الشركة العربية للاستثمارات البترولية
Arab Petroleum Investments Corporation

APICORP Green Bond Report

October 2023

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To Our Green Bond Investors

1.0

Green bonds have witnessed remarkable growth in recent times, surpassing fossil fuel deals[1] with record issuances of USD 384.6 billion in H1 2023[2]. The cumulative Green bond market surged past an impressive milestone of USD 2 trillion, and seems to be well on its path to reaching USD 5 trillion by 2025[3].

Despite green bond adoption being in its early stages, green bonds have emerged as a key segment of sustainability bond issuances, propelling sustainable bond issuance values to exceed USD 500 billion in the first six months of 2023.[4] Ultimately, green bonds are a powerful tool to accelerate the global transition to a sustainable economy, financial climate change initiatives, and more importantly climate change commitments.

As an emerging market, the MENA region has made significant headway in driving forward green financing through developing and adopting the necessary frameworks, supporting green issuances, and equally importantly actively participating in milestone events including the United Nations Climate Change Conference (COP). Yet, despite the region's admirable efforts and record USD 8.5 billion in green bond issuances throughout 2022[5], there remains ample opportunity for growth in comparison to the broader sustainable financing landscape.

The Arab Petroleum Investment Corporation (APICORP) is committed to serving as the energy transition's core financier within the MENA region. By acknowledging the importance of a conscious transformation including the issuance of green bonds, APICORP reiterates its commitment to supporting sustainable energy sources.

Your support was instrumental in APICORP's inaugural green bond issuance, the MENA region's first issuance by an energy-focused investment institution. We are pleased to report that over 80 percent of the green bond's proceeds have already been deployed, with the remainder expected to be fully utilized in 2024.

As the year comes to a close, and as we at APICORP take measure of our investments and impact, we are delighted to note the significant contribution of ESG-linked loans to our gross loan portfolio.

We are currently in the process of considering a pipeline of potential ESG-linked loans of circa USD 900 million. Green bonds provide us with significant capacity to fund economic growth and diversification in our region and assist us greatly in providing impact funding to governments, corporations and institutions. We remain committed to our support of the energy transition and global sustainability efforts.

We are pleased to share with you the second edition of APICORP's Green Bond Report, which highlights our efforts in expanding green investments in the MENA region over the past year, and more importantly, measuring the impact of our projects and investments.

We sincerely thank you, our green partners, for your partnership and collaboration in sponsoring the MENA region's energy transition and rely on your continued support in growing the region's sustainable footprint.

Khalid Al-Ruwaigh
Chief Executive Officer

1 cbi_susdebtsum_h12023_01b.pdf (climatebonds.net)
2 Green bonds boom in first half of 2023 | Insights | Bloomberg Professional Services
3 5 steps to $5trillion by 2025 | Climate Bonds Initiative
4 Green bonds boom in first half of 2023 | Insights | Bloomberg Professional Services
5 'Strong pipeline' of green bonds likely from Middle East in 2023, S&P says (thenationalnews.com)

About the Report

This report, referred to as APICORP's 2023 Green Bond report, has been approved by the Green Bond Committee and CEO on 15th October 2023.

APICORP ("The Management"), with delegated authority from the Board of Directors, is responsible for the preparation of this report, including selecting appropriate criteria to form the Green Bond Framework and assessing the statement as to Allocation of Proceeds against that framework. We confirm that the information mentioned in this report is accurate and aligned to our 2021 Green Bond Framework.

As mentioned within our Green Bond framework, the Green Bond committee is responsible for the Process for project evaluation and selection, Management of Proceeds, and Reporting (kindly refer to appendix A in this report).

PwC has been engaged to provide independent third-party limited assurance, over selected information included on page 8 of this Report and marked with the **"A"** symbol. The limited assurance report is included on page 17. Green impact estimates were outside the scope of PwC's limited assurance engagement.

Our Green Bond Impact 2.0

Green Bond Fact Sheet

By the end of September 2023, APICORP's green assets (both loans and equity investments) - allocated to APICORP's Green Bond - amounted to USD 610 Mn. The assets are distributed across 11 projects which yet have contractually binding undisbursed outstanding commitments of USD 477 Mn.

The remaining unallocated excess proceeds from the green bond issuance of circa USD 140 Mn are invested in high quality marketable securities (A and above) in accordance with APICORP's cash management policies.

Total Number of Green Projects	11
Total Renewable Energy Generation (MWh/year)	15,067,325
Total Treated Wastewater (m3/year)	73,000,000
Total GHG Emissions Avoided (TCO2e/year)	24,884,297
Total Waste Treated (ton/year)	68,505
Total Population Served (Homes)	1,182,747
Total allocated proceeds (US$)	610,061,229
Undisbursed outstanding commitments (US$)	477,327,509
Average Maturity	21 years

APICORP's Green Bond Portfolio includes three eligible categories : Renewables, Waste Management, Green Buildings. In this section we will display the following:

- The list of Eligible Green Projects where the Green Bond proceeds have been allocated; and
- Specific information concerning selected individual projects, allocated regions/areas and dates of commitment.

We shall also report on the estimated environmental and social impacts from the Eligible Green Projects that the Green Bond proceeds have been allocated to and the GHG emissions avoided annually (in tCO2e) by the Eligible Expenditures. The Impact Reporting will comprise, whenever relevant, the following environmental indicators:

Notes
None of the proceeds have been invested in any of the excluded categories as per the green bond framework.

