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INVESTORS SERVICE

ASSESSMENT
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Contacts

Teresa Pinheiro
Associate Lead Analyst-Sustainable Finance
teresa.pinheiro@moodys.com

Sandra Lopez Navarro
Associate Lead Analyst-Sustainable Finance
sandra.lopeznavarro@moodys.com

Adriana Cruz Felix
VP-Sustainable Finance
adriana.cruzfelix@moodys.com

Rahul Ghosh
MD-Sustainable Finance
rahul.ghosh@moodys.com

Arab Petroleum Investments Corporation

Second Party Opinion – Green Finance Framework Assigned SQS2 Sustainability Quality Score

Summary

We have assigned an SQS2 sustainability quality score (very good) to Arab Petroleum Investments Corporation (Apicorp)'s green finance framework dated October 2023. The issuer has established its green finance framework with the aim of capitalizing projects across five eligible green categories in renewable energy, energy efficiency, clean transportation, green buildings, and pollution prevention and control. The framework is aligned with the four core components of the International Capital Market Association's (ICMA)'s Green Bond Principles 2021 (including June 2022 Appendix 1), and the Loan Market Association's, the Asia Pacific Loan Market Association's and the Loan Syndications & Trading Association's (LMA/APLMA/LSTA) Green Loan Principles 2023. The framework also demonstrates a significant contribution to sustainability.

Sustainability quality score

SQS2

SQS5 Weak | SQS4 Intermediate | SQS3 Good | **SQS2 Very good** | SQS1 Excellent

Alignment with principles

USE OF PROCEEDS

Overall alignment: Not aligned | Partially aligned | **Aligned** | Best practices

FACTORS	ALIGNMENT
Use of proceeds	Aligned
Evaluation and selection	Best practices
Management of proceeds	Best practices
Reporting	Best practices

Contribution to sustainability

Overall contribution: Poor | Limited | Moderate | **Significant** | High

Expected impact
Relevance and magnitude

ADJUSTMENTS	
ESG risk management	No adjustment
Coherence	One notch downward

Scope

We have provided a second party opinion (SPO) on the sustainability credentials of Apicorp's green finance framework, including the framework's alignment with the ICMA's GBP 2021 (including the June 2022 Appendix 1) and the LMA/APLMA/LSTA's GLP 2023. Under its framework, the issuer plans to finance projects under five green categories - renewable energy, energy efficiency, clean transportation, green buildings, and pollution prevention and control (as outlined in Appendix 2 of this report) — using use-of-proceeds green bonds, loans and sukuks.

Our assessment is based on the last updated version of Apicorp's green finance framework dated 10 October 2023 and our opinion reflects our point-in-time assessment of the details contained in this version of the framework, as well as other public and non-public information provided by the company.

We produced this SPO based on our Framework to Provide Second Party Opinions on Sustainable Debt, published in October 2022.

Issuer profile

Based in Saudi Arabia, Apicorp is a multilateral financial institution with a focus on energy, established in 1975 and wholly owned by the ten member nations of the Organization of Arab Petroleum Exporting Countries (OAPEC). Apicorp specializes in providing corporate banking and equity solutions, as well as financial advisory services for strategic energy initiatives spanning the entire energy value chain. Apicorp's mission is to promote growth of the region's energy sector and associated industries through a variety of financing and direct equity solutions, along with energy research and advisory services. Apicorp's loan portfolio, worth US$4.5 billion, includes environmentally and socially-linked projects accounting for 18% of the total, involving key public and private sector partners in four countries.

Apicorp has a high exposure to carbon transition, evidenced by its portfolio's reliance on the oil, gas, and petrochemical sectors. Furthermore, its operational setting is marked by borrowers which are susceptible to tangible physical climate risks.

Strengths

» Comprehensive and transparent project evaluation and selection processes are in place and include relevant expertise.

» Monitoring of eligibility and controversies throughout the lifetime of the bond

» External verification is carried out on the allocation of funds and the reported environmental benefits.

Challenges

» Although the growth in APICORP'S green asset portfolio has been meaningful, the current portfolio still contains significant investments in fossil-fuel related assets (almost 60% of its current portfolio) and the issuer has not yet formalized a carbon transition strategy with quantitative targets.

» Some eligible categories are somewhat broadly defined.

» The inclusion of equity investments represents a non-standard use of proceeds susceptible to specific challenges, for which the issuer has implemented relevant mitigation measures.

