

ESG in Focus

Environmental, Social, and
Governance Focus at SAB

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Environmental, Social, and Governance Focus at SAB

Sustainability continues to be a priority agenda for SAB, where the Bank has made significant progress over the past three years since the announcement of the ESG Strategy in 2022. As our journey continues, in 2024 we focused on initiatives that promote environmental stewardship, social responsibility, and strong governance across the Bank. This section covers key ESG highlights for the year ending in December 2024.

To help provide our stakeholders with increased transparency and further details on our ESG initiatives and performance, we will be releasing a detailed ESG Report over the coming months. With this report we intend to provide comprehensive insights into our sustainability efforts, achievements, and outlook.

A cornerstone of our ESG approach is robust stakeholder engagement. Throughout the year, we have actively sought input from our diverse stakeholder groups, including customers, employees, investors, and community members. This engagement has been instrumental in shaping our ESG priorities and ensuring that our initiatives align with the expectations and needs of those we serve. For further information on Stakeholder Engagement, please refer to the (Stakeholder Engagement section in the Annual Report).

We continue to reflect on our reporting practices to better understand how we can improve transparency and enhance disclosures for sustainability-related information. In 2024, we refreshed our materiality assessment to

reassess the most pressing issues facing our stakeholders and the broader community and compared it against the initial assessment conducted in 2022. This assessment involved extensive consultations and surveys, allowing us to identify key areas of focus that are critical to our sustainability efforts. The insights gained from this process have informed our strategic priorities and will guide our actions moving forward.

Standards and frameworks

We are committed to providing comprehensive information on our ESG approach, in line with key national and global standards and frameworks for sustainability and climate-related disclosures. For our 2024 ESG Report, we aim to continue adhering to international standards including the Sustainability Accounting Standards Board (SASB), International Sustainability Standards Board (ISSB), and the United Nations Principles for Responsible Banking (UN PRB). By following these rigorous frameworks, we ensure transparency and accountability in our sustainability initiatives.

International frameworks and standards

UN Global Compact	A voluntary initiative that promotes sustainable and socially responsible practices among businesses and organisations by aligning their operations with 10 universally accepted principles related to human rights, labour, environment, and anti-corruption.
UN Sustainable Development Goals	A set of 17 interlinked global goals established by the United Nations to tackle social, economic, and environmental issues and foster sustainable development by 2030.
UN Principles for Responsible Banking	A United Nations framework that helps banks incorporate sustainability into their operations and decision-making, aligning banking practices with sustainable development goals.
IFRS S1 and S2	International standards for sustainability- and climate-related reporting published by the International Sustainability Standards Board (ISSB).
SASB	Industry-specific guidance for sustainability-related disclosures.

Improving climate risk management

Identifying ESG risks is essential for understanding the potential impacts on our operations and the broader financial landscape. We have conducted a thorough assessment to uncover a range of climate and sustainability related risks that could affect our business. Primary thematic risks identified include:

Greenwashing risk: This encompasses challenges such as inadequate communication of progress towards net zero goals and the failure to appropriately market ‘green’ products.

Net zero alignment risk: This pertains to the risk of not meeting our net zero ambitions or external expectations due to poor execution by the Bank or its stakeholders.

Climate risk: This is now considered a cross-cutting risk for the Bank and has been integrated into our Three Lines of Defence model. The climate risk management strategy is supported by clear roles, responsibilities, and processes. The Risk Management Policy Statement specifies the Bank’s approach to climate and sustainability risks with detailed key parameters.

Working towards net zero

SAB is fully committed to achieving operational net zero emissions by 2035. To address our operational emissions, we are actively implementing initiatives to improve our resource consumption through better resource management and by converting our branches to solar energy where possible. As for our financed chain (Scope 3), we are committed to achieving net zero by 2060 or sooner. To do so, we have completed the assessment of our financed emissions for four hard-to abate sectors, and plan to continue the effort for the remaining sectors during the course of 2025. Simultaneously, we continue to assess market dynamics and actively deploy capital to support our clients through a comprehensive set of sustainable finance products.

Sustainable finance

The Bank is firmly committed to sustainable finance, recognising it as a significant opportunity to align with national objectives under Vision 2030. The Kingdom’s ambitious plans to diversify its economy and reduce reliance on hydrocarbons creates a fertile ground for sustainable investments, particularly in renewable energy. As part of this commitment, SAB aims to play a pivotal role in financing projects that contribute to environmental sustainability and social development, thereby supporting the Kingdom’s transition to a greener economy.

