

# MAZOOON ELECTRICITY COMPANY SAOC SUSTAINABLE FINANCE FRAMEWORK

## DNV INDEPENDENT ASSESSMENT

### Scope and Objectives

Mazoon Electricity Company SAOC (henceforth referred to as “Mazoon”) is a closed Omani joint-stock company registered under the Commercial Companies Law of Oman. Since 2005, Mazoon Electricity has undertaken regulated distribution and supply of electricity to over 470,000 customers in the South Al Batinah, South Al Sharqiya, North Al Sharqiya, and Al Dakhilayah Governates of Oman.

Mazoon Electricity is committed to supporting Oman Vision 2040 and is embracing sustainability as part of the three pillars of its corporate agenda:

1. **Mission:** Lighting and enriching life through safe, reliable, and sustainable electricity
2. **Vision:** To be leaders in providing electricity in Oman by 2022
3. **Value:** Safety, teamwork, professionalism, integrity, and respect

In addition, Mazoon has actively participated in several sustainability initiatives, including participating in Nama Group’s ‘For Lasting Prosperity’ campaign to support disadvantaged populations affected by the COVID-19 pandemic, launching a net metering arrangement to allow individuals and companies to install solar power systems and committing to more sustainable operations.

Mazoon has developed a ‘Sustainable Finance Framework’ (the “Framework”) under which it can raise Sustainable Financing Instruments to support the acquisition, financing, or refinancing in whole or in part new, existing sustainable projects (henceforth referred to as “Eligible Sustainable Projects”).

DNV Business Assurance Services UK Limited (“DNV”) has been commissioned by Mazoon to provide a review of the Framework against International Capital Market Association (“ICMA”) for the Green Bond Principles 2021 (“GBP”), the Social Bond Principles 2021 (“SBP”) and the Sustainability Bond Guidelines 2021 (“SBG”), and the Loan Market Association (“LMA”) for Green Loan Principles 2021 (“GLP”) and Social Loan Principles 2021 (“SLP”).

Our methodology to achieve this is described under ‘Work Undertaken’ below. We were not commissioned to provide independent assurance or other audit activities. No assurance is provided regarding the financial performance of the Sustainable Financing Instruments issued via the Company’s Framework, the value of any investments, or the long-term environmental benefits of the associated transactions. Our objective has been to provide an assessment that the Framework has met the criteria established on the basis set out below.

## Responsibilities of the Management of Mazoon and DNV

The management of Mazoon has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform Mazoon's management and other interested stakeholders in the Framework, as to whether the Framework is aligned with the principles for such finance as issued by the ICMA and LMA.

DNV's assessment is supplemented with international guidelines and standards, as well as DNV's own technical expertise to assess sustainability eligibility

In our work we have relied on the information and the facts presented to us by Mazoon. DNV is not responsible for any aspect of the projects or assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by Mazoon and used as a basis for this assessment were not correct or complete.

## Basis of DNV's opinion

We have adapted our eligibility assessment methodology to create Mazoon-specific Sustainable Finance Framework Eligibility Assessment Protocol (henceforth referred to as "Protocol"). Our Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion.

As per our Protocol, the criteria against which the Framework has been reviewed are grouped under the four Principles:

- **Principle One: Use of Proceeds.** The Use of Proceeds criteria are guided by the requirement that an issuer of a Sustainable Financing Instrument must use the funds raised to finance or refinance eligible activities. The eligible activities should produce clear environmental and social benefits.
- **Principle Two: Process for Project Evaluation and Selection.** The Project Evaluation and Selection criteria are guided by the requirements that - an issuer of a Sustainable Financing Instrument should outline the process it follows when determining the eligibility of an investment using Sustainable Financing Instrument proceeds and outline any impact objectives it will consider.
- **Principle Three: Management of Proceeds.** The Management of Proceeds criteria are guided by the requirements that a Sustainable Financing Instrument should be tracked within the issuing organisation, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled should be made.
- **Principle Four: Reporting.** The Reporting criteria are guided by the recommendation that at least annual reporting to the bond investors should be made of the use of the Sustainable Financing Instruments proceeds, and that quantitative and/or qualitative performance indicators should be used, where feasible.

