

Housing Bank

# Green Bond Framework

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# Section 01: Introduction

## HBTF at a Glance

Established in 1973 as a specialised housing finance provider, Housing Bank for Trade and Finance (HBTF) has grown into one of Jordan's leading full-service commercial banks and is listed on the Amman Stock Exchange. Over five decades, the bank has expanded its reach far beyond its origins, now operating across eight regional and international markets and holding a distinguished position among Jordanian and regional banks on multiple performance indicators. As of December 2024, HBTF held JOD 9.2 billion in assets, representing an 11.9% share, with a network of 104 branches in Jordan and international operations spanning Bahrain, Libya, Palestine, the UAE, Algeria, Syria, and the United Kingdom. In the same year, the group recorded a net profit of JOD 150.3 million, a 6.7% increase over the previous year.

## Sustainability at the heart of HBTF

The Bank's sustainability agenda is guided by four strategic pillars: green lending, digital transformation, financial inclusion, and comprehensive ESG integration. HBTF aligns its practices with the Paris Agreement and the UN Sustainable Development Goals (SDGs), with particular focus on SDG 7 (Affordable and Clean Energy), SDG 9 (Industry, Innovation and Infrastructure), SDG 11 (Sustainable Cities and Communities), and SDG 13 (Climate Action). These priorities translate into tangible environmental objectives, including financing renewable energy generation, advancing energy and water efficiency, enabling low-carbon transport, promoting sustainable housing, and supporting climate-resilient infrastructure.

## Institutional Transition

In 2023, HBTF partnered with the European Bank for Reconstruction and Development (EBRD), the European Union, and the Green Climate Fund to launch a new programme for financing green projects, securing a USD 15 million green finance credit line. The programme is a powerful institutional transition tool offering a combination of technical assistance, cashback incentives of 10-15%, and ESG certification opportunities. The credit line provides private-sector clients, including small, medium, and large enterprises, with access to financing for green projects, covering areas such as renewable energy, energy and water efficiency, recycling, green building, waste management, and soil conservation.

HBTF is developing a comprehensive ESG Strategy that includes the issuance of Green Bonds under this framework that will support eligible environmental and social projects, reinforcing its role as a regional leader in sustainable finance. The ESG Strategy is aligned with the Green Finance Strategy 2023-2028 (Central Bank of Jordan), Jordan's Nationally Determined Contributions (NDCs), and the Amman Stock Exchange's Guidance on Sustainability Reporting.

## HBTF as a Green Bond Issuer

This Green Bond Framework outlines the guiding principles under which HBTF proposes to issue Green Bonds, reflecting its long-standing sustainability philosophy and robust track record.

This Green Bond Framework is based on the International Capital Market Association (ICMA) Green Bond Principles (GBP), updated in June 2025, including the latest guidance on Green Enabling Projects and expanded definitions of eligible green activities. Any future updates to the ICMA GBP or to the parallel Green Loan Principles maintained by the Loan Market Association (LMA) may be reflected in subsequent versions of this Framework. The Framework is structured around the four core components of the Green Bond Principles:

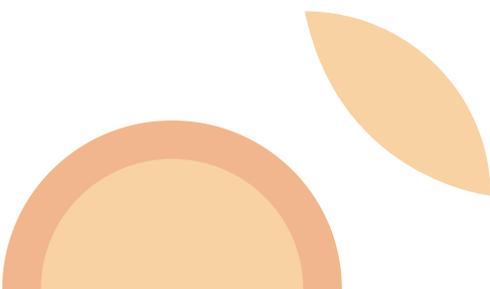
- Use of Proceeds

- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting

HBTF also follows the recommendations of the Green Bond Principles regarding External Review, including the use of Second Party Opinions and post-issuance verification where applicable.

This Framework may be revised or updated at any time to remain consistent with HBTF's sustainability strategy, evolving market practices, and regulatory developments. For clarity, any future revisions may not apply retroactively to green finance instruments issued under previous versions of this Framework.

Updated versions of the Framework will be published on HBTF's website, including the date of the update. A new Second Party Opinion will be obtained for any revised or updated Framework.

