

Building a **sustainable** bank for the future



**GROUP SUSTAINABILITY
DISCLOSURES REPORT 2023**



Table of Contents

01

Introduction

- 1.1 About the Report
- 1.2 Group CEO's Message
- 1.3 Group CSO's Message
- 1.4 Introduction to Bank ABC
- 1.5 2023 Sustainability Snapshot
- 1.6 Sustainability Milestones in 2023

02

Bank ABC's Sustainability Strategy

- 2.1 Our Sustainability Strategy
- 2.2 Source of Value Creation
- 2.3 Materiality Assessment
- 2.4 Our 3-Year Sustainability Roadmap

03

Sustainability Performance

- 3.1 Governance
- 3.2 Operations
- 3.3 Risk Management
- 3.4 Financing the Transition
- 3.5 Our People & Communities

04

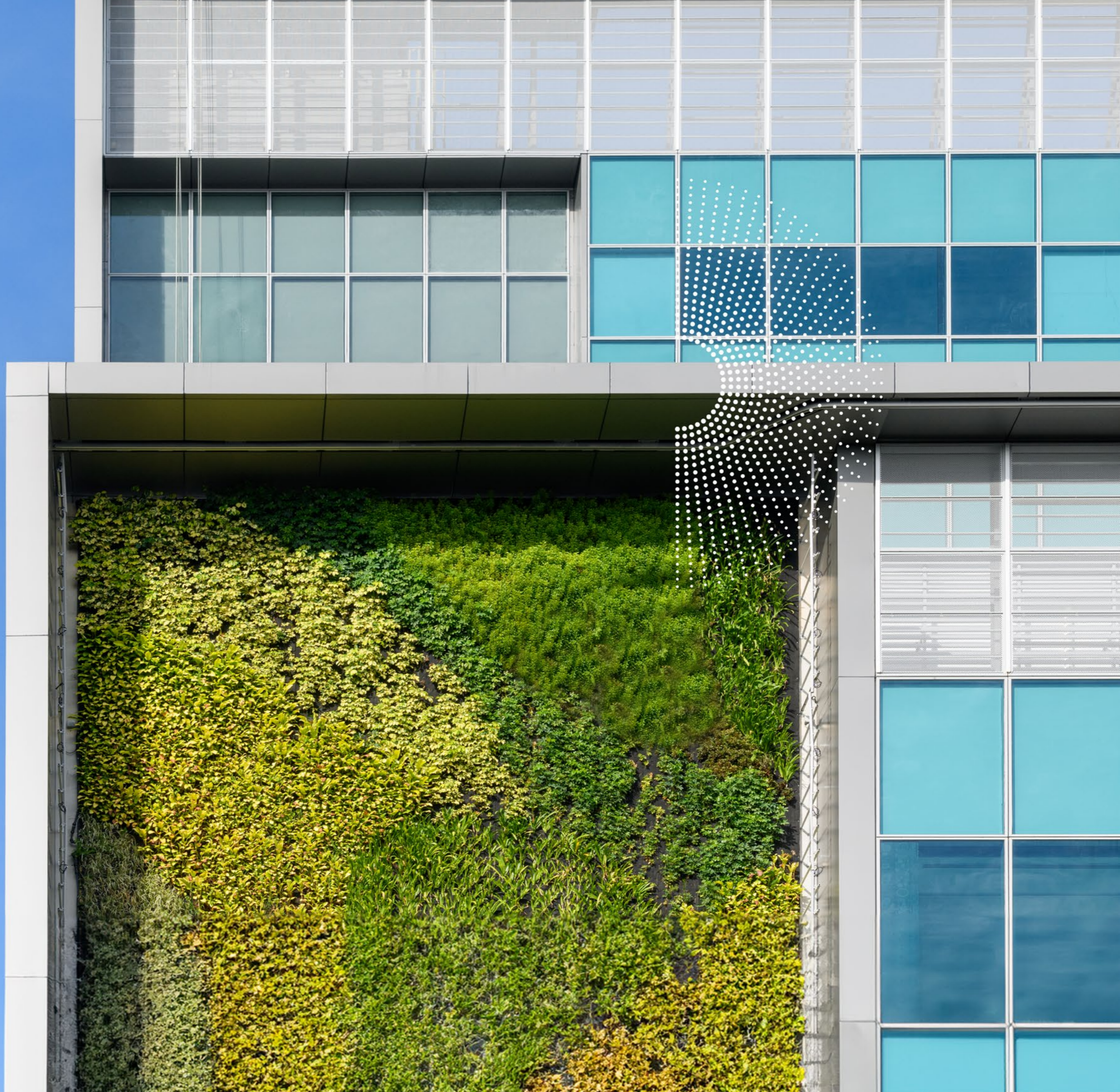
Appendices

- Appendix 1 Data Tables
- Appendix 2 Global Reporting Initiative (GRI) Standards Content Index
- Appendix 3 CBB ESG Disclosure Requirements



01

Introduction



1.1 About the Report

Bank ABC, Middle East and North Africa's (MENA's) leading international bank, is pleased to present its inaugural sustainability disclosures. As part of our commitment to addressing climate change and adding value to our stakeholders, our annual sustainability disclosures lays out the Group's sustainability strategy, its key objectives, a rolling 3-year roadmap of initiatives, and our achievements since launch.

The report covers the financial year 2023 (1st January to 31st December 2023) and has been prepared in accordance with the Global Reporting Initiative (GRI) Standards 2021, Central Bank of Bahrain's Environmental, Social and Governance (ESG) Requirements and Bahrain Bourse ESG Reporting Guide.

The ESG Key Performance Indicators (KPIs) disclosed in this report quantify Bank ABC's sustainability opportunities and risks, as defined by our materiality assessment, and have been calculated in line with industry best practice. Our 2023 data provides Bank ABC with an important 'baseline' year from which to develop reduction targets. Our Green House Gas (GHG) emissions covering scope 1, 2 and 3 have been measured using GHG Protocol, UK Department for Environment, Food and Rural Affairs (Defra) and US Environmental Protection Agency (EPA) methodology. This was validated by the application of a leading ESG database solution. As part of our commitment to strong governance, the report has undergone a thorough review process by Bank ABC's Board Risk Committee and Executive Management Committee. Future sustainability reports will be subject to external assurance.



Additional information about Bank ABC can be found on our website: <https://www.bank-abc.com> or for more information on Bank ABC's sustainability initiatives, please contact us at: webmaster@bank-abc.com.

1.2 Group CEO's Message



Sael Al Waary
Group CEO

I am delighted to share Bank ABC's inaugural Group Sustainability Disclosures Report for 2023.

I believe the banking industry has a central role to play in funding the transition and financing the enormous capital expenditure required to shift to a more inclusive and sustainable global economy. Bank ABC reinforces our collective commitment to driving this transition, by making sustainability a strategic priority, as we accelerate on this journey.

Since the launch of our new sustainability strategy in 2023, we have already achieved major strides. We are leveraging off our unique global footprint to generate positive environmental and social impacts through our financing decisions. In 2023, we mobilised US\$2.3b in sustainable finance to support our clients' transition strategies, equivalent to almost 12% of our loans and advances. Pleasingly, almost 90% of our sustainable finance was to developing countries, highlighting our role in closing the climate funding gap in emerging markets.

Our objective of reducing our environmental impact and strengthening the support for employees, customers, and communities is fast taking shape. An important first step in managing and reducing our environmental impact is measuring our footprint. In that respect, we made significant progress to greatly improve the capture of our greenhouse gas (GHG) emissions across our operations and supply chain. Our suppliers

accounted for 75% of our total Scope 1, 2, and 3 GHG emissions in 2023, excluding financed emissions. In parallel, a Critical Infrastructure Review (CIR) of our major operations across the Group has been completed. This lays out a multi-year programme to deliver meaningful reductions in our GHG emissions, energy and water usage across our global operations. Our comprehensive data capture allows us to use 2023 as the baseline year from which to develop credible reduction targets.

During the year, Bank ABC became a signatory to the Partnership for Carbon Accounting Financials (PCAF), one of only five banks within the MENA region. PCAF sets out the leading methodology for calculating the Scope 3 financed emissions of financial institutions. These are generated from our financing activities, and are by far, the largest portion of our emissions. In simple terms, these are our share of our clients' emissions. Our participation with PCAF underscores the Bank's commitment to measure and mitigate its financed emissions.

As we look ahead into 2024, we aim to take the momentum gained by our sustainability strategy forward. We are focused on generating value for our stakeholders while being good stewards of the environment and our customers and communities that welcome us. We are grateful for their support and collaboration as we work together to build a more sustainable future.

I hope you enjoy reading our inaugural Sustainability Disclosures Report and learn

more about our achievements in 2023, future plans and commitment to accelerate the implementation of our sustainability strategy.

Bank ABC's journey has just begun, and we are excited to face the challenges and opportunities that lie ahead with the same enthusiasm and commitment that have brought us to this point. We look forward to providing updates on our progress in the year ahead and beyond.

“I believe the banking industry has a central role to play in funding the transition and financing the enormous capital expenditure required to shift to a more inclusive and sustainable global economy. Bank ABC reinforces our collective commitment to driving this transition, by making sustainability a strategic priority, as we accelerate on this journey.”

1.3 Group CSO's Message



Ian McCallum
Group Chief Sustainability Officer

As we accelerate the implementation of our sustainability strategy, we recognise its success will require commitment from our employees alongside extensive collaboration and partnerships with our key stakeholders, most notably our clients and suppliers. The need for collaboration is particularly evident when looking at our GHG emissions. The vast majority of our emissions are generated from the financing of our customers' activities, while most of the remainder is from our suppliers. Delivering real impact will require Bank ABC to closely support our clients and actively engage with our suppliers to reduce their emissions.

Given the major portion of our GHG emissions result from our financing activity, a significant focus of the strategy is how best to support our clients in reducing their emissions. Specific initiatives have been set out to develop a deeper understanding of our Scope 3 emissions, our clients' plans to reduce those emissions and how we can actively support their transition strategies. This will require us to not only increase the sustainable finance that we provide but also expand the amount of transition finance that we fund. At the same time, we have also begun a program to measure the environmental impact of our suppliers. This will provide enhanced vendor data and a deeper understanding of our supply chain. In turn, this should translate to closer supplier engagement.

The Bank's employees will also play a crucial role in delivering our sustainability objectives. The sustainability strategy will only scale its impact if it creates opportunities for every employee to integrate sustainability into their current roles. We recognise the need to provide learning opportunities for our employees and create channels to allow them to actively contribute to Bank ABC's sustainability journey. Relevant training across the Group has already begun and is set to expand in 2024. We are also reviewing platforms to facilitate idea generation and innovation. The ultimate end game is for sustainability to be Business-as-Usual for our employees and a key element of Bank ABC's culture.

Although we fully recognise that there is much work still to be done, we are excited about the opportunities ahead. Together, we are confident and committed to achieving our shared objectives, for the good of Bank ABC, our stakeholders and the planet.

“The sustainability strategy will only scale its impact if it creates opportunities for every employee to integrate sustainability into their current roles. We recognise the need to provide learning opportunities for our employees and create channels to allow them to actively contribute to Bank ABC's sustainability journey.”

1.4 Making banking in MENA better for everyone

MENA region's leading international bank, Bank ABC (incorporated as Arab Banking Corporation BSC) was founded in 1980 and is headquartered in Manama, Kingdom of Bahrain. Our vast global network spans 15 countries across the Middle East, North Africa, Europe, the Americas and Asia and actively covers 25 markets.

A highly skilled and diverse workforce of more than 5,000 employees, forms the backbone of our business, upholding the legacy of one of the most dependable, ethical and progressive financial institutions in the region. Our teams deliver exceptional service standards, owing to a deep understanding of local markets and a genuine pursuit of excellence.

With innovation at the core of our business and guided by the strategic intent to be "MENA's international bank of the future", at Bank ABC we proudly pioneer new technologies and streamline processes to create a seamless, bespoke and agile banking experience, tailored to cater to our client's evolving needs.

Licensed by the Central Bank of Bahrain and listed on the Bahrain Bourse, our principal shareholders are the Central Bank of Libya and the Kuwait Investment Authority.

With our comprehensive range of financial products, a unique global footprint, sectoral expertise, and deep market insights, we remain steadfast as our client's banking partner of choice.



Global Footprint

Serving 25 markets with presence in 15 countries across 5 continents, with 1 team committed to our client's success.



A World-class Banking Partner

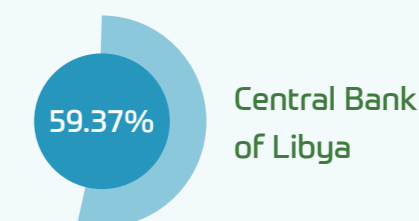
Established in **1980**

Incorporated in the Kingdom of Bahrain as Arab Banking Corporation B.S.C.

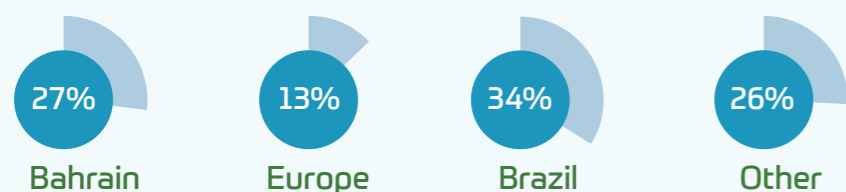
Headquarters in Manama, Kingdom of Bahrain

Employee Size **5000+**

Ownership Structure



In 2023 the annual accounts showed the following geographical revenue split:



A Leading Universal Banking Proposition

Global Wholesale bank

An international franchise offering a full suite of wholesale banking products that includes Transaction Banking, Specialised Finance, Capital Markets and Financial Market Sales and Real Estate Finance.

MENA focused retail bank

An extensive range of consumer banking products and services offered through our subsidiaries in Algeria, Egypt, Jordan and Tunisia and in Bahrain through our revolutionary digital mobile only bank, ila.

Payments and Fintech

Disrupting with purpose across the payments landscape in Middle East and Africa through our payments subsidiary AFS.

Islamic finance

A dedicated Islamic banking team, operating under the subsidiary Bank ABC Islamic, combining Islamic Banking expertise with strong business acumen to provide bespoke solutions to meet specific financial needs for our corporates and consumer banking customers.

Financial highlights (as of YE 2023)

Total Assets

\$ **43.9** billion

Loan & Advances

\$**19.1** billion

Shareholders & Perpetual Instrument Holder's Equity

\$**4.3** billion

Investment grade Ratings

S&P Global Ratings

reaffirmed Bank ABC's credit rating with a stable outlook at

BBB-/A-3

Fitch Ratings

reaffirmed Bank ABC's credit rating with a stable outlook at

BB+/B

Capital Intelligence

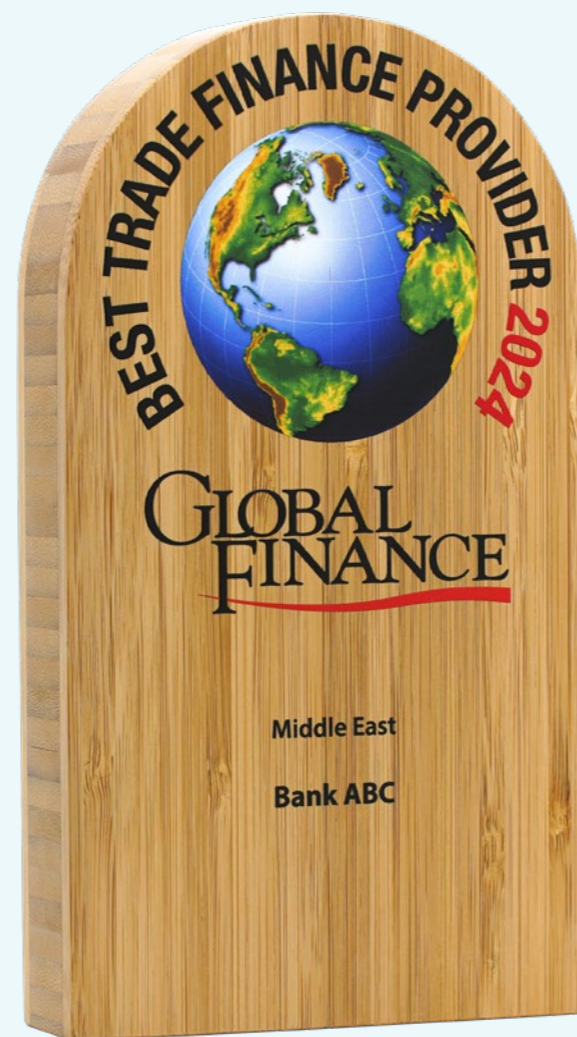
reaffirmed Bank ABC's credit rating with a stable outlook at

BBB+/A-2

Innovative Banking, Consistently Recognised, Regionally and Internationally



Bank of the Year in Bahrain
The Banker, FT - 2023



Best Trade Finance Provider
in the Middle East - Global
Finance - 2023 & 2024



Best Corporate Bank in
Bahrain - Euromoney - 2023

Best Trade Finance Bank
in the Middle East in 2024 -
GTR Leaders in Trade

Best Islamic Financial
Institution in Bahrain -
Global Finance

Best Financial Innovation
Lab (ABC Labs) -
Global Finance

Top Innovations in Finance -
Global Finance

Market Leader in Corporate
Banking - Euromoney

Best Receivables Finance
in the Middle East -
EMEA Finance

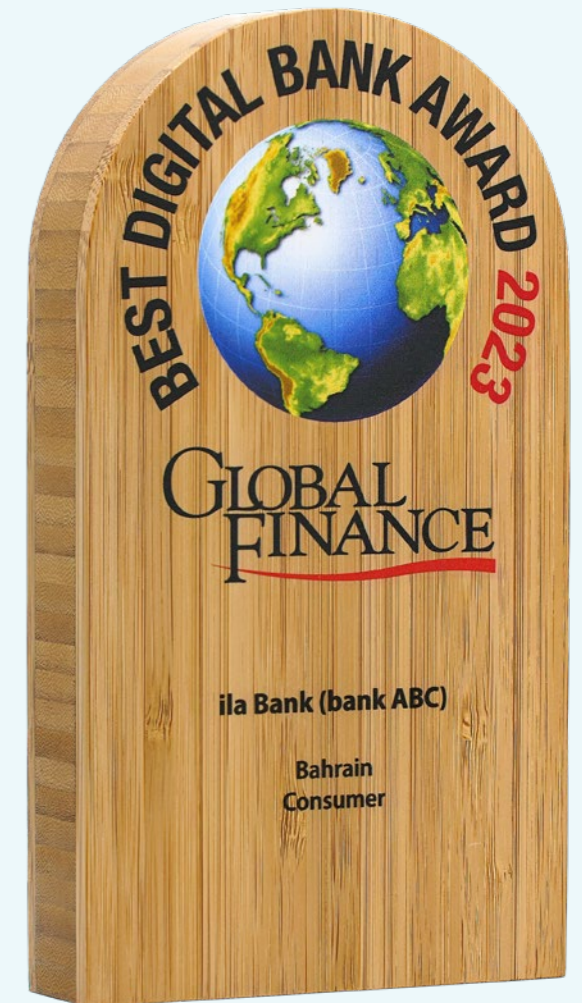
RECENT AWARDS



Best Digital Bank Bahrain
Euromoney - 2024



Best Digital Bank Bahrain
(ila Bank) - MEED - 2024



Best Consumer Digital Bank
(ila Bank) - Global Finance - 2023

Market Leader in Digital Solutions - Euromoney

Highly regarded in ESG - Euromoney

Metal & Mining Award of the Year - BLS Middle East Awards

Best Cash Management Services in the Middle East - EMEA Finance

Aircraft Finance Deal of the Year - BLS Middle East Awards

Global Corporate Sukuk Deal of the Year - BLS Middle East Awards

Bank ABC's Competitive Advantage

40-year-old legacy of excellence- and resilience- a regional success story of exemplary banking that stood the test of time.

