



REDEFINING

A SUSTAINABLE FUTURE

2024 Principles for Responsible Banking Report



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About This Report

This is Ahli United Bank Group’s (AUB) fourth annual progress report highlighting its implementation of the Principles for Responsible Banking (PRB). This report showcases the initiatives and measures taken by AUB Group as of 31st March 2024 to adopt the principles and create value for all its stakeholders. In this report, “AUB”, “the Group”, “the Bank”, “our,” and “we” refer to Ahli United Bank B.S.C.(c) (AUB Group), a regional bank based in Manama, Bahrain. After the acquisition of AUB by Kuwait Finance House (KFH), AUB transitioned into an Islamic Bank in 2023. Throughout the report AUBB refers to AUB Bahrain, AUBE refers to AUB Egypt, and AUBUK refers to AUB United Kingdom.

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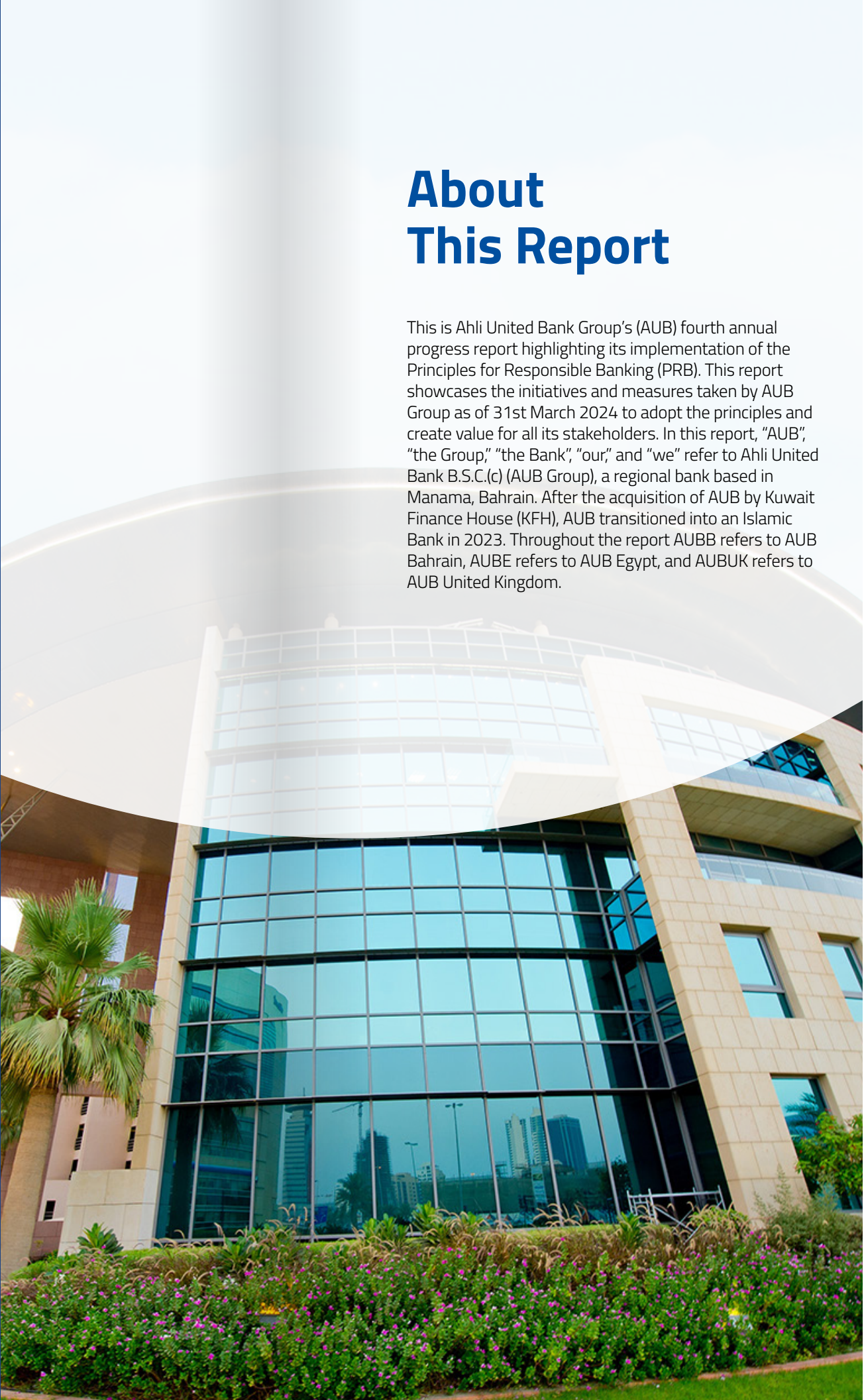
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Editorial

AUB is 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 measures the Group has taken to implement the Principles for Responsible Banking. In particular, it highlights our efforts to enhance all aspects of our sustainability performance and governance, while considering both national and regional challenges and needs.

Mistakes and Typographical Errors

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



A Message From The Leadership

ON BEHALF OF THE BOARD OF DIRECTORS, I AM PLEASED TO PRESENT AHLI UNITED BANK GROUP’S FOURTH PROGRESS REPORT ON OUR IMPLEMENTATION OF THE PRINCIPLES FOR RESPONSIBLE BANKING (PRB).

AUB is committed to providing sustainable finance solutions in line with the Principles for Responsible Banking and we work with our customers and other stakeholders to promote and encourage their own sustainable practices. We developed an initial ESG strategy aligned with major international initiatives such as the UN Sustainable Development Goals and the Paris Agreement on climate change, as well as with the Bahrain National Vision 2030. In line with this, and in particular Principle 2, Impact Analysis and Target Setting, we have continued over the last 12 months to place particular focus on climate action and financial inclusion as the two impact areas in which we can make the most significant impact.

Our diversified business model enables us to serve a wide and growing range of customers and markets. Our Shari’a-compliant offering, guided by Shari’a Supervisory Board, enables us to better serve our corporate, commercial, and retail customers who seek banking solutions aligned with their faith.

The Group’s commitment to green financing was amply demonstrated in 2023, as our financing increased by more than 15% to USD 134.1 mn, surpassing our target of 133.1 mn. We also continued to grow our social housing initiative. By March 2024, our support for social housing had reached USD 250.5 mn, against a target of 246.4 mn (and a figure of 233.7 mn in March 2023). In our Retail Banking division, we increased the percentage of low-income customers in our portfolio and increased the percentage of female customers, thereby supporting financial inclusion. These figures are testimony to our dedication to developing our contribution to these important social and environmental initiatives and progressing our support for the Principles.

We continue to enhance and implement our ESG strategy, further integrating it into our financing and operational activities, in line with Central Bank of Bahrain activities. Underlying this, it is a desire to bring social, economic and environmental benefits to the communities we serve, while at the same time continuing to create value for all our stakeholders. After identifying the areas where we have the biggest impacts, both positive and negative, we have developed an action plan to ensure we can focus our efforts in the most efficient and productive way.

As part of its commitment to climate stability, AUB is leveraging its role as a financier to contribute to broader decarbonization goals. AUB plays an active role in green financing by investing in renewable energy, energy efficiency, water desalination, wastewater treatment and green sukuku, among other areas. AUB has not only met but exceeded its green financing targets.

In a world in which sustainability is of ever-increasing importance, our adherence to the Principles for Responsible Banking provides us with a clear roadmap to build a stronger business and contribute to a more resilient society. I would like to extend my appreciation to all of the Group’s employees, whose hard work and dedication have contributed to our ongoing success and the progress we are making toward the Principles. I extend my heartfelt recognition to them and I look forward to our continued progress in the year ahead.



AHMED SOUD ALKHARJI

Group Chief Executive Officer

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A Universal Banking Group

1.1. Our Diversified Business Model

1.2. Our Multi-national Network

1.3. Our EESG Milestones


3,655
Committed Employees


134
Branches


549,370
Clients


7
Countries

A Universal Banking Group

1.1.

AUB is dedicated to fostering exceptional shareholder value and delivering top-tier customer service across a diverse clientele through providing various financial solutions. Our dynamic financial services group model, coupled with international growth prospects, caters to the financial needs of our retail, corporate, and SMEs clients. Our business model encompasses the following Shari'a* compliant business lines & products:



Retail Banking

The Retail Banking division covers Shari'a-compliant individual customers' deposits, commodity Murabaha receivable, credit cards and Ijara home financing. The division provides a variety of services, including current accounts, savings plans, savings certificates, and time deposits, including both treasury and call deposits. Moreover, the division offers different types of finance facilities such as Murabaha consumer, car Murabaha receivable, Tawaruq personal financing, credit card, internet banking, and SMS banking.



Treasury and Investment Services

The Treasury and Investments division offers an array of financial services, including money market operations, trading activities, and treasury-related solutions. These encompass services like Money Market Services, Foreign Exchange Services, Hedging and Trading Solutions, Structured Products, and Investment Management. Additionally, this division holds responsibility for managing the Group's financial operations.



Corporate Banking

The Corporate Banking Group (CBG) oversees the Bank's activities involving higher-capital risk assets. These activities encompass Corporate Finance, Trade Finance, Commercial Property Finance, and Specialized Finance. The focus of this division is to oversee corporate and institutional finance, manage various credit facilities, and handle deposit and current accounts.



Private Banking and Wealth Management Services

The Private Banking and Wealth Management division focuses on catering to high-net-worth clients. This division operates with a lower capital intensity and offers an array of specialized products and services, including private banking services (encompassing investment products, trust services, and real estate investment offerings), asset management services, and real estate fund management services.

* Shari'a: means the rules, principles and parameters of Islamic law as elucidated, interpreted, ascertained, determined or pronounced by the Shari'a Supervisory Board ("SSB").



1.1.1.

A Transformational Milestone

In 2023, following its acquisition by Kuwait Finance House (KFH), AUB transitioned into an Islamic Bank.

To ensure adherence to Shari'a rules & principles, the Group established its own Shari'a Supervisory Board (SSB) comprising renowned Shari'a scholars, while an integrated IT system has been developed to facilitate the seamless processing of Islamic banking products.

This emphasis on Shari'a-compliant banking reinforces the Group's commitment to ethical and responsible financial practices and demonstrates its dedication to serving the diverse needs of its customers who seek banking solutions aligned with their faith. Furthermore, as a part of KFH's plan to consolidate

Group's banking operations in Kuwait under a single entity, KFH and AUB Kuwait extraordinary general meetings have approved merger of AUB Kuwait into KFH through amalgamation. Accordingly, on 22 February 2024, AUB's shareholding in AUB Kuwait was swapped for shares in KFH.

1.2.

Our Multi-national Network

AUB overseas subsidiaries and affiliated entities in seven nations including



AUB which is headquartered in Bahrain, is fully owned by Kuwait Finance House (KFH). KFH holds significant stakes in a number of other entities, reflecting its strategic presence in the banking sector. AUB has subsidiaries in the UK, Egypt,Iraq, a branch in Dubai and associate businesses in Libya and Oman. With its strong presence in multiple countries, AUB operates through a network of 134 branches, catering to a diverse clientele of almost 550,000 clients.

The Group's ownership structure mirrors our commitment to excellence and strategic influence. As AUB continues to expand its horizons and strengthen our presence, we remain resolute in our mission to provide exceptional financial services and global opportunities to our valued clients across diverse markets, including:

United Kingdom

Ahli United Bank (UK) P.L.C – 100%: Our strong presence in the UK denotes our determined control and focus on this significant market.

Bahrain

Ahli United Bank B.S.C.(c) – 100%: Our flagship entity, symbolizing our dedication to its operations and success.

Libya

United Bank for Commerce & Investment S.A.L. – 40%: Our partnership role represents a commitment to progressing Libya's financial landscape.

UAE

Ahli United Bank B.S.C.(c) (DIFC Branch) – 100%: Our establishment within the Dubai International Financial Center underpins our foothold in this strategic financial hub.

Iraq

Commercial Islamic Bank of Iraq P.S.C – 80.3%: Our strategic positioning in Iraq's financial sector.

Egypt

Ahli United Bank (Egypt) S.A.E – 95.7%: Demonstrating our significant influence within Egypt's financial landscape.

Oman

Ahli Bank S.A.O.G – 35%: Our collaboration with Ahli Bank Oman, showcasing our measured yet impactful involvement.

1.3.

Our EESG Milestones

Financial Resilience*

 **Net Profit:**
USD 667.3 mn

 **Total Assets:**
USD 41,899.9 mn

 **Finance Facilities and Advances:**
USD 10,907.4 mn

 **Shareholders' Equity:**
USD 4,587.5 mn

Sustainable Finance

 **USD 134.1 mn** Green Finance**

 **USD 250.5 mn** Social Housing**

* As of Dec-23
** As of Mar-24

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A Responsible Banking Approach

- 2.1. Our ESG-Oriented Strategy
- 2.2. Strategic Alignment
- 2.3. Client Engagement
- 2.4. Our Partners of Success
- 2.5. A Responsible Business Culture

A Responsible Banking Approach

2.1.

Our ESG-Oriented Strategy

Our group's enduring mission remains centered on creating an unrivalled ability to understand and fulfill client needs.

At AUB, we aim to deliver exceptional value to our stakeholders while supporting social, economic and environmental progress in the communities where we operate. We do so while upholding the highest international standards of corporate governance and regulatory compliance. In this way, we strive to make a positive impact on society.

The Group's core values are those of treating clients with fairness and integrity as we position ourselves to be their banking partner of choice. To achieve this, we utilize cutting-edge technological, digital, and data-driven solutions across all facets of our operations.

In our pursuit of excellence, we are committed to the growth and development of all our people. We have a dynamic and inclusive cross-cultural management structure that embraces diversity and nurtures talent, fostering an environment in which creativity, collaboration, and innovation can flourish.

AUB's ESG-oriented strategy is aligned with the UN Sustainable Development Goals (SDGs), the Paris Agreement on climate change, and national sustainability agendas. We have a clear commitment to climate action and financial inclusion, recognizing them as pivotal objectives that align with our broader mission. We also understand the important role we play in promoting environmental sustainability amongst all our stakeholders.

We firmly believe in the power of financial inclusion to uplift communities and create lasting social impact. By enabling underserved and marginalized communities to access financial services, we can help empower individuals and businesses, thereby boosting responsible

economic growth and stability. In particular, we have focused in the past year on extending financial services of our credit customers to those on low incomes and females. As well as utilizing digitalization to extend access to customers with special needs.

All of these actions help us advance the Principles for Responsible Banking. These principles guide us in making ethical decisions, transparently disclosing our impact, and continually improving our practices. We also recognize that achieving our objectives requires a collective effort. By engaging and collaborating with our stakeholders, we seek to incorporate diverse perspectives and insights into our own thinking to drive meaningful change.

For AUB, implementing the Principles of Responsible Banking is a continual journey. Over the past four years since initially adopting the Principles, we have worked hard to embed them into our practices. This has included completing an impact analysis, setting targets and implementing actions to achieve those targets.












AUB has established its "Sustainable Development Pillars" (*Section 3 of this report*) by utilizing PRB's impact assessment tool, which evaluates the combined financing and investment portfolios across all AUB subsidiaries. Through this assessment, the Group has examined the impact of its Retail Banking, Corporate Banking, Private Banking, SMEs (Business) Banking, and Treasury and Investment portfolios on various economic, social, and environmental factors. This preliminary analysis lays the groundwork for the development of a materiality matrix, which AUB aims to construct throughout 2024.

2.2.

Strategic Alignment

AUB supports and contributes to the SDGs and Bahrain's National Priorities articulated in Bahrain’s Vision 2030.

Through our Value Creation Mapping, we ensure that our core financing activities align with global and national sustainability objectives

Product / Service / Initiative	Contribution to UN SDGs	Mapping with Bahrain’s Vision 2030
Green Finance: As of March 2024, AUB's support for green financing reached USD 134.1 mn, surpassing its actual target of USD 133.1 mn set for the year of 2024.	  	Aspiration 3: Achieving a just and thriving society
Financial Inclusion: AUB is committed to financial inclusion, ensuring that all individuals, including those with special needs, have access to dedicated services and equipment tailored to their unique requirements. We target financial inclusion to fulfill principle 2: Impact analysis and target setting.	 	Aspiration 3: Achieving a just and thriving society
Social Housing: As of March 2024, AUB has surpassed its social housing initiative targets, providing USD 250.5 mn for social housing against a target of USD 246.4 mn for 2024 and a baseline for 2021 set at USD 142.6 mn.		Aspiration 3: Achieving a just and thriving society
SMEs’ Empowerment: To cater to the specific needs of our valued SME clients, we have established dedicated teams committed to serving and supporting them on their financial journey. AUB has been recognized by Global Finance as the Best SME Banking in Bahrain in 2024.	  	Aspiration 1: Achieving robust economic growth. Aspiration 3: Achieving a just and thriving society
Digital Transformation: Digital transformation is at the core of our strategy. We focus on implementing a robust digital transformation strategy that utilizes data analysis to efficiently meet our changing client needs, minimizing the use of cash and physical interactions.	 	Aspiration 1: Achieving robust economic growth.

2.3.

Client Engagement

2.3.1.

Responsible Communication

AUB is committed to building positive relationships with our stakeholders, reflecting both our responsible business practices and our mission to provide excellent service while maintaining the highest ethical standards.

Through this commitment, we take a customer-centric approach that places our clients, whether individuals or businesses, at the center of all our operations. This is supported by the acceleration of our digital transformation with the expansion of our network and global presence, which enables us to create shared value for our clients.

A key element in this offering is the education of our staff in customer service excellence. AUB’s Code of Ethics and Conduct provides comprehensive guidance on treating customers fairly, serving as a compass for employees to engage with clients in a just and equitable manner. Specialized training is provided to employees who engage directly with customers, provide banking services, or address their concerns. This training equips employees with the skills required for professional, efficient and empathetic interactions with clients, ultimately enhancing their overall experience.

- AUB has been engaging with its clients and customers to encourage sustainable practices and enable sustainable economic activities. Our top clients from various sectors have been engaged on two initiatives: Obtaining client data to support AUB’s scope 3 GHG emissions measurement, and support clients with their sustainable financing initiatives.

AUB aims to perform a gradual implementation of the engagement plan which would also include awareness sessions, training courses, sustainable finance, and advisory services.

2.3.2.

Customer Privacy, our Top Priority

In today’s digital world, data protection and security are fundamental elements of corporate responsibility and sustainability. At AUB, we recognize the importance of safeguarding data while adhering to privacy laws, including Bahrain's Personal Data Protection Law, the European Union’s General Data Protection Regulation, and the UAE's evolving data protection framework. We demonstrate our commitment to data security through the utilization of robust security controls, ensuring compliance with relevant privacy regulations across these jurisdictions. We have implemented a suite of security controls in alignment with privacy laws, enabling us to operate our business efficiently and maintain security.

- Skills and Capability:**
We have invested in people across all the geographies in which we operate to ensure we have the right skills and capability to manage data security.
- Access Management:**
Stringent access controls and role-based permissions are enforced to restrict data access to authorized personnel only, with regular audits and reviews to maintain security.
- Data Discovery and Classification:**
We ensure we know where our data is stored and classify the data to enable the appropriate protection is applied.
- Data Minimization:**
We adhere to the principle of data minimization, collecting and retaining only necessary customer data.
- Encryption:**
Sensitive data, both in transit and at rest, is protected through advanced encryption protocols, ensuring confidentiality and integrity.
- Consent Management:**
Transparent consent management mechanisms empower customers to provide and withdraw consent for data processing easily.
- Security Audits:**
Routine security audits and assessments identify vulnerabilities and drive continuous improvement in our security measures.
- Detection and Incident Response:**
A robust detection and incident response plan ensures swift action in the event of data breaches, including notification of authorities and affected individuals as required by law.

Our commitment to data security goes beyond compliance. We continually maintain vigilance regarding evolving privacy laws, regularly update policies and procedures, and provide ongoing training and awareness programs for our staff. Through this proactive approach, we maintain the highest standards of data protection while adapting to changing regulatory landscapes.

2.3.3.

Complaints Management

To provide effective and swift responses to client concerns, AUB employs a structured approach for filing and tracking complaints. AUB Bahrain and AUB Egypt have already implemented their Complaints Management Systems.

Our complaints management procedure is described below:

Initiation:

Client complaints are initiated via call center interactions or the complaints unit.

Follow-up and Resolution:

Complaints are systematically tracked and monitored. Upon resolution, details of the steps taken and remedial measures are updated in the Complaints Management System (CMS).

Data Entry:

Staff members from the relevant team input details of the complaints into the CMS.

This structured system ensures that client complaints are efficiently handled, monitored, and resolved in a transparent and accountable way. This proactive approach is designed to enhance customer satisfaction and underscores our commitment to adhering to regulatory standards and fostering trust within our client base.

AUB is also dedicated to swiftly embracing and implementing service enhancements to provide our customers with a seamless and efficient banking journey. We are early adopters of new technologies and offerings such as digital onboarding and Apple Pay.