Oversight and risk management of sustainable finance activity

Effective oversight and risk management are integral to SAB’s approach towards capital deployment through sustainable finance and investments. We have embedded climate and reputational risk into our overall risk management framework, ensuring that these factors are considered in lending decisions. This integration allows us to identify potential risks associated with sustainability and make informed choices that align with our long-term objectives.

SAB employs enhanced due diligence processes, particularly for high-risk sectors identified in our Risk Management Policy, a summary of which can be accessed through our website. This rigorous approach ensures that we thoroughly assess the sustainability credentials of projects, mitigating risks and promoting responsible lending practices. Our Sustainable Finance Data Dictionary and sustainable debt framework provide clear guidelines for evaluating and categorising sustainable projects, ensuring transparency and consistency in our financing activities.

Sustainable finance products

SAB offers a range of sustainable finance products designed to meet the growing demand for responsible banking options. These include green loans, social loans, sustainability-linked loans, and green trade finance. Each product is tailored to support projects that contribute positively to environmental and social outcomes, reinforcing our commitment to sustainable development. More details about our sustainable finance products can be found in our [Sustainable Finance Data Dictionary](#).

Our sustainable finance initiatives are underpinned by a robust [sustainable debt framework](#) that aligns with international best practices, ensuring that our financing activities are both impactful and compliant with any forthcoming regulatory requirements. By providing innovative financial solutions, SAB empowers clients to transition towards sustainable practices while enhancing the resilience of our portfolio.

Environmental, Social, and Governance Focus at SAB (continued)

Financed projects

Sustainable finance and investments (ﷲ mln)		
As defined by the Sustainable Finance Data Dictionary		
Category	Dec'2024	Dec'2023
Sustainable finance limits approved by CIB Sustainable Finance Forum (CSFF)	16,601	10,988
Green deposits	1,169	648
Investments in green, social, sustainability, and sustainability-linked bonds/sukuk	998	998
Total sustainable finance	18,768 ^A	12,634 ^B
On balance sheet financing		
ﷲ mln	Dec'2024	Dec'2023
Assets	9,834	4,893
Sustainable finance loans and advances	8,837	3,895
Green, social, sustainability, and sustainability-linked bonds/sukuks	998	998
Liabilities	1,169	648
Green deposits	1,169	648

Environment

Emissions management

SAB recognises the significance of managing both operational and financed emissions as part of our commitment to sustainability. Operational emissions stem from our direct activities, while financed emissions arise from the projects and businesses we support through our lending portfolio. In 2024, we made substantial progress in measuring and managing these emissions, with a focus on achieving net zero operations by 2035 and net zero financed emissions by 2060 or sooner.

To facilitate this, we have developed sector-specific decarbonisation pathways for four sectors that align with the International Energy Agency (IEA) scenarios, tailored to the unique challenges and opportunities within the Kingdom. These pathways provide a roadmap for reducing emissions in high-impact sectors, ensuring that our financing activities contribute positively to the environment.

In our pursuit of sustainability, we actively engaged in the voluntary carbon market, purchasing carbon credits equivalent to 115,500 metric tonnes of CO². This strategic investment not only offsets our emissions but also demonstrates our commitment to supporting global carbon reduction efforts, as we believe that the carbon credit market is a critical channel to divert funding to environmental projects in the global south.

We are also investing in renewable energy solutions, including the installation of solar panels across our branches. This initiative not only reduces our reliance on fossil fuels but also contributes to the Kingdom's goal of achieving 50% renewable energy by 2030.

SAB is also transitioning its fleet to electric vehicles (EVs) as part of our broader strategy to reduce operational emissions. This transition is supported by the establishment of charging infrastructure at our facilities, aiding the shift towards cleaner transportation options.

Energy

We are committed to promoting green building practices, with five of our branches achieving LEED certification, which signifies adherence to stringent energy efficiency and sustainability standards. We believe in empowering employees with knowledge about sustainable practices. This year, we organised awareness campaigns on the benefits of solar photovoltaic (PV) systems for residential use, encouraging staff to consider renewable energy solutions in their homes. This initiative not only promotes sustainability, but also fosters a sense of responsibility towards the environment.