Alignment with principles

Apicorp's green finance framework is aligned with the four core components of the ICMA's GBP 2021 (including the June 2022 Appendix 1) and the LMA/APLMA/LSTA's GLP 2023:

- [x] Green Bond Principles (GBP)
- [ ] Social Bond Principles (SBP)
- [x] Green Loan Principles (GLP)
- [ ] Social Loan Principles (SLP)
- [ ] Sustainability-Linked Bond Principles (SLBP)
- [ ] Sustainability Linked Loan Principles (SLLP)

Use of proceeds

Not aligned	Partially aligned	Aligned ▼	Best practices

Clarity of the eligible categories – ALIGNED

Apicorp has clearly communicated the nature of the expenditure, and has set clear eligibility criteria for the eligible categories, as well as exclusion criteria for nearly all projects (i.e., air pollution sub-category). The location of projects has been clearly defined as mainly in the MENA region. The framework includes descriptions of the eligible projects to be financed.

The inclusion of equity investments represents a non-standard use of proceeds that introduces potential concerns in terms of allocation and traceability, value discrepancies, double counting, adherence to sustainability objectives and impact reporting. However, there are sufficient and appropriate mitigation measures for equity investments in the framework to be considered aligned with the GBP and GLP. For example, eligible investments will be in direct equity investments, allowing to ensure traceability of the use of proceeds. The valuation will be the initial invested amount through the life of the bond, seemingly avoiding the risk of value discrepancy. The issuer will exclusively use the pro-rated share invested by Apicorp, appearing to mitigate risks related to double counting. The issuer do not expect the exposure to equity in the portfolio to be higher than 5%.

Clarity of the environmental or social objectives – BEST PRACTICES

The issuer has clearly outlined climate change mitigation as the environmental objective associated with its eligible categories, which is relevant to the eligible projects and coherent with recognized international standards. The framework has referenced the United Nations' (UN) Sustainable Development Goals (SDGs) and associated targets in articulating the objectives of the eligible categories.

Clarity of expected benefits – BEST PRACTICES

Apicorp has identified relevant environmental benefits for its eligible categories. The benefits appear to be measurable. The issuer committed to report on environmental benefits by using quantitative indicators in its green bond report. The issuer has committed to disclose the estimated share of refinancing to investors before the issuance and the limit the look-back period to three years prior to the date of the issuances under this framework.

Best practices identified

» Objectives set are defined, relevant and coherent for all project categories

» Relevant benefits are identified for all project categories

» Benefits are measurable and quantified for most projects, either ex-ante with clear baselines or with a commitment to do so in future reporting

» Commitment to transparently disclose the share of proceeds used for refinancing where feasible

» Commitment to transparently communicate the associated lookback period(s) where feasible

Process for project evaluation and selection

Not aligned	Partially aligned	Aligned	Best practices

Transparency and quality of process for defining eligible projects – BEST PRACTICES
The issuer has established a clear process for proposing, selecting, approving allocations for, and monitoring eligible projects, which are formalized in its publicly available framework. The process is run by the Apicorp's Credit and Investments Committee (CIC) and projects are highlighted to the Green Finance Committee (GFC) for its assessment committee, which is constituted by the Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, Chief Banking Officer, and Treasurer. The GFC reviews the eligibility of potential eligible green projects and screens for any ESG related allegations and controversies. The GFC besides being responsible for the final approval of the eligible projects, is also charged with the continued monitoring of existing projects. The GFC will undertake a formal review to assess the continued eligibility of the projects on at least a semi-annual basis. The decision making process is traceable through committee meeting minutes. In case of significant divestments or when a project is deemed to be no longer eligible, the issuer will reallocate proceeds according to the eligibility criteria of the framework.

Environmental and social risk mitigation process – BEST PRACTICES
The environmental and social risk mitigation process has been clearly communicated by the issuer, and general information about the approach to environmental and social risks is also publicly available in its ESG policy framework. The management of such risks includes monthly allegation screenings and ESG assessment of the loans and projects on an annual basis. Potential environmental, social and governance (ESG) controversies linked to eligible projects under the framework are monitored.

