

Second-Party Opinion

Tabreed Green Financing Framework



Evaluation Summary

Sustainalytics is of the opinion that the Tabreed Green Financing Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021 and the Green Loan Principles 2023. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds, Energy Efficiency, Sustainable Water and Wastewater Management, Green Buildings, and Renewable Energy, are aligned with those recognized by the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 6, 7, 9, and 12.



PROJECT EVALUATION AND SELECTION Tabreed's Green Finance Working Group will be responsible for the evaluation and selection of projects in line with the Framework's eligibility criteria. The working group will be chaired by Tabreed's Chief Financial Officer and will include representatives from Tabreed's Finance and Operations departments. Tabreed has processes in place to identify and mitigate environmental and social risks associated with the eligible projects. Sustainalytics considers the project selection process to be in line with market practice.



MANAGEMENT OF PROCEEDS Tabreed's Finance and Treasury team will be responsible for the management of proceeds using a portfolio approach and will track their allocation through a green finance register. Tabreed intends to fully allocate the proceeds within three years of issuance. Pending full allocation, unallocated proceeds will be held in accordance with Tabreed's treasury management policy for cash management purpose or other treasury business. This is in line with market practice.



REPORTING Tabreed will report on the allocation of proceeds and corresponding impact on its website on an annual basis until full allocation or if material changes occur. Sustainalytics views Tabreed's allocation and impact reporting as aligned with market practice.

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Issuer Location Abu Dhabi, UAE

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Introduction

Established in 1998, National Central Cooling Company PJSC (“Tabreed” or the “Company”) is a utility provider in the Gulf Cooperation Council (GCC) region. Headquartered in Masdar City, Abu Dhabi, UAE, Tabreed is engaged in the supply of chilled water, operation, and maintenance of district cooling plants, construction of secondary networks, manufacturing of pre-insulated pipes, and design and supervision consultancy. As of December 2024, Tabreed operated 92 district cooling plants and had 1,003 employees.¹

Tabreed has developed the Tabreed Green Financing Framework dated February 2025 (the “Framework”) under which it intends to issue green bonds, loans and sukuk, and use the proceeds to finance and refinance, in whole or in part, existing and future projects including district cooling projects that are expected to deliver positive environmental impacts. The Framework defines eligibility criteria in four areas:

1. Energy Efficiency
2. Sustainable Water and Wastewater Management
3. Green Buildings
4. Renewable Energy

Tabreed engaged Sustainalytics to review the Framework and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP)² and the Green Loan Principles 2023 (GLP).³ The Framework will be published in a separate document.⁴

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁵ opinion on the alignment of the reviewed Framework with current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2021, as administered by ICMA, and the Green Loan Principles 2023, as administered by LMA, APLMA and LSTA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.18, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Tabreed’s management team to understand the sustainability impact of its business processes and planned use of proceeds, as well as the management of proceeds and reporting aspects of the Framework. Tabreed representatives have confirmed that: (1) they understand it is the sole responsibility of Tabreed to ensure that the information provided is complete, accurate and up to date; (2) they have provided Sustainalytics with all relevant information and (3) any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Tabreed.

¹ Tabreed, “About us”, at: <https://www.tabreed.ae/about-us/>

² The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

³ The Green Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association and are available at <https://www.lsta.org/content/green-loan-principles/>.

⁴ The Tabreed Green Financing Framework will be available on Tabreed’s website at: <https://www.tabreed.ae/investor-relations/fixed-income/green-finance-framework/>

⁵ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond and loan proceeds towards eligible projects.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Tabreed has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Tabreed Green Financing Framework