## Work undertaken

Our work constituted a high-level review of the available information, based on the understanding that this information was provided to us by Mazoon in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us.

The work undertaken to form our opinion included:

- Creation of a Mazoon-specific Protocol, adapted to the purpose of the Framework, as described above;
- Assessment of documentary evidence provided by Mazoon on the Framework and supplemented by high-level desktop research. These checks refer to current assessment best practices and standards methodology;
- Discussions with Mazoon's management, and review of relevant documentation and evidence related to the criteria of the Protocol; and
- Documentation of findings against each element of the criteria as detailed in Schedule 2 of this document.

Our opinion, as detailed below, is a summary of these findings.

## Findings and DNV's opinion

DNV's findings are listed below:

### 1. Principle One: Use of Proceeds.

Mazoon has confirmed that an amount equivalent to the net proceeds of the Sustainable Financing Instruments issued under the Framework, will be used to acquire, finance or refinance, in whole or in part, new or existing Eligible Sustainable Projects - activities of an environmental, social, and sustainable nature that deliver positive environmental and/or social performance. For refinanced projects, a maximum 3-year look-back period prior to the time of debt issuance is applied. Mazoon expects each issuance under this framework to be fully allocated within 2 years from the date of issuance.

Mazoon will invest in projects that deliver positive environmental and/or social performance.

The Sustainable Portfolio will comprise of the following Eligible Categories:

*Green Categories:*

- Renewable energy
- Energy efficiency
- Clean transportation
- Green buildings

*Social Categories:*

- Affordable Basic Infrastructure

Mazoon has also provided evidence of the expected environmental or social sustainability benefits for each category within the Framework. These are further defined in Schedule 1 of this opinion, which also provides the list of the eligible categories and associated performance criteria.

DNV has reviewed the evidence and can confirm that an amount equivalent to the funding raised under the Framework will be used to finance and/or refinance projects within the Portfolio and that such projects would result in clear environmental and social benefits. DNV can also confirm the Framework and its associated portfolio categories are aligned with Mazoon's broader corporate agenda and the stated UN SDG goals, which support Mazoon's intent to become a leader in climate action, increase prosperity among communities and make vital contributions to the public good.

DNV concludes that the eligible categories outlined in the Framework are consistent with those listed in the GBP, SBP, SBG, GLP and SLP, and will provide clear environmental and/or social benefits.

## 2. Principle Two: Process for Project Evaluation and Selection.

On an ongoing basis, Mazoon's Sustainable Finance Working Group (the "SFWG") will be responsible for governing and implementing the initiatives set out in the Framework. The SFWG is comprised of company management personnel, including representatives from the Finance, Regulatory, Planning and Projects divisions. Mazoon's Sustainable Finance Working Group has overall responsibility for:

- Ratifying Eligible Sustainable Projects, which are initially proposed by the constituent team members;
- Ensuring that all Eligible Sustainable Projects have been assessed from an environmental and social risk management perspective;
- Undertaking regular monitoring of the asset pool to ensure project eligibility with the criteria set out in Section 2.1, Use of Proceeds, whilst replacing any ineligible sustainable projects with new Eligible Sustainable Projects;
- Facilitating regular reporting on any sustainable issuance in alignment with Mazoon's Reporting commitments;
- Managing any future updates to the Framework;
- Ensuring that the approval of Eligible Sustainable Projects will follow the Mazoon's existing investment approval processes; and
- Meeting at least two times each year, endeavouring to be distributed evenly throughout the year.

Furthermore, the Framework is in line with its wider approach to managing sustainability (environmental and social in nature).

DNV concludes that Mazoon's Framework appropriately describes the process of project evaluation and selection and is in line with the requirements listed in the GBP, SBP, SBG, GLP and the SLP.

