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Independent Limited Assurance Report on selected ESG performance metrics

To: The Board of Directors of the Saudi Awwal Bank [formerly The Saudi British Bank]

The Board of Directors of the Saudi Awwal Bank (the “SAB”) [formerly The Saudi British Bank] engaged us to obtain limited assurance on the Key Performance Indicators (“KPI”) as defined within the *Subject Matter Information and Reporting Criteria* section of this report and marked with the symbol (A) within the ‘SAB ESG Report 2022’, for the year ended 31 December 2022 (the “ESG Report”).

Our assurance conclusion does not extend to information in respect of earlier periods or to any other information included in, or linked from, the ESG Report including any images.

Our limited assurance conclusion

Based on the procedures we have performed, as described under the *Summary of work performed* section of our report and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information marked with the symbol (A) in SAB’s ESG Report for the year ended 31 December 2022, has not been prepared, in all material respects, in accordance with the Reporting Criteria set out in Appendix A and referenced in the Subject Matter Information and Reporting Criteria section below.

Subject Matter Information and Reporting Criteria

The Subject Matter Information needs to be read and understood together with the Reporting Criteria, which SAB is solely responsible for selecting and applying. The Subject Matter Information and the Reporting Criteria are set out in the table below:

| Subject Matter Information | | Value | Location of the Subject Matter Information in the SAB's ESG Report 2022 (page#) | Reporting Criteria |
|--|--|----------------------------|---|---|
| Energy Consumption (kWh) ^A | | 34,941,966 | 62 | The Reporting Criteria is set out in Appendix A (Reporting Criteria). |
| Diversity: Gender diversity statistics at year-end for categories | Board (number of males; number of females) ^B | Male: 10 Female: 01 | 74 | |
| | Total Full Time Employees (number of males; number of females) ^A | Male: 2,876 Female: 833 | | |
| Training and Career Development: Total training delivered (hours) ^A | | 58,700 | 92 | |
| Compliance with regulations ^C | Total incidents of non-compliance with SAMA instructions (number of incidents) | 26 | 112 | |
| | Total number of non-monetary warning letters (number of warning letters) | 6 | | |

The footnotes A-C refer to our assessment of materiality discussed in the Materiality section of this report.



Independent Limited Assurance Report on selected ESG performance metrics (continued)

Inherent limitations

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, evaluation and measurement techniques that can affect comparability between entities, and over time.

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the underlying subject matter and the methods used for determining such information. The precision of different measurement techniques may also vary.

Responsibilities of the Directors

The Directors of SAB are responsible for:

- determining appropriate reporting topics and selecting or establishing suitable criteria for measuring or evaluating the underlying subject matter;
- ensuring that those criteria are relevant and appropriate to SAB and the intended users of the ESG Report;
- the preparation of the Subject Matter Information in accordance with the Reporting Criteria including designing, implementing and maintaining systems, processes and internal controls over the evaluation or measurement of the underlying subject matter to result in Subject Matter Information that is free from material misstatement, whether due to fraud or error; and
- producing the ESG Report, including underlying data and a statement of directors' responsibility, which provides a balanced reflection of SAB's performance in this area and discloses, with supporting rationale, matters relevant to the intended users of the Report.

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Subject Matter Information is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the Directors of SAB.

Professional standards applied

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information', issued by the International Auditing and Assurance Standards Board as endorsed in the Kingdom of Saudi Arabia.



Independent Limited Assurance Report on selected ESG performance metrics (continued)

Professional Ethics and Quality Management

We have complied with the independence requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the “Code”), that is relevant to our limited assurance engagement, and we have fulfilled our other ethical responsibilities in accordance with the Code’s requirements.

The firm applies International Standard on Quality Management 1 (ISQM 1), as endorsed in the Kingdom of Saudi Arabia, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Materiality

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Subject Matter Information is likely to arise.

Based on our professional judgement, we determined materiality for the Subject Matter Information as indicated in the table by one of the following letters:

- A. This metric is an absolute number. A benchmark materiality of 5% has been applied.
- B. This metric is an absolute number and relates to board members. A benchmark materiality of one individual has been applied.
- C. This metric is an absolute number and relates to compliance with regulations. A benchmark materiality of one incident or sanction has been applied.

For each metric, the materiality threshold means that a misstatement of that amount or higher would lead us to conclude that the Subject Matter Information had not been prepared in all material respects in accordance with the Reporting Criteria.

