



البنك الأردني الكويتي
JORDAN KUWAIT BANK

أكثر من بنك

More than just a bank

**Jordan
Kuwait Bank
Sustainable Finance Report
March 2025**

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About This Report

This Sustainable Finance Report provides a comprehensive account of how Jordan Kuwait Bank (JKB) has allocated and utilized the USD 50 million Green Bond proceeds in alignment with its Green Finance Framework. The report offers transparency to investors and stakeholders by detailing the allocation of funds across eligible green project categories in accordance with the Green Bond Principles (GBP) of the International Capital Market Association (ICMA) and the Jordanian Green Bond Guidelines issued by the Ministry of Environment (MoEnv).

In addition to allocation, this report presents the measured environmental impact of financed projects, showcasing key indicators such as wastewater treatment capacity (m³/day). By integrating global best practices in sustainable finance, JKB reaffirms its commitment to supporting Jordan's transition to a low-carbon, resource-efficient economy. The publication of this report reflects the bank's ongoing dedication to transparency, responsible investment, and sustainable growth, reinforcing its role as a key financial enabler of Jordan Vision 2025, the United Nations Sustainable Development Goals (SDGs) and Jordan's Economic Modernization Vision.

A Glance of Jordan Kuwait Bank

Jordan Kuwait Bank (JKB), established in 1976 and headquartered in Amman, is a leading financial institution with a strong presence in Jordan operating through 63 branches across the kingdom. JKB is committed to innovation, sustainability, and financial excellence, JKB continues to expand its regional impact while fostering trust with its stakeholders.

Sustainability at Jordan Kuwait Bank

JKB embarked on its sustainability journey in 2020, establishing a comprehensive strategy to address economic and environmental challenges while embedding sustainability across its operations. Aligned with Jordan Vision 2025 and the Green Finance Strategy by CBJ, this strategy aims to foster economic growth, ensure fiscal stability, minimize financial waste, and reduce public debt. A key pillar of JKB's approach is the integration of the United Nations Sustainable Development Goals (SDGs) to generate long-term value and positive impact.

Sustainability Vision

To be "a leader in sustainable practices in Jordan and innovative solutions that create a sustainable value for our stakeholders, preserve the environment, and enhance the quality of life for future generations."

"Leader in Sustainable Banking"

Sustainability Mission

We strive "To integrate sustainability across all aspects of our operations and decision-making by adopting responsible practices, investing in social and environmental prosperity and driving innovative solutions to meet market expectations, enhance resilience, and lead by example in empowering communities and protecting natural resources."

Responsible Investment and Green Finance Integration

JKB is committed to embedding sustainability across its investment and financing portfolios, ensuring alignment with international standards such as the UN Principles of Responsible Banking (UN PRB). The bank:



Prioritizes green investments in sectors such as renewable energy, low-carbon transport, and sustainable infrastructure and Sustainable water and wastewater management.



Integrates Environmental, Social, and Governance (ESG) factors into financing decisions.



Applies rigorous risk assessments to influence sustainable outcomes.

ESG Risk Management in Lending and Credit Decisions

JKB integrates Environmental, Social, and Governance (ESG) considerations into its lending decisions to ensure responsible financing. The Bank engages with clients to assess their eligibility under JKB's green asset portfolio, which includes sectors such as renewable energy, clean transportation, green infrastructure, and sustainable water resource management.

Each proposed project undergoes Environmental and Social Due Diligence (ESDD) as part of the Bank's Environmental and Social Management System (ESMS). The ESDD process at JKB is designed to identify and assess environmental and social risks associated with client transactions, ensuring regulatory and international standards compliance. ESG considerations are also integrated into JKB's credit risk assessments, helping identify risks linked to environmental issues, resource constraints, and social issues. Depending on the project's nature and location, the Bank may require environmental reports or rely on government permits.

JKB's Risk Assessment Process:

-  Reviewing project documentation.
-  Using questionnaires to assess environmental and social impacts in line with IFCs performance standards.
-  Ensuring compliance with regulations and international standards.

