الأول SAB | 100 Years عـام

UN environment programme | finance initiative

Principles for Responsible Banking

Responsible Banking Progress Statement for PRB Signatories

October 2026



Principle 1

Alignment

Focus: Align the Bank's business strategy, portfolio, and services with societal and environmental goals.

SAB's ESG strategy, **introduced in 2022,** is embedded within its broader corporate strategy, ensuring that sustainability considerations are integrated into decision-making across all levels of the organisation. The Bank aligns with the principles of the United Nations Global Compact (UNGC) and was the first bank in Saudi Arabia to do so, reinforcing its commitment to responsible business practices, including sustainability, human rights, and ethical labour standards.

In 2024, this commitment was further strengthened when the CEO signed the UN Women's Empowerment Principles, highlighting the importance of empowering women in the workplace. SAB also plays an active role in shaping the national ESG landscape, with its CEO serving as Chair of the ESG Saudi Bank Advisory Committee under the supervision of SAMA, and through participation in the Corporate Sustainability Policy Development Working Group led by the Ministry of Economy and Planning.

By aligning its ESG priorities with **Saudi Vision 2030**, the Bank contributes to the Kingdom's economic diversification and sustainable development ambitions, while seeking to create long-term value for stakeholders and deliver positive environmental and social outcomes.

The Bank's strategy focuses on embedding ESG principles across its operations and financing activities, supported by its strategic partnership with HSBC, which enhances its capabilities in sustainable finance and innovation. SAB is committed to transparent and comprehensive ESG disclosure, aligning its reporting with leading frameworks including **SASB, IFRS S1** and **S2**, and the **UN Sustainable Development Goals.**

SAB continues to provide integrated financial and banking solutions through three core business divisions:

- **Corporate and Institutional Banking (CIB)** delivers tailored solutions to a broad client base, including large corporates, institutional clients, commercial banking customers, and small and medium-sized enterprises (SMEs).
- **Wealth and Personal Banking (WPB)** serves both domestic and international clients, offering a wide range of wealth management and consumer lending products.
- **Treasury** supports clients across CIB and WPB by delivering treasury and capital markets services across multiple asset classes, including foreign exchange, interest rate, and commodities hedging solutions.

Key business highlights:

- 1.7 mln retail customers
- 35k corporate and institutional customers
- ﷼454.5 billion in total assets

Total assets by geography:
(all amounts in thousands of Saudi Riyals)

Kingdom of Saudi Arabia	﷼ 406,028,434
GCC and Middle East	﷼ 6,611,189
Europe	﷼ 8,440,807
North America	﷼ 8,734,536
Other countries	﷼ 6,811,053



Principle 2

Impact & Target Setting

Focus: Identify material positive and negative impacts and set measurable targets where impact is greatest.

Impact area 1
Climate Stability



SAB has set a target to allocate ﷼16 billion of financing towards green finance focused on renewable energy as an area of priority. This was achieved by the end of 2025.

Green Finance for Renewable Energy

SAB set an action plan which involved continuing our advancement toward a structured and evolving process, to help achieve our green financing target. This entailed embedding sustainability across the Corporate and Institutional Banking (CIB) activities and actively supporting the development of renewable energy projects.

As part of this approach, SAB expanded its contribution to the growth of solar energy capacity under the National Renewable Energy Programme (NREP).

To highlight progress, SAB delivered two landmark achievements in 2025 which contributed to the full achievement of the target set for climate stability under the PRB.

In May 2025, the Treasury division achieved a significant milestone by launching SAB's inaugural USD-denominated Green AT1 sukuk, successfully raising **USD 650 million** as part of a broader USD 5 billion sustainable finance programme. This issuance marked a historic moment as it was the first "green-labelled" sukuk in Saudi Arabia, establishing a new benchmark for sustainable finance within the Kingdom.

Building on this initial success, SAB further expanded its sustainable finance initiatives by introducing a USD-denominated Tier 2 Capital Green Bond in August 2025, which raised USD 1.25 billion. This bond garnered strong interest, attracting 145 investors and achieving a 25% oversubscription compared to similar issuances during that week. Notably, 48% of the allocations were directed towards green-focused investors, with 35.6% classified as "dark green" (indicating a high commitment to ESG principles) and 12.7% as "light green" (reflecting a moderate commitment to ESG).