Summary of work performed

We performed a limited assurance engagement. Limited assurance can cover a range of assurance from low (i.e. just above assurance that is likely to enhance the intended user’s confidence about what has been assured to a degree that it is clearly more than inconsequential) to just below reasonable assurance. Because the level of assurance in a limited assurance engagement varies in this way, we give more detail about the procedures performed, so that the intended users can understand the nature, timing and extent of procedures we performed as context for our conclusion. These procedures performed vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

In performing our assurance procedures, which were based on our professional judgement, we performed the following:

- considered the suitability in the circumstances of SAB’s use of the Reporting Criteria, as the basis for preparing the Subject Matter Information;



Independent Limited Assurance Report on selected ESG performance metrics (continued)

Summary of work performed (continued)

- through inquiries with SAB's management, including the ESG working group and those with responsibility for sustainability management and reporting, obtained an understanding of SAB's control environment, processes and systems relevant to the preparation of the Subject Matter Information. Our procedures did not include evaluating the suitability of design or operating effectiveness of control activities;
- evaluated the appropriateness of measurement and evaluation methods, reporting policies used and estimates made by SAB, noting that our procedures did not involve testing the data on which the estimates are based or separately developing our own estimates against which to evaluate SAB's estimates;
- performed limited substantive testing on a selective basis of the Subject Matter Information, which is aggregated from information submitted by the relevant functions and departments to SAB's ESG working group. Testing involved: agreeing arithmetical accuracy and agreeing data points to or from source information to check that the underlying subject matter had been appropriately evaluated or measured, recorded, collated and reported; and
- considered the disclosure and presentation of the Subject Matter Information.

Other information

The other information comprises all of the information in the ESG Report other than the Subject Matter Information and our assurance report. The directors are responsible for the other information. As explained above, our assurance conclusion does not extend to the other information and, accordingly, we do not express any form of assurance thereon. In connection with our assurance of the Subject Matter Information, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Subject Matter Information or our knowledge obtained during the assurance engagement, or otherwise appears to contain a material misstatement of fact. If we identify an apparent material inconsistency or material misstatement of fact, we are required to perform procedures to conclude whether there is a material misstatement of the Subject Matter Information or a material misstatement of the other information, and to take appropriate actions in the circumstances.

Use of our report

Our report, including our conclusion, has been prepared solely for the Board of Directors of SAB in accordance with the agreement between us dated 20 March 2023 (the "agreement"). To the fullest extent permitted by law, we do not accept or assume responsibility or liability to anyone other than the Board of Directors and SAB for our work or this report except where terms are expressly agreed between us in writing.

PricewaterhouseCoopers

Bader I. Benmohareb
License No. 471

19 June 2023

Appendix A: SAB's Reporting Criteria



SAB ESG Reporting Criteria

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Glossary

| Term | Definition |
|------------------------------|--|
| Bank or SAB | Saudi Awwal Bank [formerly The Saudi British Bank] |
| Board EXCOM Committee | Board Executive Management Committee |
| Board members | Directors appointed to the Board of the Bank |
| Executive Management | CEO & Managing Director including his direct reports |
| Middle and Junior Management | All remaining roles in the Bank |
| Report | SAB ESG Report |
| Senior Management | General Managers and Heads of Departments |

Introduction and General Notes

a. Introduction

During 2022, SAB formalized the ESG strategy with an ambition to set targets to scale up positive and address negative impacts in line with global and local goals. This will enable us to broaden our scope from a focus on profit-making to sustainable and equitable value creation. Our ESG strategy has been developed in consultation with a broad range of stakeholders. The process of monitoring, reporting, and improving our ESG performance is a continuous journey, and we are at the very start of this journey. Our intention is to communicate our journey for improved transparency to all of our stakeholders through the Report.

This document provides details on SAB's definitions, scope and data preparation for transparency of annual ESG reporting of assured metrics.

b. ESG Governance

As part of SAB's ESG Strategy, a new ESG office has been created with responsibilities relating to developing the ESG strategy, supporting the ESG deliverables against the strategy, reporting on the work progress, and disclosing externally through the ESG Report. The ESG office reports into SAB's Company Secretary, who reports to SAB CEO & Managing Director.

