

2022  
ESG Report

# Building a better tomorrow

KHALEEJI 



# Contents

<b>CEO's Message</b>	<b>3</b>	<b>Fostering Growth and Innovation</b>	<b>33</b>
<b>About this Report</b>	<b>4</b>	Financial Performance	<b>34</b>
Who We Are	<b>5</b>	Financial Inclusion and Accessibility	<b>35</b>
Highlights of the Year	<b>6</b>	Responsible Banking	<b>36</b>
<b>Our Sustainability Approach</b>	<b>7</b>	Responsible Procurement	<b>37</b>
Engaging our Stakeholders	<b>8</b>	Digitalisation and Innovation	<b>38</b>
Materiality Assessment	<b>9</b>	<b>Appendices</b>	<b>39</b>
ESG Framework	<b>10</b>	GRI Index Table	<b>40</b>
<b>Ethical Governance and Meaningful Engagement</b>	<b>11</b>	Bahrain Bourse ESG Guide	<b>42</b>
Governance and Business Ethics	<b>12</b>	Abbreviations	<b>44</b>
Systemic Risk Management	<b>17</b>		
Data Privacy and Security	<b>18</b>		
Customer Engagement	<b>20</b>		
Community Development	<b>21</b>		
<b>Nurturing our People and Preserving the Planet</b>	<b>23</b>		
Environmental Footprint	<b>24</b>		
Employee Wellbeing	<b>27</b>		
Training and Development	<b>28</b>		
Diversity and Inclusion	<b>30</b>		

# CEO's Message

**Khaleeji is delighted to present to you the ESG Report for the year 2022. This report outlines our continued commitment to incorporating ESG practices across all our operations and demonstrates that we are ready to develop a clear roadmap for the years ahead.**

In recent years, sustainable banking has received increased attention, as companies strive to incorporate environmental, social, and governance (ESG) impacts into their strategic planning and operations. It is widely recognised that banks and financial institutions will play a major role in helping achieve the United Nations' Sustainable Development Goals (SDGs) by supporting sustainable development through financing loans and investment schemes for green and social projects. To fulfil our role, Khaleeji has been actively supporting sustainability by supporting various internal and external initiatives.

In 2022, we actively worked towards developing an ESG strategy. Moreover, Khaleeji provided ESG-related training to the Bank's employees. This ensures that all employees have received ESG education, which not only increases their awareness but also helps the

Bank reduce its environmental impact.

Khaleeji is dedicated to supporting the communities in which it operates. Khaleeji continues to support a wide range of community initiatives including but not limited to TradeQuest and Central Bank of Bahrain's (CBB's) Waqf fund, a special fund to support Islamic finance training. By supporting these initiatives, Khaleeji demonstrates that it is committed to our workforce and the communities in which we operate. Khaleeji has also demonstrated that it is committed to increasing women's empowerment, as well as youth support and guidance.

In 2022, Khaleeji also achieved several other accomplishments. The Bank embraced the transition to digital banking and established several e-channels, which aim to make our customer's banking experience more streamlined. Moreover, we actively worked towards reducing our environmental footprint within the office by introducing power-saving techniques, recycling, and paperless alternatives.

At Khaleeji, we are delighted to reaffirm our commitment to incorporating ESG-related practices into our operations, and as such we have developed a clear roadmap towards achieving our goals.

I invite you all to read this report, which highlights the Bank's ESG-related initiatives and confirms our determination to continue to develop this approach.

**Sattam Sulaiman Algosabi**

Chief Executive Officer  
Khaleeji Bank

**“Khaleeji demonstrates that it is committed to our workforce and the communities in which we operate”**



# About this Report

Welcome to Khaleeji Bank's second Environmental, Social and Governance (ESG) report, encompassing the Bank's headquarters and its Bahrain-based operations. This report highlights the progress we have made towards achieving Khaleeji's sustainability vision, demonstrating the internationally accepted best practices we have adopted to measure and report our ESG activities. As we continue along our ESG journey, we recognise that ESG practices are constantly evolving and further opportunities will exist to enhance our ESG performance in the future.

## **Reporting Period**

This report covers environmental, social, economic and governance performances and activities from 1st January 2022 to 31st December 2022. It outlines Khaleeji's approach and commitment towards sustainable development in the Kingdom of Bahrain.

## **Reporting Standards**

This report has been prepared with reference to the Global Reporting Initiative (GRI) Standards and the Bahrain Bourse ESG Reporting Guide. It discloses information on the specific topics that are most significant to Khaleeji and our stakeholders. In addition, this report demonstrates the Bank's efforts towards supporting international and national standards, visions, and objectives, including the United Nations Sustainable Development Goals (SDGs) and Bahrain Vision 2030.

## **Inquiries and Feedback**

Khaleeji welcomes any feedback or inquiries related to this report through the available communication channel listed below.

Mail: [callcenter@khaleeji.bank](mailto:callcenter@khaleeji.bank)

# Who We Are

Khaleeji Bank is an Islamic bank headquartered in the Kingdom of Bahrain. We have four other branches which can be found in Hidd, Juffair, Sanad, and Riffa, as well as eight ATMs distributed throughout the Kingdom.

## Vision



### To Help Ambitious People Prosper

Here at Khaleeji Bank, we envision becoming one of the strongholds of the domestic economy and regional Islamic banking. To uphold this vision, we provide unique, innovative, and trustworthy Shari'a-compliant products, services, and investment opportunities for our clients.

## Mission



At Khaleeji Bank, we want to have a major role in developing the economy and contributing to the growth of Islamic banking in the Kingdom of Bahrain to achieve the optimum value for our clients and shareholders in accordance with the provisions and principles of Shari'a. Our aims are as follows:

- **By 2028** Khaleeji Bank aims to become **Bahrain's most trusted Islamic bank** and a notable regional rising star in our sector. We aim to become recognised as **'the bank of choice'**.
- Create our own niche and **transform the perception of Islamic banking** from a 'badge of compliance' to an authentic system for prosperity.
- To be widely admired for our **innovative strategy** and to win awards for our **exceptional customer service** and to confirm our position as a **key sector influencer**.
- Achieve awards for being the region's fastest growing Islamic bank.
- Help inspire a culture of respect for individuals, society, our shared environment and the nation.

## Values



Khaleeji is proud in having established a culture that is built upon a unified set of values.

### Strong

Ability to adapt and transform to market conditions.

### Stable

Continue the path of growth and expansion, whilst exploring and capitalising on opportunities in key local and regional markets.

### Optimistic

Positive assurance and optimism in the face of financial uncertainty.

### Trustworthy

Empower clients by providing the best services available and responding to their different needs, creating long term relationship with them.

### Composed

Continue practicing financial matters with poise and fortitude while investing the Bank's long expertise in Islamic banking.

# Highlights of the Year

## Ethical Governance and Meaningful Engagement

**Zero**

confirmed incidents of corruption were recorded

The **Risk Nucleus System** was introduced to automate compliance monitoring

The **Swift Customer Security Programme (Swift CSP)** was completed

**Information security policies and procedures** were revised and modified to match the National Institute of Standards and Technology (NIST) standard

**12%**

decrease in the number of complaints compared to 2021

Launched the customer self-service **Know Your Customer (KYC) Kiosk**

A total of **15** projects were sponsored

**BD 65,000**

in community investments, marking a **225%** increase from last year

## Nurturing our People and Preserving the Planet

**2,810**

training hours delivered to employees

**35%**

of the workforce are women

**20%**

of the workforce are under 30 years old

**96%**

of the workforce are Bahraini

**No formal grievances** were filed regarding incidents of discrimination or harassment

GHG emission intensity stood at

**196 tCO<sub>2</sub>eq**  
per employee

**Partnered** with a third-party service provider to manage our waste generation

## Fostering Growth and Innovation

**BD 14.01 m**

net profit, demonstrating a 29% increase compared to 2021

Joined Tamkeen's **Solar Financing Scheme**

**Sponsored** programmes such as TradeQuest and Smart Investor to empower young people

Initiated the "**Branch Workspace Portal**" and the **electronic signature system**

**12%**

increase in the percentage of digitally active customers compared to 2021

**1,740**

new customers onboarded digitally

**89%**

of transactions were online or mobile transactions

# Our *Sustainability* Approach

Engaging our Stakeholders	8
Materiality Assessment	9
ESG Framework	10

At Khaleeji, we strive to improve our operations, performance, and offerings, such as sustainable financing options, while continuously reducing our direct and indirect impacts on the environment as we work towards achieving carbon neutrality.

# Engaging our Stakeholders

Our stakeholders are at the centre of all we do to ensure that we build and maintain strong relationships with them all. These include people who are directly impacted by our business and operations, as well as those who are indirectly impacted in the communities we serve.



# Materiality Assessment

Last year, we carried out a materiality assessment exercise to identify, assess, and prioritise the impacts that are most relevant to our operations. Through this assessment, we identified 14 material topics that are important to our business operations, activities, and stakeholder priorities, and have the most significant impacts on the economy, environment, and people.

