

UNITED GULF BANK B.S.C. (c)



ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT FY 2024



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About this report

This Environmental, Social, and Governance (ESG) Report has been prepared in alignment with the Central Bank of Bahrain (CBB) ESG Reporting Module, issued in November 2023. The report complies with the CBB's directive for licensed banks to submit annual ESG disclosures that are consistent, transparent, and comparable, facilitating stakeholder's understanding of the bank's sustainability performance, risk exposure, and long-term value creation.

Covering the reporting period of the last financial year (1 January 2024 to 31 December 2024), this report presented United Gulf Bank B.S.C.(c)'s (UGB) ESG performance across all offices and branches. It includes disclosures on key performance indicators (KPIs) across the Environmental, Social, and Governance dimensions, as stipulated in Annexure 1 of the CBB Module. The report reflects our commitment to transparent reporting practices, and ensuring clear metrics, definitions, assumptions, and explanations where partial or no data is disclosed.

In addition to complying with national requirements, this report also draws upon relevant international frameworks and best practices, including the Global Reporting Initiative (GRI) standards, and the United Nations Sustainable Development Goals (SDGs). It is guided by the material issues identified through engagement of our stakeholders and aligned with emerging ESG priorities in the banking and investment sector.

Through this report, UGB reaffirms its commitment to responsible banking, stakeholder responsiveness, and continuous improvement in ESG performance.

Reporting Boundary

The report covers the operations of UGB's sole office located at PS Box 5964, Diplomatic Area, UGB Tower, Manama, Bahrain, which constitutes the full reporting boundary for this disclosure.

Assurance Statement

As UGB presents its inaugural ESG Report, this marks the first instance of comprehensive disclosures for UGB's sustainability parameters. For the current reporting cycle, UGB's sustainability disclosures have been compiled and validated through robust internal processes, leveraging the Bank's established data collection and reporting frameworks. While this foundational report has undergone internal review, it has not yet been subject to external assurance or validation by an independent third party.

Disclaimer

This report includes forward-looking statements that pertain to future events and anticipations. While these statements are grounded in responsible assumptions, it is essential to acknowledge that they are subject to various risks and uncertainties. Consequently, the outcomes might vary from the expectations conveyed in these forward-looking statements. The Company values your inputs and encourages you to share your feedback at esg@ugbbah.com.

Statement from the CEO



Hussain Lalani

Chief Executive Officer (CEO)

It is my privilege to present United Gulf Bank's first ESG Report for the year 2024, a testament to our deepening commitment to sustainability, responsible governance, and inclusive growth.

At UGB, we firmly believe that environmental, social, and governance (ESG) considerations are no longer peripheral, they are central to how we operate, engage, and create long-term value. As a proud Bahraini institution, we are directly guided by the Kingdom's Economic Vision 2030, which places sustainability at the very heart of national development. In line

with this vital vision, we continue to embed ESG principles across our business strategy, internal operations, and all our stakeholder relationships.

Our ESG Framework and Progress

This year, we took an important and decisive step by formally establishing our ESG Committee. This committee is specifically tasked with overseeing our comprehensive sustainability agenda, driving policy alignment, and enhancing our disclosure practices. Our robust ESG Framework outlines key focus areas vital to our journey, including emissions tracking, responsible resource use, ethical conduct, nationalisation, diversity, and meaningful stakeholder engagement.

We are proud to report significant progress in areas that truly matter. We began actively measuring our Scope 1 and Scope 2 carbon emissions, laying crucial groundwork for future reductions. We also successfully implemented water and energy-saving initiatives across our operations and would initiate climate risk assessment to better understand and proactively manage the physical and transition risks posed by climate change by next year. These are foundational steps that will directly inform our future strategy and help us contribute meaningfully to the Kingdom's environmental goals.

Social Responsibility and Governance Excellence

Equally paramount is our unwavering commitment to social responsibility and governance excellence. With over 84% Bahraini representation in our workforce, we continue to make substantial investments in national talent through targeted training programmes, leadership development, and clear pathways for career growth. Our comprehensive policies on human rights, anti-discrimination, ethical conduct, and whistleblowing deeply reflect the core values of integrity and transparency that define our organisational culture.

As we look ahead, our resolve is stronger than ever. We are sharply focused on deepening the integration of ESG principles across all our operations, from risk management and product

development to client engagement. This means strengthening our ESG data systems, proactively aligning with evolving regulatory requirements and international sustainability frameworks and ensuring that sustainability considerations are central to every strategic decision. This report is a crucial part of ongoing journey towards greater accountability, continuous improvement, and building long-term resilience for UGB and for Bahrain's sustainable economic future.

On behalf of the Board, I extend my deepest gratitude to our dedicated employees, valued partners, and all our stakeholders for their continued support and shared vision for a more sustainable future.

Hussain Lalani

Chief Executive Officer (CEO)

About UGB

United Gulf Bank B.S.C.(c) (UGB) is a Bahrain-based conventional wholesale bank licensed by the Central Bank of Bahrain. Established in 1980, UGB serves as the merchant banking arm of the Kuwait Projects Company (Holdings) – KIPCO Group and is a member of the Burgan Bank Group. Headquartered in Manama, Kingdom of Bahrain, UGB is a leading asset management and investment banking institution with a strategic presence across the MENA region.

The Bank's proprietary investments span commercial banking, real estate, private equity, and quoted securities. As of 31 December 2024, UGB's consolidated assets under management stood at US\$1.6 billion. It's core subsidiary, KAMCO Investment Company K.S.C.P. (KAMCO Invest), based in Kuwait, offers a comprehensive suite of services in asset management, investment banking, and brokerage. Together, UGB and KAMCO have successfully executed over 60 investment banking transactions since 2001, with cumulative transaction value exceeding US\$41.3 billion as of 2024.

As part of the wider Burgan Bank Group and the KIPCO network, UGB is positioned within a diversified portfolio that spans financial services, real estate, education, food, media, and petrochemicals, contributing to sustainable value creation across the region.

Our mission

UGB is committed to providing world-class asset management and investment banking services by leveraging our regional expertise, diversified portfolio, and client-centric approach. We strive to uphold the highest standards of governance, transparency, and sustainability, while creating enduring value for our clients, shareholders, employees, and the communities we serve.

Our vision

To be a leading and trusted regional financial institution, delivering sustainable value through innovative investment solutions, responsible banking practices, and long-term partnerships across the MENA region.

Our values

- **Integrity:** We uphold the highest standards of honesty, transparency, and ethical conduct in everything we do.
- **Excellence:** We are committed to delivering superior investment and banking services with precision, expertise, and innovation.
- **Client-centric:** Our clients are at the heart of our business. We build long-term relationships by understanding and anticipating their needs.
- **Accountability:** We take responsibility for our actions and performances, ensuring trust and reliability among our stakeholders.
- **Sustainability:** We integrate environmental, social, and governance considerations into our decisions to contribute positively to society and the economy.

- **Collaboration:** We believe in the power of teamwork and partnerships across our network to drive shared success and regional impact.
- **Compliance:** We operate in full adherence to the laws, regulations, and directives of the Kingdom of Bahrain and all relevant jurisdictions in which we operate.

Our services

UGB offers a diverse range of financial services tailored to meet the evolving needs of our clients across the MENA region and beyond. Leveraging deep market expertise and robust infrastructure, we provide both conventional and Shari'ah, compliant solutions through a multifaceted platform that spans asset management, investment banking, private equity, and corporate advisory. Our services are designed to create long-term value, support regional growth, and ensure operational excellence across every touchpoint.

Our key offerings include:

Asset & Fund Management

Portfolio Management (Discretionary & Non-Discretionary)
Securities Trading & Asset Allocation Advice
Mutual Funds & Alternative Investments
Coverage: Local, Regional, & Global Markets

Investment Banking

Equity & Debt Underwriting
Private Placements & Capital Restructuring
Mergers & Acquisitions (M&A)
Conventional & Islamic Structures

Private Equity

Focus on High-growth sectors:
Telecom
Media
Technology
Energy

Corporate Banking

IPO & Private Placement Advisory
Business Valuation & Financial Feasibility
Project Finance & Due Diligence

Islamic Banking Solutions

Wakala & Comodity Murabaha Deposits
Shari'ah-compliant Financing for Corporate & FIIs

Proprietary Investments & Treasury

Strategic Investments
Liquidity & Risk Management

Specialised Services

Escrow Agency for Real Estate Transactions
Core Banking Technology Enhancements
MX Meeting Integration (SWIFT) - Coming in 2025

Financial Review

United Gulf Bank (UGB) delivered a strong financial performance for the year ended 31st December 2024, recording a net profit attributable to the parent of USD 4.1 million, compared to a net loss of USD 9.5 million in 2023. The positive turnaround was driven by improved market conditions, a rebound in regional investments, and solid performance from UGB's associate companies, particularly KAMCO.

Total revenue rose by 49.5% to USD 97.0 million, primarily due to higher management fees, increased trading gains, and stronger credit-related commissions. Revenues from financial associates increased significantly to USD 5.8 million from a loss in the prior year, while dividend income more than doubled to USD 4.9 million.

Operating expenses increased to USD 63.6 million, largely due to incentive accruals and regional expansions at KAMCO. Salaries and benefits accounted for USD 41.6 million, while general and administrative costs rose to USD 22.0 million.

As of 31 December 2024, UGB's total consolidated assets stood at USD 737.8 million, with investments in associates rising to USD 68.3 million and investment properties reaching USD 133.1 million. The Bank's capital adequacy ratio remained strong at 18.2%, well above the CBB's regulatory minimum of 12.5%.

In a significant strategic development, UGB's shareholders approved the sale of 100% of its shares to Burgan Bank K.P.S.C., a transaction that was completed in February 2025, positioning the Bank for continued growth and regional integration under new ownership.

UGB Key Financial Metrics (USD million)

Indicators	2024	2023
Revenue & Profitability		
Total revenue	97.0	64.9
Net profit attributable to parent	4.1	(9.5)
Operating expenses	63.6	52.9
Salaries & benefits	41.6	34.0
General & admin expenses	22.0	18.9
Interest income	7.7	9.6
Dividend income	4.9	2.3
Trading gains (losses)	7.3	2.1
Foreign currency gains	0.7	1.9

Metrics	2024	2023
Financial Position (in USD million)		
Total assets	737.8	771.7
Investments in associates	68.0	60.4
Investment properties	133.1	127.4
Loans and advances (net)	6.1	16.0
Total liabilities	397.5	427.1
Total equity	340.3	344.6
Capital Metrics		
Capital adequacy ratio	18.2%	17.5%
Tier 1 capital	171.4	165.2
Tier 2 capital	17.4	17.4

Commitment to “Economic Vision 2030”

We at UGB, are proud to align our strategic direction and operations with the Kingdom of Bahrain’s Economic Vision 2030. As a key financial institution in the region, we fully support the national goal of transforming Bahrain from a regional pioneer to a globally competitive economy rooted in sustainability, fairness, and competitiveness.

UGB’s diverse service portfolio, including asset management, investment banking, private equity, Islamic finance, and corporate advisory, is designed to foster private sector growth, innovation, and high-value job creation, which are core tenets of the Vision. We believe that a vibrant and self-sustaining private sector is essential to driving economic prosperity and reducing reliance on public sector spending.

Guided by the principle of sustainability, UGB recognises its role in enabling economic development while also supporting national priorities through responsible governance, efficient resource use, and transparent ESG practices. The Vision calls for balancing economic growth with environmental stewardship and social responsibility, values that are deeply embedded in UGB’s operations. From reducing emissions and conserving water to upholding ethical standards, the Bank’s sustainability efforts are firmly rooted in the long-term objectives of the Kingdom. We prioritise climate-conscious banking by integrating environmental risk considerations into our operations, policies, promoting resource efficiency, and supporting initiatives that contribute to a low-carbon, sustainable economy.

As part of our commitment to competitiveness, UGB consistently works to maintain high standards of productivity, operational excellence, and service innovation. We invest in upskilling our workforce and integrating advanced technologies into our operations to remain agile and relevant in a rapidly evolving financial landscape. We are also deeply committed to nationalisation and workforce development, currently, 84% of our employees are Bahraini nationals. We actively invest in upskilling this workforce through continuous training, leadership development, and exposure to regional and international best practices in banking and finance. By equipping Bahraini professional with the right skills and growth opportunities, UGB contributes directly to the national goal of building a competitive, knowledge-based economy led by local talent.

Aligned with the value of fairness, UGB is deeply committed to operating with integrity, transparency, and accountability across all aspects of our business. We uphold the highest standards of ethical governance and are guided by a strong internal framework for risk management, compliance, and corporate governance. Our governance model emphasises oversight, responsible decision making, and transparent disclosures, ensuring that we remain accountable to our stakeholders and operate in line with both regulatory requirements and best global practices.

We take pride in cultivating a workplace culture that is built on respect, equality, and meritocracy. UGB maintains strict non-discrimination policies and is committed to providing equal opportunities in hiring, promotion, and professional development. We have zero tolerance for harassment, discrimination, or any form of unethical conduct, and no cases of harassment were reported in FY 2024. We uphold international human rights standards, rejecting forced or child labour, and ensuring ethical hiring and sourcing practices. As a responsible citizen, UGB actively contributes to social equity and inclusive development through strategic community investments in partnerships with various organisations across Bahrain.

By embedding the Vision 2030 into our corporate philosophy and operational priorities, UGB is proud to contribute meaningfully to Bahrain's journey toward a resilient, fair, and globally competitive economy, aligned with the Sustainable Development Goals (SDGs) and the broader ambitions of the Government Action Plan.

Building a Resilient Future: ESG Strategy & Governance

(CBB E.1)

In FY 2024, UGB formally established a dedicated Environmental, Social, and Governance (ESG) Committee to lead the Bank's sustainability agenda and oversee the implementation of its ESG Policy and Roadmap. Recognising the role of ESG in long-term value creation and risk mitigation, UGB's ESG governance framework has been designed to embed sustainability across all levels of the organisation, from strategy and governance to day-to-day operations.

Sustainability Commitment

We believe that long-term business resilience and value creation go together with environmental stewardship, social responsibility, and sound governance. As a regional financial institution, we recognise our role in shaping a more inclusive, transparent, and sustainable future for our stakeholders and the communities we serve.

Our sustainability commitment is rooted in responsible banking practices that promote ethical conduct, prudent risk management, and the well-being of people and the planet. We are actively embedding ESG considerations into our strategy, governance, and operations, not only in response to evolving regulatory expectations, but also because we see sustainability as a core enabler of innovation, trust, and long-term competitiveness.

Through the establishment of our ESG governance structure and structured framework, we are taking deliberate steps to align with global sustainability standards, respond to stakeholder expectations, and deliver meaningful impact across our operations.

Our journey is guided by the principles of transparency, accountability, and continuous improvement, and we remain committed to building a responsible financial future that is resilient, inclusive, and future ready.

Governance Structure

At the apex of UGB's ESG governance model is the Board of Directors (BoD), which retains ultimate oversight of the Bank's ESG strategy. The Board is supported by the newly constituted ESG Committee (ESGC), which is responsible for setting strategic direction, reviewing ESG goals and KPIs, and monitoring progress across defined targets. The ESG Committee also ensures alignment with regulatory guidelines, particularly those issued by the Central Bank of Bahrain (CBB).

To operationalise this strategy, UGB has also constituted a cross-functional ESG Working Group, which brings together representatives from Compliance, Risk, HR, Asset Management, Internal Audit, and other departments. The Working Group is tasked with day-to-day implementation, internal coordination, ESG data management, and progress tracking under the guidance of the ESG Committee.

The Head of Risk Management acts as the Secretary to the ESG Committee, ensuring strategic coordination between ESG governance and enterprise risk management functions.

ESG Strategy

UGB's ESG Strategy is anchored in its mission to promote responsible finance, inclusive growth, and environmental stewardship across the MENA region. The Bank's approach is structured, phased, and outcome-driven, ensuring that ESG priorities are fully integrated into its business model while maintaining flexibility to evolve with emerging risks, stakeholder expectations, and regulatory requirements. In FY 2024, UGB launched its ESG journey by defining a structured roadmap that includes foundational and future-facing elements.

UGB has established a two-tier ESG governance model comprising the ESG Committee and the cross-functional ESG Working Group, ensuring that ESG is embedded into decision-making at both strategic and operational levels. The leadership has committed to board-level accountability and has assigned ESG-related roles across business functions.

