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### List of Definitions and Acronyms

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td>Resources owned or controlled by an individual, organization, or country with economic value. In the context of financed emissions, understanding the assets involved can provide insight into the environmental impact of investments.</td>
</tr>
<tr>
<td>EESG</td>
<td>Environmental, Economic, Social, and Governance aspects.</td>
</tr>
<tr>
<td>EVIC</td>
<td>Enterprise Value including Cash. It is a financial metric representing the total value of a business, including market capitalization, outstanding debt, and cash and cash equivalents. In the context of financed emissions, EVIC provides a comprehensive view of emissions impact throughout the investment chain.</td>
</tr>
<tr>
<td>GHG</td>
<td>Greenhouse gas (GHG) emissions refers to the release of gases into the Earth's atmosphere that contribute to the greenhouse effect, leading to climate change. These gases trap heat, warming the Earth's surface. The major greenhouse gases include carbon dioxide (CO2), methane (CH4), and nitrous oxide (N2O).</td>
</tr>
<tr>
<td>Outstanding Amount</td>
<td>The total amount of money owed or invested. For financed emissions, this could refer to the outstanding amount of funds invested in activities or projects that may contribute to greenhouse gas emissions.</td>
</tr>
<tr>
<td>Production</td>
<td>The process of creating goods or services. In the context of financed emissions, it could refer to the production of goods or services that contribute to greenhouse gas emissions, and understanding this is crucial for emissions calculations.</td>
</tr>
<tr>
<td>Revenue</td>
<td>The total income generated by a business or investment, often calculated as the sum of sales, services, and other sources of earnings. In the context of financed emissions, it may be relevant to understand how revenue is linked to emissions.</td>
</tr>
<tr>
<td>SDGs</td>
<td>Sustainable Development Goals</td>
</tr>
</tbody>
</table>
Nurturing Sustainable Finance

About this report

This report highlights the third progress report for Ahli United Bank Group (AUB) on its implementation of the Principles of Responsible Banking (PRB). This report spotlights the initiatives and measures taken by AUB Group to progress towards implementing the principles and create value for all its stakeholders.

In this report, “AUB”, “the Group,” “the Bank”, “our,” or “we” which refer to Ahli United Bank B.S.C.(c) (AUB Group), is a regional bank based in Manama, Bahrain. After the acquisition of AUB by Kuwait Finance House (KFH), AUB currently is transitioning to become an Islamic Bank. Throughout the report AUBB refers to AUB Bahrain, AUBK refers to AUB Kuwait, and AUBE refers to AUB Egypt.

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Editorial Policy

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

Forward-looking Statements

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

Mistakes and Typographical Errors

Any errors discovered following the report’s publication will be corrected and displayed on our website. Considering the environment, our reports are published as a downloadable PDF file on our website.
Our Group is dedicated to promoting sustainable finance and offers a range of services to encourage our clients and customers to adopt sustainable practices. 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 interest from regional and international Banking investors. As of December 2022, AUB’s support for green financing has reached USD 116.1 mn, surpassing its actual target of USD 110 mn set for December 2022.

We continue to believe that the Principles of Responsible Banking is the roadmap that paves the way to a sustainable future. As actions speak louder than word, this report highlights our progress towards the implantation of the principles for responsible banking for the past 12 months.

Ahmed Al Kharji
Group Chief Executive Office (GCEO)
1. Our Diversified Business Model
2. Our Multi-national Network
3. Our EESG Milestones
A UNIVERSAL BANKING GROUP

1.1 Our Diversified Business Model

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, cater to the financial needs of our retail, corporate, SMEs, and Sharia-compliant clients. Our business model encompasses the following business lines:

Retail Banking

The Retail Banking division of the Group covers Shari’a compliant individual customers’ deposits, commercial ijarah, commodity murabaha receivable, credit cards and home mortgages financing ijarah. 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, as well as tawaruq personal financing commodities, credit card products, 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. 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.

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, 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 Islamic products and services, including private banking services (encompassing investment products, trust services, and real estate investment offerings), asset management services, real estate fund management services.
A Transformational Milestone

In 2022 Kuwait Finance House has completed its acquisition of Ahli United Bank, becoming one of the largest Islamic banks in the world. Within the AUB Group, Shari’a-compliant banking products and services are made available in Bahrain through its dedicated Islamic banking subsidiary, Ahli United Bank K.S.C.P., as well as Ahli United Bank (UK) PLC and the Issuer.

A significant milestone was reached with the official launch of Islamic banking services under the Group’s brand name, Al-Hilal. This initiative has led to the introduction of a diverse array of Shari’a-compliant products tailored to cater to the corporate, commercial, and retail customers within the Group’s portfolio.

To ensure adherence to Shari’a principles, the Group has established its own Shari’a Board comprising renowned Islamic scholars. Moreover, an integrated IT system has been developed to facilitate the seamless processing of Islamic banking products. This emphasis on Shari’a-compliant banking not only reinforces the Group’s commitment to ethical and responsible financial practices but also demonstrates its dedication to serving the diverse needs of its customers who seek banking solutions in alignment with their faith.

1.2 Our Multi-National Network

AUB is thrilled to oversee subsidiaries and affiliated entities operating in eight nations including Bahrain, Kuwait, United Kingdom, Egypt, Oman, Iraq, Libya, and UAE.

AUB’s ownership structure is shaped by Kuwait Finance House (KFH), which fully owns AUB, headquartered in Bahrain with subsidiaries in UK, Egypt, Kuwait and a branch in Dubai. Associate in Libya and Oman. Additionally, KFH holds significant stakes in various other entities, reflecting its strategic presence in the banking sector. With a strong presence in multiple countries, AUB operates through a network of 158 branches, catering to a diverse clientele of over 805,561 clients.
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:

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


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

Commercial Bank of Iraq P.S.C – 80.3%: Our active participation in Iraq’s financial sector, marking our strategic positioning.

Ahli United Bank K.S.C.P – 74.9%: Our substantial stake in this Kuwaiti entity signifies a strategic partnership for mutual growth.

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


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

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

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

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

Ahli Life – 100%: Our commitment to the realm of life insurance, reflected through our complete ownership. (currently being sold)

1.3 Our EESG Highlights

NET PROFIT
546,102 mn USD

Financial Resilience

TOTAL ASSETS
41,560,972 mn USD

SHAREHOLDERS’ EQUITY
4,375,504 mn USD

FINANCE FACILITIES AND ADVANCES
21,221,325 mn USD

Sustainable Murabaha Financing Facility
1.1 bn USD

Social Housing
212.2 mn USD

Green Finance
115.9 mn USD

Microfinance
3.6 mn USD

Nurturing Sustainable Finance

About this report
A Responsible Banking Approach
Impact and Beyond
Nurturing Sustainable Finance
Our Performance in a Glimpse

PRB PROGRESS REPORT
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

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.

As AUB actively formulates its ESG Strategy, 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 UNSDGs, Paris Agreement, and National Sustainability Agendas. Central to our ESG 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.

The integration of climate action and promoting financial inclusion into our ESG 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 Responsible Banking. Through stakeholder engagement and collaboration, we seek to incorporate diverse perspectives and insights, ensuring that our ESG 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. In recognition of our sustainability efforts, the Bank was named ‘Market Leader in ESG’ by Euromoney in their 2022 Market Leaders Ranking.

Ahli United Bank Kuwait (AUBK) has been a steadfast contributor to the growth and progress of Kuwait. Throughout the years, AUBK has played a pivotal role in driving economic and social development by facilitating trade, financing crucial infrastructure, industrial, and commercial projects, and providing a comprehensive range of retail banking services that are accessible to all residents of Kuwait. AUBK’s approach is twofold: building innovative solutions that cater to the specific requirements of our clients, while fostering strong and meaningful relationships with them. We recognize that our success lies in the trust our clients place in us, and we hold ourselves accountable to maintaining the highest standards of integrity and ethics.

The purpose and strategic objectives of AUBK were in line with those of the Group. AUBK is also working to align its business strategy and keep it consistent with its clients’ needs and society’s goals as expressed in the Sustainable Development Goals and Kuwait Vision 2035.

AUB Egypt (AUBE) has always aimed to be a dynamic bank with robust product and service propositions, segmented offerings, technologically advanced solutions, and intelligent positioning across its targeted markets. It also aims to create an unrivaled ability to meet client needs, provide fulfillment and development for our staff and deliver outstanding shareholders’ value.
## 2.2 Strategic Alignment

AUB actively contributes to the United Nations Sustainable Development Goals 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.

