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SAB

# ESG Report 2023



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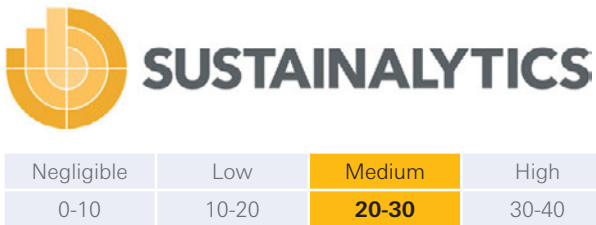
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Our efforts in ESG have been acknowledged



Improved from  
B in 2022 to  
**BBB** in 2023



Improved from from  
36.16 in 2022 (high risk) to  
**27.68** in 2023 (medium risk)



SAB was the **first bank in KSA** to submit to the Carbon Disclosure Project (CDP)





## 01 Introduction

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# About This Report

## Our Approach to Sustainability Reporting

This report provides an overview of sustainability integration within our goals, targets, processes, and operations. The materiality assessment is at the core of our reporting compass and a regularly updated reflection of the critical sustainability concerns voiced by our most significant stakeholders. We believe in transparency and ensuring that what we publish is relevant and meaningful to our stakeholders.

Sustainability is a vast topic, and within this report, we have focused on the material ESG issues for SAB. Please review our annual report and website in conjunction with this report for a more comprehensive view of our current ESG initiatives, financial performance, governance elements, and future outlook:

- > <https://www.sab.com/esg/index.html?/>
- > <https://www.sab.com/en/about-sab/about/Investor-Relations/financial-regulatory-reports/>

To stay in tune with global standards and ensure that our stakeholders receive comprehensive information about our sustainability practices, we have aligned more closely with international frameworks on sustainability- and climate-related disclosures. This report has been inspired by the following international and national commitments, as well as reporting frameworks:

### International Frameworks

UN Global Compact	A voluntary initiative encouraging businesses and organisations to adopt sustainable and socially responsible policies, aligning their operations with ten universally accepted principles in the areas of human rights, labour, environment, and anti-corruption.
UN Sustainable Development Goals	Set of 17 interconnected global objectives adopted by the United Nations to address various social, economic, and environmental challenges and promote sustainable development worldwide by 2030.
UN Principles for Responsible Banking	Framework established by the United Nations to guide banks in integrating sustainability considerations into their operations, strategies, and decision-making processes, aiming to align banking activities with the broader goals of sustainable development.

### National Commitments

Saudi Vision 2030	Ambitious national transformation plan for economic diversification, global engagement, and enhanced quality of life.
Saudi Green Initiative	Supports Saudi Arabia’s ambition to reach Net Zero emissions by 2060 through the Circular Carbon Economy approach and is also accelerating the country’s transition to a green economy. Three overarching targets guide SGI’s work - emissions reduction, afforestation, and land and sea protection.
Saudi Arabia’s Nationally Determined Contribution	Saudi Arabia’s commitment to mitigate climate change by outlining specific targets, actions, and policies aimed at reducing greenhouse gas emissions and adapting to the impacts of climate change, as part of the global effort under the Paris Agreement.



### Standards and Frameworks

Task Force on Climate-related Financial Disclosure’s recommendations	Set of voluntary guidelines designed to help organisations, including businesses and financial institutions, disclose clear, consistent, and comparable information about climate-related risks and opportunities in their financial filings and reports.
IFRS S1 and S2	International standards for sustainability-related reporting published by the International Sustainability Standards Board (ISSB).
SASB	Industry-specific guidance for sustainability-related disclosures.

For more information on our alignment with these frameworks, please consider visiting the [appendix](#).

#### ESG External Assurance

The SAB Board of Directors takes responsibility for this ESG Report. The Board approved this report on May 28, 2024. We have established fair, balanced and understandable reporting criteria for preparing and presenting the non-financial information, available on our [ESG microsite](#).

We recognise the importance of transparency and accountability in reporting our environmental, social, and governance performance. Therefore, each year, we undertake an assurance exercise with an external provider. This year, we have chosen PricewaterhouseCoopers Public Accountants (PwC). PwC has assured indicators reflecting the following ESG areas including:

- > 2022, 2023 greenhouse gas (GHG) emissions (scope 1, 2 and 3 category 1, 2, 3 and 6 excluding financed emissions)

- > 2023 electricity consumption
- > 2023 staff and Board diversity
- > 2023 employee training
- > 2023 penalties
- > 2023 sustainable financing activities

Each time we mention one of the assured indicators, we will mark this with the **A** symbol and provide information in the footnotes.



# Message from our Chair

**2023 was a successful year from a sustainability viewpoint, despite a challenging global environment. As SAB has refreshed its strategy and is now looking towards 2026, the bank has strengthened its ESG Governance, Sustainable Finance practice and approach toward climate change.**

## Fostering sustainable growth in the wake of climate change

I am delighted to introduce SAB's Sustainability Report for 2023. As a bank, we recognise the importance of our role in supporting the Kingdom's sustainability efforts and the global energy transition. The synergy of these objectives contributes significantly to fostering sustainable development both within the Kingdom and beyond.

We acknowledge the severe impact of climate change on Saudi Arabia and the world, which is grappling with extreme temperatures, increasingly frequent floods, water scarcity, and rising sea levels – creating challenging conditions for society and the economy. We recognise the necessity for immediate action, and SAB's commitment to addressing these challenges is evidenced by the initiatives detailed in this report. In light of the mounting challenges posed by climate change, the Bank's Net Zero targets remain in sharp focus. SAB is committed to achieving operational Net Zero emissions by 2035 and reaching Net Zero in its financed emissions by 2060 or sooner.

Concurrently, we remain steadfast in our dedication to Vision 2030

and the Sustainable Development Goals. SAB's unwavering support for local enterprises, especially those small- and medium-sized, through financial solutions paired with a number of CSR initiatives, underscores the Bank's commitment to societal well-being. Additionally, SAB's investment in human capital development is evident through various initiatives undertaken for its workforce and society at large.

I am pleased to share the progress we have achieved in these areas with our stakeholders as we proactively organise for the challenges likely to be posed by environmental, social, and governance factors in the upcoming years.

## Our 2023 ESG Milestones

2023 was a year of genuine progress for SAB. Following the inaugural meeting of the ESG Steering Committee in October 2022, we have employed ESG resources across the Bank paired with the establishment of a dedicated ESG Office, further bolstering our ESG capacity. Throughout 2023, these elements of our ESG governance were pivotal in positioning SAB to oversee and execute numerous

strategic ESG commitments and initiatives. Signing up to the UN Principles for Responsible Banking and the UN Global Compact, actually being the first Bank in the Kingdom to do so, are but two of the more noteworthy milestones of the year.

Recognising our responsibility to support the transition to a low carbon economy, in 2023 the bank put a strong emphasis on furthering our core objective to mobilise financing to support the transition. Most importantly, a Sustainable Debt Framework was developed and introduced. This marks another major milestone, enabling SAB to fulfil its sustainable finance commitment while enhancing transparency and accountability. Having obtained a Second Party Opinion from S&P Global on the Framework is a testament to the high standards SAB is applying. By aligning with key international frameworks, the bank can give its stakeholders confidence that the most stringent principles for sustainable finance are being applied.

Alongside the Sustainable Debt Framework, SAB also instituted a Sustainable Finance Data Dictionary, which lays out how sustainable finance is managed. This, in combination with enhancements

We recognise the need for action on ESG, both on a global level but also for KSA. I am proud of the progress we've made towards our commitments, particularly on climate change, but also on the important contribution we are making to society





of the governance mechanisms, enables SAB to develop, approve, originate, and report on Sustainable Finance products, paving the way to meeting its 2025 Sustainable Finance commitments. All of our businesses, including Corporate & Institutional Banking (CIB), Wealth & Personal Banking (WPB), and Treasury (TSY), have created the necessary structures to enable these processes, with appropriate governance and oversight by relevant risk stewards.

The result of these efforts across all business lines led to circa SAR 12.6 billion in sustainable finance and investments facilitated as of 31 December 2023, giving me confidence that we are well underway to meeting our 2025 target of SAR 34 billion.

Another important aspect of our environmental commitment relates to actively managing our financed emissions. Not only do we want to finance the green transition, but we pledged Net Zero emissions in our financed portfolio as well. In the last quarter of 2023 we assertively kicked off the project to assess our exposure to Scope 3 GHGs, by prioritising the material sectors within our portfolios. Being the first bank in the Kingdom to undertake this assessment, we recognise that this is a complex process with a steep learning curve, however I believe this is the right first step that will enable our teams to make better decisions as we get a firm understanding of our GHG exposures to hard-to-abate sectors.

In addition to driving the bank forward on satisfying our ESG commitments, we recognise that a sustainable future for KSA needs to be broader than SAB's own ecosystem. I am extremely proud of the efforts of our ESG experts in the

bank under the leadership of SAB's CEO, all of whom are playing a key role in supporting the evolution of ESG topics across the Financial Industry, by participating in industry forums led by the Saudi Central Bank (SAMA) and also ones that are led by the Ministry of Economy & Planning. This is an important component of our strategy, as we believe that partnerships and collaboration are key to achieving Saudi Arabia's climate and environmental goals.

### Fortifying Board oversight

SAB's commitment to achieving Net Zero is intricately tied to robust climate risk management, placing this responsibility squarely within the Board's purview. Aligned with TCFD guidelines, the bank's climate risk management practices underwent substantial enhancements in 2023. Most importantly, a new Climate Risk Framework was developed, seamlessly integrating climate risks into the bank's Risk Management Framework. While this is a long-term journey and we recognise the need for further enhancements, I commend the team for taking the first critical steps. We have also increased the weighting of ESG matters on the scorecard for our CEO and his direct reports, as this strategic theme gets visibly embedded across the organisation.

### A responsible player in society

Given the many challenges we face every day, I'm especially proud that SAB not only upheld, but actually strengthened its contribution to building an increasingly vibrant society. Here's how we strive to contribute: Providing access to finance via the bank's vast network of branches and digital channels is

a foundation for financial inclusion, and instilling financial literacy in children is a key enabler for them to lead independent lives. Supporting micro-, small- and medium enterprises (MSMEs), especially startups, helps strengthen the economic fabric of a nation. Encouraging women to climb the ranks in our bank is transformational for our workforce. All these efforts showcase how SAB contributes to a thriving economy and lives up to its role of a responsible corporate citizen in an ambitious nation.

### We could not do it without you

Despite another year in a challenging macroeconomic environment and a volatile geopolitical situation, we have made significant progress in streamlining our commitment to ESG throughout the organisation. We sincerely appreciate the ongoing guidance and support from the Saudi government and our regulators, the Saudi Central Bank and Capital Market Authority. I want to sincerely thank our customers, investors, local communities, and, most importantly, our dedicated employees who form the core of SAB, whose contributions have been invaluable. The Board anticipates and welcomes the opportunity to connect with many of you during the course of this year.

### Ms. Lubna S. Olayan Chair





# Message from our CEO

**SAB’s business success is intricately linked to its efforts on ESG. Following the presentation of the ESG Strategy in 2022 and the inaugural ESG Report last year, 2023 has seen significant progress. The Bank has strengthened its position as ESG leader in the region, and drives the momentum towards a sustainable transition.**

## A Local Bank with a global outlook

At SAB, we embody the essence of a local bank with a global perspective, deeply rooted in Saudi Arabia’s heritage, with a presence spanning nearly a century across all regions of the Kingdom. As we cater to diverse segments, including retail, corporate, and private banking customers, our national focus is expanding globally as Saudi companies and individuals increasingly engage on the international stage. We play a pivotal role in facilitating this globalisation of the Saudi economy by offering tailored products and services to support our customers’ growth ambitions across borders.

Our strategic partnership with HSBC underscores our commitment to this global outlook, distinguishing us from other banks in Saudi Arabia and beyond. By blending local insights with global perspectives, we have cultivated a unique identity that positions us as leaders in driving the transition toward a sustainable future.

## Transition as an opportunity

Saudi Arabia is experiencing an accelerated cycle of sustainable

development. Just a few years ago, Net Zero wasn’t as significant of a topic as it is today, and now we can witness the transformational plans in place. We recognise the green transition as a monumental shift, comparable to an industrial revolution. This transition will come with a lot of risks, but the opportunities are even bigger.

Across various sectors of the economy, including technology, transportation, and real estate, there is a palpable sense of systemic change driven by ESG principles. Our role as a financial institution is pivotal, as we provide the necessary financing to facilitate the transition across the economy. The urgency to transition is widely acknowledged, we view it not as a compliance exercise but as a strategic imperative. Transition finance transcends mere tactical investment; it represents a key component of future business dynamics.

## A trailblazer in sustainability within the region

For our sustainability efforts we have garnered considerable recognition, including various ESG awards. It is however most gratifying to support the development of ESG

matters across the Corporate and Financial Sectors. We take pride in our role in the ESG Bank Advisory Committee (EBAC), a SAMA working group aimed at integrating ESG principles into finance. The four workstreams under EBAC have SAB representatives, and these are focused on enhancing risk management, developing a taxonomy, improving disclosures, and driving green finance solutions. These efforts play a critical role in supporting the environmental and social deliverables set out by KSA. In addition to EBAC, SAB was also appointed as one of only two voting members from the banking sector to the Corporate Sustainability Policy Development Working Group (CSPD), under the mandate of the Ministry of Economy & Planning.

These industry roles in transition finance perfectly exemplify how we understand our role in society – as a leader in sustainability matters. We are driving entrepreneurship in the Kingdom via our Taqadam initiative, fostering financial literacy via Riyali foundation, and we are the first financial sector company in the Kingdom to commit towards a million tree afforestation project as part of the Saudi Green Initiative. Beyond financial support, our leadership on ESG topics gives our initiative credibility and legitimacy.

Being a leader also creates incentives for further partnership opportunities – an essential ingredient of building momentum.

## Driving momentum

My experience at COP28 makes me most hopeful that we can maintain and increase the momentum on the transition journey. Prior COPs have often been marked by hesitance. This time, however, we saw a different dynamic: for the first time, the necessity to transition away from fossil fuels was explicitly mentioned, which is a significant milestone. Given the context of KSA, this explicit addition amplifies the domestic efforts in play to expedite the transition. As active participants in this endeavour, we are genuinely excited to contribute and play a pivotal role in shaping our collective sustainable future.

In conclusion, as you explore this ESG report, we invite you to delve into the substantial progress SAB has made and the ambitious ESG objectives we continue to pursue. Together, let us forge ahead on this transformative journey toward sustainability.

**Mr. Tony Cripps**  
Managing Director and CEO



The green transition is nothing less than the next industrial revolution. As a sustainability leader in the region, we recognise this opportunity and the important role we play in financing it.







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# SAB at a Glance

## Our Purpose:

“We bring a world of financial **opportunities** to an ambitious Kingdom”.

## Our Values



### Think customer

By prioritising customer needs, we elevate the standard of our services, fostering a culture of individual accountability among our employees.



### Work together

When working together, achieving success becomes a collective goal, encouraging a culture of collaboration.



### Be innovative

Integration of innovation into our work processes, we foster a culture of growth and progress in all aspects of our work.



### Do the right things

When we choose to do the right thing, even the smallest of our deeds contribute to nurturing a culture characterised by honesty and integrity.

## Championing Excellence – Our Recent Awards



## SAB’s ESG Performance Assessed by Key Institutions

In 2023, enhancements to our sustainability approach garnered increased recognition from ratings providers. SAB elevated its ESG rating with MSCI, progressing from ‘B’ to ‘BBB’. Sustainalytics (Morningstar) also witnessed an improvement in its rating, shifting from 36.16 to 27.68. Additionally, we actively submitted our ESG performance output to the CDP for the first time to help improve comparability.



104  
branches

## A Local Bank with a Global Outlook

SAB based in Riyadh, is one of the largest banks in the Kingdom of Saudi Arabia. SAB’s roots can be traced back to 1926, making it the oldest and first – or ‘awwal’ – bank in Saudi Arabia.

In 1978, Saudi Arabian British Bank (SABB) merged with ‘Alawwal Bank’, which was previously known as ‘Saudi Hollandi Bank’. This merger enhanced SAB’s balance sheet position in the market to better support the CIB and WPB customer propositions.

In the Kingdom, SAB also leads in various banking facilities, including trade finance, foreign exchange, wholesale banking, digital service innovation, and ESG, paving the way

for transformation and excellence.

The partnership with HSBC further amplifies SAB’s global outlook. Through a joint venture with HSBC Asia Holdings B.V., SAB owns 49% of HSBC Saudi Arabia. Through our collaboration with HSBC Saudi Arabia, our clients can also access investment banking and advisory services. In addition, HSBC Holdings owns 30.99% of SAB. We benefit from HSBC’s technical services regarding training, advice and guidance, and best practices. Leveraging this extensive collaboration with HSBC, we integrate best-in-class ESG practices into our operations, ensuring alignment with global standards and continuously enhancing sustainability efforts.

## Our Business

SAB services its customers through three business divisions:



### Corporate Institutional Banking (CIB)

- > CIB supports over 22k active customers across a wide range of sectors, providing banking services, including liquidity management and trade finance service to SMEs, commercial banking, large corporates, multinationals, and global corporates and institutional clients.
- > To extend our support for Vision 2030, we focused on improving our offerings and services and providing better access to capital for SMEs during the year.



### Wealth and Personal Banking (WPB)

- > WPB serves 1.48 million active retail customers, offering everyday banking accounts, investment and insurance, personal and home financing, and various digital solutions.
- > WPB Portfolio follows Islamic finance principles.



### Treasury

- > The Treasury business provides corporate, institutional, retail, and private banking customers with access to treasury products like capital markets, foreign currency, and rates management solutions.
- > The division’s role is to manage the bank’s liquidity and market risk, including the deployment of the bank’s commercial surplus through its investment portfolio.



Advancing ESG in the Kingdom and Beyond

Global Warming and the Kingdom

According to the Intergovernmental Panel on Climate Change (IPCC), at the present rate of global warming, temperatures will likely rise by 1.5°C above preindustrial levels by 2040<sup>1</sup>. Saudi Arabia, situated in the MENA region, is grappling with the tangible impacts of climate change. Our temperatures have surpassed global averages, recording over 50 degrees Celsius in 2021. Climatologists forecast a temperature rise of about 4 degrees Celsius by 2050, significantly exceeding the 2-degree limit outlined in the Paris Agreement. Without intervention, substantial portions of our region may become uninhabitable by the century’s end.

Despite Saudi Arabia’s arid nature, intense rainfall triggered flash floods, particularly in the southwest, resulting in loss of life and property. Projections also indicate prolonged dry periods, rapid depletion of groundwater reservoirs, and exacerbated water scarcity for vulnerable populations. Rising sea levels also pose a critical threat, impacting infrastructure and economic activities<sup>2</sup>.

The interconnected issues of desertification, rising sea levels, and water scarcity pose risks to agricultural production and food security, which makes action necessary. Accordingly, at COP26 in November 2021, Saudi Arabia committed to an annual reduction of 278 million

tonnes of GHGs by 2030, based on 2019 levels. Vision 2030 and the accompanying SGI, introduced to support these commitments, have garnered full support from banking institutions, including SAB.

As a leading ESG bank, SAB fully aligns with Saudi Arabia’s goals and the trajectory toward Net Zero. We have integrated with the Kingdom’s ESG goals and Vision 2030, and we are committed to attaining Net Zero across all operations by 2035 or earlier. Our pledge extends to achieving Net Zero in financed emissions by 2060, highlighting our steadfast dedication to fostering positive impact.

Engaging with the World on Climate Change

We can only make progress on climate change if we advance collectively. This is why SAB is engaging with the world on climate change. In 2023, we had multiple opportunities to take a strong stance against climate change. The highlights from two of these engagements are below:

COP28

> SAB was positioned as a national sustainability champion within the Kingdom and prominently featured in the Green and Blue zones of the Conference.

> Notable leadership contributions in panel discussions included Tony Cripps (CEO), who shared insights on SAB’s proficiency in corporate sustainability practices, and Lama Ghazzaoui (CFO), who actively participated in UN Women Roundtable discussions.

MENA Climate Week 2023

- > SAB was engaged as a top-tier sponsor, reinforcing our commitment to green initiatives.
- > Actively shaped discussions on climate action during MENA Climate Week.
- > Senior management participated in panel discussions, showcasing our dedication

to “Climate Finance, National Frameworks, and Private Sector for Accelerating Climate Transitions” at an associated event on Finance, Markets, and Technology.

As we tackle the challenges of climate change, we believe that working together is crucial for making sustainable progress. In the coming year, we look forward to collaborating more with industry leaders on ESG issues, aiming to broaden our perspectives and initiatives.

Saudi Vision 2030

In 2016, Saudi Arabia launched Vision 2030, a roadmap for the

nation’s developmental objectives. Vision 2030 stands on three pillars.

SAB actively contributes to these

established development goals, ensuring its role in fostering national growth as envisioned under Vision 2030.



A Vibrant Society

With a robust local presence across four regions of Saudi Arabia, SAB celebrates and supports the communities it serves. The bank offers the Shariah-compliant “Waafer account” without account opening fees, emphasising its commitment to local empowerment and community engagement. In alignment with Vision 2030’s sustainability goals, SAB has allocated SAR 34 billion to sustainable financing activities, championing the growth of private and public institutions. Moreover, SAB’s Corporate Social Responsibility strategy focuses on initiatives that bolster economic diversification and environmental sustainability while prioritising employee well-being through competitive compensation and comprehensive benefits.



A Thriving Economy

SAB is dedicated to fostering economic diversification by championing SMEs in Saudi Arabia. Through initiatives like Taqadam, SAB empowers entrepreneurs with mentorship, funding, and training, facilitating job creation and economic growth. Moreover, in supporting the development of local businesses, SAB’s financing activities encompass a diverse range of entities, including multinational corporations, large enterprises, MSMEs, and retail businesses.



An Ambitious Nation

With over 90% of its workforce comprised of Saudi nationals, SAB invests in youth development through graduate programmes and extends digital banking services to ensure accessibility across the Kingdom. The bank upholds strong corporate governance principles and is committed to transparency, aligning its practices with international standards and frameworks. As a pivotal player in the nation’s ambitions, SAB empowers individuals to save, invest, and contribute to the Kingdom’s growth.



<sup>1</sup> IPCC, 2023: Climate Change 2023: Synthesis Report. Contribution of Working Groups I, II and III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change.  
<sup>2</sup> Carnegie Endowment for International Peace (2023).