Best practices identified

» The roles and responsibilities for project evaluation and selection are clearly defined and include relevant expertise

» There is evidence of continuity in the selection and evaluation process through the life of the financial instrument(s), including compliance verification and procedures to undertake mitigating actions when needed

» The process for project evaluation and selection is traceable

» Material environmental and social risks for most project categories are identified

» Presence of corrective measures to address environmental and social risks across projects

» ESG controversies are monitored

Management of proceeds

Not aligned	Partially aligned	Aligned	Best practices ▼

Allocation and tracking of proceeds – BEST PRACTICES
The proceeds will be placed in the issuer's general treasury and earmarked for allocation through asset tagging. The balance of eligible proceeds will be adjusted periodically based on any new disbursements of existing loans or when a new project is tagged to the green bond proceeds. The issuer will ensure that an amount equal to the green financing net proceeds exclusively supports the financing or refinancing of green assets or expenditures. The issuer has committed to allocating net proceeds within 24 months.

Management of unallocated proceeds – BEST PRACTICES
Any temporary unallocated proceeds will be invested in green bond funds or otherwise in cash, cash equivalents or marketable securities. The issuer has made a specific commitment to exclude allocation to greenhouse gas intensive activities. In the event that a project is postponed, canceled or otherwise becomes ineligible, the proceeds will be allocated to other eligible projects or placed in the treasury as unallocated funds.

Best practices identified

- Broad disclosure of a clearly articulated and comprehensive management of proceeds policy to external stakeholders; bondholders or lenders at a minimum
- Short allocation period, for example typically less than 24 months
- Disclosure on temporary placements and presence of exclusion criteria toward environmentally or socially harmful activities
- Commitment to reallocate proceeds to projects that are compliant with the framework

Reporting

Not aligned	Partially aligned	Aligned	Best practices ▼

Transparency of reporting – BEST PRACTICES
The issuer will report the use of proceeds of bonds or sukuks issued under its framework annually, and this reporting will be made publicly available on its website in a Green Bond Report. In case green loans are outstanding, Apicorp will disclose information in the annual Green Loan Report, subject to the requests of lenders or as required by the respective loan agreements. Reporting will occur as long as there is green financing outstanding, that is, until the maturity of the bonds. The issuer has stated that reporting will include a list of eligible green projects, the total amount of proceeds allocated, the share of temporarily unallocated proceeds, the share of financing and re-financing (if any). Reporting will also include the expected environmental impact of the projects, and may include quantitative indicators, as well as material developments or controversies related to the projects.

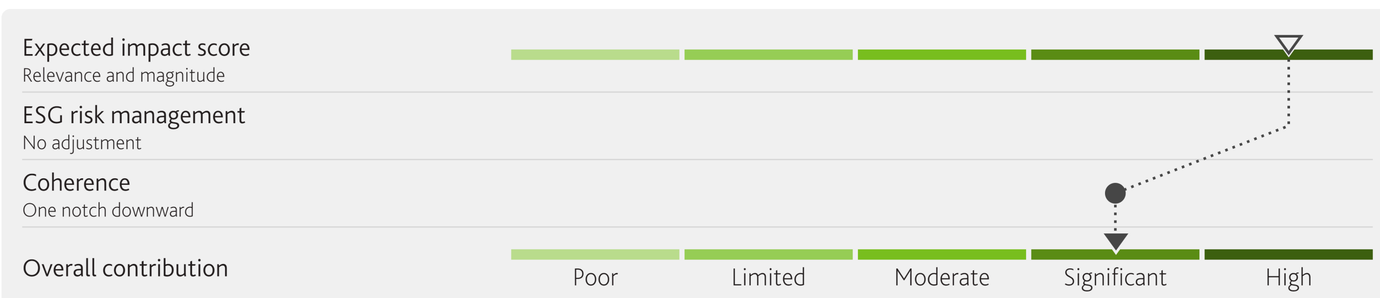
The issuer has identified relevant environmental reporting indicators for each eligible category and has clearly disclosed these indicators in its framework. The methodologies and assumptions used to report on the environmental impact of eligible projects will be publicly disclosed in the reporting. The issuer intends to appoint an external reviewer to verify the allocation of net proceeds and environmental benefits data associated with the financed projects.