We also understand the importance of extending our services beyond traditional banking hours and now operate round the clock, seven days a week

Action Monitoring:

The CMS generates reports to keep track of pending corrective actions, ensuring that all necessary activities are being addressed and executed.

Reporting:

The CMS generates monthly reports for submission to the central bank. These reports provide insights into the status of complaints, their resolutions, and the measures undertaken.

2.4.

Our Partners of Success

AUB places paramount importance on maintaining a robust level of openness and consistency in its interactions with all stakeholders.

AUB has identified several categories of stakeholders, including customers, employees, governments and government entities, regulators, shareholders and investors, business partners and suppliers, and local communities and non-governmental organizations (NGOs).

We aim to communicate with all our stakeholders as appropriate. We have a policy that mandates that all relevant information shall be disclosed without delay to stakeholders, shall be accessible on our website and shall remain available for five years. This ensures that stakeholders can access information easily and conveniently.

Central to our ethical framework is our Banking Integrity Policy. This comprehensive policy provides specific guidelines and sets out a robust whistleblowing process,

ensuring all employees can safely raise concerns about potential malpractices or irregularities in legal or financial matters. In this way, the policy strengthens the connection between the Board and the workforce, providing a strong ethical foundation to our operations.

AUB's commitment to creating enhanced value for all our internal and external stakeholders is exemplified through strategic collaborations with a diverse range of organizations and international firms.

These partnerships facilitate innovation, growth, and a positive impact in a variety of ways. Looking ahead, AUB aim to further consult, engage and collaborate with stakeholders, such as civil society organizations and think tanks, as these activities will support us in advancing target implementation and monitoring.



Notable strategic partnerships include:

1. Arab Trade Finance Program (ATFP):

AUB's partnership with ATFP bolsters trade finance activities, contributing to regional economic growth and strengthening cross-border trade relationships.

2. Tamkeen:

Collaborating with Tamkeen, AUB plays an integral role in supporting Bahrain's entrepreneurial ecosystem, fostering the development of local businesses and enhancing economic diversification.

3. Mazaya Housing Scheme:

AUB's involvement in this scheme underscores its commitment to promoting affordable housing solutions for the community and extending homeownership opportunities.

4. Principal Asset Management Partnership:

Through this partnership, AUB extends a robust suite of asset management services to its clientele, facilitating effective wealth management and investment strategies.

5. Bahrain Institute of Banking and Finance (BIBF):

By collaborating with BIBF, AUB contributes to the continuous development of banking and financial skills, strengthening the industry's human capital

6. Anty initiative of Raye7 Corporation with CTEK:

AUB's participation in anty-initiative with Raye7 Corporation and CTEK demonstrates its commitment to leveraging technology and innovation to improve the transportation experience and contribute to sustainable urban development

7. Waste Management Partnership:

AUB's involvement in waste management partnerships reflects its dedication to environmental responsibility. These collaborations aim to address waste-related challenges and promote sustainable practices.



2.5.

A Responsible Business Culture

The Group’s governance is led by the Board, whose members are responsible for the planning and implementation of appropriate processes and procedures to ensure adherence to all national and international commitments and compliance requirements.

The Board is responsible for establishing effective rules and governance provisions, while raising awareness of ethical standards and rules of professional conduct. Its strategy is translated into policies covering the Group’s main activities and functions, including Credit, Risk Management, Anti-Money Laundering, Audit, Legal, Banking Integrity, and Human Resources.

AUB's dedication to high standards is evident in its autonomous compliance function, which is overseen by the Audit and Compliance Committee. This body supervises Risk Management, and encompasses sustainability, ESG frameworks, and standards, including PRB.

On the operational level, all employees received training in 2024 to enhance their knowledge of ESG practices and frameworks. The Bank provides training to personnel on privacy awareness, customer services, Shari'a training, Code of Ethics and Conduct, and dealing with complaints. In addition, periodic internal Shari'a audits of information security are conducted throughout the year, along with an annual independent external Shari'a compliance audit. The Group has a Social and Environmental Management

System (SEMS) Policy to manage environmental and social risks in its portfolio. The policy ensures compliance with national and international environmental and social requirements and regulations. SEMS also includes due diligence procedures, which considers both, financially appraise of potential projects, and assessment on social and environmental bases as set out in the policy.

A management level ESG Working Group is being established to support the Executive Committee in effectively implementing AUB's ESG initiatives throughout the organization. Once operational, this Working Group will oversee progress against ESG targets, monitor key ESG risks and opportunities, and ensure that ESG considerations are seamlessly integrated across all Bank operations. It will also play a crucial role in providing strategic ESG guidance and promoting awareness of ESG principles throughout the Bank.

Additionally, AUB is developing an ESG Policy, which will underscore the Bank’s commitments to environmental stewardship, social responsibility, and robust governance practices. This policy, once finalized, will serve as the guiding framework for integrating ESG considerations into all business decisions and activities across the Bank.

3

Impact and Beyond

3.1. Impact Assessment

3.2. Target Setting

Impact and Beyond

3.1.

Impact Assessment

As pioneers of responsible banking, we embrace challenges, seeing them as opportunities to make a meaningful difference. Going beyond our own institution, we collaborate with partners, stakeholders, and like-minded organizations to take collective action to build a sustainable future.



As a signatory of the Principles for Responsible Banking, we regularly carry out impact analysis of our activities. For our most recent impact analysis, we used the latest version of the UNEP-FI (Version 3), in which we assessed the environmental, economic, and social impacts associated with the Group's financing and investment activities. This analysis will be the groundwork for the development of a materiality matrix, which AUB aims to construct throughout 2024.

3.1.1.

Scope

The impact assessment focuses on AUB Group through aggregating the financing and investment portfolios from its subsidiaries. This year, we have excluded the Kuwait entity from the portfolio impact assessment due to the merger of AUB Kuwait into KFH through amalgamation. All other relevant AUB geographies and business areas have been included in the analysis. Following a re-run of the impact assessment tool, the results revealed no

significant changes in AUB's impact, compared to the previous year. The Group has assessed the impact of its Retail Banking, Corporate Banking, SMEs (Business) Banking, and Treasury and Investment portfolios using various economic, social, and environmental impact criteria.

The share of each of these business lines as a percentage of the Group's total portfolio is shown in the table below:

























Business Line	Share of Total Portfolio
Corporate Banking	40%
Investment banking	49%
Retail Banking	9%
SMEs Banking	2%

3.1.2.









Context

Our Analysis looked at AUB's operations in Bahrain as a whole. Since there wasn't enough specific data available for Bahrain, we used other sources to help with the analysis. This included Bahrain's Nationally Determined Contributions (NDCs), government statistics, and talking to relevant people. This helped us understand the needs in each area, and we followed the same approach as we did last year.

Bahrain's key country needs have not changed since last year. Specifically, these are Integrity, Security of Person, Health and Safety, Availability, Accessibility, Affordability, Quality of Resources and Services, Equality and Justice, Strong Institutions, Peace and Stability, Healthy Economies, Socio-economic Convergence, Climate Stability, Circularity and Biodiversity and Healthy Ecosystems.

Impact Areas	Impact Topics	SDGs
Social		
Integrity and Security of Persons	Conflict, Modern slavery, Child labour, Data privacy, Natural disasters	   
Health and Safety	--	
Availability, Accessibility, Affordability, Quality of Resources and Services	Water, Food, Energy, Housing, Healthcare and sanitation, Education, Mobility, Information, Connectivity, Culture	       
Livelihood	Employment, Wages, Social protection	  
Equality and Justice	Gender equity, Ethnic / racial equity, Ages discrimination, Other vulnerable groups	 
Socio-economic		
Strong Institutions, Peace and Stability	Rule of law, Civil liberties	
Healthy Economies	Sector diversity, Flourishing SMEs	 
Infrastructure		
Socio-economic Convergence		 



Impact Areas	Impact Topics	SDGs
Natural environment		
Climate Stability	--	
Biodiversity and Healthy Ecosystems	Water Bodies, Air, Soil, Species Habitat	    
Circularity	Resource intensity, Waste	 

3.1.3.

Portfolio Composition and Prioritised Impact Areas

The impact assessment covers 100% of the Group's Treasury and Investment Banking, SMEs Banking and Corporate Banking portfolios, as segmented according to the International Standard Industrial Classification (ISIC). AUB considers the most critical sectors and key negative sectors financed across each business function. Based on Version 3 of the Impact Assessment Tool, AUB identified its prioritized impacts on each business line.

The assessment showed that, except for minor differences, the four lines share similar impacts. The main sectors and activities financed throughout the Treasury and Investment Banking, Corporate Banking, Retail Banking and SMEs banking portfolios, as well as their prioritized impact areas, are shown in the tables below:

3.1.3.1.











Treasury and Investment Banking Portfolio

The Treasury and Investment Banking portfolio has both positive and negative impacts on Livelihood. It has a positive impact through the financing of financial

activities, telecommunications, electricity, gas, and the manufacture of chemical products and machinery, all of which create employment opportunities.

However, it produces negative impacts through financing public administration and the extraction of crude petroleum, which have adverse effects on wages and social protection. Treasury and Investment Banking also has a positive impact on Availability, Accessibility, Affordability, Quality of Resources and Services, and Healthy Economies. It achieves this by financing public administration, financial service activities, extracting crude petroleum, electricity, gas, and telecommunications, which contributes to energy security and SME growth.

Additionally, it positively affects infrastructure through financing public administration, telecommunications, electricity, gas, and steam projects the portfolio has a negative impact on Health and Safety, Circularity, and Climate Stability, as several sectors it finances have detrimental effects on health and resource efficiency, as well as generating greenhouse gas emissions and waste.

Sector		%
Public administration and defense; compulsory social security	37.9%	
Financial and insurance activities	30.9%	
Extraction of crude petroleum and natural gas	9.5%	
Electricity, gas, steam and air conditioning supply	7.9%	
Manufacturing	6.5%	
Transportation and storage	3.3%	
Information and communication	2.4%	
Mining and quarrying	1.1%	
Wholesale and retail trade; repair of motor vehicles and motorcycles	0.4%	
Real estate activities	0.02%	

Positive Impact	Proportion of Portfolio	SDG
Livelihood	100%	<div>1 NO POVERTY</div> <div>8 DECENT WORK AND ECONOMIC GROWTH</div> <div>10 REDUCED INEQUALITIES</div>
Availability, Accessibility, Affordability, Quality of Resources and Services (Finance and Financial Inclusion)	99.58%	<div>2 ZERO HUNGER</div> <div>3 GOOD HEALTH AND WELL-BEING</div> <div>4 QUALITY EDUCATION</div> <div>7 AFFORDABLE AND CLEAN ENERGY</div> <div>8 DECENT WORK AND ECONOMIC GROWTH</div> <div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div> <div>11 SUSTAINABLE CITIES AND COMMUNITIES</div> <div>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</div>
Infrastructure	92.73%	<div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div>
Healthy Economies	81.47%	<div>8 DECENT WORK AND ECONOMIC GROWTH</div> <div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div>

Negative Impact	Proportion of Portfolio	SDG
Health and Safety	100%	<div>3 GOOD HEALTH AND WELL-BEING</div>
Circularity	100%	<div>11 SUSTAINABLE CITIES AND COMMUNITIES</div> <div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div>
Livelihood	97.16%	<div>1 NO POVERTY</div> <div>8 DECENT WORK AND ECONOMIC GROWTH</div> <div>10 REDUCED INEQUALITIES</div>
Climate Stability	96.58%	<div>13 CLIMATE ACTION</div>

3.1.3.2.

Corporate Banking Portfolio

The corporate banking portfolio has a positive impact on Livelihood through financing real estate and the manufacture of machinery, which creates employment. The construction of buildings and extraction of crude petroleum also provide jobs across a range of labour categories. However, some construction and petroleum jobs offer low wages or involve precarious working conditions, negatively impacting workers' livelihoods.





Moreover, construction and petroleum workers might face inadequate social protection measures such as health insurance, job security, or safety regulations. This lack of protection can lead to increased vulnerability to accidents, health issues, or job loss without proper compensation or support.





Corporate banking does have a positive impact on Availability, Accessibility, Affordability, Quality of Resources and Services, and Healthy Economies, through the financing of real estate, construction of buildings, and machinery manufacture, which can contribute to better housing and flourishing SMEs.

Corporate banking achieves a positive impact on Health and Safety by financing the manufacture of machinery and equipment that can enhance workplace safety. Investments in this sector often leads to technological advancements that improve worker safety protocols and reduce workplace accidents. However, sectors financed by corporate banking, such as real estate, construction of buildings, crude petroleum extraction and civil engineering, can also have adverse effects on health, resource efficiency, and the environment, producing negative health outcomes, inefficient resource usage, and substantial generation of waste and greenhouse gas emissions.



Sector		%
Real estate activities	17.8%	
Manufacturing	16.0%	
Extraction of crude oil and petroleum	14.7%	
Wholesale and retail trade; repair of motor vehicles and motorcycles	11.7%	
Construction of buildings	7.7%	
Financial and insurance activities	6.5%	
Information and communication	3.9%	
Agriculture, forestry and fishing	3.8%	
Administrative and support service activities	3.1%	
Transportation and storage	2.8%	
Accommodation and food service activities	1.8%	
Education	1.6%	
Civil engineering	1.6%	
Professional, scientific and technical activities	1.6%	
Human health and social work activities	1.5%	
Water supply; sewerage, waste management and remediation activities	1.4%	
Electricity, gas, steam and air conditioning supply	1.3%	
Public administration and defense; compulsory social security	1.2%	
Mining and quarrying	0.2%	

Positive Impact	Proportion of Portfolio	SDG
Livelihood	100%	
Availability, Accessibility, Affordability, Quality of Resources and Services (Finance and Financial Inclusion)	99.93%	
Healthy Economies	75.15%	
Infrastructure	44.16%	



















Negative Impact	Proportion of Portfolio	SDG
Health and Safety	100%	
Circularity	100%	
Livelihood	96.05%	
Climate Stability	86.43%	















3.1.3.3.








SMEs Banking Portfolio

The SMEs banking portfolio has a positive impact on Livelihood through financing real estate, retail business, and travel agencies, tour operators, reservation services and related activities that create employment. However, the portfolio has a negative impact on Livelihood through financing the construction of buildings and other professional, scientific and technical activities that negatively affect social protection and wages.

SMEs banking has a positive impact on Availability, Accessibility, Affordability, Quality of Resources and Services and Healthy Economies through financing real estate, construction of buildings and food and beverage, which contribute to better housing, food security and flourishing SMEs. The portfolio also has a positive impact on Health and Safety through the financing of human health activities. However, it has negative impacts on Health and Safety, Circularity, and Climate Stability as most of the sectors financed negatively affect human health and resource efficiency and generate both waste and GHG emissions.

Sector		%
Real estate activities	22.2%	
Wholesale and retail trade; repair of motor vehicles and motorcycles	19.8%	
Administrative and support service activities	17.7%	
Manufacturing	11.0%	
Accommodation and food service activities	5.9%	
Construction of buildings	5.3%	
Education	4.9%	
Professional, scientific and technical activities	4.2%	
Financial and insurance activities	4.0%	
Transportation and storage	2.1%	
Human health and social work activities	1.2%	
Civil engineering	1.1%	
Mining and quarrying	0.2%	
Agriculture, forestry and fishing	0.2%	
Public administration and defense; compulsory social security	0.2%	
Information and communication	0.1%	
Extraction of crude petroleum and natural gas	0.1%	
Electricity, gas, steam and air conditioning supply	0.02%	

Positive Impact	Proportion of Portfolio	SDG
Livelihood	100%	  
Availability, Accessibility, Affordability, Quality of Resources and Services (Finance and Financial Inclusion)	99.99%	       
Healthy Economies	71.27%	
Health and Safety	54.66%	 

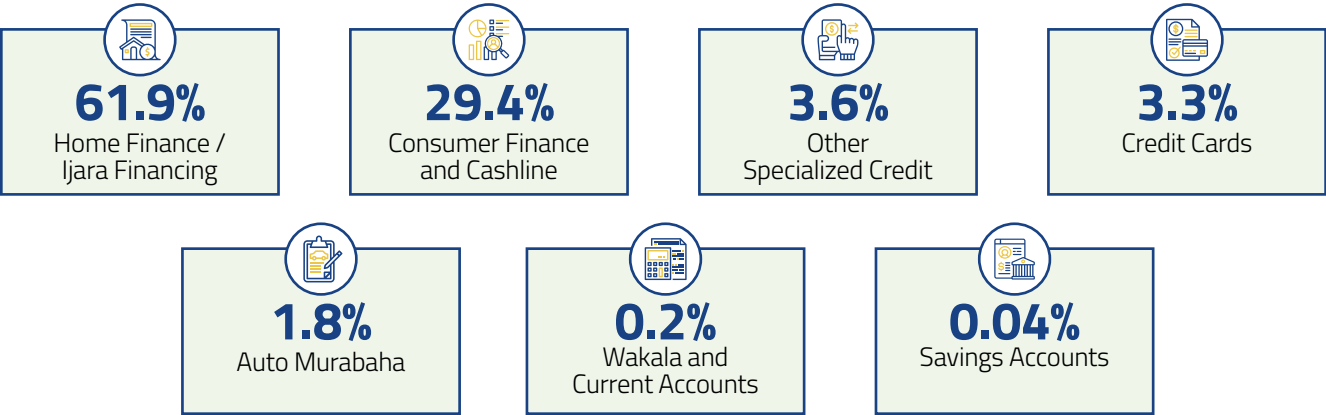
Negative Impact	Proportion of Portfolio	SDG
Health and Safety	100%	
Circularity	100%	 
Livelihood	99.92%	  
Climate Stability	83.45%	

3.1.3.4.

Retail Banking Portfolio

For the Retail Banking Portfolio, the segmentation process involved categorizing customers based on their age, income, and gender.

We are now able to disclose more data on current accounts and savings accounts in Bahrain, Egypt, Iraq and the UK, which was not available last year and represents AUB's progress on this matter.



Depositor's Account					
31 March 2024	AUBB	AUBUK	CIBIQ	AUBE	FS Figure
	USD'000	USD'000	USD'000	USD'000	USD'000
Wakala and Current Accounts	1,872,240	443,619	106,895	925,418	3,358,254
Saving accounts	704,656	4,028	5,238	113,928	827,850
Term Deposits	5,240,359	2,061,344	-	1,125,281	8,498,403
Total	7,817,255	2,508,991	112,133	2,164,628	12,684,507

Below is an overview of the composition of the retail banking portfolio by age, income and gender:

Classification	Population Groups	Percentage of Portfolio (Baselines as of March 2023	Percentage of Portfolio - (Actual – as of March 2024)
Income Level*	Low-income	34%	41.6%
	Middle-income	63%	52.6%
	High-income	4%	5.8%
Gender	Males	86%	85.3%
	Females	14%	14.7%
Age	Youth (e.g. 18-30)	10%	8.1%**
	Middle age (e.g. 30-60)	85%	87.0%
	Senior (e.g. 60+)	5%	4.9%

3.1.4.

Prioritized Impact Areas In-Depth:

AUB Group identified Livelihood, Availability, Accessibility, Affordability, Quality of Resources and Services (Finance/ Financial Inclusion), and Healthy Economies as the most significant areas of positive impact, while Climate Stability, Circularity, and Health and Safety are the key areas of negative impact. This is line with the findings from last year’s assessment:

1. Livelihood:

Bahrain has achieved considerable success in developing a range of economic sectors, including banking, manufacturing, real estate, and tourism. Progress in these areas contributes to Bahrain’s Economic Vision 2030 as well as to the UN SDGs, and particularly those focusing on tackling poverty, decent work, economic growth, and inequalities.

Reflecting this progress, the government has adopted a series of investment and trade policies that support initiatives aimed at increasing the wages of citizens employed in the private sector, as well as providing career development programmes for Bahrainis. These directives are designed to help the achievement of the government’s ambition of making Bahrainis the first choice of employment in the labour market.

AUB supports these priorities through the financing of manufacturing, real estate, crop production, and public administration services. In doing so, the Group contributes to the creation of job opportunities, increased wages, and the establishment of social protection structures that provide both economic and social benefits.

* Monthly Income – Low: Up to BD1,000, Medium: BD1,001-3,000, High: BD3,000+
** In 2024, the youth group decreased by 2% compared to 2023, as the customer segment shifted to the middle age group



2. Availability, Accessibility, Affordability, Quality of Resources and Services (Finance /Financial Inclusion)

Bahrain is an established financial hub in the Gulf region, providing availability, accessibility, affordability, and quality of resources and services in finance and financial inclusion. With a well-established and robust financial infrastructure, the country offers a diverse range of financial institutions and services, catering to both individuals and businesses. By emphasizing financial inclusion, Bahrain has also made significant strides in bridging the gap between the unbanked and banking services, ensuring that all segments of society have access to essential financial resources.

Transparency and reliability are fostered by a sound regulatory framework, which engenders confidence in investors and consumers. The country is also committed to technological advancement, providing a supportive environment for its thriving fintech ecosystem and the development of innovative digital financial solutions.

