

# REDEFINING

## A SUSTAINABLE FUTURE

Principles for Responsible Banking  
As of 21 June 2021



# Principles of Responsible Banking

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### ABOUT THIS REPORT

This report marks the first report for Ahli United Bank Group (AUB) on its implementation of the Principles of Responsible Banking (PRB). AUB signed the UN Principles of Responsible Banking, together with 235 other international banks. The signatories, representing one-third of the total assets of all banks worldwide, agreed that they will align their business strategies with the UN Sustainable Development Goals and with the Paris Climate Agreement. This report spotlights the initiatives and measures taken by AUB Group to progress towards implementing the Principles and create value for all of its stakeholders. In accordance with the UNEP-FI guidelines, the progress toward the PRB shall be integrated into our group's annual reporting/annual sustainability report.

AUB applied the Portfolio Impact Analysis Tool (Version 2), which was developed by the Positive Impact Initiative, the signatories of the Principles for Responsible Banking, and the United Nations Environment Programme Finance Initiative (UNEP-FI). In our analysis, we utilized the most recent version of the tool and followed the best practices and recommendations of the UNEP-FI workshops, the most recent of which was conducted on 21<sup>st</sup> June 2021.

In this report, "AUB", "the Group", "the Bank", "our" or "we" refer to Ahli United Bank B.S.C. (AUB Group), which is a regional bank, based in Manama, Bahrain, and listed on the Bahrain Stock Exchange, since August 2000 and on the Boursa Kuwait, as well.

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#### Editorial Policy

Driven by our leading position in the nation and the region, and as a founding signatory of the Principles for Responsible Banking, this report reflects the steps we have taken towards the implementation of the Principles of Responsible Banking, showcasing our efforts taken to enhance all aspects of our sustainability performance and governance, while taking into account both national and regional challenges and needs.

#### Forward-Looking Statements

This report contains forward-looking statements on various future estimations. While the management of AUB Group believes that the forward-looking statements included in this report are reasonable, there can be no assurance that forward-looking statements will prove to be accurate, since actual results and future events could differ materially from those anticipated in such statements.

#### Mistakes and Typographical Errors

Any errors discovered following the publication of the report will be corrected and displayed on our website. In consideration of the environment, our reports are published as a downloadable PDF file on our website.



## CHAIRMAN'S MESSAGE TO OUR STAKEHOLDERS



On behalf of the Board of Directors, it gives me great pleasure to present Ahli United Bank Group's first report on its implementation of the Principles for Responsible Banking (PRB).

► MESHAL ABDULAZIZ ALOTHMAN  
CHAIRMAN



Ahli United Bank Group has embedded sustainability in the core of its mission and business model. Since establishment, we are committed to responsible banking and have always been a pioneer in the region when it comes to socially responsible lending. In 2011, Ahli United Bank was one of the first banks in the Middle East to adopt the Equator Principles, the voluntary, yet globally recognized framework for banks to determine, assess and manage social and environmental risks in project financing. Our Group-wide Social and Environmental Management System marked the first step towards the inclusion of non-financial screening criteria in our corporate banking practices. We believe that the Principles of Responsible Banking is the roadmap that paves the way to a sustainable future.

On the following pages of this report, we aim to share with our stakeholders how our services are continuing to finance individuals and businesses through a model of value creation that is more equitable and sustainable. We support our customers and help them to achieve their financial aspirations and grow their businesses. We work with small-, medium- and large-scale projects to establish true value creation that can transform lives. AUB seeks to finance sectors and establish partnerships to help build a more inclusive economy and sustainable society.

Despite unprecedented times due to COVID-19, globally, AUB Group exerted all efforts to fulfill its commitment to maintain customer excellence, address community needs, and deliver value to all of its stakeholders and shareholders.

The past 18 months shaped our transition towards digitalization as COVID-19 accelerated the shift to digital banking. Hence, we doubled our focus on implementing a robust digital transformation strategy that utilizes data analysis to meet our changing client needs efficiently, minimizing the use of cash and minimize physical interactions. As a matter of fact, AUB was able to seamlessly provide its customers all services through the use of a hybrid approach of utilizing the Bank's digital channels, e-platforms and operating certain branches under restrictive and preventive health measures. This was to ensure the health and safety of our employees and customers during the COVID-19 crisis

In addition, we continued to empower SMEs by providing them with customized banking services and increasing the SMEs' share in our lending portfolio. Moreover, we have launched several sustainable products and services and engaged in valuable partnerships, to create value for all of our stakeholders.

With a customer-centric and innovative banking approach, the Group is committed to providing performance excellence in every aspect of our customers' journey.

At AUB, we are proud of our approach, delivering profit with purpose and sustaining our track record as a socially responsible bank. Subscribing to the UN's Principles of Responsible Banking is a natural next step for AUB, giving us the opportunity to reinforce our responsible banking practices, deliver our commitment and create a positive impact on our stakeholders, shareholders and the region in which we operate. AUB will continue with its "Redefining a Sustainable Future" by leveraging its expertise and capabilities at the service of the economy, society, and the environment.

#### **MESHAL ABDULAZIZ ALOTHMAN**

Chairman of the Board and the Executive Committee



### AUB AT A GLANCE

Ahli United Bank B.S.C. (AUB Group) is a leading regional bank based in Bahrain and operates in 8 countries.

#### About Us

Ahli United Bank B.S.C. (AUB Group) is a leading regional bank based in Bahrain and operates in 8 countries. It is an award-winning institution dedicated to creating outstanding shareholder value and providing superior customer services to a broad range of clients. The Group's business model is centered on corporate banking, retail banking, private banking, and treasury and investments, including an enhanced Sharia-compliant contribution. The Bank serves an expansive network of 675,000 retail customers, high net-worth individuals, corporate, business and institutional clients through a diversified financial group model. With a widespread network of 151 branches, and a workforce comprising of 3300 employees, AUB provides tailored and client-centric services to deliver value to its clients

#### Our Multi- Country Network

AUB was established in Bahrain in 2000, following a merger between the United Bank of Kuwait PLC ("UBK") and Al-Ahli Commercial Bank B.S.C. ("ACB") pursuant to which UBK and ACB each became wholly-owned subsidiaries of AUB. AUB wholly owns operations of AUB (Bahrain), AUB (United Kingdom), and operates a branch in Dubai (DIFC, UAE). The Bank operates under a retail banking license issued by the Central Bank of Bahrain ("CBB"). In addition, AUB has a 95.7% stake in Ahli United Bank (Egypt) S.A.E , more than 80% of Commercial Bank of Iraq (PSC), 74.9% of AUB Kuwait (K.S.OP), 40% of United Bank for Commerce & Investment S.A.L (UBCI) and 35% of Ahli Bank SAOG of Oman. We target to expand our network of branches to Saudi Arabia, the United Arab Emirates (UAE onshore), Switzerland, and Turkey.

#### CLIENTS

**675,000**

#### COUNTRIES

**08**

#### COMMITTED EMPLOYEES

**3300**

#### BRANCHES

**151**



## WHAT WE DO

Our Group creates value to the clients through offering a diversified financial services group model, which includes:



### Corporate Banking

Which satisfies the financial needs of corporate and institutional customers through offering corporate and trade finance, commercial property finance, residential and property finance, acquisition and structured finance.



### Retail Banking

Which serves individual customers through deposits and offering loans, overdrafts, credit cards, and residential mortgages.



### Private Banking and Wealth Management

Which provides wealth management services to both individuals and institutions, such as Private Banking and Asset Management, Real Estate Fund Management, investment products, funds, trusts, and credit facilities.



### Treasury and Investments

Which principally cover money market, trading & treasury services as well as management of the Group's investments & funding



### Islamic Banking

Which offers Shari'ah-compliant banking activities & treasury products.



البنك الأهلي المتحد  
ahli united bank



## OUR ESG HIGHLIGHTS



AUB was awarded the Best Digital Transformation Bank in Bahrain in 2020 by MEA Finance.



At the start of the year 2021, the Bank provided a total of USD 2,975 million of syndicated loans directed to finance various mega projects in several sectors, namely; oil & gas, tourism, manufacturing, financial, and telecommunication.



AUB launched the Tamweel Plus scheme in 2020 directed towards financing expansion plans of medium-to-large entities, in collaboration with the Tamkeen agency.



**8 COUNTRIES**  
**151 BRANCHES**

TOTAL ASSETS US\$'000S

▶ **40.0 billion**

SHAREHOLDERS' EQUITY US\$'000S

▶ **4.0 billion**

NET PROFIT US\$'000S

▶ **452.0 million**



2020 witnessed several partnerships, to create value for our stakeholders and mobilize efforts towards achieving a positive social & environmental impact. These partnerships include the Tamkeen partnership, Waste Management Partnerships, Forbes Family Trust partnership, and Principal Islamic Asset Management partnership.



Adopting the highest level of data security, AUB was the first bank to be PCI-DSS certified in Bahrain in 2009 and maintained compliance with the PCI-DSS for the eleventh year in 2020.



In 2021, AUB started engaging with various organizations, such as the NYU Stern Center for Sustainable Business, in the sustainability field, to quantify and measure the impact we create through sustainable measures, and to further monetize these measures.





### PRINCIPLE ONE ALIGNMENT

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the UN Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

#### Sustainability shapes our Purpose

Since its founding twenty years ago, AUB Group has always been committed to its role and mission as a responsible bank, to serve the best interests of our customers and shareholders, the communities we serve, and the socio-economic advancement of the countries where we operate. We, at AUB, continuously aim to maximize shareholder value through sustainable means, maintain the highest international standards of corporate governance and regulatory compliance, and optimize staff development through business-driven training and profit-related incentive. The Group is devoted to treat its customers fairly, develop a cross-cultural meritocratic management structure and ensure technological, digital, and data advancements across all functions. With sustainability engraved in our mission and business model, we are dedicated to align our business strategy and to keep it consistent with our customers' needs and society's goals as expressed in the UN Sustainable Development Goals, the Paris Climate Agreement, and relevant national and regional frameworks.

#### A Responsible Banking Approach

At AUB, we are proud of our approach of delivering profit with purpose. From its inception, AUB recognizes its role, as a financial institution, the impact we have on the welfare of our stakeholders, shareholders and the community. In 2011, AUB was one of the first banks in the Middle East to adopt the Equator Principles, the voluntary yet globally recognized framework for banks to determine, assess and manage social and environmental risks in project financing. Since then, the Bank has directed its focus towards financing projects and activities that have a minimal impact on the society and environment we operate in. Within this frame of reference, the Group has put in place performance standards within its risk framework to assess and evaluate Social and Environmental (S&E) risks associated with financing, known as the Social and Environment Management System (SEMS).

AUB has been a pioneer in the region in socially- responsible lending, guided by our SEMS policy. Our SEMS policy sets robust guidelines to identify and filter out projects that have a significant negative impact on the environment and society. Accordingly, AUB will only finance projects that will operate in compliance with national and regional laws. We will ensure that any projects funded by the Bank are reviewed and evaluated against the Social and Environmental requirements of IFC Performance Standards, and World Bank Group Environmental, Health and Safety (EHS) guidelines.

Moreover, to foster the Bank's responsible banking philosophy, Senior Management and Staff across the Group attended the Webinar on ESG and Building a Sustainable Economy to remain cognizant of building a Sustainable Economy, and the associated challenges and opportunities. This was conducted by the Bahrain Institute of Banking and Finance (BIBF).







## Sphere of Impacts

### 1. Supporting Global & National Sustainability Priorities

Ahli United Bank B.S.C contributes to the achievement of the United Nations Sustainable Development Goals & Bahrain's National Priorities.

Our Value Creation Mapping highlights how our core financing activities and business operations create value to the global and national sustainability agenda. At the forefront of our strategic performance: Our digital transformation, supporting SMEs, financing housing, real-estate and infrastructure investments, green finance, and empowering youth and women are our key concerns.

## Strategic Alignment

Sustainability is embedded in the core of our mission and business model. We aim to serve the interests of our customers, optimize the development of our staff and deliver value to our shareholders. In addition, we aim to embrace state-of-the-art technologies and escalate digital transformation, providing performance excellence in every part of the customer journey. Moreover, AUB strives to maintain the highest governance standards, develop a cross-cultural meritocratic management structure and contribute to the socio-economic advancement of the countries we operate in. As a result, our mission and objectives align with SDGs goals 8, 9, and 16 and contribute to Bahrain's future aspiration of achieving robust economic growth that benefits the people.