No Green Buildings have yet been financed under APICORP's Green Bond.

Eligible Green Categories	Indicative Impact Indicator
Renewable Energy	• Annual energy production in MWh • GHG Emissions avoided (tons) • Installed capacity in MW
Pollution Prevention and Control	• % of waste accepted by our sites which is recycled and given a new life • GHG Emissions per waste handled (tCO2e/tons) • kWh renewable energy generated from waste at our operations • Amount of waste reduced and/or diverted from landfills (tons) • Amount of waste recycled (tons) • Amount of waste reused (tons)
Green Buildings	• Building/landscape certification achieved (system & level); • Energy consumption reduction (kWh)

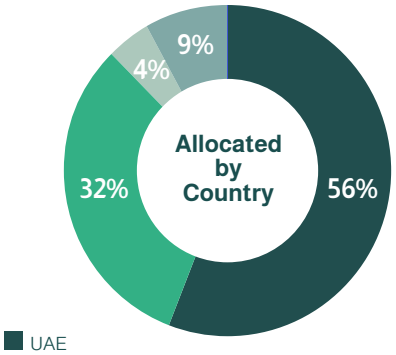
6 Undisbursed outstanding commitments refers to approved commitments for eligible green assets that have not yet been disbursed.
7 Kindly refer to Appendix A for the details of the Green Bond framework eligible categories and their eligibility criteria.

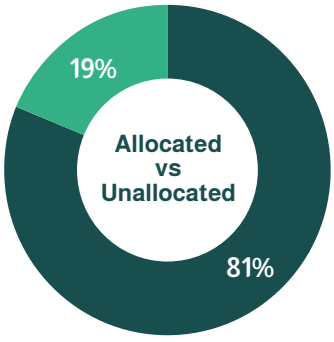
Summary of APICORP's Green Bond Consolidated Impacts

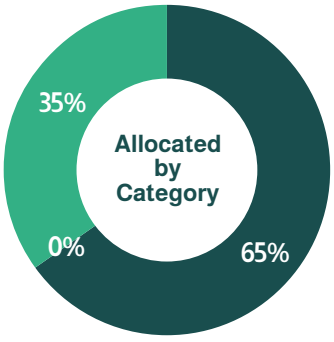
Below is a description of the allocation of the green assets and their expected impacts:

Category	Renewable Energy	Pollution Prevention and Control
Sub-category	Solar plants, Wind farms, Green hydrogen	Wastewater treatment plant, Waste-to-energy plant, Waste treatment plant
Number of projects	8	3
Regions	KSA, UAE, Jordan, Egypt	KSA, UAE
Share of allocated proceeds	65%	35%
Output benefit	13,697,325 MWh per year	1,370,000 MWh per year
Impact benefit	23,946,709 tonnes of CO2 avoided per year	937,588 tonnes of CO2 avoided per year
Prorated output benefits[8]	872,605 MWh per year	18,241 MWh per year
Prorated impact benefits	1,616,775 tonnes of CO2 avoided per year	29,684 tonnes of CO2 avoided per year

Allocated proceeds by country			
			
Saudi Arabia	United Arab Emirates	Egypt	Jordan
Allocation: 32%	Allocation: 56%	Allocation: 9%	Allocation: 4%
Number of projects: 3	Number of projects: 6	Number of projects:1	Number of projects: 1







8 Prorated outputs and impact benefits refer to APICORP's share of project or equity financing.

Overview of Use of Proceeds and Impact Reporting

In accordance with the Green Bond Principles, APICORP commits to report information on the allocation of proceeds.

APICORP adopts the harmonised reporting framework, developed by an informal group of eleven international development banks including the World Bank (IBRD), the International Finance Corporation (IFC) and the European Investment Bank (EIB). The harmonized reporting framework[9] provides core principles and recommendations for green bond reporting, and also recommends core indicators for the two sectors renewable energy and energy efficiency.

9 Refer following link for details on the Harmonised Framework for Impact Reporting for Energy Efficiency and Renewable Energy Projects
https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/Handbook-Harmonized-Framework-for-Impact-Reporting-December-2020-151220.pdf

The following table - based on the harmonized reporting framework – captures the use of proceeds and expected environmental impacts and benefits of APICORP's Green Bond, based on allocated projects as of September 2023.

