.3%
Environmentally Sustainable Management of Living and Natural Resources and Land Use	Neutral	Moderate	Significant	Strong	8.3%
Clean Transportation	Neutral	Moderate	Significant	Strong	8.3%
Sustainable Water and Wastewater Management	Neutral	Moderate	Significant	Strong	8.3%
Green Buildings	Neutral	Moderate	Significant	Strong	8.3%
Climate Change Adaptation	Neutral	Moderate	Significant	Strong	8.3%
Access to Essential Services	Neutral	Moderate	Significant	Strong	8.3%
Affordable Housing	Neutral	Moderate	Significant	Strong	8.3%

Category	Sustainability Contribution Level			Weight	
Employment Generation and Programs Designed to Prevent and/or Alleviate Unemployment Stemming from Socioeconomic Crises	Neutral	Moderate	 Significant	Strong	8.3%
Food Security and Sustainable Food Systems	Neutral	Moderate	 Significant	Strong	8.3%

Issuer Overview and Sustainability Strategy

The Bank of Bahrain and Kuwait B.S.C. is a financial institution headquartered in Manama, Bahrain. Founded in 1971, the Bank offers a broad range of services, including retail banking, corporate banking, international banking, treasury and investment. BBK has subsidiaries in Kuwait, UAE, Turkey, and India, as well as operations in Saudi Arabia, Qatar, Oman, and Egypt. As of December 2024, the Bank had total assets of approximately BHD 4.2 billion (USD 11.1 billion) and more than 1,300 employees.²

The Bank's sustainability strategy focuses on the following environmental and social factors: i) minimizing its environmental footprint; ii) promoting green finance; and iii) upholding social responsibility towards employees, customers and local communities.

To reduce its environmental footprint, the Bank has set 2060 net zero targets for its scope 1 and 2 GHG emissions,³ with an interim goal of reducing these emissions by 30% by 2035 from a 2024 baseline.⁴ BBK began measuring and disclosing its operational emissions in 2024 and has committed to reporting financed emissions from its lending and investment portfolio starting in 2026. Based on this data, the Bank intends to establish targets to reduce its financed greenhouse gas emissions. To achieve its climate targets, the Bank will implement energy efficiency measures in buildings and operations, increase the use of renewable energy and engage stakeholders to reduce value-chain emissions.⁵ Additionally, the Bank implements responsible waste management practices, having achieved a 100% recycling rate for its operational waste in 2024.⁶

To promote green finance and support clients in the transition to a low carbon economy, the Bank incorporates sustainability into its financial products and advisory services. Specifically, BBK has expanded its product range to include green and ESG-linked loans, green mortgages and solar-financing loans. As of 2024, BBK's sustainable and green investments totalled USD 178.6 million.

As part of its social responsibility objectives, BBK focuses on community development initiatives and financial inclusion. The Bank provides access to affordable housing finance through Bahrain's national housing programmes and microfinance support for women and micro, small and medium-size enterprises (MSMEs). In addition, BBK offers affordable banking services to low-income migrant workers, including no-fee opening of accounts with no minimum balance requirements.

BBK's sustainability governance framework supports the integration of sustainability into the Bank's strategy and operations. As part of this framework, 15-35% of the executive management targets are tied to sustainability performance. BBK's board of directors oversees the Bank's sustainability strategy and governance framework, while the Sustainability Management Committee monitors ESG policy implementation and cross-divisional integration. At the operational level, the Sustainability Department co-ordinates sustainability initiatives, tracks KPIs quarterly and reports progress to the committee. The Bank publishes its sustainability report annually, either as a standalone document or within the Bank's annual report. The report includes information on the Bank's governance, sustainability strategy, risk management, and ESG metrics and targets.⁷

² Bank of Bahrain and Kuwait, "Annual Report 2024", at: <https://www.bbkonline.com/wp-content/uploads/2025/03/BBK-Annual-Report-2024-Full-English-7.pdf>

³ Bank of Bahrain and Kuwait, "Sustainability Report 2022-2024", at: <https://www.bbkonline.com/wp-content/uploads/2025/09/BBK-Sustainability-Report-English-1.pdf>

⁴ The Bank has communicated this information to us.

⁵ Bank of Bahrain and Kuwait, "Climate Change Position Statement", (2025), at: <https://www.bbkonline.com/wp-content/uploads/2025/02/BBK-Climate-Change-Position-Statement.pdf>

⁶ Bank of Bahrain and Kuwait, "Sustainability Report 2022-2024", at: <https://www.bbkonline.com/wp-content/uploads/2025/09/BBK-Sustainability-Report-English-1.pdf>

⁷ Ibid.

Principles Alignment

We have assessed the Bank of Bahrain and Kuwait Sustainable Finance Framework as follows:

Green Bond Principles 2025 – **Aligned**

Social Bond Principles 2025 – **Aligned**

Sustainability Bond Guidelines 2021 – **Aligned**

Green Loan Principles 2025 – **Aligned**

Social Loan Principles 2025 – **Aligned**

BBK intends to issue green, social and sustainability bonds, including senior unsecured, subordinated bonds, public and private placements,⁸ sukuk,⁹ trade facilities,¹⁰ working capital facilities, current accounts and saving accounts (CASA), term deposits, derivatives¹¹ and other debt instruments,¹² and obtain green and social loans¹³ under the Framework.

Principles Alignment Detailed Evaluation

Use of Proceeds

Aligned

Alignment with core requirements

- ▶ The Framework describes eligibility criteria appropriately.
- ▶ The Framework identifies relevant target populations for social projects.
- ▶ All expenditures are expected to provide clear environmental or social benefits.

Additional considerations

- ▶ BBK has committed to the following practices, which go beyond the core requirements:
 - ▶ The Bank has defined a look-back period of up to three years for its refinancing.

Project Evaluation and Selection

Aligned

Alignment with core requirements

- ▶ The Framework describes a governance process for the evaluation and selection of eligible projects.
- ▶ The Framework communicates the environmental or social sustainability objectives of eligible projects.
- ▶ The Framework describes a process to identify and manage perceived environmental and social risks associated with eligible projects.

⁸ Public and private placements will exclude the sale of stocks.

⁹ Sukuk will comply with the principles of Sharia.

¹⁰ Trade facilities will be limited to letters of credit, guarantees and accounts receivable.

¹¹ Derivatives are not administered by the International Capital Market Association or the Loan Market Association and hence are out of the scope of the Second Party Opinion.

¹² This Second Party Opinion is limited to the instruments expressly listed in this document.

¹³ BBK will obtain revolving credit facilities and will label multi-tranche loan facilities under the Framework.

Additional considerations

- ▶ BBK has committed to the following practices, which go beyond the core requirements:
 - ▶ The Bank describes how eligible projects support its overarching sustainability objectives and strategy.
 - ▶ The Bank indicates the SDGs to which it expects to contribute through eligible projects.
 - ▶ The Framework excludes investments related to activities associated with coal and gas-fired power generation and distribution assets; coal mining and transportation; fossil fuel exploration and distribution; inherently carbon-intensive processes primarily driven or powered by fossil fuels; technologies designed or intended for fossil fuels; conflict minerals; extractive industries and mining; military contracting and weapons; nuclear power generation and distribution assets; modern slavery or forced labour; payday loans; gambling; adult entertainment; alcohol; and tobacco.

Management of Proceeds

Aligned

Alignment with core requirements

- ▶ The Framework describes a governance structure for the management of proceeds.
- ▶ The Framework describes the processes and systems that the Bank will use to track the proceeds.
- ▶ The Framework describes the intended temporary placement for the balance of unallocated proceeds.
- ▶ In the event of multi-tranching, the Bank will only label tranches that are exclusively allocated to green or social projects.

Additional considerations

- ▶ BBK will manage the proceeds from the financing using a portfolio or per-instrument approach, as appropriate.
- ▶ The Bank has committed to the following practices, which go beyond the core requirements:
 - ▶ For CASA, BBK will determine a cap to the amounts that the accounts raise to ensure the value of outstanding eligible activities remains equal to or greater than the net proceeds that the accounts raise. For term deposits, BBK will determine the amount of eligible activities before the creation of the related liability to ensure the value of outstanding eligible activities remains equal to or greater than the net proceeds that the sustainable deposits raise. In case eligible activities in the portfolio exit the pool due to maturity, divestment or any other reason, the Bank will replenish the pool to ensure continuous allocation until the maturity of the accounts and the deposits.
 - ▶ The Bank intends to allocate all proceeds to eligible projects within two years of issuance.
 - ▶ Pending full allocation, the Bank will temporarily hold proceeds in cash or cash equivalents, according to the Bank's standard liquidity policy.
 - ▶ The Bank will obtain an annual assessment for its allocation of proceeds from a third-party reviewer.

Reporting	Aligned
	<p><i>Alignment with core requirements</i></p> <ul style="list-style-type: none">▶ BBK will provide an annual allocation report until full allocation of proceeds and any time after in case of material changes or until the instruments are no longer outstanding.▶ BBK will report allocation to revolving credit facilities until loan maturity. <p><i>Additional considerations</i></p> <ul style="list-style-type: none">▶ BBK has committed to the following practices, which go beyond the core requirements:<ul style="list-style-type: none">▶ The Bank will have a category-level allocation report.▶ The Bank will report on the qualitative and quantitative impacts of projects using relevant metrics on a best-effort basis, where feasible.▶ The Framework indicates at least one impact metric for each category.▶ The Bank intends to adopt the ICMA Harmonized Framework for Impact Reporting, where available.▶ The Bank will obtain, on a best-effort basis, an annual assessment for its impact reporting from a third-party reviewer.▶ The Bank will publish the allocation and impact reports on its website.▶ For expenditures that may be eligible under multiple use of proceeds categories in the Framework, the Bank has confirmed that it will ensure that there is no double counting when allocating and reporting on the impact associated with these expenditures.

Sustainability Contribution

BBK intends to use the proceeds from instruments issued under the Framework to finance and refinance projects, programmes and activities expected to lead to environmental and social benefits in Bahrain, Kuwait, UAE, Saudi Arabia, Qatar, Oman, Turkey, India and Egypt.