## 03 Our Contribution to a Vibrant Society

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# Our Contribution to a Vibrant Society

## Supporting Entrepreneurship in the Kingdom

### SAB as a Catalyst for MSMEs

**MSMEs** are the backbone of economic growth, driving innovation and employment opportunities<sup>3</sup>. Recognising their pivotal role, Saudi

Vision 2030 aims to elevate MSMEs’ contribution to GDP from 20% to 35% by 2030. SAB supports around 18,000 active MSME customers increasingly through our digital offerings. As a key financier, SAB is committed to being a catalyst

for MSMEs’ success. The tables below highlight the progress made toward enhancing the loan portfolio for the MSME business segment throughout the last three years:

MSMEs with credit facilities (number of customers)			
Category	2023	2022	2021
Medium	439	444	457
Small	581	506	465
Micro	451	369	370

Overall, we serve 22% more micro-sized companies and 25% more small enterprises than in 2021. The number of medium-sized companies we serve has remained stable.

Composition of loan portfolio (value of loan portfolio by size in SAR million)			
Category	2023	2022	2021
Micro-enterprise	1,515	1,616	1,119
SME	9,513	9,269	5,993
Large and others	155,868	130,662	126,527

The size of our portfolio in the micro-enterprise segment has grown by 35% compared to 2021, whereas the size of our portfolio in the SME segment has grown by 59%. This demonstrates our commitment to the growth of our national economy and the objectives of Vision 2030.

SAB offers a range of products and services to meet the needs of MSMEs including Shariah-compliant products. Customers receive a

dedicated relationship manager ('RM') to assess their banking needs and provide solutions to meet their requirements. Two specialised teams serve MSME customers so that they can benefit from tailored support:

- > A small- and micro-segment supports businesses with less than SAR 40 million turnover.

- > A medium segment that focuses on customers with a turnover of between SAR 40 million and SAR 200 million.

87 employees catering to MSME customers received 132 hours of training to better address the unique requirements of this segment. Our MSME teams are structured to effectively meet the diverse needs of MSMEs across various operational scales.

<sup>3</sup> SAB defines its MSME segments as consisting of microenterprises (below SAR 3 million in annual turnover), small enterprises (SAR 3 million to SAR 40 million), and medium (SAR 40 million to SAR 200 million).

### Supporting MSMEs through Strategic Partnerships

Through strategic initiatives and partnerships, SAB actively engaged in various programmes to foster entrepreneurship, provide essential financial aid, and facilitate access to critical resources for MSMEs. In 2023, SAB provided support via a few main initiatives:

- > During 2023, in support of Visions 2030, SAB introduced a series of free to join seminars to educate MSME on different facets of developing and

growing an MSME enterprise in the Kingdom.

- > The bank supported MSMEs through engagement with the Real Estate Development Fund (REDF), the Tourism Development Fund (TDF), and the National Technology Development Programme (NTDP).
- > Through Kafalah, SAB facilitates financing for MSMEs in cooperation with the Saudi Industrial Development Fund. The Kafalah programme enables MSME funding of up to SAR 15

million and services to eligible clients. It cooperates with the Saudi Industrial Development Fund (SIDF), focusing on Shariah-compliant solutions.

- > SAB also partners with Monsha’at, the General Authority for Small and Medium Enterprises, through co-financing for banks’ customers, and with the SME Bank of Saudi Arabia.

The following pages provide an overview of some of these strategic initiatives.

### Case Study – Our Collaboration with Taqadam

In line with Vision 2030, SAB is committed to contributing to the diversification of the national economy by supporting MSMEs in Saudi Arabia. To further this goal, SAB has long supported Taqadam, an accelerator that provides entrepreneurs with guidance and development through mentorship, funding, and training. Taqadam was the first incubator of its kind in the Kingdom, and due to its success and traction, the initiative has attracted ever more sophisticated startups, partners, and investors.

The The King Abdullah University of Science and Technology (KAUST) Entrepreneurship Centre runs the initiative. Maryam Barradh, Haitham Alhums, and Rahaf Saifuddin from KAUST provided insights into the programme in the following interview.

#### What is Taqadam, and how does the programme work?

Taqadam is an entrepreneurship accelerator that helps startups get off the ground. At first, we purely targeted students but today the programme is open to everyone. We want to support Saudis and international founders doing business in Saudi Arabia, as well as local startups that want to scale beyond the Kingdom. The typical startup is in the post-MVP (Minimum Viable Product) stage, so still rather early in the process.

In a first step, up to 60 startups are accepted into a 1-month

boot camp where they receive valuable support and education. Towards the end of the boot camp, they pitch their ideas to the programme coordinators. If their plans align with the programme’s objectives and they deliver convincing pitches, about 25 to 35 startups are selected to participate in the 6-month accelerator.

The startups in the accelerator receive a grant of USD 40,000 without giving away any equity. They also receive mentorship from experienced startup founders, investors, and Taqadam alumni – with diverse backgrounds ranging from

finance or legal to branding. And finally, startups can leverage a broad network and connections to over 40 partners. This includes help with financial planning and product design, as well as attractive offers from Amazon Web Services, Microsoft, or local law firms – to name a few. In the end, the top 10 startups receive an additional investment of up to USD 100,000 each, again non-dilutive. Accelerator participants also have the opportunity to meet investors, raising even more money from the KAUST investment fund or outside investors.



To summarise, startups receive everything they need to turn their vision into reality and succeed in the market.

#### **What is the impact created through Taqadam?**

Taqadam is a real success story. Throughout its existence, more than 150 startups with over 600 individual founders have gone through the programme. This is not just a small university initiative – it has real implications for our entire economy. To date, Taqadam startups have directly or indirectly created more than 30,000 jobs. Importantly, they are from a wide range of sectors, many tech-related, but even including social businesses. They also have commercial success, with more than USD 150 million in revenue generated over the last seven years. Programme graduates are also well-funded, raising more than USD 200 million in external investments following the accelerator participation. One highlight we also want to mention is that 38% of our startups have a female founder on the team. While this is not a criterion we consider in the selection process, it is a testament to our inclusive outreach.

#### **How does the collaboration with SAB work?**



SAB has been integral to Taqadam's journey since its inception in 2017. Our goal was to build on our prior accelerator experience, professionalise the programme, and create a flagship initiative for entrepreneurship in the Kingdom. Meanwhile, our colleagues from SAB pursued their own strategic and social

objectives, with youth enablement as one of their top priorities. So, it was really a perfect match. SAB has supported Taqadam financially, but also provides a lot of visibility and credibility to the programme, which makes it easier to attract partners and investors. Taqadam allows SAB to amplify its social and economic impact in the Kingdom and help build up its business partners of tomorrow. There are already several startups in the fintech space that are working closely with SAB.

All in all, we couldn't have asked for a better partner. This is a unique initiative in the Kingdom, and we are proud of the impact we create together with SAB.





Exemplary enterprises emerging from Taqadam	
<div>WhiteHelmet</div> <div></div>	<b>Revolutionising Construction Management: A Spotlight on Digital Solutions</b> <p>WhiteHelment, a participant in the 2020 programme cohort, is a digital construction management platform that has reshaped how construction projects are tracked and managed. Leveraging remote solutions through cameras, WhiteHelment creates a digital twin of construction sites, offering unprecedented visibility and control over projects. Taqadam provided crucial business development and marketing expertise, empowering WhiteHelment to refine its platform and attract early clients like Saudi Aramco. WhiteHelment quickly expanded its client base beyond construction, gaining traction in smart cities and other sectors. Today, the software is used in many large-scale projects in Saudi Arabia.</p>
<div>Uvera</div> <div></div>	<b>UV-C Containers: Redefining Food Preservation for a Sustainable Future</b> <p>Asrar Damdam, a Ph.D. candidate, launched a startup introducing ground-breaking food containers that dramatically extend shelf life, reducing food waste and household expenses. The containers use a unique combination of UV-C light and vacuum sealing technology, extending the shelf life of meat by 33% and fruits and vegetables by over 120%. The product gained widespread attention, earning features in prestigious publications like Bloomberg, Forbes, and various national and international media outlets.</p>
<div>Barakah</div> <div></div>	<b>Blessings in Every Bite: Tackling Food Waste Through Social Entrepreneurship</b> <p>Barakah is a social enterprise committed to combating food waste, a significant contributor to worldwide GHGs and economic loss. Through a mobile application, Barakah facilitates the sale of fresh, unsold food from restaurants to consumers, benefiting both parties and the environment. Barakah's innovative approach addresses the pressing issue of food waste and fosters community engagement and environmental stewardship. The company is expanding quickly and is present in Riyadh, Jeddah, Makkah, Medina, and the Eastern Province, helping the Kingdom as a whole to benefit from its innovative approach to food waste.</p>

Our Collaboration with Kafalah

The Kafalah programme facilitates lending solutions to SMEs in cooperation with the SIDF. SAB provides financing to eligible clients of up to SAR 15 million.

The Kafalah programme’s objectives include:

- > Support and boost the Kingdom’s gross domestic

product by generating new job opportunities.

- > Provide loans to MSMEs operating in remote and isolated areas.
- > Improve the condition of the Saudi economy by improving MSMEs’ access to capital.
- > Provide finance to small and medium enterprises through various Shariah-compliant solutions, enabling them to develop and expand their activities and

encourage banks to extend finance to small and medium-sized projects.

The programme also provides a quarterly performance report to display the ranking of SAB among all the banks. During 2023 SAB ranked 4<sup>th</sup> in both the guarantees amount and the number of enterprises under Kafalah performance.

Our Collaboration with Monsha’at

Monsha’at, the General Authority for Small and Medium Enterprises, supports and develops the Kingdom’s MSME sector. Collaborating closely with Monsha’at, SAB engages in various initiatives, including an agreement to

establish a new financing gateway to facilitate access to financing opportunities for MSME customers.

SME Bank

Launched by Monsha’at, the Small and Medium Enterprises Bank aims to offer digital products and services tailored for MSMEs. The

bank collaborates with international partners and provides capital financing, guarantee financing, and alternative financing options. SAB has entered into co-financing agreements with the MSME Bank to benefit customers of both institutions.





# Community Support and Corporate Social Responsibility

## Our Approach to Creating Impact

As a leading financial institution, SAB is dedicated to supporting philanthropic endeavours with a purpose-driven approach. Each initiative undergoes rigorous evaluation to ensure it aligns with our core principles:

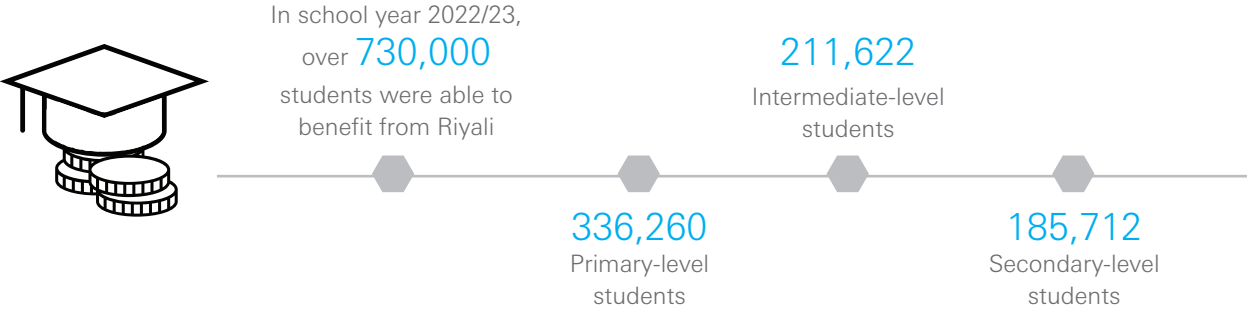
- > Deliver lasting benefits to the local community.
- > Engage staff with opportunities for direct involvement.
- > Serve the people and communities where SAB operates.
- > Emphasise education or environmental impact where feasible.

In 2023, we enhanced our Corporate Social Responsibility (CSR) policy to reinforce our commitment to societal well-being. Collaborating closely with our partners at HSBC, we conducted a comprehensive review to integrate local insights and global standards. This refined policy framework includes a two-layer CSR assessment methodology, incorporating weighted criteria to guide objective decision-making and mitigate potential risks. Moving forward, our fund allocation strategy prioritises initiatives with substantial, sustainable impacts on the communities we serve.

Our commitment to CSR is unwavering. We strive to operate ethically, responsibly, and sustainably, creating a positive impact on our stakeholders and the Kingdom. We believe it is incumbent upon SAB to be a critical part of the changing social fabric.

- Mai A Bindayel,  
Head of Corporate Communications & CSR

## Access to Banking and Financial Literacy



Understanding financial terms and possessing financial skills is a source of empowerment. We aim to spread financial literacy via our partnership with Saudi Economic and Development

Company (SEDCO) Holding. With SEDCO, SAB has cofounded the Riyali Foundation, which provides financial literacy programmes as part of their extracurricular activities for young people. This programme

covers budgeting, saving, investing, and inflation dynamics. In addition, young people also receive training on Islamic borrowing and finance.

To learn more about the Riyali Foundation and its collaboration with SAB, we met Mujahid Alghamdi, Head of Programmes and Projects at Riyali.

### Why is financial education essential, and what do you seek to accomplish through your work?

Riyali was created to teach the youth of Saudi Arabia about financial concepts in a fun way. Many people are affected by bad financial decisions, or at least they know someone who is. The resulting problems can spread to many areas of our lives, impacting our family life, health, and wellbeing. That's why financial education is essential. Or, to put it more positively, we envision a society where financial awareness and knowledge is spread early on, enabling people to lead independent and fulfilling lives.

### How does the Riyali Foundation provide financial education?

We use interactive courses and

games to help children and teenagers understand saving, investing, and other critical financial concepts in an age-appropriate way. In schools, we have ambassadors who ensure the programme fits into the curriculum and help us manage everything on the ground. Riyali also runs a competition where students can participate and win different prizes. This helps to keep them motivated.

The programme was developed with educational experts, and we constantly update the courses to ensure they align with the highest pedagogical standards. We are also developing a parent module to provide an additional layer to our offering.

### How does the collaboration with SAB look like?

To answer this question, we need to start a few years earlier. Riyali was originally a community service organisation in 2010 that offered financial education to secondary school students in Western Saudi Arabia. In

the following years, it evolved substantially, growing in scale and scope. By 2017, we were present in the entire Kingdom and provided education all the way down to primary school students. At that time, the SEDCO Foundation was the primary sponsor. This was when SAB joined SEDCO as a co-sponsor, initially for three years between 2017 and 2019. After COVID, we re-evaluated the programme with outside experts and decided to establish Riyali as a standalone foundation.

Currently, we are in the last stages of finalising our future setup. We are very much looking forward to having SAB on board. Being a founding member of an NGO at this scale is almost unheard of, and in the realm of financial literacy, it is definitely a 'first' in the Kingdom. We really appreciate the support and the added credibility that SAB brings to the table. It's great to have a partner for whom the topic is a priority and with whom we share the same vision.



Charity Donations and Volunteering

Our contributions result in lasting impact and transform people’s lives via the education and training provided, helping charities supporting humanitarian disasters, and much more. We monitor the effects of these programmes, as our approach is impact-driven and sustainable. The following section provides an overview of the most significant initiatives in 2023.

Volunteering

Employee volunteering is a powerful avenue for our workforce to contribute to actively improving and advancing Saudi society. Beyond making a tangible impact, volunteering provides our employees with a unique opportunity to incorporate diverse perspectives into their professional roles. For example, SAB employees assisted in packaging food for the Et’aam food bank association during the month of Ramadan. At the head office, 220 baskets were repackaged, and 500 meals were distributed in the Albadi’ah district. During another event set up by the Saudi Banks Initiative, employees participated in the distribution of Iftar meals in Riyadh.

### Women Empowerment

We believe that empowering women has profound social and economic implications. Women empowerment also improves organisational performance and fosters societal progress in alignment with Vision 2030.

SAB actively supports numerous initiatives aimed at empowering women. The bank celebrates International Women’s Day each year, asking staff to participate in engaging activities such as trivia quizzes about inspirational women. Additionally, our “Khanzah Project” aims to enhance women’s financial independence through improved financial literacy, enabling better financial planning and management of daily expenses.

In our dedication to enhancing the position of women in the workplace, we have also implemented various programmes

at the bank level and have made significant social contributions. Moreover, our partnership with the “Al-Nhada Society” forms part of a nationwide strategy to bolster women’s support and promote financial literacy.

### Supporting Entrepreneurship Amongst People with Disabilities

According to the United Nations, unemployment rates among people with disabilities of working age range from 80% to 90% in developing countries and 50% to 70% in industrialised countries. To enhance the prospects for individuals with disabilities and create more opportunities, the National Centre CSR (NCCSR) has introduced the “Para-abled Accelerator Programme” in collaboration with SAB, Monsha’at, and the Ministry of Human Resources. This initiative aims to provide multiple training sessions and workshops for

para-abled citizens, empowering them to participate actively in society. With support from the Ministry, the programme assists qualified graduates in launching their businesses by backing their startup ideas, projects, or enterprises.

Beyond our CSR initiatives, we are committed to improving the accessibility of our services for people with disabilities. To learn more about the specific initiatives we have implemented, we encourage you to explore the chapter dedicated to [Diversity and Inclusion](#).

Environmental Philanthropy

Case Study – Murooj

In 2022, SAB entered into a collaborative agreement with the Murooj Foundation, the execution arm of the National Centre for Vegetation Cover (NCVC), which is dedicated to land regeneration through tree planting. SAB committed to planting 1 million trees throughout the Kingdom through this partnership by 2030. In the following interview, Amjad Siddique, a Forestry Specialist at Vegetation Cover Development Foundation (Murooj), provides insights into the intricacies and benefits of this ambitious initiative.

### What is Murooj, and can you tell us more about it?

Our organisation, Murooj Foundation, is closely aligned with Vision 2030, which states that the Kingdom shall achieve carbon neutrality by 2060. This ambitious goal requires collective efforts from both the private and public sectors. Reforestation plays a crucial role in enhancing

### Environmental Philanthropy



2030 Commitment to plant **1 million** trees

the carbon capture capacity of the land, making us pivotal contributors to this national initiative.

### What is the impact of the project?

SAB’s commitment to planting 1 million trees is a fantastic

contribution to both our foundation’s and national goals. From 2023 through 2024, SAB’s support will enable us to plant 900,000 mangrove trees. The specific variety of mangroves - Avicennia marina- is known for its carbon sequestration potential, capturing up to 1.5 metric tons of CO<sub>2</sub> per tree over its 60-year lifetime. Beyond carbon capture, this initiative brings numerous eco-system benefits. We aim to restore the Red Sea Coast, addressing environmental degradation caused by various anthropogenic activities. This mangrove restoration project helps protect the coastal ecosystem, improves the water quality, acts as a carbon sink, and increases biodiversity (e.g., fish, shrimp, migratory birds), thereby also positively impacting local economies.

### How do you ensure the long-term sustainability of the project?

The impact of the 900,000 planted trees is significant, but a key consideration for us is ensuring the permanence of these trees. The entire project is implemented on governmental lands, where the NCVC takes responsibility for its

sustainability and protection. SAB is responsible for nurturing the saplings until 2027, ensuring their strength and health. Additionally, to minimise transportation-related damage, the saplings are grown in plant nurseries near where they will ultimately be planted.



Murooj’s sapplings

### How did you experience the collaboration with SAB?

SAB was among the first companies to join this initiative, showcasing a pioneering spirit. We observed that SAB was already actively engaged in climate change and sustainability topics, so they were a natural partner for us. Since then, collaboration has been mutually beneficial, allowing us to do our work and enabling SAB to amplify its positive environmental impact. SAB also helped us gain momentum and become more visible to a broader spectrum of organisations, which is an added benefit of our work with SAB.



Case Study – Goumbook

Goumbook is a not-for-profit social enterprise pioneering sustainability-related initiatives in the MENA and GCC regions. In 2023, SAB partnered with Goumbook to support the Regenerative Agriculture Venture Programme, also supported by HSBC and the European Institute of Innovation & Technology (EIT) Food. In the following interview, Managing Director Tatiana Antonelli and the Director of Strategy and Sustainable Impact Samantha Kayruz tell us more about the benefits of regenerative agriculture and how this topic is relevant to the Middle East.

What is regenerative agriculture, and why does it matter?

Regenerative agriculture is a holistic set of practices that creates a net positive impact on our ecosystems. It promotes biodiversity, contributes to food security, increases carbon sequestration, and improves watershed and soil health. Beyond the environmental benefits, regenerative agriculture aligns with several other Sustainable Development Goals, addressing poverty, health, sustainable communities, and more. To illustrate this point, consider that the average farmer in the Middle East is 56 years old – while the overall population is much younger. This raises the crucial question of who will feed the region. Therefore, we want to engage with younger populations to make new and modern forms of agriculture more attractive.

Can you tell us more about the Regenerative Agriculture Venture Programme?

In a nutshell, the project, in collaboration with HSBC, SAB, and the EIT, aims to implement innovative approaches in

regenerative agriculture. In the initial phase, we paired each applicant with an industry partner for a 2-month engagement to develop a proof of concept. A competition followed this, and selected researchers moved on to phase 2. Following a thorough review, we shortlisted around 20 projects. From here on, the three most viable ones will receive a capital injection of USD 10,000 each. After this, we'll pair each group with farmers, business professionals, or experts based on the unique needs of each project.

Our approach's core is the fusion of science, innovation, and collaboration. We recognise the importance of science-based solutions and adopting an entrepreneurial mindset for scalability. To do so, we want to break the silos between the academic and the business world. We want to solve real-world problems, so we connect the researchers with community partners.

How has the collaboration with SAB been so far?

Working with SAB has been a great experience. We are passionate about creating

impact and seek like-minded partners for such endeavours. After we collaborated with HSBC, working with SAB was a natural progression in our engagement. Beyond the financial support, the partnership with SAB successfully elevated the conversation around regenerative agriculture in Saudi Arabia. This is particularly important since the region has a significant funding gap for regenerative agriculture. We also appreciate the local perspective because regenerative agriculture always requires local adaptation. Every region has its unique challenges, with food security, water scarcity, and the impact of climate change being particularly relevant factors in Saudi Arabia. SAB also put us in touch with significant research facilities in Saudi Arabia, including Estidamah, the National Research and Development Centre for Sustainable Agriculture. This encouraged applicants from prestigious Saudi universities to apply.

Overall, we are very excited about the partnership and look forward to the impact we can create together.