Green Categories	Project Description	Location	Allocated amount (USD) as of Sep 30 2023 a/	Financed/ Refinanced	Share of total bond b/	API-CORP's share of total project's cost c/	Loan Maturity (Years) d/	Total Impact of Project			Total Impact of Project	
								Annual renewable Energy Generation (MWh/ year) e/	Annual GHG Emissions Avoided (tonnes of CO2/year) e/	Other indicators e/	Annual Renewable Energy Generation (MWh/ year) f/	Annual GHG Emissions Avoided (tonnes of CO2/year) f/
Renewable Energy	Solar plant	UAE	22,687,594	Refinanced	3%	11.55%	N/A[10]	143,000	49,000	Capacity of 820 MW Solar PV. Power 2,433 home.	16,517	5,660
Renewable Energy	Solar plant	UAE	11,015,851	Financed	1%	12.24%	9	199,084	119,450	Capacity of 109 MW Solar PV. Power 3,388 home.	24,368	14,621
Renewable Energy	Solar plant	UAE	61,835,067	Refinanced	8%	6.57%	22	1,461,168	14,000,000	Capacity of 800 MW Solar PV. Power 160,000 home.	96,015	919,957
Renewable Energy	Solar plant	UAE	67,338,480	Refinanced	9%	11.99%	24	1,643,814	1,180,000	Capacity of 900 MW Solar PV. Power 270,000 home.	197,101	141,488
Renewable Energy	Solar plant	Saudi Arabia	125,362,887	Financed	17%	13.72%	26	2,824,553	2,900,000	Capacity of 1,500MW Solar PV. Power 185,000 home.	387,454	397,803
Renewable Energy	Renewable energy plant	Egypt	52,779,348	Financed	7%	24.32%	3	383,031	280,000	Capacity of 200 MW Solar PV. Power 130,000 home.	93,162	68,102
Renewable Energy	Wind farm	Jordan	24,907,525	Refinanced	3%	22.82%	N/A[12]	153,738	224,000	Capacity of 117 MW wind energy. Power 15,000 home.	35,087	51,122
Renewable Energy	Green Hydrogen	Saudi Arabia	29,145,263	Financed	4%	0.35%	30	6,888,937	5,194,258	Capacity of 3,850 MW renewable energy.Power 130,855 home.	23,902	18,022
Pollution Prevention and Control	Wastewater Treatment	Saudi Arabia	38,908,654	Saudi Arabia	5%	16.21%	24	-	115,588	Capacity of 200,000 m3/day treated water. Treat 73,000,000 m3/yr. Serve 166,071 home.	-	18,739
Pollution Prevention and Control	Waste to Energy	UAE	15,455,327	Financed	2%	1.33%	23	1,370,000	822,000	Capacity of 194 MW waste to energy. Power 120,000 home.	18,241	10,944
Pollution Prevention and Control	Waste processing facilities	UAE	160,625,234	Financed	21%	34.18%	20	-	-	Capacity of 188 tone/day and 68,505 tone/year treated waste.	-	-
Total			**610,061,229 "A"** [13]									

a/ This represents the amount of green bond proceeds that has been allocated for disbursements to the project.
b/ This represents the share of the project's financing out of total bond amount.
c/ This represents the share of the total project cost that is financed by APICORP.
d/ This represents the loan tenor of the project.
e/ This represents the total impact benefit of the project- Please refer to the Methodology section for more details on calculations assumptions used.
f/ This represents the pro-rated impact benefit of the project based on APICORP's financing share as of September 28th, 2023, out of the total project cost.

10 The mentioned project is an Equity investment therefore it has no maturity period.
12 The mentioned project is an Equity investment therefore it has no maturity period.
13 Limited assurance provided by PwC covers reporting of items marked with Symbol "A" and relates to Allocation of the Green Bond proceeds as of 30 September 2023.

Methodology

APICORP reports on the impact data of the green loans financed by green bonds for each green bond category, Renewable Energy and Pollution Prevention and Control.

In the absence of client-specific data, APICORP has applied estimates that are relevant considering both the type and the location of the asset. The impact is calculated based on comparisons against relevant baselines specified below. The exact impacts may be s ubject to uncertainties that cannot be completely eliminated.

Calculation Methodology Renewable Energy

Calculation of renewable energy generation

Annual renewable energy generation in megawatt hours is estimated using the output capacity of green projects.

Annual renewable energy generation is based on the Power Potential and Wind Capacity Factor in countries where the green project is located, using data from the Global Solar Atlas and Global Wind Atlas by The World Bank.

The calculation of renewable energy includes the Solar PV Power Potential in Saudi Arabia (5.159 KWh/KWp/day) and United Arab Emirates (5.004 KWh/KWp/day), and the Wind Capacity Factors in Jordan (15%).

Calculation of avoided CO2 emissions

Avoided CO2 emissions are estimated using the annual project generation in megawatt hours. Avoided CO2 emissions are based on CO2 emissions for fossil fuel projects in countries where the green project is located, using

The Climate Registry (TCR) emissions data. The calculation of avoided CO2 emissions includes the emissions factor in Saudi Arabia (754 gCO2/ KWh), United Arab Emirates (600 gCO2/ KWh), Jordan (637 gCO2/ KWh), and Egypt (457 gCO2/ KWh).

Calculation of households supplied with renewable energy

Number of homes served with electricity from green projects is estimated using the annual project generation in megawatt hours. Number of homes served is based on the average household size and the per capita electricity consumption in countries where the green project is located, using data from The World Bank and ArcGIS by the Environmental Systems Research Institute (ESRI).

The calculation of households supplied with renewable energy include the average household size in Saudi Arabia (5.6 people per household), United Arab Emirates (5.3 people per household), Jordan (4.8 people per household) and Egypt (4 people per household). In addition to the per capita electricity consumption in Saudi Arabia (9.401 MWh), United Arab Emirates (11.088 MWh), Jordan (1.865 MWh) and Egypt (1.683 MWh).

Calculation Methodology
Pollution Prevention and Control

Calculation of waste to energy generation

Annual waste to energy generation in megawatt hours is estimated using the output capacity of the green project.