Best practices identified

- Reporting until full bond maturity or loan payback
- Reporting covers material developments and issues related to the projects or assets
- Reporting on allocation of proceeds and benefits done at least at eligible category level
- Exhaustive allocation reporting – balance or % of unallocated funds, types of temporary investments (e.g. cash or cash equivalent) and share of financing vs re-financing
- Clear and relevant indicators to report on the expected environmental/social impact of all the projects, where feasible, or eligible categories
- Disclosure of reporting methodology and calculation assumptions to bondholders or lenders at a minimum
- Independent audit of the tracking and allocation of funds at least until full allocation and in case of material changes
- Independent impact assessment on environmental benefits by a qualified third-party reviewer at least until full allocation and in case of material changes and/or case studies to report on the social impact/benefits

Contribution to sustainability

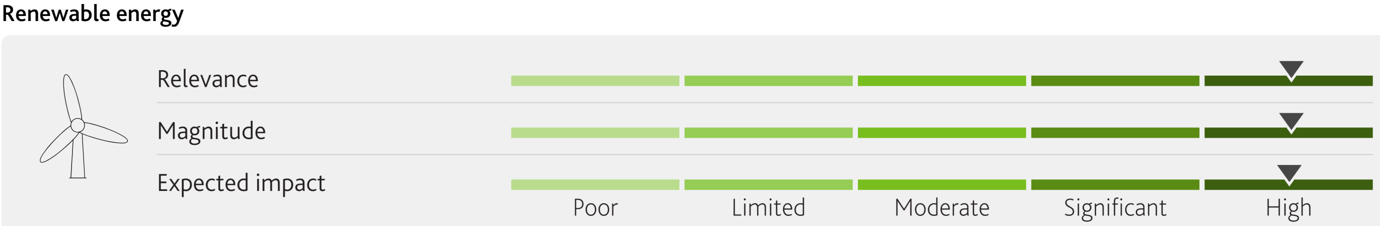
The framework demonstrates a significant overall contribution to sustainability.



Expected impact

The framework demonstrates a significant overall contribution to sustainability. For the purpose of assessing the consolidated score on contribution to sustainability, we have weighted the categories according to estimates provided by Apicorp. In particular, the issuer estimates that most of the expenditures will be allocated to projects in the renewable energy category.

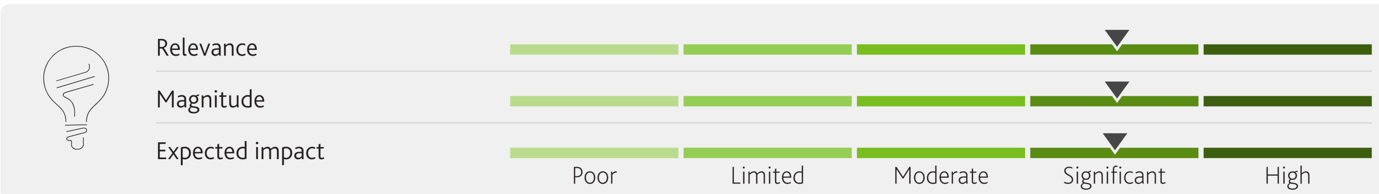
Renewable energy



This category includes projects related to solar, wind, hydropower, geothermal, biomass and green hydrogen. The Middle East's energy supply is almost entirely dependent on natural gas, oil and coal (97% in 2020).[1] In the MENA region, the percentage of renewables is even lower – only 1% of the energy supply.[2] According to the World Bank, GHG emissions in MENA region would more than triple by 2060 (from a 2000 baseline) under a BAU scenario[3] and, therefore, investing in renewable energy projects is considered highly relevant.

All projects under this category must have a lifecycle GHG emission intensity below 100gCO2e/kWh, as well as additional individual thresholds and technologies. Solar plants are all restricted to photovoltaics (PV) and should undergo an environmental and social impact assessment (ESIA) which covers various aspects including land constraints. Offshore wind shall also require an ESIA in order to identify marine biodiversity and related issues. Hydropower and geothermal projects are limited to the best in class technologies and most stringent thresholds. Biomass investments shall require stringent technical thresholds, and the issuer committed to follow CBI bioenergy criteria for the feedstock. Green hydrogen will be produced via electrolysis, powered using 100% renewable energy or adhering to a 3 tCO2e/tH2 threshold. However, no energy efficiency minimum has been set for electrolyzers and most stringent thresholds exist in the market. These factors combined, result in our assessment of a high magnitude score for the category.

