

Sustainability Policy

SBE PL-001

Version 1


3 April 2023



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1. Background

Alinma Bank is one of the largest financial institutions in the Kingdom of Saudi Arabia (KSA or “Saudi”). This strong financial foundation allows Alinma Bank to deliver sustainable growth, to meet the financial needs of its customers, to develop and empower its employees and to generate strong returns for its shareholders. The Bank is a key player in the Saudi market, with a record of accomplishment of strong financial performance and of delivering value to all stakeholders.

As an Islamic bank, the values of integrity, ethics, responsibility, and altruism are intertwined with Alinma Bank’s corporate culture. These values serve as the cornerstone for the Bank’s principles, actions, and convictions. Given this, Alinma Bank welcomes the growing emphasis on sustainability (also referred to as Environmental, Social and Governance (ESG)) factors in determining bank valuation and integrating it into our investment and lending decision-making.


2. Purpose

The Alinma Bank (“we”, “our”) Sustainability Policy defines our ambitions and approach to incorporate sustainability/ESG across our activities and operations. It describes the general guiding principles and philosophy that support Alinma Bank to leverage the overlap between sustainability/ESG and Shariah principles to inform lending and investment decisions and support our engagement with companies and clients.

Alinma Bank seeks to align with, learn from, and support global and national initiatives and policies that boost our sustainability capabilities and confidence through this Policy.

3. Scope

Alinma Bank has developed this Policy to solidify and institutionalize its commitment to accelerating sustainable finance, fostering environmental stewardship and enabling a circular carbon economy, empowering our customers, building a thriving workforce, strengthening our communities, contributing to greater financial inclusion, and implementing robust governance and responsible operations. These focus areas

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collectively contribute to achieving a positive impact on the Saudi economy and the Saudi Vision 2030.


In line with our sustainability strategy and roadmap, we aim to:

Short term	Medium term	Long term
Send a clear message on intention to lead in both sustainability management and sustainable finance	Implement commitments to national and international initiatives	Benefit financially from recognized sustainability/ESG leadership
Integrate ESG into financing analysis	Accelerate sustainability-oriented products, particular in high-growth, high sustainability sectors	
Launch sustainability-oriented products	Demonstrate performance gains	
Strengthen sustainability governance foundations	Scale up successful efforts	Capture broader impact
Set up actions for key gaps or opportunities		

Adherence to the policy is ensured through regular training of employees and engagement with shareholders, customers, suppliers, bank staff and regulators.

3.1 Impact and contribution to KSA

Our sustainability strategy and roadmap has been built to align with the Alinma Bank strategy 2025. Both aim to contribute to realization of the Saudi Vision 2030.

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Saudi Vision 2030: The financial sector serves as a key enabler of the Saudi Vision 2030. Accordingly, Alinma Bank aims to grow all of our customer segments focusing on affluent, youth, women, and private sector.


Areas Alinma Bank is contributing	
Ambitious Nation	<ul style="list-style-type: none"> ▪ Increase household savings from 6% to 10% of total household income ▪ Promote home ownership from 47-70%
Thriving Economy	<ul style="list-style-type: none"> ▪ Increase SME contribution to GDP from 20% to 35% ▪ Increase private sector contribution to GDP from 40% to 65% ▪ Increase women's participation in the workforce from 22% to 30% ▪ Lower rate of unemployment from 11.6% to 7%

Going forward, the Bank will continue to champion Vision 2030 through its own efforts to be the most digitally advanced, fastest, most innovative Shariah-compliant bank in KSA.

4. Policy

Alinma Bank's Sustainability Policy – has been developed around our sustainability strategy. It reflects our sustainability/ESG priorities that can impact our business operations as a Bank. Our efforts and commitments towards sustainability are not only an opportunity to drive business value but also support the ambitions of national and international goals embedded in the Saudi Vision 2030 and the UN Sustainable Development Goals (SDGs) respectively.

The items listed in this Sustainability Policy correspond to the pillars of Alinma Bank's Sustainability Framework, which are aligned with our corporate mission and values. It is also aligned with sustainability/ESG investor priorities, and other stakeholders including employees, customers, suppliers, and regulators.