<table>
<thead>
<tr>
<th>Product/ Service / Initiative</th>
<th>Contribution to UNSDGs</th>
<th>Mapping with Bahrain’s Vision 2030</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sustainable Murabaha Financing Facility:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In July 2022, AUB successfully concluded a landmark USD 1.1 bn Sustainable Murabaha Financing Facility, making it the first ever issuance of its type raised by a financial institution worldwide.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Green Finance:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As of March 2023, AUB’s support for green financing reached USD 115.9 mn, surpassing its actual target of USD 110 mn set for December 2022.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Financial Inclusion:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AUB is deeply 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.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Social Housing:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As of March 2023, AUB has made remarkable progress in its social housing initiative, surpassing its targets. By December 2022, the actual support provided for social housing reached USD 212.2 mn, and this continued to grow even further to USD 233.7 mn in June 2023.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SMEs’ Empowerment:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>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 as the Best SME Banking in 2022.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Microfinance:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As of March 2023, AUBB’s microfinance facilities recorded USD 3.6 mn.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Digital Transformation:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>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.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
2.3 Client Engagement

• Responsible Communication

Our 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.

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. This training equips employees with the necessary skills to interact professionally, efficiently, and empathetically with clients, ultimately enhancing their overall experience.

Through these measures, AUB actively demonstrates its dedication to ethical communication, client-centricity, and the cultivation of a positive relationship with its stakeholders. This commitment not only reflects responsible business practices but also underscores AUB's mission to provide excellent service while maintaining the highest ethical standards.

AUB is planning to engage with its clients and customers to encourage sustainable practices and enable sustainable economic activities.

The engagement plan includes awareness sessions, trainings, sustainable and green finance and advisory services.

• Customer’s Privacy, Our Top Priority

In today's digital age, data protection and security are critical pillars of corporate responsibility and sustainability. At Ahli United Bank, we recognize the importance of safeguarding data while adhering to privacy laws, including Bahrain's PDPL, the UK's GDPR, and the UAE's evolving data protection framework. This report highlights our commitment to data security through the utilization of robust security controls, ensuring compliance with relevant privacy regulations across these jurisdictions. To align with these privacy laws and ensure robust data protection, we have strategically implemented a suite of security controls that enables our business to operate efficiently and maintain security.

01 Skills and Capability: We have invested in people across all the geographies we operate in to ensure we have the right skills and capability in managing the vast landscape of Data Security.

02 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.

03 Data Discovery and Classification: We ensure we know where our data is stored and classify the data to enable the appropriate protection is applied.

04 Data Minimization: We adhere to the principle of data minimization, collecting and retaining only necessary customer data.

05 Encryption: Sensitive data, both in transit and at rest, is protected through advanced encryption protocols, ensuring confidentiality and integrity.

06 Consent Management: Transparent consent management mechanisms empower customers to provide and withdraw consent for data processing easily.

07 Security Audits: Routine security audits and assessments identify vulnerabilities and drive continuous improvement in our security measures.

08 Detection and Incident Response: A robust detection and incident response plan is in place, ensuring swift action in case of data breaches, including notification of authorities and affected individuals as required by law.
Our commitment to data security goes beyond compliance. We stay vigilant about evolving privacy laws, regularly update policies and procedures, and provide ongoing training and awareness programs for our staff. This proactive approach ensures that we maintain the highest standards of data protection while adapting to changing regulatory landscapes.

At Ahli United Bank, data protection and security are integral to our corporate code. Our investment in security controls, employee training, and continuous improvement efforts reflects our unwavering commitment to safeguarding data and preserving customer trust. By doing so, we contribute positively to the communities and jurisdictions in which we operate.

**Complaints Management**

To maintain regular communication and provide swift responses to client concerns, AUB employs a structured approach for filing and tracking complaints. While AUB Egypt is in the process of establishing its complaint management system, AUB Bahrain and Kuwait have already initiated the implementation of their respective systems.

The procedure for managing complaints is outlined as follows:

1. **Initiation:**
   - Client complaints are initiated via call center interactions or the complaints unit.

2. **Follow-up and Resolution:**
   - The complaints are systematically tracked and monitored. Upon resolution, details of the steps taken, and remedial measures are updated in the CMS.

3. **Data Entry:**
   - Staff members from the Complaint Management System (CMS) are responsible for inputting the relevant details of the complaints into the CMS.

4. **Action Monitoring:**
   - The CMS generates reports to keep track of pending corrective actions, ensuring that all necessary activities are being addressed and executed.

This structured system ensures that client complaints are efficiently handled, monitored, and resolved. By centralizing complaint management, AUB demonstrates its commitment to addressing client concerns while maintaining transparency and accountability. This proactive approach not only enhances customer satisfaction but also underscores AUB’s dedication to adhering to regulatory standards and fostering trust within its client base.

AUB is also dedicated to swiftly embracing and implementing service enhancements, ensuring that customers’ experience is a seamless and efficient banking journey. This commitment is reflected in the rapid adoption of new offerings such as digital onboarding and Apple Pay, which are designed to provide convenience and accessibility to clients. Moreover, AUB recognizes the importance of extending its services beyond traditional banking hours. With a focus on customer convenience, the bank has expanded its operational hours to cover seven days a week instead of the conventional five.

Additionally, AUB now offers round-the-clock availability, ensuring that clients can access banking services 24 hours a day, rather than being limited to the standard eight-hour window. By swiftly adopting innovations and extending its availability, AUB demonstrates its dedication to meeting customers’ evolving needs and enhancing their banking experience. These efforts underscore the bank’s commitment to customer-centricity and its proactive stance in embracing modern technologies to provide exceptional and accessible financial services.
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.

The Bank’s 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. Central to our ethical framework is the Banking Integrity Policy.

This comprehensive 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.

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.

Here are some of the notable organizations with which AUB has forged alliances:

I. Arab Trade Finance Program (AFTP): AUB’s partnership with AFTP bolsters trade finance activities, contributing to regional economic growth and strengthening cross-border trade relationships.

II. 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.

III. 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.

IV. 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.

V. 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.

VI. Anti 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.

VII. 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 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), which now owns AUB, headquartered in Bahrain with subsidiaries in UK, Egypt, Kuwait and a branch in Dubai.

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 and 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, including compliance risk, encompassing Sustainability, ESG frameworks, and standards including PRB.

To manage the Environmental and Social Risks associated with our portfolio, the Group has updated and approved its Social and Environmental Management System Policy to ensure compliance with environmental and social standards according to national and international requirements and regulations. Part of this system includes Due Diligence Procedures that not only financially appraise potential projects but assess them on social and environmental bases as set out in the policy document.

ESG training will be given to the rest of employees to enhance their knowledge about ESG practices and frameworks throughout 2024. Periodic audits of information security are also conducted throughout the year, including an annual external independent audit. The Bank also gives its personnel training on privacy awareness, customer services, Codes of Ethics and Conduct, and dealing with complaints.

The Majority of Senior Managers and above were trained on ESG in 2023.
IMPACT AND BEYOND

3.1 Impact Assessment
3.2 Target Setting
   3.2.1 Climate Stability
   3.2.2 Financial Inclusion
3. IMPACT AND BEYOND

3.1 Impact Assessment

Being trailblazers of responsible banking, we embrace the challenges of our time and seize them as opportunities to make a meaningful difference. Our commitment extends beyond the confines of our institution, as we actively collaborate with partners, stakeholders, and like-minded organizations to catalyse collective action toward a sustainable future.

As signatory of the Principles of Responsible Banking (PRB), we share our third 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 lending and investment activities.

• Scope:

The impact assessment focuses on AUB Group through aggregating the lending 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. We identified the share of each of these business lines from the Group’s total portfolio, as shown in the table beside:

<table>
<thead>
<tr>
<th>Business Line</th>
<th>Share of Total Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Banking</td>
<td>57.4%</td>
</tr>
<tr>
<td>Investment banking</td>
<td>28.4%</td>
</tr>
<tr>
<td>Retail Banking</td>
<td>12.2%</td>
</tr>
<tr>
<td>SMEs Banking</td>
<td>2.0%</td>
</tr>
</tbody>
</table>

• Context

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 utilized additional resources such as Bahrain’s Nationally Determined Contributions (NDCs) and governmental official statistics, 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, Circular and Biodiversity and Healthy Ecosystems.