The Framework allows for the financing or refinancing of general purpose loans allocated to pure play businesses that derive 90% or more of their revenue from activities that meet the eligibility criteria in the Framework. While project- and activity-based investing generally result in more direct environmental or social benefits and strengthen compliance with the criteria in the framework of the issuer, using green or social proceeds to make equity investments into pure play companies is a commonly accepted approach that is likely to generate a positive impact.

We have assessed the overall Sustainability Contribution of the Framework as **Significant** based on the average Sustainability Contribution of the Framework's use of proceeds categories.

Sustainability Contribution



Sustainability Contribution per Use of Proceeds Category

Renewable Energy



We have assessed the Sustainability Contribution of the Renewable Energy category as **Strong**.

BBK may finance energy generation from renewable sources, including solar, wind and green hydrogen, as well as the manufacture of enabling technologies. Although expenditures may include the construction of hybrid wind turbine installation vessels, posing a risk of a fossil fuel lock-in, funding under this category will nevertheless promote the use of low carbon energy and play a major role in the energy transition.

Category Expenditures

Expenditure	Description
Energy generation from solar power	<ul style="list-style-type: none"> Construction and operation of solar photovoltaic facilities, including floating systems, and concentrated solar heat and power generation plants, where more than 85% of the electricity is derived from solar energy sources.
Energy generation from onshore and offshore wind power	<ul style="list-style-type: none"> Construction and operation of on- and offshore wind energy generation facilities. Fossil fuel back-up for offshore wind will be limited to that required for operational continuity.
Energy generation from green hydrogen	<ul style="list-style-type: none"> Electricity generation from green hydrogen produced through electrolysis powered by renewable sources or sources with GHG emissions below

3 tCO ₂ e/tH ₂ , in line with the EU Taxonomy's technical screening criteria for the manufacture of hydrogen. ¹⁴	
Manufacture of renewable energy technologies	<ul style="list-style-type: none"> ▶ Examples include wind turbines, solar panels, battery storage connected to renewables, and wind turbine installation vessels. ▶ The manufacturing facilities will be fully dedicated to producing equipment and technologies for renewable energy generation. ▶ Wind turbine installation vessels will be hybrid or powered by low carbon emissions fuels.

Analytical Commentary

Investments in low carbon energy are critical to the global energy transition, as electricity and heat generation were responsible for approximately 44% of global CO₂ emissions from fuel combustion in 2022.¹⁵ Meanwhile, unabated fossil fuels continue to supply more than 60% of global electricity generation.¹⁶ To limit the global temperature rise to 1.5°C, the share of renewable energy used in electricity generation must increase to 90% by 2050, while the share of unabated fossil fuels needs to decrease to below 30% by 2030.¹⁷

The development of wind and solar assets strongly contributes to the goal of zero-emission energy systems, as they have life cycle GHG emissions intensities below the technology-agnostic threshold of 100 gCO₂e/kWh, which is consistent with limiting the global temperature rise to 2°C.^{18,19}

The Bank will also finance the production of electricity from green hydrogen, which plays a crucial role in decarbonizing hard-to-abate sectors, such as heavy industry, transport and power, by offering a clean energy carrier in contexts where other renewable alternatives may be unfeasible.

In addition, funding under the Framework will be directed towards the manufacture of renewable energy technologies and equipment, contributing to the phase-out of carbon-intensive and fossil fuel-based energy generation. Expenditures will also include the construction of wind turbine installation vessels, which, while they support the transition to clean energy, may be hybrid and therefore pose a risk of a fossil fuel lock-in.

Collectively, expenditures in this category are expected to strongly contribute to the decarbonization of the energy sector.

Energy Efficiency



We have assessed the Sustainability Contribution of the Energy Efficiency category as **Strong**.

The Bank will finance projects and technologies that reduce energy consumption by at least 20% compared to equivalent projects, including district cooling systems, smart energy grids, building

¹⁴ European Commission, "Manufacture of hydrogen: Contributing to climate mitigation", at: <https://ec.europa.eu/sustainable-finance-taxonomy/activities/activity/275/view>

¹⁵ IEA, "Greenhouse Gas Emissions from Energy Data Explorer", (2025), at: <https://www.iea.org/data-and-statistics/data-tools/greenhouse-gas-emissions-from-energy-data-explorer>

¹⁶ IEA, "Electricity", at: <https://www.iea.org/energy-system/electricity>

¹⁷ IEA, "Net Zero by 2050", (2021), at: <https://www.iea.org/reports/net-zero-by-2050>

¹⁸ EU Technical Expert Group on Sustainable Finance, "Taxonomy Report Technical Annex", (2020), at: https://finance.ec.europa.eu/system/files/2020-03/200309-sustainable-finance-teg-final-report-taxonomy-annexes_en.pdf

¹⁹ IEA, "Integrating Solar and Wind", (2024), at: <http://iea.org/reports/integrating-solar-and-wind>

energy management systems and battery storage connected to low carbon grids. Although district cooling systems may use cogenerated heat from natural gas, resulting in a fossil fuel lock-in, overall expenditures under this category will strongly advance the transition to a low carbon economy.

Category Expenditures

Expenditure	Description
District cooling systems	<ul style="list-style-type: none"> ▶ Air-conditioning systems powered according to one of the following criteria: <ul style="list-style-type: none"> i) by at least 50% renewables or waste heat; ii) by at least 75% cogenerated heat; or iii) by at least 50% of a combination of these sources. ▶ Cogenerated heat will be derived from renewables, natural gas and bioenergy sources.
Smart energy grids, energy meters, management systems and battery storage facilities	<ul style="list-style-type: none"> ▶ Smart energy grids will encompass networks that use digital technologies, sensors and real-time communication to optimize energy management, ensure supply-demand balance, enable efficient renewable integration and strengthen system reliability. ▶ Smart energy meters will exclude gas smart meters. ▶ Building energy management systems. ▶ Battery storage facilities will be connected to a grid where more than 67% of newly enabled generation installed capacity in the system is below the emissions threshold of 100 gCO₂e/kWh, measured on a life cycle basis over a rolling five-year period.

Additional details

- ▶ Projects and technologies financed under this category will achieve at least a 20% reduction in energy consumption compared to the national average energy consumption of an equivalent project or technology.

Analytical Commentary

Global energy efficiency improved by only 1% between 2023 and 2024. Accelerating energy efficiency improvements across various sectors can reduce CO₂ emissions by more than one-third by 2030 compared to 2024 and significantly contribute to achieving net zero emissions (NZE) by 2050. To align with the NZE scenario, the buildings sector's energy intensity needs to decrease by 4.4% annually until 2030. This is more than three times the average rate of 1.4% reported between 2010 and 2023.²⁰ Achieving the NZE scenario will also require 120 GW of additional energy storage capacity annually by 2030 and 80 million kilometres of new or upgraded grids by 2040.^{21,22} The widespread adoption of energy-efficient technologies is therefore essential to improving operational energy efficiency across sectors.

Financing district cooling systems that use low carbon sources supports a transition from conventional, fossil fuel-intensive solutions. By integrating renewable sources and capturing waste heat, these systems reduce the need for additional energy generation, thus reducing emissions. However, while the use of cogenerated heat enhances efficiency by utilizing residual thermal energy from combined heat and power plants, its reliance on natural gas as a fuel source creates a lock-in

²⁰ IEA, "Energy Efficiency", (2024), at: <https://iea.blob.core.windows.net/assets/f304f2ba-e9a2-4e6d-b529-fb67cd13f646/EnergyEfficiency2024.pdf>

²¹ IEA, "Grid-scale Storage", at: <https://www.iea.org/energy-system/electricity/grid-scale-storage>

²² IEA, "Electricity Grids and Secure Energy Transitions", (2023), at: <https://iea.blob.core.windows.net/assets/ea2ff609-8180-4312-8de9-494bcf21696d/ElectricityGridsandSecureEnergyTransitions.pdf>

effect.

Expenditures in smart energy grids will facilitate the integration of low carbon electricity sources and reduce transmission and distribution losses. In parallel, energy monitoring and control systems will provide real-time data that improve consumption management and decrease energy demand in the buildings sector. The Bank will also finance battery storage facilities connected to low carbon emissions grids, as defined in the above table, which play a key role in enabling the deployment of low carbon energy and reducing the curtailment of renewable electricity.

Finally, all eligible projects and technologies financed under this category will reduce energy consumption by at least 20% compared to equivalent alternatives, ensuring a minimum improvement in energy efficiency is consistently achieved.

Collectively, expenditures in this category will strongly advance energy efficiency and accelerate the transition to a low carbon economy.

Pollution Prevention and Control



Significant



We have assessed the Sustainability Contribution of the Pollution Prevention and Control category as **Significant**.

Expenditures in waste collection, recycling, material recovery, hazardous waste treatment and the use of recycled, low carbon or certified inputs in products and packaging contribute to reducing waste disposal and enhancing reliance on virgin raw materials. BBK may also finance waste-to-energy facilities (WtE), which can only provide a short-term interim solution in regions where full recycling is not yet feasible. Projects involving nature-based solutions and technologies help reduce water pollution and protect biodiversity; however, ballast water treatment systems (BWTS) are already globally regulated and may offer only limited additional environmental benefits. Overall, expenditures under this category are expected to significantly contribute to the improvement of waste management practices and the reduction of GHG emissions.

Category Expenditures

Expenditure	Description
Collection and storage of non-hazardous waste	<ul style="list-style-type: none"> ▶ Development of non-hazardous waste collection and waste storage facilities, where waste is separately collected and stored for reuse or recycling. ▶ Excludes the acquisition of waste collection vehicles.
Collection and treatment of hazardous waste	<ul style="list-style-type: none"> ▶ Construction of industrial and non-industrial hazardous waste management and treatment plants, including waste collection and transport. ▶ Collection and transport of hazardous waste will comply with applicable national legislation and align with the EU Taxonomy's technical screening criteria for the collection and transport of hazardous waste.²³ Excludes the acquisition of waste collection vehicles.