Diversified business model- full suite of wholesale banking and retail services available in conventional and Shari'a compliant finance.

Strategic international network cross 5 continents- serving 25 markets from a network spread across 15 countries.

In depth sectoral expertise- deep knowledge of traditional to new and emerging sectors.

Leader in digital innovation- facilitating the digital financial ecosystem in the region and beyond.

A highly specialised and diverse talent pool- over 5000 dedicated employees creating an enhanced banking experience for our clients across the globe.

Commitment to Sustainability- a bank of the future, creating a better future for all.

An Ambitious Journey to be the Bank of the Future

Wholesale Bank digital transformation

We are disrupting legacy banking models to drive growth in an environment of continuous technological advancement. Guided by an agile, cloud-first digital innovation strategy, we are leveraging cutting-edge technologies including AI and data analytics, to design simple, flexible, and integrated solutions to enhance our client's banking journey.

Groundbreaking digital mobile-only bank

A regional first, ila Bank is our digital, mobile-only consumer banking offering that gives clients control of their money round-the clock, anywhere in the world. Leveraging data analytics, advanced digital customer support, digitalised credit products and unique sharing opportunities, ila is a cloud-based Bank for a new generation.



Award winning center for innovation

Based in our Head Office, this hi-tech physical and virtual space is our bustling hub for innovation and ideas. From Proof of Concepts testing to demos to clients, partners and regulators, ABC Labs helps us drive the future of banking.

ABCLABS



1.5 2023 Sustainability Snapshot

Substantial progress made in the first year of sustainability strategy implementation- among other achievements, mobilised US\$2.3b of sustainable finance, 12% of loans and advances.



-3%

Our energy use per Full Time Employee (FTE) declined -3%.



40%

We recycled 40% of all waste.



PCAF

Became one of five MENA banks to be a signatory to the Partnership for Carbon Accounting Financials (PCAF).



US\$2.3b

Mobilised US\$2.3 bn of sustainable finance, 12% of loans and advances.



88%

88% of our sustainable finance was to clients in developing countries.



9%

Our gender pay gap ratio was 9%.



87%

Achieved an 87% response rate to our Group employee survey.



US\$5.1m


Provided CSR investment of US\$5.1m, 1.4% of pre-tax profits.

1.6 Sustainability Milestones in 2023

In recognition of the urgency and challenge facing the planet, we have been focused on accelerating our sustainability agenda with exciting progress on multiple fronts. During the year we invested in specialist resources, set up our Group Sustainability team, and launched our Group Sustainability Strategy.

The ambition to reduce the Bank’s environmental impact and strengthen the support for our customers, people and communities is fast taking shape. The strategy’s first year of implementation has been focused on measuring our environmental and social footprint, or ‘baseline,’ and developing the processes and frameworks required to drive the change.

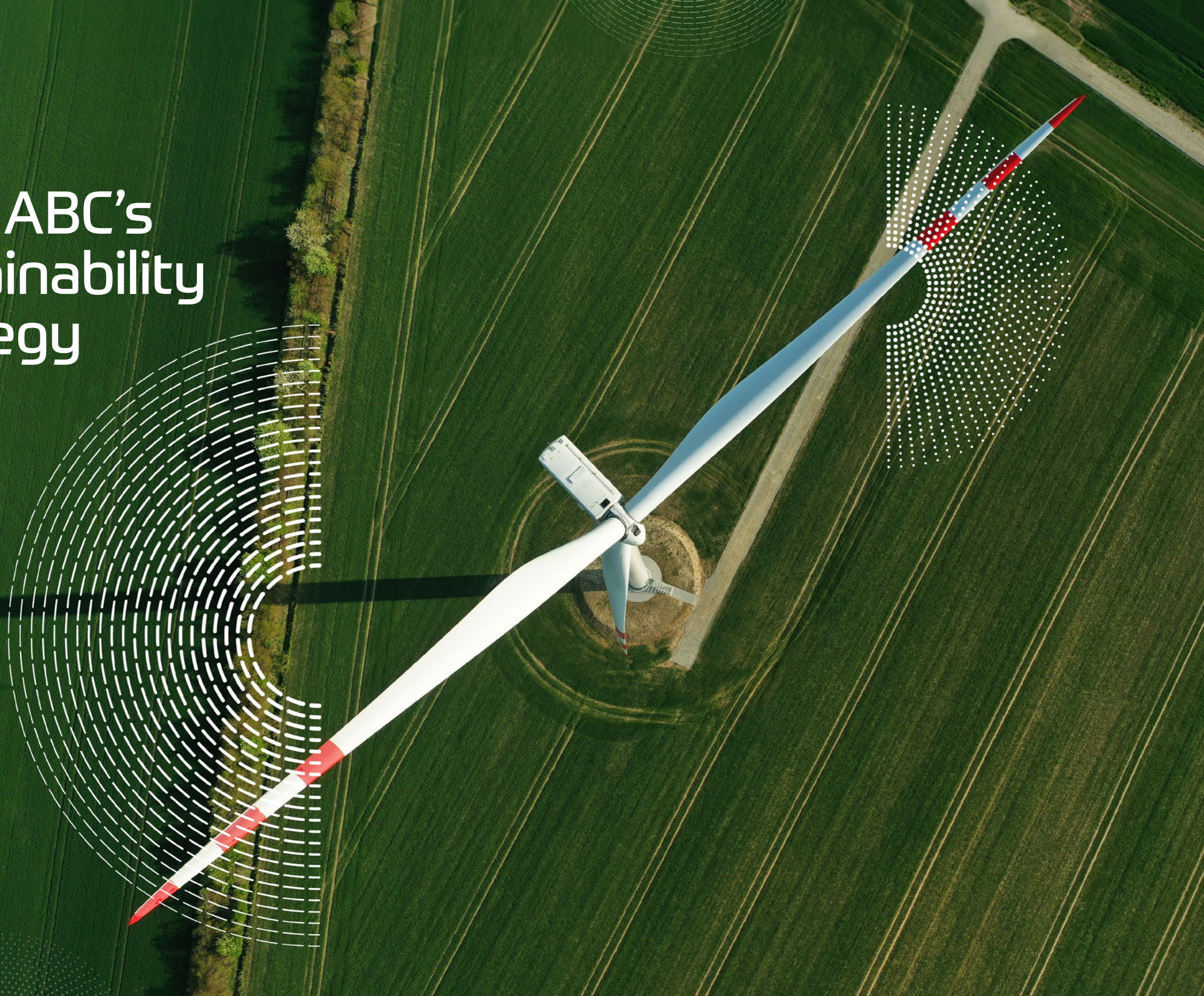
These foundations will provide a robust platform to accelerate the necessary improvements in 2024 and beyond.

<p>January</p> <ul style="list-style-type: none"> Group Chief Sustainability Officer joined to build out our capability and accelerate our sustainability journey. 	<p>April</p> <ul style="list-style-type: none"> Banco ABC Brazil, our Brazilian subsidiary, launched their ESG product development programme. 	<p>May</p> <ul style="list-style-type: none"> Acted as co-lead manager for US\$ 500-million green bond on behalf of a regional retail mall operator 
<p>June</p> <ul style="list-style-type: none"> Bank ABC Group’s Sustainability Strategy gets defined. 	<p>August</p> <ul style="list-style-type: none"> Commenced implementation of our 3-year roadmap of sustainability initiatives. Implemented initiative to reduce waste to landfill. 	<p>September</p> <ul style="list-style-type: none"> Launched a sustainability training programme to strengthen our capability. 
<p>October</p> <ul style="list-style-type: none"> Provided US\$250 million of sustainable finance as part of a US\$0.5b country loan in MENA to fund eligible social expenditure under the country’s sustainable finance framework. Offset the carbon footprint of our senior management offsite through the purchase of voluntary carbon credits from Banco ABC Brazil. 	<p>November</p> <ul style="list-style-type: none"> Commenced Critical Infrastructure review to assess the environmental impact of our global operations. Developed Sustainable Finance Framework aligned to UN SDGs and LMA/ICMA sustainability principles. Acted as arranger of a ground-breaking green finance facility to fund 25 solar photovoltaic assets in partnership with a renewable energy company to support a regional mall operator’s energy transition strategy. 	<p>December</p> <ul style="list-style-type: none"> Participated in COP28 Became one of only five MENA banks to be a signatory to PCAF, beginning our journey to measure and mitigate its Scope 3 financed emissions. 



02

Bank ABC's Sustainability Strategy



2.1 Our Sustainability Strategy

Sustainability Unlocks Value and Builds Resilience

Facilitated by a clearly defined sustainability strategy that is underpinned by a core set of beliefs.



2.1.1 Our Sustainability Beliefs

It is important to make a distinction between ‘sustainability’ and ‘Environmental, Social and Governance’ (ESG). In reality, ESG has a narrower and more inward looking focus when compared to sustainability. In contrast, sustainability not only captures ESG but also includes more outward looking growth opportunities. In effect, ESG is a subset of sustainability.

Sustainability versus ESG



The Bank’s strategy has been deliberately defined as a ‘sustainability’ strategy due to our objectives of not only mitigating ESG risks but also **capturing the more outward focused growth opportunities generated by enhanced product innovation and client engagement.**

Bank ABC’s sustainability strategy has been clearly defined and underpinned by a core set of beliefs.

The starting point of our approach is full alignment between our sustainability strategy and our overall business strategy. This ensures that both strategies are working in synergy to generate the greatest impact. There is also a deep recognition that integrating sustainability will help to unlock value and be an important driver of innovation and business generation. This is good news for stakeholders as reducing our environmental impact should lead to meaningful cost reductions, increased efficiency and greater resilience. To maximise the full benefits, it’s equally important that the business development opportunities, generated from enhanced capability, product innovation and client engagement, are also captured. This will ensure that we remain relevant to our customers and are ‘fit for purpose.’

Embedding sustainability into our business model will also enhance our ability to adapt to the increased environmental pressures. The uncertainty surrounding the timing and scale of those pressures, doesn’t negate the need for action. These pressures will require bold and ambitious leadership to ensure we effectively manage those risks and are able to prosper. Through close collaboration with our stakeholders we believe our sustainability strategy can support and empower our clients, employees and communities.

Bank ABC’s Sustainability Beliefs



“... it’s equally important that the business development opportunities, generated from enhanced capability, product innovation and client engagement, are also captured. This will ensure that we remain relevant to our customers and are ‘fit for purpose’.”

2.1.2 Our Sustainability Objectives

As the global action to decarbonise accelerates, the role of the banking sector in providing the necessary finance to facilitate the transition will be paramount. Bank ABC has responded to the challenge by elevating sustainability as a strategic priority to ensure we play a pivotal role in supporting our customers and communities to successfully navigate the shift to a more sustainable low carbon economy. A comprehensive sustainability strategy has been set out to integrate sustainability across our global value chain, supported by technology adoption, to deliver on three overriding objectives. Importantly, all three objectives can be readily measured, thereby allowing progress to be evaluated, managed and reported to our stakeholders.

Embedded within the strategy is a rolling 3-year roadmap of clearly defined initiatives that allow us to turn our strategic ambition into credible actions. This enables our sustainability strategy to be integrated across all Group Functions and geographical Units to not only mitigate the risks but also capture the growth opportunities. This will allow Bank ABC to deliver on the Strategy's three overarching objectives and achieve its overall mission: empowering our clients, employees and communities to drive the transition to an inclusive and sustainable low carbon economy.



1

Reduce our environmental impact

Bank ABC is committed to reducing the environmental footprint of our operations, suppliers and financing, to the benefit of our stakeholders, communities and the planet. We are working to deliver reductions through investment in our operations and close collaboration with our suppliers and customers.



2

Ensure we are 'fit for purpose'

A key pillar of the strategy is to ensure Bank ABC is 'fit for purpose' and can support our clients' financing needs. Environmental pressures are causing significant structural shifts in how our clients operate across their entire value chain. Bank ABC needs to respond to those structural shifts by strengthening our capability, enhancing product innovation and deepening the collaboration with our clients.



3

Source of value creation

Reducing our environmental impact is not only the 'right' thing to do for the planet, but it is also an important source of value creation due to the close linkage between environmental risk and financial impact. The Strategy has been specifically structured to capture real economic benefits from greater efficiency, innovation, and revenues.

2.2 Source of Value Creation

The close linkage between environmental risk and financial impact should ensure that, integrating sustainability across our Group Functions and Units, translates to meaningful value creation for the Bank and our stakeholders. Embedding sustainability across our business model allows us to capture the benefits of improved financial performance. Our Strategy has been structured to generate value by reducing costs, increasing efficiencies, enhancing resilience, improving teamwork, fostering innovation, and boosting revenues. This is important as the concept of sustainability can be subjective and involve longer time horizons. Linking our sustainability initiatives to their related costs and benefits should translate to greater understanding from all our stakeholders.



Reducing Our Operating Costs

Reducing the environmental impact of the Bank’s operations and supply chain should naturally lead to consuming less resources, reducing costs and becoming more efficient. Although the benefits of the Strategy should gain more momentum in 2024 and beyond, we have already achieved early successes.

Bank ABC’s energy usage per full-time employee declined by -3% in 2023. The Bank has launched several initiatives, most notably in our London and Bahrain offices, which resulted in their energy usage falling -21% and -1%, respectively. The former rolled out several energy saving projects such as installing LED lights, while initiatives in Bahrain included upgrading the building management system. This translated to a -3% reduction in Bahrain Office’s energy bill. The -21% decline in ABC IB’s energy usage greatly cushioned them from a sharp jump in energy tariffs with London office’s energy bill rising by 9%.

Bank ABC Group: Energy Usage

	2022	2023	Change (% YoY)
Energy intensity (KWh per FTE)	5,204	5,027	-3%

Strengthening Collaboration and Talent

Strengthening our approach to diversity, training and career development is a significant priority for Bank ABC. This comes at a time when employees across all age groups are becoming more purpose driven.

