



مصرف عجمان
Ajman Bank

2025



SUSTAINABLE FINANCE FRAMEWORK

The Future of Finance is Green, the Future of Ajman Bank is Now!

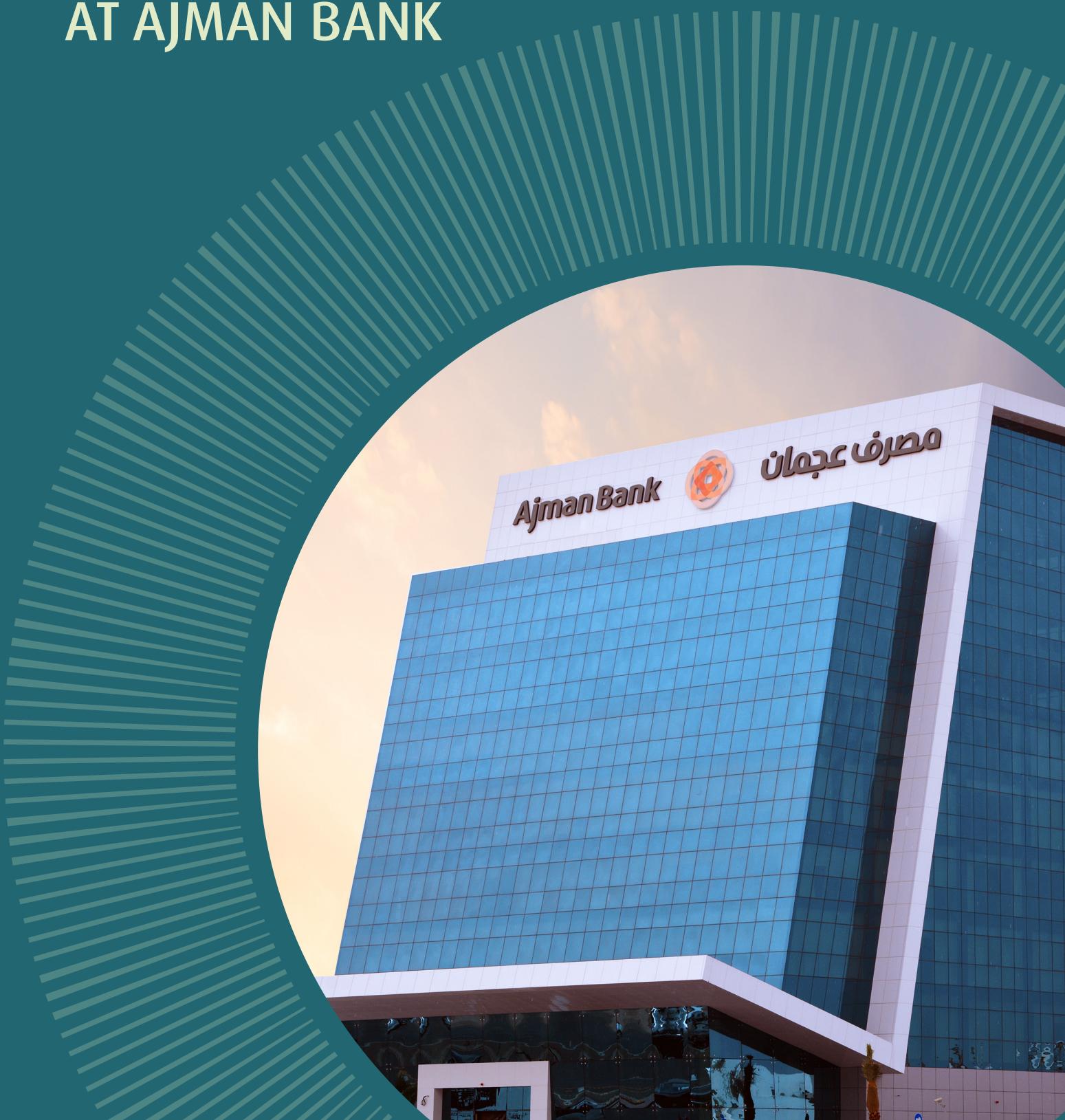
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SUSTAINABILITY AT AJMAN BANK



SUSTAINABILITY AT AJMAN BANK

As a leading Islamic financial institution, Ajman Bank is strategically aligned with the UAE's national sustainability agenda, including the UAE Net Zero by 2050 Initiative, Ajman Vision 2030, and the Year of Sustainability. The Bank views sustainable finance as a key enabler of the country's transition to a low-carbon, inclusive, and knowledge-driven economy. In support of the UAE financial sector's landmark AED 1 trillion sustainable finance pledge announced during COP28, **Ajman Bank has committed to mobilising AED 4 billion in green and sustainable finance by 2030**. This ambition is underpinned by a strong ESG governance framework, alignment with the UAE Sustainable Finance targets, and adherence to evolving regulatory expectations set by the Central Bank of the UAE (CBUAE). Our commitment is further reinforced by Shariah-compliant principles, sound risk management practices, and a clear focus on transparency, accountability, and long-term impact.