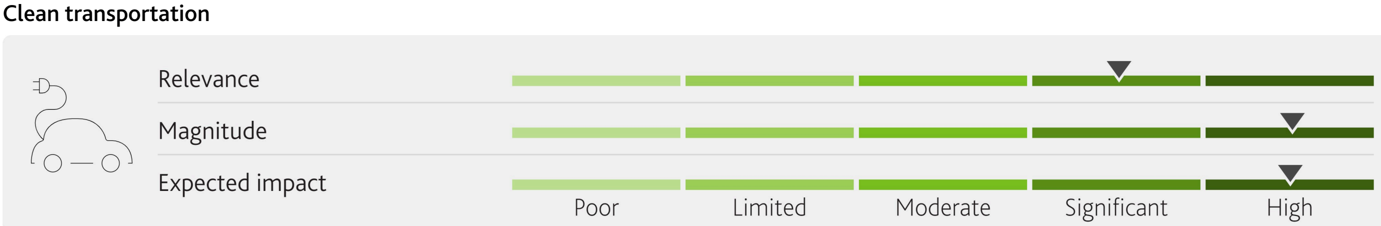
Energy efficiency



Projects under this category include the construction, operation, maintenance and upgrade of smart power grids, power storage systems, smart metering systems and other smart electricity systems that manage the intermittency of renewables. It also includes renovation and installation of energy-efficient technologies and products that improve the operational energy efficiency by at least 30%. 2019 data of the energy consumption per sector in the Middle East shows that industrial processes and transportation are the most consuming ones (top two among the sectors), followed by residential and commercial buildings,[4] which results in our assessment of a significant relevance score for the category.

The grid investments under this category are limited to smart technologies and systems for the direct connection of renewable energy. In addition, investments related to the renovation and installation of energy-efficient technologies are only related to the building sector. The threshold of 30% energy efficiency targeted is considered aligned with stringent standards for the renovation of buildings. However, according to the International Energy Agency Building sectoral review, energy consumed per square meter in 2030 must be at least 35% less than in 2021 to be on track with the Net Zero Scenario. These factors combined, result in our assessment of a significant magnitude for the category.

Clean transportation

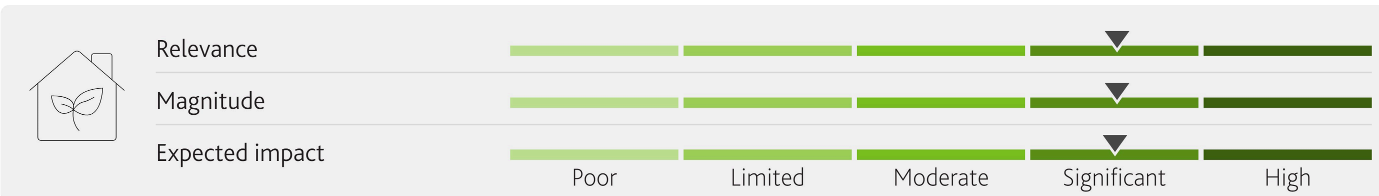


This category includes projects to support the construction, maintenance, research and development of zero direct emission (i.e. electric and green hydrogen) transportation facilities; projects to support the production of key assets, systems, and components dedicated for zero direct emission vehicles and vessels; and projects to support the development and the construction of infrastructure dedicated to the charging of electricity and alternative fuels.

In the MENA region, the transportation sector is a significant contributor to GHG emissions and air pollution, primarily due to the prevalence of private car usage in cities and the underdevelopment of public transportation systems. While transportation may not be the primary source of GHG emissions in the region, it still represents a significant portion of total emissions and activities associated with public transportation and zero-emission vehicles are vital for facilitating a sustainable transition to low-carbon transport. However, within the context of the issuer's sector, decarbonizing transport is not the main sustainability issue, resulting in our assessment of a significant relevance for this category.

Eligible projects are expected to have a positive long-term impact by significantly reducing GHG emissions and air pollution through the promotion of electric vehicles, transport and infrastructure. This is due to the utilization of the most advanced technologies available (vehicles with zero tailpipe emissions), the lack of lock-in GHG emissions, and a significant decrease in the production of pollutants like fine particulate matter (PM2.5) and nitrogen oxides (NOx), which are typically generated by vehicles with combustion engines. Note that the electricity mix of the region still relies heavily on fossil fuels. The benefits of this category are now modest but expected to increase over time with the transition of the energy mix to renewable energy and lowered grid emissions intensity. The issuer communicated in internal documentation that maritime projects and vessels transporting fossil fuels will be excluded, and that projects supporting zero direct emission vehicles and vessels include, but are not limited to, technologies such as flow batteries, charging stations, and batteries for electric cars. Pumped hydrogen is excluded. Such investments may have a less direct impact on decarbonization efforts. Charging stations for electric vehicles (EVs) and alternative fueling stations may result in long-term environmental benefits as the decarbonization of the grid advances. The issuer has informed that the majority of the charging stations will be publicly accessible. Such projects are considered to have a more substantial environmental impact compared to those that are solely for private use. All these factors combined, result in our assessment of a high magnitude for the category.