## Portfolio Alignment



AUB Group's total lending portfolio reached a total of \$25 billion in 2020, which includes retail, corporate and private banking lending. The Bank lending portfolio is extended to sectors that have minimal negative social & environmental impact, guided by our SEMS policy. The Group finances corporates operating mainly in the trade & manufacturing sector, and real estate & services, which receives the largest portion of AUB's corporate lending of 29%, 32% & 21%, respectively. AUB's corporate lending activities support achieving SDGs Goals 1, 8 & 10 through enhancing economic growth and creating new job opportunities and income sources for Bahraini residents, which will assist Bahrain to achieve robust economic growth and a thriving, and equitable society. Our efforts are aligned with the future aspirations of Bahrain's Vision 2030.



AUB's corporate lending activities support achieving SDGs Goals 1, 8 & 10 through enhancing economic growth and creating new job opportunities and income sources for Bahraini residents



### PRODUCT/SERVICE/OPERATIONS ALIGNMENT

Product/ Service/ Business Practice Description	Mapping with SDGs	Alignment with Bahrain Vision 2030
<b>Mazaya Program</b> A Social Housing Finance Scheme offered in cooperation with the Ministry of Housing that will allow the customer to buy the house of his choice by financing up to 120% of property value.		Mazaya program supports future aspiration 3 in Bahrain's Vision 2030 of achieving a just and thriving society, through targeting housing support and subsidies to the most in need.
<b>Real Estate &amp; Project Financing</b> AUB offers a competitive range of mortgage products and structured solutions for all types of commercial & residential properties across different sectors. This support includes services such as arranging payment of household expenses. Also, AUB provides long-term lending for large-scale infrastructure & industrial projects with tailored project Finance Solutions.	  	Real estate and project financing also contribute to achieving future aspiration 3 in Bahrain's Vision 2030 of achieving a thriving & just society by targeting housing support.
<b>Al-Tajer</b> Focusing on the banking needs of the SMEs segment, Al-Tajer is a one-stop solution, which goes far beyond conventional banking services, empowering local SMEs with the means to transform and embrace the digital world and grow their sales.	  	This creates value to future aspiration 1 of Bahrain's Vision 2030 of achieving a robust economic growth that benefits the people through enhancing productivity and skills.
<b>Tamweel Plus Scheme</b> In collaboration with Tamkeen, which is Bahrain's Government agency for developing the private sector, AUB launched the Tamweel Plus scheme. This scheme is directed towards financing expansion plans of medium-to-large entities with no cap on the size of the entity.	 	Tamweel Plus Scheme supports future aspiration 1 in Bahrain's Vision 2030 of achieving robust economic growth through enhancing productivity and diversifying the economy by focusing on existing high-potential sectors.
<b>Green Finance</b> Our Group advocates green finance through actively participating in and providing bilateral financing for the production of desalination of water, wastewater treatment, renewable energy & enhancing energy efficiency.	  	Our green finance initiatives will enable Bahrain to achieve its future aspiration of achieving a just and thriving society through ensuring that Bahraini residents enjoy a sustainable & attractive living environment and conserving the natural environment for future generations.






Product/ Service/ Business Practice Description	Mapping with SDGs	Alignment with Bahrain Vision 2030
<p><b>Digitalization</b></p> <p>In an immediate response to the coronavirus pandemic, AUB redoubled its focus on implementing its digital transformation strategy, with an emphasis on engaging customers virtually. In 2020, AUB launched several initiatives to deliver immediate empowerment for its corporate, retail, business, and institutional clients through digital products and services</p>		<p>AUB's digitalization efforts align with Bahrain's future aspiration 1 in Vision 2030 of achieving robust economic growth through diversifying the economy by capturing emerging opportunities. The Bahrain economy targets to capture emerging opportunities by transforming into a knowledge-based economy</p>
<p><b>Youth Empowerment</b></p> <p>In collaboration with CFA society Bahrain, the Bank sponsored Qodwa, CFA Society Bahrain's Mentorship Program, along with Mutamahin Program, a training program dedicated to equipping university graduates with employability skills to bridge the employability gap between employers and job seekers. Furthermore, AUB actively participated in the CBE's Youth and Savings initiative with several events across the country promoting financial literacy.</p>	  	<p>This supports both future aspirations 1 and 3, through enhancing productivity and skills and providing quality training to people.</p>
<p><b>Women Empowerment</b></p> <p>Female employees represent 36% of our workforce and are involved in Boards and senior management. Women represent 20% of executive employees and 29% of mid to senior employees. Besides, AUB contributed to Bahraini Women's Day, held by the Supreme Council of Women as a Silver Sponsor to support the role of Bahraini women and their progress in the field of Higher Education &amp; Future Scenes.</p>		<p>Women empowerment supports future aspiration 3 of achieving a just and thriving society through providing social assistance to give all Bahrain an equal start.</p>
<p><b>Localization of employees</b></p> <p>Local participation in the workforce in all markets in which AUB operates is a key strategic and mandatory objective for the Group. All AUB Group banks are compliant with mandated localization ratios in Bahrain, Kuwait, and Libya. No set ratios exist for Egypt, UK, Dubai, and Iraq to date.</p>		<p>This supports the Bahrain economy to achieve a robust economic growth that benefits all people through creating job opportunities (Future aspiration 1 in Vision 2030 of Bahrain).</p>



## Principles of Responsible Banking

### PRODUCT/SERVICE/OPERATIONS ALIGNMENT

Product/ Service/ Business Practice Description	Mapping with SDGs	Alignment with Bahrain Vision 2030
<p><b>Health care</b></p> <p>In response to coronavirus, major changes were implemented in the infrastructure in all Group-wide offices and branches to facilitate social distancing norms. Precautionary personal protective equipment and materials were provided, as well as health support and advisory notices to customers and personnel alike. Additionally, respective governmental guidelines and regulations were followed for the periodic disinfection of office and branch premises.</p>		<p>These health care initiatives align with future aspiration 3 of Bahrain's Vision 2030 through assisting Bahrain to ensure all Bahraini residents have access to quality health care.</p>
<p><b>Community Investment</b></p> <p>In the wake of the pandemic, the AUB Group made a total donations amounting to US\$ 4.7 million in the region to support humanitarian and relief efforts. To contribute to the social and economic development of our communities, we sponsored and donated to several organizations such as the Social Action Fund of Ministry of Planning, Royal Charity Organization - Feena Khair - Sh Nasser's Initiative, Sh Ebrahim Bin Mohamed Al Khalifa Center for Culture &amp; Research, Royal Charity Organization – Orphans, Bahrain Basketball Association and Royal Humanitarian Foundation.</p>	 	<p>Our sponsorships and donations will support Bahrain's future aspiration 3 of achieving a just and thriving society.</p>

#### 2. Aligning with the Conclusions of the Paris Agreement

AUB Group incorporated ESG into its risk management framework by adopting the SEMS policy, which enables AUB to align its financing activities with the conclusions of the Paris Agreement. Accordingly, AUB will not finance any project that have significant adverse environmental impact and violates the IFC & World Bank environmental performance criteria or national environmental laws and regulations.

In order to reduce its own carbon footprint, AUB Group has launched digital transformation programmes and digital projects across multiple business lines and customer engagement channels since 2019. Moreover, AUB is exerting all of its efforts to reduce the Bank's energy use, water consumption and the disposal of hazardous and non-hazardous waste to fulfill its responsibility towards the environment. Going forward, AUB is committed to support the Government of Bahrain in its social responsibility to develop renewable energy resources and contribute to the country's advancement toward efficient energy consumption in consultation with the Sustainable Energy Authority (SEA).

#### 3. Supporting Central Bank of Bahrain Direction

AUB has launched and developed a wide array of digital products and services, such as WhatsApp banking, AUB Debit Cards Tokenization service, Business to Business (B2B) Corporate portal, and Avalon, that align with the Central Bank of Bahrain (CBB) continuous initiatives towards financial digital transformation in the Kingdom.





## PRINCIPLE TWO IMPACT AND TARGET SETTING

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and the environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

### Impact Analysis Process

The banking sector contributes significantly to economic growth and development while also having a major impact on the societies in which they operate. Our most significant impact as financial intermediaries come from our financing, lending, and investing activities.

In this regard, AUB have applied the Portfolio Impact Analysis Tool (Version 2), which was developed by the Positive Impact Initiative, signatories of the Principles for Responsible Banking, and the United Nations Environment Programme Finance Initiative (UNEP FI) to assess the environmental, economic, and social impact associated with the bank's portfolio.

In our analysis, we utilized the most recent version of the tool since it includes an additional dedicated area to assist and record users' preliminary scoping work, the addition of more industrial classification codes (ANZIC, NACE, and NAICS), the new built-in Indicator Library, and other useful features. In addition, we adopted the leading practices and the recommendations provided by the UNEP FI workshops; the most recent of which was conducted on 21<sup>st</sup> June 2021.

The bank's Lending portfolio accounts for 70% of the total portfolio, while the Treasury and Investments accounts for 30%. AUB assessed the impacts of its Corporate, Treasury and Investments, and Retail banking activities which respectively account for about 48%, 43%, and 9% of the bank's gross income in 2020.

Corporate and Treasury and Investments portfolios are segmented based on the International Standard Industrial Classification (ISIC). Corporate Banking, including Business Banking portfolio, covers all the Bank's capital-intensive activities in risk asset generation, and regional and international funding. Treasury and Investments provides money market, trading, and treasury services and is also responsible for the management of the Group's funding and investment portfolio. Retail banking manages the individual customers' deposits, loans, overdrafts, credit cards, and residential mortgages.



### PRINCIPLE TWO IMPACT AND TARGET SETTING

(Continued)

The main sectors and activities financed throughout the Corporate and Treasury and Investments business lines are as follows:

#### Treasury and Investments

**32%**

Public administration and defense; compulsory social security

**23%**

Financial service activities, except insurance and pension funding

**13%**

Extraction of crude petroleum and natural gas

**09%**

Electricity, gas, steam, and air conditioning supply

**06%**

Activities auxiliary to financial service and insurance activities

#### Corporate banking

**32%**

Real estate activities

**9.3%**

Extraction of crude petroleum and natural gas

**7.8%**

Wholesale and retail trade and repair of motor vehicles and motorcycles

**07%**

Construction of buildings

**5.3%**

Manufacture of machinery and equipment n.e.c.

We took into account in our analysis AUB's consolidated operations across its headquarter in Bahrain and different subsidiaries. AUB has assessed the level of country needs of different impact areas by tracking relevant indicators for the various impact topics from the baseline resources provided in the tool. With regard to the indicators whose values were not available, we utilized additional sources and consulted with relevant stakeholders to capture sufficient amount of data to satisfy those indicators.





## Impact Identification and Analysis

We identified our significant impact areas, according to the established sectors' associations with relevant impact areas provided by the Portfolio Impact Analysis Tool (Version 2). Four Areas of Significant Impact were Identified;

The four Impact Areas selected are recognized to be of high importance, not only on global, and regional levels, but also on Bahrain's level, where AUB headquarter is located.

### 01 Climate

### 02 Waste

### 03 Resource's Efficiency/ Security

### 04 Inclusive and Healthy Economies

## 1. Climate



The rapid growth of the human population and the phenomenal industrial and technological developments of human society over the past two centuries have placed unprecedented demands on Earth's natural resources. As a result of these pressures, we have witnessed an accelerated loss of biodiversity and a dramatic alteration of ecological patterns and processes. Bahrain's CO2 emissions per capita in 2018 were 19.6 metric tonnes<sup>1</sup>, making it one of the world's largest countries in terms of per capita CO2 emissions. Accordingly, Bahrain has taken this issue into account by developing and mandating Policy Making related to climate change on a variety of levels and parameters. In terms of multilateral and international agreements, Bahrain is a signatory to numerous international treaties, including the UNFCCC, the Kyoto Protocol, the Paris Agreement, the Montreal Protocol on ozone depletion, and the 2013 Beijing Amendment to the Montreal Protocol. In terms of institutional development, Bahrain has been active in the formation of new institutions that will be responsible for guiding the formulation of policy in the areas of sustainability, the environment, energy, and climate change<sup>2</sup>.