UAE Net Zero by 2050



Ajman Vision 2030



Year of Sustainability

At Ajman Bank, sustainability is embedded within our strategy, business practices, and decision-making processes. In alignment with local and international best practices and our commitment to responsible banking, sustainability within Ajman Bank is defined across two core dimensions:

Environmental Sustainability

Ajman Bank is committed to advancing climate-conscious and environmentally responsible banking practices. This includes reducing the environmental footprint of our own operations while supporting clients and stakeholders in their transition toward a low-carbon and climate-resilient economy. Our approach encompasses the promotion of planet-friendly financial solutions, investments, and partnerships that drive measurable progress toward national, regional, and global environmental goals.

Social Sustainability

Ajman Bank recognises its role as a catalyst for inclusive growth, social impact, and responsible governance. Social Sustainability within the Bank is aimed at enhancing positive outcomes for the communities in which we operate and serve. This includes supporting socially aligned and Shariah-compliant financing and investment activities, fostering financial inclusion, promoting responsible governance, and encouraging social innovation that strengthens community wellbeing and long-term resilience.

Looking ahead, the Bank will continue to expand its green, social, and transition-aligned offerings while strengthening internal capabilities, data infrastructure, and strategic partnerships. Ajman Bank remains committed to being a catalyst for positive change, leveraging its Shariah-compliant foundation to contribute meaningfully to the UAE's long-term economic, environmental, and social goals.

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OVERVIEW OF AJMAN BANK'S SUSTAINABLE FINANCE FRAMEWORK



OVERVIEW OF AJMAN BANK'S SUSTAINABLE FINANCE FRAMEWORK

Introduction to our Framework

The Sustainable Finance Framework provides Ajman Bank with a clear methodology to classify and manage financial products, services, and transactions / deals as sustainable. It defines the eligibility criteria, classification logic, environmental and social due diligence, verification processes, and reporting requirements. The Framework ensures a consistent approach to sustainable finance, enabling the Bank to set targets, measure impact, and support the transition to a low-carbon economy. It is designed to be dynamic, with regular reviews to incorporate new qualifying activities, update criteria, and comply with evolving local and international

Local and International Standards

The Framework has been developed in alignment with the following principles and standards:



Local Standards

- CBUAE Sustainable Finance Rulebook
 - Principles for the effective management of climate-related financial risks
 - Principles for Sustainability-Related Disclosures
- UAE Sustainable Finance Working Group
- Notice No. 5885.2023 re The Higher Shariah Authority Resolution re The Guiding Principles Regarding Islamic Sustainable Finance
- Emirate of Ajman Vision 2030



International Standards

- ICMA Green Bond Principles (GBP, 2021)
- ICMA Social Bond Principles (SBP, 2021)
- ICMA Sustainability Bond Guidelines (SBG, 2021)
- ICMA Sustainability-linked Bond Principles
- ICMA Climate Transition Handbook
- LMA Green Loan Principles (GLP, 2021)

We also take inspiration from the Climate Bond Initiative (CBI), International Finance Corporation (IFC), and European Union (EU) Taxonomy about our category thresholds and definitions.



Climate Bonds INITIATIVE



IFC International Finance Corporation



European Union

Scope of Application

Ajman Bank's Sustainable Finance and Product Framework serve as a foundational tool to guide the classification, issuance, and labelling of sustainable financial products. It defines the types of financing and financing eligible to be funded by Ajman Bank, and outlines the methodology used to classify any product, service, or transaction as Sustainable or Transition Finance.

