



Embedding ESG.

Creating sustainable value.

ESG Report 2022



Table of Contents

01 Introduction

06	About this report	14	Message from our CEO
08	Highlights	18	SAB at a glance
10	Message from our Chair		

02 ESG Strategy

24	Our operating conditions	42	The ESG issues that matter most to SAB
28	Listening to our stakeholders	46	Vision 2030 and the United Nations Sustainable Development Goals
36	Our business strategy with an ESG focus		
38	Our approach to ESG	48	Our Corporate Social Responsibility Policy

03 Environmental Impact

52	Overview	58	SAB's sector-specific lending portfolio
54	Sustainable products and services	60	Transition to Net Zero
56	Supporting small businesses	66	Offset CO ₂

04 Social Impact

72	Overview	82	Digitalisation
74	Diversity	86	Community initiatives
78	Closing the regional savings gap	88	Our workforce: The bedrock of our success
80	Advancing the ESG and sustainable finance market		

05 Governance

100	Overview	108	Embedding ESG throughout SAB
102	Governance structure	110	International frameworks
104	ESG Governance framework	112	Compliance with regulations
106	Risk Management		

118	Annexure: SASB Reference Table		
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01 Introduction

06	About this report
08	Highlights
10	Message from our Chair
14	Message from our CEO
18	SAB at a glance

About this report

Saudi Awwal Bank (SAB) is a leading bank in the Kingdom of Saudi Arabia (KSA or the Kingdom) with strong international connectivity. What makes SAB unique is our strategic partnership with HSBC Banking Group, where clients in KSA have access to the banking network of one of the largest global banks. For us at SAB, environment, social and governance (ESG) is central to our success, and that of the Kingdom and the global economy. In the past 2 years, we have formalised our approach to ESG. This process was driven by the Board and implemented by the Executive Management and our functional teams across the business. Our approach to ESG positions us as a market-leader on sustainability topics and as an example of best practice within the Kingdom.

Our ESG ambition is to play a leading role in mobilising finance to support an inclusive, diverse and just transition towards a more sustainable economy by embedding ESG at the heart of our organisation.

This report details the extent to which we have embedded ESG considerations in our corporate strategy, governance frameworks, and ethos. While we are committed to transparency, sustainable value creation and minimising negative impacts on our environment, we understand that ESG is a journey. In line with international best practice, standards and frameworks, we aim to provide a balanced report documenting our ESG ambitions and the progress we have made towards our objectives.

Reporting period

Our 2022 ESG Report covers the period 1 January to 31 December 2022. The report is published within the context of the Kingdom’s national commitments made during 2021 and 2022. Since this is SAB’s first standalone ESG Report, some commentary relating to the 2021 and 2023 financial years is included for a more comprehensive overview of our ESG journey.

Greenhouse Gas Emissions (GHG)

SAB underwent an expansive GHG data collection exercise during 2022, to ascertain SAB’s 2021 emissions. SAB is prudently disclosing this data for the readers of this report – however, we will not use 2021 as our baseline year given that the impacts of COVID-19 were still largely evident throughout the Kingdom during that year. During the course of 2023, we will collect 2022 GHG data, which will serve as the baseline against which we will measure our performance towards our Net Zero targets.

Reporting frameworks

This report has been developed in line with the Sustainability Accounting Standards Board (SASB) guidelines. It also considers the recommendations of the United Nations (UN) Principles of Responsible Banking, and the UN Sustainable Development Goals (SDGs). SAB aligns with the Kingdom’s Vision 2030.

Governance

The SAB Board of Directors takes responsibility for this ESG Report. The Board approved this report on 19th June 2023.

Assurance

PwC has provided limited assurance of data contained in this ESG report. Selected metrics marked with the ⓘ symbol have been subject to independent limited assurance procedures by PricewaterhouseCoopers Public Accountants (‘PwC’) for the year ended 2022. Our methodologies for preparing the selected metrics and third-party limited assurance report can be found on: <https://www.sab.com/esg/index.html>.

Forward-looking statements

This report contains forward-looking statements relating to SAB’s strategy and future performance. While we have made every effort to take all material considerations into account with our planning and outlook, the actual outcomes may vary due to factors beyond our control. These factors include but are not limited to regulatory changes, international conflicts, pandemics, and economic conditions. Assurance has not been provided on our forward-looking statements.

Strategic themes

We launched our **ESG strategy** in 2022 to complement the the Bank’s overall 2025 strategy that was announced in 2021. This strategy has been embedded throughout our organisation, and is highlighted throughout the report as follows:



Highlights

From its inception, SAB has played a part in driving economic growth and societal progress in the Kingdom. Today, we have an equally pivotal role to play in making a real and lasting difference to our environment, communities, and people. Below are some key highlights of the impact of SAB's efforts on ESG matters:

Economic



Kingdom's first green deposit In January 2022, SAB launched the Kingdom's first green deposit to allow retail clients to safely deposit their money toward green financing initiatives. Balances of SAR 289 million with 488 retail customers	Red Sea Development In March 2021, SAB acted as one of the mandated lead arrangers on the SAR 14 billion financing raised to fund the Red Sea project, and HSBC served as a green loan coordinator on the transaction.	Best Bank for Sustainable Finance in the Kingdom Award 2022 SAB was named the 2022 "Best Bank for Sustainable Finance in Saudi Arabia" by Global Finance magazine, as part of its annual Excellence Awards.
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Environment



<h3>Saudi Green Initiative (SGI)</h3> <p>SAB partnered with National Centre for Vegetation Cover on the 10 billion trees initiative. We aim to plant 1 million trees by 2030.</p> <p>In 2022, we planted 50,000 trees</p>	<h3>Transition to Net Zero programme*</h3> <p>SAB's internal greening initiatives resulted in:</p> <table><tr><td>2.6 million single-use plastic water bottles saved</td><td>374,926kg recycled waste</td></tr><tr><td>1.7 million kWh energy saved</td><td>221,884 l of water saved Bank-wide</td></tr></table>	2.6 million single-use plastic water bottles saved	374,926kg recycled waste	1.7 million kWh energy saved	221,884 l of water saved Bank-wide	<h3>New office*</h3> <p>LEED Gold status</p> <table><tr><td>28.47% reduction in operational energy consumption</td><td>59.25% reduction in water consumption for landscaping</td></tr><tr><td>75% of construction waste was recycled</td><td>54.3% reduction in indoor water consumption</td></tr></table>	28.47% reduction in operational energy consumption	59.25% reduction in water consumption for landscaping	75% of construction waste was recycled	54.3% reduction in indoor water consumption
2.6 million single-use plastic water bottles saved	374,926kg recycled waste									
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28.47% reduction in operational energy consumption	59.25% reduction in water consumption for landscaping									
75% of construction waste was recycled	54.3% reduction in indoor water consumption									

* The numbers mentioned above are calculated on an annual basis

Social



Riyali Launch of the financial literacy competition during the first quarter in cooperation with the Ministry of Education. More than 370,000 students across the Kingdom participated.	Taqadam The fourth edition of the accelerator programme was concluded. 10 winners 57 teams (112 individuals) participated.	SAB Digital Academy SAB Digital Academy supports the entry of young people into the labour market through training and financial skills development. In 2022, 1,200 beneficiaries participated.
Women's representation in the organisation The Bank has made progress towards gender diversity with women representation standing at 35.7% in the Executive Management team.	Para-abled accelerator programme with Monsha'at and the Ministry of Labour. Sessions held with 23,093 attendees in a hybrid environment.	Launch the first dry food preservation and food waste avoidance project In 2022 we: Provided 400,000 meals. Preserved 130 tonnes of food 6,000 families supported for 6 months.

Governance



Strengthening our ESG Framework We implemented an ESG governance structure , including a new ESG Steering Committee overseeing the delivery of SAB's ESG strategy.	CIB Sustainable Finance Forum SAB's new CIB Sustainable Finance Forum oversees sustainable lending.	ESG champions 35 ESG champions have been appointed and trained across SAB.
Excellence in procurement Programme (PEP) Award The Chartered Institute of Purchasing and Supply (CIPS) awarded PEPs to SAB in 2023.	United Nations Principles for Responsible Banking (UNPRB) SAB is the first bank in Saudi Arabia to become a signatory to the UNPRB, a part of the United Nations Environment Programme Financial Initiative.	Management Committees (MCs) SAB reduced its 40 MCs to 24 committees focusing on economic, environmental, and social impacts, in line with regulation and best practices.

Message from our Chair

The year under review was promising in many respects. SAB entered its second year of executing its 2025 Corporate Strategy, which is geared toward supporting our customers and their transition strategies with digital solutions and sustainable financing. I am especially pleased with the progress we are making on ESG, which is an integral part of SAB’s identity as we look ahead to a low carbon economy.

ESG in context

In recent years, we have experienced a marked change in our operating environment, notably an increase in the risks facing business and society. Environmental and social risks now pose the biggest challenges to global economic output. These risks include climate action failure, rising temperatures and sea levels and the loss of biodiversity. Extreme weather events around the world are causing loss of life, damaging property and critical infrastructure, curtailing productivity and disrupting trade and supply chains. We are seeing an increase in demand for energy and stresses on water resources with the growth in population and increased purchasing power of the middle class. These factors, coupled with growing inequality fuelled by the rising cost of living and interest rate hikes, is leading to increased market volatility.

Our business is not immune to these risks - building a better world is no longer a moral imperative, it is now a matter of survival. It is for this reason that we have increased momentum towards achieving our 2025 strategy and placed ESG considerations at the heart of everything we do.

Our ESG focus allows us to identify areas in the economy which need transition solutions, that drive shared value, stimulate economic growth, and contribute to the reduction of systemic risks emanating from climate change and other societal challenges.

Leading the Kingdom’s ESG charge

We aim to positively impact our communities and the environment in which we operate. Our ESG plan has been developed to ensure that we live up to this vision. By leveraging our strategic partnership with the HSBC Group, we have positioned ourselves to play a pioneering role in advancing ESG considerations and sustainable finance in the Kingdom. The partnership allows us to leverage strategic support on sustainability in banking operations, as well as training and upskilling our staff on complex ESG themes. We were the first to launch in-country access to

ESG investments that are structured to create financial returns while generating positive environmental benefits.

In the past two years, we have advanced our ESG journey and received prestigious accolades in recognition of our efforts. Global Finance Magazine’s annual Excellence Awards for 2022 recognized the strength of SAB’s ESG credentials by naming us the “Best Bank for Sustainable Finance in Saudi Arabia. In addition SAB continued its winning streak by again being chosen as “Saudi Arabia’s Best Bank” in the 2022 Global Finance Sustainable Finance Awards for the third consecutive year. These awards are not given gratuitously; they are based on internationally recognized criteria for sustainable finance, community support and emerging market growth. So I am especially proud of these achievements, and congratulate the SAB team for their successful on-going and focused efforts.

I am enthused by the financing prospects arising as we transition to a low carbon economy. The team has developed a range of products that encompass a range of sustainability imperatives. I am most impressed with our first in market Green Deposits, in relation to which we have witnessed a high demand.

As ESG becomes an increasingly important priority within SAB, the environmental aspect of SAB’s ESG framework will be a key focal area. Externally, we have contributed to major environmental initiatives and are the first bank to partner with the Ministry of Environment Water and Agriculture to plant one million trees across the Kingdom in support of the Saudi Green Initiative. Internally, we have reinforced our efforts to remove all emissions from our operations by introducing programs such as eliminating the use of plastic bottles, minimising travel, reducing paper consumption, and digitizing our processes and systems. SAB’s new LEED-certified smart headquarters is one of our flagship initiatives, further showcasing our commitment to sustainability.

Our ESG focus allows us to identify areas in the economy which need transition solutions, that drive shared value, stimulate economic growth, and contribute to the reduction of systemic risks emanating from climate change and other societal challenges.



5 female Senior Executives on Subsidiary and Associate Boards and sub-committees

We continue to support our communities through various social initiatives. During 2022, we restructured our social commitments to align with the Bank's strategic ESG pillars. Women empowerment and education are key thrusts of our overall strategic theme of building an inclusive, capable and diverse society. I am pleased with the progress we have made, with one third of our executive management team now consisting of women. In addition, during the course of 2022, there were five female senior executives on SAB Subsidiaries and Associates Board and Subcommittees. And I am delighted to welcome Deema Alathel as the Chair of our Technology and Digital Committee, further highlighting the momentum of the diversity agenda at SAB. A key element of that agenda is preparing future female leaders to compete for board-level positions.

Our governance: Driving ESG from the top down

I am proud to say that ESG is driven earnestly by SAB's board through to all parts of the organisation. A review of SAB's entire governance structure has taken place in 2022, which includes reviewing the organisation and function of board committees, as well as streamlining and updating corporate governance practices as part of a framework that aligns with international best practices. As part of our efforts to spread ESG consciousness throughout the enterprise, for example, the board continues receiving climate risk awareness training to ensure that members effectively perform their oversight duties on ESG and climate change.

Going into 2023, we have increased the board's independence by introducing an additional independent board member, to provide further diversity of thought, unbiased views and opinions. Continuous improvement in Corporate Governance also remains a key theme for us, as we aim to retain our status as one of the prominent banks in the Kingdom with impeccable governance standards.

Heartfelt thanks

As I have alluded to earlier, SAB has achieved numerous industry "firsts" as the frontrunner in sustainable banking in the Kingdom. These achievements are a testament to a pioneering entrepreneurial spirit, market-leading innovative capabilities and thought leadership in sustainable finance. SAB's success results from the on-going and dedicated efforts of the exceptional talent across our organisation - the board, executive management, and staff all make a significant contribution to the bank's market-leading sustainable business approaches. It is great to see the determination across the leadership team and throughout

the ranks to build further resilience in anticipation of the changing market conditions, and to transition the Bank's business model to being impact led.

So I wish to thank the board members, our executive management team members and all our colleagues for their sterling efforts, because those collective efforts provide the momentum that, in an increasingly competitive and challenging environment, makes SAB a leading financial enterprise setting new trends and standards in banking, finance and ESG in the Kingdom and beyond.

Ms. Lubna S. Olayan
Chair



Message from our CEO

2022 was an exciting year on the ESG front. SAB built on the ESG foundation it laid in 2021 – focusing on embedding ESG at the heart of its business and operations. Endorsed by the Board, we crafted a new **ESG strategy** during the year, which we formally presented to the market and our stakeholders in September 2022. SAB’s 2025 strategy remains our North Star, which now has an integrated mandate to lead the market in sustainable finance products, and embed ESG into our business practices.

Our key ESG focus areas

I am proud to say that SAB has allocated SAR 34 billion towards sustainable finance and investments, which we aim to deploy over the next 3 years – this is perhaps one of the most ambitious of such initiatives in the Kingdom. Our focus is our clients, and their need to transition to a low carbon economy. Our goal is to drive the conversation on ESG, and support our clients to achieve their sustainability goals. Our ESG compliant lending is currently around 5% of our total balance sheet. To reach our 2025 target, we need to increase this to between 15% and 20% of our total asset book. This self-imposed requirement obliges SAB to move rapidly in developing financial products that meet the growing demand for sustainable finance solutions in the Kingdom and region. While the Bank has already introduced innovative sustainable finance products such as the Kingdom’s first green deposit, we are aspiring to develop more green, social, and sustainable products going into 2023.



15,000

MSME customers through our digital offerings

In terms of our social citizenship, SAB is working towards playing a leading role in creating an inclusive and diverse society. This proposition hinges on providing value-add for our customers by widening access to financial services, including banking services for underserved communities. Micro, Small, and Medium Enterprises (MSME) is a strategic component of SAB’s strategy. We are proud to support over 15,000 MSME customers through our digital offerings. The Bank is also tailoring financial products for women-owned MSME’s to further encourage diversity. In addition to the digital offering, we are supporting our MSME clients through 8 centres

across Riyadh, Jeddah, Alkhobar, Dammam, and Al Qassim.

Our quest to promote a diverse society is mirrored within SAB. Our own diversity has been prioritised, with over one third of our Executive Management positions already held by women. True diversity goes beyond gender to include wide-ranging skills, experiences and professional backgrounds, all of which are being built into our employee contingent at all levels of the Bank.

In tackling our governance aspect, the Bank is committed to implementing governance structures and arrangements in line with best practices. We have created a central ESG office and set up an ESG Steering Committee to oversee the integration of ESG into our governance and risk management frameworks. This Committee will monitor and supervise all aspects of the ESG strategy including sustainable financing and materiality of SAB’s ESG risks, initiatives and responses.

Supporting Vision 2030

SAB is proud to participate in fulfilling the Kingdom’s Vision 2030 goals by committing a component of our balance sheet to finance the sustainability transition. As a leading and visionary financier, SAB has 3 significant roles in the accelerating drive toward Vision 2030. Our primary role as a top-tier financier is to support public and private institutions to develop sustainably through our financing solutions. Issuing the first green loan and first climate change equity fund already positions SAB at the forefront of ground-breaking sustainable financing in the Kingdom. Supporting the wide-ranging commercial pivots implicit in Vision 2030 means extending innovative financing across the spectrum of multinational, large corporate, MSME’s, and retail.

Our newly planned and well-resourced ESG strategy will enable the Bank to play a leading role in mobilising financial support towards an inclusive, diverse, and just transition into a sustainable economy.



Our partnership with HSBC, sets a responsibility for SAB to transfer knowledge and skills from international markets to Saudi Arabia. SAB aim to make a contribution on the ESG agenda to support the development of the local financial market with climate risk, ESG disclosure, taxonomies, and ESG solutions in line with the Kingdom's priorities. I have previously supported the Monetary Authority of Singapore as Chairman to their Green Finance Working Group, and I am keen to bring my experience in this field to support the financial sector in KSA.

In our third role, the Bank is a corporate citizen that shares Vision 2030 principles and goals, which are being enacted as part of our ESG strategy. We have started the exercise to measure and baseline our carbon footprint from our operations and supply chain with a view to achieving Net Zero in our operations by 2035 or sooner. We are also going to start the exercise to baseline our financed emissions during 2023 to support the Kingdom's vision to achieve Net Zero by 2060.

Behind the scenes: making ESG happen

In addition to the centralised ESG office that the Bank has setup, we are building additional capacity across different departments within the Bank to build the focus and momentum on ESG. There is an ESG KPI for me, and one assigned within the scorecard of each of my direct reports. These KPI's further trickle down to individual staff members, where I expect every person in the Bank to understand their role in SAB's ESG journey. The KPI's and scorecards of Bank staff determines their performance ratings and aligned remuneration, clearly linking ESG to financial outcomes of Executives and broader staff members.



70%
of all of SAB's workforce
have completed ESG trainings
developed by the University of
Cambridge

When I arrived at the Bank nearly 2 years ago, the Board mandated me to deliver on 5 major areas of focus, one of which was to develop an ESG focus throughout the Bank. By this financial year-end 70% of all of SAB's workforce had completed ESG trainings that were developed by the University of Cambridge in partnership with HSBC. The Bank's entire Management Committee also underwent a 2-day immersive training session on how to embed ESG in all business and functions within the Bank. Furthermore, we provided specialised training to over 35 ESG 'champions' spread across our various business units. This is a serious topic for us at SAB, and we are dedicating time, effort and resources towards ESG.

SAB's economic impact

SAB's overall strategy is to reinforce our market position within the Kingdom by building on our strengths such as being the bank of choice for large corporates, and our market leadership in wealth, trade, payments, and card financial products.

Fiscal year 2022 was a good year for us. We saw a 47% growth in our profits year-on-year, while decreasing our cost-income ratio and maintaining a strong capital position - a very pleasing performance, given some of the headwinds in the global economy.

Looking ahead, SAB will position itself strategically in regional and international markets by attracting businesses to the Kingdom. With businesses everywhere showing a growing appetite for green financing solutions and products, SAB's prospects for growth through this strategy are highly positive.

Looking to the future

2022 was a positive year in terms of our financial performance and our progress on our ESG strategy. We are conscious that the effects of climate change are already here, and hence we must deliver faster on the ESG front in the short to medium-term. The outlook is promising, as we are engaging a market that will adopt responsible and sustainable lending practices, especially due to favourable economic conditions in the Kingdom. I trust the Board will continue its keen stewardship of our Bank. The resilience, innovativeness, and industriousness of all colleagues are imprinted in the success we achieved. A client-centric, inclusive and ESG-aware organisation is underway and I am most grateful to the collective - from the Board and across all levels - for steering SAB towards achieving its ESG ambitions.

Mr. Tony Cripps
Managing Director and CEO



SAB at a glance

SAB was established in its current form as a Saudi Joint Stock Company in 1978. Through our strategic partnership with HSBC Group, we have grown into one of the leading financial institutions in the Kingdom. In 2019, SAB merged with Alawwal Bank, one of the oldest banks in the Kingdom with almost 70 years of experience in the industry. With SAR 20.5 billion paid-up capital we are now one of the largest banks in the Kingdom.

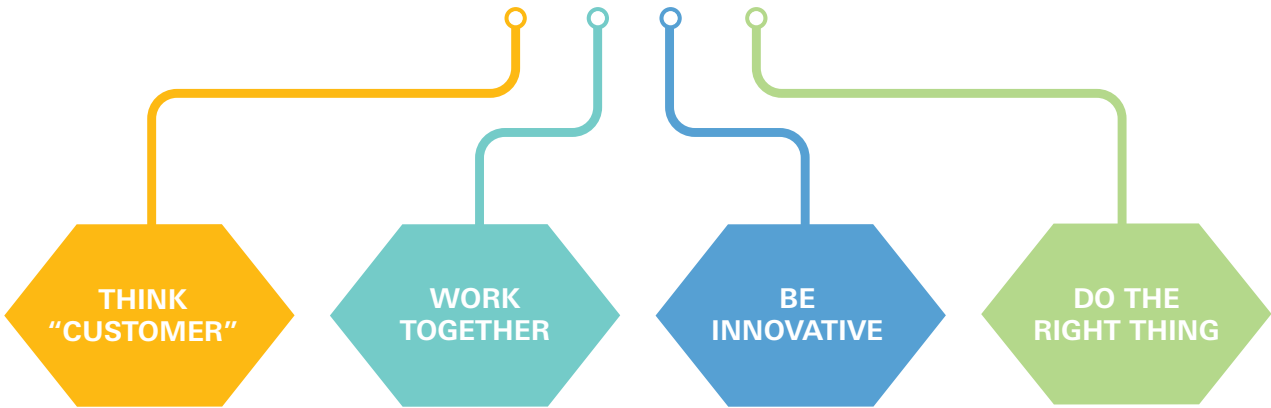
Our integrated financial and banking services include corporate banking, investments, private banking, and treasury. We lead in trade finance, foreign exchange, credit and lending for wholesale clients, digital innovation and ESG commitments.