The allocation of green bond and green sukuk proceeds reflects a balanced and strategic approach, with a strong focus on supporting renewable energy in Saudi Arabia. Impact reports have also been developed to showcase the environmental benefits of the allocations, such as CO2 emissions avoided and renewable energy generated.

Key business highlights:

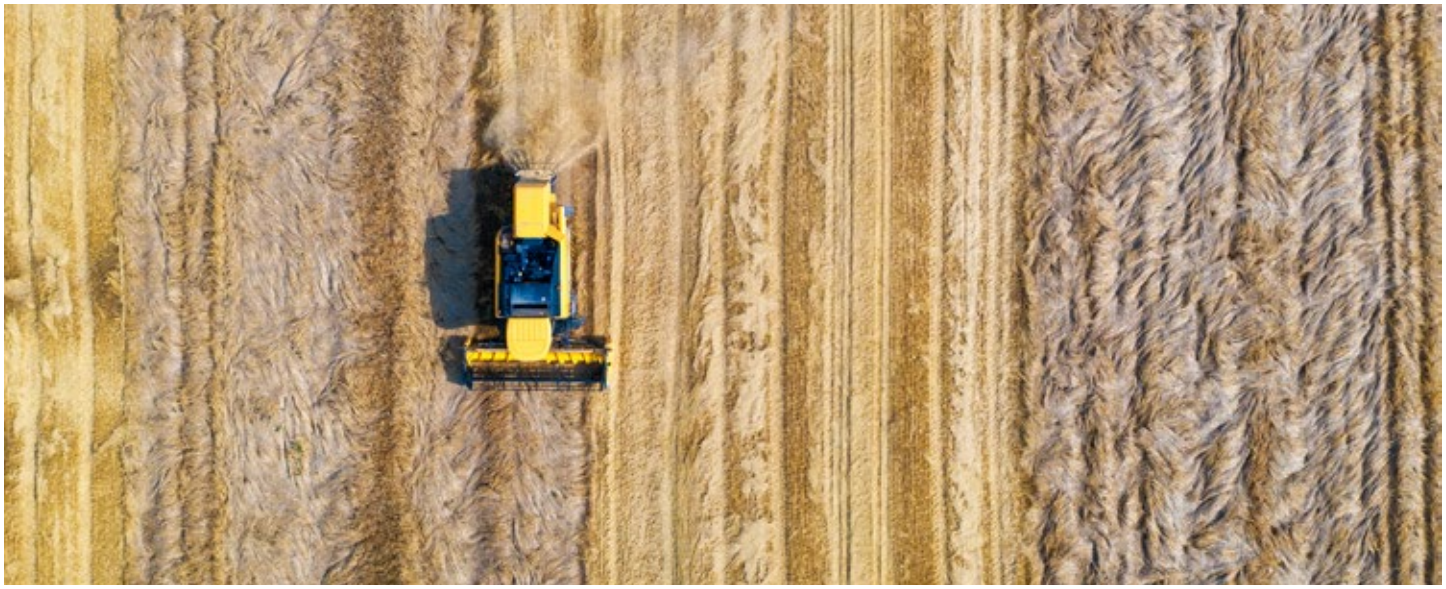
- ﷼ 2.5 billion for Solar PV plants
- 4.5 GW of solar PV was generated through financed projects

Principle 2

Impact & Target Setting

Focus: Identify material positive and negative impacts and set measurable targets where impact is greatest.

Impact area 2 – Availability, Accessibility, Affordability, Quality of Resources and Services



Housing affordability and availability have been persistent challenges in Saudi Arabia, particularly for young Saudi families in major cities where land and construction costs are high and access to finance is low. This has required the National Housing Program to be implemented to raise Saudi home ownership to improve family stability and economic growth.

To contribute to this challenge, SAB set a target to allocate ﷼**15 billion** specifically to projects under the Real Estate Development Fund to address affordable housing for low-income individuals. This was achieved by the end of 2025.

Sustainable Finance Supporting Housing

SAB had set action plans aimed at progressively strengthening a structured process to support delivery of our green financing target. This entailed embedding sustainability across the Corporate and Institutional Banking (CIB) activities and actively supporting the development of sustainable infrastructure and social financing initiatives.

As part of this approach, SAB strengthened its social impact by enhancing certified financing portfolios and developing innovative mortgage solutions that promote affordable and sustainable housing. SAB also broadened its product suite through the introduction of Social Mortgage offerings.