3 AJMAN BANK'S SUSTAINABLE FINANCE GUIDING PRINCIPLES

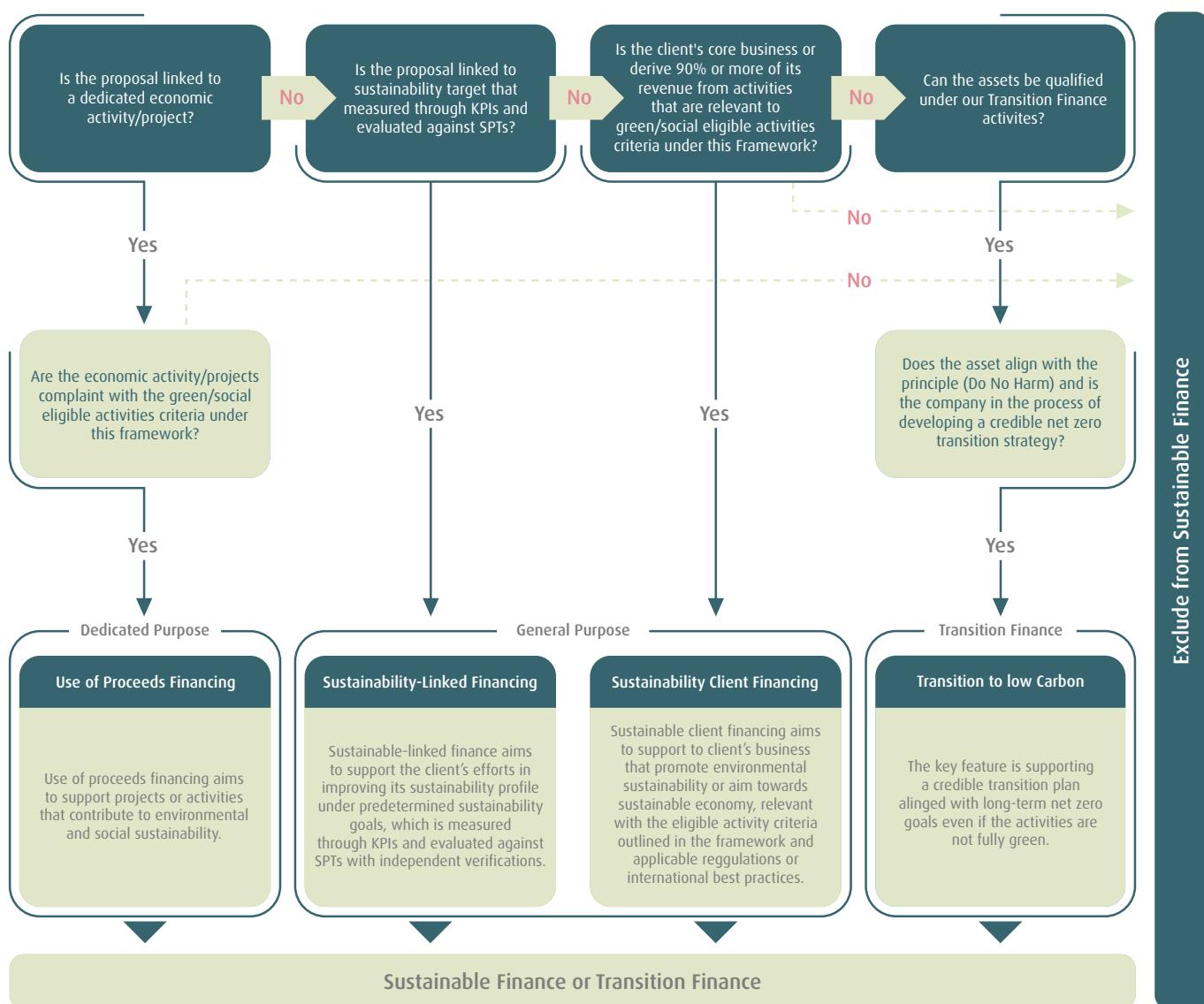


AJMAN BANK'S SUSTAINABLE FINANCE GUIDING PRINCIPLES

Ajman Bank is dedicated to supporting the UAE's transition to a more inclusive, low-carbon, and climate-resilient economy. Our sustainable finance approach is guided by a set of environmental and social principles that inform our decision-making, risk management, and stakeholder engagement. These principles do not serve as specific eligibility criteria but reflect our sustainability values and global standards, including those of the International Capital Market Association (ICMA). They ensure that all financing activities, including those under our Sustainable Finance Framework, are evaluated responsibly and with a forward-looking perspective.

Classification Logic (Decision tree)

The classification logic and application process are outlined:





Treatment of Non-Compliance and Reclassification:

Ajman Bank maintains a strong commitment to integrity and transparency in the classification of all transactions under its Sustainable Finance and Product Framework. During the life of a product or the tenor of a transaction, if any activity or use of proceeds is found to be non-compliant with the eligibility criteria defined in this Framework and such non-compliance is not addressed and satisfactorily resolved within a reasonable timeframe, the transaction will no longer be considered or labelled as Sustainable (including Green and/or Social) or Transition Finance.



Monitoring and Early Warning

All sustainable finance exposures are subject to ongoing monitoring by the ESG Office in coordination with Credit and Risk. This includes periodic reviews, financial reporting requirements, and data analytics to identify early warning indicators of potential non-compliance. Enhanced monitoring is applied to higher-risk sectors or transactions.



Impact of Reclassification

The Bank will establish a process to reassess the customer's creditworthiness as per their climate-related plans and align respective reporting accordingly. Any changes will be reflected in internal risk rating, if relevant and related systems and follow appropriate governance processes to ensure consistency with prudential requirements.



Reputational Risk Management

If a transaction publicly loses its sustainable classification, the Bank will follow a defined reputational risk management protocol, including prompt disclosure to relevant stakeholders, communication of corrective actions, and escalation to the Board Risk Committee if needed. Lessons learned will be fed back into the Framework to strengthen future eligibility assessments and monitoring.

4 DEDICATED USE OF PROCEEDS



DEDICATED USE OF PROCEEDS

Use of Proceeds Financing refers to financing where the proceeds are allocated exclusively to projects, assets, or activities that deliver measurable sustainability benefits.

Under Ajman Bank's Sustainable Finance Framework, financing is classified as Sustainable Finance only if the activities meet at least one of the Eligible Activities criteria, as defined in the next section for the Eligible Activities.

Net proceeds raised under this framework will be allocated to finance or refinance new and/or existing eligible green or social projects, with a preference, where feasible, for new projects that create meaningful impact in line with Ajman Bank's sustainability objectives.