SUSTAINABLE DEVELOPMENT PILLARS

<table>
<thead>
<tr>
<th>IMPACT AREAS</th>
<th>IMPACT TOPICS</th>
<th>SDGs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Integrity &amp; security of persons</td>
<td>(Conflict, Modern slavery, Child labour, Data privacy, Natural disasters)</td>
<td>X</td>
</tr>
<tr>
<td>Health and safety</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Availability, accessibility,</td>
<td>(Water, Food, Energy, Housing, Healthcare and sanitation, Education, Mobility, Information, Connectivity, Culture)</td>
<td>X</td>
</tr>
<tr>
<td>Affordability, Quality of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resources &amp; services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Livelihood</td>
<td>(Employment, Wages, Social protection)</td>
<td>X</td>
</tr>
<tr>
<td>Equality &amp; justice</td>
<td>(Gender equity, Ethnic / racial equity, Ages discrimination, Other vulnerable groups)</td>
<td>X</td>
</tr>
<tr>
<td>Socio-economic</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strong institution and peace</td>
<td>Rule of law, Civil liberties</td>
<td>X</td>
</tr>
<tr>
<td>stability</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health economics</td>
<td>(Sector diversity, Flourishing MSMEs)</td>
<td>X</td>
</tr>
<tr>
<td>Infrastructure</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>socio-economic convergence</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Natural environment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Climate stability</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Biodiversity and healthy</td>
<td>(Water Bodies, Air, Soil, Species Habitat)</td>
<td>X</td>
</tr>
<tr>
<td>ecosystems</td>
<td></td>
<td></td>
</tr>
<tr>
<td>circularity</td>
<td>(Resource intensity, Waste)</td>
<td>X</td>
</tr>
</tbody>
</table>
• 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 that have been segmented based on 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 key prioritized impact on the four business lines, and the assessment showed that except for minor differences, the four lines share similar areas of impact. The main sectors and activities financed throughout the Investment Banking, Corporate Banking, SMEs banking portfolios, as well as their prioritized impact areas are shown in the tables below:

Treasury and Investment Banking Portfolio:

The Investment and Treasury Banking portfolio has both positive and negative impacts on Livelihood. It positively affects Livelihood by financing financial activities, telecommunications, electricity, gas, and the manufacture of chemical products and machinery, which create employment opportunities. However, it negatively impacts Livelihood through financing public administration and the extraction of crude petroleum, which have adverse effects on wages and social protection. Furthermore, Investment Banking has a positive impact on Availability, Accessibility, Affordability, Quality of Resources & Services, and Healthy Economies. It achieves this by financing public administration, financial service activities, extraction of crude petroleum, electricity, gas, and telecommunications, contributing to energy security and the growth of SMEs.

Additionally, it positively affects infrastructure through financing public administration, telecommunications, electricity, gas, and steam projects. However, Investment Banking has a negative impact on Health and Safety, Circularity, and Climate Stability. This is because several sectors it finances have detrimental effects on health, resource efficiency, generate greenhouse gas emissions, and produce waste.

<table>
<thead>
<tr>
<th>Positive Impact</th>
<th>Proportion of Portfolio</th>
<th>SDG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Livelihood</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Availability, Accessibility, Affordability, Quality of Resources &amp; Services (Finance and Financial Inclusion)</td>
<td>99.54%</td>
<td></td>
</tr>
<tr>
<td>Infrastructure</td>
<td>86.15%</td>
<td></td>
</tr>
<tr>
<td>Healthy Economies</td>
<td>83.19%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Negative Impact</th>
<th>Proportion of Portfolio</th>
<th>SDG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health and Safety</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Circularity</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Livelihood</td>
<td>96.34%</td>
<td></td>
</tr>
<tr>
<td>Climate Stability</td>
<td>90.79%</td>
<td></td>
</tr>
</tbody>
</table>
Corporate Banking Portfolio:

The corporate banking portfolio has a positive impact on Livelihood through financing real estate and manufacture of machinery that create employment. The construction of buildings and extraction of crude petroleum sectors often involve various labor categories. While they provide employment opportunities, wages might not always be equitable or in line with living standards. Some construction and petroleum jobs might offer low wages or involve precarious working conditions, impacting workers’ livelihoods. Moreover, construction and petroleum workers might face inadequate social protection measures like 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. In addition, corporate banking has positive impact on Availability, Accessibility, Affordability, Quality of Resources & Services and Healthy Economies through financing real estate, construction of buildings and manufacture of machinery that contribute to better housing and flourishing SMEs.

The positive impact of corporate banking on Health and Safety is through financing manufacture of machinery and equipment which can enhance workplace safety standards. Investments in this sector often lead to technological advancements that improve worker safety protocols and reduce workplace accidents. However, the sectors financed by corporate banking often have adverse effects on health, resource efficiency, and the environment. Sectors such as real estate, construction of buildings, extraction of crude petroleum and civil engineering contribute to negative health outcomes, inefficient resource usage, and substantial waste generation and greenhouse gas emissions.
SMEs Banking Portfolio:

The SMEs banking portfolio has a positive impact on Livelihood through financing real estate, retail trade and travel agency, tour operator, reservation service and related activities that create employment. Meanwhile, SMEs banking has a negative impact on Livelihood through financing construction of buildings and other professional, scientific and technical activities that negatively affect social protection and wages. In addition, SMEs banking has positive impact on Availability, Accessibility, Affordability, Quality of Resources & Services and Healthy Economies through financing real estate, construction of buildings and food and beverage that contribute to better housing, food security and flourishing SMEs. The positive impact of SMEs banking on Health and Safety is through financing human health activities. However, SMEs banking 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 waste and GHG emissions.

- Travel Agency, Tour Operator, Reservation Service and Related Activities
- Real Estate Activities
- Retail Trade, Except of Motor Vehicles and Motorcycles
- Wholesale And Retail Trade and Repair of Motor Vehicles and Motorcycles
- Construction Of Buildings.
- Other Professional, Scientific and Technical Activities
- Human Health Activities
- Activities Auxiliary to Financial Service and Insurance Activities
- Food and Beverage Service Activities

### Positive Impact

<table>
<thead>
<tr>
<th>Proportion of Portfolio</th>
<th>SDG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Livelihood</td>
<td>100%</td>
</tr>
<tr>
<td>Availability, Accessibility, Affordability, Quality of Resources &amp; Services (Finance and Financial Inclusion)</td>
<td>100%</td>
</tr>
<tr>
<td>Health and Safety</td>
<td>61.77%</td>
</tr>
<tr>
<td>Healthy Economies</td>
<td>54.90%</td>
</tr>
</tbody>
</table>

### Negative Impact

<table>
<thead>
<tr>
<th>Proportion of Portfolio</th>
<th>SDG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health and Safety</td>
<td>100%</td>
</tr>
<tr>
<td>Circularity</td>
<td>100%</td>
</tr>
<tr>
<td>Livelihood</td>
<td>99.95%</td>
</tr>
<tr>
<td>Climate Stability</td>
<td>86.33%</td>
</tr>
</tbody>
</table>
Regarding the Retail Banking Portfolio, the segmentation process involved categorizing customers based on their age, income, and gender. It is essential to acknowledge a significant limitation: the impact analysis did not encompass current accounts and savings accounts due to a lack of available data.

As a focus on the retail banking sector in AUB Bahrain, we'd find that it follows the same segmentation as the overall in the following way:

**Retail Banking Segmentation by Age, Gender and Income**

**Unspecified (Age)**
- Senior (e.g. +60): 5.7%
- Middle-age (e.g. 30-60): 9.6%
- Youth (e.g. 18-30): 25.1%

**Unspecified (Gender)**
- Female: 14.5%
- Male: 85.5%

**Unspecified (Income)**
- High-income population: 3.9%
- Middle-income populations: 62.5%
- Low-income populations: 33.5%
Prioritized Impact Areas In-Depth:

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.

1. Livelihood:

Bahrain has had considerable success in developing a variety of economic sectors, including banking, manufacturing, real estate, and tourism. This progress contributes to Bahrain’s Economic Vision 2030 as well as its commitment to the UN SDGs, specifically the ones targeting poverty, decent work, economic growth, as well as inequalities.

This progress is reflected by a series of investment and trade policies adopted by the government that support initiatives aiming to increase wages of citizens employed in the private sector through wage support programmes and enhancing career development programmes for Bahrainis. These directives will strongly contribute to the achievement of the national goal of making Bahrainis the first choice of employment in the labour market.

AUB supports Bahrain’s livelihood priorities by financing manufacturing, real estate, crop production, and public administration services.

By financing these, AUB contributes to the creation of job opportunities, wage increase, and the establishment of social protection structures that not only benefit the economic aspect, but also the social factor of sustainability.

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

Bahrain, an established financial hub in the Gulf region, provides commendable availability, accessibility, affordability, and quality of resources and services in the realm of finance and financial inclusion. With a well-established and robust financial infrastructure, the country boasts a diverse range of financial institutions and services, catering to both individuals and businesses alike. Emphasizing financial inclusion, Bahrain has made significant strides in bridging the gap between the unbanked and banking services, ensuring that all segments of society have access to vital financial resources.

The regulatory framework fosters an environment of transparency and reliability, instilling confidence in investors and consumers. Furthermore, Bahrain’s commitment to technological advancement has given rise to a thriving fintech ecosystem, enabling convenient and innovative digital financial solutions.