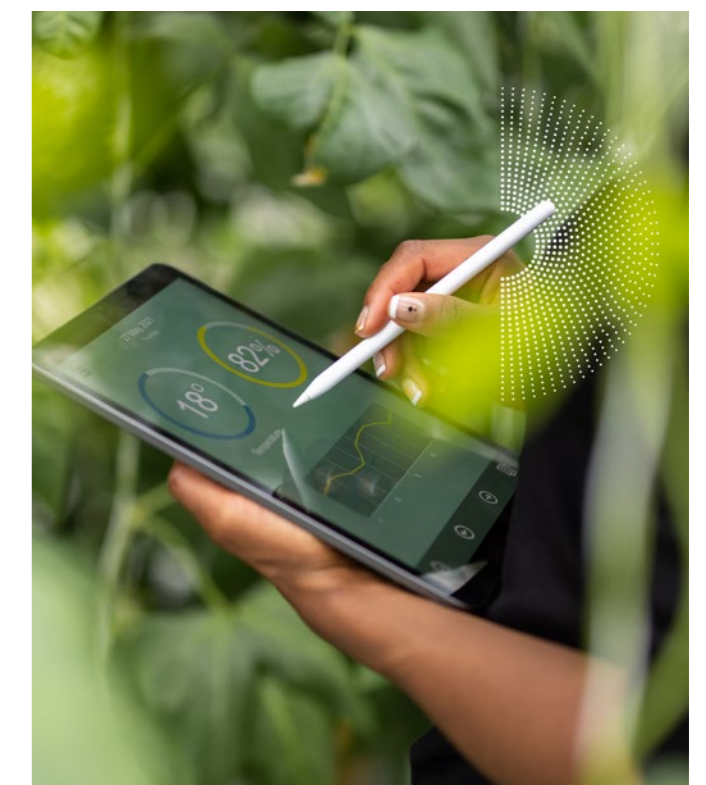
Greater diversity will foster improved idea generation, leading to greater collaboration and a more supportive working environment. Creating an inclusive culture that values all talent irrespective of background is imperative for Bank ABC to continue to attract and retain top talent.

Technological Innovation Supporting Sustainability

Innovation and sustainability are closely aligned as both target improved efficiency and resilience through the application of technology and collaboration. In fact, technological innovation is proving to be a powerful enabler of the shift to a low carbon economy. The Bank is implementing several initiatives to make various processes faster, cheaper and more client friendly. The majority of these support the reduction of Bank ABC’s environmental impact by using less energy and paper across the Group. Bank ABC’s Artificial Intelligence programme and application of Robotic Process Automation are other major initiatives that are expected to generate increased efficiency and resource optimisation. We are also acting as advisors on national Fintech Programmes in the MENA region, a key objective being to achieve greater financial inclusion.

Enhancing our Revenue

Many of the Bank’s clients are facing structural shifts in their business models as they adapt to environmental and social pressures that include increased regulation, technological disruption, shifts in market demand, and the introduction of carbon taxes. A key pillar of the sustainability strategy is integrating various initiatives across our client-facing Wholesale, Treasury, and Retail divisions. These should strengthen our capability, enhance client engagement and accelerate the sustainable and transition finance that we provide to our clients. The early signs are promising, Banco ABC Brasil launched their ESG product development programme in early 2023, presenting potential synergies for the wider Group. In parallel, a training programme to upskill our Wholesale and Credit teams also commenced and is to be accelerated in 2024. The end game is a win-win for Bank ABC, its customers and the environment.



2.3 Materiality Assessment

A materiality assessment is a strategic tool to evaluate a company’s material environmental and social impacts. It involves identifying, engaging and prioritizing material sustainability issues based on stakeholder feedback and reporting frameworks such as the Task Force on Climate-Related Financial Disclosures (TCFD) and Sustainability Standards Board (SASB).

The process of developing Bank ABC’s sustainability strategy has involved extensive stakeholder engagement. Building understanding and support, while ensuring the participation of all Group Functions and geographical Units, was fundamental to maintaining an objective and independent evaluation process. Our materiality assessment was undertaken to define and evaluate the material sustainability issues that were most important to Bank ABC and its stakeholders. This process involved a detailed gap analysis across all our Group Functions and Units. This was overlaid with a peer group analysis across all our jurisdictions – Asia, MENA, UK, Europe, US and Brazil – together with an evaluation of industry best practice. This comprehensive approach allowed for our material topics to be identified across our five strategic pillars:

- 1. Governance
- 2. Operations
- 3. Risk Management
- 4. Financing the Transition
- 5. Our People and Communities

Throughout this process the views and inputs of stakeholders were captured to verify the significance of each materiality topic. ‘Sustainability Stakeholder Engagement’ ran through all five strategic pillars resulting in it being embedded into each of the pillars. An important part of the approach was the establishment of working groups to conduct gap analysis across each of the five strategic pillars. Not only did they identify gaps but also developed action plans to close those gaps. This process ensured that sustainability topics were clearly defined, prioritised and action plans developed to address those gaps.

Material Sustainability Topics

Materiality topics identified across our five strategic pillars. The material topics identified within ‘Sustainability Stakeholder Engagement’ have been embedded across five pillars.






2.4 Our 3-Year Sustainability Roadmap

Embedded within our sustainability strategy is a rolling 3-year roadmap of clearly defined initiatives that allow us to translate our strategic objectives into credible action plans. It allows us to integrate sustainability into our five strategic pillars: (i) Governance, (ii) Operations, (iii) Risk Management, (iv) Financing the Transition and (v) Our People & Communities.

These initiatives were developed by working groups set up to identify the material risks and opportunities in each of our strategic pillars and develop a roadmap of action plans to mitigate and capture them. Proportionality was built into the approach in recognition of the divergence between geographies and regulatory requirements.

Each of our five pillars has an overall objective, a 3-year roadmap of action plans to deliver on those objectives and ESG KPIs to monitor progress. The process of setting out our material ESG KPIs was based on the principle of “you can’t manage what you don’t measure”. We also recognise that any successful sustainability strategy requires internal and external collaboration

and partnerships. In recognition, an ongoing programme of stakeholder engagement has been structured to ensure that the strategy implementation is a collaborative process that can deliver meaningful impact. An important next step is to develop credible targets, linked to our material ESG KPIs, that define our commitment and ambition.

	Strategic Pillars 	2023 Achievements 	2024-2025 Roadmap 	2026 Objectives 
Pillar 1	Governance	<ul style="list-style-type: none"> Dedicated Group Sustainability team reporting to GCEO Sustainability Steering Committee established to oversee strategy Measured material ESG KPIs to monitor progress Launched Sustainability training programme 	<ul style="list-style-type: none"> Publish 2023 Group Sustainability Report Develop ESG targets ESG KPIs linked to remuneration 	<ul style="list-style-type: none"> Reduce the environmental impact of operations and suppliers. Measure and mitigate the environmental risk of financing. Strengthen our capability. Accelerate our sustainable and transition finance. Greater diversity, equity and inclusion. Meet our ESG regulatory and disclosure requirements.
Pillar 2	Operations	<ul style="list-style-type: none"> Captured environmental KPIs of operations and suppliers Launched Critical Infrastructure Review of major operations 	<ul style="list-style-type: none"> Implement environmental reduction plan Introduce Group-wide procurement system 	
Pillar 3	Risk Management	<ul style="list-style-type: none"> Developed ESG risk assessment methodology Reviewed climate scenarios based on NGFS scenarios 	<ul style="list-style-type: none"> ESG risk assessment for clients and industry sectors Measure Scope 3 financed emissions 	
Pillar 4	Wholesale & Group Treasury	<ul style="list-style-type: none"> Developed Sustainable Finance Framework (SFF) Launched training programme for client-facing teams 	<ul style="list-style-type: none"> Accelerate sustainability training programme ESG assessment into client engagement Increase sustainable & transition finance 	
	Retail	<ul style="list-style-type: none"> Green products launched in MENA 	<ul style="list-style-type: none"> Widen green product offering in MENA 	
Pillar 5	Our People & Communities	<ul style="list-style-type: none"> Measured social-related ESG KPIs Strengthened approach to D,E&I Conducted employee engagement survey 	<ul style="list-style-type: none"> Implement actions to improve D,E&I Review approach to CSR investment 	

Achievements in 2023

The first year of our 3-year roadmap has been focussed on measuring our environmental and social impact and developing the necessary processes and frameworks to drive the improvement. A Sustainability Steering Committee has been set up, chaired by the Group CEO, which has the responsibility of overseeing the progress of the sustainability strategy. Our material ESG KPIs have been defined and measured to ensure progress can be evaluated and we are able to meet our ESG regulatory and disclosure requirements across all our jurisdictions. Significant strides have been made in the measurement of our environmental footprint, most notably improved capture of our Scope 1, 2, and 3 GHG emissions, energy, water, and waste data. This has led to a much deeper understanding of our environmental impact and provided the necessary platform to implement a range of initiatives to reduce our impact.

An important element of the strategy is to integrate sustainability into our risk management systems and client facing teams. We have successfully pilot tested our new obligor ESG assessment approach and reviewed our approach to climate scenario analysis and stress testing which is based on NGFS scenarios. In addition, a sustainable finance framework has been developed. Importantly, this received a Second Party Opinion (SPO), verifying that it was fully aligned to UN Sustainable Development Goals (UN SDGs) and International Capital Market Association/Loan Market Association (ICMA/LMA). Although we are in the early stages of our sustainability journey, we are already seeing interesting product opportunities. We have launched green retail finance products in Jordan and Egypt. Meanwhile, Banco ABC Brasil launched their ESG product development programme earlier in the year which is presenting potential product synergies.

Objectives for 2024-26

The next two years of the 3-year roadmap, is about leveraging off the first year's achievements and momentum to drive meaningful improvement to deliver on our key objectives.

We have already made good progress on these objectives. An important initiative has been the Critical Infrastructure Review of the energy and water usage across our major operations. This began in the fourth quarter and has already been completed. This will allow us to implement a multi-year plan to reduce the GHG emissions, energy and water use across our global operations.

Outside of operations, a significant focus in 2024 will be embedding sustainability into Wholesale and Credit streams to further support our clients with sustainable and transition finance. Ahead of this, the sustainability training program for Wholesale and Credit is being accelerated.

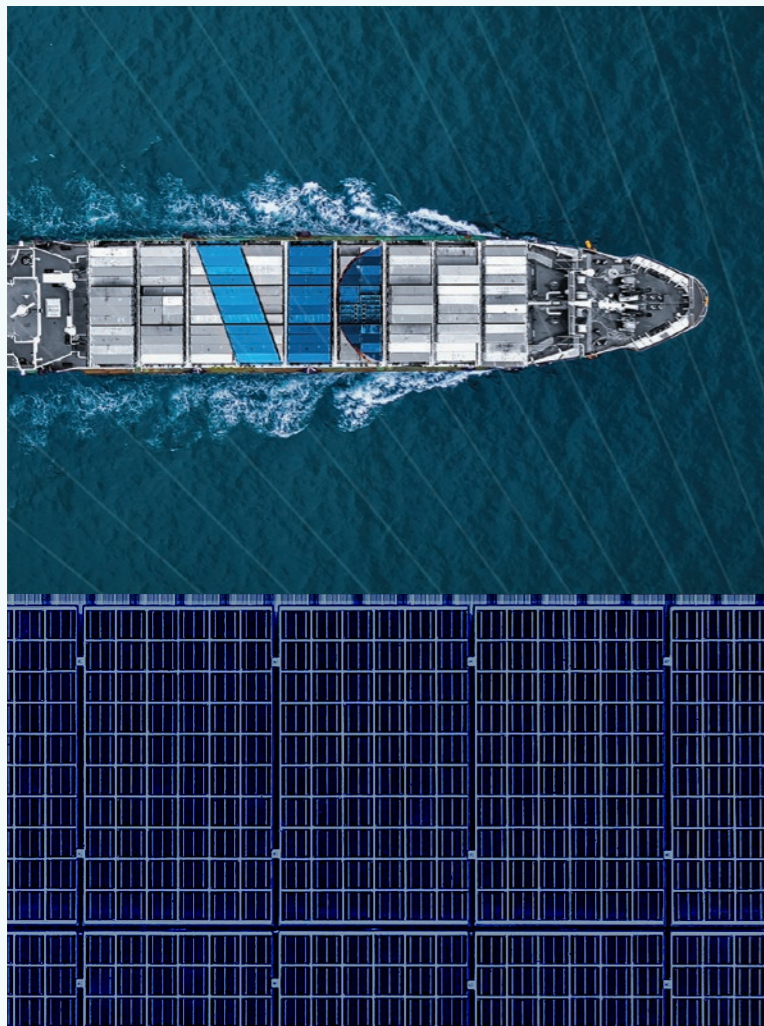
03

Sustainability Performance



Performance Review

With the resolute commitment from the Board and Management towards the sustainability agenda, Bank ABC has made exemplary progress in the early execution of its sustainability strategy in 2023, with notable achievements across all five strategic pillars. The Bank strengthened its sustainability governance, measured its environmental impact, bolstered its approach to risk management, expanded its sustainable finance portfolio, and continued to support its people and communities. Moving forward, Bank ABC will further accelerate its pursuit of comprehensive objectives and targets across all these pillars.



3.1 Pillar 1 Governance

Governance Objectives

- Enhance Board oversight of the sustainability strategy.
- Define ESG KPIs to measure progress and develop targets that set out ambition.
- Link ESG KPIs to remuneration for alignment and incentivisation of outcomes.
- Meet ESG regulatory and disclosure requirements across all jurisdictions.

3.1.1 Strengthening Sustainability Governance

Effective governance is a key driver of any successful sustainability strategy. A company's governance structure is typically a lead indicator of its commitment to manage and mitigate its environmental and social impact. Equally important is ensuring the appropriate level of sustainability capability and experience across the executive team and Board members.

To facilitate this, oversight and management of sustainability-related issues have been embedded within our governance structure. This allows the Board and senior management to have visibility of the sustainability strategy, progress of implementation, risk appetite and culture. As part of our adherence to the highest standards of accountability and transparency, we have established

a new Sustainability Steering Committee (SSC) that reports directly to our Group Risk Committee. In addition, a Sustainable Finance Forum (SFF) is being established to provide oversight of our Sustainable Finance Framework and how sustainable assets and liabilities are managed and verified. The SSC and SFF both meet on a quarterly basis and are being embedded into the Bank's existing governance structure for effective oversight and to foster timely decision making.

As an indication of sustainability's importance to Bank ABC, the Group CEO chairs the SSC, while the Chief Sustainability Officer reports directly to the Group CEO. Clear delineations at the Function level allow for distinctions between the first, second and third lines of defence. This ensures the necessary checks and balances are in place to effectively manage material ESG risks across the Bank. The governance structures of our overseas subsidiaries have also been strengthened. As an example, ABC Egypt has set up their own sustainability steering committee that meets on a quarterly basis.

Performance measurement is a crucial enabler for effective governance. The material ESG KPIs across all our Group Functions and Units are measured to enable timely internal and external reporting and allow us to meet our ESG regulatory requirements across all our jurisdictions.

We have invested in a leading ESG database solution to ensure data integrity and timely reporting across our geographies. A significant next step is developing targets that outline the Bank's ambition and commitment. To ensure alignment and incentivisation of positive outcomes, management remuneration will be linked to pre-defined targets.

Ensuring our Board and executive management team are kept fully abreast of material sustainability topics and industry trends are a priority. Several sustainability workshops, tailored to our Boards and executive management teams, took place as part of our ongoing programme to strengthen our capability. These initiatives will allow us to stay ahead of evolving stakeholder expectations and meet our objective of delivering positive environmental and social impact for our stakeholders.

Governance Structure

 **GOVERNANCE STRUCTURE**

 **REPORTING LINES**

 **FUNCTIONAL ROLES**



* Sustainable Finance Forum to be set up in 2H24.

Governance committee and steering groups with responsibility for sustainability-related issues

Governance body	Chairperson	Sustainability-related agenda frequency	Purpose and responsibilities to sustainability-related issues
Group Board	Group Chairman	Ad hoc	<ul style="list-style-type: none"> Oversees the Group's sustainability strategy, risk appetite and culture.
Board Risk Committee (BRC)	Independent non-Executive Director	Quarterly	<ul style="list-style-type: none"> Provide oversight of the Group's key risks on behalf the Board and is the primary risk committee at the Board level that oversees ESG risk. Consider the Group's risk appetite and make recommendations to the Board on the risk appetite statement. Ensure that Risks - including ESG risks - are identified, measured, mitigated, monitored and reported. Review and approve stress testing (which includes climate scenarios) results.
Group Risk Committee (GRC)	Group CEO	Quarterly	<ul style="list-style-type: none"> Recommend/approve relevant ESG related Policies & Standards in support of the Sustainability Strategy. Provide oversight regarding the management of key risks (including ESG risks) across the Group through its sub-committees which report into it. Review risk appetite and approve management team level risk appetite metrics and thresholds for principal risk types, including ESG risk.
Sustainability Steering Committee (SSC)	Group CEO	Quarterly	<ul style="list-style-type: none"> Review and monitor the implementation of the Group Sustainability Strategy. Review and monitor the material ESG KPIs and oversee the development of targets. Oversight of the sustainability risk controls and risk appetite. Ensure Bank ABC can meet its ESG regulatory and disclosure requirements across its jurisdictions.
Sustainable Finance Forum (SFF) *	SFF to be set up in 2H24.	Quarterly	<ul style="list-style-type: none"> Provides oversight of the Group Sustainable Finance Framework, sustainable finance products and how sustainable assets and liabilities are managed and verified. Reviews the annual Sustainable Finance Report.

* Sustainable Finance Forum to be set up in 2H24.

3.2 Pillar 2: Operations

Operations Objectives

- Reduce the environmental impact of operations and suppliers.
- Develop reduction targets for GHG emissions, energy, water and waste.
- Link ESG KPIs to remuneration for alignment and incentivisation of outcomes.

3.2.1 Reducing Environmental Impact

Bank ABC takes a holistic approach to measuring and reducing its environmental impact, focusing not only on our direct operations but also our supply chain. Our strong organisational infrastructure is playing a vital role in building a more sustainable bank by launching several initiatives to reduce our environmental impact and providing effective support services across the Group. A comprehensive plan has been developed to reduce the environmental impact of our operations, covering Scope 1, 2, and 3 emissions, energy, water and waste usage. Furthermore, we are proactively collaborating with our suppliers to evaluate their emissions and assist them in decreasing their social and environmental impact.

