



# Gulf International Bank

## Sustainability Report 2021



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# 01

## FOUNDATION

# Foundation

## 1.1 Reporting Principles

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards - Core Option. The Reporting Principles, as specified by the GRI, define the quality of disclosures, and are as follows:



This is GIB's first report prepared in accordance with GRI, and it has not been externally assured. GIB intends to seek assurance of quantitative elements in future reports.

## Foundation (continued)

### 1.2

# Message from the Chairman



On behalf of the Board of Directors, it is my privilege to present Gulf International Bank's inaugural Sustainability Report for the year ended 31<sup>st</sup> December 2021.

Covid has reminded us that companies, organisations and governments do not operate in silos. Our actions impact our stakeholders, and our business has consequences beyond the purely financial.

We have produced this Report as part of our efforts to become a more sustainable organisation. We will only achieve this when we understand that the outcome of our business goes beyond the profit and loss account, in that we also affect a wide set of stakeholders and they affect us in turn.

The sustainability journey we have embarked upon is also a growth story. We firmly believe that sustainable companies also perform strongly from a financial perspective. Furthermore, Saudi Arabia has embarked on an ambitious programme, the Saudi Green Initiative, which aims to transform the economy onto a sustainable basis, safeguarding the environment for future generations.

We believe that banks should play a central role in stimulating a more sustainable way of doing business. They are centrally placed, through credit and investment decisions, to influence and fund the transition to a sustainable economy. Banks should also reflect the needs of society, and today's society expects banks to be clear about how their products create value for their stakeholders.

I like to think that GIB is already a good way along this journey and in 2022 I look forward to the establishment of our Sustainability Board Committee, another important milestone. Additionally, our shareholder structure, owned by the six nations of the Gulf Cooperation Council, means we have a clear mandate to manage our business for the benefit of the region and of its people. In that, GIB is unique.

I am proud that GIB is in the vanguard of the Middle East's journey towards a sustainable future.

**Engineer Abdulla bin Mohammed Al Zamil**  
Chairman of the Board

## Foundation (continued)

### 1.2

# Message from the Group Chief Executive Officer

A global trend towards sustainability has been underway for many years, and as governments, companies and communities have emerged from the pandemic, the sustainability agenda has gathered pace. The Saudi Green Initiative, part of its Vision 2030 strategy, is an excellent example of this. Gulf International Bank intends to play its part.

This Sustainability Report is the first time that GIB has reported and disclosed its metrics and progress on our environmental, social and governance achievements and ambitions. It demonstrates how seriously we are taking sustainability, and how we are embedding environmental, social and governance issues across all we do.

As part of our strategy, GIB has started to offer a number of purely sustainable products, and we will look to expand on these further. For example, our Asset Management business launched its Sustainable World Fund, classified as a Sustainable Finance Disclosure Regulation Article 9, the highest standard in terms of sustainability.

We believe it is important to lead by example. As part of our sustainability strategy, we have implemented a number of initiatives that seek to improve GIB's own sustainability profile. For example, GIB issued a Sustainability-Linked Syndicated Loan in October 2021, the first in Bahrain to complete such a facility. The transaction raised US\$ 625 million, having upsized the offer following strong investor demand. In this transaction, we committed to a set of ambitious sustainability targets, and we have been working hard to ensure we achieve these.

In this report we also explain GIB's Sustainability Framework. This includes the roles and responsibilities of the board, board committees and management, the incorporation of sustainability considerations in policies and procedures, the integration of sustainability considerations in executive remuneration and our sustainability culture. It also outlines GIB's approach to stakeholder engagement.

Our sustainability strategy is already delivering real outcomes: for the bank, for its clients, for our stakeholders and ultimately for the region. We look forward to reporting further progress in the years to come.

**Abdulaziz bin Abdulrahman Al-Helaissi**  
Group Chief Executive Officer



## Foundation (continued)

### 1.3

# Introduction and Purpose of this Report

Recent years have seen a fundamental change in the way that companies are judged by their customers, their employees, society and the markets. Through the 1980s, shareholder return was often seen as the sole driver of corporate strategy and behaviour. Those days are gone.

Today, shareholder return has been supplemented with a focus on sustainability, the impact on society, communities and the environment in which an organisation operates. Corporate culture, most evidently

represented by a company's governance, has become a paramount driver of investor and market sentiment.

The inaugural GIB Sustainability Report is not a new departure for GIB. What is new is that we are now pro-actively and formally reporting through the lens of sustainability.

The purpose of this report is to set out our past performance and future targets as we journey towards our goal of becoming a wholly sustainable business in terms of society, environment and the way the Bank is governed and managed.

We have chosen to use the principles set out by the Global Reporting Initiative in this report, setting a deliberately high standard for our sustainability goals.

I hope that you enjoy reading this report and would encourage our readers to give any feedback by contacting [sustainability@gib.com](mailto:sustainability@gib.com).

Grateful for your time and support.

**Jamal Al Kishi**  
CEO, GIB B.S.C.



# 02

## ABOUT GIB

GIB | بنك الخليج الدولي

# About GIB

## 2.1 Organisational Profile

Gulf International Bank B.S.C. (GIB) is a pan-GCC universal bank established in 1975 and regulated by the Central Bank of Bahrain.

GIB provides diverse financial products, services and bespoke banking solutions to a wide client base in the GCC, Europe and North America. This includes corporate, institutional, global transaction and investment banking; treasury and asset management; and meem, the world's first fully digital Shariah-compliant retail bank.

The Group is active across regional and international markets through its subsidiaries GIB Saudi Arabia and GIB (UK) Ltd and its branches in the UAE and the USA.

GIB Saudi Arabia is the first foreign-domiciled bank to establish a local commercial bank in the Kingdom. Headquartered in Al Khobar, the bank has branches in Riyadh and Jeddah with its Riyadh based subsidiary, GIB Capital, delivering the Bank's investment banking activities. Its activities span equity advisory and placements, mergers, acquisitions and privatisations; debt capital market solutions and strategic financial advisory, along with asset management and equities brokerage.

GIB (UK) Ltd is a London and New York-based global asset manager with AUM in excess of US\$ 11 billion\*. As a signatory to the Principles for Responsible Investment, it offers sustainable investment strategies.

GIB is owned by the governments of the Gulf Cooperation Council countries, with Saudi Arabia's Public Investment Fund being the primary shareholder.

\* as of 31/12/21



## About GIB (continued)

“The sustainability journey we have embarked upon is also a growth story. We firmly believe that sustainable companies also perform strongly from a financial perspective.