Sectors that have impact on climate are; Real estate activities, Extraction of crude petroleum and natural gas, wholesale and retail trade, and repair of motor vehicles and motorcycles, as well as the construction of buildings.

## 2. Waste



Waste is the second significant area of impact. With respect to this issue, Bahrain has encountered major challenges, and it is worth noting that sustainability is one of the three guiding principles of Bahrain's Economic Vision 2030, which is focused on a variety of issues including waste management among other environmental topics<sup>3</sup>. And the Kingdom has adopted a national contingency plan for combating oil spills, the management of hazardous waste and healthcare waste, as well as adopting projects that address the need to recycle electronics (Recycling IT), as a part of the country's environment protection plan to control waste<sup>4</sup>.

The main sectors in our portfolio that have an impact on waste are Real estate activities, Extraction of crude petroleum and natural gas, wholesale and retail trade, and repair of motor vehicles and motorcycles, and the construction of buildings.

<sup>1</sup> World Bank data. Available at: <https://data.worldbank.org>

<sup>2</sup> Bahrain's Third National Communication Under the United Nations Framework Convention on Climate, 2020, Available at: <https://www.sce.gov.bh>

<sup>3</sup> [https://www.bahrain.bh/new/en/environment\\_en.html](https://www.bahrain.bh/new/en/environment_en.html)

<sup>4</sup> E-Government Portals. Available at: <https://www.bahrain.bh>

<sup>5</sup> IEA Atlas of Energy. Available at: <http://energyatlas.iea.org>

<sup>6</sup> E-Government Portals. Available at: <https://www.bahrain.bh>

<sup>7</sup> The World Bank, Doing Business 2020. Available at: <https://www.doingbusiness.org>

<sup>8</sup> Oxford Business Group. Available at: <https://oxfordbusinessgroup.com>

<sup>9</sup> The World Bank, Global Findex data base 2017. Available at: <https://globalfindex.worldbank.org/>



### PRINCIPLE TWO

## IMPACT AND TARGET SETTING

(Continued)

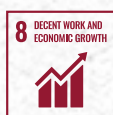
#### 3. Resources efficiency/ security



Bahrain has one of the world's highest per capita energy consumption rates (9.1 toe per capita) in 2018<sup>5</sup>, putting a pressure on the environment, both in terms of depleting resources and polluting the ecosystem. According to Bahrain's Economic Vision 2030, one of the society's aspirations is "Bahraini nationals and residents enjoy a sustainable and attractive living environment," which states that "protecting our natural environment will include implementing energy-efficiency regulations (e.g., for buildings and electrical appliances); and directing investments to technologies that reduce carbon emissions, minimize pollution, and promote the sourcing of more sustainable energy"<sup>6</sup>.

Our portfolio has an impact on resources efficiency/ security as a consequence of financing the following sectors/ activities: Real estate activities, Extraction of crude petroleum and natural gas, wholesale and retail trade, and repair of motor vehicles and motorcycles, Constructions of buildings, and Manufacture of machinery and equipment n.e.c.

#### 4. Inclusive, healthy economies



Bahrain took important steps towards driving inclusive, healthy economies by creating a business-friendly environment and ensuring healthy competition. Bahrain was one of the ten economies with the most notable improvement in Doing Business 2020 through implementing regulatory reforms, which included making obtaining construction permits easier by further streamlining the application process through the new Benayat online platform and delegating the application review process to licensed engineering firms, making property registration easier, and strengthened access to credit<sup>7</sup>. Moreover, Bahrain made it simpler to pay taxes by instituting electronic contributions of social

insurance payments. Concurrently, the measures of financial inclusion have been gradually increasing in recent years. The overall number of bank branches serving people increased by 25.7 percent from 136 in 2011 to 171 in 2017<sup>8</sup>, while the proportion of Adults having an account increased by 18 percent from 65 to 83 percent<sup>9</sup>.

AUB aims to provide people with access to affordable, effective, and safe financial services, which will contribute to the achievement of inclusive, healthy economies thereby promoting Bahrain's development.

#### AUB Group Approach to reduce and

# 25.7%

Number of bank branches serving people increased by 25.7 percent from 136 in 2011 to 171 in 2017

# 18%

The proportion of Adults having an account increased by 18 percent from 65 to 83 percent





### manage its Impact; Social and Environmental Management System (SEMS)

We recognize that there are social and environmental risks associated with our activities that can create positive and negative impacts on economies, communities, and environments in which

we operate. By implementing the Social and Environmental Management System (SEMS), AUB ensures that the social and environmental performance of the projects it finances complies with national laws and

regulations. AUB also strives to ensure that the projects it finances are designed, operated, and maintained in a manner that avoids social and environmental negative impacts.

The Bank categorizes all its financing proposals in the following categories:

Categories	Definitions	Requirements
<b>Category A</b>	Business activities with potential significant adverse environmental or social risks and/or impacts that are diverse, irreversible, or unprecedented. A potential impact is considered “sensitive” if it may be irreversible (e.g., lead to loss of a major natural habitat), affect vulnerable groups or ethnic minorities, involve involuntary displacement and resettlement, or affect significant cultural heritage sites.	A full Environmental Impact Assessment (EIA) is required.
<b>Category B</b>	Business activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures. In most cases, mitigation measures are predetermined Performance Standards, Guidelines, or design criteria. Potential adverse environmental impacts on human populations or environmentally important areas are less adverse than those of Category A projects.	Environmental assessment focusing on the anticipated impacts is required.
<b>Category C</b>	Business activities with minimal or no adverse environmental or social risks and/or impacts.	No further environmental assessment is required.
<b>Category FI</b>	Business activities involving investments in FIs or through delivery mechanisms involving financial intermediation. The instances could be as below: <ul style="list-style-type: none"> <li>• A: when an FI’s existing or proposed portfolio includes, or is expected to include, substantial financial exposure to business activities with potential significant adverse environmental or social risks or impacts that are diverse, irreversible, or unprecedented.</li> <li>• B: when an FI’s existing or proposed portfolio is comprised of or is expected to be comprised of, business activities that have potentially limited adverse environmental or social risks or impacts that are few, generally site-specific, largely reversible, and readily addressed through mitigation measures; or includes a very limited number of business activities with potential significant adverse environmental or social risks or impacts that are diverse, irreversible, or unprecedented.</li> <li>• C: when an FI’s existing or proposed portfolio includes financial exposure to business activities that predominantly have minimal or no adverse environmental or social impacts.</li> </ul>	Verification that the project sponsor is capable of and committed to conducting an environmental review of projects and managing relevant operations to ensure that financed projects meet certain environmental requirements is required.
<b>Category Exempt</b>	Loan to individuals for personal purposes in form of housing/car loans, personal /consumer loans, credit cards, etc.	

Furthermore, AUB acknowledges that green finance is critical in achieving a more favorable environmental impact. As a result, the bank provided loans for environmentally friendly investments in the energy, water, and clean technology sectors, with a total value of approximately \$100MM, and this is expected to increase in the near future.



## PRINCIPLE TWO IMPACT AND TARGET SETTING

(Continued)

### Target setting

A. AUB aims to establish a board-level sustainability committee, with the following responsibilities:







## \$100MM

Financing transactions was about \$100MM in 2020



## USD100M

Provision of USD 100 million of financing to green projects in the areas of Energy and Water

### B. AUB Aims to set targets for the most Significant Impact Areas:

#### 1) CLIMATE AND 2) WASTE

- Updating our SEMS policy and supplementing it with additional sector-specific sustainability screening criteria. In particular financing, Real estate activities, Extraction of crude petroleum and natural gas, wholesale and retail trade, and repair of motor vehicles and motorcycles, as well as the construction of buildings
- Increasing green finance; the total green financing transactions was about \$100MM in 2020.

#### 3) RESOURCE'S EFFICIENCY/ SECURITY

AUB has been dedicating its efforts to increase resource efficiency through the provision of USD 100 million of financing to green projects in the areas of Energy and Water. The Group aims to expand its green financing in the future.

#### 4) INCLUSIVE, HEALTHY ECONOMIES

AUB intends to expand its financing for SMEs, youth, and women by providing financial products and services that address the needs of small and medium-sized enterprises (SMEs), low-income customers, and women in order to make economies more dynamic, inclusive, and sustainable.







### PRINCIPLE THREE CLIENTS & CUSTOMERS

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for the current and future generations.

#### Creating Shared Value

In an endeavor to achieve our strategic objectives, we aim to maintain a strong, long-term, and responsible relationship with our customers. With customer satisfaction being a top priority for the Group, AUB utilizes and directs its efforts towards empowering the Bank's clients to help them realize their ambitions and provide them with personalized customer experience to sustain our brand loyalty. AUB's philosophy and mission is built on key pillars that focus on treating our clients equitably and becoming their preferred banking partner. Our approach is marked by being customer-centric, where the customers (individuals and businesses) are the focus of all our operations, strengthened by the acceleration of digital transformation in equilibrium with network expansion and promotion of our global presence. This allows us to create shared value for both our individual and business customers.

#### Customer Satisfaction... At Forefront

By putting the customer at the heart of the Group's strategic growth, AUB geared its activities with a focus on quality to offer our clients and customers a distinguished and excellent experience, along with developing products and services that satisfy our customers' needs and ambitions.

Overall client acquisition and retention is our key goal through maintaining and providing high customer service

standards, thereby contributing to the Bank's goal of achieving sustainable profit growth. Hence, the Group established a Quality Assurance Policy (QAP), which is reviewed, updated, and approved by the Board of Directors on an annual basis, which seeks to attain excellence in customer protection, in line with regional benchmarks and applicable regulatory frameworks. The policy sets standards for ensuring customer protection by maintaining the quality of its customer service and measuring the delivery of service against these standards. Moreover, we have a Group New Product Committee (GNPC) which sets the guidelines for reviewing and approving new products, processes, and services for retail banking, treasury, commercial banking, private banking, wealth management, and other areas within the Group, in order to meet the dynamic market needs and maintain our market position. In addition, the GNPC assesses reputational, operational, credit, liquidity and market risk, IT, legal, AML, compliance, control, staffing, and capital/profit allocation issues related to approving new products.

#### Responsible Communication

As a Group, we work diligently to ensure responsible customer relationships in line with our Code of Ethics. AUB Group developed the Banking Integrity policy, which the guidelines on whistleblowing, that is specifically designed to facilitate concerns raised regarding misconduct. In addition, the Bank has in place a Corporate Communications Internal Policy that establishes the guidelines for the Corporate Communications Department on the communication protocols with our stakeholders. The policy ensures communication is conducted in an ethical, clear, and transparent manner with our internal and external stakeholders, including our customers. In addition, the Group has a dedicated communication channels whereby customers can securely raise and report their concerns to an advisor at the Bank. Moreover, the Bank continuously provides extensive advice and reminders on its website about keeping account details safe and not disclosing banking information with any third party. To promote responsible communication, AUB Kuwait raises its employees' awareness on the fair treatment of its customers through its Code of Ethics and Conduct and provides periodic training to the employees who communicate with and work directly with customers.





## ISO 27001

Certified for more than 10 years, AUB adhered to the highest international security practices in maintaining its customer data confidentiality and system security across all of its banking services.

### Effective Complaint Management

Ahli United Bank's ("AUB") policy is to ensure that all complaints are treated fairly, promptly, and sympathetically. Effective complaints management is fundamental to providing high quality customer service and to establishing a mechanism for obtaining continuous feedback from customers and resolving their disputes. All complaints are registered and monitored to ensure that the customer is kept informed on a regular basis and that a final response is sent promptly. Hence, the Bank's policy mandates that all customer complaints are:

- Recorded in the Complaint Management System ("CMS")
- Resolved to the customers' satisfaction and according to specified timelines
- Managed in compliance with the Central Bank of Bahrain ("CBB") Code of Best Practice (CBB Code) and Customer Complaints Procedure under chapter BC-9 of Business Conduct Module of CBB Rulebook Volume

Complaints are also treated as an opportunity for the Bank to improve the services provided to customers. Any complaints with a risk of fraud, financial loss, or loss of reputation are escalated at inception to the responsible DGCEO, Group Head Audit, Group CEO & MD.