Annual energy generation is based on the Energy Potential of the energy recovery from the combustion of municipal solid waste (MSW), using data from the US Environmental Protection Agency (EPA). The calculation of energy generation includes Energy Potential in the combustion of MSW (550 KWh/Ton).

Calculation of avoided CO2 emissions for waste to energy generation

Avoided CO2 emissions are estimated using the annual project generation in megawatt hours.

Avoided CO2 emissions are based on CO2 emissions for fossil fuel projects in the country where the green project is located, using The Climate Registry (TCR) emissions data. The calculation of avoided CO2 emissions includes the emissions factor in United Arab Emirates (600 gCO2/ KWh).

Calculation of avoided CO2 emissions for wastewater treatment

Avoided CO2 emissions are estimated using the annual project capacity in cubic meters.

Avoided CO2 emissions are based on the Specific Power Consumption of wastewater treatment plants, using the data from Multidisciplinary Digital Publishing Institute for peer-reviewed scientific journals (MDPI), in addition to the CO2 emissions for fossil fuel projects in the country where the green project is located, using The Climate Registry (TCR) emissions data.

The calculation of avoided CO2 emissions includes the Specific Power Consumption of wastewater treatment plants (2.1 KWh/ m3) and the emissions factor in Saudi Arabia (754 gCO2/ KWh).

Calculation of households supplied with energy form waste to energy project

Number of homes served with electricity from waste to energy project is estimated using the annual project generation in megawatt hours.

Number of homes served is based on the average household size and the per capita electricity consumption in the country where the project is located, using data from The World Bank and ArcGIS by the Environmental Systems Research Institute (ESRI).

The calculation of households supplied with energy include the average household size in United Arab Emirates (5.3 people per household), in addition to the per capita electricity consumption in United Arab Emirates (11.088 MWh).

Financing Projects with Clear Environmental and Social Benefits

Solar plants

Solar power represents a vast resource which could support the world shift to a low-carbon economy. The technology used to generate solar power by converting light to electricity (PV) and converting of light to power via heat (solar thermal) has proven itself over the years. The cost reductions in solar PV over the last ten years now making it often the cheapest form of electricity[14].

According to the International Energy Agency (IEA), solar PV's installed power capacity is on track to exceed that of coal by 2027, establishing itself as the world's largest power generation source.

In the IEA's forecasts, cumulative solar PV capacity is anticipated to nearly triple, growing by nearly 1,500 GW over the specified period, surpassing natural gas in 2026 and coal in 2027. Additionally, the IEA projects annual increases in solar PV capacity additions for the next five years[15].

Despite current higher investment costs due to elevated commodity prices, utility-scale solar PV is the least costly option for new electricity generation in a significant majority of countries worldwide.

Location	United Arab Emirates
Output benefits	✔ Capacity of 900 MW Solar PV ✔ Generate 1,643,814 MWh/ year
Impact benefits	✔ 73,000,000

Wastewater plants

It is estimated that worldwide, one in three people do not have access to safe drinking water and approximately 70 per cent of all water abstracted from rivers, lakes and aquifers is used for irrigation[16].

In poorer urban areas, a large proportion of wastewater is discharged untreated directly into the closest drainage channel or water body[17]. As a result, wastewater treatment has become a main priority around the globe. The aim of wastewater treatment is to remove as much of the suspended solids as possible before the remaining water, called effluent, is discharged back to the environment[18].

Such an innovative process can be seen as the main drive behind producing safe, potable water to people who previously did not enjoy such a basic human right.

Wastewater management can have a high impact on the sustainability of water supplies, human health, the economy and the environment. In the Arab Region, about half of the Arab population currently lives under extreme water scarcity (less than 500 m3 per capita annually), while 18 of the 22 Arab countries fall below the water poverty line of 1000 m3 per capita per year.

Location	Saudi Arabia
Output benefits	✔ Capacity to treat an average daily influent of 200,000 m3
Impact benefits	✔ Displace 115,588 TCO2e/year ✔ Serve 166,071 Homes

14 United Nation- Climate Action
15 IAE - Solar PV still dominates renewable energy capacity additions
16 United Nations Sustainable Development- Water and Sanitation
17 United Nations Water- Water Quality and Wastewater
18 United States Geological Survey

Wind farms

Wind turbines harness energy from the wind using mechanical power to spin a generator and create electricity. Contrary to popular belief, wind farms take up very little land in proportion to the amount of renewable energy that they can produce.

Wind energy's major advantage over conventional energy sources, is that it does not produce greenhouse gases (GHG) or air pollutants during generation[19]. Wind energy projects also impact local communities by providing jobs in rural communities in manufacturing, transportation, and project construction[20].

According to the International Energy Agency, the onshore wind capacity additions are poised for a significant rebound in 2023, with a remarkable 70% increase to reach 107 GW, setting a new all-time record.

This resurgence is primarily attributed to the completion of projects in China that were delayed due to Covid-19 restrictions in the previous year[21].

Location	Jordan
Output benefits	✔ Installed capacity of 117 MW
Impact benefits	✔ Improve access to power for 72,000 individuals annually ✔ Reduce 224,000 tonnes of CO2e per year Provide power to the Jordanian national grid at a price that is 25% lower than the wholesale electricity price in the country.

Waste-to energy plants

Waste-to-Energy is the process of generating energy in the form of electricity and/or steam from the combustion of non-recyclable residual waste.