Green Eligibility Criteria



Social Eligibility Criteria

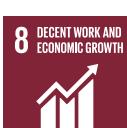
Green Eligibility Criteria

Green category	Definition	Eligibility criteria
Green buildings  11 SUSTAINABLE CITIES AND COMMUNITIES  13 CLIMATE ACTION	<p>Financing a construction of new development or renovation of existing buildings must meet one of the eligibility criteria</p>	<p>New and existing residential, commercial, and mixed-use buildings that meet the minimum green building certification level:</p> <ul style="list-style-type: none"> • Estidama, building rating system in the Emirate of Abu Dhabi. • Al Sa'fat, Dubai Green Building System in the Emirate of Dubai. • Barjeel, Green Building Regulations in the Emirate of Ras Al Khaimah. • LEED, Leadership in Energy and Environment Design. • BREEAM, Building Research Establishment Environmental Assessment Method. • EDGE, Green Buildings Certification.
Renewable energy  7 AFFORDABLE AND CLEAN ENERGY  13 CLIMATE ACTION	<p>Financing or refinancing the equipment, development, manufacturing, construction, operation, and maintenance of renewable energy generation sources</p>	<p>Renewable energy generation sources:</p> <ul style="list-style-type: none"> • Wind: Onshore and offshore • Solar energy • Geothermal: Projects with an emissions intensity of less than 100gCO₂e/kWh. • Green hydrogen projects. • Bioenergy: Projects that produce electricity exclusively from certified biomass • Nuclear and nuclear-related technologies Depends on specific standards, and technical thresholds (e.g., waste management, emissions limits, safety measures). • Infrastructure to support renewable energy: Projects related to energy transmission infrastructure.
Clean transportation  11 SUSTAINABLE CITIES AND COMMUNITIES  13 CLIMATE ACTION	<p>Financing or refinancing initiatives that enable the development, acquisition, and operation of low-carbon vehicles and the infrastructure that supports them.</p>	<p>Low-carbon transport solutions such as fully electric or hybrid vehicles for passenger, public, and freight use (including cars, buses, ferries, and trains).</p> <p>Supporting infrastructure for clean mobility, including electric railways, and charging stations for electric vehicles.</p>
Carbon financing  13 CLIMATE ACTION	<p>Financing or refinancing projects or organisations that help grow the carbon credits market.</p>	<p>Eligible entities: Organisations that help grow the carbon credit market, using carbon credits certified under local or international standards.</p>

Green Eligibility Criteria

Green category	Definition	Eligibility criteria
Energy efficiency  	<p>Financing or refinancing the development, expansion, or modernisation of transmission lines, energy storage systems, and related infrastructure.</p>	<p>Development and implementation of products or technology that reduce energy consumption or mitigate GHG emissions over the baseline.</p> <p>Examples include, but are not limited to:</p> <ol style="list-style-type: none"> 1. Energy-efficient lighting (e.g., LEDs) 2. Improvement in energy services (e.g., smart grid meters) 3. Efficiency improvements for transmission and distribution of energy (e.g., smart grids) 4. Centralised energy control system
Sustainable water and wastewater management 	<p>Financing or refinancing the development, expansion, or modernisation of facilities and technologies for water treatment, distribution, and conservation.</p>	<p>Infrastructure for clean water and wastewater management, including treatment, distribution, and recycling facilities.</p> <p>Sustainable Drainage Systems (SDS) that enhance water efficiency by integrating modern drainage solutions with natural water processes.</p>
Pollution prevention and control  	<p>Financing or refinancing the development, expansion, upgrade, and ongoing management of waste management facilities and systems.</p>	<p>Waste-to-Energy Solutions: Turning everyday waste into energy by safely burning it, using gases from landfills, or natural decomposition, with facilities that help sort and recycle materials.</p>
Terrestrial and aquatic Biodiversity  	<p>Financing or refinancing projects that protect and restore land and water ecosystems and wildlife.</p>	<p>Protecting land and water nature: Conserving coastal areas, oceans, rivers, and other natural habitats.</p> <p>Wildlife and ecosystem care: Restoring damaged habitats, protecting wildlife, and bringing ecosystems back to a healthy state.</p> <p>Forest protection: Conserving forests and reducing emissions from deforestation and forest loss.</p>
Climate change adaptation  	<p>Financing or refinancing projects that strengthen infrastructure against climate risks and support systems like climate monitoring and early warning tools.</p>	<p>Resilient infrastructure: Building or upgrading infrastructure to withstand extreme weather events.</p> <p>Climate monitoring systems: Tools for tracking climate changes, greenhouse gas emissions, and providing early warnings.</p>