In numbers



150

applications received  
(22% Saudi)

21

semi-finalists  
(25% Saudi)





# Our Workforce

At SAB, we recognise that our employees are the bedrock of our success, and we appreciate their dedication to the growth of the bank. We remain committed to nurturing a workplace culture that prioritises employee satisfaction, well-being, and active participation in our shared achievements. The following section provides an overview of our employee initiatives, concerns, and relevant data points, aiding us in effectively monitoring and refining our approach.

### Summary of the workforce represented at SAB:

Our People in Numbers <sup>4</sup>	2023	2022	2021
Total full-time employees (excluding trainees, students, and outsourced staff)	3,866	3,709	3,705
Indefinite/permanent contract employees	2,517	2,540	2,639
Fixed/temporary contract employees	1,349	1,169	1,066
Trainees and sponsored students	53	97	109
Number of nationalities represented	28	29	28

### Employee Turnover and New Hires

#### In numbers



342

of new hires in 2023 between 18 and 30

The table below summarises the new hire and staff turnover count for the year 2023:

New Hires and Turnover	2023	2022	2021
Total new hires	537	440	342
Male	294	277	223
Female	243	163	119
Age 18 - 30	342	239	160
Age 31 - 50	192	198	175
Age 51+	3	3	7
Total employee turnover (voluntary and involuntary)	361	464	652
Male	265	346	512
Female	96	118	140
Age 18 - 30	86	86	65
Age 31 - 50	243	319	400
Age 51+	32	59	187

<sup>4</sup>To account for revised definition, breakdown of indefinite and temporary employees for 2021/22 have been updated

### Saudisation

Aligned with our dedication to Vision 2030, we actively pursue initiatives to enhance financial literacy among Saudi nationals and contribute to lowering the unemployment rate. In our commitment to fostering local talent, we are delighted to announce that, as of 2023, more than 90% of our workforce are Saudi nationals.

The below statistics briefly describe the percent of the total workforce represented by Saudi Nationals:

Saudisation	2023	2022	2021
Saudi nationals among senior management (%)	66	66	66
Saudi nationals among total workforce (%)	91.6 <sup>5</sup>	90.1	90.6
Total number of national employees	3,469	3,341	3,358
Number of female national employees	968	825	781

Enhancing our commitment to the recruitment, retention, and advancement of Saudi nationals, SAB has introduced a graduate programme for young university graduates. The programme is aligned with SAB’s dedication to investing in the development of Saudi talent, aspiring to establish careers in the banking sector.

#### In numbers



20

graduates hired in 2023 via the graduate programme

### Employee Well-being and Engagement

At SAB, prioritising employee engagement and satisfaction is a core objective. To ensure that our employees remain motivated and enthusiastic at work, we measure employee satisfaction on an annual basis and incorporate their feedback into organisational initiatives. Our pulse survey in 2023 was completed by more than 90% of employees and allows us to understand the needs of our workforce better. Results are promising, with our performance continuously improving over the past three years:

<sup>5</sup>For 2023, SAB used *Nitaqat* figures for the percentage of workforce Saudisation, which follows a different calculation methodology

<sup>6</sup>The NPS stands for “Net Promoter Score”. It is calculated by taking the percentage of promoters (i.e., those rating SAB highly), and deducting from it the percentage of detractors (i.e., those rating SAB as average or below average). Those with a moderately positive view neither increase or decrease the score. The scale ranges from -100 to 100, with figures above 0 considered a positive result

#### NPS from our employee pulse check over the past three years:

-25



2021

11



2022

19<sup>6</sup>



2023



Building a Culture of Employee Satisfaction

At SAB, we deeply value the commitment of our employees. In recognition of this, the Bank offers competitive rewards and fosters a people-first working environment, ensuring that employees can engage in fulfilling work. To advance this commitment, SAB has established a Culture Working Group (CWG), led by the Company Secretary, and comprised of executive and senior members.

In forming this group, SAB has prioritised diversity by including members representing various backgrounds, including gender and nationality (Saudi nationals and expatriates), to incorporate a wide range of perspectives into our organisational culture. The CWG is dedicated to driving SAB-wide culture initiatives and upholding our core values across the organisation.

Its primary objective is to cultivate an environment that promotes growth and inclusivity.

The responsibilities of the Committee include:

- > Embed the culture and values within the overall bank strategy.
- > Report culture challenges that are observed in the bank.
- > Suggest culture initiatives that would be of interest based on feedback from their teams.
- > Core member to approve culture initiatives.
- > In attendance members to assess the effectiveness of these initiatives in their respective areas.

Additionally, acknowledging that benefits play a role in attracting and retaining talent, contribute to higher employee satisfaction, and can

enhance employee performance, we provide comprehensive support through a range of benefits. Our benefits include, but are not limited to:

- > Child and daycare allowances
- > At least 26 days of annual leave
- > Up to five days of paid study leave
- > Medical insurance
- > Flexible remote working practices

For more information on our benefits, please consider reading [last year's ESG report](#).

Our stakeholders recognise our efforts: SAB earned recognition as one of the top workplaces for career growth in Saudi Arabia, as stated by LinkedIn's 2023 ranking of the best companies to work for.

Cultivating Continuous Learning

Knowing that continuous training allows employees to develop and improve their skills and enhances the quality of our services, we are committed to

fostering a culture of constant learning, growth, and professional development. SAB designs the training based on the annual employee survey results and offers a range of programmes related to ESG, digital transformation, cybersecurity, financial risks, and customer-centricity.

In 2023, 3,866 employees participated in training for 85,455 hours. The following table outlines our full-time employees' training and excludes mandatory training as well as additional training conducted via online platforms such as LinkedIn and Coursera.

Training	2023	2022	2021
Total training delivered (days) <sup>1</sup>	14,242	9,783	9,201
Total training delivered (hours) <sup>2</sup>	85,455 <sup>Ⓢ</sup>	58,700	55,206
Average training per employee (days)	3.6	2.6	2.48
> Senior management employees	0.5	0.6	0.51
> Middle management employees	0.7	0.82	0.79
> Non-management employees	0.8	0.65	1.2
> Male employees	0.7	0.61	0.73
> Female employees	0.8	0.76	0.74
Number of attendees who completed at least one e-learning course	3,866	3,709	3,705
Number of employees who completed sustainability awareness e-learning programmes			
> ESG Module 1	3,851	2,633	0
> ESG Module 2	3,851	2,484	0

<sup>1</sup> Total hours of training per year / number of hours per one course (6 hours)  
<sup>2</sup> Total hours of training per year extracted from learning management solutions (LMS)  
Selected metrics marked with the <sup>Ⓢ</sup> symbol have been subject to independent limited assurance procedures by PricewaterhouseCoopers Public Accountants ('PwC') for the year ended 2023

Selected Initiatives to Foster Health and Well-being



World Cancer Day

We conducted a Zoom session, accompanied by further activities, to raise awareness about cancer and cancer prevention.



Riyadh Marathon

SAB employees were invited to participate in the second edition of the Riyadh Marathon, which was held at King Saud University in February.



Eid Al-Adha

In celebration of Eid Al-Adha, employees gathered in all three regions on Eid breakfast. We have arranged the SAB Eidiyyah trivia game with more than 1,400 participants.





Moreover, we provide specialised training and development programme tailored for leadership, management, and client relations to equip our employees for future roles and to enhance their management capabilities further. Below are some of the specialised training sessions we offered to our employees in 2023:

- > Tailored cross-selling workshops designed for front-line business relationship managers and leaders. The programme focused on enhancing cross-selling initiatives between CIB, WPB, and the Treasury, with a total of 284 employees taking part.
- > SAB offered 40 participants the opportunity to participate

in HSBC’s flagship coaching programme, a 7-month journey consisting of 5 face-to-face coaching sessions.

- > 41 employees were sent abroad to attend one of 8 prestigious executive education university programmes.
- > SAB’s Enterprise Risk Leadership programme for the top 30 executives.
- > “Accelerating into Leadership”, a junior manager’s development programme that prepares participants for senior management roles.
- > Extensive upskilling and training as part of the SAB graduate programme.

Performance Management: A Transparent and Structured Approach

Within performance management the core objective is to optimise employees’ abilities and maintain motivation within the workplace. We value transparency throughout our performance management process to ensure that employees’ contributions are recognised and valued.

Our performance management system consists of three steps:



Objective Setting

Employees and managers establish SMART<sup>5</sup> objectives that are recorded for further review.



Mid-year Review

Employees conduct self-assessments and receive feedback for improvement.



Year-end Review

Ensures equitable assessment based on yearly contributions, emphasising flexibility, teamwork, resilience, and adaptability.

We’ve introduced a continuous performance tool for real-time engagement and tracking, facilitating structured feedback and task alignment with business objectives across the organisation.

Return from Parental Leave

The reintegration of employees after parental leave is an essential aspect of employee well-being, promoting work-life balance and allowing

parents to care for their children. We’re pleased to share our progress in reintegrating parents into the workforce after parental leave. over the past three years most of our female employees who took maternity leave continued their employment

with SAB for at least 12 months after their leave ended. This accomplishment underscores our dedication to supporting and retaining our valued workforce during significant life changes.

The table below shows the parental leave return data for the last three years:

Parental Leave	2023	2022	2021
Number of female employees that took parental leave	45	27	39
Number of female employees who returned from parental leave who were still employed 12 months after returning to work (retention)	44	26	34
Return to work rate (%)	98%	96%	87%

Non-Discrimination and Inclusive Culture

Establishing a safe and inclusive work environment is essential to guaranteeing the long-term satisfaction of employees and cultivating long-term value creation. At SAB, we are dedicated to promoting a climate

of non-discrimination and equal opportunity for all our employees. Our commitment to an inclusive workforce is integral to our success, and we have implemented various initiatives to promote non-discrimination and equal opportunity. We take disciplinary actions against violators and make it clear that discrimination and

harassment-related incidents are not tolerated at SAB.

The table below reports on discrimination, harassment, and other grievances for the year 2023, and in case of incidents, on the status of resolution:

Grievances	Description	2023	2022	2021
Discrimination	Total number of incidents of discrimination	0	0	0
	Total number of incidents resolved	0	0	0
Harassment	Total number of incidents of harassment	10	7	5
	Total number of incidents resolved	10	7	5
Others	Number of grievances filed	163	147	187
	Number of grievances addressed or resolved	163	147	187
	% of grievances addressed or resolved during the year	100%	100%	100%

At SAB, we prioritise the well-being and safety of our employees, and we take all harassment cases seriously. It is worth noting that due to our proactive efforts in raising awareness about harassment and providing the proper reporting channels for reporting incidents, we have observed a slight increase in the number of reported cases. However, this increase doesn’t indicate a worsening work environment;

instead, it shows the effectiveness of our awareness efforts and our employees’ growing confidence in seeking support.

Health and Safety

Safety is a priority at SAB, and we take proactive measures to promote a culture of safety and awareness throughout our organisation. Safety training and workshops are regularly

conducted at the department and sector levels to promote safety culture and awareness. The Health, Safety and Environment Department also provides safety training for both employees and management covering fire safety, medical emergencies and other relevant issues.

<sup>5</sup> SMART: Specific, Measurable, Achievable, Relevant, and Time-Bound



Diversity and Inclusion

SAB stands as a leader in gender diversity in Saudi Arabia and views diversity promotion not only as a responsibility but as an essential requirement for sustained corporate growth in today’s dynamic world. We are committed to fostering gender diversity, starting from the highest leadership echelons and extending seamlessly through all organisational tiers.

Our Board comprises a well-balanced mix of skills, abilities, and expertise, featuring local and international members with extensive experience in financial and non-financial sectors. SAB was also the first listed company in Saudi Arabia to appoint a female Chair to the Board.

In 2023, we appointed over 25 female members to senior management-level positions and Board Committees, marking a significant step toward the



SAB was the first listed company in Saudi Arabia to appoint a female Board Chair.

promotion of gender diversity within our organisation. At the end of 2023, the gender diversity statistics were as follows:

Workforce Analysis by Gender	2023		2022		2021	
	Male	Female	Male	Female	Male	Female
Board	10 <sup>Ⓢ</sup>	1 <sup>Ⓢ</sup>	10	1	10	1
Executive management	10	5	10	5	9	5
Senior management	146	19	135	19	109	17
Middle and junior management	2,741	945	2,730	810	2,799	766
Total full-time employees	2,897 <sup>Ⓢ</sup>	969 <sup>Ⓢ</sup>	2,875	834	2,917	788

Selected metrics marked with the <sup>Ⓢ</sup> symbol have been subject to independent limited assurance procedures by PricewaterhouseCoopers Public Accountants ('PwC') for the year ended 2023

Diversity at SAB goes beyond gender diversity. For example, we firmly believe that we greatly benefit from assembling a workforce of diverse age groups. Bringing together experience and new perspectives in an inclusive environment is a key success factor for the bank. The following table presents a breakdown of total full-time employees categorised by age:

Workforce Analysis by Age	2023	2022	2021
Total full-time employees (excluding trainees, students, and outsourced staff)	3,866	3,709	3,705
Age 18 - 30 years	684	615	485
Age 30 - 50 years	2,950	2,891	3,036
Age 51+	232	203	184

Empowering People with Disabilities

SAB promotes diversity externally through work with community organisations and inclusive customer service. In 2023, SAB also enabled further digitisation of its services, expanding accessibility for all customers. This initiative aimed to ensure that SAB’s suite of services becomes more inclusive, particularly benefiting remote, disabled, and elderly customers. By fostering the digitisation of its services, SAB seeks to create a more user-friendly and accessible platform, bridging the gap for individuals facing geographical constraints and physical limitations.

To promote inclusivity and support individuals with disabilities, in 2023, we raised the percentage of employees with disabilities to 1.73% from 0.86%. We are currently working towards increasing this figure to 4% by the end of 2026. Additionally, as part of our ongoing commitment to supporting individuals with disabilities, we have undertaken initiatives to enhance accessibility in our branches. The following measures highlight our efforts in this regard:

- > 88 of our branches are equipped with special facilities such as ramps, and 41 branches have lifts to accommodate people with disabilities.
- > 25 of our ATMs are equipped with voice activated service to

help visually impaired individuals.

- > We are updating our in-branch ticketing system to prioritise prompt service for customers with disabilities.
- > We use notched bank cards to accommodate customers with visual impairments.
- > To provide further support to customers with visual impairments, we trained 120 service representatives to interact in sign language.

We partner with community-based organisations to support disability empowerment. For more information on this point, consider reading “[Supporting Entrepreneurship Amongst People with Disabilities.](#)”





# Customers



## “THINK CUSTOMER”

By prioritising the needs of the customer, we advance the quality of our services, and this encourages a culture of personal responsibility within our people.

SAB considers its customers among its priority stakeholders and aims to cultivate a sustainable customer base, ensuring their ongoing satisfaction over the short, medium, and long term. In alignment with the Kingdom’s established ESG goals and Vision 2030, we aspire to be the premier ESG bank for all citizens and residents.

The table below presents the scores and rankings for SAB’s WPB and CIB divisions based on key consumer relationship metrics – the Customer Recommendation Index (CRI) and the Brand Health Index (BHI). These robust metrics reflect our commitment to delivering exceptional customer experiences and maintaining robust brand health across all our banking segments.

Relationship metrics	
Customer Recommendation Index (CRI) <sup>5</sup>	
WPB:	CIB:
96.4	93.4
(Rank - 1)	(Rank - 1)
Brand Health Index (BHI) <sup>6</sup>	
WPB:	CIB:
78.6	70.8
(Rank - 1)	(Rank - 1)
Engagement Channels	
<div>&gt; Voice of the Customer Programme</div> <div>&gt; Online banking and mobile app</div> <div>&gt; Customer feedback form</div> <div>&gt; Customer service centres</div> <div>&gt; Email/Newsletters</div>	

## Customer Experience

Our commitment to customer satisfaction is evident in our strategic priorities, which are designed to meet the evolving needs of our diverse clientele. We have identified key focus areas that reflect our valued customers’ priorities and are in line with our dedication to excellence.

## Customer Priorities at SAB

1. Customer experience
2. Digital transformation
3. Competitive financial and non-financial benefits of products
4. Protection against fraud
5. Interest rates
6. ESG-linked deposits
7. Connecting customers to international opportunities

In our pursuit of excellence, we have implemented several initiatives and programmes to enhance the customer experience and address the above priorities. Here are some noteworthy initiatives from the past year:

<sup>5</sup> The CRI is calculated based on the likelihood to recommend each bank among the competition set

<sup>6</sup> The BHI considers several factors such as brand awareness and customer loyalty

- > The “Bravo” recognition programme acknowledges employees’ service excellence, reinforcing our values and our dedication to outstanding customer experience.
- > Our employees receive continuous training to ensure an exceptional customer experience at the bank.
- > SAB’s green deposit products, introduced in January 2022, enable customers to invest in green financing initiatives securely, offering competitive returns for short to medium-term investments.
- > We prioritised raising awareness of cybersecurity threats among customers through external digital platforms such as our website and other online channels.
- > SAB organised employee communication campaigns and training to promote the culture of putting customers first.
- > Service Excellence training is provided for employees to improve their service quality and interaction with customers.

- > We engage with the customers through our “Voice of the Customer” channel, where we send surveys to our customers and receive their feedback and complaints. This allows us to analyse the issues raised and measure overall customer experience.

## Complaints Mechanism

SAB has established a customer complaints system allowing clients to easily submit complaints through either SAMA or SAB channels. Our customer care units promptly assess complaints and direct them to the appropriate departments for investigation, resolution, and feedback. Our organised approach ensures swift handling of all complaints, fostering a sense of understanding and responsiveness among clients. For information on how we implement consumer protection at SAB, please consider reading our section on [Consumer Protection](#).

## Ensuring Customer Satisfaction: SAB’s ISO 10002 and ISO 10004 Certifications

By obtaining certifications in ISO 10002 and ISO 10004, SAB

demonstrates its commitment to delivering exceptional customer experiences, maintaining high service standards, and fostering a culture of continuous improvement and customer-centricity.

ISO 10002: This standard outlines guidelines for handling customer complaints effectively and efficiently. It provides a framework for organisations to establish complaint-handling processes that are fair, transparent, and responsive to customer needs. Compliance with ISO 10002 demonstrates a commitment to resolving customer issues promptly and improving overall customer satisfaction.

ISO 10004: This standard complements ISO 10002 by guiding the monitoring and measuring of customer satisfaction. It helps organisations implement effective mechanisms for gathering customer feedback, analysing satisfaction levels, and continuously improving their products and services based on customer insights. Compliance with ISO 10004 signifies a proactive approach to understanding and meeting customer expectations.





2023 Awards and Achievements

SAB proudly acknowledges the following awards received in 2023, underscoring our commitment to excellence and a customer-focused mindset:



Learn more: <https://www.sab.com/en/about-sab/about/awards/>

Digitalisation

Our digital solutions aim to enhance banking accessibility and convenience for all, enabling self-service options from any location, at any time. By making more of our products and services digitally enabled, we’re boosting efficiency, broadening our reach, and tailoring services to fit the needs of our customers. The following section provides an overview of our Digitalisation journey, milestones, and plans, showcasing our ambitions and commitment to delivering ever-better services.

Digital Channel Performance in a Nutshell

SAB is dedicated to elevating analytical tools to give customers a more personalised experience. Through our SABnet and SABmobile platforms, we strive to cultivate a culture of flexibility, granting

customers enhanced access to banking solutions in minimal time. Customers can conveniently conduct their everyday banking tasks from any location using our mobile application and net banking portal. Here’s a snapshot of our 2023 digital performance:

- > We offered more than 266 products, services, features through our digital channel to our 850,000 digitally active customers.
- > We onboarded over 208,000 digital customers, with a digital adoption rate of 89%, marking a 5% increase from 2022.
- > 49 million transactions were conducted digitally in 2023.
- > 61,403 term deposit accounts have been opened, along with 23,000 credit cards, all through digital means.
- > SAB 360° currently has 409,000 users.

Enhancing Our Capabilities with New Solutions

Our achievements and initiatives this year include:

- > The introduction of the SAB 360° Learn Module, offering financial education to users of our app.
- > Implementation of device registration with biometrics, ensuring the highest levels of security.
- > Introduction of new digital wallets facilitating money transfers to beneficiaries’ M-pesa and AliPay wallets, enhancing customer convenience.
- > Launching the SAB Store within the SABMobile app and website, enabling customers to purchase gift cards, vouchers, subscriptions, and other services seamlessly.



Elevating our Digital Solutions for SMEs and Corporates

Over the past year, we have made great progress in launching exciting and innovative digital solutions for our SMEs and corporate customers. We launched digital know your customer (KYC) processes, enabling businesses to update their information online for a seamless banking experience.

Our Digital Account Opening platform saw a 500% growth in account openings, validating a strong need for digital solutions. The Digital Banker, a global business intelligence and awards body, recognised this product with the 2023 Global SME Banking Innovation Award. Our digital solutions for corporates have garnered significant traction, with 69% of corporate onboarding initiated through the Digital Account Opening platform.

In 2023 we also strongly focused on Customer Experience. We launched QR-coded customer experience surveys online and in our Digital Account Opening platform. This helps us gather feedback instantly to enhance our services.

As part of our strategy, we will continue the focus, investment, and

acceleration of digital transformation in our key customer journeys and we are already making very strong progress on Digital Credit and adding exciting new services in our SAB iCorp channel. We are also focusing on innovation and future banking solutions including Open Banking, Embedded Finance, using Artificial Intelligence and Machine Learning in our digital systems as well as in Data and Analytics.

Spotlight: SAB 360°

In 2023, we focused on enriching the digital experience by introducing new features in our mobile banking app, SAB 360°. Achieving the top ranking in the Google Play app store that year underscored our success in delivering a compelling digital experience to our clients. Notably, in 2023, the app debuted numerous innovative functionalities, such as:

- > **Compare your spends:** A feature that allows tracking across expense groups/categories over time. For example, customers can compare restaurant expenses across individual months or years.
- > **Spend categories:** Customers can categorise their spending by type (e.g., rent, utilities, travel) or by the merchant.
- > **Tagging:** Customers can create unique tags and assign them to individual transactions. For example, a new tag for a vacation trip can be assigned to transactions associated with that trip. These expenses can then be referenced, tracked, and analysed efficiently.
- > **Budgeting:** Customers can define individual amounts as budgets for specific spending groups/categories. This can

be partly automated based on transaction history.

- > **Activity Feed:** Create expense reports structured alongside daily, monthly, or weekly categories.
- > **Cash wallet:** Add cash transactions to SAB 360° to establish a holistic perspective on spending.