## Khaleeji's Material Topics

- 1 Governance and business ethics
- 2 Systemic risk management
- 3 Financial performance
- 4 Customer engagement
- 5 Data privacy and security
- 6 Employee wellbeing
- 7 Responsible banking
- 8 Training and development
- 9 Digitalisation and innovation
- 10 Community development
- 11 Financial inclusion and accessibility
- 12 Diversity and inclusion
- 13 Environmental footprint
- 14 Responsible procurement



# ESG Framework

The developed ESG framework aims to facilitate the incorporation of ESG considerations into all our operations. This framework defines our environmental, social, economic, and governance impacts, and enables us to manage them in a manner that ensures that we create and maintain all positive outcomes. The framework is composed of three pillars which align with our corporate approach to addressing our stakeholders' needs and expectations, ESG commitments, and align with our identified material topics.

## ESG Framework

Corporate  
Governance and  
Customer Centricity

Resilient Sustainable  
Business Practices

Embracing Growth  
and Innovating  
for the Future

## Material Topics

01

- Governance and business ethics
- Systemic risk management
- Data privacy and security
- Customer engagement
- Community development

02

- Environmental footprint
- Employee wellbeing
- Training and development
- Diversity and inclusion

03

- Financial performance
- Financial inclusion and accessibility
- Responsible banking
- Digitalisation and innovation
- Responsible procurement

# Ethical Governance and Meaningful Engagement

Governance and Business Ethics	12
Systemic Risk Management	17
Data Privacy and Security	18
Customer Engagement	20
Community Development	21

Khaleeji has a strong governance framework, enabling us to maintain an exceptional standard of transparency and accountability. This is achieved by implementing strategies, objectives, and policies that align with regulatory standards and directives. By doing so, we ensure that we play a pivotal role in maximising value for all our stakeholders while protecting their interests.

We are dedicated to securing our business and clients. Comprehensive risk assessments allow us to identify potential hazards and implement the latest measures to ensure data privacy and security.

In addition, we actively engage with our clients to identify opportunities for improving their experience and acknowledge our potential to make a positive impact on the broader society and the communities in which we operate.

## Material Topics

- Governance and business ethics
- Systemic risk management
- Data privacy and security
- Customer engagement
- Community development

## Bahrain Vision Contribution Areas

- Bahrain stimulates growth by enhancing productivity and skills
- A high standard of social assistance gives all Bahrainis an equal start
- A predictable, transparent, and fairly enforced regulatory system facilitates economic growth

## SDGs Alignment

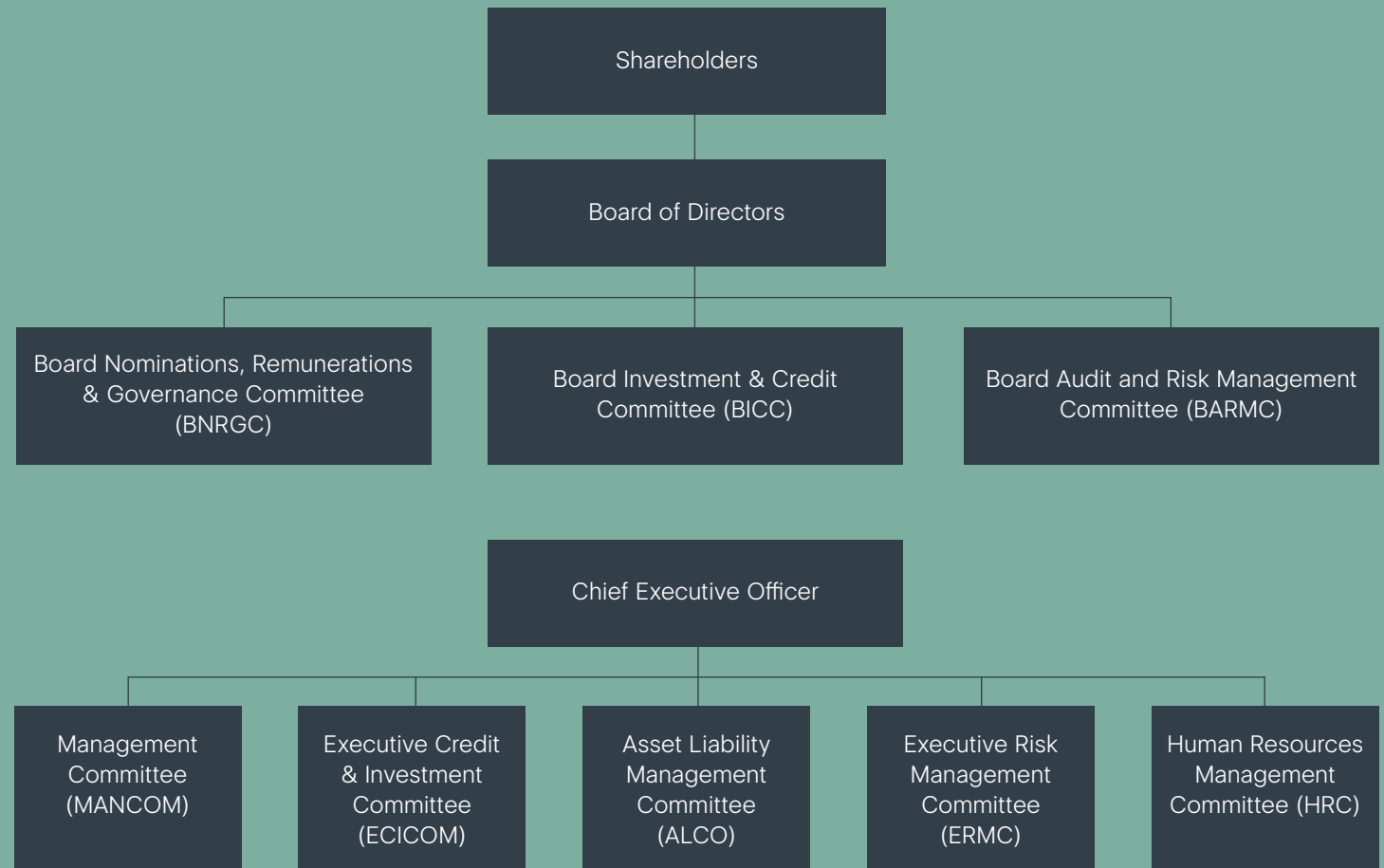


# Governance and Business Ethics

Here at Khaleeji, we endeavour to ensure business is conducted with the highest levels of integrity and transparency. We are continuously reviewing and developing our corporate governance policies to ensure that we adopt and comply with the changing requirements of the regulatory bodies and best practices.



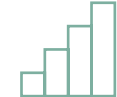
We recognise that governance and business ethics have played a pivotal role in our success. Our Board of Directors provides strong leadership, instilling ethics and integrity, and ensuring sound governance practices and management.

## Corporate Governance Structure





We have three Board-level Committees, all with varying responsibilities. These include:

Committee	Main Responsibilities
<p>Board Nominations, Remunerations, and Governance Committee (BNRGC)</p> 	<p>The BNRGC’s responsibilities include establishing the corporate governance framework, as well as implementing and overseeing policies related to compensation and incentives, human resources, and administration. The Committee also oversees the ESG Committee and ESG-related matters. This includes reviewing, discussing, and approving reports related to ESG.</p>
<p>Board Audit and Risk Management Committee (BARMC)</p> 	<p>The BARMC supervises all internal and external audits, as well as compliance and anti-money laundering. The Committee also oversees the risk management framework and is responsible for ensuring its effectiveness and managing any emerging risks according to parameters set by the board.</p>
<p>Board Investment and Credit Committee (BICC)</p> 	<p>The BICC oversees all investment and credit approvals, as well as setting limits and investment strategies. BICC is also responsible for managing banking relationships, monitoring asset impairment, and asset liability management.</p>

Khaleeji's ESG Committee was successfully established in 2021 and is responsible for reviewing and managing the integration of ESG activities and initiatives across all our operations. The ESG Committee is a Senior Management Committee that is chaired by the Chief Risk Officer (CRO). The Committee is responsible for implementing an ESG Policy, strategy, and framework, as well as staying abreast of current and emerging ESG trends. This enables us to identify and eliminate all ESG risks in connection with our activities. The ESG Committee reports to the BNRGC, which oversees all of its activities.

At the management level, the Committee identifies and assigns focal points to each department who are then responsible for specific ESG matters.

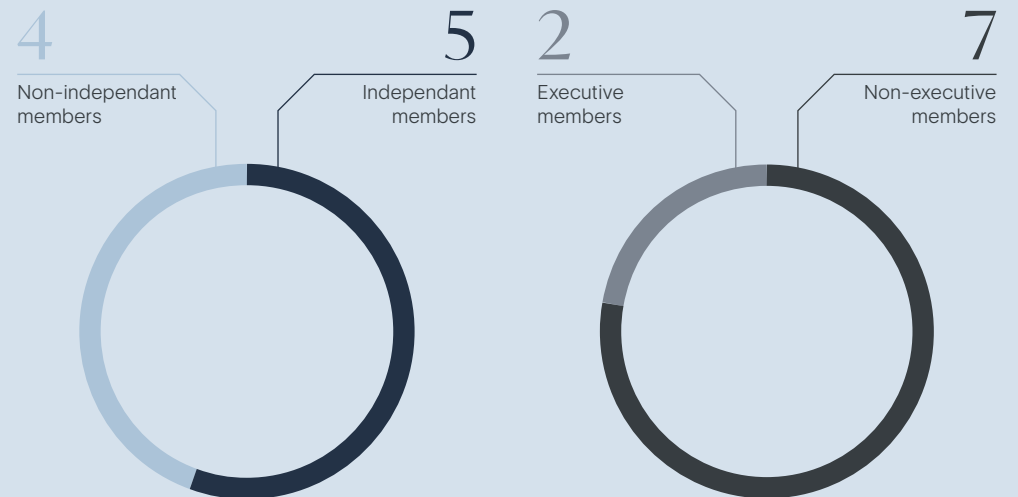
ESG Champions were assigned within each department to further strengthen the ESG network within the organisation.