²³ European Commission, "Collection and transport of hazardous waste: Contributing to pollution prevention", at: <https://ec.europa.eu/sustainable-finance-taxonomy/activities/activity/408/view>

	<ul style="list-style-type: none"> ▶ Eligible treatment facilities will be dedicated to the treatment and recovery of materials from source-segregated industrial and non-industrial hazardous waste. ▶ Eligible expenditures will be supported by an environmental and social assessment to identify and evaluate associated risks, determine mitigation measures and implement ongoing monitoring.
Waste sorting, separation and material recovery	<ul style="list-style-type: none"> ▶ Eligible expenditures will: i) convert at least 50% of the processed waste into secondary raw materials; or ii) waste recovery will be supported by segregation at source.
Recycling of non-hazardous waste	<ul style="list-style-type: none"> ▶ Construction, upgrade and renovation of recycling facilities that process non-hazardous waste, including metal, plastic and paper, as well as electronic waste. ▶ Plastic recycling will be limited to mechanical processes and exclude single-use plastics. ▶ Recycling of electronic waste will be accompanied by a robust waste management plan to mitigate associated risks. This will be verified through independent technical assessments or the presence of an environmental management system certification, such as ISO 14001.²⁴ ▶ Development of infrastructure that reduces raw material use without compromising product integrity and safety. This includes: i) using lightweight materials for packaging and stronger composite materials; ii) eliminating unnecessary tertiary packaging layers; and iii) incorporating recycled content into products and packaging. Input materials will be limited to recycled, waste-derived or sustainably sourced materials certified under the Roundtable on Sustainable Biomaterials²⁵ or equivalent certifications.
Energy generation through the incineration of municipal solid waste (MSW)	<ul style="list-style-type: none"> ▶ The majority of recyclable materials and hazardous waste will be segregated before incineration, and bottom ash will be recovered after incineration. ▶ The waste streams of the facilities will not include fossil-based inputs, such as fossil-based plastics, rubber, scrap tires, tire-derived fuels, refuse-derived fuel and solid recovery fuel. ▶ Eligible projects will be aligned with the Climate Bonds Initiative's waste management criteria for facilities that produce electricity or heat through the combustion of MSW.²⁶
Implementation of solutions and technologies to reduce pollution	<ul style="list-style-type: none"> ▶ Nature-based solutions and technologies that prevent or reduce water, land and air pollution to levels that are not harmful to biodiversity and ecosystem functions and services. Projects include: i) construction of wetlands; ii) deployment of zero liquid discharge systems; and iii) installation of BWTS on

²⁴ ISO, "ISO 14001:2015 – Environmental management systems", at: <https://www.iso.org/standard/60857.html>

²⁵ Roundtable on Sustainable Biomaterials, "About the RSB", at: <https://rsb.org/about/>

²⁶ Climate Bonds Initiative, "Waste Management Criteria", (2022), at: https://www.climatebonds.net/files/documents/Waste_Management_Criteria_August-2022.pdf

vessels in accordance with International Maritime Organization's (IMO) regulations.²⁷

- ▶ Projects involving the construction of wetlands and the deployment of zero liquid discharge systems will adhere to the criteria outlined for wastewater systems development under the Sustainable Water and Wastewater Management category.
- ▶ BWTS will be installed only on vessels powered by low carbon energy sources, excluding ships dedicated to the transport of fossil fuels.

Analytical Commentary

Investments in waste management systems and recycling facilities are critical in curbing GHG emissions and transitioning to a circular economy. In 2020, approximately 2.1 billion tonnes of municipal solid waste were generated globally, with the amount projected to rise by 56%, reaching 3.8 billion tonnes by 2050, driven by population and economic growth. Of the total waste generated, 19% was directed to recycling centres, 30% was sent to landfills and 13% was processed in WtE facilities, while the remaining portion was either dumped or openly burned. Improving waste management practices has the potential to reduce global GHG emissions by 15-25%, highlighting the importance of recycling measures.²⁸ In addition, approximately 300 million to 500 million tonnes of hazardous waste are produced annually worldwide,²⁹ posing serious risks to both human health and the environment.³⁰

Expenditures in the collection, recycling and material recovery of non-hazardous waste provide strong environmental benefits by reducing landfill disposal, promoting more sustainable waste management practices and reducing reliance on virgin raw materials. Safely managing electronic waste, preventing the leakage of toxic substances into the environment and mitigating health hazards further enhance these benefits. Projects aimed at reducing raw material use in products and packaging will use recycled, waste-derived or certified input materials to ensure operations with limited environmental impact and improved circularity.

In addition to non-hazardous waste, the Bank may finance the collection and treatment of hazardous waste, prioritizing the recycling and recovery of materials over disposal, in line with the waste hierarchy, thereby reducing resource consumption. To ensure proper waste management, such expenditures will be accompanied by environmental and social risk management systems.

The Framework also allows for financing of WtE facilities. To reduce the emissions intensity of such projects, waste streams will be segregated before incineration and fossil fuel-based inputs will be excluded. While WtE can reduce landfill volumes and methane emissions, it may also divert materials that could otherwise be recycled, shifting focus from circular economy principles that prioritize minimizing waste. Nevertheless, in countries that lack adequate recycling infrastructure, where open dumping is still prevalent, WtE can serve as an interim solution, offering a short-term alternative to landfilling.

Expenditures in nature-based solutions and technologies, such as constructed wetlands and zero liquid discharge systems, are expected to help reduce water pollution and support biodiversity.

²⁷ International Maritime Organization, "Ballast Water Management", at: <https://www.imo.org/en/ourwork/environment/pages/ballastwatermanagement.aspx>

²⁸ United Nations Environment Programme, "Global Waste Management Outlook 2024", (2024), at: <https://wedocs.unep.org/handle/20.500.11822/44939>

²⁹ Martinez, J.H., et al., (2022), "The world-wide waste web", Nature Communications, at: <https://pmc.ncbi.nlm.nih.gov/articles/PMC8964736/>

³⁰ Environmental Protection Agency, "Health and Ecological Hazards Caused by Hazardous Substances", (2024), at: <https://www.epa.gov/emergency-response/health-and-ecological-hazards-caused-hazardous-substances>

Furthermore, ballast water treatment projects can help prevent the spread of invasive aquatic species between regions, thereby protecting marine ecosystems. However, as the IMO Ballast Water Management Convention internationally regulates the installation of BWTS,³¹ requiring all ships to have these systems in place by September 2024, such projects may not deliver additional environmental benefits beyond regulatory compliance. Nevertheless, the Framework limits financing to vessels powered by low carbon energy sources, thereby supporting the transition to cleaner maritime operations, along with improved water treatment practices.

Overall, expenditures under this category are expected to meaningfully contribute to a circular economy, improve waste management practices and reduce emissions.

Environmentally Sustainable Management of Living and Natural Resources and Land Use



Significant



We have assessed the Sustainability Contribution of the Environmentally Sustainable Management of Living and Natural Resources and Land Use category as **Significant**.

The Bank intends to finance interventions, techniques or technologies to improve sustainable agricultural practices by reducing energy and water consumption, and pesticide use. While agricultural projects can be implemented on smallholder livestock farms, which inherently have a high environmental impact, such expenditures will nonetheless support the broader transition toward more sustainable farming systems. Overall, projects under this category will significantly contribute to improving sustainable agricultural techniques.

Category Expenditures

Expenditure	Description
Improvements in irrigation systems	<ul style="list-style-type: none"> Improving irrigation systems to reduce energy and water consumption by using sprinklers, drippers, upgraded pipes and other water conveyance measures that enhance water pumping efficiency.

Implementation of improved farming techniques	<ul style="list-style-type: none"> Implementation of improved farming techniques and equipment to increase crop yields, while reducing inputs such as water, pesticides and fertilizers.
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Additional details

- All projects under this category will be supported by proper due diligence on the environmental management measures, including soil health, minimization of chemical inputs, efficient resource use and control of farm emissions.
- Projects may be implemented on smallholder farms.
- Expenditures under this category exclude:
 - Livestock management projects for industrial-scale meat processors or producers or techniques or technologies applied to industrial-scale livestock production units.

³¹ International Maritime Organization, "Complying with the Ballast Water Management Convention", at: https://wwwcdn.imo.org/localresources/en/MediaCentre/HotTopics/Documents/BWM%20infographic_FINAL.pdf

- ▶ Manufacture, purchase, or distribution of inorganic or synthetic fertilizers, pesticides, or herbicides, as well as the use of substances listed under Annex III of the Rotterdam Convention.³²
- ▶ Equipment powered directly by fossil fuel, such as diesel engines.
- ▶ Genetically modified crops.
- ▶ Projects involving the conversion of high conservation value areas, such as forests, wetlands, or grasslands, into agricultural land.

Analytical Commentary

As of 2023, agriculture accounts for around 70% of global freshwater use.³³ With food demand projected to increase by more than 50% by 2050 compared to 2010 levels, pressures on land, natural resources and ecosystems are expected to intensify.³⁴ Adopting sustainable agriculture practices can help ease pressure on forested land to meet rising production demands, while improved irrigation and storage technologies can enhance resource management and sustain productivity in drylands.³⁵

The Framework supports financing of improved farming techniques and technologies aimed at improving the sustainability performance of agricultural operations, reinforced by established environmental management measures as described in the above table. However, such interventions may also involve smallholder livestock farms. Livestock farming is inherently associated with a high environmental footprint, including methane emissions, land degradation and biodiversity loss, along with intensive resource demands for water, land and feed.

Nonetheless, these expenditures are expected to significantly support the transition to more sustainable agricultural systems.

Clean Transportation



We have assessed the Sustainability Contribution of the Clean Transportation category as **Strong**.

The Bank will finance zero-emission or hybrid passenger and freight transport assets, as well as the development of electric vehicle (EV) manufacturing facilities. While hybrid vehicles lower the carbon intensity of the transport sector, their partial reliance on fossil fuels makes them less effective at reducing emissions than zero-emission vehicles. Nonetheless, investments in this category are expected to make a strong contribution to lowering transportation-related greenhouse gas emissions.

Category Expenditures

Expenditure	Description
Purchase, operation, maintenance and	<ul style="list-style-type: none"> ▶ Consumer and commercial vehicles that are electric or hydrogen-fuelled or have emissions below 50 gCO₂/pkm.

