



REPORT REVIEW

Arab Republic of Egypt Sovereign Sustainable Panda Bond Impact and Allocation Reports

17 March 2025

VERIFICATION PARAMETERS

Type(s) of reporting

- Sustainable Panda Bond Allocation and Impact Reports

Relevant standard(s)

- Verification of the alignment with the commitments set forth in Egypt's Sovereign Sustainable Financing Framework, based on the ICMA's Green and Social Bond Principles (as of June 2022), and Sustainability Bond Guidelines (as of June 2021)

Scope of verification

- Egypt's Sovereign Sustainable Panda Bond Impact and Allocation Reports (as of Jan. 2, 2025)
- The Arab Republic of Egypt Sovereign Sustainable Financing Framework (as of Nov. 8, 2022)
- Bond(s) identification:

Issue date	ISIN	Maturity	Amount raised
October 16, 2023	CND10007C366	3 years	RMB 3.5 B

Lifecycle

- Post-issuance verification

Validity

- One-time validity, based on the Sovereign Sustainable Panda Bond Impact and Allocation Reports (as of Jan. 2, 2025)

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SCOPE OF WORK

The Arab Republic of Egypt (“the Issuer” or “Egypt”) commissioned ISS-Corporate to provide a Report Review¹ on its Sovereign Sustainable Panda Bond Impact and Allocation Reports by assessing:

- The alignment of Egypt’s Sovereign Sustainable Panda Bond Impact and Allocation Reports (as of Jan. 2, 2025) with the commitments set forth in Egypt’s Sovereign Sustainable Financing Framework (as of Nov. 8, 2022).²
- The disclosure of proceeds allocation and soundness of reporting indicators — whether the impact metrics align with best market practices and are relevant to the Sustainable Panda Bond issued.

This External Review is provided to Egypt based on the Green and Social Bond Principles, and Sustainability Bond Guidelines, the allocation of the proceeds and the impact reporting indicators. This report does not include the assessment of Egypt’s Sustainable Panda Bond Impact and Allocation Reports against ICMA’s Harmonised Framework for Impact Reporting. The present External Review is strictly confidential and its distribution is restricted to Egypt’s internal teams and its Lenders.

¹ A limited or reasonable assurance is not provided on the information presented in Egypt’s Sovereign Sustainable Panda Bond Impact and Allocation Reports. A review of the use of proceeds allocation and impact reporting is solely conducted against the core principles and recommendations of ICMA’s standards (Green and Social Bond Principles, and Sustainability Bond Guidelines) where applicable, and the criteria outlined in the underlying Framework. The assessment is solely based on the information provided in the allocation and impact reporting. The Issuer is responsible for the preparation of the report, including the application of methods and internal control procedures designed to ensure that the subject matter is free from material misstatement.

² The Framework was assessed as aligned with the Green Bond Principles and Social Bond Principles as of Nov. 9, 2022.

ASSESSMENT SUMMARY

REVIEW SECTION	SUMMARY	EVALUATION
Part I. Alignment with the Issuer's commitments set forth in the Framework	Egypt's Sovereign Sustainable Panda Bond Impact Report meets the commitments set forth in its Sovereign Sustainable Financing Framework.	Aligned
Part II. Disclosure of proceeds allocation and soundness of reporting indicators	The allocation of the bond's proceeds has been disclosed, with a detailed breakdown across different eligible project categories as proposed in the Framework.³ Egypt's Sovereign Sustainable Panda Bond Impact Report has adopted an appropriate methodology to report the output and impact generated by providing comprehensive disclosure on data sourcing, calculation methodologies and granularity, reflecting best market practices.	Positive

³ The assessment is based on the information provided in the Issuer's report. The Issuer is responsible for the preparation of the report, including the application of methods and procedures designed to ensure that the subject matter is free from material misstatement.

REPORT REVIEW ASSESSMENT

PART I: ALIGNMENT WITH COMMITMENTS SET FORTH IN THE SOVEREIGN SUSTAINABLE FINANCING FRAMEWORK

The following table evaluates the Egypt Sovereign Sustainable Panda Bond Allocation and Impact Reports against the commitments set forth in Egypt's Framework, which are based on the core requirements of the Green Bond Principles (GBP), Social Bond Principles (SBP), and Sustainability Bond Guidelines (SBG) and best market practices.

GBP, SBP, SBG	OPINION	ALIGNMENT WITH COMMITMENT
Process for Project Evaluation and Selection	Egypt confirms to follow the Process for Project Evaluation and Selection described in Egypt's Sovereign Sustainable Financing Framework. The Issuer applied the Eligibility Criteria set in the Framework to determine whether projects fit within the defined categories. However, developing the Cairo/Assiut Western Desert Road and establishing a service road is not in alignment with the Clean Transportation eligibility criteria. ESG risks associated with the project categories are identified and managed appropriately, as defined in the framework.	✓
Management of Proceeds	Egypt confirms to follow the Management of Proceeds described in Egypt's Sovereign Sustainable Financing Framework. The Issuer allocated 31% of the proceeds collected, with no exceptions. The proceeds are tracked appropriately and attested in a formal internal process. Moreover, the Issuer discloses the temporary investment instruments for unallocated proceeds.	✓
Reporting	The report is in line with the initial commitments set in the Egypt's Sovereign Sustainable Financing Framework.	✓

REPORT REVIEW

Sovereign Sustainable Panda Bond Impact and Allocation Reports
Arab Republic of Egypt

*Further analysis of this section is available in Part II
of this report.*

PART II: DISCLOSURE OF PROCEEDS ALLOCATION AND SOUNDNESS OF THE OUTPUT AND IMPACT REPORTING INDICATORS

Use of proceeds allocation

Use of proceeds allocation reporting puts the impacts into perspective with the number of investments allocated to the respective use of proceeds projects.