At AUB, we believe that financial inclusion is key to society's prosperity and wellbeing. This is why our Retail portfolio has been able to make a positive impact through credit cards and cashline, which have contributed to improved housing and mobility. Our corporate, SMEs, and investment banking portfolios offer further support by financing institutions operating in the public administration, real estate, the construction of buildings, crop production, civil engineering, and financial services.

AUB aims to contribute to the Financial Health of our customers so they can smoothly manage their current financial obligations and have confidence in their financial future. For that, with the aim of reducing indebtedness, we apply a maximum consumer Debt Service Ratio (DSR) permissible at 50% of monthly income, thereby indirectly discouraging customers from assuming excessively burdensome financial obligations. For further steps, AUB aims to develop initiatives to contribute to the financial literacy of our youth and women customers.

3. Healthy Economies

Bahrain has a flourishing micro, small, and medium enterprises (MSMEs) sector, thanks to its outstanding infrastructure and support. MSMEs now play a significant role in the country's economy, accounting for 93.3% of all commercial registrations. Of these, 81% are owned by Bahrainis, demonstrating the country's commitment to fostering local entrepreneurship. Notably, 39% of these MSMEs are owned by women and 23% by young people, reflecting a diverse and inclusive business landscape.

AUB promotes a healthy economy in Bahrain through its SMEs banking portfolio, especially in machinery manufacturing, real estate, public administration, construction of buildings and civil engineering.

4. Climate Stability

An important aspect of Bahrain's actions on mitigating climate change is its focus on mitigation and adaptation. Bahrain is striving to reduce greenhouse gas emissions by switching to renewable energy sources and adopting energy efficiency measures. The country’s National Renewable Energy Action Plan sets out targets for increasing the proportion of renewable energy, such as solar and wind power, in its energy mix. Initiatives such as this help to mitigate the country's carbon footprint and promote energy security and independence. Bahrain is also committed to climate change adaptation strategies to combat more frequent extreme weather events. Measures adopted by the country include investments in water infrastructure, such as desalination and wastewater treatment plants, ensuring a sustainable supply of water for a growing population. Climate considerations are also incorporated into urban planning to reduce vulnerability to flooding and other climate-related risks.

Activities financed by AUB that negatively impact climate stability are construction of buildings, real estate, extraction of crude oil, manufacture of machinery, crop production, financial services, and civil engineering.

5. Circularity

The last decade has witnessed rapid economic growth and prosperity in Bahrain. However, this has resulted in resource depletion and overconsumption, issues the country is taking important steps to address. Circularity has been integrated into Bahrain’s Economic Vision 2030, and waste management prioritized, especially at a municipal level.

AUB-financed activities that negatively contribute to circularity include real estate, construction of buildings, extraction of crude oil, crop production, financial service, and civil engineering.

6. Health and safety

AUB-financed activities that negatively impact health and safety include crop and animal production, construction of buildings, civil engineering, extraction of crude oil, manufacture of machinery and financial services.

The Group is fully aware of the negative impacts associated with its portfolios and is taking steps to address these challenges. Our Social and Environmental Management System (SEMS) policy underpins our efforts to mitigate the negative impacts of climate, circularity and health and safety.

Positive Impact Areas	Negative Impact Areas
Livelihood	Climate Stability
Availability, Accessibility, Affordability, Quality of Resources and Services (Finance and Financial Inclusion)	Circularity
Healthy Economies	Health and Safety

3.1.5.

Heat Map

Sectors	Livelihood	Availability, Accessibility, Affordability, Quality of Resources & Services	Healthy Economies	Health & Safety	Climate Stability	Circularity
Real Estate	+	+	+	-	-	-
Construction of Buildings	-	+	+	-	-	-
Extraction of Crude Oil	-			-	-	-
Manufacture of Machinery	+	+	+	-	-	-
Civil Engineering	-	+	+	-	-	-
Crop Production	+	+	+	-	-	-
Public Administration and Defence	+	+	+			-
Financial Service Activities (except insurance)	+	+		-	-	-

+ Indicates positive impact
- Indicates negative impact

3.2.

Target Setting

Climate Stability and Financial Inclusion have been chosen by AUB as the two most significant impact areas in which to set targets for the coming years. The Bank set a SMART target on financial inclusion in 2023, and in 2024 has set SMART targets on climate stability that will increase its positive impacts and reduce the negative impacts of its activities.

3.2.1.

Climate Stability

3.2.1.1.

Understanding Bahrain’s Context and its alignment to Paris Agreement

Bahrain is addressing climate change through commitments aligned with initiatives such as the Paris Agreement and the national Economic Vision 2030. The country aims to reach Net Zero by 2060 and has set an ambitious interim goal to reduce its GHG emissions by 35% by 2035.

In this context, the banking sector is playing a pivotal role, guided by the Central Bank of Bahrain's requirements. Banks are measuring financed emissions and adopting international disclosure frameworks such as International Financial Reporting Standards (IFRS) S2 and Task Force on Climate-related Financial Disclosures (TCFD). They are offering green financing options such as green Sukuks, to support sustainable projects. Banks are also striving to integrate climate risk into risk management.

Collaborations, green financing products, and staff training enhance their climate strategies. This proactive approach supports Bahrain’s sustainable transition and meets the growing demand for sustainable financial products.

Aligned with these national priorities, AUB is committed to strengthening its climate action by addressing both operational and financed emissions. AUB’s ESG-oriented strategy includes monitoring of emissions in sectors with significant environmental impact, particularly in crude petroleum and natural gas extraction.

In line with the International Energy Agency's (IEA) Net Zero Emissions (NZE) scenario and the goals of the Paris Agreement, AUB’s decarbonization pathway will reflect the anticipated global shift toward cleaner energy and lower emissions. By following the IEA’s guidance for the Middle East, AUB is taking steps to support global efforts to reduce emissions from high-impact sectors. This approach also aligns with industry best practices, including the adoption of climate risk management frameworks and integration of sustainability principles into core business operations.

*World Energy Outlook Report 2023, IEA, 2023

Setting Baselines and Priorities

Operational Emissions

We actively measure and monitor the greenhouse gas (GHG) emissions resulting from our operations. This encompasses direct emissions from the bank’s activities (Scope 1), indirect emissions from purchased energy (Scope 2), and additional indirect emissions related to our investments (Scope 3 – Category 15) as per the GHG protocol.

Our direct emissions mainly originate from fuel combustion in company-owned and leased vehicles. Our indirect GHG emissions (Scope 2) are attributed to the electricity we purchase to power our facilities. We strive to enhance our GHG emission disclosure by strengthening our monitoring systems in the upcoming years.

GHG Emissions	Unit	2022	2023
Total scope 1 emissions	tCO ₂ e	74	65
Total scope 2 emissions	tCO ₂ e	6,660	6,485

Financed Emissions

As a signatory of the Partnership for Carbon Accounting Financials (PCAF), AUB is committed to annually capturing its Scope 3, Category 15 emissions (financed emissions) associated with the bank’s financing and investment portfolio.

Building on the financed emissions pilot analysis conducted in 2022, AUB has expanded the scope of the assessment for 2023, capturing financed emissions across five asset classes and the bank’s financed sectors.

Boundaries and scope

Scoping Information	
Financial Products	On-balance sheet financial products including divisions: <ul style="list-style-type: none">▪ Corporate Banking▪ Investment Banking▪ Business Banking▪ Commercial Real Estate▪ Retail Banking including Ijara Financing and Auto Murabaha only
Asset Classes	<ul style="list-style-type: none">▪ Listed Equity and Sukuks*▪ Business Financing Facilities and Unlisted Equity*▪ Commercial Real Estate▪ Ijara Financing*▪ Auto Murabaha*
Sectors	All sectors in AUB's portfolio
Data Year	April 1 st , 2023 – March 31 st , 2024
Emission Factors Database	PCAF Emission Factor Database
Emission Types	Generated Emissions
Green House Gases (GHGs) Covered	All gases – expressed in terms of CO ₂ equivalents

*Standard PCAF asset class terminology is adapted to align with Shari'a compliant rules & principles in Islamic banking.

Definition of terms

Short form	Full form
CO ₂	Carbon dioxide
CO ₂ equivalents (CO ₂ e)	The universal unit of measurement to indicate the global warming potential (GWP) of each of the six greenhouse gases, expressed in terms of the GWP of one unit of carbon dioxide. It is used to evaluate releasing (or avoiding releasing) different greenhouse gases against a common basis.
Emission factor (EF)	A factor enabling GHG emissions to be estimated from a unit of available activity data (e.g., tonnes of fuel consumed, tonnes of product produced) and absolute GHG emissions.
GHG emissions	Any gas that has the property of absorbing infrared radiation (net heat energy) emitted from Earth’s surface and reradiating it back to Earth’s surface, thus contributing to the greenhouse effect. The Kyoto Protocol covers six greenhouse gases produced by human activities: carbon dioxide (CO ₂); methane (CH ₄); nitrous oxide (N ₂ O); hydrofluorocarbons (HFCs); perfluorocarbons (PFCs); and sulfur hexafluoride (SF ₆).
GHG intensity	GHG emission intensity measures the amount of greenhouse gas emissions produced per unit of a specific metric, providing a relative indicator of environmental efficiency.
tonnes or t	Metric tonnes

PCAF data quality scores

The PCAF provides a standardized framework for financial institutions to measure and disclose the greenhouse gas emissions associated with their financing and investments. A key component of this framework is the PCAF data quality score, which assesses the reliability and accuracy of emissions data. These scores range from 1 to 5, with 1 indicating high-quality data based on primary sources and direct measurements, and 5 indicating lower-quality data derived from estimations or secondary sources.

AUB has considered the financed emissions calculation with both data quality 4 and 5, depending on the availability of information. We are committed to engaging with our customers to collect more specific emissions-related data, thereby enhancing the accuracy and quality of our reported financed emissions.

AUB has calculated a weighted average data quality score for each sector, asset class, and banking division, aligning with the PCAF guidance. The formula for assessing these scores is as follows:

Building upon our pilot financed emissions assessment, AUB has focused on improving the data quality scores of our financed emissions results.

Weighted average data quality score =
$$\frac{\sum_i^n \text{Outstanding amount}_i \times \text{Data quality Score}_i}{\sum_i^n \text{Outstanding amount}_i}$$

Where i represents the client or investee

The specific data quality scores for our financing and investment portfolio are detailed in the tables below.

Asset class	Weighted average data quality score
Listed Equity and Sukuks	4.56
Business Financing Facilities and Unlisted Equity	4.28
Commercial Real Estate	5.00
Ijara Financing	5.00
Auto Murabaha	5.00

Financed emissions results and methodology

In a further effort to enhance our emissions reporting, AUB has expanded the scope of asset classes covered in our financed emissions calculations. AUB’s financed emissions were calculated across five asset classes: Listed Equity and Sukuks; Business Financing Facilities and Unlisted Equity; Commercial Real Estate; Ijara Financing; and Auto Murabaha.

These asset classes are included in our financing and investment portfolio across the bank’s four main divisions: Corporate Banking, Investment Banking, Business Banking, and Retail Banking (which includes only Ijara Financing and Auto Murabaha).

Financed emissions results

Exposure considered in Financed Emissions Estimation (USD)	24,053,948,014
Portfolio Exposure (USD)	24,983,664,489
% Coverage of FE Estimation	96%
Total Financed Emissions t CO ₂ e	158,448,672

To accurately estimate and report our financed emissions, we have included an exposure of USD 24,053,948,014 in our calculations. This exposure represents 96% of our total portfolio, amounting to USD 24,983,664,489. This marks a notable increase in coverage compared to our pilot financed emissions assessment. From this expanded analysis, we have calculated our total financed emissions to be 158,448,672 t CO₂e.

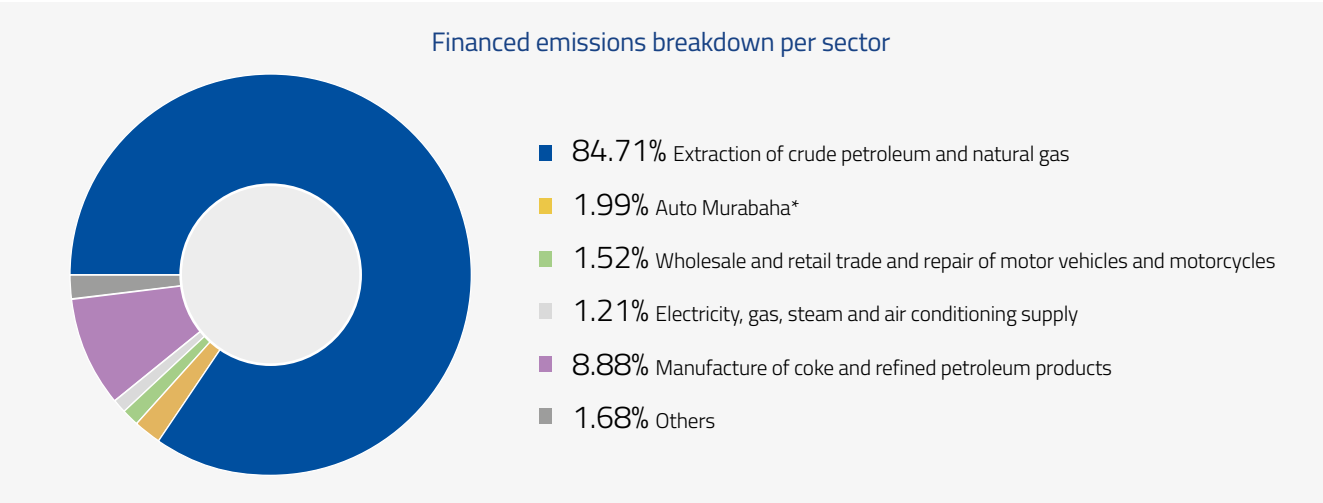
The increase in our financed emissions estimation is due to the broader data boundary used in the assessment and the improvement in our financed emissions data quality score. The details of this expansion are summarized in the table below.

	Pilot Assessment (2022)	Current Assessment (2023)
Asset classes covered	<ul style="list-style-type: none">Listed Equity and Sukuks	<ul style="list-style-type: none">Listed Equity and SukuksBusiness Financing Facilities and Unlisted EquityIjara FinancingAuto Murabaha
Banking Divisions included	<ul style="list-style-type: none">Corporate BankingInvestment Banking	<ul style="list-style-type: none">Corporate BankingInvestment BankingBusiness BankingCommercial Real EstateRetail Banking (including Ijara Financing and Auto Murabaha only)
Data quality score	<ul style="list-style-type: none">5	<ul style="list-style-type: none">4 and 5

Most of our emissions stem from financing and investment activities under the Listed Equity and Sukuks asset class, as outlined in the tables & chart below.

Asset class	Financed Emissions (t CO ₂ e)	Outstanding Exposure (USD)	Financed Emissions Intensity (kg CO ₂ e / USD exposure)
Listed Equity and Sukuks	98,394,173	12,246,031,859	8.03
Business Financing Facilities and Unlisted Equity	56,889,222	9,112,528,440	6.24
Commercial Real Estate	8,456	1,277,342,488	0.01
Ijara Financing	9,949	1,379,000,000	0.01
Auto Murabaha	3,146,871	39,045,227	80.60

Sector	Financed Emissions (t CO ₂ e)	Outstanding Exposure (USD)	Financed Emissions Intensity (kg CO ₂ e / USD exposure)
Extraction of crude petroleum and natural gas	134,225,153	1,769,841,493	75.84
Auto Murabaha*	3,146,871	39,045,227	26.24
Wholesale and retail trade and repair of motor vehicles and motorcycles	2,412,115	963,071,124	80.60
Electricity, gas, steam and air conditioning supply	1,918,851	1,098,010,221	2.50
Manufacture of coke and refined petroleum products	14,077,935	536,439,512	1.75
Others	2,667,747	19,647,540,438	0.14



Similar to our pilot assessment in 2022, AUB’s highest emitting sector remains the “Extraction of crude petroleum and natural gas.” This sector accounts for approximately 85% of our total financed emissions and represents 7% of our total exposure.

As a result, we have seen an increase in data quality scores for both asset classes. For Commercial Real Estate, Ijara Financing, and Auto Murabaha, we are actively engaging our customers to collect more accurate data, which will enable a more precise assessment of our financed emissions.

Data inputs

We have used financial company data to estimate our financed emissions for 2023.

- Total outstanding amounts**
Client exposure or the total outstanding amount forms the numerator of the attribution factor in alignment with PCAF guidance. This is defined as the exposure of debt that is still outstanding and is measured in USD. This data is extracted from our internal records.

Calculation approach

We have adopted the PCAF methodology to calculate financed emissions across five asset classes and continuously strive to enhance our data quality score. This year, we utilised more company-specific data for the Listed Equity & Sukuks and Business Financing Facilities & Unlisted Equity asset classes by capturing detailed company revenues, total equity, and debt data to improve the accuracy of our calculations.

* Auto Murabaha referred to Motor vehicle loan as per PCAF asset classification.

- *Client total assets*
Client total assets (or client company value) is defined as the sum of a company's total debt and total equity. For the Listed Equity and Sukuks and Business Financing Facilities and Unlisted Equity asset classes, client total assets form the denominator of the attribution factor. We have sourced client total assets from our internal datasets.
- *Client asset values at origination*
For Commercial Real Estate, Ijara Financing, and Auto Murabaha, the asset value at origination forms the denominator of the attribution factor. If the asset value is unavailable, the asset is excluded from the financed emissions calculation.
- *Client emissions*
For the Listed Equity and Sukuks and Business Financing Facilities and Unlisted Equity asset classes, client emissions were estimated by multiplying client revenues, extracted from the Bank's internal records, with estimated Scope 1 and 2 sectoral emissions.
- *Emission factors*
To estimate sectoral emissions, AUB has used the emission factors from PCAF's Exiobase dataset for each asset class.

Assumptions and Limitations

- *Currency conversion*
Since the Exiobase dataset provides emission factors per euro spent, we have used the OECD conversion factor for 2022 to convert USD to EUR. This conversion ensures accurate application of the emission factors in our calculations.
- *Exclusions*
Any outstanding exposures that are negative were excluded from the calculations. Additionally, any financing facilities with no value at origination (asset value) were also excluded from the calculations.
- *Proxies*
Companies assessed were not categorized as listed or private companies. Therefore, all companies were treated as private companies, and total assets were used as the attribution factor denominator since EVIC (enterprise value including cash) values are unavailable.
- *Commercial Real Estate*
For financing facilities in the United Kingdom, the Cayman Islands, and the British Virgin Islands, the UK emission factor was used. For all other countries, USA emission factors for all states and all building types were used as proxies due to the unavailability of country-specific data for the Middle East for data quality 5.
- *Ijara Financing*
For the United Kingdom, the UK emission factor was used. For all other countries, USA emission factors for all states and all building types were used as proxies due to the unavailability of country-specific data for the Middle East for data quality 5.
- *Auto Murabaha*
Emission factors (t CO₂e/year) were taken for Cyprus as a proxy due to the lack of data available for Bahrain for data quality 5.

*World Energy Outlook Report 2023, IEA, 2023

3.2.1.3.

Target Setting and Action Plan

The International Energy Agency's (IEA) Net Zero Emissions (NZE) scenario* outlines a global roadmap to limit global warming to 1.5°C and achieve net-zero carbon emissions by 2050. For banks, the NZE scenario highlights the opportunity to support the transition to a more sustainable economy. It encourages banks to gradually align their lending and investment portfolios with low-carbon strategies, promote green financing options, and assist clients in reducing their carbon emissions. The NZE scenario also suggests that banks can enhance their approach to climate risk by improving disclosures and engaging in sustainable finance initiatives. By considering the IEA's roadmap, banks can contribute to global climate goals while continuing to foster long-term financial stability.

The IEA's NZE scenario emphasizes the crucial role of the oil and gas sector in achieving global climate goals. It outlines a pathway for reducing emissions in this sector as part of the broader transition to clean energy. AUB is taking steps to support global efforts to reduce emissions from high-impact sectors. This approach also aligns with industry best practices, including the adoption of climate risk management frameworks and the integration of sustainability principles into core business operations.



As part of its commitment to climate stability, AUB is leveraging its role as a financier to contribute to broader decarbonization goals. AUB plays an active role in green financing by investing in renewable energy, energy efficiency, water desalination, wastewater treatment and green sukuku, among other areas. AUB has not only met but exceeded the green financing target of 133.1 mn established for 2024. The green financing target for 2025 is \$163 mn.

AUB has adopted a robust framework to measure, manage, and report on its climate performance through the following approach:

- 1. Focus on Green Financing:**
AUB prioritizes green financing by investing in relevant sustainable projects. The bank actively supports clients in adopting low-carbon technologies and funds initiatives that promote environmental sustainability.
- 2. Engage with Stakeholders:**
AUB plans to collaborate with clients, industry experts, regulators, and other stakeholders to ensure alignment and gather support for its decarbonization plans. This includes regular communication, workshops, and feedback sessions to refine strategies and address challenges.