Who we are

Our overarching purpose
We bring a world of financial opportunities to an ambitious Kingdom.

Our purpose defines how we create and sustain value for our customers, stakeholders, and employees.
We develop products that open up economic and social opportunities in line with the Kingdom’s ambitions.

Our values



THINK "CUSTOMER"
By prioritising the needs of the customer, we advance the quality of our services. This encourages a culture of personal responsibility among our people.
For SAB, thinking "Customer" means taking initiative, building trustworthy and win-win relationships, responsiveness, and speed.

WORK TOGETHER
When we work together, achieving success becomes a collective goal. This encourages a culture of collaboration among our people.
In the Bank, working together includes having a team mentality, sharing feedback, and promoting a healthy work environment.

BE INNOVATIVE
When innovation becomes a part of our work process, we encourage a culture of development and progress in everything we do.
Understanding the marketplace, openness to diversity, and welcoming ideas all promote innovation at SAB.

DO THE RIGHT THING
When we choose to do the right thing, all our actions, no matter how small, encourage a culture of honesty and integrity.
Doing the right thing considers the Bank's strategy and risks, taking accountability, and speaking up when unacceptable behaviours take place.

Our subsidiaries and associates



HSBC Saudi Arabia
Ownership (as at 31 December 2022): 49%

HSBC Saudi Arabia is an associate of SAB, with HSBC Asia Holdings B.V. a related party and Shareholder in SAB.

HSBC Saudi Arabia is a closed joint stock company incorporated in the Kingdom of Saudi Arabia on 23 July 2006 and is regulated by the CMA.

HSBC Saudi Arabia’s main activities are to provide a full range of investment banking services including investment banking advisory, brokerage, debt, and project finance. It also manages mutual funds and discretionary portfolios.

During the year, HSBC Saudi Arabia completed the transfer of its Asset Management, Retail Brokerage and Retail Margin Lending businesses to SAB Invest.



SAB Invest
Ownership (as at 31 December 2022): 100%

SAB Invest, a SAB subsidiary, is a closed joint stock company incorporated in the Kingdom of Saudi Arabia on 9 January 2008.

SAB Invest engages in the full range of securities activities regulated by the CMA related to dealing, managing, arranging, advising, and taking custody of securities.

During the year, SAB Invest completed the transfer of HSBC Saudi Arabia’s Asset Management, Retail Brokerage and Retail Margin Lending businesses to itself.

Our partnership with HSBC group

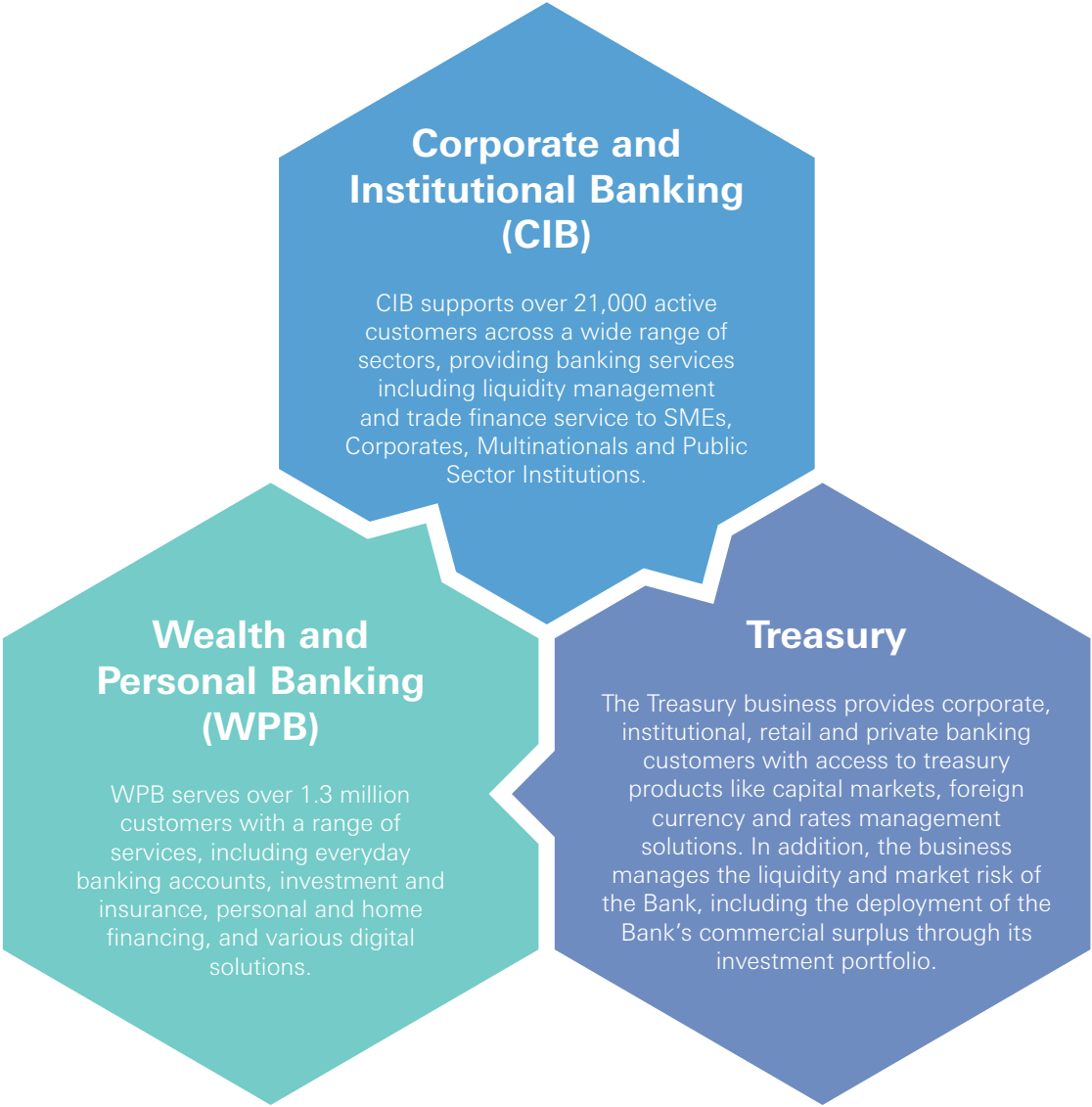
HSBC is one of the world’s largest banking and financial services organisations, serving around 39 million customers worldwide through a network that covers 62 countries and territories. SAB owns 49% of HSBC Saudi Arabia through a joint venture between HSBC Asia Holdings B.V. HSBC Saudi Arabia also provides investment banking and advisory services to our clients.

In addition to SAB’s stake in HSBC Saudi Arabia, HSBC Holdings has 30.99% ownership of SAB. The Bank benefits from technical services that HSBC provides in terms of training, advice and guidance, and best practices. We leverage this extensive partnership with HSBC and their experience to implement best practices in relation to ESG, some of which are reported in this document.

SAB at a glance (continued)

Our businesses

SAB services the market through 3 main divisions



For more information about each of these businesses, refer to the Operating Review in the 2022 Annual Report here <https://www.sab.com/en/about-sab/about/Investor-Relations/financial-regulatory-reports/>





ESG Strategy

24	Our operating conditions
28	Listening to our stakeholders
36	Our business strategy with an ESG focus
38	Our approach to ESG
42	The ESG issues that matter most to SAB
46	Vision 2030 and the United Nations Sustainable Development Goals
48	Our Corporate Social Responsibility Policy

Our operating conditions

ESG strategy

SAB is arguably the most unique bank in Saudi Arabia. On the one hand, it is one of the largest banks in the Kingdom, and on the other, it has a strategic partnership with HSBC, one of the largest and most diverse global banks. As one of the leading lenders in KSA, SAB supports all sectors of the real economy. This brings with it the responsibility of supporting the transition of different sectors towards a CO₂ neutral world, in line with the Kingdom's Net Zero ambitions.

During 2022, we formalised our ESG strategy. We committed to set, publish and implement ambitious targets to scale up positive and address negative impacts in line with global and local goals. This will enable us to broaden our scope from a focus on profit-making to sustainable and equitable value creation. Our ESG strategy has been developed in consultation with a broad range of stakeholders.



Economic factors

Rising interest rates

The COVID-19 pandemic caused extreme economic pressure across the globe, although its impacts eased significantly during the course of 2022. Nevertheless, the pandemic shook up economies sufficiently for the onset of conflict in Ukraine – stifling gas supplies to various first-world countries and blocking off trade arteries – pushing up inflation rates in many economies. Many central banks, including the Federal Reserve in the USA, had little choice but to hike interest rates to curb inflation. SAMA, in alignment with the Federal Reserve rate increases, raised its REPO and reverse REPO rates. According to the World Bank's latest Global Economic Prospects report released in January 2023, further volatility could push the global economy into recession.¹ In light of this, corporate credit growth is likely to slow even further as banks limit their risks by tightening their lending criteria.

SAB has proven to be agile and resilient in the face of the challenges presented by COVID-19, even as the market shifted to accommodate the new normal. Given the Kingdom's strong macro-economics, we expect loan growth to remain buoyant for both corporates and MSMEs. Economic factors remain a material matter to SAB's stakeholders and hence is a key focus for the Bank.

For more information about SAB's economic performance in 2022, refer to our Annual Report here <https://www.sab.com/en/about-sab/about/Investor-Relations/financial-regulatory-reports/>

Diversifying the economy

The Saudi economy is heavily dependent on the production and export of oil and related products. According to the U.S. Energy Information Administration, the country is responsible for approximately 12% of global oil production,² with oil equating to approximately 87% of the Kingdom's total exports.³ As part of Vision 2030, the Kingdom seeks to diversify the economy away from the oil that has historically been its economic mainstay – both to spread its risk when oil prices fall, and to contribute to international climate change goals and a commitment to Net Zero by 2060.³ SAB has embedded the Kingdom's vision into the Bank's overall strategy and ESG approach.

For more information about SAB's alignment to Vision 2030, refer to here [page 46](#).

The entertainment, travel, health, education, and construction sectors are expected to grow substantially in the medium-term. Initiatives such as the Red Sea Project are already bearing fruit. For banks like SAB, these sectors provide exciting opportunities to achieve growth while contributing to a just and equitable climate transition.

¹ <https://www.worldbank.org/en/news/press-release/2023/01/10/global-economic-prospects>

² <https://www.eia.gov/tools/faqs/faq.php?id=709&t=6>

³ <https://tradingeconomics.com/saudi-arabia/exports>

Our operating conditions (continued)



Social factors

Gender diversity and female empowerment

The participation of women in the economy and leadership roles is an important theme for SAB. It is also espoused in Vision 2030. According to the General Authority of Statistics (Kingdom of Saudi Arabia), 33.6% of the Saudi workforce comprised of women as of March 2022. This represents a considerable increase from 17.4% in 2017.⁴ Companies are expected to strive for greater gender equality in senior roles and across the workforce. This includes the representation of women and pay parity. At the same time, banks that seize the opportunity to support women entrepreneurs with tailored products are likely to succeed as the economy opens up. SAB is the only bank in the Kingdom with a female Chair of the Board. This demonstrates our commitment to the advancement of women and enables us to set the tone on gender diversity from the top.

For more information about SAB's internal diversity and inclusion, refer to page [74](#).

Entrepreneurship

MSMEs play an important role in the economy, particularly in diversified economies. Vision 2030 recognises this, and advocates for better support to MSMEs. While MSMEs, especially those in the services sector, represent a big opportunity for those financial institutions able to tap into the market with tailored solutions, this is also traditionally a high-risk client base for loans. SAB has reviewed its MSME strategy and has prioritised its efforts in the MSME sector. The Bank is investing in this area in alignment with Vision 2030 and to support the Bank's equitable growth agenda.

For more information about SAB's support for small business, refer to pages [56-57](#).

Cybersecurity and privacy protection

Cyber crime is a growing threat across the globe. Many organisations now recognise it as their single biggest risk. The World Bank estimated that between 2019 and 2023, approximately USD 5.2 trillion in global value would be at risk from cyber attacks.⁵ At the same time, SAB customers are increasingly demanding digital products and services. The onus is on major institutions like SAB to safeguard our customers' data and personal information. SAB aims to provide inclusive banking, with digital banking playing an important role to capture the unbanked market in the remote areas of KSA.

For more information about SAB's digital initiatives and cybersecurity, refer to pages [82-85](#).



Environmental factors

Global warming and the Kingdom

According to the Intergovernmental Panel on Climate Change (IPCC)⁶, the world is currently on a global warming trajectory of 1.5°C by 2040. The impact of global warming on Saudi Arabia will be severe if not curbed effectively. Scenario planning anticipates an increase in dry periods, with the rapid depletion of groundwater reserves in an already water-scarce region, interspersed with heavy rainfall that may cause flash floods. Sand and dust storms are expected to become more frequent, with negative impacts on transport, communication, and agriculture. In the long-term, rising sea levels will make the Kingdom's coastal populations and industrial infrastructure (especially seawater desalination plants) vulnerable.

Drastic action is required to avoid crossing this point of no return in terms of climate change. In response, the Kingdom announced its Nationally Determined Contributions (NDC) at the Conference of Parties (COP 26) in November 2021 in line with the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement. In its submission to the UNFCCC, the Kingdom has committed to reducing, avoiding, and removing GHG emissions by 278 million tonnes of CO₂eq annually by 2030, from a 2019 base year.⁷ This is effectively doubling its initial commitment.

The role of financial institutions is to enable financial flows for global initiatives that support the Paris Agreement goals. KSA's domestic banks must support the countries NDC's and pathway to Net Zero. SAB's new ESG strategy focuses strongly on promoting sustainable finance and investments, and we are committed to achieve Net Zero across our operations by 2035.

For more information about SAB's strategy and goals, refer to here pages [36-41](#).

The Saudi Green Initiative (SGI)

The SGI focuses on protecting natural areas, afforestation to offset global emissions and promoting clean energy. The initiative exists to:

- Oversee and unite all of Saudi Arabia's work to combat climate change under one umbrella, with clearly defined goals
- Combine the efforts of the Government and private sector, identifying and supporting opportunities for collaboration and innovation
- Grow the green economy - the first wave of more than 60 initiatives announced under SGI in 2021 represented an investment of over SAR 700 billion
- Accelerate the green transition and be a global leader in the implementation of the Circular Carbon Economy approach
- Improve quality of life and protect the environment for the benefit of future generations in Saudi Arabia

The project aims to help Saudi Arabia achieve Net Zero, partly by planting 10 billion trees and rehabilitating 40 million hectares of degraded land. SAB has already planted 50,000 trees as part of this initiative in 2022, and are aiming to plant a total of 1 billion by 2030.

For more information about SAB's contribution to SGI, refer to page [66](#).

⁴ <https://www.arabnews.com/node/2132696/saudi-arabia>

⁵ <https://www.worldbank.org/en/programs/cybersecurity-trust-fund/overview>

⁶ <https://www.ipcc.ch/report/sixth-assessment-report-working-group-3/>

⁷ <https://unfccc.int/sites/default/files/resource/202203111154---KSA%20NDC%202021.pdf>

⁸ <https://www.greeninitiatives.gov.sa/about-sgi/sgi-targets/greening-saudi/plant-10-billion-trees/>

Listening to our stakeholders

SAB believes in the importance of healthy two-way communication and collaboration with all our priority stakeholders. By working together with these stakeholders, we ensure that we deliver sustainable shared value in the short, medium and long-term. We understand that every stakeholder differs in their objectives, expectations, and interests. As such, we tailor our engagements to meet the needs of each stakeholder group and use their inputs to enhance our ESG strategy.



Customers

A sustainable customer base is what makes SAB viable in the long-term, to keep supporting the Kingdom and Vision 2030. By listening to the market, we provide market-leading services that supports our customers’ goals and ambitions, paving the way for sustainable long-term relationships. We use employee communication campaigns and training to promote a SAB culture of putting the customer first.

Customer priorities

- Customer experience
- Digital transformation
- Competitive financial and non-financial benefits to products
- Protection against fraud
- Interest rates
- ESG-linked deposits and derivatives
- Connecting customers to international opportunities

Relationship metrics

Customer Recommendation Index (CRI)	
WPB: 95 (Rank 1)	CIB: 91 (Rank 1)
Brand Health Index (BHI)	
WPB: 77 (Rank 3)	CIB: 68 (Rank 2)

Engagement channels

- Voice of the Customer programme
- Online banking and mobile banking app

2022 highlights

In 2022, we are proud to have won the “Best Bank for Customer Experience KSA” Award from Global Brands Magazine. This is a testament to our efforts to improve the customer experience. We were pleased to achieve the second best attrition rate of all the top banks in the Kingdom at 10% (of active customers), according to data from market sources.

An additional highlight is our use of robotic process automation (RPA) to manage customer complaints more efficiently. Further, we implemented a customer experience innovation (CXI) programme by leveraging our digital capabilities and data to gain a holistic view of the customer experience at SAB. By improving our processes, we aim to exceed customer expectations at every touchpoint.

Looking ahead, we will continue enhancing the customer experience by increasing our customer feedback checkpoints, refreshing our customer experience benchmarking studies, identifying and taking advantage of gaps in the market, and driving an internal culture aimed at positive customer experiences.

For more about our customer initiatives in 2022, refer to our Annual Report at <https://www.sab.com/en/about-sab/about/Investor-Relations/financial-regulatory-reports>.

Listening to our stakeholders (continued)

Employees

Our employees are at the heart of long-term value creation for our stakeholders. We view investing in our employees and focusing on embedding our company culture as critical enablers of success. Attracting, Retaining and Developing future-fit talent is a core part of our vision and this enables SAB to bring a world of financial opportunities to an ambitious kingdom. Nurturing Saudi talent, supporting women, and empowering the next generation are integral to who we are, and our employees give us a competitive advantage in the market by allowing us to serve customers better. We emphasise continual development for all our staff members in the areas of leadership, communication and customer experience.

Employee priorities

- A positive work environment
- Work-life balance
- Fair remuneration and benefits
- Training and development
- Transparency between Management and employees
- Opportunities for Saudi nationals

Relationship metrics

Annual employee engagement score: 73%

Engagement channels

- Informal meetings and discussions with the Management team
- Leadership Town Hall discussions on thematic topics
- Accelerating into leadership junior manager development programme
- Strategy corners
- Team events
- Recognition events e.g. service awards
- International event days
- ESG activities, including tree planting activities
- Annual Employee Survey
- SAB Graduate programme
- LinkedIn and Coursera learning platforms

2022 highlights

The annual SAB employee survey was conducted in September 2022, with 99% of employees participating. The survey results provided valuable insights into the extent to which our employees are aware of the Bank’s 2025 strategy. The survey also provided insights on employee engagement and commitment levels in supporting the Bank’s strategy. We are pleased to have achieved a 73% employee engagement score, a significant increase from 58% in 2021. SAB takes employee comments and feedback very seriously and aims to improve employee engagement as a means of ensuring the future success of the Bank and its staff.

During 2022, we continued implementing our Bravo Recognition programme for applicable branches and sales staff. The initiative recognises and promotes a positive corporate culture by offering financial and non-financial rewards for employees who go the extra mile for customers, each other, and the Bank.

For more about our employee initiatives, see pages [88-97](#).

Regulators

Our regulatory authorities include the Ministry of Commerce (MC), the Saudi Central Bank (SAMA), the Capital Market Authority (CMA) and the Zakat, Tax and Customs Authority (ZATCA). We uphold the highest levels of good governance and conduct regular internal reviews to assess and ensure compliance with all the regulatory requirements issued by MC, SAMA and CMA. In addition, we seek to remain abreast of relevant changes in the regulatory environment as well as local and international best practice. Our relationship with the regulators goes beyond compliance – we view them as our partners in helping to achieve the Kingdom’s financial sector goals to support Vision 2030.

Regulatory priorities

- Supporting the MSME sector and other priority industries for Vision 2030
- SAB’s adherence to regulatory requirements
- Economic diversification
- KSA playing a greater economic role in the GCC

Relationship metrics

SAB contributes to consultations and, where appropriate, proactively and transparently seek our regulatory stakeholders’ input on matters within their jurisdiction. Furthermore, SAB meets with regulatory members to build good relationships and to discuss concerns of similar organisations and the possible solutions thereto.

Engagement channels

- Responses to requests for input
- Interpersonal meetings and video conferencing
- Monitoring official communication channels

2022 highlights

SAB’s CEO, Tony Cripps, intends to support the banking ecosystem across Saudi Arabia and contribute to the development of effective ESG policies and regulations in line with Vision 2030. Our international experience through HSBC provides unique insights into global best practice, allowing the local market to learn and implement suitable practices for the Kingdom. The approach also allows SAB and other financial institutions to gain from the experiences of those in other regulatory jurisdictions.



Listening to our stakeholders (continued)

Local communities

Our local communities – Saudi citizens in particular – are important to us. Given our status as a major player in the Saudi financial sector, we are responsible for the wellbeing of the communities in which we operate, and for contributing to a healthy and prosperous society. Our long-standing partnerships with government agencies and charities allow us to participate in a range of social programmes designed to support our communities in the short and medium-term.

