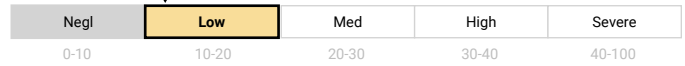


Islamic Development Bank

11.5 /100 Low

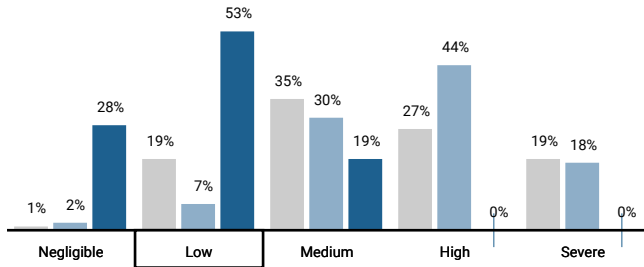
Development Banks | Saudi Arabia |



Rating Overview

The company is at low risk of experiencing material financial impacts from ESG factors, due to its low exposure and average management of material ESG issues. Notably, its overall risk is lower since it is materially exposed to less ESG issues than most companies in our universe. The company is not publicly held, which reduces its corporate governance risk compared to its peers. Although the company has a moderate level of controversies, its favourable risk assessment is primarily due to its low exposure to ESG issues.

ESG Risk Rating Distribution



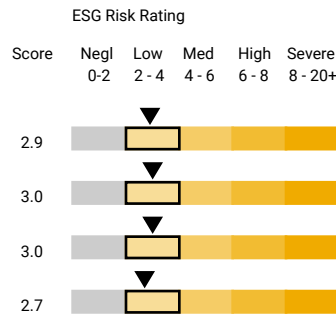
Relative Performance

	Rank (1 st = lowest risk)	Percentile (1 st = lowest risk)
Global Universe	198 out of 12700	3rd
Banks (Industry Group)	16 out of 912	3rd
Development Banks (Subindustry)	13 out of 43	29th

Attribution Analysis

Top Material Issues

- Corporate Governance
- ESG Integration - Financials
- Human Capital
- Business Ethics



▲ = Significant event

Risk Analysis

Exposure Score

21.0 /100 Low

Beta = 1.00

IsDB's approved operations spread across three core regions: MENA and Europe, Asia and Africa and Latin America. Many of the countries in these regions rank high on Transparency International's 2018 Corruption Perceptions Index, which could trigger increasing scrutiny of IsDB's approved operations, as well as investigations in case of suspected involvement in unethical practices. In addition, IsDB's success relies greatly on a geographically and culturally diverse staff with skills in both finance and technical areas. Failure to attract and retain such professionals could lead to operational inefficiencies. Moreover, through its focus on reducing poverty, promoting education and improving governance, ESG integration lies at the core of IsDB's operations. Financing controversial projects could prevent the company from reaching its strategic objectives and increase the risk of default.

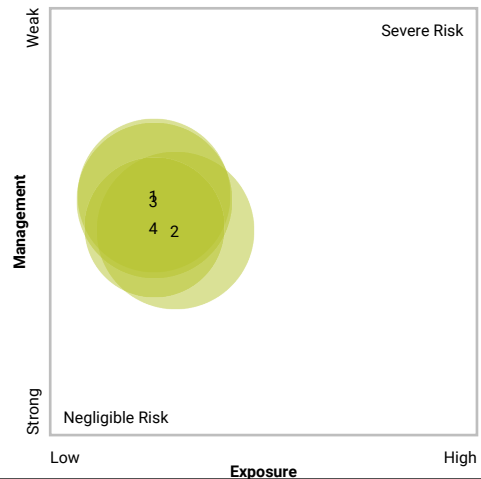
The company's overall exposure is low and is similar to subindustry average. Human Capital, ESG Integration - Financials and Business Ethics are notable material ESG issues.