3. Implement Initiatives and Monitor Progress:

On execution of the planned initiatives, AUB will ensure rigorous project management and regular monitoring. AUB will utilize key performance indicators (KPIs) to track progress and adjust measures as necessary to stay on track.

4. Conduct Regular Reviews:

AUB will schedule periodic reviews to assess progress, analyze data, and evaluate the effectiveness of strategies. Adjustments to the action plan are made as necessary, and internal and external audits may be conducted for objective assessments of performance.

5. Report and Communicate Results:

AUB endeavours to transparently report progress to stakeholders, including shareholders, clients, regulators, and the public. AUB uses established frameworks for reporting to ensure consistency and credibility.

The framework is part of AUB's broader commitment to sustainable finance, supporting clients and stakeholders in the energy transition while maintaining transparency through established climate-related disclosure frameworks. Achieving our targets depends on external factors, including advancements in technology and the effective implementation of our clients' carbon mitigation strategies. Through our action plan, AUB will strive to engage and support our clients in achieving their transition journey.

3.2.1.4.

Performance Measurement

We measure and disclose our direct and indirect operational emissions as per the GHG protocol. Additionally, we report on our portfolio financed emissions in the public domain as part of the PRB report. AUB discloses its financed emissions for all assets relevant to its portfolio including ‘Listed Equity and Sukuks’, ‘Business Financing Facilities and Unlisted Equity’.

‘Commercial Real Estate’, ‘Ijara Financing’ and Auto Murabaha’. The Data Quality score of methodology to compute financed emissions is enhanced compared to previous year to provide a more accurate estimation of financed emissions. AUB will review the targets periodically to ensure consistency with current climate science.

Indicator name	Unit
Scope 1 emissions	tCO ₂ e
Scope 2 emissions	tCO ₂ e
Scope 3 emissions (category 15 – investments)	tCO ₂ e

3.2.2.

Financial Inclusion

3.2.2.1.

Understanding Bahrain’s Context and its alignment with UN SDGs

Through promoting financial inclusion, AUB can support the achievement of the UN SDGs, and especially Goals 1 (No poverty) and 10 (Reduced Inequalities). We also advance the fulfilment of the Bahrain Vision 2030.

While developing our Financial Inclusion’s target baseline, the World Development Indicators showed that in 2021, young people (those aged 20–34) formed approximately 28% of the population of Bahrain, while 38% were female. Meanwhile, the UN Economic and Social Commission for Western Asia ranks Bahrain as having the third-highest level of poverty in the region for poverty, with a rate of 7.5%. The MENA Financial Inclusion Report 2020 reveals Bahrain as second among eight Middle East and North African countries, boasting a 39% financial inclusion rate.

This achievement stems from heightened emphasis on financial literacy, targeted outreach to underserved groups, microfinancing for SMEs, and a vigorous push for digitalization.

The report uses four measurements: access to financial accounts (banking), savings, credit, and digital payments. According to data from the World Bank Global Findex Database, 83% of Bahrain’s residents possess financial accounts, but credit access stands at just 30%. The Global Findex also finds that only 23% of people on low-income, and 21% of both women and young people possess credit cards.

3.2.2.2.

Setting Baselines and Priorities

In 2023, we established that, for our credit customers, 34% of our finance facilities’ allocation focused on the low-income bracket, 14% are provided for females, and 10% support youth aged between 18 and 30 years. From these baselines, AUB set goals to enhance access to credit and increase finance facility allocation to youth and females. As of March 2024, the proportion of the portfolio allocated to low-income groups reached 41.6% and the female allocation had risen to 14.7%. However, the percentage for youth had decreased to 8.1%.

At the same time, we aim to apply prudent controls to ensure any potential negative impacts of increased access to finance, such as over-indebtedness, are avoided. Currently, we apply a maximum consumer Debt Service Ratio (DSR) permissible at 50% of monthly income,

thereby indirectly discouraging customers from assuming excessively burdensome financial obligations.

In addition, AUB aims to develop initiatives to contribute to the financial literacy of our youth and women customers.

Retail Banking Portfolio Segmentation by Income, Gender and Age			
Classification	Population Groups	Percentage of Portfolio (Baselines as of March 2023)	Percentage of Portfolio (Actual – as of March 2024)
Income Level*	Low-income	34%	41.6%
	Middle-income	63%	52.6%
	High-income	4%	5.8%
Gender	Males	86%	85.3%
	Females	14%	14.7%
Age	Youth (e.g. 18-30)	10%	8.1%**
	Middle age (e.g. 30-60)	85%	87.0%
	Senior (e.g. 60+)	5%	4.9%

3.2.2.3.

Target Setting and Action Plan

We set a target to increase access to credit and finance facility allocation to the low-income people, youth and females by \$5mm. In 2023, the bank engaged with relevant internal and external stakeholders to develop a plan to reach its targets, which defined the following measures and actions:

- Better targeting for social housing through enhancing access to home and mortgage finance for the females and youth.
- Expanding access to digital banking services to the youth and females.
- Improve credit and risk policies to mitigate over-indebtedness e.g., risk models to screen early signs of over-indebtedness, behaviour and income assumptions, appetite risk by vulnerable groups.

3.2.2.4.

Performance Measurement

The bank defines the following core indicators for measuring its performance in achieving financial inclusion.

Indicator Name	Data Source	Level	2021	2022	2023
# of new customers (women)	Transactional	Output	4,086	4,458	15,488
# of new customers (youth)	Transactional	Output	4,595	5,767	8,384

*Monthly Income – Low: Up to BD1,000, Medium: BD1,001-3,000, High: BD3,000+
**In 2024, the youth group decreased by 2% compared to 2023, as the customer segment shifted to the middle age group.

4

Nurturing Sustainable Finance

- 4.1. Our SEMS Policy
- 4.2. Sustainable Products and Services
- 4.3. Green Finance
- 4.4. Financial Inclusion

AUB Group is committed to promoting sustainable finance and offers a range of services to encourage sustainability among its clients. These include green finance, tailored services for Small and Medium Enterprises (SMEs), housing programs, and support for megaprojects. Additionally, the Group promotes financial inclusion and literacy through various initiatives.

Nurturing Sustainable Finance

4.1.

Our SEMS Policy

AUB Group is committed to promoting responsible finance and sustainable financing practices. This is demonstrated through its continued implementation of performance standards through the Social and Environment Management System (SEMS). This comprehensive system outlines the policy, procedures, and workflow to be followed by Ahli United Bank B.S.C.(c) and its subsidiaries, overseen by the SEMS Manager/Coordinator. Regular updates to the SEMS policy, approved by the Group's Board of Directors, ensure its relevance and effectiveness.



Case study:

In 2024, in line with this Policy, AUB is currently developing an ESG policy to further support our SEMS by integrating broader environmental, social, and governance factors into our operational framework. Once finalized, this policy will express our commitments and operational practices in the broader contexts of sustainability and responsibility.

Adherence to the SEMS policy extends across all branches of AUB, ensuring consistent implementation and alignment throughout the organization. The policy is mandatory for the Group's Heads and applies to all staff members including but not limited to in the Corporate Banking, SMEs Banking, Audit, Risk Management, and Compliance departments. This integrated approach enables us to ensure that sustainability principles are embedded throughout the Group's operations.

In the event of future majority acquisitions, AUB Group will remain committed to upholding this policy. Similar policies and procedures will be established within the newly acquired entities as part of the Bank's Group-wide risk management structure, further propagating the Group's sustainability objectives.

For syndicated investments where AUB acts as a minority investor, the Group encourages the application of the SEMS policy and procedures to the client investment. This ensures high social and environmental standards are maintained in collaborative ventures.

AUB Group's diligence in screening and evaluating all funded projects against stringent global social and environmental standards and requirements, such as the IFC Performance Standards and World Bank Group Environmental, Health and Safety (EHS) guidelines, is a testament to its commitment to environmental and social responsibility. The Group's exclusion of any project that violates these standards or national environmental laws and regulations exemplifies its ethical and principled approach to finance.



For the purpose of undertaking the Social & Environment Due Diligence (SEDD) process, the Bank shall categorize all its financing proposals in the following categories:

- **Category A:**
Business activities with potential significant adverse environmental or social risks and/or impacts that are diverse, irreversible, or unprecedented.
- **Category 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.
- **Category C:**
Business activities with minimal or no adverse environmental or social risks and/or impacts.

Category Financial Intermediaries

Business activities involving investments in Financial Intermediaries (FIs) or through delivery mechanisms involving financial intermediation. The instances could be as below:

- 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.
- B. When an FI’s existing or proposed portfolio is comprised of, or is expected to be comprised of, business activities that have potential limited adverse environmental or social risks or impacts that are few in number, 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.

- 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.

4.2.

Sustainable Products and Services

4.2.1.

Sustainable Murabaha Financing Facility

In July 2022, AUB achieved a milestone by successfully concluding the world's first-ever sustainability-linked dual-tranche Murabaha financing for a financial institution. This landmark achievement resulted in the issuance of a USD 1.1 bn Sustainable Murabaha Financing Facility, which garnered significant profit from regional and international banking investors. The overwhelming demand confirmed AUB's sector-leading position. The Facility’s prime feature was the introduction of financial incentives through a sustainability adjustment to the margin. This adjustment was based on AUB’s accomplishment of specific Sustainability Performance Targets (SPTs) which were structured around three Key Performance Indicators (KPIs):

- Green Financing KPI
- Social Housing KPI
- ESG Governance KPI

The transaction's profit rate comprised two components: a profit rate margin and the term Secured Overnight Financing Rate (SOFR) as benchmark rate. Depending on the attainment of the KPIs, the profit rate margin would either increase or decrease by 0.02% or 0.01%, providing a financial incentive for AUB to meet its sustainability targets. All the three targets were successfully met.

By pioneering this Sustainable Murabaha Financing Facility, AUB set a precedent for other financial institutions worldwide to embrace sustainable financing practices. This innovative approach fosters positive environmental and social impacts and strengthens AUB's position as a responsible and forward-thinking financial institution committed to creating a sustainable future.

Initiative (USD MM)	2022	2023	2024 (as of March)
Green Financing	116.1	167.50	134.1
Social Housing Financing	212.2	256.8	250.5

4.2.2.

Social Housing

AUB Group promotes financial inclusion, with a specific focus on social housing. AUB Bahrain has significantly increased its support by offering financing of up to 110% of the property value for Mazaya Social Program customers and up to 100% of the property value for Tasheel Social Housing program over an extended period of up to 30 years. In addition to levying administration and property evaluation, this approach ensures ample funding to cover property costs, furniture, and consolidation of other financial commitments. It also enables more affordable instalments that can be spread across extended repayment periods.

Year	Social Housing (USD mn)
Baseline 2021	142.6
Target 2024	246.4
Actual (Mar 2024)	250.5

4.2.3.

SMEs’ Growth

The SME sector is a priority for AUB and plays a vital role in our overall business strategy. We have dedicated teams to meet the needs of our SME clients and to support them on their financial journey, specially through digitalization. Reflecting this, AUB has been recognized by Global Finance as the Best SME Banking in Bahrain in 2024.

Targets

The table below presents the actual achievements for the period April 2022 to March 2024, detailing the performance of Green Financing and Social Housing Financing initiatives.

AUB has surpassed its social housing initiative targets. The baseline was set in 2021 at USD 142.6 mn, with a target of USD 246.4 mn for 2024. By March 2024, the actual support provided for social housing had reached USD 250.5 mn, demonstrating AUB's dedication to making housing more accessible and affordable for individuals and families in the community.

To enhance the digital onboarding experience and ensure the highest security, AUB has partnered with Jumio to provide biometric verification. This advanced technology streamlines the onboarding process, providing a seamless and secure way for our clients to access our services.

We also leverage our identity verification and digital signature solutions platform's (ID Now) video calling capabilities for eCertificate issuances, further simplifying and expediting essential processes for SMEs. In addition, Benefit, an innovative platform, provides Know Your Customer (KYC) verification, Fawateer verification, and Fawateer platform, for efficient payments, and timely client updates. Our WhatsApp banking services enable SME clients to enjoy the convenience of "Push and Pull" Banking services at their fingertips.

AUB has always embraced digital transformation and the enhanced digital services it offers. Our SME (AIT@jer) Corporate Banking platform provides an intuitive, feature-rich interface tailored to their specific needs, while the SME (AIT@jer) Community connects businesses with exclusive offers and discounts, fostering a thriving business-to-business ecosystem.

sSME POS Financing offers SMEs convenient access to the funding they need to build growing, successful businesses, and is supported by SME POS Service, which provides seamless management of point-of-sale services.

We also understand the importance of maintaining a physical presence. AUB caters to diverse client preferences with a range of branches tailored to their needs. Our branches offer services from traditional Automated Teller Machines (ATMs) to advanced machines offering bulk deposit, 24/7 interactive tellers, and 24/7 kiosks, providing easy access to essential banking services. Selected branches offer dedicated SME lounges, providing personalized and comfortable spaces for financial discussions and transactions. Additionally, AUB's Flagship Branch features dedicated Premium Banking Lounges, ensuring our high-net-worth SME clients receive exclusive and attentive service.

4.3.

Green Finance

As part of our efforts to advance green finance, we participate in bilateral financing for water desalination, wastewater treatment, renewable energy, and energy efficiency initiatives. As of March 2024, AUB's support for green financing stood at USD 134.1, surpassing its 2024 target of 133.1 mn.

For AUB, "Green Financing" stands for any financing or investment related to renewable energy (solar energy & steam power plants), energy efficiency (thermal energy storage), sustainable water & wastewater management (wastewater treatment, water desalination & water treatment equipment), green buildings or other green financing. Including, but not limited to, green financing facilities or green Sukuk per the principles set out by the Loan Markets Association and the International Capital Market Association.

Moreover, AUBE has played a pivotal role in promoting green finance, funding a wastewater treatment plant through a syndicated facility.

Year	Green Finance (mn)
Baseline 2021	100.0
Target 2024	133.1
Actual (Mar 2024)	134.1



4.4.

Financial Inclusion

AUB is committed to financial inclusion. We aim to ensure that all individuals, including those with special needs, have access to dedicated services and equipment tailored to their unique requirements. Our branches offer digitally available services and machines that operate 24/7, enabling clients to conduct their banking transactions conveniently and at their own pace.

Through branch meet/greet desks, trained staff offer personalized assistance to help clients feel comfortable and supported throughout their banking journey. Branches also provide informative content to guide clients in making informed financial decisions. We believe that empowering our clients with financial knowledge is key to their long-term financial well-being.

AUB has recently launched a digital customer onboarding channel, aimed at customers aged 21 and above, including both locals and expat residents. This user-friendly platform simplifies money management matters, making it especially convenient for clients with busy schedules or those residing in distant locations with limited access

to physical branches. By overcoming time and distance constraints, these digital services empower clients from various demographics to meet their financial and saving needs efficiently and securely.

AUB's digital financial inclusion initiatives also include the use of tablets and kiosks at our branches. These devices facilitate digital onboarding, providing clients with to access a wide range of services, including account management, activating dormancy, issuing official letters, managing cards, conducting transfers, updating contact details, and much more. This comprehensive suite of services ensures that our clients have the tools they need to manage their finances effectively and conveniently.

5

Appendices

- 5.1. Appendix A: PRB Self-Assessment Template
- 5.2. Appendix B: IFRS S2 and TCFD Index
- 5.3. Appendix C: Central Bank of Bahrain ESG Requirements
- 5.4. Appendix D: Independent Limited Assurance Report

Appendices

5.1.

Appendix A: PRB Self-Assessment Template

AUB Principles for Responsible Banking self-assessment Report

Principle 1: Alignment



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 Agreement and relevant national and regional frameworks.

Business model

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 across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

Response

Links and references

Our dynamic financial services group model, coupled with international growth prospects, cater to the financial needs of our clients as per Shari'a rules & principles. Our business model encompasses the following business lines based on Shari'a rules & principles:

- Retail Banking:** The Retail Banking division of the Group covers individual customers' deposits, finance facilities, cashline, credit cards and Ijara financing. Moreover, the division offers different types of finance facilities such as consumer facilities, auto murabaha, as well as internet banking, and SMS banking.
- Corporate Banking:** The Corporate Banking Group (CBG) oversees the Bank's activities involving higher-capital risk assets. These activities encompass Corporate Finance Facilities, Trade Finance, Commercial Property Finance, and Specialized Finance. The focus of this division is to oversee corporate and institutional facilities, manage various credit facilities, and handle deposit and current accounts
- Treasury and Investment Services:** The Treasury and Investments division of the Group offers an array of financial services, including money market operations, trading activities, and treasury-related solutions. These encompass services like Money Market Services, Foreign Exchange Services, Shari'a Compliant Hedging and Trading Solutions, Structured Products, and Investment Management. Additionally, this division holds responsibility for managing the Group's financial operations.
- Private Banking and Wealth Management Services:** The Private Banking and Wealth Management division within the Group focuses on catering to high-net-worth clients. This division operates with a lower capital intensity and offers an array of specialized services, including private banking services (encompassing investment products, trust services, and real estate investment offerings), asset management services, and real estate fund management services.

Response	Links and references
<p>Multinational Network: Serving 549,370 clients through a network of 134 branches and 3,655 team members we continually expand, and we are delighted to manage subsidiaries and associates in 7 geographies: Bahrain (27%), Egypt (12%), Kuwait (8%), Other GCC (26%), United Kingdom (8%), Asia (7%), Europe-Excl UK (5%), and others (7%). AUB's ownership structure is shaped by Kuwait Finance House (KFH), which fully owns AUB and its subsidiaries in Bahrain, the UK, Egypt, Iraq also and the Dubai International Financial Centre (DIFC) in the United Arab Emirates. Additionally, KFH holds significant stakes in various other entities, reflecting its strategic presence in the banking sector with a strong presence in multiple countries. The strategic ownership landscape within our group entities mirrors our commitment to excellence and strategic influence and as we continue to expand our horizons and strengthen our presence, we remain resolute in our mission to provide exceptional financial services and global opportunities to our valued clients across diverse markets:</p> <ul style="list-style-type: none">a. Ahli United Bank B.S.C.(c) – 100%: Our flagship entity, symbolizing our complete dedication to its operations and success.b. Ahli United Bank B.S.C.(c) (DIFC Branch) – 100%.c. Ahli United Bank (UK) P.L.C – 100%.d. Ahli United Bank (Egypt) S.A.E – 95.7%.e. Ahli Bank S.A.O.G (Oman) – 35%.f. Commercial Islamic Bank of Iraq P.S.C (Iraq) – 80.3%.g. United Bank for Commerce & Investment S.A.L. (Libya) – 40%.	

Strategy alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

- ☒ Yes
- ☐ No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Agreement, and relevant national and regional frameworks.

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

- ☐ UN Guiding Principles on Business and Human Rights
- ☐ International Labour Organization fundamental conventions
- ☐ UN Global Compact
- ☐ UN Declaration on the Rights of Indigenous Peoples
- ☐ Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: _____
- ☐ Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: _____
- ☒ None of the above

Response	Links and references
<p>Our Group's enduring mission remains centered on creating an unrivalled ability to understand and fulfill client needs. We strive to nurture the growth and development of our dedicated staff while consistently delivering exceptional value to our stakeholders. We are resolute in maximizing shareholders' wealth, while upholding the highest international standards of corporate governance and regulatory compliance. Concurrently, we proudly contribute to the progress of the economic, social, and environmental landscapes in the communities where we operate, and thus empowering positive change and advancement. Central to our values is treating our clients with fairness and integrity. We aspire to be their preferred banking partner through providing cutting-edge technological, digital, and data-driven solutions across all facets of our operations. In our pursuit of excellence, we have nurtured a dynamic and inclusive cross-cultural management structure. Valuing diversity and talent, we empower our team members to thrive, fostering an environment where creativity, collaboration, and innovation flourish.</p> <p>We are driven by a deep sense of responsibility to create value for all our stakeholders, amplifying our positive impact while proactively addressing and mitigating any negative effects stemming from our operations. AUB aims to align its strategic direction with United Nations Sustainable Development Goals (UNSDGs), Paris Agreement, and national sustainability agendas. Central to our ESG-Oriented Strategy, is a firm commitment to climate action and financial inclusion, recognizing them as pivotal objectives that align with our broader mission. With climate change, being one of the most pressing global challenges, we understand the critical role we play in promoting environmental sustainability. Furthermore, we firmly believe in the power of financial inclusion to uplift communities and create lasting social impact. By ensuring access to financial services for underserved and marginalized populations, we strive to empower individuals and businesses, fostering responsible economic growth and stability.</p> <p>The integration of climate action and promoting financial inclusion into our ESG-Oriented Strategy to ensures achieving the targets set forth by the Principles for Responsible Banking. These principles guide us in making ethical decisions, transparently disclosing our impact, and continually improving our practices to meet the highest standards of being a responsible banking. Through stakeholder engagement and collaboration, we seek to incorporate diverse perspectives and insights, ensuring that our ESG-Oriented Strategy is robust, relevant, and inclusive. We recognize that achieving our objectives requires a collective effort, and we are eager to work together with our stakeholders to drive meaningful change and progress.</p> <p>AUB's strategy and operations align with UN SDGs, particularly SDGs 1,6, 7, 8,9, 10, 11,13, as outlined in our value creation mapping.</p>	

Principle 2: Impact and Target Setting



We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and 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.