SAB has also setup an overarching ESG Steering Committee to oversee the ESG Strategy and deliverables. Decision related to ESG including the ESG Report are reviewed and signed off by this committee. The ESG Steering Committee reports to SAB's Board Executive Management Committee, and is chaired by SAB CEO and Managing Director. The committee has attendance including:

- Managing Director (Chair)
- Chief Financial Officer
- Chief Risk Officer
- Chief Operational Officer
- Chief Corporate and Institutional Banking Officer
- Chief Retail Banking and Wealth Management Officer
- Chief Treasury Officer
- Company Secretary
- Chief Human Resource Officer
- Chief Strategy Officer

For more information about ESG Steering Committee, please refer to page # 104 of the ESG Report.

c. ESG Report Governance

To establish the ESG report, there was an extensive data collection exercise. The data was provided by each department and function. The data was reviewed by the Senior Management of the department before being incorporated in the report. Post incorporation of data, the final output of the report was reviewed and signed off by either the department head or respective member of the Executive Management.

The final report was then circulated to the ESG Steering Committee for review, feedback and approval. Post receiving endorsement from the ESG Steering Committee, the report was submitted to the Board Executive Management Committee for sign off, and eventually submitted to SAB's Board of Directors for final sign off.

Since this is SAB's first ESG Report, we have selected a limited number of data sets for assurance. As we mature in our ESG journey, we expect the reporting criteria to evolve and our data collection and reporting capabilities to improve, which may result in an increased number of metrics to be independently assured in future reports.

d. General Reporting Boundaries and Definitions

While SAB has shareholding in other legal entities, our ESG Report is centered solely around SABs operations and activity i.e. Saudi Awwal Bank legal entity. All subsidiaries and/or associates such as HSBC Saudi Arabia and SAB Invest are excluded from the data within this ESG Report.

The report covers for each year (e.g. 2020, 2021 or 2022) the period from 1st January to 31st December. Independent limited assurance has been provided for the year ended 31 December 2022.

e. Definition of Changes Requiring Restatement

Changes to data such as from business acquisitions/divestments/disposals or methodology updates, will only be considered as material, requiring past years' performance measures, baselines and disclosures to be re-stated, if they result in a greater than 5% change to the original values. If a restatement is required due to material changes, this will be completed for each specific performance measure at the next formal disclosure (annually) and will be amended in baseline values and for the intervening years. An associated explanation of the variance will be provided.

Electricity Consumption

a. Reporting Boundaries

The report covers for each year (i.e. 2021 and 2022) the period from 1st January to 31st December.

The Building and Facility Management infrastructure of SAB sits within the custody of the Corporate Real Estate Department which resides within SAB's Chief Operating Officer remit. The Bank reports the total space related to electricity consumption of all SAB owned and leased corporate buildings. Branches that are only customer-facing and do not have adjoining corporate buildings are excluded. The total space of the buildings included within the described boundary is 114,613 m² compared to 99,135 m² that is out of scope. A complete list of all buildings included in the report is shown below:

| Building | Ownership Status |
|---|------------------|
| SAB Head Office | Owned |
| Sitten Building | Owned |
| Super Branch Building | Owned |
| Al-Waha Building | Owned |
| Western Province Management Head Office | Owned |
| Eastern Province Management Head Office | Owned |
| Al-Awwal Head Office | Owned |
| CPD Building | Leased |
| Sharafia | Owned |

b. Definition and Scope

Electricity consumption is for general purpose use and is reported in kilowatt hours (kWh). Electricity consumption figures represent the majority of the energy usage with the exception of rare occasions when the buildings are operated by backup generators. The overall consumption from backup generators are excluded.

c. Process of Capture and Data Measurement

For the buildings in-scope, there is only one electricity vendor for all locations of SAB offices, which is the Saudi Electricity Company. The vendor provides electricity meter readings depicted in kWh in their monthly invoices, which is compiled to provide the annual electricity figure in the ESG report. Invoices and consumption data are monitored by the Corporate Real Estate department. The department is responsible for raising any objections to the service provider in the case of an abnormal reading. In the case of a dispute, the service provider initial reading will be used unless the case is settled in the favor of the Bank.

Gender Diversity

a. Reporting Boundaries

The report covers gender diversity data for each year (i.e. 2021 and 2022) the periods from 1st January to 31st December.