Management Score

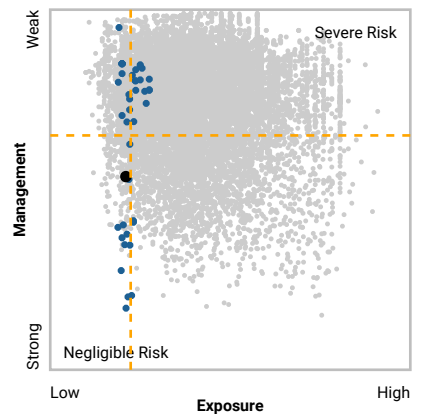
46.4 /100 Average

IsDB's overall ESG-related disclosure is not in accordance with GRI reporting standards, lagging behind best practice. The company's ESG-related issues are overseen by the board or the executive team, suggesting that these are integrated in core business strategy.

The company's overall management of material ESG issues is average.



○ Circle size = Contribution to ESG Risk Rating

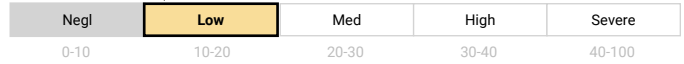


- Global Universe
- Development Banks (Subindustry)
- Islamic Development Bank
- + SubIndustryAvg.

Islamic Development Bank

11.5 /100 Low

Development Banks | Saudi Arabia |

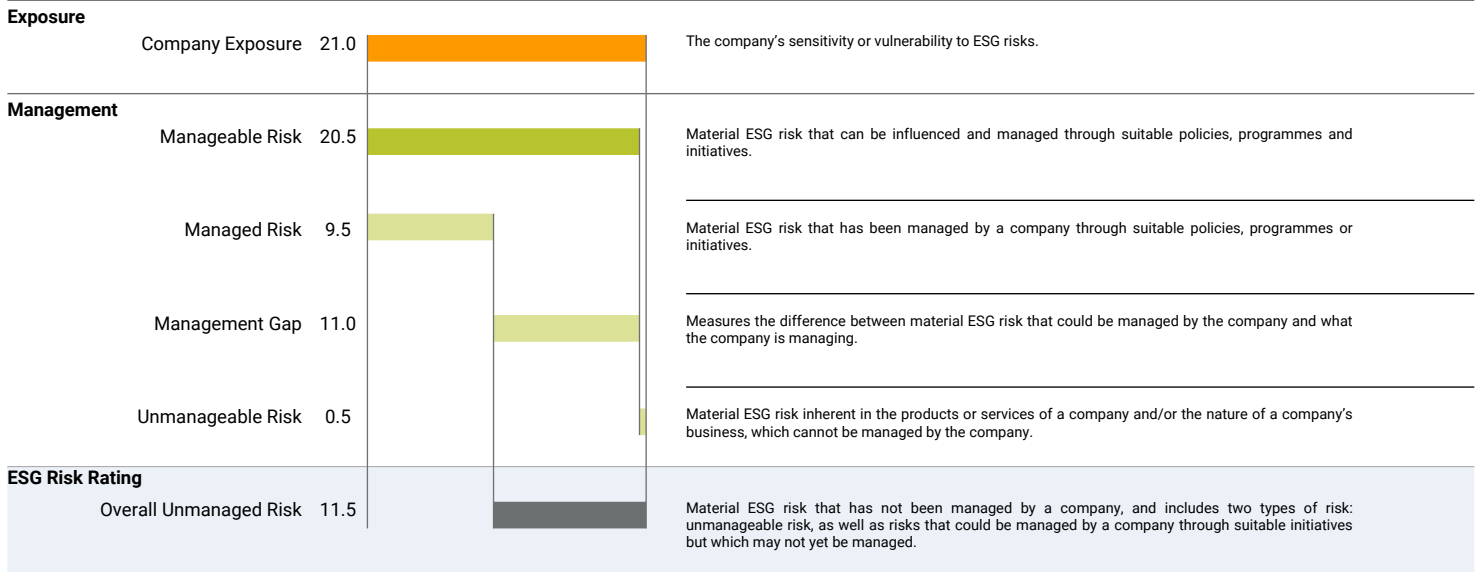


Attribution Details

Issue Name	Contribution to						ESG Risk Rating	Risk Category
	ESG Risk Rating	Subindustry Exposure	Company Exposure	Excess Exposure	Manageable Risk Factor	Management Score		
Corporate Governance	25.2%	5.0	5.0	-	100%	42.0	2.9	
ESG Integration - Financials	26.0%	6.0	6.0	-	100%	50.2	3.0	
Human Capital	25.7%	5.0	5.0	-	95%	43.1	3.0	
Business Ethics	23.1%	5.0	5.0	-	95%	49.4	2.7	
Overall	100.0%	21.0	21.0	0.0	-	46.4	11.5	Low