³² Rotterdam Convention on the Prior Informed Consent Procedure, "Annex III Chemicals", at: <https://www.pic.int/theconvention/chemicals/annexiiichemicals>

³³ World Bank Blogs, "Strains on Freshwater Resources: The Impact of Food Production on Water Consumption", at: <https://blogs.worldbank.org/en/opendata/strains-freshwater-resources-impact-food-production-water-consumption>

³⁴ World Resources Institute, "Executive Summary (Synthesis)", at: <https://research.wri.org/wrr-food/executive-summary-synthesis>

³⁵ United Nations, "Food Security and Nutrition and Sustainable Agriculture", at: <https://sdgs.un.org/topics/food-security-and-nutrition-and-sustainable-agriculture>

manufacture of low-emission transport	<ul style="list-style-type: none"> ▶ Public transport vehicles, such as buses, that are electric or have emissions below 50 gCO₂/pkkm. ▶ Freight transport, including: i) rail with emissions below 25 gCO₂/tkm up to 2030 and below 21 gCO₂/tkm from 2030 to 2050; ii) trucks with emissions below 38 gCO₂/tkm; and iii) electric trucks and hydrogen fuel cell trucks.
Development of zero-emission vehicles and associated parts	<ul style="list-style-type: none"> ▶ Construction, upgrade and retrofit of facilities for EV production. ▶ Manufacture of EVs and specialized components, such as batteries.
Additional details	
	<ul style="list-style-type: none"> ▶ Expenditures will not be dedicated to the transport of fossil fuels.

Analytical Commentary

The global transport sector accounted for 37% of CO₂ emissions from end use sectors in 2022 and relied on oil products for nearly 91% of its final energy use.^{36,37} Road transport was the largest contributor, generating 73% of global transportation emissions in 2022, followed by aviation, shipping and rail. To achieve climate neutrality by 2050, the sector's emissions must decline by 25% by 2030, which will require scaling up the electrification of vehicles and the use of low-emission transportation. With transport volumes projected to double by 2050, investments in zero-emission vehicles and related infrastructure are critical in decarbonizing the sector.³⁸

Eligible expenditures include zero-emission passenger vehicles and freight transport assets, as well as the construction of EV production facilities and specialized EV components, which are critical in accelerating the adoption of low carbon transport. The Bank may also finance hybrid vehicles in line with the eligibility criteria; however, as these vehicles continue to partly rely on fossil fuels, zero-emission alternatives remain a more effective solution for reducing transport-related emissions.

Overall, funding under this category is expected to substantially contribute to advancing the transition to low carbon mobility and to lowering the sector's emissions.

Sustainable Water and Wastewater Management



We have assessed the Sustainability Contribution of the Sustainable Water and Wastewater Management category as **Strong**.

Expenditures related to water and wastewater facilities are subject to water leakage assessments to identify and reduce water loss. The Bank may also finance desalination projects without a defined energy consumption threshold, which is important for ensuring energy efficiency and the use of low carbon energy in such energy-intensive processes. Additionally, drainage systems will be

³⁶ UN Environment Programme Finance Initiative, "Climate Risks in the Transportation Sector", (2024), at: <https://www.unepfi.org/wordpress/wp-content/uploads/2024/05/Climate-Risks-in-the-Transportation-Sector-1.pdf>

³⁷ IEA, "Transport", (2023), at: <https://www.iea.org/energy-system/transport>

³⁸ World Economic Forum, "7 Reasons Why Global Transport is so Hard to Decarbonize", (2021), at: <https://www.weforum.org/agenda/2021/11/global-transport-carbon-emissions-decarbonise/>

instrumental in strengthening urban resilience. Overall, these expenditures are expected to strongly enhance water and wastewater management in the financed regions.

Category Expenditures

Expenditure	Description
Construction of water treatment plants	<ul style="list-style-type: none"> Eligible projects will undergo water leakage assessments.
Construction of wastewater plants	<ul style="list-style-type: none"> Construction of wastewater treatment plants and wastewater discharge infrastructure, including sewer systems and pumping stations. Eligible projects will: i) undergo water leakage assessments; ii) have a management plan in place to monitor the discharge into receiving waters or comply with applicable local and national regulations on pollutant levels; and iii) further treat sewage sludge, the byproduct of wastewater treatment, through anaerobic digestion or other treatment methods.
Construction of desalination plants	<ul style="list-style-type: none"> Desalination plants will be primarily powered by low carbon sources, such as renewables, or by electricity with an average carbon intensity at or below 100 gCO₂e/ kWh over the residual asset life. Eligible desalination plants will have a waste management plan for brine disposal and will be equipped with brine management solutions, such as dilution or zero liquid discharge systems, that ensure no harm is caused to maritime ecosystems.
Urban drainage systems	<ul style="list-style-type: none"> Projects related to sustainable urban drainage and improvements in flood control systems. Eligible expenditures will be supported by a flood risk mitigation assessment or plan.
Improvements in water use efficiency	<ul style="list-style-type: none"> Construction of systems for water recycling and reuse and development of water saving systems, technologies and water metering. Eligible projects will undergo water leakage assessments.
Additional details	
<ul style="list-style-type: none"> Expenditures exclude projects dedicated to emission-intensive, controversial activities and fossil fuel operations. 	

Analytical Commentary

Approximately 26% of the global population lacks access to safe drinking water, according to UNESCO.³⁹ Around one-quarter of the world's population experiences extremely high levels of water stress, consuming more than 80% of the annual renewable freshwater supply in their region. In addition, 20-50% of the distributed water is lost due to leakages and ageing infrastructure.⁴⁰ In terms of wastewater, an estimated 268 billion m³ of household wastewater was produced globally in

³⁹ UNESCO, "Imminent risk of a global water crisis, warns the UN World Water Development Report 2023", at: <https://www.unesco.org/en/articles/imminent-risk-global-water-crisis-warns-un-world-water-development-report-2023>

⁴⁰ AbuEltayef H. et al., (2024), "Addressing non-revenue water as a global problem and its interlinkages with sustainable development goals", The International Water Association, at: <https://iwaponline.com/wpt/article/18/12/3175/98008/Addressing-non-revenue-water-as-a-global-problem>

2022, while only 58% of it was collected, treated and discharged safely. The remainder was released untreated, contaminating water bodies and endangering human health.^{41,42} The combination of water stress, extensive freshwater usage and limited access to safe water and sanitation highlights the need for more efficient water infrastructure and wastewater treatment.

The Bank will finance water management, wastewater treatment plants, discharge infrastructure, pumping stations, and water recycling and reuse. The eligible projects are required to have water leakage assessments in place to identify and address water losses, thereby reducing the volume of water that must be extracted, treated and pumped. For wastewater treatment plants and discharge systems, the Bank will ensure monitoring of discharges or compliance with applicable pollution regulations, as well as treating of byproducts to prevent any adverse environmental impact.

Given the energy-intensive nature of desalination, ensuring both energy efficiency and reliance on low carbon sources is critical in decarbonizing such infrastructure. However, the Framework does not mandate specific energy consumption thresholds for eligible plants. Nonetheless, based on the low carbon power sources and appropriate brine disposal, the plants are expected to deliver marked improvements in clean water access through low carbon processes, particularly in regions lacking freshwater sources.

Additionally, projects related to urban drainage and flood control systems will be subject to flood risk mitigation assessments, thus reducing flood vulnerability and enhancing urban resilience.

Overall, these investments are expected to improve the efficient supply of water and wastewater treatment in the financed regions.

Green Buildings

Significant



We have assessed the Sustainability Contribution of the Green Buildings category as **Significant**.

The Bank will finance the acquisition, development, construction and refurbishment of commercial, residential and mixed-use buildings. Targeting buildings within the top 15% of the local building stock in terms of energy performance would position eligible buildings among the most energy-efficient in their region. However, not all the eligible building certifications mandate a minimum level of energy efficiency. Additionally, the Framework does not require new buildings to be fossil fuel-free in their energy use, which poses a risk of a fossil fuel lock-in. Nevertheless, in conjunction with renovations that meet a minimum level of energy improvements and the financing of highly energy-efficient data centres, these expenditures are expected to meaningfully contribute to the decarbonization of the buildings sector.

Category Expenditures

Expenditure	Description
Acquisition, construction and renovation of buildings	<ul style="list-style-type: none"> ▶ New and existing residential, commercial or mixed-use buildings built after 2024 that meet one of the following:
	<ul style="list-style-type: none"> ▶ Buildings have obtained or are expected to obtain the following minimum certifications levels: i) LEED Silver; ii) BREEAM Very Good;

⁴¹ UN Water, "Progress on the proportion of domestic and industrial wastewater flows safely treated", (2024), at: https://www.unwater.org/sites/default/files/2024-08/SDG6_Indicator_Report_631_Progress-on-Wastewater-Treatment_2024_EN_0.pdf

⁴² UNESCO, "The United Nations World Water Development Report 2024", (2024), at: <https://www.unesco.org/reports/wwdr/en/2024/s>

	<ul style="list-style-type: none"> iii) Global Sustainability Assessment System (GSAS) Design & Build 4 Star; iv) GSAS Operations Gold; v) Mostadam Silver; or vi) Al Sa'fat, Dubai Green Building System Golden.
	<ul style="list-style-type: none"> ▶ Buildings that belong to the top 15% of the local market in terms of energy efficiency, as defined by the relevant government, government affiliates or third-party accredited institutions.
Refurbishment of buildings	<ul style="list-style-type: none"> ▶ Building refurbishments that reduce energy use or carbon emissions by at least 30% compared to pre-renovation levels, achieved within one year of issuance.
Acquisition, construction and refurbishment of data centres	
	<ul style="list-style-type: none"> ▶ Eligible data centres will have a power usage effectiveness (PUE) below 1.5.
<u>Additional details</u>	
	<ul style="list-style-type: none"> ▶ Expenditures will exclude financing of buildings dedicated to the storage, transportation and exploration of fossil fuels.

Analytical Commentary

Buildings operations accounted for 30% of global final energy consumption and 26% of energy-related GHG emissions in 2022.⁴³ To reduce emissions from this sector, many countries are strengthening building energy codes and promoting energy-efficient systems and renewable technologies in the built environment. However, decarbonization in the sector must accelerate to achieve net zero emissions by 2050. As of 2020, only 5% of new buildings worldwide were zero-carbon-ready, while this share must increase to 100% by 2030 to keep pace with internationally agreed-upon climate goals.⁴⁴ Investments in energy-efficient buildings are critical in bridging this gap and decarbonizing the buildings sector.