At Khaleeji, the position of the Chair and that of the CEO are segregated in compliance with the CBB requirements, and we ensure that the responsibilities of these two positions are kept separate.

Board of Directors Composition	2020	2021	2022
Total number of members	10	9	9
Total number of independent members	5	5	5
Total number of non-independent members	5	4	4
Total number of executive members	4	3	2
Total number of non-executive members	6	6	7
Total Board seats occupied by men	10	9	9



### Board of Directors Composition



Khaleeji's Code of Conduct has been approved by the Board and signed by all Board members and employees. The Code reflects our desire to maintain a culture of honesty, integrity, and accountability, and helps the directors, executive managers, and employees to perform their duties to the highest standards. The Code of Conduct covers the most important standards of business and personal performance, including factors such as integrity, data confidentiality and privacy, conflict of interest, priority transactions, gifts, insider information, money laundering, regulators and auditors, public statements, misuse of information, political activities, assets protection, and whistleblowing.



## Anti-money Laundering

Here at Khaleeji, we are committed to adhering to strict Anti-money Laundering (AML) and Combating the Financing of Terrorism (CFT) regulations. We take active steps to prevent our products and services from being used illegally.

We have consolidated our anti-financial crime measures in one place, including AML/CFT Policy, Sanctions Policy, and Customer Onboarding Guidelines. We route all of our customers' transactions through the AML System and review all alerts generated by the Anti-Financial Crimes (AFC) team on a daily basis. In addition, we screen all SWIFT transactions against international lists. We also comply with all CBB regulatory requirements and best practices for the prevention of money laundering.



## Know Your Customer

KYC at Khaleeji is overseen by Customer Onboarding Guidelines that outline the procedures for the onboarding of new-to-bank customers, including identifying and categorising the KYC risk rating and approvals required for high-risk customers. We have introduced several measures to help us conduct ongoing due diligence regarding high-risk customers. We have implemented KYC forms that are in line with the CBB requirements and international best practices, as well as Customer Relationship Review Procedures which explain the process of conducting ongoing due diligence on all KYC customer risk categories, from low and medium risk to high-risk.

In 2022, we introduced a new process for the annual review of high-risk customers. Through this process, we reviewed all existing Politically Exposed Persons (PEPs) relationships (individuals and legal entities). Moving forward, the annual high-risk review will also cover charities, exchange houses, financial institutions, and a targeted risk-based approach review.

We have also automated the customer risk rating at the onboarding stage for individual customers, to help streamline operations. This is carried out via the Workspace platform and any high-risk customers identified are routed to the Anti-Financial Crimes Department for review and approval. Customer KYC information is taken from the Identity Governance and Administration (IGA) Database and reflected in the core banking system.

In 2022, we also conducted an AML Risk Assessment exercise. This course was run from our e-learning platform and was available to all staff. In addition, a virtual training session was conducted for the Senior Management. Collectively, these trainings provided a qualitative and quantitative analysis of Khaleeji's exposure from an AML/CFT perspective, with regards to the customer risk, geographical risk, products/services risk, and delivery/channels risk.



## Anti-Corruption, Anti-Fraud, and Whistleblowing

At Khaleeji, we do not tolerate any actions or activities that intentionally breach anti-corruption and fraud laws.

Anti-corruption and anti-fraud are included in the Code of Conduct, which is signed by all employees. In addition, we also have an internal Whistleblowing Policy in place to make sure that all employees feel that they can voice their concerns without fear of retaliation or retribution. This Policy also provides a transparent and confidential process for dealing with all concerns raised.

All employees are encouraged to voice their concerns about potential malpractices at the earliest opportunity, and in an appropriate way. Concerns regarding malpractice in the workplace can be reported to the line manager, Head of Internal Audit, or the chairperson of the Board Audit and Risk Management Committee (BARMC) depending on the severity of the matter. All reports made are thoroughly investigated, with the aim of collecting evidence that either substantiates or refutes the complaint received. All informants will be notified about who is handling the claim and any further steps that will need to be taken. Example of malpractices include fraud; corruption, bribery, or extortion; criminal offences; failure to comply with a legal or regulatory obligation; injustice; endangering the health and safety of an individual; coercion, harassment, or discrimination.



# Zero

confirmed incidents of corruption involving the Bank occurred in 2022.



# Systemic Risk Management

**Systemic risk is the risk inherent to the entire market and needs to be determined and managed to enable us to protect the vulnerability of the Bank. Here at Khaleeji, we ensure that all business is conducted with a minimum level of risk while upholding Shari'a principles. Due to the nature of our business, Khaleeji is exposed to numerous risks, including but not limited to credit, market, liquidity and operational risk.**

A detailed risk and reward analysis is carried out as part of our decision-making process regarding new business, which enables us to establish a balance between risk and return. Our analysis also helps to minimise any potential adverse effects on our overall performance.

At Khaleeji, we have implemented an Enterprise Risk Management Framework to directly manage enterprise-wide risks. This framework enables us to identify, assess, manage, and mitigate all risks associated with our activities, and carry out ongoing monitoring. This ensures that we are aware of any new risks that arise. Operational and strategic decisions can then be made to manage them. As part of this process, we first identify any potential negative risks associated with a new activity using a risk scanning process that includes inputs from the internal and external risk environment. It also includes any potential threats and opportunities from both a business and client perspective.

The Compliance Department also introduced a compliance framework that enables us to monitor compliance and enabled the compliance monitoring system (Risk Nucleus) to be established. The Risk Nucleus will boost compliance testing and ensure that it is kept current with any changes in regulations.



## Highlight:

### Risk Nucleus System – Enhancing Compliance Monitoring for Responsible Operations

Khaleeji introduced the Risk Nucleus System to automate compliance monitoring, a need identified by internal audit reports.

This innovative approach involved integrating the CBB's Rulebook requirements into the system and aligning them with the respective departments. Each department can now confirm their compliance through the system, attaching any necessary supporting evidence. Crucially, the system sends timely alerts about impending regulatory deadlines.

The introduction of the Risk Nucleus System has been transformative. Not only has this bolstered compliance oversight but it has also increased efficiency significantly and reduced regulatory risks.

As a result, our approach has streamlined processes, enhanced economic performance, and empowered us to contribute meaningfully to the communities we serve. Moving forward, we are dedicated to continuing to improve our operations, aiming to further empower our teams and enhance our community engagement efforts.

# Data Privacy and Security

**Khaleeji strives to provide the highest level of services to all of our stakeholders, which includes ensuring that our services run smoothly and that our stakeholders are protected from any cyberattacks.**

To meet these goals, we established several security measures. The first is a Data Privacy Policy that incorporates the General Data Protection Regulation (GDPR) law rules. We also completed all necessary data privacy and security related policies and procedures and mapped them to the CBB, to align with their mandates. We achieved the Payment Card Industry Data Security Standard (PCI DSS) certificate. In addition, we strive to meet national and international standards and align our operations with standards such as the ISO 27001 Standard.

**Zero** 

issues or risks related to customer privacy and security identified by Khaleeji in 2022.

Khaleeji's Information Security Department is proud of its achievements over the last couple of years. These achievements range from increasing the security surrounding our services and operations to providing enhanced education on these matters to all of our staff and other relevant stakeholders.

We have installed and fully configured a Web Application Firewall (WAF) which protects all the Bank's assets from external intrusions and Denial-of-Service Attacks (DdoS). The Information Security Department has also applied a device control security mechanism using a Data Leakage Prevention (DLP) module that prevents portable media from being used unless it has been authorised. This includes media such as CDs, external hard discs, and USB Flash Memory Sticks.

To enhance security measures within the Bank, we implemented a fully-fledged Email Archiving System, that enables us to retrieve any email sent internally or externally. This system will help to recover lost emails and help in any future security investigation on the email exchange. We have also established Domain Based Message




Authentication Reporting (DMARC), which is a security control on the email domain of the Bank to strengthen its security and avoid spoofing and mail relaying.


Our Information Security Department has also aimed to increase awareness among staff and Bank users about potential threats and ways that they can increase security. We initiated a new practice for publishing online training to all staff, new joiners, interns, and contractors using an online training portal called MAST (Microsoft Attack Surface Training).


Phishing campaigns were also conducted to increase staff awareness of potential attacks. We also introduced a Security Awareness Weekly Campaign for all Bank users. This included sending a weekly email which provided tips that all users should follow to increase their security while using our services.


We are participating with other banks on security-related efforts through communication with the Bahrain Association of Banks (BAB) as well as participating in security-related seminars and activities both in Bahrain and elsewhere where applicable.