Waste-to-Energy facilities is considered a safe approach of waste disposal that reduces greenhouse gases, generates clean energy and recycles metal. Waste-to-Energy (WTE) can help mitigate climate change.

This is because the waste combusted at a WTE facility doesn't generate methane[22], as it would at a landfill; the metals that would have been sent to the landfill are recovered for recycling instead of being thrown out; and the electricity generated offsets the greenhouse gases that would otherwise have been generated from coal and natural gas plants.

WTE plants are able to reduce the volume of waste by about 87%, burning 2,000 pounds of garbage to ash weighing between 300 and 600 pounds[23].

Location	United Arab Emirates
Output benefits	✔ Produce 194 MW of green energy
Impact benefits	✔ Total emissions reduction of 64,900kt CO2e over the construction and operation phases of the project. ✔ The project will power equivalent to 120,000 houses.

19 United Nations-Climate Action
20 Office of Energy Efficiency and Renewable Energy
21 The International Energy Agency- Renewable Electricity
22 The International Energy Agency- Biomass explained Waste-to-energy
23 US Energy Information Administration

Sustainability at APICORP 3.0

As an energy-focused multilateral financial institution established in 1975 by ten Arab oil exporting countries, APCIORP was entrusted with the role of supporting the sustainable development of the region's energy sector and related industries through a range of financing solutions and advisory services.

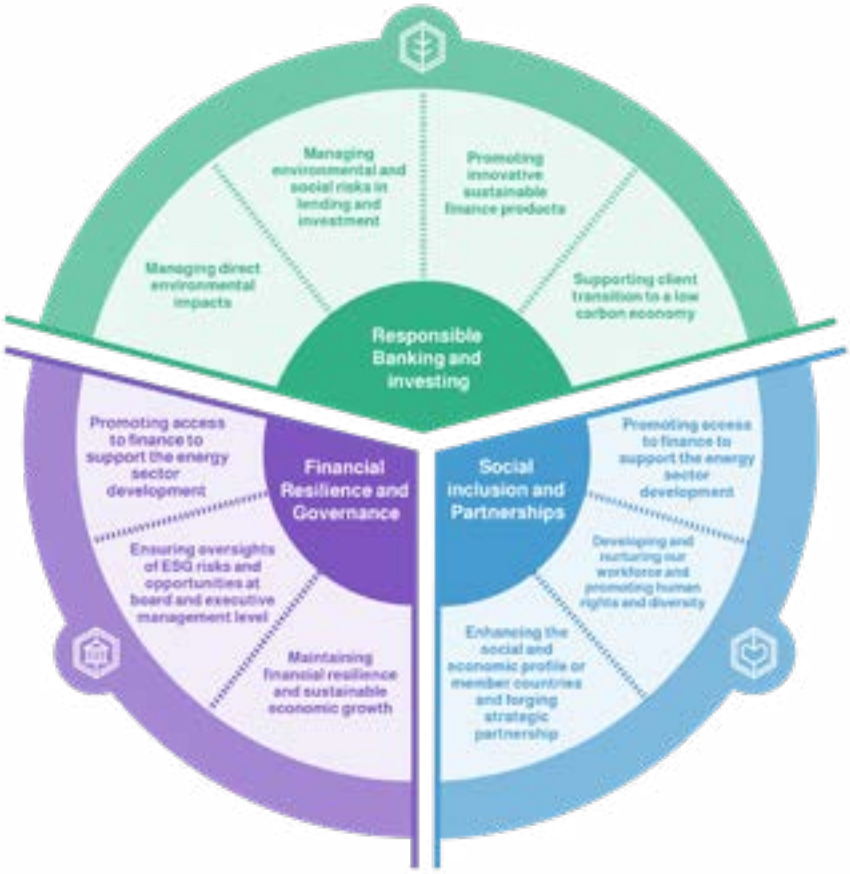
Recognizing the importance of its role, impact, and responsibility to tackle environmental and climate change challenges within its member countries and the wider Arab region, APICORP positioned itself on a path to sponsor projects that help achieve the overarching energy transition.

Even before developing a formal ESG policy, APICORP began investing in environmentally friendly projects within the MENA region, including district cooling, water desalination, and Solar PV plants.

Late in 2019, APICORP formulated its ESG aspirations as part of its five-year strategy. APICORP took upon itself to embed ESG in its modus operandi through:

- Developing a comprehensive, integrated, and tailored ESG framework.
- Embedding ESG dimensions in new business opportunities assessment and selection (debt & equity).
- Monitoring and measuring its ESG impact/ footprint.
- Enhancing thought leadership and driving policy change vis-à-vis energy transition.

By mid-2020, APICORP developed its ESG policy framework which defined its ESG objectives and commitments. APICORP's ESG objectives cover three main pillars supported by 10 initiatives that are aligned with the United Nations Sustainable Development Goals (UNSDG's).



Pillar 1
Responsible Banking and Investing

Pillar 2
Social Inclusion and Partnerships

Pillar 3
Financial Resilience and Governance

Determined to expedite the energy transition within the MENA and encourage energy companies to adopt sustainable frameworks and sources of funding, APICORP developed its green bond framework and issued its first green bond during 2021.