This is the first year of allocation reporting. The use of proceeds allocation reporting occurred within the fiscal year (2024) following the year of issuance, and 31% of proceeds have been allocated.

The Issuer also transparently disclosed the amount of unallocated proceeds and the temporary investments. Proceeds that have not been allocated have been temporarily held in cash in the Treasury Single Account of the Ministry of Finance of Egypt.

Proceeds allocated to eligible projects

The allocation of proceeds is broken down at the project category and project level. The Issuer has provided details about the type of projects included in the portfolio.

The Allocation Reporting section of Egypt's Sovereign Sustainable Panda Bond Impact and Allocation Reports aligns with best market practices by providing information on:

- The list of projects financed
- The total amount of proceeds in EGP million (divided per eligibility criteria, responsible ministry, and project ID)
- Project capital
- Eligible amount
- Sustainable Panda Bond Use of Proceeds
- Financed Disbursed Amount (amount and percentage)
- New Finance Expected (amount and percentage)
- Sustainable Panda Bond from project capital
- Percentage of Eligible criteria Finance from total Sustainable Panda Bond Use of proceeds
- Disbursed from Total SPB Use of proceeds
- New Finance from Total SPB Use of proceeds

Output, outcome and impact reporting indicators

The table below presents an independent assessment of the Issuer's report and disclosure on the output and impact of projects using indicators.

ELEMENT	ASSESSMENT
Relevance	The impact indicators chosen by the Issuer for this bond are the following: Affordable Basic Infrastructure and Energy Efficiency: a) FTTH/Decent Lives Initiative ▪ Number of villages b) G2G Network ▪ Number of buildings that have established a closed government network ▪ Estimated number of beneficiaries c) Automation of the technological infrastructure of the administrative body ▪ % of the technological infrastructure of the administrative body automated Affordable Basic Infrastructure and Clean transportation: a) The Light Rail Transit (LRT) project ▪ Number of construction and operation jobs created ▪ Distance (km) of rail constructed ▪ Expected CO₂ emission reduced per annum ▪ Number of Passenger/km/hr b) The High-Speed Rail (HSR) project ▪ Number of Passengers

	- Distance (km) of rail constructed c) Charging stations for electric buses - Number of Passengers d) Developing the Desert Road - Distance (km) of road constructed - Number of vehicles per day These indicators are quantitative and material to the use of proceeds categories financed through this bond and some of them are in line with the Suggested Impact Reporting metrics for Affordable Basic Infrastructure, Energy Efficiency, and Clean Transportation Projects by the HFIR and HFIRSB.
Data sourcing and methodologies of quantitative assessment	For its impact indicators, the Issuer derived all data from the Egyptian government, as well as publicly available sources.⁴ LRT projects: - The number of beneficiaries is stated as the total number of passengers per day for year 2027. - For the number of jobs created, the data are submitted by the main contractors. - The distance of rail constructed is the total distance in km of the LTR project. - The expected CO₂ emission reduced per annum, are estimated numbers based on the better energy efficiency (per passenger-km and ton-km) of the rail sector compared to the road sector.⁵ - The number of Passengers/km/hr is estimated based on peak hour

⁴ Publicly available sources: <http://www.nat.gov.eg/Default.aspx> https://mcit.gov.eg/en/digital_Egypt

⁵ "Railway Handbook on Energy Consumption and CO₂ Emissions (2015). International Energy Agency- Website: www.iea.org

	boarding, alighting and transfer numbers in past years. G2G Network: ▪ The estimated number of beneficiaries is calculated with respect to counting each Government building, as each government entity/branch is considered a building. Automation of the technological infrastructure of the administrative body: ▪ The percentage of the technological infrastructure of the administrative body automated is calculated during the first phase from 2022 till 2026. This project is composed of Machines (Servers, Hard Disks, network equipment, etc.), and Software & Application licenses and Services & Development, where the project progress depends on the percentage of finance received. The other indicators chosen by Egypt are absolute numbers.
Baseline selection	Egypt used the fiscal year 2022/2023 as the baseline for all projects. All the project impacts are measured when the projects start being financed.⁶
Scale and granularity	The impact data is presented at the use of proceeds project level for the indicators.

⁶ The Financial Year for the Government of Egypt starts on July 1st and end on June 30th of the next calendar year.