Sustainalytics is of the opinion that the Tabreed Green Financing Framework is credible, impactful and aligned with the four core components of the GBP and GLP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
 - The eligible categories, Energy Efficiency, Sustainable Water and Wastewater Management, Green Buildings and Renewable Energy, are aligned with those recognized by the GBP and GLP.
 - Tabreed has defined a look-back period of three years for the refinancing of operational and R&D expenditures, which Sustainalytics considers to be in line with market practice.
 - Tabreed intends to finance equity investments in entities that derive 90% or more of their revenue from activities that meet the Framework's eligibility criteria. Sustainalytics acknowledges that allocating proceeds to pure play companies is a commonly accepted approach which is likely to generate positive impacts, however, project- and activity-based allocation generally results in more direct environmental benefits and enhanced compliance with eligibility criteria.⁶
 - Under the Energy Efficiency category, the Company may finance or refinance:
 - District cooling projects, including the construction of new plants for existing and new buildings, as well as the acquisition of existing plants.
 - The Framework limits financing to electricity-powered district cooling projects.
 - Sustainalytics notes that district cooling systems primarily powered by renewables are preferred in the market. However, Sustainalytics recognizes the importance of improving energy efficiency of air conditioning systems and encourages Tabreed to report on the impact achieved.
 - The development, manufacture, installation, maintenance or upgrade of solutions for district cooling projects that comply with the criteria above and lead to an improvement in operational energy efficiency of at least 20%. These solutions may include variable frequency drives⁷ and control systems to optimize the flow of refrigerants to chillers. Sustainalytics views positively the inclusion of a defined energy efficiency threshold for these technologies.
 - Sustainalytics considers expenditures under this category to be aligned with market practice.
 - Under the Sustainable Water and Wastewater Management category, Tabreed may finance or refinance the construction, development, upgrade and maintenance of infrastructure and water systems for district cooling that: i) support at least a 20% increase in water efficiency for district cooling; or ii) reduce freshwater consumption. Example projects include the use of treated

⁶ Tabreed has confirmed to Sustainalytics that this kind of financing under the Framework will be limited to privately placed equity investments.

⁷ Variable frequency drives are smart technologies that enhance energy efficiency by regulating power output according to cooling demand.

- sewage effluent (TSE), systems that use cooling tower blowdown water for landscape irrigation, systems using specialized chemicals that function at higher cycles of concentration, and combined cleaning and passivation processes to reduce water use. Tabreed has confirmed that TSE excludes wastewater from fossil fuel operations. Sustainalytics considers expenditures under this category to be aligned with market practice.
- Under the Green Buildings category, the Company intends to finance or refinance:
 - Construction and development of new commercial buildings, as well as acquisition of new and existing commercial buildings which have obtained or are expected to obtain the following minimum green building certification levels: i) LEED Gold;⁸ or ii) Estidama Pearl Rating System 3-Pearls with a minimum 20% improvement in energy performance over ASHRAE 90.1 2007.⁹
 - Renovation of existing commercial buildings that leads to the achievement of the minimum green building certification levels mentioned above. As a result the asset value of such commercial buildings will be financed or refinanced.
 - Tabreed has confirmed the exclusion of buildings designed for the purpose of extraction, storage, transportation or manufacture of fossil fuels under the Framework.
 - Sustainalytics considers expenditures under this category to be aligned with market practice.
 - Under the Renewable Energy category, Tabreed may finance or refinance advanced stage research and development, construction, operation and transmission of energy generated from: i) solar PV; and ii) geothermal facilities with direct emissions intensity up to 100 gCO₂/kWh.
 - For transmission related expenditures, Tabreed has confirmed that either: i) the assets will be used exclusively for transmitting renewable energy; or ii) at least 90% of the energy transmitted will be from the renewable energy sources meeting the Framework criteria.
 - Sustainalytics considers expenditures under this category to be aligned with market practice.
 - Project Evaluation and Selection:
 - Tabreed will establish a Green Finance Working Group (GFWG), which will be responsible for the evaluation and selection of projects in line with the Framework's eligibility criteria. The GFWG will be chaired by Tabreed's CFO and will include representatives from the Company's Finance and Operations departments.
 - The GFWG will assess and mitigate the potential environmental and social risks associated with the eligible projects in line with Tabreed's Integrated Management System. Sustainalytics considers this environmental and social risk management process to be adequate. Please refer to Section 2 for more details.
 - Based on the cross-functional oversight for project evaluation and selection and the presence of a risk management system, Sustainalytics considers this process to be in line with market practice.
 - Management of Proceeds:
 - Tabreed's Finance and Treasury team will manage the proceeds through a portfolio approach using a green finance register.
 - Tabreed will ensure continuous allocation meaning that, as the underlying eligible projects in the pool are amortized or removed for any reason, the pool will be replenished so that the value of outstanding eligible projects remains equal to or greater than the net proceeds until maturity of the instrument.
 - The Company intends to fully allocate proceeds within three years of issuance. Pending full allocation, unallocated proceeds will be held in accordance with Tabreed's treasury management policy for cash management purposes or other treasury business. The Company has confirmed that proceeds will not be invested in carbon intensive assets or activities.
 - Tabreed has communicated to Sustainalytics that instruments issued under the Framework may include multi-tranche loan facilities. Tabreed intends to label only those tranches of such facilities whose proceeds will be allocated according to the eligibility criteria in the Framework.