Jordan Kuwait Bank’s Sustainable Finance Framework

Key Features of JKB’s Green Finance Framework:

JKB issued its Green Finance Framework in 2023 to guide the issuance of green bonds for financing and refinancing projects with environmental benefits. The framework is aligned with the ICMA Green Bond Principles (GBP) 2021¹ and the Jordanian Green Bond Guidelines² (MoEnv, Dec 2021) to ensure transparency, disclosure, and integrity in the green bond market.

JKB’s Framework is structured around four key pillars:



Pillars of JKB’s Green Finance Framework

1. Use of Proceeds

Use of Proceeds	UN SDG Alignment
Green Buildings	11 SUSTAINABLE CITIES AND COMMUNITIES
Renewable Energy	7 AFFORDABLE AND CLEAN ENERGY, 13 CLIMATE ACTION
Energy Efficiency	7 AFFORDABLE AND CLEAN ENERGY, 13 CLIMATE ACTION, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Clean Transportation	11 SUSTAINABLE CITIES AND COMMUNITIES, 13 CLIMATE ACTION
Sustainable Water and Wastewater Management	6 CLEAN WATER AND SANITATION

1 <https://www.icmagroup.org/assets/documents/sustainable-finance/2021-updates/green-bond-principles-june-2021100621-.pdf>
 2 https://www.moenv.gov.jo/ebv4.0/root_storage/ar/eb_list_page/jordan_green_bond_guidelines.pdf

* For information on the technical criteria, please refer to JKB's Green Finance framework. <https://www.jkb.com/uploads/202304//green-finance-framework-jkb-20231-.pdf>

2. Process for Project Evaluation and Selection

JKB's Sustainability Committee (the "Committee") is responsible for overseeing all ESG-related initiatives, including evaluating and selecting eligible assets in line with the eligibility criteria in the Framework. The Committee is headed by the CEO, consisting of representatives from the Bank's Treasury, Corporate Business Development, Risk, Compliance, Operations and Sustainability Departments.

The Committee is responsible for:

- Developing and approving JKB's sustainability strategy, action plans, and KPIs.
- Monitoring progress through Sustainability Working Groups.
- Ensure that the approval of Eligible Sustainable Projects will follow the bank's existing approval processes.
- Ensure that all Eligible Green Projects have been assessed from an environmental and social risk management perspective.
- Manage any future updates to the Framework.

The selection process follows the Eligibility Criteria outlined under Use of Proceeds & Eligible Green Asset Categories while adhering to JKB's Exclusionary Criteria.



3. Management of Proceeds

JKB will manage Green Bond proceeds under a portfolio approach, known as the Eligible Green Assets Portfolio. Proceeds will be allocated based on the Eligibility Criteria and the Project Evaluation and Selection Process.

Key management principles include:



Ensuring full allocation: JKB aims to match or exceed the Green Bond proceeds with eligible green assets.



Portfolio Adjustments: The Committee will review and update the portfolio, adding or removing assets based on the Eligibility Criteria. If a project is terminated before the Green Bond matures, it will be removed from the portfolio.



Monitoring: The Committee will track the use of proceeds through internal information systems.



Allocation Timeline: Proceeds will be fully allocated within 36 months of issuance.



Unallocated Proceeds: Any remaining proceeds will be temporarily invested in cash, cash equivalents, or short-term liquid instruments in line with JKB's treasury guidelines.

4. Reporting

JKB has fully allocated the Green Bond proceeds and has met its commitment to annual reporting on their allocation and environmental impact. Moving forward, additional reporting will be provided only in the event of material changes in proceeds allocation.

Green Bond Issuance

Overview of Issuance

In 2023, JKB issued Jordan's first Green Bond, raising USD 50 million over five years to finance sustainable water projects. This landmark issuance introduced a new asset class to the Jordanian market and supports the country's transition to a green economy, aligned with the Economic Modernization Vision and National Green Growth Action Plans.

Methodology

All projects financed or refinanced received approval from the Water Authority of Jordan (WAJ), the Ministry of Environment, or the Ministry of Water and Irrigation, and underwent an independent third-party Environmental Impact Assessment (EIA).

The impact indicators are guided by ICMA's Harmonized Framework for Impact Reporting 2024 and JKB's Green Finance Framework, with assessments conducted in line with the bank's Environmental and Social Management System.