Community priorities

- Supporting the MSME sector
- Empowering young people
- Saudisation
- Financial literacy
- Charitable and social investment initiatives
- Opening the Kingdom for investment and tourism
- Infrastructure development

Relationship metrics

We rely on reports and feedback from our partners who support the delivery of community programmes. We generally receive reports on a monthly basis, and at times we receive a report once the programme has been delivered.

Engagement channels / Community partners

- Monsha’at MSME sector development
- Taqadam incubator programme for MSMEs
- Riyali financial literacy programme
- SAB Digital Academy for young people
- Saudi Food Bank initiative to support families in need
- Supporting children with special needs and their parents
- National Centre CSR to enhance financial literacy
- Al-Nahda Society to support women
- Sanad Children’s Cancer Support Association

Shareholders and investors

Our investor community provides us with capital to execute our long-term strategy. They are part of a wide variety of stakeholders including existing shareholders, potential investors, local and global banking equity research analysts, economists and analysts in various sectors and specialties. SAB’s Investor Relations (IR) strategy is relationship-focused and aims to build long-term sustainable relationships with these groups, encouraging two-way dialogue through a variety of mediums. The IR programme aims to provide the investor community with valuable insight into the Bank’s strategy and performance. This two-way dialogue also provides the Bank with important market insights.

Shareholder and investor priorities

- Delivering long-term sustainable growth to their investment
- Understanding SAB’s long-term strategy and financial performance
- Understanding SAB’s ESG strategy and commitments, and how it complements the overall strategy

Engagement channels

- 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
- Annual General Meeting
- Documented updates, including regular presentations, earning releases, and transcripts that can be accessed from our website

2022 highlights

SAB aims to provide long-term benefits to communities. This enables us to achieve a meaningful impact in a sustainable manner. In 2022, we refined our Corporate Social Responsibility Policy to focus on supporting MSMEs, education and the environment.

See pages [82-83](#).

For more about our environmental initiatives, see pages [50-69](#).

2022 highlights

- Attendance at all major Saudi-focused investor conferences, including all that were sponsored by the Saudi Exchange
- Over 100 meetings held with individual investors and shareholders during 2022 across organised investor conferences and visits to our offices, engaging with more than 170 different investors and analysts
- Delivering an 18% increase in our market capitalisation during 2022, which was ahead of the banking sector in the Kingdom



Listening to our stakeholders (continued)

Business partners

Our business partners are key to the trust that we build with our customers. We engage high-quality and reputable business partners.

Business partner concerns

- SAB’s financial performance and brand health
- Our alignment to Vision 2030
- Transformed and streamlined processes
- SAB’s reputation in the marketplace
- Greater collaboration

Relationship metrics

Ongoing agreements and meetings

Engagement channels

- MoU’s / Contracts
- One-on-one interpersonal meetings and engagements

2022 highlights

In 2022, SAB signed a joint agreement with Marooj Foundation, the execution arm of the National Centre for Vegetation Cover (NCVC), to contribute to the Saudi Green Initiative (SGI) by planting 1 million trees across the Kingdom by 2030.

For more about SAB’s contribution to SGI, see page [66](#).

Suppliers and service providers

High-quality suppliers and service providers enable us to deliver the best products and services to the market. As with all our other stakeholders, we look to engage the best partners for mutual benefit.

Supplier and service provider priorities

- Timely invoice payments
- Cash flow
- Vendor selection processes

Relationship metrics

Quality of products/services

Delivery

Cost

Engagement channels

- One-on-one interpersonal meetings and engagements
- Annual vendor assessments

2022 highlights

In 2022, SAB added a Code of Conduct agreement to the Bank’s vendor registration requirements to ensure compliance with our environment, society, governance, economy, health and safety, and ethics standards. We also conducted a sanction check, inherent risk assessment and residual risk assessment of our vendors to ensure that they maintain the same standard of risk governance as we do internally for our own operations. We now conduct a supplier evaluation annually, with contract renewals being re-assessed for risk before renewing.

Earlier this year, SAB received the Chartered Institute of Purchasing and Supply (CIPS) “Excellence in Procurement Programme (PEP)” award for successfully completing the comprehensive standards for the development of its procurement and supply activities and achieving excellence in managing procedures at the standard level. This is one of the most prestigious international awards, and it is given to institutions and companies that achieve the highest levels of excellence in procurement activities and supply chains, based on an independent and comprehensive evaluation designed specifically for the procurement functions.



Our business strategy with an ESG focus

With the announcement of the Saudi Green Initiative (SGI) and the formal declaration of the Kingdom’s Nationally Determined Contributions (NDC) at COP26 in 2021, SAB deployed an ambitious strategy to support the ESG initiatives laid out in these NDCs and Vision 2030. ESG was consciously built into SAB’s overall corporate strategy, which guides its implementation at every level of the organisation.

Vision

We bring a world of financial opportunities to an ambitious Kingdom



Offer a leading online and mobile digital banking experience



Best in class universal banking serving all customer groups in the Kingdom



Be the leading international bank in the Kingdom, accessing an unrivalled global network through HSBC



Embed ESG at the heart of the organisation, making SAB the most attractive organisation for all stakeholders

In choosing to “embed ESG at the heart of our organisation”, SAB’s corporate strategy reflects the significance of ESG to all our stakeholders – how we interact with communities, value chains, shareholders, and our people.

Our actions to outgrow the market



Build on our core strengths



Maximise our participation in key growth areas



Transform the organisation

Bank of choice for large corporates

Reinforce leadership in trade and payments

Maintain leadership in wealth

Reinforce our position in cards

Fast growing mid-corporate business

Digital MSME focus

Mortgage expansion

Growth in sustainable finance and investment assets, deposits, and revenue

Lead in digital innovation and evolve the IT architecture

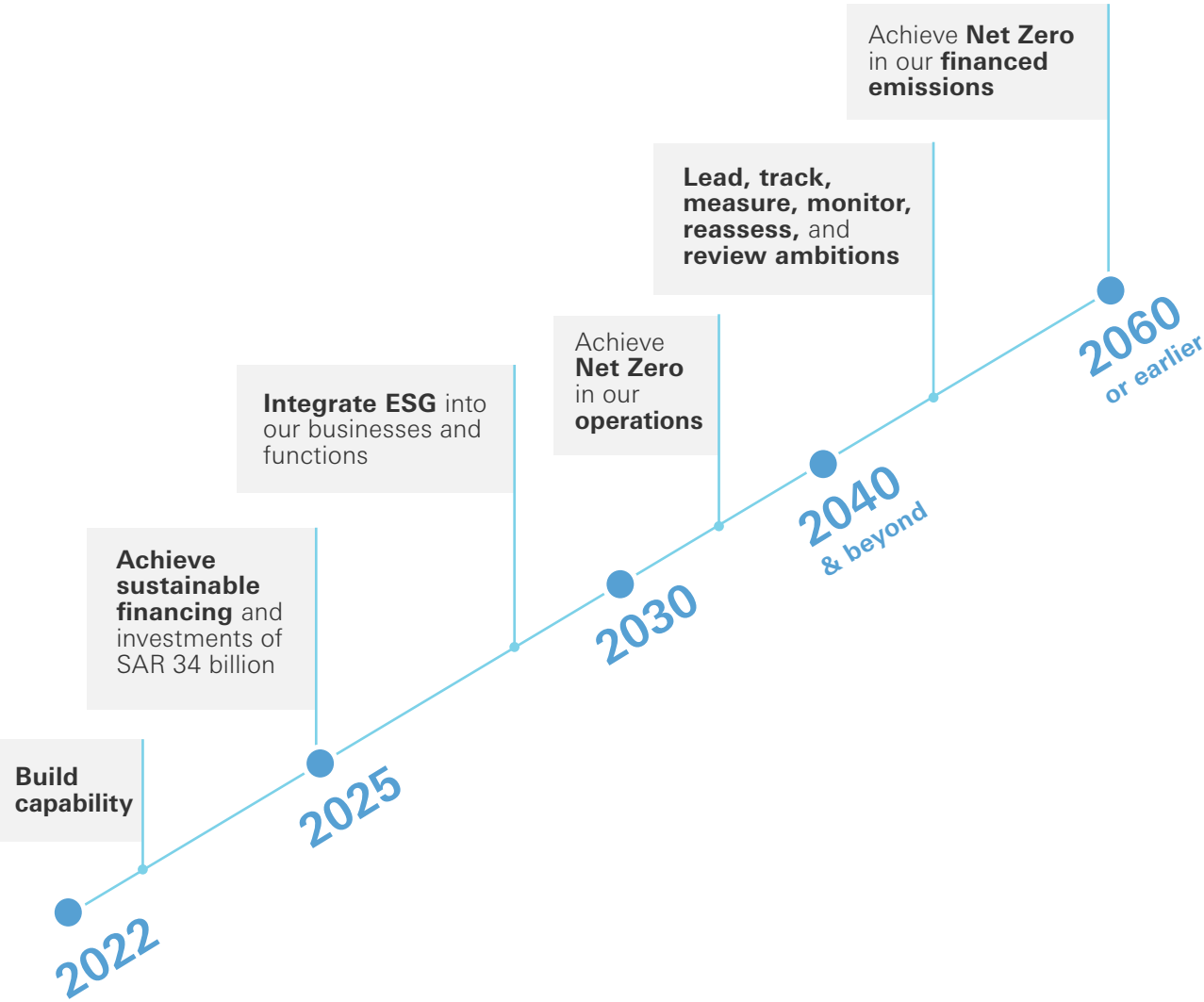
Transforming HR and developing the right talent

Revamp operating model through improved data management, automation, and digitisation

Align the Bank with KSA’s Green Initiative, supporting a sustainable future for the Kingdom

Long-term planning

SAB’s ESG planning encompasses the short, medium and long-term – with an ESG roadmap paving the way to 2060.



Our near-term ambition is to build capability in terms of sustainable finance, climate risk frameworks, learning and development, industry knowledgeable bank, and partnerships to advance SAB on this journey.

Our approach to ESG

We aspire to lead in this field, not only for SAB, but also to establish a platform spearheading the financial sector to move forward in implementing environmental, social and governance.

Mr. Tony Cripps
Managing Director and CEO

As SAB integrates ESG into its DNA, it will continually shape our business priorities and stakeholder relationships. Our aim is to broaden all of our decision-making beyond economic factors and take people and planet into account while continuing doing business.

Our new ESG strategy, announced in September 2022, is contained in one of the pillars of the 2025 corporate strategy.



SAB ESG strategy

Objective

SAB mobilises finance to support an inclusive, diverse and just transition towards a more sustainable economy. We do this by placing ESG at the heart of our organisation and businesses, and by leveraging our strategic partnership with HSBC.



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 CO₂



Play a leading role to shape 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



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 approach to ESG (continued)

Themes

SAB's ESG strategy is built around several core themes, which guide our decision-making and against which we report internally and throughout this report:



Sustainable finance and investments



Portfolio decarbonisation by 2060



Corporate governance and partnerships



Operational decarbonisation by 2035



Community programmes and diversity, equity and inclusion



Financial community ecosystem



Carbon removal / tree planting



ESG governance



Embedding ESG

Key enablers



Education and future skills – inspired and empowered people

SAB aims to be the best bank to work for in the region, by fostering a sense of belonging, empowerment and inclusivity for all our employees. Part of this is investing in a truly diverse workforce and adapting our ways of work to match our employees' best interest and wellbeing. SAB is also developing a robust training framework to embed ESG into our corporate culture.

Community advancement through Corporate Social Responsibility

SAB is putting the Kingdom's sustainable advancement at the heart of our community investment and engagement programmes, leveraging our collective expertise, digital ecosystem and capacity to address pressing societal and environmental issues.



Risk framework

To meet the needs of the future, SAB must evolve its risk modelling, policies and typologies to assess exposure to high transition risk sectors. This includes measuring SAB's financed emissions, conducting scenario analysis and building pathways to support the transition.

Strategic communication and marketing

For SAB's strategy to truly succeed, all stakeholders need to understand and be on board for the journey. Transparent disclosure including the publishing of this ESG Report, ESG strategy, and SAB's future commitments will support this goal.



The ESG issues that matter most to SAB

To contribute to Vision 2030 effectively and be a responsible corporate citizen, SAB must engage with its material stakeholders, assimilate the critical issues at play, and incorporate all material issues into our strategy.

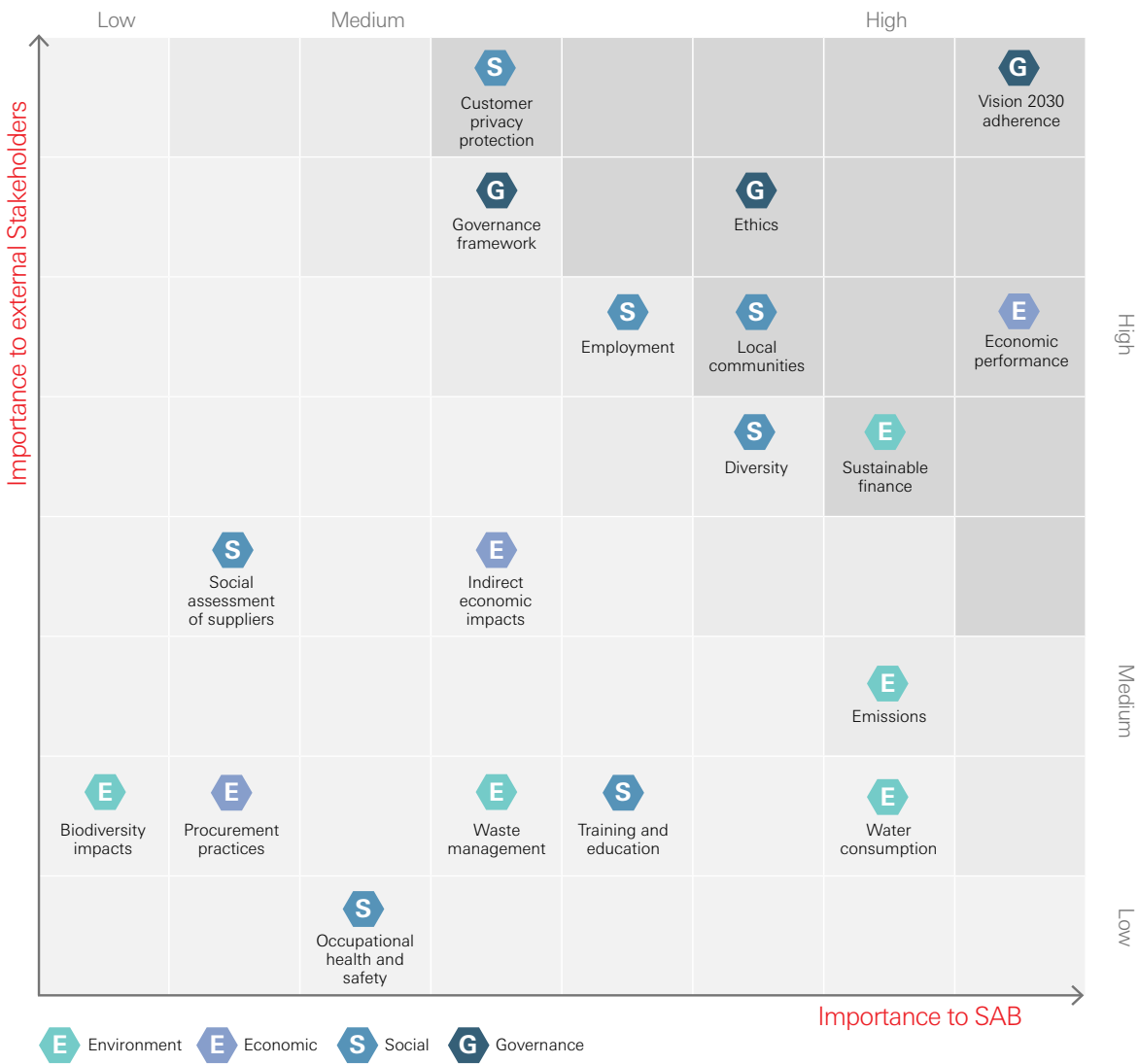
SAB’s materiality determination process

To determine our material matters, we followed a robust process of analysis and Stakeholder engagement that incorporated both quantitative and qualitative elements.














SAB’s materiality matrix

As outlined in the following materiality matrix, environmental materiality issues for SAB include sustainable finance, emissions, water, waste and biodiversity impacts. Material issues in the social dimension entail local communities, diversity, employment, customer privacy protection, social aspects of our suppliers, training and education, and occupational health and safety. Economic material issues cover economic performance, indirect economic impacts, and procurement practices, while governance issues include Vision 2030 adherence, ethics and governance frameworks.



The ESG issues that matter most to SAB (continued)

SAB’s material issues

Material issue	Strategic theme	Description	Page reference
Vision 2030 adherence		To be a responsible corporate citizen, SAB must align its commercial and ESG strategies with the principles and objectives of the Kingdom’s Vision 2030.	46
Economic performance		SAB and most businesses depend on generating returns and profits to remain sustainable. SAB would soon become unsustainable if it fails to generate consistently sound economic performances.	25
Ethics		Ethical practices and behaviour are the foundation upon which proper corporate governance is built, and prevents fraud and corruption.	124, Annual Report
Local communities		The Kingdom’s communities are integral to SAB’s operations and our banking efficiency is essential to their ongoing welfare. Maintaining healthy relations with our communities – and supporting them when we can – is a high priority for the Bank.	86
Sustainable finance		SAB’s greatest contribution to Vision 2030 and the mitigation of climate change will be through providing attractive finance to “green” projects and services. As a result, SAB is ramping up its green investments massively over the next 3 years.	54
Customer privacy protection		Cybercrime and ‘hacking’ have become more prevalent and sophisticated. SAB, along with most organisations around the world, has to ensure that its digital security systems are robust enough to prevent any theft of customer data.	82
Employment		Being unemployed generally marginalises people from the mainstream of society. SAB tackles this material concern through a range of programmes that enable citizens to access employment, develop skills and enter higher education.	82
Diversity		Those countries with the highest diversity rates have also proven to be the most productive. SAB is actively building diversity levels in our own ranks to unlock the talent in all segments of our society.	74
Governance framework		Good corporate governance relies on best practice policies and procedures to function correctly. SAB is working to establish a best practice framework and processes.	104
Emissions		Human-generated emissions into the Earth’s atmosphere are the single biggest cause of global warming. SAB has prioritised reducing its own emissions to Net Zero the bank is committed to reviewing the emissions of its financed portfolio during the course of 2023.	62
Water consumption		The Kingdom is a water-scarce country that can be made even drier and hotter by climate change. SAB’s new headquarters and our water saving or recycling initiatives are designed to minimise our own water consumption.	65

Indirect economic impacts		Providing sustainable finance and supporting projects such as the SGI enables their multiplier effects to generate substantial and positive economic impacts.	54
Training and education		An educated population is a productive one. SAB is working hard to raise the numbers of productively educated people through internal programmes for our employees and external financial literacy programmes made available to citizens of the Kingdom.	92
Social assessment of suppliers		SAB acknowledges its responsibility for ensuring that our suppliers are ESG-aware and do not undermine our ESG objectives. We have updated the Bank’s vendor registration requirements to incorporate ESG factors when assessing new suppliers.	34
Waste management		Waste from operations is still inevitable, although SAB has made great strides into eliminating paper usage and recycling the waste that we do generate.	64
Procurement practices		SAB is becoming stringent in ensuring that we procure from suppliers that are aligned with the Bank’s ethics and ESG programmes.	34
Occupational health and safety		Following COVID-19, employees are under more stress than before. SAB has launched initiatives to ensure that employees are safe in the workplace.	114
Biodiversity impacts		SAB’s own operations have little direct impact on the Kingdom’s biodiversity, but SAB contributes to biodiversity through its tree-planting efforts with SGI.	66

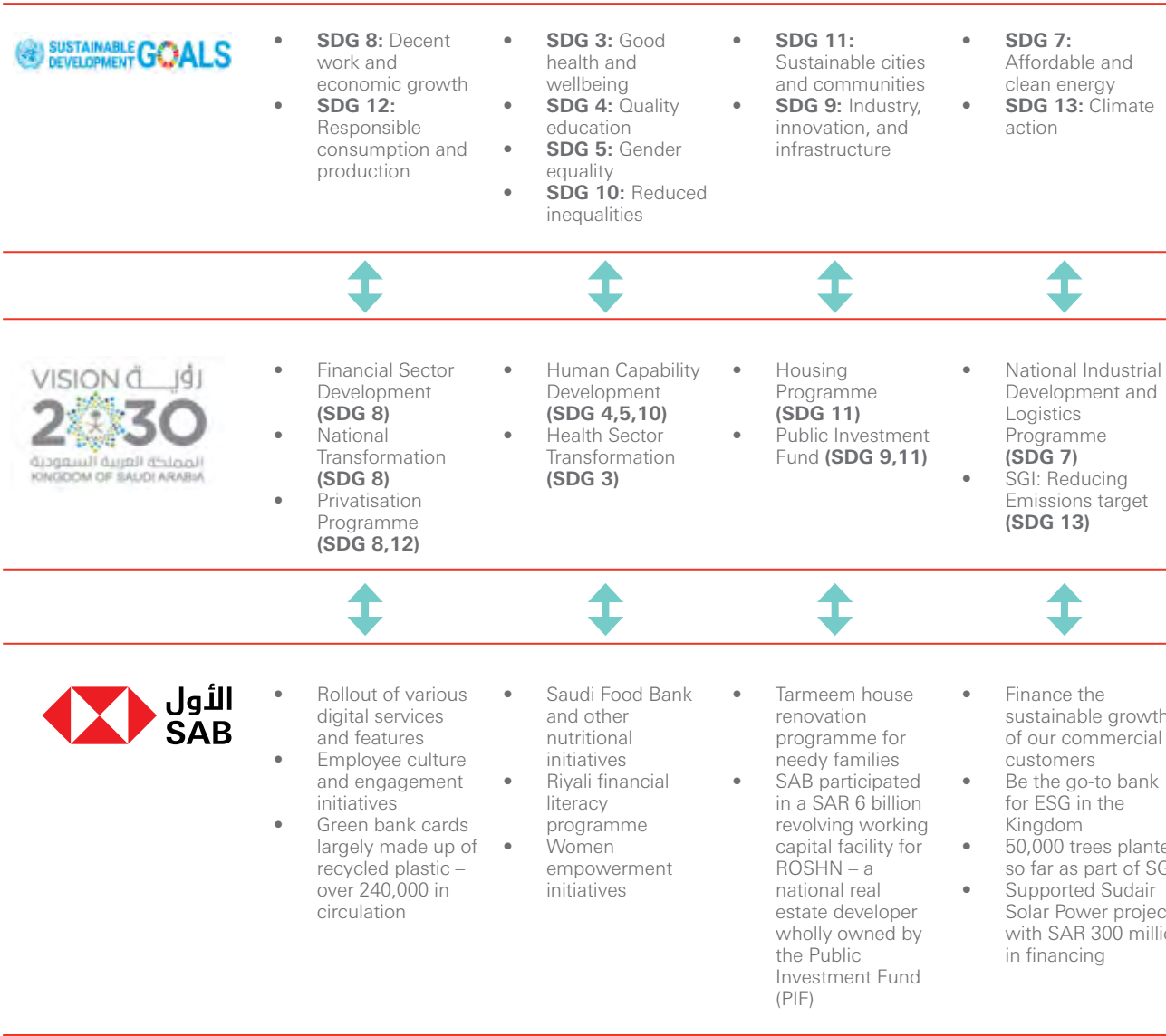
Ongoing materiality

In this section, we reported the outcomes of SAB’s first materiality exercise. As SAB continues on its ESG journey, we will keep engaging with stakeholders on the important issues. Our material matters will doubtlessly shift in response to our operating conditions and as the Bank’s internal dialogue matures over time – we will use this information to refine our ESG approach and communication to stakeholders.