### Customer Privacy & Data Security

To gain the trust and confidence of our customers, AUB ensures protecting customer privacy and securing personal information with the highest care and diligence, across all the Group's entities. The Bank has implemented various security and privacy measures to safeguard its customers and facilitate transactions across different platforms: online, mobile, and ATMs. In addition, the Bank's staff has been provided with privacy awareness training. Periodic audits are conducted on information security during the year, while an external independent audit is performed annually.

AUB was the first bank to be PCI-DSS certified in Bahrain in 2009 and has maintained its compliance with the PCI-DSS for the eleventh year in 2020, demonstrating its commitment to the security of card payments in the communities to which the Bank belongs. Being ISO 27001 certified for more than 10 years, AUB adhered to the highest international security practices in maintaining its customer data confidentiality and system security across all of its banking services.

### Compliance with Regulations

AUB Group is committed to complying with all applicable laws for preventing anti-money laundering and criminal & terrorist financing activities. The Bank has an AML Unit within its compliance function dedicated to implementing appropriate systems, processes, and controls to combat Anti-money laundering and terrorist financing activities. The Group is also committed to ensure preventive controls against anti-bribery and corruption practices are in place and appropriate and prompt disclosure guidelines are adhered to.

### Encouraging Sustainable Practices

AUB Group strives to integrate sustainability into our core business operations and to support our clients' transition towards sustainability. We believe that our commitment to responsible banking and sustainable finance will be the key driver towards embedding sustainability into our day-to-day operations and encouraging our clients to adopt sustainable practices. AUB has been a pioneer in the region when it comes to socially-responsible lending and has been encouraging sustainable practices from its clients and customers through various and complementary means.



### PRINCIPLE THREE CLIENTS & CUSTOMERS

(Continued)

#### Responsible Finance

Guided by our Group-wide SEMS policy, AUB screens all project financing proposals to ensure that finance will be directed towards projects that have a minimal negative impact on both the society and environment. Accordingly, the Group will finance projects that are designed, built, operated, and maintained in a manner consistent with the applicable national laws and environmental standards, and will make best efforts to ensure that all projects are operated in compliance with the applicable national laws, IFC Performance Standards, and World Bank (EHS) Guidelines. The Bank also ensures to communicate our guidelines to our corporate customers in contributing to a sustainable and environmentally friendly economy.

#### Sustainable Products & Services

##### Green Finance

Our Group supports green finance through actively participating in and providing bilateral financing with a total of \$ 100 MM. The Group focuses on financing several projects for the desalination of water and wastewater treatment.

In addition, AUB Kuwait supports the Kuwait National Focal Point for Environmental Projects by providing all services on liquidity matters of the company by offering corporate current accounts, Wakala based investment and deposit accounts, other superior cash management products & services, online platform (B2B), and foreign exchange services.

#### Mazaya Scheme

To support Bahrain's Vision 2030 of targeting housing support to people in need in its efforts to create an equitable and thriving society, AUB collaborated with the Ministry of Housing and launched the Mazaya program. Mazaya program is a Social Housing Finance Scheme that is offered to allow the customer to buy the house of his choice by financing up to 120% of property value. The scheme will guarantee Bahraini Citizens a decent living standard and will contribute to the achievement of UN Sustainable Development Goal 11 of achieving sustainable cities and communities.

#### Real Estate & Project Financing

AUB Group offers a competitive range of mortgage products and structured solutions for all types of commercial & residential properties across different sectors. This support includes services such as arranging payment of household expenses. Also, AUB provides long-term lending for large-scale infrastructure & industrial projects, with tailored project finance solutions. Thus, AUB Group contributes to economic and social development, through deepening industrialization, creating job opportunities and supporting real-estate sectors. This will enable Bahrain to achieve its goal of achieving a robust economic growth that benefits all people (Future aspiration 1 of Bahrain's Vision 2030). In addition, real estate and project financing will support the achievement of SDGs Goals 8, 9 & 11.

Moreover, AUBUK offers lending facilities covering residential mortgages and commercial property loans, with the aim to support the real-estate sector.

.....  
**\$100MM**

Our Group supports green finance through actively participating in and providing bilateral financing with a total of \$ 100 MM.



# 2030 BD 40 million

Tamkeen and Ahli United Bank have agreed to commit BD 40 million to provide subsidized financing to eligible medium and large-sized enterprises in Bahrain

## Financing Mega Projects

Recently, AUB started to support and finance several mega projects, contributing to national development. The Bank provided syndicated loans, amounting to USD 2,975 million, directed to various mega projects in several sectors, with a focus on projects in energy, tourism, manufacturing, financial, and telecommunication sectors.

## Takaful services

AUB offers family Takaful Insurance that includes a range of Savings & Protection plans that would help the clients protect their family's financial future. This guarantees Bahraini's future generations a better quality of life and a sustainable living standard. Also, AUB offers Corporate Takaful Insurance Solutions that assist corporates to hedge against any expected risks and sustain their business.

## Empowering SMEs

Supporting SMEs, especially those established in vulnerable areas and or led by members of a vulnerable demographic, is thus a matter of critical priority for all actors in the region. At Ahli United Bank, we understand how diverse SMEs can be and hence, their diverse needs. From Fintech startups to established family businesses, SMEs can vary broadly and so will their interests, needs, and requirements. The path SMEs partake during their life cycle is no longer linear. For this purpose, AUB launched various products and services, specifically focusing on the banking needs of the Small and Medium Enterprises (SME) segment, which included products such as Al-Tajer, and Point of Sale (POS) Merchant Financing.

## Al-Tajer

Al-Tajer is a one-stop solution for all banking and payment needs for SMEs, helping them build sustainable and competitive businesses. Al-Tajer goes far beyond conventional banking services, empowering local SMEs with the means to transform and embrace the digital world and grow their sales. Al-Tajer community helps you connect with the right partner to accomplish your goals. It is a gateway that enables SMEs to give back to the community by helping other SMEs to grow.

## Other support to SMEs

We continuously aim to empower SMEs to sustain and grow their business, which will contribute to national and regional priorities. In this regard, the total volume of AUB Group's lending to SMEs increased by 27% in 2020, relative to 2019. In addition, the number of our SME clients grew significantly. AUB Kuwait also focused on supporting SMEs through a dedicated SME unit, that provides support to medium-sized local enterprises and individuals through financing their business requirements. Moreover, AUB Kuwait sponsored and participated in the Falcon's Nest Competition to support startup projects.

## Tamweel Plus Scheme

In collaboration with Tamkeen, which is Bahrain's Government agency for developing the private sector, AUB launched the Tamweel Plus scheme. This scheme is directed towards financing expansion plans of medium-to-large entities with no cap on the size of the entity. Under the Tamweel Plus Initiative, Tamkeen and Ahli United Bank have agreed to commit BD 40 million to provide subsidized financing to eligible medium and large-sized enterprises in Bahrain. The scheme is Shari'ah-compliant and allows offering of Islamic financing products within a range of BD 1 million to a maximum of BD 2.5 million, whereby Tamkeen will subsidize 70% of the annual profit rate, capped at 8%, with a repayment period. This Scheme supports future aspiration 1 of Bahrain's Vision 2030 of achieving robust economic growth through enhancing productivity and diversifying the economy by focusing on existing high-potential sectors. The scheme also contributes to SDGs 8 & 9, by supporting enterprises to expand their business, which will promote economic growth, deepen industry and generate job opportunities.

# 27%

AUB Group's lending to SMEs increased by 27% in 2020, relative to 2019



### PRINCIPLE THREE CLIENTS & CUSTOMERS

(Continued)

#### Escalating Digital Transformation

Digital Transformation is considered a cornerstone to achieving our strategic objective of redefining the future of the banking sector through embracing state-of-the-art technology, providing performance excellence in every part of the customer journey. Covid'19 has accelerated the shift towards digitalization in the banking sector, highlighting the crucial role of digital customer engagement. Investments in network infrastructure, data-analysis platforms and AI applications, secure and easy-to-use digital payment systems, and supporting a strong, decentralized, and diverse network of technology startups are all needed to capture the gains of the digital economy. In an immediate response to the coronavirus pandemic, the Group directed its focus on implementing its digital transformation strategy, with an emphasis on engaging customers virtually. The Bank continued its Group-wide Transformation initiative for delivering customer-centric driven process automation solutions. Products and services are made available through digital channels to improve customer experience, increase revenues and reduce costs.

#### Group Information Technology and Digital Transformation Steering Committee

AUB Group has a well-established Group Information Technology and Digital Transformation steering committee (GITDTSC), which is composed of ten members and is chaired by the GCEO & MD. The committee is responsible to oversee all the Information Technology and Digital Transformation functions of the AUB Group. Its responsibility encompasses: strategy formulation, prioritized implementation, and delivery of Information Technology (IT) and Digital Transformation (DT) projects within an acceptable, secure and standardized framework to rapidly satisfy the dynamic change in conventional and Islamic banking business needs of the businesses.

#### Our Digital Offerings

The year 2020 was a critical year for our transition towards digitalization. AUB launched several digital products and services aimed at creating greater value and delivering immediate empowerment to its corporate, retail, business, and private customers.

#### Retail Digital Banking

Retail Banking took several initiatives to enable its customers to fulfill their financial needs safely and digitally. To help customers withdraw cash or shop safely, the entire Card base was converted to contactless, as well as enhanced contactless transaction limits at merchant outlets and ATM withdrawals. To facilitate payments, AUB enabled Point of Sale terminals and all AUB ATMs were upgraded to accept contactless cards.

Moreover, WhatsApp Banking was developed to enable customers to interact with the Bank through WhatsApp and view account information. WhatsApp Banking focused on addressing simple banking requirements and answering clients' inquiries at any time. Moreover, launched the Debit Cards Tokenization service which supports clients using the Tap & Go contactless payment technology, implemented by BenefitPay – Bahrain's National Wallet. In Egypt, the ATM network functionality was significantly enhanced with the addition of Mobile Wallet acceptance, Mezza Cards Cash deposit, and Cash Deposit units. Customers in Egypt were introduced to the innovative WhatsApp Banking and Mobile Banking. Furthermore, AUB launched Bahrain's first digital onboarding platform to allow customers to open accounts, without visiting the branch, using only their Bahraini Smart Cards (CPR). To further enhance the Branch experience, AUB launched e-KYC in Bahrain and Kuwait to further streamline the account opening process.







# COVID-19

The pandemic posed challenges, that we as Ahli United Bank Group have endeavored to overcome.

## Corporate Digital Banking

On the corporate banking side, the new enhancements released through upgrading the Bank's digital offering, providing new and innovative cash management solutions with API integrations were unique in comparison to local and international Banks' offerings. We were the first and only bank in Bahrain to offer loan and audit confirmation requests at its enhanced level on the Corporate Banking channel. Moreover, transaction banking is at the forefront of our corporate business growth strategy, which continued to make significant progress in its digital transformation journey, introducing new products and solutions across various areas including cash management, trade finance, and client delivery channels, to adapt quickly to the new circumstances. During the year, the Bank launched its Business 2 Business (B2B) Corporate portal, Avalon, an integration platform that seeks to meet the diverse banking requirements of Corporate Banking clients through seamless integration with any ERP solution or financial accounting systems clients may be using. The B2B platform is used for online transactions and cash management, in addition to several other product offerings.

In light of the COVID-19 pandemic, AUB Kuwait developed digital banking products and services, including Internet and Mobile Banking, Automated ATMs, E-Payment Gateway, Call Centers, and Interactive Voice Response (IVR). In addition, AUB

Kuwait undertook initiatives to improve current manual processes, by using automation and direct processing tools and introducing automated banking processes solutions (Robotics) in certain operational functions to achieve greater operational efficiency and minimize human errors.

## Covid-19 Response

The year 2020 was dominated by the emergence of the Covid-19 pandemic. This once-in-a-generation event impacted every business around the globe, including the financial industry. The pandemic posed challenges, that we as AUB Group have endeavored to overcome. In this regard, we took several initiatives to ensure that our clients' accounts are secure and that our services are available and accessible.