Targeting buildings within the top 15% of the local building stock in terms of energy performance would position eligible buildings among the most energy efficient in their region. However, the targeted certifications, except for GSAS Design & Build 4 Star, do not require a minimum level of energy efficiency, which buildings can achieve through their scores in other areas, even if they do not significantly reduce energy use and carbon emissions. Furthermore, the Framework does not require eligible buildings to be fossil fuel-free in their energy generation, creating a risk of a fossil fuel lock-in, which is particularly relevant to new builds.

Additionally, the Bank may finance the renovation of buildings, achieving at least a 30% improvement in energy performance within a year of completion. Expenditures may also include data centres with a PUE below 1.5. Such data centres are highly energy-efficient and are thereby expected to substantially reduce emissions from the digital infrastructure sector.

Collectively, investments under this category are expected to make a significant contribution to the decarbonization of the building sector.

⁴³ IEA, "Buildings", (2023), at: <https://www.iea.org/energy-system/buildings>

⁴⁴ IEA, "Technology and Innovation Pathways for Zero-carbon-ready Buildings by 2030", (2022), at: <https://www.iea.org/reports/technology-and-innovation-pathways-for-zero-carbon-ready-buildings-by-2030>

Climate Change and Adaptation



We have assessed the Sustainability Contribution of the Climate Change and Adaptation category as **Strong**.

Expenditures under this category include the financing of climate change adaptation projects related to flood management, climate monitoring and early-warning systems, as well as climate-resilient agriculture. The projects will be supported by a climate risk assessment to identify potential hazards and an adaptation plan to guide strategic responses. Collectively, financing under this category is expected to strongly enhance resilience to physical climate impacts in various sectors.

Category Expenditures

Expenditure	Description
Design, development, construction, refurbishment and maintenance of infrastructure for climate adaptation projects	<ul style="list-style-type: none"> ▶ Flood management systems, including heavy rain drainage systems, flood prevention and defence systems, sluice gates, drainage systems, tunnels and channels reinforcement of existing infrastructure. ▶ Climate-resilient agriculture, including the use of climate-resilient crops such as drought-resistant seeds. Expenditures may also include drip irrigation, stormwater storage, grain storage and soil rehabilitation. ▶ Eligible agriculture projects will follow the eligibility criteria under the Environmentally Sustainable Management of Living Natural Resources and Land Use category. ▶ Wildfire safety infrastructure and equipment, including HD cameras, weather stations and fire resilient utility lines. ▶ Sea walls.

Additional details

- ▶ All expenditures under this category will be supported by a climate risk and vulnerability assessment, along with adaptation plans. The projects will also be monitored throughout the lifespan of the investment.
- ▶ Financed projects will not obstruct other environmental objectives, such as decarbonization.

Analytical Commentary

Between the 1970s and 2010s, the annual economic losses from climate-related extreme events increased from USD 198 billion to USD 1.6 trillion globally.⁴⁵ These extreme events, including flooding, droughts and heatwaves, are expected to become more frequent, more intense and longer, threatening energy and food security, ecosystems, infrastructure, water resources, financial stability and human health.⁴⁶ Climate-resilient infrastructure plays a key role in supporting communities and businesses to continue functioning and better mitigate climate-related risks to their assets.⁴⁷ Similarly, climate-resilient agricultural practices are vital in meeting the projected 50-60% surge in global food demand between 2019 and 2050, especially amid the increasing risks to agricultural

⁴⁵ OECD, "Infrastructure for a Climate-Resilient Future", (2024), at: https://www.oecd.org/en/publications/infrastructure-for-a-climate-resilient-future_a74a45b0-en.html

⁴⁶ European Environment Agency, "Climate change impacts, risks and adaptation", (2025), at: <https://www.eea.europa.eu/en/topics/in-depth/climate-change-impacts-risks-and-adaptation>

⁴⁷ OECD, "Infrastructure for a Climate-Resilient Future", (2024), at: https://www.oecd.org/en/publications/infrastructure-for-a-climate-resilient-future_a74a45b0-en.html

systems posed by climate change.⁴⁸ In terms of financial needs, approximately USD 387 billion in annual investment is needed to implement domestic adaptation priorities globally.⁴⁹

All of the Bank's intended climate change adaptation projects will be supported by relevant vulnerability assessments to ensure that they effectively address applicable climate risks. Eligible projects are also subject to monitoring and reassessment throughout their lifetime to adapt to the evolving needs and changing climate conditions.

The Bank's financing of climate-resilient infrastructure, including upgrades to flood defence and drainage systems and reinforcement of existing infrastructures, is expected to support targeted adaptation efforts across sectors and reduce exposure to climate-related risks. Expenditures in climate-resilient agriculture, such as drought-resistant seeds and soil rehabilitation, will help preserve agricultural yields and reduce vulnerability to extreme climate risks, supported by safeguards to prevent harm to the surrounding environment. Additionally, funding aimed at wildfire prevention and safety is essential to enhance early-warning systems and strengthen preparedness.

Overall, investments in this category are expected to make a strong contribution to the climate change adaptation efforts in various sectors.

Access to Essential Services



We have assessed the Sustainability Contribution of the Access to Essential Services category as **Significant**.

BBK intends to finance essential services, including education and healthcare facilities, medical equipment and emergency response infrastructure in countries that face varying degrees of access and infrastructure challenges. Financed services will be accessible to the general population free of charge or at subsidized rates where the level of affordability is uncertain. The Bank may also finance the provision of student loans at below-market interest rates, although the overall cost reduction for the borrowers remains uncertain. Altogether, expenditures under this category are expected to meaningfully enhance access to essential services in the target countries.

Category Expenditures

Expenditure	Description
Construction of healthcare facilities	<ul style="list-style-type: none"> ▶ Construction and expansion of public and private hospitals, clinics and primary care facilities, including R&D divisions, affiliated with the national healthcare system that serves the general population. Expenditures include the purchase of equipment for healthcare institutions, such as radiation, electromedical and electrotherapeutic devices, and medical instruments. ▶ Development of infrastructure for emergency medical response and disease control, including facilities for the treatment of acute conditions, such as cardiac arrest or stroke interventions; emergency vehicles and communication systems; and infectious disease units.

⁴⁸ Falcon, W. et al., (2022), "Rethinking Global Food Demand for 2050", Population and Development Review, at: https://www.researchgate.net/publication/362572729_Rethinking_Global_Food_Demand_for_2050

⁴⁹ UNEP, "Adaptation Gap Report 2023", (2023), at: <https://www.unep.org/resources/adaptation-gap-report-2023>

	<ul style="list-style-type: none"> ► Financed healthcare institutions will be accessible to the general population, either free of charge or at subsidized rates through affordable health insurance schemes, partnerships with government entities or community-based support programmes.
Construction of education facilities	<ul style="list-style-type: none"> ► Construction and expansion of public and private schools affiliated with the national education system, serving the general population. ► Financed education facilities will be accessible to the general population, either free of charge or at subsidized rates through scholarships or tiered tuition models.
Provision of emergency services and equipment	<ul style="list-style-type: none"> ► Provision of emergency public services, including the manufacture of firefighting and other emergency response equipment, such as fire extinguishers, fire hydrants and fire alarm systems. ► Emergency services are intended for the general population and will be accessible to all, regardless of the ability to pay. ► Excludes financing of policing and incarceration services.
Provision of student loans	<ul style="list-style-type: none"> ► Provision of educational loans for students. ► Loans will be provided at rates lower than the market rates and may be offered without collateral or with preferred repayment terms. ► Responsible lending practices will be implemented in line with BBK's internal credit policies and the regulatory requirements set by the Central Bank of Bahrain⁵⁰ or the relevant central bank in the country of financing.

Additional details

- Migrant workers are included in the target population under this category.

Analytical Commentary

Although global healthcare service coverage has generally improved since 2000, progress toward affordable and accessible healthcare has slowed since 2015. Between 2003 and 2023, less than one-third of countries globally improved coverage and reduced out-of-pocket health spending.⁵¹ In the Persian Gulf region, the costs and demand for non-communicable disease treatment are rising due to ageing populations and a heavy reliance on foreign medical staff to deliver care.⁵² Meanwhile, India, Egypt and Turkey experience health inequalities, especially in rural areas, which lack sufficient emergency and specialized services.^{53,54,55}

Regarding education, 70% of children in low- and middle-income countries are unable to read and

⁵⁰ Central Bank of Bahrain, "Central Bank of Bahrain Rulebook: Credit Risk Management Module", (2021), at: [https://cbben.thomsonreuters.com/sites/default/files/net_file_store/Vol_1_CM_Module_July_2021_\(New\).pdf](https://cbben.thomsonreuters.com/sites/default/files/net_file_store/Vol_1_CM_Module_July_2021_(New).pdf)

⁵¹ World Health Organization, "Billions left behind on the path to universal health coverage", (2023), at: <https://www.who.int/news-room/18-09-2023-billions-left-behind-on-the-path-to-universal-health-coverage>

⁵² Sheikh, J. et al., (2019), "Capacity building in health care professions within the Gulf cooperation council countries: paving the way forward, BMC Medical Association, at: <https://bmcmemeduc.biomedcentral.com/articles/10.1186/s12909-019-1513-2>

⁵³ Biltagy M. and Hambi M., (2024), "Public health expenditure and household poverty: case study of Egypt", at: <https://fbj.springeropen.com/articles/10.1186/s43093-023-00295-0>

⁵⁴ Bođa, E., (2023), "The relationship between regional inequalities in the provision of emergency health services and other health services", Medicine, at: <https://pubmed.ncbi.nlm.nih.gov/37960727/>

⁵⁵ Urs, G. et al., (2024), "Emergency Care in India: A Retrospective Cross-sectional Analysis of Health Management and Information System and Global Burden of Disease", at: <https://www.medrxiv.org/content/10.1101/2024.08.16.24312130v1.full>

comprehend a simple text by age 10.⁵⁶ Rural and less developed regions in India, Egypt and Turkey lack qualified teachers, learning materials and digital resources, while learning outcomes in the Gulf states lag due to gaps in education quality.^{57,58,59,60} Investments in education and healthcare are therefore essential to improve access in these regions.