The Bank undertook a readiness assessment to evaluate existing processes, systems, and governance in relation to ESG requirements. This includes identifying current gaps, mapping departmental responsibilities, and building internal ESG capacity. The outcomes informed a targeted action plan to bridge capability and compliance gaps.

UGB has completed a formal Materiality Assessment in consultation with internal and external stakeholders. These topics now inform the Bank's ESG priorities, target setting, and future disclosures.

ESG Framework

UGB's ESG Framework is built around three strategic pillars:

- **Environmental Stewardship:** Minimising environmental footprint, improving resource efficiency, and preparing for climate resilience
- **Social Impact:** Enhancing employee well-being, diversity, nationalisation, and community development
- **Governance and Ethics:** Strengthening board governance, data protection, and ethical conduct

For each pillar, UGB has established clear objectives, KPIs, and targets. Over the next reporting term UGB will operationalise its ESG strategy by setting short-, medium-, and long-term targets aligned with material topics. We will be assigning KPI ownership to specific departments and implementing data tracking systems, further monitoring and reporting progress to the ESG Committee and BoD.

ESG Framework

Material Topics	Objectives	KPIs	Baseline Target
Environment			
Carbon Emissions	Minimise GHG emissions, improve energy efficiency and transition to clean energy	Scope 1 and 2 GHG emissions reported (tCO ₂ e/year)	Baseline GHG inventory developed within 1 year
		Scope 3 - Financed Emission (tCO ₂ e/year)	Baseline GHG inventory developed within 1 year
		Emissions intensity (GHG emissions per MT of total revenue) (tCO ₂ e/MT)	Baseline GHG inventory developed within 1 year
		Total energy consumption (in MWh/year)	Baseline energy consumption mapped within 1 year
		Energy intensity (Energy used per MT of total revenue) (MWh/MT)	Baseline energy consumption mapped within 1 year
		Total renewable energy consumption (in MWh/year)	Assessment of renewable energy integration
Solid Waste	Reduce paper and office waste	Paper consumption per employee per year	Reduce paper usage by 10% from baseline in Year 1
		Waste disposal methods against types of waste	Feasibility study for waste disposal options
		Percentage of total waste generated that is recycled, disaggregated by type	Increase the recycling rate of all major waste types by at least 20% each year
		Existence and operationalisation of a	Adopt and fully implement a formal waste management policy across all

Material Topics	Objectives	KPIs	Baseline Target
		formal waste management policy	operational sites/ offices (one in UGB's case)
Social			
Training and Development	Upskill employees and promote a culture of learning and development	Average training hours per employee/ year (hours/ employee)	Every employee to have completed at least 70 hours of training in a year (increase target year-on-year basis)
		Percentage of staff who receive trainings	100% employees have received trainings on ESG, cybersecurity, AML, etc.
		Number of training sessions conducted (number/ year)	Training needs assessment across all departments
Community Relations and Impact	Build positive relationships with local communities and contribute to their development	Number of community engagement activities conducted	Impact assessment of community initiatives
		Community investments made (in amount; BHD)	Impact assessment of community initiatives
		Amount invested in community initiatives as a percentage of annual revenue	Report annually, target to maintain or increase year-on-year (e.g. > 1% of the total revenue)
		Impact on community through engagement activities	Impact assessment of community initiatives
Nationalisation	Support local talent development	Percentage of Bahraini staff trained	100% of Bahraini employees received trainings
		Percentage of Bahraini nationals in decision-making roles	At least 30% Bahraini nationals in decision-making roles

Material Topics	Objectives	KPIs	Baseline Target
		Percentage of Bahraini employees as part of total workforce	Prioritizing employment opportunities for Bahrainis as part of commitment towards reducing unemployment rate in the country.
Governance			
Data Privacy and Security	Protect client and company data from breaches	Compliance with regulatory requirements (PDPL)	Practice ISO standards such as ISO 27701
		Number of data breaches or privacy violations	Ensure that there are no data breaches or privacy violations
		Average time to detect & respond to data threats	Ensure that minimum time is spent on detecting & responding to data threats
		Percent of employees trained on data protection & security	100% of employees trained in data protection & security
Corporate Governance	Maintain strong and independent board governance	Number of governance policies reviewed/updated annually	100% of governance policies reviewed or updated once in two years, or based on the regulatory or internal developments
		Frequency of Board performance reviews	Conduct annual Board performance reviews, including self-assessment and independent external evaluation where applicable
		Board size by diversity, gender and type (executive, non-	Maintain a diverse Board that upholds ethical standards & demonstrates integrity

Material Topics	Objectives	KPIs	Baseline Target
		executive, independent)	
		Number of reported ethical violations or breaches	Zero-tolerance for governance violations with annual disclosures
Quality of Governing Body	Ensure diversity and competency of board members	Percentage of board members trained on ESG and governance topics	100% Board members to undergo annual trainings on ESG, governance, and emerging regulatory topics
		Completion of annual ESG-specific skills matrix for the Board	Conduct and document an ESG skills exercise annually to identify gaps in ESG expertise and guide targeted trainings, and recruitment, and succession planning
Accounting	Maintain accurate and transparent financial reporting	Percentage of financial reports submitted on schedule	Submit all financial reports to CBB and other relevant regulators on time with no restatements
Ownership and Control	Ensure transparency in ownership structures	Percentage of ownership disclosures updated annually	Annual disclosure of ownership and control changes
Stakeholder Engagement	Establish regular dialogue with key stakeholders	Number of stakeholder consultations conducted	Conduct 1 stakeholder survey annually
Resource Management	Strengthening governance mechanisms to oversee efficient and sustainable use of resources	Existence of board-approved Resource Management Policy	Establish a Resource Management Policy approved by Board of Directors.

Material Topics	Objectives	KPIs	Baseline Target
Sustainable Finance	Begin integrating ESG into lending/investment decisions	Percentage of new investments/lending screened for ESG risks	Screen at least 10% of new deals for ESG risks
		Number of Sustainable finance and green investment opportunities explored or secured	Identify and evaluate at least one green/sustainable finance opportunities
		Percentage of Lending/ Investment portfolio aligned with ESG criteria	Establish the baseline through initial portfolio review
		Number of ESG risk assessments conducted	Conduct ESG assessment for at least 10% of new deals
		Percentage of personnel trained on ESG risk integration	At least 50% of total staff are trained
Disclosure and Transparency	Improve ESG transparency in public reporting	ESG disclosure score or number of ESG metrics reported	Publish an ESG summary report annually
		ESG reporting readiness assessment completion	Readiness assessment to be conducted to evaluate current reporting systems and identify disclosures most relevant for assurance
Compliance and Business Ethics	Foster a culture of ethical behaviour and regulatory compliance	Percentage of employees trained on code of conduct and compliance policies	100% of employees trained annually
		Number of confirmed cases of non-compliance with laws and regulations	To ensure that no cases of non-compliance with laws and regulations

Material Topics	Objectives	KPIs	Baseline Target
		Number of Code of Conduct breaches reported and resolved	To ensure that no cases of Code of Conduct breaches are reported and not resolved

ESG Framework Implementation

UGB is embedding ESG into core operations by incorporating ESG risk considerations into lending, investment, and underwriting decisions. We will initiate ESG due diligence processes for new deals and align the departmental performance indicators with our ESG objectives. We will implement a robust ESG training and awareness plan that would include ESG onboarding and awareness for all staff. In addition, there would be role-specific sessions for the ESG Committee, Working Group, and function heads and technical trainings activity specific sessions such as ESG data collection, reporting, and compliance. This will ensure consistent understanding and ownership of ESG responsibilities across the Bank.

We are also in the process of establishing a formal ESG reporting framework aligned with CBB guidelines. Through this multi-layered ESG governance model, UGB is creating an enabling structure where ESG is not siloed but woven into its corporate fabric. By integrating ESG into performance management, investment decision-making, compliance systems, and risk oversight, UGB seeks to ensure that sustainability is not just a regulatory imperative, but a strategic driver of business resilience and growth.

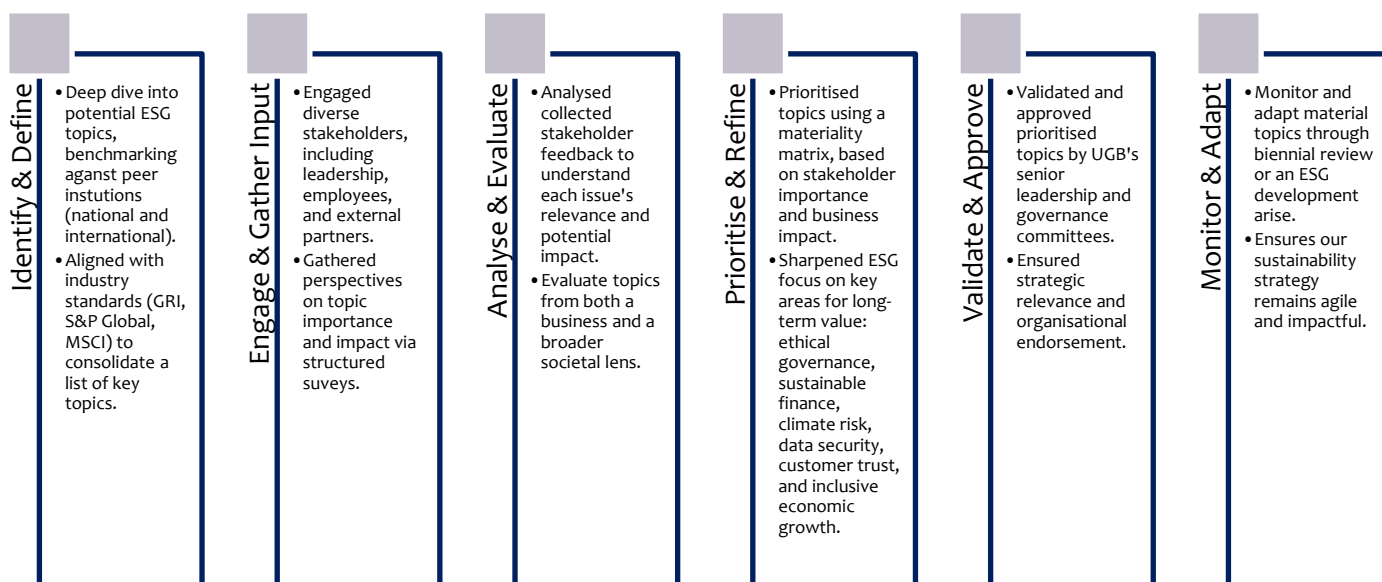
To operationalise this strategy, UGB will translate ESG-related KPIs into clearly defined short-, medium-, and long-term goals. These goals will be supported by initiatives that will be identified, developed, and implemented across functions, allowing for a phased and practical approach to achieving ESG outcomes.

Furthermore, UGB's existing Risk Appetite Framework, a comprehensive and structured approach that defines the organisation's philosophy and thresholds toward risk, will be expanded to incorporate ESG-related risks. The current framework categorises various financial and non-financial risks under different silos and includes the policies, processes, and systems needed to monitor and manage those risks. Moving forward, the Risk Management team will work to embed ESG risks into this structure, enabling the Bank to proactively identify, assess, and manage environmental, social, and governance risks in alignment with its overall strategy. This integration will strengthen UGB's capacity to balance sustainability commitments with enterprise-wide risk management.

Materiality Assessment

For UGB, identifying and focusing on material ESG topics is more than a reporting exercise, it is a strategic imperative that ensures we remain resilient, forward-looking, and aligned with the expectations of our clients, shareholders, regulators, and communities. As a financial institution operating in a dynamic regional and global environment, understanding what matters most to our stakeholders helps us manage risks, capture emerging opportunities, and uphold trust in our operations.

Our commitment to sustainability is firmly rooted in a robust and dynamic materiality assessment. This assessment provides a critical foundation for shaping our responsible business practices. It involves deep dive into most relevant ESG topics, drawing insights from extensive benchmarking against national and international peer institutions. We also ensure alignment with global industry standards from frameworks like the Global Reporting Initiative (GRI), S&P Global, and MSCI. This comprehensive approach helps us identify best practices and meet national and international regulatory requirements. Furthermore, we actively engage a broad range of stakeholders, including our internal leadership, employees, and external partners, to gather their crucial perspectives on the importance of these topics.

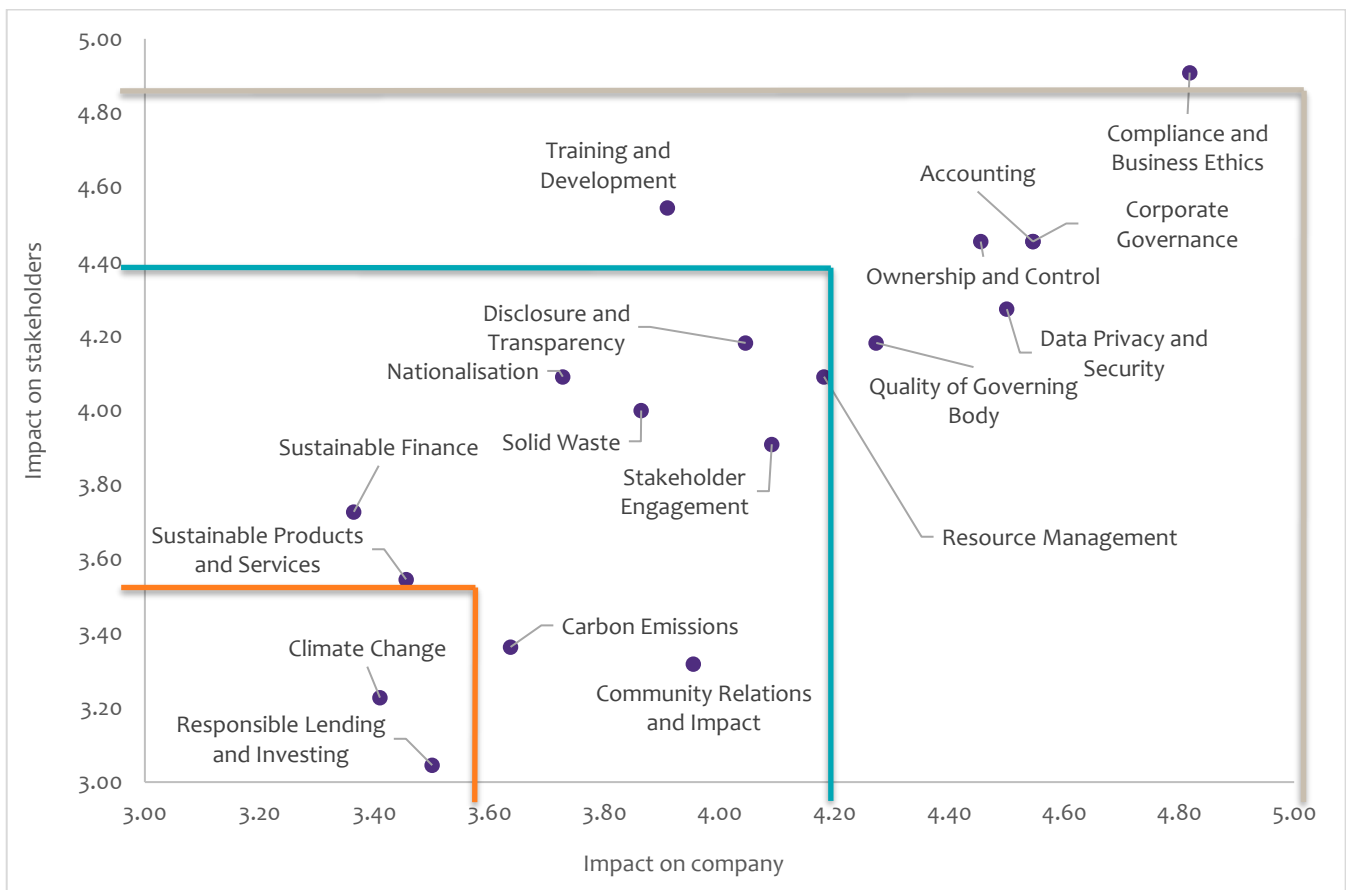


As UGB continues to grow as a premium asset management and investment banking institution in the MENA region, a robust understanding of material issues ensures we deliver sustainable outcomes for all our stakeholders, while remaining compliant, competitive, and resilient in a changing world.