APICORP continued to set examples within the MENA region when it received the first solicited sustainability rating from Moody's ESG Solutions (previously V.E.) in the MENA region in April 2022. APICORP's 'A2' sustainability rating is based on its capacity and willingness to integrate ESG factors into its strategy, operations, and risk management, which were formalized in its ESG policy framework.

Today APICORP is embarking on another ambitious initiative of assessing the ESG footprint of its lending and investment portfolio.

THE GLOBAL GOALS
For Sustainable Development

Transaction Review Process

4.0

APICORP's investment / credit process follows a rigorous review cycle which passes through several scrutinization and decision-making levels, beginning with an initial and then a final approval at Credit and Investment Committee (CIC) level, and ultimately Board approval.

Origination → **Appraisal** → **Decisioning** → **Execution** → **Management**

During this process several aspects of each loan or investment are assessed including the potential ESG risk of each transaction.

Whenever a transaction is identified as eligible for green financing, the CIC highlights the transaction for the Green Bond Committee (GBC). The GBC accordingly convenes to assess the following:

- The GBC undertakes a review of the eligibility of potential green assets against the Green Bond Framework.
- Eligible green projects and clients are screened for any ESG related allegations and controversies.
- The GBC approves the inclusion of the green asset and documents its decision.

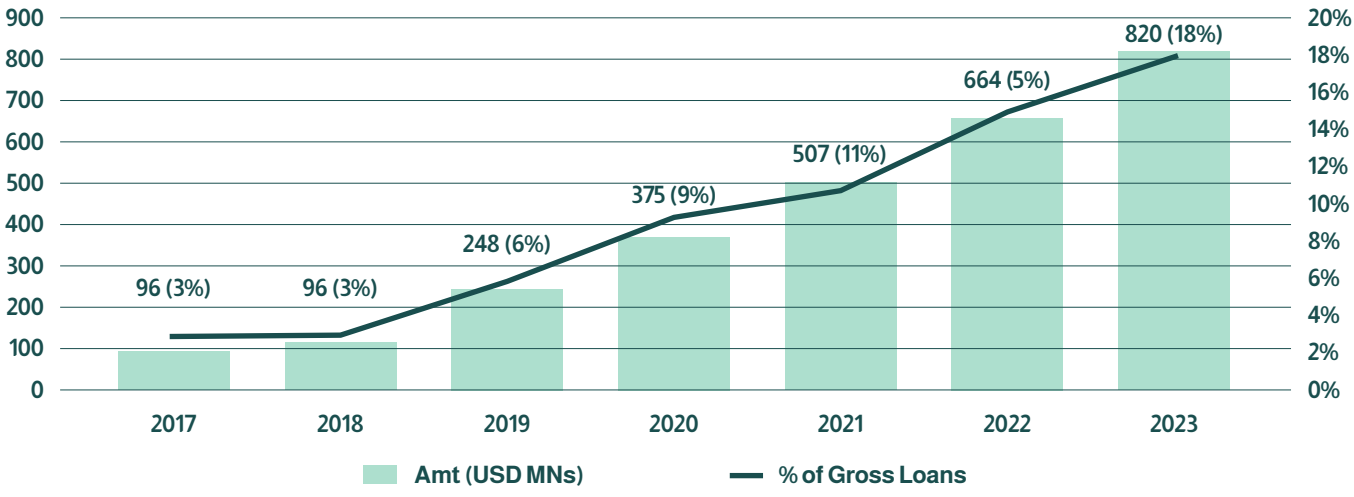
An Overview of APICORP's Overall ESG-linked Assets Financed to Date

5.0

APICORP finances other types of projects that provide environmental or social benefits which are not included as part of the eligible categories of the Green Bond Framework.

These types of projects include district cooling, water desalination and other mixed utilities. By the end of September 2023, APICORP's ESG-linked loans constituted 18% of its gross loan portfolio out of which 69% were eligible for green financing as per APICORP's green bond framework.

Objective	Criteria
Total Number of ESG-linked Projects	20
Total Electricity Generation (MWh/year)	16,498,431
Total Treated Wastewater (m3/year)	133,772,500
Total GHG Emissions Avoided (TCO2e/year)	27,951,411
Total Waste Treated (ton/year)	688,505
Total Population Served (Homes)	3,977,642
Total Financed Projects (US$)[24]	866,865,785
Undisbursed Commitments (US$)	519,594,309
Average Maturity	22 Years



The exponential growth in APICORP's contribution to such types of projects during the past 7 years is in line with its new strategy and demonstrates its commitment to a targeted approach to finance projects with clear environmental and social benefits.

24 Includes Equity Investments

Independent Limited Assurance Report to the Directors of APICORP on the allocation of Green Bond proceeds as of 30 September 2023

The Directors of Arab Petroleum Investments Corporation ("APICORP") engaged us to obtain limited assurance on the allocation of Green Bond ISIN number: XS2389123931 (the "Green Bond") proceeds (the "Subject Matter Information") as described below and marked with the **"A"** symbol on page 8 within the APICORP Green Bond Report for the period from 1 November 2022 to 30 September 2023 (the "Green Bond Report").

Our assurance conclusion does not extend to information in respect of earlier periods or to any other information included in, or linked from, the Green Bond Report including any images.