BBK intends to finance both public and private education and healthcare facilities, including medical equipment and emergency infrastructure. The Bank is targeting the general population, including migrant workers, in the countries that receive funding under the Framework. Most of the target countries are classified as having "very high human development", scoring above 0.800 on the UNDP Human Development Index (HDI),⁶¹ which measures a country's access to education, gross national income and life expectancy, with only India and Egypt falling below this threshold. However, focusing exclusively on countries with HDI scores below 0.800 would yield relatively higher social benefits, as this indicates greater unmet needs. For healthcare, according to the Universal Healthcare Coverage (UHC) Index,⁶² all target countries score below 80, reflecting notable gaps in access, quality and affordability of health services. To promote inclusive access, the Bank will finance education and healthcare services accessible to all, either at no cost or at subsidized rates. Despite the unclear level of subsidization, these expenditures are expected to make a significant contribution to improving access to healthcare and education in the financed countries.

Expenditures related to emergency public services, and the production of firefighting and other emergency response equipment will be directed toward countries with generally insufficient access to such services, as indicated by the UHC Index and described above. These services will be public and accessible to all at no charge, which will substantially enhance access to emergency infrastructure in the target countries.

The Bank will also offer loans to students. While the Bank will provide these loans with below-market interest rates and may couple them with other affordability mechanisms, the extent of these reductions remains unknown.

Overall, BBK's financing under this category is expected to meaningfully contribute to the accessibility of essential services in the target countries.

Affordable Housing

Significant



We have assessed the Sustainability Contribution of the Affordable Housing category as **Significant**.

BBK will finance the provision of government-supported or subsidized mortgages in Bahrain. While these mortgages are not exclusively targeted toward low-income individuals, who typically face the greatest barriers in accessing financing, mortgages will be supported by robust affordability

⁵⁶ UNICEF, "70 per cent of 10-year-olds in 'learning poverty', unable to read and understand a simple text", (2022), at: <https://www.unicef.org/press-releases/70-cent-10-year-olds-learning-poverty-unable-read-and-understand-simple-text>

⁵⁷ Çiftçi, S. K., Cin, FM, (2017), "What matters for rural teachers and communities? Educational challenges in rural Turkey", Compare, at: <https://www.tandfonline.com/doi/full/10.1080/03057925.2017.1340150>

⁵⁸ Human Rights Watch, "Egypt: Declining Funding Undermines Education", (2025), at: <https://www.hrw.org/news/2025/01/27/egypt-declining-funding-undermines-education>

⁵⁹ ASER Centre, "Annual Status of Education Report (Rural) 2024", (2025), at: https://asercentre.org/wp-content/uploads/2022/12/ASER_2024_Final-Report_25_1_24.pdf

⁶⁰ World Bank Group, "New GCC Economic Update Finds Improved Quality of Education is Critical for Sustained Economic Growth", (2024), at: <https://www.worldbank.org/en/news/press-release/2024/05/29/new-gcc-economic-update-finds-improved-quality-of-education-is-critical-for-sustained-economic-growth>

⁶¹ UNDP, "Human Development Index", at: <https://hdr.undp.org/data-center/human-development-index/#/indicies/HDI>

⁶² World Health Organization, "Global Health Observatory", at: <https://www.who.int/data/gho/data/indicators/indicator-details/GHO/uhc-index-of-service-coverage>

mechanisms, including government subsidies that substantially lower borrowing costs. Therefore, these expenditures will significantly increase the target population's access to bank credit.

Category Expenditures

Expenditure	Description
Provision of mortgages	<ul style="list-style-type: none"> ▶ Financing and refinancing of government-supported or subsidized mortgages for the provision, development and construction of affordable housing in Bahrain under the Mazaya⁶³ and Tas'heel⁶⁴ Government Housing Programmes. ▶ Targeted individuals are those who have a monthly income ranging from a minimum of BHD 150 (EUR 340) to a maximum of BHD 1,200 (EUR 2,750). ▶ The Bank will offer mortgages with the following affordability measures: <ul style="list-style-type: none"> ▶ Repayments are capped at 25-35% of their monthly income, depending on the programme, with the government subsidizing the remaining portion. ▶ The loan tenor can extend up to 30 years without increasing the borrowers' interest burden. ▶ The interest rate remains fixed for the entire duration of the loans. ▶ Responsible lending practices will be implemented in line with BBK's internal credit policies and the regulatory requirements set by the Central Bank of Bahrain.⁶⁵

Analytical Commentary

As of early 2025, the demand for affordable housing in Bahrain remained high, with around 47,600 people on the government's housing waiting list, despite a 13.5% reduction since 2022.⁶⁶ This reduction has been largely driven by government-backed financing schemes, such as the Mazaya⁶⁷ and Tas'heel⁶⁸ Government Housing Programmes, which have enabled many to achieve homeownership without long waiting periods. Notably, more than 80% of the beneficiaries of these schemes were selected from the existing housing waiting list, which includes applications dating back to 2004.⁶⁹ However, only 2,584 applications for housing financing schemes were approved during the first half of 2025.⁷⁰ In this context, financing mortgages under government schemes is essential to facilitate homeownership and reduce waiting times for affordable housing.

Under the Mazaya and Tas'heel housing programmes, monthly income, among other criteria primarily determine eligibility for mortgages. Eligible individuals are those who earn up to a maximum of BHD 1,200 (EUR 2,750), which is more than the government's threshold for low income,

⁶³ Government of Bahrain, "Apply for Mazaya Request", at: <https://www.bahrain.bh/wps/portal/en/BNP/ServicesCatalogue/GSX-UI-PServiceDetails?psID=2517>

⁶⁴ Government of Bahrain, "Apply for 'Tas'heel' Financing Request", at: <https://www.bahrain.bh/wps/portal/en/BNP/ServicesCatalogue/GSX-UI-PServiceDetails?psID=2518>

⁶⁵ Central Bank of Bahrain, "Central Bank of Bahrain Rulebook: Credit Risk Management Module", (2021), at:

[https://cbben.thomsonreuters.com/sites/default/files/net_file_store/Vol_1_CM_Module_July_2021_\(New\).pdf](https://cbben.thomsonreuters.com/sites/default/files/net_file_store/Vol_1_CM_Module_July_2021_(New).pdf)

⁶⁶ The Daily Tribune - News of Bahrain, "Budget Set For 6,000 Housing Finance Requests In 2025", (2025), at: <https://www.newsrbahrain.com/bahrain/109297.html>

⁶⁷ Government of Bahrain, "Apply for Mazaya Request", at: <https://www.bahrain.bh/wps/portal/en/BNP/ServicesCatalogue/GSX-UI-PServiceDetails?psID=2517>

⁶⁸ Government of Bahrain, "Apply for 'Tas'heel' Financing Request", at: <https://www.bahrain.bh/wps/portal/en/BNP/ServicesCatalogue/GSX-UI-PServiceDetails?psID=2518>

⁶⁹ The Daily Tribune - News of Bahrain, "Housing Waitlist Drops 13.5% As Thousands Take Up New Financing", (2025), at:

<https://www.newsrbahrain.com/bahrain/109300.html>

⁷⁰ CBRE, "Bahrain H1 Real Estate Market Review: Resilience and Adaptation in a dynamic market", (2025), at: <https://www.cbre.bh/press-releases/bahrain-real-estate-market-review-h1-2025>

defined as less than BHD 1,000 (EUR 2,250).⁷¹ Since low-income individuals generally face the greatest financial constraints, providing mortgages exclusively to those who meet the government's low-income definition would have a greater impact. Even so, the programmes cap mortgage repayments at a minimum of 25% of the borrower's monthly income, with the government subsidizing the remaining portion. This can considerably reduce the cost burden for the target population. Consequently, expenditures in this category are expected to meaningfully increase households' access to financing in Bahrain.

Employment Generation, and Programs Designed to Prevent and/or Alleviate Unemployment Stemming from Socioeconomic Crises



Significant



We have assessed the Sustainability Contribution of the Employment Generation category as **Significant**.

BBK intends to finance loans to MSMEs primarily in high-income countries with developing economies, where small businesses do not generally face limited access to financial services. While broad financing to MSMEs is beneficial, further targeting, such as focusing on enterprises owned by women or those affected by emergency situations, would yield greater social contribution, as it would improve access to funding for groups facing the highest financial barriers. Additionally, the Bank will incorporate several affordability mechanisms in the financed loans; however, it is unclear how much these measures reduce the cost burden. Overall, though, loans extended under this category are expected to significantly improve access to finance for MSMEs in target countries.

Category Expenditures

Expenditure	Description
Financing for MSMEs and microfinance clients	<ul style="list-style-type: none"> ▶ Financing and refinancing of loans to MSMEs and microfinance clients, as defined in accordance with national definitions, including: <ul style="list-style-type: none"> ▶ General MSMEs. ▶ MSMEs majority owned (at least 51%) by women. ▶ MSMEs whose operations are affected by health crises, natural disasters and other emergencies, in line with the World Health Organisation classification.⁷² ▶ Regarding affordability, financing will be supported by different measures, such as deferred payments, fee exemptions, discounted rates, flexible repayment terms and tailored financial solutions. ▶ Responsible lending practices will be implemented in line with BBK's internal credit policies and the regulatory requirements set by the Central Bank of Bahrain⁷³ or the relevant central bank in the country of financing.

⁷¹ Government of Bahrain, "Financial Support for People with Low Incomes (High Cost Allowance)", at: <https://www.bahrain.bh/wps/portal/en/BNP/ServicesCatalogue/GSX-UI-PServicesDetails?psID=1195>

⁷² World Health Organization, "Emergency Response Framework – Internal WHO procedures", (2024), at: <https://iris.who.int/server/api/core/bitstreams/1d80f036-e529-430c-92ec-1a11b20a6757/content>

⁷³ Central Bank of Bahrain, "Central Bank of Bahrain Rulebook: Credit Risk Management Module", (2021), at: [https://cbben.thomsonreuters.com/sites/default/files/net_file_store/Vol_1_CM_Module_July_2021_\(New\).pdf](https://cbben.thomsonreuters.com/sites/default/files/net_file_store/Vol_1_CM_Module_July_2021_(New).pdf)

- Excludes MSMEs in accordance with the exclusion list in the Framework.