Materiality Matrix

The culmination of stakeholder responses has been translated into a Materiality Matrix that functions as a strategic instrument and adeptly aligns stakeholder views with our organisational vision. It assumes that role of a guiding force in charting our trajectory forward, ensuring that our business priorities are in harmony with the collective sentiments of those who exert influence upon and are impacted by our organisational journey.

Through the assessment, 15 distinct high and medium priority material topics were identified as critical to UGB's sustainable development and long-term value creation. These priority areas directly inform and guide our ESG strategy and framework.



Our comprehensive materiality assessment identified the most significant environment, social, and governance topics for UGB and our stakeholders. The table below illustrates the high and medium material topics, categorised by their relevance to our key stakeholder groups, aligned with the United Nations Sustainable Development Goals (SDGs), and their prioritisation for our strategic focus.

ESG Aspect	Material Topic	Explanation & Relevance	Key Stakeholder Groups	Aligned SDGs	Priority
Environment	Carbon Emissions	Managing GHG emissions is crucial for UGB as a financial institution to demonstrate climate responsibility, improve operational efficiency, and meet stakeholder expectations on climate disclosures. Reducing carbon footprint aligns with international regulatory trends and supports the transition to low-carbon economy.	Investors Regulators Customers Employees	7.3: By 2030, double the global rate of improvement in energy efficiency. 13.2: Integrate climate change measures into national policies, strategies, and planning. 12.6: Encourage companies to adopt sustainable practices and to integrate sustainability information into their reporting cycle.	Medium
	Solid Waste	UGB generates paper and office waste as part of its operational activities. Monitoring consumption and ensuring appropriate waste disposal demonstrates resource efficiency and operational sustainability in office-based environments. Reducing waste reflects environmental stewardship.	Employees Community Regulators	12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse. 11.6: By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.	Medium
Social	Training and Development	Investing in employee learning and development ensures staff are equipped with necessary skills and supports career progression. For a financial institution, this also ensures compliance with regulatory expectations and enhances service delivery.	Employees Regulators Customers	4.3: By 2030, ensure equal access for all women and men to affordable and quality technical, vocational, and tertiary education, including university. 4.4: By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs, and entrepreneurship. 8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.	High

ESG Aspect	Material Topic	Explanation & Relevance	Key Stakeholder Groups	Aligned SDGs	Priority
	Community Relations and Impact	As a responsible corporate citizen, UGB supports local communities through financial and non-financial initiatives. These efforts build goodwill, strengthen the bank's social license to operate, and contribute to inclusive local development.	Community Investors Regulators	10.2: By 2030, empower and promote the social, economic, and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion, or economic or other status. 17.17: Encourage and promote effective public, private, and civil society partnerships, building on the experience and resourcing strategies of partnerships.	Medium
	Nationalisation	Supporting local employment through Bahrainization aligns with national economic priorities by promoting inclusive growth, reducing unemployment among Bahraini citizens, and fostering a skilled and sustainable local workforce. For financial institutions, meeting Bahrainisation quotas, ensures compliance with regulatory expectations, maintaining eligibility for government support, and contributes to social stability. Proactively training, hiring, and retaining Bahraini nationals also strengthens cultural alignment with the workforce and enhances the organisations long-term reputation and resilience.	Government Employee Regulators	8.5: By 2030, achieve full and productive employment and decent work for all women and men. 10.3: Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies, and practices	Medium
Governance	Data Privacy and Security	Safeguarding customers and institutional data are critical in the banking sector to uphold trust, reduces legal risk, and aligns with national regulations like PDPL. UGB has been actively upgrading its technological infrastructure to enhance data security and resilience,	Customers Regulators Employees	16.10: Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements. 9.5: Enhance scientific research, upgrade the technological capabilities of	High

ESG Aspect	Material Topic	Explanation & Relevance	Key Stakeholder Groups	Aligned SDGs	Priority
		including implementing robust cybersecurity frameworks, encryption protocols, and secure access controls. These efforts strengthen the bank's technological capabilities and advancing innovation in secure digital financial services.		industrial sectors in all countries.	
	Corporate Governance	Effective governance underpins trust and stability. For UGB, maintaining strong board practices, ethical oversight, and compliance supports long-term resilience and transparency.	Investors Regulators Board Customers	16.6: Develop effective, accountable, and transparent institutions at all levels. 16.7: Ensure responsive, inclusive, participatory, and representative decision-making at all levels.	High
	Quality of Governing Body	ESG literacy and strategic oversight by the Board ensures effective integration of sustainability in decision-making, aligning long-term performance with stakeholder values.	Board Investors Regulators	16.6: Develop effective, accountable, and transparent institutions at all levels. 16.7: Ensure responsive, inclusive, participatory, and representative decision-making at all levels	High
	Accounting	Timely and accurate financial reporting reflects operational integrity and accountability, critical for stakeholder confidence and regulatory compliance.	Regulators Investors Board	8.10: Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance, and financial services for all. 16.6: Develop effective, accountable, and transparent institutions at all levels.	High
	Ownership and Control	Transparent ownership structures support market integrity, investor confidence, and regulatory compliance. Regular updates ensure accountability.	Customers Community Regulators Employees	16.6: Develop effective, accountable, and transparent institutions at all levels. 16.10: Ensure public access to information and protect fundamental freedoms.	High
	Stakeholder Engagement	Ongoing dialogue with stakeholders ensures that material issues are understood and addressed. For UGB, this enhances trust and responsiveness.	Customers Community Regulators Employees	17.16: Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships. 17.17: Encourage and promote effective public,	Medium

ESG Aspect	Material Topic	Explanation & Relevance	Key Stakeholder Groups	Aligned SDGs	Priority
				public-private, and civil society partnerships.	
	Resource Management	Responsible use of internal resources, guided by a formal policy, supports operational sustainability and cost efficiency.	Employees Regulators Investors	12.2: By 2030, achieve the sustainable management and efficient use of natural resources. 12.6: Encourage companies to adopt sustainable practices and to integrate sustainability information into their reporting cycle.	Medium
	Sustainable Finance	Integrating ESG into lending and investment decisions aligns capital flows with sustainable outcomes, reducing long-term risk exposure and supporting a green economy.	Investors Regulators Customers	9.3: Increase the access of small-scale industrial and other enterprises to financial services, including affordable credit. 13.3: Improve education, awareness-raising, and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning.	Medium
	Disclosure and Transparency	Regular and comprehensive ESG disclosures promote accountability, help meet investor and regulatory expectations and reflect UGB's commitment to transparency.	Investors Regulators Customers	12.6: Encourage companies to adopt sustainable practices and to integrate sustainability information into their reporting cycle. 16.10: Ensure public access to information and protect fundamental freedoms.	Medium
	Compliance and Business Ethics	A strong compliance culture ensures adherence to laws, fosters ethical behaviour, and protects the institution from reputational and financial risk.	Employees Regulators Board	16.5: Substantially reduce corruption and bribery in all their forms. 16.6: Develop effective, accountable, and transparent institutions at all levels.	High

Risk Management (CBB: E.7)

United Gulf Bank has established a comprehensive Risk Management Framework designed to safeguard the Bank's financial health while aligning with its strategic and sustainability goals. This framework governs all business operations, ensures prudent investment practices, and is anchored in robust internal governance, oversight, and regulatory compliance.

Governance Structure

- The Board of Directors (BoD) holds ultimate responsibility for risk oversight at UGB and is supported by a network of specialised committees, including the Executive Committee (EC), Board Audit Committee (BAC), Nominating & Remuneration Committee (NRC), Investment Committee (IC), and the Risk and Compliance Committee (RCC).
- The Credit and Risk Management Department (CRMD), led by the Head of Credit and Risk Management, is responsible for implementing risk policies, monitoring exposures, and reporting to the BoD. The department works closely with business units to ensure integration of risk practices and alignment with evolving regulatory requirements.

Risk Philosophy

UGB's risk philosophy emphasises a portfolio-based approach to optimise the risk-return profile while ensuring prudent oversight of all exposures. All employees are expected to uphold UGB's risk principles, with a shared commitment to ethical behaviour, customer protection, and compliance. UGB operates within a well-defined Risk Appetite Framework (RAF) that sets acceptable thresholds across credit, market, liquidity, operational, and reputational risks. The RAF is reviewed quarterly and includes escalation protocols for breach scenarios. Risk Approval Forms (RAFs) are used to document all new facilities or material changes and evaluate alignment with RAF metrics.

Key Risk Categories:

- **Credit Risk:** Portfolio quality, counterparty performance, and sector diversification
- **Market Risk:** Interest rate and foreign exchange volatility
- **Liquidity Risk:** Maturity mismatches, contingency funding, and concentration risks
- **Operational Risk:** Process failures, systems risks, cyber and data risks, and third-party risks
- **Reputational and Strategic Risk:** Non-financial risks arising from governance, compliance, or stakeholder trust
- **Climate Risk (Emerging):** Physical and transition risks associated with climate change

Climate Risk Mitigation (CBB E.7)

As part of UGB's ESG priorities and in line with CBB's expectations, the Bank is preparing to conduct a comprehensive climate change-related risk assessment. This initiative will identify, assess, and evaluate:

- **Physical Risks:** Risks from extreme weather events, rising temperatures, and chronic environmental changes that may affect assets, operations, or borrowers
- **Transition Risks:** Regulatory changes, market shifts, carbon pricing, and stakeholder pressures as the economy transitions to lower carbon intensity

This assessment will enable UGB to:

- Integrate climate risks into enterprise risk management (ERM)
- Develop climate-informed stress testing and scenario analysis
- Evaluate credit exposures and sectoral vulnerabilities to climate disruptions
- Inform investment decisions and capital allocation strategies
- Strengthen climate resilience planning for infrastructure and operations
- Lay the groundwork for climate-related disclosures in the future

While UGB has not yet allocated specific annual investment figures toward climate-related initiatives, this assessment marks a strategic first step toward defining such expenditures in infrastructure adaptation, sustainable finance products, and risk analytics.

Integrated Risk Oversight

UGB promotes a strong risk and compliance culture led by the BoD and senior management. This is supported by mandatory adherence to the Code of Conduct, formal accountability frameworks, and regular internal training to embed risk awareness across the organisation.

Conclusion

UGB's Risk Management Framework is designed to be adaptive, integrated, and forward-looking, ensuring that the Bank can withstand evolving risks while pursuing growth opportunities in a responsible and sustainable manner. The system's strength lies in its combination of strong governance, rigorous oversight, and clearly articulated policies that are responsive to both traditional financial risks and emerging challenges.

As part of its ongoing evolution, UGB is placing increased emphasis on climate-related risks, recognising their growing significance in the global financial system. In alignment with the Central Bank of Bahrain's guideline on Climate Risk Mitigation and the Bank's own ESG commitments, UGB is preparing to undertake a comprehensive climate change risk assessment. This assessment will be a structured, bank-wide effort aimed at identifying, evaluating, and managing both physical risks (such as extreme weather events, rising sea levels, and long-term

environmental shifts) and transition risks (such as regulatory changes, carbon pricing, and shifts in market expectations related to climate action).

The objectives of the assessment are to:

- Map and analyse climate risk exposures across asset classes, sectors, and geographies
- Build scenario-based stress testing models to evaluate the impact of climate risks under different regulatory and physical futures
- Establish metrics and tools for integrating climate risk into credit evaluation, capital planning, and investment decisions
- Support the development of sustainable finance offerings and climate-resilient portfolios
- Prepare UGB for future climate-related disclosures, regulatory filings, and stakeholder reporting

In addition, the outcomes of the climate risk assessment will inform the Bank's climate strategy, resilience planning, and risk appetite calibration, ensuring that UGB remains not only compliant but also strategically prepared to thrive in a low-carbon economy.

Although UGB has not yet allocated specific monetary investments toward climate-related infrastructure or research, the upcoming assessment will lay the foundation for such investments in the future. This includes areas like data and analytics tools, climate scenario modelling capabilities, employee training on climate risk, and potential capital allocation to green finance initiatives.

Through these efforts, UGB demonstrates a proactive stance in embedding sustainability into its risk culture and enterprise risk management systems. The Bank recognises that addressing climate risk is not only a regulatory necessity but also a strategic opportunity to build long-term resilience, gain investor trust, and contribute meaningfully to the transition toward a more sustainable financial ecosystem.

1. Environmental Stewardship



UGB recognises its responsibility to contribute to global and national climate goals by embedding environmental sustainability into its core operations. Our commitment to environmental stewardship is reflected in the steps we have taken to monitor and manage our environmental impact, particularly in energy, emissions, and water use. In 2024, we began tracking our Scope 1 and Scope 2 greenhouse gas emissions, implemented energy-saving infrastructure, and transitioned to water-efficient systems and water recycling practices within our facilities. We also planned to conduct a climate risk assessment initiative to identify and address the physical and transition risks posed by climate change. These efforts are aligned with Bahrain's Economic Vision 2030 and reflect our intention to build an operational model that is resource-efficient, low-carbon, and resilient in the face of environmental challenges.

1.1 Energy Use & Efficiency

CBB E.1, E.2, E.3, E.4

GRI 2-6, 2-19, 302-1, 302-3, 302-4, 305-4



United Gulf Bank (UGB) recognises that effective energy management is fundamental to achieving sustainable operations and plays a vital role in advancing Bahrain's environmental and climate ambitions. As a responsible financial institution, UGB is deeply committed to understanding, optimising, and strategically managing its energy consumption. This commitment directly enhances our operational resilience while actively reducing our environmental footprint.

Electricity serves as the primary energy source across UGB's operations, powering essential functions within our head office, branches, and critical IT infrastructure, including our data centers. This significant demand highlights the importance of efficient energy use to support our seamless banking operations and services. Additionally, fuel consumption from our company-owned vehicles contributes to our overall energy profile. Currently, UGB's energy needs are met entirely through conventional sources, purchased electricity from the national grid and petrol for our vehicles. We do not presently utilise or produce renewable energy within our direct operations.

UGB implements broader operational efficiency measures that significantly impact our environmental footprint. In July 2023, the installation of a capacitor bank in our power system optimised reactive power consumption. This demonstrates our holistic approach to energy and resource optimisation across all facets of our operations.

Energy Consumption Overview

UGB has completed its inaugural assessment of energy consumption, establishing a critical baseline to monitor and enhance our energy performance going forward. The following table provides a comprehensive breakdown of our energy use for 2024:

Indicator	Unit	Consumption value
Electricity consumption (Indirect energy consumed)	kWh	3,034,000
Electricity consumption (Indirect energy consumed)	GJ (Giga Joules)	10,922.40
Fuel consumption (Direct energy consumption) (Petrol in this case)	L	423.989
Fuel consumption (Direct energy consumption) (Petrol in this case)	GJ	14.11
Renewable energy consumption	kWh or L or GJ	0

Indicator	Unit	Consumption value
Non-renewable energy consumption	GJ	10,936.51
Energy intensity (total energy consumed during the year/ revenue)	GJ per million USD revenue	112.7
Total energy consumption	GJ	10,936.51

These metrics offer a clear understanding of our current energy profile and provide the essential foundation for developing and implementing our future energy management strategies. In the reporting period, UGB's total energy consumption was 19,036.51 GJ, primarily from purchased electricity with a small share from petrol used in company-owned vehicles. While the current consumption is entirely from non-renewable sources, this baseline enabled us to identify targeted opportunities for energy efficiency and explore the integration of renewable alternatives.

Our energy intensity reflects the amount of energy used relative to our economic output. This metric provides a meaningful benchmark for assessing operational efficiency and helps monitor the effectiveness of future energy reduction efforts as the business grows. A lower energy intensity over time would indicate improved energy efficiency and better resource utilisation, making it a key indicator for our sustainability performance moving forward. Preliminary sector benchmarking indicates that focused energy-saving measures lead to reduced consumption, and UGB is exploring similar initiatives to improve energy performance and sustainability.