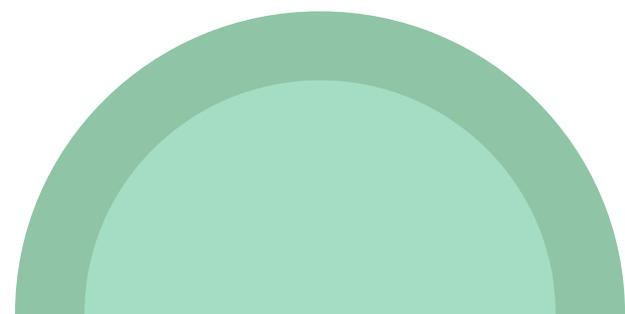




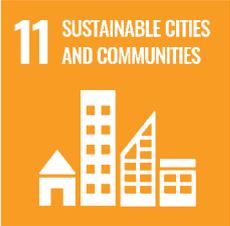
## Section 02: Use of Proceeds

Housing Bank for Trade and Finance (HBTF) will allocate an amount equivalent to or equal to the net proceeds of any Green Bond to investments in “Eligible Assets”. For the purposes of this Framework, Eligible Assets are loans or other financial instruments originated by HBTF that finance or refinance projects and activities falling within the eligible categories defined in section 2.1 (“Eligible Categories”) and meeting all associated eligibility criteria. The look-back period for refinancing instruments will not exceed 24 months prior to the issuance date of the relevant Green Bond.

To ensure alignment with relevant guidelines and principles, HBTF will follow the eligibility criteria set forth in this Framework. In case certain project(s) may be eligible under both green and blue criteria, the classification of such project(s) shall be made at the discretion of HBTF, following the process described in section 3. A key focus of the blue category is to contribute to the adaptation and resilience of the systems in which the assets operate. Below is an overview of the criteria HBTF will follow when identifying eligible assets.



## 2.1 Eligible Categories:

ICMA Green Bond Category and SDG Alignment	Type of Projects	Eligibility Criteria
<p><b>Renewable Energy</b></p> <p><b>Environmental Objective: Climate Change Mitigation</b></p> 	<p>Financing may cover the planning, development, construction, installation, operation, acquisition, transmission, maintenance, modernisation, and related expenses for projects related to renewable energy generation or integration into the grid, or energy efficiency improvements. Eligible technologies may include, but are not limited to:</p> <ul style="list-style-type: none"> <li>• Onshore and offshore wind power</li> <li>• Solar photovoltaic and solar thermal systems</li> <li>• Transmission systems development or improvement to facilitate the integration of electricity from renewable energy sources into the grid</li> </ul>	<p><b>Wind Energy:</b></p> <p>In line with national regulations, HBTF will complete an assessment on the environmental and social risks of such projects.</p> <p><b>Solar Energy:</b></p> <p>Supply chain provisions will be considered to ensure no further harm is caused to environmental or social objectives.</p>
<p><b>Energy Efficiency</b></p> <p><b>Environmental Objective: Climate Change Mitigation</b></p>  	<p>Investments in refurbishment, rehabilitation, or renovation processes leading to energy efficiency improvements.</p>	<p>HBTF team will ensure that investments in energy efficiency will contribute to at least 20% energy consumption reduction and/or reduce greenhouse gas emissions by at least 20%.</p> <p>Where renewable energy is used to improve efficiency, HBTF will ensure that the renewable energy criteria are also met.</p>