At AUB, we believe that financial inclusion is key to the prosperity of the society. This is why our impact has been positive in this area due to our Retail portfolio in credit cards and financed overdraft which have positively contributed to housing and mobility. We also contributed through our corporate, SMEs, and investment banking portfolios by financing institutions working in the fields of public administration, real estate, construction of buildings, crop production, civil engineering, and financial services.
3. Healthy Economies

Bahrain has emerged as an ideal and thriving workplace for micro, small, and medium enterprises (MSMEs), thanks to its outstanding infrastructure and unwavering support for SMEs to flourish and succeed. These enterprises play a significant role in the country’s economy, comprising a 93.3% of all commercial registrations, 81% of which are owned by Bahrainis, showcasing the nation’s commitment to fostering local entrepreneurship. Notably, 39% of the MSMEs are owned by women, and 23% are owned by the youth, reflecting a diverse and inclusive business landscape.

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

4. Climate Stability

One key aspect of Bahrain’s climate change actions is its focus on mitigation and adaptation efforts. The nation has been working towards reducing its greenhouse gas emissions through the adoption of renewable energy sources and energy efficiency measures. Bahrain’s National Renewable Energy Action Plan outlines targets for increasing the share of renewable energy in its energy mix, which includes solar and wind power projects. These initiatives not only contribute to mitigating the country’s carbon footprint but also promote energy security and independence. Bahrain is also dedicated to enhancing its climate change adaptation strategies particularly as extreme weather events become more frequent. Measures include investments in water infrastructure, such as desalination and wastewater treatment plants, to ensure a sustainable supply of water for its growing population. Furthermore, efforts are being made to incorporate climate considerations into urban planning to reduce vulnerability to flooding and other climate-related risks.

The financed activities at 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

As economic growth and prosperity have been rapidly advancing for the past decades in Bahrain, the inevitability of resource depletion and overconsumption presented itself before the country. In response, Bahrain has taken great measures in order to integrate circularity into its Economic Vision 2030. Waste management has been a priority to the country especially on a municipal level.

AUB’s financed activities that negatively contributed to circularity were real estate, construction of buildings, extraction of crude oil, crop production, financial service, and civil engineering.
6. Health and safety

Among the various activities at AUB that negatively impact health and safety, several prominent ones stand out: crop and animal production, construction of buildings, civil engineering, extraction of crude oil, manufacture of machinery and financial services.

AUB is fully aware of the negative impacts associated with its portfolios, and we are committed to taking proactive steps to address these challenges. To achieve this, we have adopted a robust Social and Environmental Management System (SEMS) policy. This policy serves as a cornerstone in our efforts to mitigate the negative impacts of climate, circularity and health and safety.

Heat Map

### Sectors

- Real Estate
- Construction of Buildings
- Extraction of Crude Oil
- Manufacture of Machinery
- Civil Engineering
- Crop Production
- Public Administration & Defence
- Financial Service Activities (except insurance)

### Impact Areas

- Livelihood
- Availability, Accessibility, Affordability, Quality of Resources & Services
- Healthy Economies
- Health & Safety
- Climate Stability
- Circularity

#### AUB's Identified Impact Areas

<table>
<thead>
<tr>
<th>Positive Impact Areas</th>
<th>Negative Impact Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Livelihood</strong></td>
<td><strong>Climate Stability</strong></td>
</tr>
<tr>
<td><strong>Availability, Accessibility, Affordability, Quality of Resources &amp; Services (Finance /Financial Inclusion)</strong></td>
<td><strong>Circularity</strong></td>
</tr>
<tr>
<td><strong>Healthy Economies</strong></td>
<td><strong>Health and Safety</strong></td>
</tr>
</tbody>
</table>

#### Indicators

- **Indicates negative impact**
- **Indicates positive impact**
3.2 Target Setting

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 that will increase its positive impacts while reducing the negative impacts of its activities.

A. Climate Stability

Concerning climate stability, AUB starts a pilot analysis on the key sectors financed in the corporate banking portfolio. These sectors include construction of buildings, real-estate activities, extraction of crude petroleum and wholesale and retail trade that have negative associations with climate stability.

The Bank has recently become 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 this section, 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 for the year 2022.

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 lending practices. For the purposes of this report, our analysis will delve into the corporate finance extended to various sectors, with extra emphasis on four key sectors:

Construction of buildings (7.3% of corporate portfolio), Extraction of crude petroleum and natural gas (8.7%), Real estate activities (30.5%), and Wholesale and retail trade and repair of motor vehicles and motorcycles (8.6%).

These sectors have been strategically selected due to their combined representation of over 50% of the Bank’s corporate finance portfolio. This concentrated exposure underscores the Bank’s close engagement with industries that play pivotal roles in the economic landscape. The Construction of buildings sector signifies the Bank’s active support for urban development and infrastructure initiatives.

The Extraction of crude petroleum and natural gas sector mirrors the Bank’s involvement in the energy sector, an essential driver of global economic dynamics. The Real estate activities sector reflects the Bank’s commitment to the property market, an integral part of most economies. Lastly, the Wholesale and retail trade and repair of motor vehicles and motorcycles sector portrays the Bank’s partnership with consumer-oriented industries, contributing to commercial growth and employment opportunities.

The collected portfolio data has been meticulously organized utilizing the International Standard Industrial Classification (ISIC) coding system, ensuring precision and consistency in sector categorization. The financial figures are presented in million dollars, providing a clear and concise understanding of the scale of the Bank’s involvement in each sector. It is important to note that this report’s focus on the corporate finance portfolio extends to the asset classes of “Listed Equity and Corporate Bonds” and “Business finance” exclusively for the first year of analysis. Subsequent reports will explore additional asset classes to provide a comprehensive overview of the Bank’s diverse portfolio holdings.
The chosen methodology for estimating financed emissions is PCAF framework. This widely recognized methodology provides a robust foundation for quantifying emissions associated with financial portfolios. It aligns with global reporting standards, enhancing comparability and enabling meaningful benchmarking across the financial industry. The PCAF methodology offers a comprehensive approach, considering scope 1 and 2 emissions, which encompass direct emissions from owned or controlled sources as well as indirect emissions from the generation of purchased energy.

To ensure data accuracy and reliability, the chosen data quality system is also aligned with the PCAF framework. The data utilized for this estimation is sourced from the PCAF database, known for its rigorous data quality standards and comprehensive coverage of emissions factors across various asset clauses, products, and sectors. This integration of PCAF's established emissions data strengthens the credibility of our calculations.

In line with the sectoral approach, the estimation of financed emissions is conducted by segmenting the corporate finance portfolio into distinct sectors. The outstanding financed amounts for each sector serve as the basis for quantifying emissions. This sectoral breakdown allows for a nuanced analysis of emissions allocation, reflecting the Bank's diverse exposure across industries.

For Corporate finance, PCAF emission factors are applied based on the industry's North American Industry Classification System (NAICS) code, which correlates with a data quality score of 5. This score reflects the least accurate score available in PCAF database, as it considers the sectoral approach in correlating the GHG emissions to the portfolio activity and does not have any specific company data.

However, this year marks our first year in the estimation of our financed emissions and for the following reporting periods, we will include additional asset clauses and enhance our data quality scores.

It is important to clarify that the estimates provided in this report encompass scope 1 and 2 financed emissions only. This includes direct emissions from the portfolio companies' operational activities as well as indirect emissions associated with purchased energy sources. The emissions from scope 3, which comprise other indirect emissions along the value chain, are not included in this analysis by PCAF standards. The following Table 1 summarizes data quality scores for PCAF calculation approaches, financed emissions calculation equations and required data needed for the calculation.

Through the meticulous implementation of the PCAF methodology and data quality standards, the Bank aims to provide stakeholders with a transparent and reliable assessment of its financed emissions. This commitment to accuracy underscores the Bank's dedication to informed decision-making and responsible financial practices in the context of environmental sustainability.
Finally, to ensure alignment with the PCAF database emission factors, a conversion factor of 0.951 was applied to convert the outstanding financed amounts from USD to Euro, facilitating a tailored integration with the emission factors provided in the PCAF database.

The total outstanding amount for the corporate portfolio as of March 2023 was $20.79 billion. Applying PCAF emission factors based on the sectoral approach and corresponding data quality score 5, we calculated the estimated financed emissions to be approximately 57.16 million metric tons CO₂e. The average financed GHG emission over our corporate portfolio equals 2.74 Kg CO₂e/USD, this value means on average, each outstanding dollar from the Bank current portfolio composition contributes to generating nearly 2.74 kg CO₂e.