Commitment to Energy Efficiency and Cleaner Energy Transition

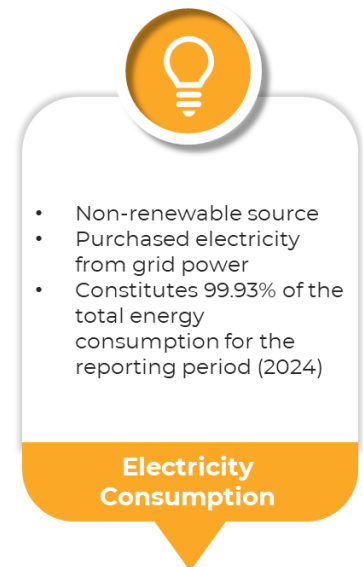
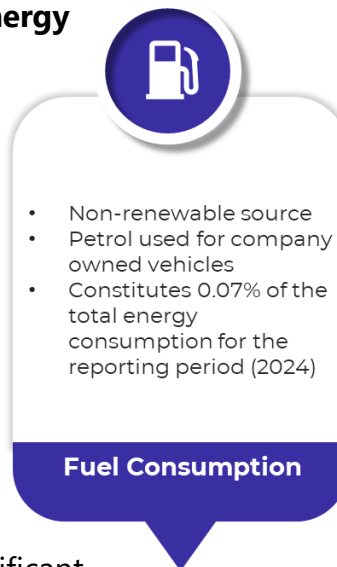
UGB acknowledges the critical importance of energy efficiency and the global imperative for a cleaner energy transition. We are deeply committed to driving continuous improvements in our energy management strategy. While our direct operational energy footprint may be comparatively modest for a financial institution, we fully recognise the strategic importance of optimising resource use, mitigating operational risks, and actively contributing to national sustainability objectives.

UGB is proactively advancing its commitment to energy efficiency and the integration of cleaner energy sources through two key initiatives: a comprehensive assessment of renewable energy opportunities across our operations and a thorough evaluation of our current vehicle fleet's energy efficiency.

- Assessment of Renewable Energy Integration

This pivotal assessment will involve a detailed analysis of UGB's various operational sites, including branches, headquarters, and data centers, to identify technically and economically feasible opportunities for integrating renewable energy sources. Given our current reliance solely on non-renewable sources, this initiative represents a significant

strategic step towards diversifying our energy mix. The assessment will meticulously examine factors such as site-specific solar potential, existing infrastructure readiness, and optimal energy demand profiles. The objective is to develop a clear, actionable roadmap for scaling up clean energy adoption cost-effectively, maximising environmental benefits while ensuring robust operational continuity. This comprehensive evaluation will also explore viable options for energy storage solutions and potential partnerships to enhance overall renewable energy deployment.



- Evaluation of Fleet Energy Efficiency

The fleet evaluation will systematically review the energy consumption patterns and operational efficiency of UGB's transport vehicles. This rigorous process will involve collecting granular data on fuel usage, vehicle maintenance practices, and utilisation rates to identify inefficiencies. The evaluation aims to recommend practical measures such as upgrading to more energy-efficient vehicles and exploring viable alternative fuel or electric-powered options where feasible. Through this strategic evaluation, UGB intends to significantly reduce overall energy consumption and associated greenhouse gas emissions from its fleet, thereby lowering operating costs and improving environmental performance.

Future Outlook

These initiatives collectively represent UGB's forward-looking strategy to continuously improve energy management, reduce its carbon footprint, and contribute positively to Bahrain's national sustainability objectives. As an integral part of this comprehensive approach, UGB plans to significantly strengthen its systems for collecting and reporting data on energy use across all operations. This includes establishing robust mechanisms to accurately track energy performance over time, identify specific areas for further improvement, and ensure greater transparency and accountability in all energy-related decision-making.

UGB's commitment to strategic energy management is an integral component of our broader ESG framework, powerfully reinforcing our dedication to environmental stewardship, enhancing operational resilience, and solidifying our role as a responsible corporate citizen.

1.2 Managing Emissions

CBB E.5, E.6, E.10

GRI 2-6, 2-19, 305-1, 305-2, 305-4, 305-5, 302-4



At United Gulf Bank (UGB), we recognise the financial sector's pivotal role in advancing Bahrain's environmental and climate ambitions. As a leading regional institution committed to responsible banking, UGB has taken foundational steps to understand and proactively manage its direct environmental footprint, commencing with the rigorous measurement and disclosure of its greenhouse gas (GHG) emissions. This commitment highlights our dedication to transparency, accountability, and continuous improvement in environmental performance.

While banks are not typically classified as high-emission entities, our operational activities, specifically electricity consumption across branches, data centers, and head office buildings, alongside fuel usage in company-owned vehicles, inherently contribute to our overall carbon footprint. Proactive management of these emissions is essential to upholding our imperative responsibility and demonstrating leadership in climate action.

UGB monitors its greenhouse gas (GHG) emissions in alignment with the GHG protocol, categorising them under Scope 1 and Scope 2 emissions:

- **Scope 1 Emissions:** These are direct GHG emissions from sources owned or controlled by the organisation. For UGB, this includes emissions from petrol used in company-owned vehicles.
- **Scope 2 Emissions:** These are indirect GHG emissions resulting from the generation of purchased electricity consumed by the organisation. This reflects the emissions associated with our use of grid-supplied power.

We have undertaken an inaugural assessment of its Scope 1 and Scope 2 GHG emissions, establishing a clear baseline for future environmental performance measurement. Our emissions are categorised as follows:

Indicator	Unit	Consumption value
Total Scope 1 GHG (Direct) emissions	tCO ₂ e (tons CO ₂ emissions)	0.998
Total Scope 2 GHG (Indirect) emissions	tCO ₂ e	2,202.684

Indicator	Unit	Consumption value
Total Scope 3 GHG (Indirect) emissions	tCO ₂ e	Not available
Emissions intensity (total annual GHG emissions/total revenue)	tCO ₂ e per million USD revenue	22.7

Given the current stage of our GHG inventory development, we do not yet possess sufficient data to accurately quantify our Scope 3 emissions. As we continue to mature our GHG accounting practices, a key priority will be to methodically identify relevant Scope 3 categories specific to our financial operations and diligently track the necessary data to enable their future measurement and disclosure.

Commitment to Emissions Reduction and Energy Efficiency

UGB is firmly committed to aligning its operations with national and international frameworks for emissions reduction. While our direct operational footprint may be modest compared to industrial sectors, we recognise the significant reputational and importance of leading by example on climate responsibility within the financial sector. Our strategy focuses on key areas to mitigate our impact:

- **Reducing Energy Consumption:** Implementing measures to decrease overall energy demand across all our facilities.
- **Improving Operational Efficiency:** Optimising building systems and processes to consume less energy for the same output.
- **Integrating Sustainability into Facilities Management:** Embedding environmental considerations into the daily management and maintenance of our properties.

Our internal governance structure provides robust oversight for this commitment. The ESG Committee and Risk & Compliance functions are responsible for overseeing all emissions-related data collection, ensuring accuracy, and monitoring performance against established benchmarks. We are actively deploying training, automation, and system enhancements to improve the frequency of our emissions tracking, ensuring more precise and real-time data for informed decision-making.

Emissions Management Strategy and Future Plans

UGB is actively developing a comprehensive, year-on-year emissions management strategy. This strategic roadmap is designed to support our long-term decarbonisation goals and enhance operational resilience, ensuring our environmental stewardship evolves with our business. As part of this journey, UGB aims to consistently track and report Scope 1 and Scope 2 emissions annually, ensuring full alignment with the GHG Protocol and CBB ESG disclosure requirements. This commitment underpins our transparent approach to environmental performance. We will establish robust energy and emissions intensity metrics, to accurately guide reduction efforts,

facilitate meaningful cross-year comparisons, and link environmental performance directly to business growth. This holistic approach to energy data is crucial for targeted efficiency initiatives.

UGB will identify and pursue opportunities for integrating renewable energy sources into our operations. This includes exploring transitions to green electricity where feasible and incorporating solar solutions for selected operational sites to directly reduce our reliance on grid electricity. We will develop and implement ambitious internal carbon reduction targets. These targets will be meticulously aligned with Bahrain's national sustainability vision and the overarching goals of the Paris Agreement, reflecting our contribution to global climate action.

In the near term, UGB will also commence dedicated data collection on total renewable energy consumption, simultaneously improving systems to capture detailed energy performance across all operating sites. This crucial initiative will form the foundational basis for future, more granular reporting on renewable energy integration and its tangible impact on emissions mitigation. As UGB continues to scale its ESG commitments, emissions monitoring and management will remain a central pillar of our environmental strategy. This commitment to environmental stewardship is intricately linked to our financial stewardship, reinforcing stakeholder trust, and solidifying our role as a responsible corporate citizen.

1.3 Water Conservation

CBB E.8

GRI 303-1, 303-3, 303-4, 303-5, 303-6



Bahrain faces significant water scarcity, characterised by limited rainfall, high population density, and a heavy reliance on desalinated water for both domestic and commercial demands. In response to this critical challenge, the Kingdom has made progressive strides through its Economic Vision 2030, which advocates for improved water-use efficiency and sustainable withdrawals.

Operating within this water-stressed environment, United Gulf Bank (UGB) acknowledges its inherent role and responsibility in supporting Bahrain's national sustainability efforts. While the Bank's direct operational water footprint is modest compared to water-intensive industries, our commitment to resource efficiency extends across all aspects of environmental stewardship, with water conservation being a paramount focus. Since 2024, UGB has actively monitored its water usage and implemented concrete, measurable initiatives to significantly reduce consumption and promote recycling across our facilities.

Commitment to Sustainable Water Management

As an integral part of our broader ESG commitment, UGB has formally designated water conservation as a priority area. In 2024, we established and formalised internal water tracking mechanisms, allowing us to report accurately on total municipal water withdrawal, consumption, and recycling volumes. The water we use is sourced entirely from municipal supply, primarily dedicated to restrooms, air-handling units (AHUs), cleaning operations, and staff amenities within our head office and branches.

Our commitment to improving water efficiency has been operationalised through tangible and impactful actions. We undertook a strategic, phased replacement of legacy SLOAN flushing systems. These older units previously consumed a substantial 420 litre per flush. We have upgraded to modern, high-efficiency fixtures that utilise a mere 115 litre per flush, resulting in a significant daily reduction in water wastage across our facilities. This upgrade directly contributes to substantial water savings within our core operational footprint.

UGB has successfully introduced and operationalised water recycling practices within our air conditioning infrastructure. During routine service of our cooling system's AHUs, we proactively retain approximately 6,000 litre (6.0 m³) of water. Our innovative approach involves reserving and reusing this reclaimed water within the cooling system instead of simply flushing it out and refilling with new water. This practice underscores our growing commitment to circular resource use and significantly reduces our overall water withdrawal from municipal sources. These changes collectively reflect our ongoing efforts to embed sustainability deeply into the Bank's operational footprint, even in areas where resource consumption may have been traditionally considered low risk.

Indicator	Reported value (in Kilo Litres, KL)
Total annual amount of water consumed by the organisation	1,952 KL
Total annual amount of water withdrawn by the organisation	1,952 KL
Total annual amount of water recycled/ reclaimed by the organisation	6.00 KL

While our current recycling volumes remain relatively small, the successful establishment of these internal systems marks a crucial step. We are actively developing plans to expand our water recycling capabilities over time, furthering our commitment to sustainable resource management.

Resource Management and Operational Efficiency

In parallel with our water conservation efforts, UGB has implemented critical measures related to cooling system management and overall operational efficiency. During AHU maintenance, UGB introduced a specialised refrigerant recovery system. In 2024, approximately 520 kg of Freon (R-

22 gas) was successfully recovered and securely stored in specialised cylinders for reuse. This practice is crucial for preventing the release of ozone-depleting and high global-warming-potential refrigerants into the atmosphere, complementing our overall approach to sustainable cooling system management and broader environmental responsibility.

Water Stewardship Strategy

Looking ahead, UGB is committed to deepening its approach to water efficiency through a multi-faceted strategy. We will consistently track and report water withdrawal, consumption, and recycling data annually. These efforts will align rigorously with international standards, including CDP and GHG Protocol guidelines, ensuring transparency and comparability.



UGB plans to introduce and expand recycled water initiatives internally, particularly for non-potable uses. This includes further integrating reclaimed water for applications such as toilet flushing, cleaning purposes, and within HVAC systems. We will explore opportunities for condensate recovery from air-handling systems across our branches and facilities. Recovered condensate will be integrated into our recycled water pool, further increasing our water reclamation volumes.

We will continuously evaluate and upgrade our water infrastructure to identify and replace any remaining high-flow fixtures. Furthermore, we aim to adopt smart metering technologies for more granular water monitoring, enabling immediate leak detection and more precise consumption analysis. UGB will establish clear internal performance indicators to measure water usage per employee or per square meter. These metrics will enhance accountability, facilitate benchmarking across different facilities, and drive targeted reduction efforts.

Through these proactive measures, UGB seeks not only to optimise its own operational efficiency but also to contribute meaningfully to the Kingdom of Bahrain's national sustainability objectives. As we expand our comprehensive sustainability reporting scope, water management will remain an essential metric, reflecting our ongoing commitment to environmental responsibility, and operational excellence.

1.4 Waste Management Initiatives

CBB E.9

GRI 306-1, 306-2, 306-3, 306-4, 306-5



For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)	
Category of waste	
(i) Incineration	0
(ii) Landfilling	0
(iii) Other disposal operations	1.64
Total	0

Commitment to Responsible Waste Management

UGB is committed to implementing a structured and proactive approach to waste management across its operations. Our strategy will prioritise the principles of reduce, reuse, and recycle, aiming to minimise the environmental impact of our waste streams and enhance resource efficiency. This commitment highlights our dedication to responsible environmental stewardship and reinforces our broader ESG objectives.

Our approach will focus on integrating waste reduction practices into daily operations, encouraging mindful consumption, and exploring innovative solutions for materials recovery and responsible disposal. This includes not only addressing our direct waste output but also fostering awareness among our employees and stakeholders about sustainable waste practices.

UGB is currently in the process of drafting a formal waste management policy. Following a comprehensive assessment of the type of waste generated across our operations, the policy will address key aspects such as waste segregation, collection, recycling, safe disposal, and employee awareness ensuring a structured and responsible approach to waste handling.

Waste Reduction Strategy

Building upon our initial waste tracking, UGB is actively developing a comprehensive waste management strategy focused on reducing our environmental footprint. UGB will accelerate digitisation initiatives to further reduce paper waste, leveraging digital platforms for documentation and communication. We will also evaluate consumables to minimise single-use items and favour products with minimal packaging. We will explore internal programmes for reusing office supplies, furniture, and IT equipment, aiming to extend asset lifecycles and reduce material sent for disposal.

Given the current waste profile, a high priority will be establishing enhanced segregation and recycling programmes for paper, plastics, and general office waste. We will also develop robust protocols for the safe and environmentally sound management of e-waste and explore options for organic waste diversion. We will embed waste considerations into our procurement policies, prioritising suppliers who offer products with reduced waste impacts.

To effectively manage our waste streams and drive continuous improvement, UGB will significantly strengthen its systems for comprehensive data collection and performance monitoring. While initial tracking has provided valuable insights, future efforts will include undertaking a more detailed waste audit, implementing systematic annual reporting, and setting clear, quantifiable targets for waste reduction and recycling rates.

By integrating these practices, diligently tracking our performance, and continuously exploring innovative solutions, UGB aims to significantly reduce its environmental footprint, contribute effectively to the circular economy, and further align with Bahrain's national sustainability objectives. Our proactive approach to waste management is an essential component of our broader ESG framework, reinforcing our dedication to operational efficiency and our role as a responsible corporate citizen.

1.5 Sustainable Products and Services

CBB E.1, E.7

GRI 201-2, 203-1, 203-2



United Gulf Bank (UGB) acknowledges the pivotal role that the financial sector plays in driving global sustainable development and facilitating the transition to a more resilient and equitable economy. Recognising that finance can be a powerful catalyst for positive environmental and social impact, UGB is committed to integrating sustainability into its core business practices and exploring opportunities to offer services that align with global sustainability goals.

Our commitment to Environmental, Social, and Governance (ESG) principles extends beyond internal operations to encompass our broader influence as a financial intermediary. As such, Sustainable Finance has emerged as a key strategic pillar for UGB, reflecting our ambition to contribute meaningfully to a sustainable future by directing capital towards responsible and impactful endeavours.

Commitment to Sustainable Finance

UGB is firmly committed to embracing Sustainable Finance as a fundamental component of its long-term strategy and ESG commitments. By engaging in sustainable finance, UGB aims to contribute to international frameworks such as the United Nations Sustainable Development

Goals (SDGs) and Bahrain's national sustainability objectives, fostering economic growth that is environmentally sound and socially inclusive. Integrating ESG factors into financial decision-making allows UGB to proactively identify and manage emerging risks (e.g., climate-related, social governance failures) while simultaneously identifying new growth opportunities in green and sustainable sectors.