2.1. Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly¹ and fulfil the following requirements/elements (a-d)² :

a) **Scope: What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why**

¹That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.
²Further guidance can be found in the Interactive Guidance on impact analysis and target setting.

Response

Links and references

As signatory of the Principles for Responsible Banking (PRB), we share our fourth impact analysis using the UNEP-FI Portfolio Impact Analysis Tool (Version 3) to assess the environmental, economic, and social impacts associated with the Group's financing and investment activities. The impact assessment focuses on AUB Group through aggregating the financing and investment portfolios from all AUB's subsidiaries. The Group has assessed the impact of its Retail Banking, Corporate Banking, SMEs (Business) Banking, and Treasury and Investment portfolios on various economic, social, and environmental impact areas.

Corporate Banking, Treasury and Investment Banking, Retail Banking and SMEs banking represent 41%, 49%, 9%, and 2% of the portfolio, respectively. Our assessment centers on Bahrain, our headquarters' primary geographic representation.

In terms of geography, the bank excluded AUB Kuwait from its portfolio this year due to the merger of AUB Kuwait into KFH through amalgamation. All other relevant AUB geographies and business areas have been included in the analysis. We have re-run the PRB impact analysis tool, with no major changes presented as a result.

- b) Portfolio composition: Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope**
- i) by sectors & industries³ for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or
 - ii) by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

Response

Links and references

The impact assessment covers 100% of the Group's Treasury and Investment Banking, SMEs Banking, and Corporate Banking portfolios that have been segmented based on the International Standard Industrial Classification (ISIC). AUB diligently monitors its portfolio composition internally and provides the data in this report as of 31st March 2024. The portfolio percentages have been calculated based on the financing amount in USD. AUB considers the most critical sectors and key negative sectors financed across each business function.

The main sectors financed under **Treasury and Investment Banking:**
As of 31st March 2024

Sector	%
Public administration and defense; compulsory social security	37.9%
Financial and insurance activities	30.9%
Extraction of crude petroleum and natural gas	9.5%
Electricity, gas, steam and air conditioning supply	7.9%
Manufacturing	6.5%
Transportation and storage	3.3%
Information and communication	2.4%
Mining and quarrying	1.1%
Wholesale and retail trade; repair of motor vehicles and motorcycles	0.4%
Real estate activities	0.02%

Response

Links and references

The main sectors financed under **Corporate Banking:**
As of 31st March 2024

Sector	%
Real estate activities	17.8%
Manufacturing	16.0%
Extraction of crude oil and petroleum	14.7%
Wholesale and retail trade; repair of motor vehicles and motorcycles	11.7%
Construction of buildings	7.7%
Financial and insurance activities	6.5%
Information and communication	3.9%
Agriculture, forestry and fishing	3.8%
Administrative and support service activities	3.1%
Transportation and storage	2.8%
Accommodation and food service activities	1.8%
Education	1.6%
Civil engineering	1.6%
Professional, scientific and technical activities	1.6%
Human health and social work activities	1.5%
Water supply; sewerage, waste management and remediation activities	1.4%
Electricity, gas, steam and air conditioning supply	1.3%
Public administration and defense; compulsory social security	1.2%
Mining and quarrying	0.2%

Manufacturing makes up a significantly greater proportion of the corporate portfolio compared to previous year report, due to an expansion of the types of manufacturing now being considered, such as of chemicals and basic metals.

The main sectors financed under **Business (SMEs) Banking:**
As of 31st March 2024

Sector	%
Real estate activities	22.2%
Wholesale and retail trade; repair of motor vehicles and motorcycles	19.8%
Administrative and support service activities	17.7%
Manufacturing	11.0%
Accommodation and food service activities	5.9%
Construction of buildings	5.3%
Education	4.9%
Professional, scientific and technical activities	4.2%
Financial and insurance activities	4.0%
Transportation and storage	2.1%
Human health and social work activities	1.2%
Civil engineering	1.1%
Mining and quarrying	0.2%
Agriculture, forestry and fishing	0.2%
Public administration and defense; compulsory social security	0.2%
Information and communication	0.1%
Extraction of crude petroleum and natural gas	0.1%
Electricity, gas, steam and air conditioning supply	0.02%

³Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

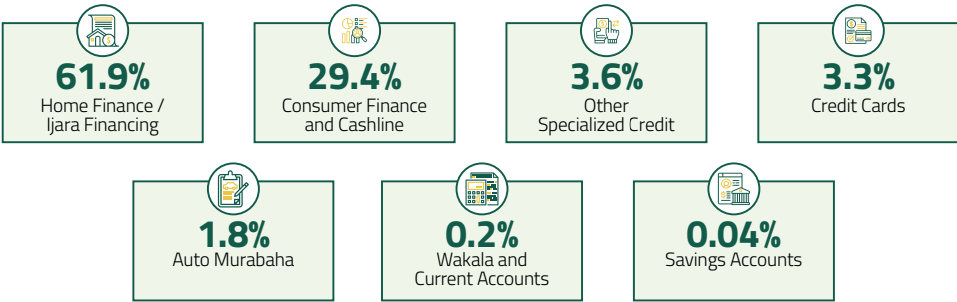
Response

Links and references

Regarding the Retail Banking Portfolio, the segmentation process involved categorizing customers based on their age, income, and gender. We are now able to utilize data related to current accounts and savings accounts in Bahrain, Egypt, Iraq and the UK, which was acknowledged as a significant limitation in last year's report and represents AUB's progress on the same.

Depositor's Account					
31 March 2024	AUBB	AUBUK	CIBIQ	AUBE	FS Figure
	USD'000	USD'000	USD'000	USD'000	USD'000
Wakala and Current Accounts	1,872,240	443,619	106,895	925,418	3,358,254
Saving accounts	704,656	4,028	5,238	113,928	827,850
Term Deposits	5,240,359	2,061,344	-	1,125,281	8,498,403
Total	7,817,255	2,508,991	112,133	2,164,628	12,684,507

Retail Banking Portfolio:



The below is an overview of the composition of the retail banking portfolio by age, income and gender:

Classification	Population Groups	Percentage of Portfolio (Baselines as of March 2023)	Percentage of Portfolio (Actual – as of March 2024)
Income Level*	Low-income	34%	41.6%
	Middle-income	63%	52.6%
	High-income	4%	5.8%
Gender	Males	86%	84.3%
	Females	14%	14.7%
	Joint Accounts		1%
Age	Youth (e.g. 18-30)	10%	8.1%**
	Middle age (e.g. 30-60)	85%	87.0%
	Senior (e.g. 60+)	5%	4.9%

* Monthly Income – Low: Up to BD1,000, Medium: BD1,001-3,000, High: BD3,000+
**In 2024, the youth group decreased by 2% compared to 2023, as the customer segment shifted to the middle age group.

c) Context: What are the main challenges and priorities related to sustainable development in the main countries/ regions in which your bank and/or your clients operate?⁴ Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

This step aims to put your bank's portfolio impacts into the context of society's needs.

Response

Links and references

We considered in our analysis AUB's consolidated operations across its headquarters in Bahrain. Owing to the lack of availability of Bahrain's Context in the new version of the tool, we utilised additional resources along with consultations with relevant stakeholders to determine the level of need for each impact area. Bahrain's key country needs are Integrity, Security of Person, Health and Safety, Availability, Accessibility, Affordability, Quality of resources and services, Equality and Justice, Strong Institutions, Peace and Stability, Healthy Economies, Socio-Economic convergence, Climate Stability, Circularity and Biodiversity and Healthy Ecosystems.

Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2f)? Please disclose.

Response

Links and references

AUB Group identified Livelihood, Availability, Accessibility, Affordability, Quality of Resources & Services (Finance/Financial Inclusion) and Healthy Economies as its significant areas of positive impact, while Climate Stability, Circularity and Health and Safety as its key areas of negative impact. AUB selected Climate Stability and Financial Inclusion (Finance) as the two most significant impact areas to set targets on in the upcoming years. The Bank is in the process of identifying SMART targets, and progress on implementing its targets that will increase its positive impacts while reducing the negative impacts of its activities.

In 2024, we enhanced our methodology to monitor climate metrics and targets including financed emissions. AUB is taking steps to support global efforts to reduce emissions from high-impact sectors. This approach also aligns with industry best practices, including the adoption of climate risk management frameworks and the integration of sustainability principles into core business operations. These targets are aligned with the IEA Net Zero 2050 decarbonization scenario, paving the way for significant reductions in our environmental impact and support of global climate objectives.

In 2023, we defined our target related to Financial Inclusion, and in 2024, our Climate Stability target. For more information, please refer to the target setting section.

d) For these (min. two prioritized impact areas): Performance measurement: Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.

In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health & inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex.

If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.

The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.

⁴Global priorities might alternatively be considered for banks with highly diversified and international portfolios.
⁵To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.

Response

Links and references

In 2023, the Bank has identified the key sectors in the corporate banking that are associated with Climate Stability which include construction of buildings, real-estate activities, extraction of crude petroleum and wholesale and retail trade. Other sectors that contribute positively and negatively to Climate Stability are specified in the heat map that is presented in our PRB progress report for 2024. AUB has analyzed the key sectors financed in the corporate banking portfolio.

In 2020, the Bank became a signatory for Partnership for Carbon Accounting Financials (PCAF), with the aim to measure scope 3 financed emissions associated with the Bank's corporate banking portfolio. In addition to measuring our financed emissions, we selected engagement indicators and financial indicators to set financial and client engagement targets, in parallel with the impact targets.

We present a comprehensive analysis of the Bank's portfolio, with a specific focus on the corporate finance segment, based on the portfolio data collected and reviewed as of 31st March 2024. The decision to spotlight the corporate finance portfolio in this report is driven by its significant role in the Bank's overall financial exposure, reflecting the institution's commitment to responsible and sustainable financing practices. For the purposes of this report, our analysis will delve into the corporate finance extended to various sectors, with extra emphasis on five key sectors:

Construction of buildings (7.7% of corporate portfolio), Extraction of crude petroleum and natural gas (14.5%), Real estate activities (17.8%), and Wholesale and retail trade and repair of motor vehicles and motorcycles (11.7%). After reviewing the portfolio in 2024, we identified one more relevant sector: Manufacturing (16.0%). For more information on our financed emissions, please refer to the target setting section.

Concerning financial inclusion, out of our credit customers, 41.6% of our finance facilities allocation focuses on the low-income bracket, while 14.7% are provided for females, and 8.1% support the youth, aged between 18 and 30 years. Accordingly, AUB targeted to enhance access to credit and increase finance facilities allocation to the youth and females by US\$ 5mm, and this target was achieved in Mar-24 in all the retail category customers (age, income, and gender).

2.2. Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets⁷ have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

a) Alignment: which international, regional or national policy frameworks to align your bank's portfolio with⁸ have you identified as relevant? Show that the selected indicators and 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.

You can build upon the context items under 2.1.

Response

Links and references

AUB selected Climate Stability and Financial Inclusion (Finance) as the two most significant impact areas, and set targets aligned with the United Nations Sustainable Development Goals (UN SDGs), Bahrain's Vision 2030 and Bahrain's Nationally Determined Contributions (NDCs)

The Bank has set SMART targets, and will report progress on implementing them, that will increase its positive impacts while reducing the negative impacts of its activities. In 2023, we defined our target related to Financial Inclusion, and in 2024, our Climate Stability target. For more information, please refer to the target setting section.

b) Baseline: Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.

A package of indicators has been developed for climate change mitigation and financial health and inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the Annex of this template.

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

Impact area	Indicator code	Response
Climate change mitigation	...	
	...	
	...	
Impact area	Indicator code	Response
Financial health and inclusion	...	
	...	
	...	

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

⁷Operational targets (relating to for example water consumption in office buildings, gender equality on the bank's management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.

⁸Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Agreement, and regional frameworks. Aligning means there should be a clear link between the bank's targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?⁶

Scope:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Portfolio composition:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Context:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Performance measurement:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

AUB Group identified Livelihood, Availability, Accessibility, Affordability, Quality of Resources & Services (Finance/Financial Inclusion) and Healthy Economies as its significant areas of positive impact, while Climate Stability, Circularity and Health and Safety as its key areas of negative impact. AUB selected Climate Stability and Financial Inclusion (Finance) as the two most significant impact areas to set targets on in the upcoming years. The Bank is in the process of identifying the SMART targets, and progress on implementing its targets that will increase its positive impacts while reducing the negative impacts of its activities.

How recent is the data used for and disclosed in the impact analysis?

☒ Up to 6 months prior to publication

☐ Up to 12 months prior to publication

☐ Up to 18 months prior to publication

☐ Longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.: (optional)

⁶You can respond "Yes" to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.

a) Financial Inclusion (Finance)

1. Understanding Bahrain’s Context and alignment with UNSDGs

According to the World Development Indicators, in 2021 youths (those aged 20-34) comprise approximately 28% and females make up 38% of Bahrain's total population. The MENA Financial Inclusion Report 2020 reveals Bahrain as second among eight Middle East and North African countries, boasting a 39% financial inclusion rate. This achievement stems from heightened emphasis on financial literacy, targeted outreach to underserved groups, microfinancing for SMEs, and a vigorous push for digitalization. The report's foundation rests on four pillars: access to financial accounts (banking), savings, credit, and digital payments. As per the World Bank Global Findex Database, 83% of Bahrain's residents possess financial accounts, yet credit access stands at 30%. Delving into credit card ownership, the Global Findex highlights that low-income, female, and youth cardholders represent 23%, 21%, and 21% respectively. Furthermore, the financial inclusion approach directly impacts UN SDGs, Goals 1 (No poverty) and 10 (Reduced Inequalities).

2. Setting Baselines and Priorities

Out of our credit customers, 41.6% of our finance facilities allocation focuses on the low-income bracket, while 14.7% are provided for females, and 8.1% support the youth, aged between 18 and 30 years. Accordingly, AUB targeted to increase access to credit and finance facilities allocation to the youth and females by \$5mm. This target was achieved in March 2024 in all the retail category customers (age, income, and gender).

With the aim of reducing indebtedness, we apply a maximum consumer Debt Service Ratio (DSR) permissible at 50% of monthly income. This ensures that customers' regular income, net of finance repayment and other financial obligations, remain sufficient to support themselves and any dependents. Minimum disposable income is maintained at BD150.

- The bank engaged with relevant internal and external stakeholders to develop a plan to reach its targets. The plan defined the following measures and actions:
- Better targeting for social housing through enhancing access to home and/or mortgage finance for the females and youth.
 - Expanding access to digital banking services to the youth and females.
 - Improve credit and risk policies to mitigate over-indebtedness, for example, risk models to screen early signs of over-indebtedness, behaviour and income assumptions, appetite risk by vulnerable groups.

The bank defines the following core indicators for measuring its performance in achieving financial inclusion.

Indicator Name	Data Source	Level	2021	2022	2023
# of new customers (women)	Transactional	Output	4,086	4,458	15,488
# of new customers (youth)	Transactional	Output	4,595	5,767	8,384

b) Climate Stability

The Bank has become a signatory for Partnership for Carbon Accounting Financials (PCAF) in 2022, with the aim to measure scope 3 financed emissions associated with the Bank's corporate banking portfolio. AUB has reported its direct (scope 1) and indirect (scope 2) GHG emissions arising from its operations along with other indirect (scope 3 category 15: investments) emissions as per the GHG protocol. The Bank discloses its portfolio financed emissions in the public domain as part of the PRB report. In 2023, the Bank expanded its reporting boundary of financed emissions to include 3 more asset classes relevant to the portfolio viz. 'Commercial Real Estate', 'Ijara Financing' and Auto Murabaha' in addition to the asset classes included in previous year viz. 'Listed Equity and Sukuks' and 'Business Financing Facilities and unlisted equity'. The Data Quality score of methodology to compute financed emissions is enhanced, as compared to previous year, to provide a more accurate estimation of financed emissions.

The International Energy Agency's (IEA) Net Zero Emissions (NZE) scenario* emphasizes the crucial role of the oil and gas sector in achieving global climate goals. It outlines a pathway for reducing emissions in this sector as part of the broader transition to clean energy. In line with these global trends, AUB is taking steps to support global efforts to reduce emissions from high-impact sectors. This approach also aligns with industry best practices, including the adoption of climate risk management frameworks and the integration of sustainability principles into core business operations.

As part of its commitment to climate stability, AUB is leveraging its role as a financier to contribute to broader decarbonization goals. AUB plays an active role in green financing by investing in renewable energy, energy efficiency, water desalination, wastewater treatment and green sukuks, among other areas. AUB has not only met but exceeded the green financing target of 133.1 mn established for 2024. The green financing target for 2025 is \$163 mn.

The Bank align its PRB report to international climate risk frameworks such as IFRS S2 and TCFD.

In addition to measuring our financed emissions, we selected engagement indicators and financial indicators to set financial and client engagement targets, in parallel with the impact targets.

Action	Indicator
Client Engagement Indicators	
Client engagement questions: Engagement process with clients regarding their strategy towards a low(er)-carbon business model.	<ul style="list-style-type: none">▪ Does the organization have a Climate Strategy?▪ Is there board-level oversight of climate-related issues within your organization?▪ Provide details of your climate-related supplier engagement strategy.
Action	Indicator
Client Engagement Indicators	
Engaging with clients for data collection: Engage with key clients to develop data collection templates incorporating their scope 1 and scope 2 emissions data.	<ul style="list-style-type: none">▪ Total Greenhouse Gas Emissions (scope 1 and 2 emissions)▪ Sector-specific GHG emissions intensity▪ Greenhouse Gas Emissions Reduced
Financial Indicators	
Financial volume of green assets/low-carbon technologies.	<ul style="list-style-type: none">▪ Increasing share of green finance and green finance provided from total portfolio

*World Energy Outlook Report 2023, IEA, 2023

c) **SMART targets** (incl. key performance indicators (KPIs)⁹: Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

Response	Links and references
AUB targeted to increase access to credit and finance facility allocation to the youth and females by US\$ 5mm and achieved this in 2024. The bank engaged with relevant internal and external stakeholders to develop a plan to reach its targets. The plan defined the following measures and actions: <ul style="list-style-type: none">Better targeting for social housing through enhancing access to home and mortgage finance for the females and youth.Expanding access to digital banking services to the youth and females.Improve credit and risk policies to mitigate over-indebtedness e.g., risk models to screen early signs of over-indebtedness, behaviour and income assumptions, appetite risk by vulnerable groups.	

d) **Action plan** (incl. key performance indicators (KPIs)): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts

Response	Links and references
AUB developed an implementation plan and monitoring procedures that are used to ensure that targets are met. Following the establishment of the targets, the progress on implementing these targets will be reported as part of the quarterly report to the Group Management Risk Committee, Board Risk Committee and Board of Directors.	

2.3. Target implementation and monitoring (Key Step 2)


For each target separately:
Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank’s progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

Response	Links and references
AUB is in the process of developing the implementation plan and monitoring procedures that will be used to ensure that targets are met. Following the establishment of the targets, the progress on implementing these targets will be reported.	
In the climate stability area, AUB is taking steps to support global efforts to reduce emissions from high-impact sectors. This approach also aligns with industry best practices, including the adoption of climate risk management frameworks and the integration of sustainability principles into core business operations. AUB is in process of developing a high-level strategy and sector-specific action plan to manage its financed emissions and targets.	

Principle 3: Clients and Customers



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.

3.1. Client engagement

Does your bank have a policy or engagement process with clients and customers¹⁰ in place to encourage sustainable practices?

☐ Yes

☒ In progress

☐ No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

☒ Yes

☐ In progress

☐ No

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 activities¹¹). It should include information on relevant policies, actions planned/implemented to support clients’ transition, selected indicators on client engagement and, where possible, the impacts achieved.

This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).

⁹Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

¹⁰A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.
¹¹Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

Response	Links and references
<p>In 2023, AUB engaged with its clients and customers to encourage sustainable practices and enable sustainable economic activities.</p> <p>Our top clients in various sectors have been engaged on two areas:</p> <ul style="list-style-type: none">▪ Obtaining high quality client data to aid AUB’s scope 3 GHG emissions measurement▪ Where AUB can support clients with their ESG financing plans <p>AUB aims to perform a gradual implementation of the engagement plan that would also include awareness sessions, trainings, sustainable and green finance, and advisory services.</p> <p>AUB Group’s Social and Environmental Management System (SEMS) policy, demonstrates its proactive approach to incorporate climate risks into its risk framework and management practices. This highlights the Group’s dedication to identifying, assessing, and managing environmental and social risks, including those related to climate change, in its financial operations.</p> <p>AUB Group’s diligence in screening and evaluating all funded projects against stringent global social and environmental standards and requirements, such as the IFC Performance Standards and World Bank Group EHS guidelines, is a testament to its commitment to environmental and social responsibility. The Group’s exclusion of any project that violates these standards or national environmental laws and regulations exemplifies its ethical and principled approach to finance.</p>	

3.2. Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social Sukuks – financial inclusion, etc.).