Engr. Abdulla Al Zamil  
Chairman of the Board

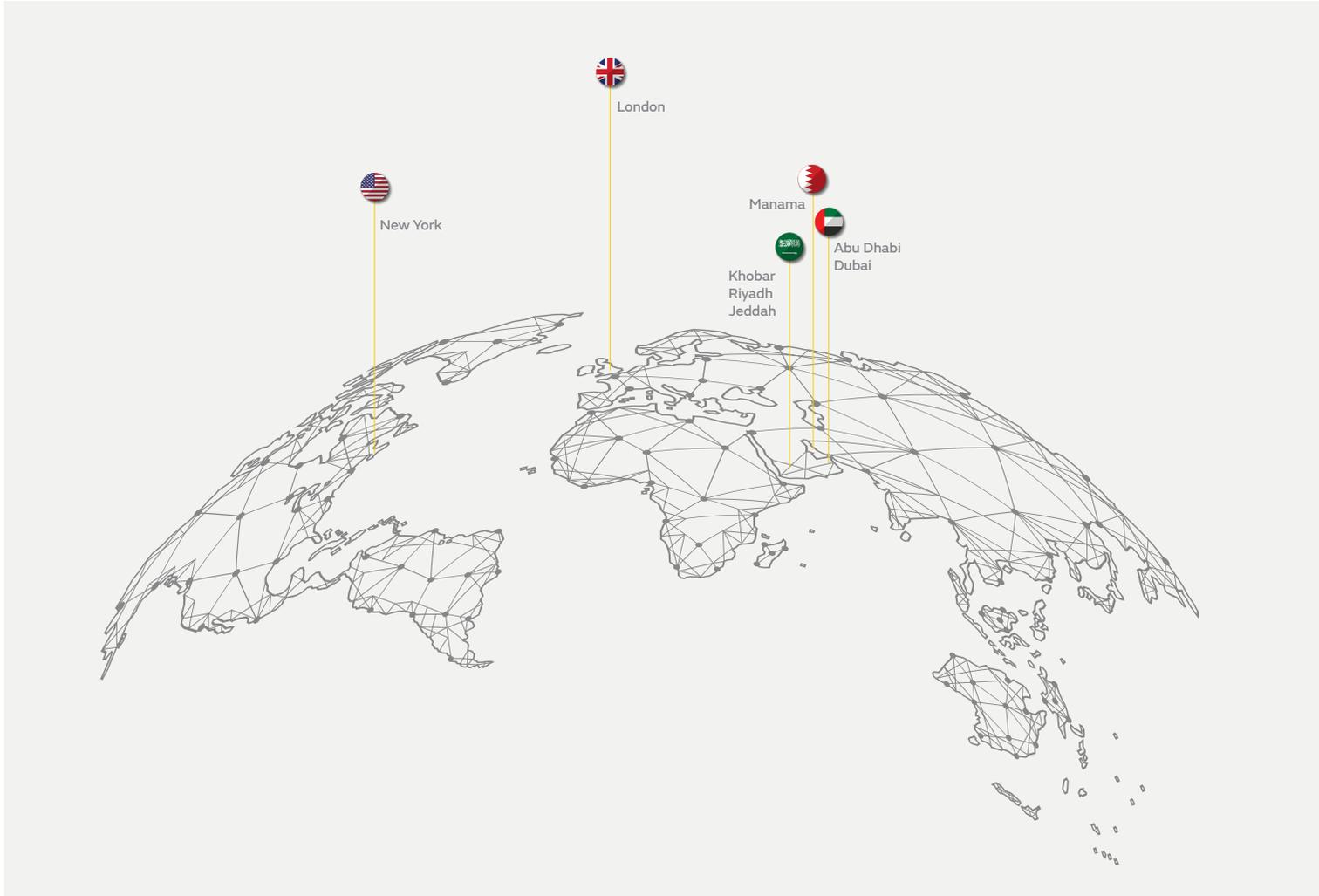
## 2.2 Financial Highlights

|   | 2021     | 2020     | 2019     | 2018     | 2017     |
|---|----------|----------|----------|----------|----------|
| <b>Earnings (US\$ millions)</b>           |          |          |          |          |          |
| Net income after tax                      | 52.7     | (308.0)  | 63.0     | (227.0)  | 70.0     |
| Net interest income                       | 246.1    | 232.8    | 280.4    | 273.7    | 253.1    |
| Fee and commission income                 | 72.5     | 59.0     | 64.7     | 61.2     | 72.6     |
| Operating expenses                        | 296.7    | 276.9    | 285.9    | 265.4    | 240.0    |
| <b>Financial position (US\$ millions)</b> |          |          |          |          |          |
| Total assets                              | 31,797.0 | 29,606.3 | 30,241.7 | 27,546.1 | 25,471.3 |
| Loans                                     | 11,657.5 | 10,489.7 | 9,876.1  | 9,817.8  | 10,043.1 |
| Investment securities                     | 5,968.5  | 4,689.8  | 3,828.4  | 3,897.2  | 3,993.8  |
| Senior term financing                     | 5,100.1  | 4,924.9  | 3,502.4  | 3,338.0  | 3,263.6  |
| Equity                                    | 3,093.0  | 3,012.5  | 3,296.3  | 2,196.2  | 2,410.9  |
| <b>Ratios (per cent)</b>                  |          |          |          |          |          |
| <b>Profitability</b>                      |          |          |          |          |          |
| Return on average equity                  | 1.8      | (11.4)   | 2.8      | (9.9)    | 2.9      |
| Return on average assets                  | 0.1      | (0.8)    | 0.2      | (0.9)    | 0.3      |
| <b>Capital</b>                            |          |          |          |          |          |
| Risk asset ratio (Basel 2)                |          |          |          |          |          |
| - Total                                   | 16.1     | 17.2     | 18.4     | 14.5     | 15.6     |
| - Tier 1                                  | 14.0     | 16.4     | 17.5     | 13.6     | 14.7     |
| Equity as % of total assets               | 9.7      | 10.2     | 10.9     | 8.0      | 9.5      |
| <b>Asset quality</b>                      |          |          |          |          |          |
| Securities as % of total assets           | 19.2     | 16.2     | 13.1     | 14.8     | 16.4     |
| Loans as % of total assets                | 36.7     | 35.4     | 32.7     | 35.6     | 39.4     |
| <b>Liquidity</b>                          |          |          |          |          |          |
| Liquid assets ratio (%)                   | 61.1     | 61.8     | 64.9     | 61.6     | 58.3     |
| Loans to deposits ratio (%) <sup>1</sup>  | 44.7     | 42.8     | 39.9     | 45.3     | 52.2     |
| LCR (%)                                   | 176.3    | 155.2    | 163.8    | 391.0    | N/A      |
| NSFR (%)                                  | 146.2    | 156.0    | 163.5    | 128.0    | N/A      |

<sup>1</sup> Deposits include senior term financing

## About GIB (continued)

### 2.3 Our Global Footprint



#### **GULF INTERNATIONAL BANK B.S.C.**

##### Head Office

Manama, Kingdom of Bahrain

##### Branches

Abu Dhabi

London

New York

##### Representative Offices

Dubai

#### **GULF INTERNATIONAL BANK SAUDI ARABIA**

##### Head Office

Al Khobar

##### Branches

Riyadh

Jeddah

#### **GIB CAPITAL**

Riyadh, Kingdom of Saudi Arabia

#### **GULF INTERNATIONAL BANK (UK) LIMITED**

London

## About GIB (continued)



# US\$ 31,797m

Total Assets for the year 2021

# US\$ 37.9m

Net Profit for the year 2021

Shareholding  
%

**97.226%**  
Kingdom of  
Saudi Arabia

**1.898%**  
Other GCC  
Countries

## 2.4 Organisational Scale

GIB employs over 1,000 people in Bahrain, Saudi Arabia, UAE, London and New York. Its total assets amount to US\$ 31,797 million and its net profit in 2021 was US\$ 37.9 million.



GIB employs over

# 1,000 people globally

## 2.5 Shareholdings and Legal Form

### Shareholding

GIB is owned by the governments of the six nations of the Gulf Co-operation Council, with the ownership proportion being:

|  |         |
|--|---------|
| Public Investment Fund, Kingdom of Saudi Arabia        | 97.226% |
| Kuwait Investment Authority, State of Kuwait           | 0.730%  |
| Qatar Holding Company, State of Qatar                  | 0.730%  |
| Bahrain Mumtalakat Holding Company, Kingdom of Bahrain | 0.438%  |
| Oman Investment Authority, Sultanate of Oman           | 0.438%  |
| Ministry of Finance, United Arab Emirates              | 0.438%  |

## 2.6 Membership of Associations

GIB is a member of a number of associations pertaining to the countries it operates in, such as the Arab Bankers Association, Saudi Banks Media and Awareness Committee (Saudi Banks), the Bahrain Association of Banks (BAB) (of which GIB sits on the Sustainability Committee), the UAE Banks Federation and UK Finance.

GIB is also a member of the World Economic Forum and through that, GIB (UK) Ltd (GIB UK) is a member or signatory of the WEF Humanitarian Investing Initiative and Friends of the Ocean Action.

GIB UK is also a member of, or signatory to, a number of sustainability initiatives, such as the UN Principles for Responsible Banking and Responsible Investment, the Sustainability Accounting Standards Board and the Task Force on Climate-related Financial Disclosures. Furthermore, GIB UK is also a member of the Institutional Investors Group on Climate Change, The Investment Association, and the Valuable 500.

GIB is looking to expand their memberships of associations in 2022.

# 03

## STRATEGY

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GRI 102.14 and 102.15

King Abdulaziz Center for World Culture (Ithra) City: Dhahran, Saudi Arabia

### 3.1 Strategy

# Message from the Group Chief Sustainability Officer

Through the 1980s, shareholder return was often seen as the sole driver of corporate strategy and behaviour. Those days are gone, and recent years have seen a fundamental change in the way that companies are judged by their customers, their employees, society and the markets.

Today, shareholder return has been supplemented with a focus on sustainability, the impact on the environment and society, and the communities in which an organisation operates. Corporate culture, most evidently represented by a company's governance, has become a paramount driver of investor and market sentiment.

The inaugural Gulf International Bank Sustainability Report is not a new departure for GIB. What is new is that we are now proactively and formally reporting through the lens of sustainability. Recent years have seen sustainability and ESG considerations move to the top of the agenda for business and finance around the world. According to a recent report from the Global Sustainable Investment Alliance, sustainable investments now total over a third of all assets in the world's major markets. However, we believe that it is not sufficient to simply incorporate ESG principles into a business; they must be integrated into its strategy, its operations and its stakeholder relations.

There are sound commercial reasons why an integrated sustainable business will succeed:

- Meet investor and client demand: investors and clients are increasingly demanding more sustainable products
- Enhanced risk management: considering sustainability allows banks / businesses to better understand, anticipate and prepare for sustainability-linked risks
- Enhanced financial performance: research shows that banks and financial institutions that adopt sustainability deliver higher risk-adjusted returns compared to peers
- Enhanced reputation: banks that consider sustainability tend to have a better reputation and are more easily able to attract and retain talent

GIB inaugurated its Sustainability Council in April 2020, marking a significant milestone on its journey to becoming a sustainable enterprise. The Council is made up of the most senior management of the bank, and its purpose is to ensure the principles of sustainable business are embedded across the organisation.

To this end, the Board of Directors approved the GIB Sustainability Framework in Q4 2021. Details of this can be found in Section 6. This Framework provides a comprehensive structure to ensure that sustainability is embedded in our approach and all our offerings and marks another milestone on our strategic journey to integrate sustainability within the bank.

None of this can succeed, however, without the right culture being in place. The GIB Sustainability Framework defines and sets out GIB's path to a sustainability culture, including how we aim to build a culture of sustainability among our people, our approach to transparency and disclosure, and the conduct, behaviours and tone that we expect from top to bottom.

One of the most important areas of the sustainable culture we are building is in Risk Management, details of which can be found in Section 5.1. The outcome of this evolution of the bank's risk regime will be enabling a true partnership with clients to drive sustainable outcomes and to set a new benchmark for the business relationships we enjoy.

We are also acutely aware that the need for sustainability is a global imperative, spanning every nation, every business, and indeed every human being on the planet. Against the backdrop of the significant sustainability challenges facing us, we have a long way to go before we can claim to be a fully sustainable business.

This report details the measures and discloses the material progress we have made towards the sustainable world we all want. I hope you enjoy reading it.

**Venetia Bell**  
Group Chief Sustainability Officer



## Strategy (continued)

### 3.2 Strategic Impacts

Good progress has been made with respect to having positive sustainability impacts. The bank measures its Scope 1 and 2 carbon emissions, and has targets to reduce these (see section 6.1).

We plan to measure the following environmental impacts from 2022:

- Energy Use
- Water Use
- Waste Management
- Recycling

The bank has made good progress in the field of female participation in the workplace and continues to pursue ambitious targets in this regard (see section 7.5).

The bank's supplier code of conduct seeks to ensure that its supply chain is similarly managed and driven on sustainable lines (see section 8).