To reinforce credibility and scale, SAB undertook a review of existing social financing portfolio, supported by a Second Party Opinion, which enabled the recognition of additional sustainable financing activity on the balance sheet.

SAB introduced new Green and Social Mortgage products in an agreement with MOSTADAM, a green building rating system established by the Ministry of Housing. SAB's Green and Social Mortgage products were designed to encourage environmentally-friendly and energy-efficient housing practices, whilst helping raise home ownership to 70% in line with Saudi Arabia's vision 2030 Housing Program. Overall, SAB achieved the ﷼**15 billion** target by allocating over ﷼**18 billion** through social mortgage products by the end of 2025.

SAB's sustainable finance activities have been underpinned by a robust and ongoing governance framework, ensuring that all products and transactions are developed, assessed, and managed in alignment with internal policies, industry standards, and sustainability objectives. This process begins at the product design stage, where, through the New Product Due Diligence (NPDD) framework, all finance and investment products are evaluated against internal guidelines, governance requirements, and data standards to ensure consistency and integrity in sustainable finance delivery.

In addition to the key impact areas identified as most significant, and in alignment with the UNEP FI priority areas on Climate Change and Healthy & Inclusive Economies, we have also progressed initiatives addressing other UNEP FI priority areas, such as nature and biodiversity.

Targets Going Forward

We aim to set new targets beyond 2025 to sustain progress under the UN PRB framework and reflect our long-term ambition to scale up sustainable finance. These extended targets will build on the foundation achieved to date and will be published in future submissions.

Additional Areas of Impact

Nature and Biodiversity

Under the patronage of the Ministry of Environment, Water and Agriculture (MEWA), SAB hosted the Middle East, North Africa and Turkey (MENAT) Regenerative Agriculture Summit. This convened policymakers, industry leaders, academics, innovators, and sustainability experts to advance climate-smart agriculture and nature-based solutions across the region. As the first platform of its kind dedicated to regenerative agriculture in arid and semi-arid regions, the summit focused on accelerating innovation, mobilising investment, and strengthening the MENAT region's position as a leader in sustainable agricultural practices.

The event featured keynote sessions, thematic discussions, stakeholder interventions, and high-level consultations designed to encourage collaboration and support practical policy dialogue.

Key outcomes included enhanced cross-sector engagement, the identification of pathways to scale regenerative agriculture solutions, and the development of policy and investment recommendations addressing climate adaptation, water scarcity, and food security challenges. The summit also resulted in the publication of knowledge and insights papers intended to support future initiatives and sector development.

Through this initiative, SAB reinforced its commitment to advancing science-based and sustainable solutions that contribute to climate resilience, food security, and ecological regeneration across the MENAT region.

SAB also joined the Saudi Agri-Food Tech Alliance (SAFTA), an initiative led by the Ministry of Environment, Water and Agriculture (MEWA) to support food security and sustainable agricultural innovation in line with Vision 2030.

Through its participation, SAB contributes to advancing investment in AgriTech by engaging in alliance activities, sharing industry insights and thought leadership, and exploring collaborative opportunities with other members.



Principle 3

Clients & Customers

Focus: Support clients and customers in their transition to sustainable business models and behaviours.

SAB offers a range of sustainable finance solutions designed to support clients in transitioning towards low-carbon and sustainable activities. Its sustainable finance products are structured to deliver positive environmental and social outcomes while aligning with international standards and contributing to the UN SDGs.

SAB has recognised multiple strategic business opportunities to increase positive impact in alignment with internal targets across selected impact areas. Key offerings have included sustainability-linked financing, which take into account customer ESG performance. SAB also offers green and social mortgage products. The Green mortgage product offers preferential financing for residential and commercial properties that meet recognised sustainability standards, promoting energy efficiency, responsible construction practices, and smart development. This strengthens SAB's leadership in sustainable finance while supporting the growth of environmentally responsible housing solutions across the Kingdom. SAB's social mortgage products align with the national priorities set out in Saudi Vision 2030 and the National Housing Program, helping tackle the challenge of high housing costs by providing accessible homeownership solutions for low- and middle-income families. Furthermore, SAB offers sustainable finance investment solutions such as ESG-integrated funds, structured products and thematic investment options centred on renewable energy and social impact.

Client Engagement on Climate

To enhance the management of climate-related risks, the Bank has introduced an expanded client engagement framework. Under this approach, Corporate Relationship Managers actively engage with clients to complete a Transition Engagement Questionnaire (TEQ) for selected borrowers, enabling a more structured and forward-looking assessment of climate risks.