Social Eligibility Criteria

Social category	Definition	Eligibility criteria
Affordable basic infrastructure <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>1 NO POVERTY</p> </div> <div style="text-align: center;">  <p>2 ZERO HUNGER</p> </div> <div style="text-align: center;">  <p>3 GOOD HEALTH AND WELL-BEING</p> </div> <div style="text-align: center;">  <p>4 QUALITY EDUCATION</p> </div> <div style="text-align: center;">  <p>5 GENDER EQUALITY</p> </div> <div style="text-align: center;">  <p>6 CLEAN WATER AND SANITATION</p> </div> <div style="text-align: center;">  <p>7 AFFORDABLE AND CLEAN ENERGY</p> </div> <div style="text-align: center;">  <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> </div> </div>	<p>Financing or refinancing essential infrastructure, such as clean water, sewage systems, sanitation, transport, and energy.</p>	<p>Telecom services: Improving phone and internet access for underserved communities.</p> <p>Transport: Building or upgrading roads and transport systems to better connect rural or remote areas.</p> <p>Water and sanitation: Expanding or improving access to clean water, toilets, and sewage systems.</p>
Access to essential services (Healthcare) <div style="text-align: center;">  <p>3 GOOD HEALTH AND WELL-BEING</p> </div>	<p>Financing or refinancing hospitals and primary healthcare centres that are part of the national healthcare system.</p>	<p>Activities include developing, expanding, or acquiring buildings, facilities, or equipment for:</p> <ul style="list-style-type: none"> Healthcare services, such as hospitals, clinics, labs, and care centers for children and the elderly. Providing affordable or subsidised medicines.
Food security and sustainable food systems <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>2 ZERO HUNGER</p> </div> <div style="text-align: center;">  <p>3 GOOD HEALTH AND WELL-BEING</p> </div> </div>	<p>Financing or refinancing facilities that help provide safe, healthy, and enough food for communities.</p>	<p>Food access and sustainability: Ensuring people have reliable access to safe and healthy food, supporting farmers with better practices, reducing food waste, and helping small-scale producers grow more efficiently.</p>
Socio-economic advancement and empowerment <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>1 NO POVERTY</p> </div> <div style="text-align: center;">  <p>5 GENDER EQUALITY</p> </div> <div style="text-align: center;">  <p>8 DECENT WORK AND ECONOMIC GROWTH</p> </div> <div style="text-align: center;">  <p>10 REDUCED INEQUALITIES</p> </div> </div>	<p>Financing or refinancing small and medium businesses to create jobs and reduce unemployment, especially in disadvantaged areas or during crises such as health emergencies or natural disasters.</p>	<p>Support for small businesses: Programmes that help micro, small, and medium-sized enterprises (MSMEs) grow, compete in the market, and access financing.</p> <p>Support for women: Programmes that promote gender equality, protect women's rights, and strengthen women's economic empowerment.</p>

Social Eligibility Criteria

Social category	Definition	Eligibility criteria
Social housing   	<p>Financing or refinancing the building, upgrading, or upkeep of affordable and social housing.</p>	<p>Providing Shariah-compliant financing for government-supported or subsidised home financing programmes, as well as projects that develop or build affordable housing for low-income families.</p>
Charities and non-profit institutes 	<p>Financing or refinancing for social enterprises, charities, non-profits, and other organisations that support our community.</p>	<p>Financing for charities and non-profits that support social causes like gender equality, human rights, and cultural development.</p> <p>Financing for social enterprises and non-profits whose work aligns with the social goals outlined in this Framework.</p>



5 GENERAL PURPOSE FINANCING



GENERAL PURPOSE FINANCING

If a transaction does not have a specific use of proceeds tied to a sustainable activity, its classification as Sustainable Finance can be assessed based on the recipient company's business profile.



A transaction is considered eligible if the company:

- Generates $\geq 90\%$ of its revenues from eligible sustainable activities,
- Or generates $\geq 90\%$ of its EBITDA from eligible activities,
- Or, for power generators produce 90% of its energy from renewable sources,
- And does not engage in any excluded activities.

Ajman Bank also recognises the importance of supporting companies that are expanding sustainable operations but do not yet meet the $\geq 90\%$ threshold. In such cases, financing can be considered eligible proportionally, based on the share of the company's business that qualifies as sustainable.

Under this proportional approach, a company is eligible if it:

- Derives between 50% and 90% of its revenues from eligible activities,
- Or derives 50%–90% of its EBITDA from eligible activities,
- Or for power generators, produces 50%–90% of its energy from renewable sources.

This approach allows Ajman Bank to support and incentivise companies in expanding their sustainable operations while maintaining robust eligibility criteria for Sustainable Finance.

GENERAL PURPOSE FINANCING

Sustainability-Linked Financing

At Ajman Bank, we support the development of innovative sustainable finance solutions by encouraging our clients' commitment to sustainability.

Sustainability-Linked Financing (SLF) is designed to help clients improve their overall sustainability performance throughout the life of the financing facility. (SLF) is performance-based, linking the financial terms of the facility to the achievement of pre-agreed sustainability objectives. These objectives are tracked using Key Performance Indicators (KPIs) and measured against Sustainability Performance Targets (SPTs), agreed upon by Ajman Bank and the client. This approach incentivises measurable improvements in environmental and social performance while supporting responsible economic growth.



Guiding Principles for Sustainability-Linked Financing

Client Commitments and Information Requirement

Client is expected to provide Ajman Bank with detailed information, including:

- The baseline or reference point used for KPI measurement.
- Target timelines, observation dates/periods, review frequency.
- A clear strategy for achieving the SPTs, including ESG governance mechanisms.

Selection of KPIs

- KPIs must be directly linked to the client's core sustainability and business strategy.
- KPIs should be within the client's control, ensuring accountability and achievability.
- Each KPI must be clearly defined, with a transparent scope, parameters, and calculation methodology.
- KPIs should be measurable, verifiable, and, where feasible, benchmarked against recognised industry standards or peer performance.

6 TRANSITION FINANCE



TRANSITION FINANCE

Ajman Bank recognises the important role of Transition Finance in helping existing businesses, especially those with high environmental impact, move toward more sustainable operations. This financing supports specific projects or investments like cleaner technologies, energy efficiency upgrades, or low-carbon infrastructure that make real improvements in how the business operates, rather than just rewarding past sustainability efforts.