**“At GIB, our vision is to accelerate the transition to a more sustainable economy by enabling businesses with sustainable finance.”**

Abdulaziz Al-Helaissi  
Group Chief Executive Officer

# 04

## ETHICS AND INTEGRITY

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GRI 102.16 and 102.17

A view over the South Downs village of East Meon from near Heyden Hill with a stone bench in the foreground, UK

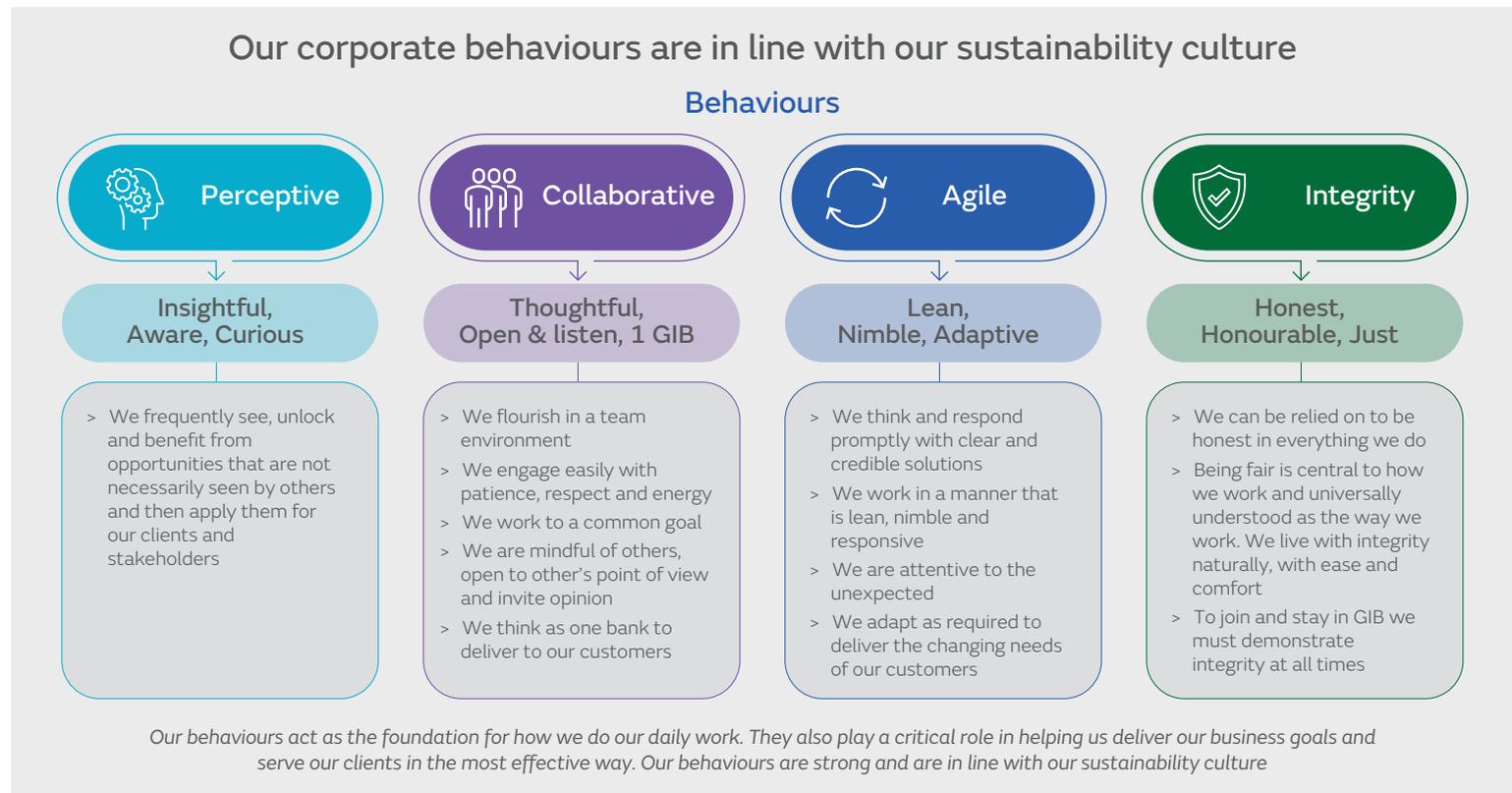
**Ethics and Integrity**

# Values, principles, standards, and norms of behaviour

GIB is committed to the highest possible standards of openness and accountability. We maintain a robust and detailed Code of Conduct. A monitoring process is in place, as well as an annual training programme which all employees are required to undertake regardless of grade.

GIB's openness and accountability are supported by the Bank's whistle blowing policy. We have a well-instituted internal control framework to ensure the appropriate controls are in place to mitigate all associated risks as applicable. Our values are also a mandatory part of performance objective setting. In Saudi Arabia, Bahrain and UAE home to the largest number of staff, values account for 30% of every employee's year end ratings.

**4.1 Corporate Behaviours**



## Ethics and Integrity (continued)

**GIB maintains a robust Whistle Blowing Policy which allows colleagues to raise any concerns about the ethics and standards of business through multiple anonymous and effective methods.**

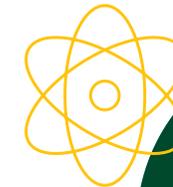
### 4.2 Mechanisms for advice and concern about Ethics

GIB maintains a robust Whistle Blowing Policy which allows colleagues to raise any concerns about the ethics and standards of business through multiple anonymous and effective methods.

The whistle blowing regime resulted in the following results in 2021:

- > Total Whistle Blowing incidents in 2021: One
- > Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption/ misconduct: None
- > Legal and regulatory fines and settlements that resulted from any whistle blowing actions for 2021: None
- > Total number of monetary and non-monetary regulatory sanctions received for 2021: None

(We understand that these low levels of whistle blowing incidents may represent a negative indicator of colleagues not being prepared to speak up. We look to mitigate this risk by ongoing communications and reminders of the policy, all of which reinforce the culture of openness and transparency).



We look to mitigate this risk by ongoing communications and reminders of the policy, (all of which reinforce the culture of openness and transparency).

**1**

Total Whistle Blowing incidents in 2021

# 05

## BUSINESS LINES AND SUSTAINABLE FINANCE

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GRI 102.2

Beautiful natural rock formation form Wadi Disah the northern part of Saudi Arabia

# Business Lines and Sustainable Finance

When we took the strategic decision to orientate our strategy along sustainable lines, there was no disconnect between the desire to improve sustainability and the desire to drive business growth. We believe that it is those companies that help solve the world's biggest challenges that will perform the most strongly from a financial perspective. For a bank, it therefore makes business sense to tilt our focus, our products and our activities towards sustainable finance.

## 5.1 Wholesale Banking Group

GIB has been providing banking services to governments, financial institutions and corporates in the GCC, UK and USA for over forty years. Some of our client relationships stretch back to the 1970s; we understand that being a trusted partner to our clients is the foundation for a successful and long relationship.

Today, GIB is truly an enabler of regional growth and development, and is privileged to count sovereigns, multinationals, large regional firms, medium size enterprises and small and microbusinesses as its clients.

In recent years, governments, financial institutions and the corporate world have undertaken a re-examination of their purpose and role in society, seeking to identify, support and grow those areas that can have a positive impact on the environment, on society, on its stakeholders and on the communities in which they operate.

### CASE STUDY 1

#### National Energy Services Reunited



GIB participated in a club transaction for National Energy Services Reunited Corporation ("NESR") sustainability linked term -loan, which was the first of its kind within the MENA Oilfield Services sector. NESR is an international, industry leading provider of integrated energy services in the MENA region. The loan is linked to three KPI's that are tied to environmental, social and governance indicators and will be tracked within agreed time periods. These cover waste water reduction, HSE training and supplier compliance with NESR governance policies. In addition, NESR has also pledged to establish a formal company carbon reduction strategy and expects to finalise targets in the coming year. The sustainability linked term loan forms part of a wider financing activity undertaken by NESR of USD 860 million which also includes revolving and working capital lines.

**"We are committed to continuously transforming our business to better service people and the planet."**

Maya Bsat  
Group Chief Transformation Officer

## Business Lines and Sustainable Finance (continued)

### 5.1.1 Institutional Banking

As a sustainability-focused bank, we are here to help and take part in that journey, and the Wholesale Banking business, as the largest business of the bank, represents perhaps the most impactful area of that endeavour.

One of the most powerful elements in our journey to a sustainable future is client engagement: Engaging with clients encourages them to adopt more sustainable practices and supports them in their transitions to more sustainable business models and technologies. A Wholesale Banking Sustainability Framework was defined in Q4 2021 to guide how the topic of sustainability will be embedded within the Wholesale Banking line of business.

In Q4 2021 the bank implemented a Sustainability Risk Profiling process to measure, quantify and address sustainability risk of its client base. By the end of 2022, all borrowing clients will be internally scored and measured according to this Sustainability Risk Profile, which will enable meaningful and data-informed conversations and transactions that drive the environmental, social and governance agendas that we all share.

We are also undertaking a three-stage process to embed sustainability risk management in our business, including risk assessment, monitoring and reporting:

- > **Stage 1: Q4 2021:**  
Preliminary Sustainability Risk Scorecard produced and implemented
- > **Stage 2: Q3 2022:**  
All existing borrowing relationships to be internally scored under the new methodology. Sustainability Risk Scorecard to be expanded and implemented.
- > **Stage 3: Q1 2023:**  
Use the Sustainability Risk Scorecard as part of the lending decision making process

**“We believe that sustainability is good business sense and helps to drive improved financial performance.”**

Marwan Abiad  
Group Chief Financial Officer

## Business Lines and Sustainable Finance (continued)

### 5.1.1 Institutional Banking (continued)

In parallel to this process, various sustainability measures will be incorporated into the Group's overall risk appetite statement in Q1 2022, including climate risk, diversity and inclusion risk, sustainable vendor and supplier risk, and reputational risk.