These estimates cover scope 1 and 2 emissions, encompassing direct and indirect emissions resulting from the Bank’s financed activities. The following Figure 1 and Figure 2 illustrate the composition of our corporate portfolio by ISIC level 2 sectors and the contribution of these sectors to our GHG financed emissions, respectively.
For Extraction of crude petroleum and natural gas sector, out of 25 financed entities in this sector, only 2 entities are outside the MENA region, one in Angola and the other in Netherlands. The following Figure 3 illustrates the activities of financed entities constituting the Extraction of crude petroleum and natural gas sector and their relevant share of this sector portfolio.
The analysis of the calculated financed emissions results offers valuable insights into the environmental impact of the Bank’s corporate portfolio across various sectors. To comprehensively assess the Bank’s investments from an emissions perspective, we introduce a key metric: CO₂ emissions per million USD invested. This metric allows us to evaluate the efficiency of investments in terms of emissions intensity. By comparing sectors based on this metric, we can identify the sectors that yield the best and worst outcomes in terms of emissions efficiency.

Upon evaluating the results, we observe a noteworthy spectrum of emissions efficiency within the corporate portfolio. Sectors with lower CO₂ emissions per million euros invested emerge as favorable options, signifying relatively environmentally friendly investments. Conversely, sectors with higher emissions intensities indicate areas where the Bank’s investments may have a larger carbon footprint relative to financial exposure.

Through the presentation of separate charts showcasing the top five worst (Figure 4) and best sectors (Figure 5) to invest in, these mentioned graphs visually highlight the disparities in emissions efficiency across sectors within the corporate portfolio. These charts serve as essential tools for strategic decision-making, offering a clear depiction of which sectors align more closely with the Bank’s sustainability goals. By considering emissions efficiency alongside financial performance, the Bank can make informed choices that not only optimize returns but also contribute to a lower carbon economy.

As we move forward, these emissions efficiency insights provide a solid foundation for the Bank’s efforts to refine its investment strategies, redirecting capital towards sectors that demonstrate stronger alignment with environmental sustainability objectives. This proactive approach underscores the Bank’s commitment to responsible investing, fostering positive environmental impact while maintaining financial performance.
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.

### Engagement Targets

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.

### Engaging with clients for data collection

<table>
<thead>
<tr>
<th>Action</th>
<th>Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engaging with clients for data collection</td>
<td>Total Greenhouse Gas Emissions</td>
</tr>
<tr>
<td>Engaging with key clients to develop data collection templates incorporating their scope 1 and scope 2 emissions data.</td>
<td>Greenhouse Gas Emissions Reduced</td>
</tr>
</tbody>
</table>

### Client Engagement Indicators

- 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.

### Financial Indicators

- Increasing share of green finance and green finance provided from total portfolio

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### B. Financial Inclusion (Finance)

#### 1. Understanding Bahrain’s Context

According to the World Development Indicators, youths comprise 76% and females make up 38% of Bahrain's total population. UNESCWA ranks Bahrain third with a poverty 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’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.

#### 2. Setting Baselines and Priorities

Out of our credit customers, 34% of our finance facilities allocation focuses on the low-income bracket, while 14% are provided for females, and 10% support the youth, aged between 18 and 30 years. Accordingly, AUB targets to enhance access to credit and increase finance facility allocation to the youth and females.

### Retail Banking Portfolio Segmentation by Income, Gender and Age

<table>
<thead>
<tr>
<th>Classification</th>
<th>Population Groups</th>
<th>Percentage of Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income Level</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low-income</td>
<td></td>
<td>34%</td>
</tr>
<tr>
<td>Middle-income</td>
<td></td>
<td>63%</td>
</tr>
<tr>
<td>High-income</td>
<td></td>
<td>4%</td>
</tr>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Males</td>
<td></td>
<td>86%</td>
</tr>
<tr>
<td>Females</td>
<td></td>
<td>14%</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Youth (e.g. 18-30)</td>
<td></td>
<td>10%</td>
</tr>
<tr>
<td>Middle age (e.g. 30-60)</td>
<td></td>
<td>85%</td>
</tr>
<tr>
<td>Senior (e.g. 60+)</td>
<td></td>
<td>5%</td>
</tr>
</tbody>
</table>
3. Target Setting and Action Plan

We target to increase access to credit and finance facility allocation to the low-income people, youth and females by $5mm. 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 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, behavior and income assumptions, appetite risk by vulnerable groups.

4. Performance Measurement

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

<table>
<thead>
<tr>
<th>Indicator Name</th>
<th>Data Source</th>
<th>Level</th>
</tr>
</thead>
<tbody>
<tr>
<td># of products and services in the portfolio with a focus on financial inclusion</td>
<td>Internal data</td>
<td>Actions</td>
</tr>
<tr>
<td>% of relevant employees supported with effective training on financial inclusion, responsible credit and/or financial health</td>
<td>Internal data</td>
<td>Actions</td>
</tr>
<tr>
<td># of new customers per month</td>
<td>Transactional</td>
<td>Output</td>
</tr>
<tr>
<td>% of customers actively using the online/mobile banking platform/tools</td>
<td>Transactional</td>
<td>Outcome</td>
</tr>
</tbody>
</table>
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.

4.1 Our SEMS Policy

AUB Group’s unwavering commitment to promoting responsible finance and sustainable lending practices is evident in 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 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.

Recently, in November 2022, AUB Group updated its SEMS policy, demonstrating its proactive approach to incorporate climate risks into its risk framework and management practices. This step highlights the Group’s dedication to identifying, assessing, and managing environmental and social risks, including those related to climate change, in its financial operations.

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.
For the purpose of undertaking the 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 A

Business activities involving investments in 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.

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### 4.2 Sustainable Products and Services

#### Sustainable Murabaha Financing Facility

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 interest 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 is the introduction of financial incentives through a Sustainability Adjustment to the margin. This adjustment is based on whether AUB accomplishes specific Sustainability Performance Targets (SPTs). By aligning the existing Environmental, Social, and Governance (ESG) commitments, AUB aims to promote sustainable financing and enhance the Bank’s ESG governance processes. The Sustainable Murabaha Financing Facility is structured around three Key Performance Indicators (KPIs), each tied to a sustainability performance target. These KPIs include:

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

The transaction’s profit rate comprises two components: a profit rate margin and the term secured overnight financing rate (SOFR). Depending on the attainment of the KPIs, the profit rate margin will be either increased or decreased by 0.02% or 0.01%, providing a financial incentive for AUB to meet its sustainability targets.

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.
Social Housing

AUB Group targets promoting financial inclusion, with a specific focus on social housing. AUB Bahrain has taken significant strides in expanding its support by offering financing of up to 120% of the property value over an extended period of up to 30 years. In addition to levying administration, property evaluation, and finance insurance fees. This approach ensures ample funding to cover property costs, furniture, and consolidation of other financial commitments. Moreover, it allows for more affordable installments spread across extended repayment periods.

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 171.1 mn for 2022. By December 2022, the actual support provided for social housing reached USD 212.2 mn, and this continued to grow even further to USD 233.7 mn by June 2023. This outstanding progress underscores AUB's dedication to making housing more accessible and affordable for individuals and families in the community.

SMEs’ Growth

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 as the Best SME Bank in 2022.

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

Additionally, we leverage ID Now’s 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 (AlT@jer) Corporate Banking platform provides an intuitive and feature-rich interface tailored to their specific needs. Moreover, SME (AlT@jer) Community connects businesses with exclusive offers and discounts, fostering a thriving business-to-business ecosystem.

Our SME POS Service management through the online portal ensures seamless management of point-of-sale services. Additionally, SME POS Lending, backed by digital lead capture, offers SMEs convenient access to the funding they need to grow and succeed.
While we embrace cutting-edge digital solutions, 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. From classic branches with Automated Teller Machines (ATMs) to those equipped with Advanced Machines like ATM, Bulk Deposit, 24/7 Interactive Tellers, and 24/7 Kiosks, we ensure easy accessibility to essential banking services. For our esteemed SME clients, we have dedicated SME Lounges within select branches, providing a personalized and comfortable space for their financial discussions and transactions. Additionally, AUB’s Flagship Branch goes the extra mile by offering dedicated Premium Banking Lounges, ensuring our high-net-worth SME clients receive exclusive and attentive service.

In addition, AUBK has an SME’s unit that offers tailored products and services to address the needs of SMEs to make economies more dynamic, inclusive, and sustainable. AUBK sponsored and participated in the Falcon’s Nest Competition to support startup projects.

Furthermore, 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 is 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 consists of a USD 30 mn credit line for lending to the SMEs in Egypt, a USD 10 mn value chain finance under the EU-Funded Trade and Competitiveness Program. This is 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). The program will enable small businesses to invest in advanced technologies and solutions, which result in climate change migration and adaptation. The project will offer 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.

Microfinance

As of March 2023, AUBB takes pride in offering microfinance facilities amounting to USD 3.6 mn. This diverse microfinance portfolio microfinance encompasses various financial products, including O/D-Demand Deposits, car finance, and flexi finance. Our microfinance facilities serve as a powerful instrument to empower individuals and business alike, providing them with accessible and flexible financing options.