ICMA Green Bond Category and SDG Alignment	Type of Projects	Eligibility Criteria
<p><b>Clean Transportation</b></p> <p><b>Environmental Objective: Climate Change Mitigation</b></p> 	<p>Funding for vehicles powered by electricity or hydrogen, including necessary related infrastructure.</p>	<p>Fully electric, hydrogen, or otherwise zero direct (tailpipe) CO2 emissions vehicles, public and mass transportation as well as related components and infrastructure. Vehicles, including but not limited to buses, trucks, trains, personal mobility devices and cars, passenger transport, freight transport.</p> <p>Infrastructure related to vehicles with zero direct (tailpipe) CO2 emissions, including, but not limited to, EV charging stations and hydrogen fuelling stations.</p>
<p><b>Green Buildings</b></p> <p><b>Environmental Objective: Climate Change Mitigation</b></p> 	<p>Activities related to the design, building, installation, operation, purchase, financing, refinancing, mortgaging, maintenance, and upgrading of both new and existing commercial or residential properties. This includes funding for certified greenfield developments, as well as the construction, reconstruction, retrofitting, renovation, or operation of structures aimed at enhancing sustainability, boosting resource efficiency, and implementing environmentally responsible technologies.</p>	<p>Investments in the construction of new buildings and in the improvement of existing buildings will be eligible should the performance of the buildings achieve a minimum certification level of LEED (Gold), BREEAM (Excellent), EDGE (Advanced), Passive House (Plus), DGNB (Gold)</p> <p>For existing buildings, a minimum of 30% energy efficiency improvement will be achieved.</p>



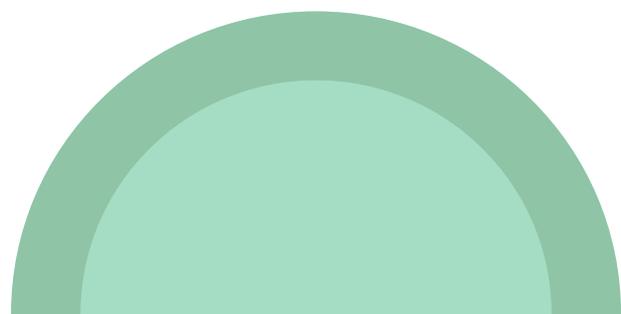
<p><b>ICMA Green Bond / IFC Blue Bond Category</b></p>	<p><b>Types of Projects</b></p>	<p><b>Eligibility Criteria</b></p>
<p><b>Sustainable Water and Wastewater Management</b></p> <p><b>Environmental Objective: Climate Change Adaptation</b></p> 	<p>Design, financing, construction, operation, and maintenance of sustainable water and wastewater management systems, such as desalination and conveyance systems. This also includes investments in the rehabilitation of existing water infrastructure for water saving.</p>	<p>All projects will be subject to a review to ensure they do not cause any harm to environmental or social objectives.</p> <p><u>Desalination plants:</u> Sustainable desalination plants that do not create carbon lock-in and are not high emitters, apply efficient and low-impact technologies, to help protect groundwater depletion and wetlands, promote reduction of abstraction from non-sustainable water sources, and avoid hypersaline pollution of the environment. The energy demand per unit of freshwater generated will also not exceed 3.7 kWh/m<sup>3</sup>.</p> <p><u>Water Conveyance and Distribution systems:</u> Development, replacement, and/or rehabilitation of water conveyance and distribution systems (for example, pipeline and network) For alignment with the IFC Blue Finance Guidelines, at least a 10 percent reduction in physical losses compared to a documented baseline will need to be documented.</p>



## 2.2. Exclusions list

Proceeds from HBTF Green Bonds will not be used, directly or indirectly, for projects or activities falling into any of the following categories:

- Fossil-based energy generation, extraction, or infrastructure (e.g. coal, oil, gas, mining or drilling activities) and associated facilities dedicated to fossil-fuel transportation.
- Upstream oil and gas, covering extraction, refining or exploration. Upstream and midstream activities in the fossil-fuel industry. Upstream activities involve exploration or the production of fossil fuels, while midstream activities include natural gas processing, storage, transportation, liquefaction, regasification, and crude oil refining. Activities that are otherwise eligible, but support these activities, such as carbon capture and utilisation for enhanced oil recovery, are also not eligible. Loans to the oil or gas industry, including any energy efficiency projects directly associated with the transportation of fossil fuels, are also not eligible. Exceptions are the use of waste gas and the reduction of fugitive emissions from existing gas infrastructure.
- Nuclear power plants.
- Greenfield construction or the lifetime extension of large-scale industrial installations involving technologies that either increase the use of thermal coal or fuel oil, or lock the installation into the use of thermal coal or fuel oil.
- Mining projects.
- The production of single-use plastic products for consumer applications with no potential for recycling or reuse. Activities that lead directly or (where feasible to assess) indirectly to deforestation or conversion of high biodiversity value lands.
- Tobacco production or processing.
- Child and forced labour.
- The manufacture, placing on the market and use of asbestos fibres, and of articles and mixtures containing these fibres added intentionally.