These features empower our customers to take control of their financial journey, facilitating budgeting, saving, and meticulous expense tracking. Additionally, SAB 360° allows customers to collect loyalty points, which can be used for a good cause. To do so, we are currently working with two charities: Joodeskan and Ehsan. Looking ahead, we plan to integrate a carbon footprint calculator into SAB Mobile, empowering customers to make informed environmental choices while also enabling them to utilise loyalty points for tree plantation initiatives.



SAB iCorp Mobile Banking App for SMEs



HSBCnet channel offering online financial solutions



**Empowering Tomorrow’s Workforce: The SAB Digital Academy**

Established in 2017, the SAB Digital Academy has since been one of the bank’s flagship community development initiatives. In collaboration with Takamol Business Solutions, a business services consultancy, and the Financial Academy, an institute promoting financial knowledge, SAB has designed the Digital Academy to equip participants with essential skills and enhance their employment prospects.

Aligned with the Kingdom’s Vision 2030 objective of reducing unemployment rates and preparing young Saudi men and women for their careers, the programme offers a range of advanced upskilling courses at no cost.

The programme offers various advanced free courses in several areas, including:

- > Retail banking professional certification
- > Credit advisory
- > Anti-fraud and anti-money laundering
- > Soft skills and English courses.

Since its inception in 2017, approximately 600 men and women have successfully entered the labour market through the programme. The programme has expanded its initiatives to provide courses annually to around 8000 male and female participants. These courses, certified by the Financial Academy, will prepare participants for roles in the financial sector, including financial advisory and retail banking services.

Furthermore, the programme celebrates excellence by acknowledging the top 400 male and female

participants, allowing them to undertake the rigorous Financial Academy Exam upon completing their curriculum—an esteemed validation of their dedication and achievements.

**Spotlight: Seamless 2023**

The event “Seamless KSA 2023” took place at Riyadh Front in September 2023, spotlighting technology and innovation in banking, payments, fintech, e-commerce, and digital marketing. SAB showcased its capabilities and services, fostering connections with both the public and industry partners.

**Impact and highlights:**

- > 13 MoUs signed during Seamless with key partners to continue collaboration and engagement for delivering digitally driven solutions
- > 50+ account opening applications from corporate clients
- > Strong coverage on social media with 310k+ impressions and 6.2k+ engagements

**SAB’s Digital Vision for the Future:**

In recent years, we’ve been committed to advancing our “Digitising the Core” vision, making digital banking accessible to customers at their convenience. As part of this initiative, we’ve actively encouraged the use of our digital channels to welcome new customers to our products and services.

With the maturation of digital offerings and technology, our strategic focus has shifted towards aligning operations with our “Building for the Future” and

“Accelerating Innovation” vision. This vision emphasises fostering partnerships that generate additional revenue through collaborations and marketplaces facilitated by Application Programming Interfaces (APIs). We aim to create new opportunities for growth and empower the new economy with a “Digital First” mindset.

Moving forward, our efforts will be directed toward creating an “invisible experience” for our customers. This involves leveraging predictive analytics and hyper-personalisation enabled by artificial intelligence and machine learning-based solutions in our interactions.







## 04 Governance

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# Governance

ESG governance is a cornerstone of how we do business, influencing every facet of our work as we strive towards our profitable, equitable growth strategy and our 2060 Net Zero commitment. That is why ESG responsibilities are also included in the Balanced Scorecards and thereby embedded across all functions of the Bank. SAB is committed

to upholding the highest levels of integrity and corporate governance via robust processes that include comprehensive ESG governance.

This section focuses on the ESG components of corporate governance. For a broader view of, and more information on corporate governance, please also consider

reading our Annual Report:

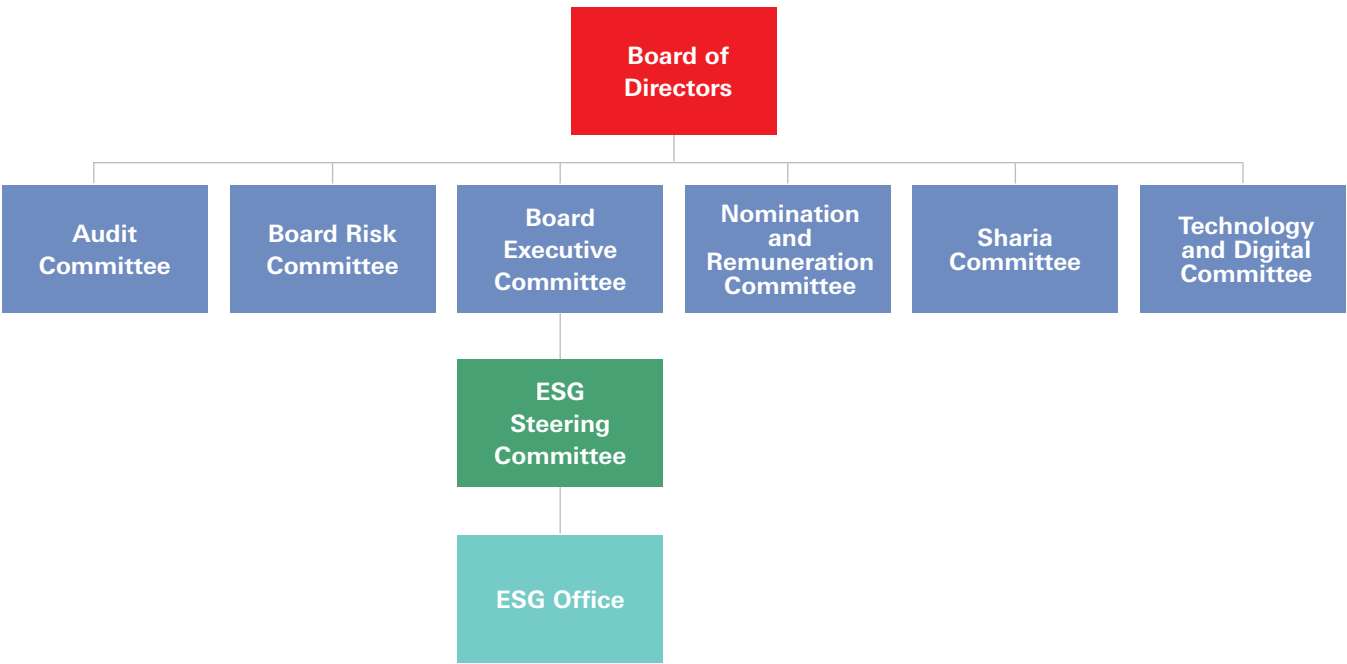
<https://www.sab.com/en/about-sab/about/Investor-Relations/financial-regulatory-reports/>

## ESG Governance Structure

SAB’s strong ESG governance structure, processes, and frameworks are the foundation of our overarching ESG strategy. ESG integration is a

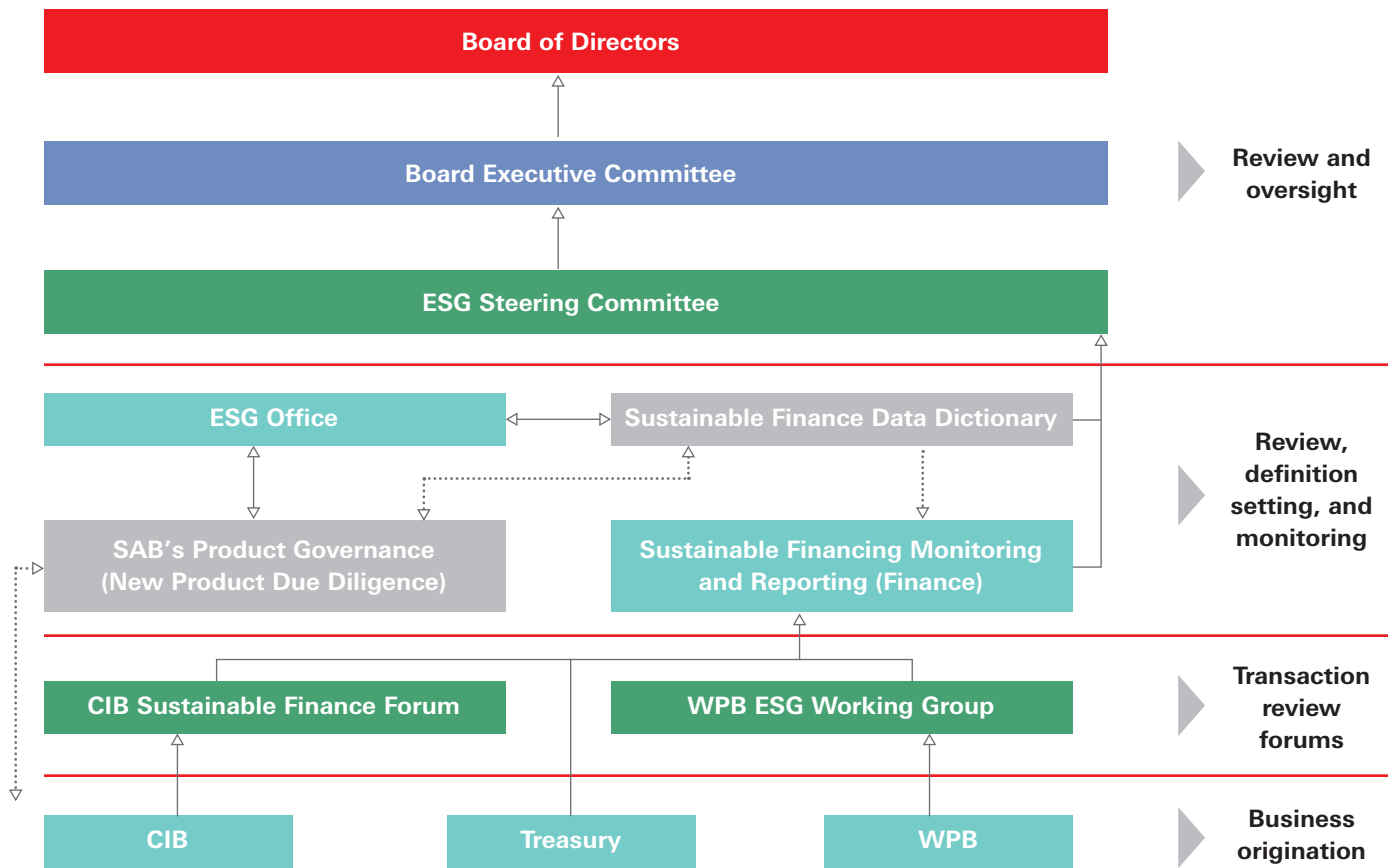
bank-wide endeavour that touches all functions. Nevertheless, clear roles, responsibilities, and oversight at the board, committee, and management levels ensure adequate supervision of ESG and climate risks. SAB’s Board of Directors has instituted several Board and

Management Committees dedicated to advancing ESG targets and implementing strategy. However, the Board retains the ultimate responsibility, ensuring a strong approach to ESG governance.



This section provides detailed information about the specific roles and responsibilities related to sustainability. Further, SAB has a solid sustainable finance governance, a Sustainable Debt Framework and a Sustainable Finance Data Dictionary. These resources shape SAB’s ESG approach and firmly establish it within a framework of rigorous governance principles.

## Sustainable Finance Governance



Operationally, sustainable finance is originated in our business divisions CIB, WPB, and Treasury. This origination is tied into the broader sustainable finance governance structure which consists of three layers.

At its foundation, there is the layer of ‘Transaction review forums’. Organised by division, these forums approve, monitor, and address sustainable finance issues at transaction or customer levels. For example,

the CIB Sustainable Finance Forum ensures compliance across corporate portfolios and client transactions, engaging business representatives, risk, and compliance.

The intermediate layer is ‘Review, definition setting, and monitoring’. Sustainable finance issues are recorded, monitored, and aggregated by Finance, guided by the Sustainable Finance Data Dictionary, which is directly linked to SAB’s Product Governance. The Product

Governance defines which products can be originated by the business divisions. The ESG Office coordinates the linkage between the Data Dictionary and the Product Governance.

The top layer is responsible for ‘Review and oversight’ of sustainable finance. Finance reports on sustainable finance to the ESG Steering Committee, alongside the Data Dictionary. From there, the information is further cascaded up to the Board Executive Committee, and ultimately



to the Board of Directors. These entities provide strategic direction, conduct performance evaluations, and address escalated issues following defined protocols and procedures.

SAB’s Sustainable Data Dictionary

At the heart of SAB’s approach to sustainable finance lies the

Sustainable Finance Data Dictionary. This comprehensive tool delineates the principles governing ESG-focused products and the international standards to which they adhere. Before any products are admitted to the data dictionary, they undergo a robust due diligence process to mitigate risks and ensure they follow the highest standards.

For more information on the Sustainable Finance Data Dictionary, have a look at our ESG page: [https://www.sab.com/esg/index.html/?/](https://www.sab.com/esg/index.html?/)

Below, we present the products outlined within SAB’s Sustainable Finance Data Dictionary alongside their primary reference frameworks:

Product	Primary Referencing Frameworks
Green bonds	ICMA Green Bond Principles
Social bonds	ICMA Social Bond Principles
Sustainability bonds	ICMA Sustainability Bond Guidelines
Sustainability linked bonds	ICMA Sustainability Linked Bond Principles
Green loans	LMA Green Loan Principles
Other green qualified lending	
Green trade finance	
Sustainable trade instrument	
Green deposits	LMA Social Loan Principles
Social loans	
Other Social qualified lending	
Sustainable supply chain finance (SCF)	
	LMA Sustainability Linked Loan Principles UN Sustainable Development Goals

This broad range of offerings, from deposits to lending and covering social and environmental products, also includes Islamic variants that comply with Shariah law.

SAB’s Sustainable Debt Framework

SAB’s Sustainable Data Dictionary is complemented by the Sustainable Debt Framework developed in 2023.

This framework is primarily designed for bond and Sukuk issuances, but it is also used to apply appropriate thresholds to the relevant green or social underlying assets. Following a comprehensive review process, including a Second Party Opinion (SPO) by S&P Global and thorough internal scrutiny, the framework is now publicly available. For detailed insights into the metrics utilised for tracking sustainable finance

opportunities, please refer to the “Metrics and Targets” chapter.

For more information on the Sustainable Debt Framework, visit our ESG webpage:

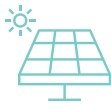
[https://www.sab.com/esg/SAB\\_SusSPO\\_Final\\_Report.pdf](https://www.sab.com/esg/SAB_SusSPO_Final_Report.pdf)

The Sustainable Debt Framework covers the following:



Green buildings

Financing or refinancing the acquisition, development, construction, and refurbishment of buildings that meet international or national certifications, including refurbishment of buildings with energy improvement.



Renewable energy

Financing or refinancing the equipment, development, manufacturing, construction, operation, and maintenance of renewable energy generation assets, including infrastructure to support renewable energy transmission.



Energy efficiency

Financing or refinancing the establishment, acquisition, expansion, and upgrade of transmission lines and energy storage facilities or technologies, which reduce energy consumption by at least 20% compared to the average national energy consumption of an equivalent project or technology.



Clean transportation

Financing or refinancing the production, establishment, acquisition, expansion, upgrades, maintenance, and operation of zero tailpipe emission electric vehicles and related infrastructure.



Pollution prevention and control

Financing or refinancing the establishment, acquisition, expansion, and processing of waste.



Environmentally sustainable management of living natural resources and land

Financing projects related to sustainable forestry practices that are certified following the SGI.



Sustainable water and wastewater management

Financing or refinancing the establishment, acquisition, capacity expansion, and upgrades of facilities and technologies to treat, distribute, and conserve water.

Beyond financing projects with environmental goals, SAB aims to fund projects that positively impact society. The Sustainable Debt Framework also covers healthcare, education, housing, and employment projects.



Access to essential services

Financing dedicated to healthcare facilities and the provision of education that is free or accessible at low cost by the general public: Construction and/or operation of healthcare facilities such as hospitals and primary care facilities Construction and/or operation of child, youth, or adult education facilities



Affordable housing

Financing dedicated to government schemes for affordable housing and the construction of homes for low-income individuals. Example products include mortgage guarantee subsidies and Ministry of Housing ready units



Employment

Programmes designed to prevent and/or alleviate unemployment through the potential effect of SME financing. Microfinance and finance dedicated to SMEs and entrepreneur clients as defined in the target population.



The Board of Directors

ESG Roles and Responsibilities

The Board of Directors is responsible for promoting SAB’s long-term sustainable performance and growth. It retains the ultimate responsibility for ESG matters including climate. The Board and senior leadership contribute to and oversee the evolution of ESG’s strategy and are provided with an ESG orientation. The Board authenticates the ESG risk appetite and emphasises the pursuit of sustainable shareholder value. Additionally, the Board provides feedback on targets, endorses the ESG report, and regularly receives

updates on ESG performance and sustainable finance, relying on the information provided by the ESG Steering Committee and other relevant ESG-related forums.

Competencies, Tenure, and Membership

The variety of Board member’s competencies defines the quality of SAB’s Board of Directors. With expertise spanning finance, accounting, compliance, risk management, operations, and other critical domains, the Board is adept at providing proficient leadership and handling complex situations. Moreover, SAB’s Board features international and local expertise,

ensuring the company’s steadfast commitment to upholding the highest standards, both within Saudi Arabian regulatory frameworks and internationally.

SAB’s Board of Directors is comprised of 11 members, including five independent members. Our longest-serving director, Mohammed AlOmran has accumulated 11 years of tenure. Adhering to international best practices, the average tenure of Board members stands at five years, fostering the balance between continuity and fresh insights. Within its classification of independent and non-independent board members, SAB follows the rules set out by the Saudi Arabian legislator.

Board of Directors	2023	2022	2021
Percentage of Board of Directors’ seats occupied by women	9%	9%	9%
Percentage of Board seats occupied by independent directors*	45%	36%	36%
Executive members of the Board of Directors	9%	9%	9%
Non-executive members of the Board of Directors	45%	54%	54%
Female members of the Board of Directors	1	1	1
Male members of the Board of Directors	10	10	10
Independent members of the Board of Directors	5	4	4
Non-executive members of the Board of Directors	5	6	6
Comments: * in line with the regulatory requirements			

ESG-Relevant Board Deliberations in 2023

In 2023, the Board operated in a hybrid format, with in-person and video conference participation by directors and management. ESG was featured regularly in all the topics discussed. In particular, the Board and its committees addressed the following sustainability-related topics:

- > SAB’s Consumer Protection Policy
- > SAB’s Whistleblowing Policy
- > SAB’s ESG Report
- > SAB’s Sanctions Policy

Additionally, an entire session on ESG-related topics gave the Board ample time to dive deep into the most pressing ESG-related issues.

Board Committees with ESG Roles

The Board of Directors delegates some responsibilities, including ESG responsibilities, to tselected Board Committees:

- > The Executive Committee (EXCOM)
- > The Audit Committee (AUCOM)
- > The Nomination and Remuneration Committee (NRC)
- > The Board Risk Committee (BRC)

However, the Board remains respon- sible for monitoring and overseeing the execution of SAB’s ESG strategy. Each Committee’s mandate is gov- erned via Board-approved policies.

The Executive Committee (EXCOM)

The EXCOM is the highest man- agement body within the Group and answers directly to the Board. It manages the Bank’s day-to-day operations, excluding matters reserved for the Board. Within those parameters, the Executive Commit- tee also addresses ESG concerns by integrating ESG into business op- erations, identifying and assessing ESG-related risks, and overseeing performance monitoring and report- ing of ESG performance. This task is supported by the ESG Steering Committee, which reports directly to

the EXCOM. As part of this function, the EXCOM reviews the minutes, actions and approvals of the ESG Steering Committee. The exact roles and responsibilities of the ESG Steering Committee are described in the next section.

The Board Risk Committee (BRC)

The BRC oversees enterprise risk management, risk governance, and internal control systems. It advises the Board on the bank’s emerging risks, risk appetite, and risk strategy. It approves the bank’s risk appe- tite framework and promotes risk awareness within SAB. This includes ESG risks, such as climate-related financial risks, which SAB is current- ly assessing as part of an in-depth climate risk assessment.

The Audit Committee (AUCOM)

The AUCOM supports SAB’s Board by supervising internal audits and re- viewing internal controls and report- ing systems. The AUCOM advises the Board regarding the quality and integrity of SAB’s financial reporting, accounting policies, and disclosure practices. It assists in safeguarding the independence and performance of internal and external auditors, recommends the appointment of external auditors, and guides their fees. Additionally, the AUCOM may be responsible for any tasks as- signed by the Board as provided for

in the rules and regulations issued by supervisory authorities.

The Nomination and Remuneration Committee (NRC)

The NRC primarily aids the Board in overseeing remuneration, nom- inations, and governance duties. Regarding nominations, the NRC aligns its recommendations for Board membership with SAB’s Selection Policy for both the Board and Board Committee members. Annually, it assesses the necessary skills and capabilities for each role and comprehensively evaluates the effectiveness of Board members, committees, and the Board.

Regarding remuneration, the Committee periodically suggests a compensation policy for Board members, Committee participants, and executive management. It su- pervises the implementation of this policy and ensures compliance with disclosure requirements related to remuneration. Additionally, the NRC offers recommendations for SAB’s governance rules, encompassing specific regulations for sustainabil- ity in accordance with directives from supervisory authorities. These recommendations are subject to the Board’s review and approval.



ESG Steering Committee and ESG Office

ESG Steering Committee

The ESG Steering Committee supports all executives in developing and delivering our ESG strategy. Answering directly to the EXCOM, the ESG Steering Committee is the cornerstone for comprehensive governance, management, and coordination of all endeavours outlined in SAB’s ESG strategy. It offers holistic governance, oversight, management, and coordination of all commitments within the approved ESG strategy. The Committee draws its authority from the EXCOM and fulfils its delegated responsibilities within the bank’s risk appetite and corporate governance framework.

The selection of committee members is a collaborative effort led by the Managing Director and the Company Secretary, ensuring a diverse and inclusive representation. Presently, the ESG Steering Committee comprises the following members:

- > Managing Director (Chair)
- > Chief Financial Officer
- > Chief Risk Officer
- > Chief Operating Officer
- > Chief Corporate and Institutional Banking Officer
- > Chief Retail Banking and Wealth Management Officer

- > Chief Treasury Officer
- > Company Secretary
- > Chief Human Resource Officer

Permanent invitees to the Committee are:

- > Chief Strategy Officer
- > Head of Corporate Communication

The ESG Steering Committee met seven times in 2023, and the key topics addressed included:

- > ESG Strategy implementation progress
- > Sustainable financing
- > Financed emissions
- > ESG disclosures
- > External collaborations on ESG topics domestically









These matters are instrumental in driving SAB’s ESG strategy and in informing further actions on ESG performance monitoring, SAB’s sustainability outlook, and planned ESG initiatives.