Whether it is fulfilling personal aspirations, purchasing a vehicle, or supporting entrepreneurial endeavors, AUB is committed to facilitating the financial growth and success of our clients.

Real Estate and Project Financing

AUB Group offers a diverse range of mortgage products and structured solutions for commercial and residential properties in various sectors, which includes the arrangement of household expense payments. Additionally, AUB provides long-term lending for large-scale infrastructure and industrial projects, offering tailored project finance solutions. Through these efforts, AUB Group contributes to economic and social development by fostering industrialization, generating job opportunities, and supporting the real estate sector.
4.3 Green Finance

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 2023, AUB’s support for green financing has reached USD 115.9 mn, surpassing its actual target of USD 110 mn set for December 2022. This achievement highlights AUB’s commitment to sustainable finance and its efforts to promote environmentally responsible economic activities.

AUBK has been actively involved in supporting the Kuwait National Focal Point for Environmental Projects. Through a comprehensive range of financial services, we have facilitated liquidity matters for the company, offering current corporate accounts, Wakala-based investment and deposit accounts, and superior cash management products and services. Our online platform (B2B) and foreign exchange services further complement our commitment to facilitating financial operations for environmentally conscious projects.

Furthermore, AUBK has extended financial support to numerous green projects across diverse areas, including wastewater treatment, agricultural projects, and energy initiatives. This showcases our dedication to financing projects that make a positive impact on the environment and contribute to sustainable development. Moreover, AUBE has also played a pivotal role in promoting green finance. Through a syndicated facility, we successfully financed a wastewater treatment plant, further reinforcing our commitment to addressing pressing environmental challenges.

<table>
<thead>
<tr>
<th>USD mn</th>
<th>Baseline 2021</th>
<th>Target 2022</th>
<th>Actual (Dec 2022)</th>
<th>Actual (Mar 2023)</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green Financing</td>
<td>100.0</td>
<td>110.0</td>
<td>116.1</td>
<td>115.9</td>
<td>↑</td>
</tr>
</tbody>
</table>

4.4 Financial Inclusion

AUB is deeply 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. 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.

To provide personalized assistance and guidance, we have established Branch meet/greet desks, where 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.

In pursuit of digital financial inclusion, AUB has recently launched a digital customer onboarding channel that 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.

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.
OUR PERFORMANCE AND OUTLOOK
During the past 12 months, AUB has worked diligently to assess its status quo, identify gaps, set an approach, and develop an action plan. In this report, we will exhibit AUB’s progress toward the implementation for the six principles for responsible banking for the third year. This section summarizes AUB’s progress toward the implementation of each principle.

**Principle 1: Alignment**

As AUB actively formulates its ESG Strategy, 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 UNSDGs, Paris Agreement, and National Sustainability Agendas. Central to our ESG Strategy is a firm commitment to climate action and financial inclusion, recognizing them as pivotal objectives that align with our broader mission.

**Way Forward**

In the upcoming years, we will develop and put into implementation our ESG Strategy. We will ensure that ESG is integrated into our financing and operations activities, with the aim to create value to UNSDGs, Paris Agreement and Bahrain’s Vision 2030.

**Principle 2: Impact Analysis and Target Setting**

AUB assessed the impact of its consolidated corporate banking, retail banking, investment banking and SMEs banking portfolio across all subsidiaries using the updated version of the UNEP-FI Impact Analysis tool. 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 became a signatory for the PCAF to measure its scope 3 financed emissions, as well as set engagement and financial targets for climate stability. For financial inclusion, AUB selected its core indicators and targeted empowering youth and women.

**Way Forward**

In the upcoming years, AUB will set a quantitative emission reduction target for climate change. Once targets are set, we will develop an action plan and KPIs to monitor progress against targets for financial inclusion and climate change.

**Principle 3: Clients and Customers**

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 interest from regional and international Banking investors. As of March 2023, AUB’s support for green financing has reached USD 115.9 mn, surpassing its actual target of USD 110 mn set for December 2022. Moreover, AUB takes pride in offering microfinance facilities amounting to USD 3.6 mn. This diverse portfolio of microfinance encompasses various financial products, including O/D-Demand Deposits, car finance, and flexi finance.

**Way Forward**

AUB is planning to engage with its clients and customers to encourage sustainable practices and enable sustainable economic activities. The engagement plan includes awareness sessions, trainings, sustainable and green finance and advisory services.
**Principle 4: Stakeholders**

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). 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.

Way Forward
AUB is working on engaging stakeholders in the PRB outcomes and target setting.

**Principle 5: Governance and Culture**

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 and 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, including compliance risk, encompassing Sustainability, ESG frameworks, and standards including PRB.

Way Forward
AUB is working on promoting ESG trainings for our employees, to foster a culture of responsible banking within the bank.
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 Climate 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.

Our dynamic financial services group model, coupled with international growth prospects, cater to the financial needs of our Sharia-compliant clients in retail, corporate, and SMEs. Our business model encompasses the following business lines:

<table>
<thead>
<tr>
<th>Response</th>
<th>Links and references</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Retail Banking</td>
<td>AUB Progress report 2023</td>
</tr>
</tbody>
</table>

The Retail Banking division of the Group covers Shari’a Compliant individual customers’ deposits, finance facilities, overdrafts, credit cards and residential mortgages. 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 consumer facilities, auto facilities, as well as internet banking, and SMS banking.

II. 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.

III. 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, Hedging and Trading Solutions, Structured Products, and Investment Management. Additionally, this division holds responsibility for managing the Group’s financial operations.

IV. 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 Islamic 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.

V. Multinational Network

Our network continually expands, and we are delighted to manage subsidiaries and associates in 8 countries, serving 805,561 clients through a network of 158 branches and 4288 team members.

AUB’s ownership structure is shaped by Kuwait Finance House (KFH), which fully owns AUB and its subsidiaries in Bahrain, the UK, 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, AUB operates through a network of 158 branches, catering to a diverse clientele of over 805,561 clients.

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

II. Ahli United Bank B.S.C.(c) (DIFC Branch) – 100%:

III. Ahli United Bank (UK) P.L.C – 100%

IV. Alhilal Life – 100% (currently being sold)

V. Ahli United Bank (Egypt) S.A.E – 95.7%

VI. Ahli United Bank K.S.C.P – 74.9%:

VII. Ahli Bank S.A.O.G – 35%

VIII. Commercial Bank of Iraq P.S.C – 80.3%

IX. United Bank for Commerce & Investment S.A.L. – 40

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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 Climate 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
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.

As AUB actively formulates its ESG Strategy, 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 UNSDGs, Paris Agreement, and National Sustainability Agendas. Central to our ESG 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.

The integration of climate action and promoting financial inclusion into our ESG strategy to ensure 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 Responsible Banking. Through stakeholder engagement and collaboration, we seek to incorporate diverse perspectives and insights, ensuring that our ESG 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. In recognition of our sustainability efforts, the Bank was named ‘Market Leader in ESG’ by Euromoney in their 2022 Market Leaders Ranking.

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.
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 regularly\(^1\) 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.

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 & industries\(^3\) 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.

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Response | Links and references
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As signatory of the Principles of Responsible Banking (PRB), we share our third 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 lending and investment activities. The impact assessment focuses on AUB Group through aggregating the lending 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, Investment Banking, Retail Banking and SMEs banking represent 57.4%, 28.4%, 12.2% and 2.0% of the portfolio, respectively. Our assessment centers on Bahrain, our headquarters’ primary geographic representation.

AUB Progress report 2023

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The main sectors financed under Treasury and Investment Banking:

<table>
<thead>
<tr>
<th>Sector</th>
<th>Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Administration and Defence; Compulsory Social Security</td>
<td>(35.37%)</td>
</tr>
<tr>
<td>Financial Service Activities, Except Insurance and Pension Funding</td>
<td>(27.53%)</td>
</tr>
<tr>
<td>Extraction of Crude Oil and Natural Gas</td>
<td>(8.81%)</td>
</tr>
<tr>
<td>Electricity, Gas, Steam and Air Conditioning Supply</td>
<td>(5.99%)</td>
</tr>
<tr>
<td>Activities Auxiliary to Financial Service and Insurance Activities</td>
<td>(4.91%)</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>(3.20%)</td>
</tr>
<tr>
<td>Manufacture of Chemicals and Chemical Products</td>
<td>(2.98%)</td>
</tr>
<tr>
<td>Manufacture of Machinery and Equipment N.E.C</td>
<td>(2.83%)</td>
</tr>
</tbody>
</table>

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\(^1\)That 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.

\(^2\)Further guidance can be found in the Interactive Guidance on impact analysis and target setting.

\(^3\)‘Key sectors’ relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.
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 utilized 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.