Bank ABC Group's Environmental KPIs

KPIs	2023
GHG emissions: Scope 1,2&3 (tCO2e) *	92,552
GHG emissions intensity (tCO23 per US\$m revenue)	72.3
GHG emissions (tCO2e) per FTE **	18.6
Energy usage (KWh)	24,955,730
Energy usage (KWh) per FTE **	5,027
Renewable energy as % of total energy	9%
Water usage (m3)	65,272
Water usage (m3) per FTE ***	14.2
Waste (Mt)	163
Waste (kg per FTE) ****	52
Waste to landfill (kg per FTE)	31
Recycled waste as % of total waste	40%

*Scope 1, 2 & 3 reporting is based on GHG Protocol, UK Defra and other internationally recognised metrics.

Scope 1, 2 & 3 GHG emissions includes emissions generated by our suppliers and excludes financed emissions.

** GHG emissions and energy per FTE is based on average number of employees of 4,964.

*** Water per FTE is based on average number of employees of 4,591 due to lack of full year data from two Units.

**** Waste per FTE is based on average number of employees of 3,128 due to lack of full year data from several Units.



3.2.2 Measuring Bank ABC's Environmental Footprint

Measuring the Bank's environmental footprint, or 'baseline' of our operations, is a critical first step in developing and implementing a reduction plan. The Bank has made significant progress in measuring its environmental impact as well as developing a plan to reduce that effect. The scope of our environment data has greatly improved, with the Group's GHG emissions, energy, water, and waste capturing all units. More specifically, our Scope 1, 2 & 3 GHG emissions now includes the emissions generated by our suppliers. This is significant, as emissions from our suppliers generated 90% of our Scope 3 emissions in 2023, excluding financed emissions.

Equally meaningful is the Critical Infrastructure Review (CIR) of our major operations across the Group. The review commenced late last year and has already been completed. The CIR is a critical element of our multi-year plan to reduce energy and water usage across the Group. The review was carried out by external consultant engineers and sets out a detailed plan to reduce our energy and water usage. We expect to start implementing the action plan in the second half of this year with a view to delivering multi-year reductions of GHG emissions, energy and water usage across our global operations.



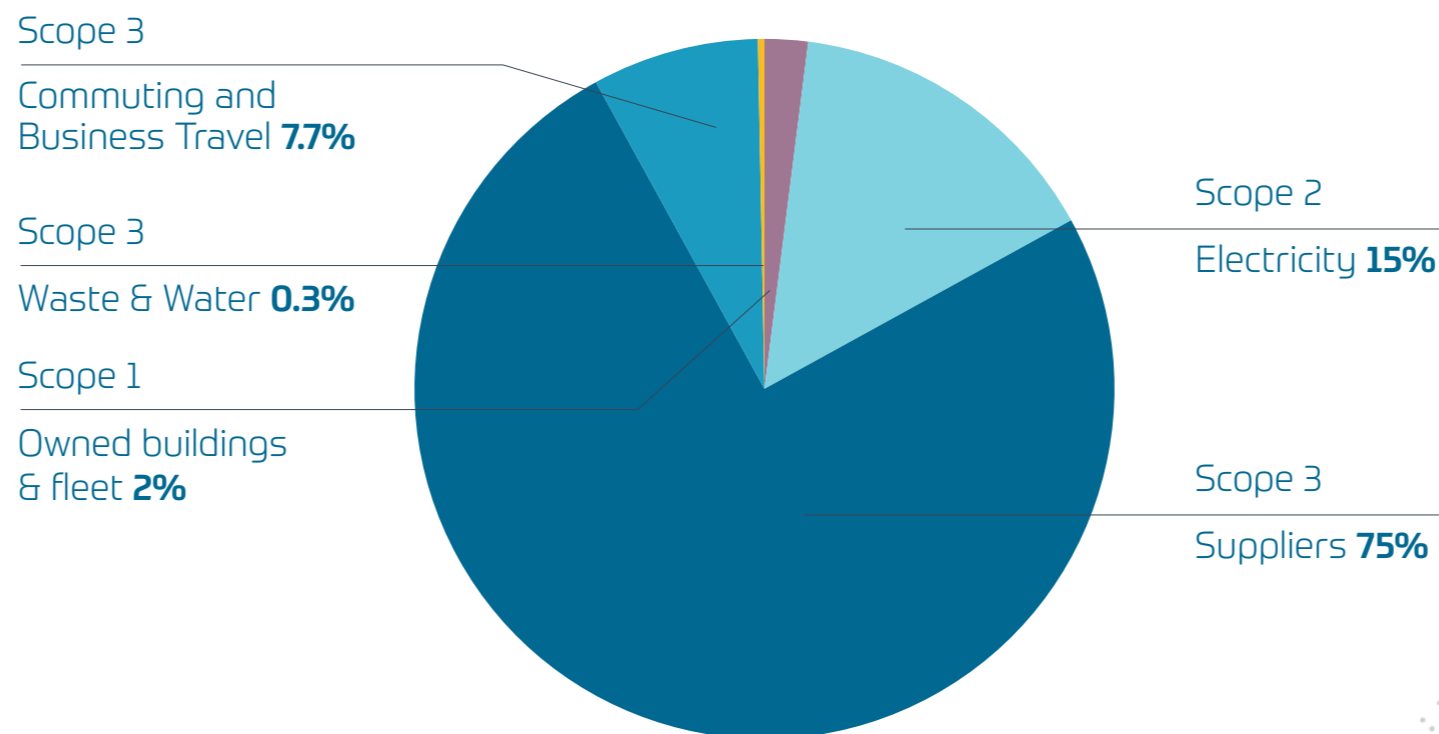
3.2.3 Scope 1, 2 & 3 GHG Emissions

Bank ABC Group's Scope 1, 2 & 3 GHG Emissions

GHG emissions (tCO2e)	2023
Scope 1	1,435
Scope 2	14,220
Scope 3	76,897
Total GHG emissions: Scope 1, 2 & 3 *	92,552
GHG emission intensity (tCo2 per US\$m revenue)	72.3
GHG emission (tCO2e) per FTE	18.6

*Scope 1, 2 & 3 reporting is based on GHG Protocol, UK Defra and other internationally recognised metrics. Scope 1, 2 & 3 GHG emissions includes emissions generated by our suppliers and excludes financed emissions.

Breakdown of the Group's Scope 1,2 & 3 emissions in 2023



The inclusion of our suppliers' emissions and improved data capture were the reason for the sharp jump in scope 1, 2 and 3 GHG emissions to 92,552 tCO2e in 2023. In terms of the breakdown, our suppliers generated 75% of the total, electricity usage 15% and employee commute and business travel just under 8%.

Bank ABC Group's Energy Usage

	2022	2023	Change (% YoY)
Energy (KWh)	22,882,045	24,955,730	9%
Energy intensity (KWh per FTE)	5,204	5,027	-3

Hiding behind the jump in GHG emissions were several improving trends, most notable was a -3% decline in energy use per full-time employee (FTE). The 9% rise in absolute energy usage was due to the combined effects of a 6% increase in the average number of employees and improved data capture. Energy usage in 2023 captured all of our Bank ABC's Group Functions and geographical Units. As noted above, the CIR will set out a detailed energy reduction plan for Bank ABC's global operations.

3.2.4 Renewable Energy

Renewable energy comprised 9% of the Group’s energy usage in 2023. The notable standouts were our Jordan and London Units that sourced 100% and 88% respectively, of their electricity from renewable energy. Although the London office sourced 88% of its energy from renewables over the average of the year, this hides the fact that it reached 100% from renewable energy in Q2 2023, up from 50% in Q1 2023. Bank ABC Jordan serves as an example of the many benefits of renewable energy. In 2018, our Jordan operation completed an agreement with Kawar Energy and Jordan Electric Power to acquire a photovoltaic (PV) solar power plant to supply 100% of Bank ABC Jordan’s energy requirements. The payback period on the initial investment was two years and has projected cost savings of US\$21 million over 25 years. The Group continues to review its options to expand renewable energy across its global network.



3.2.5 Water

Improved data capture was also the reason behind the 8% rise in total water usage for the Group, which amounted to 66,350 cubic metres in 2023. Our CIR is expected to be an important catalyst to deliver meaningful reductions in water usage over the coming years.

Bank ABC Group’s Water Usage

	2023
Water usage (m3)	65,272
Water intensity (m3 per FTE)	14.2

3.2.6 Waste

Bank ABC Group’s Waste

Waste category	2023
Total waste (Mt)	163
% of waste to landfill	60%
% of waste recycled	40%
Total recycled waste (Mt)	64.6
Breakdown of recycled waste:	
Paper	57%
Plastic	36%
Cardboard	5%
Metal	2%

Across the Group we recycled 40% of our waste in 2023. The overall Group figure hides large variances between offices. Our offices in Frankfurt, London and Brazil recycled 100%, 81% and 39% of their waste, respectively, while Bahrain office only recycled 16% of its waste. In response, a dual approach to reducing our waste is being adopted to cut the amount of waste we send to landfills; reduce our overall usage and increase the

amount we recycle. Landfills are the world’s third largest cause of methane emissions, following fossil fuels and agriculture. Methane emissions are estimated to have caused 30% of global warming due to their warming effect being 80 times that of carbon dioxide.

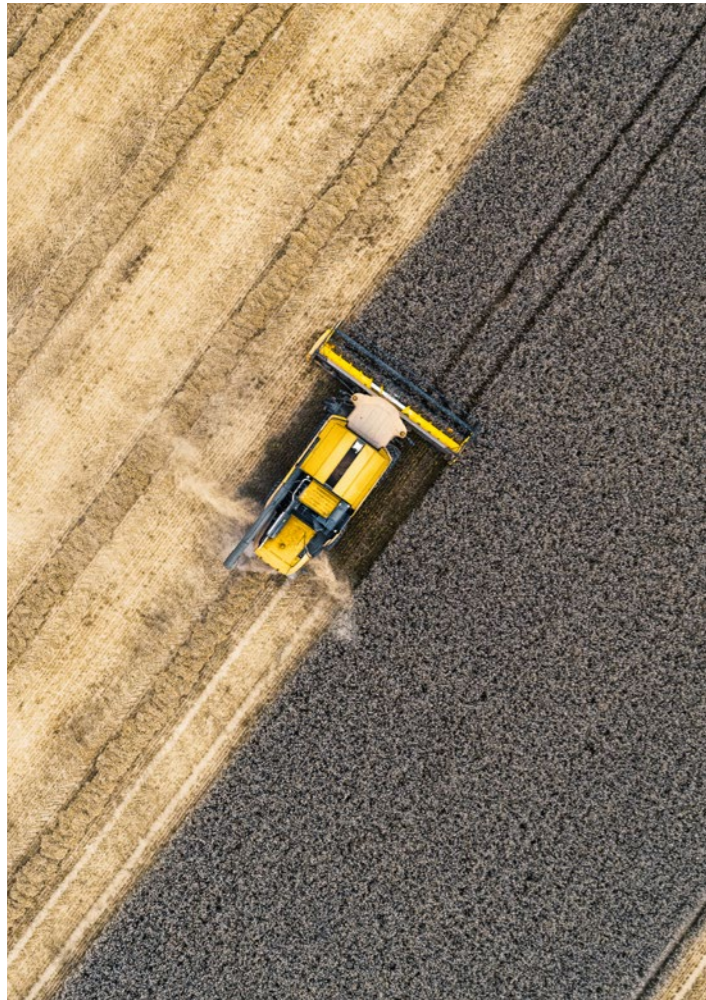
The Group has already launched several waste-reduction initiatives with more planned for 2024. ‘Bin the Bin’ was launched in Bahrain in August and has been rolled out across all Units. The initiative involves removing individual employee bins and replacing them with central recycling and general waste bins. Other initiatives set to be launched include the installation of drinking water machines in Bahrain office to replace all plastic bottled water. Single-use plastic cutlery and plastic bottles are also to be removed from the staff cafeteria.

Bank ABC Group’s Paper Consumption in 2023

	ABC Group	ABC Bahrain
Paper consumed (Mt)	156	37
% recycled	24%	100%

We are also exploring ways to reduce our paper consumption and increase the amount we recycle. Total paper consumption for Bank ABC Group reached 156 Mt in 2023, equivalent to over 31m pages of A4-sized paper, or 3,616 trees. Of this, 24% was recycled. Bank ABC Bahrain was responsible for 24% of total paper usage but recycled 100% of the paper consumed. Moving forward, the focus at Bahrain office will be reducing consumption. In some of our other jurisdictions, the focus will be on both reducing consumption and increasing the amount recycled.





3.2.7 Procurement

Our procurement process was also strengthened in 2023. Reducing the environmental and social impact of our suppliers is an important element of our strategy.

In Q2 2023, the Bank's Head Office in Bahrain integrated an ESG questionnaire, to be completed by new and existing suppliers, into its RFP process. This will be rolled out across the Group by the end of 2024. As part of the on-boarding process, all suppliers will also be required to sign the Bank's Supplier Code of Conduct.

The Cyber Security Framework consists of the following strategic pillars:



1 Data Security: Protect business, sensitive, proprietary or personal data



2 Threat and Vulnerability Management: Detect and remediate cyber security and vulnerabilities to critical information technology assets



3 Monitoring: Prevent, detect, respond, contain, and recover from security events and incidents



4 Identity and Access Management: Control access to systems and data, enforcing the principle of least privilege



5 Infrastructure Protection Services: Ensure security to all network components, including applications, servers, and endpoints, among other connected devices



6 Governance, Risk Management and Compliance: Manage strategy, policies, risks and controls, and compliance with legal, regulatory, and industry standard requirements



7 Maturity: Support continuous process improvement and measure maturity

3.2.8 Group Cyber and Information Security

Bank ABC's Cyber Security Framework is fully aligned with international standards, such as the National Institute of Standards and Technology' Cybersecurity Framework. The mission of the Bank's Framework is to support its digital transformation and

to consolidate and reinforce the cyber-resilience of the Group's operations against internal and external security threats. The Framework comprises a Board-approved strategy, a Group Information Security Policy, as well as supporting standards, procedures, processes, tools, and staff training. Together, these enforce the Bank's security and privacy-by-design for new systems and

technologies, as well as its resilience and ability to detect, respond, contain, and recover from cyber-attacks. The Framework also ensures the Bank's compliance with relevant legal, regulatory, and industry requirements, such as SWIFT CSP and PCI-DSS, as well as protection for its customers, brand, and reputation.



3.2.9 Group Operations

Group Operations exceeded its service level agreement targets, processing over 99% of client transactions accurately and on time and enhancing operational resilience. It also upgraded several systems including SWIFT, Trade Finance and Treasury Back Office systems for SWIFT ISO20022 readiness and achieved 99.86% Straight Trough Processing, earning an Elite award from JP Morgan. The Operations function continued drive to digitise and simplify operational processes using Lean Six Sigma and through the Groups idea portal “Fikra” – delivering higher quality services for a lower cost across the Group.

3.2.10 Business Continuity

Bank ABC continues to enhance its business continuity and disaster recovery capabilities across the Group, ensuring arrangements are in place to remain responsive and to accommodate growing business needs. This is achieved through rigorous testing of business continuity, as well as disaster recovery plans and training activities for employees.

In 2023, Bank ABC adopted operational resilience activities with the aim of aligning with leading industrial bodies. This further developed the Bank’s ability to withstand extreme disruptions and reinforced its strong commitment to robust governance, social diversity, and sustainability. Looking ahead, we will maintain our focus on developing and promoting a culture of operational efficiency and resilience through business continuity, disaster recovery, and effective crisis management, which will serve as a foundation for continued strategic growth and value creation.

3.2.11 Group Information Technology (GIT)

The Group Information Technology (GIT) department plays a key role in shaping and supporting the Bank’s sustainability initiatives through the implementation of cutting-edge solutions to enhance efficiency, improve customer experience, mitigate operational risks and implement our cloud strategy. It is leading several other initiatives to processes faster, cheaper and using less energy and paper that will support the reduction of Bank ABC’s environmental impact.

3.3 Pillar 3: Risk Management

Risk Management Objectives

- Include obligor ESG risk assessment into lending process.
- Develop Industry Environmental Risk Rating.
- Measure Scope 3 financed emissions.
- Strengthen our approach to climate scenario analysis.