Vision 2030 and the United Nations Sustainable Development Goals

The Kingdom’s Vision 2030 was launched in 2016 and serves as a roadmap for the nation’s developmental objectives. Vision 2030 is built around 3 themes: a vibrant society, a thriving economy, and an ambitious nation. With sustainability at its core, Vision 2030 leads to a virtuous cycle of transformation. SAB both contributes to and benefits from the national economic growth agenda espoused in Vision 2030.

The United Nations Sustainable Development Goals (UNSDGs) provide an international framework for advancing the global economy while protecting the environment and people. In pursuing the objectives outlined in Vision 2030, SAB also contributes to achieving many of the UNSDGs.



Our Corporate Social Responsibility Policy

As a major financial institution, we know we have a responsibility to contribute to the wellbeing of the communities in which we operate. We have in place a Corporate Social Responsibility Policy that guides our social investments. SAB, as a major financial institution, is privileged to be able to fund and participate in philanthropical initiatives. SAB’s contribution to communities is an important part of our approach to sustainability.

Impact-based philanthropic agenda

In 2022, we refined our CSR Policy to ensure that every Riyal spent has maximum impact for our communities over the long-term, while aligning to our purpose as an organisation. We reviewed the policy with input from our strategic partners HSBC, taking into account local context and international best practices. SAB’s ESG Steering Committee provides governance and management oversight of CSR and the donation funds, to ensure maximum impact for every Riyal spent for philanthropic related activities. The Shariah team also provides input into our CSR projects.

Strategic CSR focus areas

Our CSR spend is focused on 2 key areas.

Education

Education is key to achieving prosperity. Through our education initiatives, we contribute to the personal development and wellbeing of young people. We focus on education programmes aimed at both children and adults of all ages within the following areas:

- Programmes for disadvantaged children, or for schools in economically deprived areas
- Education that raises the level of financial and business literacy in the community, especially among young people
- Environmental education around climate change, freshwater, and terrestrial biodiversity

Environment

The Kingdom is vulnerable to the effects of climate change. As such, we are committed to protecting the environment and supporting a healthy ecosystem for the good of all Saudi citizens.

Our environmental work focuses on themes of direct relevance to our business and communities:

- Conservation of terrestrial biodiversity and habitats (including forests)
- Causes and effects of climate change
- Freshwater sustainability

SAB may also, at the discretion of the Steering Committee, commit funds to other philanthropic activities that align with the ESG strategy.

CSR project criteria

Each new social responsibility initiative must:

- Bring lasting benefit to the local community
- Motivate staff through opportunities for direct involvement where possible
- Benefit the people and communities in which SAB has a presence
- Focus on education or the environment wherever possible

To ensure appropriate governance of our philanthropic activities, our ESG Steering Committee is also responsible for ensuring that donations to charitable organisations are reputable, registered with the Ministry of Labour and Social Development, and able to show tangible impact.





Environmental Impact

52	Overview
54	Sustainable products and services
56	Supporting small businesses
58	SAB's sector-specific lending portfolio
60	Transition to Net Zero
66	Offset CO ₂

Overview



Overarching goal
Allocate financing towards a just and sustainable economy.

In the past 40 years, SAB’s innovative banking and investment solutions have contributed to the growth of the national economy and the financial sector. As we look ahead to the next 40 years, SAB aims to be an economic agent that catalyses the emerging sustainable economy. We recognise that this economic transition brings with it an immense opportunity for green and sustainable growth. We are already seeing massive projects within the Kingdom, as the country positions itself as a global leader in sustainability. These include renewables, green hydrogen, sustainable tourism, and carbon sequestration.

Our partners and stakeholders are looking at SAB to manage ESG risks, but also capitalise on ESG opportunities. Thus far, our sustainability journey has proven that achieving sustainability imperatives and profitable growth are not incompatible objectives. We aim to be the bank of choice for clients looking to remodel their businesses to transition into a circular business model by utilising our refocused finance products and services.

At SAB, we believe there is room for everyone to benefit from the dividends of a sustainable economy. Our role is to support the Kingdom’s vision, enhance economic participation and build an inclusive economy that caters to MSMEs and diverse customers. In addition to SAB’s role within the economy as a green and sustainable financier, we intend to play an influential role within the financial community. Our strategic partnership with HSBC uniquely positions us to bring ESG talent, knowledge, and best practices into the financial ecosystem of Saudi Arabia.

We continued to advance the ESG agenda by participating in Stakeholder forums such as the 2022 Global Climate Summit (COP 27) which was held in Sharm El Sheikh, Egypt. This demonstrates our willingness to be part of unlocking sustainable economies and entrenching industry best practice.

Focus areas



Sustainable products and services
Supporting customer transition



Sustainable finance and investments
Greening our financed portfolio



Achieve Net Zero
Transitioning our operations and supply chain



Offset CO₂
Planting 1 million trees

Vision 2030 seeks to preserve and enhance the Kingdom’s natural environment and achieve Net Zero carbon emissions by 2060. SAB is aligned to this vision and has committed to achieving Net Zero within our operations by 2060, with a near-term milestone to achieve Net Zero emission in business operations by 2040. To achieve this goal, we are committing to deploy SAR 34 billion in capital towards sustainable finance and investments across our retail and corporate businesses. We also aim to understand our clients’ transition journey and use these insights to provide the support they require to succeed. As part of this effort, we have deployed a Transition Engagement Questionnaire to enable our frontline teams to gather physical and transition risk related information from our customers. For our downstream vendors and supply chain, we are reviewing our contract terms to

encourage third parties to review and mitigate their impacts on the environment.

Since Scope 1 emissions within our operations are directly in our control, we have implemented a range of programmes to make a tangible and positive impact. These include reducing waste, paper, plastic, and power usage. Business travel is minimised, with video conferencing used for meetings wherever feasible. Outside our organisation, we have stepped up our efforts with the Saudi Green Initiative (SGI) and aligned our efforts towards several environmental sustainability initiatives through partnerships with non-profit organisations and government entities.

Achieving several ‘firsts’

In 2021-22, SAB launched 2 new products targeting the retail banking market. The first product is focused on a new and innovative climate transition fund invested in equities for reducing the effects of climate change. The second product is a fully Islamic, Shariah-compliant ESG green deposit. These products are both ‘firsts’ for Saudi Arabia, and among the very first in the world for Shariah ESG deposits.

Sustainable products and services



Kingdom’s first green deposit
In January 2022, we launched the first green deposit to allow retail clients to safely deposit their money in favour of green financing initiatives

Green deposits

Our sustainable financing initiatives are showing the way forward, with SAB being the first Saudi financing institution to initiate a green deposit. SAB’s green deposit brings together complementary Islamic banking and ESG principles and ensures that customer funds are managed following Shariah principles while contributing toward socially beneficial outcomes.

The green deposit portfolio now accounts for 10.3% of the total product count of our Islamic term deposits held by our retail client base, having overachieved the target portfolio size which was fully matched against Islamic green loans and green Sukuk investments by SAB. This product outperformed SAB’s natural term deposit portfolio growth, with its innovative combination of features enabling a portfolio growth of 350% during the second half of 2022 for green deposits compared with 25% growth of the legacy Islamic term product. Over time, it is expected that the green deposit product will drive behaviour change amongst investors, and stimulate sustainable industries, not only in the Kingdom, but also throughout the region’s emerging economies. The matching investments for the green deposit are strategic projects under the Vision 2030 programme that may include key sectors such as sustainable energy diversity, energy efficiency, waste management, clean transportation, sustainable water management, and climate change adaptation activities. For non-financial support, the Bank has assembled a sustainable finance team to advise other economies in the Middle East region to achieve their climate targets.



Red Sea Development
In March 2021, SAB acted as one of the mandated lead arrangers on the SAR 14 billion financing raised to fund the Red Sea project, and HSBC served as a green loan coordinator on the transaction

Green deposits product profile

SAB’s green deposit allows customers to safely deposit their money towards green financing initiatives, with these client funds generating competitive returns for short to medium-term investments.	
Background	Our Retail Bank identified a growing awareness of ESG concepts among the customer base and changing customer attitudes. However, customers still expect financial returns equivalent to non-ESG products. Hence, both ESG and Islamic concepts dovetail into a specific term deposit that could help customers participate in ESG activities, while not compromising financial returns or religious preferences.
Shariah-compliant	Customer funds are managed in accordance with Shariah principles.
Sectors of focus	Funds may be matched against ESG lending activities across relevant sectors, and against sustainable investments in the green Sukuk.
Support of digital platforms	SAB’s product journey is entirely digital and available 24/7. We have built end-to-end digital capabilities through our SABnet and SABmobile channels. The customer journey has been optimised to be as efficient as possible, with SABmobile allowing a green deposit account to be opened in 5 clicks and then managed directly through our digital channels.
Regular updates	Quarterly updates are provided to depositors. This ensures that depositors understand their role in contributing to ESG initiatives. They can see the specific ESG opportunities that are being supported and the role that the investor plays in supporting ESG projects.
Outcomes and future	In 2022, funds were matched against lending for solar energy and energy efficiency facilities, as a core component of the Kingdom’s aspiration to find solutions on efficiency and diversify the current energy mix. We seek to expand this product in 2023.

Participating in green bonds

SAB participated in the Kingdom’s Public Investment Fund (PIF) debut green bonds. This first green issuance by a sovereign wealth fund is expected to raise billions of dollars. PIF gave initial price guidance for the green bonds at around 150 basis points over US Treasuries for a 5-year tranche, around 190 bps over UST for 10-year paper, and around 7-7.25% for a 100-year portion expected to raise USD 500 million.

“With the Government of Saudi Arabia’s action toward pursuing an ambitious green agenda, we have seen increased client interest in participating in the transition to a green future. This is just one action to help meet the Kingdom’s aspirations under the Saudi Green Initiative. Launching green deposits reflects SAB’s continued focus on sustainability and will help further embed green finance within the Kingdom.”

Mr. Tony Cripps
Managing Director and CEO



Supporting small businesses

Overview

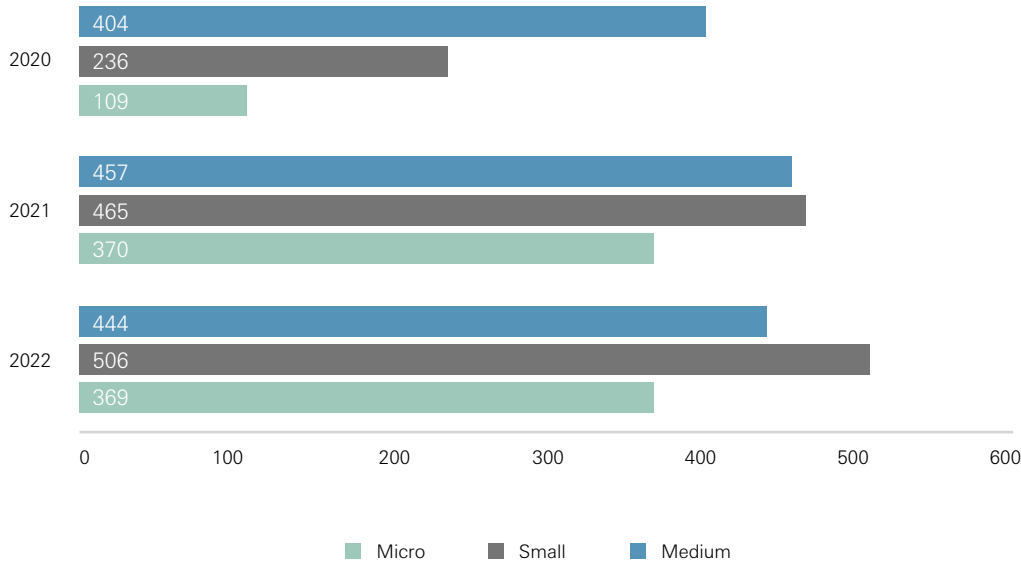
MSMEs are an important catalyst of economic development as the first lever for income generation among emerging entrepreneurs. Saudi Arabia aims to increase the contribution made by MSMEs to 35% of the GDP as opposed to the 20% contribution that existed when the Vision 2030 plan was launched in 2016. In recognition of the important role MSMEs play in the economy, SAB pledged comprehensive support to this business segment. We are involved in several government initiatives that extend financial inclusion to MSMEs.

In the review year, as part of our contribution to Vision 2030, the Bank delivered an initial series of educational seminars on aspects of developing and growing enterprises in the Kingdom. The Bank also participated in MSME entrepreneurial support financing. Key initiatives included collaborating with the SME Bank of Saudi Arabia and Monsha’at, the MSME authority. In addition to working with the MSME Bank and Monsha’at, SAB supported MSMEs through participating in the Real Estate Development Fund (REDF), the Tourism Development Fund (TDF), and the National Technology Development Programme (NTDP).

In terms of banking, we are constantly reviewing and growing products that support MSMEs along their growth journey. These include point-of-sale financing, working capital, IT sector finance, and payroll financing. Hence, our expanding MSME customer base has seen steady growth since 2020. This can be attributed to our growing suite of offerings, including Shariah-compliant products.

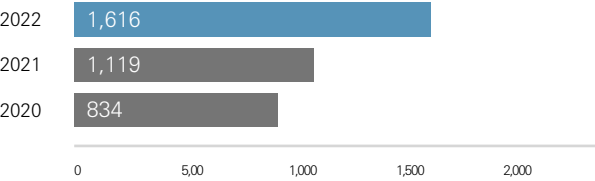
SAB supports over 15,000 active MSME customers through our digital offerings. We have specialist MSME banking centres in 8 branches including Riyadh, Jeddah, Damman, and Al Qassim. We also have over 70 FTEs dedicated to supporting MSMEs. The MSME segment is serviced by 2 teams. A small and micro-segment supports businesses with a turnover of less than SAR 40 million while a medium segment focuses on customers with a turnover of between SAR 40 million and SAR 200 million. SAB defines its MSME segments as consisting of micro-enterprises (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).

Number of MSME customers with credit facilities

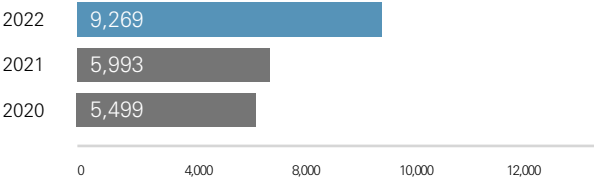


Composition of loan portfolio (Value of loan portfolio by size (SAR million))

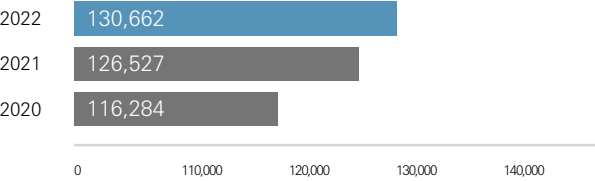
Micro-enterprise



SME



Large and others



MSME support ventures

SAMA supporting programmes

SAMA has extended its private-sector financing support for MSMEs until March 2023. SAMA’s guaranteed financing programme is targeted at MSMEs who need to overcome the difficulties arising from the COVID-19 pandemic. Since 2020, the programme has offered to help more than 13,000 businesses with a total value surpassing SAR 11 billion. The programme is availed through banks and financing entities that are subject to the supervision of the Central Bank. SAB, as a leading bank for MSMEs, is a participant in the programme.

Kafalah

The Kafalah programme facilitates lending as well as MSME-orientated services in cooperation with the Saudi Industrial Development Fund (SIDF). SAB provides financing to eligible clients for up to SAR 15 million. MSMEs are provided with various Shariah-compliant solutions to enable them to grow and revamp their business operations. The Bank keenly observes progress in this endeavour by availing teams that provide weekly progress reporting on potential clients keen to take up various product offerings. Various Kafala product facilities

Green bank cards

In 2022, SAB was the first bank in the market to introduce sustainable transaction cards made of 85% recycled plastic. With the Bank having more than 240,000 bank cards circulating in the market, this initiative will save tonnes of plastic waste and lowers carbon emissions. We are also extending the expiry period of credit cards from 3 to 5 years to reduce the use of plastic.

cater to the tourism sector, emerging enterprises, and working capital, among other offerings.

Monsha’at

Monsha’at, the General Authority for Small and Medium Enterprises, supports and develops the MSME sector of the Kingdom. SAB collaborates with Monsha’at to support several initiatives including an agreement to develop a new financing gateway that will enable MSME customers to gain access to financing opportunities. A Memorandum of Understanding, concluded in the reviewed financial year, further consolidates the partnership, and paves the way for further collaborations.

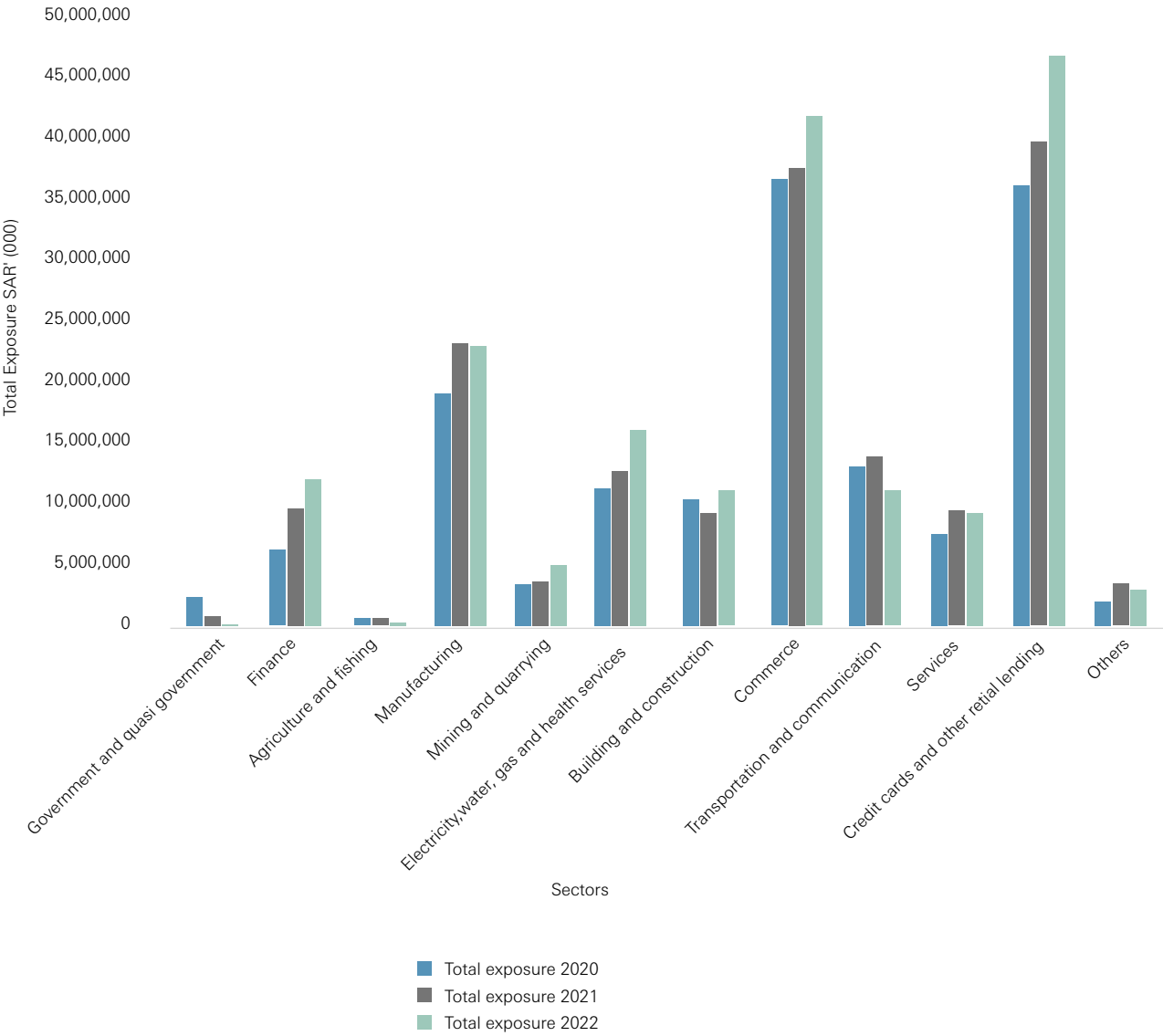
SME Bank

The Small and Medium Enterprises Bank, launched by Monsha’at, provides digital products and services for MSMEs. It considers market best practices, in collaboration with international partners, in its quest to build products suitable for all segments of MSMEs. Products offered include capital financing, guarantee financing, and alternative financing. In the last quarter of 2022, SAB agreed with the MSME Bank to deliver co-financing agreements for both banks’ customers.