Our limited assurance conclusion

Based on the procedures we have performed, as described under the 'Summary of work performed as the basis for our assurance conclusion' and the evidence we have obtained, nothing has come to our attention that causes us to believe that the allocation of Green Bond proceeds as of 30 September 2023 and marked with the **"A"** symbol on page 8 in the Green Bond Report, has not been prepared, in all material respects, in accordance with the reporting criteria referenced below (the "Reporting criteria").

Our limited assurance conclusion

The Subject Matter Information needs to be read and understood together with the Reporting Criteria, which APICORP is solely responsible for selecting and applying. The Subject Matter Information and the Reporting Criteria are set out in the table below:

Subject Matter Information	**Value (USD)**	**Location of the Subject Matter Information in the Green Bond Report**	**Reporting Criteria**
Allocation of the Green Bond proceeds as of 30 September 2023 (USD)	610,061,229	Page 8	'APICORP's Green Bond Framework dated September 2021' (the "Reporting Criteria") on APICORP's website (available at https://www.apicorp.org/sustainability)[1].

Inherent limitations

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, evaluation and measurement techniques that can affect comparability between entities and over time.

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the underlying subject matter and the methods used for determining such information. The precision of different measurement techniques may also vary.

In particular, the basis for allocation of the Green Bond proceeds may differ between different reporting frameworks, including whether proceeds may be allocated to existing projects or only to new projects, and the basis on which eligibility of projects is determined. Therefore, APICORP's allocation of Green Bond proceeds and our assurance thereon must be read and understood in conjunction with the Reporting Criteria.

[1]The maintenance and integrity of APICORP's website is the responsibility of the Directors. The work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Subject Matter Information or Reporting Criteria when presented on APICORP's website.

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Independent Limited Assurance Report to the Directors of APICORP on the allocation of Green Bond proceeds as of 30 September 2023

Responsibilities of Management

As explained in Management's Statement on page 4 of the Green Bond Report, the Management of APICORP are responsible for:

- determining appropriate reporting topics and selecting or establishing Reporting Criteria for measuring or evaluating the underlying subject matter;
- ensuring that those Reporting Criteria are relevant and appropriate to APICORP and the intended users of the Green Bond Report;
- the preparation of the Subject Matter Information in accordance with the Reporting Criteria including designing, implementing and maintaining systems, processes and internal controls over information relevant to the evaluation or measurement of the underlying Subject Matter Information which is free from material misstatement, whether due to fraud or error; and
- producing the Green Bond Report, including underlying data and a statement of management's' responsibility, which provides accurate, balanced reflection of APICORP's allocation of Green Bond proceeds as set out in Subject Matter Information above, and discloses with supporting rationale, matters relevant to the intended users of the Green Bond Report.

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Subject Matter Information is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the Directors of APICORP.

Professional standards applied

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements Other than Audits or Reviews of Historical Financial Information', as endorsed in the Kingdom of Saudi Arabia.

Professional ethics and quality management

We have complied with the independence requirements of International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that is relevant to our limited assurance engagement in the Kingdom of Saudi Arabia and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements.

The firm applies the International Standard on Quality Management (ISQM) 1, as endorsed in the Kingdom of Saudi Arabia, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Materiality

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Subject Matter Information is likely to arise.

Based on our professional judgement, we determined materiality for the metric in Subject Matter Information. A benchmark materiality of %5 has been applied. The materiality threshold means that a misstatement of that amount or higher would lead us to conclude that the Subject Matter Information had not been prepared in all material respects in accordance with the Reporting Criteria.

Summary of work performed as the basis for our assurance conclusion

We performed a limited assurance engagement. Because a limited assurance engagement can cover a range of assurance, we give more detail about the procedures performed, so that the intended users can understand the nature, timing and extent of procedures we performed as context for our conclusion. These procedures performed vary in nature and timing from, and are less than in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Independent Limited Assurance Report to the Directors of APICORP on the allocation of Green Bond proceeds as of 30 September 2023

Summary of work performed as the basis for our assurance conclusion (continued)

In performing our assurance procedures, which were based on our professional judgement, we performed the following:

- considered the suitability of APICORP's use of the Reporting Criteria, as the basis for preparing the Subject Matter Information;
- obtained an understanding of APICORP's control environment, processes and systems relevant to the preparation of the Subject Matter Information;
- evaluated the appropriateness of measurement and evaluation methods, reporting policies used and estimates made by APICORP, noting that our procedures did not involve testing the data on which the estimates are based or separately developing our own estimates against which to evaluate APICORP's estimates;
- performed limited substantive testing on a selective basis of the Subject Matter Information. Testing involved:
    - agreeing arithmetical accuracy and agreeing data points to source information to check that the underlying subject matter had been appropriately evaluated or measured, recorded, collated and reported;
    - Enquired of relevant management and obtained supporting evidence to assess the eligibility of the projects allocated to the Green Bond on a sample basis against the Reporting Criteria; and
    - considered the disclosure and presentation of the Subject Matter Information in the Report.

Our procedures did not include evaluating the suitability of design or operating effectiveness of control activities or the completeness, accuracy and quality of any other information of the projects.

Other information

The other information comprises all of the information in the Green Bond Report other than the allocation of Green Bond proceeds marked with symbol **"A"** and our assurance report. The Directors are responsible for the other information. As explained above, our assurance conclusion does not extend to the other information and, accordingly, we do not express any form of assurance thereon.