3.3.1 Risk Assessment supports Financing Opportunities

We strongly believe that a deeper understanding of the ESG risks across our value chain will lead to a greater ability to support our clients' financing requirements. Our sustainability strategy has set out specific action plans to embed sustainability throughout our risk management system to encompass credit, treasury, operations and reputational risks. These key initiatives, and their objectives, fundamentally underpin the ability of our frontline teams to better support the funding needs of our clients' transition strategies. In combination, they will provide enhanced understanding of our clients' environmental and social impacts, how

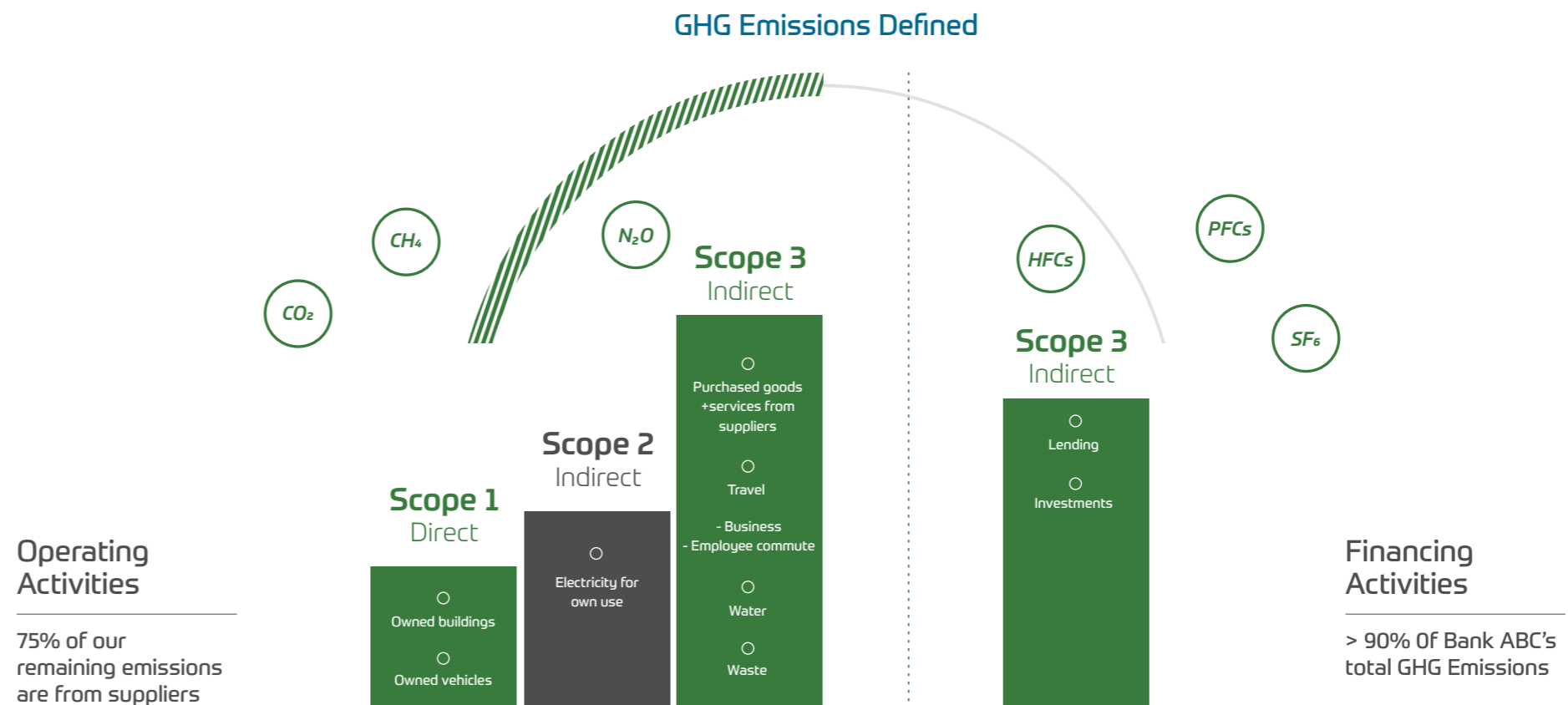
they are being managed and allow the Bank to offer greater financing support.

Our initiatives to measure and mitigate our scope 3 financed emissions are a prime example of the close link between our risk management initiatives and our ability to finance our clients. Bank ABC's most material ESG-related risk, specifically climate risk, arises from the activities of the clients we finance and those generated by their respective value chains. These financed emissions fall within the general definition of scope 3 GHG emissions and equate to over 90% of our total emissions. Given their significance, Bank ABC is developing a collaborative approach with clients, industry experts and regulators to manage the related risks.

Our sustainability strategy has outlined a comprehensive set of initiatives that will provide a deeper understanding of our scope 3 financed emissions, the ESG risks facing our clients and their plans to mitigate those risks. We expect this to translate to improved understanding of our ESG risks, closer client engagement and greater ability to reduce those emissions through the financing of our clients' transition strategies.

Our risk management approach includes defining our risk appetite and setting out risk metrics and thresholds to monitor those risks. The ESG risk metrics for our global operations have already been defined and are being monitored to ensure they are within their pre-defined threshold.

“We expect this to translate to improved understanding of our ESG risks, closer client engagement and greater ability to reduce those emissions through the financing of our clients' transition strategies.”





3.3.2 Client ESG Risk Assessment

In the simplest form, lending and investing are comprised of three factors:

- 1. Risk
- 2. Return
- 3. Impact

While the third factor, impact, has historically been ignored by the finance sector, this is no longer viable due to the rapidly increasing environmental and social pressures affecting all industries. Embedding environmental and social risk into lending decisions is not only becoming industry ‘best practice’ but is increasingly the direction of travel for regulators. Environmental pressures are causing tectonic shifts in how many of our customers are managing their operations, supply chains, sourcing of raw materials, manufacturing processes, transportation, and shifts in customer demand. Integrating a client ESG risk assessment into our lending process will translate to improved evaluation and understanding of the environmental and social risks facing our clients and their mitigation plans. In turn, this will lead to closer client engagement and an enhanced ability to support our customers’ financing requirements.

Our obligor ESG risk assessment approach is based on a proprietary client questionnaire, which assesses risk and identifies financing opportunities across four areas:

- Management quality
- Environmental and social impact
- Environmental and social disputes, fines or prosecution
- Transition plans

The approach has already been successfully pilot tested across the business. Ahead of implementation later this year, a training programme is being deployed across our client-facing and credit teams. This will be an ongoing process aimed at strengthening capability across the Group.

3.3.3 ESG Industry Risk Rating

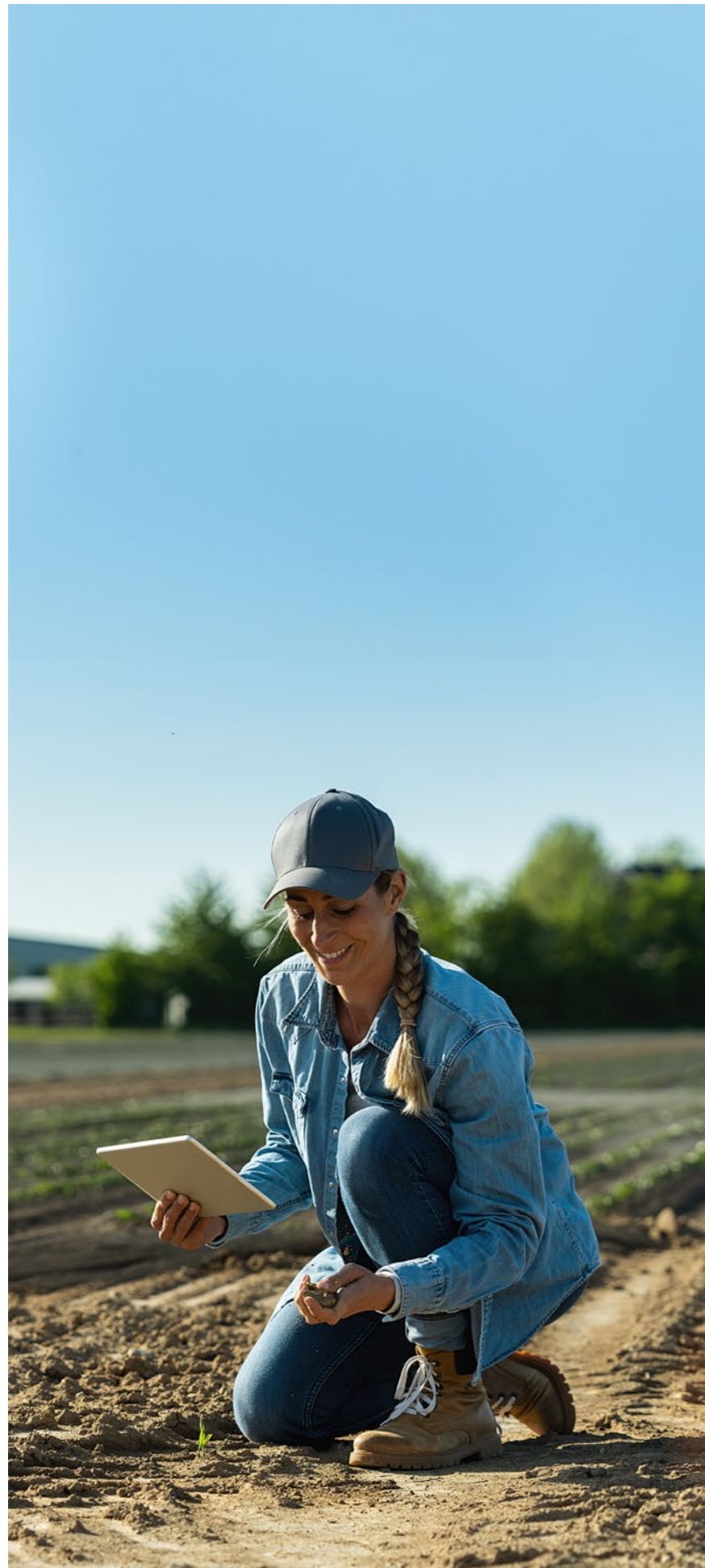
An ESG industry risk rating is being developed to support our client facing and credit teams with respect to our ESG risk assessment process. This will replace our current reliance on an external provider’s climate risk rating, thereby expanding our approach from a narrower climate risk perspective to capture wider environmental and social risks. The new approach will be based on combination of quantitative data and qualitative analysis to provide a deeper understanding of the environmental and social risks facing each industry and how they are managing the transition to net zero. This should provide valuable industry knowledge to our client facing and credit teams on the wider industries in which our clients operate and how their global peers are managing the transition.

3.3.4 Measuring Scope 3 Financed Emissions

Measuring Bank ABC’s financed emissions is the first step in developing a credible strategy to reduce those emissions. This is a data-intensive process and subject to the availability of client emission data, which can be a limiting factor, especially across the MENA region. As a signatory to PCAF, the measurement of our scope 3 financed emissions will be calculated in 2024, in line with industry best practice.

Despite the data limitations that affect all banks, we have made positive progress and are currently validating our scope 3 financed emissions with a view to developing a sector-based mitigation strategy.

It is worth noting that measuring scope 3 financed emissions provides a ‘point in time’ measurement and is not a predictor of future emissions. In contrast, our client ESG risk assessment approach, outlined above, will allow us to better evaluate our customers’ reduction plans and, in turn, the Bank’s ability to meet our own reduction targets. The combination of measuring financed emissions together with our client ESG risk assessment should provide valuable knowledge to develop a credible reduction strategy. At the same time, we recognise that any reduction target will largely depend on our clients’ transition pathways and their progress on reducing their own emissions. Many of our clients have published their transition plans and updates on progress, while others are in early stages of developing a strategy. It is expected that, over time, more of our clients will publish their plans and accelerate their transition pathways.



3.3.5 Climate Scenario Analysis

To assess climate-related risks and opportunities in the short, medium, and long term, Bank ABC uses scenario analysis to consider how risks and opportunities may evolve under different situations. Over the last three years, the Bank has progressively strengthened its scenario analysis capabilities. The aim is to continuously improve these to capture more realistic scenarios that can inform the business strategy and financial planning.

As part of ongoing refinement, the Group has identified several areas for potential improvements to its modelling for future analysis. These include:

- Improved data availability and the ability to gather data across corporate clients.
- Application of sector-specific assumptions from the current use of macro-based assumptions.

Scenarios Used at Bank ABC

The following four scenarios are applied to Bank ABC’s corporate portfolio twice a year and form the basis for the Bank’s internal capacity adequacy assessment process. Three of those scenarios apply the Network for Greening the Financial System (NGFS) framework maps in three different worlds with one scenario produced under each category.

High-level scenario assumption and time horizons used in Bank ABC scenario analysis

Transition scenarios	High-level assumptions	Time horizon
‘Hot-house’ world	Assumes no additional policies beyond those currently implemented and slow technology change. Resulting in high physical risks and global temperatures rising over 3C by 2100.	2050*
Orderly transition	Very stringent climate policies and rapid technology change limit global warming to 1.5C.	2050*
Disorderly transition	No additional action until 2030. Strong policies will then be needed to limit warming to below 2C. Significant regional variation in policy as reflected in regional divergent carbon prices.	2050*
Stress test	Assumes clients within ‘very high’ risk sectors receive a one notch downgrade in year 1 and clients operating within ‘high’ risk industries have a one notch downgrade in year 3.	3 years**

* Time horizons defined by NGFS.

** Time horizon defined by Bank ABC.

3.4 Pillar 4: Financing the Transition

Financing the Transition Objectives

- Sustainable finance framework for robust measurement of sustainable/transition finance.
- Embed sustainability into client engagement and product development
- Training programme to strengthen our capability.

Supporting Clients' Transition

The transition to a low-carbon economy presents an unparalleled opportunity for growth and innovation. Global banks such as Bank ABC are in a unique position to help accelerate the transition by working with companies as they re-engineer their business models and value chains. Supporting our clients' transition strategies will not only require us to accelerate green and social finance but also greatly expand the amount of transition finance we provide to our high-emitting clients.

Bank ABC's sustainability strategy has been specifically structured to ensure the Bank plays a pivotal role in meeting our customer demand for sustainable and transition finance. To ensure we are fit for purpose, the strategy has several initiatives across Wholesale, Treasury, and Retail Divisions to support the sustainable and transition financing requirements of our clients.

Sustainable Finance

Bank ABC mobilised US\$2.3 billion of sustainable finance during 2023 as we supported our customers in reducing their environmental footprint and enhancing their social impact. This was equivalent to 12% of loans and advances as at the end of 2023, with green finance and social finance comprising 63% and 37% of the total, respectively. Pleasingly, the finance was heavily weighted to developing countries and diversified across several industries. The measurement of our sustainable finance was in line with the approach set out in our Sustainable Finance Framework.

“Bank ABC mobilised US\$2.3 billion of sustainable finance during 2023 as we supported our customers in reducing their environmental footprint and enhancing their social impact. This was equivalent to 12% of loans and advances as at the end of 2023, with green finance and social finance comprising 63% and 37% of the total, respectively.”

Developing countries accounted for 88% of the sustainable finance that we provided during the year, including the GCC, Tunisia, Egypt, Jordan, and Brazil. This underscores the important role that Bank ABC plays in mobilising capital to the developing world and closing the climate financing gap across emerging markets. It also highlights the increasing priority that corporate boardrooms and governments across the developing world are placing on tackling the climate crisis and reducing their environmental and social footprints.

Bank ABC's heavy weighting to emerging markets stands in stark contrast to the global trend of sustainable finance being disproportionately allocated to the developed world.

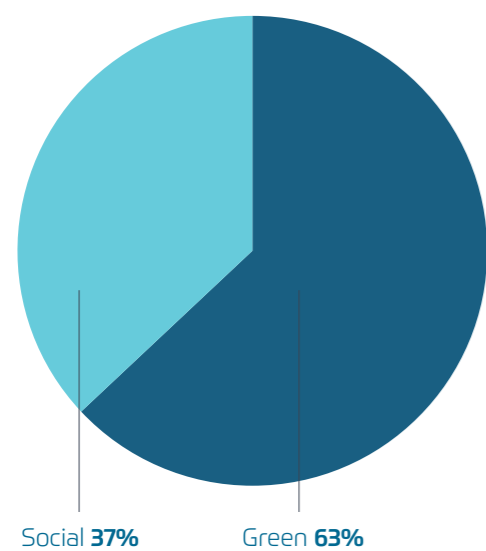
Less than 20% of global green finance currently goes to developing markets, primarily due to their higher cost capital. This challenge is most notable in Africa, which has 20% of the world's population yet receives only 2% of global clean energy investment and has less than 1% of global solar capacity. Bank ABC intends to continue its role in closing the sustainable finance gap between the developed and developing world, as it accelerates support for its customers on their journey to a more inclusive and sustainable low-carbon economy.



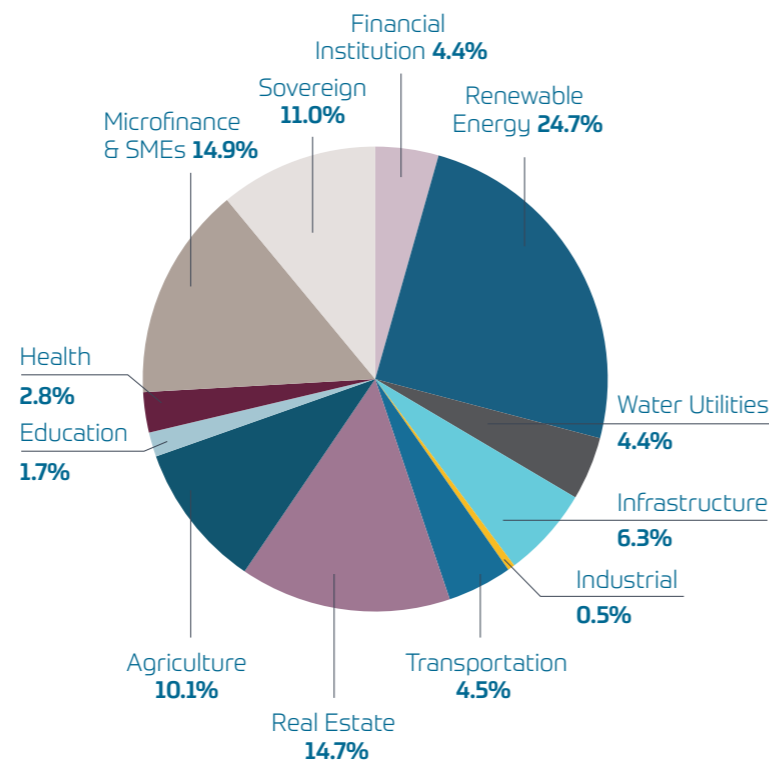
Our sustainable finance in 2023 was mobilised across a wide range of industries. Six industries accounted for 75% of this funding: renewable energy, microfinance and small and medium-sized enterprises, agriculture, real estate, transportation, and infrastructure. Our diversified sector breakdown is in contrast to the global

trend for green finance, which is heavily skewed towards energy and transportation. The two sectors account for approximately 75% of global clean energy finance compared to only 29% for Bank ABC. This diversification highlights the lack of concentration risk across Bank ABC’s client base.