Other steps we have taken to drive sustainability to the top of our business agenda:

- > Client, engagement and communications now include sustainability topics. How sustainable our clients are is crucial to the bank's own sustainability score, and therefore we take great care to ensure both parties are advancing together towards a more sustainable future in partnership.
- > Our people are undergoing a comprehensive training programme in ESG and sustainability, enabling them to hold meaningful client conversations, to ask the right questions and to ensure the sustainable management of our clients' and our bank's businesses.
- > We are learning from our clients that are more advanced in their sustainability goals; this is a two-way street towards ESG education and maturity.

This approach is now consistently delivered across all client segments and all product areas.

#### CASE STUDY 2

##### Majid Al Futtaim ("MAF")



Majid Al Futtaim is one of the leading shopping mall, communities, retail and leisure groups across the Middle East, Africa and Asia region, with operations in 17 international markets and employing more than 43,000 people, and investment grade rating from both S&P and Fitch. As of end-2021, Majid Al Futtaim has a 'low risk' ESG rating from Sustainalytics. Fitch Ratings gave Majid Al Futtaim an ESG score of '3' (the highest level of ESG credit relevance).

Majid Al Futtaim has developed a sustainable buildings policy that will help it to achieve its net positive commitments and meet annual energy, water, waste and renewable energy targets. It was also the first company in the MENA region to formally commit to the World Economic Forum's Green Building Principles. As a strategic partner to WEF and a member of the Global Real Estate Industry Action Group, Majid Al Futtaim actively contributed to the development of the principles throughout 2020-2021.

During 2021, GIB participated in Majid Al Futtaim's first sustainability-linked syndicated revolving credit facility. This included a set of ambitious Sustainability Performance Targets, as stated below:

1. Reducing carbon emissions in line with Science Based Targets developed to map Majid Al Futtaim's journey towards being net positive by 2040
2. Reducing the number of buildings across Majid Al Futtaim's portfolio that are not certified to a minimum standard of LEED Gold
3. Increasing gender diversity across Majid Al Futtaim's senior management

This was the first time the group had participated in sustainable lending. The successful launch of this facility signalled both Majid Al Futtaim's commitment to the group's ESG agenda and GIB's desire to support those across the region who are looking to drive sustainability in their business.

#### MAF's Sustainability Performance Targets:

##### Carbon Emissions

Reducing carbon emissions in line with Science Based Targets developed to map MAF's journey towards being net positive by 2040



##### LEED Gold Standard

Reducing the number of buildings across MAF's portfolio that are not certified to a minimum standard of LEED Gold



##### Diversity

Increasing gender diversity across MAF's senior management



## Business Lines and Sustainable Finance (continued)

### 5.1.1 Institutional Banking (continued)

#### Credit Products

As awareness and demand for sustainable finance solutions continues to grow, we engage in an active conversation with our clients to explore and deliver green and sustainable credit solutions.

#### Project & Structured Finance

Consistently ranked in the Middle East league tables as an underwriter and lead arranger, GIB is a leading player in regional project and structured finance, having arranged billions of dollars in transactions across many industries, including power & water, oil & gas, petrochemicals, Liquefied Natural Gas and infrastructure.

This is an area of particular focus. As the region transitions to a low-carbon, socially focused economic model, GIB and the broader banking sector will be a catalyst for this change, helping clients to pivot towards more sustainable business models.

#### Syndication & Agency Services

GIB's network of relationships with local, regional and international banks enables us to arrange and distribute syndicated credit products for large sustainable infrastructure projects, corporate clients and financial institutions, and advise them on market appetite, structures and strategy.

“THIS IS NOT A FAD. IT IS HOW COMPANIES WILL MAKE MONEY AND BE MEASURED IN THE FUTURE, AND WE INTEND TO PLAY A MATERIAL ROLE IN THE TRANSITION TO A SUSTAINABLE REGION.”

**KHALED ABBAS,**  
GROUP WHOLESALe BANKING HEAD

“We are widening our sustainable investing offering, as demand increases in the Gulf region.”

Osamah Shaker  
Chief Executive Officer,  
GIB Capital

## Business Lines and Sustainable Finance (continued)

**“We constantly look for innovative ways to incorporate sustainability considerations into our products.”**

Sara Abdulhadi  
Group Chief Investment and Treasury Officer

### 5.1.2 Global Transaction Banking

Global Transaction Banking (GTB) is the Bank's provider for cash management and trade finance solutions to support clients' trade transactions, domestic and foreign currency accounts and payment capabilities together with account structuring facilities, complemented by payments and collections services to assist our customers to optimise their cash flow cycle and improve operating efficiencies.

Through ever increasing digitisation, automation, simplification and end-to-end process implementation GTB will become a more efficient, more agile and more sustainable business.

We look forward to becoming a major enabler to support clients' sustainability transitions, using our Sustainability Risk Profile model to act as a powerful lever to drive more sustainable business models.

### 5.1.3 MSME Banking

The Bank launched a dedicated micro, small and medium enterprises (MSME) coverage unit in 2020. This initiative aims to contribute to achieving the goals of Vision 2030, specifically to encourage and increase the number of micro, small and medium-sized businesses operating in the Kingdom of Saudi Arabia. These goals include increasing the contribution of MSMEs to the economy and enabling financial institutions to support private sector growth; as well as supporting digital transformation in the Kingdom of Saudi Arabia.

To that end, we have successfully developed and launched a digital MSME financing platform in collaboration with Beehive. The platform has been developed by GIB and Beehive, a leading regional fintech partner, in a first-of-its-kind partnership between a bank and fintech in the region, with the Social Development Bank as a strategic investor in the first phase. The platform, which features a sophisticated decision-making and financing process, provides MSMEs with faster and more accessible financing. From launch in 2020, the bank's MSME offering is now established and is rapidly growing its customer base.

## Business Lines and Sustainable Finance (continued)

### 5.2 GIB Asset Management

GIB Asset Management (GIB AM) is a London-based institutional global asset manager with over US\$ 11 billion assets under management at end 2021. It was one of the first GCC-owned asset management firms to establish a global presence in London and New York and has been providing institutional asset management services for over 40 years.

GIB AM has a clear vision and mission: To invest our clients' assets to scale and mobilise capital in support of sustainable development.

As an asset manager, GIB AM seeks to lead the way in sustainable investing, building it into every aspect of the business. In 2021 we launched our Sustainable World Fund, a milestone for the business, the Bank and the industry. The fund will be classified as a Sustainable Finance Disclosure Regulation Article 9, the highest standard in terms of sustainability, and illustrates our fundamental belief that the integration of sustainability into business will lead to success. The fund invests in the businesses whose products are solving the greatest challenges of our time, whose operations are sustainable and who can use this to outperform their peers.

GIB AM was one of the first regional asset managers to sign up to the Principles of Responsible Investment in 2018, and it is a founding signatory of the Net Zero Asset Managers initiative.

Our Asset Management business is complemented by our UK Treasury operations which provides Treasury services to institutional clients. These services mainly focus on deposits and foreign exchange, where increasingly sustainability considerations are becoming key. GIB UK is a signatory to the Principles of Responsible Banking, and we include ESG scoring in all counterparty assessments.

**GIB Asset Management is a London based institutional global asset manager with over US\$ 11 billion assets under management at end 2021.**

### 5.3 Asset Management and Investment Banking: GIB Capital

GIB Capital provides a full spectrum of investment banking services to help corporates, family businesses, entrepreneurs, governments and quasi-government entities obtain financing through debt and equity offerings. Incorporating equity financial advisory services for equity placements, mergers and acquisitions, privatisations, debt capital market products and services, strategic debt advisory and asset management, GIB Capital has served clients in Saudi Arabia since 2008.

GIB Capital has embraced the move towards ESG investment banking and advised on the region's first ever "Green Sukuk" for Majid Al Futtaim Group in 2019. GIB Capital continues to help its clients to adapt their capital strategies to take ESG issues into account.

**“At GIB, we are committed to championing ESG through our industry-leading research on sustainability.”**

Rima Bhatia  
Group Chief Economist



## Business Lines and Sustainable Finance (continued)

### 5.4 Retail Banking

GIB's retail business is rapidly growing, increasing customer numbers by 33% in 2021.



GIB's retail banking proposition, meem Digital Banking, is the world's first Shariah-compliant digital bank and has evolved into a sophisticated, technology-led business.

While still small scale, GIB's retail business is rapidly growing, increasing customer numbers by 33% in 2021. meem's Digital Banking proposition has struck a chord with the Gulf's youthful population, and we are seeing strong growth and engagement with the brand and its product and services.

meem was the first retail bank to implement digital signature technology, delivering a fully paperless and online banking system. Customers no longer need to visit a branch to open accounts or to transact, and meem is at the forefront of the development of a fully digital, cashless economy in the Kingdom with ATM's no longer part of its business model, meem has therefore successfully

contributed to reducing both the bank and its customer's carbon footprint.

From 2022, meem introduced its new and innovative mobile banking application in the Kingdom of Saudi Arabia. The new app includes the introduction of a Virtual Debit and Credit Card, giving customers access to instant banking on the go while increasing its contribution to sustainability by reducing the need to rely on plastic.

The digital-first focus of the retail business and the absence of a legacy branch network, legacy systems and legacy processes means that GIB and meem are at the leading edge of sustainable consumer financial services, governed by the principles of Shariah.

### 5.5 Treasury

Our Treasury operations in the GCC and in London continued to support our businesses, to manage the bank's balance sheet and to innovate to provide new customer solutions.

GIB UK was selected to be a banking partner for the Near East Foundation UK. In 2021, NEF UK, along with its partners, launched a development impact bond for refugees in Jordan and Lebanon.

# 06

# GIB'S SUSTAINABILITY FRAMEWORK

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GRI 305.1, GRI 305.2,  
GRI 305.4 and GRI 305.5

Wave Bridge Highway-Sheikh Zayed Bridge, Abu Dhabi, United Arab Emirates.