# Section 03: Process for Project Evaluation and Selection

The selection of Eligible Assets at HBTF is managed within the existing credit decisioning process and in compliance with the established credit authorities delegated to the Credit Department and the relevant Credit Committees. Credit Committees comprise of representative from multiple internal stakeholders as a way to ensure financed projects meet the highest standards. The Credit Department and Committees play a central role in screening and assessing assets against the Eligibility Criteria in Section 2.1 of this Framework.

The evaluation and selection of Blue projects will be conducted ensuring alignment with both ICMA Green Bond and IFC Blue Finance eligibility criteria. Blue projects will undergo due diligence in accordance with the IFC Performance Standards and/or EBRD's Environmental and Social Requirements. Only projects that demonstrate measurable environmental and social benefits, and are consistent with national water strategies and climate adaptation goals, will be deemed eligible for Blue financing under this Framework.

To strengthen transparency and independence, the project selection process incorporates input from the Treasury, Risk and Strategic functions, providing an additional layer of oversight: Treasury manages the issuance, tracks and monitors proceeds; the Risk function independently reviews eligibility and conducts ESG risk assessments; and the Strategic function leads annual reporting and ensures consistency with HBTF's ESG strategy and international standards. They will collaborate with relevant business lines to evaluate potential Eligible Assets, drawing on their expertise in climate risk integration and ESG strategy. External, certified environmental consultants may be engaged as needed to ensure compliance with applicable standards and principles.

This evaluation process is embedded in HBTF's internal procedures and systems, enabling effective monitoring of asset performance and risk exposure. Eligible Assets are drawn from HBTF's current or prospective lending portfolio, with each business team responsible for conducting financial due diligence. Sustainability considerations are integrated into risk assessments on a case-by-case basis, reflecting the asset's nature and potential environmental and social impacts.

HBTF will work closely with clients to identify, assess, and manage environmental and social risks in line with international best practices.

This Framework assesses seven risk drivers: (1) ESG approach at Bank and portfolio level, (2) Environmental (including climate risks), (3) Social, (4) Governance, (5) ESG-related reputation risk, (6) Compliance with Risk Appetite and tolerances, and (7) Strategy and assessment of green funding opportunities. Each driver is evaluated through a structured questionnaire, with responses scored accordingly.

The Risk Management Department ensures that all Eligible Assets financed through Green Bond proceeds remain compliant with HBTF's environmental and social risk standards for the life of the Bond. For refinancing, a 24-month lookback period from the disbursement date applies when considering assets or facilities for inclusion.

#### **Board of Directors**

Responsibilities include oversight of the green bond project to ensure it aligns with the Bank's overarching sustainability objectives.

#### **Risk Unit**

Responsibilities include leading asset screening against criteria, conducting ESG risk assessments in collaboration with business lines, and coordinating with external consultants as required.

#### **Project origination teams**

Responsibilities include identifying potential eligible assets in lending portfolio, conducting financial due diligence and preliminary ESG screening, and providing required documentation to ESG risk unit.

#### **Treasury Department**

Responsibilities include managing the issuance process and tracking and monitoring proceeds until fully allocated.