### Other initiatives the Bank has been involved in include:


- 


Carrying out a complete Risk Control Self-Assessment (RCSA) exercise to ensure that we are compliant with the security standard.
- 

Completing the Swift Customer Security Programme (Swift CSP). This is a mandated requirement by the CBB and was completed in October 2022.
- 

Working on attesting the security of a new mobile application for the Bank called "Ratbi." This system was authorised by an independent third-party penetration tester.
- 

Applying multi-factor authentication on all existing Microsoft products to get in line with the CBB requirements.
- 

Completing an annual Business Impact Assessment as part of the Business Continuity Management Framework.
- 

Started a project called Fort Knox which aims to fortify the internal networks (both user and server networks) and apply Zero Trust Architecture for advanced resilience against the increasing level of threats in the region.
- 

Acquiring a new tool that provides organisation with a Comprehensive Asset Inventory platform.

During 2022, all the information security policies and procedures were revised and modified to match the NIST standard; this standard was mandated by the Central Bank of Bahrain.

### Highlight:

## Launch of Zero-Trust Project

### Enhancing cyber resilience and incident response by layering the defensive controls.

The Zero-Trust Project is an advanced security control that consists of tens of systems working together for a common goal: defence-in-depth. This project is being fully managed and implemented by internal resources, which highlights the advanced skills possessed by Khaleeji's staff.

We recognise that the complexity and number of cyberattacks are increasing globally. To counteract this, we are working proactively to ensure our stakeholders are protected from such attacks and can enjoy a smooth process using all our services. This poses a number of problems given the advanced level of controls planned to be implemented. The primary challenge we face is the time constraint as the attacks are evolving and security teams need to deploy controls at a faster rate to keep up with the threats.

To ensure the success of the project, the Information Security Department has focused on building a solid project plan that is broken into several phases and subphases. This will guarantee all assets are discovered and protected by the security controls. The project will be tested once completed to make sure that all entry and exfiltration points are protected.

With the successful completion of the project, Khaleeji will have a highly resilient and layered network that can deter cyberattacks and respond to security incidents within a globally accepted timeframe.

# Customer Engagement

**We are committed to ensuring that our valued customers have the best experience when interacting with our Bank. To this end, we resolve to address any disputes or complaints with the utmost urgency.**

We are also dedicated to embedding customer satisfaction standards and methodologies into our operations. The Bank has a robust policy for managing external complaints, which all our employees must strictly adhere to. In addition, we also have an officer who is tasked with specifically handling complaints. The officer's contact information can be found on our website, in our branches, and on any publicly accessible materials.

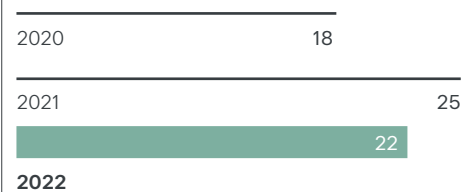
Complaints are classified into three categories: minor, moderate, or severe. Minor complaints are handled at the call centre level and closed by the Call Centre's Manager, while all moderate complaints are handled by the head of a related department. Severe complaints are always handled by the Compliance Department.

In 2022, we transitioned to digital banking. Consequently, we made sure that our call centre was well equipped to handle and report all related inquiries via the new e-channels.

A number of initiatives were implemented in 2022 to enhance customer experience and facilitate engagement with our customers. These include:

- After-service call back
- Informative Interactive Voice Response (IVR) messages that help avoid customers waiting on the line
- Abandoned calls notifications
- Adjusting agents' hours to fulfil calls volume

## Number of customer complaints



As part of our efforts to enhance our customers' experiences with our services, we have launched the Customer self-service kiosks. Self-service kiosks have been installed at key branches to help enhance our customers' experience and capitalise on our efforts to reduce paper consumption. These kiosks allow customers to effortlessly update their KYC data electronically. Moreover, customers can request their certificates and other documents to be sent to them electronically.

### Highlight:

## Reaching Out to Customers – Sales, Call Back, and Follow-Up

Khaleeji initiated a targeted approach to respond to challenges related to abandoned calls and the need for personalised customer connections. We, based on core banking data, used the information to set specific goals. We also collaborated with a Call Centre host company to implement call back notifications for abandoned calls and maintain detailed call logs for sales products.

This proactive strategy has significantly enhanced our customer satisfaction, while also increasing awareness about our services, and boosting sales. Our success demonstrates the importance of personalizing customer engagement. Moving forward, this will help guide our future efforts to further enhance customer experiences while maintaining responsible operations and economic performance.

# Community Development

**During 2022, Khaleeji continued to support the Kingdom of Bahrain in its pursuit of obtaining the goals outlined in the Bahrain Economic Vision 2030. In our community development efforts, we primarily focus on four crucial sectors: Education, Environment, Youth, and Sports.**

At Khaleeji, we acknowledge that we are responsible for the communities in which we operate. We strive to contribute to these communities by supporting any local initiatives that resonate with our core values. We believe that the educational sector has a pivotal role to play in shaping both the present and future of the Kingdom.

We have participated in several community educational initiatives over the years. These include but are not limited to the sponsorship of Bahrain Institute of Banking & Finance's (BIBF) new building; supporting local sports movements and activities to encourage today's talents to become tomorrow's prodigies; and supporting the Bahrain Bourse's Awareness Campaign to promote financial literacy.

We have also been involved in initiatives related to culture and heritage. Some examples of the programmes we have supported include supporting Shaikh Ebrahim bin Mohammed Al Khalifa Centre's mission of preserving and sharing the Kingdom's Culture and Heritage, annual donations during the holy month of Ramadan, and Supporting INJAZ Bahrain's programmes.

Other initiatives we have been involved in include:

- Supporting TradeQuest's annually on their quest to train young investors theoretically and practically.
- Supporting and participating in the National Initiative for Agricultural Development's events.
- Contributing to the CBB's Waqf Fund which helps fund the training of many staff members in the field of Islamic Financing on a professional and academic capacity.
- Supporting the "Forever Green" event along with other leading institutions, showing our keenness to protect and preserve the Bahraini environment.

In 2022, Khaleeji attended a number of conferences and competitions. These included the INJAZ Bahrain's Young Entrepreneurs Competition 2022, TradeQuest 2022, AAOIFI World Bank Conference 2022, in addition to Shaikh Ebrahim bin Mohammed Al Khalifa Centre for Culture and Research activities, INJAZ Bahrain's "It's My Business" Programme, the Institute of Chartered Accountant of Pakistan (ICAP) Club's 2022 Islamic Banking and Digital Revolution event.

## Highlight:

### "Banking Gateway" Training Programme

Khaleeji has recently announced the graduation of the first batch of our exclusive training programme "Banking Gateway." The programme was launched earlier this year, with the aim of arming those newly joining the labour market with the experience and skills necessary to adapt to the work requirements in the banking sector.

The programme offers a unique six-month experience, providing participants with a deeper understanding of various departments and operations within the banking industry. It is designed to empower fresh graduates with the knowledge and skills required to thrive in the dynamic world of banking where there are growing changes daily.

The "Banking Gateway" initiative embodies our proactive approach and passion to lead, presenting projects and initiatives aimed at supporting the development of the financial sector in the Kingdom and advancing it towards broader horizons of success, by providing it with qualified national cadres capable of positively contributing to the sector.



# Nurturing our People and Preserving the Planet

Environmental Footprint	24
Employee Wellbeing	27
Training and Development	28
Diversity and Inclusion	30

At Khaleeji, we are firm believers that safeguarding our assets is a pivotal catalyst for fostering sustainable business expansion. Our objective is to achieve diverse growth while also offering our employees training and developmental prospects, thereby ensuring a motivated and contented workforce. At Khaleeji, supporting diversity and inclusion within our workforce is of paramount importance. We also actively promote various business practices aimed at taking responsible steps towards conserving the environment, reducing energy usage, preserving natural resources, and minimising emissions.

## Material Topics

- Environmental footprint
- Employee wellbeing
- Training and development
- Diversity and inclusion

## Bahrain Vision Contribution Areas

- All Bahraini nationals and residents have access to quality healthcare
- A high standard of social assistance gives all Bahrainis an equal start
- A predictable, transparent, and fairly enforced regulatory system facilitates economic growth
- Bahraini nationals and residents enjoy a sustainable and attractive living environment

## SDGs Alignment




# Environmental Footprint

Here at Khaleeji, we are committed to reducing our environmental footprint and introducing sustainable practices throughout our operations. To achieve this, the Administration Department set environmental sustainability as one of its main goals in 2022. We are also developing an ESG strategy that will outline the physical and transitional climate-related risks and opportunities and assess the financial materiality of those risks.

## Climate Change and Energy Management

While we work on these new strategies, we are taking active steps to reduce our environmental footprint and spread awareness and education among our employees. More than half of our employees have attended the Climate Related Risk training which covered topics such as: Understanding ESG, ESG Drivers, SDGs, and Climate-related Risk Management and its tools. We have also taken steps to reduce our energy use. These steps include installing automatic lights in our restrooms which automatically turn off when not in use and replacing the lights in our headquarters and new branches with lights with energy-efficient light-emitting diode (LED).