High-level mapping of the impact indicators with the U.N. Sustainable Development Goals

Based on the project categories financed and refinanced by the bonds as disclosed in the Issuer's Sovereign Sustainable Panda Bond Impact Report, the impact indicators adopted by Egypt for its Sustainable Panda Bond can be mapped to the following SDGs, according to ISS ESG SDG Solutions (SDGA), a proprietary methodology designed to assess the impact of an Issuer's product or services on the U.N. SDGs.

IMPACT INDICATORS	SUSTAINABLE DEVELOPMENT GOALS
Affordable Basic Infrastructure and Energy Efficiency (FTTH/Decent Lives Initiative): Number of villages	
Affordable Basic Infrastructure and Energy Efficiency (G2G Network): - Number of buildings that have established a closed government network - Estimated number of beneficiaries	-
Affordable Basic Infrastructure and Energy Efficiency (Automation of the technological infrastructure of the administrative body) % of the technological infrastructure of the administrative body automated	-
Affordable Basic Infrastructure and Clean Transportation (The Light Rail Transit (LRT) project and The High-Speed Rail (HSR) project): Number of Passengers	 
Affordable Basic Infrastructure and Clean Transportation (The Light Rail Transit (LRT) project): Expected CO₂ emission reduced per annum	 

Distance (km) of rail constructed	
Affordable Basic Infrastructure and Clean Transportation (The High-Speed Rail (HSR) project): Distance (km) of rail constructed	
Affordable Basic Infrastructure and Clean Transportation (Charging stations for electric buses) Number of Passengers	
Affordable Basic Infrastructure and Clean Transportation (Developing the desert road) - Distance (km) of road constructed - Number of vehicles per day	-

OPINION

The allocation of the bond's proceeds has been disclosed, with a detailed breakdown across different eligible project categories as proposed in the Framework. The Sovereign Sustainable Panda Bond Impact Report has adopted an appropriate methodology to report the impact generated by providing comprehensive disclosure on data sourcing, calculation methodologies and granularity, reflecting best market practices. In addition, the impact indicators used align with best market practices using the HFIR's and HFIRSB's recommended metrics.

DISCLAIMER

1. Validity of the External Review ("External Review"): One-time validity, based on the Sovereign Sustainable Panda Bond Impact and Allocation Reports (as of January 2, 2025).
2. ISS Corporate Solutions, Inc. ("ISS-Corporate"), a wholly owned subsidiary of Institutional Shareholder Services Inc. ("ISS"), sells, prepares, and issues External Reviews, on the basis of ISS-Corporate's proprietary methodology. In doing so, ISS-Corporate adheres to standardized procedures designed to ensure consistent quality.
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ANNEX 1: Methodology

Review of the post-issuance reports

The ISS-Corporate Report Review provides an assessment of labeled transactions reporting against international standards using ISS-Corporate's proprietary [methodology](#).

High-level mapping to the SDGs

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method based on ICMA's Green, Social and Sustainability Bonds: A High-Level Mapping to the Sustainable Development Goals, the extent the Issuer's reporting and project categories contribute to related SDGs is identified.

ANNEX 2: Quality management processes

ISSUER'S RESPONSIBILITY

The Issuer's responsibility was to provide information and documentation on:

- Egypt's Sovereign Sustainable Panda Bond Impact and Allocation Reports
- The Arab Republic of Egypt Sovereign Sustainable Financing Framework
- Proceeds allocation
- Reporting impact indicators
- Methodologies and assumptions for data gathering and calculation
- ESG risk management

ISS-CORPORATE'S VERIFICATION PROCESS

Since 2014, ISS Group, which ISS-Corporate is part of, has built up a reputation as a highly reputed thought leader in the green and social bond market and has become one of the first CBI-approved verifiers.

This independent report review has been conducted by following ICMA's Guidelines for Green, Social, Sustainability and Sustainability-Linked Bonds External Reviews, and its methodology, considering, when relevant, the ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

The engagement with Egypt took place from Dec. 2024 to Mar. 2025.

ISS-CORPORATE'S BUSINESS PRACTICES

ISS-Corporate conducted this verification in strict compliance with the ISS Group Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About this Report Review

Companies turn to ISS-Corporate for expertise in designing and managing governance, compensation, sustainability and cyber risk programs that align with company goals, reduce risk and manage the needs of a diverse shareholder base by delivering best-in-class data, tools and advisory services.

ISS-Corporate assesses the alignment of the Issuer's report with external principles (e.g., the Green/Social Bond Principles), assesses the alignment of the Issuer's report against the commitments in the respective Framework, and analyzes the disclosure of proceeds allocation, data source and calculation methodologies of the reporting indicators against best market practices. Following these guidelines, we draw up an independent Report Review so investors are as well-informed as possible about the proceeds allocation and the impact of the sustainable finance instrument(s).

Please visit ISS-Corporate's [website](#) to learn more about our services for bond issuers.

For information on report review services, contact sposales@iss-corporate.com.

Project team

Project lead

Vittoria Favalaro

Analyst

Sustainable Finance Research

Project support

Justin Chow

Analyst

Sustainable Finance Research

Project supervision

Marie-Bénédicte

Beaudoin

Executive Director

Head of Sustainable

Finance Research