In connection with our assurance of the Subject Matter Information, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Subject Matter Information or our knowledge obtained during the assurance engagement, or otherwise appears to contain a material misstatement of fact.

If we identify an apparent material inconsistency or material misstatement of fact, we are required to perform procedures to conclude whether there is a material misstatement of the allocation of the Green Bond proceeds or a material misstatement of the other information, and to take appropriate actions in the circumstances.

Use of our report

Our report, including our conclusion, has been prepared solely for the Directors of APICORP in accordance with the agreement between us dated 25 September 2023. To the fullest extent permitted by law, we do not accept or assume responsibility or liability to anyone other than the Directors of APICORP for our work or this report except where terms are expressly agreed between us in writing. Furthermore, our work is not conducted in contemplation of reliance by any third party with respect to any future transactions. Therefore, items of possible interest to a third party in connection with future transactions or bonds' issuances will not be specifically addressed and matters may exist that would be assessed differently by a third party, possibly in connection with a future transaction.

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15 October 2023

Appendix A

7.0

Reference to APICORP's Green Bond Framework

APICORP's Green Bond Framework sets out the guidelines for APICORP's Green Bond issuances in accordance with the International Capital Markets Association ("ICMA") Green Bond Principles:

1. Use of Proceeds
2. Project Evaluation and Selection
3. Management of Proceeds
4. Reporting
5. Eligible Categories

Objectives	Criteria
Use of Proceeds	The cornerstone of a Green Bond is the utilisation of the bond's proceeds. The proceeds from APICORP's Green Bond will exclusively be used to finance, refinance and/or invest in whole or in part, new or existing projects under development and/or projects in operation from any of the Eligible Green Categories listed in Appendix A. APICORP's eligible categories are based on the categories and definitions found in both the Green Bond Principles and Climate Bond Initiative and are aligned with the UN Sustainable Development Goals (SDGs). APICORP excludes the following activities from its green funding: 1. Nuclear power generation and distribution assets 2. Coal or gas fired power generation and distribution assets 3. Fossil fuel related activities, including underlying investments in research and development 4. Heat or power facilities with emissions intensity above 100g CO2e/kWh 5. Landfill operations and any incineration of any unsorted waste assets or bio-waste 6. Exploration and development of new oil and gas fields 7. Road transportation with emissions intensity above 50g CO2/km 8. Aviation, airline and airport industries
Process for project evaluation and selection	As a first step in project selection, APICORP's debt financing and equity investment review and identify the output benefit of each proposed project and align it with the corresponding green category under the oversight of the Credit and Investments Committee ("CIC"). These projects are then highlighted to the Green Bond Committee ("GBC") to assess their eligibility for green financing or refinancing, in whole or in part, as per the criteria set within the Green Bond Framework. APICORP performs an extra layer of assurance by conducting an additional due diligence analysis for all current and new projects, based on ESG criteria. The evaluation the client's environmental and social performance, and the project's alignment with environmental and social international standards and national legislations. The methodology leverages stringent international standards and recommendations including those of the European Bank for Reconstruction and Development (EBRD), IFC, World Bank, Equator Principles, OECD, International Labour Organisation (ILO), Declaration of Human Rights, and country specific environmental and labour rights regulations. The assessment methodology also quantifies the performance into numerical scores. All eligible projects and clients are screened for any ESG related allegations and controversies. The assessment includes both the severity of the allegation and its impact.

Objectives	Criteria
Management of Proceeds	After project review, the bonds proceeds are allocated to the selected green projects. The net proceeds of any Green Bond/Sukuk(s) will be managed by APICORP's Treasury and Capital Markets Department (TCM). During 2022, APICORP has reviewed the impact of all of its portfolio companies out of which 18 eligible green projects were identified and 10 green projects were selected to be allocated to the Green Bond. The projects' activities vary between, Solar plants, Wind farms, Waste to-Energy projects and Wastewater treatment plants and are located in Saudi Arabia the UAE, Jordan and Spain.
Reporting	This is APICORP's second first annual Green Bond Report which covers all APICORP's issuance. APICORP will continue to report on the estimated environmental and social impacts from the Eligible Green Projects that the Green Bond proceeds have been allocated to and the GHG emissions avoided annually (in tCO2e) by the Eligible Expenditures funded from each respective outstanding Green Bond (depending on confidentiality, nature of the Eligible Expenditures and availability of information).

Eligible Green Categories	UN SDG Alignment	Eligibility Criteria
Renewable Energy		Generation of energy from renewable sources, namely wind (onshore and offshore) and solar (including rooftop solar projects). This also includes the transmission, distribution, and electrical storage infrastructure related to renewable energy production as well as connection to local grid / direct users along with efficient district heating and cooling system. All energy system considered must have a carbon intensity below 100g CO2e/kWh
Pollution Prevention and Control		Recovery and enhancement of waste including; • Waste collection • Waste treatment (processing and treatment to prevent and control pollution) • Waste recycling • Composting and Anaerobic digestion of bio-waste with enhanced management of methane emissions
Green Buildings		New construction, building developments, and/or renovation of existing buildings (including public service, commercial, residential and recreational) which meet recognized environmental standards such as LEED – gold, BREEAM – very good/excellent, HQE – very good/excellent, CASBEE – A (very good)/S (excellent) or equivalent Buildings belonging to the top 15% of the national or regional building stock in terms of primary energy demand

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