Despite our efforts to decrease our energy consumption, we acknowledge that there was an increase in energy consumed during 2022. This was likely due to work resuming in the office after previously instated COVID-19 restrictions were lifted. Moving forward, we aim to take active steps to reduce our energy consumption and subsequent greenhouse gas (GHG) emissions. One such step includes the transition of 60% of our applications to the cloud, thus, reducing our reliance on physical servers and subsequently our energy consumption.

60%   
of our applications have been transitioned to the cloud

Energy	Units	2020	2021	2022
<b>Direct energy consumption</b>				
Petrol consumption from vehicles	L	1,262	3,494	6,216
Total direct energy consumption	GJ	42.31	117.14	208.40
<b>Indirect energy consumption</b>				
Electricity consumption (office, storage, facilities, etc.)	kWh	26,927,910	38,825,472	45,333,018
Total indirect energy consumption	GJ	96,940	139,772	163,199
Energy consumption intensity	GJ/employee	599	823	973



As part of our ESG framework, we are planning to set targets for GHG emissions monitoring and reduction in alignment with the Bahrain Net Zero Target 2060.

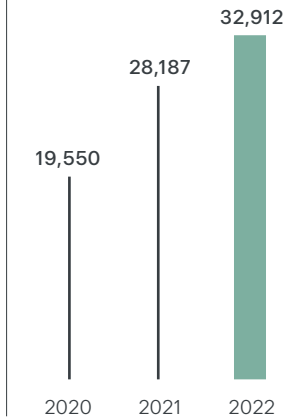
Total GHG emissions (scope 1 and 2) was 32,926 tCO<sub>2</sub>eq in 2022. This marks an increase of 17% compared to 2021.

**GHG Emissions** (tonnes CO<sub>2</sub>eq)

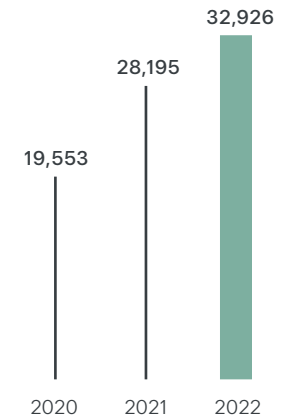
Direct GHG emissions (Scope 1)



Indirect GHG emissions (Scope 2)

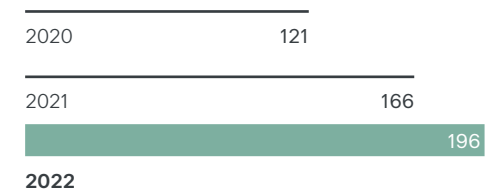


Total GHG emissions



GHG emissions intensity, normalised per full-time employee stood at 196 tCO<sub>2</sub>eq per employee in 2022, an increase of 18% compared to the previous year.

**GHG Emissions Intensity** (tonnes CO<sub>2</sub>eq/ full-time employee)



## Waste Management

We have also continued to implement practices that reduce waste generation and paper consumption, such as double-sided printing and the use of paper and biodegradable plastic cutlery. We are aiming to digitise documents and forms used in our day-to-day internal operations, replacing them with eForms instead.

Furthermore, we have taken a significant stride forward in our ongoing environmental journey by partnering with Nidukki (a waste management and recycling services provider) to provide us with recycling services. As part of this collaboration, recycling bins have been distributed throughout our branches for our employees' use. This way all employees contribute to the protection of the environment and managing our resources.

This year also marked the beginning of our exploration into Green Data Centres. These centres will be designed to uphold and promote ESG principles. While the full shift has not been realised yet, this investigative phase is a testament to our commitment to adopting environmentally conscious and sustainable technology infrastructure in the near future.

## Water Management

To expand our efforts in minimising our environmental footprint, we have installed manual water taps instead of automatic taps to reduce water consumption as they give more control for the users.





# Employee Wellbeing

**At Khaleeji, we take care of our workforce and aim to provide a suitable work environment for all our employees. Our Employee Handbook covers occupational safety related topics such as fire safety, workplace safety, and emergency execution.**

We aim to ensure our employees' wellbeing. To this end, we provide all staff and their immediate family members (spouses and children under 18) with a comprehensive worldwide medical insurance. The insurance has a wide network of healthcare providers and covers services varying from routine check-ups to treatments for various illnesses or injuries, including both inpatient and outpatient services. Work injuries and death incidents are also covered by the Social Insurance Organisation (SIO) contribution.

Within the Bank, we regularly offer training sessions to employees in coordination with BIBF to provide them with stress management training and working hours management training.

# Training and Development

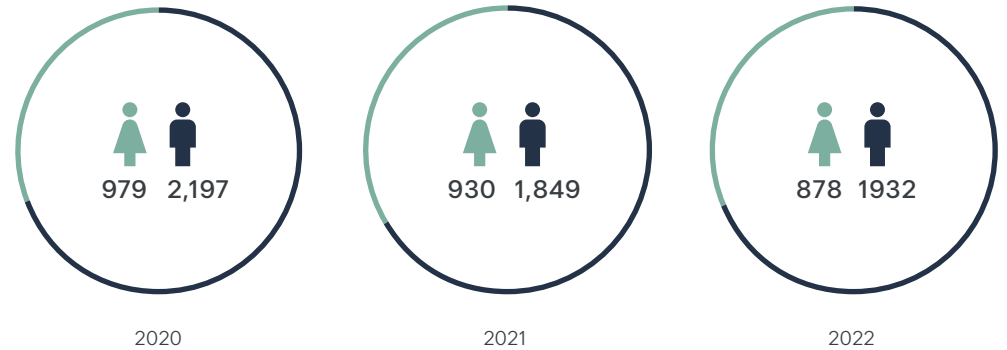
**At Khaleeji, we support our employees' ambitions and achievements by providing them with both guidance and opportunities to hone their talents.**

The training sessions provided cover a wide variety of relative topics and are available for employees at all levels. In 2022, our sessions covered several topics including: ESG related topics, climate-related risk management and tools, cybersecurity, and business continuity. We also arranged specialised training sessions in coordination with BIBF for our Senior Management, titled 'Future Challenges for Executives in the Banking Sector,' and 'AML Training for Executives.' These sessions covered a variety of topics, helping our leaders navigate various challenges and opportunities within their roles.

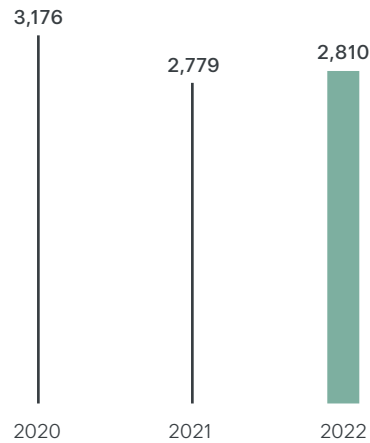
For example, the "ESG – The Changing Face of Banking" course was delivered to senior level employees. It offered them a comprehensive understanding of the evolving ESG landscape. Through this programme, Khaleeji aims to ensure that every member of our team is equipped to make decisions that align with sustainable and ethical standards in their respective roles.

In 2022, a total of 2,810 training hours were provided to employees (of which 1,932 hours were provided to male employees and 878 hours were provided to female employees), representing a 1.12% increase compared to 2021.

**Training Hours by Gender**



**Total Training Hours**



\*Training hours for the years 2020 and 2021 are estimated





## Performance Appraisals

For each employee, we conduct an individual appraisal evaluation to identify areas where an employee may need further training. If a special training is required then a training plan will be developed in consultation with the line manager. Our Human Resources Department can then arrange external or internal training sessions to ensure that all our employees receive the training they need.

### The Performance Appraisal Cycle includes:



# Diversity and Inclusion

**At Khaleeji, we are committed to supporting diversity and inclusion within our workforce. We endeavour to provide a respectful work environment that values every individual's well-being and respects their rights to feel safe and protected at work.**

We believe that a diverse and inclusive workforce fosters a healthier working environment that is built on equality and teamwork. A diverse and inclusive workforce brings together individuals with different backgrounds, experiences, and perspectives which nurtures creativity and innovation, providing economic stability, productivity, and a satisfactory customer experience.

As part of our efforts to encourage and retain female employment, we have run a Women's Day event, which is a social activity organised by our Social Committee. The event hosts our female employees on Women's Day over a lunch to celebrate and honour them, providing them with an opportunity to socialise and form meaningful connections. Giveaways are offered to them as gestures of our gratitude. In 2022, 35% of our total workforce were women and we have maintained this percentage

throughout the past 3 years. We actively promote and support female participation across all levels of our workforce, and as a result, women represent 26% of our Senior Management, and 38% in Middle Management. Additionally, in 2022, 27% of our new hires were women.