⁸ LEED: <https://www.usgbc.org/leed>

⁹ Estidama Pearl Rating System: <https://pages.dmt.gov.ae/en/Urban-Planning/Pearl-Building-Rating-System>

- Based on the use of an internal tracking system and the disclosure of the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - Tabreed will report on the allocation of proceeds and corresponding impact on its website on an annual basis until full allocation and in the case of material changes.
 - Tabreed has communicated to Sustainalytics that if it obtains revolving credit facilities under the Framework, it will report on allocation until loan maturity.
 - Allocation reporting will include: i) the total amount of proceeds allocated to eligible projects; ii) the allocated amount by each category and location of the projects; iii) the share of financing and refinancing; and iv) the balance of unallocated proceeds.
 - Impact reporting may include metrics such as: i) amount of energy saved (in MWh); ii) amount of water or sewage water recycled (in litres); iii) level of green building certification; and iv) estimated CO₂ emissions reduced (in tCO₂e).
 - Tabreed has committed to obtain an independent external verification for the allocation and impact reporting.
 - Based on the commitment to allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with the Green Bond Principles 2021 and Green Loan Principles 2023

Sustainalytics has determined that the Tabreed Green Financing Framework aligns with the four core components of the GBP and GLP.

Section 2: Sustainability Strategy of Tabreed

Contribution to Tabreed's sustainability strategy

Tabreed aligns its net zero commitments with the UAE Energy Strategy 2050, which sets out a national roadmap for long-term emissions reduction and sustainable energy transition.^{10,11} Tabreed is required to follow the UAE's national policies for district cooling operators, as well as the National Water and Energy Demand Side Management Programme 2050, which is part of the the UAE's First Long-Term Strategy.¹² The programme targets a 42%-45% reduction in energy consumption and a 51% reduction in water consumption by 2050 compared to business-as-usual scenarios.¹³ As a signatory of the Global Cooling Pledge, Tabreed is also committed to reducing its cooling-related emissions by 68% by 2050 compared to 2022 levels.¹⁴

Tabreed's sustainability strategy is structured on six core principles: i) energy efficiency and optimization; ii) technology upgrades; iii) renewable energy integration; iv) supply chain management and decarbonization; v) innovation and strategic partnerships; and vi) compensating for residual emissions through offsetting.¹⁵ These principles serve as the foundation for the Company's decarbonization efforts and broader commitment to achieving net zero emissions by 2050.