SAB's sector-specific lending portfolio

SAB aims to measure the carbon footprint of our portfolio, in order to achieve Net Zero by 2060 or sooner. In line with the SASB reporting requirements for commercial banks, the following table outlines the industry breakdown of SAB's lending book at 31 December 2022.

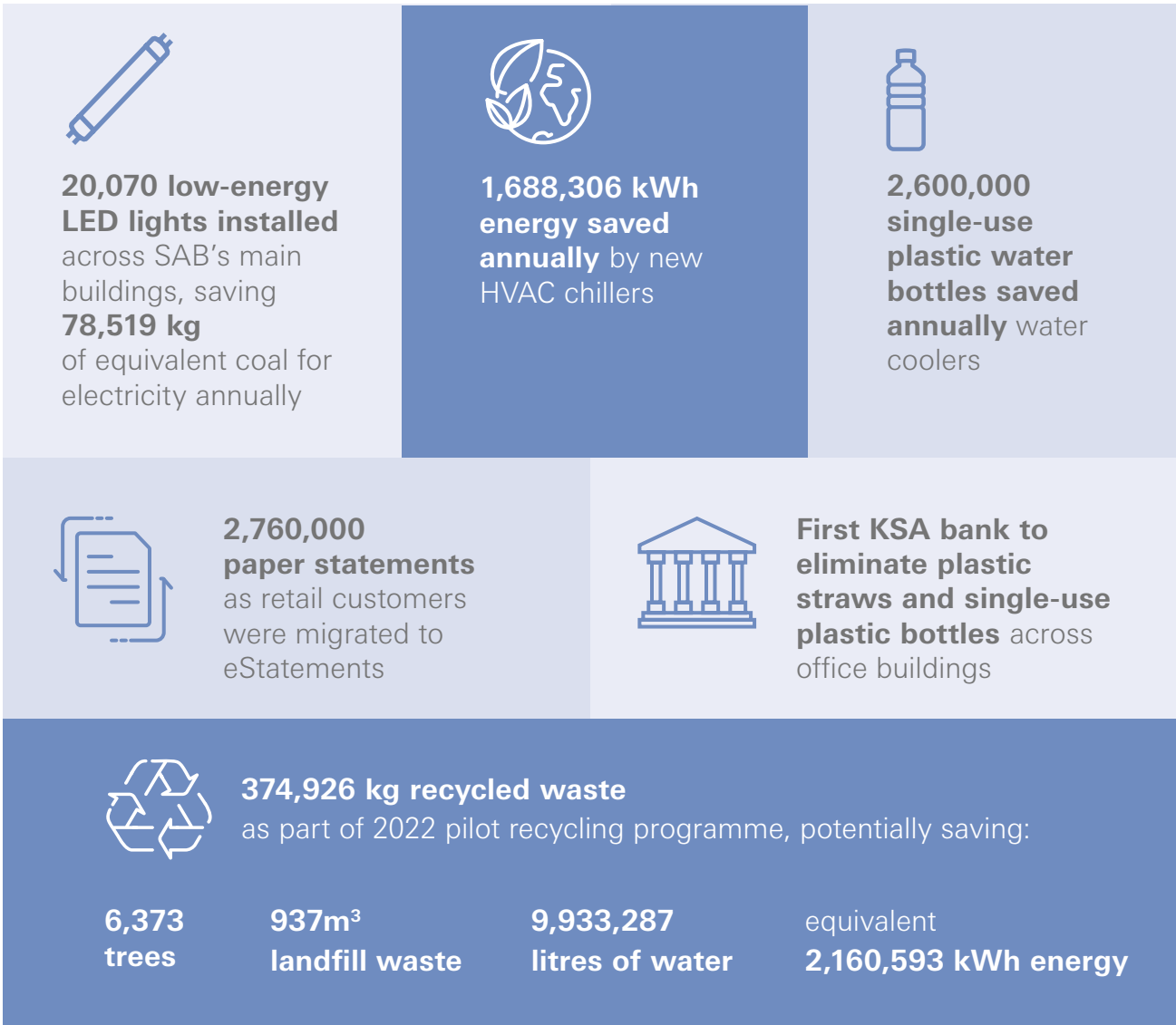
Comparison of total exposure by sectors



Transition to Net Zero

The Paris Agreement international treaty on climate change aims to limit the global temperature rise to 2°C maximum – but preferably 1.5°C - compared with pre-industrial levels. To achieve this long-term temperature goal, all countries should aim to achieve Net Zero greenhouse gas emissions in approximately the next 3 decades. We at SAB grasp clearly that addressing climate change is an urgent and complex challenge that demands a fundamental transformation of the global economy. We have therefore committed to setting our own operational Net Zero future target for 2035. Reaching this milestone requires drastic action in measuring, monitoring, and reducing emissions in energy use and other indirect emissions of the Company. Alongside minimising our environmental impact, we are also seeking new ways and new areas to lessen our footprint over the coming years.

2022 Highlights

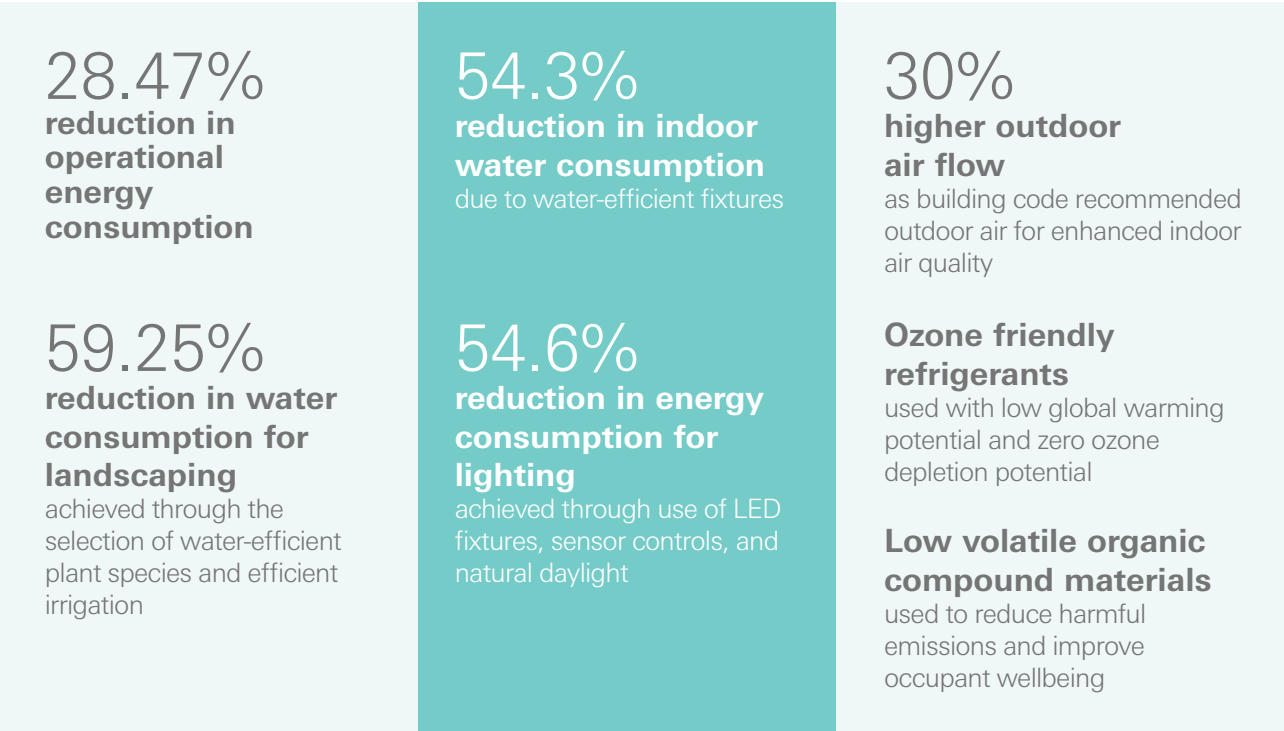


This programme will be rolled out across all SAB’s branches and buildings in 2023.

Project Future: SAB’s new smart office



Extending environmental sustainability in our operations has included refashioning our business premises for the sustainability transition. SAB’s new headquarters, which we aim to occupy in Q3 2023, epitomises the best in smart and green building elements. This 30-storey tower is digitally enabled so that technology drives an environmentally sustainable green building ecosystem. As a result, SAB’s new banking tower was awarded a LEED Gold certification, which is one of the most reputable green building certification programmes globally. Due to its environmentally superior design and construction, SAB’s new headquarter premises will offer numerous environmental gains over the premises, including:



*These efficiencies are calculated on an annual basis

Transition to Net Zero (continued)

It was important to us that the construction process itself be as environmentally friendly as possible, and we are proud to have achieved the following:

28%

recycled content

in our procured construction materials to date

49.4%

locally-sourced materials

from regional suppliers within 500 miles of project

70%

of electricity usage

is compensated towards Renewable Energy Certificates

75%

of construction waste was recycled

Metal, wood, concrete, paper, and plastic waste sent to recycling centres

*These efficiencies are calculated on an annual basis

For customers and employees, its state-of-the-art office spaces are inspired by sustainability without compromising on the best-of-breed ICT infrastructure needed for a modern workplace.

Energy and emissions

To support SAB’s operational Net Zero target by 2035, SAB’s energy reduction initiatives include replacing old monitors with Liquid Crystal Display (LCD) monitors and installing light sensors to ensure that all lights are switched off after working hours. All the Bank’s lights are also connected to timers as part of the building management system to help reduce electricity usage. The recycled materials used in our installed floors, along with the highly insulated walls, reduce heat exchange to limit the need for air-conditioning.

In 2022, we conducted a thorough investigation of all our energy consumption for 2021. This information serves as a full disclosure of our GHG emissions data. Even so, SAB does not intend to use 2021 as a baseline year given the impacts of COVID-19 on business operations through the course of that year. SAB will conduct a detailed review of 2022 energy data to serve as a more accurate baseline to track and measure progress against our targets.

Energy consumption

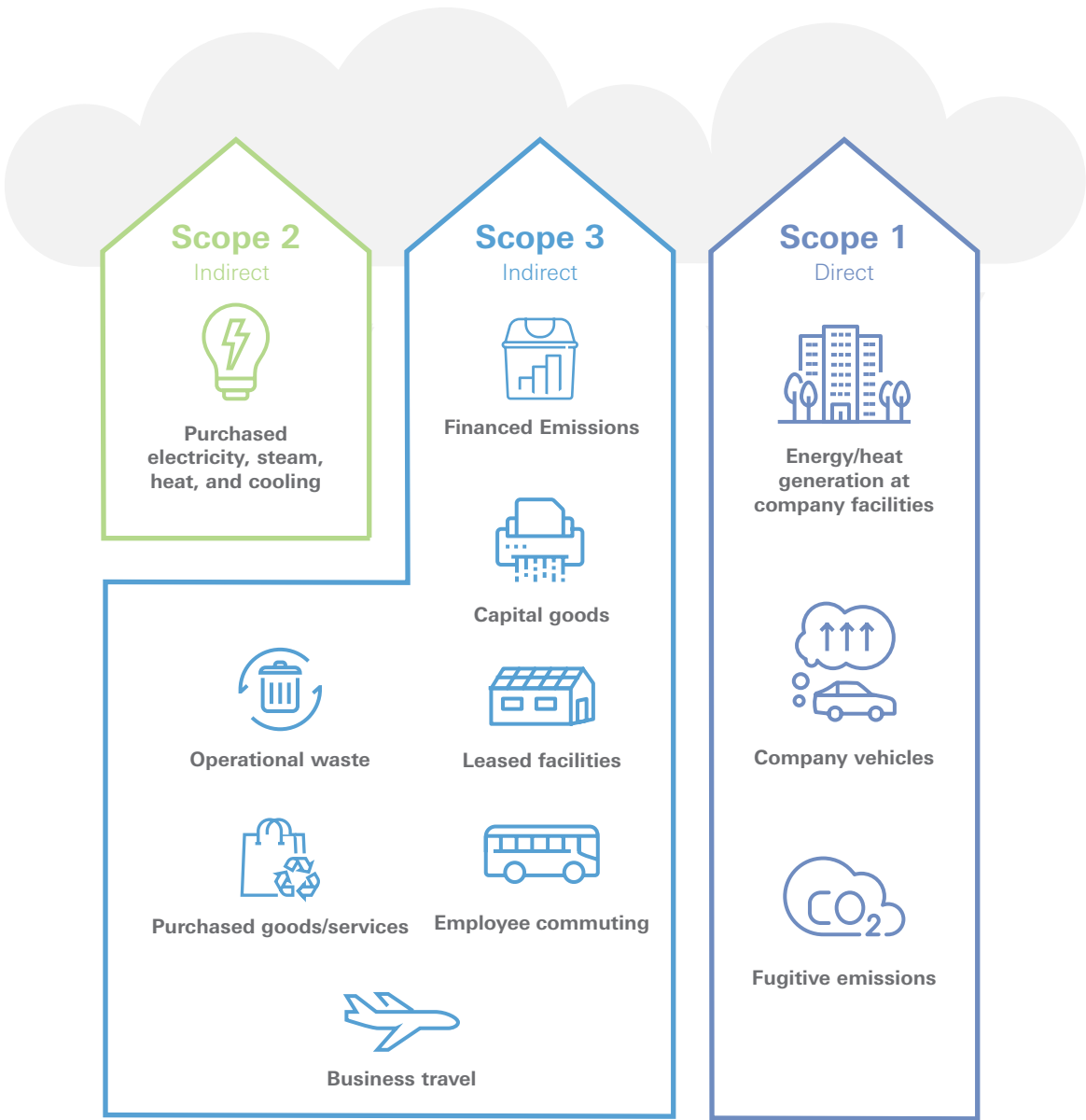
	Measure	2021	2022
Total space SAB’s main office buildings	metre ²	114,613	114,613*
Total electricity consumption	kWh	39,349,384	34,941,966 [Ⓢ]

[Ⓢ] This metric for the year ended 31 December 2022 was subject to independent limited assurance by PricewaterhouseCoopers Public Accountants (‘PwC’) For further details, see our Reporting criteria and PwC’s limited assurance report, which are available at <https://www.sab.com/esg/index.html>.

* The total space for buildings used to derive electricity consumption excludes data related to non-corporate buildings which accounts for an additional 99,135 m2. This data is currently out of scope.

GHG emissions

In 2022, SAB conducted a benchmark analysis of its GHG emissions in 2021. The following graphic outlines the GHG elements identified as relevant to SAB:



Transition to Net Zero (continued)

We recognise that SAB’s greatest impact on the environment is through our financed emissions. However, understanding the GHG emissions and intensity within our financed portfolio is a challenging exercise requiring deep levels of data from our clients. SAB has full intention of reviewing and baselining our financed emissions during the course of the next calendar year. For now, financed emissions have not yet been included in the preliminary study.

	Measure	2021
Direct GHG emissions (Scope 1)	Tonnes of CO ₂ eq	384
Indirect GHG emissions (Scope 2)	Tonnes of CO ₂ eq	21,200
Indirect GHG emissions (Scope 3) excluding lending and investments	Tonnes of CO ₂ eq	123,732
Total GHG emissions	Tonnes of CO ₂ eq	145,316
GHG emissions intensity	Tonnes of CO ₂ eq/employee	37.26

The greatest source of our operational emissions in 2021 was purchased goods and services, which is not uncommon for service companies like SAB.

Scope 3 emissions

Scope 3 element	2021 emissions	
	Tonnes of CO ₂ eq	Percentage
Purchased goods and services	81,531	66%
Capital goods	29,621	24%
Employee commuting	5,480	4%
Fuel and energy-related activities	5,451	4%
Business travel	1,264	1%
Waste generated in operations	385	<1%
Hotels	Not applicable	Not applicable

Waste

In our transition towards a paperless environment, we discourage the printing of business-related correspondence and reports which can be accessed electronically. During the year under review, we launched a recycling programme in 4 of our buildings. As part of the programme, dry and wet waste bins for paper recycling were provided. Various smart recycling techniques have been designed and built into our facilities to avoid waste being transported to landfill zones for disposal.

Positive spinoffs in these initiatives include the collection of approximately 340kg of recycled waste per month. SAB is the Kingdom’s first bank to achieve zero single-use non-recycled plastic bottles across offices – we are saving 2.6 million plastic water bottles per year as we migrate to filtered water coolers.

In addition, we undertook a large-scale scan-and-shred exercise at our document warehouse in 2022, resulting in 205,000 tonnes of waste recycled through a reputable partner. We will continue efforts to manage our waste effectively by recycling wherever and whatever is possible.

Materials consumption and waste*

	Measure	2022
Total paper recycled	tonnes	368
Total waste produced	kg	374,926

*SAB started collecting waste data in 2022, which will serve as a benchmark for future reporting.

Water

SAB has undertaken extensive renovation of its water infrastructure throughout branch premises by installing motion-detecting infrared taps to save water. We also implemented a lower water consumption system in our flushing toilet systems, which mostly use underground water.

Water consumption

Water consumption	Measure	2021
Total water consumption	m ³	80,784
Water consumption intensity	m ³ /employee	20.71

SAB’s buildings rely solely on water provided by the National Water Company.



Offset CO₂

Saudi Green Initiative (SGI)

Saudi Arabia is stepping up its climate efforts by increasing the deployment of environmental and energy transition programmes such as SGI and the Middle East Green Initiative. SGI is a national programme supported by Vision 2030. It aims to increase the vegetation cover of the Kingdom and preserve marine life, enhance biodiversity, and foster sustainable economic activities such as eco-tourism. The Bank participates in several initiatives under the programme. In the year under review, SAB signed a joint agreement with Marooj Foundation, a developmental non-profit entity, to implement the National Environmental Afforestation Initiative and plant 1 million trees across the Kingdom by 2030. The Bank is the first one in the Kingdom to make such a sizeable commitment to the project. The Ministry of Environment, Water, and Agriculture and the National Centre for Vegetation Cover (NCVC) and Combatting Desertification are leading this initiative.



Case study: Improving the Kingdom's natural capital

Under the vision of SGI to achieve the target of greening Saudi Arabia, one of the commitments is to plant 10 billion trees across KSA, in an effort to restore vital ecological functions, improve air quality, reduce sandstorms, prevent desertification, and much more.

Approach: Through the NCVC, SAB signed up with SGI by committing to planting 1 million trees over the next 5 years, as part of the Bank's ESG strategy. A large component of this mandate is to restore the mangrove forests along the Red Sea and Arabian Gulf coasts that are an integral part of the Kingdom's coastal ecosystem, and are also valuable in the fight against climate change due to the amount of carbon stored beneath these trees. These mangroves will also improve biodiversity, serving as a hub

for corals, marine invertebrate and vertebrates, turtles and birds, along with other animal and plant species.

Outcomes: Every new tree planted in the Kingdom, especially mangrove saplings, helps to remove carbon from the atmosphere. Not only does the initiative contribute to SAB's decarbonisation targets and provide a prime opportunity to engage the Bank's employees in tree-planting as a team activity, but SAB's participation also encourages other banks and corporates to help combat climate change. The mangrove swamps will also serve as a nursing ground for larvae and juvenile stages of various commercially important fisheries including shrimp, and can drive social impact by improving livelihoods in local fishing communities.

"This agreement falls within the framework of the Foundation's efforts to strengthen collaboration with various institutions in the public and private sectors in order to achieve the goals of SGI, particularly given the strong community interaction and desire to participate in this national initiative. We are happy to offer all forms of aid and support for any activities targeted at increasing vegetation cover and improving environmental efforts in accordance with the Kingdom's Vision 2030. We would like to thank the SAB for introducing this programme, which will directly benefit environmental protection and quality of life."

Eng. Wael Bousheh
CEO of the Vegetation Development Corporation "Morooj"





Case study: Native Plant Conservation and Propagation Centre

As part of the SGI's afforestation drive, the Kingdom's native wild plants receive special attention as a vital component of eco-tourism and valuable genetic resources. However, many of these native species face extinction. The Environmental Awareness Association partnered with SAB to establish a centre for the conservation and propagation of local plants – a first of its kind in the Kingdom. More than 1 million square meters of land has been allocated for the centre in Al-Asiaf National Park in Qassim region.

Approach: The goal of SAB and The Environmental Awareness Association is to introduce plant diversity in the Kingdom and promote the preservation of this national treasure.

The roadmap to achieving these objectives include various activities, such as planting 10,000 local trees at the project site and establishing nurseries, plant incubators, and growing rooms. Additionally, both organisations will make a concerted effort to provide a suitable research environment for researchers and graduate students in the fields of afforestation and desertification, supported by workshops and training programmes. Viable seeds and vigorous seedlings of native plants will be provided to researchers, amateurs, and relevant authorities for scientific research and to save endangered native plant species from extinction.

Outcomes: The project will contribute to SGI through:

- Planting 10,000 trees on the site
- Producing 200,000 seedlings per year
- Providing viable seeds of native plants by reducing seed germination failure from 70% to 5%
- Conducting workshops and training with more than 10,000 participants annually to raise environmental awareness
- Saving 10 endangered plant species per year through collection, propagation, and distribution
- Conducting 8 scientific research projects related to SGI
- Providing seeds and seedlings of native plants to researchers, and relevant authorities
- Highlighting the plant diversity in the Kingdom

“The implementation of this outstanding project with the support of SAB will be a qualitative leap in social responsibility and a model for cooperation between the Government, private, and non-profit sectors for a healthy and sustainable environment.”