Response	Links and references
<p>Sustainable Murabaha Financing Facility</p> <p>In July 2022, AUB achieved a groundbreaking milestone by successfully concluding the world's first-ever sustainability-linked dual-tranche Murabaha financing for a financial institution. This landmark achievement resulted in the issuance of a USD 1.1 bn Sustainable Murabaha Financing Facility, which garnered significant profit from regional and international Banking investors. The overwhelming demand further solidified AUB’s position as a leading and innovative player in the market. The key feature of the Sustainability Linked Commodity Murabaha Financing Facility was the introduction of financial incentives through a Sustainability Adjustment to the margin. This adjustment was based on AUB’s accomplishment of specific Sustainability Performance Targets (SPTs) which were structured around three Key Performance Indicators (KPIs):</p> <ul style="list-style-type: none">▪ Green Financing KPI▪ Social Housing KPI▪ ESG Governance KPI <p>The transaction's profit rate comprised two components: a profit rate margin and the term secured Secured Overnight Financing Rate (SOFR) as benchmark rate. Depending on the attainment of the KPIs, the profit rate margin would be either increased or decreased by 0.02% or 0.01%, providing a financial incentive for AUB to meet its sustainability targets. All the three targets were successfully met by AUB.</p> <p>By pioneering this Sustainable Murabaha Financing Facility, AUB sets a precedent for other financial institutions worldwide to embrace sustainable financing practices. This innovative approach not only fosters positive environmental and social impacts but also strengthens AUB's position as a responsible and forward-thinking financial institution committed to creating a sustainable future.</p> <p>In 2023, the target for Green Financing was \$121 million, and the actual amount reached was \$137 million. For Social Housing Financing, the target was set at \$205.3 million, and the actual amount achieved was \$256.8 million.</p>	

Response	Links and references
<p>Social Housing</p> <p>AUB Group targets promoting financial inclusion, with a specific focus on social housing. AUB Group promotes financial inclusion, with a specific focus on social housing. AUB Bahrain has significantly increased its support by offering financing of up to 110% of the property value for Mazaya Social Program customers and up to 100% of the property value for Tasheel Social Housing program over an extended period of up to 30 years. In addition to levying administration and property evaluation, this approach ensures ample funding to cover property costs, furniture, and consolidation of other financial commitments. Moreover, it allows for more affordable instalments spread across extended repayment periods.</p> <p>As of March 2023, AUB has made remarkable progress in its social housing initiative, surpassing its targets. The baseline for 2021 was set at USD 142.6 mn, with a target of USD 246.4 mn for 2024. By Mar 2024, the actual support provided for social housing reached USD 250.5 mn. This outstanding progress underscores AUB's dedication to making housing more accessible and affordable for individuals and families in the community.</p> <p>SMEs’ Growth</p> <p>At AUB, we have strategically prioritized the SME segment, recognizing its vital role in our business strategy. To cater to the specific needs of our valued SME clients, we have established dedicated teams, fully committed to serving and supporting them on their financial journey. AUB has been recognized by Global Finance Magazine as the Best SME Banking in Bahrain in 2024.</p> <p>We also leverage our identity verification and digital signature solutions platform's (ID Now) video calling capabilities for eCertificate issuances, further simplifying and expediting essential processes for our SME clients. Benefit, an innovative platform, enables smooth Know Your Customer (KYC) verification, Fawateer for efficient payments, and timely client updates. AUB's commitment to modern Banking practices extends to our WhatsApp Banking services, allowing SME clients to enjoy the convenience of Push and Pull Banking services right at their fingertips. Embracing digital transformation, we proudly offer SME clients an array of unique digital services. Our SME (AIT@jer) Corporate Banking platform provides an intuitive and feature-rich interface tailored to their specific needs. Moreover, SME (AIT@jer) Community connects businesses with exclusive offers and discounts, fostering a thriving business-to-business ecosystem.</p> <p>In December 2021, AUBE was granted a USD 82 mn financing package from the European Bank for Reconstruction and Development (EBRD), the European Union, and the Green Climate Fund (GCF). The financing package was part of AUBE’s expansion strategy in the Egyptian market, which will boost its funding activities, support the growth of GDP, and further provide the required financing for SMEs as well. The package consisted of a USD 30 mn credit line for financing to the SMEs in Egypt, a USD 10 mn value chain finance under the EU-Funded Trade and Competitiveness Program. This was in addition to a USD 12 mn green value chain finance supported by the GCF and the EU, and a USD 30 mn trade facility under the EBRD Trade Facilitation Program (TFP).</p> <p>The program enables small businesses to invest in advanced technologies and solutions, which result in climate change migration and adaptation. The project offers a combination of medium-term financing and technical expertise in a package that promotes targeted investment in climate change mitigation and adaptation technologies and services in Egypt.</p> <p>Green Finance</p> <p>Our Group is dedicated to advancing green finance by actively participating in bilateral financing for water desalination, wastewater treatment, renewable energy, and energy efficiency initiatives. As of March 2024, AUB’s support for green financing has reached USD 134.1, surpassing its actual target of 133.1 mn set for the year of 2024. This achievement highlights AUB's commitment to sustainable finance and its efforts to promote environmentally responsible economic activities.</p> <p>Green activities are aligned with AUB internal approved criteria. The criteria are aligned with the Loan Market Association’s Green Loan Principles, and an external opinion on the criteria was provided by Sustainalytics.</p>	

Response	Links and references
<p>Financial Inclusion</p> <p>At our branches, we offer digitally available services and machines that operate 24/7, enabling clients to conduct their banking transactions conveniently and at their own pace.</p> <p>To provide personalized assistance and guidance, in our branch meet/greet desks, our trained staff is ready to help and provide training to clients, ensuring they feel comfortable and supported throughout their banking journey. Recognizing the importance of financial education, our branches also provide informative content to assist and guide clients in making informed financial decisions. We believe that empowering our clients with financial knowledge is key to their long-term financial well-being.</p> <p>In pursuit of digital financial inclusion, our digital customer onboarding channel caters to individuals aged 21 and above, including both locals and expat residents. This user-friendly platform simplifies money management matters, making it especially convenient for clients with busy schedules or those residing in distant locations with limited access to physical branches. By overcoming time and distance constraints, these digital services empower clients from various demographics to meet their financial and saving needs efficiently and securely.</p> <p>The digital financial inclusion initiatives are extended further through the use of tablets and kiosks at our branches. These devices facilitate digital onboarding, allowing clients to access a wide range of services, including managing accounts, activating dormancy, issuing official letters, managing cards, conducting transfers, updating contact details, and much more. This comprehensive suite of services ensures that our clients have the tools they need to manage their finances effectively and conveniently.</p>	

Principle 4: Stakeholders



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

4.1. Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups¹²) you have identified as relevant in relation to the impact analysis and target setting process?

☒ Yes ☐ In progress ☐ No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

¹²Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations

Response	Links and references
<p>AUB places paramount importance on maintaining a robust level of openness and consistency in its interactions with all stakeholders. Our stakeholders are categorized into several groups, namely customers, employees, central and local governments, regulators, shareholders and investors, business partners and suppliers, and local communities and non-governmental organizations (NGOs). To ensure the credibility, clarity, and uniformity of all communications, it is imperative that stakeholders receive information promptly.</p> <p>The Bank's Group Document Management Policy mandates that all relevant information shall be disclosed without delay to stakeholders and shall be accessible on the Bank's official website for a retrospective span of five years. This approach guarantees that stakeholders can access pertinent information easily and conveniently, fostering transparency and trust.</p> <p>Central to our ethical framework is the Group Banking Integrity and Whistleblowing Policy. This comprehensive policy not only encompasses specific guidelines but also incorporates a robust whistleblowing process.</p> <p>This system empowers employees at all levels to voice their concerns about potential malpractices or irregularities in legal or financial matters. By fostering a culture of open communication, the policy strengthens the connection between the Board and the workforce, ensuring that a strong ethical foundation underpins our operations.</p> <p>AUB's commitment to creating enhanced value for both its internal and external stakeholders is exemplified through its strategic collaborations with a diverse range of organizations and international firms. These partnerships serve as conduits for innovation, growth, and positive impact on various fronts. Here are some of the notable organizations with which AUB has forged alliances:</p> <ul style="list-style-type: none">▪ Arab Trade Finance Program (ATFP): AUB's partnership with ATFP bolsters trade finance activities, contributing to regional economic growth and strengthening cross-border trade relationships.▪ Tamkeen: Collaborating with Tamkeen, AUB plays an integral role in supporting Bahrain's entrepreneurial ecosystem. This partnership fosters the development of local businesses and enhances economic diversification.▪ Mazaya Housing Scheme: AUB's involvement in the Mazaya Housing Scheme underscores its commitment to promoting affordable housing solutions for the community, thereby contributing to increased homeownership opportunities.▪ Principal Asset Management Partnership: Through this partnership, AUB extends a robust suite of asset management services to its clientele, facilitating effective wealth management and investment strategies.▪ Bahrain Institute of Banking and Finance (BIBF): By collaborating with BIBF, AUB contributes to the continuous development of banking and financial skills, thereby strengthening the industry's human capital.▪ Anty initiative of Raye7 Corporation with CTEK: AUB's participation in this anti-initiative with Raye7 Corporation and CTEK demonstrates its commitment to leveraging technology and innovation to improve the transportation experience and contribute to sustainable urban development.▪ Waste Management Partnership: AUB's involvement in waste management partnerships reflects its dedication to environmental responsibility. These collaborations aim to address waste-related challenges and promote sustainable practices.	

Principle 5: Governance & Culture



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

5.1. Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

☒ Yes ☐ In progress ☐ No

Please 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 the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as remuneration practices linked to sustainability targets.

Response	Links and references
<p>The Group’s governance structure is formed of knowledgeable board members who are responsible for the planning and implementation of appropriate processes and procedures to ensure adherence to all commitments and compliance requirements made on the national and international levels. After the acquisition from Kuwait Finance House (KFH), AUB and its subsidiaries in Bahrain, UAE, Egypt, UK, Iraq, also became aligned with KFH’s sustainable strategy.</p> <p>The Board is responsible for establishing rules and governance provisions in an effective way, while spreading awareness of ethical standards and rules of professional conduct. The Board’s strategy is translated into a set of coherent policies that cover the majority of activities and functions of the Group such as Credit, Risk Management, Anti-Money Laundering, Audit, Legal, Banking integrity, Human Resources, among others.</p> <p>AUB’s pursuit of leadership is evident in its autonomous compliance function, reporting to the Audit and Compliance Committee. This body supervises Risk Management, which currently encompasses Sustainability, ESG frameworks, and standards including PRB.</p> <p>In addition, the Group Management Risk Committee then the Board Risk Committee, reviews ESG-related reports on a quarterly basis and make appropriate recommendations to the Board.</p> <p>AUB has a Corporate Governance Policy that establishes principles of effective governance across the Bank and its subsidiaries, aligning with international best practices and regulatory standards set by the Basel Committee for Banking Supervision, Bahrain’s Corporate Governance Code, and the CBB. This policy comprehensively addresses board and management roles, compliance, risk management, ethical conduct, and other key topics to ensure robust and transparent operations.</p> <p>A management level ESG Working Group is being established to effectively support the Executive Committee in implementing AUB’s ESG strategy. The Working Group is tasked with overseeing progress against sustainability targets, monitoring key ESG risks and opportunities, and ensuring that ESG considerations are integrated across all bank operations. Additionally, it will play a crucial role in providing strategic ESG guidance and promoting sustainability awareness throughout the bank.</p> <p>Furthermore, an ESG Policy is being developed to establish AUB’s commitments to environmental sustainability, social responsibility, and robust governance practices, emphasizing ethical business conduct throughout our operations and services. The policy defines the Bank’s principal ESG commitments and serves as the guiding framework for integrating ESG considerations into all business decisions and activities across the Bank.</p> <p>Remuneration practices are in the process of being aligned with sustainability targets, ensuring that performance on these goals directly impacts compensation.</p>	

5.2. Promoting a culture of responsible banking:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

Response	Links and references
<ul style="list-style-type: none">ESG training is given to senior management to enhance their knowledge about ESG practices and frameworks. In 2023, 75 senior members were trained on ESG. As of March 2024, ESG training has been provided to all employees across the Group.Periodic audits of information security are also conducted throughout the year, including an annual external independent audit.Information Security and Cybersecurity Key initiatives and achievements as of March 2024 include:<ul style="list-style-type: none">Successfully deployed a Governance, Risk, and Compliance (GRC) platform leveraging automation and enhancing the Bank’s risk management practices.Established a Security Incident Management system, streamlining the monitoring and resolution of security incidents.Developed the Cyber Security Controls Framework, based on regulatory frameworks and industry standards, to serve as a benchmark for assessing and elevating the maturity of security controls.Transitioned to a superior vulnerability management system, offering expanded capabilities.Advanced the Identity and Access Management program by integrating additional systems, furthering its maturity.Spearheaded a Security Awareness month, orchestrating a series of educational activities to bolster awareness.Full deployment of document labelling and classification across all entities to ensure important data assets are classified and appropriately protected.Deployed and operationalized advanced Data Leakage Prevention (DLP) capabilities to protect classified and restricted data.AUB has developed a principle-based Data Privacy Policy which aims to ensure AUB Group has a consistent, accountable, and global approach to compliance with Data Privacy Laws. These principles are designed to be adopted where applicable by the AUB entities, with respect to the local laws & regulations.Data Privacy by design is ultimately an approach that ensures AUB consider privacy at the design phase of any system, service, product, or process and then throughout the lifecycle. In essence, this means AUB to integrate and embeds data privacy into AUB’s processing activities and business practices, from the design stage right through the lifecycle.The Bank also gives its personnel training on privacy awareness, customer services, Code of Ethics and Conduct, and dealing with complaints among other training sessions.	

5.3. Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?¹³ Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

¹³Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.

Response

Links and references

To manage the Environmental and Social Risks associated with our portfolio, the Group has updated and approved its Social and Environmental Management System (SEMS) Policy to ensure compliance with environmental and social standards according to national and international requirements and regulations. This comprehensive system outlines the policy, procedures, and workflow to be followed by Ahli United Bank B.S.C.(c) and its subsidiaries, overseen by the SEMS Manager/Coordinator. Regular updates to the SEMS policy, approved by the Group's Board of Directors, ensure its relevance and effectiveness.

The adherence to the SEMS policy extends across all branches of AUB, ensuring consistent implementation and alignment throughout the organization. The SEMS policy is not only mandatory for the Group's Heads, but also applies to all staff members in Corporate Banking, SMEs Banking, Audit, Risk Management, and Compliance Departments. This integrated approach ensures that sustainability principles are ingrained in every aspect of the Group's operations.

Even in the case of future majority acquisitions, AUB Group remains committed to upholding the SEMS policy. Similar policies and procedures will be established within the newly acquired entities as part of the Bank's Group-wide risk management structure, further propagating the Group's sustainability objectives. When it comes to syndicated investments where AUB acts as a minority investor, the Group goes the extra mile to encourage the application of SEMS policy and procedures to the client investment. This proactive stance demonstrates AUB's dedication to maintaining high social and environmental standards, even in collaborative ventures.

AUB Group's diligence in screening and evaluating all funded projects against stringent global social and environmental standards and requirements, such as the IFC Performance Standards and World Bank Group EHS guidelines, is a testament to its commitment to environmental and social responsibility. The Group's exclusion of any project that violates these standards or national environmental laws and regulations exemplifies its ethical and principled approach to finance while adhering to Shari'a rules & principles.

Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

☒ Yes☐ No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

☒ Yes☐ No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

☒ Yes☐ No

Principle 6: 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.

6.1. Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

☒ Yes☐ Partially☐ No

If applicable, please include the link or description of the assurance statement.

Response

Links and references

AUB's 3rd and 4th UN Principles for Responsible Banking Reports were assured by an independent third party (FBRH Consultants Ltd.).

6.2. Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

☐ GRI☐ SASB☐ CDP☒ IFRS Sustainability Disclosure Standards☒ TCFD☐ Other:

Response

Links and references

6.3. Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis¹⁴, target setting¹⁵ and governance structure for implementing the PRB)? Please describe briefly.

Response

Links and references

¹⁴For example, outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement
¹⁵For example, outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

Response	Links and references
<p>In 2023, we targeted to increase access to credit and finance facility allocation to the low-income people, youth and females by USD5mm which was achieved. In line with the International Energy Agency's (IEA) Net Zero Emissions (NZE) scenario and the goals of the Paris Agreement, AUB's decarbonization pathway will reflect the anticipated global shift toward cleaner energy and lower emissions. By following the IEA's guidance for the Middle East, AUB is taking steps to support global efforts to reduce emissions from high-impact sectors.</p> <p>This approach also aligns with industry best practices, including the adoption of climate risk management frameworks and the integration of sustainability principles into core business operations.</p>	

6.4. Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

☐ Embedding PRB oversight into governance

☒ Customer engagement

☐ Gaining or maintaining momentum in the bank

☒ Stakeholder engagement

☐ Getting started: where to start and what to focus on in the beginning

☒ Data availability

☐ Conducting an impact analysis

☐ Data quality

☐ Assessing negative environmental and social impacts

☐ Access to resources

☒ Choosing the right performance measurement methodology/ies

☐ Reporting

☐ Setting targets

☐ Assurance

☐ Other: ...

☐ Prioritizing actions internally

If desired, you can elaborate on challenges and how you are tackling these:

5.2.

Appendix B: IFRS S2 and TCFD Index

Pillars	TCFD	IFRS S2	AUB
Governance	Disclose the organization's governance around climate-related risks and opportunities. a) Describe the board's oversight of climate-related risks and opportunities. b) Describe management's role in assessing and managing climate-related risks and opportunities.	Disclose the governance processes, controls and procedures used to monitor and manage climate-related risks and opportunities. a) Disclose information about the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the entity shall identify that body(s) or individual(s). b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities.	<ul style="list-style-type: none">▪ In 2023, AUB established a designated ESG management role which includes climate oversight.▪ AUB has detailed responsibilities for climate-related oversight in formal documents.▪ The SEMS policy in place demonstrates the Group's proactive approach to incorporating climate risks into its risk framework and management practices.
	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material. a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term. b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning. c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Disclose entity's strategy for managing climate-related risks and opportunities including: a) the climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects b) the current and anticipated effects of those climate-related risks and opportunities on the entity's business model and value chain c) the effects of those climate-related risks and opportunities on the entity's strategy and decision-making, including information about its <i>climate-related transition plan</i> d) the effects of those climate-related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period, and their anticipated effects on the entity's financial position, financial performance and cash flows over the short, medium and long term, taking into consideration how those climate-related risks and opportunities have been factored into the entity's financial planning and e) the <i>climate resilience</i> of the entity's strategy and its business model to climate-related changes, developments and uncertainties, taking into consideration the entity's identified climate-related risks and opportunities	<ul style="list-style-type: none">▪ AUB integrates climate action and promotion of financial inclusion into its ESG strategy to ensure the achievement of the targets set forth by the Principles for Responsible Banking.▪ In the coming years, AUB will endeavor to identify, monitor and manage the climate risks and opportunities that may have current and anticipated effects on its financial position in different time horizons.▪ AUB is taking steps to support global efforts to reduce emissions from high-impact sectors.▪ A management level ESG Working Group is being established to contribute to the delivery of the ESG strategy, monitor progress against targets, and identify key risks and opportunities.

Pillars	TCFD	IFRS S2	AUB
Risk Management	Disclose how the organization identifies, assesses and manages climate-related risks. a) Describe the organization's processes for identifying and assessing climate-related risks. b) Describe the organization's processes for managing climate-related risks. c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.	Disclose entity's processes to identify, assess, prioritize and monitor climate-related risks and opportunities, including whether and how those processes are integrated into and inform the entity's overall risk management process including: a) the processes and related policies the entity uses to identify, assess, prioritize and monitor climate-related risks b) the processes the entity uses to identify, assess, prioritize and monitor climate-related opportunities, including information about whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related opportunities; and c) the extent to which, and how, the processes for identifying, assessing, prioritizing and monitoring climate-related risks and opportunities are integrated into and inform the entity's overall risk management process.	<ul style="list-style-type: none">▪ Risk management is adhered to within AUB's SEMS policy. The SEMS policy manages the Environmental and Social Risks associated with our portfolio and ensures compliance with environmental and social standards according to national and international requirements and regulations.▪ AUB remains committed to establishing similar policies and procedures within newly acquired entities as part of the Bank's group-wide risk management structure, further propagating the Group's sustainability objectives.▪ AUB is working on and supervises Risk Management, including compliance risk, encompassing sustainability, ESG frameworks, and standards including the PRB.▪ The Group Management Risk Committee then the Board Risk Committee reports on a quarterly basis and make appropriate recommendations related to ESG compliance to the Board.
	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material. a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process. b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Disclose entity's performance in relation to its climate-related risks and opportunities, including progress towards any climate-related targets it has set, and any targets it is required to meet by law or regulation including: a) information relevant to the cross-industry metric categories including greenhouse gas emissions, climate-related transition and physical risks, climate-related opportunities, capital deployment, internal carbon prices and remuneration. b) industry-based metrics that are associated with particular business models, activities or other common features that characterize participation in an industry c) targets set by the entity, and any targets it is required to meet by law or regulation, to mitigate or adapt to climate-related risks or take advantage of climate-related opportunities, including metrics used by the governance body or management to measure progress towards these targets.	<ul style="list-style-type: none">▪ AUB has reported its direct (Scope 1) and indirect (Scope 2) GHG emissions arising from its operations along with other indirect (Scope 3 category 15: investments) emissions as per the GHG protocol.▪ The Bank discloses its portfolio financed emissions in the public domain as part of the PRB report.▪ AUB is taking steps to support global efforts to reduce emissions from high-impact sectors. This approach also aligns with industry best practices, including the adoption of climate risk management frameworks and the integration of sustainability principles into core business operations.▪ AUB is in process of developing a high-level strategy and sector-specific action plan to manage its financed emissions and targets.