Sustainable Finance 2023: split by category



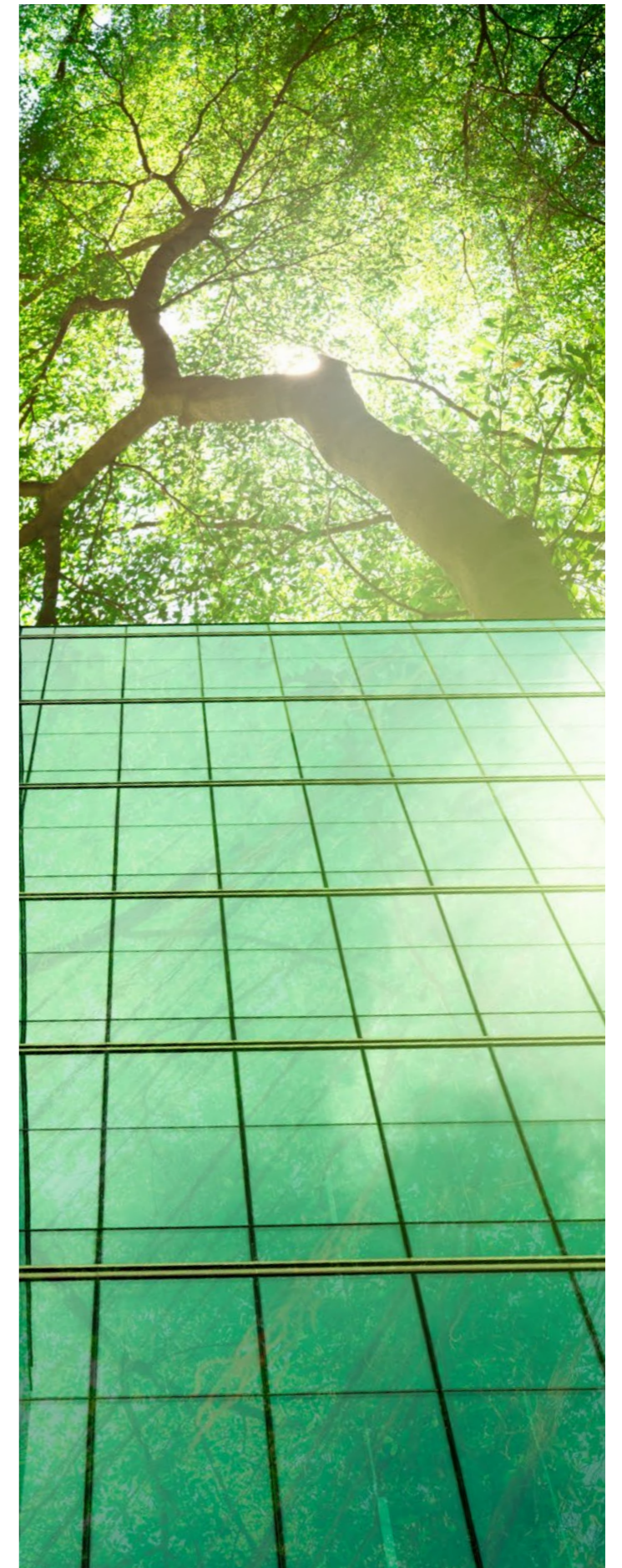
Sustainable Finance 2023: split by sector



Transition Finance

Transition finance is largely provided to high emitting industries that, due to technological limitations, may not currently have a clear pathway to net zero but have started out on their journey to reduce their environmental footprint. As opposed to phasing out support for our high-emitting customers, Bank ABC believes that it can generate greater impact by working closely with its clients to support their transition. Avoiding high-emitting industries may not reduce emissions but rather drive these companies to alternative sources of funding that have less transparency and accountability. To support this, we have adopted a robust approach to providing transition finance by setting out eligible activities that can be considered as transition finance. This is outlined within our Sustainable Finance Framework with reference given to the ICMA’s (International Capital Market’s Association) Climate Transition Finance Handbook and the CBI (Climate Bond Initiative) Transition Finance White Paper.

“Six industries accounted for 75% of this funding: renewable energy, microfinance and small and medium-sized enterprises, agriculture, real estate, transportation, and infrastructure”.



Our Success Stories

CASE STUDY 1

Green finance facility for solar PV project in the GCC

In 2023, Bank ABC was the sole lead arranger of a ground-breaking green finance facility with a renewable energy company. The green loan funded 25 solar photovoltaic (PV) assets across a regional shopping mall operator’s network in the UAE, Bahrain and Oman. In partnership with the renewable energy company, the project supported the shopping mall operator’s energy transition plans across the region.

IMPACTS:

Sustainable commitments:

- | Reduction of GHG emissions

Alignment with UN SDGs:



CASE STUDY 2

Social finance bond for the Ministry of Finance of a MENA country

The Bank acted as lead arranger of a seven-year, US\$500-million loan for eligible social expenditures under the country’s Sustainable Finance Framework. The Framework covers green activities such as renewable energy, clean transportation and energy efficiency, sustainable water and wastewater management, as well as social activities including affordable basic infrastructure, housing, and access to essential services. The loan benefitted from 95% credit insurance from a regional export credit guarantee corporation. This marked the country’s first-ever loan to benefit from multilateral credit insurance and signifies the growing trend towards international institutions providing credit enhancement and reduced borrowing costs.

IMPACTS:

Sustainable commitments:

- | Improved health
- | Education

Alignment with UN SDGs:



CASE STUDY 3

Green finance for water utility

Bank ABC served as coordinator of a US\$500-million debenture for investment in the water supply and sewage facilities of a utility company operating in the municipalities of Rio de Janeiro, Itagui, and Seropedica. The funding will expand the company’s water services and reduce total losses in the network’s basic sanitation system.

IMPACTS:

Sustainable commitments:

- | Reduced water loss

Alignment with UN SDGs:



CASE STUDY 4

Green real estate

Bank ABC was one of three banks to finance a purpose-built student accommodation in London. When completed, the project will be one of the largest Passivhaus low-energy design schemes in the world. Energy usage is forecast to be 1,600 KWh/bed per annum, versus a typical average of 3,059 KWh/bed per annum. The development will deliver the highest ESG standard and include the following:

- Targeting a BREEAM Outstanding rating
- Green roofs
- Blue roof attenuation system to limit flooding
- 235 solar PV panels
- High energy efficient façade with triple glazing
- Air source heat pumps for efficient heating and cooling

IMPACTS:

Sustainable commitments:

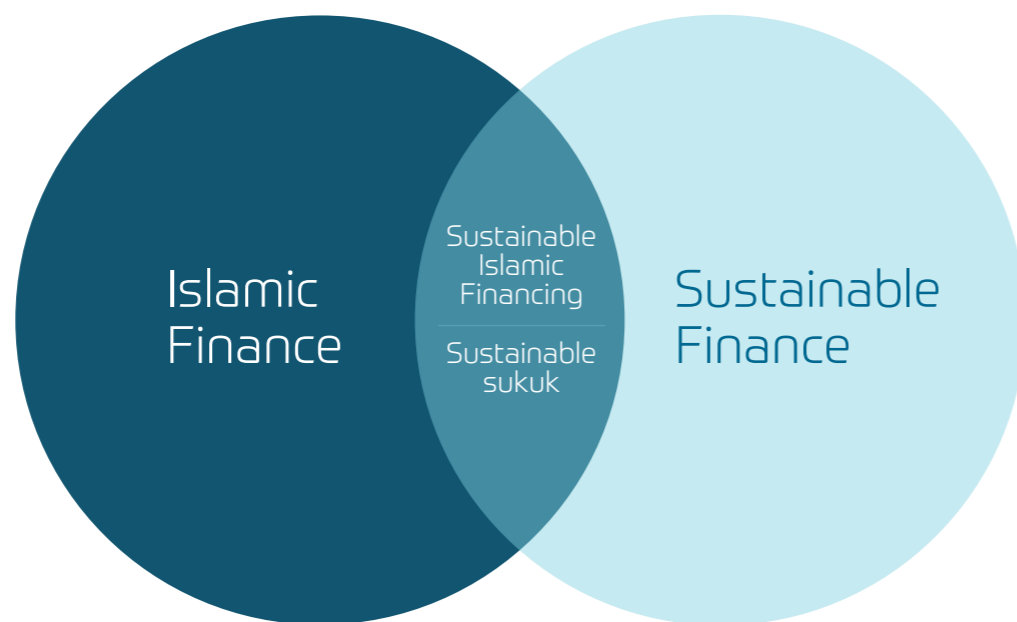
- | Reduced energy and GHG emissions

Alignment with UN SDGs:



Intersection of Islamic Finance & Sustainable Finance

- Islamic and sustainable finance share common features and both markets are expanding.
- Islamic finance is typically concentrated in fossil fuel-reliant economies that potentially have greater sustainable Islamic financing to support the transition.



Islamic Finance

We believe that Islamic finance has significant untapped potential as a non-traditional source of sustainable development. Its strong social element leads to a natural close alignment with sustainability and the delivery of UN SDGs. Its very nature, encourages investors to create positive non-financial value alongside financial returns to support a more socially conscious, environmentally friendly system.

Bank ABC Islamic, our Islamic finance subsidiary, is strategically well positioned to actively develop the Islamic sustainable finance market globally. It covers Islamic commercial banking, Islamic treasury and Islamic investment solutions. In addition to offering the highest standard of Islamic banking products and services from a Shari'a perspective, it opens up Islamic financing solutions to companies that want to expand their investor base.

In 2023, Bank ABC Islamic was a joint-lead manager in a US\$1-billion sustainable sukuk issuance by a regional bank, and a co-lead manager in a US\$500-million green sukuk issuance by a regional shopping mall operator.

Bank ABC Islamic's voluntary zakat payments reinforce its strong Islamic credentials. In 2023 it paid US\$420,795 to Islamic-compliant charitable foundations based in Bahrain. The recipient organisations were all pre-approved by the Board and relevant government ministries. Furthermore, as a matter of policy, Bank ABC Islamic distributes 100% of all late payment charges from clients to various pre-approved charitable foundations or organisations in Bahrain and elsewhere.

Green Retail Finance

Bank ABC's retail operation is an increasingly significant part of the Group. Retail customers grew 55% in 2023 as our retail network

across MENA successfully leveraged off innovation to the benefit of its customers and the Bank. Retail comprises of our branch operations in Egypt, Jordan, Tunisia, and Algeria, as well as ila Bank, our digital mobile-only retail offering, in Bahrain and Jordan. Technological innovation and an attractive customer proposition have been the cornerstone of ila Bank's success in Bahrain. Since launching in 2019, the online bank has successfully expanded its customer base, growing by 42% and 39% in 2022 and 2023, respectively.

Sustainability through product innovation is a key focus for ila Bank and the Bank's retail operations in Bahrain, Egypt, Jordan, Tunisia, and Algeria. The aim is to help customers live a more sustainable lifestyle by creating opportunities for them to implement green choices.

In 2023, Bank ABC Jordan led the way by providing finance for Electric Vehicles (EVs) and hybrid vehicles. As an oil importer, Jordan is progressively incentivising the shift away from fossil fuels to renewable energy. It is leading the MENA region in the transition to EVs through government incentives such as reduced import duties. As a result, Jordan is one of the few countries globally where EVs are cheaper than combustion engine cars. In 2022, EV auto imports in the country increased threefold, while hybrid and combustion engine automobiles experienced a decline of 32% and 21%, respectively.

Bank ABC Egypt has also recently launched an EV auto finance programme in line with the government's drive to achieve sustainable development goals linked to its Egypt Vision 2030. We expect the demand for

EV autos across MENA to steadily increase as the price of EVs declines and charging infrastructure expands.

Financial Inclusion

As we address the sustainable and transition finance needs of our clients, the Bank also recognises the need to sustain and support livelihoods across its communities. A just transition is essential for achieving the goals of the Paris Climate Agreement, with financial resources, new technology, and enhanced capacity required to support those most vulnerable. Governments and the private sector each have roles to play in protecting vulnerable communities. Financial institutions, in particular, have the responsibility to integrate social considerations into their business models.

Bank ABC has a multipronged programme to achieving greater financial inclusion across its communities. We seek to ensure that people and companies of all backgrounds have access to financial solutions, particularly those from minorities, vulnerable backgrounds, and financially excluded regions. Our financial inclusion initiatives in 2023 have included:

Microfinance: We provided US\$39 million of microfinance in 2023. This finance was directed towards women, rural populations, populations in least, lower, and low-middle income categories of their respective countries, and economically excluded individuals. As an example, US\$6 million of microfinance was provided in Tunisia to finance approximately 8,100 microentrepreneurs, of which 54% were female.

ila Bank: As part of their ongoing programme to promote financial inclusion, ila's digital mobile only offering and innovative products has tapped into the unbanked sectors in Bahrain and Jordan, giving them access to formal financial services and opportunity to build credit profile.

Bank ABC's Group Innovation: The Group Innovation team acted as advisors on the fintech programmes of various MENA countries with financial inclusion being one of the key objectives.

Sustainable Finance Framework

Bank ABC's Sustainable Finance Framework is a key enabler of our growth strategy. It ensures a robust approach to measuring and reporting the sustainable finance that we provide to our clients, thereby mitigating the risk of greenwashing. It also provides the potential to diversify our funding base.

The Framework was developed in collaboration with Institutional Shareholder Services (ISS) Corporate, a leading global provider of ESG analysis and ratings. It outlines the methodology for categorising sustainable finance products and services, including how the Group defines green, social, sustainable, and sustainability-linked finance.

It also provides the scope, criteria, environmental, and social due diligence requirements, as well as the verification approach. As part of Bank ABC's commitment to good governance and transparency, ISS carried out a Second Party Opinion which validated that our sustainable finance framework fully aligned with ICMA/LMA sustainable finance principles and the UN SDGs.

Building Our Experience

We recognise that our employees play a crucial role in advancing the Group's sustainability strategy and objectives, as well as those of its clients. Employees throughout our global network, across all divisions and positions, are core to the Bank's sustainability mission. A key element of our sustainability strategy is supporting and facilitating our global workforce to integrate sustainability into their roles by providing learning opportunities and creating channels for them to

actively contribute to the Bank's sustainability agenda. An important component of this is strengthening the capabilities of our client-facing Wholesale, Treasury and Credit teams. The Bank launched training sessions for our Wholesale, Treasury and Credit teams in 2023 which were supported by external specialist institutions, including the International Finance Corporation and multilateral development banks. The training programme to upskill our capability will be a continuous journey that is to be meaningfully accelerated in 2024.



CSO, Ian McCallum training business teams

3.5 Pillar 5: Our People and Communities

Our People and Communities Objectives

- Strengthen our approach to D,E&I.
- Deliver greater impact from our CSR investments.

Supporting Employees and Society

Bank ABC considers the social agenda of our sustainability strategy to be critical. Employees are our most valuable asset, and their aspirations are shifting to become increasingly purpose driven. Strengthening our approach to Diversity, Equity, and Inclusion (D,E&I), career development,

and training are priorities that are fundamental to the Bank’s ability to attract and retain talent. More resources have been allocated to accelerate our capabilities across the Group.

A critical step in this journey has been defining and measuring our material social-related KPIs. Understanding our baseline allows us to develop a more focussed and productive plan to strengthen our approach.

We also recognise the vital role the Bank plays in developing and supporting its communities. Many of our communities are being severely impacted by the ravaging

effects of climate change. In total, we provided US\$5.1 million of community investments in 2023, spread across 52 projects. The most significant donations were made to support the Libyan communities hit by the flood disaster and the Turkish communities affected by the earthquake. Bank ABC responded to the Libyan flood disaster in September by donating US \$2 million. The Bank pledged a similar amount in support of the earthquake relief in Turkey and Syria, acting on its duty to enable the recovery and rebuilding of these communities.

Our People and Communities: ESG KPIs

ESG KPIs	2023
Diversity, Equity and Inclusion:	
Gender ratio: employees	34%
Gender ratio: boards	21%
Gender pay gap ratio	9%
Employee turnover: total	11%
Employee turnover: male	11%
Employee turnover: female	12%
Training and Wellness:	
Total training hours	107,589
Training hours per FTE	24
Employee survey:	
Response rate	87%
Engagement rate	64%
CSR Activity:	
Community investment (US\$m)	5.1
- as % of pre-tax profit	1.4%



Bahrain staff celebrates National Sports Day

3.5.1 Our People Diversity, Equity & Inclusion

Diversity, Equity & Inclusion (D,E&I) is increasingly important to job seekers as they prioritise purposeful work and inclusion. Creating an inclusive culture that values all employees, irrespective of background, is a requirement to attract and retain top talent. This, in turn, leads to higher levels of employee engagement, productivity, and overall job satisfaction. Diversity also helps to avoiding 'groupthink,' enhancing innovation and problem solving. Research has shown that the least diverse organisations also experience an increasing financial penalty, in the form of weaker revenue and profit.