Analytical Commentary

MSMEs are the main drivers of employment generation and a significant contributor to economic growth in developing economies. Globally, SMEs represent approximately 90% of businesses and more than 50% of total employment.⁷⁴ Despite their importance, access to finance remains a major obstacle to the growth of microenterprises and SMEs, often due to insufficient collateral or limited credit history. Notably, 40% of SMEs globally are credit constrained. Addressing these financial barriers can allow SMEs to contribute more robustly to economic development and job creation, especially in developing economies.⁷⁵

BBK intends to provide financing and refinancing of loans for MSMEs and microfinance clients in the targeted countries under the Framework. These countries are primarily high-income developing economies, where small businesses do not necessarily face inadequate access to financial services. In this context, financing directed towards women-owned MSMEs and MSMEs affected by emergencies or disasters would enhance access to finance for enterprises facing the greatest financial constraints. In contrast, general MSME financing that lacks additional targeting towards underserved regions or population groups makes relatively less of a social impact. Moreover, while the Bank may offer the loans with a number of affordability mechanisms, including discounted rates, it remains unclear whether these measures would reduce borrowing costs to levels below prevailing market rates.

Overall, the Bank's financing under this category is expected to significantly contribute to increasing access to bank credit for MSMEs and to support socio-economic development in the financed countries.

Food Security and Sustainable Food Systems



Significant



We have assessed the Sustainability Contribution of the Food Security and Sustainable Food Systems category as **Significant**.

Expenditures include the provision of food and nutritional supplements, the development of food security infrastructure and the delivery of training and capacity-building programmes for smallholder farmers primarily located in the developing countries that the Bank targets under the Framework. Although the targeted countries do not necessarily face food insecurity, these investments are still expected to alleviate food supply constraints while incorporating adequate affordability measures. Overall, these expenditures are expected to make a significant contribution to improving food security for target populations.

Category Expenditures

Expenditure	Description

⁷⁴ World Bank, "Small and Medium Enterprises (SMEs) Finance", at: <https://www.worldbank.org/en/topic/smefinance>.

⁷⁵ IMF, "Financing Barriers and Performance of Micro, Small, and Medium Enterprises (MSMEs)", (2024), at: <https://www.elibrary.imf.org/view/journals/002/2024/271/article-A002-en.xml>.

Manufacture, logistics, provision and distribution of food and nutritional supplements	<ul style="list-style-type: none"> ▶ Provision of food and nutritional supplements in the countries receiving financing under the Framework, as well as, in the future, other developing countries as per the UN World Economic Situation and Prospects report.⁷⁶ ▶ Products and services will be affordable to all regardless of ability to pay.
Development of food infrastructure	<ul style="list-style-type: none"> ▶ Construction of infrastructure such as warehouses aimed at providing adequate food storage, enhancing preservation and strengthening connectivity along the food value chain to reduce losses.
Capacity building and training programmes for smallholder farmers	<ul style="list-style-type: none"> ▶ Implementation of technical training programmes focused on promoting the adoption of sustainable, resilient and efficiency-enhancing agricultural practices. ▶ Eligible programmes are targeted at individual smallholder farmers in line with the UN Food and Agriculture Organization's definition.⁷⁷ ▶ All programmes will typically be offered for free.

Analytical Commentary

Global rates of food insecurity and malnutrition are high, driven by a convergence of conflict, natural disasters, extreme weather and economic instability.⁷⁸ The World Food Programme estimates that more than 300 million people are experiencing acute food insecurity, nearly double the number since 2020.⁷⁹ Smallholder farmers are particularly vulnerable due to limited access to resources, unfair wages, climate shocks and market fluctuations, all of which undermine the stability of their livelihoods.⁸⁰ In 2020, it was estimated that USD 330 billion in investments was needed to end hunger by 2030. However, as of 2024, an additional USD 540 billion is required to meet that goal.⁸¹ In light of these challenges, building resilient and equitable food systems is key to addressing this global crisis.

Expenditures under this category include the provision of food and nutritional supplements, the development of food infrastructure aimed at reducing post-harvest losses and the delivery of training and capacity building programmes for smallholder farmers in the targeted countries under the Framework. In the future, the Bank may extend direct financing for food and nutritional supplements toward other developing countries as per the UN WESP report.⁸² Although the countries that the Framework targets have developing economies, the Global Hunger Index does not classify them as facing serious food insecurity, except for India.⁸³ While the Bank does not exclusively target food insecure countries, the financing is still expected to contribute to more sustainable food systems, as developing countries are likely to continue facing some food security challenges. Additionally, products and services will be affordable to all, regardless of the ability to

⁷⁶ UN iLibrary, "World Economic Situation and Prospects (WESP)", at: <https://www.un-ilibrary.org/content/periodicals/24118370>

⁷⁷ FAO, "Smallholders and Family Farmers", at: <http://www.fao.org/family-farming/detail/en/c/273864/>

⁷⁸ World Food Programme, "WFP 2025 Global Outlook", (2024), at: https://docs.wfp.org/api/documents/WFP-0000162840/download/?_ga=2.215530263.1079922972.1760533061-538257594.1760533060

⁷⁹ World Food Programme, "A global food crisis", at: <https://www.wfp.org/global-hunger-crisis>

⁸⁰ Kumar, D., (2024), "Industry government collaboration on agritech can empower global agriculture", World Economic Forum, at: <https://www.weforum.org/stories/2024/04/heres-how-we-protect-smallholder-farmers-and-food-security/>

⁸¹ FAO, "Ending Hunger is possible: An income-generating approach through value addition", (2024), at: <https://www.unido.org/sites/default/files/unido-publications/2024-11/Ending%20Hunger%20is%20Possible.pdf>

⁸² UN iLibrary, "World Economic Situation and Prospects (WESP)", at: <https://www.un-ilibrary.org/content/periodicals/24118370>

⁸³ Global Hunger Index, "Global Hunger Index interactive map", at: <https://www.globalhungerindex.org/>

pay, or provided free of charge, ensuring equitable access for the target population.

Overall, funding under this category is expected to make a significant contribution to strengthening food security and alleviating food supply constraints in the targeted countries.

Environmental and Social Risk Management

We have identified the following areas of environmental and social risk associated with the expenditures eligible under the Framework: land use and biodiversity issues in infrastructure projects; emissions, effluents and waste generated in construction; occupational health and safety; community relations; human and labour rights; and business ethics and predatory lending. BBK has the following policies and processes in place to identify and mitigate such risks.

E&S risk identified	Applicable policies, procedures and measures
Due diligence and risk management measures	<ul style="list-style-type: none"> ▶ As part of its Responsible Banking Position Statement, BBK commits to implementing a due diligence process to identify and assess potential ESG risks and the negative impact of all its lending transactions. The assessment considers clients' approach to waste and recycling management, engagement with local communities, product affordability, data privacy and sustainability governance. For clients classified as high risk, the Bank requires disclosure of relevant ESG issues and corresponding ESG risk management policies. The position statement applies in all countries where the Bank operates and includes a commitment to comply with all relevant national laws and regulations.⁸⁴ ▶ BBK aims to align its banking practices with international standards, such as the Equator Principles⁸⁵ and the UN Environment Programme Finance Initiative⁸⁶ which provide risk management frameworks for financial institutions to identify, assess and manage environmental and social risks in financed projects.⁸⁷
Land use and biodiversity issues in infrastructure projects	<ul style="list-style-type: none"> ▶ BBK does not disclose policies or processes to identify, manage and mitigate risks pertaining to land use and biodiversity associated with financed projects.
Emissions, effluents and waste generated in construction	<ul style="list-style-type: none"> ▶ As part of its credit risk assessment, the Bank evaluates borrowers' practices related to the management of waste and hazardous materials, as well as the measures in place to minimize waste generation.
Occupational health and safety	<ul style="list-style-type: none"> ▶ BBK has implemented an occupational health and safety management system, which includes regular risk assessments and targeted measures to mitigate health and safety risks across the Bank's operations, including those related to financed projects.⁸⁸ ▶ The Bank adheres to applicable local regulations in the countries where it operates to ensure a healthy and safe environment for all financed projects.⁸⁹ ▶ BBK also assesses, through its credit risk assessment, whether borrowers have adequate safety measures in place.

⁸⁴ Bank of Bahrain and Kuwait, "Responsible Banking Position Statement", at: https://www.bbkonline.com/wp-content/uploads/2022/12/211123_BBK-Responsible-Banking-Position-Statement-clean-R1-1.pdf

⁸⁵ Equator Principles, "About the Equator Principles", at: <https://equator-principles.com/about-the-equator-principles/>

⁸⁶ UNEP Finance Initiative, "About Us", at: <https://www.unepfi.org/about/>

⁸⁷ Bank of Bahrain and Kuwait, "Responsible Banking Position Statement", at: https://www.bbkonline.com/wp-content/uploads/2022/12/211123_BBK-Responsible-Banking-Position-Statement-clean-R1-1.pdf

⁸⁸ Bank of Bahrain and Kuwait, "Health and Safety Position Statement", at: <https://www.bbkonline.com/wp-content/uploads/2025/02/BBK-Health-Safety-Position-Statement.pdf>

⁸⁹ Ibid.