#### **Strategic Department**

Responsibilities include annual reporting and ensuring consistency with HBTF's ESG strategy and recognised international standards



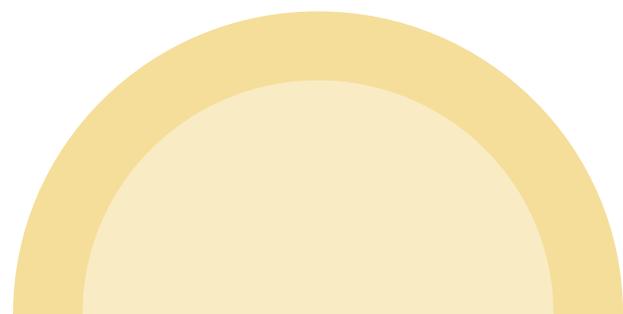
# Section 04: Management of Proceeds

HBTF is committed to ensuring that the proceeds from Green Bonds are managed in a transparent, robust, and accountable manner, consistent with international best practice and aligned with the International Capital Market Association (ICMA) Green Bond Principles.

HBTF recognises that the credibility of its sustainable financing activities relies on the sound management of proceeds and therefore has established formal policies and processes to govern this aspect of the Framework.

## Proceeds Tracking and Allocation

- An amount equal to the net proceeds of each Green Bond issuance will be credited to a designated sub-account or sub-portfolio within HBTF's internal banking systems.
- Proceeds will be earmarked exclusively for financing and/or refinancing Eligible Projects, as defined in the "Use of Proceeds" section.
- HBTF's Credit Department, in coordination with the Risk and Sustainability functions, will track and record allocations, including the total amount allocated, project categories financed, and the share of refinancing (where applicable).
- HBTF intends to allocate the full amount of proceeds within 24 months of issuance, subject to the availability of suitable projects.
- If an Eligible Project is redeemed, completed, or otherwise no longer meets the eligibility criteria, an amount equal to the funds will be reallocated to other Eligible Projects. The Bank's will maintain records documenting the reason for any such reallocation.



## Temporary Management of Unallocated Proceeds

Pending full allocation, unallocated proceeds will be managed in line with prudent liquidity practices and will not be invested in activities that conflict with IFC or ICMA eligibility principles. This includes temporary investment in:

- Central bank and due from banks.
- Short-term money market placements.
- Other HQLA Level 1 treasury instruments.
- Other treasury instruments consistent with HBTF's liquidity policies.

HBTF will exclude investments in the categories defined in Section 2.2 (Exclusion List) and other activities contrary to the spirit of this Framework from the temporary placement of unallocated proceeds.

## Oversight and Governance

Oversight of management and allocation of proceeds will rest with the Credit Department/Committee, operating under HBTF's established credit approval authorities and delegations. In line with international market practice, HBTF applies a layered governance approach to ensure clear accountability. The Credit Department/Committee will:

- Approve the list of Eligible Projects as part of the credit decisioning process, taking into account both creditworthiness and green eligibility in line with the Sustainable Lending Framework;
- Ensure allocations are aligned with the eligibility criteria of this Framework;
- Oversee tracking and reporting of allocations; and
- Review reallocation in case of project substitution.

The Risk function will remain actively involved in the assessment process, particularly for larger or more complex transactions, to ensure alignment with HBTF's risk appetite and sustainability objectives. Internal Audit will provide independent assurance through periodic reviews, verifying allocation records, and policy compliance.

Final approval of Eligible Projects and allocations remains within the established HBTF credit decisioning process, subject to HBTF's internal governance framework.



## Portfolio vs. Bond-by-Bond Approach

Proceeds will generally be managed on a portfolio basis, whereby proceeds from multiple Green Bonds are aggregated and allocated to a common pool of Eligible Projects.

- For inaugural Green Bond and for specific issuances, HBTF may alternatively adopt a bond-by-bond tracking approach.
- The chosen methodology will be clearly disclosed in HBTF's reporting.

In all cases, HBTF will ensure that the aggregate allocation to Eligible Projects equals or exceeds the total outstanding proceeds of its Green Bonds.

## Transparency and Accountability

HBTF is committed to maintaining a high level of transparency in the management of proceeds. Information will be disclosed annually in HBTF's Sustainability Report, including:

- Allocation by Eligible Project category;
- The balance of unallocated proceeds;
- Temporary investments undertaken; and
- Where feasible, examples of projects financed.