Green buildings

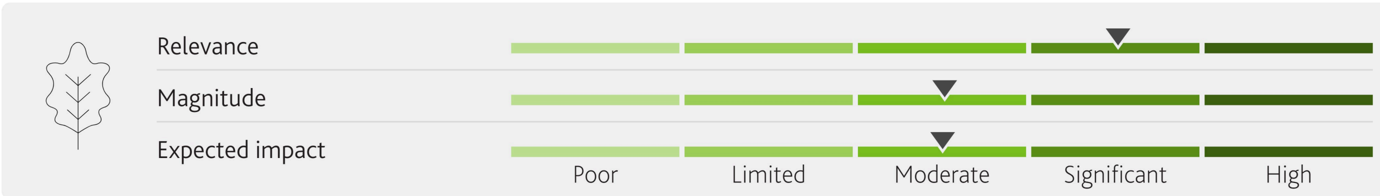


This category includes projects to support the new construction of building developments, and/or renovation of existing buildings (including public service, commercial, residential and recreational), which have or expected to receive regional, national, or international certifications, and should be among buildings belonging to the top 15% of the national or regional building stock in terms of primary energy demand.

The IEA reports that the operation of buildings accounted for 30% of the global final energy consumption and 26% of global energy-related emissions[5]. Addressing the financing of energy and resource-efficient buildings in the MENA region is an important issue because the building sector is responsible for a significant proportion of the region's energy use and greenhouse gas emissions. The expected rise in population and ongoing urbanization will demand the creation of more new and energy-efficient buildings, along with the upgrading of the existing residential housing stock. For example, the operation of residential buildings is estimated to use around half of the electricity available in the Kingdom of Saudi Arabia[6], with a substantial portion of this electricity usage being allocated to cooling. Despite the high importance of the subject, the issuer's primary sector focus is not on property development, resulting in our assessment of a significant relevance for the category.

The green building certifications requirement will be considered in conjunction with buildings being among the top 15% of national or regional building stock in terms of primary energy demand, which is considered a stringent combination of eligibility criteria. While we acknowledge the eligible category's long-term benefits, we also recognize the challenges that remain in decarbonizing the entire life cycle of a building, in particular the construction phase, which typically consumes significant energy and carries higher environmental and social risks compared to the activities in existing buildings and renovation projects. Our assessment of a significant magnitude score is explained by the fact that more stringent thresholds exist in terms of green buildings certifications, that the coverage of the embedded emissions in the construction phase is not ensured by green buildings certifications and that we lack visibility on the distribution of proceeds among renovation and new construction projects.

Pollution prevention and control



This category includes projects to support the construction, operation and maintenance of facilities, systems, or equipment for waste management and recycling; projects to support the construction, operation and maintenance of waste-to-energy projects; and monitoring, treatment systems and facilities for improvement of air quality.

In the MENA region, a staggering 90-95% of municipal waste is sent directly to landfills, bypassing any form of preliminary treatment process. The unregulated disposal of waste in non-engineered landfills can potentially lead to groundwater and soil pollution, and may also draw in insects and rats that carry diseases. Additionally, the decomposition of organic waste can produce methane gas. The high level of waste generation in the region is driving investment in waste management activities, in particular waste-energy.[7] In addition, the World Health Organization, estimated in 2019 that 4.2 million premature deaths globally per year were caused by outdoor air pollution, affecting both urban and rural areas.[8] The levels of air pollution in the largest cities within the MENA region are some of the highest globally derived mainly from building operations, vehicle emissions and the extraction of fossil fuels. The situation is further intensified by the naturally high levels of dust in the air in the MENA region due to its desert environment, which have increased over the past 30 years due to factors such as land degradation and climate change. Despite the high importance of addressing pollution prevention and control issues in the region, the issuer's primary sector focus is not on waste management and air pollution, resulting in our assessment of a significant relevance for the category.