Dr. Abdulrahman A. Al-Soqeer

Chairman of the Board of Directors for the Environmental Awareness Association

Clean-up campaigns

Pollution poses a significant threat to the Kingdom's natural ecosystems. At SAB, we encourage every Saudi citizen and employee to participate in environmental activities and play a part in achieving a more sustainable future. Our employees regularly volunteer in the 'Cleaning One Million Square Metres' desert cleaning project run by the city of Riyadh's municipality. A beach cleaning campaign, initiated by SAB partnering with the Municipality of Al Khobar at Half Moon Bay, also takes place annually in the eastern region.

Raising environmental awareness and conservation

SAB participates in events that raise global awareness for protecting and preserving the environment. Every year, we observe the United Nations' World Environment Day. For the international 'Earth Hour', which is endorsed by the Worldwide Fund for Nature (WWF), the Bank participates by switching off non-essential lights in several locations across the Kingdom. Employees are also encouraged to switch off unused electronic devices in their homes.

Furthermore, SAB participates in the Saudi Wildlife Commission's (SWC's) programmes of protecting wildlife and preserving near-extinct flora. As part of this initiative, SAB finances research exploring the negative effects of human activity on marine environments.



Looking ahead

Going forward, SAB will continue to support SGI in line with Vision 2030 aspirations. We will monitor progress against the commitments made and continue to explore new avenues for SAB to participate in within the SGI. Internally, we are organising for our move into our new headquarters to reap the benefits of this LEED certified building, which will lower our operational CO2e footprint further. We are confident of making substantial progress within our operational CO2e footprint for achieving the Net Zero target as we move closer to 2035.

For our clients, we intend to deploy further sustainable financing in the market to bring us closer to our 2025 target of SAR 34 billion. The Bank is on a mission to build new green and sustainable products driven by client demands. We also intend to ramp-up our client conversations as we roll out the Transition Engagement Questionnaire (TEQ). In the coming years the Bank hopes to publicly announce the emissions within our financed portfolio, and link the work being done on generating green and sustainable assets to reflect positively on the overall portfolio in terms of emissions.




Social Impact

72	Overview
74	Diversity
78	Closing the regional savings gap
80	Advancing the ESG and sustainable finance market
82	Digitalisation
86	Community initiatives
88	Our workforce: The bedrock of our success

Overview

Our ESG strategy: Social



Overarching goal

Play a leading role to shape an inclusive and diverse society, positively impacting our stakeholders

The social aspect of our ESG strategy seeks to create long-term social impacts on society. To achieve this ideal, our social development projects incorporate a wide scope of human development activities. In a world beset with inequalities, we are making our contribution to restoring human dignity by supporting basic needs and empowering marginalised members of society with survival skills.

The UNSDGs espouse that no one should be left behind in human development. SAB’s organisational value of inclusion and diversity resonates with this call. SAB supports inclusivity through social projects that empower women and the para-abled. We are also conscious that other segments of our society, such as the underprivileged, should not be left behind. To this end, we help support the disabled, low-income families, widows and orphans, and children with special needs.

Our mission is also to go beyond basic needs to ensure that people’s dreams and hopes are realised. Skills empowerment drives are at the heart of our approach to empowering individuals and groups in society. We participate in entrepreneurial skills development initiatives that support the corporate business leaders emerging from the MSME ranks of the Kingdom, especially youth and women.

Focus areas

- 

Diversity

Women and para-abled empowerment
- 

Closing the regional savings gap

Education and financial literacy
- 

Advancing the ESG and sustainable finance market

Stakeholder engagement
- 

Digitalisation to support customers’ sustainable finance journey

Access to financial services and cybersecurity



Diversity

Gender diversity at SAB

Diversity, especially in terms of women empowerment, is an important tenet of Vision 2030. Implementing gender equality is not only the right thing to do – research shows that it contributes positively to organisational performance by improving problem-solving and providing a more nuanced understanding of material issues. At SAB, advancing diversity is a task that cascades from the highest echelons of the Bank, including its Board



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



In 2022, we achieved **35.7%** women representation in Executive Management roles

During the course of 2022, there were 5 female Senior Executives on SAB Subsidiary and Associate Boards and sub-committees. SAB aims to prepare female leaders for future Board positions.

The active participation of women employees is supported through ambitious targets set across all business units. SAB's workforce has shown a steady increase in female representation in the past few years, as shown below.

Gender diversity statistics at year-end

	2021		2022	
	Male	Female	Male	Female
Board	10	1	10 [Ⓢ]	1 [Ⓢ]
Executive Management	9	5	10	5
Senior Management	109	17	135	19
Middle and Junior Management	2,800	765	2,731	809
Total Full Time Employees	2,918	787	2,876 [Ⓢ]	833 [Ⓢ]

[Ⓢ] This metric for the year ended 31 December 2022 was subject to independent limited assurance by PricewaterhouseCoopers Public Accountants ('PwC') For further details, see our Reporting criteria and PwC's limited assurance report, which are available at <https://www.sab.com/esg/index.html>.

Diversity statistics over time: Age and gender (excluding trainees, students, and outsourced staff)

	2020	2021	2022
Employees aged 18-30	384	485	615
Employees aged 31-50	3,241	3,036	2,891
Employees aged 51+	429	184	203
Male employees	3,248	2,918	2,876
Female employees	806	787	833



Diversity (continued)

Women empowerment programmes

The inclusion of women, in line with our ESG strategy’s diversity aspect, is a consistent thread that runs through in every major initiative, both internally in the Bank and through our societal contributions. A variety of social programmes are in place to empower women.

At the same time, the Bank continues to team up with the Al-Nahda Society to support women as part of a Kingdom-wide strategy to improve financial literacy.

Al-Nahda, a non-profit organisation established in 1963, is dedicated to the socio-economic empowerment of women.

The Khaznah project spreads financial awareness among women to encourage them to become financially independent. This is done through teaching skills that help women plan their finances and spending, while learning new behaviours that help them manage their finances on a daily basis.



Al-Nahda project outcomes

124
low-income participants in 2022

6
money management training sessions hosted

Sanad Children’s Cancer Support Association

Sanad is a non-profit charitable organisation that aims to support children’s cancer centres in the Kingdom, and to offer social and housing services to patients and their families in need. In addition, it provides education and awareness programmes for patients and their families about children’s cancer and how to deal with it.

The programme includes a number of classrooms in hospitals equipped with advanced educational equipment and qualified tutors to help children with cancer keep up with their peers during hospital stays. This educational programme includes various subjects and skills for learners aged 3 to 14 years.



Educational classroom in King Fahad National Centre for children with cancer

317
students

Financial literacy

During the month of Ramadan we launched a series of online awareness sessions geared towards different segments of society. This was led by SAB in partnership

with the National Centre CSR (NCCSR). This campaign is aimed at raising awareness on savings, spending, investment, and financial fraud.



Financial literacy during Ramadan

40,262
female participants

44,202
male participants

Para-abled accelerator programme

This was an initiative from the National Centre CSR (NCCSR) in partnership with SAB, Monsha’at and the Ministry of Human Resources. The programme covers a number of training sessions and workshops for para-abled

citizens to enable them to be productive members of society and to start their own businesses. Qualified graduates will be supported by the Ministry to start up with their ideas / projects / businesses.



Para-abled accelerator programme

23,093
attendees online and offline

7
sessions



Closing the regional savings gap

Riyali programme for financial literacy

The Riyali programme is a SAB initiative to raise the level of financial literacy among Saudi nationals. We've partnered with the SEDCO Holding Group in this flagship social programme. Riyali imparts financial literacy and awareness by providing participants with the tools to make sound financial decisions while gaining financial management skills.

This programme offers skills and educational courses covering the basics in financial planning, investing, saving, and inflation dynamics. Young people are also trained in the principles of Islamic borrowing and finance. Training modules include investment patterns, repayment of debt, and borrowing for investment. For entrepreneurial skilling,

Riyali offers guidance to MSMEs on financial planning and risk assessment.

In 2019, 560,000 recipients gained skills from short courses that included financial fundamentals such as budgeting, saving, understanding investment patterns and inflation, borrowing, and entrepreneurship. This highly popular programme engaged over 90,000 people in 2020, despite school and institutional closures to curb the spread of COVID-19 at the time. The Ministry of Education has endorsed its rollout in schools. With more than 400,000 beneficiaries, the programme is gaining significant reach in elevating financial literacy among future Saudi generations. In 2022, SAB and the Ministry of Education collaborated to launch a financial literacy competition for students.

Over the past 4 years, the Taqadam accelerator has successfully graduated 78 start-ups in sectors as diverse as healthcare, agriculture, gaming, consumer services, and education. Altogether, over SAR 9 million in funding has been provided. Several of these newly emerged enterprises have been short-listed at international technology and entrepreneurship competitions.

team of local and international trainers and consultants. The fifth cohort of the programme, set to take place in 2023, is expected to draw 60 teams from across all the Kingdom's regions. Approximately SAR 6 million in prize money will be shared among the next cohort of winning entrepreneurial teams.

The programme also provides participants with non-financial support. MSMEs are provided with mentorship and further training opportunities through a distinguished



Riyali invested in providing financial literacy courses in 2022

370,000

participants in the training

370,000

students participating in the financial literacy competition

Taqadam programme

A mentorship-driven start-up accelerator, Taqadam seeks to engage the next generation of MSME entrepreneurs for the Kingdom. We partner with the King Abdullah University of Science and Technology (KAUST) in the Taqadam programme to accelerate young entrepreneurs through a competition. Over the past 4 years, approximately 150 winning teams have benefited from this programme which helps university-based

entrepreneurs turn projects into prototypes and ideas into businesses. Promising entrepreneurs gain skills on how to validate the potential of a product or service idea as well as prototyping or modelling, engaging potential customers, and presenting to investor stakeholders. Successfully presented business concepts receive funding from SAB, which also opens doors to accessing additional capital. The winning teams receive grant funding and access to working spaces.



Taqadam

10

winners received SAR 375,000 each

57

teams participated

112

individuals





Advancing the ESG and sustainable finance market

Advocacy

SAB's standing in the market, combined with the international experience provided by our HSBC partnership, means that SAB is well-placed to help lead the ESG charge in the Kingdom's financial sector. We are proud of our close relationship with various regulators. In engagements with these and other market players, we are advocating for the environmental, social and governance agenda across Saudi Arabia as we pursue Vision 2030.

To promote the ESG cause, SAB has participated in notable sustainability forums and industry initiatives this year. The SGI Forum as part of the global COP 27 climate summit held in Sharm El Sheik, Egypt was one of the key ones, as this event demonstrated the leading position the Kingdom wants to take on the topic of climate change. The Bank also sponsored the UK-Saudi Renewable Energy Forum organised by the Saudi British Joint Business Council (SBJBC). This event took place in London and brought together a group of UK and Saudi ministers, senior government officials, and investors in interactive talks that discussed clean energy investment opportunities in the United Kingdom and the Kingdom of Saudi Arabia.

Digitalisation

SAB’s digital journey

As part of its strategic targets, SAB has tripled the investment in digital transformation projects. This is a natural priority for SAB. It will lead to a significant cost saving and cost avoidance over the next 5 years, improving our profit margins. At the same time, it allows us to serve customers better by enabling them to bank anywhere, anytime through a range of digital innovations that makes SAB more relevant and competitive. It also provides the unbanked and underbanked customers

segments with greater access to banking services. For more information about our Digital Strategy and investment in Digital Products, please refer to at <https://www.sab.com/en/about-sab/about/Investor-Relations/financial-regulatory-reports>

Digitalisation also allows increased access to finance and SAB placed a strong focus on serving its small business segment in 2022:

- We successfully launched the SABcorp Mobile application, allowing Sarie 24-hour instant payments. MSMEs can also use the app to authorise salary payments, generate passwords, and engage with their account statements in real time. More than 14,000 payments have been executed through the app so far.
- SAB’s new digital account opening capability shortens the onboarding process for MSMEs and corporates from 2 weeks to approximately 2 days.
- We integrated the Monsha’at platform with our own customer relationship management system, providing our MSME customers with easier access to funding and more convenient transacting.

SAB is committed to keep improving access to finance by expanding our digital capabilities.

SAB Digital Academy

The SAB Digital Academy assists participants in attaining skills that enhance their employment prospects in the financial sector. Established in 2017, the SAB Digital Academy uses the latest innovative digital solutions to offer free advanced courses in retail banking, credit advice, and other soft skills. Partners in this programme are the Takamul Business Services Company and the Financial Academy - a financial sector development programme initiative supporting Vision 2030. In line with

the Kingdom’s Vision 2030 goal of lowering the unemployment rate, this programme aims to make a positive impact in improving the rate of entry among the unemployed into the labour market. In addition to facilitating job entry, it also supports new talent acquisition by employers. Allowing successful trainees to participate in job fairs is integral to the programme’s intention of securing employment among a variety of employers. New recruits – and their recruiters – have provided highly positive feedback.



SAB Digital Academy invested in providing financial literacy courses in 2022

1,200 trainees in 2022	Over 135 courses available
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SAB’s collaboration with the Financial Academy enables more courses to be made digitally available. Since being established the Academy has qualified over 600 male and female trainees to enter the labour market. Training on offer includes subjects on combating fraud and money laundering, English language courses, and other workplace skills. Going forward, the top 400 male and female trainees will be allowed to take the Financial Academy exam.

Cybersecurity

Overview

As key components of our risk management framework, the Bank invests in mitigating the rapidly evolving area of cyber threats, which remain as a concern for our organisation, as it does across the financial sector. Failure to protect our operations may result in disruption for customers, manipulation of data, or financial loss. This could have a negative impact on our customers and our reputation. The Bank constantly strengthens the cyber-control framework to improve its IT resilience and cybersecurity capabilities. Key areas of focus include threat detection and analysis, access control, payment systems controls, data protection, network controls, and backup and recovery.

SAB governs information security and cyber risk at the Senior Management and Board level to ensure the right level of scrutiny and Executive support for our ongoing cybersecurity programme. An overall corporate-wide view of IT risk and governance is in effect across the Bank. Governance activities include reviewing and monitoring the Information Security and Cyber Governance framework as well as managing information security risk, cybersecurity, and privacy protection. Any risks emerging from the Bank’s cyber risk profile are monitored and corrective measures are implemented to contain such risks.

SAB is also focused on maintaining compliance with regulatory frameworks and initiatives issued by Saudi Central Bank (SAMA) and the Saudi National Cybersecurity Authority (NCA). Our compliance efforts are gaining noticeable success. SAB has achieved 100% compliance with maturity levels 3 and 4 of the SAMA

Cybersecurity Framework (CSF). The score was validated by the Internal Audit department and a reputable independent party.

This achievement adds to a previous success in our vigorous cybersecurity risk management programme. In 2021, according to an assessment conducted by regulators on the NCA Essential Cybersecurity Controls (ECC), SAB achieved a high level of compliance - with all controls considered to be adequate.

Going forward, Information Security is regularly audited by the SAB Internal Audit department in coordination with external independent Auditors. The last audit was completed in the first quarter of 2023.

Information Security Risk strategy and policies

SAB has an Information Security Risk (ISR) strategy in place to maintain high cybersecurity standards. This strategy is compliant with regulatory requirements and caters to new technologies and emerging cybersecurity threats. It is complemented by an Information Security Risk Policy, which includes security assessment, identity and access management, and information security risk considerations.

The Bank has a comprehensive range of cybersecurity policies and systems designed to help ensure that the organisation is well managed, with oversight and control.

We regularly report and review cyber risk and control effectiveness at relevant governance and forums.

Prevent, detect, and mitigate

As part of Information Security Risk management, the Bank deploys various initiatives to improve its cybersecurity posture. The Bank also tracks its SAMA Cyber Threat Intelligence (CTI) principles for timely implementation. We have a cyber intelligence and threat analysis capability, which proactively collects and analyses external cyber information. Furthermore, SAB implements Vulnerability Management (VM) and Penetration Test (PT) programmes. The tests enable vulnerability scanning in all externally and internally facing assets to ensure timely detection and remediation of emerging information security risks. Our public-facing assets undergo a more

Digitalisation (continued)

rigorous test as these are more prone to external attacks as compared to internal assets – we aim for zero vulnerabilities on external assets.

In 2022, we further strengthened our cyber defences and enhanced our cybersecurity capabilities to help reduce the likelihood and impact of unauthorised access, security vulnerabilities being exploited, data leakage, third-party security exposure and advanced malware. These defences build upon a proactive data analytical approach to help identify advanced targeted threats.

SAB's Access Management Control ensures the protection of information assets from unauthorised users. The Access Management team also reviews access control (access recertification) to bank systems and users to ensure compliance with Access Management Control policies. In turn, SAB's internal Information Security Risk Functional Instruction Manual provides a comprehensive policy for protecting all forms of information and information systems from unauthorised access, use, disclosure, disruption, modification, or destruction. This is undertaken to provide information confidentiality, integrity, and availability while tightening security controls against cyber threats. The Bank also has a Data Loss Prevention (DLP) Policy to monitor and control the movement of SAB information and deploys remedial actions to mitigate any data security breach.

SAB experienced no cyber breaches in the last 3 years. As a testament to our robust information security controls, SAB achieved Payment Card Industry Data Security Standard (PCI DSS) certification in 2022. The PCI-DSS certificate, which is mandated by SAMA, is valid for 1 year and must be renewed annually. SAB is also 97% compliant with the NCA ECC Framework assessment according to the assessment conducted by the regulators. The necessary measures have been taken in order to improve the percentage to 100%.

Cybersecurity awareness and training

We understand the important role our people play in protecting against cybersecurity threats. Therefore, SAB established a cybersecurity awareness programme to enhance the cybersecurity culture among SAB employees and customers, using various campaign information-sharing platforms including the intranet, screen savers, e-mail broadcasts, and webinars. Moreover, the Bank hosted an annual cyber awareness month for all SAB employees and Board members in October using multiple channels to cover various cybersecurity topics. The Bank also rolls out 2 mandatory cybersecurity e-learning courses to all employees every year. In 2022, 98.43% of employees completed training on email security awareness, and 97.21% completed training around protecting SAB's information. In the review period, the cybersecurity team received specialised trainings on cybersecurity.

The Bank's customers also have a role to play in safeguarding their privacy. SAB promotes an awareness of cybersecurity threats among our customers, using external digital platforms such as the website and other online platforms to inform and educate.

Community initiatives

SAB contributes to a diverse range of social upliftment programmes for Saudi citizens. To widen our social reach, we partner with various organisations including charities, government agencies, and non-profit organisations. These partnerships yield more impactful results than would otherwise have occurred through solo SAB efforts.

Saudi Food Bank

While contemporary society treats food as a privately-owned commodity, it can also be a shared common good when reimagining a sustainable food system for a sustainable society. Food can be shared instead of being thrown away as waste. SAB advances the sharing of food in solidarity with underprivileged members of society. In 2022 the Bank, together with Eta'am, one of the leading NGOs involved in food preservation, established the first-ever dry-food preserving food bank in the country. Operating in Riyadh, a central kitchen equipped with the essential technologies to preserve surplus dry food

regularly supplies meals to social security families, people with disabilities, and orphans.

SAB's financial contribution to the programme covers the costs of the project's construction, operation, and logistics, while Eta'am facilitates the project's implementation and management. This programme will also develop long-term partnerships with food companies that see value in preserving dry foods and turning them into ready-to-eat meals. Our ambitious target is to save more than 500,000 tonnes of dry and canned foods, which will contribute significantly to food security.



Saudi Food Bank invested in preserving dry foods in 2022

400,000 meals provided	500,000 tonnes of food preserved
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Another initiative from Eta'am, is to repackage and distribute 100,000 meals to 6,000 registered families in need throughout the 6 months of the Riyadh Season.

To date, we have distributed 11,231 meals and 70 food baskets containing dry and canned goods to needy families in Riyadh. This project expands on SAB and

Eta'am's strategic partnership, in which SAB will continue to support Eta'am Bank's initiatives and projects in the field of food preservation, as well as provide support to partnerships, raise awareness among community organisations, and solidify the concept of social solidarity.



Saudi Food Bank invested in preserving and distributing ready-made meals in 2022

100,000 meals	70 food baskets	120 tonnes of food
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In addition, SAB recognises that benevolence to others is a spiritual virtue, especially during the holy month of Ramadan. During the recent holy month of Ramadan we collaborated with 12 charities to reach low-income families through this SAB Ramadan Basket initiative.



Tarmeem programme final payment in 2022

18
houses

Tarmeem programme

The right to shelter is globally recognised – safe housing is imperative for a person's wellbeing. The Tarmeem programme supports the construction and renovation of houses for needy families. This initiative depends on fieldwork undertaken by Bank and specialised teams that search for families requiring assistance.



Our workforce: The bedrock of our success

SAB is proud of its high-quality team. Our employees are what make us successful and enable the implementation of an ESG strategy that promotes the wellbeing of society and the planet. SAB takes care of its people, and it shows – our annual employee survey showed a 73% employee engagement score, an improvement of 15% from 2021.

Our people in numbers	2020	2021	2022
Total workforce (excluding trainees, students and outsourced staff)	4,054	3,705	3,709
Employees on an indefinite or permanent contract	4,054	3,705	3,709
Employees on a fixed term or temporary contract	2,072	1,932	2,019
Senior Management employees	142	140	169
Middle Management employees	1,312	1,229	1,332
Non-management employees	2,600	2,317	2,208
Trainees and sponsored students	75	109	97
Branch managers	117	105	100
Number of nationalities represented	33	28	29

Hiring and turnover

Staff turnover is an important indicator of employee engagement and business growth. SAB's employee numbers have grown steadily over the past few years. While the COVID-19 pandemic contributed to greater employee turnover in 2021, that trend has reversed itself and employee churn has reduced.