We believe that supporting sustainable economic activities will not only generate positive societal and environmental outcomes but also enhance the long-term value and resilience of our investment and lending portfolios. Our foray into sustainable finance is a natural extension of UGB's commitment to ethical conduct, transparency, and responsible corporate citizenship within the financial ecosystem.

Exploring Opportunities in Sustainable Finance

UGB is embarking on a strategic journey to integrate sustainable finance principles into its operations. While we are currently in the exploration and framework development phase, our plans are concrete and designed to build foundational capabilities and identify actionable opportunities. Our future efforts in this area will be guided by the following strategic objectives and measurable targets:

- **Integrating ESG Risk into Lending and Investment Decisions:** UGB intends to develop robust frameworks for systematically screening all new investments and lending activities for ESG risks. This proactive approach will enable us to assess the environmental, social, and governance performance of potential counterparties and projects, ensuring that our capital supports responsible entities. We aim to establish clear methodologies for conducting ESG risk assessments as a standard part of our due diligence process.
- **Developing Green and Sustainable Investment Opportunities:** As part of our commitment, UGB will actively focus on identifying and exploring sustainable finance and green investment opportunities. This includes assessing the feasibility of participating in or developing financial products such as green bonds, sustainability-linked loans, and impact investments that directly finance environmentally or socially beneficial projects. Our goal is to progressively increase the percentage of our lending and investment portfolio aligned with robust ESG criteria.
- **Building Internal Capacity and Expertise:** To effectively integrate sustainable finance into our operations, UGB recognises the critical need for specialised knowledge. We are committed to fostering a culture of sustainability internally by investing in comprehensive training programmes. Our aim is to ensure a significant percentage of our personnel are trained on ESG risk integration and sustainable finance principles, equipping our teams with the necessary skills to assess, advise on, and execute sustainable financial transactions.
- **Strategic Partnerships and Collaboration:** UGB will actively seek to build strategic partnerships with clients, industry bodies, and regulatory authorities to collectively

advance the sustainable finance agenda. We believe that collaborative efforts are essential to foster market development, share best practices, and drive systemic change towards a more sustainable financial landscape.

UGB views its journey into sustainable finance as an evolving and dynamic process. Our commitment is to continuous learning, adaptation, and growth in this critical domain. As we develop our capabilities and explore these opportunities, we will establish more granular targets and transparently report on our progress in subsequent reports.

By prioritising sustainable finance, UGB is committed to creating long-term value for our stakeholders, contributing to a more resilient economy, and actively supporting Bahrain's vision for sustainable development. This strategic focus reinforces UGB's dedication to being a responsible and forward-thinking financial institution in the region.

2 Social & Community Impact



People are at the centre of UGB's sustainability journey. We are committed to fostering a safe, equitable, and inclusive workplace where diversity is respected, and talent is nurtured. In 2024, Bahraini nationals made up 84% of our total workforce, reaffirming our support for nationalisation and local capacity building. We uphold strong policies against discrimination, child and forced labour, and harassment, and expect the same from all our suppliers and partners. Our Code of Conduct reinforces respectful behaviour, integrity, and fairness across all levels of the organisation. UGB also supports the continuous development of its people through annual training on cybersecurity, AML, ESG awareness, and regulatory compliance. In parallel, we have introduced employee well-being initiatives including safety protocols, and ethical grievance redressal mechanisms. As a bank operating in the heart of the Gulf, we are committed to aligning our social priorities with the Kingdom's development agenda while contributing to the broader well-being of our community.

2.1 Diversity, Equity & Inclusion

CBB S.1, S.3, S.7

GRI 102-8, 401-1, 405-1



At United Gulf Bank, we firmly believe in a diverse, equitable, and inclusive workforce, it is a moral imperative and a cornerstone of our long-term success, innovation, and sustainable growth. Our unwavering commitment to Diversity, Equity and Inclusion (DEI) is woven into the very fabric of our values, influencing every aspect of how we attract, develop, retain, and empower our people. We actively strive to cultivate a workplace that profoundly respects individual differences, champions equal opportunities, and fosters open dialogue and active participation from every employee, irrespective of their background, gender, age, and nationality.

Commitment to DEI

UGB maintains an unequivocal zero-tolerance approach to discrimination, bias, and inequality in the workplace. Our commitment to fair treatment and inclusive practices resonates across all levels of our organisation, steadfastly guided by the principles enshrined in our Code of Conduct, HR Policy Manual, and the robust Bahraini labour and regulatory frameworks. We specifically uphold gender equality, non-discrimination, and the protection of human rights as foundational pillars of our comprehensive DEI framework. Our end goal is to cultivate an environment here every employee feels valued, respected, empowered to thrive, and encouraged to contribute their unique talents to the Bank's collective success.

Workforce Composition

UGB prides itself on a stable and dedicated workforce, reflecting our commitment to fostering long-term employment relationships. Our overall workforce composition provides insightful indicators of our diversity profile and ongoing efforts.

Our workforce demonstrates a healthy blend of experience and fresh perspectives. The majority of our employees fall within the age range of 30-50 years, forming a stable and experienced core that drives our operations. This is complemented by a significant presence of colleagues over 50 years of age, ensuring the invaluable transfer of institutional knowledge and mentorship opportunities. Furthermore, the inclusion of employees under 30 years reflects our dedication to nurturing emerging talent and integrating fresh perspectives into our dynamic environment, a commitment that is notably in strong synergy with our nationalisation goals aimed at cultivating Bahraini fresh graduates.

In terms of gender distribution, while male representation currently constitutes the larger proportion of our overall employee base, UGB is commitment to ensuring that women are robustly represented across all levels of the organisation. Our presence of female employees from entry to executive levels underscores our dedication to equitable hiring and promotion practices.

However, the data highlights that achieving a truly balanced gender profile, particularly in senior leadership and decision-making roles, remains a strategic priority and an area of focused effort for the Bank. We are actively working to enhance female representation at the highest echelons of leadership to better reflect the diversity of our entire workforce.

Category	<30 years		30 - 50 years		> 50 years	
	Male	Female	Male	Female	Male	Female
	No.	No.	No.	No.	No.	No.
EMPLOYEE LEVEL						
Senior management (Executive)	0	0	4	0	3	1
Middle management	0	0	4	3	3	1
Junior management (Entry-level)	2	0	7	5	2	2
EMPLOYMENT TYPE						
Full-time	2	0	15	8	8	4
Part-time	0	0	0	0	0	0
Contract/ Worker	0	0	0	0	0	0

Gender	Male		Female
% of total workforce	67.6%		32.4%
Age Group	<30 years	30-50 years	>50 years
% of total workforce	5.4%	62.2%	32.4%
Employment Type	Full-time	Part-time	Contract
% of total workforce	100%	0%	0%
Management Type	Senior management	Middle management	Junior management
Male to female metrics	7x	1.75x	1.57x

All UGB employees are engaged on a full-time basis, a deliberate approach that highlights the Bank's commitment to stable, long-term employment relationships and fosters deeper engagement and loyalty within our team. We do not currently utilise part-time or contractual staff, reflecting a preference for investing in our core workforce for sustainable growth.

Employee Turnover and Retention

UGB sustained an exceptionally stable workforce during the reporting period, evidenced by a remarkably low annual employee turnover rate of 2.70%, with only one employee exit. This low attrition rate serves as a strong indicator of a positive and supportive workplace environment, high levels of employee engagement, and the effectiveness of our competitive retention policies.

Total employees who left the organisation (in the age range 30-50 years)	1
Females who left the organisation	0
Males who left the organisation	1
Employees at the beginning of the year	37
Employees at the end of the year	37
Average employees	37
Turnover rate	2.70%

Governance Structure and Procedures

UGB's comprehensive DEI approach is seamlessly integrated into our governance framework, primarily overseen by our HR and Compliance functions, under the direct purview of the Board of Directors and the Nominating and Remuneration Committee. Every employee at UGB is bound by our rigorous Code of Conduct, which meticulously outlines acceptable behaviour, championing equal opportunity principles, and reinforcing the Bank's unequivocal zero-tolerance policy toward discrimination and harassment.

Any issues related to misconduct, including instances of harassment or bias, are subject to a thorough and impactful and impartial investigation jointly conducted by our Internal Audit and Compliance departments, with all significant outcomes diligently reported to the Board Audit Committee. To embed accountability, all employees are required to formally certify their adherence to the Code of Conduct annually. Furthermore, new employees receive dedicated training on DEI-related expectations as an integral part of their induction process, with regular refresher sessions conducted to consistently reinforce our culture of fairness, respect, and inclusion across the Bank. UGB also maintains open and secure channels for grievances, complemented by robust protection for whistleblowers and clear escalation protocols, ensuring all DEI-related matters are resolved quickly, fairly, and confidentially.

Nationalisation Strategy

UGB is aligned with the Kingdom of Bahrain's strategic nationalisation goals and the overarching Labour Market Plan. Our robust nationalisation strategy is meticulously designed not only to attract and retain but also to actively develop Bahraini talent, thereby ensuring the long-term contribution of nationals across all departments and at every level of leadership within the Bank.

S.7 Nationalisation		
Employee type	Number of employees	Employees as % of total workforce
Bahraini employees	31	83.8%

S.7 Nationalisation		
Employee type	Number of employees	Employees as % of total workforce
International employees	6	16.2%
Total	37	

Country	Total workforce	% of total workforce
Bahrain	31	83.8%
India	4	10.8%
Pakistan	1	2.7%
Egypt	1	2.7%
Total	37	100%

Bahraini nationals constitute a significant majority of UGB's workforce, reflecting our deep commitment to empowering local talent. This strong representation extends across all departments and job levels, where Bahraini employees actively contribute to the Bank's performance and strategic direction. Our commitment is further demonstrated through structured training programmes, dedicated mentoring opportunities, and proactive succession planning initiatives specifically tailored for Bahraini employees. UGB remains steadfast in its dedication to strengthening this representation even further through targeted graduate hiring initiatives, continuous professional development for nationals, and focused promotion of Bahraini employees into critical decision-making roles.

Employee Conduct and Expectations

At UGB, all employees are held to the highest standards of conduct, with an explicit expectation to uphold the principles of diversity, fairness, and mutual respect. This fundamental expectation includes treating all colleagues and clients with dignity, refraining from any discriminatory or biased behaviour, and acting professionally at all times, whether within the physical workplace, during external engagements, or across digital and social media interactions. The Bank's policies explicitly prohibit all forms of harassment, intimidation, and exclusionary conduct. Our managers are held directly accountable for promptly and respectfully addressing any issues that arise, always with the full support of our Human Resources and Compliance departments where necessary, ensuring a consistently inclusive and respectful environment.

Future Plans and Strategic Priorities

In precise alignment with our overarching ESG framework, UGB has identified nationalisation and workforce inclusion as fundamental material topics. Moving forward, the Bank is resolutely committed to continuously enhancing its DEI performance through the following strategic goals focused on increasing the overall percentage of Bahraini nationals in our total workforce, alongside ensuring their greater representation in decision-making roles, including at the Board

level. We also aim to track and improve the percentage of Bahraini employees within each department to achieve balanced representation. A key part of this commitment involves expanding targeted training programmes to build leadership capabilities and functional expertise among Bahraini staff and boosting the percentage of Bahraini graduate hires through structured recruitment and internship programmes to foster a strong pipeline of local talent.

These ambitious goals will be meticulously supported by robust KPIs and comprehensively overseen by the HR Department and the Nominating and Remuneration Committee. Annual reviews will ensure that progress is diligently measured, transparently reported, and effectively incorporated into our broaden talent management and ESG strategies. UGB is confident that with this focused, structured, and profoundly inclusive approach, we will continue to advance a culture where diversity is genuinely embraced, equity is consistently practices, and every employee feels fully empowered to contribute to the Bank's enduring success.

2.2 Human Rights & Fair Labour Practices

CBB S.2, S.4, S.6, S.9, G.8

GRI 408-1, 409-1 406-1, 412-1, 412-2, 412-3, 405-1, 405-2, 419-1



At UGB, we are committed to upholding the dignity, equality, and rights of every individual. As a responsible corporate citizen and an ethical financial institution, UGB has adopted clear principles and procedures to respect human rights, eliminate all forms of child and forced labour, ensure workplace fairness, and prohibit discrimination and harassment in any form. Our practices are guided not only by global standards but are also firmly aligned with the Kingdom of Bahrain's constitutional values and the National Action Charter.

We believe that safeguarding human rights and promoting a culture of fairness is essential to building an inclusive, resilient, and future-ready organisation. Through strong governance mechanisms, open communication channels, and a commitment to continuous improvement, we aim to foster a respectful, safe, and equitable environment for all employees.

Our Commitment to Human Rights

UGB unequivocally respects human rights as a core operational principle. We are dedicated to maintaining an environment free from discrimination, ensuring all dealings, both internal and external, are conducted without bias related to religion, gender, nationality, origin, language, faith, physical ability, or any other social factor. Our policies reflect our management approach to upholding universal human rights standards, aligning with international declarations and

Bahrain's overarching human rights framework. We maintain a strict zero-tolerance stance on any violations of human rights. We uphold the principles outlined in Bahrain's National Human Rights Plan (2022-2026), that safeguards the civil and political rights, economic, social, and cultural rights, while also protecting vulnerable groups, and promoting solidarity.



Zero

Recorded cases of
human rights
violations, breaches, or
incidents

Our policies explicitly prohibit such practice, and UGB actively monitors compliance through robust internal controls, comprehensive audits, and continuous engagement with our workforce and supply chain. We regularly conduct risk assessments to identify potential vulnerabilities and implement proactive mitigation measures. Our Board Audit Committee diligently ensures that our policies and procedures

remain aligned with evolving international standards and local regulations. The effectiveness of these comprehensive measures is consistently upheld through our vigilant monitoring and strong internal controls, fostering an environment where incidents are systematically prevented.

In FY 2024, UGB recorded zero human rights violations, breaches, or incidents, affirming the effectiveness of our mitigation measures.

Beyond mere compliance, UGB views human rights as integral to our organisational culture and corporate identity. We strive to foster an environment where fairness, transparency, and accountability are not just written policies, but lived values. This approach enables us to build lasting relationships with our employees, partners, and the communities where we operate.

Gender Equity, Fair Compensation, and Incentivised Pay

UGB specifically holds a strong policy of gender equality and women's empowerment, recognising their rights as integral to international human rights declarations and aligning with Bahrain's National Plan for the Advancement of Bahraini Women. This commitment highlights our dedication to fostering an inclusive and equitable environment, supporting women's economic and social participation.

UGB is committed to fair and equitable compensation practices for all employees. Our compensation policies aim to provide competitive remuneration while upholding principles of equality. **The current gender pay ratio at UGB is 0.77.** The ratio indicates a difference in overall median earnings between men and women across the organisation. While this figure does not necessarily reflect equal pay, it highlights that full gender pay parity has not yet been achieved at UGB.

We acknowledge this and are committed to conducting deeper analysis and addressing any structural or policy barriers that may exist. It is an area for continued focus and strategic effort for UGB as we advance our commitment to gender equality and women's empowerment.

Establishing a baseline is the first step to our objective of building a fair and equitable compensation framework.

UGB recognises the importance of incentivising strong performance across all facets of its operations. In line with this, and as a Bank embarks on its inaugural year of ESG disclosures while actively formulating its comprehensive ESG strategy, executive compensation is not currently tied to specific ESG performance metrics. UGB anticipates that its evolving ESG framework will integrate such considerations as the strategy matures, aligning with the Central Bank of Bahrain requirements for transparent reporting on sustainability incentives.

Zero Tolerance for Child and Forced Labour

UGB maintains a zero-tolerance policy against the use of child or forced labour across all its operations in Bahrain and its subsidiaries worldwide. We unequivocally condemn the exploitation of children, their involvement in hazardous work, and any form of physical punishment, abuse, or involuntary servitude. Our policy is in full compliance with Bahrain's Labour Law for the Private Sector (Law No. 36 of 2012), which stipulates the minimum legal working age of 15 years, and aligns with ILO Convention 138 (15 years), ratified by Bahrain.