To enhance energy efficiency and optimization, Tabreed continuously monitors the operational efficiency of its plants and integrates thermal energy storage systems. These measures have resulted in 32% reduction in emissions intensity from Tabreed's business operations between 2021 and 2023.¹⁶ Under technology upgrades, the Company has developed variable frequency drives that optimize energy use by adjusting power consumption based on cooling demand. This initiative is expected to reduce 223 million kWh of energy consumption between 2024 and 2034 and avoid 105,000 tCO₂e during the same period.¹⁷

As part of its efforts towards renewable energy integration, Tabreed introduced the first geothermal district cooling project in the Gulf Cooperation Council region, G2COOL, which currently supplies 10% of Masdar City's cooling needs.¹⁸ Additionally, in collaboration with Ireland-based HT Materials Science, Tabreed contributed to the development of nano-particle fluid that enhances the district cooling systems' ability to transfer heat

¹⁰ Tabreed, "Green Financing Framework", at: <https://www.tabreed.ae/investor-relations/fixed-income/green-finance-framework/>

¹¹ UAE, "UAE Energy Strategy 2050", at: <https://u.ae/en/about-the-uae/strategies-initiatives-and-awards/strategies-plans-and-visions/environment-and-energy/uae-energy-strategy-2050>

¹² UNCC, "The United Arab Emirates First Long-Term Strategy: Demonstrating Commitment to Net Zero by 2050", at: <https://unfccc.int/documents/636722>

¹³ UAE, "National Water and Energy Demand Management Programme", at: [National Water and Energy Demand Management Programme | The Official Portal of the UAE Government](#)

¹⁴ Cool Coalition, "Global Cooling Pledge", at: <https://coolcoalition.org/global-cooling-pledge/>

¹⁵ Tabreed, "ESG Report 2023", at: <https://www.tabreed.ae/wp-content/uploads/2024/06/Tabreed-ESG-Report-2023.pdf>

¹⁶ Tabreed, "Green Financing Framework", at: <https://www.tabreed.ae/investor-relations/fixed-income/green-finance-framework/>

¹⁷ Ibid

¹⁸ Tabreed, "Green Financing Framework", at: <https://www.tabreed.ae/investor-relations/fixed-income/green-finance-framework/>

and reduces energy consumption by approximately 15%.¹⁹ The Company commits to investing in verified carbon offsetting projects to neutralize unavoidable emissions.²⁰

Sustainalytics is of the opinion that the Tabreed Green Financing Framework is aligned with the Company's overall sustainability strategy and initiatives and will further the Company's action on its key environmental priorities.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the proceeds from the instruments issued under the Framework will be directed towards eligible projects that are expected to have positive environmental or social impacts. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects may include issues involving: i) labour and human rights; ii) occupational health and safety; iii) business ethics and stakeholder participation; iv) land use and biodiversity issues associated with large-scale infrastructure development; and v) emissions, effluents and waste generated in construction. Sustainalytics notes that the UAE, where projects may be financed under the Framework, has been accused of violations to human rights and labour standards, particularly concerning migrant workers.²¹ Sustainalytics acknowledges the cooperation between the UAE and the International Labour Organization (ILO) in improving labour standards and upholding human rights.²² Nonetheless, given the record of such violations, Sustainalytics considers this to be an ongoing risk.

Sustainalytics is of the opinion that Tabreed is able to manage or mitigate potential risks through implementation of the following:

- Regarding human and labour rights, Tabreed has developed a Human Rights Policy that reinforces its obligation to follow applicable UAE laws and follows the ILO core conventions, including prohibiting forced labour, child labour and discrimination.²³ The policy outlines expected behaviour and procedures related to human rights and workforce management, internal controls, governance, compliance, monitoring, reporting and documentation.²⁴ Additionally, Tabreed's Diversity Equity and Inclusion Policy promotes an inclusive and gender diverse workplace, prohibiting discrimination in recruitment based on age, gender, colour, disability, ethnicity, family or marital status, national origin, race, religion and social, cultural or economic status; the policy also established a Diversity Equity and Inclusion Committee to oversee related compliance.²⁵ Tabreed is also required to comply with the following laws related to labour rights and anti-discrimination: i) the UAE's Federal Decree Law No. 2 of 2015 on Combating Discrimination and Hatred;²⁶ ii) Article 32 of the UAE Labour Law 1980 on Gender Wage Equality;²⁷ iii) Federal Law No. 29 of 2006 on the Rights of People with Special Needs;²⁸ and the iv) UAE's People of Determination Protection from Abuse Policy.²⁹
- To manage risks related to health and safety for its workforce and stakeholders affected by its operations, Tabreed has implemented a Management System Policy based on ISO 45001:2018.³⁰ This policy is mandatory for all employees, contractors, sub-contractors and visitors and sets guidelines to prevent work-related injuries and illnesses while eliminating hazards.³¹ To further enhance workplace safety, the Company provides a Health & Safety training programme to equip employees with the necessary guidance to identify risks and respond effectively in emergency situations.³² The training sessions cover various topics, including chemical safety, emergency and crisis management, basic first aid, working at heights, fall protection, and lone working awareness.