New hires and turnover	2020	2021	2022
Total new employee hires:	35	342	440
Total new employees by age:			
Age 18-30	4	160	239
Age 31-50	29	175	198
Age 51+	2	7	3
Total new employees by gender:			
Male	30	223	277
Female	5	119	163
Employee turnover (voluntary and involuntary)	411	652	464
Age 18-30	70	65	86
Age 31-50	288	400	319
Age 51+	53	187	59
Male	307	512	346
Female	104	140	118
Senior Management	27	40	21

Middle Management	176	303	203
Non-management employees	208	309	240
Contract staff	127	195	289
Employee turnover (voluntary and involuntary) (%)	10%	17%	12.6%
Employee turnover (voluntary)	354	419	334
Age 18-30	64	64	79
Age 31-50	263	333	249
Age 51+	27	22	6
Male	251	295	227
Female	18	20	107
Senior Management	157	197	13
Middle Management	173	194	152
Non-management employees	18	20	169
Contract staff	101	63	136
Employee turnover (voluntary) (%)	9%	11.6%	9%

We are pleased to report that according to the Banking Survey conducted through Almultaka (Saudi Banks Human Resource Forum), SAB has the lowest level of staff turnover in 2022 amongst the following KSA banks:

	GIB	AlBilad Bank	ANB	Riyadh	Alinma Bank	BSF	SAB
Overall staff turnover	12.9%	15.1%	13.3%	13.2%	13.41%	13.9%	12.6%
Regrettable turnover from the regrettable pool	9.7%	12.0%	8.7%	9.9%	7.9%	12.1%	7.3%

Definitions of turnover:

Overall staff turnover: Total leavers divided by average number of existing employees

Regrettable turnover: Regrettable leavers divided by the regrettable pool

Regrettable leavers: Resigned employees with performance rating of 'Meets expectation and above', excluding encouraged exits

Regrettable pool: Employees with performance rating of 'Meets expectation and above', excluding encouraged exits

Our workforce: The bedrock of our success (continued)

Nationalisation

Reducing the number of unemployed Saudi nationals is a key part of Vision 2030. SAB is proud that over 90% of its employees are Saudi nationals. We do however acknowledge the importance of diversity and gain from the varied skills and experiences brought by the people from 29 nations within our ranks.

As part of our drive to support the recruitment and retention of Saudi employees, SAB promotes graduate programmes for Saudi nationals and implements development plans for existing employees.

Saudisation	2020	2021	2022
Nationalisation of Senior Management (%)	65%	66%	66%
Nationalisation among total workforce (%)	90.6%	90.6%	90.1%
Total number of national employees	3,674	3,358	3,341
Number of female national employees	799	781	825

In 2022, SAB celebrated the graduation of 19 trainees from our 2021 SAB Graduate programme, after which all of the candidates joined the Company full-time. We launched our SABTech Graduate programme for technology graduates, in which 24 graduates are participating. In 2023, we also launched the SAB Corporate Banking Graduate programme, through which the Bank has an intake of 20 graduates from a financial background.

Supporting a culture of employee wellness and engagement

It is important to SAB that its employees feel motivated and engaged at work. SAB is therefore pleased to note the upward trajectory of its employee engagement score resulting from the 2022 employee survey, in which 99% of our workforce participated.

	2020	2021	2022
	SAB: 58%		
Employee engagement (%)	Alawwal Bank: 72%	56%	73%

In addition to the employee engagement score, the 2022 survey also highlighted that:

- 73% of employees are satisfied with the continued evolution of our culture and engagement at SAB, a 17% increase on 2022
- 77% of all employees confirmed their strong awareness and commitment to the Bank’s strategy, a 14% increase on 2022

SAB takes employee feedback very seriously, especially considering the evolution of the Bank’s culture at present. Following the 2019 merger with Alawwal Bank, SAB took the opportunity to reassess its organisational culture, keeping in mind the demographics of the Kingdom and the shift in social norms. A survey on organisation culture was undertaken to provide baseline insight into future people-culture-fit decisions. Results from the assessment

created a good foundation to start building a new organisational culture that draws on the legacies of both the merging companies. In 2020, we rolled out a corporate-wide initiative to enable an organisational culture to emerge that dovetails the SAB brand. Advancing employee potential and excellence is a key attribute of SAB’s organisational culture. It permeates how we recruit, retain, and embark on employee development. Recruiting and promoting employees is based on merit and ability within the context of an open and supportive environment in which everyone can thrive. Our ethos of advancing inclusion compels us to solicit employees’ ideas in shaping workplace business solutions, resulting in a vibrant working environment. According to LinkedIn’s ranking for the best companies in 2022, #SAB was ranked among the top workplaces to grow a career in Saudi Arabia.

Several attributes make SAB an attractive workplace. These include:

- A holistic reward strategy that includes fixed pay, wide-ranging benefits, bonuses, and incentives
- A commitment to employ locals, with the percentage of indigenous Saudi staff increasing from 47% in 1990 to over 90% in 2022
- staff training and development opportunities, among the best available in the Kingdom’s banking industry
- An attractive reward package that is reviewed regularly to ensure we remain competitive in the market
- Continuous reskilling through learning programmes that leverage our collaboration with HSBC as a leading international banking group
- Specialised training programmes for high potential employees.

Our organisational culture includes the 4 touchstone values of customer-centricity, collaboration, innovativeness, and doing the right thing. These are at the heart of everything the Bank does. From helping a customer make their first home purchase to making senior leadership appointments, from choosing the right vendor for a future IT system to appraising the performance of an employee – our core values are upheld to enable service excellence.

In turn, we offer a generous and continuously updated reward proposition to employees. We have reshaped our incentive and bonus schemes to motivate employees to create the best outcomes for customers. staff performance is measured by outputs that are linked to customer satisfaction. Our recognition and reward approach is in line with both SAMA’s rules on compensation and the Financial Stability Board guidelines.

Following the merger with Alawwal Bank, SAB partnered with Accenture to undertake the first-ever mental wellbeing initiative in Middle East banking. Approximately 50 webinars on mental health and mindfulness were held as part of this initiative. This exercise was well-timed to engage the mental health consequences emanating from the intense socially distressing period of the COVID-19 pandemic.

In 2022, we launched personalised CEO sessions under the title “Connect with Tony”, allowing employees to meet with the Managing Director and CEO personally and engage in conversations around the future direction of the Bank. Following the successful rollout of these sessions, the Bank expanded the meetings to include the Management Committee. SAB hosted more than 10 events across its regions, including a memorable concert that introduced a different experience and garnered a greater than 90% approval rating from employees.

Other employee calendar events, geared to appreciate and support while raising awareness of important issues, include a meet and greet with Fintech Saudi, an International Women’s Day seminar, and the SAB INNOVATE programme. In 2022, SAB recognised 637 employees who reached a milestone work anniversary with the organisation, having completed 5, 10, 15, 20, 25 and 30 years as of 2021.

We continue to set targets and milestones to push our culture agenda forward in line with the growth taking place in the Bank and the Kingdom as a whole.

Our workforce: The bedrock of our success (continued)

Training and career development

The following table outlines the training undergone by our full-time employees, and excludes mandatory training and additional training concluded through LinkedIn and Coursera.

Training	2020 ¹	2021	2022
Total training delivered (days) ²	1,043	9,201	9,783
Total training delivered (hours) ³	6,255	55,206	58,700 [Ⓢ]
- Senior Management employees	25	71	101
- Middle Management employees	110	975	1,104
- Non-management employees	128	1,673	1,441
- Male employees	160	2,134	2,005
- Female employees	103	585	641
Average training per employee (days)	0.25	2.48	2.6
- Senior Management employees	0.17	0.51	0.60
- Middle Management employees	0.08	0.79	0.82
- Non-management employees	0.049	1.2	0.65
- Male employees	0.049	0.73	0.61
- Female employees	0.12	0.74	0.76
Average training per employee (hours)	20	36	36
Number of attendees who completed at least one e-learning course	4,045	3,705	3,709
Number of employees who completed sustainability awareness e-learning programme			
- ESG Module 1	0	0	2,633
- ESG Module 2	0	0	2,484

[Ⓢ]This metric for the year ended 31 December 2022 was subject to independent limited assurance by PricewaterhouseCoopers Public Accountants ('PwC') For further details, see our Reporting criteria and PwC's limited assurance report, which are available at <https://www.sab.com/esg/index.html>.
¹ Due to COVID19 there were a lower number of trainings conducted during 2020.
² Total hours of training per year / number of hours per one course (6 hours)
³ Total hours of training per year extracted from learning management solutions (LMS)

SAB ensures that its employees are upskilled according to the Bank's requirements, following a learning needs analysis that also balances employees' personal objectives. Our 2022 training included:

- A customised cross-selling workshop for front-line Business Relationship Managers and leaders
- SAB's Enterprise Risk Leadership programme for the top 30 Executives in the Bank
- Accelerating into Leadership, a junior manager's development programme to prepare participants for senior management roles
- SAB Graduate programme
- ESG and digital learning programmes
- LinkedIn, Coursera and mandatory trainings are not captured in the training data above.

We placed special focus on raising awareness and skills in ESG areas across the Bank in 2022. SAB's senior leadership received off-site training on ESG topics and how they relate to the Bank and the Kingdom. The SAB Corporate Banking Relationship Managers working with the oil and gas industry also received ESG training around the direction of finance activities in this sector. In addition, ESG e-learning modules have been rolled out to staff members across the Bank – 70% of employees have completed this training so far.

Development planning

Development Planning at SAB is an ongoing process between the employee and the line manager aimed at gaining knowledge and improving skills while providing the employee with opportunities to advance their career. Employee Development Planning is aligned with the organization's needs and individual career aspirations.

Development plans are available to all employees. SAB provides a framework to the employee and their manager to help the delivery of and participation in appropriate development activities, therefore supporting employee progression and succession. The Development planning include formal training, rotation / on-the-job training and exposure to cross-functional organizational processes.

The development plan focuses on identifying and addressing three potential gaps: There are 3 main areas that the development plan focuses on are:

Key Gap Area	Description
Technical Knowledge	The person may not have sufficient knowledge and hands-on experience in all products and functions under the scope of their current or target role, including product/function related market dynamics, customers, financials, risk management, or compliance/regulations, etc.
Organizational Knowledge	The person may not have sufficient knowledge and hands-on experience in all the internal and external organizational linkages related to their current or target role, including cross-selling, business/control/support functional interdependencies, relations with regulators, customer forums, and decision making apparatus (such as hierarchy, process, and committees).
Leadership Requirements	The person may not have sufficient exposure to managing larger and more complex teams related to their current or target role. The dynamics of providing a vision, embracing diversity and inclusion, organizing, engaging, motivating, and managing change is generally more complex with larger teams.



Our workforce: The bedrock of our success (continued)

Employee benefits

SAB supports its employees with a range of benefits designed to support a happy, healthy workforce. Benefits are applied in terms of an employee’s Global Career Band (GCB), which determines the most senior employees (GCB 0) until the most junior (GCB 8). Benefits include the following:

Allowances and finance	
Child education allowance	GCB 0 to 4 employees are eligible to receive education support for up to four children aged between five and 19 years regardless of where they are being educated. The allowance per child per annum is: GCB 4: SAR 20K GCB 1-3: SAR 25K
Day care allowance	All female employees with children younger than six years old are entitled to this allowance. The allowance per child per annum is SAR 12,000.
Home finance	Over and above the monthly housing allowance provided to SAB employees (25% of the basic salary), SAB offers the Tayseer programme for home financing to Saudi employees with existing home loans. The programme supports eligible employees by reimbursing financings costs above 1% on a qualified real estate.
Leave	
Annual leave	All employees are entitled to annual leave, according to the following: GCB 0-6: 30 working days per annum GCB 7-8: 26 working days per annum
Sick leave	All employees are entitled to take a leave of absence when they are too ill to work, according to the following: Up to 30 days’ leave with full pay The following 60 days are at 75% pay The following 30 days are at 50% pay The following 60 days are at 25% pay After 180 days, sick absence leave is unpaid.
Work related injury leave	Should employees be injured while at work, they are entitled to take: Up to 60 days’ leave with full pay From 61 days to one year’s leave at 75% pay.
Statutory leave	All employees are entitled to take statutory leave with full pay for Eid Al Fitr, Eid Al Adha, Foundation Day and Saudi National Day.
Haj leave	Employees who have completed two years of service are entitled to take six days paid leave, in addition to Eid Al Adha holiday, once.
Parental leave	All employees with newborn children are entitled to the following paid parental leave: 14 calendar weeks for the mother Five working days for the father
Study leave	All employees furthering their education are eligible to take five working days’ paid leave to focus on their studies, and one day for each examination sitting.
Compassionate leave	All employees who suffer the loss or severe illness of a close family member is entitled to five working days’ paid leave.

Mourning Leave	All female employees who suffer the loss of a husband are entitled to paid mourning leave: Muslim females: Four months and 10 calendar days Non-Muslim females: 15 calendar days
Emergency leave	While SAB allows for leave to be taken when an employee faces an emergency, this leave is unpaid.
Marriage leave	All newlywed employees are entitled to five working days’ paid leave.
Companion leave	All married employees are entitled to two working days’ paid leave per annum.
Medical insurance	
SAB provides the following medical insurance to employees based on the benefits and criterial determined by our medical insurance partner and underwriter.	
Family medical support for deceased employees	SAB provides a special discounted rate for medical insurance to KSA employee, to support their dependents in the unfortunate event that they pass away. The Bank will continue enrolling dependents and cover the insurance premiums for two years after the death of an employee.
Personal accident insurance	All employees up to the age of 65 years (and above, subject to certain special medical tests and approvals) are covered by a Group Personal Accident Insurance Policy against death and permanent or partial disability caused by sickness or accidents whilst using any means of transportation for business or private travel. Should an employee suffer permanent disability or death, a lump sum of between SAR 500,000 and SAR 5 million is paid out. Employees have the option of taking out additional life or disability insurance cover.
Public liability insurance	This insurance cover provides against liability at law for damages and claimant's cost and expenses in respect of accidental injury to employees and accidental damage to property other than injury to employees or any claim arising under the Saudi Labour Law.
GOSI occupational hazard insurance	The Saudi General Organization for Social Insurance (GOSI), under the Saudi Social Insurance Law, provides mandatory insurance cover against injuries from work-related accidents applied as compensation to all employees. Coverage is set out for Saudi nationals and expatriate employees.
Other benefits	
Remote working	SAB is committed to ensuring that its working practices, physical work location and working hours provide employees with flexibility and autonomy that meets both the needs of the business and employees. In doing so, SAB recognizes that a better work life balance can improve employee motivation, performance and productivity and reduce stress.
Job transfers	SAB encourages internal mobility and career development opportunities for all employees through internal job transfers between businesses and functions. Job transfers are managed through internal resourcing channels and support the continued professional development of all employees and support the Bank in meeting its resourcing needs.

Our workforce: The bedrock of our success (continued)

Return from parental leave

A measure of employee engagement is the return-to-work rate following parental leave. We saw an improvement in our return-to-work rates in 2022.

Parental leave	2020	2021	2022
Number of female employees that took parental leave	34	39	27
Number of female employees who returned to work after parental leave ended (return to work)	28	34	26
Number of female employees who returned from parental leave who were still employed 12 months after returning to work (retention)	28	34	26
Return to work rate (%)	82%	87%	96%
Retention rate (%)	18%	13%	4%

Non-discrimination

Every employee receives compulsory e-learning annually on dealing with and reporting harassment in the workplace, which 98.03% of employees completed in 2022. Several avenues are available for those employees who need to raise grievances or concerns. A whistleblowing hotline is available to staff members, should any employee feel that they or their colleagues are subject to discrimination or harassment, and an independent investigation team is trained to respond to such instances in an independent and objective manner. A formal grievance policy is in place for Management to handle grievances raised appropriately, with oversight of specific cases by the Risk Management and Conduct Management Committees.





Governance

100	Overview
102	Governance structure
104	ESG Governance framework
106	Risk Management
108	Embedding ESG throughout SAB
110	International frameworks
112	Compliance with regulations

Overview



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

SAB operates from a strong foundation of value-creating governance. We believe that a robust approach to corporate governance is key to the sustainability of the Bank. Consequently, SAB adopts the highest standards of good governance. We have a track record of positive achievements including diversity - our Board brings a mixture of local and international experts from a wide spectrum of industries.

In terms of gender diversity achievement, SAB is in the upper quartiles of organisations in the region. Our Executive Management team currently includes 5 females, and 22% of all our employees are women. SAB provides ongoing training and development for each Board Director to ensure that we retain good governance standards. These include mandatory in-house and external trainings on a wide range of topics, including financial crime, cyder-security awareness, and regional and global macro-economic environment. Training also covers key trends in management of compliance and AML risks, as well as developments on ESG topics. Staff at SAB also receive ESG training, with selected internal ESG champions playing a facilitative role in creating awareness on ESG matters across the Bank.

Managing risk is integral to sustainable value creation. We have a mature risk culture that is embedded throughout all our business units, enablement, and control functions. In recent years, we have refined our risk management framework so that it transparently reports our ESG risks.

Focus areas



Deploy ESG governance structure
 Ensure structure adequately fits the Bank’s governance priorities



Embed ESG across SAB
 ESG training and champions



Become a signatory to international standards
 United Nations Principles for Responsible Banking (UNPRB)



Bank governance framework
 Risk management and compliance



Governance structure

Board structure and composition

Board of Directors' composition	2020	2021	2022
Percentage of Board of Directors' seats occupied by women	18%	9%	9%
Percentage of Board seats occupied by independent Directors (in line with regulatory requirements)	36%	36%	36%
Executive members of the Board of Directors	9%	9%	9%
Non-Executive members of the Board of Directors	54%	54%	54%
Female members of the Board of Directors	2	1	1
Male members of the Board of Directors	9	10	10
Independent members of the Board of Directors	4	4	4
Non-Executive members of the Board of Directors	6	6	6

The SAB Board sets the Bank's strategy to achieve sustainable value for shareholders and promotes a culture of openness and debate. It also approves the capital and operating plans for achieving the Bank's strategic direction, on the recommendation of the Executive Management ('MANCOM'). The current Board comprises of 11 members, inclusive of 5 independent Directors. SAB is the first listed company in the Kingdom to appoint a female Chair to the Board.

Board and Management Committees

SAB Corporate Governance (CG) was mandated by the Board to evaluate the structure of SAB's corporate governance Management Committees (MCs). After a re-evaluation that considered regulations and best practices, SAB's 40 MCs were reduced to 24 committees focusing on economic, environmental, and social impacts. This has helped to streamline decision-making by reducing overlapping responsibilities, removing redundancies and clarifying objectives. All MC members have an ESG-related Key Performance Indicator (KPI) in their performance scorecard.

Board of Directors and its sub-committees				
Executive Committee (EXCOM)	Audit Committee (AUCOM)	Board Risk Committee (BRC)	Nomination and Remuneration Committee (NRC)	Technology and Digital Committee (TechCom)
The SAB Board of Directors established an Executive Committee to support it in the discharge of its responsibilities and the oversight of the Bank's day-to-day operations and activities. This Committee meets at least 6 times during the year.	The Audit Committee was established to support the SAB Board with responsibilities such as supervising the Internal Audit function, reviewing internal controls and reporting systems, recommending the appointment of external Auditors and fixing of their fees, in addition to any other tasks assigned by the Board as provided for in the rules and regulations issued by the Supervisory Authorities.	The BRC has oversight of enterprise risk management, risk governance, and internal control systems. It provides advice to the Board on the Bank's emerging risks, risk appetite, and risk strategy	The NRC recommends the nominations for Board membership in line with SAB's Selection Policy for Board and Board Committee members. It annually reviews the skills and capabilities required of those suitable for Board membership. This Committee also holistically evaluates the effectiveness of the Board members, its Committees, and the Board itself.	The TechCom is responsible for assisting the Board in overseeing the execution of the Bank's strategic plan, strategic objectives, and major initiatives with respect to information technology, digital technology, transformation, and innovation. This committee has been established in 2023.

2022 highlights in the repositioning of Corporate Governance

A Board evaluation was conducted by an expert consultant. Part of the evaluation included reviewing Board policies to align them with regulatory requirements and best practices in corporate governance. For this exercise, a gap analysis was undertaken to document the changes required for alignment with applicable regulations and best practices. The evaluation also included a review of the information architecture and its delivery to the Board. SAB's Corporate Governance department led the overhaul of policies and terms of reference, as well as the reduction in the number of Management Committees.



ESG Governance framework

During the reporting period under review, SAB implemented a new corporate governance framework. The Corporate Governance department, along with the Legal department, initiated work on responding to the bylaws that will be adopted in line with the new provisions of the Companies Law and its regulations issued in 2022. The Corporate Governance department also led a review of Board policies as well as Terms of Reference for Board Committees. The outcome is a streamlined governance framework that will support SAB’s ESG goals more effectively going forward.

Environmental Social and Governance (ESG) Steering Committee

SAB established a Management-level ESG Steering Committee comprising of representatives of various business lines and functions. The Committee is responsible for providing oversight of all ESG-related matters and strategic objectives, including climate risk. It provides holistic governance, oversight, management, and coordination of all commitments within the approved ESG strategy. The Committee draws its authority from the Board EXCOM Committee and fulfils its delegated responsibilities within the Bank’s risk appetite and corporate governance framework. During 2022, SAB held its inaugural ESG Steering Committee meeting, chaired by SAB’s Managing Director, Tony Cripps.