Water and waste management

SAB is equally dedicated to responsible water management, recognising the critical importance of water conservation, especially in arid regions. SAB is also a signatory to Net Positive Water Impact (NPWI), a United

Nations initiative that aims to ensure sustainable use of water resources across our operations. This initiative aligns with our sustainability goals and supports the Kingdom's Vision 2030 objectives.

In addition to our focus on water conservation, we actively utilise recycled stationery and paper in our operations. In

2024, we installed recycling machines at our headquarters and branches to promote waste segregation and recycling efforts. This initiative not only reduces landfill waste but also encourages a culture of sustainability among employees.

Social

Our people

At SAB, our workforce is the cornerstone of our success, and we prioritise their development and well-being as a strategic imperative. Recognising the critical role our employees play in achieving our goals, we are committed to fostering an inclusive, supportive, and dynamic work environment that nurtures talent and drives innovation.

A key focus of our workforce strategy is Saudisation, aligning with the Kingdom's Vision 2030 to enhance local employment. We are proud to report that nearly 93% of our workforce consists of Saudi nationals, supported by targeted recruitment and professional development programmes. Our Sustainability Graduate Programme is a testament to this commitment, offering fresh graduates essential training and career opportunities in the banking sector.

SAB places a strong emphasis on learning and development, providing a robust training platform accessible to all employees. We partner with prestigious institutions to deliver specialised training sessions, ensuring our team is equipped with the latest skills and knowledge. Our training programmes include leadership and management workshops, cross-selling workshops, and the SAB Mentoring Programme, fostering personal and professional growth.

Employee health and well-being are paramount, reflected in our comprehensive Health and Safety Policy and the 'Be Well' initiative. This programme promotes physical and financial wellness through partnerships with organisations like the Sports for All Federation. Throughout the year, we organise various events across branches, such as International Yoga Day and World Heart Day, to support employee well-being.

Diversity and inclusion are integral to our values, underscored by our signing of the UN Women's Empowerment Principles. Our 'Balance' and 'Stronger Together' programmes empower female employees by providing resources, support, and opportunities for advancement. We offer competitive benefits to support our employees' personal and professional lives, alongside a robust grievance mechanism to address concerns and ensure a positive workplace culture.

Our workforce highlights

4,062
Full-time employees

93%
Saudi nationals among the workforce

12.9
Hours of training per employee

18
NPS score

26%
Women in workforce

Environmental, Social, and Governance Focus at SAB (continued)

Workforce analysis by gender	2024		2023		2022	
	Male	Female	Male	Female	Male	Female
Board	10 ^A	1 ^A	10 ^A	1 ^A	10	1
Executive Management	11	4	10	5	10	5
Senior Management	146	19	146	19	135	19
Middle and junior Management	2,700	999	2,741	945	2,730	810
Total full-time employees	2,857 ^A	1,022 ^A	2,897 ^A	969 ^A	2,875	834
Total full-time employees (%)	74%	26%	75%	25%	77%	23%
Third Party Contractors	457	245	454	224	397	161

Through these initiatives, SAB demonstrates its unwavering commitment to its workforce, fostering an environment where employees can thrive and contribute to the Bank’s success.

Our customers

Our customers are at the heart of everything we do. We are dedicated to understanding their needs and preferences, ensuring we provide innovative solutions that enhance their financial well-being. Our customer-centric approach drives us to continuously improve our services and foster strong relationships.

Delivering exceptional customer experiences and maintaining high satisfaction levels are a top priority at SAB. In 2024, we achieved top score and rank for

relationship metrics which is a testimony to our commitment. We also hold ISO 10004 certification, demonstrating our systematic approach to monitoring customer satisfaction. Our robust complaint mechanism empowers customers to voice their concerns, ensuring timely resolutions and maintaining trust. For further details, please refer to the (Customer Experience section in the Annual Report).