5.3.

Appendix C: Central Bank of Bahrain ESG Requirements

The below refers to AUB Bahrain's compliance to the Central Bank of Bahrain ESG requirements module.

I. Environmental

1. E.1: Environmental Oversight

Question	Answer
1.1. Please provide a description on how AUB addresses its environmental impact (e.g., explain whether senior management and/or the board address sustainability issues in meetings or have dedicated committees to do so.)	The Board is responsible for establishing rules and governance provisions in an effective way, while spreading awareness of ethical standards and rules of professional conduct. The Board's strategy is translated into a set of coherent policies that cover the majority of activities and functions of the Group such as Credit, Risk Management, Anti-Money Laundering, Audit, Legal, Banking integrity, Human resources, among others. AUB's pursuit of leadership is evident in its autonomous Compliance function, reporting to the Audit and Compliance Committee. This body also supervises Risk Management, encompassing Sustainability, ESG frameworks, and standards including PRB.
1.2. Could you please provide a description on AUB's approach of the board/management towards sustainability matters?	A management level ESG Working Group is being established by AUB. For further information, please refer to Chapter 2.5 A Responsible Business Culture.
1.3. Could you please provide a description on any environmental Policies, Commitments, Goals and targets related to environment and climate change? That AUB has in place. Also, how management/the board oversee progress against climate/sustainability related targets and if there are any responsibilities delegated to management-level positions; dedicated sustainability officer(s); Board committees etc.? Are there any Specific actions, such as processes, projects, programs, initiatives and frequency at which the board is informed about climate/sustainability targets and processes.	<p>To manage the environmental and social risks associated with our portfolio, the Group has updated and approved its Social and Environmental Management System (SEMS) Policy to ensure compliance with environmental and social standards according to national and international requirements and regulations. This comprehensive system outlines the policy, procedures, and workflow to be followed by Ahli United Bank B.S.C.(c) and its subsidiaries, overseen by the SEMS Manager/Coordinator.</p> <p>Approved by the Group's Board of Directors, ensure its relevance and effectiveness. The adherence to the SEMS policy extends across all branches of AUB, ensuring consistent implementation and alignment throughout the organization. The SEMS policy is not only mandatory for the Group's Heads, but also applies to all staff members including but not limited to in Corporate Banking, SMEs Banking, Audit, Risk Management, and Compliance Departments. This integrated approach ensures that sustainability principles are ingrained in every of the Group's operations.</p> <p>AUB Group's diligence in screening and evaluating all funded projects against stringent global social and environmental standards and requirements, such as the IFC Performance Standards and World Bank Group EHS guidelines, is a testament to its commitment to environmental and social responsibility. The Group's exclusion of any project that violates these standards or national environmental laws and regulations exemplifies its ethical and principled approach to finance while adhering to Shari'a rules & principles.</p> <p>Furthermore, AUB is developing an ESG Policy, which will underscore the Bank's commitments to environmental stewardship, social responsibility, and robust governance practices. This policy, once finalized, will be approved by the Board of Directors, and serve as the guiding framework for integrating ESG considerations into all business decisions and activities across the Bank.</p>

2. E.2: Energy Consumption

2.1. Energy Consumption KPIs

Key Performance Indicators (KPIs)	Units	2022	2023
Environmental KPIs			
Total m ² of space across all facilities (office, storage, facilities, etc.)	m ²	21,491	21,491
Direct energy consumption			
Petrol consumption from operations and vehicles	Litres	31,575	27,781
Diesel consumption from operations and vehicles	Litres	-	-
Energy consumption from fuel consumption	GJ	1,101	970
Indirect energy consumption			
Electricity consumption (office, storage, facilities, etc.)	kWh	9,093,994	9,098,447
Renewable energy consumption (office, storage, facilities, etc.)	kWh	-	-
Total indirect energy consumption	GJ	32,738	32,430
Energy consumption			
Total energy consumption	GJ	33,839	33,401

Question	Answer
2.2. Please state the standards, techniques, assumptions, and/or calculation tools utilised.	Direct energy consumption at AUB includes petrol consumption from owned and leased vehicles. Gross calorific value (kWh/L) used to calculate direct energy consumption is taken from BEIS UK GHG emission factors 2023.

3. E.3: Energy Intensity

3.1. Energy Intensity KPIs

Key Performance Indicators (KPIs)	Units	2022	2023
Energy consumption intensity	GJ/employee	7.89	9.14
Energy intensity by space	GJ/m² of space	1.57	1.55
Energy intensity by revenue	GJ/million USD of revenue	33.65	34.25

Question	Answer
3.2. Please state the standards, techniques, assumptions, and/or calculation tools utilised.	The energy intensity is calculated by dividing total energy consumption with respective denominators for each KPI.

4. E.4: Energy Mix

4.1. Energy Mix KPIs

Key Performance Indicators (KPIs)	Units	2022	2023
Direct energy consumption			
Percentage of total energy consumption derived from fuel consumption	%	3.25%	2.91%
Indirect energy consumption			
The percentage of energy derived from electricity consumption	%	96.75%	97.09%
The percentage of energy derived from renewable energy consumption	%	-	-

5. E.5: Green House Gas (GHG) Emissions

5.1. Green House Gas (GHG) Emissions KPI

Key Performance Indicators (KPIs)	Units	2022	2023
Direct GHG emissions (Scope 1)	tons of CO ₂ eq	74	65
Indirect GHG emissions (Scope 2)	tons of CO ₂ eq	6,660	6,485
Total amount, in CO2 equivalents, for Scope 3 (if applicable)*	tons of CO ₂ eq	57,162,675	158,448,672

* Scope 3 emissions (category 15 - investments) have increased significantly from 2022 to 2023 due to enhancement of financed emissions calculation methodology including improvement of data quality scores and inclusion of all sectors and asset classes relevant to AUB. In 2022, only 2 out of 5 asset classes were included. For scope 3 emissions, the reporting timeframe for 2022 is April 1, 2022, to March 31, 2023, and for 2023, it's April 1, 2023, to March 31, 2024.

Question	Answer
5.2. Please state the standards, techniques, assumptions, and/or calculation tools utilised.	Refer to sub-section 'Setting baselines and priorities' of 'Climate Stability' section.

6. E.6: Emission Intensity

6.1. Emission Intensity KPIs

Key Performance Indicators (KPIs)	Units	2022	2023
GHG Emissions Intensity*			
GHG emissions intensity	tons of CO ₂ eq/ employee	1.57	1.79
GHG emissions intensity	tons of CO ₂ eq/ m² of space	0.31	0.30
GHG emissions intensity	tons of CO ₂ eq/ million USD of revenue	6.70	6.72

Question	Answer
6.2. Please state the standards, techniques, assumptions, and/or calculation tools utilised.	GHG emissions intensity is calculated by dividing total GHG emissions (including scope 1 and 2) with respective denominators for each KPI.

* GHG emissions intensity values include only scope 1 and 2 GHG emissions and exclude scope 3 emissions (category 15 - investments).

7. E.7: Climate Risk Mitigation

Question	Answer
7.1. Please describe how AUB identifies, assesses, and manages climate-related risks (including physical risks and transition risks) and opportunities.	Refer to 'Strategy and Risk Management' pillars of 'Appendix B: IFRS S2 and TCFD Index' section for details.
7.2. Could you please provide the amount invested annually in climate-related issues, risks, and opportunities (in BHD or USD) (e.g., research and product innovation)?	Information still not monitored and/or disclosed by AUB

8. E.8: Water Usage

8.1. Water Usage KPIs

Key Performance Indicators (KPIs)	Units	2022	2023
Water Usage			
Total water consumption	m ³	26,101	32,409
Total annual amount of water withdrawn	m ³	–*	–*
Total amount of water recycled/reclaimed	m ³	–*	–*

*These information is not tracked by AUB.

9. E.9: Waste Generation

9.1. Waste Generation KPIs

Key Performance Indicators (KPIs)	Units	2022	2023
Waste Generation			
Non-hazardous waste	Tons	79	18
Hazardous waste	Tons	–*	–*
Total waste generated	Tons	79	18
Waste recycled			
Non-hazardous waste recycled	Tons	79	18
Hazardous waste recycled	Tons	–*	–*

*This information is not tracked by AUB.

Question	Answer
9.2. Please provide a description of AUB's sustainable waste management practices (such as recycling initiatives and waste reduction strategies).	Information still not monitored and/or disclosed by AUB

10. E.10: Emission Targets

Question	Answer
10.1. Please describe how the AUB addresses its total emission.	AUB measures and monitors its GHG emissions and has set targets to mitigate its emissions. Refer to Climate Stability' section for more details.
10.2. Please describe AUB's board/ management approach towards its total emissions, including whether it is subject to any country, regional, or industry-level emissions regulations and policies.	Please refer to 'Governance' pillar of 'Appendix B: IFRS S2 and TCFD Index' section for details
10.3. Could you please the provide a description on any related policies to emission targets? And how management/the board oversee progress against climate/ sustainability related targets) Also, if there are any responsibilities delegated to management-level positions; dedicated sustainability officer; Board committees etc.)? Additionally, please provide any specific actions, such as processes, projects, programs, initiatives, and frequency at which the board is informed about emission targets and process.	Refer to 'Governance and Risk Management' pillars of 'Appendix B: IFRS S2 and TCFD Index' section for details

II. Social

11.S.1: Total Workforce by sex, age-group, and employment type

11.1. Total Workforce by sex, age-group, and employment type KPIs

Key Performance Indicators (KPIs)	Units	2021	2022	2023
Workforce				
Total number of employees	#	2153	2337	2371
Full-time workforce by gender		2153	2337	2371
Female #		791	827	835
Male #		1362	1510	1536
Workforce by age profile (full-time employees)				
Age 18-30	#	608	642	596
Age 31-50	#	1262	1421	1484
Age 51+	#	283	274	291

12.S.2: Child and Forced Labour

Question	Answer
12.1. Please provide a description on how the AUB addresses prohibition of child and or/forced labor?	AUB enforces a minimum qualification of a full Bachelor's Degree or Diploma for all hiring across levels ensuring the minimum age of hire is 20 years and ensures that no children are hired or engage in forced labour as detailed in the Bank's hiring procedure.
12.2. Please describe AUB's board/ management approach to prohibit child/and or forced labour within AUB, including whether it is subject to any country, regional, or industry-level regulations and policies.	AUB is subject to all country, regional and industry-level regulations and policies to prohibit child/and or forced labour in the markets where the Bank employs staff.
12.3. Could you please describe any Policies, Commitments, Goals and targets, Responsibilities related to prohibit child/and or forced labour within AUB? And any specific actions, such as processes, projects, programs, initiatives and frequency at which the board is informed about any issues concerning child and or/ forced labour relating to the company.	Current legislation in Bahrain comprehensively prohibits the employment of children/ forced labor. Compliance, Audit monitoring of alignment is also carried out periodically as per the specific clauses in the legislations/ regulations. All HR policies, procedures rules, and regulations comply with: <ul style="list-style-type: none">Law No.36 of 2012, The Labour Law for the Private Sector, and legislation of the Kingdom of Bahrain ("Labour Law"), and subsequent resolutions and laws amending it.The Social Insurance Law Number 24 of the year 1976 for the Private Sector and its related edicts, decrees and amendments.Applicable regulations of the Central Bank of Bahrain ("CBB") Rulebook Volume 2, and subsequent resolutions and laws amending it.Applicable regulations of the Bahrain Commercial Companies Law, 2001 ("the Companies Law"), and subsequent resolutions and laws amending it.Shari'a rules and principles as expressed in the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) Shari'a standards and in the rulings of the Centralized Shari'a Supervisory Board and AUB's respective Shari'a Supervisory Board (SSB) (As per CBB's SG Module Paragraph SG-2.1.2).Applicable Shari'a rules and principles.

13.S.3: Employee Turnover

13.1. Employee Turnover KPIs

Key Performance Indicators (KPIs)	Units	2021	2022	2023
Employee turnover (Involuntary)				
Total number of employees who left the company	#	26	21	20
Turnover by gender profile (Involuntary)				
Female	#	10	6	8
Male	#	16	15	12
Turnover by age profile (Involuntary)				
Age 18-30	#	4	7	7
Age 31-50	#	21	13	6
Age 51+	#	1	1	7
Percentage of employee turnover (voluntary and involuntary)	%	11	6	8
Employee turnover (Voluntary)				
Total number of employees who left the company	#	210	321	246
Turnover by gender profile (Voluntary)				
Female	#	78	122	92
Male	#	132	199	154
Turnover by age profile (Voluntary)				
Age 18-30	#	98	144	115
Age 31-50	#	96	156	117
Age 51+	#	16	21	14
Percentage of employee turnover (voluntary only)	%	89	94	92

14.S.4: Gender Pay Ratio

Question	Answer
14.1. Please provide us with the median total compensation for women compared to the median total compensation for men (as a ratio).	Median total compensation for women was 94% compared to the median total compensation for men.

15.S5: Health and Safety

15.1. Health and Safety KPIs

Key Performance Indicators (KPIs)	Units	2021	2022	2023
Total work hours in a year (full-time employees)	#	3,754,832	4,075,728	4,135,024

Question	Answer
15.2. Please provide a description of occupational health and safety measures adopted, and how they are implemented and monitored.	<p>All new Employees shall receive an induction within 3 months of their joining, on the Bank’s policies, processes, procedures and business environment by Human Resources. Induction for employees cover the Health, Safety & Environment (HSE) Regulations.</p> <p>All employees must receive an annual refresher on the Bank’s policies, processes, procedures and business environment by HR based on changes and updates covering - Working Hours, Health, Safety & Environment (HSE) Regulations.</p> <p>Health & Safety Allowance: Shall be paid to compensate employees who are certified as Fire Marshalls for their participation in Health & Safety procedures of the Bank.</p> <p>Breach of Health and Safety rules and responsibilities may constitute an offense within the Bank Disciplinary policy and, if of a serious nature, would lead to summary dismissal.</p> <p>During longer periods of assignment of remote working, in the interests of staff wellbeing and safety, Group/ Entity Business Heads shall be responsible to alternate between staff assigned to remote working and/or the contractual work location or the office to ensure balance.</p>

16.S.6: Non-Discrimination

Question	Answer
16.1. Please describe how AUB addresses harassment and discrimination matters.	<p>AUB addresses harassment and discrimination matters though the Human Resources Policy, which states:</p> <p>4.7.3. The selection process must ensure that equal opportunity is afforded without discrimination to all candidates and must meet applicable regulatory requirements, labour law and other regulatory requirements.</p> <p>15.5.2. The Bank shall not tolerate any intimidation, victimization or discrimination as a result of filing of a complaint. Any retaliation against an employee making a complaint or raising an issue under the Banking Integrity and Whistleblowing Policy, in good faith shall be regarded as misconduct under the Bank’s disciplinary policy.</p> <p>16.2.1. The Bank’s policy is to maintain a professional and ethical business environment and workplace, with due respect to local customs and Shari’a values. Behaviour in a disrespectful, discriminatory or harassing nature has no place in the work environment and is not tolerated.</p> <p>16.2.9. The Bank’s rules and procedures shall be applied fairly and reasonably without discrimination against any existing or potential employees.</p> <p>16.3.1. It is the intent of the Bank to provide a workplace that fosters the respect and dignity of the individual. An essential aspect of this is ensuring that each employee’s work environment and all terms and conditions of employment are free from discriminatory practices and comply with all applicable regulations.</p> <p>16.3.2. The Bank prohibits discrimination against individuals with disabilities in all aspects of employment. Such conduct is expressly prohibited and has zero tolerance.</p> <p>16.3.3. The Bank prohibits discrimination in any employment practices against qualified individuals with disabilities. This applies to job application procedures, selection, job training, dismissal or advancement of employees, compensation and other terms, conditions and privileges of employment. This policy also applies to recruitment, advertising, layoff, leave, fringe benefits, and all other employment related activities.</p>

Question	Answer
16.2. Please describe AUB’s board/ management approach, including whether it is subject to any country, regional, or industry-level regulations and policies.	<p>The Board of Directors have approved AUB’s Recruitment & Selection Policy, which must ensure that equal opportunity is afforded without discrimination to all candidates and must meet applicable regulatory requirements, labour law and other regulatory requirements.</p> <p>The Bank’s policy is to maintain a professional and ethical business environment and workplace, with due respect to local customs and Islamic values. Behaviour in a disrespectful, discriminatory or harassing nature has no place in the work environment and is not tolerated.</p> <p>It is the intent of the Bank to provide a workplace that fosters the respect and dignity of the individual. An essential aspect of this is ensuring that each employee’s work environment and all terms and conditions of employment are free from discriminatory practices and comply with all applicable regulations.</p> <p>The Bank prohibits discrimination against individuals with disabilities in all aspects of employment. Such conduct is expressly prohibited and has zero tolerance.</p> <p>The Bank prohibits discrimination in any employment practices against qualified individuals with disabilities. This applies to job application procedures, selection, job training, dismissal or advancement of Employees, compensation and other terms, conditions and privileges of employment. This policy also applies to recruitment, advertising, layoff, leave, fringe benefits, and all other employment related activities.</p>

17.S.7: Nationalisation

Question	Answer
17.1. Please describe AUB’s board/ management approach to increase nationalisation, including whether it is subject to any country regulations and policies.	<p>The Board of Directors have approved AUB’s Human Resources Policy which states:</p> <p>16.2. Employment Conditions</p> <p>16.2.1. The Bank’s policy is to maintain a professional and ethical business environment and workplace, with due respect to local customs and Islamic values. Behaviour in a disrespectful, discriminatory or harassing nature has no place in the work environment and is not tolerated.</p> <p>16.2.2. The Bank’s policy is to provide equal employment opportunities without regard to race, religion, gender, genetic information, ethnic or national origin, disability, age or any other protected status. This policy relates to all phases of employment, including, but not limited to recruitment, selection, appointment, succession planning, performance appraisal, demotion or transfer, retention, reduction of work force and termination, compensation, benefits, selection for training, self-development unities, the use of all facilities and participation in all Bank sponsored employee activities as well as social and recreational programs.</p> <p>16.2.3. Provisions in applicable local regulations providing for bona fide occupational qualifications, business necessity, or protected local employment guarantees (country nationalization targets) the Bank will adhere to limitations where appropriate.</p>

17.2. Nationalisation KPIs

Key Performance Indicators (KPIs)	Units	2021	2022	2023
Nationalisation				
Nationals among total full-time workforce	#	2,019	2,173	2,190
Percentage of national employees, as part of the total workforce.	%	94	93	92

18.S.8: Community Investment

18.1. Community Investment KPIs

Key Performance Indicators (KPIs)	Units	2021	2022	2023
Amount invested in the community as a percentage of company revenues	%	0.2	0.2	0.3

Question	Answer
18.2. Please provide a description of the scope and impact of its community investment initiatives.	Information still not monitored and/or disclosed by AUB