AUB Group took proactive steps to safeguard the health and safety of its customers, as long as the COVID-19 pandemic persists. Firstly, respective governmental guidelines and regulations were followed for the periodic disinfection of office and branch premises. Also, major changes were implemented in the infrastructure in all Group-wide offices and branches to facilitate social distancing norms. At all AUB subsidiaries and branches, precautionary personal protective equipment and materials were provided, as well as health support

and advisory notices to customers and personnel alike. In addition, multiple measures were introduced, including thermal temperature scanning of all staff and visitors, weekly sanitization and disinfection misting, and easy access to hand sanitizers.

During 2020, AUB Group invested significantly in its operational and technical capabilities in providing ease of access to its clients to conduct their business needs securely on a remote basis. The staff was trained to react from remote locations to serve in a safe and controlled manner as a response to the Covid-19 conditions. Moreover, well-established business continuity measures were enhanced with robust technology platforms and improved digital capabilities to meet the challenges of COVID-19 lockdowns. Furthermore, continued support for clients' liquidity and working capital needs provided a financial bridge beyond the crisis, complementing the relief measures announced by Central Banks and the Bank's own COVID-19 financial relief and business support initiatives.

## 2020



Ahli United Bank Group invested significantly in its operational and technical capabilities in providing ease of access to its clients to conduct their business needs securely on a remote basis.





### PRINCIPLE FOUR STAKEHOLDERS

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

#### Stakeholder Engagement

At AUB, we actively engage and partner with different stakeholders, aiming to mobilize efforts towards achieving a positive social & environmental impact.

The Group's stakeholders include the regulators, investors, customers, employees, suppliers, and service providers. At AUB, we aim to develop a cross-cultural meritocratic management structure. To facilitate dialogue with the employees, the Board adopts the Banking Integrity Policy, which includes detailed guidelines and procedures on whistleblowing, that enable employees to voice out and raise their concerns against any malpractices or irregularities in legal

or financial matters. We also have an open policy on communication with our stakeholders, which encompasses:

- The disclosure of all relevant information to stakeholders on a timely basis in a timely manner.
- The provision of the last five years of financial data on the Bank's website.

AUB Group shall always endeavor to strengthen its corporate reputation by maintaining a high degree of transparency and consistency in communication with stakeholders. The Bank strictly follows its regulatory and statutory obligations regarding the dissemination of information to its stakeholders.

The Group provides information on all events that merit announcements, either on its website, Bahrain Bourse, and other forms of publications, such as press releases, the Bank's annual report, quarterly financial statements, and the Corporate Governance Policy are all published on its website. In addition, the Bank communicates effectively with its shareholders, and has established clear guidelines on protecting the rights of the shareholders which are available on the Bank's website.







### Our Partners of Success

Coordination and partnerships for development are some of the most important dimensions of the Global Development Agenda (SDG 17).

We form partnerships with governmental bodies, civil society organizations, and international firms, with the aim of magnifying the positive impact for society

and creating value for our stakeholders, including our clients and society.

**Our partnerships are as follows:**



#### Arab Trade Finance Program (AFTP)

We have partnered with AFTP, which is a specialized multi-Arab financial institution, with the aim to promote Arab trade and increase the competitive capabilities of the Arab producers and exporters. We have a line of credit dedicated to exclusively finance exports and imports that are either originated or terminated in Arab countries.



#### Bahrain Institute for Banking and Finance (BIBF)

The BIBF is a longstanding partner of AUB for the majority of our training and development requirements and has been since our inception. The BIBF is a key partner in the training and development of our staff, and has been supporting the Bank in providing specific to broad topics customized towards the bank and its operations. We also offer basic training courses to all staff at the Bank through their publicly offered training programs, which has greatly helped improve and enhance our staff knowledge and skills within their respective departments.



تمكين  
Tamkeen

#### Tamkeen

In 2020, AUB participated in one of Tamkeen's financing schemes, named Tamweel Plus. The financing is tailored to the needs of medium and large enterprises established in Bahrain, covering investment procedures, expansion, or diversification of products and services. The scheme aims to support their innovation and assist them to enter international markets. The program provides support for projects requiring funding between BD 1 million to BD 2.5 million, with Tamkeen paying 70% of the profit rates. The financing transactions will be carried out through the Bahrain Development Bank.



#### CFA Society Bahrain

AUB has partnered with CFA Society under several Initiatives:

1. AUB supported and sponsored a transformational mentorship programme entitled Qodwa, launched by CFA Society Bahrain. The mentorship program aims to channel the knowledge and experiences of senior charter holders (mentors) and trains them to help candidates (mentees) achieve specific goals. It also provides the participants the opportunity to develop stronger leadership skills and networking opportunities and build a dynamic community of professionals. Based on the concept of Paying It Forward, the program trains its mentors who in turn train the mentees and the cycle follows; hence providing a holistic and integrated development programme.
2. AUB sponsored the Mutamahin Program, which is a one-of-a-kind training program that aims to close the employability gap between fresh graduates and employers, through a series of workshops and training sessions focusing on employability skills necessary to have when entering the competitive job market.



### PRINCIPLE FOUR STAKEHOLDERS

(Continued)

#### Our Partners of Success (Continued)



##### Mazaya Housing Scheme

AUB Bahrain launched the Mazaya Housing Scheme, one of the initiatives introduced by the Ministry of Housing in cooperation with the private sector that aims to provide social housing for citizens. The government subsidizes the installment due from the customer. The customer's contribution towards installment will not exceed 25% of the customer's salary. The program provides funding up to BD 81,000 and as a result Bahraini nationals are able obtain finance from AUB for projects approved by the Ministry of Housing.



##### Forbes Family Trust Partnership

Ahli United Bank's Private Banking has participated in a strategic partnership with the U.S.-headquartered, multifamily office, Forbes Family Trust. The objective of this partnership is that Forbes Family Trust will aid AUB Private Banking in the selection of private equity and other alternative investments for AUB clients and enable access to world-class research and market views, along with a healthy pipeline of well-researched new investment ideas for clients.



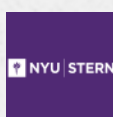
##### Principal Asset Management Partnership

Ahli United Bank's Private Banking partnered with Principal Islamic Asset Management to support clients' long-term financial goals. AUB Private Banking Al Hilal Islamic services have selected Principal Islamic Asset Management (Principal Islamic) to support its clients' investment needs, through providing their core research, investment outlook, market updates, and overall asset allocation advice along with Shari'ah-compliant portfolio management capabilities.



##### Waste Management Partnership

In 2020, AUB Kuwait has partnered with Omniya Factory for Plastic Recycling to recycle plastic waste collected from its branches and head office and with EnviroServe to recycle electronic waste products of the bank. Also, AUB Kuwait has partnered with the Kuwait Environment Public Authority and Kuwait Company for the Collection of Hazardous Waste to launch an initiative for recycling expired car batteries. Similarly, AUB Egypt has undertaken several initiatives towards promoting an environmentally friendly work environment, to exert a social impact on the economy.



##### Sustainability Partnership

In 2021, AUB engaged with various sustainability organizations, such as the NYU Stern Center for Sustainable Business, to quantify and measure the impact the Bank's sustainable measures exert, and to further monetize these measures.





## PRINCIPLE FIVE GOVERNANCE & CULTURE

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

### An Effective Governance Structure

Establishing effective and robust Corporate Governance practices are crucial to sustain business operations, create value to stakeholders and ensure appropriate disclosure and transparency across the organization. AUB's Corporate Governance policy provides the framework for the principles of effective Corporate Governance standards across AUB Group. Our Board of Directors is committed to implementing the leading practices of Corporate Governance standards in conducting and managing the Bank's affairs. We adopt a balanced governance framework that is aligned with regulatory requirements and international standards, to maximize value to our stakeholders. The Board of Directors is continuously working collaboratively with the Executive Management to adopt the highest standards of Corporate Governance and enable AUB to consistently enhance its practices, in alignment with the highest international standards.

The Board of Directors are responsible for instilling the appropriate culture, values and behavior throughout the organization and entrusted by the shareholders. In addition, the Board of Directors have a vital role of overseeing the Bank's management and business strategies to achieve long-term value creation. The Board of Directors has the ultimate oversight responsibility on the Bank's business activities and business risks, this role is empowered through the Board committees with effective and independent channels of communication and overseeing the Executive Management.

In this respect, our Board of Directors has approved several AUB Group policies to ensure clarity and consistency in the operation of AUB Group. These policies encompass Credit, Anti-money Laundering, Corporate Governance, Personal Account Dealing, Key Persons Dealings, Banking Integrity, Compliance, Legal and Human Resources policies. The policies are communicated to and made available to the staff. Underpinning these policies, is the Board-approved Group Code of Business Conduct which prescribes standards of ethical business behavior and personal conduct for the Bank's directors, its Senior Management (officers), and its staff. The Board of Directors closely monitors the implementation of these policies and processes, with respect to the Bank's directors and staff.

The Board of Directors continuously strives to achieve the best interest of the Bank's shareholders through effective oversight and monitoring of the work of the Executive Management, ensuring the implementation of the Bank's strategy and objectives, and confirming that performance is in accordance with the Bank's strategy. The Board of Directors gives importance to the implementation of governance, by creating a culture of corporate values among the Bank's entire staff. This is achieved through constant efforts to achieve the Bank's strategic objectives, improving Key Performance Indicators, and compliance with laws and regulations. In addition, the Board of Directors adopts a set of policies, charters, systems, mechanisms, reports and procedures which the Bank has effectively and integrally applied, relying on the philosophy of the Bank in the implementation of Corporate Governance as a culture and working principle, and not only as supervisory instructions and legislative regulations.



### PRINCIPLE FIVE GOVERNANCE & CULTURE

(Continued)

#### Our Guide to Sustainability Governance

##### Our SEMS Policy

The Group recognizes the importance of social and environmental issues within its risk framework. With the aim to integrate sustainability into its governance framework, the Group has put in place performance standards within its risk

framework to assess and evaluate Social and Environmental (S&E) risks associated with financing, known as the Social and Environment Management System (SEMS). Our Group-wide SEMS policy sets robust guidelines to identify and filter out projects that have a significant

negative impact on the environment and society.

The SEMS policy is reviewed and approved by the Board of directors (BOD) on a regular basis and is governed by a SEMS manager/coordinator.

Our SEMS policy entails the following:

1 The Group shall continually endeavor to implement effective social and environmental management practices in all its activities, products, and services, with a focus on the applicable national laws on environmental, health, safety, and social issues.

2 The Bank will strive to ensure that any projects funded by the bank are reviewed and evaluated against the Social and Environmental requirements of IFC Performance Standards and World Bank Group Environmental, Health & Safety (EHS) guidelines.

3 AUB will only finance projects that will operate in compliance with national and regional laws.

4 The Bank will also ensure that client companies understand the policy commitments made by the Bank in this area.

The SEMS policy is based on the S&E Due Diligence (SEDD), which is the record of the Bank's review of a project at the time of proposal that ensures that a project complies with and meets the Applicable Performance Requirements. The SEDD reviews and checks any social or environmental issues related to the project. For the purpose of undertaking

the SEDD process, the Bank shall classify all its financing proposals into categories based on the degree of adverse social or environmental impacts/ risks. The Business Units (Corporate Banking, Retail Banking, or SMEs) will carry out the SEDD process and the SEMS Manager/Coordinator will review the SEDD report. Furthermore, AUB sets an exclusion list

that defines the types of projects that AUB does not finance. AUB does not finance the production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, weapons and munitions, alcoholic beverages, and radioactive materials.





### **A Governance for PRB Implementation**

Our BOD and Senior Management are regularly informed and consulted on the implementation of PRB principles.

In addition, AUB Group targets to establish a board-level sustainability committee with a mandate of:

1

Detailing our sustainability strategic narrative, including our sustainability strategy and policy, sustainability steering committee, or department.

2

Updating and aligning policies and procedures to relevant ESG frameworks.

3

Establishing a new ESG data ecosystem

4

Supervising further integration and implementation of sustainability targets across all functions of the bank through appropriate work-streams.