ESG Office

The ESG Steering Committee is supported by the ESG Office, which conducts the day-to-day work on ESG Strategy execution in conjunction with all functions across the bank, ESG reporting and disclosures, ESG spending and

cost control, ESG governance, and monitoring and tracking of ESG indicators. The ESG Office is responsible for developing and recommending appropriate governance of ESG activities in collaboration with relevant functions across the bank. Knowing that sustainability is essential to all business functions, the ESG Office aids Human Resources in enhancing sustainability knowledge and competencies through upskilling and capability-building initiatives.

To support the efficient delivery of SAB’s overall sustainability objectives, the ESG Office is tasked with various responsibilities including:

-  ESG Strategy execution
-  ESG governance
-  ESG policy engagement
-  ESG disclosures
-  ESG budget/finance
-  ESG Net Zero commitments
-  ESG capacity building support
-  ESG project management

Ethics and Integrity

Through SAB’s strategic partnership with HSBC Banking Group, we benefit from their wealth of knowledge in responsible business practices, ethics, and compliance. Our commitment to ethical conduct and integrity is fundamental to our organisational culture, and we continuously strive for excellence in these domains. In 2023, SAB continued to implement a range of policies and procedures. This effort further improved responsible business management practices and firmly embedded them within our operations. SAB’s policies related to ethical business practices can be found on our [ESG microsite](#).

The following section provides a holistic overview of the critical pillars of our approach to ethics and integrity.

Ethics and Compliance

SAB has made significant investments in the compliance infrastructure to manage compliance risk. This includes improving monitoring systems, internal reporting tools, and training. All risks and breaches of local regulations are reported to the Management and Board Committees directly.

Business Conduct and Corporate Governance Principles

Strong corporate governance forms the foundation of SAB’s operational framework. Our Code of Business Conduct is central to this structure and clearly states SAB’s ethical principles. Applicable to all employees without exception, this code establishes clear expectations for behaviour and underscores our unwavering commitment to upholding integrity at all levels.

In designing its corporate governance processes and practices, SAB draws from international and local best practices in this field. This includes regularly reviewing all regulatory requirements issued by the Capital Market Authority (CMA) and SAMA. Drawing on its privileged relationship with HSBC, the way SAB approaches corporate governance is also inspired by HSBC’s best practices.

Anti-Bribery and Anti-Corruption

SAB follows a zero-tolerance approach to bribery and corruption. SAB mandates comprehensive training for its entire staff concerning anti-bribery and corruption. The bank’s approach is detailed in the anti-bribery and anti-corruption policy, which applies to all SAB’s employees.

The policy specifies the assessment, handling, and reporting procedures for conflicts of interest, ensuring employees prioritise SAB’s best interests and safeguard stakeholder concerns. Specifically, it outlines how to govern and assess risks under the four anti-bribery and corruption risk pillars: Employee, Third Party, Strategic, and Customer.

Anti-Money Laundering and Combating Terrorist Financing

SAB implements all provisions of Saudi authorities, SAMA, CMA, and further national and international rules, guidelines, and resolutions (including those of the Financial Action Task Force on Money Laundering and the United Nations Security Council). Where necessary, the bank will apply even higher standards to protect and safeguard the organization. The zero tolerance approach

in this area is supported by stringent processes and procedures, including: obligation to report all unusual or suspicious transactions, implementation of KYC and KYB principles, and encouraging the use of non-cash payment instruments. Such measures, accompanied by strict sanctioning mechanisms, enable SAB to combat money laundering and terrorist financing most effectively.

Related-Party Transactions

SAB has implemented robust related-party transaction processes to identify, measure, monitor, and report bank related-party exposures. Related parties’ transactions are considered at ‘arm’s length’ basis and without preferential treatment.

For related-party transactions, the conflicted individuals are not to participate in nor influence decisions. Procedural controls ensure that beneficiaries do not participate in the processing or approving of such transactions.

Periodic updates covering related-party transactions are in place to demonstrate adherence to established governance standards at the Board, Board-Sub-Committee, and Executive-management levels.

Whistleblowing

SAB’s Whistleblowing Policy is a comprehensive framework that facilitates effective governance and oversight of whistleblowing mechanisms. It establishes clear, confidential, and easily accessible procedures and channels, enabling stakeholders to report concerns, unethical behaviours, and wrongdoing.





SAB’s approach builds on ‘Speak Up’, the Bank’s official whistleblow-er channel, which handles con-cerns confidentially for internal and external stakeholders. The channel is accessible via email, phone, and the website, and all concerns raised re-main confidential. In addition, issues may be submitted directly to the supervisory authority instead of, or alongside, the ‘Speak Up’ channel.

The Whistleblowing Policy provides a secure avenue for employees to

raise issues without fear of reprisal. Employees are encouraged to a wide range of concerns, including but not limited to:

- > Breaches of company policies
- > Violations of laws or regulations
- > Financial malpractice
- > Harassment or discrimination

Comprehensive training and aware-ness campaigns for all employees are integral to the policy. Awareness and education ensure collective

understanding and compliance with the policy’s provisions, emphasising the importance of ethical behaviour and encouraging a proactive stance against misconduct.

We closely monitor incidents of whistleblowing and make sure that complaints are treated effectively and swiftly. The table below gives an overview of relevant data for the last three years.

Internal compliance monitoring and reporting	2023	2022	2021
Number of enquiries, complaints, or issues received by the legal and compliance office through an internal monitoring or reporting system	319	373	266
Percentage of enquiries, complaints, or issues received by the legal and compliance office through an internal monitoring or reporting system that were investigated	100%	100%	100%

Incidents of non-compliance	2023	2022	2021
Total incidents of non-compliance with SAMA instructions	21 <sup>Ⓐ</sup>	26	15
Total number of non-monetary warning letters	1 <sup>Ⓐ</sup>	6	2
Percentage of incidents of non-compliance that resulted from whistleblowing actions	2%	1%	6%

Selected metrics marked with the <sup>Ⓐ</sup> symbol have been subject to independent limited assurance procedures by PricewaterhouseCoopers Public Accountants ('PwC') for the year ended 2023

### Consumer Protection

“Think Customer” and “doing the right thing” embody two of SAB’s four core values. We aim to serve customers with integrity and provide high-quality banking products at fair prices. In this pursuit, the bank strictly follows SAMA's principles and regulations. Aligned with reg-ulatory requirements, including the SAMA Consumer Protection Princi-ples and Rules, we have a Consum-er Protection policy. Our policy is centred around ten principles:

- > Equitable and fair treatment
- > Disclosure and transparency
- > Education and awareness

- > Behaviour and work ethics
- > Protection against fraud and misuse
- > Protection of data and informa-tion privacy
- > Complaints handling
- > Competition
- > Outsourcing
- > Conflict of interest

The policy aims to achieve equitable outcomes by fostering transparency and facilitating seamless financial market operations. It also outlines guidelines for transparent com-plaints handling processes, demon-strating our commitment to address-ing customer concerns effectively and promptly.

### Anti-Competition

SAB diligently upholds Saudi Ara-bia’s Competition Law, which came into force in 2005. This legislation safeguards against practices or agreements, overt or covert, that may undermine, limit, or obstruct fair competition among entities operating within the market. The law is designed to foster an environment that promotes healthy competi-tion and prevents anti-competitive behaviours that could stifle inno-vation. Implementing and adher-ing to this law aligns with SAB’s steadfast commitment to ethical business practices and fair market competition.

### Useful Links

To explore more policies, reports, and other reference materials related to this section, please click on the links below:

- [ESG microsite](#)
- [Annual Report](#)

### Data Privacy and Cybersecurity

Due to an increasingly digitised business model, cyberattacks pose an ever-growing threat to many organisations. The failure to protect our business might cause custom-er disruption, financial loss, and data manipulation. SAB has made substantial investments to fortify its cyber control framework and en-hance IT resilience and cybersecuri-ty capabilities. The following section outlines the policies, processes, and advanced protective measures we have implemented to counteract increasingly sophisticated malicious actors.

#### Cybersecurity and Data Privacy Governance

Cybersecurity is a vital component of our risk management framework. SAB, therefore, constantly invests in improving threat detection and analysis, payment systems controls, data protection, backup, and recov-ery, amongst other topics.

Cybersecurity risks are governed at the senior management and board levels to ensure support for SAB’s cybersecurity programme at the highest level. An overall corporate-wide view of IT risk and

governance is in effect across the bank. Cybersecurity governance activities encompass the periodic review and monitoring of SAB’s cybersecurity programme and man-aging information and cyber security risks.

Our cybersecurity strategy is underpinned by a comprehensive framework of policies and process-es designed to uphold the highest standards of security:

- > The Cybersecurity risk poli-cy delineates rigorous cyber security assessments, robust identity and access manage-ment protocols, and meticulous cybersecurity risk mitigation considerations.
- > The data policy fosters vigilance in monitoring and controlling the movement of information, preemptively thwarting potential data security breaches.
- > Our cybersecurity policies and standards outline stringent measures and controls for safeguarding all forms of infor-mation and IT systems against unauthorised access, abuse, disclosure, modification, or destruction.

SAB’s cybersecurity strategy un-derwent a thorough review over the past year and has been updated to align with emerging risks and the bank’s overall strategy. The revised strategy now comprises six primary domains, aiming to position SAB as a leading bank in cybersecurity and to bolster our controls regarding emerging technologies such as AI, fintech, and open banking APIs.

The bank also established a cy-ber-based fraud unit to bolster support for the counter-fraud team and mitigate risks associated with cyber-based fraud to safeguard both

the bank and its customers. In col-laboration with multiple bank units, this unit investigates and analyses accounts to identify any suspi-cious access activities and ensures prompt action is taken to minimise potential losses. This is support-ed by an advanced system that strengthens controls around user authentication, fraud prevention, and intelligence and has helped to enhance the controls effectiveness significantly.

### Internal Audits and Penetration Testing Initiatives

In alignment with our commitment to transparency and accountability, SAB’s internal audit team conducts regular internal audits in collabora-tion with external auditors. The most recent audit, conducted in 4Q23, implemented the SAMA Cybersecu-rity Framework assessment focusing on three main pillars, i.e., design, implementation, and effectiveness. No significant concerns were high-lighted, underscoring our ongoing diligence in upholding the highest standards of cybersecurity excel-lence and our firm commitment to prioritising both internal and regula-tory requirements.

SAB also conducts regular pene-tration test exercises conducted by both in-house experts and external parties to bolster our security stance and meet regulatory standards. These tests aim to pinpoint network vulnerabilities proactively, enabling us to address them before potential exploitation by malicious actors. This ongoing vigilance allows the bank to maintain a keen eye on any infra-structure gaps and take preemptive measures.

Regulatory Compliance

SAB consistently follows local rules and regulations on data privacy and protection in the Kingdom, including guidelines from SAMA and the National Cybersecurity Authority (NCA). Additionally, the bank has completed

the implementation of the principles of SAMA Cyber Threat Intelligence.

Within the bank, we place an emphasis on compliance with NCA requirements, including the recent NCA Data Cybersecurity Controls (NCA DCC) framework, which focuses on

strengthening controls around data security.

In line with SAMA guidelines, SAB reports personal data breaches. More detailed figures on these incidents are provided in the table below.

Data breaches, incidents, and concerns	2023	2022	2021
Breaches requiring reporting to regulatory bodies	0	0	0
Instances requiring reporting to data subjects of personal breaches	0	0	0
Concerns raised by regulators on data privacy	0	0	0

Certifications

SAB continues to pursue certifications that validate our commitment to safeguarding customer information and maintaining high cybersecurity standards. In 2023, SAB achieved the Payment Card Industry Data Security Standard (PCI-DSS), which is renewed annually. Additionally, SAB is compliant with the NCA regulatory practices and frameworks. This was assessed

independently by the NCA-led auditing entity (SITE) and all other NCA controls and frameworks mandated by SAMA.

Deloitte has conducted an independent assessment of the SAB Security Operations Center (SOC) to assess our threat detection, response, and prevention capabilities in addition to the vulnerability assessment domain. Results indicate that the bank is 100% compliant

with SAMA CSF Maturity Level 3 and 4 requirements pertaining to SOC domains.

More information on these essential certifications can be found here:

- PCI-DSS:** <https://www.pcisecurity-standards.org/>
- NCA ECC Framework:** <https://nca.gov.sa/ecc-en.pdf>

Employee Training

Employees play a crucial role in fostering resilience against cybersecurity threats. Regular access rectification exercises mitigate access creep, keeping access to SAB systems within strict boundaries.

At SAB, all employees are mandated to undergo cybersecurity training. In 2023, the bank’s employees participated in trainings on:

- > Protecting our information
- > Email security
- > Remote access training
- > NCA required organisational social media user awareness

The HR L&T teams track the completion percentage, and reports are shared with higher management for their information and necessary action.

Our personnel regularly receive cybersecurity tips via emails, webinars, screensavers, SAB Mobile, and ATM screens. SAB conducts regular incident response drills such as phishing tests, fostering a risk-awareness culture. An extensive cybersecurity campaign was launched in October, targeting both SAB personnel and customers by utilising multiple

social media platforms to enhance awareness further. Additionally, a dedicated cybersecurity session was provided to senior management in 2023.

Finally, we make sure our cybersecurity team is up to date with emerging technologies and give them the opportunity to complete courses and certifications that enhance their skills further. Additionally, SAB collaborates with esteemed cybersecurity advisories, ensuring access to top-tier consulting services and expert insights on emerging technologies, market shifts, threats, and preventive measures.

Customer Safety and Awareness

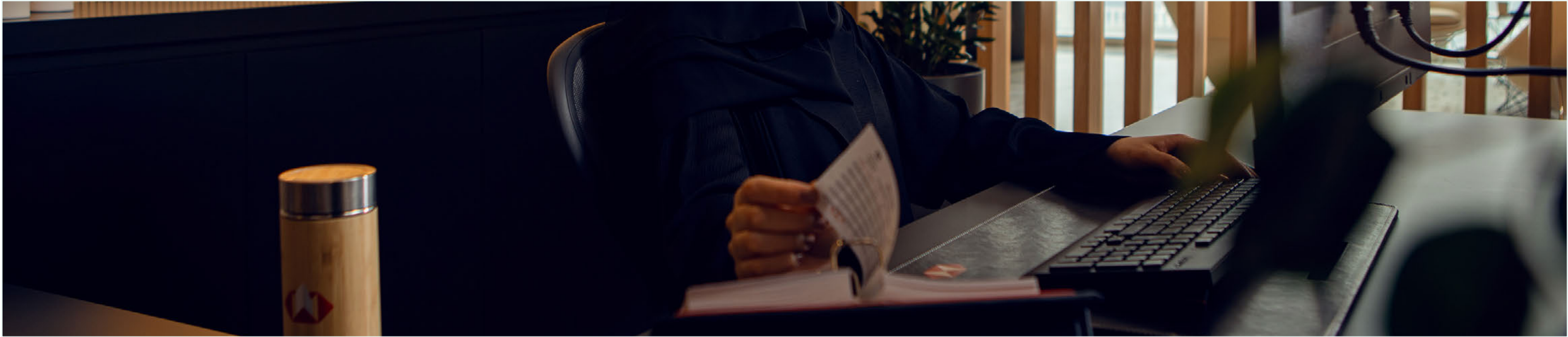
As SAB embraces digital transformation, safeguarding customer data remains paramount. We employ robust encryption and authentication methods to secure data transmission, introducing advanced identification software this year to combat cyber threats effectively.

Our dedication to customer safety extends to raising awareness about cybersecurity risks, providing resources on scam recognition,

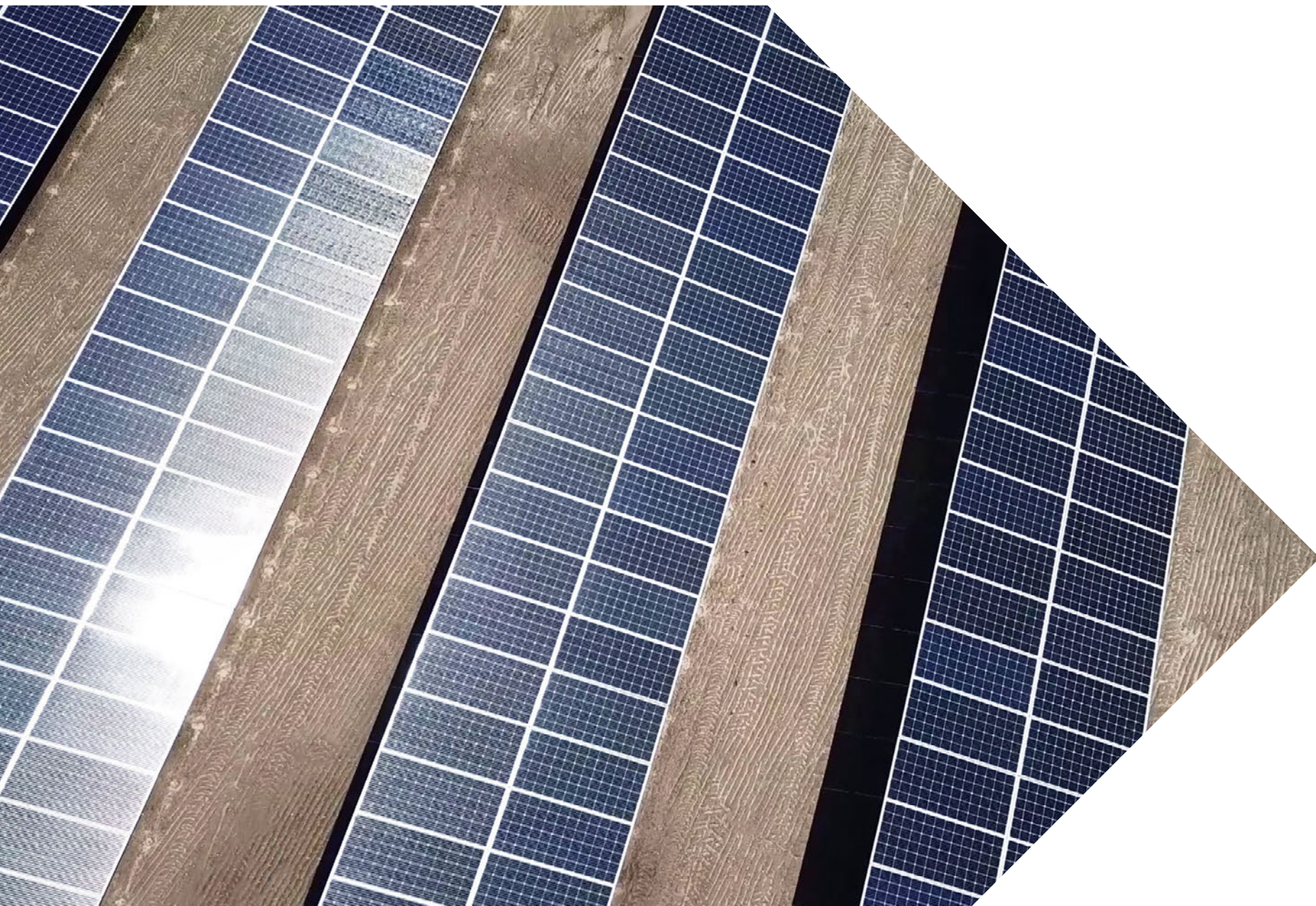
and maintaining a security centre within our online banking platforms. For instance, we provide information to customers on recognising scams and fraud. SAB employs cutting-edge solutions to protect our customers and to safeguard our brand image, partnering with various external firms to detect and remove rogue websites and applications impersonating SAB. We also monitor external channels for potential uploads of customer information, such as card data.

Through ongoing efforts, including vulnerability management, penetration testing, and the integration of an Enterprise Fraud Management System in 2023, we strive for zero vulnerabilities and proactive fraud prevention. Regular software updates and sophisticated monitoring systems further fortify our defenses against evolving threats, ensuring the safety of our customers’ information. To mitigate the threat of customer data theft, access to customer data is restricted on a need-to-know basis.

For more information on how we enhance our cybersecurity, please consult our [annual report](#).







## 05 Strategy

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# Strategy

At SAB, ESG is fundamental in how we think about our business. That is why our ESG Strategy, which we announced publicly in 2022, forms one of the pillars of our overarching Corporate Strategy 2026. It informs our business decisions by laying out our targets and what we want to achieve. We remain committed to these targets and have undertaken ambitious measures in 2023 to operationalise them.

## SAB's ESG Strategy

SAB mobilises finance to support an inclusive, diverse, and just transition towards a sustainable economy and society. This is achieved by centralising ESG principles within our organisation and operations, as well as harnessing our strategic alliance with HSBC.