### 3. Principle Three: Management of Proceeds.

Mazoon has committed to tracking all investments in the Portfolio on a Sustainable Finance Register, ensuring the accuracy of information. Equivalent amounts to the net proceeds from the Sustainable Financing Instruments will be deposited in its general funding accounts and earmarked for allocation towards the Eligible Sustainable Projects using the Sustainable Finance Register. The Sustainable Finance Register will contain the following information:

- Sustainable Financing Instrument details: pricing date, maturity date, principal amount of proceeds, coupon, ISIN number, etc.
- Allocation of Proceeds:
  - The Eligible Sustainable Projects List, including for each Eligible Sustainable Project, the Eligible Sustainable Project category, project description, project location, Company's ownership percentage, total project cost, the amount allocated, settled currency, etc.
  - Amount of unallocated Proceeds

Any proceeds temporarily unallocated will be invested according to Mazoon's standard liquidity policy and will be kept track using the Sustainable Finance Register.

DNV has reviewed evidence and can confirm Mazoon has committed to appropriately managing the proceeds arising from future Sustainable Financing Instruments issuances in line with the requirements of the GBP, SBP, SBG, GLP and the SLP.

### 4. Principle Four: Reporting.

Mazoon has committed to publishing an allocation report and an impact report on its Eligible Sustainable Projects on an annual basis, detailing the allocation portions of the net proceeds and until the full allocation of the relevant sustainable financial instruments. Impact information, qualitative and quantitative performance measures and examples projects will also be provided where viable.

Mazoon may report on, for instance<sup>1</sup>:

- Capacity of renewable energy plant(s) connected (MW)
- Annual renewable energy generation from connected plants (MWh, for electricity, and GJ, for other energy)
- Estimated annual GHG emissions reduced/avoided (t CO<sub>2</sub>e)
- Level of green building certification achieved

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<sup>1</sup> Further evidence is provided on in Schedule 2.

- Length of the distributed network (km)
- Number of homes previously without electricity connected to the grid
- Selected examples of projects financed

DNV concludes that Mazoon has made appropriate plans to produce reporting on the allocation and environmental, social, or sustainable impact of future Sustainable Financing Instruments issuances in line with the requirements of the GBP, SBP, SBG, GLP and the SLP.

On the basis of the information provided by Mazoon and the work undertaken, it is DNV's opinion that the Framework meets the criteria established in the Protocol, and that it is aligned with the stated definitions of Green Bonds and Loans within the GBP 2021, GLP 2021, Social Bonds and Loans with the SBG 2021 and SLP 2021, as well as Sustainability Bonds with the SBP 2021.

**for DNV Business Assurance Services UK Limited**

London, 11 January 2022

A handwritten signature in black ink, appearing to read "Richard Strutt".

**Richard Strutt**  
Senior Consultant and Project Manager  
DNV – Business Assurance

A handwritten signature in black ink, appearing to read "Souvik Ghosh".




**Souvik Ghosh**  
Principal Consultant and Reviewer  
DNV – Business Assurance



#### **About DNV**

Driven by our purpose of safeguarding life, property and the environment, DNV GL enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight.

With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 12,000 professionals are dedicated to helping customers make the world safer, smarter and greener.

## SCHEDULE 1: DESCRIPTION OF ACTIVITIES TO BE FINANCED UNDER THE FRAMEWORK

ICMA / LCA green project category	Description of activities	SDG / Industry alignment
<b>Green categories:</b>		
<b>Renewable energy</b>	<ul style="list-style-type: none"> <li>• Electricity distribution infrastructure to connect renewable energy to the grid.</li> <li>• Renewable energy generation infrastructure, including solar PV and wind.</li> </ul>	
<b>Energy efficiency</b>	<ul style="list-style-type: none"> <li>• Investments to improve the operational energy efficiency of existing distribution infrastructure and buildings by more than 30%.</li> <li>• Provision and installation of smart meters.</li> </ul>	
<b>Clean transportation</b>	Investment in infrastructure to support the electric vehicle ecosystem, including electric vehicle charging points.	