### **A Culture of Responsible Banking**

To ensure internal alignment, AUB Kuwait provides its employees with training and awareness-raising sessions on sustainable development, in order to enhance their awareness of the importance of sustainable finance and align their business activities with sustainability

goals. Moreover, to foster the Bank's responsible banking philosophy, Senior Management and Staff across the Group attended the Webinar on ESG and Building a Sustainable Economy in May 2021, to remain cognizant of building a Sustainable Economy, and the associated challenges and opportunities. This was conducted

by the Bahrain Institute of Banking and Finance (BIBF).





### PRINCIPLE SIX TRANSPARENCY & ACCOUNTABILITY

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

A central part of our disclosure is this annual PRB reporting. Adopting the principles of responsible banking reflects our commitment to Bahrain's society's goals as well as our universal commitment to the global society and our planet.

We are usually committed to the transparency of material information about the bank. We publish our annual reports annually, in which we ensure that the information we release about the bank is correct, clear, and transparent and that we do not provide information that intentionally or unintentionally misleads the investors and shareholders.

AUB has studied existing and emerging good practices regarding the implementation of the six PRB principles as reflected in the published reports on the UNEP-FI website, webinars, and guidelines.

Over the past eighteen (18) months, AUB has been continuously working to advance towards responsible banking and improving its business model to incorporate and adopt sustainability practices. Our progress in implementing the six principles is illustrated throughout the report. The main highlights of our steps against each of the six principles in the last 18 months are as follows:

#### 1. Alignment



AUB sets sustainability at the core of its mission and business lines. Guided by our SEMS policy, AUB shall continually endeavor to implement effective social and environmental management practices in all its activities, products, and services, with a focus on the applicable national laws on environmental, health, safety, and social issues. We look forward to aligning our business strategy to be consistent with and contribute to, individuals' needs, and society's goals as expressed in the UN Sustainable Development Goals, the Paris Climate Agreement, and relevant national and regional frameworks.

#### 2. Impact and target setting



AUB is conducting an impact analysis of corporate, investment, and retail banking, using the Portfolio Impact Analysis Tool of UNEP-FI. We have identified the most significant impact areas related to our activities and are currently in the progress of setting targets for these areas.

#### 3. Clients & Customers



In 2020, AUB directed its efforts towards digitalization advancements and increased its digital offering to serve and empower its retail, corporate, private, and business clients, in light of the COVID-19 pandemic. In 2020, AUB launched the Tamweel Plus scheme directed towards financing expansion plans of medium-to-large entities, in collaboration with the Tamkeen agency. Also, the total volume of lending to SMEs increased by 27% in 2020, relative to 2019 and the number of SME clients grew significantly. Moreover, AUB started to support and finance several mega projects, contributing to national development. The Bank provided syndicated loans, amounting to USD 2,975 million, directed towards financing various mega projects in several sectors, with a focus on projects in energy, tourism, manufacturing, financial, and telecommunication sectors.



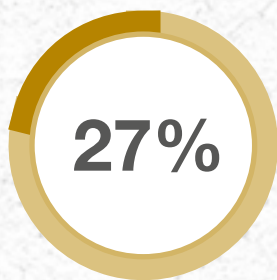
# 2020

Witnessed several partnerships, to create value for our stakeholders and mobilize efforts towards achieving a positive social and environmental impact

## 4. Stakeholders



2020 witnessed several partnerships, to create value for our stakeholders and mobilize efforts towards achieving a positive social and environmental impact. These partnerships include the Tamkeen partnership, Forbes Family Trust partnership, Principal Islamic Asset Management partnership, and Waste Management partnerships formed by AUB Kuwait. In 2021, AUB engaged with various sustainability organizations, such as the NYU Stern Center for Sustainable Business, to quantify and measure the impact the Bank's sustainable measures exert, and to further monetize these measures.



The total volume of lending to SMEs increased by 27% in 2020, relative to 2019.

## 5. Governance & Culture



We continue to incorporate E&S risks into our risk management framework, through implementing our SEMS policy. We revise and update our SEMS policy on a regular basis, which lays out the guidelines and our approach to sustainable finance. The SEMS policy is reviewed and approved by the Board of directors (BOD) and is governed by the SEMS manager/coordinator. AUB Group targets to establish a Board-level sustainability committee that aims at detailing our sustainability strategic narrative, including our sustainability strategy and policy, sustainability steering committee, or department.

Moreover, to foster the Bank's responsible banking philosophy, Senior Management and Staff across the Group attended the Webinar on ESG and Building a Sustainable Economy to remain cognizant of building a Sustainable Economy, and the associated challenges and opportunities. This was conducted by the Bahrain Institute of Banking and Finance (BIBF).

## 6. Transparency



We are committed to ensuring the transparency of material information about the bank. We publish our annual reports annually, in which we ensure that the information we release about the bank is correct, clear, and transparent and that we do not provide information that intentionally or unintentionally misleads the investors. Also, the Bank is committed to reporting on its progress on the implementation of the principles annually and transparently and our BOD and senior management are regularly updated on the implementation of the principles.

**USD  
2,975 Million**

At 2021, the Bank provided a total of USD 2,975 million of syndicated loans directed to finance various mega projects



# APPENDIX

## (PRB SELF-ASSESSMENT TEMPLATE)

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
<b>Principle 1: Alignment</b> We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement, and relevant national and regional frameworks.		
<b>1.1</b> Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.	<p>Ahli United Bank B.S.C. (AUB Group) is a leading regional bank based in Bahrain. We operate in 8 countries, with a wide-spread network of 151 branches, along with 3300 committed employees.</p> <p>AUB was established in Bahrain in 2000, following a merger between the United Bank of Kuwait PLC ("UBK") and Al-Ahli Commercial Bank B.S.C. ("ACB")</p> <p>The Bank provides a diversified financial services group model to serve the financial needs of 675,000 clients, that includes:</p> <ul style="list-style-type: none"> <li>o <b>Corporate Banking</b>, which satisfies the financial needs of corporate and institutional customers through offering corporate and trade finance, commercial property finance, residential &amp; property finance, acquisition &amp; structured finance.</li> <li>o <b>Retail Banking</b>, which serves individual customers through deposits and offering loans, overdrafts, credit cards, and residential mortgages.</li> <li>o <b>Private Banking &amp; Wealth Management</b>, which provides wealth management services to both individuals and institutions, such as Private Banking &amp; Asset Management, Real Estate Fund Management, investment products, funds, trusts, and credit facilities.</li> <li>o <b>Treasury &amp; Investments</b>, which principally cover money market, trading &amp; treasury services as well as management of the Group's investments &amp; funding.</li> <li>o <b>Islamic Banking</b>, which offers Shari'a-compliant banking activities &amp; treasury products.</li> </ul> <p>We create value for our clients by offering a wide array of financial products and services, covering current and saving accounts, term deposits, credit cards, loans, liquidity management solutions, investment solutions, and hedge solutions. AUB also provides real-estate financing, import &amp; export financing, Takaful and insurance services, as well as digital banking to meet each financial need of our diverse customers.</p> <p>AUB Group wholly-owns operations of AUB (Bahrain), AUB (United Kingdom), and AUB (DIFC, UAE). In addition, AUB acquired a 95.7% stake in Ahli United Bank (Egypt) S.A.E, more than 80% of Commercial Bank of Iraq (PSC), 74.9% of AUB Kuwait (K.S.CP), 40% of United Bank for Commerce &amp; Investment S.A.L (UBCI) and 35% of Ahli Bank SAOG of Oman. AUB targets to expand its network of branches to Saudi Arabia, the United Arab Emirates (UAE onshore), Switzerland, and Turkey.</p>	<p><b>Annual report 2020</b>  <b>Pages 6, 8 &amp; 9</b>  <b>AUB-AR-2020-FINAL.pdf (ahliunited.com)</b></p> <p><b>AUB at a Glance</b></p>



Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
<p><b>1.2</b></p> <p>Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p>	<p>AUB Group is fully committed not only to serving the best interests of its customers and shareholders, but also to the common good of the communities we serve, and in the process actively contributing to the socio-economic advancement of the countries where we operate.</p> <p>The Group aims to maximize shareholder value on a sustainable basis, maintain the highest international standards of corporate governance and regulatory compliance and optimize staff development through business-driven training and profit-related incentive. AUB Group strives to treat its customers fairly, develop a cross-cultural meritocratic management structure, and ensure technological, digital, and data competitiveness across all functions.</p> <p>With sustainability engraved in our mission and business model, we work hard to align our business strategy to be consistent with and contribute to, individuals' needs, and society's goals as expressed in the Sustainable Development Goals, the Paris Climate Agreement, and relevant national and regional frameworks.</p> <p>Accordingly, the Group has incorporated the Environmental and Social (E&amp;S) risks into its risk management framework, known as the Social and Environment Management System (SEMS), following Equator Principles. Guided by our Group-wide SEMS policy, AUB will only finance projects that have minimal managed impact on the environment and society.</p> <p>To foster the Bank's responsible banking philosophy, Senior Management and Staff across the Group attend[1]ed the Webinar on ESG and Building a Sustainable Economy to remain cognizant of building a Sustainable Economy, and the associated challenges and opportunities.</p> <p><b>Supporting Sustainable Development Goals (SDGs) &amp; Bahrain Vision 2030:</b></p> <p>AUB's mission and portfolio (including investment and lending can contribute to SDGs and Bahrain's Vision 2030. AUB provides sustainable products &amp; services to encourage its individual and corporate customers to act responsibly. Through its sustainable finance and operations, AUB can create value to the UN sustainable development goals (SDGs) particularly goals 1, 3,5,6,7,8,9,10,11,13 and supports Bahrain's future aspirations 1 &amp; 3 of achieving a robust economic growth and a just &amp; thriving society.</p> <p><b>Aligning with the Conclusions of the Paris Agreement:</b></p> <p>Following its SEMS policy, AUB will not finance any project that violates the IFC, World Bank environmental performance criteria, or national environmental laws and regulations. Thus, AUB does not finance business activities with significant adverse environmental risks or impacts.</p> <p>In order to reduce its own carbon footprint, AUB Group has launched multiple digital transformation programmes and digital projects across multiple business lines and customer engagement channels since 2019.</p> <p><b>Supporting Central Bank of Bahrain Direction:</b></p> <p>AUB has launched and developed a wide array of digital products and services, such as WhatsApp banking, AUB Debit Cards Tokenisation service, and 2 Business (B2B) Corporate portal, Avalon, which support the Central Bank's of Bahrain (CBB) ongoing initiatives towards financial digital transformation in the Kingdom.</p>	<p><b>Annual Report 2020 Pages 5,57</b></p> <p><b>AUB-AR-2020-FINAL.pdf (ahliunited.com)</b></p> <p><b>Principal one: Alignment</b></p> <p><b>Our SEMS Policy Document</b></p>



### APPENDIX

#### (PRB SELF-ASSESSMENT TEMPLATE) (Continued)

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
<b>Principle 2: Impact and Target Setting</b> We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and the environment resulting from our activities, products, and services. To this end, we will set and publish targets where we can have the most significant impacts.		
<b>2.1</b> <b>Impact Analysis:</b> Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:  a) Scope: The bank's core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.  b) Scale of Exposure: In identifying its areas of the most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies, and geographies.  c) Context & Relevance: Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.	<p>AUB group has utilized the Portfolio Impact Analysis Tool (Version 2) of the UNEP FI to assess both the positive and negative impacts of its products and services across the spectrum of environmental, social, and economic issues. The analysis covered Corporate, Treasury and Investments, and Retail banking, which account for about 48%, 43%, and 9% of the bank's gross income in 2020, respectively.</p> <p>The main sectors financed across our <b>Corporate banking</b> are Real estate activities (32%), Extraction of crude petroleum and natural gas (9.3%), Wholesale and retail trade and repair of motor vehicles and motorcycles (7.8%), Construction of buildings (7%), Manufacture of machinery and equipment n.e.c. (5.3%).</p> <p>For <b>Treasury and Investments</b>, our activities are focused on Public administration and defense; compulsory social security (32%), Financial service activities, except insurance and pension funding (23%), Extraction of crude petroleum and natural gas (13%), Electricity, gas, steam, and air conditioning supply (9%), Activities auxiliary to financial service and insurance activities (6%).</p> <p>Our assessment of AUB's headquarter environmental, social, and economic needs was based on resources provided by the tool, and for indicators that were not available, we utilized additional resources along with consultations with relevant stakeholders to determine the level of need for each impact area. The most relevant impact areas identified for Bahrain included Climate, Waste, Resources Efficiency/ security, Quality of Air, Availability of Water, Strong institutions, peace &amp; stability, and Inclusive, Healthy economies.</p> <p>We identified our significant impact areas, according to the established sectors' associations with relevant impact areas provided by the Portfolio Impact Analysis Tool (Version 2), <b>four Areas of Significant Impact were Identified;</b></p>	<b>Impact Analysis process, Methodology, and assumptions</b>  <b>Impact Identification and Analysis</b>



Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
<p>d) Scale and intensity/salience of impact: In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic, and environmental impacts resulting from the bank's activities and provision of products and services.</p> <p>(your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))</p> <p>Show that building on this analysis, the bank has</p> <ul style="list-style-type: none"> <li>• Identified and disclosed its areas of most significant (potential) positive and negative impact</li> <li>• Identified strategic business opportunities in relation to the increase of positive impacts/reduction of negative impacts</li> </ul>	<p><b>(1) CLIMATE,</b> <b>(2) WASTE,</b> <b>(3) RESOURCE'S EFFICIENCY/ SECURITY,</b> <b>(4) INCLUSIVE AND HEALTHY ECONOMIES.</b></p> <p>The four Impact Areas selected are recognized to be of high importance on the global and regional levels, as well as on Bahrain level, where AUB headquarter is located.</p> <p><b>(1) Climate</b></p> <p>AUB can detect that their effect on Climate could be significant as a consequence of financing the following sectors: Real estate activities, Extraction of crude petroleum and natural gas, wholesale and retail trade, and repair of motor vehicles and motorcycles, as well as the construction of buildings.</p> <p><b>(2) Waste</b></p> <p>The main sectors in our portfolio that have an impact on Waste Are Real estate activities, Extraction of crude petroleum and natural gas, wholesale and retail trade, and repair of motor vehicles and motorcycles, and the construction of buildings.</p> <p><b>(3) Resources Efficiency/ security</b></p> <p>Our portfolio has an impact on Resources efficiency/ security as a consequence of financing the following sectors/ activities: Real estate activities, Extraction of crude petroleum and natural gas, wholesale and retail trade, and repair of motor vehicles and motorcycles, Constructions of buildings, and Manufacture of machinery and equipment n.e.c.</p> <p><b>(4) Inclusive, Healthy economies</b></p> <p>AUB aims to provide people with access to affordable, effective, and safe financial goods and services, which will contribute to the achievement of inclusive, healthy economies thereby promoting Bahrain's development.</p> <p>Social and Environmental Management System (SEMS) is one of our approaches for reducing and managing our impact. Through implementing SEMS policy, AUB ensures that the social and environmental performance of the projects it finances complies with national laws and regulations. AUB also strives to ensure that the projects it finances are designed, operated, and maintained in a manner that avoids social and environmental negative impacts.</p> <p>Furthermore, AUB acknowledged that green finance is critical in achieving a more favorable environmental impact. As a result, the bank provided loans for environmentally-friendly investments in the energy, water, and clean technology sectors, with a total value of approximately \$100MM, and this is expected to increase in the near future.</p>	
Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.		
As a result of our impact analysis, we identified the following significant impact areas related to our Corporate, Treasury and Investments, and Retail banking portfolios: <b>Climate, Waste, Resources efficiency/ security, and Inclusive healthy economies.</b>		



### APPENDIX

#### (PRB SELF-ASSESSMENT TEMPLATE) (Continued)

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
<p><b>2.2</b></p> <p><b>Target Setting</b></p> <p>Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified "areas of most significant impact", resulting from the bank's activities and provision of products and services.</p> <p>Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national, or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.</p> <p>Show that the bank has analyzed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/ climate change/society's goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.</p>	<p>A. AUB aims to establish a board-level sustainability committee.</p> <p>B. AUB Aims to set targets for the most Significant Impact Areas:</p> <p><b>(1) CLIMATE AND (2) WASTE:</b></p> <ul style="list-style-type: none"> <li>Updating our SEMS policy and supplementing with additional sector-specific sustainability screening criteria. In particular financing, Real estate activities, Extraction of crude petroleum and natural gas, wholesale and retail trade, and repair of motor vehicles and motorcycles, as well as the construction of buildings.</li> <li>Increasing green finance; overall green financing volume was about \$100MM in 2020.</li> </ul> <p><b>(3) RESOURCE'S EFFICIENCY/ SECURITY</b></p> <p>AUB has been supporting efforts to increase resource efficiency through the provision of about USD 100 million to green projects in the areas of (Energy and Water), and we aim to expand our green finance in the future.</p> <p><b>(4) INCLUSIVE, HEALTHY ECONOMIES</b></p> <p>AUB intends to expand its financing for SMEs, youth, and women by providing financial products and services that address the needs of small and medium-sized enterprises (SMEs), low-income customers, and women in order to make economies more dynamic, inclusive, and sustainable.</p>	Target Setting
Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Target Setting.		
Each significant impact area is being assessed to establish precise and refined targets.		



Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
<p><b>2.3</b></p> <p><b>Plans for Target Implementation and Monitoring</b></p> <p>Show that your bank has defined actions and milestones to meet the set targets.</p> <p>Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.</p>	<p>Once the targets have been set to reflect the results of the Impact Analysis, AUB will develop the implementation plan and monitoring procedures that will be used to ensure that targets are met</p>	
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.</p>		
<p>AUB will design the implementation plan and monitoring procedures after the targets have been selected</p>		
<p><b>2.4</b></p> <p><b>Progress on Implementing Targets</b></p> <p><b>For each target separately:</b></p> <p>Show that your bank has implemented the actions it had previously defined to meet the set target.</p> <p>Or explain why actions could not be implemented/needed to be changed and how your bank is adapting its plan to meet its set target.</p> <p>Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures)</p>	<p>AUB is in the process of identifying the SMART targets that will increase our positive impacts while reducing the negative impacts of our activities. Following the establishment of the targets, the progress on implementing these targets will be reported.</p>	
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets.</p>		
<p>Once the targets are established, progress on implementing them will be reported</p>		



## APPENDIX

### (PRB SELF-ASSESSMENT TEMPLATE) (Continued)

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
<b>Principle 3: Clients and Customers</b> We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.		
<b>3.1</b> Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on many programmes and actions implemented (and/or planned), their scale, and, where possible, the results thereof.	<b>Responsible Communication</b> AUB Group works diligently to ensure responsible customer relationship in its Code of Ethics. The Group has set up the Banking Integrity policy, which includes detailed policy and procedures on whistleblowing, that aims to facilitate concerns raised regarding misconduct occurring. The Bank has in place a Corporate Communications Internal Policy that provides the guidelines for the Corporate Communications Department on the communication with its stakeholders. The policy ensures communication in an ethical, clear, and transparent manner with its internal and external stakeholders, including its customers. In addition, AUB has a dedicated email account and phone number, where customers who are worried about the security of their account can speak directly to an advisor. In this regard, AUB Kuwait raises its employees' awareness on the fair treatment of its customers through its Code of Ethics and Conduct and provides training to the staff who communicate with customers, render banking services to them and handle their complaints.  <b>Effective Complaint Management</b> Ahli United Bank's ("AUB") policy is to ensure that all complaints are treated fairly, promptly, and sympathetically, through our Complaint Management System (CMS). All complaints are registered and monitored to ensure that the customer is kept informed on a regular basis and that a final response is sent promptly. Any complaints with a risk of fraud, financial loss or loss of reputation are escalated at inception to the responsible DGCEO, Group Head Audit, Group CEO & MD.	Annual Report 2020 Pages 23,38 & 58  <a href="#">AUB-AR-2020-FINAL.pdf (ahliunited.com)</a>  Responsible Communication  Effective Complaint Management  Customer Privacy  Covid-19 Response
	<b>Customer Privacy &amp; Data Security</b> The Group's staff has been provided with privacy awareness training. Internal audits on information security are conducted multiple times during the year, while an external audit is performed annually. AUB was the first bank to be PCI-DSS certified in Bahrain in 2009 and maintained compliance with the PCI-DSS for the eleventh year in 2020, demonstrating its commitment to the security of card payments in the communities to which the Bank belongs. Being ISO27001 certified for more than 10 years, AUB has adhered to the highest international security practices in maintaining its customer data confidentiality and system security across all of its banking services.  <b>Covid-19 Response</b> During 2020, AUB Group invested significantly in its operational and technical capabilities in providing ease of access to its clients to conduct their business needs securely on a remote basis. The staff was trained to react from remote locations to serve in a safe and controlled manner as a response to the Covid-19 conditions. Moreover, well-established business continuity measures were enhanced with robust technology platforms and improved digital capabilities to meet the challenges of Covid-19 lockdowns. Furthermore, continued support for clients' liquidity and working capital needs provided a financial bridge beyond the crisis, complementing the relief measures announced by Central Banks with the Bank's own Covid-19 financial relief and business support initiatives.	

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
<p><b>3.2</b></p> <p>Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.</p>	<p>Guided by our Group-wide SEMS policy, AUB screens all project financing proposals to ensure that finance will be directed towards projects that have a minimal negative impact on both the society and environment.</p> <p><b>Sustainable products &amp; services</b></p> <ul style="list-style-type: none"> <li> <b>Green Finance:</b> <p>Our Group advocates green finance through actively participating in and providing bilateral financing with a total of \$ 100 MM. The Group focuses on financing several projects for the generation of electrical power, desalination of water and wastewater treatment.</p> </li> <li> <b>Mazaya Scheme:</b> <p>AUB collaborated with the Ministry of Housing and launched the Mazaya program, which is a Social Housing Finance Scheme that is offered to allow the customer to buy the house of his choice by financing up to 120% of property value.</p> </li> <li> <b>Empowering SMEs:</b> <p>AUB launched Al-Tajer, which is a one-stop solution for all banking and payment needs for SMEs, helping them build sustainable and competitive businesses. Also, the total volume of AUB Group's lending to SMEs increased by 27% in 2020, relative to 2019 and the number of our SME clients grew significantly.</p> </li> <li> <b>Tamweel Plus Scheme:</b> <p>In collaboration with Tamkeen, which is Bahrain's Government agency for developing the private sector, AUB launched the Tamweel Plus scheme. This scheme is directed towards financing expansion plans of medium-to-large entities with no cap on the size of the entity.</p> </li> </ul>	<p>Annual report 2020 Pages 48,49,50,51 &amp; 57</p> <p>AUB-AR-2020-FINAL.pdf (ahliunited.com)</p> <p>Responsible Finance Green Finance Mazaya Scheme Empowering SMEs Tamweel Plus Scheme Our Digital Offerings Our SEMS Policy Document</p>



### APPENDIX

#### (PRB SELF-ASSESSMENT TEMPLATE) (Continued)

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
	<ul style="list-style-type: none"> <li>• <b>Our Digital Offerings:</b></li> </ul> <p><b>Retail Digital Banking:</b></p> <ul style="list-style-type: none"> <li>• To help customers withdraw cash or shop safely, the entire Card base was converted to contactless, as well as enhanced contactless transaction limits at merchant outlets and ATM withdrawals.</li> <li>• AUB enabled Point of Sale terminals to accept contactless cards. In addition, all AUB ATMs were upgraded to accept contactless cards.</li> <li>• Moreover, WhatsApp Banking was upgraded to enable customers to interact with the Bank through WhatsApp and view account information.</li> <li>• The AUB Debit Cards Tokenisation service was also launched, which supports clients using the Tap &amp; Go contactless payment technology, implemented by BenefitPay – Bahrain's National Wallet.</li> <li>• In Egypt, the ATM network functionality was significantly enhanced with the addition of Mobile Wallet acceptance, Mezza Cards Cash deposit, and more than doubling of Cash Deposit units.</li> <li>• Moreover, AUB launched Bahrain's first digital onboarding platform to allow customers to open accounts, without visiting the branch, using only their Bahraini Smart Cards (CPR).</li> </ul> <p><b>Corporate Digital Banking</b></p> <p>We were the first and only bank in Bahrain to offer the loan and audit confirmation requests at its enhanced level on the Corporate Banking channel. Moreover, transaction banking is at the forefront of our corporate business growth strategy, which continued to make significant progress in its digital transformation journey, introducing new products and solutions across various areas including cash management, trade finance, and client delivery channel, to adapt quickly to the new circumstances. During the year, the Bank launched its Business 2 Business (B2B) Corporate portal, Avalon, an integration platform that seeks to meet the diverse banking requirements of Corporate Banking clients through the seamless integration with any ERP solution or financial accounting systems the clients may be using.</p>	