The wastewater treatment capacity (m³/day) of the projects were sourced from the EIA reports. These figures have been annualized to calculate the total impact and the pro-rated impact of the projects. Additionally, the financial impact report is calculated in proportion to JKB's financing share of the total project cost.

JKB's Awards and Recognition for Sustainability Efforts

Best Local Bank in Jordan for ESG Practices






Green Bond of the Year



JKB is committed to the highest

Sustainability Disclosures and Transparency

Alignment of the Issuance with the UN SDGs and Jordan Vision 2025

Alignment Criteria	JKB's contribution
	<p>JKB aligns with SDG 6 by financing improvements in wastewater treatment and water distribution networks, enhancing water quality and efficiency. These projects ensure reliable access to safe water and sanitation, particularly benefiting vulnerable groups such as Syrian refugees, while also helping to reduce public health risks.</p>
	<p>JKB aligns with SDG 11 by funding water infrastructure upgrades in both urban and rural areas, focusing on underserved communities. By expanding access to clean water and improving sanitation, the projects strengthen community resilience and contribute to safer, healthier living conditions.</p>
	<p>In support of Jordan Vision 2025, the Green Bond addresses the country's acute water scarcity by reducing losses in the water network, increasing treatment capacity, and improving access for vulnerable populations. These efforts promote climate-resilient infrastructure and sustainable resource management.</p>

Overview of Use of Proceeds, Allocation and Impact Reporting

In accordance with the Green Bond Principles, JKB commits to report information on the allocation of proceeds. JKB adopts the harmonized reporting framework that provides core principles and recommendations for green bond reporting and recommends core indicators for the project category "Sustainable Water and Wastewater Management". JKB will provide environmental impact reporting on a best-effort basis, using available data.

The impact indicators, evaluation methods, and key assumptions will be described in the report. The report will include impact indicators by Eligible Green Asset Categories to demonstrate the environmental benefits of both financed and refinanced projects. JKB will also disclose how Green Bond proceeds have been allocated across Eligible Green Assets. Subject to confidentiality, project examples may be shared.

The following table – based on the harmonized reporting framework – captures the use of proceeds and expected potential impacts and benefits of JKB’s Green Bond issued in March 2023, based on allocated projects as of March 2025.

Use of Green Bond Proceeds	ICMA Project Category	Project Description	Location	Allocated Amount (USD million equivalent) a/	Project Value (USD million)	Share of Total Project Financing b/	Eligibility for Green Bond ⁵	Financing / Refinancing	Project Lifetime	Total potential impact of Project		Pro-rated potential impact of Project c/	
										Annual absolute (gross) amount of wastewater treated (m3/year)	Other Indicators	Annual absolute (gross) amount of wastewater treated (m3/year)	Other Indicators
Project 1	Sustainable Water and Wastewater Management	Wastewater Treatment	Jordan	15	185	8%	100%	Refinancing	2037	133,225,000 ³	Reduced CO2 emissions of ~40,000 Ton equivalent CO2 /year	10,802,027 /d	Reduced CO2 emissions of ~3,240 Ton equivalent CO2 /year
Project 2	Sustainable Water and Wastewater Management	Wastewater Treatment	Jordan	17.5	85	21%	100%	Financing	2027	9,033,750	330 job opportunities	1,859,890	68 job opportunities
Project 3	Sustainable Water and Wastewater Management	Wastewater Treatment	Jordan	18	33	55%	100%	Financing	2026	9,125,000	253 job opportunities	4,977,273	138 job opportunities
Project 4	Sustainable Water and Wastewater Management	Enhancing the Wastewater Infrastructure system and Wastewater Treatment for 15 towns in the North of Jordan	Jordan	3.6	7.5	48% /e	100%	Financing	2025	-	75,000 inhabitants benefited through improved water infrastructure with 57 job opportunities created	-	Serves 36,000 inhabitants, with 27 job opportunities created
Total				54.1⁴	310.5								

a/ This represents the amount of green bond proceeds that has been allocated for disbursements to the project.

b/ This represents the share of projects’ financing out of total project cost.

c/ This represents the pro-rated potential impact benefit of the projects based on JKB’s financing share as of March 2025, out of the total project cost.

d/ JKB participated in funding the expansion of 100,000 m³ of daily capacity (from 267,000m³ to 367,000m³). The "potential impact" figures published reflect the total capacity of the entire plant.

e/ JKB’s contribution to the financing is 48%. The "potential impact" figures published here reflect the total population the plant will serve.