# GIB's Sustainability Framework

In December 2021, the Board approved the GIB Sustainability Framework. The Framework outlines GIB's vision of integrating sustainable finance across our business. It defines the material ESG themes that GIB focuses on and ensures that sustainability is embedded across all our offerings.

These include international frameworks to identify enduring material priorities such as:

- > the United Nations Sustainable Development Goals
- > the Glasgow Financial Alliance for Net Zero
- > the Principles for Responsible Banking
- > the Task Force for Climate-related Financial Disclosures

The Framework also defines our sustainability governance, including the roles and responsibilities of the board, board committees and management, the incorporation of sustainability considerations in policies and procedures, the integration of sustainability considerations in executive remuneration and the overall regulatory context. It also outlines GIB's approach to stakeholder engagement.

The Framework sets out GIB's sustainability culture including how GIB aims to build a culture of sustainability among its people and behaviours.

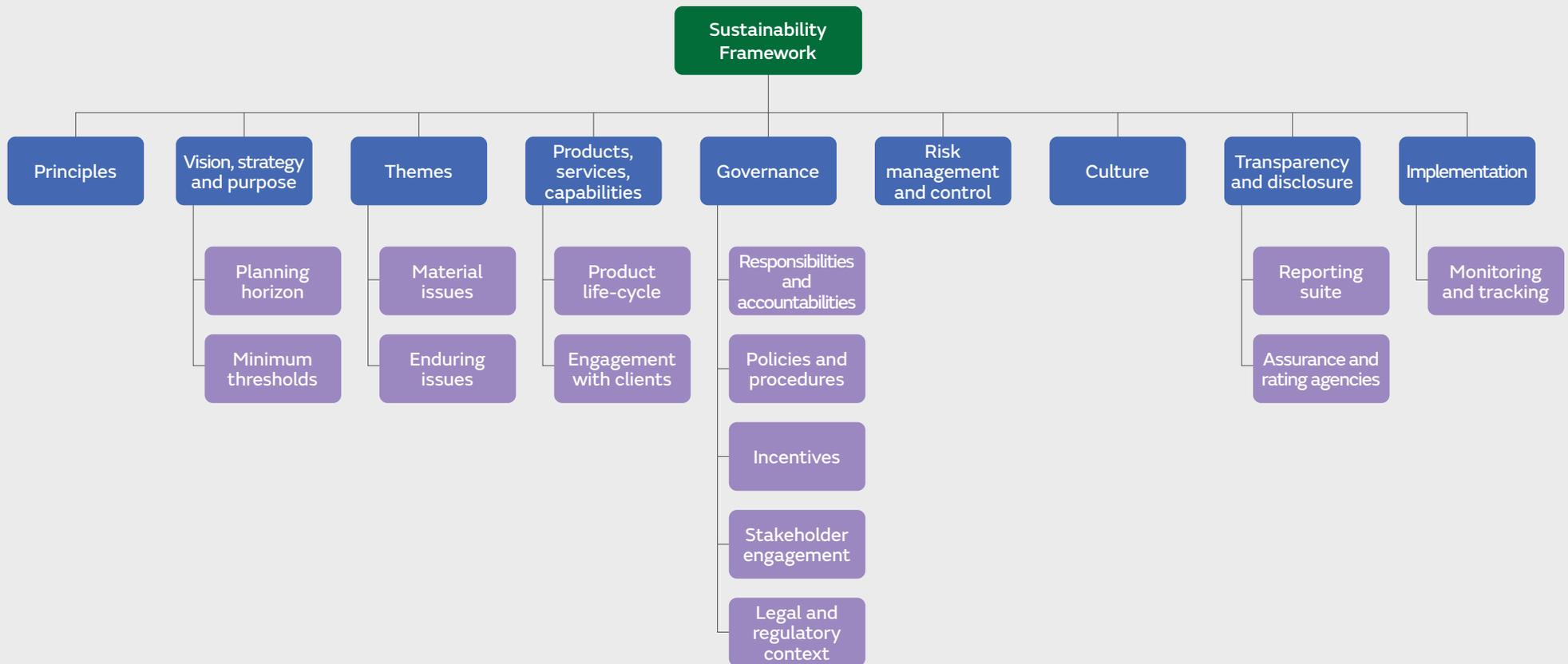
**“The United Nations Sustainable Development Goals are a global blueprint to achieve a more sustainable future. At GIB, we are dedicated to supporting these goals through our sustainable business practices.”**

Katherine Garrett-Cox  
Chief Executive Officer, GIB UK



### GIB's Sustainability Framework (continued)

## GIB's Sustainability Framework



## GIB's Sustainability Framework (continued)

### 6.1 Environmental data and targets

To reduce our environmental footprint, GIB committed to reduce its scope 1 and 2 carbon emissions across the Group compared to the baseline year of 2020.

#### Methodology

GIB calculates its scope 1 and 2 emissions in accordance with the methodology set out by the [Greenhouse Gas Protocol](#). We adopt the operational control approach to consolidate emissions as set out in the Protocol. The scope covers GIB's operations in the following geographies: Bahrain, Saudi Arabia and United Arab Emirates, United Kingdom and New York.

The reporting period is 1 January 2021 to 31 December 2021.

Scope 1 emissions are defined as direct greenhouse gas (GHG) emissions that occur from sources that are controlled by an organisation. For GIB, these are emissions from company cars, leaked refrigerants and energy generation.

Scope 2 emissions are indirect GHG emissions associated with the purchase of electricity, steam heating or cooling. For GIB, these are emissions associated with purchased electricity.

#### Base year

The base year of 2020 was chosen because GIB started collecting GHG emissions data in 2020. GIB acknowledges that emissions in 2020 were probably lower than normal due to the pandemic (e.g. due to remote working); we decided that this made our target all the more ambitious.

#### Approach to target-setting

GIB uses the Absolute Contraction approach to set scope 1 and 2 emissions reduction targets. According to the [Science Based Target for the Financial Sector](#), this approach is the most straight forward method to link the reduction targets to the Paris Agreement goal of limiting global warming to well below 2°C compared to pre-industrial levels.

Under this method, a minimum of 2.5% annual absolute emissions linear reduction is required to be in line with the 2°C target. GIB committed to reduce its scope 1 and 2 emissions by 11.89% by 2025 to be in line with the 2°C target, which is equivalent to a 2.5% per year reduction.

According to the [Science Based Target for the Financial Sector](#), base and target years must cover a minimum of five years and a maximum of fifteen years. For GIB, a five year target was set using 2020 as the base year and 2025 as a target year. The reason for choosing a five year target was that GIB wanted to ensure that it focuses on making a difference in the short and medium term, consistent with the need to halve global emissions by 2030.

#### Sources and data

Emission conversion factors were sourced using country-level and industry data. The key third party sources used were: [United Kingdom Department for Business, Energy and Industrial Strategy](#)<sup>1</sup> (vehicle emissions conversion factors, global warming capacity of refrigerants, alternative energy conversion factors and GIB UK purchased electricity emission factors), [Defra UK](#)<sup>2</sup> (refrigerant leak rates) and [Carbon Footprint Ltd](#)<sup>3</sup> (purchased electricity conversion factors).

Where factors were not available for specific emissions sources, an appropriate assumption was used. The detailed methodology can be found on GIB's website.



<sup>1</sup> The conversion factors for 2020 were used for the 2020 calculation, and 2021 factors were used for the 2021 calculations.

<sup>2</sup> Published in 2017.

<sup>3</sup> Conversion factor data published in September 2020 and January 2022 were used to calculate GIB's GHG emissions for 2020 and 2021 respectively.

## GIB's Sustainability Framework (continued)

### 6.1 Environmental data and targets (continued)

#### Limitations

GHG emission data does not include emissions arising from GHG that GIB does not have sufficient data to estimate. The main source of emissions that is therefore not captured is the use of alternative energy in leased buildings that are owned and managed by the landlord. GIB has emphasised to the respective landlords that it would like to receive the data for its usage of such energy, but it has not been possible for the landlords to provide these data (for example, in New York the landlord itself does not capture this separately). GIB is looking to improve the sourcing of data to strengthen future reporting.

Wherever GIB has control over the alternative energy consumption and can obtain data or provide an objective estimate, these are captured.

Discussions with the respective landlords indicate that alternative energy usage was small compared with electricity usage and that they do not expect any significant changes to take place year on year with respect to alternative energy usage.

#### Findings

In 2021, GIB's scope 1 and 2 emissions were assessed as **kgCO<sub>2</sub>e7,842,600.42**. This was a reduction of around 31% relative to 2020. The volume of emissions per full-time equivalent – GIB's chosen intensity ratio – also fell by around 31% year on year.

The vast majority of emissions were accounted for by scope 2 – electricity usage. By geography, offices in Saudi Arabia accounted for the majority of carbon emissions, followed by Bahrain.

GIB's scope 1 emissions increased by around 6% between 2020 and 2021. This was largely driven by the increase in emissions from company owned cars, and reflected the easing of Covid-19 restrictions and hence resumption of business journeys after a period of more heavily virtual engagement.

GIB's scope 2 emissions decreased by around 32% between 2020 and 2021. The main factor leading to this reduction was the reduction in the electricity conversion factors in all countries in which GIB operates.