<p><b>Green Buildings</b></p>	<p>Investment in the acquisition, construction, or refurbishment of real estate assets with a minimum LEED Gold certification or IFC EDGE certification.</p>	
<p><b>Social Categories:</b></p>		
<p><b>Affordable Basic Infrastructure</b></p>	<p>Investment in electricity distribution infrastructure targeting underserved populations, defined as those who did not previously have access to electricity.</p>	



## SCHEDULE 2: MAZOOON-SPECIFIC SUSTAINABLE FINANCE FRAMEWORK ASSESSMENT PROTOCOL

### 1. Use of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	Types of Financing Framework	<p>The financing must fall in one of the following categories, as defined by the GBP, SBP, SBG:</p> <ul style="list-style-type: none"> <li>• Use of Proceeds Bond</li> <li>• Use of Proceeds Revenue Bond</li> <li>• Project Bond</li> <li>• Securitized Bond</li> </ul> <p>Green/Social Loans are defined as any type of loan instrument made available exclusively to finance or re-finance, in whole or in part, new and/or existing eligible projects. Green Loans must align with the four components of the GLP/SLP.</p>	<p>In addition to reviewing the evidence below, we had several detailed discussions with Mazoon.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> <li>• “Mazoon Sustainable Finance Framework”</li> <li>• Mazoon’s 2020 Annual Report available <a href="#">here</a></li> <li>• Oman’s Vision 2040</li> </ul>	<p>The Framework outlines the type of Sustainable Financing Instruments expected to be issued under the Framework such as, but not limited to: Green, Social or Sustainability Bonds, Sukuk, Loans and other debt instruments (“Sustainable Financing Instruments”).</p> <p>The Sustainable Financing Instruments will fund investments in the Eligible Sustainable Projects</p> <p>For refinanced projects, a maximum 3-year look-back period prior to the time of debt issuance is applied.</p> <p>Mazoon Electricity expects each issuance under this framework to be fully allocated within 2 years from the date of issuance.</p> <p>The Eligible Sustainable Projects that define Mazoon’s Portfolio are:</p> <p><i>Green Categories:</i></p> <ul style="list-style-type: none"> <li>• Renewable Energy</li> <li>• Energy efficiency</li> <li>• Clean transportation</li> <li>• Green Buildings</li> </ul> <p><i>Social Categories:</i></p> <ul style="list-style-type: none"> <li>• Affordable Basic Infrastructure</li> </ul>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				DNV can confirm that the specific type of Sustainable Financing Instrument will need to be further assessed on an individual basis. DNV can also conclude that the instruments issued under this Framework support the achievement of the UN SDGs, with the alignment to specific SDGs as indicated in Schedule 1.
1b	Green/Social/Sustainable Project Categories	The cornerstone of a Sustainable Financing Instrument is the utilisation of the proceeds which should be appropriately described in the legal documentation for the security.	In addition to reviewing the evidence below, we had several detailed discussions with Mazoon.  Evidence reviewed: <ul style="list-style-type: none"> <li>“Mazoon Sustainable Finance Framework”</li> <li>Mazoon’s 2020 Annual Report</li> </ul>	DNV can conclude that the Framework appropriately describes the proposed utilisation of proceeds. The specific utilisation of proceeds of each issuance will need to be further assessed on an individual basis, and the relevant legal documentation will need to also be reviewed further.
1c	Green/Social/Sustainable benefits	All designated Green/Social/Sustainable Project categories should provide clear environmentally sustainable or social benefits, which, where feasible, will be quantified or assessed by the issuer.	In addition to reviewing the evidence below, we had several detailed discussions with Mazoon.  Evidence reviewed: <ul style="list-style-type: none"> <li>“Mazoon Sustainable Finance Framework”</li> <li>Mazoon’s 2020 Annual Report</li> </ul>	The Framework outlines the expected environmental, social, and sustainable benefits that will be realised by any Sustainable Financing Instruments issued under the Framework. Specific quantifiable and qualitative benefits, where relevant, of each issuance will be agreed on a case-by-case basis and subject to further assessment.  Mazoon has outlined potential KPI reporting metrics to demonstrate the impact from the different projects by category type. For instance:  <i>Green Categories:</i> <ul style="list-style-type: none"> <li><i>Renewable Energy</i> – Investment in electricity distribution infrastructure to connect renewable energy to the grid and renewable energy generation infrastructure, including solar PV and wind. Impact reported by:</li> </ul>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<ul style="list-style-type: none"> <li>○ Capacity of renewable energy plant(s) connected in MW</li> <li>○ Annual renewable energy generation from connected plants in MWh (electricity) and GJ (other energy)</li> <li>○ Estimated annual GHG emissions reduced/avoided from connected plants in tonnes of CO2 equivalent (where possible)</li> </ul> <ul style="list-style-type: none"> <li>● <i>Energy Efficiency</i> – Investments to improve the operational energy efficiency of existing distribution infrastructure and the energy efficiency of buildings by more than 30%, as well as the provision and installation of smart meters. Impact reported by:               <ul style="list-style-type: none"> <li>○ Annual energy savings in MWh (electricity) and GJ (other energy savings)</li> <li>○ Estimated annual GHG emissions reduced/avoided in tonnes of CO2 equivalent</li> <li>○ Number of smart meters installed</li> </ul> </li> </ul> <ul style="list-style-type: none"> <li>● <i>Clean Transportation</i> – Investment in infrastructure to support the electric vehicle ecosystem, such as electric vehicle charging points. Impact reported by:               <ul style="list-style-type: none"> <li>○ Number of electric vehicle charging points connected</li> </ul> </li> </ul> <ul style="list-style-type: none"> <li>● <i>Green Buildings</i> – Investment in the acquisition, construction, or refurbishment of real estate assets that have a minimum green building certification of LEED Gold or IFC EDGE Certified. Impact reported by:               <ul style="list-style-type: none"> <li>○ Level of green building certification</li> </ul> </li> </ul>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<ul style="list-style-type: none"> <li>○ Estimated savings of CO2 equivalent (in tonnes) or energy savings (in MWh)</li> </ul> <p><i>Social Categories:</i></p> <ul style="list-style-type: none"> <li>● <i>Affordable Basic Infrastructure</i> – Investment in electricity distribution infrastructure, with the target population being underserved people defined as those who have not previously had access to electricity. Impact reported by:           <ul style="list-style-type: none"> <li>○ Number of homes connected</li> <li>○ Length of the distributed network in kilometres</li> </ul> </li> </ul>