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4.1 Accelerating sustainable Finance

4.1.1 Overview

We are committed to integrating sustainability/ESG into financing considerations.

4.1.2 Key Objectives

- Improving sustainability/ESG integration into lending and investment decision-making
- Aligning sustainability/ESG lending and investment practices with international guidelines and best practice
- Integrating sustainability/ESG considerations into commercial and retail product offerings
- Prioritizing lending in high growth, high positive impact sectors
- Establishing a sustainable finance framework to create options to reduce cost of capital


4.2 Fostering environmental stewardship and enabling a circular carbon economy

4.2.1 Overview

We support KSA's journey to transition to a circular carbon economy which will serve as a mechanism to accelerate the achievement of environmental stewardship together with economic security.

4.2.2 Key Objectives

- Align to national's commitment to be net zero carbon emissions by 2050
- Enable a circular carbon economy
- Reduce other environmental impacts

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4.3 Empowering our Customers

4.3.1 Overview

We aim to be recognized and celebrated as the fastest and most convenient bank in KSA and be the number one in Net Promoter Score (NPS) across the KSA banks.

4.3.2 Key Objectives

- Achieve differentiation in customer acquisition, preference, loyalty and referrals through sustainability focus and products offerings
- Maximize customer happiness with attentive service
- Harness digital transformation to enhance customer experience (digitalization)
- Support SMEs

4.4 Building a thriving workplace


4.4.1 Overview

Our people are the most important resources available to the Bank to ensure business continuity and the provision of exceptional products, services, and offerings. We aim to continue providing a thriving workplace.

4.4.2 Key Objectives

- Reinforce desired cultural change and employee empowerment
- Develop ESG capacity building and employee capability
- Reinforce female empowerment
- Invest in Saudi's national workforce / nationalization



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4.5 Strengthening our communities and contributing to greater financial inclusion

4.5.1 Overview

Our CSR programs reflects the role we play in the communities in which we operate and enhances the engagement and professionalism of employees. As the Bank is an integral part of Saudi society, we place a great deal of emphasis towards the communities we serve.

4.5.2 Key Objectives

- Improve financial inclusion and access to financial services, primarily through CSR strategy and programs
- Support local suppliers

4.6 Robust governance and responsible operations


4.6.1 Overview

We adopt stringent standards of corporate governance, business ethics and compliance, in line with our regulator - The Saudi Central Bank (SAMA). We promote openness, transparency, and integrity. Our Corporate Governance framework acts as essential supporting structure of rules and practices that support the Bank to operate without compromise.

4.6.2 Strategy Objectives

- Encourage good governance practices, integrity, and transparency
- Be in the top quartile of for sustainability strategy and performance in the private sector in KSA
- Protect user's privacy, as well as data security and usability



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5. Reporting

Alinma Bank considers it crucial to have both a Sustainability Policy in place and to report on the activities covered by this Policy. When it comes to our progress toward our top ESG concerns and initiatives, Alinma Bank wishes to be transparent with the key stakeholders and with the wider society.

Therefore, Alinma Bank is committed to publicly disclosing our progress against our priority ESG issues to all stakeholders. The Investor Relations team will be responsible for appropriate and adequate ESG and sustainability reporting in a standalone ESG/sustainability report.

Alinma Bank leverages industry-leading international standards frameworks like Sustainability Accounting Standards Board (SASB) and Global Reporting Initiative (GRI) to direct its reporting and track the state of sustainability reporting.

6. Policy Implementation

6.1 Overview


This Policy applies across all of Alinma Bank including its operations and activities. The Policy shall be periodically reviewed and updated accordingly.

6.2 Roles and Responsibilities

6.2.1 Governance and Sustainability Committee (Board committee)

The Governance and Sustainability Committee has the responsibility to provide recommendations to BoD about Sustainability Policy and Strategy (as needed). The members' mandate also extends to:

- Ensuring the execution of Sustainability strategy
- Approving the recommended ESG/sustainability budget, goals, targets, initiatives, programs, and related plans (e.g.: short-term and long-term) proposed by the Sustainability Committee

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- Provide recommendations to BoD about annual sustainability report and related public disclosures submitted by the Investor Relations team
- Guiding and supporting the Sustainability Committee in the ESG/ sustainability matters