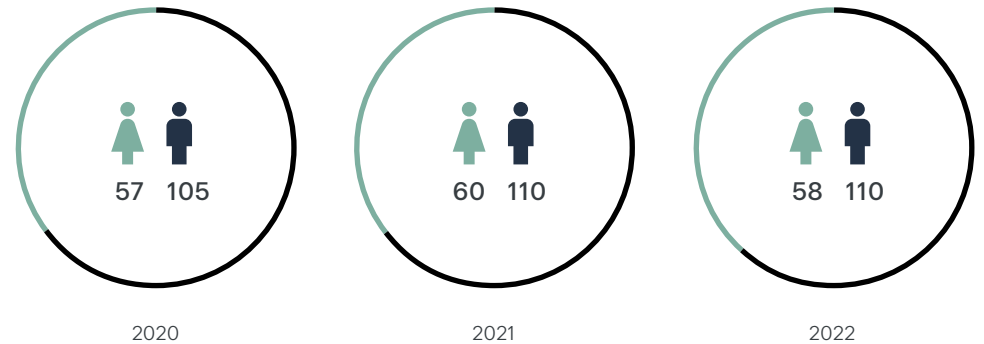
### Workforce Size

2020	162
2021	170
2022	168

27% 

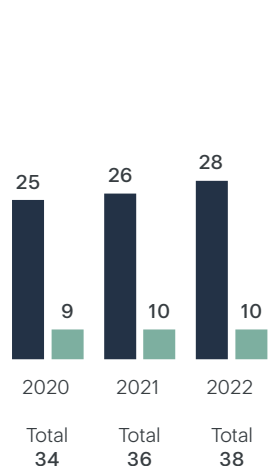
of new hires in 2022 were women.

### Workforce breakdown by gender

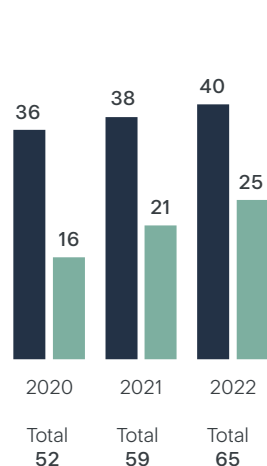


## Workforce

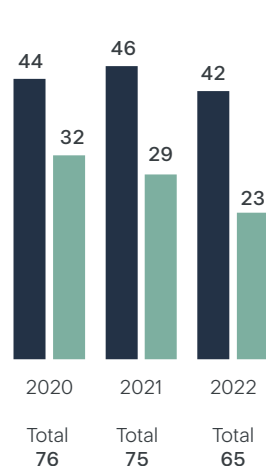
Full-time employees in senior management



Full-time employees in middle management



Full-time employee staff (other levels)



● Male ● Female

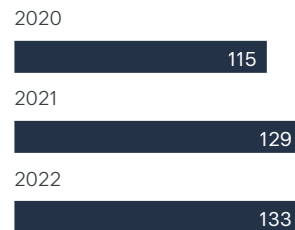
We are well aware that providing the youth with the opportunity to gain knowledge and expertise in the field supports diversity within our workforce. This year 20% of our total workforce are under 30 years old.

## Workforce by Age Profile

Under 30 years old



30-50 years old



Over 50 years old

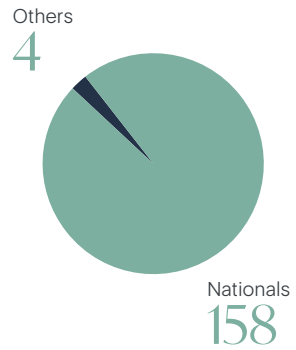


This year, 22 new hires were employed at Khaleeji, six of whom are female. On the other hand, 24 employees left the Bank, seven of whom are under 30 years old, while the remainder are between 30 and 50 years old.

New Hires and Turnover	2020	2021	2022
<b>New employee hires by gender</b>			
Total number of new female hires	0	5	6
Total number of new male hires	3	14	16
<b>Employee turnover</b>			
Total number of employees who left the company	57	11	24
Full-time	57	11	24
<b>Employee turnover by age profile</b>			
Under 30 years old	12	3	7
30-50 years old	39	8	17
Over 50 years old	6	0	0

Here at Khaleeji, we support the Bahrain Vision 2030 that aims to ensure that all Bahraini people have access to better living standards, increased employment, and more attractive employment opportunities. As a result, 96% of our total workforce are Bahraini and of those, 37% are female. 95% of our senior management is Bahraini.

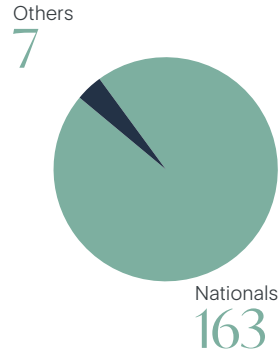
Nationals among total full-time workforce in 2020



Nationals by gender:

Male: 101  
Female: 57

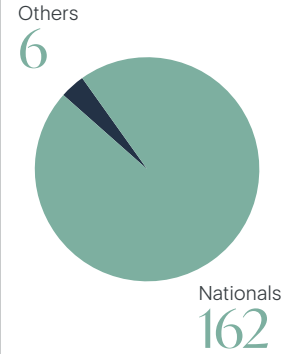
Nationals among total full-time workforce in 2021



Nationals by gender:

Male: 103  
Female: 60

Nationals among total full-time workforce in 2022



Nationals by gender:

Male: 104  
Female: 58

We have introduced several channels that aim to safeguard our employees' rights. These channels enable our employees to report their concerns either in person or anonymously, ensuring a secure environment for addressing any issues. Our principles are outlined in the HR manual and in the Employee Handbook that is signed by all employees. It covers issues such as harassment and discrimination.

# Zero

formal grievances were filed regarding incidents of discrimination or harassment in 2022.



# Fostering Growth and Innovation

Financial Performance	34
Financial Inclusion and Accessibility	35
Responsible Banking	36
Responsible Procurement	37
Digitalisation and Innovation	38

Khaleeji knows that sustainability drives financial performance and is a fundamental element for long-term success. We acknowledge the consequences of our banking endeavours and embrace our duty to incorporate ESG factors into our range of products and services. Through innovation and digitalisation, we actively explore avenues to enhance financial accessibility and sustainable procurement, demonstrating our dedication to making a valuable contribution to Bahrain’s national economy.

## Material Topics

- Financial performance
- Financial inclusion and accessibility
- Responsible banking
- Responsible procurement
- Digitalisation and innovation

## Bahrain Vision Contribution Areas

- Bahrain stimulates growth by enhancing productivity and skills
- A world-class infrastructure links Bahrain to the global economy
- Bahrain diversifies and builds the economy by focusing on existing high-potential sectors
- Bahraini nationals and residents enjoy a sustainable and attractive living environment

## SDGs Alignment



# Financial Performance

**Khaleeji is dedicated to maintaining a robust financial performance to support our operations, deliver value to our shareholders, and make valuable contributions to the communities where we operate.**

In 2022, Khaleeji took a number of steps that enhanced our financial performance, and we outperformed previous years in terms of financial results. We successfully strengthened our position as a leading Islamic bank in the Kingdom over the year, with our net profit reaching a total of BD 14.01 million for the fiscal year ending on December 31, 2022. This was up 29% compared to 2021 where our profit was BD 10.85 million.

This increase in profit occurred as a result of Khaleeji capitalising on the opportunities arising from the gradual recovery from the pandemic and was observed despite reducing our branch network. The reduction in our branch network aligns with our digitalisation strategy which aims to offer all services through our mobile app and kiosk banking, thus extending the reach of our services.



# Financial Inclusion and Accessibility

**We are committed to providing financial solutions that are convenient, inclusive, and accessible. To achieve this, we seek to provide all residential areas with access to branches and ATMs.**

We also finance women and ensure that they are treated fairly and equally by all our employees. Moreover, Khaleeji exempts the elderly and people with disabilities from all service charges including Credit Card charges and ATM Card charges. Finally, we have a wide range of distinguished services to benefit individuals and corporate clients. Some of these services include value-added services, such as Personal Finance, Home Finance, Auto Finance and Visa Credit Cards, as well as account services, such as Current Accounts, Saving Accounts, Mudharaba Accounts, and Al Waffer Accounts.

Khaleeji also has several well-designed, and targeted banking products and services for SMEs that allows them to grow and prosper in a competitive market setting. We have a dedicated department to investigate the financing of small and medium-sized enterprises (SMEs) which enables us to continue to serve the SME market. As part of our efforts in facilitating SMEs' financial accessibility, we have participated in Bahrain Bourse's Ring the Bell for Financial Literacy programme which aims to draw the public's attention to investor education and protection. This programme is a part of World Investor Week of the International Organization of Securities Commissions (IOSCO).

Additionally, Khaleeji is invested in enhancing the economic health of the Kingdom. To boost financial literacy, we have sponsored programmes offered by Bahrain Bourse to the Youth such as TradeQuest and Smart Investor, which aim to empower young people.

## Highlight:

### Ratbi Application

Ratbi is an application provided by Khaleeji (powered by Ryalize) that is offered to our Corporate Clients' employees, allowing them access to part of their earned salary on-demand before payday.

Employees can withdraw from their available balance whenever they want and have it transferred to their salaried bank account before payday. There is no profit or hidden charges, only a nominal fixed service fee per transaction regardless of the amount withdrawn.



# Responsible Banking

**We continue to be committed to supporting sustainable growth in the Kingdom. As such, we are working on financing environmental and social projects that support sustainable finance to realise our goals. For example, we joined Tamkeen's Solar Financing Scheme to bolster the transition to renewable energy. Enterprises benefit from the scheme, which helps them to finance the purchase of solar panels to generate clean energy, mitigate climate change, and reduce electricity costs.**

Moreover, we manage a range of investments that target different sectors and are distributed among various clientele. We take a cautious approach towards controlling the investment of products and accounts, taking into consideration the market scenarios and developments to achieve the best investment outcomes.