Our 2024 awards and recognitions

- Best Measurement in Customer Experience
 - Best Banking Customer Experience
 - Bronze award for ‘Best Measurement in Customer Experience’ at the second edition of Saudi CXA25
- Best Use of Customer Experience in Banking
 - Gold award for ‘Best Use of Customer Insight and Feedback’
 - Best Measurement in Customer Experience in Banking from Customer Centricity Summit and Awards

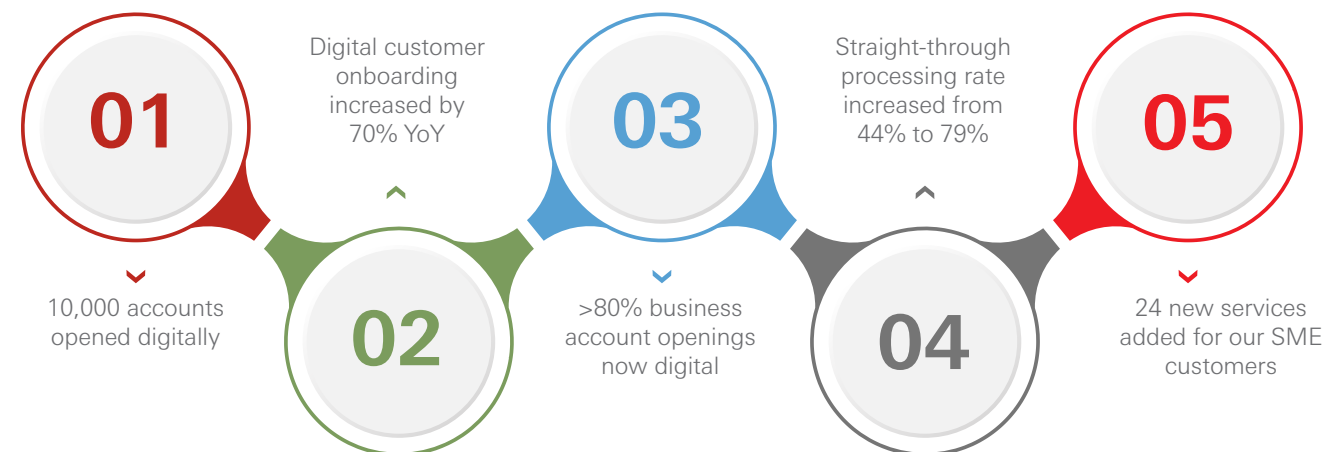
Relationship metrics		
Division	Customer Recommendation Index (CRI) ¹	Brand Health Index (BHI) ²
WPB	97.2 (Rank 1)	79.6 (Rank 1)
CIB	93.3 (Rank 1)	70.4 (Rank 1)

1 The CRI is calculated on the likelihood to recommend each bank among the competition set.
2 The BHI considers several factors such as brand awareness and customer loyalty.



Environmental, Social, and Governance Focus at SAB (continued)

Digitalisation highlights



Communities we serve

We recognise our responsibility to the communities we serve and strive to make a positive impact through various initiatives. Our commitment to social responsibility is reflected in our focus on financial literacy and community engagement, ensuring that we contribute to the economic growth and well-being of our society.

We have partnered with Riyali Foundation to promote financial literacy, educating thousands of students and empowering them with essential financial skills. Our support for Micro, Small, and Medium Enterprises (MSMEs) is evident, with a customer base that has grown by nearly 40% over the last three years. Through our Taqadam programme, we provide mentorship and funding to aspiring entrepreneurs, fostering innovation and economic development. Our dedication to local content is recognised with a Local Content Certificate, highlighting our efforts to support the national economy. By investing in our communities, SAB not only enhances its reputation but also contributes to a brighter future for everyone involved, supporting Saudi Arabia's Vision 2030.

Environmental Philanthropy

We actively participate in initiatives that promote sustainability and community well-being. The Bank has collaborated with local organisations to support the Saudi Green Initiative, which aims to enhance the Kingdom's environmental sustainability through ambitious goals, including increasing vegetation cover and reducing carbon emissions.

In 2024, SAB established the Prince Faisal bin Mashaal Centre for Native Plant Conservation and Propagation in Al-Qassim region, focusing on preserving Saudi Arabia's native flora. This centre is part of a broader commitment to biodiversity and aims to implement science-based initiatives for afforestation and desertification efforts.

Additionally, SAB has committed to planting one million trees by 2030, in partnership with the Murooj Foundation. This initiative includes the plantation of mangrove trees, which are vital for carbon sequestration and coastal protection.

The Bank has also partnered with Goumbook, a regenerative agriculture focused accelerator that aims to bridge the knowledge gap between industry and academia by cultivating a programme that supports young researchers in their efforts to develop a market ready solution.