Furthermore, we actively combat all forms of forced labour, including bonded labour and human trafficking, aligning with Bahrain's Labour Law and Law No. 1 of 2008 (Anti-Trafficking Law), and reflecting ILO Convention 105 (Abolition of Forced Labour), to which Bahrain is a signatory. Our recruitment and hiring practices include rigorous age and eligibility verification to prevent underage employment. Both our Human Resource Policy and the Bank's Code of Conduct clearly articulate a zero-tolerance stance toward child and forced labour. We extend our due diligence to the entire supply chain, ensuring vendors and suppliers comply with anti-child and forced labour standards, verified through declarations and audits. Any confirmed violation of these principles results in the prompt discontinuation of business relationships.

We did not record any cases of child or forced labour within our operations or across our network of vendors and suppliers during FY 2024.

Fostering a Respectful and Safe Workplace

It is UGB's policy that all employees experience a work environment free from all forms of misbehaviour, including discrimination and harassment. This applies to interactions with supervisors, colleagues, visitors, and customers. All staff are expected to conduct themselves with the highest standards of honesty, integrity, due skill, care, and diligence at all times, in full accordance with the Laws of the Kingdom of Bahrain, particularly the Labour Law for the Private Sector (Law No. 36 of 2012), which explicitly prohibits discrimination and sexual harassment in the workplace.

Our strict non-discrimination policy prohibits any form of unfair treatment or bias based on race, religion, gender, age, nationality, disability, or any other protected characteristics. This policy is enshrined in our Code of Conduct and reinforced through our recruitment, retention, and

promotion practices, ensuring equality of opportunity throughout the employment lifecycle. Our performance management systems are structured to reward based on competence and contribution, free from prejudice or favouritism.

Unacceptable conduct at UGB includes, but is not limited to:

- Discrimination in dealings with any person based on gender, nationality, origin, language, faith, religion, physical ability, or social standing.
- Misbehaviour, such as shouting, using inappropriate language, threatening, intimidation, or physical assault.
- Using one's position to intimidate or gain undue advantage from any employee or external party.
- Harassment on any basis, including age, sex, race, national origin, ancestry, language, religion, social standing, physical ability, medical condition, and disability.
- Any form of sexual advances or overtones with clients or colleagues, including via social media or messaging applications.

In the 2024, UGB recorded no instances of misconduct within the organisation, underscoring our effective and vigilant monitoring and robust measures.

UGB maintains clear procedures for addressing grievances related to discrimination, harassment, or bullying. Employees are encouraged to report concerns confidentially, and all complaints are taken seriously, investigated promptly, and addressed with appropriate disciplinary measures where necessary. Our whistleblower policy ensures the confidentiality and protection of individuals raising concerns, including from retaliation. Managers are expected to amicably address instances of harassment by customers or consultants, if resolution is not possible, we sought to immediate management intervention. False accusations of misbehaviour are treated seriously and may lead to severe disciplinary action at UGB.

Governance, Control, and Enforcement

UGB maintains robust internal controls, standards, and procedures to ensure adherence to our Code of Conduct and all related human rights and labour policies. These systems protect assets, ensure reliable record-keeping, and maintain orderly operations. Senior Management and all employees are responsible for complying with these standards.

The Internal Audit Department conducts regular, risk-based reviews to assess the effectiveness of our internal controls and compliance. We regularly conduct risk assessments to identify potential vulnerabilities and implement proactive mitigation measures. Any observations, violations, or concerns regarding Code of Conduct adherence are reported directly to the Board Audit Committee. This ensures the Board is kept informed of significant issues, including potential human rights, child labour, or forced labour breaches of the Code.

UGB has a clear Enforcement Mechanism for its Code of Conduct. The Board of Directors empowers the Board Audit Committee to oversee these matters. Investigations are jointly

conducted by representatives from the Compliance and Internal Audit Departments to ensure an unbiased view. Investigators have the authority to collect information, documentation, and conduct interviews. If a Code violation is determined, the Nominating & Remuneration Committee is notified, and disciplinary action is taken in line with the Bank's HR policies, up to and including termination. Prompt investigation of breaches is crucial for maintaining licensing conditions and ensuring approved persons meet "fit and proper" requirements by the Central Bank of Bahrain (CBB).

Waivers of any Code of Conduct provision for UGB staff are granted only by the Chairman or CEO. All such waivers, along with their reasons, are meticulously documented and maintained by the Compliance Function.

Policy Dissemination and Annual Certification

Ensuring widespread understanding and compliance with our Code of Conduct is paramount. All UGB staff are expected to read and understand this Code. The Chief Compliance Officer (CCO) provides annual refresher training to all staff, this session is mandatory for new employees.

All UGB staff are required to confirm their adherence to the Code of Conduct annually. This affirmation enforces the highest standards regarding professional conduct, conflicts of interest, insider trading, and confidentiality, and includes disclosures on personal investments. Affirmations are submitted to the CCO, who then reports to the CEO and the Chairman of the Bank Audit Committee. All completed forms are filed with the Human Resources Department. We ensure the new hires at the Bank are also required to sign this statement upon joining.

2.3 Employee Well-being & Development

CBB S.5, S.11

GRI 404-1, 404-2, 403-1, 403-2, 404-3, 403-5, 403-6, 403-9, 403-10



At United Gulf Bank (UGB), we firmly believe that our greatest asset is our people. We are deeply committed to fostering an environment where our staff can continuously grow, develop their skills, and enhance their professional capabilities. Recognising that a highly competent and adaptable workforce is fundamental to maintaining the highest standards of operational excellence, compliance, and strategic innovation, we view continuous training and development as a cornerstone of our human capital strategy.

Our training programmes are carefully designed to support our employees' professional journeys, equipping them with the knowledge and skills necessary to meet both current operational needs and future ambitions.

Training Objectives and Commitment

The primary objective of UGB's training initiatives is to cultivate a culture of high competence, ethical conduct, safety, responsibility, and regulatory compliance throughout the organisation. We are convinced that well-trained employees contribute more effectively to the Bank's strategic goals while consistently upholding our stringent ethical and regulatory standards. Our commitment extends beyond mere compliance, training is strategically viewed as an investment that drives continuous improvement, operational excellence, and fosters an innovative mindset across all levels of the Bank.

Investing in Our Leadership and Workforce

UGB places significant emphasis on the continuous professional development (CPD) of its leadership team and employees. In 2024, our senior management actively participated in a diverse range of training programmes, reflecting our commitment to staying ahead in a rapidly evolving financial landscape.

Collectively, the Chief Executive Officer, Chief Audit Executive, Chief Financial Officer, Head of Asset Management & Investment Banking, Head of HR, and other key senior professionals accumulated over 200 hours of training in 2024, demonstrating their dedication to leadership development and subject matter expertise. On average, these key leaders underwent approximately 30 hours of training each during the year.

The training portfolio for our senior leadership and employees encompassed critical areas such as:

- **Cybersecurity Awareness & Resilience:** Multiple sessions were conducted on cybersecurity awareness and resilience, underscoring the organisation's strong focus on digital security and preparedness against evolving cyber threats. These included specialised trainings on ransomware and the growing role of AI in cybersecurity.
- **ESG (Environmental, Social, and Governance):** Demonstrating our commitment to sustainability, key members of our leadership engaged in targeted trainings on ESG implementation, ESG reporting requirements, and Sustainable Development. These efforts reflect a proactive approach to integrating sustainability principles across the Bank's operations and disclosure practices.
- **Governance and Leadership:** Multiple directors training sessions were organised for the Bank's leadership, equipped them with advanced insights into governance, strategic direction, and industry best practices. Additionally, participation in high-level forums such as the KIPCO Group Conference and the Internal Audit Conference further enabled our leadership to stay abreast of emerging trends, foster inter-company collaboration, and reinforce their commitment to continuous improvement in corporate governance.
- **Compliance and Financial Regulations:** Specialised training sessions were organised for the leadership covering critical areas such as sanctions compliance, trade-based money

laundering, AML refresher courses, and domestic minimum tax regulations, ensuring adherence to the complex and evolving regulatory landscape of the financial sector.

- **Artificial Intelligence (AI) and Digital Transformation:** Recognising the transformative potential of AI, our leaders engaged in trainings focused on Artificial Intelligence in compliance, the pivotal role of AI in cybersecurity, and the balancing act of governance and assurance in the age of AI, preparing the Bank for future technological shifts.

Category	Units	FY 24	
		Male	Female
		Hours	
Senior management	Number	7	1
	Average Manhours	21.54	70.48
Middle management	Number	7	4
	Average Manhours	42.00	192.00
Junior management	Number	11	7
	Average Manhours	216.00	126.00
Full-time employees	Number	25	12
	Average Manhours	112.83	143.37
Part-time employees	Number	0	0
	Average Manhours	0	0
Contract workers	Number	0	0

Training for All Employees

In addition to targeted leadership development programmes, UGB is committed to providing comprehensive, organisation-wide trainings that reinforces our standards of ethics, compliance, and operational resilience. Foundational training is mandatory for all employees at UGB, and it is structured to foster a culture of integrity, accountability, and continuous learning.

One of the core pillars of this framework was the Cybersecurity Awareness Training, which was rolled out across all functions and levels, from the frontline staff to support departments. This mandatory programme ensured that every employee is well-versed in identifying and responding to cyber threats, including phishing, social engineering, and data breaches. Special emphasis was placed on emerging threats such as ransomware and the role of AI in cybersecurity.



KIPCO Group Conference

Between November 27 and 28, 2024, the KIPCO Group Conference was held in Bahrain, hosted and facilitated by UGB. This significant event was designed for KIPCO Group's and UGB's Internal Audit, Compliance and Risk Management team, offering a comprehensive training across several critical domains. Key sessions included in-depth discussions on emerging risks, the evolving GRC (Governance, Risk, and Compliance) perspective, and the transformative impact of Artificial Intelligence and technology on GRC functions. The Conference also

covered IS/IT risks and controls and their integration with GRC, mastering sanctions, compliance, and trade finance risk in an interconnected world, global internal audit standards, and the practical application of AI in the field of compliance. UGB was honoured to hold this year's instalment of the conference, which served as an invaluable platform for management and staff to engage in crucial discussions, analyse current and prospective risks, and collaboratively devise strategies to enhance the Group's resilience and regulatory adherence.

In parallel, annual refreshers on Anti-Money Laundering (AML), and the Code of Conduct were conducted to uphold compliance with regulatory expectations and internal policies. These sessions helped reinforce the principles of ethical decision-making, customer due diligence, and responsible behaviour.

To further strengthen our workforce's awareness and readiness, UGB also integrated training on:

- Data privacy and protection, aligned with Bahrain's PDPL regulations
- Whistleblower protection mechanisms and how to report misconduct
- Environmental, Social, and Governance (ESG) awareness, fostering a sustainability mindset across departments
- Diversity, equity, and inclusion (DEI), promoting a respectful and inclusive work environment
- Health and safety protocols, ensuring a safe and secure workplace for all

All training modules were reviewed periodically and adapted to reflect evolving regulatory requirements, market developments, and organisational priorities. Participation was tracked and monitored, with performance evaluations linked to training completion to ensure accountability at every level.

Through this holistic approach, UGB ensured that all employees are not only compliant but also empowered to act as responsible stewards of the Bank's values and commitments.

Empowering Bahraini Workforce through Training

A core strategic priority for UGB is the empowerment and development of Bahraini nationals within our workforce. In line with the Kingdom of Bahrain's nationalisation agenda, we actively prioritise identifying, recruiting, and investing in the training and development of local talent across various departments. Our commitment goes beyond regulatory compliance, it is fundamental to our mission of contributing to Bahrain's economic diversification and sustainable development.

Through targeted development programmes, mentorship, and opportunities for on-the-job training, we aim to equip Bahraini nationals with the technical expertise and leadership skills necessary for current and future roles within the Bank. This approach is designed to create clear career pathways and enhance employee retention, ensuring UGB actively contributes to a skilled and competitive national labour market.

Employee Health and Safety

At United Gulf Bank (UGB), we are deeply committed to ensuring the health, safety, and welfare of all our employees, customers, and the general public. Our comprehensive safety policies & procedures outlines the robust framework for maintaining a secure and healthy work environment, with all measures rigorously complying with the Bahrain Labour Law and specific safety legislation issued by the Ministry of Labour. Our approach is built on both organisational commitment and the vital role of individual responsibility, empowering employees with the knowledge and tools to actively prevent accidents.

UGB implements proactive safety measures to continuously identify and control actual and potential hazards within the Bank's premises. This includes regular inspections conducted by the Head of HR & Admin or a delegated assistant to discover and rectify unsafe conditions or working practices promptly, ensuring a vigilant approach to risk mitigation.

Our emergency preparedness and response systems are robust and comprehensive, designed to handle critical situations effectively. The UGB Towers building is equipped with an integrated fire alarm system covering all floors, complemented by advanced smoke/heat detectors and automatic water sprinklers to ensure rapid detection and response. Key aspects of our preparedness include:

- **Trained Safety Coordinators:** Designated Fire, Health & Safety Coordinators receive specialised training in basic emergency response, firefighting tasks, and first aid procedures. These individuals are crucial for ensuring an orderly evacuation and providing immediate assistance during emergencies.
- **Annual Fire Drills:** At least once a year, UGB conducts full or partial scale fire simulations and evacuations in coordination with other building tenants. These drills are essential for evaluating the effectiveness of our evacuation plans, ensuring staff familiarity with emergency exits, and reinforcing critical communication protocols.

Beyond emergency response, UGB upholds a strong culture of general operational safety. This is supported by clear guidelines covering essential aspects such as housekeeping, which ensures clear passageways, safe arrangement of furniture, proper cable management, and avoiding overloaded electrical outlets to prevent hazards. We also enforce strict electrical safety protocols for portable tools and equipment. Furthermore, our policies explicitly prohibit the possession, distribution, or consumption of alcohol or drugs on UGB property, and strictly forbid smoking within the UGB Towers building, ensuring a healthy and safe environment for all.

Indicators	2024	2023	2022
Number of cases of injuries	0	0	0
Number of cases of fatalities	0	0	0
Number of lost days due to work injury	0	0	0

In the event of an incident, UGB has clear protocols for accident reporting and investigation. All accidents and incidents are accurately recorded, thoroughly investigated to determine their root causes, and reported to Senior Management. Effective corrective actions are then implemented to prevent recurrence, ensuring that UGB discharges its obligations under relevant Social Insurance Organisation (SIO) and labour laws.

Through these comprehensive and diligently applied measures, UGB is dedicated to providing a secure and safe environment that prioritises the well-being of everyone within our premises.

Employee well-being initiatives

At United Gulf Bank, we firmly believe that our success is intrinsically linked to the well-being, professional growth, and sustained engagement of our people. They are the driving force behind our innovation, resilience, and commitment to excellence. Recognising this, our human capital strategy focuses on cultivating a supportive and enriching environment that extends beyond the workplace, reinforcing our commitment to social responsibility and sustainable organisational health.

- Health Benefits*

Our dedication to employee well-being is clearly demonstrated through a robust and thoughtfully designed suite of health and security benefits. We provide a comprehensive group medical plan for all employees, which crucially extends coverage to their families for both in-patient and out-patient services. This foundational benefit ensures that our team members and their loved ones have access to quality healthcare, fostering peace of mind. Furthermore, a life insurance plan is provided for all employees, offering essential financial security and support to their beneficiaries. For our leadership team, managers and above benefits from enhanced personal group health plans that include critical illness coverage, underscoring our commitment

to protecting our senior talent against unforeseen health challenges. These provisions reflect our proactive approach to safeguarding the health and financial stability of the entire UGB family.



- *Sports Day Event*

Beyond these vital structured benefits, UGB is committed to fostering a vibrant, inclusive and supportive workplace culture through a variety of social and engagement initiatives designed to build camaraderie and celebrate our shared community. Our annual Sports Day activities are a highlight, actively promoting physical health, encouraging teamwork, and strengthening inter-departmental bonds through friendly competition.

- *Annual Ghabga Dinner*

A particularly cherished tradition is our annual Ghabga dinner, held in the holy month of Ramadan. This evening gathering is deeply rooted in the rich cultural heritage of the Gulf region, offering a unique and festive occasion for employees and families to come together. The Ghabga serves as a vital platform for strengthening social bonds, sharing a meal outside of formal work setting, and celebrating our collective identity. These events are integral for nurturing a strong sense of belonging, fostering positive relationships, and ensuring that UGB remains a place where our employees feel valued, connected, and inspired. By investing in both our physical and social well-being, UGB aims to empower the employees to thrive both professionally and personally.