This means that the mix of electricity generation at a country level had become more environmentally friendly – each unit of electricity produced resulted in less carbon being emitted. The reduction was particularly significant for Saudi Arabia. However, GIB itself had taken a number of steps that helped to limit its carbon emissions. These included:

- > The move of GIB UK office to a more energy efficient office, which is SKA Gold rated, in 2021
- > The move of some of the Saudi Arabia business units in the Eastern Province to the more energy efficient Operations Centre
- > The closure of some of the meem kiosks in Bahrain and Saudi Arabia



**The volume of emissions per full-time equivalent – GIB's chosen intensity ratio – also fell by around 31% year on year.**

## GIB's Sustainability Framework (continued)

### 6.1 Environmental data and targets (continued)

#### Uncertainties

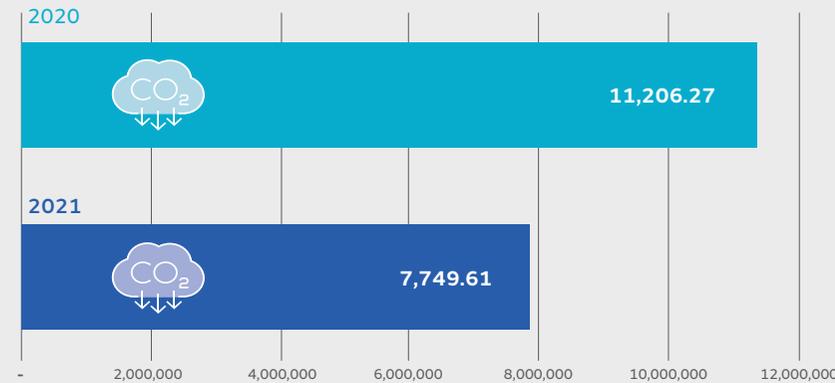
By their nature, GIB's emissions estimates are highly uncertain, given incomplete scientific knowledge about the measurement of gasses, and measurement uncertainty arising from limitations in measurement techniques and the use of estimates. GIB's carbon emissions have undergone a limited assurance engagement with BDO LLP in accordance with ISAE 3000 and ISAE 3410. Whilst all possible efforts have been made to estimate actual emissions with accuracy, users should therefore treat the numbers with caution.

#### GIB kgCO<sub>2</sub>e estimates

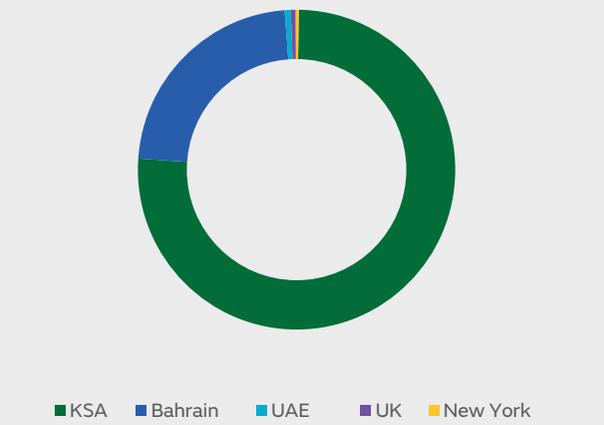
|                      | 2020                 | 2021                | Change YoY% |
|----------------------|----------------------|---------------------|-------------|
| <b>Scope 1</b>       | 219,172.26           | 233,220.47          | 6%          |
| <b>Scope 2</b>       | 11,177,600.86        | 7,609,379.95        | -32%        |
| <b>Total</b>         | <b>11,396,773.13</b> | <b>7,842,600.42</b> | -31%        |
| <b>Total per FTE</b> | <b>11,206.27</b>     | <b>7,749.61</b>     | -31%        |

Source: GIB data

#### Greenhouse gas emissions intensity



#### 2021 greenhouse gas emissions by country (Kg CO<sub>2</sub>e)



## GIB's Sustainability Framework (continued)

### 6.2 Governance of Sustainability

In December 2021, the decision was made to create a Board Sustainability Committee. The Committee will oversee the integration of sustainability into the bank, helping to scrutinise progress and hold management to account.

### 6.3 Remuneration

Sustainability KPIs were introduced into departmental Key Performance Indicators in 2021, and our executives and employee remuneration is linked to sustainability. Executives and employees variable pay is linked to individual, departmental and firm wide KPIs. These include sustainability elements.

**“At GIB our focus is on achieving viably sustainable business by prioritising people and planet.”**

Jamal Al Kishi  
Chief Executive Officer, GIB BSC

# 07

# OUR PEOPLE

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GRI 400

Beautiful view of newly constructed garden at Bahrain Bay, Bahrain

# Our People

We believe that our employees are fundamental to the success of the organisation. It is only through the efforts and commitments of our people that GIB is able to fulfil its purpose. We aim to be a responsible and enlightened employer with regards to compensation, benefits and terms and conditions of employment. The health, safety and wellbeing of our people are primary considerations in the way the Bank is run. Learning and development is prioritised, and we also undertake to deliver a diverse and inclusive business.

The Covid pandemic continued to test all organisations in 2021, and GIB was no exception. The Bank has continued the good work of 2020 into 2021, helping its people to overcome the pandemic and supporting them to be at their best whether working remotely or on site.

In Saudi Arabia, Bahrain, the UAE, London and New York – our people continued to work together as a united team. Covid information and best practice was produced and shared via booklets; home working was successfully implemented around the world; masks and sanitisers were provided as necessary; and premises received regular deep cleans.

Our sustainable people culture has several enablers:



## Our people (continued)

### 7.1 Education and Training



### 7.2 Health and Wellbeing

The bank provides excellent medical insurance for employees. Providers are regularly monitored and reviewed to ensure a best-in-class service. We also provide a free mental health and well-being service for all employees in the GCC, delivered in partnership with Plumm Healthcare, the leading workplace wellbeing provider.

### 7.3 How we gather employee feedback

Employee engagement is a key performance indicator, and employees are always encouraged to speak up and share ideas. Two-way communication is achieved through regular employee surveys, CEO & Management Committee roundtables, Town Hall meetings and other employee communications channels as well as informal senior management walkabouts.

We run a bank-wide engagement survey every two to three years and a series of pulse surveys more regularly. We also undertake periodic surveys of new hires and conduct exit interviews.

Employee engagement is a key performance indicator, and employees are always encouraged to speak up and share ideas.

We run a bank-wide engagement survey every two to three years and a series of pulse surveys more regularly.

## Our people (continued)

### 7.4 Career development

Every employee has a start of year development planning meeting with their line manager which feeds into an annual Training Needs Analysis which is designed to capture the development requirements identified by the business for the year ahead.

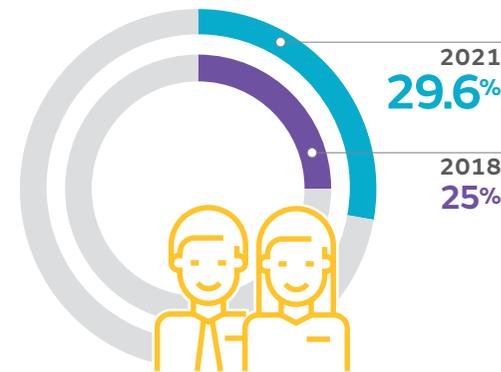
In addition, we have well-established Internship and Graduate programmes in the UK and the GCC to offer training and career development to young talent. We offer professional qualification assistance (time off and financial support) and have partnered with local universities in Saudi Arabia and Bahrain including Bahrain Royal University for Women and the Prince Mohammed Bin Fahd University (PMU) to sponsor students.

### 7.5 Diversity and Inclusion

We have a range of policies and initiatives in place aimed at providing a workplace where diversity can flourish. In the past few years, we have supplemented this with specific activities to increase the female ratio in the workplace, and this is now above local labour market averages in the GCC. The development of our female colleagues is supported by the Women's Empowerment Committee.

We are targeting an increase in our overall female staff ratio and this will be included in management performance assessments from 2022 onwards.

Female/Male employee ratio: increased from **25% in 2018 to 29.6% in 2021**



In response to local Government regulations in KSA and Bahrain, recruitment policies focus on the hiring and development of local nationals as a priority. Our nationalism ratios are monitored and reported monthly against agreed targets.

### 7.6 Meritocracy and Equal Opportunities

Equality of opportunity is critical if talent is to thrive, and performance ratings are subject to detailed calibration meetings facilitated by the HR Business Partners to ensure that any potential for unintended biases is minimised. The overall performance curves are reviewed by the senior HR team and the Group CEO.

# 08

# SUPPLIERS

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GRI 102.9

Dubai Marina skyscrapers and nature around, Dubai, United Arab Emirates

# Suppliers

GIB aims to work with suppliers and third parties whose standards and behaviours are aligned with ours. In particular, we expect our suppliers and third-party providers to comply with relevant legislation, and to behave in a responsible, fair and ethical manner at all times. In behaving responsibly, we have particular regard to how our business supports sustainable development and contributes to the United Nations' Sustainable Development Goals.

## 8.1 Environment

We expect our suppliers and third-party providers to abide by all applicable environmental legislation and regulations where they operate.

We encourage our suppliers to:

- |  |   |
|--|---|
| <p><b>1</b> Have an environmental policy that sets out clear commitments and targets to improve environmental footprint, including carbon, energy, water and chemical usage.</p> | <p><b>5</b> Adopt an environmentally friendly waste management approach.</p>  |
| <p><b>2</b> Implement optimised measures to progressively reduce and minimise greenhouse gas emissions that are within their control.</p>  | <p><b>6</b> Fully and proactively comply with relevant environmental permits, licenses and consents.</p>                                      |
| <p><b>3</b> Reduce dependency and consumption of electricity generated by gas and shift to renewable energy sources where possible.</p>  | <p><b>7</b> Seek to ensure that climate-related risks are fully embedded in the firm's risk management approach and corporate governance.</p> |
| <p><b>4</b> Reduce water consumption.</p>  | <p><b>8</b> Take a proactive approach to disclosures around climate-related issues.</p>   |

**“As part of our sustainability standards, we will be applying ESG criteria to our suppliers to ensure both GIB and our supply chain reflects our commitment to sustainability.”**

Venetia Bell  
Group Chief Sustainability Officer

## Suppliers (continued)

**We encourage our suppliers and third parties to perform the appropriate due diligence on work conditions based on internationally recognised standards and report on them.**

### 8.2 Employment

We expect our suppliers and third-party providers to share our commitment to a diverse and equitable workplace.