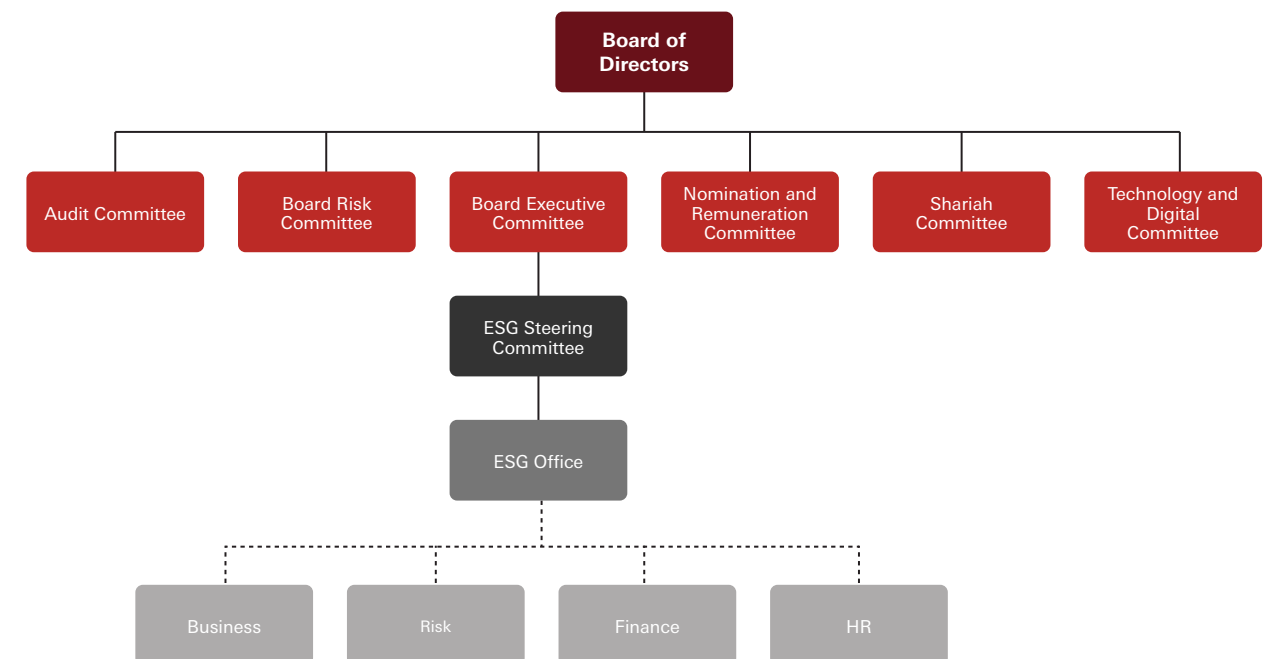
Through these efforts, SAB reinforces its commitment to creating a positive environmental impact and supporting the Kingdom's sustainability goals. By investing in these initiatives, the Bank aims to inspire communities to engage in conservation efforts, demonstrating that collective action can lead to significant environmental change.

Governance

The ESG governance structure at SAB is meticulously designed to ensure robust oversight and strategic direction in alignment with international best practices and local regulatory requirements. At the core of this structure is the Board of Directors, which plays a pivotal role in steering the organisation towards its strategic objectives while driving the sustainability agenda. The Board is composed of a diverse group of individuals with extensive experience across various sectors, tasked with overseeing

the Bank's operations, safeguarding stakeholder interests, and fostering a culture of accountability and ethical conduct.

The Board is supported by several key committees, each with distinct responsibilities to ensure comprehensive governance of ESG initiatives. For detailed information on the role of Board Committees, please refer to the (Governance section in the Annual Report).



- > The Board Risk Committee (BRC) is responsible for the risk management at SAB. In 2024, there was considered interest in the Bank's understanding and exposure to climate risk. This included a review of existing practices and also encouraged an overview of SAB's potential exposure to climate risk whilst stressing the need to build the knowledge infrastructure to better understand potential implications.
- > The Board Executive Committee (EXCOM) provides oversight to the Bank's operations and the implementation of SAB's ESG Strategy and the ensuing implementation framework. The EXCOM works closely with the ESG Steering Committee to ensure that SAB's ESG objectives are met. The ESG Steering Committee, that reports to the Board Executive Committee, focuses on ESG initiatives and executes its mandate through the ESG office.
- > The Audit Committee plays a vital role in ensuring the integrity and transparency of SAB's financial reporting and compliance. During the course of 2024, the

Committee focused on the consequences of IFRS S1 and S2 becoming part of the financial disclosure landscape.