## 2. Process for Project Selection and Evaluation

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Investment-decision process	The issuer of a Sustainable Financing Instrument should outline the decision-making process it follows to determine the eligibility of projects using Sustainable Financing Instrument proceeds.	<p>In addition to reviewing the evidence below, we had several detailed discussions with Mazoon.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> <li>● “Mazoon Sustainable Finance Framework”</li> </ul>	<p>We conclude that the Framework appropriately describes the process of project selection. The specific issuances will need to be further assessed on a case-by-case basis.</p> <p>Mazoon is committed to ensuring that the proceeds of any Sustainable Financing Instrument are allocated to finance or refinance Eligible Sustainable Projects that meet the criteria and objectives set out above in section 2.1, Use of Proceeds.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<p>Mazoon’s Sustainable Finance Working Group (the “SFWG”) will be responsible for governing and implementing the initiatives set out in the Framework. The SFWG is comprised of company management personnel, including representatives from the Finance, Regulatory, Planning and Projects divisions.</p> <p>Mazoon’s Sustainable Finance Working Group has overall responsibility for:</p> <ul style="list-style-type: none"> <li>• Ratifying Eligible Sustainable Projects, which are initially proposed by the constituent team members,</li> <li>• Ensuring that all Eligible Sustainable Projects have been assessed from an environmental and social risk management perspective,</li> <li>• Undertaking regular monitoring of the asset pool to ensure project eligibility with the criteria set out in Section 2.1, Use of Proceeds, whilst replacing any ineligible sustainable projects with new Eligible Sustainable Projects,</li> <li>• Facilitating regular reporting on any sustainable issuance in alignment with Mazoon’s Reporting commitments,</li> <li>• Managing any future updates to the Framework,</li> <li>• Ensuring that the approval of Eligible Sustainable Projects will follow Mazoon’s existing investment approval processes, and</li> <li>• Meeting at least two times each year, endeavouring to be distributed evenly throughout the year.</li> </ul> <p>We can conclude that this process enables Mazoon to assess all potential eligible projects and helps to identify potential risks and opportunities early on.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2b	Issuer's governance framework	In addition to the information disclosed by an issuer on its Sustainable Financing Instrument process, criteria and assurances, investors may also take into consideration the quality of the issuer's overall framework and performance regarding environmental sustainability.	<p>In addition to reviewing the evidence below, we had several detailed discussions with Mazoon.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> <li>• "Mazoon Sustainable Finance Framework"</li> <li>• Oman Vision 2040</li> <li>• Nama Group's 'For Lasting Prosperity' Campaign</li> <li>• Mazoon's 2020 Annual Report</li> </ul>	<p>DNV can conclude that from the information provided, the Framework is in line with its wider approach to managing sustainability (environmental and social in nature). Mazoon is committed to achieving Oman Vision 2040 and has included sustainability in one of three pillars of its corporate agenda:</p> <ul style="list-style-type: none"> <li>• Mission: Lightning and enriching life through safe, reliable, and sustainable electricity</li> <li>• Vision: To be leaders in providing electricity in Oman by 2022</li> <li>• Value: Safety, teamwork, professionalism, integrity, and respect</li> </ul> <p>Mazoon has also taken part in a number of sustainability initiatives, including joining Nama Group's 'For Lasting Prosperity' campaign to aid disadvantaged populations affected by the COVID-19 pandemic, launching a net metering arrangement to allow individuals and businesses to install solar power systems, and committing to more sustainable operations.