2.4 Investing in Communities

CBB S.8

GRI 203-2, 413-1



At United Gulf Bank, community engagement is a fundamental aspect of our identity and a strategic imperative. We firmly believe that as a financial institution, our responsibility extends beyond economic performance to actively contribute to the social, cultural, educational, and economic well-being of the communities in which we operate. This commitment is reinforced by global evidence indicating that institutions embedding sustainable practices are not only widely respected but also tend to outperform their peers across key sectors, building deeper trust and resilience. UGB's Corporate Social Responsibility (CSR) Policy and Procedures Manual documents the governance mechanism used to develop and implement these initiatives.

UGB's community initiatives are guided by a steadfast belief in long-term, inclusive development, consistently allocating an amount based upon its earning for contributions. We are committed to supporting initiatives that create sustained positive impact, particularly within Bahrain, aligning with national priorities and stakeholder expectations. Understanding what matters most to our stakeholders helps us proactively manage risks, capture emerging opportunities, and continually uphold trust in our operations within a dynamic regional and global environment.

Our Approach to Community Development

UGB channels its community investments into strategic pillars that address critical societal needs and align with national development goals, as outlined in its CSR Policy and Procedures Manual. Our approach is to help communities grow sustainably by empowering people, preserving local heritage, and supporting important services. This commitment extends to actively encouraging UGB staff to take part in professional organisations, charitable, educational, and other civic activities. While ensuring these activities don't conflict with their duties or affect the Bank's reputation, this personal involvement further amplifies our positive impact on the ground.

Community Investment Overview

In 2024, UGB invested in a range of programmes across its key thematic areas, reflecting our commitment to impactful contributions. Our total investment in community development initiatives amounted to¹:

Indicator	Amount or value
Net profit attributable to shareholders (in USD)	US\$ 4.1 million

¹ For comprehensive details on our community investments, refer to our Annual Report, 2024, available at: ugbbh.com/wp-content/uploads/2025/04/UGB-AR-2024.pdf

Indicator	Amount or value
Total amount invested in community development initiatives (in USD)	US\$ 41,511
Percentage of Net profit invested in community investment (in %)	1.01%

Sectors	Amount spent on community initiatives (in USD)	Percentage of the total amount spent on community initiatives
Charitable and Community Welfare Activities	5,702	13.74%
Culture – Islamic Institutions	26,525	63.90%
Education	6,631	15.97%
Health	2,652	6.39%

• **Championing Educational Assistance:**

Recognising the critical role of education in national development, UGB is deeply committed to nurturing young talent, particularly within Bahrain. The Bank supports educational initiatives in the Kingdom of Bahrain.

The Bank supports the Trade Quest programme, run under the aegis of the Bahrain Bourse, which provides high school students with exposure to trading equities on a virtual stock exchange. Through Masharie Al Khair, UGB provides financial assistance to the children of the Bank's employees to continue their higher education, based purely on merit and/or need and at the discretion of the chairman/ CEO.

The Human Resources Department often receives requests for short-term/ summer training from government authorities and other educational institutions in Bahrain, and UGB offers select internships for high-performing university and high school students with proper programmes prepared to offer appropriate training. To contribute to human resources development, the Bank extends financial assistance to its employees for the improvement of their academic and professional qualifications, and they are sent on training courses and seminars.

Case Study: Supporting financial literacy and youth empowerment through the TradeQuest Programme

The TradeQuest Programme is Bahrain Bourse's flagship financial literacy initiative aimed at equipping students with practical knowledge of capital markets. Now in its 26th edition, the programme offers high school and university students a structured, simulation-based experience that mirrors real-world trading on platforms such as Bahrain Bourse and the New

York Stock Exchange (NYSE). Through guided mentorship and a competitive framework, students learn the fundamentals of financial markets, investment strategy, and risk management.

Over the course of six months, student teams' participation in a series of structured phases during which they manage a virtual portfolio valued at BD 500,000 and USD 4 million. The programme is designed to build core competencies in research, analysis, and decision-making, while also enhancing essential soft skills such as teamwork, communication, and presentation. The initiative also offers students an opportunity to interact with seasoned professionals from Bahrain's leading banks and financial institutions, who serve as mentors and advisors throughout the programme.

By bridging academic learning with applied financial practice, TradeQuest plays a significant role in developing future-ready talent and fostering a stronger culture of financial awareness among Bahrain's youth. The programme is made possible through the continued support of its sponsors, whose contributions play a critical role in funding training sessions, resource materials, platform access, and award incentives for winning teams. Sponsors are categorised by level – Platinum, Gold and Silver, reflecting the scale of their commitment and involvement.

United Gulf Bank (UGB) proudly served as a Silver Sponsor, contributing USD 3,979 in direct support. This sponsorship is in line with UGB's longstanding commitment to promoting inclusive, quality education and capacity building opportunities for Bahrain's youth. As a financial institution rooted in the region, UGB believes in empowering future generations with the tools to succeed in competitive professional environments. Supporting education, particularly in the area of financial literacy, is central to the Bank's community investment strategy.

Through its sponsorship, UGB directly contributed to the delivery of the programme's intensive simulation and mentoring components. This includes access to professional investment platforms, engagement with licensed advisors, and participation in evaluation rounds where students defended their portfolio performance and strategy. UGB's involvement helped ensure that students from both private and public institutions could equally benefit from the programme's offerings, thereby promoting equity in learning opportunities across the Kingdom.

- **Social Welfare:**

A core tenet of our community engagement involves providing direct support to those in need. The Bank provides cash-based financial assistance for the welfare of underprivileged, handicapped, blind, mentally retarded persons, elderly, orphans, and the Children and Mothers Society. The Bank encourages its employees to participate in activities directed towards the support of the needy in terms of social service and disaster relief.

- **Cultural and Environmental Activities:**

UGB understands the profound importance of safeguarding national identity and cultural richness. Our contributions extend to supporting institutions dedicated to cultural activities and the preservation of Bahraini heritage, enriching the social fabric of the Kingdom.

- **Supporting Health:**

We extend our commitment to community well-being by contributing to healthcare initiatives that enhance diagnostic capabilities and patient care. The Bank supports the American Mission Hospital in its fund-raising endeavors. It has also supported the BDF Cardiac Centre and the Health Centers run through the Ministry of Health. Assistance is provided to the elderly, the blind, and various organisations supporting healthcare. Support is also extended to children with behavioural and cognitive difficulties like the Bahrain Association of Disability and Autism, Down Syndrome Society, and Deaf Society.

Drug rehabilitation programmes and campaigns focused on improving healthcare are also occasionally supported. The Bank periodically conducts Healthcare-related events amongst its own staff to promote various health-related causes and raise awareness among its employees.

- **Youth and Sports:**

UGB believes that sport is a perfect platform to create positive social change and attitude. It hence supports sporting events like football, the Bahrain Marathon, and other athletic meets, through financial assistance as well as the involvement and motivation of its own staff.

- **Social Activities:**

In its efforts to foster staff morale and camaraderie, UGB arranges periodic recreational activities for its employees. Social news of UGB's and the KIPCO Group's employees is also published by KIPCO in its periodical magazine (KIPCO LIFE).

Our ability to create meaningful change is significantly amplified through strategic collaborations. UGB partners with established and reputable organisations across these thematic areas, ensuring our contributions are effectively deployed and reach the intended beneficiaries. These collaborations foster shared commitment and collective impact.

Looking Ahead

Our investments primarily benefit a diverse range of communities and individuals within Bahrain, including the underprivileged, students, aspiring professionals, and patients requiring enhanced medical services. While the long-term impact of community investment is often multifaceted and sustained, UGB is committed to continually refining its impact measurement framework. This ongoing effort will enable us to more systematically capture and articulate the specific, tangible benefits and broader societal value generated by our programmes, informing future strategic allocations and enhancing our ability to make a meaningful difference.

As UGB continues its growth as a premium asset management and investment banking institution in the MENA region, our robust understanding of material issues, including community investment, ensures we deliver sustainable outcomes for all our stakeholders. Our dedication to supporting local communities, fostering education, preserving culture, and contributing to health and welfare, not only upholds our social license to operate but also reinforces our resilience and competitive edge in a changing world. We remain steadfast in our mission to contribute meaningfully to Bahrain's progress and the well-being of its people.

3 Robust Governance and Accountability



UGB's governance framework is the foundation of our sustainable business strategy. We are committed to maintaining a high standard of corporate governance, ethics, and compliance, anchored in transparency, integrity, and regulatory alignment. Our Board of Directors exercises active oversight over key areas such as risk, ESG, ethics, and strategic direction. In FY 2024, we formally established an ESG Committee to oversee the implementation of sustainability policies and disclosures. UGB enforces a comprehensive set of governance policies, including a Code of Conduct, Conflict of Interest Policy, Whistleblowing Policy, Data Privacy Policy, and a Supplier Code of Conduct, each designed to promote ethical behaviour, prevent misconduct, and protect stakeholder trust. We also uphold robust internal audit and risk management systems and require annual affirmations of compliance from all directors and staff. Our governance practices are fully aligned with the Central Bank of Bahrain's guidelines, including the principles of Module HC, and reflect our broader commitment to responsible, transparent, and forward-looking leadership.

3.1 Corporate Governance Structure

CBB G.1

GRI 2-9, 2-10, 2-11, 2-12, 2-13, 2-17, 2-18



United Gulf Bank (UGB) believes that strong corporate governance is the foundation of sustainable value creation and responsible banking. Our corporate governance structure is meticulously designed and implemented based on the foundational pillars of Fairness, Accountability, Integrity, and Responsibility (FAIR principles). This comprehensive framework ensures transparency, upholds ethical conduct, and guarantees rigorous regulatory compliance, all while fostering unwavering shareholder trust and robust stakeholder confidence. UGB's governance model meticulously reflects the Central Bank of Bahrain's (CBB) Higher Level Controls (Module HC) and is precisely tailored to the scale, complexity, and strategic needs of the bank.

Board of Directors

The Board of Directors serves as the highest governing body at UGB, entrusted with the ultimate responsibility for charting the bank's strategic direction, overseeing its management, and ensuring strict adherence to all regulatory requirements. The Board recognises its paramount fiduciary duties of care and loyalty to UGB and its shareholders. It is fundamentally accountable and responsible for the affairs and performance of the Bank, and for its absolute compliance with all applicable laws, rules, and regulations of the Kingdom of Bahrain. The members deeply understand that the Board's role is distinct from that of its shareholders (who elect the Board and whose interests the Board serves), also distinct from the role of the officers (whom the Board appoints and oversees).

The Board establishes the overarching objectives for UGB and develops the comprehensive strategies that direct the ongoing activities of the Bank to achieve those objectives. By rigorously approving the Bank's strategy, the Board demonstrates its capability to proactively identify and profoundly understand the risks that the Bank faces in achieving its business objectives through its business plans.

Its key responsibilities include:

- Approving the bank's overarching business strategy, comprehensive financial plans, and annual budgets.
- Monitoring organisational performance against key performance indicators (KPIs) and actively managing major risks.
- Reviewing the effectiveness of internal controls, the integrity of financial reporting, and the robustness of risk management frameworks.
- Appointing and rigorously assessing senior management, including the Chief Executive Officer (CEO), Chief Financial Officer (CFO), and heads of critical control functions.

- Approving and overseeing the bank-wide Code of Conduct and nurturing an ethical culture steeped in corporate values.
- Ensuring full compliance with CBB requirements and maintaining consistent alignment with UGB's mission and strategic objectives.

UGB's Board is composed of a diverse range of members. The Board meticulously reviews its size and composition to ensure it comprises individuals with a balanced array of skills, diversity, and expertise. This ensures that directors individually and collectively possess the necessary qualifications commensurate with the Bank's size, complexity, and risk profile. In adherence to best practice, the Chairman of the Board is a non-executive, independent director. The Charter explicitly mandates that the Chairman and the Deputy Chairman must be different persons from the Chief Executive Officer (CEO), ensuring an appropriate balance of power and fostering greater capacity for independent decision-making.

Given UGB's structure with a controller (UGH), there is a regulatory requirement to ensure that at least one-third of the Board members are from the independent category. In any case, UGB will always maintain a minimum of three independent directors to rigorously protect the interests of minority shareholders and ensure objective independent judgment in Board decisions.

There are no female members in the Board of Directors in the reporting year.

S.N.	Name	Designation	Type	Tenure (First appointed)	Appointment/ Elected
1.	Masaud M. J. Hayat	Chairman	Executive	34 years	Elected
2.	Mr. Faisal Al Ayyar	Vice Chairman	Executive	34 years	Elected
3.	Sheikh Abdullah Nasser Sabah Al Ahmad Al Sabah	Director	Non-Executive	25 years	Elected
4.	Mr. Samer Khanachet	Director	Executive	16 years	Elected
5.	Mr. Jawad Al Asfoor	Director	Independent	3 years	Elected
6.	Mr. Mohamed Al Rahma	Director	Independent	3 years	Elected
7.	Mr. Majed Al Ajeel	Director	Independent	1 years	Elected

Board Performance Evaluation

In line with CBB requirements, UGB conducts an annual performance evaluation of the Board and its committees. The evaluation process includes:

- **Board and Committee Effectiveness:** Assessing operations, structure, and performance in line with the CBB Rulebook and Commercial Companies Law.
- **Individual Director Evaluation:** Reviewing attendance, independence, and contribution to decision-making.
- **Board Composition Review:** The Nomination Committee assesses the Board's structure, diversity, and the need for planned refreshment.
- **Director Recommendations:** Recommendations for new and independent directors, especially where tenure or performance may require change.

The evaluation is conducted through detailed questionnaires completed by Board members, the Chairman, and Committee Chairs. The results are collated by the Chairman and Corporate Secretary and summarised in the Corporate Governance Report. The Board confirms completion of these evaluations annually to shareholders.

Board Selection, Appointment & Development

UGB follows a rigorous and transparent process for the selection and ongoing development of its Board members, ensuring alignment with CBB's 'fit and proper' criteria and Article 173 of the Bahrain Commercial Companies Law.

- **Selection Criteria:** Directors must demonstrate professional competence, integrity, and independence, and must be free from criminal convictions or regulatory concerns. Candidates must obtain prior CBB approval before appointment.
- **Nomination & Evaluation:** UGB has a formal policy outlining director qualifications. The Nomination & Remuneration Committee assesses all candidates through structured questionnaires and continuous reviews, including annual independence confirmations for Independent Directors.
- **Directorship Limits:** Directors may not hold more than two bank directorships in Bahrain or more than three in Bahraini public companies, ensuring sufficient time and focus. External directorships are permitted where no conflict exists.
- **Appointment Process:** New directors receive a formal letter outlining responsibilities, term, time commitments, remuneration, and entitlements. A tailored induction programme helps new members understand UGB's strategy, governance, compliance, and risk functions.
- **Ongoing Development & Access to Advice:** Directors are encouraged to pursue continuous development and may, individually or collectively, seek independent professional advice at the Bank's expense to fulfil their responsibilities effectively.

Board Committees

To enhance governance efficacy and provide specialised oversight, UGB has established several dedicated board-level committees. These committees operate under formal charters, meet regularly, and are subject to rigorous annual evaluations. Members are carefully selected based on their independence, specialised skill sets, and objectivity, ensuring a focused and expert approach to their respective mandates:

Committee	Objectives	Members
Executive Committee	This committee exercises specific Board powers between full Board meetings and is primarily responsible for the effective implementation of strategic decisions.	<ul style="list-style-type: none"> Masoud M.J. Hayat (Chairman) Faisal Hamad M. Al Ayyar Samer Khanachet
Board Audit Committee (BAC)	The BAC provides independent oversight of the bank's audit processes, compliance functions, financial reporting integrity, and the efficacy of its internal control and risk management frameworks.	<ul style="list-style-type: none"> Jawad Al Asfoor (Chairman) Faisal Hamad M. Al Ayyar Majed Essa Al Ajeel
Nominating & Remuneration Committee (NRC)	The NRC is responsible for managing Board appointments, ensuring robust succession planning for key leadership roles, and overseeing the development and implementation of fair and competitive remuneration frameworks.	<ul style="list-style-type: none"> Majed Essa Al Ajeel (Chairman) Jawad Al Asfoor Mohamed Sadiq Al Rahma

Executive Management

Complementing the Board's strategic oversight, UGB maintains a robust executive management structure that is critical for driving the Bank's day-to-day governance, operational management, and the effective implementation of the Board's directives. The management is headed by the Chief Executive Officer (CEO), who is responsible for the executive leadership and the day-to-day operations of UGB. They are assisted by the Management Committee team members, who are crucial for implementing the Board's strategies and controls.