The ESG Steering Committee	
Chair: Managing Director	
Secretary: Senior Advisor - ESG	
Membership	Additional members
Membership is determined by the Managing Director in consultation with the Company Secretary and currently includes: <ul style="list-style-type: none">Managing Director (Chair)Chief Financial OfficerChief Risk OfficerChief Operational OfficerChief Corporate and Institutional Banking OfficerChief Wealth and Personal Banking OfficerChief Treasury OfficerCompany Secretary	Permanent invitees to the Committee are: <ul style="list-style-type: none">Chief Human Resource OfficerChief Strategy OfficerHead of Corporate Communication and ESG

CIB Sustainable Finance Forum (CSFF)

The sustainable finance market is maturing, and SAB intends to expand its sustainable finance product suite with both use of proceeds and incentive-based structures (Sustainability Linked Finance) based on the market principles outlined below, to meet increasing client demand. To ensure proper governance of this process, SAB established the SAB CSFF to:

- Provide high level governance and oversight of SAB CIB’s sustainable finance proposition in order to ensure consistency of approach across CIB
- Provide endorsement to the business on the labelling of sustainable finance transactions
- Note updates on internal tracking of green, social or sustainable loan activity for relevant reporting

CSFF Chair reports matters needing escalation, to the CIB Management Committee and or the SAB ESG Steering Committee if and when required. The CSFF reviews client transactions including corporate finance and trade finance, against well recognised market principles (by Loan Market Association, Asia Pacific Loan Market Association, Loan Syndications & Trading Association) such as:

Green loan principles. Clients need to prescribe to 4 pillars within this principle. The key pillar is that loans are made available to fully or partially finance/re-finance new or existing eligible green projects which can include but are not limited to renewable energy, green building, clean transportation, and pollution prevention amongst other categories.

Social loan principles. These principles define a framework enabling clients to assess the outcome of their projects amongst the defined criteria’s. Social project criteria include but are not limited to impact of the project on people with disabilities, marginalised communities, migrants or displaced personas, unemployed, and women amongst other categories.

Sustainability linked loan principles. These principles allow for clients to set up borrowing facilities which incentivises them to achieve ambitious, pre-determined sustainability performance targets. Since these loans are focused on clients looking to transition towards positive future outcomes, there are strict criteria on what category the KPIs can be set towards, which include but are not limited to energy efficiency, greenhouse gas emissions, renewable energy, human rights, data security and business ethics amongst others.

The CSFF meets as required to review sustainable finance transactions against prescribed market principles.

Risk Management

SAB has a well-established Risk Management framework that is consistent with best practices. The Bank has adopted the 'Three lines of defence' approach as part of its overall risk framework.

The Board of Directors and its sub-committees meet at least once a quarter to exercise their oversight and guidance, including on risk related matters. The Board sets SAB's strategy and risk appetite and it approves capital and operating plans for achieving strategic objectives.

The Risk Management Framework lays down the risk management approach at SAB in terms of risk definition, identification, management, reporting and governance. The wholesale credit policy provide clear and consistent lending guidelines, policies, procedures to manage the corporate

asset portfolios and covers environment aspects of lending such as agriculture, chemicals, forestry, energy, defence equipment, and mining – with the Equator Principles also considered part of this policy.

Furthermore, social sustainability considerations are included in lending policies. For instance, human rights is included as a key element within various lending policies and in general due diligence, as part of our reputational risk assessment. SAB has also introduced a section for the front-line Relationship Managers to capture information about their clients' climate risks. This initial engagement with clients will help us to understand our clients' transition plans and develop an engagement strategy to help support them on their transition journey.

Highlights for 2022

This initial engagement with clients will help us to understand our clients' transition plans and develop an engagement strategy to help support them on their transition journey.

- SAB reviewed its corporate portfolio by industries that are most impacted by transition and physical risks.
- A section was introduced within the Wholesale Credit Risk policy on Transition and physical risk.
- The standard credit proposal templates was enhanced to include a mandatory section on impact of climate risks.
- SAB designed a Transition Engagement Questionnaire (TEQ) for hard-to-abate industries.

Looking ahead, SAB will implement a structured customer-level transition risk data collection tool for various high transition risk sectors. In addition, we are embedding climate risk into the terms of reference for various other Management Committees, as well as risk policies across a wide taxonomy. The Bank will continue to embed climate risk into the Risk Management Framework, including the various Risk Records Information Management (RIM) and terms of reference of existing risk governance forums.

Planned deliverables

SAB is working on finalising the approach for measuring financed emissions, and determining scenarios to support the ESG strategy of the bank to achieve Net Zero by 2060.



Embedding ESG throughout SAB

ESG resourcing

In the year under review, we expanded our ESG mandate by making 8 key appointments. These Senior Manager roles are in Sustainable Finance, Operational Sustainability, Wholesale ESG Risk, Enterprise ESG Risk, and ESG Communications. This extended team will provide operational support to the ESG Steering Committee and help entrench ESG across our operations.

SAB-wide ESG training

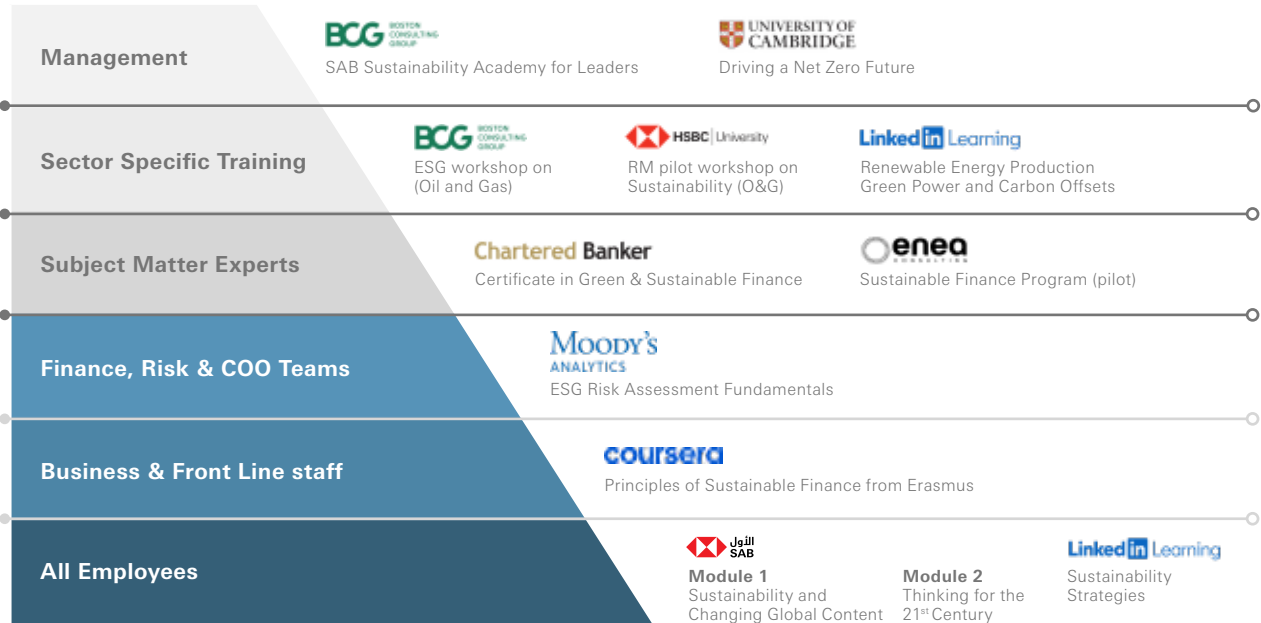
To embed ESG consciousness across our operations, we have nominated ESG champions to drive training, awareness, and employee advocacy. Our ESG champions are identified across the Bank to lead ESG-related communication and initiatives. This enables us to ensure a consistent approach towards ESG practices within the organisation.

We have also implemented a structured ESG training programme. Training cascades from management levels through to finance and risk teams, frontline staff, and ultimately all employees. In addition to training initiatives,

the Bank has begun ESG awareness sessions. During 2022, 35 champions were identified across the business, including in the CIB and WPB divisions. Our ESG champions undertook specialised sustainable finance training from Moody's to capacitate them for enhancing awareness in their respective segments and product areas. Several experts from HSBC Group also held sessions with SAB staff to support the learning roadmap. Topics covered included energy transition, climate risk, ESG, and global markets, among others. Examples of successful green and sustainable financing transactions were also shared with frontline staff.

SAB has developed a plan to deliver an impactful learning programme across the Bank to help with the development of this topic. In addition to the Board sessions on ESG, SAB successfully delivered the below programmes during 2022.

Embedding a bank-wide learning roadmap for ESG



International frameworks



United Nations Principles for Responsible Banking (UNPRB)

In March 2023, SAB signed the United Nations Principles for Responsible Banking (UNPRB), becoming the first bank in Saudi Arabia to sign up to an ambitious international framework for banks. The UNPRB is a single framework to advance sustainable finance. The framework was developed as part of the United Nations Environment Programme Finance Initiative (UNEP FI), a partnership between the United Nations and the global financial sector, created in 1992. More than 450 financial institutions work with the UN Environment Programme to understand emerging environmental, social, and governance issues, why they matter to the finance industry, and how to address them in banking, insurance, and investment decision-making and market practice.

The principles are the leading framework for ensuring that the Banks’ strategy and practice align with the vision society has set out for its future in the UNSDGs and the Paris Climate Agreement. Signatories to the principles take on a leadership role, demonstrating how banking products, services, and relationships can support and accelerate the changes necessary to achieve shared prosperity for both current and future generations, building a positive future for both people and planet. These banks, which now include SAB, also join the world’s largest global banking community focused on sustainable finance, sharing best-practice and working together on practical guidance and pioneering tools of benefit to the entire industry.

SAB will complete the self-assessment prescribed by UN PRB in the next ESG Report.



The United Nations Global Compact (UNGC)

The United Nations Global Compact (UNGC) promotes sustainable and socially responsible policies and practices for businesses worldwide. Its principles, which cover human rights, labor, the environment, and anti-corruption, were established in 2000 and have been adopted by more than 12,000 signatories across 160 countries. In March 2023, SAB became the first bank in KSA to join the UN Global Compact Saudi Arabia Chapter. This is an indication of the Bank’s commitment towards sustainability and responsible corporate behavior.



Sustainability Accounting Standards Board (SASB) standards

We are also pleased to have started reporting against the SASB standards, a globally-recognised sustainability reporting framework that, under the auspices of the International Financial Reporting Standards (IFRS) Foundation’s International Sustainability Standards Board (ISSB), positions SAB on the right track for future developments in ESG reporting. The SASB standard is earmarked as a key component of the new unified global ESG framework that will probably be ratified within the next 3 years. Embedding SASB in SAB’s ESG reporting now will ensure that we commence our ESG journey from the most appropriate starting point.



Compliance with regulations

SAB upholds a high standard of compliance with the Kingdom’s laws and regulations. In 2022, the Bank’s incidents of non-compliance with SAMA instructions totalled as follows:

Incidents of non-compliance	2020	2021	2022
Total incidents of non-compliance with SAMA instructions	22	15	26 [Ⓢ]
Total number of non-monetary warning letters	1	2	6 [Ⓢ]
Percentage of incidents of non-compliance that resulted from whistleblowing actions	-	-	-

[Ⓢ] This metric for the year ended 31 December 2022 was subject to independent limited assurance by PricewaterhouseCoopers Public Accountants ("PwC") For further details, see our Reporting criteria and PwC’s limited assurance report, which are available at <https://www.sab.com/esg/index.html>.

For a comprehensive insight into SAB’s incidents of non-compliances by SAMA and other regulatory authorities, see page 124 of the Annual Report at <https://www.sab.com/en/about-sab/about/Investor-Relations/financial-regulatory-reports>

There were no incidents of non-compliance relating to SAB’s environmental impact, product and service information disclosure or transparency, or marketing communications.

For each incident that did occur, a detailed incident report was prepared outlining the root cause and the management action plan to ensure such incidents do not reoccur.

Whistleblowing

SAB maintains an organisational culture that encourages people to report wrongdoing or unethical practices. The Bank affords employees an opportunity to report any unethical behaviour through internal and external channels, with total anonymity should they wish to do so. The Bank has established a robust Whistleblowing Policy that is annually reviewed and approved by the Board. The policy ensures that concerns are captured, assessed, and investigated thoroughly and that our employees can raise complaints without fear of reprisals.

The Bank’s secure Whistleblowing channels for internal and external reporting are as follows:

- a. Email (Internal and External): SpeakUp@sab.com
- b. Telephone: Internal (Ext.4440) External 011 2764440.

- c. Mail:
 - Internal Mail Riyadh Head office - 4th floor – Whistleblowing unit office
 - External Mail Head office: P.O. Box 9084, Riyadh 11413, Whistleblowing unit
- d. Website: www.sab.com
- e. Intranet page (Internal): Speak Up (Compliance Reporting Hotline)

Complaints made are treated with absolute confidentiality. Steps are taken to separate and protect communications, reports, and management information that may identify a particular whistleblower’s identity. Whistleblowers identities are not disclosed without exceptionally good reasons, such as when required by law or to facilitate a particular investigation.

Internal compliance monitoring and reporting	2020	2021	2022
Number of enquiries, complaints, or issues received by the legal and compliance office through an internal monitoring or reporting system	208	266	373
Percentage of enquiries, complaints, or issues received by the legal and compliance office through an internal monitoring or reporting system that were substantiated	100%	100%	100%

A summary of whistleblowing cases received each quarter is reported to the Board Audit Committee and the Board of Directors.

Financial crime

The Saudi Arabia Anti-Money Laundering (AML) Law, through its Articles and the Implementing Regulations, is applicable to all banks and requires all financial institutions to have adequate and sound policies, systems, measures, and controls in place to deter and prevent money laundering and terrorist financing acts.

All regulations, directives, and instructions received from SAMA pertinent to AML and combating terrorist financing (CTF) forms an integral part of the SAB AML-CTF Policy. We aim to comply with the highest standards of AML practices and CTF activities, and with the letter and spirit of the laws and regulations in force in Saudi Arabia. SAB may apply higher standards where it deems necessary to protect and safeguard the reputation of our Bank. SAB uses a proprietary solution for its risk-based transaction monitoring programme. All types of transactions are scoped into the system, which allows for behavioural profiles to be created. It identifies suspicious behaviour based on the dynamic transaction monitoring model deployed in the system.

For more information on SAB’s approach to mitigating financial crime, see the Risk Governance section of the Annual Report at <https://www.sab.com/en/about-sab/about/Investor-Relations/financial-regulatory-reports>

Anti-corruption

The Bank maintains a zero-tolerance approach to bribery and corruption. Our Anti-Bribery and Corruption (AB&C) Policy sets the minimum standard which must be utilised Bank-wide, to ensure that a consistent and standardised approach is applied to manage bribery and corruption risks. The policy covers standards for assessing risks across gifts and entertainment, facilitation payments, recruitment, contracting and political contributions.

In addition to the policy, mandatory financial crimes e-learning is provided to all the staff members (including permanent and contractual staff) where individuals are reminded of their responsibility towards combating bribery and corruption. On an annual basis, the Board is also provided with an awareness session on the key compliance risks. The following training is scheduled for May 2023:

Course Name	Brief Summary	Length (approx.)	Assessment
Anti-Fraud, Bribery and Corruption	Introduction to Fraud in Banking Sector Cyber Threats/Fraud & Frauds using computer systems Identifying Risks Governance and Combating Fraud Modern Anti-Fraud Internal Controls Whistleblowing	45 mins	Yes



Compliance with regulations

(continued)

Below is a summary of SAB's mandatory training for the year 2022:

Course Name	Brief Summary	Length (approx.)	Assessment	Completion Progress
Health and Safety in The Workplace - 2022	<ul style="list-style-type: none"> List the Positive Safety Attitudes in the Workplace. Define Occupational Health. Show the common Musculoskeletal Disorder issues. Show the importance of keeping work areas clean of germs and bacteria. Define Fire Safety. Show how to Use a Fire Extinguisher. Identify the Medical Emergency 	45 mins	Yes	98.38%
Email Security 2022	<ul style="list-style-type: none"> Understand the need for email security. Describe various email security safeguards. Explain various types of email threats. Identify suspicious/malicious emails. Identify the correct reporting channel for malicious emails. 	45 mins	Yes	98.43%
SAB Principles Mandatory Document	SAB Principles overlay all policies and procedures, informing and connecting our purpose, values, strategy and risk management.	30 mins	No	98.15%
Harassment in the Workplace 2022	<ul style="list-style-type: none"> What harassment is and learn about the rules for combating harassment in the workplace. The effects of harassment in the workplace. SAB's harassment policy. What qualifies as "harassment" Methods and Forms of harassment. The definitions of Types of harassment. 	45 mins	Yes	98.03%
Protecting Our Information 2022	<ul style="list-style-type: none"> Know how to keep information secure in all locations. Identify the phishing. Show the importance of information security. Show how to deal with phishing emails. Explain what the information classification is. Know what the risks are. Know how you can protect our information. Show how and when to report an incident where you work. 	45 mins	Yes	97.21%
My Financial Crime Risk Responsibilities 2022	Combating Commercial Concealment Anti-Money Laundering Sanctions	45 mins	Yes	99.80%

The Bank experienced no confirmed incidents of corruption in 2022.

Highlights and challenges in 2022

The Kingdom fast-tracked the adoption of digital solutions during the pandemic, and the banking sector experienced an uptick in organised social engineering fraud. While these attacks are targeted at customers, SAB and other industry players are working hard to combat this fraud. SAMA also introduced a robust Counter-Fraud Framework in October 2022, and banks are expected to achieve Maturity Level 3 by June 2023.

Compliance with regulations

(continued)

Internal Audit and ESG

In line with SAB's ESG strategy, Internal Audit coverage assesses the environmental and social impact of financing provided by the Bank. For any weaknesses identified, action plans are set and monitored for effectiveness. CIB audits Sustainability Risk Ratings (SRR) assigned to Wholesale Banking customers.

During 2022, Internal Audit played a vital role in supporting SAB's overall ESG strategy. This included reviewing the adequacy of customer SRRs and recommending the digitising of reports and other business processes to reduce carbon emissions.

All SAMA regulations, including those pertaining to annual audits, monitoring, managing, and reporting audit findings, are complied with by SAB. The third line of defence for the Bank is provided by SAB's Internal Audit

team (INA), which offers the Board unbiased assurance that both the First Line (Business and Operating Functions) and Second Line (Risk Management and Control Functions) are operating successfully within the Bank's Risk Appetite.

The updated Risk Control Matrix (RCM) methodology has been implemented by INA in accordance with Institute of Internal Auditors Standards (1220, 2200, and 2201); replacing the previously utilized Audit Risk Assessment (ARA) and Audit Programs (APG). The goal of RCM is to make the entire audit process transparent and the RCM is crucial for risk assessment and audit planning, demonstrating the testing of important controls and compiling findings and recommendations from audit testing in one document.

Year	2021	2022	2023 (planned)
No of Audits	21	28	28

2022 Audit Highlights

No.	2022 Audits
1	Audit of Property Management (CRE & Physical Security combined)
2	Processes and Controls Audit of SAB Credit Review Risk Identification
3	Audit of Marketing Department
4	Themed Audit of Retail Lending Products
5	Themed Audit of SAB Islamic Banking
6	IT Governance and Development Lifecycle Audit
7	Regulatory Audit of SARIE
8	Audit of Large Corporate
9	Governance (Company Secretary & Communication)
10	Processes and Controls Audit of Human Resources
11	Themed Audit of Cyber Risk Management
12	ILAAP 2022 Review
13	Regulatory Audit of Fraud Risk Management (Out-of-plan)
14	Arabian Real Estate Company (ARECO)
15	Processes and Controls Audit of Legal Function
16	Processes and Controls Audit of Global Liquidity and Cash Management (GLCM)
17	ICAAP 2022 Review
18	Digital Banking
19	Audit of Regulatory Compliance
20	Regulatory Audit of SAIBOR/SAIBID Benchmark Procedures
21	Themed Audit of Operational Risk Management Framework (ORMF)
22	IT Infrastructure and Operations Audit
23	Audit of Branches in SAB
24	Themed Audit of Retail Credit Risk
25	Regulatory audit of MADA
26	Themed Audit of Corporate Credit Operations
27	Audit of Global Corporates & Institutional Banking (GC & IB)
28	Cyber Security Maturity Annual Assessment Review

For 2023, as part of Internal Audit's mandatory learning, the Bank will provide staff with ESG-related training. The mandatory training will deepen awareness on ESG-related matters with the Bank. It will also improve the Bank's ability to more rigorously monitor and assess ESG-related initiatives.

For more information about the Bank's risk management, regulatory compliance, and internal audit, refer to the SAB Annual Report at <https://www.sab.com/en/about-sab/about/Investor-Relations/financial-regulatory-reports>.



Annexure: SASB Reference Table

In 2023, SAB is using the Sustainability Accounting Standards Board (SASB) reporting framework for the first time. Below is the reference table for the Commercial Banks Sustainability Accounting Standard, with links to disclosures in this report and elsewhere.

Sustainability disclosure topics and accounting metrics

Topic	Accounting metric	Category	Unit of measure	Link
Data Security	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), and (3) number of account holders affected	Quantitative	Number, Percentage (%)	SAB experienced no cyber breaches in the last 3 years.
	Description of approach to identifying and addressing data security risks	Discussion and analysis	n/a	Page 83
Financial Inclusion and Capacity Building	(1) Number and (2) amount of loans outstanding qualified to programmes designed to promote small business and community development	Quantitative	Number, reporting currency	Pages 56-57
	(1) Number and (2) amount of past due and non-accrual loans qualified to programmes designed to promote small business and community development	Quantitative	Number, reporting currency	Pages 56-57
	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	Pages 78-79
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	Commercial and industrial credit exposure, by industry	Quantitative	Reporting currency	Pages 52- 54
	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	Discussion and analysis	n/a	Page 105
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations	Quantitative	Reporting currency	Annual Report: Penalties
	Description of whistleblower policies and procedures	Discussion and analysis	n/a	Page 112

Systemic Risk Management	Global Systemically Important Bank (G-SIB) score, by category	Quantitative	Basis points (bps)	SAB is not classified as a 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	Annual Report

Activity metrics

Activity metric	Category	Unit of measure	Link
(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	Quantitative	Number, reporting currency	Annual Report
(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	Quantitative	Number, reporting currency	Annual Report



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