</p> <p>Furthermore, Mazoon's Sustainable Finance Working Group is responsible for the monitoring of and reporting on all project's performance – for instance:</p> <ul style="list-style-type: none"> <li>• Ratifying Eligible Sustainable Projects</li> <li>• Undertaking regular monitoring of the asset pool to ensure project eligibility with the criteria set out in Section 2.1, Use of Proceeds, whilst replacing any ineligible sustainable projects with new Eligible Sustainable Projects,</li> <li>• Facilitating regular reporting on any Sustainable issuance in alignment with Mazoon's Reporting commitments,</li> </ul>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<ul style="list-style-type: none"> <li>Ensuring that all Eligible Sustainable Projects have been assessed from an environmental and social risk management perspective.</li> </ul>

### 3. Management of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Tracking procedure	The net proceeds of a Sustainable Financing Instrument should be credited to a sub-account, moved to a sub-portfolio or otherwise tracked by the issuer in an appropriate manner and attested to by a formal internal process that will be linked to the issuer's lending and investment operations for Green/Social/Sustainable Projects.	<p>In addition to reviewing the evidence below, we had several detailed discussions with Mazoon.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> <li>"Mazoon Sustainable Finance Framework"</li> </ul>	<p>DNV concludes that the Framework commits Mazoon to tracking the "Use of Proceeds" - and "Unallocated proceeds" - for all Eligible Sustainable Projects in an appropriate manner.</p> <p>Proceeds of each Sustainable Financing Instrument will be deposited in its general funding accounts and earmarked for allocation towards the Eligible Sustainable Projects using the Sustainable Finance Register. The Sustainable Finance Register will contain the following information:</p> <ul style="list-style-type: none"> <li>Sustainable Financing Instrument details: pricing date, maturity date, principal amount of proceeds, coupon, ISIN number, etc.</li> <li>Allocation of Proceeds: <ul style="list-style-type: none"> <li>The Eligible Sustainable Projects List, including for each Eligible Sustainable Project, the Eligible Sustainable Project category, project description,</li> </ul> </li> </ul>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<p>project location, Company's ownership percentage, total project cost, the amount allocated, settled currency, etc.</p> <ul style="list-style-type: none"> <li>○ Amount of unallocated Proceeds</li> </ul> <p>DNV can confirm that the tracking procedure of net proceeds is attested to by a formal internal process.</p>
	Tracking procedure	So long as the Green/Social/Sustainable Bonds/Loans are outstanding, the balance of the tracked proceeds should be periodically reduced by amounts matching eligible Green/Social/Sustainable investments or loan disbursements made during that period.	<p>In addition to reviewing the evidence below, we had several detailed discussions with Mazoon.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> <li>• "Mazoon Sustainable Finance Framework"</li> </ul>	DNV concludes Mazoon has a clear process in place for tracking the balance of the eligible projects, taking into account disbursements.
3c	Temporary holdings	Pending such investments or disbursements to Eligible Projects, the issuer should make known to investors the intended types of temporary investment instruments for the balance of unallocated proceeds.	<p>In addition to reviewing the evidence below, we had several detailed discussions with Mazoon.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> <li>• "Mazoon Sustainable Finance Framework"</li> </ul>	<p>DNV can confirm that Mazoon has appropriately disclosed how it will manage any unallocated proceeds within its portfolio.</p> <p>Any proceeds temporarily unallocated will be invested according to Mazoon's standard liquidity policy. These unallocated proceeds will be kept track using the Sustainable Finance Register.</p>