The waste management and recycling related eligible projects will adhere to the waste hierarchy to reduce resource wastage during the process. The design of the incineration projects will comply with the standards set by the EUs Industrial Emissions Directive (2010/75/EU) for Waste Incineration Plants. Bottom-ash produced from the solid waste management process can be recovered for recycling. However, some sub-categories are missing comprehensive eligibility criteria and technical thresholds. Waste-to-energy projects will follow stringent standards, although some additional technical thresholds in line with best market standards are missing. While we acknowledge the positive impact of waste-to-energy projects to help lessen dependency on landfills, which is specifically pertinent for the MENA region, energy recovery from waste is the final resort to be considered in the waste hierarchy before disposal. The sub-category of air quality improvement lacks detailed information on the precise projects, actions, technologies and thresholds that may be included. All these factors combined result in our assessment of a moderate magnitude for the category.

ESG risk management

We have not applied a negative adjustment for environmental, social and governance (ESG) risk management to the expected impact. According to the issuer, all APICORP's projects are subject to an environmental and social impact assessment (ESIA), conducted by a third party and reviewed by an environmental and social consultant. The ESIA asses the projects in terms of local regulatory requirements, Equator Principles and the International Finance Corporation (IFC) performance standards and relevant World Bank Group EHS guidelines. The due diligence process distinguish the projects among its risks, and depending on that could cover terrestrial ecology, soil and groundwater, noise, archaeology and etc.

Coherence

We have applied a negative adjustment for coherence to the expected impact score. The projects financed under the framework are consistent with the sustainability strategy of Apicorp, which focuses on supporting its member countries' energy ecosystem with debt and equity solutions to enable energy transition in the region. Furthermore, the issuer expects environmentally linked loans to reach 30% of total within the next five years (albeit we lack specific details on how environmental credentials are defined). However, as of August 2023, Apicorp's lending activity remains significantly exposed to oil and gas and non-renewable power generation (59% of total loans). In addition, the issuer has not formalized a commitment or quantitative target with respect to reducing its carbon footprint or oil and gas exposure in the short- or long-term. As such, the lack of a clearly articulated decarbonization strategy and still-elevated hydrocarbons exposure pose a downside risk to the achievement of the sustainability objectives pursued under the framework.

Appendix 1 - Mapping eligible categories to the United Nations' Sustainable Development Goals

The five eligible categories included in Apicorp's framework are likely to contribute to five of the United Nations' Sustainable Development Goals (SDGs), namely:

UN SDG 17 Goals	Eligible Category	SDG Targets
GOAL 7: Affordable and Clean Energy	Renewable energy	7.2: Increase substantially the share of renewable energy in the global energy mix
	Energy efficiency	7.3: Double the global rate of improvement in energy efficiency
GOAL 8: Decent Work and Economic Growth	Energy efficiency	8.4: Improve global resource efficiency and endeavour to decouple economic growth from environmental degradation
GOAL 9: Industry, Innovation and Infrastructure	Energy efficiency	9.4: Upgrade infrastructure and retrofit industries to make them sustainable, with all countries taking action
GOAL 11: Sustainable Cities and Communities	Clean transportation	11.2: Provide access to safe, affordable, accessible and sustainable transport systems for all
	Pollution prevention and control	11.6: Reduce the adverse per capita environmental impact of cities, with special attention to air quality and waste management
	Green buildings	11.C: Support least developed countries, including through financial and technical assistance, in building sustainable buildings using local materials
GOAL 12: Responsible Consumption and Production	Pollution prevention and control	12.5: Substantially reduce waste generation through prevention, reduction, recycling and reuse

The United Nations' Sustainable Development Goals (SDGs) mapping in this SPO considers the eligible project categories (or key performance indicators) and associated sustainability objectives/benefits documented in the issuer/borrow/lender's financing framework, as well as resources and guidelines from public institutions, such as the ICMA SDG Mapping Guidance and the UN SDG targets and indicators.