### Environment

**Allocate financing toward a just and sustainable economy**

- > Support the transition of our customers to a more sustainable and diversified economy through our products and services
- > Scale up sustainable financing and investments to SAR 34 billion by 2025, supporting the Kingdom's Vision 2030
- > Measure the carbon footprint of our portfolio, and achieve Net Zero by 2060 or sooner, with an active focus on a just transition
- > Align our operations and supply chain to ambitious science-based targets and achieve key milestones by 2030, with an aim to achieve Net Zero in our operations by 2035
- > Plant 1 million trees to offset 0.9 million tons of CO<sub>2</sub>



### Governance

**Play a leading role in shaping an inclusive and diverse society, positively impacting our stakeholders**

- > Further develop our digital capabilities to build sustainable financial capability amongst our customers and across the Kingdom
- > Ambitiously pursue playing our part in closing the regional savings gap
- > Continue to actively shape and advance the development of ESG and the sustainable finance market across the Kingdom
- > Remove barriers for women and para-abled for engagement in financial services, including financing for female-led enterprises



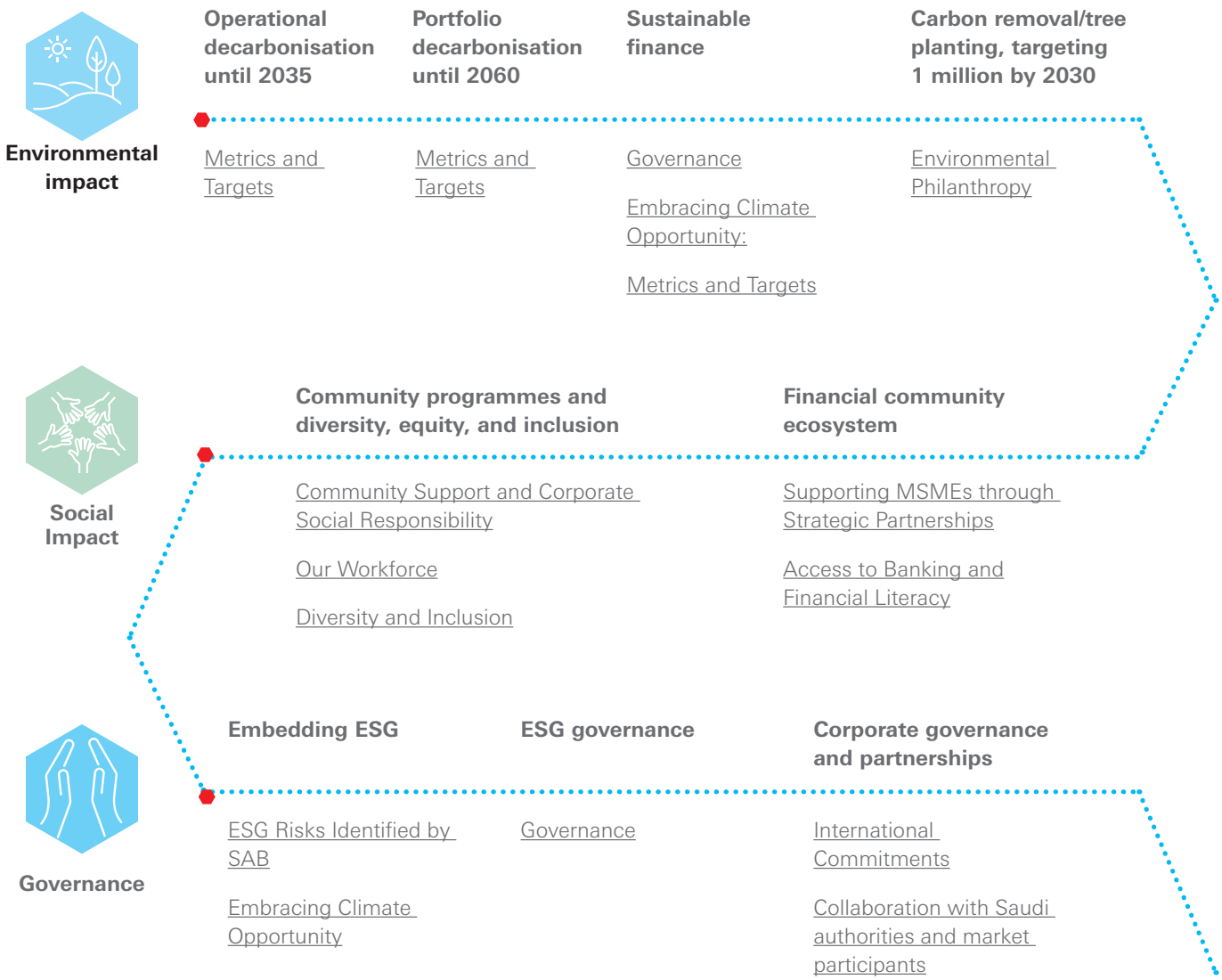
### Social

**Commitment towards a high standard of governance, driving integrity and responsibility in all decision-making**

- > Deploy an ESG governance structure
- > Embed ESG into all departments, functions, and staff members for every financial decision to be reviewed through an ESG lens
- > Partner with an international body to build reporting and disclosure frameworks for enhanced transparency
- > Roll out an updated corporate governance framework in line with international best practices

## Our Progress

In 2023, we made considerable progress in implementing our ESG strategy. We remain committed to refining our approach, engaging in ongoing dialogue with our stakeholders, and advancing across all ESG dimensions to optimise our overall impact. Our strategic pillars and core ESG themes, however, remain unchanged. In this section you can navigate different sections of the report that provide supporting information on how SAB is addressing the different pillars and deliverables within the ESG Strategy.



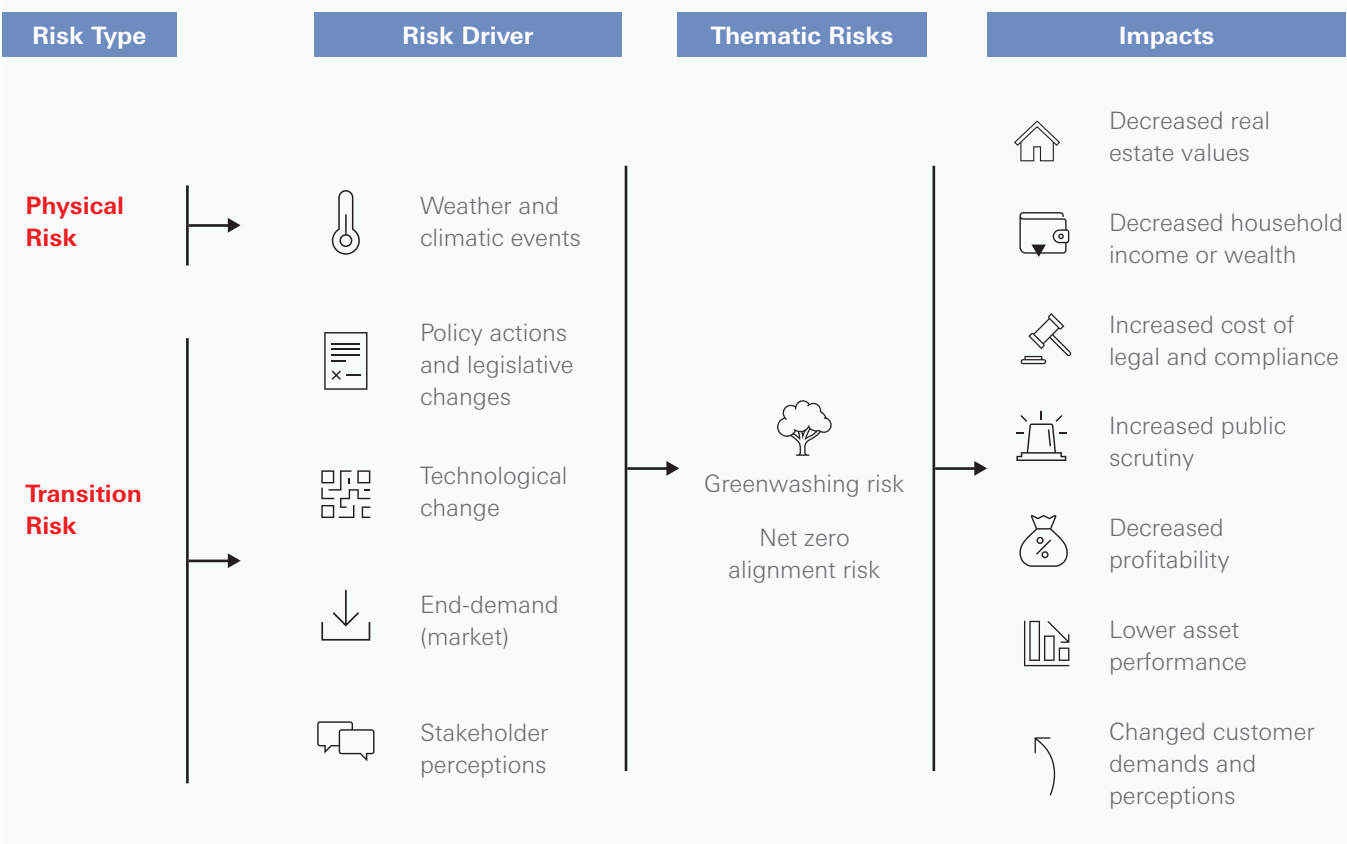
After establishing ambitious long-term goals – from decarbonising the portfolio by 2060 to supporting the development of the Kingdom’s financial ecosystem – SAB is actively translating these aspirations into reality. Our commitments are a manifestation of the positive role SAB assumes as a stakeholder within the broader community.



ESG Risks Identified by SAB

Climate Risks

A climate risk management framework is essential for banks to evaluate and manage the financial impacts of climate change, ensuring stability and compliance with regulations while seizing opportunities for a sustainable economy. SAB has developed a framework to enhance resilience to global warming. Integrated into the overall risk management framework and corporate strategy, SAB’s Climate Risk Framework addresses diverse risks and outlines perspectives on impact and control enhancements.



Considering insights from the Task Force on Climate-related Financial Disclosures (TCFD), SAB identified a range of risks. For the bank, physical risks (e.g., extreme weather events, long-term shifts in climate patterns) and transition risks (e.g., change in legislation, change in consumer perception) can materialise in a variety of different ways.

SAB has identified two thematic

risks. **1) Greenwashing risk.** This includes drivers such as the failure to communicate progress accurately and transparently against Net Zero goals, failure to develop and market ‘green’ and ‘sustainable’ products appropriately, and failure of products being used for ‘green’ and ‘sustainable’ business activity including lack of credibility of customers’ climate commitments. **2) Net zero alignment risk,** which includes failure to

meet SAB’s Net Zero ambition, or meet external expectations related to Net Zero due to insufficient or poor execution by the bank or its stakeholders.

A host of impacts can result from these risks, which SAB recognises, both for CIB and WPB, and at a corporate level. Such impacts include but are not limited to decreasing household income or wealth, real

estate devaluation, lower asset performance or stranded assets due to technological shifts or changing demands, increased public scrutiny, and higher compliance costs. These factors are considered in corporate strategy deliberations, and we are continuously working to enhance SAB’s overall resilience in the wake of these risks. In this regard, SAB recognises the necessity to enhance its climate-related practices, including scenario analyses, to adhere to the Kingdom’s climate commitments and transition timelines.

Other Sustainability Risks

In addition to climate risks, SAB

incorporates other sustainability-related risks into its strategy. Environmental, social, and governance factors are integrated into the risk framework and identified through the materiality process. The bank manages these risks by implementing appropriate controls and addressing the most critical ones in its corporate strategy. For example, diversity and employment are significant risks in the ESG domain, tackled by SAB’s 2026 Corporate Strategy. SAB continually refines its approaches and, where necessary, incorporates these considerations into business plans.

The principal climate risk faced by SAB relates to the transition

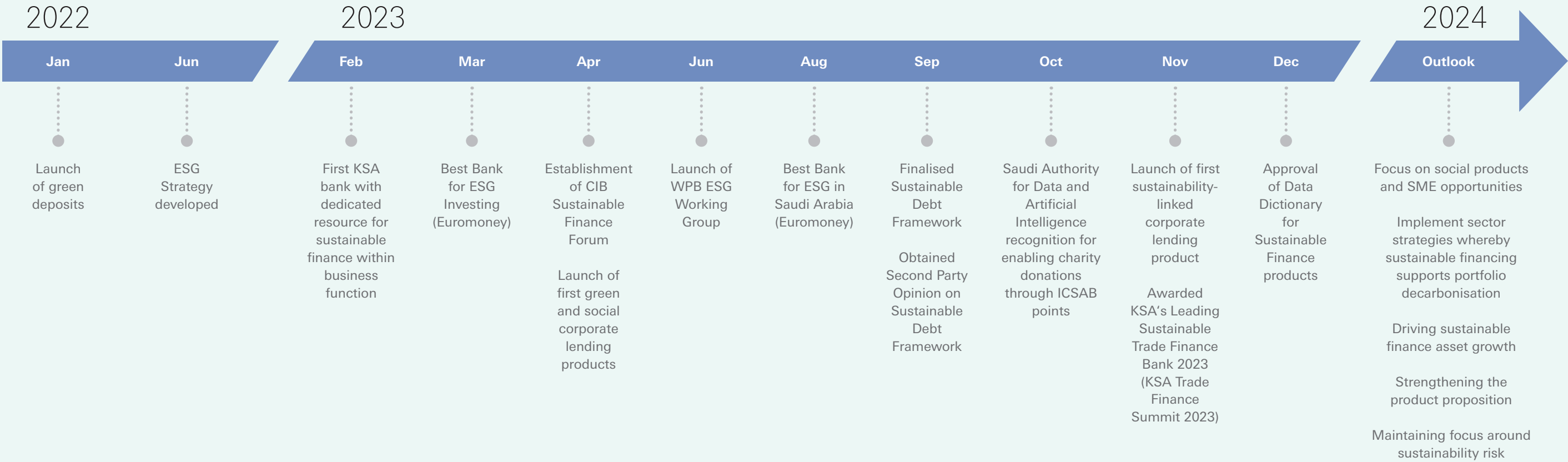
risk, which is linked to its financed portfolio. The bank gathers information from its customers through a transition engagement questionnaire (TEQ; a sample questionnaire can be found on our [ESG microsite](#)), which will assist in understanding the nature of the risks and opportunities for the bank and support the customer’s transition journey. The impact of climate risk in the short term is considered low, with minimal impact on capital or liquidity. The medium- and longer-term effects remain difficult to predict at present. Efforts are currently ongoing to enhance SAB’s capacity in comprehending climate risks and analysing their medium- to long-term implications.



Embracing Climate Opportunity

Sustainable finance is the primary vehicle through which SAB can impact climate change. However, it also presents a significant business opportunity. As articulated in our 2026 Corporate Strategy, SAB aims to deploy SAR 34 billion in sustainable financing products and investments by 2025. Sustainable finance is a growing, and ever evolving topic for the bank. We are proud of how far we have come, particularly in 2023, and present the main milestones on our journey in the following:

Milestones in our Sustainable Finance Journey





### Green-, Social-, Sustainability- and Sustainability-Linked Bonds

SAB actively invests in various bonds promoting sustainability and social responsibility. These include green bonds, sustainability bonds, social bonds, and sustainability-linked bonds, each adhering to specific global principles set forth by the International Capital Markets Association (ICMA):

- > **Green bonds:** SAB invests in bonds where the proceeds are exclusively used to finance or refinance green projects in alignment with the ICMA Green Bond Principles.
- > **Sustainability bonds:** SAB investment in bonds where the proceeds are exclusively used to finance or refinance a combination of green and social projects aligned with the ICMA Sustainability Bond Principles.

- > **Social bonds:** SAB investment in bonds where the proceeds are exclusively used to finance or refinance social projects in alignment with the ICMA Social Bond Principles.
- > **Sustainability-linked bonds:** SAB investment in bonds that tie the financial and structural characteristics of the bond to the issuer's achievement of predetermined sustainability/ ESG objectives in alignment with the ICMA Sustainability-Linked Bond Principles.

These investments collectively amount to SAR 998 million as of December 2023. By aligning these investments with recognised global frameworks, we robustly manage our climate-related opportunities, ensuring that our financial activities contribute positively to sustainability initiatives while generating value for our stakeholders.

### Sustainable Financing Case Studies: We Support Innovative Projects That Make a Difference



#### NEOM Green Hydrogen

SAB supports the financing of the world's largest carbon-free green hydrogen and green ammonia plant with a green loan facility. Estimates put the potential production at 560 tons of green hydrogen per day and 1.16 million tons of green ammonia per year.

#### The Red Sea Project

SAB finances the development of a luxury resort destination between Umluj and Al Wajh. The project sets standards for sustainable development and environmental protection to ensure the conservation of the Kingdom's natural environment in accordance with the highest standards of ecological best practice.

#### Sudair Solar

Sudair Solar PV aims to become one of the largest single-contracted solar PV plants in the world and the largest in Saudi Arabia. The installed capacity will be about 1.5 GW. The project is expected to provide 70% of the country's total renewable energy by 2030. SAB is providing financing in the form of an Islamic equity bridge loan.

#### Marafiq Red Sea for Energy

Marafiq provides utilities for the Red Sea Development, such as a water system, wastewater plant and sewage system, energy via PV, and a district cooling plant.





## 06 Risk Management

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# Risk Management

SAB’s risk management framework is guided by regulatory frameworks as established by SAMA and international best practices. Our approach to risk management is underpinned by our culture and values, clarifying responsibility as well as enabling effective coordination of risk and control activities.

We have adopted the 3 lines of defence (LOD) framework which is summarised below:

- > The first line of defence owns the risks and is responsible for identifying, recording, reporting and managing them in line with risk appetite, and ensuring that the right controls and assessments are in place to mitigate them.
- > The second line of defence challenges the first line of defence on effective risk management, and provides advice, guidance and assurance of the first line of defence to ensure it is managing risk effectively.
- > The third line of defence is internal audit function, which provides independent assurance as to whether our risk management approach and processes are designed and operating effectively.

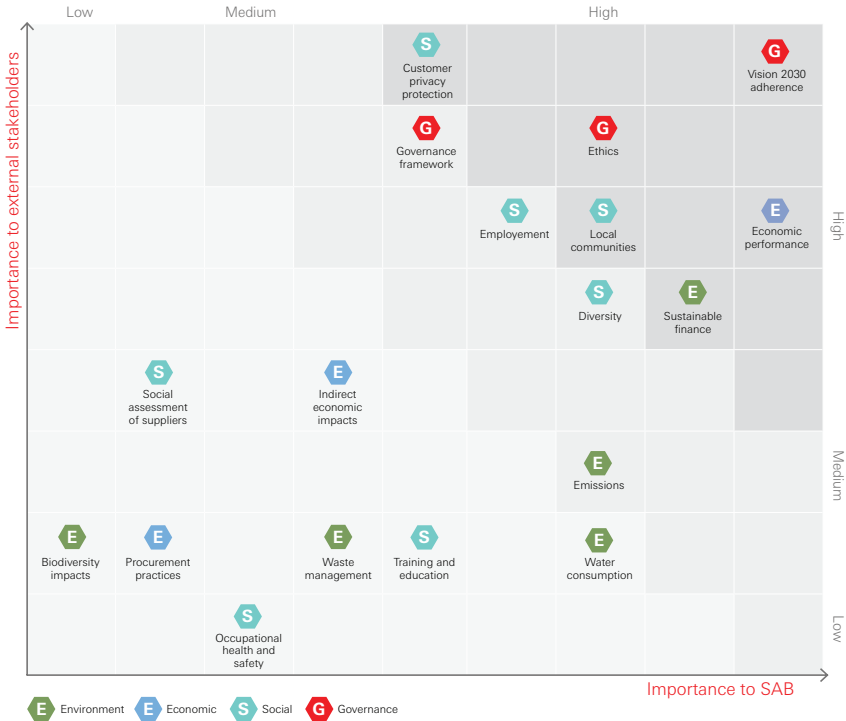
We aim to use a comprehensive risk management approach across the organisation and across all risk types, following a consistent approach to identifying, assessing, managing and reporting the risks we accept and incur in our activities, with clear accountabilities.

## Our ESG Risk Environment

SAB strives to create a positive impact for all its stakeholders. To do so, we need to understand what is important to them. The analysis that drives this process is called materiality assessment. It involves sending questionnaires to various stakeholders, supported by a third-party expert, who evaluates and weighs responses accordingly. Our materiality assessment thoroughly examines the risks, opportunities, and concerns of stakeholders relevant to SAB, enabling the prioritisation of areas with significant implications for the bank and its key stakeholders.

## Materiality Matrix

Throughout 2023, SAB continued



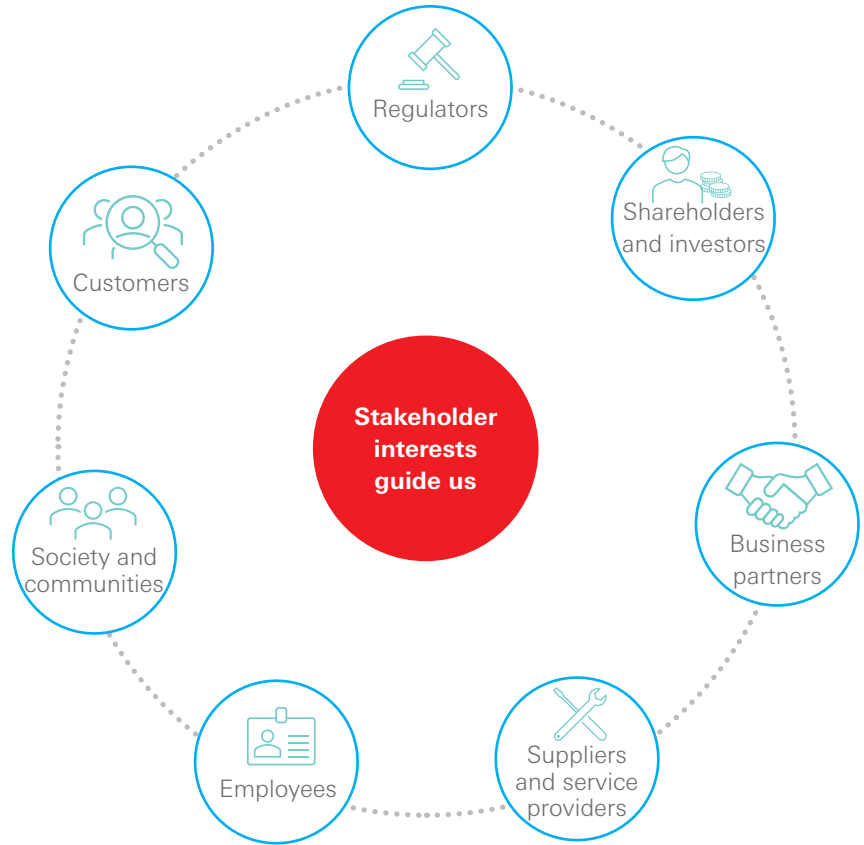
to rely on the materiality matrix established in 2022. As part of this assessment, our stakeholders told us that Vision 2030 adherence, economic performance, and ethics were among their most pressing priorities. Split up into their environmental, social, and governance pillar, the most material topics were:

- > Environmental: Sustainable Finance, Emissions, and Water Consumption
- > Social: Local communities, Customer privacy protection, Employment, and Diversity.
- > Governance: Vision 2030, Ethics and Governance framework.

SAB will retain its current assessment of material topics, including the materiality matrix until changes become necessary. Triggers that could necessitate such a change are significant changes to the bank’s strategy, business model, value chain, products, or customer segments. Any inorganic growth may also lead to updates to the materiality matrix. A rapid review of the material topics during the report compilation process did not identify any material changes that required an update for 2023.

## Engaging with Stakeholders

SAB values the perspectives of its stakeholders and actively engages with them to gain insights and foster mutually beneficial relationships. They are the ones who we listen to when it comes to determining impacts, risks, and opportunities in our assessments of material issues. This section outlines our ongoing efforts to connect with stakeholders and highlights key engagements from various groups in 2023.



## Regulators

Saudi Arabian laws and governing authorities govern SAB. These include the Ministry of Commerce, the Saudi Central Bank, the Capital Market Authority, and the Zakat Tax and Customs Authority. As we implement Vision 2030, regulators are amongst our most valuable partners in bringing the ambitions of the

Vision to fruition.