We also take into consideration ESG risk factors when engaging in investment activities. As a result, we have established a checklist that enables us to support ESG considerations for the purpose of responsible banking. We are currently developing a 3-year strategy that will address risks arising from ESG factors, mitigating them through risk diversification.

To further align with our sustainability targets, climate-related risks have been incorporated into the Banks' overall stress testing framework. In addition, we take into consideration the impact of climate change from a Credit Risk perspective, considering the impact of climate change on macroeconomic conditions and assuming the implications of increased climate control regulations. This is reflected in reduced repayment capacities of economic sectors such as manufacturing, real estate, and construction. This further translates into a capital risk for the Bank.

## Shari'a Compliance

At Khaleeji, we have a range of innovative and trustworthy Shari'a compliant products, services, and investment opportunities. Together, these opportunities contribute to the growth of Islamic banking in the Kingdom while maintaining economic growth. As part of the Bank's Credit Underwriting Policy, we will not undertake any business activity that conflicts with the Shari'a standards, with no exceptions. Any deviations that did occur would result in breaches of Shari'a compliance.

We comply with all regulations applicable to an Islamic licensed bank. The Shari'a Supervisory Board (SSB) is responsible for ensuring that Khaleeji conducts its business in strict compliance with the Islamic Sharia's principles and standards. In addition, all investments and the documents related to it are reviewed and evaluated before raising this investment to the SSB for approval. Should any non-compliance occur, it will be reported according to the guidelines.

In addition, we assist the SSB in the issuance of Shari'a statements and resolutions, fatwa, guidelines, and instructions on the products and services by reviewing its activities at the products design and development stage. We maintain the Shari'a basis by adhering to the SSB resolutions and Shari'a standard issued by Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI).

**“The Shari'a Supervisory Board (SSB) is responsible for ensuring that Khaleeji conducts its business in strict compliance with the Islamic Sharia's principles and standards”**

# Responsible Procurement

**Our procurement procedures help us to source responsible suppliers within our supply chain through our procurement procedures. We take into consideration environmental and social factors when selecting suppliers and products and focus on creating shared values and establishing long-term partnerships.**

According to our Procurement Policy, suppliers are mandated to adhere to all laws and regulations. Suppliers are required to provide a safe working environment for their employees and those affected by their activities. They must also take steps to identify and reduce risks of child labour and modern slavery both within their operations and throughout their supply chain. In addition, suppliers must preserve the privacy and confidentiality of all information they have relating to Khaleeji, our employees, and our customers. They must also retain appropriate cybersecurity measures to prevent the use of their systems for criminal activities.

It is essential that suppliers adhere to the Suppliers Code of Conduct because any event or action that causes a breach of the Procurement Policy will affect the good standing of Khaleeji. This also holds true for any new supplier that Khaleeji will work with.

**“We take into consideration environmental and social factors when selecting suppliers and products and focus on creating shared values and establishing long-term partnerships”**



## Highlight:

### Supply Chain Transparency

We entered a significant partnership with Beyon Group in an effort to bolster transparency and align with ESG goals. This collaboration ensures that we have access to eco-friendly tech hardware and strengthens our commitment to making responsible and sustainable choices in our technology supply chain.



# Digitalisation and Innovation

**We offer various advanced electronic services that enable our clients to carry out their banking transactions easily and efficiently. These services are equipped with a system that follows the latest security standards to provide an easy, safe, and accessible service.**

Moving forward, the development of the Open Banking Services will enable us to reach a wide range of international financial technology companies and launch a new range of services, including an e-cheque. We are currently working towards the introduction of the e-cheque as well as upgrading the Bahrain Cheque Truncation System (BCTS) that will aim to offer new features to individuals and corporate customers.

Our focus on digitalisation targets our services as well as our internal operations. In 2022, we introduced the "Branch Workspace Portal". This innovative portal completely eradicated the need for paper during the account opening process and for various other customer requests. We have seamlessly digitised several procedures, which has further bolstered our commitment to running a more environmentally friendly operation. In addition, we also rolled

out our electronic signature system for internal document approvals. This notable achievement has considerably decreased the need for printouts, speeding up the approval process while conserving resources.

We have set targets relating to cloud efficiency and digital accessibility for the next five years. For the next year we aim to improve our cloud efficiency to reach 80%. As for the effectiveness and ease of use our accessibility features on our website, mobile app, and in our kiosks our target for 2023 is to reach 85%.

Our efforts in digitising the Bank's services have paid off, as we have witnessed a 12% increase in the percentage of digitally active customers. In addition, after introducing digital account opening, a total of 1,740 new customers have onboarded digitally.

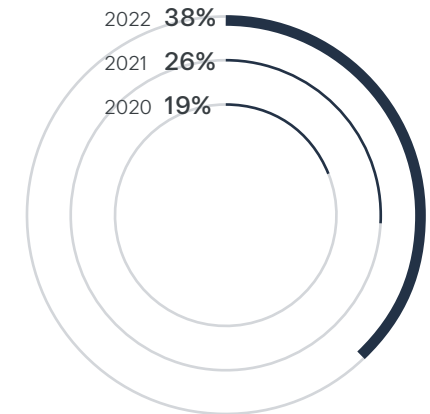
**1,740** 

new customers have onboarded digitally.

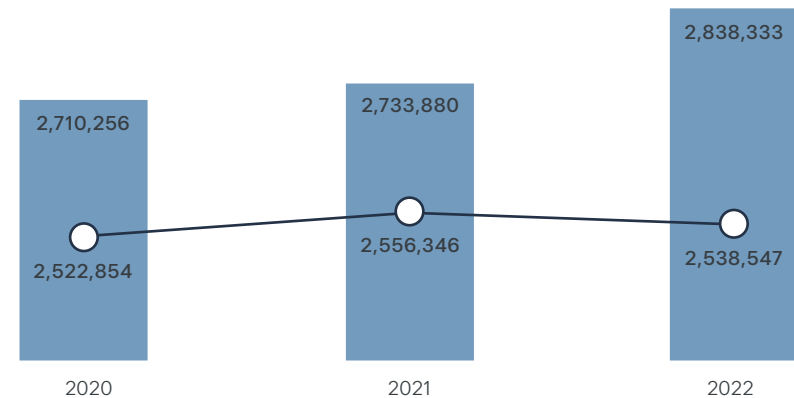
**89%** 

of our 2,838,333 transactions were online or mobile transactions in 2022.

## Digitally active customers



## Transactions



● Total number of transactions  
— Number of online / mobile transactions

# Appendices

GRI Index Table	40
Bahrain Bourse ESG Guide	42
Abbreviations	44

# GRI Index Table

**Statement of use** Khaleeji Bank has reported the information cited in this GRI content index for the period 1st of January 2022 to 31st of Decmeber 2022 with reference to the GRI Standards.

**GRI 1 used** GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	Location and/or Direct Answer and/or Link
<b>GRI 2: General Disclosures 2021</b>	2-1 Organizational details	5
	2-2 Entities included in the organization's sustainability reporting	4
	2-3 Reporting period, frequency and contact point	4
	2-4 Restatements of information	None
	2-5 External assurance	The Bank does not currently seek external assurance
	2-6 Activities, value chain and other business relationships	<a href="#">Website</a>
	2-7 Employees	31
	2-8 Workers who are not employees	None
	2-9 Governance structure and composition	12
	2-10 Nomination and selection of the highest governance body	<a href="#">Annual Report</a> P. 149
	2-11 Chair of the highest governance body	<a href="#">Annual Report</a> P. 149
	2-12 Role of the highest governance body in overseeing the management of impacts	<a href="#">Annual Report</a> P. 149
	2-13 Delegation of responsibility for managing impacts	12 - 14
	2-15 Conflicts of interest	14 - 15

<b>GRI 2: General Disclosures 2021</b>	2-16 Communication of critical concerns	<a href="#">Annual Report</a> P. 140
	2-17 Collective knowledge of the highest governance body	<a href="#">Annual Report</a> P. 150 - 153
	2-18 Evaluation of the performance of the highest governance body	<a href="#">Annual Report</a> P. 170
	2-19 Remuneration policies	<a href="#">Annual Report</a> P. 163 -165
	2-20 Process to determine remuneration	<a href="#">Annual Report</a> P. 163
	2-21 Annual total compensation ratio	<a href="#">Annual Report</a> P. 70, 72
	2-22 Statement on sustainable development strategy	<a href="#">Annual Report</a> P. 174
	2-23 Policy commitments	16, 18 - 20, 37
	2-24 Embedding policy commitments	<a href="#">Annual Report</a> P. 149
	2-25 Processes to remediate negative impacts	20 <a href="#">Annual Report</a> P. 140
	2-26 Mechanisms for seeking advice and raising concerns	20
	2-27 Compliance with laws and regulations	No instances of non-compliance with laws occurred during 2022
	2-28 Membership associations	BAB, AAOIFI, CIBAFI, IIFM, INJAZ Bahrain
	2-29 Approach to stakeholder engagement	8
	2-30 Collective bargaining agreements	None