Appendix 2 - Summary of eligible categories in Apicorp's framework

Eligible Category	Description	Sustainability Objectives	Impact Reporting Metrics
Green Projects Categories			
Renewable energy	Projects to support the production, development, installation, operation, transmission, distribution and storage of renewable energy, including related infrastructure, equipment and technology from the following renewable sources: - Solar (PV and Concentrated Solar Power with a minimum of 85% of power generation derived from solar sources) - Onshore and offshore wind - Hydropower, complies with either of the following criteria: - run-of-river hydropower and no artificial reservoir; or - life-cycle GHG emissions threshold < 50gCO2e/kWh; or - power density of electricity generation facilities > 10 W/m2 - Geothermal energy, excluding enhanced geothermal systems - Biomass (GHG emissions not exceed 16.0g CO2e/MJ for biomass/biofuel for heating/cooling and co-generation, and 18.8g CO2e/MJ for biofuel for transport) - Green hydrogen production through electrolysis (including storage, distribution and R&D) limited to: - Lifecycle GHG emissions intensity at or below 3tCO2e/tH2; or - Electrolysis powered entirely with 100% renewable energy All energy system considered must have a lifecycle GHG emission intensity below 100gCO2e/kWh	-Climate change mitigation	- Estimated annual energy production in MWh - GHG Emissions reduced or avoided (tCO2e) - Installed capacity in MW
Energy efficiency	Projects to support the construction, operation, maintenance and upgrade of smart power grids, power storage systems, smart metering systems and other smart electricity systems that manage the intermittency of renewables for direct connections of renewable energy capacities Renovation and installation of energy-efficient technologies and products that improve the operational energy efficiency by at least 30% in the building sector, certified by an independent third party	-Climate change mitigation	- Estimated annual GHG emissions reduced and/or avoided (tCO2e) - Energy transmitted (MWh per year)
Clean transportation	Projects to support the construction, maintenance, research and development of zero direct emission (i.e. electric and green hydrogen) transportation facilities, including: - Electric or green hydrogen-powered vehicles; - Electric rail transportation projects, including railway; rail tram; metro; and vehicle and infrastructure related to rail transportation - bus rapid transit systems (BRT) Projects to support the production of key assets, systems, and components dedicated for zero direct emission vehicles and vessels Projects to support the development and the construction of infrastructure dedicated to the charging of electricity and alternative fuels, including: - Charging station for electric vehicle and green hydrogen station	-Climate change mitigation	- Estimated annual reduced and/or avoided GHG emissions in tonnes of CO2 equivalent - Estimated annual reduction in car/truck use in number of kilometres driven or as share of total transport ridership
Green buildings	Projects to support the new construction of building developments, and/or renovation of existing buildings (including public service, commercial, residential and recreational) which have or expected to receive regional, national, or international certifications limited to: - LEED: Gold and above - BREEAM: Very Good and above - Mostadam: Gold and above - Estidama: 4 pearl and above Projects to finance buildings belonging to the top 15% of the national or regional building stock in terms of primary energy demand	-Climate change mitigation	- Building/landscape certification achieved (system & level); - Energy consumption reduction (kWh)
Pollution prevention and control	Projects to support the construction, operation and maintenance of facilities, systems, or equipment for waste management and recycling, including the collection, segregation, treatment and processing of all types of waste, with the aim of reuse, minimizing the amount of waste going to landfills or bringing valuable raw materials back to market Projects to support the construction, operation and maintenance of Waste-to-Energy projects (i.e. electricity generation with solid waste and sewage sludge) with the below thresholds: - 25% waste-to-energy efficiency; and - life-cycle GHG emissions intensity below 100gCO2e/kWh - Soil pollution management and remediation Monitoring, treatment systems and facilities for improvement of air quality	-Climate change mitigation	- % 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) - Annual GHG emissions reduced/avoided (tonnes of CO2 equivalent) - Reduction of air pollutants: particulate matter (PM), sulphur oxides (SOx), nitrogen oxides (NOx), carbon monoxide (CO), and non-methane volatile organic compounds (NMVOCs)

Moody's related publications

Second Party Opinion analytical framework:

» Framework to Provide Second Party Opinions on Sustainable Debt, October 2022

Topic page:

» ESG Credit and Sustainable Finance

Endnotes

1 Middle East, International Energy Agency, retrieved October 2023
2 Energy Transformation. Middle East and North Africa, Irena, 2020
3 Middle East & North Africa Climate Roadmap (2021-2025), The World Bank Group, retrieved October 2023
4 Total volume of energy consumption in the Middle East in 2019, by sector, Statista, retrieved October 2023
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6 Saudi Arabia's electricity consumption rises 4.2% in 2021, Argaam, 26 December 2022
7 Waste-to-energy enjoying renewed investment focus across the Middle East, World Future Energy Summit, accessed October 2023
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