Specifically, we expect them not to unreasonably discriminate on the basis of gender, race, colour, language, ethnicity, religion and political view. This includes during employee recruitment, promotion, training, performance assessment and remuneration. We also expect our suppliers and third parties to adopt and enforce policies that prohibit discrimination or harassment (including sexual harassment) and to monitor against it.

Further, we expect our suppliers and third-party providers to comply with local and global regulations relating to modern slavery, labour standards and human rights (as applicable per local Labour Law) including ensuring that all employees are above the minimum age of employment as determined through international regulations. We also expect our suppliers and third-party providers to comply with relevant minimum wage requirements for employees in all countries and across the supply chain.

### 8.3 Health and Wellbeing

We expect our suppliers and third-party providers to adhere to the applicable health and safety legislation and regulations in force in their jurisdiction and take the necessary measures to ensure their employees have a safe and hygienic working environment. We also expect our suppliers and third-party providers to adhere to all applicable government guidelines about specific health threats (such as those related to pandemics).

At a minimum, we expect our suppliers and third-party providers to do the following:

- 1** Have a Health and Safety risk register that is reviewed on a regular basis.
- 2** Promote health and wellbeing of employees, including mental health.
- 3** Provide and maintain a safe and healthy working environment for all employees and visitors.
- 4** Provide the necessary information, instruction and training to evacuate the work premise in case of emergency.
- 5** Train employees on hazard identification and have a formal process for undertaking workplace risk assessment.
- 6** For safety in the workplace, ensure that buildings comply with building maintenance and appropriate safety standards.

## Suppliers (continued)

### 8.4 Accountability and Ethics, Bribery and Corruption

GIB strictly prohibits, and will not tolerate, illegal practices such as fraud, corruption, bribery or any form of kickback, payoff any other type of improper payment and benefit or any other inducement having a similar corrupt effect.

We expect our suppliers and third-party providers to adhere to the same standards as we do. We expect our suppliers and third-party providers to operate with integrity, and to have measures in place to safeguard against illegal practices. In addition to this, we expect our suppliers to have policies in place describing how they deal with fraud, corruption and bribery including strict oversight over gifts and corporate entertainment.

### 8.5 Ethical sourcing

We are committed to sourcing all of our goods and services in a responsible and ethical manner. We expect our suppliers to do the same. Suppliers and third-party providers are expected to adopt and comply with the ethical business standards set out in this document and to only source products and services from third parties that conduct their business in a similar fashion.

### 8.6 Supply chain monitoring

GIB is concerned with the practices of its suppliers and its suppliers. As such, we expect our suppliers to put in place the appropriate screening criteria for the selection of their vendors, outsourcing and third-parties and suppliers.



**We are committed to sourcing all of our goods and services in a responsible and ethical manner.**

# 09

# GOVERNANCE

**GRI 102.18 to 102.39**

New buildings in the King Abdullah Financial District in Riyadh, Saudi Arabia

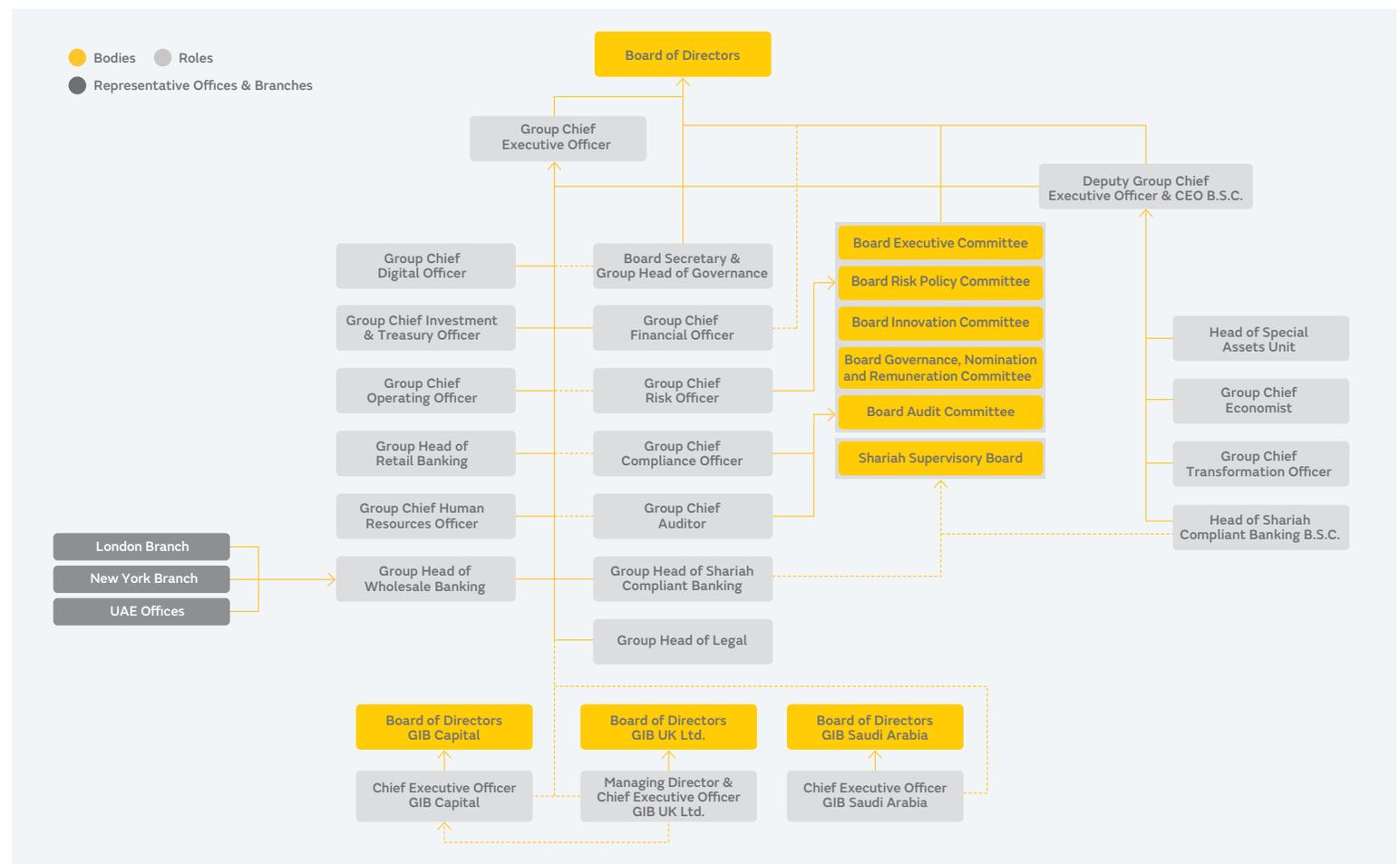
# Governance

## 9.1 Committees responsible for decision-making on economic, environmental, and social topics

- Board of Directors
- Executive Committee
- Risk Policy Committee

In addition, the decision was made to create a Board Sustainability Committee in December 2021.

## 9.2 Governance structure of the organisation, including committees of the highest governance body



## Governance (continued)

**The Shariah Supervisory Board is an independent body responsible for directing, reviewing, and supervising the Islamic activities in GIB**

### 9.3 Shariah Compliance and Governance

#### Shariah Supervisory Board

The Shariah Supervisory Boards, for GIB BSC and GIB KSA (SSB), were established in 2012, after the approval of GIB Board of Directors. The GIB BSC Shariah Board was subsequently realigned on 1<sup>st</sup> January 2021 with the current Shariah Supervisory Board members now serving on both the GIB BSC and KSA Shariah Supervisory Boards.

Their terms are until 31<sup>st</sup> December 2023 for BSC and 31<sup>st</sup> July 2022 for KSA. The Shariah Supervisory Boards are independent bodies responsible for directing, reviewing, supervising and issuing Fatwas on all Islamic activities in GIB, in order to ensure that they are in compliance with Islamic Shariah rules and principles.

## Governance (continued)

### 9.4 Remuneration policies

The Bank's total compensation policy, which includes the variable remuneration policy, sets out our policy on remuneration for Directors and Senior Management, and the key factors that were considered in setting the policy.

We have adopted Sound Remuneration Practices in accordance with Central Bank requirements. The Board approved the framework and incentive components and obtained Shareholders' approval at the 2015 Annual General Meeting. The key features of the remuneration framework are summarised below.

#### Remuneration strategy

Our basic compensation philosophy is to provide a competitive level of total compensation to attract, retain and motivate qualified and competent employees. Our variable remuneration policy is driven primarily by a performance-based culture that aligns employee interests with those of the Shareholders of the Bank. These elements support the achievement of set objectives through balancing reward for both short-term results and long-term sustainable performance. The strategy is designed to share its success and to align employees' incentives with the risk framework and risk outcomes.

The quality and long-term commitment of all employees is fundamental to the success of the Bank. We therefore aim to attract, retain and motivate the very best people who are committed to maintaining a career with the GIB, and who will perform their role in the long-term interests of Shareholders. Our reward package comprises the following key elements:

|                            |  |
|----------------------------|--|
| Fixed pay                  |  |
| Benefits                   |  |
| Performance awards         |  |
| Deferred remuneration plan |  |
| Recognition Programmes     |  |

A robust and effective governance framework ensures that GIB operates within clear parameters of its compensation strategy and policy. All compensation matters, and overall compliance with regulatory requirements, are overseen by the Governance, Nomination and Remuneration Committee of the Board.

### 9.5 Process for determining remuneration

Our remuneration policy, in particular, considers the role of each employee, and has set guidance depending on whether an employee is a Material Risk Taker and/or an Approved Person in business line, control or support functions. An Approved Person is an employee whose appointment would require prior regulatory approval because of the significance of the role within the Bank; and an employee is considered a Material Risk Taker if they head up significant business lines, and any individuals within their control have a material impact on the Bank's risk profile.

In order to ensure alignment between what is paid to employees and the business strategy, GIB assesses Bank-wide, divisional and individual performance against annual and long-term financial and non-financial objectives, summarised in line with the business planning and performance management process. This takes into account adherence to the Bank's values, risk and compliance measures and, above all, acting with integrity.