<b>GRI 3: Material Topics 2021</b>	3-1 Process to determine material topics	9
	3-2 List of material topics	9
	3-3 Management of material topics	12, 17, 18, 20, 21, 24, 27, 28, 30
<b>GRI 201: Economic Performance 2016</b>	201-1 Direct economic value generated and distributed	34
<b>GRI 202: Market Presence 2016</b>	202-2 Proportion of senior management hired from the local community	32
<b>GRI 205: Anti-corruption 2016</b>	205-2 Communication and training about anti-corruption policies and procedures	16
	205-3 Confirmed incidents of corruption and actions taken	16
<b>GRI 302: Energy 2016</b>	302-1 Energy consumption within the organization	24
	302-3 Energy intensity	24
<b>GRI 305: Emissions 2016</b>	305-1 Direct (Scope 1) GHG emissions	25
	305-2 Energy indirect (Scope 2) GHG emissions	25
	305-4 GHG emissions intensity	25
<b>GRI 306: Waste 2020</b>	306-1 Waste generation and significant waste-related impacts	None
	306-2 Management of significant waste-related impacts	26
<b>GRI 401: Employment 2016</b>	401-1 New employee hires and employee turnover	31
<b>GRI 403: Occupational Health and Safety 2018</b>	403-3 Occupational health services	22, 25
	403-5 Worker training on occupational health and safety	None
	403-6 Promotion of worker health	27
<b>GRI 404: Training and Education 2016</b>	404-1 Average hours of training per year per employee	28
	404-2 Programs for upgrading employee skills and transition assistance programs	28
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1 Diversity of governance bodies and employees	31

<b>GRI 406: Non-discrimination 2016</b>	406-1 Incidents of discrimination and corrective actions taken	31
<b>GRI 413: Local Communities 2016</b>	413-1 Operations with local community engagement, impact assessments, and development programs	21, 35

# Bahrain Bourse ESG Guide

Metric	Calculation	Coverage in Report
<b>Environment</b>		
E1. GHG Emissions	E1.1) Total amount, in CO2 equivalents, for Scope 1 (if applicable)	25
	E1.2) Total amount, in CO2 equivalents, for Scope 2 (if applicable)	25
	E1.3) Total amount, in CO2 equivalents, for Scope 3 (if applicable)	Not available
E2. Emissions Intensity	E2.1) Total GHG emissions per output scaling factor	25
	E2.2) Total non-GHG emissions per output scaling factor	Not available
E3. Energy Usage	E3.1) Total amount of energy directly consumed	24
	E3.2) Total amount of energy indirectly consumed	24
E4. Energy Intensity	Total direct energy usage per output scaling factor	24
E5. Energy Mix	Percentage: Energy usage by generation type	Not available
E6. Water Usage	E6.1) Total amount of water consumed	Not available
	E6.2) Total amount of water reclaimed	Not available
E7. Environmental Operations	E7.1) Does your company follow a formal Environmental Policy? Yes/No	Yes
	E7.2) Does your company follow specific waste, water, energy, and/or recycling policies? Yes/No	No
	E7.3) Does your company use a recognized energy management system? Yes/No	No
E8. Environmental Oversight	Does your Board/ Management Team oversee and/or manage climate-related risks? Yes/No	No
E9. Environmental Oversight	Does your Board/ Management Team oversee and/or manage other sustainability issues? Yes/No	Yes
E10. Climate Risk Mitigation	Total amount invested, annually, in climate-related infrastructure, resilience, and product development?	Not available

Metric	Calculation	Coverage in Report
<b>Social</b>		
S1. CEO Pay Ratio	S1.1) Ratio: CEO total compensation to median FTE total compensation	Not available
	S1.2) Does your company report this metric in regulatory filings? Yes/No	No
S2. Gender Pay Ratio	Ratio: Median male compensation to median female compensation	Not available
S3. Employee Turnover	S3.1) Percentage: Year-over-year change for full-time employees	31
	S3.2) Percentage: Year-over-year change for part-time employees	Not applicable
	S3.3) Percentage: Year-over-year change for contractors and/or consultants	Not available
S4. Gender Diversity	S4.1) Percentage: Total enterprise headcount held by men and women	30
	S4.2) Percentage: Entry- and mid-level positions held by men and women	31
	S4.3) Percentage: Senior and executive-level positions held by men and women	31
S5. Temporary Worker Ratio	S5.1) Percentage: Total enterprise headcount held by part-time employees	Not applicable
	S5.2) Percentage: Total enterprise headcount held by contractors and/or consultants	Not available
S6. Non-Discrimination	Does your company follow a sexual harassment and/or non-discrimination policy? Yes/No	No
S7. Injury Rate	Percentage: Frequency of injury events relative to total workforce time	No
S8. Global Health & Safety	Does your company follow an occupational health and/or global health & safety policy? Yes/No	No

Metric	Calculation	Coverage in Report
S9. Child & Forced Labor	S9.1) Does your company follow a child and/or forced labor policy? Yes/No	No
	S9.2) If yes, does your child and/or forced labor policy also cover suppliers and vendors? Yes/No	No
S10. Human Rights	S10.1) Does your company follow a human rights policy? Yes/No	No
	S10.2) If yes, does your human rights policy also cover suppliers and vendors? Yes/No	No
S11. Nationalization	S11.1) Percentage of national employees	32
	S11.2) Direct and indirect local job creation	Not available
S12. Community Investment	Amount invested in the community, as a percentage of company revenues	22
<b>Governance</b>		
G1. Board Diversity	G1.1) Percentage: Total board seats occupied by men and women	14
	G1.2) Percentage: Committee chairs occupied by men and women	Not available
G2. Board Independence	G2.1) Does the company prohibit the CEO from serving as board chair? Yes/No	Yes
	G2.2) Percentage: Total board seats occupied by independents	14
G3. Incentivized Pay	Are executives formally incentivized to perform on sustainability? Yes/No	No
G4. Collective Bargaining	Percentage: Total enterprise headcount covered by collective bargaining agreement(s)	Not available
G5. Supplier Code of Conduct	G5.1) Are your vendors or suppliers required to follow a Code of Conduct? Yes/ No	Yes
	G5.2) If yes, what percentage of your suppliers have formally certified their compliance with the code?	100%
G6. Ethics & Anti-Corruption	G6.1) Does your company follow an Ethics and/or Anti-Corruption policy? Yes/No	Yes
	G6.2) If yes, what percentage of your workforce has formally certified its compliance with the policy?	100%
G7. Data Privacy	G7.1) Does your company follow a Data Privacy policy? Yes/No	Yes
	G7.2) Has your company taken steps to comply with GDPR rules? Yes/No	Yes

Metric	Calculation	Coverage in Report
G8. Sustainability Reporting	G8.1) Does your company publish a sustainability report? Yes/No	Yes
	G8.2) Is sustainability data included in your regulatory filings? Yes/No	No
G9. Disclosure Practices	G9.1) Does your company provide sustainability data to sustainability reporting frameworks? Yes/No	Yes
	G9.2) Does your company focus on specific UN Sustainable Development Goals (SDGs)? Yes/No	Yes
	G9.3) Does your company set targets and report progress on the UN SDGs? Yes/No	No
G10. External Assurance	Are your sustainability disclosures assured or validated by a third party? Yes/No	No

# Abbreviations

**AAOIFI** Accounting and Auditing Organization for Islamic Financial Institutions

**AFC** Anti-Financial Crimes

**AML** Anti-Money Laundering

**ATM** Automated Teller Machine

**BAB** Bahrain Association of Banks

**BARMC** Board Audit and Risk Management Committee

**BCTS** Bahrain Cheque Truncation System

**BD** Bahraini Dinar

**BIBF** Bahrain Institute of Banking & Finance

**BICC** Board Investment and Credit Committee

**BNRGC** Board Nominations, Remunerations, and Governance Committee

**CBB** Central Bank of Bahrain

**CD** Compact Disk

**CEO** Chief Executive Officer

**CFT** Combating the Financing of Terrorism

**CIBAFI** General Council for Islamic Banks and Financial Institutions

**COVID-19** Coronavirus Disease 2019

**CRO** Chief Risk Officer

**CSP** Customer Security Programme

**DdoS** Denial-of-Service Attacks

**DLP** Data Leakage Prevention

**DMARC** Domain Based Message Authentication Reporting

**ESG** Environmental, Social, Governance

**GDPR** General Data Protection Regulation

**GHG** Greenhouse Gas

**GRI** Global Reporting Initiative

**HR** Human Resources

**ICAP** Institute of Chartered Accountant of Pakistan

**IIFM** Islamic Financial Services Industry

**IGA** Identity Governance and Administration

**IOSCO** International Organization of Securities Commissions

**ISO** International Organization for Standardization

**IVR** Interactive Voice Response

**Khaleeji** Khaleeji Bank

**KYC** Know Your Customer

**LED** Light-emitting Diode

**MARCOM** Marketing Communications

**MAST** Microsoft Attack Surface Training

**MOU** Memorandum of Understanding

**NIST** National Institute of Standards and Technology

**PEP** Politically Exposed Person

**PCI DSS** Payment Card Industry Data Security Standard

**RCSA** Risk Control Self-Assessment

**SIO** Social Insurance Organisation

**SME** Small and Medium-sized Enterprise

**SSB** Shari'a Supervisory Board

**SWIFT** Society for Worldwide Interbank Financial

**USB** Universal Serial Bus

**WAF** Web Application Firewall

KHALEEJI 