¹⁹ Tabreed, "ESG Report 2023", at: <https://www.tabreed.ae/wp-content/uploads/2024/06/Tabreed-ESG-Report-2023.pdf>

²⁰ Ibid

²¹ Human Rights Watch, "United Arab Emirates: Events of 2024", at: <https://www.hrw.org/world-report/2025/country-chapters/united-arab-emirates>

²² United Arab Emirates Ministry of Human Resources & Emiratisation, "UAE, ILO sign cooperation agreement to enhance labour inspection capabilities", (2023), at: <https://www.mohre.gov.ae/en/media-centre/news/19/6/2023/uae-ilo-sign-cooperation-agreement-to-enhance-labour-inspection-capabilities.aspx>

²³ Tabreed, "Human Rights Policy", (2022), at: <https://www.tabreed.ae/wp-content/uploads/2022/12/Human-Rights-Policy.pdf>

²⁴ Ibid.

²⁵ Tabreed shared its Diversity Equity and Inclusion Policy with Sustainalytics confidentiality

²⁶ UAE Government, "Anti-discrimination laws and policies", at: <https://u.ae/en/information-and-services/justice-safety-and-the-law/anti-discrimination-laws-and-policies#:~:text=Article%20of%20the%20UAE,employment%20because%20of%20her%20pregnancy.>

²⁷ UAE Government, "Gender Equality in the Workplace", at: <https://u.ae/en/information-and-services/social-affairs/gender-equality/gender-equality-in-the-workplace>

²⁸ UAE Government, "Protecting the rights of people of determination (persons with disabilities)" at: <https://u.ae/en/about-the-uae/human-rights-in-the-uae/protecting-the-rights-of-people-of-determination>

²⁹ UAE Government, "The Cabinet Approves a Policy to Protect People of Determination from Abuse", at: <https://uaecabinet.ae/en/details/news/the-cabinet-approves-a-policy-to-protect-people-of-determination-from-abuse>

³⁰ ISO 45001:2018: <https://www.iso.org/standard/63787.html>

³¹ Ibid.

³² Ibid.

Additionally, Tabreed has launched an Employee Health Surveillance programme in line with the Abu Dhabi Public Health Centre and Abu Dhabi Occupational Safety and Health Centre (OSHAD) requirements.³³ The programme provides health screening for employees which include vitals, eye, pulmonary function tests amongst others.³⁴ The Company has also established an Incident Reporting and Investigation Procedure which outlines the process for reporting incidents in a timely manner and through the appropriate communications channels.³⁵