In 2024, an assessment to ascertain efficacy of Management Committees was conducted while a refresh of the Delegation of Authority Policy was also completed. An internal audit of the ESG office was also initiated to assess suitability of the ESG Strategy and the effectiveness of the implementation framework. SAB's governance framework is designed to promote ethical behaviour and compliance, reinforcing the Bank's dedication to responsible banking practices. This structure not only mitigates risks but also enhances the Bank's reputation and operational resilience in a competitive market. By embedding ESG considerations into strategic decision-making processes, SAB aims to enhance its ESG performance, manage risks, and capitalise on opportunities that arise from sustainability.

Environmental, Social, and Governance Focus at SAB (continued)

Ethics and integrity

Ethics and integrity are central to our operations, supporting its commitment to responsible banking and sustainable development. The Bank enforces ethical conduct through policies that promote transparency and accountability. Our robust [Code of Conduct](#) outlines expected ethical standards, guiding decision-making and behaviour to align with the Bank's values. Complementary policies on anti-corruption, anti-money laundering, and conflict of interest provide detailed guidance for maintaining ethical standards.

SAB ensures compliance through rigorous employee training programmes focused on ethical conduct and regulatory compliance. These programmes equip

employees with the skills to navigate ethical dilemmas and uphold the Bank's integrity. The Bank adheres to national and international regulations, including the United Nations Global Compact (UNGC) principles, monitored through regular audits.

A [Whistleblowing Policy](#) encourages reporting of unethical behaviour, providing a confidential channel for concerns, ensuring prompt and effective resolution. By maintaining high levels of corporate governance, ethics, and integrity, SAB fosters trust and accountability, reinforcing its leadership in responsible banking and sustainable development.

For more details on our policies, please visit [our ESG microsite](#).

Professional Code of Conduct for Employees

Code of Conduct for Board and Board Committee members

SAB Human Rights Statement

Anti-Bribery and Corruption Policy

Anti-Money Laundering Policy

Whistleblowing Policy

Cybersecurity and data privacy

At SAB, cybersecurity and data privacy are paramount, forming the backbone of our risk management strategy and essential for maintaining stakeholder trust. In an era of increasing cyber threats and data breaches, SAB prioritises these areas to safeguard its operations and protect sensitive customer information. Oversight is provided by Senior Management and the Board, ensuring that initiatives align with organisational goals and comply

with national regulations such as the SAMA Cybersecurity framework, the National Cybersecurity Authority (NCA) guidelines, and the Kingdom's Personal Data Protection Law (PDPL).

For detailed information on the Bank's initiatives on cybersecurity, please refer to the (Cybersecurity section in the Annual Report).



Environmental, Social, and Governance Focus at SAB (continued)

Data privacy at SAB is governed by strict policies on data collection, processing, and storage, with preventative measures such as data encryption, access controls, and regular audits to identify vulnerabilities. Periodic access recertification exercises prevent unauthorised access, ensuring data access is strictly on a need-to-know basis. SAB also monitors external channels for potential data

breaches and employs advanced identification software for secure data transmission. Responsive measures include a comprehensive incident response plan for data breaches, ensuring quick containment and resolution. The Data Privacy Notice outlines customer rights, promoting transparency and accountability, reinforcing SAB’s commitment to a secure banking environment.

Data breaches, incidents, and concerns	2024	2023	2022
Breaches requiring reporting to regulatory bodies	0	0	0
Instances requiring reporting to data subjects of personal breaches	0	0	0
Concerns raised by regulators on data privacy	0	0	0

SAB remains steadfast in our commitment to integrate sustainability in every facet of our operations. Over the past year we have made significant strides in aligning our initiatives with the ambition of Vision 2030 and the Kingdom’s broader sustainability goals. Our efforts have focused on fostering sustainable economic growth, promoting financial inclusion, reducing our environmental footprint, and upholding the highest standards of corporate governance. We are proud of the progress we have achieved, but we recognise that the journey towards sustainability is ongoing and requires continuous innovation, collaboration, and dedication.

Looking ahead, we are committed to deepening our sustainability impact through identifying opportunities, mitigating risks, and cultivating a collaborative environment for all stakeholders. By leveraging our expertise, resources, and partnerships, we aim to play a pivotal role in driving sustainable development in the Kingdom, ensuring long-term value for our stakeholders whilst contributing to a more resilient and inclusive future.