Key Prerequisites for Transition Finance Projects



Do No Significant Harm (DNSH):

Projects must not cause significant harm to environmental or social objectives, in line with local and international accepted sustainability principles.



Sustainability or Net-Zero Strategy:

Clients must have or be actively developing a credible sustainability roadmap. For carbon-intensive sectors, this includes a science-based strategy to achieve net-zero emissions by 2050.



Verification:

Clients are required to provide evidence of the transition impact, both before and after the financing agreement is in place.

2025  2030

All proceeds under Transition Finance will be managed in line with our sustainable finance framework, with clear labeling and transparency applied to transition-related transactions. Eligible project categories are subject to review and approval by Ajman Bank in accordance with this framework, such as GHG Emission Reduction, nuclear power generation, and water use reduction.

7

EXCLUSION LIST UNDER AJMAN BANK'S SUSTAINABLE FINANCE FRAMEWORK



EXCLUSION LIST UNDER AJMAN BANK'S SUSTAINABLE FINANCE FRAMEWORK

Ajman Bank is committed to ensuring that all financing activities align with its sustainability objectives, responsible business practices, and internal Shariah principles. In line with this commitment, the Bank has established minimum requirements for clients applying for financing and will not provide financing to, nor knowingly allocate proceeds from any Sustainable Financing Instrument or Sukuk to, activities that pose significant environmental, social, governance (ESG), or Shariah compliance risks, or that conflict with the Bank's sustainability goals.

This Exclusion List safeguards the integrity of Ajman Bank's financing activities by supporting sustainable development, avoiding high-risk or harmful sectors, and upholding both ESG and Shariah-compliant principles across all products and services. The list is reviewed periodically to ensure alignment with international best practices, evolving regulatory expectations, and emerging ESG risks.

Ajman Bank may apply enhanced due diligence to clients with complex operations or supply chains to ensure indirect exposure to excluded activities is identified and mitigated.

Ajman Bank's Exclusion List includes, but is not limited to, the following activities:

- Alcohol, tobacco, gambling, adult entertainment, or pornography.
- Deforestation of primary tropical forests or activities leading to forest degradation.
- Business activities associated with adverse human rights impacts, including human trafficking, unethical labour practices, and trading in human organs or prostitution.
- Interest-based financial services/financing and borrowings.
- Trade in pork or its by-products, narcotics/drugs, and other harmful or prohibited substances.
- Cigarette manufacturing companies.

8

PROPOSAL SELECTION FOR SUSTAINABLE FINANCE



PROPOSAL SELECTION FOR SUSTAINABLE FINANCE

The process of selecting and evaluating proposals is a key step to ensure that all financing under Ajman Bank's Sustainable Finance Framework meets the highest standards of environmental and social responsibility.

Ajman Bank Review Process

All proposals will be evaluated through the following three stages:



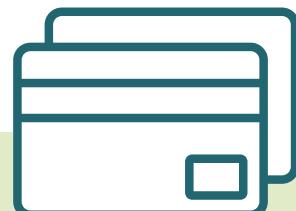
Initial Screening by Business Units

Business units are responsible for nominating projects after conducting an initial review against Ajman Bank's eligibility and exclusion criteria. Any projects that fail to meet minimum ESG standards will be excluded.



Review by ESG Unit

The ESG unit will conduct a detailed evaluation of the project's environmental and social aspects. Where necessary, clients may be asked to provide additional justification, supporting documents, or independent third-party verification as per bank's approved list.



Review by Credit

Credit will perform a thorough assessment of the financial viability of each project and/or proposal, including an in-depth review of all associated risks, with particular emphasis on repayment risk, before submission to the Credit and Board Committees for approval. This review covers the identification, measurement, and monitoring of risks, as well as the formulation of appropriate risk-management strategies. All relevant internal policies and procedures, Central Bank of the UAE guidelines, and other applicable regulations will be strictly adhered to throughout the process.

9

MONITORING AND EVALUATION OF SUSTAINABLE FINANCE PORTFOLIO



MONITORING AND EVALUATION OF SUSTAINABLE FINANCE PORTFOLIO

To ensure that projects within Ajman Bank's sustainable finance portfolio continue to meet eligibility requirements, the Bank will maintain a robust monitoring and evaluation process.

Tracking and Reporting

Ajman Bank has already established a dedicated Sustainable Finance Register (dashboard), enabling the Bank to accurately track the allocation of proceeds through its internal systems.