Community relations	<ul style="list-style-type: none"> ▶ The Bank identifies local communities as key stakeholders in its operations and decision-making processes. To integrate community interests into its lending and investment practices, the Bank maintains continual stakeholder dialogue on sustainability issues and engages with communities through social media platforms and community development initiatives.⁹⁰ ▶ The Bank operates a complaints mechanism that enables customers and other external stakeholders, including community representatives, to anonymously report their concerns and provide feedback.⁹¹
Human and labour rights	<ul style="list-style-type: none"> ▶ The financing may take place in countries with heightened human and labour rights risks. In particular, Arab Gulf countries, including Saudi Arabia,⁹² Qatar⁹³ the UAE,⁹⁴ Bahrain,⁹⁵ Kuwait⁹⁶ and Oman,⁹⁷ have faced controversies related to restrictions on freedom of expression, inadequate working conditions for migrant workers, limitations on labour organizing and discrimination against women. To address risks related to human and labour rights, BBK's Human Rights Position Statement outlines its alignment with internationally recognized standards, including the UN Guiding Principles on Business and Human Rights,⁹⁸ the Universal Declaration of Human Rights,⁹⁹ the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct¹⁰⁰ and the International Labour Organization Declaration on Fundamental Principles and Rights at Work.¹⁰¹ The Bank is also committed to mitigating risks related to child labour, forced labour, discrimination and harassment, and supports the formation of trade unions to protect workers' rights.^{102,103} ▶ BBK integrates human rights considerations, such as child labour, human trafficking and exploitation, into its risk assessment process to identify and address potential risks associated with investments. The board of directors oversees the incorporation of human rights principles into decision-making and strategic planning. Additionally, the Bank regularly audits its operations and supply chains to identify areas for improvement and ensure compliance with internal human rights policies and local legislation.¹⁰⁴ ▶ BBK's Anti-Discrimination and Harassment Position Statement requires all stakeholders to maintain a respectful and equitable working environment.¹⁰⁵ The Bank has also established a

⁹⁰ Bank of Bahrain and Kuwait, "Sustainability Report 2022-2024", at: <https://www.bbkonline.com/wp-content/uploads/2025/09/BBK-Sustainability-Report-English-1.pdf>

⁹¹ Bank of Bahrain and Kuwait, "Complaints and feedback", at: <https://www.bbkonline.com/complaints-and-feedback/>

⁹² Human Rights Watch, "Saudi Arabia: Events of 2023", at: <https://www.hrw.org/world-report/2024/country-chapters/saudi-arabia>

⁹³ Human Rights Watch, "Human Rights Guide for Reporters – 2022 FIFA World Cup in Qatar", (2022), at:

https://www.hrw.org/sites/default/files/media/2022/11/202211mena_qatar_worldcup_reportersguide_2.pdf

⁹⁴ Human Rights Watch, "United Arab Emirates: Events of 2024", at: <https://www.hrw.org/world-report/2025/country-chapters/united-arab-emirates>

⁹⁵ Human Rights Watch, "Bahrain: Events of 2024", at: <https://www.hrw.org/world-report/2025/country-chapters/bahrain>

⁹⁶ Human Rights Watch, "Kuwait's Exit Permit Requirement Puts Migrant Workers at Risk", (2025), at: <https://www.hrw.org/news/2025/06/15/kuwait-exit-permit-requirement-puts-migrant-workers-at-risk>

⁹⁷ Human Rights Watch, "Gulf States Treat Migrant Workforce as Disposable", (2023), at: <https://www.hrw.org/news/2023/12/18/gulf-states-treat-migrant-workforce-disposable>

⁹⁸ UN, "Guiding Principles on Business and Human Rights", at: https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusiness_en.pdf

⁹⁹ UN, "Universal Declaration of Human Rights", (1948), at: <https://www.un.org/en/about-us/universal-declaration-of-human-rights>

¹⁰⁰ OECD, "OECD Guidelines for Multinational Enterprises on Responsible Business Conduct", at: https://www.oecd.org/en/publications/2023/06/oecd-guidelines-for-multinational-enterprises-on-responsible-business-conduct_a0b49990.html

¹⁰¹ ILO, "ILO Declaration on Fundamental Principles and Rights at Work", (2022), at: <https://www.ilo.org/about-ilo/mission-and-impact-ilo/ilo-declaration-fundamental-principles-and-rights-work>

¹⁰² Bank of Bahrain and Kuwait, "Sustainability Report 2022-2024", at: <https://www.bbkonline.com/wp-content/uploads/2025/09/BBK-Sustainability-Report-English-1.pdf>

¹⁰³ Bank of Bahrain and Kuwait, "Human Rights Position Statement", at: <https://www.bbkonline.com/wp-content/uploads/2025/02/BBK-Human-Rights-Position-Statement.pdf>

¹⁰⁴ Ibid.

¹⁰⁵ Bank of Bahrain and Kuwait, "Anti-Discrimination and Harassment Position Statement", at: <https://www.bbkonline.com/wp-content/uploads/2025/02/BBK-Anti-Discrimination-Harassment-Position-Statement.pdf>

grievance mechanism for employees and other stakeholders to confidentially report any instances of discrimination or harassment without fear of retaliation.

Business ethics and predatory lending

- ▶ BBK has developed an Anti-Corruption Position Statement, committing to ethical business practices and mandating compliance with anti-bribery and anti-corruption laws and regulations in all countries of operation.¹⁰⁶ In particular, it establishes procedures to prevent, identify and manage unethical business practices and requires employee training on preventing and combating corruption, bribery, money laundering and financial crime. In addition, BBK conducts due diligence to assess corruption risks for all clients and third parties, with enhanced due diligence for high-risk entities, such as politically exposed persons, clients from high-risk countries and specific intermediaries.¹⁰⁷
- ▶ The Bank's Whistleblowing Policy allows employees, clients and suppliers to confidentially report concerns related to misconduct, fraud or unethical practices.¹⁰⁸
- ▶ To mitigate the risks of predatory lending, BBK's Responsible Banking Position Statement and Responsible Customer Relations Position Statement embed principles of fair, equitable and responsible treatment into its lending process. These policies require the Bank to maintain open and transparent communication with clients, providing them with clear and timely information on lending costs, including all fees, charges and terms and conditions, so that clients can make informed decisions.^{109,110}

¹⁰⁶ Bank of Bahrain and Kuwait, "Anti-Corruption Position Statement", at: https://www.bbkonline.com/wp-content/uploads/2022/12/211123_BBK-Anti-Corruption-Position-Statement-clean-R1-1.pdf

¹⁰⁷ Bank of Bahrain and Kuwait, "Sustainability Report 2022-2024", at: <https://www.bbkonline.com/wp-content/uploads/2025/09/BBK-Sustainability-Report-English-1.pdf>

¹⁰⁸ Ibid.

¹⁰⁹ Bank of Bahrain and Kuwait, "Responsible Banking Position Statement", at: https://www.bbkonline.com/wp-content/uploads/2022/12/211123_BBK-Responsible-Banking-Position-Statement-clean-R1-1.pdf

¹¹⁰ Bank of Bahrain and Kuwait, "Responsible Customer Relations Position Statement", at: https://www.bbkonline.com/wp-content/uploads/2022/12/211123_BBK-Customer-Relationship-Position-Statement-clean-R1-1.pdf

Annex 1: Assessment Framework Overview

The following is a brief overview of the **Assessment Framework** that we use to assess debt instruments and the frameworks that support them. Using this Assessment Framework, we provide two key signals in our Second Party Opinions: **Principles Alignment** and **Sustainability Contribution**.

Principles Alignment indicates a framework's alignment with the requirements of applicable sustainable debt market Principles.¹¹¹ This assessment is structured according to the four components of the Principles: Use of Proceeds, Project Evaluation and Selection, Management of Proceeds and Reporting. Principles Alignment is expressed at one of following levels:

Aligned: Meets all requirements across the four components.

Partially Aligned: Meets requirements on two or three of the four components.

Not Aligned: Does not meet requirements on most or all of the four components.

In addition, we provide commentary on any shortcomings as well as best practices.

Sustainability Contribution provides a clear and comparable signal of the expected contribution of the use of proceeds to one or more environmental or social objectives. We assess each expenditure defined in a framework by looking at the activities, assets and projects that they finance. This assessment is carried out using a set of factors that we have identified as driving the expenditure's contribution to a primary objective as well as its avoidance of harm to other objectives. The assessment results in one of the four levels of Sustainability Contribution described in the table below.

We determine the average contribution of the expenditures within each use of proceeds category (as defined by the issuer) to produce an expected Sustainability Contribution for each category. We then aggregate across categories to determine the Sustainability Contribution of a framework overall. In most cases, weight is distributed equally across use of proceeds categories. However, we adjust the weighting if information regarding percentage allocation is provided by the issuer.

Level of Sustainability Contribution	Description
 Strong	The expenditure finances an activity that makes a strong contribution to an environmental or social objective. The activity is well aligned with credible standards; there are no significant lock-in risks; and the risk of negative impact to other sustainability objectives is low.
 Significant	The expenditure finances an activity that makes a significant positive contribution to an environmental or social objective while having minor shortcomings compared to a strong contribution. This is either because the activity falls somewhat short of credible standards; there is some risk of lock-in (in the case of some environmental activities); there is a risk of negative impact to other sustainability objectives; or there is some ambiguity in the criteria for the expenditure.
 Moderate	The expenditure finances an activity that represents a step towards an environmental or social objective but has substantial shortcomings compared to expenditures that make a strong contribution. Although the activity will result in benefit over a relevant baseline, either it falls substantially short of credible standards; there is significant

¹¹¹ These primarily include the Green Bond Principles and the Social Bond Principles, published by the International Capital Market Association (ICMA); and the Green Loan Principles and the Social Loan Principles, published by the Loan Syndications and Trading Association, the Loan Market Association, the Asia Pacific Loan Market Association (LSTA-LMA-APLMA), and the Association of Southeast Asian Nations (ASEAN).

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risk of lock-in; there is significant ambiguity in the criteria; or there is a risk of significant negative impact to other sustainability objectives.



The expenditure finances an activity that entails no net positive contribution to environmental or social objectives. Even in cases where there is some positive contribution to an objective, this is offset by shortcomings in other areas. Alternatively, the eligibility criteria may be unclear to the extent that contribution cannot be determined.

Scope of Work and Limitations

This Second Party Opinion provides a point-in-time independent opinion of the Framework as of the Evaluation Date. Our opinion may consider additional documentation and information that the Framework owner may have provided during the engagement, in addition to public and non-public information. The owner refers to the entity featuring as an issuer, borrower, special-purpose vehicle or any other entity as described in the Framework.

As part of this engagement, we communicated with representatives of the Framework owner, who acknowledge that: i) it is the sole responsibility of the Framework owner to ensure that the information provided is complete, accurate and up to date; ii) they have provided us with all of the relevant information; and iii) that all of the information has been provided in a timely manner.

This Second Party Opinion provides our opinion of the Framework and should be read in conjunction with that Framework. Any update of this Second Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and the Framework owner.

Our Second Party Opinion provides our opinion on the alignment of the Framework with current market standards and practice but provides no guarantee of alignment nor warrants alignment with future versions of any such standards. In addition, it does not guarantee the realized allocation of proceeds towards eligible activities.

No information provided in this Second Party Opinion shall be considered as being a statement, representation, warrant or argument in favour or against the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that the Framework owner may have made available to Sustainalytics for the purpose of this Second Party Opinion.

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