The TEQ is primarily applied to wholesale banking clients, with a focus on hard-to-abate sectors identified in the Bank's Climate Risk Policy, given their higher exposure to transition risks. The framework also extends to other clients, transactions, or projects that may present significant environmental impacts, regardless of sector classification. Based on defined thresholds, a substantial share of Corporate and Investment Banking (CIB) exposure falls within the scope of the TEQ.

The questionnaire serves as a key tool for assessing clients' transition strategies, strengthening the Bank's understanding of both transition and physical risks, and identifying opportunities to support decarbonisation efforts and offer sustainable finance solutions. Incorporated into the annual credit review process, the TEQ captures relevant data to provide a comprehensive view of client resilience and preparedness. Its outputs are systematically integrated into credit assessments, enabling more informed decision-making by evaluating governance, strategy, risk management practices, and mitigation plans.

In line with internal thresholds, approximately 68% of the Bank's CIB exposure is currently covered by the TEQ, including both high-risk sectors and broader exposures where activities may result in significant environmental impact, ensuring a comprehensive and consistent approach to climate risk assessment.



Principle 4

Stakeholders

Focus: Engage relevant stakeholders to inform strategy and improve outcomes

SAB advances sustainability outcomes through active internal and external stakeholder engagement, partnerships, and collaboration with government institutions, regulators, industry peers, and international organisations.

SAB adopts a structured and collaborative approach to stakeholder engagement to advance on its key impact areas. Internally, the Bank engages key stakeholders through surveys, workshops, and awareness initiatives to strengthen understanding and embed ESG considerations across the organisation. Externally, SAB continues to progress its sustainability efforts through strategic partnerships and cross-sector collaboration. This includes active participation in the ESG Saudi Bank Advisory Committee (EBAC), chaired by the Bank's CEO, which contributes to the development of key national ESG initiatives.

SAB has also partnered with national stakeholders by supporting the Ministry of Economy and Planning's sustainability reporting standards under the Sustainable Development Steering Committee. As a selected sustainability "Champion," SAB supports corporate clients in developing and disclosing ESG practices.

SAB previously conducted a comprehensive materiality assessment to identify the most significant factors impacting its business, engaging both internal and external stakeholders, including employees, customers, suppliers, and community representatives through third-party facilitated surveys. This process ensured that the Bank's strategic priorities remain aligned with evolving stakeholder expectations and the broader operating environment.

Future Stakeholder Engagement

In 2026, SAB will review and update its ESG strategy to ensure it remains robust, relevant, and aligned with emerging priorities. This will involve engaging key stakeholders again to gather deeper insights through more advanced and enhanced engagement methods, enabling a more comprehensive and forward-looking understanding of stakeholder expectations.



Principle 5

Governance & Culture

Focus: Embed responsible Banking through strong governance, accountability, and culture

SAB has established a robust governance structure to ensure sustainability is managed with accountability, oversight, and integration into business and risk management processes.

Board-Level Oversight

The Board Executive Committee (EXCOM) supports the Board in approving the ESG strategy and KPIs and works closely with the ESG Steering Committee. The Board Risk Committee (BRC) ensures ESG and climate-related risks are captured within the enterprise risk management framework and financial implications on long-term resilience are addressed. The Audit Committee (AUCOM) reinforces integrity through robust controls, assurance and compliance.

Management-Level Governance

The ESG Steering Committee (SteerCo) serves as the primary driver of SAB's ESG strategy. Working closely with business functions and reporting to the EXCOM, the SteerCo governs, oversees, endorses and coordinates every initiative that falls under the ESG strategy, ensuring that all pledged targets and objectives are achieved within the agreed timelines.

The ESG Office turns SAB's ESG strategy into concrete action across the organisation. Working hand in hand with a range of departments, the team drives ESG momentum and reports directly to the Chief Governance & Corporate Affairs Officer (CGCAO). Its responsibilities include managing ESG related budgets, overseeing governance and disclosures, cultivating partnerships, delivering on net zero commitments and monitoring ESG deliverables and performance. In addition, the Office collaborates with Human Resources to raise ESG awareness and build capacity throughout SAB's workforce.