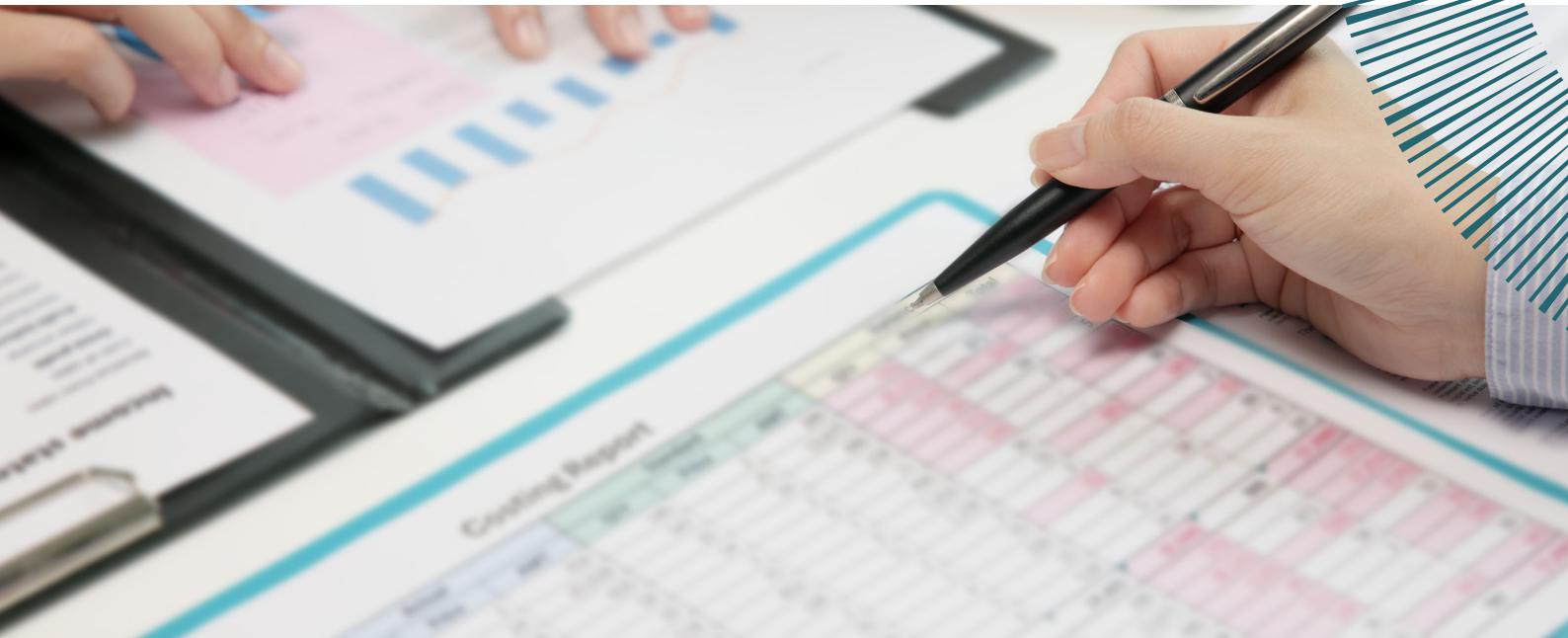
Regular monitoring of sustainable finance transactions will be carried out to ensure that financed projects remain aligned with the Sustainable Finance Framework (SFF).

Monitoring Approach

Monitoring will be based on:

- Information and updates provided by clients.
- Independent third-party verifications (where relevant).
- Site visits or field assessments, if required.

ESG Team will coordinate with other departments such as Risk and Credit to maintain governance and transparency across the sustainable portfolio. This ensures that projects remain consistent with the Bank's sustainability objectives throughout their lifecycle.



Management of Proceeds

Ajman Bank will maintain robust controls over the allocation of proceeds raised under its sustainable finance instruments. The Bank will track the allocation of proceeds to its list of eligible assets on an ongoing basis, ensuring full transparency and traceability. In the event of unexpected changes in project balances, assets will be replaced on a timely basis to maintain alignment with eligibility criteria. For as long as a sustainable financing instrument remains outstanding, an amount equivalent to the net proceeds will be allocated to eligible assets.

Any unallocated proceeds will be temporarily invested in cash or high-quality, liquid instruments such as government sukuk, in line with Ajman Bank's liquidity management strategy, until suitable eligible projects are identified. Risk Management, in coordination with Treasury, will assess the market and liquidity risks associated with these temporary investments, particularly in stressed market conditions, to ensure prudent risk management and portfolio stability.

10 GOVERNANCE AND OVERSIGHT OF THE FRAMEWORK



GOVERNANCE AND OVERSIGHT OF THE FRAMEWORK

Governance & Oversight

Ajman Bank ensures robust governance of its Sustainable Finance Framework as part of its ESG strategy. The Framework is overseen by the CEO and supported by cross-functional representation from Business, Credit, Risk, Treasury, Compliance, Shariah, and ESG.

The ESG Office coordinates day-to-day implementation of the Framework, including eligibility assessments, pipeline management, and collaboration with product and credit teams. Credit and Risk jointly conduct transaction-level due diligence to ensure all sustainable finance activities comply with internal policies, regulatory requirements, and sustainability criteria.

Role of Risk Management

Risk Management is responsible for assessing, and monitoring Market, Credit, and Operational Risks specific to sustainable finance transactions and portfolios. These risks are evaluated using the Bank's established risk assessment tools and are incorporated into portfolio reviews, stress testing, and scenario analyses.



Escalation Protocol

Any material ESG-related breaches or non-compliance, or reputational risks are escalated through a defined protocol to the Board Risk Committee for oversight and timely mitigation. Findings and remediation actions are documented and reported to senior management and the relevant committees.

Ajman Bank also continually enhances reporting, policies, and assurance processes to maintain transparency, integrity, and measurable impact across all sustainable finance activities, with regular updates to the Risk Committee and Board Risk Committee in line with CBUAE expectations.