- Tabreed manages risks associated with business ethics and stakeholder participation through its Code of Conduct which provides guidelines for interactions with stakeholders, suppliers, government entities and the broader community.³⁶ The Company also conducts annual customer surveys and uses the feedback to improve its services. Regarding suppliers, the Company established a Supplier Code of Conduct³⁷ which outlines expectations related to ethical business practices, quality management, labour and human rights, and conflict of interest. This code is aligned with ISO9001:2015³⁸ and ISO 14001 standards.^{39,40}
- To manage risks associated with land use and biodiversity issues, Tabreed has partnered with Arabia's Wildlife Centre to deliver responsible wildlife management training for its employees where needed.⁴¹ Tabreed has also confirmed that it: i) adheres to the UAE Federal Law No. 24 of 1999 Concerning the Protection and Development of the Environment⁴² which aims to protect and conserve the quality and natural balance of the environment, including conservation of natural resources and of biological diversity in the region; and ii) it conducts an environmental impact assessment for all infrastructure development projects financed under the Framework.
- To manage risks associated with effluents and waste generated during the construction and operation of district cooling assets, Tabreed has established procedures to control and monitor water discharge, waste management and air emissions, as well as compliance with local standards and regulations.⁴³ The Company's Integrated Management System incorporates internationally recognized frameworks, including ISO 14001 for environmental management and ISO 50001 for energy management. Additionally, Tabreed has implemented a Waste Reduction Action Plan, which outlines procedures for tracking and managing waste generated across its various locations.⁴⁴ For hazardous waste, Tabreed engages environmental service providers aligned with the Centre of Waste Management Abu Dhabi. Tabreed also manages trade effluent in accordance with Abu Dhabi's Trade Effluent Control Regulations 2010. In addition, Tabreed has outlined procedures for the management of hazardous chemicals within its health and safety management system. Furthermore, regarding emissions arising from district cooling assets, Intertek conducts periodic audits and annual reviews of Tabreed's plants and facilities, corporate headquarters and management policies and procedures. Intertek has provided certification on ISO 14001:2015 for Tabreed's environmental practices.

Based on the above policies, standards and assessments, Sustainalytics is of the opinion that Tabreed has measures in place to manage and mitigate some of the environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

Importance of energy-efficient cooling in the UAE

Emissions from buildings in the UAE amounted to 71 MtCO₂e a year in 2019, equivalent to 27% of all GHG emissions in the country.⁴⁵ Cooling more specifically accounts for up to 70% of all energy consumption during

³³ Ibid.

³⁴ Tabreed shared the Employee Health Surveillance programme with Sustainalytics confidentially.

³⁵ Ibid.

³⁶ Tabreed shared its Code of Conduct with Sustainalytics confidentially.

³⁷ Tabreed. "Supplier Code of Conduct", (2023), at: https://www.tabreed.ae/wp-content/uploads/2024/03/Supplier_Code_of_Conduct_12024.pdf

³⁸ ISO 9001:2015: <https://www.iso.org/standard/62085.html>

³⁹ ISO 14001:2025: <https://www.iso.org/standard/60857.html>

⁴⁰ Ibid.

⁴¹ Tabreed, "ESG Report 2023", (2023), at: <https://www.tabreed.ae/wp-content/uploads/2024/06/Tabreed-ESG-Report-2023.pdf>

⁴² UAE Legislation, Federal Law No. 24 of 1999 Concerning the Protection and Development of the Environment, (1999), at: <https://uaelegislation.gov.ae/en/legislations/1146/download>

⁴³ Ibid.

⁴⁴ Ibid.

⁴⁵ United Arab Emirates Ministry of Climate Change & Environment, "The United Arab Emirates' Third Nationally Determined Contribution (NDC 3.0)", (2024), at: <https://unfccc.int/sites/default/files/2024-11/UAE-NDC3.0.pdf>

peak periods in the UAE, where cooling load demand is projected to increase by 22% by 2050.^{46,47} In its latest NDC update, the UAE committed to reducing emissions from the buildings sector by 79% from 2019 to 15 MtCO_{2e} by 2035.⁴⁸

Aligning with the above target, the UAE is revising the UAE Energy Strategy 2050 (originally launched in 2017 and updated in 2023), increasing the installed clean energy capacity from 14.2 GW to 19.8 GW. ⁴⁹ The strategy also aims to reduce carbon emissions from electricity generation by 100% and increase individual and institutional energy consumption efficiency by 42-45% compared to 2019 levels.⁵⁰ To achieve these goals, UAE aims to invest AED 150 to 200 billion (USD 41 to 54 billion) by 2023.⁵¹

As part of its efforts to achieve the above targets, the UAE has been stimulating the adoption of district cooling systems, which in comparison with traditional HVAC solutions, better consolidate cooling production, optimize operations and minimize energy usage and more effectively manage cooling demands.^{52,53} In this sense, district cooling has the potential to provide for approximately 30% of total cooling needs in the Gulf Cooperation Council region by 2030, eliminating the need for an additional 20 GW of electricity generating capacity or 200,000 barrels of oil equivalent per day in fuel.⁵⁴

Based on the above, Sustainalytics is of the opinion that Tabreed’s investments in energy-efficient district cooling are expected to contribute to the UAE’s emission reduction targets.