Gender diversity data is reported for Full Time Employees (FTE) only. Outsourced employees and trainees are not in scope for this metric. In the Report, the gender diversity of the Board of Directors is separately reported.

b. Definition and Scope

The definition of Full Time Employee (FTE) is that these are staff that hold direct individual contracts with SAB as appearing at the end of the reporting period in the Human Resource Management Information System irrespective of the number of hours they worked for SAB. Outsourced employees are individuals contracted to work on a temporary basis or only to conduct a specific work. Trainees are defined as individuals who are currently pursuing university level education, or have recently graduated, and are occupying positions for short to medium-term periods.

c. Process of Capture and Data Measurement

Gender diversity statistics are collated annually through Human Resource (HR) Management Information Systems. Data is first collected at the time of recruitment of new staff through their National ID or passport and is verified by the prospective employee. The data is later verified during the onboarding process. Furthermore, the HR team rechecks the data as part of registering the employee with the General Organization for Social Insurance (GOSI). For members of the Board of Directors, their genders are obtained from their National IDs and passports during the nomination step as part of the Board members selection process.

Training

a. Reporting Boundaries

The report covers for each year (i.e. 2020, 2021 and 2022) the period from 1st January to 31st December.

Training data is reported for Full Time Employees (FTE) only. Outsourced employees and trainees are not in scope for this metric.

b. Definition and Scope

The definition of Full Time Employee (FTE) is that these are staff that hold direct individual contracts with SAB as appearing at the end of the reporting period in the Human Resource Management Information System irrespective of the number of hours they worked for SAB. Outsourced employees are individuals contracted to work on a temporary basis or only to conduct a specific work. Trainees are individuals who are currently pursuing university level education, or have recently graduated, and who are occupying positions for short to medium-term periods.

SAB provides three main types of learning opportunities:

1. **Mandatory Learnings:** these are delivered through an e-learning platform and are mandatory for all employees to complete during the course of the calendar year. The data presented in the ESG Report excludes Mandatory Learnings.
2. **Self-Development Learning:** these are courses generally delivered by external vendors, that are not mandatory. Employees can register themselves or are nominated from their departments to enroll for these to improve their knowledge and skills to enhance their career growth. Trainings of this type can be either general or technical trainings. The data presented in the ESG Report includes Self-Development Learnings.
3. **Learning through external platforms:** SAB provides the option for staff to use learning platforms like LinkedIn and Coursera to improve their knowledge and skill. The data presented in the ESG Report excludes the learnings through external platforms.

c. Process of Capture and Data Measurement

Total training delivered (hours) is reported for each FTE only when the employee has completed the training, on or before the end of the reporting period. Total Training delivered (hours) is determined by the scheduled training hours and number of person who were recorded as having attended the training. The headcount of employees who completed the training within a given year and their distribution (i.e. male / female / senior / mid / non-management) represents the total number of individuals that completed trainings regardless of the hours of training they underwent.

The data is stored and extracted from SAB's Learning Management System (LMS). Trainings are primarily delivered by external third party vendors. Trainings can be in-person or virtual through Zoom. Reports of completed trainings are provided by 3rd party vendors. There is always a staff member from HR learning team in attendance for the in-person or virtual training to ensure these trainings are actually conducted and employees are attending.

Penalties

a. Reporting Boundaries

The report covers for each year (i.e. 2020, 2021 and 2022) the period from 1st January to 31st December.

b. Definition and Scope

Total incidents of non-compliance with SAMA instructions (number of incidents) covers all the instances of non-compliance which are received from the Saudi Central Bank (SAMA) Enforcement team formally. The incident covers the actions to remediate the non-compliance issue and ensure avoid future recurrence.

Total number of non-monetary warning letters (number of warning letters) are specific instances of non-compliance which are received from the Saudi Central Bank Enforcement team formally which do not have any penalty value but are only considered warnings.

Penalties reported represent all fines received during a given year. Fines are for breaches that can be from the current year or from previous years.

The regulations are communicated by SAMA through circulars issued to banks which are centrally maintained by the Regulatory Affairs team that sits within the Compliance team. The SAMA Circular Inventory is accessible to all internal staff through the Intranet.

c. Process of Capture and Data Measurement

Incidents are centrally communicated to the Regulatory Affairs unit at SAB which are then assigned to the appropriate business or function within the Bank. The business or function logs the incident in the Operational Risk System and also recognize the operational loss (if there is a penalty amount associated with it).

The fines and penalties are reported to the Board on a quarterly basis as part of standing agenda item for the quarterly Board meetings.