19.S.9: Human rights

Question	Answer
19.1. Please describe how AUB addresses human rights issues?	<p>Through active management of human resources in compliance with all local legislations and regulations.</p> <p>To align to the ‘Equality and Leaving No One Behind’ principle from United Nations’ Sustainable Development Goals (SDGs), the Bank promotes the values of religious tolerance and peaceful coexistence, combating discrimination across all segments of Bahraini society.</p> <p>The Bank takes a firm stance against all forms of discrimination, including gender, race, colour, language, political, sectarian, ethnic and more. It combats all forms of violence and hatred, ensuring everyone is equal under the rule of law.</p>
19.2. Please describe AUB’s board/ management approach’s direction on Human Rights, including whether it is subject to any country, regional, or industry-level regulations and policies.	<p>The Bank is headquartered in Bahrain, which has made great strides in safeguarding and protecting human rights and preserving the dignity of citizens and residents, in accordance with its constitutional and legal frameworks. This is in addition to its commitment to international conventions and treaties related to human rights, which Bahrain was the first Arab country to ratify.</p>
19.3. Does AUB have any Policies (and if it also covers suppliers and vendors), Commitments, Goals and targets and Responsibilities related to human rights?	<p>AUB’s Board of Directors have adopted a Code of Business Conduct to establish the standards of ethical business behaviour and personal conduct for the Bank’s Directors, its senior management (officers) and its employees. All Directors, officers and employees of the Bank are expected to become familiar with the Code and to adhere to its principles and procedures.</p> <p>The purpose of the Code is to provide the basic principles to guide personnel in day-to-day activities. The Code does not cover every legal or ethical issue that may be confronted at the Bank. Indeed, no Code can attempt to anticipate every issue that may arise. However, by following the Code, by adhering to the letter and spirit of applicable laws, regulations, policies and procedures, and above all by applying sound judgment to all activities, Personnel can demonstrate commitment to the Bank’s values, mission and objectives.</p> <p>The guidelines and principles which make up the Code are based on accepted standards of business and personal conduct. Importantly, the Code is aligned with the Group’s mission statement and linked to AUB group objectives as given in the Group Human Resources policy.</p> <p>This Code outlines the minimum standards of behaviour expected from all Personnel to act in a professional and ethical manner at all times with independence, objectivity and the best interests of the Bank and its customers. Those who violate the standards in this Code will be subject to counselling and depending on the nature of the violation, possible disciplinary action up to and including termination of employment or service.</p>

20.S.10: Management Composition/Diversity

20.1. Management Composition/Diversity KPIs

Key Performance Indicators (KPIs)	Units	2021	2022	2023
Percentage of male to female metrics, as per the below categories:				
Entry-level	%	59	63	63
Mid-level	%	62	63	64
Senior/Executive level positions	%	73	76	73

21.S.11: Development and Training

21.1. Development and Training KPIs

Key Performance Indicators (KPIs)	Units	2021	2022	2023
Average training per employee	Hours	27	25	47
Average hours of training by gender profile				
Female employees	Hours	24	27	50
Male employees	Hours	28	25	45
Average hours of training by employee category				
Full-time	Hours	27	25	47
Interns	Hours	340	1008	667

III. Governance

22.Board Composition

22.1. Board Composition KPIs

Key Performance Indicators (KPIs)	Units	2021	2022	2023
Board members				
Total number of board members	#	9	7	9
Total number of independent members	#	3	3	3
Total number of non-independent members	#	6	4	6
Total number of executive members	#	1	0	2
Total number of non-executive members	#	5	4	4
Total board seats occupied by men	#	9	7	9
Total board seats occupied by women	#	-	-	-
Percentage of Board seats occupied by women	%	-	-	-

Question	Answer
22.2. Please provide us with the tenure of members on the governance body (Tenure of AUB’s Board members)?	Directors are appointed for a three-year term. Following the acquisition of the Bank by Kuwait Finance House K.S.C.P. (c), a new Group Board was appointed on 22 March 2023 for a board term ending no later than 31 March 2026.
22.3. What is the nomination and selection process for the highest governance body and its committees. Are any of the following criteria considered in the nomination and selection process: views of stakeholders (including shareholders), diversity, independence, competencies relevant to the impacts of the organization.	<p>The composition of the Group Board represents an appropriate mix of professional skills and expertise. Appointments take place in accordance with the Memorandum and Articles of Association of the Bank, the Bahrain Commercial Companies Law and the CBB Rulebook.</p> <p>The Board periodically reviews its composition and performance, as well as the performance of each Director. There are no females on the Group Board. In compliance with the Corporate Governance requirements of the Central Bank of Bahrain (“CBB”), the Group Board has outlined its criteria and materiality thresholds for the definition of “Independence” in relation to Directors. The independence criteria are reassessed annually by the Group Board.</p> <p>The Group Board may, where appropriate, delegate certain of its powers to an individual Director or to a committee comprised of Directors and/or other persons, constituted in the manner most appropriate to those tasks. Following the appointment of the Group Board on 22 March 2023, the Group Board has constituted a number of board committees, membership of which is drawn from the Directors and to which it has delegated specific responsibilities, through Terms of Reference, which are reviewed and adopted by the Group Board on an annual basis (“Group Board Committees”). The Group Board Committees are each comprised of an appropriate mix of professional skills and expertise. The Group Board periodically evaluates the performance of the Group Board Committees.</p> <p>All of the above-mentioned criteria are considered whilst determining and appointing members of the Group Board and the Group Board Committees.</p>

22.4. Compliance with laws and regulations KPIs

Key Performance Indicators (KPIs)	Units	2021	2022	2023
Compliance with laws and regulations				
Total number of incidents of non-compliance with laws and regulations	#	7	11	6

Question	Answer
22.5. If there are any incidents of non-compliance with laws and regulations occurred during the past three year, could you please describe AUB’s approach to preventing or mitigating these incidents, and describe the corrective actions taken?	All findings and outcomes arising from Compliance Monitoring (and Ad hoc Monitoring) are assessed and categorized into four risk categories (Critical / High / Medium / Low). The follow up on the status of open findings is reviewed and escalated if required. All open risk findings and its status are reported to the Audit and Compliance Committee on a quarterly basis.

23.G.2: Collective Bargaining

Question	Answer
23.1. Please provide us with the total enterprise headcount covered by collective bargaining agreements (Unions) (if applicable).	The Bank Is Not Covered by Collective Bargaining Unions.
23.2. Please provide a description of the process by which employees negotiate their contracts with the AUB to determine their terms of employment (e.g., compensation, benefits, hours, leave, occupational health and safety standards, initiatives to balance work and family etc.)	The Bank Is Not Covered by Collective Bargaining Unions.

24.G.3: Whistleblowing

Question	Answer
24.1. Please provide us with a description of internal and external mechanisms for seeking advice and whistleblowing reporting concerns on organisational integrity.	AUB’s Group Banking Integrity and Whistleblowing Policy not only encompasses specific guidelines but also incorporates a robust whistleblowing process. This system empowers employees at all levels to voice their concerns about potential malpractices or irregularities in legal or financial matters. By fostering a culture of open communication, the policy strengthens the connection between the Board and the workforce, ensuring that a strong ethical foundation underpins our operations.
24.2. Please provide us with a description on awareness initiatives conducted by AUB around whistleblowing.	Staff awareness of the Whistleblowing Policy is undertaken from training upon induction for new joiners and to all staff upon any major changes in the policy

25.G.4: Data privacy

Question	Answer
25.1. Please provide a description of AUB’s Data Privacy policy.	AUB has developed a principle-based data privacy policy aims to ensure AUB Group has a consistent, accountable, and global approach to compliance with Data Privacy Laws. These principles are designed to be adopted where applicable by the AUB entities, with respect to the local laws & regulations.
25.2. Please provide us the steps taken to comply with Personal Data Protection Law (PDPL) rules.	The Bank’s data is a strategic asset. When processing personal data, AUB must strictly adhere to the data privacy laws applicable within AUB group entities to ensure confidentiality, lawful processing, and security. Data ‘Privacy by design’ is ultimately an approach that ensures AUB considers privacy at the design phase of any system, service, product, or process and then throughout the lifecycle. In essence, this means AUB integrates and embeds data privacy into AUB’s processing activities and business practices, from the design stage right through the lifecycle.

26.G.5: Disclosure Practices

Question	Answer
26.1. Please provides us with sustainability standards that AUB follows in their Sustainability/ESG reports or ESG disclosures practices, such as the Global Reporting Initiative (GRI) Secretariat, United Nations (UN), CDP etc.	Principles for Responsible Banking (PRB) by UNEP FI.
26.2. Does AUB focus on specific UN Sustainable Development Goals (SDGs), including setting targets and reporting progress?	AUB actively contributes to the United Nations Sustainable Development Goals (UN SDGs) and Bahrain’s National Priorities articulated in Bahrain’s Vision 2030. Through our Value Creation Mapping, we ensure that our core financing activities align with global and national sustainability objectives while aligning with Shari’a rules & principles. <i>For more detailed information, please refer to Chapter 5.1. Impact Assessment from this Report</i>
26.3. Does AUB publish a sustainability report and/or how it integrates sustainability data in its disclosures.	Principles for Responsible Banking (PRB) Report. During the past four years, AUB has worked tirelessly to identify areas for improvement and gaps in its services, and to develop an action plan to address these in line with the Principles for Responsible Banking. In this report, we highlight our progress to date against the Principles.

27.G.6: Conflict of interest

Question	Answer
27.1. Is the chair of the highest governance body also a senior executive in the AUB? If yes, please explain his/her function within the AUB's management, the reasons for this arrangement, and how conflicts of interest are prevented and mitigated?	AUB's Chairman is a non-executive director. The CBB Rulebook Module HC-3.2.2 recommends that the Chairman of the Group Board should be an Independent Director. Although the AUB Chairman is classified as a non-executive Director due to his position as the Chairman of KFH, the shareholder of the Bank, this did not compromise the Bank's high standards of Corporate Governance as the Bank follows strict policies to manage conflict of interests relating to decisions of the Group Board.
27.2. How is conflict of interest managed in AUB? What processes are in place to ensure that conflict of interest is avoided? What is the role of the highest governance body in this process?	<p>As outlined in the Bank's annual report for the year ended 31 December 2023, no Director has entered into, either directly or indirectly, any material contract with the Bank or any of its subsidiaries, nor does any Director have any material conflict of interest with the Bank. The Directors are required to declare any conflict of interest or any potential conflict of interest that exists, or that Directors become aware of, to the Chairman of the Group Board and the Corporate Secretary as soon as they aware of them. This disclosure must include all relevant material facts.</p> <p>The Bank has a procedure for dealing with transactions involving Directors and related parties. Any such transaction will require the approval of the Group Board, with the conflicted Director abstaining.</p> <p>Note 25 to the audited consolidated financial statements of the AUB Group for the year ended 31 December 2023, sets out the relevant disclosures of related party transactions.</p> <p>The Terms of Reference of the Group Board require that all Directors, whether Non-executive or Executive, should exercise independence in their decision-making and should abstain from any decisions involving any actual or potential conflicts of interest. Should any Director have any doubts with respect to conflicts of interest or potential conflict of interest, the Director is requested to consult the Chairman of the Group Board, or in the case of the Chairman, the Chairman of the Group Board Audit & Governance Committee, and in each case the Corporate Secretary prior to taking any action that might compromise the Bank.</p> <p>All Directors and other Approved Persons have declared all their interests in other enterprises or activities which were duly submitted and reviewed by the Board.</p> <p>The Bank does not encourage the employment of relatives. However, under exceptional conditions and based on specific requests and needs, the Bank may decide in favour of employing relatives, on a temporary or permanent basis, subject to a comprehensive review and only in cases where there is no conflict of interest or operational risk to the Bank involved. The Group Board has approved a policy on the employment of relatives which is part of the Human Resources Policy on 19 July 2016 (last reviewed and approved by the Board of Directors on 04 December 2023), which has established a recruitment committee to review the recruitment requests of relatives of Bank employees of up to the third degree and recommend the hiring of relatives of Approved Persons occupying Controlled Functions to the GCEO. Human Resources annually discloses to the Group Board or the Group Board Nomination, Remuneration and Corporate Governance Committee, the names of all relatives of any Approved Persons occupying Controlled Functions. The recruitment committee reviews the recruitment requests on the following considerations:</p> <ul style="list-style-type: none">▪ No relatives shall work in the same business unit/department.▪ No relatives shall report to each other or be allowed to supervise each other.▪ No relatives shall work in business units/departments which have a conflict of interest or would create an operational risk for the Bank.▪ No relatives shall share a dual signature/ approval in the Bank and have dual access control to any Bank property (tangible and intangible).

Question	Answer
27.3. Are conflicts of interest (such as cross-board membership, cross-shareholding with suppliers and other stakeholders, existence of controlling shareholders, related parties, their relationships, transactions, and outstanding balances) disclosed to stakeholder?	Yes, as part of the annual Corporate Governance report in the Bank's annual report.

28.G.7: Supplier Code of Conduct

Question	Answer
28.1. Does AUB have a Supplier Code of Conduct in place? If yes, could you please provide a description of it? Is it publicly disclosed?	As part of the Master Services and Secondment Agreement, signed with all vendors at the time of onboarding, covers the expected code of conduct.
28.2. Please provide us with the percentage of suppliers that comply with the AUB's code of conduct?	All major vendors have signed.
28.3. Are suppliers audited or screened using environmental and/or social criteria/ considerations? If so, how many new suppliers were audited/ screened in 2023? What actions were undertaken against negative environmental/social impacts identified during audits?	Information still not monitored and/or disclosed by AUB

29.G.8: Incentivised Pay

Question	Answer
29.1. Are the executives within AUB formally incentivised to perform on sustainability? if yes, please describe the processes for incentivising executives? Also, could you please provide us with the percentage of executive compensation tied to ESG performance metrics?	Information currently not monitored and/or disclosed by AUB
29.2. Please provide a description of other links between executive performance and sustainability performance (if any).	15% of the large corporate and investment KPI's include "Green Financing". Staff with responsibility for Property and Administration have incorporated sustainability goals. Since 2021, all departments have 15-20% transformation goals which include having 100% paper-less offices to have a positive impact on the environment. Staff printing has reduced by 75%, saving paper and trees over the last 2 years.
29.3. Please disclose the percentage of executive management remuneration recognised in the current period that is linked to climate-related considerations and broader sustainability considerations.	Information currently not monitored and/or disclosed by AUB

30.G.9: Ethics & Anti-corruption

Question	Answer
30.1. Does AUB follow an Ethics and/or Anti-Corruption policy? If yes, could you please provide a description on the Ethics and/or Anti-Corruption policy? Additionally, please provide the percentage of the workforce that has formally certified its compliance with the policy (provide description of certification and process).	<p>AUB's approach is marked by being customer-centric, where the customers (individuals and businesses) are the center of all our operations, bolstered 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 our individual and business customers.</p> <p>One pivotal aspect of this commitment is the education of staff members. AUB provides thorough guidance on treating customers fairly through its Code of Ethics and Conduct. This comprehensive code serves as a compass for employees, steering their interactions with clients in a just and equitable manner. For those who directly engage with customers, provide banking services, or address their concerns, AUB offers specialized training.</p> <p>This training equips employees with the necessary skills to interact professionally and efficiently, with clients, ultimately enhancing their overall experience.</p> <p>The Bank also gives its personnel various training related but not limited to regulation, compliance, Information Security and Date Protection to ensure all staff are equipped with the essential knowledge and aware of these subjects. Training conducted are:</p> <ol style="list-style-type: none">1. Group Business Code of Conduct Policy2. Date Privacy Fundamental & Right of Individuals3. Anti-money Laundering & Combating Financing4. Effective Complaint Handling5. Operational Risk Awareness6. Data Protection7. Anti-Bribery & Corruption (ABC)8. The Fraud Prevention Masterclass: Awareness & Detection9. Information Security Annual Training10. ESG & Socially Responsible Investing (SRI) Training11. Excellence in Customer Services and Communication Skills
30.2. Does AUB have a commitment towards its ethics and/or anti-Corruption policy/position? Is it publicly disclosed?	<p>The role and responsibilities of the Bank's Group Board includes ensuring adherence to prevailing laws and regulations and to best business ethics. This is part of the Corporate Governance Report of the Bank which is available in its website.</p> <p>The Bank has a zero-tolerance approach to bribery / corruption and detailed in its Group Compliance Policy.</p>

31.G.10: Assurance

Question	Answer
31.1. Could you please describe the process through which sustainability disclosures are assured or validated? Are AUB's ESG/sustainability reports assured or validated by an independent third party?	<p>AUB's 3rd and 4th UN Principles for Responsible Banking Reports were assured by an independent third party (FBRH Consultants Ltd.).</p>

5.4.

Appendix D: Independent Limited Assurance Report



UN Principles for Responsible Banking disclosures
Independent Limited Assurance Report

Independent Limited Assurance Report of FBRH Consultants Ltd to Ahli United Bank B.S.C. (AUB) for the UN Principles for Responsible Banking disclosures.

FBRH Consultants Ltd ("FBRH" or "we") has been engaged by AUB to provide limited assurance over the Selected Information described below.

Conclusion:
Based on our work and the evidence obtained, we have not identified any significant misstatements in the Selected Information within AUB's United Nations Environment Programme Finance Initiative's 2024 Principles for Responsible Banking Report. Please note that this conclusion should be read in conjunction with the rest of this report, including the inherent limitations explained below and the intended use of this report.

Selected Information:
Our work scope only covers the information contained in selected sections of AUB's United Nations Environment Programme Finance Initiative's 2024 Principles for Responsible Banking Report ("the report"). The Selected Information includes the "high-level summary of the bank's response" to the following requirements, in Appendix A: PRB Self-Assessment Template:

- 2.1 Impact Analysis
- 2.2 Target Setting
- 2.3 Target Implementation and Monitoring
- 5.1 Governance Structure for Implementation of the Principles

These sections may refer to other parts of the report with more detailed information.
We have not performed any procedures or provided any conclusions regarding other information that may be included in the report or displayed elsewhere on AUB's website for the current or previous periods, unless stated otherwise.

Reporting Criteria:
To form our judgments, we utilized AUB's 2024 Principles for Responsible Banking Report. The Selected Information should be considered together with the Reporting Criteria.

Inherent Limitations:
Non-financial information has inherent characteristics

that may result in different evaluation and measurement techniques, leading to varying measurements and impacting comparability between entities and over time. The report aims to address common user needs and may not encompass every aspect of AUB's impact management system that individual users might find important. Our procedures do not assess the suitability of the design or the operating effectiveness of AUB's UN PRB impact management systems and processes in achieving alignment with the UN Principles for Responsible Banking or the resulting impacts achieved. Furthermore, the future projection of impact management systems and processes is subject to the risk of change.

Directors' Responsibilities:
AUB's Directors are responsible for:

- Designing, operating, and maintaining internal controls relevant to the preparation and presentation of the report, ensuring it is free from material misstatement.
- Selecting and/or developing objective Reporting Criteria.
- Measuring and reporting the Selected Information in accordance with the Reporting Criteria.
- The contents and statements contained within the Report and the Reporting Criteria.

Our Responsibilities:
Our responsibility is to plan and perform our work to obtain limited assurance on whether the Selected Information has been properly prepared, in all material respects, in accordance with the Reporting Criteria. We report our independent limited assurance conclusion to AUB based on the work performed and evidence obtained.

Assurance Standards Applied:
We conducted our work in accordance with the ISAE3000 Assurance Standard.

Summary of Work Performed:

A limited assurance engagement involves planning and performing procedures to obtain sufficient appropriate evidence to provide a meaningful level of assurance on the Selected Information. We assess the suitability of the Reporting Criteria for our limited assurance engagement and select procedures based on our judgment, understanding of the Selected Information, and other relevant circumstances where material misstatements may arise. Our procedures included:

- Discussions with relevant AUB’s management to understand internal controls, governance structure, and reporting processes related to the preparation and disclosure of the report.
- Virtual site visits to conduct selected tests on relevant documentation, assessing compliance with applicable criteria in data collection and reporting.
- Examination of source documentation to verify significant claims made within the selected criteria of the report, on a sample basis.
- Evaluation of the risk of material misstatement in the selected sections of the report.
- Reviewing the accuracy of references to the report in AUB’s annual report and ensuring consistency with our findings.

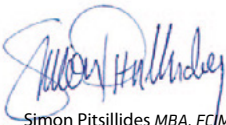
The nature, extent, and timing of the procedures performed in a limited assurance engagement differ

from those in a reasonable assurance engagement, resulting in a substantially lower level of assurance than that obtained in a reasonable assurance engagement.

Intended Use of this Report:

This report has been prepared solely for AUB in accordance with the terms of our engagement. It fulfils the agreed requirements determined by AUB at the time. Consequently, this report should not be considered suitable for use or reliance by any party seeking rights against us, except for AUB, for any purpose or in any context. Any party other than AUB who obtains access to or relies on our report (or any part of it) does so at its own risk. FBRH Consultants LTD accepts no responsibility or liability to any other party regarding our report to the fullest extent permitted by law.

As a signatory to the UN Principles for Responsible Banking, AUB is obligated to publish the completed report, and the outcome of the assurance process should be included in the bank’s reporting, as per the Principles for Responsible Banking Guidance Document. While our duties and responsibilities are solely with AUB and do not extend to other parties, we have granted consent for the disclosure of our report on AUB’s website at <https://www.ahliunited.com/investor-relations/> to assist AUB in meeting this requirement.



Simon Pitsillides MBA, FCIM, FIEMA
GRI Nominated Trainer, IEMA Trainer
GRI Certified Sustainability Professional

FBRH CONSULTANTS LTD
London
22 August 2024

The maintenance and integrity of AUB’s website is the responsibility of the Directors of AUB. Our work does not involve consideration of these matters, and therefore, we assume no responsibility for any changes that may have occurred to the reported Selected Information, Reporting Criteria, or Report presented on AUB’s website since the date of our report.