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the Tabreed Green Financing Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Sustainable Water and Wastewater Management	6. Clean Water and Sanitation	6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally
		6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and

⁴⁶ Tabreed, "Sustainability", at: <https://www.tabreed.ae/sustainability/csr/>

⁴⁷ Mohammed, A. et al. (2024), "On the cooling energy impacts of combined urban heat mitigation strategies in subtropical urban building environment", Energy and Buildings, at: <https://www.sciencedirect.com/science/article/abs/pii/S0378778824000343>

⁴⁸ United Arab Emirates Ministry of Climate Change & Environment, "The United Arab Emirates' Third Nationally Determined Contribution (NDC 3.0)", (2024), at: <https://unfccc.int/sites/default/files/2024-11/UAE-NDC3.0.pdf>

⁴⁹ United Arab Emirates Ministry of Energy and Infrastructure, "Energy Strategies to Achieve Net Zero", at: <https://www.moei.gov.ae/en/about-ministry/energy-strategies-to-achieve-net-zero#:~:text=In%20the%20first%20phase%2C%20which,and%20achieving%20climate%20neutrality%20goals>

⁵⁰ United Arab Emirates Ministry of Climate Change & Environment, "The United Arab Emirates' Third Nationally Determined Contribution (NDC 3.0)", (2024), at: <https://unfccc.int/sites/default/files/2024-11/UAE-NDC3.0.pdf>

⁵¹ United Arab Emirates Ministry of Energy and Infrastructure, "Energy Strategies to Achieve Net Zero", at: <https://www.moei.gov.ae/en/about-ministry/energy-strategies-to-achieve-net-zero#:~:text=In%20the%20first%20phase%2C%20which,and%20achieving%20climate%20neutrality%20goals>

⁵² IEA, "How can district heating help decarbonise the heat sector by 2024?", (2019), at: <https://www.iea.org/articles/how-can-district-heating-help-decarbonise-the-heat-sector-by-2024>

⁵³ IEA, "The go-to guide for sustainable district cooling", (2020), at: <https://www.iea.org/articles/the-go-to-guide-for-sustainable-district-cooling>

⁵⁴ Strategy&, "Unlocking the potential of district cooling. The need for GCC governments to take action", at: <https://www.strategyand.pwc.com/m1/en/reports/unlocking-the-potential-of-district-cooling.pdf>

		substantially reduce the number of people suffering from water scarcity
	12. Responsible Consumption and Production	12.2 By 2030, achieve the sustainable management and efficient use of natural resources
Green Buildings	9. Industry, innovation and infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix

Conclusion

Tabreed has developed the Tabreed Green Financing Framework under which it may issue green bonds, loans and sukks, and use the proceeds to finance and refinance, in whole or in part, existing and future projects, including district cooling projects. Sustainalytics considers that the eligible projects are expected to provide positive environmental impacts.

The Tabreed Green Financing Framework outlines a process for tracking, allocation and management of proceeds, and makes commitments for reporting on allocation and impact. Sustainalytics considers that the Tabreed Green Financing Framework is aligned with the overall sustainability strategy of Tabreed and that the use of proceeds will contribute to the advancement of the UN Sustainable Development Goals 6, 7, 9 and 12. Additionally, Sustainalytics is of the opinion that Tabreed has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects.

Based on the above, Sustainalytics is confident that Tabreed is well positioned to issue green bonds and that the Tabreed Green Financing Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021 and Green Loan Principles 2023.

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