3 100% of the treated water is used for irrigation

4 USD 4.1 million was allocated from JKB’s own portfolio, towards Project 3. This approval was given by the IFC and Sustainalytics

5 Total amount of wastewater treated reported for 3 projects (Project 1, Project 2, and Project 3) to which allocation of green finance funds are applied

Assurance Statement



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Independent practitioner's assurance report

JORDAN KUWAIT BANK (JKB)

Scope

We have been engaged by JKB to perform a 'limited assurance engagement,' as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on JKB's allocation of proceeds as per the eligible categories in accordance with ICMA's Green Bond Principles (the "Criteria") corresponding to Allocation of Green Bond proceeds (USD), Annual Absolute (gross) Amount of Wastewater Treated (m³/year - pro-rated) and Number of Inhabitants Served – attached as Annex A (the "Subject Matter") contained in JKB's (the "Company's") Impact Finance Report for the year ended March 2025 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by JKB

In allocating the proceeds in Annex A, JKB applied the ICMA Green Bond Principles (Criteria).

JKB's responsibilities

JKB's management is responsible for selecting the Criteria, and for presenting the allocation in Annex A in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the *International Standard on Assurance Engagements (ISAE 3000)*, and the terms of reference for this engagement as agreed with JKB on July 13th, 2025. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.



Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements*, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the sustainability metrics in Annex A and related information, and applying analytical and other appropriate procedures.

Our procedures included:

- Engaging with the internal sustainability team and other relevant stakeholders during the assurance exercise
- Conducting testing and analysis to assess the accuracy and reliability of the reported data
- Evaluating the design and implementation of relevant internal controls
- Reviewing the scope, boundary, methodologies and assumptions utilized for consistency and correctness of approach.
- Reporting on any material misstatements or inconsistencies found in-scope

We also performed such other procedures as we considered necessary in the circumstances.



Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to allocation metrics in Annex A, in order for it to be in accordance with the Criteria.

Restricted Use

The report is intended solely for the information and use of JORDAN KUWAIT BANK (JKB) for the disclosures to be made in the Impact Finance Report for the year ended March 2025 and is not intended to be, nor should be used by anyone other than JKB.



Date: 31st July, 2025
Amman, Jordan



Annexure A: Subject Matter

Values as of 31 March 2025				
Project-wise allocation			Potential Impact figures ¹	
Projects	Project Description	Allocation of Green Bond Proceeds (USD mn)	Annual Absolute (gross) Amount of Wastewater Treated (m3/year) - Pro-rated	Number of inhabitants benefitted through improved water infrastructure
Overall		54.101²	175,535,632³	75,000
Project 1 ⁴	Wastewater Treatment	15	107,164,003	-
Project 2	Wastewater Treatment	17.5	1,859,890	-
Project 3	Wastewater Treatment	18	4,977,273	-
Project 4 ⁵	Enhancing the wastewater infrastructure system and wastewater treatment for 15 towns in the North of Jordan	3.6	-	75,000

1. All impact figures published here indicate the "potential impact" of the allocated amounts.
2. An additional amount of USD 4.1 million was allocated from JKB's own portfolio, towards Project 3. This was evaluated and approved by the IFC and Sustainalytics. Therefore, JKB's total allocation across the 4 projects was USD 54.1 mn, with USD 50mn being allocated from the green bond proceeds, and an additional allocation of USD 4.10 million.
3. Total amount of wastewater treated reported for 3 projects (Project 1, Project 2, and Project 3) to which allocation of green finance funds are applied.
4. Project 1: JKB participated in funding the expansion of 100,000 m³ of daily capacity (from 267,000m³ to 367,000m³). The "potential impact" figures published in the report reflect the total capacity of the entire plant across the year."
5. Project 4: JKB's contribution to the total financing is 48%. The "potential impact" figures published in the report are based on the total resultant wastewater drainage infrastructure created through this investment.