Governance on Sustainable Finance

SAB has implemented a three-layer governance framework to oversee sustainable finance activities across the Bank. At the operational level, sustainable finance transactions and client engagements are reviewed and monitored through dedicated forums involving Risk, Compliance, Finance, and the ESG function. Sustainable finance activities are centrally tracked and reported in alignment with the Sustainable Finance Data Dictionary and Product Governance framework to ensure consistent classification and oversight. Strategic accountability is maintained through regular reporting to the ESG Steering Committee, Board Executive Committee, and Board of Directors, ensuring alignment with SAB's sustainability objectives and governance requirements.

SAB also maintains a robust product governance framework to ensure that new and existing products are appropriately reviewed, monitored, and aligned with the Bank's risk appetite. New products and services are subject to Board oversight to ensure associated risks are effectively identified and managed, while the Board Risk Committee provides ongoing governance oversight. Existing products undergo periodic reviews based on their risk profile to assess performance, operational controls, training, and continued suitability. This governance approach supports SAB's commitment to responsible finance and helps ensure products continue to deliver value for stakeholders and the wider community.

Culture and Capacity Building Around Sustainability

In 2025, SAB organised anon site ESG alignment workshop that brought together the Bank's central ESG Office and the network of ESG Champions representing every major business line and support function. The gathering was designed as a structured forum where participants could review the year's ESG initiatives, measure progress against targets, and celebrate key achievements while also exchanging practical insights across departments. Beyond a retrospective review, the session functioned as a strategic planning hub for the upcoming year.

Participants aligned on:

- Strategic Priorities for 2026 - identifying the most impactful ESG projects to prioritise in 2026, such as expanding renewable energy financing.
- Coordination Mechanisms - establishing clear communication channels, reporting cadences, and cross functional task forces to ensure seamless execution of sustainability initiatives.
- Opportunities for Deepened Integration - exploring new avenues to embed sustainability criteria into operations, procurement, and talent management, thereby improving the Bank's sustainability footprint.

SAB also hosted an ESG interactive workshop for leaders and staff across functions to build the foundational knowledge and understanding of ESG and how its principles can be considered in the investment decisions of the bank. Attendees were able to develop knowledge around the importance of ESG to SAB and its impact on SAB's products, customers and employees. The key benefits, trade-offs and risks of ESG investment strategies were also studied alongside case studies to equip staff with the techniques and strategies to optimize investment portfolios based on ESG principles, and contribute to sustainable finance in action.

In 2025, SAB rolled out an e-learning programme which introduced employees to core ESG principles and practical expectations for integrating sustainability into day-to-day work. Delivered as a series of role-relevant modules, the programme covered responsible governance, social considerations, and the environmental impact of lending practices. The programme helped learners understand how financed activities could affect emissions, resource use, and environmental impact of lending practices.

A total of 4,528 employees completed the ESG e-learning course in 2025.

SAB's Sustainability Graduate Programme, introduced in 2024, is a 12-month development path designed to prepare new graduates to lead ESG initiatives. Developed alongside the KAPSARC School of Public Policy, the initiative pairs specialised academic instruction with hands-on corporate rotations and executive mentoring. Participants gain deep expertise in core areas like Sustainable Banking and Public Policy, alongside SAB's internal ESG strategies. Building on its initial launch, the program successfully integrated a new cohort of 14 graduates across various business divisions in 2025 to help champion the firm's long-term sustainability goals.

Sustainability-Linked Performance Incentives

ESG-related KPIs are embedded within the individual performance objectives of all members of the Management Committee, as well as their respective teams. Each member has a portion of their total scorecard allocated to ESG-focused KPIs, ensuring that sustainability considerations are consistently integrated into leadership priorities. These scorecards, including ESG metrics, directly inform the assessment of overall performance and are closely linked to individual variable compensation outcomes.

Principle 6

Transparency & Accountability

Focus: Be transparent and accountable for progress through public reporting.

Under the strategic direction and oversight of the Board of Directors, SAB is committed to maintaining the highest standards of accountability in its non-financial disclosures.

For the current reporting period, SAB proactively sought external verification to validate its progress. Independent auditor PricewaterhouseCoopers Public Accountants (PwC) was engaged to provide limited assurance on selected key performance indicators. This rigorous external review was conducted concurrently to cover disclosures published across both our 2025 ESG report and PRB report.

PwC's limited assurance verified critical metrics across the following key areas:

- Greenhouse gas (GHG) emissions (Scope 1, 2 and 3)
- Electricity consumption
- Staff and Board diversity
- Employee training
- Incidents of non-compliance
- Sustainable financing and investments



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