Our gender ratio for the Group improved slightly to 34% female representation in 2023, up from 33% in 2022. The highest gender ratios across our geographies were ABC Tunisia, ABC Algeria, ABC New York with ratios of 55%, 50%, and 43%, respectively. The gender ratio of all the Bank's Board members was 21%, with the highest being 33% for the Board of ABC IB.

Our gender pay gap ratio was also measured. The gender pay gap for the overall Group was 8.9% in 2023 with the lowest across our geographical Units being 3% and the highest 15%. Our gender pay gap ratio was calculated by taking the mean basic pay of male employees less the mean basic pay

for females, divided by the mean basic pay for men. This was measured across three levels of seniority, non-management, middle and senior management, in each of our jurisdictions. A weighted average calculation was then applied to measure the gender pay gap ratio for the Group. Ideally, we would like to get our gender pay gap ratio to zero.

Although we are early in our journey, the Bank is already launching initiatives to drive greater female participation in our workforce. As a sign of Bank ABC's commitment to improving diversity and inclusion, we recently announced a 50% increase in maternity leave to 90 days for our ABC Bahrain employees.

Research has shown that a major catalyst for women leaving the workforce is giving birth to their first child. Investing in our people will be a crucial element to the programme's success. One such initiative is the launch of our Master's programme sponsorship for female employees. The initiative provides sponsorship for one female employee to complete a master's programme of their choosing. The Bank intends to build on these initiatives by empowering women across the Group to develop their skills, competencies, and knowledge, and becoming successful leaders of the future.

Diversity, Equity and Inclusion at Bank ABC





Group CEO Sael Al Waary addressing Head Office staff during Career Development Week

Career Development and Training

We continue to allocate more resources to career development and training. This includes hiring a Group Head of People Development to lead the Bank’s initiatives in this area.

Bank ABC’s training programme falls into two areas:

1. ABC Academy, an online training platform featuring two components:

Technical skills: end-to-end skills learning such as innovation, sustainability and fintech.

Soft skills and personal development: content is provided by a third -party business school.

2. Bahrain Institute of Banking & Finance (BIBF): providing hard and soft skills.

In addition to these two components, we have rolled out a management skills programme provided by an external firm. Our career development programme is also being expanded. In addition to our Master’s degree sponsorship programme, we recently launched a career development week in Bahrain. In our efforts to foster the next-generation of bankers, Bank ABC has a Global Internship Programme giving the opportunity to work in our global Units, facilitating knowledge and skill transfer in youth across our network.

In parallel, our innovation and digitisation centre, ABC Labs, hosts regular webinar sessions “Talks @ ABC Labs” and co-creation workshops featuring subject matter experts aimed at educating our global staff



Our partners BIBF at the Career Development Week in Group Head Office

community and facilitating knowledge sharing among industry stakeholders on pertinent topics.

Employee Wellness

An important element of our approach to evaluate employee wellness, satisfaction and commitment was an Employee Engagement Survey that was carried out Group-wide in 2023 with the support of an external consultant. The response rate was a high 87%, indicating that employees want their voices to be heard. The survey outcome has generated additional workstreams and interventions to address our findings and further elevate staff’s work experience across the Group. The intention is to carry out an employee survey every two years to ensure progress can be measured and evaluated over time. A range of employee wellness initiatives were also undertaken across the Group in 2023. This included mental health and menopause awareness, fitness activities, and various social programmes.

Health & Safety

Bank ABC has put in place a structured and uniform process to implement our Health and Safety (H&S) Procedures and is committed to high standards of health and safety across our global network. We encourage our employees to contribute to their own welfare and that of their colleagues. The overall objectives of the Bank are to meet not only our legal responsibilities but also our moral obligation to ensure the safety of employees and others. The ultimate goals are to:

1. Provide and maintain a safe working environment that eliminates risks to health, safety and welfare.

2. Provide a safe environment for customers visiting our retail network or customers visiting our corporate offices.

3. Comply with relevant statutory requirements in respect of health, safety and the physical environment, as they affect employees, vendors, clients, public, business and reputation.

4. Safeguard employees and others from foreseeable hazards with regard to health, safety or the physical environment, in our processes and in working systems.

5. Ensure all employees and others under our control are provided with fit-for-purpose emergency response plans for sites they might visit.

6. Ensure that when new plant, equipment or premises are introduced, adequate guidance and supervision are provided, and safe methods of work are developed.

7. Without detracting from a vendor’s own legal responsibility, the Bank will aim to ensure that all vendors are informed of relevant requirements.

To ensure full implementation of our health and safety procedures across the Group the following monitoring control processes have been applied.

Accountability: Global and Unit COOs are accountable for ensuring compliance with H&S procedure.

Group Oversight: The Group oversees our geographical Units' compliance with H&S procedures. This includes providing them with health and safety expertise and advice. Additional support is provided by Human Resources, Premises and Engineering teams, Vendor Managers, Information Technology.

Hierarchy of Controls Approach: Bank ABC has adopted the Hierarchy of Controls approach, which is widely adopted within the H&S industry. This minimizes, or eliminates, exposure to hazards, which are the most effective way to reduce Health and Safety risks. The levels of the hierarchy of controls approach are: (i) Elimination, (ii) Substitution, (iii) Engineering controls, (iv) Administrative controls and (v) Personal protective equipment.

Reporting: All accidents, incidents and near misses within Bank ABC premises or control area, irrespective of the nature of the injury are recorded on the Bank Accident Report Form and reported to Local COO unit within 24 hours. The records are maintained within the Security Office. Depending on the local legislation/regulations it may be necessary to report more serious injuries, near misses, diseases and dangerous occurrences to the local authority or Health and Safety Regulator.

Whistleblowing

We are committed to maintaining the highest standards of ethical and professional behaviour across all its operations and locations. Its reputation and organisational integrity are fundamental for the Bank to operate as successful and fully compliant business.

A culture of openness and accountability is essential to encourage individuals to raise genuine concerns of wrongdoing early on. As part of this commitment, the Bank has developed a detailed Group Whistleblowing Policy, which includes a whistleblowing hotline. The policy aims to:

1. Guard against internal misconduct and fraud.
2. Provide a confidential and transparent process for raising concerns.
3. Ensure concerns can be raised without fear of suffering retribution.

Conflict of Interest

The Bank has clear policies that govern conflicts of interest at Board and employee level. Our Corporate Governance Charter sets out a comprehensive approach to overseeing and managing any conflicts of interest that arise at Board level. Each Director and CBB approved person are required to inform any conflicts, or potential conflicts of interest. They are also required to declare all their interests in other enterprises and activities on an annual basis. Any abstentions from voting due to conflicts of interest will be disclosed in our Annual Report. We also adopt a rigorous approach to avoid conflicts of interest at employee level. This is clearly set out in our Conflicts Management Standard and Conflict Procedure Clearance. All business decisions should be made, and all business activities conducted, in the best interests of the Bank and its customers.

Ethics & Anti-corruption

Bank ABC's Anti-Bribery and Corruption Standard is applicable to all employees.

They also apply to all third parties as a condition of the engagement with the Bank. The purpose of the Group Anti-Bribery and Corruption (ABAC) Standard is to ensure that:

All Employees of Bank ABC understand the ABAC principles, the responsibilities and obligations placed on Bank ABC to comply with relevant Bribery and Corruption laws and/or regulations.

Bank ABC's reputation is protected by taking all reasonable measures to prevent Bank ABC's involvement in Bribery and Corruption.

An ABAC culture is established, which would actively seek to prevent Bribery and Corruption; reasonable and proportionate measures are established and maintained to understand and prevent Bribery and Corruption, and to detect, monitor, report and respond appropriately to any incidences of bribery and corruption which may occur.

Business is conducted with integrity and transparency in compliance with applicable laws, and in accordance with the values and Code of Conduct established by Bank ABC.

Any suspicion or instance of Bribery and Corruption is reported and investigated, and where appropriate, information and assistance are provided to the relevant

external authorities. Bank ABC is committed to satisfying the requirements of these standards and the supporting Group Financial Crime Compliance Policy, and to continuously improving the approach towards mitigating Bribery and Corruption risk.

Non-discrimination

Bank ABC's approach to non-discrimination is set out within its Employee Relations policy document. The document outlines the Corporation's policy to offer equal treatment to all job applicants and employees and not to discriminate on the grounds of race, colour, nationality, ethnic or national origin, sex or marital status. There is non-discrimination in the Terms and Conditions of service offered to employees, and the sole criteria for selection or promotion is the suitability of the applicant for the job. Employees are expected to maintain good standards of work ethics, both in terms of their personal and professional conduct and performance. The practice of discrimination by an employee, at any level, will be regarded as a disciplinary offence dealt with under the disciplinary procedure. It also addresses cases of harassment of employees and customers with, setting out clearly defined disciplinary procedures.

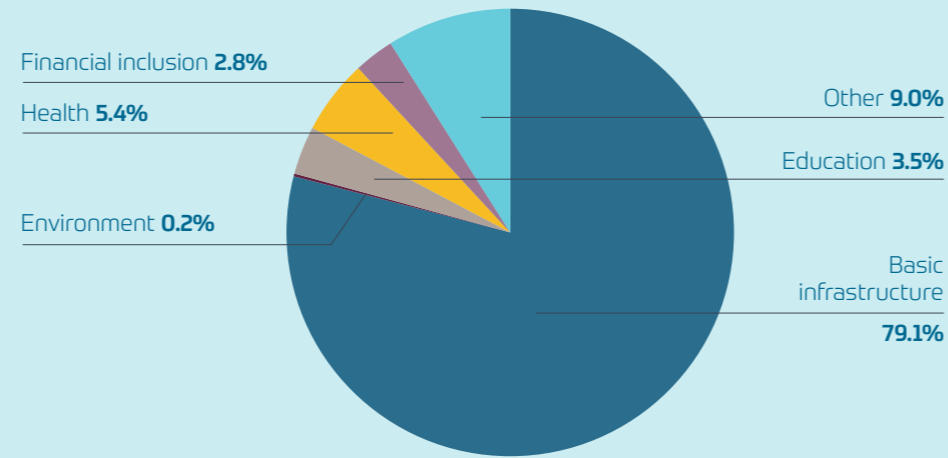


Maintenance and Security staff Iftar gathering in Bahrain

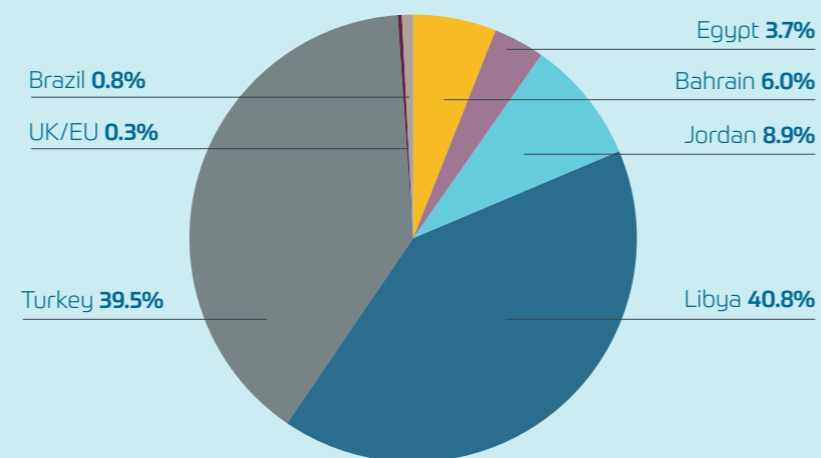
3.5.2 Our Communities

Bank ABC donated US\$5.1 million to its communities in 2023, equivalent to 1.4% of our pre-tax profit. Donations were spread across 52 projects, primarily within the MENA region. A significant part of this was in response to the Turkish earthquake disaster and the Libyan flood catastrophe. The Bank donated US\$2 million each towards the relief works in Turkey and Libya as part of its duty to help rebuild these communities.

CSR investment in 2023: split by category



CSR investment in 2023: split by geography



Bank ABC donated to relief efforts after the Turkiye earthquake



Donation made to support the TEGV Diyarbakir Activity Center

Corporate Social Responsibility Highlights in 2023

Basic Infrastructure

- Turkish earthquake relief to support the relief efforts that struck Turkey and Syria in February (US\$2 million)
- Libyan flood donation distributed to national and international relief efforts to mitigate the impact of the floods in Eastern Libya (US\$2 million)



Environment

- Providing support to the Arab Group for the Protection of Nature to help farmers and increase green space in Jordan
- Continue to support the Jordanian Environment Society by sponsoring its national clean-up campaign
- Staff in the the ABC IB offices in London spends two days helping to build a community garden to benefit the residents of Eastend Homes, a social housing charity



Corporate Social Responsibility Highlights in 2023

Health & Wellbeing

- Donation to Muntada Aid, for paediatric cardiac catheterisation missions to Libya (US\$77K)
- US\$ 35K donated to Gift of Life charity organization in Jordan
- One cardiology intensive care unit donated to Ain Shams University Hospital in Egypt (US\$32K)
- Sponsored the “Running Against Cancer” half-marathon organised by the NOURANE Association in Tunisia



Education

- Supporting community schools in Egypt by donating to Misr El Kheir Foundation (US\$83K)
- Donation made to Misr International University in Cairo to support business intelligence (US\$65K)
- Financial support given to the Queen Rania Foundation for Education and Development in Jordan (US\$42K)
- Donation made to the Young Muslim Women’s Association Centre for Special Education in Jordan (US\$9K)
- Provided financial aid to under privileged school children and college students in Tunisia through the Foundation FACE Tunisia in collaboration with CDIS



Other

- ila Bank, Bahrain facilitated general financial debt relief (\$140K)
- Donation made to the National Aid Fund in Jordan
- Banco ABC Brasil donates to Natal do Bem funding seven different charitable organisations (\$39k)



Bank ABC Tunisia participated in a marathon to raise cancer awareness



Inauguration of Bank ABC community school in collaboration with Misr El Kheir Foundation



Bank ABC Jordan supporting the Arab Group for the Protection of Nature



Bank ABC Egypt signed an MoU with the Ministry of Social Solidarity

04

Appendices



Appendices

Appendix 1: Data Tables



	Unit	Scope	2022	2023
1. HUMAN RESOURCES				
Parental leave				
Total number of employees that took parental leave	Number	Group	-	139
Number of males that took parental leave	Number	Group	-	67
Number of females that took parental leave	Number	Group	-	72
Bahraini nationals				
Total number of Bahraini nationals	Number		-	358
Bahraini nationals as % of total employees	%		-	63
Workforce overview				
Total workforce	Number	Group	4,801	5,127
Full-time employees	%	Group	-	90
Part-time/contract employees	%	Group	-	10
Workforce by category				
Senior management	%	Group	4	4
Middle management	%	Group	33	34
Non-management	%	Group	63	62
Workforce by age				
Employees age under 30	%	Group	19	18
Employees age 30-50	%	Group	67	67
Employees age 50+	%	Group	14	15
Workforce by gender				
Male	%	Group	67	66
Female	%	Group	33	34

	Unit	Scope	2022	2023
Female representation by grade				
Senior management				
Male	%	Group	76	85
Female	%	Group	24	15
Middle management				
Male	%	Group	71	70
Female	%	Group	29	30
Non-management				
Male	%	Group	63	62
Female	%	Group	36	37
Internships by gender				
Total number of internships during the year	Number	Group	-	307
Male interns as a % of total	%	Group	-	51
Female interns as a % of total	%	Group	-	49
Gender pay gap				
Gender pay gap ratio	%	Group	-	8.9
Training				
Total training	Hours	Group	-	107,589
Average training per full-time employee (FTE)	Hours/FTE	Group	-	24
Total training split by employee grade				
Senior management	%	Group	-	3
Middle management	%	Group	-	22
Non-management	%	Group	-	75
Total training hours split by gender				
Male employees	%	Group	-	65
Female employees	%	Group	-	35
Total training hours split by contract type				
Full-time employees	%	Group	-	85
Part-time, contract and interns	%	Group	-	15

Appendices

Appendix 1: Data Tables (Continued)

	Unit	Scope	2022	2023
Employees taking university degree/professional qualification				
Total number of employees taking university degree/professional qualification	Number	Group	-	252
Number of males taking university degree/professional qualification	Number	Group	-	157
Males taking degrees/qualifications as % of total males	%	Group	-	5.2
Number of females taking university degree/professional qualification	Number	Group	-	95
Females taking degrees/qualifications as % of total females	%	Group	-	6.1
Turnover				
Total employee turnover	%	Group	-	11.2
Turnover by gender				
Turnover of male employees	%	Group	-	10.9
Turnover of female employees	%	Group	-	11.7
Turnover by age				
Turnover of employees aged under 30	%	Group	-	16
Turnover of employees aged 31-50	%	Group	-	9
Turnover of employees aged 50+	%	Group	-	12
Absenteeism				
Employee absenteeism rate	%	Group	-	12.8
Grievances				
Number of grievances filed during year	Number	Group	5	7
% of grievances addressed or resolved	%	Group	100	100
Employee engagement survey				
Employee response rate	%	Group	-	87
Employee engagement rate	%	Group	-	64
Employee wellness				
Amount invested in employee wellness activities	US\$ ('000's)	Group	-	44
Number of employee wellness activities	Number	Group	-	18
Health & safety				
Total number of fatalities	Number	Group	0	0
Total number of injuries	Number	Group	12	17
Number of lost days due to injuries	Number	Group	266	82