11 DUE DILIGENCE AND VERIFICATION



DUE DILIGENCE AND VERIFICATION

Reporting

To maintain accountability and continuous improvement, Ajman Bank has put in place a system for KPI monitoring, validation, and reporting, including:

- Each business unit is responsible for tracking its ESG action points in alignment with the Bank's overarching goals.
- The ESG Department will oversee the centralised tracking of KPIs, ensuring timely updates and seamless integration into the Bank's management dashboards.

Handling KPI Breaches

- If a client does not achieve the agreed Key Performance Indicators (KPIs), any related incentives such as Profit rate discounts or other financial benefits will not be applied.
- The facility may revert to a standard commercial rate (if structured as a rebate model).
- Any upward adjustment must be pre-agreed and structured as a removal of benefit, not a punitive increase.

To ensure fairness and transparency:

- The achievement of KPIs must be verified by an independent third-party assurance provider.
- Verification includes reviewing data, assessing methodology, and confirming whether the targets have been met.



Escalation and Reporting

- If a KPI is not met, the matter may be reported to the relevant Management Committee for review.
- For significant or repeated breaches, the issue may be escalated to the Board to ensure appropriate oversight.
- The Bank may also require the client to provide corrective action plans to address gaps or improve future performance.

This approach ensures that sustainable finance instruments remain credible, transparent, and aligned with Ajman Bank's sustainability objectives while providing a clear framework for accountability.

Green Categories

Eligible Categories	Impact Indicators
 Green buildings	<ul style="list-style-type: none"> • Type and number of certified green building financed • Annual energy savings • Annual Avoidance / Reduction of GHG emissions
 Renewable energy	<ul style="list-style-type: none"> • Installed capacity MW and expected annual generation MWH • Estimated annual reduced and/or avoided GHG emissions
 Clean transportation	<ul style="list-style-type: none"> • Number of clean vehicles allocated e.g. (electric/hybrid) per year • Density of installed units per kilometre (e.g., number of charging stations, electric track segments, if applicable) • Estimated reduction in fuel consumption and estimated annual reduced and/or avoided GHG emissions
 Energy efficiency	<ul style="list-style-type: none"> • Energy transmitted MWh per year • Annual energy savings • Estimated annual GHG emissions reduced and/or avoided
 Sustainable water and wastewater management	<ul style="list-style-type: none"> • Annual volume of wastewater treated or avoided and savings • Number of improved water supply infrastructure and facilities as a result of the project
 Pollution prevention and control	<ul style="list-style-type: none"> • Amount of waste handled each year • Estimated annual reduced and/or avoided GHG emissions
 Environmentally sustainable management of living natural resources and land	<ul style="list-style-type: none"> • Area of certified forests managed • Increase of natural landscape area in urban areas • Organic farming certification scheme
 Climate change adaptation	<ul style="list-style-type: none"> • Improvements in energy generation, transmission, distribution, and storage. • Reduction in the number of people affected by power or transport service disruptions • Total kilometres of infrastructure (roads, rail, etc.) enhanced or made more resilient.
 Affordable basic Infrastructure	<ul style="list-style-type: none"> • Number of people benefited • Number of water infrastructure projects built/upgraded

Green Categories

Eligible Categories	Impact Indicators
 <p>Access to essential services (e.g. healthcare, education and vocational training)</p>	<ul style="list-style-type: none"> People served: Total number of individuals benefiting from healthcare, education, or other essential services Healthcare infrastructure: Number of hospitals and healthcare facilities constructed, upgraded, or made accessible to the public Educational infrastructure: Number of schools or educational institutions built or improved
 <p>Agriculture, food security and sustainable food systems</p>	<ul style="list-style-type: none"> Support for farmers: Number of farmers receiving access to resources and sustainable food such as financing, equipment, and other agricultural inputs. Number of people benefiting from the project
 <p>Socio-economic advancement and empowerment</p>	<ul style="list-style-type: none"> Total number of SMEs financed Jobs created, supported, or maintained Share of women in leadership roles Number of MSMEs supported with new equipment, facilities, or technology upgrades
 <p>Social housing</p>	<ul style="list-style-type: none"> Individuals/families benefiting from affordable housing Total number of housing units provided People with disabilities supported with accessible homes
 <p>Charities and non-profit</p>	<ul style="list-style-type: none"> People supported through charity and non-profit programmes Non-profit organisations financed



12 TRANSPARENCY AND FUTURE UPDATES



TRANSPARENCY AND FUTURE UPDATES

Ajman Bank is committed to maintaining or enhancing the current level of transparency and reporting disclosures in any future version of this Framework. Any updated Framework will be published on Ajman Bank's Sustainability web pages and Investor Relation.



13 EXTERNAL REVIEW



EXTERNAL REVIEW

Ajman Bank will obtain a Second Party Opinion (SPO) from a recognised sustainability assurance provider to ensure our Sustainable Finance Framework aligns with international principles and national guidelines. The SPO, along with the Framework and our sustainability disclosures, will be published on our website to reinforce transparency and market confidence. Once Ajman Bank issues its first Green Sukuk, we will report annually on sukuk allocation, provide bi-annual updates and disclose progress against our Sustainable Finance targets.



14 DISCLAIMER



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**The Future of Finance is Green,
the Future of Ajman Bank is Now!**



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