Regarding the Retail Banking Portfolio, the segmentation process involved categorizing customers based on their age, income, and gender. It is essential to acknowledge a significant limitation: the impact analysis did not encompass current accounts and savings accounts due to a lack of available data.

The main sectors financed under Corporate Banking:

<table>
<thead>
<tr>
<th>Sector</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Estate Activities</td>
<td>(30.47%)</td>
</tr>
<tr>
<td>Extraction of Crude Oil and Natural Gas</td>
<td>(8.66%)</td>
</tr>
<tr>
<td>Wholesale and Retail Trade and Repair of Motor Vehicles and Motorcycles</td>
<td>(8.61%)</td>
</tr>
<tr>
<td>Construction of Buildings</td>
<td>(7.32%)</td>
</tr>
<tr>
<td>Retail Trade, Except of Motor Vehicles and Motorcycles</td>
<td>(5.45%)</td>
</tr>
<tr>
<td>Manufacture of Machinery and Equipment n.e.c.</td>
<td>(4.60%)</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>(3.83%)</td>
</tr>
</tbody>
</table>

The main sectors financed under Business (SMEs) Banking:

<table>
<thead>
<tr>
<th>Sector</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel Agency, Tour Operator, Reservation Service and Related Activities.</td>
<td>(30.58%)</td>
</tr>
<tr>
<td>Real Estate Activities.</td>
<td>(13.50%)</td>
</tr>
<tr>
<td>Retail Trade, Except of Motor Vehicles and Motorcycles.</td>
<td>(9.30%)</td>
</tr>
<tr>
<td>Wholesale And Retail Trade and Repair of Motor Vehicles and Motorcycles.</td>
<td>(5.86%)</td>
</tr>
<tr>
<td>Construction Of Buildings.</td>
<td>(5.51%)</td>
</tr>
<tr>
<td>Other Professional, Scientific and Technical Activities.</td>
<td>(5.50%)</td>
</tr>
<tr>
<td>Human Health Activities.</td>
<td>(3.96%)</td>
</tr>
<tr>
<td>Activities Auxiliary to Financial Service and Insurance Activities.</td>
<td>(3.55%)</td>
</tr>
<tr>
<td>Food and Beverage Service Activities.</td>
<td>(2.82%)</td>
</tr>
</tbody>
</table>

Retail Banking Portfolio

<table>
<thead>
<tr>
<th>Sector</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer Finance &amp; Overdraft</td>
<td>(47.62%)</td>
</tr>
<tr>
<td>Home Finance /Mortgages</td>
<td>(25.10%)</td>
</tr>
<tr>
<td>Other Specialised Credit</td>
<td>(16.72%)</td>
</tr>
<tr>
<td>Credit Cards</td>
<td>(7.45%)</td>
</tr>
<tr>
<td>Vehicle Related Finance</td>
<td>(3.10%)</td>
</tr>
</tbody>
</table>

**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? 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**

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 utilized 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 2.2)? Please disclose.

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1Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

2To 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.
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 that will increase its positive impacts while reducing the negative impacts of its activities.

### d) 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.*

The Bank has recently become 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 for the year 2022. 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 lending practices. For the purposes of this report, our analysis will delve into the corporate finance extended to various sectors, with extra emphasis on four key sectors:

- Construction of buildings (7.3% of corporate portfolio),
- Extraction of crude petroleum and natural gas (8.7%),
- Real estate activities (30.5%),
- Wholesale and retail trade and repair of motor vehicles and motorcycles (8.6%).

For more information on our financed emissions, please refer to the target setting section.

Concerning financial inclusion, out of our credit customers, 80% of our finance facilities allocation focuses on the low-income bracket, while 14% are provided for females, and 10% support the youth, aged between 18 and 30 years. Accordingly, AUB targets to enhance access to credit and increase finance facilities allocation to the youth and females.
**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?

- Scope: □ Yes □ In progress □ No
- Portfolio composition: □ Yes □ In progress □ No
- Context: □ Yes □ In progress □ No
- Performance measurement: □ Yes □ In progress □ 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 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)

It is essential to acknowledge a significant limitation: the impact analysis on retail banking did not encompass current accounts and savings accounts due to a lack of available data.

---

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 targets' 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 with? 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**

AUB selected Climate Stability and Financial Inclusion (Finance) as the two most significant impact areas to set targets on in the upcoming years. Our targets will align with UN SDGs, Bahrain's Vision 2030 and Bahrain's Nationally Determined Contributions (NDCs).

**Links and references**

AUB Progress report 2023

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 & 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.

---

6Operational 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 Climate 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.
A. Financial Inclusion (Finance)

1. Understanding Bahrain’s Context

According to the World Development Indicators, youths comprise 76% and females make up 38% of Bahrain’s total population. UNESCWA ranks Bahrain third with a poverty 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’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.

2. Setting Baselines and Priorities

Out of our credit customers, 80% of our finance facilities allocation focuses on the low-income bracket, while 14% are provided for females, and 10% support the youth, aged between 18 and 30 years. Accordingly, AUB targets to increase access to credit and finance facilities allocation to the youth and females by 5%. 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 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, behavior and income assumptions, appetite risk by vulnerable groups.

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

<table>
<thead>
<tr>
<th>Indicator Name</th>
<th>Data Source</th>
<th>Level</th>
</tr>
</thead>
<tbody>
<tr>
<td># of products and services in the portfolio with a focus on financial inclusion</td>
<td>Internal data</td>
<td>Actions</td>
</tr>
<tr>
<td>% of relevant employees supported with effective training on financial inclusion, responsible credit and/or financial health</td>
<td>Internal data</td>
<td>Actions</td>
</tr>
<tr>
<td># of new customers per month</td>
<td>Transactional</td>
<td>Output</td>
</tr>
<tr>
<td>% of customers actively using the online/mobile banking platform/tools</td>
<td>Transactional</td>
<td>Outcome</td>
</tr>
</tbody>
</table>

B. Climate Stability

The Bank has recently become 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.

<table>
<thead>
<tr>
<th>Action</th>
<th>Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Client Engagement Indicators</td>
<td>Engagement process with clients regarding their strategy towards a low(er)-carbon business model.</td>
</tr>
<tr>
<td>Does the organization have a Climate Strategy?</td>
<td></td>
</tr>
<tr>
<td>Is there board-level oversight of climate-related issues within your organization?</td>
<td></td>
</tr>
<tr>
<td>Provide details of your climate-related supplier engagement strategy.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Action</th>
<th>Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Client Engagement Indicators</td>
<td>Engaging with clients for data collection</td>
</tr>
<tr>
<td>Engage with key clients to develop data collection templates incorporating their scope 1 and scope 2 emissions data.</td>
<td></td>
</tr>
<tr>
<td>Total Greenhouse Gas Emissions</td>
<td></td>
</tr>
<tr>
<td>Greenhouse Gas Emissions Reduced</td>
<td></td>
</tr>
</tbody>
</table>

| Financial Indicators | |
|---------------------| |
| Increasing share of green finance and green finance provided from total portfolio | |
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.

c) SMART targets

(incl. key performance indicators (KPI)s):

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.

<table>
<thead>
<tr>
<th>Response</th>
<th>Links and references</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUB targets to increase access to credit and <strong>finance facility</strong> allocation to the youth and females by 5%. 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:</td>
<td>AUB Progress report 2023</td>
</tr>
<tr>
<td>• Better targeting for social housing through enhancing access to home and mortgage <strong>finance</strong> for the females and youth.</td>
<td></td>
</tr>
<tr>
<td>• Expanding access to digital banking services to the youth and females.</td>
<td></td>
</tr>
<tr>
<td>• Improve credit and risk policies to mitigate over-indebtedness e.g., risk models to screen early signs of over-indebtedness, behavior and income assumptions, appetite risk by vulnerable groups.</td>
<td></td>
</tr>
</tbody>
</table>

d) Action plan:

which actions including milestones have you defined to meet the set targets? Please describe.

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.

<table>
<thead>
<tr>
<th>Response</th>
<th>Links and references</th>
</tr>
</thead>
<tbody>
<tr>
<td>Once the targets are set, AUB will develop 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.</td>
<td>AUB Progress report 2023</td>
</tr>
</tbody>
</table>

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**Self-assessment summary**

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your:

<table>
<thead>
<tr>
<th>First area of most significant impact: Financial Inclusion (Finance)</th>
<th>Second area of most significant impact: Climate Stability</th>
<th>(If you are setting targets in more impact areas) your third (and subsequent) area(s) of impact: … (please name it)</th>
</tr>
</thead>
<tbody>
<tr>
<td>□ Yes</td>
<td>□ Yes</td>
<td>□ Yes</td>
</tr>
<tr>
<td>□ In progress</td>
<td>□ In progress</td>
<td>□ In progress</td>
</tr>
<tr>
<td>□ No</td>
<td>□ No</td>
<td>□ No</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Alignment</th>
<th>Baseline</th>
<th>SMART targets</th>
<th>Action plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>□ Yes</td>
<td>□ Yes</td>
<td>□ Yes</td>
<td>□ Yes</td>
</tr>
<tr>
<td>□ In progress</td>
<td>□ In progress</td>
<td>□ In progress</td>
<td>□ In progress</td>
</tr>
<tr>
<td>□ No</td>
<td>□ No</td>
<td>□ No</td>
<td>□ No</td>
</tr>
</tbody>
</table>

---

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.