	Unit	Scope	2022	2023
2. COMMUNITY INVESTMENT				
Community investment				
Total community investment	US\$,m	Group	-	5.1
Total community investment as % of pre-tax profit	%	Group	-	1.4%
Number of community projects	Number	Group	-	52
Total community investment split by category				
% of community investment spent on basic infrastructure	%	Group	-	79.1
% of community investment spent on environment	%	Group	-	0.2
% of community investment spent on education	%	Group	-	3.5
% of community investment spent on health	%	Group	-	5.4
% of community investment spent on financial inclusion	%	Group	-	2.8
% of community investment spent on other	%	Group	-	9.0
3. PROCUREMENT				
Procurement				
Total number of suppliers	Number	Group	2,167	2,446
Total number of head office suppliers	Number	Bahrain	546	639
Total procurement spending	US\$,m	Group	155	192
Total procurement spending	US\$,m	Bahrain	101	129
4. GOVERNANCE, COMPLIANCE & RISK				
Board of Directors				
Number of members of Group Board of Directors*	Number	Group	9	9
Number of independent members of Group Board of Directors	Number	Group	4	4
Non-executive members of Group Board of Directors	%	Group	55	55
Female member of Group Board of Directors as % of total members	%	Group	11	11
Female members of all ABC's Boards of Directors as % of total members	%	Group	16	16
Directors Code of Conduct	-	Group	Yes	Yes
Board oversight of sustainability	-	Group	Yes	Yes
*The term of the Board of Directors is 3 years. The tenure of elected independent directors cannot exceed 3 consecutive terms, or 9 years in aggregate. There is no limit on the number of years that non-executive members can serve on the Board. The Board is comprised of 4 elected members and 5 appointed non-executive members.				
Compliance				
Number of regulatory breaches that were intentional or due to gross negligence	Number	Group	-	0
Number of hours of training on Code of Conduct and Whistleblowing	Hours/FTE	Group	-	1

Appendices

Appendix 1: Data Tables (Continued)

	Unit	Scope	2022	2023
Cyber security				
Data security breaches				
Number of data security breaches	Number	Group	0	0
Number of account holders impacted	Number	Group	0	0
% of employees that completed ABC's data security training	%	Group	99	99
5. ENVIRONMENTAL PERFORMANCE				
Energy				
Electricity consumption	KWh	Group	22,882,045	24,955,730
Electricity consumption per FTE	KWh/FTE	Group	5,204	5,027
Renewable energy as % of total energy	%	Group	-	9
GHG emissions				
Scope 1	tCO2e	Group	-	1,435
Scope 2	tCO2e	Group	-	14,220
Scope 3 (excluding financed emissions)	tCO2e	Group	-	76,897
Total GHG emissions (Scope 1, 2 & 3)	tCO2e	Group	-	92,552
Total GHG emission intensity	tCO2e/m\$ revenue	Group	-	72.3
Total GHG emissions per FTE	tCO2e/FTE	Group	-	18.6
Breakdown of total GHG emissions (Scope 1, 2 & 3) by category				
% of GHG emissions from owned buildings and fleet (Scope 1)	%	Group	-	2
% of GHG emissions from electricity (Scope 2)	%	Group	-	15
% of GHG emissions from suppliers (Scope 3)	%	Group	-	75
% of GHG emissions from commuting & business travel (Scope 3)	%	Group	-	7.7
% of GHG emissions from waste & water (Scope 3)	%	Group	-	0.3
Water consumption				
Total water consumption	m ³	Group	-	65,272
Water consumption per FTE	m ³ /FTE	Group	-	14.2
Waste consumption				
Total waste	Mt	Group	-	163
Waste per FTE	kg/FTE	Group	-	52
Waste to landfill	Mt	Group	-	98
Waste to landfill per FTE	kg/FTE	Group	-	31
Waste to landfill as % of total waste	%	Group	-	60
Recycled waste	Mt	Group	-	65
Recycled waste as % of total waste	%	Group	-	40

	Unit	Scope	2022	2023
Breakdown of recycled waste				
Recycled paper as % of total recycled waste	%	Group	-	57
Recycled plastic as % of total recycled waste	%	Group	-	36
Recycled cardboard as % of total recycled waste	%	Group	-	5
Recycled metal as % of total recycled waste	%	Group	-	2
Paper consumption				
Paper consumption	Mt	Group	-	156
Recycled paper as % of total paper consumption	%	Group	-	24
6. FINANCIAL PERFORMANCE				
Indicator				
Total assets	US\$,m	Group	36,639	43,892
Loans and advances	US\$,m	Group	18,190	19,096
Customer deposits	US\$,m	Group	21,831	23,847
Total equity	US\$,m	Group	4,521	4,804
Revenue	US\$,m	Group	1,101	1,279
Net profit	US\$,m	Group	154	235
Total revenues split by business segment				
MENA	%	Group	24	21
International Wholesale	%	Group	23	23
Group Treasury	%	Group	9	7
Brazil	%	Group	37	34
Other	%	Group	8	16
Total revenues split by geography				
Bahrain	%	Group	24	27
Europe	%	Group	10	13
Brazil	%	Group	37	34
Other	%	Group	29	26
Key performance metrics				
Return on equity				
Cost-income ratio	%	Group	63	60
NPL ratio	%	Group	3.5	3.6
Provision coverage	%	Group	101	94
Loan-to-deposit ratio	%	Group	85	81
Liquidity coverage ratio (LCR)	%	Group	225	278
Tier 1 CAR	%	Group	15.7	15.0
Total CAR	%	Group	16.8	16.1

Appendices

Appendix 2: GRI Standards Content Index

Bank ABC Group has reported the information set out in this Global Reporting Initiative (GRI) Content Index for the period 1st of January to 31st December 2023 with reference to the GRI Standards. This has been done based on the requirements laid out in GRI 1: Foundation 2021. The disclosures related to the respective GRI Standards have been referenced in the Index below. In some instance, information could not be provided due to the limitations of data availability.

GRI Standard	Disclosure number and title	Reference
General Disclosures		
GRI 2: General Disclosures 2021	1-2 Organisational details	Section 1.4, pages 7-12
	2-2 Entities included in the organisation's sustainability reporting	Section 1.1, page 4
	3-2 Reporting period, frequency and contact point	Section 1.1, page 4
	4-2 Restatements of information	Not applicable
	5-2 External Assurance	Bank ABC's 2023 Sustainability Report has not received external assurance. All future annual sustainability reports will obtain external assurance.
	6-2 Activities, value chains and other business relationships	Section 1.4, pages 7-12
	7-2 Employees	Section 1.4, page 8; Section 3.5, pages 40-43; Appendix 1, pages 48-49
	8-2 Workers who are not employees	Not applicable
	9-2 Governance structure and composition	Section 3.1, pages 24-26
	10-2 Nomination and selection of highest governance body	Appendix 1, page 49
	11-2 Chair of highest governance body	Appendix 1, page 49
	12-2 Role of the highest governance body in overseeing the management of impacts	Section 3.1, pages 24-26
	13-2 Delegation of responsibility for managing impacts	Section 3.1, pages 24-26
	14-2 Role of highest governance body in sustainability reporting	Section 3.1, pages 24-26
	15-2 Conflicts of interest	Section 3.5, page 43
	16-2 Communications of critical concerns	Section 3.5, page 43
	17-2 Collective knowledge of highest governance body	Section 3.1, page 24
	18-2 Evaluation of performance of the highest governance body	Annual Report 2023, pages 101-119
	19-2 Remuneration policies	Annual Report 2023, pages 101-119
	20-2 Process to determine remuneration	Annual Report 2023, pages 101-119
	21-2 Annual total compensation ratio	-
	22-2 Statement on sustainable development strategy	Section 2.1, pages 16-18

GRI Standard	Disclosure number and title	Reference
	23-2 Policy commitments	Section 3.2, pages 30-31; Section 3.5, pages 42-43
	24-2 Embedding policy commitments	Section 3.2, pages 30-31; Section 3.5, pages 42-43
	25-2 Process to remediate negative impacts	Section 3.2, pages 30-31; Section 3.5, pages 42-43
	26-2 Mechanisms for seeking advice and raising concerns	Section 3.5, pages 42-43
	27-2 Compliance with laws and regulations	Section 3.5, pages 42-43
	28-2 Memberships of Association	PCAF & SASB
	29-2 Approach to stakeholder engagement	Section 1.3, page 6; Section 2.1, pages 16-18; Section 2.3, page 20
	30-2 Collective bargaining agreements	-
GRI 3: Material Topics 2021		
	1-3 Process to determine material topics	Section 2.3, page 20
	2-3 List of material topics	Section 2.3, page 20
GRI 201: Economic performance 2016		
GRI 3: Material Topics 2021	3-3 Management of material topics	Section 2.2, page 19; Section 2.4, pages 21-22
Economic performance	1-201 Direct economic value generated and distributed	Section 1.4, page 9; Appendix 1, page 50
GRI 203: Indirect Economic Impacts 2016		
GRI 3: Material Topics 2021	3-3 Management of material topics	Section 2.2, page 19; Section 2.4, pages 21-22
Indirect Economic performance	1-201 Infrastructure investments and services supported	-
Indirect Economic performance	2-203 Significant indirect economic impacts	Section 3.5, pages 44-46; Appendix 1, page 49
GRI 204: Procurement Practices 2016		
GRI 3: Material Topics 2021	3-3 Management of material topics	Section 3.2, pages 30; Appendix 1: page 49
Procurement practices	1-204 Proportion of spending on local suppliers	-
GRI 205: Anti-corruption 2016		
GRI 3: Material Topics 2021	3-3 Management of material topics	Section 3.5, page 43; Appendix 1, page 49
Anti-corruption	1-205 Operations assessed for risks related to corruption	Section 3.5, page 43; Appendix 1, page 49
	2-205 Communication and training about anti-corruption policies and procedures	Section 3.5, page 43; Appendix 1, page 49
	3-205 Confirmed incidents of corruption and actions taken	Nil

Appendices

Appendix 2: GRI Standards Content Index (Continued)

GRI Standard	Disclosure number and title	Reference
GRI 301: Materials 2016		
GRI 3: Material Topics 2021	3-3 Management of material topics	Section 3.2, page 27-29; Appendix 1, page 50
Materials	1-301 Materials used by weight or volume	Section 3.2, page 27-29; Appendix 1, page 50
GRI 302: Energy 2016		
GRI 3: Material Topics 2021	3-3 Management of material topics	Section 3.2, pages 27-29; Appendix 1, page 50
Energy	1-302 Energy consumption within the organisation	Section 3.2, pages 27-29; Appendix 1, page 50
	2-302 Energy consumption outside of the organisation	Section 3.2, pages 27-29; Appendix 1, page 50
	3-302 Energy intensity	Section 3.2, pages 27-29; Appendix 1, page 50
	4-302 Reduction of energy consumption	Section 3.2, pages 27-29; Appendix 1, page 50
GRI 305 Emissions 2016		
GRI 3: Material Topics 2021	3-3 Management of material topics	Section 3.2, pages 27-29; Appendix 1, page 50
Emissions	1-305 Direct (Scope 1) GHG emissions	Section 3.2, pages 27-29; Appendix 1, page 50
	2-305 Indirect (Scope 2) GHG emissions	Section 3.2, pages 27-29; Appendix 1, page 50
	3-305 Other indirect (Scope 3) GHG emissions	Section 3.2, pages 27-29; Appendix 1, page 50
	4-305 GHG emission intensity	Section 3.2, pages 27-29; Appendix 1, page 50
	5-305 Reduction of GHG emissions	Section 3.2, pages 27-29; Appendix 1, page 50
GRI 401 Employment 2016		
GRI 3: Material Topics 2021	3-3 Management of material topics	Section 3.5, page 40-43; Appendix 1, page 48-49
Employment	1-401 New employee hires and employee turnover	Appendix 1, page 49
	2-401 Benefits provided to full-time employees that are not provided to temporary or part-time employees	-
	3-401 Parental leave	Appendix 1, page 48
GRIS 404 Training and education 2016		
GRI 3: Material Topics 2021	3-3 Management of material topics	Section 3.5, page 40-42; Appendix 1, page 48-49
Training and education	1-404 Average hours of training per employee.	Section 3.5, page 40; Appendix 1, page 48
	2-404 Programmes for upgrading employee skills and transition assistance programmes	Section 3.5, pages 40, 42
	3-404 Percentage of employees receiving regular performance and career development reviews	-

GRI Standard	Disclosure number and title	Reference
GRI 405 Diversity and Equal Opportunity		
GRI 3: Material Topics 2021	3-3 Management of material topics	Section 3.5, pages 40-41; Appendix 1, page 48-49
Diversity and equal opportunity	1-405 Diversity of governance bodies and employees	Section 3.5, page 40-41; Appendix 1, page 48-49
	2-405 Ratio of basic salary and remuneration of women to men	Section 3.5, page 40-41; Appendix 1, page 48
GRI 406: Non-discrimination 2016		
GRI 3: Material Topics 2021	3-3 Management of material topics	Section 3.5, page 43
Non-discrimination	1-406 Incidents of discrimination and corrective actions taken	Appendix 1, page 49
GRI 414 Supplier Social Assessment 2016		
GRI 3: Material Topics 2021	3-3 Management of material topics	Section 3.2, pages 27, 30
Supplier social assessment	1-414 New suppliers that were screened using social criteria	-
	2-414 Negative social impacts in the supply chain and actions taken	-
GRI 417 Marketing and Labelling 2016		
GRI 3: Material Topics 2021	3-3 Management of material topics	-
Marketing and labelling	1-417 Requirements for product and service information and labelling	-
	2-417 Incidents of non-compliance concerning product and service information and labelling	-
	3-417 Incidents of non-compliance concerning marketing communications	-
GRI 418 Customer Privacy 2016		
GRI 3: Material Topics 2021	3-3 Management of material topics	Section 3.2, page 30
Customer privacy	1-418 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Appendix 1, page 50

Appendices

Appendix: 3: Central Bank of Bahrain’s ESG Disclosure requirements

Bank ABC Group has reported the information for the period 1st of January to 31st December 2023 in accordance with Central Bank of Bahrain’s (CBB) ESG disclosure requirements. The disclosures related to the respective CBB’s ESG disclosure requirements have been referenced in the Index below. In some instance, information could not be provided due to the limitations of data availability.

KPI	Reference	Omissions
Environmental		
E.1: Environmental Oversight	Section 3.1, pages 24-26	
E.2: Energy Consumption	Section 3.2, pages 27-28; Appendix 1, page 50	
E.3: Energy Intensity	Section 3.2, pages 27-28; Appendix 1, page 50	
E.4: Energy Mix	Section 3.2.4, page 29; Appendix 1, page 50	
E.5: GHG Emissions	Section 3.2, pages 27-28, Appendix 1, page 50	
E.6: Emission intensity	Section 3.2, page 27-28, Appendix 1, page 50	
E.7: Climate Risk Mitigation	Section 3.2, pages 27-31; Section 3.3, pages 32-34	
E.8: Water Usage	Section 3.2, pages 27, 29	
E.9: Waste Generation	Section 3.2, pages 27, 29	
E.10: Emissions Targets	Section 3.2, pages 27-29; Section 3.3, pages 32-34	
Social		
S.1: Total Workforce by sex, age-group, and employment type	Section 3.5, page 40; Appendix 1, page 48	
S.2: Child and Forced Labour		A formal policy on Child and Force Labour is in development.
S.3: Employee Turnover	Section 3.5, page 40; Appendix 1, page 49	
S.4: Gender Pay Ratio	Section 3.5, page 40-41; Appendix 1, page 48	
S.5: Health and Safety	Section 3.5, page 42; Appendix 1 page 51	
S.6: Non-Discrimination	Section 3.5, page 43	
S.7: Nationalisation	Appendix 1, page 48	
S.8: Community Investment	Section 3.5.2, pages 44-46	
S.9: Human Rights		A formal policy on Human Rights is in development.
S.10: Management Composition/Diversity	Appendix 1, page 48	
S.11: Development and Training	Section 3.5, pages 40, 42; Appendix 1, page 48	
Governance		
G.1: Board composition	Appendix 1, page 49	
G.2: Collective Bargaining		Data to be captured in FY2024.
G.3: Whistleblowing	Section 5.1, page 43	
G.4: Data Privacy	Section 3.2, page 30, Appendix 1, page 50	
G.5: Disclosure Practices	Section 1.1, page 4, Appendix 2, pages 51-52 Section 3.4, pages 35-39	
G.6: Conflict of Interests	Section 3.5, page 43	
G.7: Supplier Code of Conduct	Section 3.2, page 30, Appendix 1, page 49	
G.8: Incentivised Pay	Section 2.3, page 20; Section 2.4, page 21; Section 3.1, page 24	
G.9: Ethics & Anti-Corruption	Section 3.5, page 43	
G.10: Assurance	Section 1.1, page 4; Appendix 2, page 51	





BankABC



+973 1754 3000



bank-abc.com



@BankABC