In addition, HBTF will provide impact reporting on Eligible Projects, using relevant qualitative and quantitative performance indicators (e.g., GHG emissions reduced/avoided, annual energy savings, renewable energy capacity). Where project-specific data is not available, HBTF will apply reasonable assumptions, internationally recognised methodologies, and/or market reference data to estimate impacts, ensuring consistency, transparency, and comparability of reporting.

Internal Audit review of management of proceeds applies under HBTF's standard governance framework. In addition, HBTF will make all reasonable efforts to implement the relevant impact indicators in the ICMA Handbook for Impact Reporting and related documentation.



# Section 05: Reporting and Verification

HBTF is committed to transparency and will publish an annual Sustainability Report detailing the use and impact of net proceeds until full allocation. This report will be made publicly available on HBTF's website and will follow recognised market best practices, such as the ICMA Principles.

## Allocation Reporting

Each report and update published concerning the allocation of proceeds will provide a clear and comprehensive overview of how proceeds have been deployed, including:

- Total amount of proceeds allocated to Eligible Assets.
- Number of Eligible Loans/Assets funded.
- Balance of unallocated proceeds.
- Allocation per Eligible Project Category.
- Share of financing vs. refinancing.
- Geographical distribution of financed assets.
- Balance of unallocated proceeds held in segregated cash assets and other liquid instruments.

## Impact Reporting

In addition to allocation details, HBTF will also provide an impact assessment of the projects financed, highlighting their environmental benefits. Where feasible, quantitative performance indicators may include:

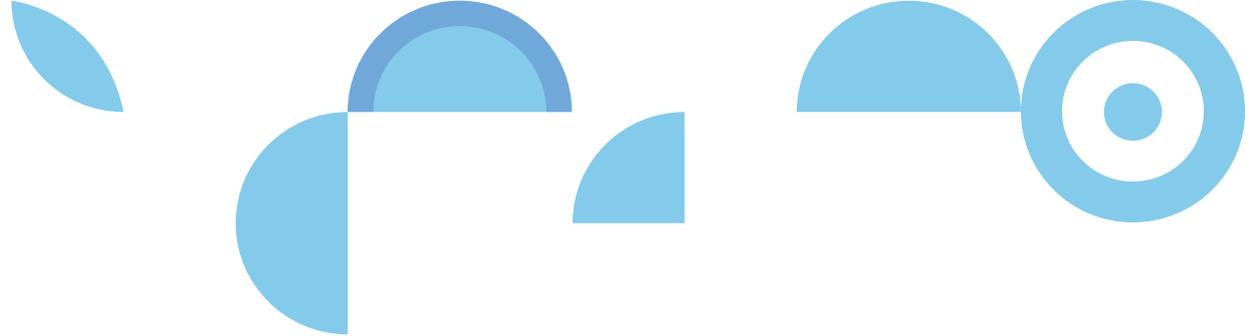
- Installed renewable energy capacity (MW)
- Annual renewable energy generation (GWh)
- Estimated annual greenhouse gas emissions avoided (tCO<sub>2</sub>e)
- Annual energy consumption (kWh)
- Annual water savings / freshwater produced (m<sup>3</sup>/year)
- Building certification level
- Estimated annual energy consumption of buildings / desalinated water (in kWh/m<sup>2</sup>)
- Brine management efficiency and marine biodiversity protection measures.

By reporting on both allocation and impact, HBTF commits to ensuring stakeholders have a transparent view of the Green Bond's contribution to environmental objectives and sustainable development.

## Section 06: External Review

To ensure credibility and alignment with recognized market standards, HBTF will engage an independent external consultant to provide a Second Party Opinion (SPO) prior to the issuance of its inaugural Green Bond under this Framework.

The SPO will be publicly accessible via the external reviewer's website and will evaluate the alignment of HBTF's Green Bond Framework with the ICMA Green Bond Principles/ IFC Blue Bond Guideline. By obtaining an independent assessment, HBTF reaffirms its commitment to transparency, investor confidence, and adherence to best practices in the labelled bond market.



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