Altogether, performance is therefore judged not only on what is achieved over the short- and long-term, but also importantly on how it is achieved, as the latter contributes to the long-term sustainability of the business.



# 10 STAKEHOLDERS

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GRI 102.40 to 102.44

The Mall area in Central Park, New York City, USA at autumn

# Stakeholders

## 10.1 Definitions and List of Stakeholder Groups

GIB defines its stakeholders under the following categories:

- **Employees**
- **Clients and Customers**
- **Investors and Shareholders**
- **Suppliers**
- **Regulators**
- **Governments and Policy Makers**
- **Business and Sustainability Partners**
- **The Communities in which we operate**

## 10.2 Collective Bargaining Agreements



## 10.3 The Basis for selecting Stakeholders with whom to Engage

Responsibility for ensuring appropriate stakeholder engagement is spread across multiple areas within GIB, with each area determining how best to go about that engagement. With the creation of a Sustainability Framework in 2021, GIB intends to embed a more holistic approach going forwards.

**“Diversity and Inclusion is a top priority for us at GIB, and we are committed to increasing female representation in the Bank.”**

Helen Lloyd  
Group Chief Human Resources Officer

## Stakeholders (continued)

### 10.4 Approach to Stakeholder Engagement

The following stakeholder groups have been identified, and GIB's approach to engaging with them is explained.

#### Employees

GIB encourages a speak-up culture among its staff. Formal mechanisms to be heard include regular surveys, an annual employee engagement survey and the performance management process. In addition, there is an ongoing programme of employee communications including regular senior management communication, Town Halls and feedback sessions.

GIB also engages its colleagues with regular training and workshops, internal newsletters and awards ceremonies.

#### Clients and Customers

We pride ourselves on the longevity of our client relationships. This is done by working hand in hand with our clients to solve their long-term needs, developing new strategies and building trusted partnerships. These effective partnerships have resulted in some of our clients being with us for more than 40 years.

Our Relationship management business model means that wholesale banking clients regularly receive communication and attention from their relationship managers, including regular account management meetings, financial update meetings and special situation assessments.

GIB also has complaint systems in place, which help to engage customers, as well as the GIB websites, and branches for retail clients. For corporate clients, conferences and events attended by GIB representatives help to increase engagement.

#### Investors and Shareholders

The Corporate Governance Unit manages communication with shareholders. A large amount of information is also posted on [www.gib.com](http://www.gib.com)

Information is also provided to shareholders in the Annual Report, and items to shareholders as part of the Annual General Assembly. Several shareholder representatives sit on GIB Boards.

#### Suppliers

The engagement and assessment of all our suppliers is important to minimise environmental and social impact, as well as reducing costs. More detail of our engagement with suppliers is provided in Section 8.

#### Regulators

Senior management and Compliance in particular work to ensure collaborative relations with our regulators in all the markets where we operate. We conduct regular visits to our regulators, send and receive regular communications and provide them with all necessary information as required.

#### Governments and Policy Makers

We proactively engage with policy makers on sustainability related topics. The aim of such engagements is to raise awareness and encourage the adoption of best practice regulations. In 2021, we focused our efforts on engaging with policy makers in the GCC region on climate-related risks, adaptation and mitigation.

## Stakeholders (continued)

### 10.4 Approach to Stakeholder Engagement (continued)

#### Business and Sustainability Partners



GIB engages with its business and sustainability partners through regular meetings, webinars and insight pieces, as well as other events and conferences. GIB aims to enhance sustainability issues with its partners and support them on their own journeys.

#### The Communities in which we operate



GIB has undertaken a programme of giving to charitable and other deserving causes since its inception.

The details of 2021's community donations are below:

| CSR Initiatives in Saudi Arabia             | Overview  |
|---|---|
| Autism Center of Excellence                 | A 5-year contribution programme of financial support led by the Saudi Central Bank to establish the Autistic Center in Riyadh.  |
| Bunyan Charity                              | A partnership with Bunyan Charitable Society to support community residential and developmental programmes in the Eastern Province.   |
| Children with Disability Association – KSA  | A partnership with the Children with Disability Association to improve programmes and initiatives for disabled children.  |
| Jammaz Al-Suhaimi Scholarship Programme     | To award deserving Saudi students scholarship to further their higher education.  |
| CSR Initiatives in Bahrain                  | Status  |
| Bahrain Institute of Banking and Finance    | A 5-year strategic partnership with the Bahrain Institute of Banking and Finance (BIBF) where the bank sponsored a lecture hall in the new BIBF building at Bahrain Bay, scheduled to be completed at the end of this year.   |
| Hisn ALJiwar                                | A registered charity organisation set up to assist women with children in need of support.  |
| CSR Initiatives in the UK                   | Overview  |
| WellFound                                   | GIB UK's philanthropic activities were focused on supporting the remote village of Chocklor in Sierra Leone, by improving their access to clean water and sanitation. It was the link to SDG 6: Clean Water and Sanitation that drove our selection of WellFound as our partner for 2021. |
| HandsOn London – Wrap Up London Campaign    | Coats were collected from colleagues which were distributed to community projects across London.  |
| HandsOn London – Virtual Community Sessions | Teams hosted virtual quizzes and dial-in sessions with older members of the community during lock-down periods in the UK.   |

Apart from with colleagues, there was no specific engagement with stakeholder groups around the production of this report.

## Stakeholders (continued)

### 10.5 Key topics and concerns raised

#### 01 Climate change



Clients have raised concerns about climate change – the associated risks, and how they can best adapt. We have provided information, and it's because of this interest we are expanding our product range to more sustainability-linked products.

#### 02 ESG ratings



We have provided information in response to clients' questions about the range of ESG scoring approaches being used by sustainability raters and by rating agencies, including how clients need to engage with them and what data they need to disclose, along with how they can ensure their rating best reflects their activities.

#### 03 Employees



Questions raised at a Town Hall meeting led directly to the decision being taken to implement a recycling initiative to cut back plastic usage.

#### 04 Communities



Young people are engaged through our internships, graduate programme and university partnerships. Providing young people with guidance and help on the future of work and the ability of young people to get fulfilling jobs, particularly given the disruption brought about by Covid. GIB's engagement and graduate programmes help to develop skills and provide valuable experience.

#### 05 Regulators



We are keen to work with the industry to develop an ESG policy framework. We worked with the Central Bank of Bahrain as part of the Bahrain Association of Banks Sustainable Development Committee. We helped design a survey of Bahraini financial institutions about the status of sustainable finance. This suggested that awareness could be improved.

**We helped design a survey of Bahraini financial institutions about the status of sustainable finance, which suggested that awareness could be improved.**

# 11

## REPORTING PRACTICE

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GRI 102.45 to 102.56

Jeddah Corniche, Saudi Arabia

# Reporting Practice

## 11.1 Entities included in the consolidated financial statements

- Gulf International Bank B.S.C.
- Gulf International Bank - Saudi Arabia C.J.S.C.
- GIB Capital C.J.S.C.
- Gulf International Bank (UK) Limited
- GIB Markets Limited

## 11.2 Defining report content and topic boundaries

GIB's core Stakeholders comprise the following groups, as previously outlined:

- Employees
- Clients and Customers
- Investors and Shareholders
- Suppliers
- Regulators
- Governments and Policy Makers
- Business and Sustainability Partners
- The Communities in which we operate

The content of this Sustainability Report has been determined by the consideration of our impact on these stakeholders, and the impact of these stakeholders on us - specifically on our journey to being a sustainable organisation.

The same approach has been taken to the Topic Boundaries of the disclosures in this report.

Consideration was given to both those topics that materially affect GIB, but also to those topics where GIB has a material impact.

## 11.3 List of material topics

The topics disclosed in this report are those that GIB has determined to be the most meaningful and important to its Stakeholders, and to its journey towards sustainability. Broadly, this comprises the following areas:

Strategy, Business Lines and Products, People, Suppliers, Regulation and Culture, Governance, Ethics and Integrity, Stakeholders and Management Approach.

## 11.4 Restatements of Information and Changes in Reporting

This is the first Sustainability Report from GIB, and therefore has no restatements of information or changes in reporting.

## 11.5 Reporting period, date of most recent report, and reporting cycle

1<sup>st</sup> January 2021 – 31<sup>st</sup> December 2021

## 11.6 Contact point for questions regarding the report

Enquiries can be addressed to: [sustainability@gib.com](mailto:sustainability@gib.com)

## 11.7 External assurance

This report has not been externally assured. However, GIB intends to seek assurance of quantitative elements in future reports.

# 12

# GRI CONTENT INDEX

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GRI 102.14 and 102.15

Tree of life - Landmark of Bahrain -  
the 400-year old tree grows and spreads in middle of desert of Bahrain

## GRI Content Index

| GRI Standards   | Disclosures   | Corresponding Section                              |
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|   |   | 1.3 Introduction and Purpose of this Report        |
| <b>GRI 102</b><br>General Disclosures 2016  | GRI 102.1-13<br>Organisational Profile  | 2.1 Organisational Profile                         |
|   |   | 2.3 Our Global Footprint                           |
|   |   | 2.4 Organisational Scale                           |
|   |   | 2.5 Shareholdings and Legal Form                   |
|   |   | 2.6 Membership of Associations                     |
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|   | GRI 102.14 and 102.15<br>Strategy   | 1.2 Message from the Group Chief Executive Officer |
|   |   | 3.2 Strategic Impacts                              |
| GRI 102.16<br>Ethics and Integrity: Values, principles, standards, and norms of behaviour | 4.1 Corporate Behaviours  |  |
| GRI 102.17<br>Mechanisms for advice and concern about Ethics                              | 4.2 Mechanisms for advice and concern about Ethics  |  |
| GRI 102.18 - 39<br>Governance   | 6.3 Remuneration  |  |
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