In 2023, our most important engagement channels and highlights were:

- > EBAC was established by SAMA to integrate ESG principles into finance. SAB’s CEO chairs this committee, and SAB actively contributes to furthering the committee’s objective.

- > SAB was appointed as one of just two voting members from the banking sector to the Corporate Sustainability Policy Development Working Group (CSPD), operating under the mandate of the Ministry of Economy & Planning.

Shareholders and Investors

Shareholders play a pivotal role in providing us with essential capital, networks, and expertise, empowering us to generate value for the market. As significant stakeholders, they hold us accountable and offer invaluable market insights and feedback to SAB. We reciprocate by creating value for them. The exceptional performance witnessed in 2023 underscores our ability to enhance shareholder value, and we are pleased to continue this trend by further elevating our performance.

In 2023, our most important engagement channels and highlights were:

- > Annual General Meeting
- > Quarterly earnings calls
- > Local, regional, and international investor conferences
- > Regular meetings with the analyst community
- > Regular meetings with investors locally at our offices, and also virtual meetings
- > Documented updates, including regular presentations, earning releases, and transcripts that can be accessed from our website

Business partners

Our business partners enable us to execute on our mandate. Notably, they support our alignment with Vision 2030, enhance our reputation in the marketplace and they contribute to our financial performance and brand health.

In 2023, our most important engagement channels and highlights were:

- > One-on-one meetings and engagements
- > Conferences
- > Contracts

Suppliers and service providers

Via our partnerships with reliable and competent suppliers, we maintain consistency in service and product quality, reliability, and innovation. They allow us to maintain competitiveness and enhance our operational efficiency.

In 2023, our most important engagement channels and highlights were:

- > Vendor assessments
- > Personal meetings and engagements

Employees

Our employees are the foundation of our success. We continuously invest into our employees’ skills and development, so that they can foster their talent. Our graduate programme provides professional avenues for young Saudi talent and makes sure we develop our youth. We have numerous initiatives, processes and policies that make sure SAB can provide a nurturing, diverse, innovative, and positive environment for all employees.

In 2023, our most important engagement channels and highlights were:

- > Our Pulse Check Survey in which we improved the NPS from 11 in 2022 to 19 in 2023.
- > Town hall discussions on specific topics, such as our move to our new and more sustainable LEED-certified headquarters.
- > Volunteering activities such as packaging food for the Et’aam food bank during Ramadan.
- > Our graduate programme, through which we recruited 20 graduates in 2023.

Society and Communities

SAB exists within a broader community, which is particularly important to us. As a significant bank within Saudi Arabia, we contribute to the well-being of the communities we serve and enhance their prosperity.

In 2023, our most important engagement channels and highlights were:

- > The Riyali Foundation, provided financial literacy education to over 730,000 students between 2022 and 2023.
- > Our partnership with Goumbook promotes regenerative agriculture practices in the region.
- > Our longstanding collaboration with the KAUST startup accelerator Taqadam

Customers

Customers are at the heart of our business model, driving revenue, shaping our reputation, and offering invaluable feedback that propels our growth.

In 2023, our most important engagement channels and highlights were:

- > Robust client interactions conducted in our branches or through online and mobile banking platforms resulting in an impressive customer recommendation index of 96.4 for WPB and 93.4 for CIB, compared to 95 for WPB and 91 for CIB the previous year.
- > Our “Voice of the Customer” initiative involves sending surveys to our customers to gather feedback and address any complaints. We utilise this feedback to continuously enhance our services and improve the overall customer experience.

How We Manage ESG Risks

SAB manages ESG risk within the risk management framework via policies and controls. We employ several essential risk management tools. These include:

- > a risk appetite statement
- > a top- and emerging risks and a risk map that encompasses financial and non-financial risks
- > Stress testing

Via regular stress testing, we assess our capital and liquidity requirements

in response to external shocks. For further information on these tools and how they are utilised, please consult this year’s [annual report](#).

The central principles governing climate risk management are seamlessly integrated within SAB’s existing Risk Management framework and 3 LOD model. Our risk management process at SAB follows a structured five-step approach, encompassing identification, assessment, management, and reporting of risks, with clearly defined roles and responsibilities.

In the following, our five-step approach is outlined:

Define & Enable

Aside from specifying the bank’s risk culture and laying out the 3 LOD, we have also defined SAB’s risk taxonomy. Non-financial risks cover losses from people risks, inadequate or failing processes, data or system risks, or external events. These fall firmly within the different dimensions of ESG risks, including climate risk.



Climate risk

Climate risk is a cross-cutting topic across various financial and non-financial risk domains. It includes physical, transition, Net Zero alignment, and greenwashing risks. To address these risks and enhance long-term resilience while meeting stakeholder expectations, SAB developed a comprehensive approach to climate risk management. This approach involves upgrading capabilities, processes, and structures within the enterprise risk management framework.

The following steps include:

- > Climate risk materiality assessment to identify and prioritise climate risks
- > Climate risk metrics and a corresponding climate risk appetite statement
- > New policies and controls to manage climate risk effectively across the risk taxonomy
- > Climate stress testing under various scenarios
- > Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP) concerning climate risks

SAB has made progress in quantifying climate risk exposure in 2023 but recognises the need for maturing in this domain.



Identify and Assess

SAB uses various quantitative and qualitative tools and processes to identify and assess risks, from modelling and stress testing for traditional financial risks as prescribed by SAMA, to risk prioritisation matrices and expert assessments for non-financial risks. Our ongoing portfolio carbon footprinting exercise and sector analysis are part of the effort to identify and assess climate risk. These assessments will guide our risk management processes in the future.

To identify risks across all dimensions, including ESG, the bank’s risk management framework

specifies a broad risk environment. It explicitly considers external factors, such as legal, regulatory, political, and social factors, and internal factors, such as people, technology, tools, infrastructure, and customers. For example, we monitor climate-related regulatory and legal developments to make sure we take appropriate action. The bank also introduced the TEQ to assess and identify exposure to transition and physical risks as well as support our customers transition plans.

Manage

Managing an identified risk starts with controls. SAB has established a common language, standards, and methodologies to manage

non-financial risks. These allow the bank to prioritise the most critical risks, reduce errors, drive consistency and comparability, and ensure alignment and compliance with relevant policies. Controls require assurance, and the responsible control assurance teams sit in the second LOD for high and very high non-financial risks. Independent of that, Internal Audit, as the third LOD, assures effectiveness across all aspects of risk management and reports directly to the Audit Committee. Finally, risk is managed by remediation, which can result in risk acceptance or concrete measures and, ultimately, a proportionate recovery plan.

Internal Audit and ESG

Year	2023	2022	2021
No. of Audits	27	28	21

Aggregate and Report

SAB has put in place principles to record risks in a timely and accurate manner, aggregate them consistently and meaningfully, and communicate them effectively across the organisation. The tenets of truthful, quality-assured reporting also extend to external risk disclosures. SAB follows all relevant policies and regulations and the “Principles for effective risk data aggregation and risk reporting” by the Basel Committee on Banking Supervision. Critical elements of SAB’s process are risk appetite statements, heat maps to assess

risks across the taxonomy, and reports for risk owners, committees, and relevant internal stakeholders.

Govern

SAB has put a governance structure in place to manage risks. Ultimately responsible and accountable is the Board. The Board also sets the ‘tone from the top’ regarding the organisational risk culture and approves the Risk Appetite Statement. Climate risk is considered within the existing governance structure to ensure oversight of key climate risk issues and their integration. The BRC is the

designated committee for oversight of all risk-related matters including climate risk.

The Risk Management Committee (RMC) support the Chief Risk Officer (CRO) on enterprise-wide management of all risk.



Besides the formal committees at the management and board levels, SAB also operates a dedicated Climate and Sustainability Risk Forum overseeing the integration of enterprise-wide climate and sustainability risk considerations. This structured

governance framework ensures effective risk management practices and fosters organisational transparency and accountability. We regularly review and enhance our risk management framework

and our approach to managing risk. Our approach to risk showcases SAB’s commitment to proactive risk management and sustainable practices while we take on climate-related challenges.





## 07 Metrics and Targets

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# Metrics and Targets

At SAB, sustainability is a continuous journey guided by accountability and improvement. To uphold transparency and responsible practices, we’ve established clear metrics and targets spanning sustainable finance initiatives and reductions in scope 1, 2, and 3 emissions. These efforts reflect our broader sustainability strategy, centred on finance, climate action, and social objectives that resonate with the Kingdom’s priorities. This section offers insights into our progress toward fulfilling these commitments.

### Our Main Targets

2025	Sustainable financing and investments totalling SAR 34 billion
2035 (or sooner)	Achieve Net Zero in our operations (scope 1 and 2, as well as operational scope 3 emissions)
2060 (or sooner)	Achieve Net Zero in our value chain, in particular, financed emissions (scope 3)

## Sustainable Finance

### Metrics used to assess climate-related opportunities

As a bank, SAB has a crucial role in

the Net Zero transition by financing industries in their decarbonisation efforts. Simultaneously, we empower the market by enabling market participants to invest in sustainable projects. Hence, we

allow our customers to align their investment behaviour with their values and desire to make a positive impact.

### Sustainable Finance and Investments<sup>8</sup>

Category	Metric	Dec. 2023
Sustainable finance limits approved by CIB Sustainable Finance Forum (CSFF)	SAR million	10,988
Green deposits	SAR million	648
Investments	SAR million	998
<b>Total sustainable finance</b>	<b>SAR million</b>	<b>12,634<sup>Ⓢ</sup></b>

Selected metrics marked with the <sup>Ⓢ</sup> symbol have been subject to independent limited assurance procedures by PricewaterhouseCoopers Public Accountants ('PwC') for the year ended 2023

Sustainable Finance Limits approved for the first time by the CSFF in 2023 showed a promising development, both in conventional and Shariah-compliant forms. Limits nearly reached SAR 11,000 million, almost 80% of which was in the form of lending limits, but also

guaranteed transaction limits contributed more than 20%. Of the sustainable finance lending limit, about 47% is dedicated to renewable energy projects, and the remainder to projects related to sustainable construction and operation. The guaranteed

transaction limit went 100% towards renewable energy. Shariah lending has surged from nil to 3,792 million. This is a clear indication that SAB is ready to capture ESG opportunities.

<sup>8</sup> Categories are shown as defined by our Sustainable Finance Data Dictionary.

### On-Balance Sheet Sustainable Finance

Assets and Liabilities, SAR million	Dec. 2023
<b>Assets</b>	<b>4,893</b>
Sustainable finance loans and advances	3,895
Conventional	2,515
Islamic	1,380
Green, social, sustainability, and sustainability-linked bonds	998
<b>Liabilities</b>	<b>648</b>
Green deposits	648
Conventional	0
Islamic	648

Both sustainable finance loans and advances, as well as customer deposits, have grown throughout 2023. This success can be attributed to both conventional products and Islamic variants of products. Loans and advances have increased to SAR 3,895 million, about two thirds of which are conventional and one third Islamic. Deposits now exceed SAR 600 million, all of which are Islamic products.

## Reducing Our Environmental Footprint

### Progress Against Commitments – Lowering our Carbon Footprint

The following table gives an overview of the bank’s carbon footprint and value chain as it is visible today. Notably, the scope

for emissions in our operations has been extended to include the new headquarters in 2023, while branches were included for both 2023 and 2022. This explains a rise in emissions and is in line with our ongoing journey on the decarbonisation trajectory, which relies on relevance, completeness, consistency, transparency, and accuracy of information.



Total GHG Emissions

Scope	Category	GHG Emissions (tCO <sub>2</sub> eq)	
		2023	2022
Scope 1	Fugitive emissions	15,065	4,220
	Mobile combustion	598	595
	Stationary combustion	20	N/A
Scope 1 Total		15,683 <sup>Ⓐ</sup>	4,815 <sup>Ⓐ</sup>
Scope 2	Purchased electricity	39,248	36,303
Scope 2 Total		39,248 <sup>Ⓐ</sup>	36,303 <sup>Ⓐ</sup>
Scope 3	Cat 01 - Purchased goods and services	395,157	341,623
	Cat 02 - Capital goods	122,922	135,994
	Cat 03 - Fuel- & energy-related activities	11,480	11,910
	Cat 06 - Business travel	3,031	2,544
Scope 3 Total		532,590 <sup>Ⓐ</sup>	492,071 <sup>Ⓐ</sup>
Grand Total		587,522	533,189

Selected metrics marked with the <sup>Ⓐ</sup> symbol have been subject to independent limited assurance procedures by PricewaterhouseCoopers Public Accountants ('PwC') for the years ended 2023 and 2022.

**Note:** Scope 1 and Scope 3 numbers are corrected in the ESG report due to improved estimations during the assurance process. For Scope 3, the bank is only disclosing Categories 1, 2, 3 and 6 as these are most material for SAB other than category 15 – Financed emissions. Although there are variances within certain categories of Scope 3 emissions as compared to the 2023 Annual Report, the overall change in the total Scope 3 emissions is less than 5%. The GHG numbers presented in this report supersede any GHG data in the 2023 Annual Report.

The increase in 2023 compared to 2022 can be attributed to several factors. Firstly, as mentioned above, we have moved into our new headquarters, which contributed to our GHG footprint. In the long run, however, the new building will help us cut emissions due to its

environmental efficiency. Secondly, increased operating expenses led to an increase in scope 3 emissions.

In spite of the increase, we are confident that the investments we made will help us to ultimately reach our environmental goals, and we

remain committed to our targets. In addition, we have solidified our GHG reporting, including obtaining external assurance, which allows us to better manage our emissions going forward.

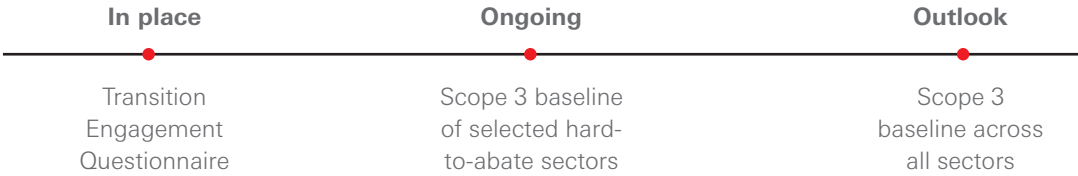
Scope 3: SAB’s Path Toward Full Transparency on Financed Emissions

Scope 3 emissions are a critical element of SAB’s carbon footprint. While substantial, they are also most challenging to assess and control.

In particular, financed emissions are a challenge, and SAB has launched projects to evaluate all of its scope 3 emissions.

Financed emissions are the GHGs emitted by the companies we lend to. The long-term goal is to achieve

Net Zero across our entire portfolio. To accomplish that, we need to first understand our financed emissions, so we can then effectively decarbonise our business and full value chain (scope 3, category 15). The bank has initiated a baselining exercise encompassing three stages:



As a first step, we launched a Transition Engagement Questionnaire (TEQ). This tool enables frontline teams to gather pertinent information to assess physical and transition risks. The primary aim of the TEQ is to collect relevant data from customers in hard-to-abate sectors.

In step two, we have prioritised a select set of hard-to-abate sectors

to review. We’re diligently collecting emissions data to quantify our scope 3 emissions and will complete this exercise in the first half of 2024. Outcomes will inform strategy on targets and be part of future engagements with stakeholders.

The final step in our transparency initiative is establishing a scope 3 baseline across all sectors. This is projected to occur within a mid-term

timeframe, where the specific timelines will be determined in due course. Once we have a clear overview of our portfolio’s carbon footprint, we will be able to enhance our sustainability- and climate strategy to set decarbonisation targets for our lending activities.



Financed Emissions

In line with our commitment to become a Net Zero bank by 2060 or earlier, we are reviewing our financed emissions baseline for select sectors in 2024. Financed emissions reflect the GHG emissions associated with our on-balance sheet financing portfolio. In disclosing our own financed emissions footprint, we are seeking to lead by example, providing transparency to our key stakeholders.

Determining our financed emissions baseline involves various methodological choices, including which sectors, clients, and products to include, as well as which parts of the value chain to focus on. We are considering what is most suitable for our portfolio and operating environment in the Kingdom, drawing on industry standards like those developed by the Partnership for Carbon Accounting Financials (PCAF).

Measuring financed emissions poses challenges due to limited public emissions disclosure among companies in the Kingdom. Therefore, we have to rely on proxies and modelled estimates, following industry norms. Over time, we expect emissions data quality and accuracy to improve as more companies disclose their emissions. Efforts like the Saudi Exchange’s voluntary ESG disclosure guidelines and the Saudi Central Bank’s evaluation of IFRS ISSB sustainability standards are encouraging steps toward disclosure of financed emissions, which SAB will consider in due course. As we navigate these complexities of measuring and disclosing financed emissions, we will remain committed to transparency, accountability, and sustainability.



To provide transparency regarding our exposure to diverse industries, we present an overview of our year-end lending portfolio, broken down by sectors.

Sector-wise Loans and Advances	Total Exposure <sup>9</sup> (SAR'(000))		
	2023	2022	2021
Government and Quasi-Government	-	143,368	806,152
Finance	11,526,275	12,013,300	9,666,903
Agriculture and Fishing	629,659	444,928	642,292
Manufacturing	22,436,306	23,545,441	24,640,841
Mining and Quarrying	7,200,480	5,140,420	3,690,721
Electricity, Water, Gas and Health Services	20,785,568	16,129,354	12,741,942
Building and Construction	16,685,491	12,693,770	10,762,716
Commerce	52,465,896	44,145,387	39,554,220
Transportation and Communication	12,996,426	11,078,876	14,021,256
Services	10,756,812	9,541,999	9,860,103
Credit Cards and Other Retail Lending	55,040,540	47,447,805	40,451,780
Others	7,727,644	2,976,653	3,647,030
Total Exposure	218,251,097	185,301,301	170,485,956

Energy Consumption

Confirming our commitment to sustainability leadership in the Kingdom, our new headquarters are part of our ambitious environmental strategy, which will reduce our emis-sions. Our move to the new tower was delayed due to unforeseen

circumstances in 2023. We have, however, effectively moved to our new environmentally efficient, LEED-certified SAB Tower at the be-ginning of 2024, where we operate out of one of the most modern and eco-friendly banking headquarters in the Middle East.

In addition, there are several other incremental measures, such as shift-ing to 100% recycled stationery and substituting traditional bulbs with energy-efficient LED bulbs. Inserting this into a broader picture, we are committed to becoming Net Zero in our operational emissions by 2035.

Spotlight: Our New Headquarters

SAB's LEED Gold and Smartscore Platinum certifications reflect SAB's commitment to environmen-tally responsible and resource-effi-cient structures. LEED is a globally recognised system for sustainable building design, and achieving Gold status signifies excellence in sustainable practices. SmartScore,

accredited by WiredScore, recog-nises best-in-class Smart Buildings. SAB is the first bank in the Middle East to have a SmartScore Plat-inum certification for its head-quarters. As 'The First Bank in the Kingdom', SAB joins a select group with this prestigious certification, following King Abdullah Financial

District (Platinum, March 2023) and HSBC UAE Tower (Gold, June 2023).

These certifications symbolise SAB's commitment to sustain-ability, benefitting both SAB and the environment, economy, and society.

Our energy consumption is closely tied to our operational footprint. We have expanded our scope of as-sessment to include not only office

spaces but also electricity usage in our branches. This broader scope led us to restate our figures from the previous year to provide a more

comprehensive view of our energy consumption.

	Measure	2023	2022 (restated)
Total electricity consumption	kWh	69,099,385 <sup>Ⓢ</sup>	63,915,431 <sup>*</sup>

Selected metrics marked with the <sup>Ⓢ</sup> symbol have been subject to independent limited assurance procedures by PricewaterhouseCoopers Public Accountants ('PwC') for the year ended 2023

<sup>\*</sup>The electricity consumption data for the year ended 31 December 2022, due to improvement in data availability, has been restated from 34,941,966 kWh to 63,915,431 kWh to include branches that are under our operational control.

Waste and Paper Reduction

Efficient management of materials consumption and waste is integral to SAB's sustainability objectives. By tracking key metrics related to materials usage and waste

production, we aim to minimise our environmental impact and promote responsible resource management.

We are thrilled to report a significant increase in recycled paper in 2023 compared to 2022. This

improvement is a result of process enhancements, leading to increased paper recycling and a stronger company culture focused on waste reduction.

	Measure	2023	2022
Total paper recycled	tonnes	13.2	7.2
Total waste produced	tonnes	44.9	45.1

Water Consumption

By actively managing our water

consumption and implementing targeted conservation measures, we strive to reduce our environmental

footprint, preserve valuable water resources, and contribute to a more sustainable future.

	Measure	2023	2022
Total water consumption	m3	119,772	190,179
Water consumption intensity	m3/employee	31	51

<sup>9</sup> Exposure includes performing and non-performing loans excluding any provisions and impairments.





## 08 Appendix

Alignment with International Frameworks 90










# Appendix

## Alignment with International Frameworks

### Sustainable Development Goals

The table below shows how SAB is contributing towards the individual UN Sustainable Development Goals (SDGs).