△ =Significant event

Risk Details



Islamic Development Bank

Development Banks | Saudi Arabia |

GLOSSARY OF TERMS

Beta (Beta, β)






A factor that assesses the degree to which a company's exposure deviates from its **subindustry's** exposure on a **material ESG issue**. It is used to derive a company-specific issue exposure score for a material ESG issue. It ranges from 0 to 10, with 0 indicating no exposure, 1 indicating the subindustry average, and 10 indicating exposure that is ten times the subindustry average.

Corporate Governance Pillar

A pillar provides a signal about a company's management of a specific Corporate Governance issue.

ESG Risk Category

Companies' **ESG Risk Rating scores** are assigned to five ESG risk categories in the **ESG Risk Rating**:

-  **Negligible risk:** enterprise value is considered to have a negligible risk of material financial impacts driven by ESG factors
-  **Low risk:** enterprise value is considered to have a low risk of material financial impacts driven by ESG factors
-  **Medium risk:** enterprise value is considered to have a medium risk of material financial impacts driven by ESG factors
-  **High risk:** enterprise value is considered to have a high risk of material financial impacts driven by ESG factors
-  **Severe risk:** enterprise value is considered to have a severe risk of material financial impacts driven by ESG factors

Note that because ESG risks materialize at an unknown time in the future and depend on a variety of unpredictable conditions, no predictions on financial or share price impacts, or on the time horizon of such impacts, are intended or implied by these risk categories.

ESG Risk Rating Score (Unmanaged Risk Score)

The company's final score in the **ESG Risk Rating**; it applies the concept of **risk decomposition** to derive the level of **unmanaged risk** for a company.

Event Category

Sustainalytics categorizes events that have resulted in negative ESG impacts into five event categories: Category 1 (low impact); Category 2 (moderate impact); Category 3 (significant impact); Category 4 (high impact); and Category 5 (severe impact).

Event Indicator

An indicator that provides a signal about a potential failure of management through involvement in controversies.

Excess Exposure

The difference between the company's **exposure** and its **subindustry** exposure.

Exposure

A company or **subindustry's** sensitivity or vulnerability to ESG risks.

Idiosyncratic Issue

An issue that was not deemed material at the **subindustry** level during the **consultation process** but becomes a **material ESG issue** for a company based on the occurrence of a Category 4 or 5 event.

Manageable Risk

Material ESG Risk that can be influenced and managed through suitable policies, programmes and initiatives.

Managed Risk

Material ESG Risk that has been managed by a company through suitable policies, programmes and initiatives.

Management

A company's handling of ESG risks.

Management Gap

Refers to the difference between what a company has managed and what a company could possibly manage. It indicates how far the company's performance is from best practice.

Management Indicator

An indicator that provides a signal about a company's management of an ESG issue through policies, programmes or quantitative performance.

Material ESG Issue

A core building block of the **ESG Risk Rating**. An ESG issue is considered to be material within the rating if it is likely to have a significant effect on the enterprise value of a typical company within a given **subindustry**.

Subindustry

Subindustries are defined as part of Sustainalytics' own classification system.

Unmanageable Risk

Material ESG Risk inherent from the intrinsic nature of the products or services of a company and/or the nature of a company's business, which cannot be managed by the company if the company continues to offer the same type of products or services and remains in the same line of business.

Unmanaged Risk

Material ESG risk that has not been managed by a company, and includes two types of risk: **unmanageable risk**, as well as risks that could be managed by a company through suitable initiatives, but which may not yet be managed (**management gap**).

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