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
<b>Principle 4: Stakeholders</b> We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.		
<b>4.1</b> Describe which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated, or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/ results achieved.	<b>Stakeholder Engagement:</b> At AUB, we actively engage and partner with different stakeholders, aiming to mobilize efforts towards achieving a positive social & environmental impact. AUB's stakeholders include regulators, investors, customers, employees, suppliers, and service providers. The Board adopts the Banking Integrity Policy, which includes detailed policy and procedures on whistleblowing, that enable the employee, at all levels, to voice to raise concerns against any malpractices or irregularities in legal or financial matters. We also have an open policy on communication with our stakeholders, which encompasses: <ul style="list-style-type: none"> <li>• The disclosure of all relevant information to stakeholders on a timely basis in a timely manner.</li> <li>• The provision of the last five years of financial data on the Bank's website.</li> </ul> Moreover, we form partnerships with governmental bodies, civil society organizations, and international firms, with the aim of magnifying the positive impact for the society and creating value to our stakeholders, including our clients & society: <ul style="list-style-type: none"> <li>• <b>Arab Trade Finance Program (AFTP):</b> We have partnered with AFTP, with the aim to promote Arab trade and increase the competitive capabilities of the Arab producers and exporters. We have a line of credit where we exclusively finance exports and imports that are either originated or terminated in Arab countries.</li> <li>• We partnered with <b>Bahrain Institute for Banking and Finance (BIBF)</b>, for providing customized training and development programs, based on our business requirements.</li> <li>• <b>Tamkeen:</b> In 2020, AUB participated in one of Tamkeen's financing schemes, named Tamweel Plus. The financing is tailored to the needs of medium and large enterprises established in Bahrain, which aims to support their innovation and assist them to enter international markets.</li> <li>• <b>Mazaya Housing Scheme:</b> In 2020, AUB launched the Mazaya Housing Scheme, one of the initiatives introduced by the Ministry of Housing in cooperation with the private sector that aims to provide social housings for citizens.</li> <li>• <b>Forbes Family Trust (FFT) Partnership:</b> Ahli United Bank's Private Banking has participated in a strategic partnership with Forbes Family Trust. This partnership will AUB Private Banking in the selection of private equity and other alternative investments for AUB clients and enable access to world-class research and market views.</li> </ul>	Annual report 2020 Pages 38, 51 AUB-AR-2020-FINAL.pdf (ahliunited.com) Principle Four: Stakeholders



## APPENDIX

### (PRB SELF-ASSESSMENT TEMPLATE) (Continued)

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
	<ul style="list-style-type: none"> <li>• <b>Principal Asset Management Partnership:</b> AUB Private Banking partners with Principal Islamic Asset Management, which will support its clients' investment needs, through providing their core research, investment outlook, market updates, and overall asset allocation advice along with Shariah-compliant portfolio management capabilities.</li> <li>• <b>Waste Management Partnership:</b> In 2020, AUB Kuwait has partnered with Omniya Factory to recycle plastic waste collected from its branches and head office and with EnviroServe to recycle electronic waste products of the bank. Also, AUB Kuwait has partnered with Kuwait Environment Public Authority and Kuwait Company for the Collection of Hazardous Waste to launch an initiative for recycling expired car batteries.</li> <li>• In 2021, AUB engaged with various sustainability organizations, such as the NYU Stern Center for Sustainable Business, to quantify and measure the impact the Bank's sustainable measures exert, and to further monetize these measures.</li> </ul>	
<b>Principle 5: Governance &amp; Culture</b> We will implement our commitment to these Principles through effective governance and a culture of responsible banking.		
<b>5.1</b> Describe the relevant governance structures, policies, and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.	<p>AUB's corporate governance policy provides the framework for the principles of effective Corporate Governance standards across AUB Group.</p> <p>Our Board of Directors is committed to implementing the best practices of Corporate Governance standards in conducting its affairs and management of the bank. We adopt a balanced governance framework that is aligned with regulatory requirements and follows international standards to maximize value to our stakeholders.</p> <p><b>Our SEMS Policy</b></p> <p>With the aim to integrate sustainability into our governance framework, AUB has put in place performance standards within its risk framework to assess and evaluate Social and Environmental (S&amp;E) risks associated with financing, known as the Group-wide Social and Environment Management System (SEMS).</p> <p>We continuously revise and update our SEMS policy. This SEMS policy acts as a strainer that filters out projects that have a significant negative impact on the environment and society. Accordingly, AUB will only finance projects that will operate in compliance with national and regional laws. The Bank will ensure that any projects funded by the bank are reviewed and evaluated against the Social and Environmental requirements of IFC Performance Standards and World Bank Group Environmental, Health &amp; Safety (EHS) guidelines.</p> <p>The SEMS policy is reviewed and approved by the Board of directors (BOD) and will be governed by the SEMS manager/coordinator. AUB will make all reasonable efforts for the SEMS policy and procedures to be implemented by its affiliates.</p>	<p><b>Annual Report 2020</b>  <b>Pages 27-27</b>  <b>AUB-AR-2020-FINAL.pdf (ahliunited.com)</b></p> <p><b>Principle Five: Governance &amp; Culture</b></p> <p><b>Our SEMS Policy Document</b></p>

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
<p><b>5.2</b></p> <p>Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures, and performance management, and leadership communication, amongst others.</p>	<p>To ensure internal alignment, AUB Kuwait provides its employees with training and awareness-raising sessions on sustainable development, in order to enhance their awareness of the importance of sustainable finance and align their business activities with sustainability goals.</p> <p>Moreover, to foster the Bank's responsible banking philosophy, Senior Management and Staff across the Group attended the Webinar on ESG and Building a Sustainable Economy to remain cognizant of building a Sustainable Economy, and the associated challenges and opportunities. This was conducted by the Bahrain Institute of Banking and Finance (BIBF).</p>	<p><b>A Culture of Responsible Banking</b></p>
<p><b>5.3</b></p> <p>Governance Structure for Implementation of the Principles</p> <p>Show that your bank has a governance structure in place for the implementation of the PRB, including:</p> <ul style="list-style-type: none"> <li>a) target-setting and actions to achieve targets set</li> <li>b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.</li> </ul>	<p>Our BOD and senior management are regularly updated on the implementation of the PRB principles. A board-level sustainability committee shall be established with a mandate of</p> <ul style="list-style-type: none"> <li>1) Detailing our sustainability strategic narrative that includes our sustainability policy and strategy and a Sustainability Steering committee or Department.</li> <li>2) Updating and aligning policies and procedures to relevant ESG frameworks.</li> <li>3) Establishing a new ESG data ecosystem</li> <li>4) Supervising further integration and implementation of sustainability targets across all functions of the bank through appropriate work-streams.</li> </ul>	<p><b>A Governance for PRB Implementation</b></p>
<p>Please provide your bank's conclusion/ statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.</p>		
<p>AUB Group has incorporated the E&amp;S risks, associated with financing into its risk framework, through its Group-wide SEMS Policy. AUB continuously revises and updates its SEMS Policy. The Group targets to establish a board-level sustainability committee to set our sustainability strategy and policy and monitors the integration and implementation of sustainability targets across all the Group's functions.</p> <p>AUB's staff and senior management attended training and awareness sessions on sustainable development, to be able to incorporate sustainability into the bank's day-to-day operations.</p>		



## APPENDIX

### (PRB SELF-ASSESSMENT TEMPLATE) (Continued)

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
<b>Principle 6: Transparency &amp; Accountability</b> We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.		
<b>6.1</b> Progress on Implementing the Principles for Responsible Banking  Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in a minimum of two areas (see 2.1-2.4).  Show that your bank has considered existing and emerging international/ regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.  Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/ regional good practices and has made progress on its implementation of these Principles.	<p>A central part of our disclosure is this annual PRB reporting. Adopting the principles of responsible banking reflects our commitment to Bahraini society's goals as well as our universal commitment to the global society and our planet.</p> <p>AUB has studied existing and emerging good practices regarding the implementation of the six PRB principles as reflected in published reports on the UNEP-FI website, webinars, and guidelines.</p> <p>Over the past 18+ months, AUB has been continuously working to advance towards responsible banking and improve its business model to incorporate and adopt sustainability practices.</p> <p>Our progress in implementing the six principles is illustrated throughout the report. The main highlights of our steps against each of the six principles in the last 18 months are as follows:</p> <p><b>1. Alignment</b></p> <p>AUB sets sustainability at the core of its mission and business lines. Guided by our SEMS policy, AUB shall continually endeavor to implement effective social and environmental management practices in all its activities, products, and services, with a focus on the applicable national laws on environmental, health, safety, and social issues. We look forward to aligning our business strategy to be consistent with and contribute to, individuals' needs, and society's goals as expressed in the Sustainable Development Goals, the Paris Climate Agreement, and relevant national and regional frameworks.</p> <p><b>2. Impact and target setting</b></p> <p>AUB is conducting an impact analysis of Corporate, Treasury and Investments, and Retail banking, using the Portfolio Impact Analysis Tool of UNEP-FI. We have identified the most significant impact areas related to our activities and are currently in the progress of setting targets for these areas.</p> <p><b>3. Clients &amp; Customers</b></p> <p>In 2020, AUB redoubled its digitalization efforts and increased its digital offering to serve and empower its retail, corporate, private, and business clients, in the wake of coronavirus. In 2020, AUB launched the Tamweel Plus scheme directed towards financing expansion plans of medium-to-large entities, in collaboration with the Tamkeen agency. Also, the total volume of lending to SMEs increased by 27% in 2020, relative to 2019 and the number of SME clients grew significantly. Moreover, AUB started to support and finance several mega projects, contributing to national development. The Bank provided syndicated loans, totaled USD 2,975 million, directed to various mega projects in several sectors, with a focus on projects in energy, tourism, manufacturing, financial, and telecommunication sectors.</p>	<b>Principle Six: Transparency</b>

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
	<p><b>4. Stakeholders</b></p> <p>2020 witnessed several partnerships, to create value for our stakeholders and mobilize efforts towards achieving a positive social &amp; environmental impact. These partnerships include the Tamkeen partnership, Waste Management Partnerships, Forbes Family Trust partnership, and Principal Islamic Asset Management partnership. In 2021, AUB engaged with various sustainability organizations, such as the NYU Stern Center for Sustainable Business, to quantify and measure the impact the Bank's sustainable measures exert, and to further monetize these measures.</p> <p><b>5. Governance &amp; Culture</b></p> <p>We continue to incorporate E&amp;S risks into our risk management framework, through implementing our SEMS policy. We continuously revise and update our SEMS policy, which lays out our approach to sustainable finance. The SEMS policy is reviewed and approved by the Board of directors (BOD) and will be governed by the SEMS manager/coordinator. AUB Group targets to establish a board-level sustainability committee that aims at detailing our sustainability strategic narrative, including our sustainability strategy and policy, sustainability steering committee or department.</p> <p>Moreover, to foster the Bank's responsible banking philosophy, Senior Management and Staff across the Group attended the Webinar on ESG and Building a Sustainable Economy to remain cognizant of building a Sustainable Economy, and the associated challenges and opportunities. This was conducted by the Bahrain Institute of Banking and Finance (BIBF).</p> <p><b>6. Transparency</b></p> <p>We are committed to ensuring the transparency of material information about the bank. We publish our annual reports annually, in which we ensure that the information we release about the bank is correct, clear, and transparent and that we do not provide information that intentionally or unintentionally misleads the investors. Also, the Bank is committed to reporting on its progress on the implementation of the principles annually and transparently and our BOD and senior management are regularly updated on the implementation of the principles.</p>	
Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking		
This is our first year of reporting against the Implementation of the Principles of Responsible Banking. AUB Group is committed to ensuring the transparency of material information about the bank. We publish our annual reports in which we ensure that the information we release about the bank is correct, clear, and transparent. Also, the Bank is committed to reporting on its progress on the implementation of the principles annually and transparently.		