SDGs	SAB's contribution towards various SDGs	Reference
	<ul style="list-style-type: none"><li>&gt; The Et'aam, a prominent NGO dedicated to distributing food to families in need. During Ramadan, employees prepared 220 baskets at the head office and distributed 500 meals to people in need.</li><li>&gt; SAB inaugurated Riyadh's premier central catering kitchen, geared towards offering food and ready-made meals to those facing food insecurity. With a bold target to save over 500,000 tonnes of dry and canned foods, our initiative substantially bolsters food security in KSA.</li><li>&gt; During World Cancer Day, online and in-person activities are conducted to raise awareness for cancer and cancer prevention.</li></ul>	<a href="#">Et'aam Collaboration</a>
	<ul style="list-style-type: none"><li>&gt; We support the Riyali programme, which aims to offer financial literacy courses to enhance financial understanding among Saudi nationals. Riyali positively impacted over 730,000 students in the past year, fostering their financial literacy.</li></ul>	<a href="#">Riyali Programme</a>
	<ul style="list-style-type: none"><li>&gt; SAB launched a series of online awareness programmes in collaboration with the National Centre CSR (NCCSR) to promote an understanding of crucial financial aspects such as savings, spending, investment, and protection against financial fraud.</li><li>&gt; SAB offers a child education allowance for employees, covering up to four children aged between 5-19 years, regardless of their educational location.</li><li>&gt; We introduced paid study leaves for five working days for all employees, aiming to further their education and skill sets.</li></ul>	<a href="#">Para-abled Accelerator Programme</a>  <a href="#">Employee Benefits</a>
	<ul style="list-style-type: none"><li>&gt; Women hold one-third of SAB's Executive Management positions.</li><li>&gt; As of December 31, 2023, 25% of SAB's workforce consists of female employees.</li><li>&gt; SAB partners with Al-Nahda Society on women empowerment programmes, explicitly targeting enhanced financial literacy among women.</li></ul>	<a href="#">Women Empowerment</a>  <a href="#">SAB as a Catalyst for MSMEs</a>
	<ul style="list-style-type: none"><li>&gt; Tailored financial support is extended to women-owned MSMEs, promoting diversity within the business landscape.</li><li>&gt; Through a partnership with the Khanzah project, SAB strives to enhance financial literacy among female citizens, empowering them to manage their finances, savings, lending, and daily expenses.</li></ul>	<a href="#">Para-abled Accelerator Programme</a>

SDGs	SAB's contribution towards various SDGs	Reference
	<ul style="list-style-type: none"><li>&gt; SAB continuously raises awareness for gender equality, for example through campaigns during International Women's Day.</li><li>&gt; The Para-abled accelerator programme, a collaboration between NCCSR, SAB, Monsha'at, and the Ministry of Human Resources, offers training sessions and workshops for para-abled citizens to empower them to become productive members of society and start their businesses.</li></ul>	<a href="#">Para-abled Accelerator Programme</a>
	<ul style="list-style-type: none"><li>&gt; Investing in green projects in Saudi Arabia, from green hydrogen at NEOM to Sudair Solar.</li></ul>	<a href="#">Sustainable Finance Achievements</a>
	<ul style="list-style-type: none"><li>&gt; Providing support to 15,000 MSME customers through digital offerings.</li><li>&gt; Extending support to MSMEs through active participation in the Real Estate Development Fund (REDF), the Tourism Development Fund (TDF), and the National Technology Development Programme (NTDP).</li><li>&gt; Engaging in MSME support programmes, including the Kafalah programme, Monsha'at, and SME Bank.</li><li>&gt; Founding partner of Taqadam, a start-up accelerator in collaboration with KAUST. This programme, provides entrepreneurs with access to capital and helps transform their projects into viable businesses. Taqadam has contributed to the creation of thousands of jobs.</li></ul>	<a href="#">SAB as a Catalyst for MSMEs</a>  <a href="#">Case Study - Taqadam</a>
	<ul style="list-style-type: none"><li>&gt; Participation in the Kingdom's Public Investment Fund (PIF) debut green bonds.</li><li>&gt; SAB actively engaged with ROSHN, a national real estate developer wholly owned by the Public Investment Fund (PIF).</li></ul>	
	<ul style="list-style-type: none"><li>&gt; Engaging in the Tarmeem Programme to aid in the renovation and construction of homes for families in need.</li></ul>	
	<ul style="list-style-type: none"><li>&gt; SAB helps customers responsibly manage their finances via the SAB 360° app, by allowing them to budget and track their expenses, analyse and optimise their spending habits, and make more informed financial decisions.</li><li>&gt; Introducing and distributing over 739,000 sustainable green bank cards made from 85% recycled PVC.</li><li>&gt; SAB provides financing for an extensive range of businesses, including those promoting sustainable consumption and production and environmentally friendly companies.</li><li>&gt; Via our collaboration with Goumbook, we promote innovative solutions in regenerative agriculture, thereby fostering responsible production of agricultural goods.</li></ul>	<a href="#">SAB 360°</a>  <a href="#">Sustainable Lending</a>  <a href="#">Case Study - Goumbook</a>

SDGs	SAB’s contribution towards various SDGs	Reference
	> We have committed to achieving operational Net Zero by 2035 and financed emissions Net Zero by 2060.	<a href="#">Net Zero Target</a>
	> Financing the transition is a core priority for us By end of 2023, we facilitated SAR 12.6 billion of sustainable financing.	
	> Transitioning to a LEED gold-certified smart building will help us reduce operational emissions.	<a href="#">LEED Certification</a>
	> Collaborating with the NCVC, we actively contribute to the 10 Billion Trees initiative, aiming to plant 1 million trees by 2030.	<a href="#">Case Study - Murooj</a>



Principles for Responsible Banking

In 2023, we became the first bank in the Kingdom to sign up

for the Principles for Responsible Banking, a set of six principles established by the United Nations Environment Programme Finance Initiative (UNEP FI) in collaboration with banks worldwide. The PRB serves as a framework to guide us as we integrate sustainability considerations into our business strategies and operations. In

2024, we will complete our first self-assessment as mandated by the PRB, and we look forward to continuously improving our sustainability practices by aligning more closely with the six principles.

Principle	Explanation	Relevant section/policy
Principle 1: Alignment	“We will align our business strategy to be consistent with and contribute to individuals’ needs and society’s goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.”	<b>2023 ESG Report</b> <ul style="list-style-type: none"><li>&gt; International Commitments - Sustainable Development Goals; UN Global Compact; UN Principles for Responsible Banking</li><li>&gt; Saudi Vision 2030; SGI</li><li>&gt; Standards and frameworks: IFRS S1 and S2; TCFD</li><li>&gt; Saudisation of workforce</li></ul>
Principle 2: Impact and Target Setting <sup>10</sup>	“We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products, and services. To this end, we will set and publish targets where we can have the most significant impacts.”	<b>2023 ESG Report</b> <ul style="list-style-type: none"><li>&gt; SGI</li><li>&gt; ESG Strategy; Environment</li><li>&gt; Green bonds; Financing the transition</li><li>&gt; ESG Steering Committee</li><li>&gt; Sustainable Finance</li><li>&gt; Metrics and Targets - Transition to Net Zero; Environmental Impact</li></ul>

<sup>10</sup>Our self-assessment is pending, and we are yet to select our second impact area. In a first step, we decided to focus on an area where we see a particularly high relevance for the global community and our stakeholders: climate change.

Principle	Explanation	Relevant section/policy
Principle 3: Clients and Customers	“We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.”	<b>2023 ESG Report</b> <ul style="list-style-type: none"><li>&gt; Empowering People with Disabilities</li><li>&gt; Customer Experience</li><li>&gt; SAB’s Commitment to Consumer Protection and Ethical Banking Practices - Consumer Financial Protection and Fair Advertising</li><li>&gt; Digitalisation; Digitalisation for SMEs</li><li>&gt; Data Privacy and Cybersecurity</li><li>&gt; Customer Safety and Awareness</li></ul> <b>Other Policies</b> <ul style="list-style-type: none"><li>&gt; Consumer Protection Policy</li></ul>
Principle 4: Stakeholders	“We will proactively and responsibly consult, engage, and partner with relevant stakeholders to achieve society’s goals.”	<b>2023 ESG Report</b> <b>Society and Communities</b> <ul style="list-style-type: none"><li>&gt; Our Contribution to a Vibrant Society - Taqadam; SAB as a Catalyst for MSMEs</li><li>&gt; Community Support and Corporate Social Responsibility</li></ul> <b>Employees</b> <ul style="list-style-type: none"><li>&gt; Diversity and Inclusion</li><li>&gt; Our Workforce - The Bedrock of Success; Employee Wellbeing and Engagement; Health and Safety</li></ul> <b>Customers</b> <ul style="list-style-type: none"><li>&gt; Customer Experience</li><li>&gt; SAB’s Commitment to Consumer Protection and Ethical Banking Practices - Consumer Financial Protection and Fair Advertising</li><li>&gt; Data Privacy and Cybersecurity</li></ul> <b>Risk Management:</b> <ul style="list-style-type: none"><li>&gt; Engaging with Stakeholders</li></ul> <b>Other Policies</b> <ul style="list-style-type: none"><li>&gt; Related Party Transactions</li><li>&gt; Whistleblowing Policy</li><li>&gt; Anti-Bribery and Corruption Policy</li><li>&gt; Anti-Money Laundering Policy</li><li>&gt; Consumer Protection Policy</li></ul>



Principle	Explanation	Relevant section/policy
Principle 5: Governance and Culture	“We will implement our commitment to these Principles through effective governance and a culture of responsible banking.”	<b>2023 ESG Report</b> <ul style="list-style-type: none"><li>&gt; Governance; ESG Governance Structure</li><li>&gt; Ethics and Integrity - Ethics and Compliance; Business Conduct and Corporate Governance Principles</li><li>&gt; Anti-Corruption; Whistleblowing; Anti-Competition; Consumer Protection</li><li>&gt; Data Privacy and Cybersecurity</li><li>&gt; ESG Strategy</li><li>&gt; Risk Management; Materiality Matrix</li></ul> <b>Other Policies</b> <ul style="list-style-type: none"><li>&gt; Related Party Transactions</li><li>&gt; Antibribery and Corruption Policy</li><li>&gt; Whistleblowing</li><li>&gt; Anti-Money Laundering and Combating Terrorist Financing Policy</li></ul>
		We use our annual report and the annual ESG report to update our stakeholders and the public on our progress on implementing the Principles. We will follow the steps and reporting formats of UNEP-FI, but will also reflect our progress in the respective section of our report and in our policies, including but not limited to:
Principle 6: Transparency and Accountability	“We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society’s goals.”	<b>2023 ESG Report</b> <ul style="list-style-type: none"><li>&gt; SAB’s Commitment to Consumer Protection and Ethical Business Practices - Consumer Financial Protection and Fair Advertising</li><li>&gt; Ethics and Integrity - Ethics and Compliance; Business Conduct and Corporate Governance Principles</li><li>&gt; Anti-Corruption</li><li>&gt; Whistleblowing</li><li>&gt; Anti-Competition</li></ul> <b>Other Policies</b> <ul style="list-style-type: none"><li>&gt; Related Party Transactions</li><li>&gt; Whistleblowing</li><li>&gt; Anti-Bribery and Corruption Policy</li><li>&gt; Anti Money Laundering Policy</li><li>&gt; Consumer Protection Policy</li></ul>



Last year, SAB was the first bank in the Kingdom to become a signatory to the United Nations Global Compact (UNGC) Saudi Chapter. The UNGC provides a robust framework for businesses to align their activities with ten principles in the following areas:

- > Human rights
- > Labour
- > Environment
- > Anti-corruption

SAB is actively preparing its first so-called “Communication on Progress”, which will be due in 2024. Within this statement, the Bank will comprehensively outline the progress made in integrating the ten principles of the UNGC

into its business operations and strategies, affirming its commitment to sustainability, responsible business practices, and the pursuit of the UN’s broader Sustainable Development Goals.

Once available, the Communication on Progress will be made available via <https://unglobalcompact.org/>



TCFD Dashboard

The TCFD dashboard offers a

comprehensive snapshot of SAB’s alignment with the recommendations outlined by the Taskforce for Climate-Related Financial Disclosures, highlighting our commitment to

transparently disclosing climate-related risks and opportunities within our operations and financial strategies.

Disclosures	Direct response/link to relevant report section
<b>Governance:</b> Disclose the organisation’s governance around climate-related risks and opportunities	
<b>A) Describe the board’s oversight of climate-related risks and opportunities.</b>	At SAB, the ultimate responsibility for risk management and oversight rests with the Board of Directors. This includes ESG-related risks such as climate risk. Supported by the Board Risk Committee (BRC), the Board supervises enterprise risk, risk governance, and the monitoring and review of internal control systems.
	The BRC supports the board in managing climate-related risks. It convenes four times annually and leads the Risk Management Committee (RMC), which reports on all risk management matters to the BRC. This structured governance framework ensures effective risk management practices and promotes transparency and responsible business conduct throughout our operations.
	Finally, SAB has established five Board Committees, to which the Board delegates some of its ESG-related responsibilities:  1. The Executive Committee (EXCOM) 2. The Board Risk Committee (BRC) 3. The Audit Committee (AUCOM) 4. The Nomination and Remuneration Committee (NRC) 5. The Shariah Committee
<b>B) Describe management’s role in assessing and managing climate-related risks and opportunities.</b>	The Executive Committee manages the bank’s day-to-day operations and addresses all the ESG concerns by integrating ESG into business operations and identifying and assessing climate-related risks. The EXCOM also monitors the ESG performance and reports it to the board.  In these efforts, the EXCOM is supported by the ESG Steering Committee, aiding executives in formulating and executing SAB’s ESG strategy effectively.
<b>Strategy:</b> Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation’s businesses, strategy, and financial planning where such information is material.	

Disclosures	Direct response/link to relevant report section
A) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	<p>Based on TCFD recommendations, we have identified the below-mentioned transition and physical risks:</p> <p><b>Transition Risks</b></p> <ol style="list-style-type: none"><li>1. Policy and legal risks (e.g., increased cost for legal/compliance, exposure to litigation)</li><li>2. Technology risk (e.g., investments in unprofitable low-carbon innovation)</li><li>3. Market risk (e.g., changed customer demands, uncertainty in market signals)</li><li>4. Reputation risk (e.g., shifts in consumer preferences, sector stigmatization)</li></ol> <p><b>Physical Risks</b></p> <ol style="list-style-type: none"><li>1. Acute: Increased severity of extreme weather events such as wildfire and flooding.</li><li>2. Chronic: Rising mean temperatures, sea levels, and extremep variability in weather patterns.</li></ol> <p>Climate-related opportunities: At SAB, we view sustainable finance as the cornerstone of banking business opportunities and as a means to maximise our potential. Recognising the significance of climate-related opportunities, we have firmly integrated sustainable financing into our business model and strategic planning. For more information, please refer to <a href="#">Embracing Climate Opportunity</a>.</p>
	<p><b>Impacts</b></p> <p>Our objective is to facilitate SAR 34 billion in sustainable finance by 2025, This target serves as a pivotal element in our internal business and financial planning, and we are allocating resources accordingly to ensure SAB achieves this objective.</p> <p>We have also developed a Sustainable Debt Framework and established solid governance processes to mitigate associated greenwashing risks. SAB is actively investing in green bonds, social bonds, and sustainability-linked bonds. As of yearend 2023, the collective investments made by SAB towards such bonds amounted to around SAR 998 million.</p> <p>Our portfolio baselining exercise and analysis of selected hard-to-abate sectors will be concluding in Q2 of 2024. Once we have completed this exercise, we are planning on integrating the results into our customer and portfolio decision-making.</p> <p><b>Products and Services</b></p> <p>SAB has already created green lending products and green deposits. Presently, we are exploring the expansion of our consumer-facing offerings to enable customers to align with their values and access a broader range of low-carbon products.</p>
	<p>In response to the TCFD requirement regarding the resilience of our organisation’s strategy, we acknowledge the importance of considering various climate-related scenarios, including a 2°C or lower scenario.</p> <p>As part of our contribution towards transitioning to a low carbon economy we have established our Carbon Neutrality target of achieving Net Zero in our Scope 1, Scope 2 and Scope 3 (operations only) by 2035 or sooner and our ambitious target of achieving Net Zero in our financed emissions by 2060 or sooner. This is aligned with Saudi Arabia’s contribution as part of the Paris Agreement.</p> <p>We are actively exploring avenues to implement scenario analysis as an integral component of our future plans aimed at enhancing climate resilience within our organisation.</p>

Disclosures	Direct response/link to relevant report section
Risk Management: Disclose how the organisation identifies, assesses, and manages climate-related risks.	
A) Describe the organisation’s processes for identifying and assessing climate-related risks.	<p>SAB adheres to high national and international standards in risk management, following closely the regulatory frameworks set by SAMA and the Basel Committee of Banking Supervision.</p> <p>SAB’s new Climate Risk Framework identifies and addresses the various identified risks and integrates them into the overall Risk Management Framework. SAB also ensures the incorporation of these identified risks into its corporate strategy.</p> <p>The framework allows employees to assess, manage, and monitor climate-related risks adequately. Within our 3 LOD model, climate risk is considered a significant issue for the business, receiving equal treatment alongside other financial and non-financial risks.</p>
	<p>To address and mitigate the identified risks, SAB has established a risk management framework supported by a 3 LOD model. This framework precisely outlines the risk management process and delineates the roles and responsibilities of individuals at different organisational levels. Within the framework, climate risk is integrated as a cross-cutting issue across both financial and non-financial domains. Furthermore, in 2023, SAB implemented a bank-wide strategy for climate risk, which encompasses the characteristics of climate risks and enhances SAB’s long-term resilience.</p> <p>Moreover, successful transition to a low-carbon economy requires collaboration across the financial ecosystem. This is why we regularly engage with our industry peers, customers and partners on the topic of climate change.</p> <p>SAB is heading collaborative efforts to drive progress on climate change by supporting the efforts within SAMA’s ESG Banking Advisory Committee. Additionally, we have made significant contributions to COP and MENA Climate Week, facilitating discussions on climate change and the roles banks can play in addressing it.</p> <p>Knowing that our customers will play a role in transitioning to a lower carbon economy, we continue to consult with them to understand how we can support their transition.</p>
	<p>Climate risk is a cross-cutting risk with numerous complex and nuanced implications, affecting many parts of our business. Therefore, it is managed within the existing risk management framework via the policies and controls for the risks types outlined in our risk taxonomy. Risk owners and risk stewards are responsible for the climate risk impacts on their risk types.</p> <p>We recognise the need to mature in this domain, particularly in accurately assessing the climate risks we are exposed to. This is an ongoing effort, and our portfolio GHG quantification exercise to be completed in 2024 will be an important step. This will allow us to further enhance the climate risk policies and controls, thereby even more firmly integrating climate risks into the enterprise risk management.</p>



Disclosures	Direct response/link to relevant report section
<b>Metrics and Targets:</b> Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	
<b>A) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process</b>	SAB measures its scope 1, scope 2, and scope 3 emissions (excluding category 15) according to GHG Protocol In addition, we are in the process of assessing financed emissions in selected hard-to-abate sectors. GHG emissions are closely linked to the risk drivers we identified, which is why we make them the core metric.
	Having recognised sustainable finance as one of our key opportunities, we also measure sustainable financing. This includes green customer lending and deposits, but also our own investments in green bonds and related instruments.
	<b>During the review period, we achieved the following milestones toward this objective:</b> <ul style="list-style-type: none"><li>• Sustainable Finance limits approved by CSFF – SAR 10,988 million.</li><li>• Sustainable Finance investments – SAR 998 million.</li><li>• Sustainable Finance deposits – SAR 648 million.</li><li>• Sustainable Finance loans and advances on balance sheet – SAR 3,895 million.</li></ul>
<b>B) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions and the related risks.</b>	We have measured our scope 1, scope 2, and scope 3 emissions based on the guidelines provided by the GHG protocol. Please refer to the Reducing our <a href="#">Environment Footprint</a> section for the scope 1, scope 2 and scope 3 emissions numbers for the year 2023.
<b>C) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.</b>	SAB has committed to Net Zero by 2035 or sooner for its scope 1, 2 and 3 (excl. category 15) emissions. While there was a slight increase in emissions in 2023, the bank remains committed to its goal. Various initiatives contribute to this, among which the move to the new, energy-efficient headquarters plays a key role.
	<p>SAB also committed to Net Zero by 2060 or sooner for its financed emissions. The first step in this process is to get clarity on the current exposure. This is an ongoing project and results for selected hard-to-abate sectors are expected by the end of Q2 2024. Once we have a clear overview of our portfolio’s carbon footprint, we will be able to enhance our sustainability- and climate strategy to set decarbonisation targets for our lending activities.</p> <p>Finally, SAB has set a target for sustainable finance, one of the bank’s key opportunities. The goal is to facilitate at least SAR 34 billion of sustainable finance by the end of 2025. As of yearend 2023, this figure stands at SAR 12.6 billion, providing confidence that SAB is well underway to achieving its goal.</p>



SASB

Topic	Accounting Metric	Category	Unit of measure	Reference
<b>Data Security</b>				
	Number of data breaches	Quantitative	Number	<a href="#">Data Privacy and Cybersecurity</a>
	Percentage involving personally identifiable information (PIII)	Quantitative	Percentage	<a href="#">Data Privacy and Cybersecurity</a>
	Number of account holders affected	Quantitative	Number	<a href="#">Data Privacy and Cybersecurity</a>
	Description of approach to identifying and addressing data security risks	Discussion and Analysis	N/a	<a href="#">Data Privacy and Cybersecurity</a>
<b>Financial Inclusion &amp; Capacity Building</b>				
	Number of loans outstanding qualified to programmes designed to promote small business and community development	Quantitative	Number, reporting currency	<a href="#">Supporting Entrepreneurship in the Kingdom</a>
	Amount of loans outstanding qualified to programmes designed to promote small business and community development	Quantitative	Number, reporting currency	<a href="#">Supporting Entrepreneurship in the Kingdom</a>
	Number of past due and non-accrual loans qualified to programmes designed to promote small business and community development	Quantitative	Number, reporting currency	<a href="#">Supporting Entrepreneurship in the Kingdom</a>
	Amount of past due and nonaccrual loans qualified to programmes designed to promote small business and community development	Quantitative	Number, reporting currency	<a href="#">Supporting Entrepreneurship in the Kingdom</a>
	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	Quantitative	Number	No formal zero-cost checking accounts are offered by SAB or in the Kingdom.
	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	Quantitative	Number	<a href="#">Community Support and Corporate Social Responsibility</a>
<b>Incorporation of Environmental, Social, and Governance Factors in Credit Analysis</b>				
	Commercial and industrial credit exposure, by industry	Quantitative	Reporting currency	<a href="#">Metrics and Targets</a>



Topic	Accounting Metric	Category	Unit of measure	Reference
	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	Discussion and Analysis	N/a	<a href="#">Sustainable Finance</a>
Business Ethics				
	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anticompetitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations	Quantitative		<a href="#">Annual Report: Penalties</a>
	Description of whistleblower policies and procedures	Discussion and Analysis	N/a	<a href="#">Whistleblowing</a>
Systemic Risk Management				
	Global Systemically Important Bank (G-SIB) score, by category	Quantitative	Basis points (bps)	SAB is not classified as G-SIB
	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	Discussion and Analysis	N/a	<a href="#">Annual Report</a>
Activity metrics				
	Number of checking and savings accounts by segment: (a) personal (b) small business	Quantitative	Number, reporting currency	<a href="#">Annual Report</a>
	Value of checking and savings accounts by segment: (a) personal (b) small business	Quantitative	Number, reporting currency	<a href="#">Annual Report</a>
	Number of loans by segment: (a) personal (b) small business (c) corporate	Quantitative	Number, reporting currency	<a href="#">Annual Report</a>
	Value of loans by segment: (a) personal (b) small business (c) corporate	Quantitative	Number, reporting currency	<a href="#">Annual Report</a>



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