6.2.2 Sustainability Committee (Management committee)

The Sustainability Committee ensures that all mechanisms necessary to implement decisions made by the members of Governance and Sustainability Committee have been put in place. The role of the Sustainability Committee shall include but not limited to the following:


- Monitor and control the execution of sustainability strategy
- Reviewing and recommend ESG/sustainability budget, goals, targets, initiatives, programs, and related plans (e.g.: short-term and long-term) to the Governance and Sustainability Committee
- Provide recommendations to Governance and Sustainability Committee about annual sustainability report and related public disclosures submitted by the Investor Relations team
- Reviewing Sustainability strategy and policy enhancements recommended by Sustainability Department

6.2.3 Sustainability Department

The Sustainability Department will be responsible for implementation and progress of the approved sustainable activities and whatever is needed to achieve the Sustainability strategy objectives and targets. The role of the Sustainability Department shall include but not limited to the following:

- Execution of Sustainability strategy
- Proposing ESG/sustainability budget, goals, targets, initiatives, programs, and related plans (e.g.: short-term and long-term) to the Sustainability Committee



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- Updating Alinma Bank’s Sustainability Policy and Strategy whenever is needed
- Reporting on the Payments made regarding ESG/sustainability matters to the Sustainability Committee
- Establishing awareness programs to Alinma Bank’s employees to familiarize them with the Bank’s Sustainability approach

6.3 Training and Communication


All employees will receive induction training on this Policy. The Policy will be always readily accessible via the Alinma Bank’s website. More thorough training will be provided, along with frequent refresher training and knowledge tests.

The frequency of targeted extra training for an individual employee or group of employees will increase as needed.

Alinma Bank will work to increase the level of ESG learning and awareness for the board, executive management, and staff levels.

7. Keywords and Abbreviation

Abbreviation	Description
Alinma Bank, “we,” “our,” the “Bank”	Alinma Bank
ESG	Environmental, Social, Governance
BoD	Board of Directors

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8. Review, Update & Maintenance


- The amended version of the policy requires approval by the Board of Directors upon Governance and Sustainability Committee's recommendations.
- This Sustainability Policy document will be reviewed annually to cater for any changes in Alinma strategy 2025. Any changes to the Sustainability Strategy and the ESG implementation plan, if necessary; will be proposed by the Sustainability Committee; followed by recommendations by the Governance and Sustainability Committee for BoD's approval.



● Version 1.0.0 ⓘ

2023-06-12 14:56:50 ● Approved version 1.0.0 **HIDE CYCLE**

Action	User	Date	Comment
Approval Completed		2023-06-12 14:56:50	
Approved	Meshal Hamad Alrabiah	2023-06-12 14:56:50	
Approved	Adel Abalkhail	2023-06-05 08:54:47	
Approved	Yaser AbdulAziz AlMarshde	2023-06-01 13:13:33	
Approved	Fahad Sulaiman AlEtaiwi	2023-06-01 13:02:28	
Approved	Meshary AbdulAziz AlJubair	2023-05-30 09:04:50	APPROVED
Approved	Mansour Nasser Al Rashaid	2023-05-30 07:00:33	No Comments
Approved	Khalid Abdullah AlOthman	2023-05-29 12:46:14	
Approved	Homood AbdulAziz AlHomidan	2023-05-29 12:36:25	
Nominated	Hissah Otayf	2023-05-29 12:29:52	Dear Sir, Greeting, Kindly approve the final v Regards, Corporate Governance ar

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9. Approval Matrix

Function	Group\ Division	Date	Signature
Owner	Strategy and Business Excellence		
Reviewer by	Chief Operating Officer		
	Chief Financial Officer		
	Chief Risk Officer		
	Chief Compliance Officer		
	Chief Sharia Officer		

Recommended by Governance & Sustainability Committee Dated February 20, 2023

Approved by Board of Directors Resolution No. 03/86/2023 Dated April 03, 2023



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10. Document Amendment Record

Change No.	Date	Brief Explanation
Version 1.0	3 April 2023	1 st version of the Sustainability Policy that was developed as directed by Governance & Sustainability Committee. Policy was approved by Board of Directors as per Resolution No. 03/86/2023 Dated April 03, 2023