<table>
<thead>
<tr>
<th>Response</th>
<th>Links and references</th>
</tr>
</thead>
<tbody>
<tr>
<td>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.</td>
<td>AUB Progress report 2023</td>
</tr>
</tbody>
</table>
Principle 3: Clients and Customers

We will work responsibly with our clients and 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 customers 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 activities.

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).

Response

AUB is planning to engage with its clients and customers to encourage sustainable practices and enable sustainable economic activities. The engagement plan includes awareness sessions, trainings, sustainable and green finance and advisory services.

Recently, in November 2022, AUB Group updated its SEMS policy, demonstrating its proactive approach to incorporate climate risks into its risk framework and management practices. This step highlights the Group’s dedication to identifying, assessing, and managing environmental and social risks, including those related to climate change, in its financial operations.

Links and references

AUB Progress report 2023

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 bonds – financial inclusion, etc.).

Response

Sustainable Murabaha Financing Facility

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 interest 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 is the introduction of financial incentives through a Sustainability Adjustment to the margin. This adjustment is based on whether AUB accomplishes specific Sustainability Performance Targets (SPTs). By aligning the existing Environmental, Social, and Governance (ESG) commitments, AUB aims to promote sustainable financing and enhance the Bank’s ESG governance processes.

Links and references

AUB Progress report 2023

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.
The Sustainable Murabaha Financing Facility is structured around three Key Performance Indicators (KPIs), each tied to a sustainability performance target. These KPIs include:

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

The transaction’s profit rate comprises two components: a profit rate margin and the term secured overnight financing rate (SOFR). Depending on the attainment of the KPIs, the profit rate margin will be either increased or decreased by 0.02% or 0.01%, providing a financial incentive for AUB to meet its sustainability targets.

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.

**Social Housing**

AUB Group targets promoting financial inclusion, with a specific focus on social housing. AUB Bahrain has taken significant strides in expanding its support by offering financing of up to 120% of the property value over an extended period of up to 30 years. In addition to levying administration, property evaluation, and finance insurance fees, this approach ensures ample funding to cover property costs, furniture, and consolidation of other financial commitments. Moreover, it allows for more affordable installments spread across extended repayment periods.

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 171.1 mn for 2022. By December 2022, the actual support provided for social housing reached USD 212.2 mn, and this continued to grow even further to USD 233.7 mn by June 2023. This outstanding progress underscores AUB’s dedication to making housing more accessible and affordable for individuals and families in the community.

**SMEs’ Growth**

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 as the Best SME Banking in 2022. To enhance the digital onboarding experience and ensure the highest level of security, AUB has partnered with Jumio for Biometric Verification. This advanced technology streamlines the onboarding process, providing a seamless and secure way for our clients to access our services.

Additionally, we leverage ID Now’s 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.

In addition, AUBK has an SME’s unit that offers tailored products and services to address the needs of SMEs to make economies more dynamic, inclusive, and sustainable. AUBK sponsored and participated in the Falcon’s Nest Competition to support startup projects.

Furthermore, AUBK 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 is part of AUB’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 consists of a USD 30 mn credit line for lending to the SMEs in Egypt, a USD 10 mn value chain finance supported by the GCF under the EU-Funded Trade and Competitiveness Program. This is 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).
The program will enable small businesses to invest in advanced technologies and solutions, which result in climate change migration and adaptation. The project will offer 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.

**Microfinance**

As of March 2023, AUBB takes pride in offering microfinance facilities amounting to USD 3.6 mn. This diverse portfolio of microfinance facilities encompasses various financial products, including O/D-Demand Deposits, car finance, and flexi finance. Our microfinance facilities serve as a powerful instrument to empower individuals and businesses alike, providing them with accessible and flexible financing options. Whether it is fulfilling personal aspirations, purchasing a vehicle, or supporting entrepreneurial endeavors, AUB is committed to facilitating the financial growth and success of our clients.

**Green Finance**

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 2023, AUB’s support for green financing has reached USD 115.9 mn, surpassing its actual target of USD 110 mn set for December 2022. This achievement highlights AUB’s commitment to sustainable finance and its efforts to promote environmentally responsible economic activities.

AUBK has been actively involved in supporting the Kuwait National Focal Point for Environmental Projects. Through a comprehensive range of financial services, we have facilitated liquidity matters for the company, offering current corporate accounts, Wakala-based investment and deposit accounts, and superior cash management products and services. Our online platform (B2B) and foreign exchange services further complement our commitment to facilitating financial operations for environmentally conscious projects.

Furthermore, AUBK has extended financial support to numerous green projects across diverse areas, including wastewater treatment, agricultural projects, and energy initiatives. This showcases our dedication to financing projects that make a positive impact on the environment and contribute to sustainable development.

Moreover, AUBE has also played a pivotal role in promoting green finance. Through a syndicated facility, we successfully financed a wastewater treatment plant, further reinforcing our commitment to addressing pressing environmental challenges.

**Financial Inclusion**

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.

To provide personalized assistance and guidance, we have established Branch meet/greet desks, where 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.

In pursuit of digital financial inclusion, AUB has recently launched a digital customer onboarding channel that 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.

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.
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 groups) 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.

Response  Links and references

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.

The Bank’s 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.

Central to our ethical framework is the Banking Integrity Policy. This comprehensive 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.

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:

I. Arab Trade Finance Program (AFTP): AUB’s partnership with AFTP bolsters trade finance activities, contributing to regional economic growth and strengthening cross-border trade relationships.

II. 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.

III. 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.

IV. 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.

V. 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.

VI. Anti 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.

VII. 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.

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

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), which now owns AUB and its subsidiaries in Bahrain, UK and DIFC in UAE, AUB also became aligned with KFH’s sustainable strategy.

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 and Legal, Banking integrity, Human resources, among others.

AUB Progress report 2023

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

AUB Progress report 2023

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.

Response

AUB Progress report 2023

Links and references

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

To manage the Environmental and Social Risks associated with our portfolio, the Group has updated and approved its Social and Environmental Management System 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 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.

Links and references

- AUB Progress report 2023

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 □
- In progress □
- 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.

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 (to be published)  ☐ TCFD  ☐ Other: ....

6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis\(^4\), target setting\(^5\) and governance structure for implementing the PRB)? Please describe briefly.

### Response

We target to increase access to credit and finance Facility allocation to the low-income people, youth and females by $5mm. This year, we measured our financed emissions and we are currently working on setting emission reduction targets for next year.

### Links and references

AUB Progress report 2023

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
- Gaining or maintaining momentum in the bank
- Getting started: where to start and what to focus on in the beginning
- Conducting an impact analysis
- Assessing negative environmental and social impacts
- Choosing the right performance measurement methodology/ies
- Setting targets
- Other: ...
- Customer engagement
- Stakeholder engagement
- Data availability
- Data quality
- Access to resources
- Reporting
- Assurance
- Prioritizing actions internally

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

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\(^4\) For 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

\(^5\) For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.
UN Principles for Responsible Banking disclosures
Independent Limited Assurance Report

FBRH Consultants Ltd has been engaged by AUB to provide limited assurance over the Selected Information described below for the year ended 31 December 2023.

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 Principles for Responsible Banking Reporting and Self-Assessment Template (“UN PRB Template”) for the year ended 31 December 2023. 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 Principles for Responsible Banking Reporting and Self-Assessment Template (“UN PRB Template”) for the year ended 31 December 2023. The Selected Information includes the “high-level summary of the bank’s response” to the following requirements:

- Impact Analysis
- Target Setting
- Plans for Target Implementation and Monitoring
- Progress on Implementing Targets
- Governance Structure for Implementation of the Principles
- Progress on Implementing the Principles for Responsible Banking

We have not performed any procedures or provided any conclusions regarding other information that may be included in the UN PRB Template or displayed elsewhere on AUB’s website for the current or previous periods, unless stated otherwise.

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 FBRH Sustainability Report Assurance. This standard requires us to obtain sufficient and appropriate evidence to support our conclusion.

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 UN PRB Template.
- 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 claimed made within the selected criteria of the UN PRB Template, on a sample basis.

- Evaluation of the risk of material misstatement in the selected sections of the UN PRB Template.
- Reviewing the accuracy of references to the UN PRB Template 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 fulfills 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 UN PRB Template, 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.