#### 4. Reporting

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
4a	Periodical reporting	In addition to reporting on the use of proceeds and the temporary investment of unallocated proceeds, issuers should provide at least annually a list of projects to which Sustainable Financing Instrument proceeds, have been allocated including - when possible with regards to confidentiality and/or competitive considerations - a brief description of the projects and the amounts disbursed, as well as the expected environmentally sustainable impact.	<p>In addition to reviewing the evidence below, we had several detailed discussions with Mazoon.</p> <p>Evidence reviewed:</p> <ul style="list-style-type: none"> <li>• “Mazoon Sustainable Finance Framework”</li> <li>• Mazoon’s 2020 Annual Report</li> </ul>	<p>We confirm that Mazoon has committed to annual reporting on the allocation of the net proceeds and the impact of the Eligible Sustainable Projects financed.</p> <p>This will provide investors (and alike) with the relevant information on the selected projects, such as the quantifiable and qualitative information on the environmental and/or social benefits – in addition to any impact information of the selected projects where viable.</p> <p>Mazoon will publish two reports:</p> <p><i>Allocation Report:</i></p> <ul style="list-style-type: none"> <li>• List of Eligible Sustainable Project categories</li> <li>• The amount of proceeds allocated to each Eligible Sustainable Project category</li> <li>• When possible, descriptions of the Eligible Sustainable Projects financed, such as project locations, amount allocated, etc.</li> <li>• Selected examples of projects financed</li> <li>• Amount of unallocated proceeds</li> </ul> <p><i>Impact Report:</i></p> <ul style="list-style-type: none"> <li>• Disclosure of calculation methodologies and key assumptions.</li> <li>• Report on the environmental and/or social benefits of the Eligible Sustainable Projects with the appropriate metrics – for instance:               <ul style="list-style-type: none"> <li>○ Capacity of renewable energy plant(s) connected in MW</li> <li>○ Annual renewable energy generation from connected plants in MWh (electricity) and GJ (other energy)</li> </ul> </li> </ul>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<ul style="list-style-type: none"> <li>○ Estimated annual GHG emissions reduced/avoided from connected plants in tonnes of CO2 equivalent (where possible)</li> <li>○ Annual energy savings in MWh (electricity) and GJ (other energy savings)</li> <li>○ Estimated annual GHG emissions reduced/avoided in tonnes of CO2 equivalent</li> <li>○ Number of smart meters installed</li> <li>○ Number of electric vehicle charging points connected</li> <li>○ Level of green building certification</li> <li>○ Estimated savings of CO2 equivalent (in tonnes) or energy savings (in MWh)</li> <li>○ Number of homes connected to the electricity grid</li> <li>○ Length of the distributed network in kilometres</li> </ul> <p>Any material developments, such as modification of the framework or significant changes to the portfolio allocation, will also be reported in a timely manner and the updated Framework will be published on Mazoon's website.</p> <p>DNV can confirm Mazoon's intent to have its report on the allocation of the funds reviewed by an independent and external third party.</p>