All members of the senior management are recognised as approved persons, meaning they have been approved by the CBB based on their extensive experience, proven competencies, strong personal qualities, and unquestionable integrity.

S.N.	Name	Designation	Experience in years	Qualifications
1.	Hussain Lalani	Chief Executive Officer (CEO)	28 years	CA, CISA

S.N.	Name	Designation	Experience in years	Qualifications
2.	Mohammed Alqumaish	Assistant General Manager, Chief Audit Executive & Corporate Secretary	28 years	CIA, MBA
3.	Syed Rehan Ashraf	Senior Vice President, Chief Financial Officer	28 years	Master of Business Administration (MBA), FCA
4.	Deepa Chandrasekhar	Senior Vice President, Chief Compliance Officer & MLRO	36 years	APRM CAMS (FCI) FCA CFE Chartered MCSI
5.	Adel Al Arab	Senior Vice President, Head of Operations	32 years	Chartered Risk Analyst (CRA)
6.	Nirmal Parik	Senior Vice President, Head of Asset Management and Investment Banking	22 years	CFA, MBA with specialisation in Finance
7.	Abbas Al Tooq	Assistant Vice President, Head of Credit & Risk Management	28 years	Master of Business Administration (MBA) APRM
8.	Hussain Khalil	Vice President, Head of Treasury	16 years	M.Sc. Finance

Expectations from Executive Management

The Board expects the Senior Management team members to assess the training needs of staff across all levels throughout the organisation, considering existing skills and competencies, as well as relevant laws and regulations, and ensure such training is provided by competent and skilled personnel (whether internal or external). They must act strictly within the scope of their responsibilities, as defined in their job descriptions. The Senior Management is expected to independently assess and critically question the policies, processes, and procedures of the Bank with the intent to identify and initiate action on issues requiring improvement.

They must not interfere in the independent duties of the risk management, compliance, and internal audit functions. The Senior Management must carry out and manage the Bank's activities in compliance with all laws and regulations, and in a manner consistent with the business strategy, risk appetite, business plans, and remuneration and other policies approved by the Board. They are responsible for maintaining a robust governance framework for all management committees. The Senior management must actively communicate and consult with the control functions on management's major plans and activities so that these functions can effectively discharge their responsibilities.

They must provide the Board and its committees with timely, complete, accurate, and understandable information and documents, ensuring the Board is adequately informed and updated on a timely basis about material issues to uphold its responsibilities.

Control Functions

The CBB mandates the existence of effective and independent risk management function, compliance function, and internal audit function that are commensurate with the Bank's size, complexity, scale of operations, and risk profile. UGB has each of these control functions, which are empowered and authorised to manage their respective activities. The Risk Policy and Procedure Guide, Compliance Charter, and Internal Audit Charter document their respective responsibilities in detail. These are supported by other relevant policies and procedures that are updated once every two years.

Ethics, Conflicts of Interest, and Whistleblowing

United Gulf Bank (UGB) upholds the highest standards of ethical conduct and integrity across all its operations. All staff, senior management, and Board members are bound by the Bank's comprehensive Code of Conduct, which outlines professional behaviour and decision-making expectations. Complementing this, the Disclosure of Conflict-of-Interest Policy provides a structured framework for identifying, disclosing, and mitigating conflicts that may arise in dealings with UGB or its stakeholders. Directors and Approved Persons are required to declare potential conflicts and abstain from decisions where such conflicts exist. Any conflicted transactions require unanimous Board approval. The policy also defines specific actions considered conflicts, such as misuse of bank resources, client confidentiality breaches, or self-serving transactions.

Each year, all Board members and Approved Persons must declare their interests in other enterprises to the Nominating & Remuneration Committee, with summaries published in the Annual Report. Additionally, prior approval must be sought for any related-party transactions, following disclosure protocols outlined in the policy.

UGB also enforces strict rules regarding the employment of relatives. Immediate relatives of employees may not be hired without Board-level approval, and all staff are required to annually declare family relationships within the Bank. These measures are designed to avoid favouritism and preserve transparency in hiring and oversight.

To support a culture of accountability, UGB maintains a formal Whistleblowing Policy, allowing individuals to confidentially report misconduct or unethical behaviour. This policy ensures that all legitimate concerns are escalated appropriately and investigated, with protections in place for whistleblowers.

Governance of Group Structures

UGB applies a robust governance framework across its group companies, ensuring alignment in values, risk oversight, and ethical standards. Each subsidiary is required to maintain strong corporate governance practices tailored to its regulatory jurisdiction, while adhering to UGB's overarching principles. The parent Board maintains oversight to ensure subsidiaries operate prudently, manage risk effectively, and remain aligned with group strategy. While variations exist due to regulatory differences, all subsidiaries are expected to implement policies on risk, compliance, internal audit, and financial control, with regular performance and governance reviews.

Director Training and Induction

To ensure the Board remains agile and informed, new Board members undergo a tailored induction programme designed to familiarise them with UGB's operations, strategic objectives, and governance framework. Additionally, all directors receive ongoing training to stay abreast of the latest regulatory updates, evolving corporate governance best practices, and relevant market developments.

3.2 Ethics, Integrity & Compliance

CBB G.6, G.9

GRI 2-15, 2-19, 2-20, 2-21, 205-1, 205-2, 205-3



At United Gulf Bank (UGB), ethics, integrity, and robust compliance are not merely regulatory obligations, they are the fundamental pillars of our corporate identity and operational excellence. They serve as the foundation for establishing trust with our clients, employees, shareholders, and regulators. Our comprehensive framework ensures that every action taken within the Bank adheres to the highest moral and professional standards, safeguarding our reputation, fostering a resilient financial institution, and contributing positively to the broader economic landscape.

UGB employs a multi-faceted approach to uphold ethical conduct, transparent operations, and strict adherence to all applicable laws and regulations, in Bahrain and globally. Through interconnected policies and robust mechanisms, we cultivate an honest, fair, and responsible banking environment.

Governance Framework

The foundation of our entire ethical framework is the Code of Conduct. The framework outlines the ethical, professional, and behavioural expectations for every employee, director, and stakeholder associated with UGB. It is rooted in our unwavering commitment to responsible

banking, regulatory compliance, and cultivating a workplace characterised by dignity, integrity, and fairness. The Code permeates all aspects of our operations, serving as the guiding principle for our collective conduct.

Transparency is a critical component of integrity, fostering trust and accountability. UGB employs rigorous policies to ensure open communication and fair business practices. Key areas addressed by the Code include:

- **Human Rights, Labour Practices, and Equal Opportunity:** UGB maintains an explicit prohibition of child labour and forced labour across all its operations and supply chain, affirming its commitment to international human rights standards, gender equality, and non-discriminatory practices. Women's rights are recognised in alignment with global declarations, ensuring that all employees act without bias.
- **Professional Conduct and Behaviour:** We demand the highest standards of ethics and professionalism, strictly prohibiting misconduct such as verbal abuse, harassment, intimidation, or misuse of authority. Respectful interaction is mandated both within the workplace and in digital communications.
- **Data Protection and Confidentiality:** In strict accordance with Bahrain's Personal Data Protection Law (PDPL), UGB requires all employees to diligently safeguard personal, client, and proprietary data. Unauthorised disclosure is strictly forbidden, and this obligation extends to former employees.
- **Whistleblowing and Reporting Violations:** The Code seamlessly integrates our robust Whistleblowing Policy, providing secure and confidential channels for reporting misconduct and guaranteeing protection against retaliation.
- **Conflict of Interest:** UGB requires its directors and executives to disclose any material interests in transactions, ensuring board oversight to maintain independent judgement, and mandates transparent reporting of related party relationships to stakeholders.

To ensure deep understanding and commitment, all employees are required to annually reaffirm their understanding and adherence to this Compliance Code of Conduct.

Transparent Disclosure Practices

Our Disclosure Policy and Procedures Manual is designed to fulfil the Central Bank of Bahrain's (CBB) requirements under the Public Disclosure Module (PD), establishing a structured and transparent process for the timely, accurate, and balanced disclosure of both material and non-material information. This policy reinforces internal controls, clarifies disclosure responsibilities, and aligns seamlessly with UGB's corporate communications and media strategy.

The policy applies to all Board members, senior management, employees, and designated spokespersons, binding any person speaking on behalf of the Bank, whether through reports, investor updates, press releases, presentations, online publications, or verbal statements. The core provisions of the policy include strict confidentiality standards enforced in accordance with

Bahrain's PDPL, prohibiting the unauthorised use or sharing of personal or customer data unless legally or regulatorily mandated, or approved by the customer. Only designated individuals (Chairman, Vice-Chairman, CEO, CFO, CCO for regulatory matters, and other delegated persons) are permitted to speak publicly on behalf of UGB.

At UGB, all press releases and public announcements undergo thorough review by senior officers with subject matter expertise and are submitted to the CBB at least five business days prior to publication. UGB is obligated to publicly clarify false market rumours or make timely public disclosure of material information if rumours are true, in line with CBB guidance. In exceptional cases (e.g., during merger negotiations), material information may be temporarily withheld if premature disclosure could harm the Bank's interests. Disclosure becomes mandatory once the concern is no longer applicable.

Combating Corruption

UGB operates with an unwavering commitment to financial integrity, maintaining a strict anti-bribery and anti-corruption policy. This policy is a foundation of our ethical stance, reflecting our dedication to ethical conduct and transparency. We adhere to a zero-tolerance stance against all forms of bribery, illicit payments, and corrupt practices, whether direct or indirect. Our policies are designed not only to comply with local regulations but also with stringent international anti-corruption laws. The giving or receiving of facilitation payments or political donations is explicitly prohibited.

To ensure impartiality and objectivity in all business dealings, UGB places significant emphasis on managing conflicts of interest. Employees and directors are expected to proactively identify, disclose, and avoid any situations where their personal interests could potentially influence or be perceived to influence their professional judgment or actions. This includes any financial interests, external affiliations, or personal relationships that could create a conflict. Employees must declare outside employment or affiliations that may conflict with their duties. While participation in civic, charitable, or religious activities is permitted, such engagements must align with the Bank's values and stringent confidentiality requirements.

United Gulf Bank is profoundly committed to fostering a culture of integrity and ethical conduct that extends to every facet of our operations and interactions. Our Anti-Corruption policy is a clear articulation of this commitment, ensuring that all business is conducted with honesty, fairness, and strict adherence to legal and ethical standards. We believe that a strong anti-corruption stance is vital for preserving the trust of our stakeholders and contributing to a transparent financial ecosystem.

Beyond internal conduct and transparency, UGB plays a critical role in protecting the integrity of the broader financial system and ensuring fair treatment for all its stakeholders.

Conflict of Interest

United Gulf Bank (UGB) is committed to transparently disclosing conflicts of interest to its stakeholders, aligning with the requirements set forth by the CBB. This commitment ensures that all relevant parties are fully informed of potential situations that could influence the Bank's operations or decision-making.

UGB's Disclosure of Conflict-of-Interest Policy mandates that all Directors annually disclose all their current outside Directorships. This comprehensive list, submitted via Form A to the Chairman of UGB's Board of Directors, undergoes a rigorous review by the Bank's Nominating and Remuneration Committee (NRC) to identify and address any potential conflicts arising from multiple board affiliations.

Cross-shareholding with Suppliers and Other Stakeholders

Directors and Approved Persons are required to annually disclose any ownership interests exceeding 5% of the voting capital of any company, as well as any roles as managers in other organisations or any other significant participation in entities outside UGB. This information is submitted for review by the NRC. Furthermore, Independent Directors, through Form B, affirm that neither they nor their family members have material relationships or transactions with UGB, including owning more than a 10% share or other ownership interest in entities that have made or received significant payments from UGB. All UGB employees also disclose their business interests and Directorships in their annual code of conduct affirmation. This ensures transparency regarding financial ties with entities that could be considered suppliers or other stakeholders.

The Bank acknowledges that its ultimate parent, the KIPCO Group, constitutes a controlling shareholder relationship. Conflicts of interest arising from such relationships are primarily addressed through the comprehensive framework for related party transactions, ensuring that all dealings uphold the Bank's best interests.

Related Parties, their Relationships, Nature, Transactions, and Outstanding Balances

UGB maintains robust procedures for managing transactions with related parties. All transactions are conducted on arm's length basis, ensuring fair market terms. These transactions undergo annual post-facto approval by the Board Audit Committee (BAC). To provide further assurance to shareholders and regulators, an annual Agreed Upon Procedures report is carried out by the external auditors specifically on Related Party transactions. Additionally, to avoid potential conflicts and ensures merit-based selection, UGB prohibits the hiring of immediate relatives of UGB staff, and this prohibition may extend to relatives up to the second degree at the discretion of the Bank's Management. The CEO provides an annual disclosure to the Board of Directors concerning individuals occupying controlled functions who are relatives of any Approved Persons.

In instances where an actual or potential conflict of interest arises, particularly in a specific issue or transaction, it is promptly disclosed via Form C to the Chairman of the Board or the relevant committee. The Board, through its independent members, is empowered to assign impartial oversight to address and approve such transactions, with all material facts known and the

conflicted person abstaining from the decision-making process. Any abstention from voting motivated by a conflict of interest, as well as the authorisation of conflict-of-interest contractors or transactions, are disclosed to shareholders through the Bank's Corporate Governance Report, which forms part of UGB's Annual Report.

Vigilance Against Financial Crime

In line with the CBB Rulebook (Module FC) and the AML Law of Bahrain, UGB has implemented a robust Anti-Money Laundering (AML) & Combating Financial Crime Policy. This structured approach covers anti-money laundering (AML), counter-terrorist financing (CTF), and counter-proliferation financing (CPF). The policy applies universally to UGB, its parent company United Gulf Holding (UGH), and their subsidiaries, mandating a unified, group-wide AML framework while adapting to jurisdiction-specific regulatory requirements.

UGB adopts a risk-based approach for Customer Due Diligence (CDD), involving thorough verification of customer identities, understanding beneficial ownership, and continuous transaction monitoring. All clients undergo continuous due diligence, with transaction patterns regularly assessed for anomalies and suspicious activities flagged for internal escalation. For our high-risk clients such as Politically Exposed Persons (PEPs), charities, pooled funds, shell banks, and non-face-to-face customers, we conduct enhanced due diligence.

We have defined processes for internal reporting to ensure staff report suspected money laundering to the Money Laundering Reporting Officer (MLRO), who evaluates and escalates reports externally. In terms of external reporting, we make reports to the Financial Intelligence Directorate (FID) and other regulatory bodies. UGB also complies with UN sanctions and lists of designated individuals/entities.

Employees undergo regular, mandatory AML training, with records maintained securely and reviewed annually alongside transaction and CDD data.

UGB and UGH ensure subsidiaries adopt equivalent AML standards, submitting annual AML questionnaires and external auditor reviews to UGB's MLRO and the CBB. The MLRO is directly accountable for AML compliance, suspicious transaction reporting, regulatory coordination, and robust documentation. This rigorous framework highlights UGB's pivotal role in combating financial crime and maintaining the integrity of the global financial system.

Complaints and Dispute Resolution

UGB is committed to ensuring fair and efficient resolution of any concerns raised by its stakeholders. Our Complaints & Dispute Resolution Policy directly addresses CBB regulations mandating robust systems for receiving, addressing, and resolving customer and vendor complaints in a transparent and efficient manner. This policy applies to complaints raised by customers, vendors, and brokerage service users related to UGB's products and services in Bahrain (excluding subsidiaries). A complaint is broadly defined to include issues such as failure to follow instructions, delays, dishonesty, unfair treatment, or breaches of confidentiality that may violate data privacy laws.

The policy is guided by several core principles:

- **Visibility & Accessibility:** Complaint procedures are publicly posted on UGB's website, and complaints can be filed via email, post, or in-person. Communications are accepted in both English and Arabic.
- **Responsiveness:** Complaints are acknowledged within 5 working days and resolved within 30 working days unless urgent or regulatory in nature. Complainants are consistently kept informed of progress.
- **Objectivity & Confidentiality:** All complaints are investigated without bias, and processes are independent from disciplinary procedures to ensure fairness. Complaint data is treated with strict confidentiality.
- **Resolution & Escalation:** If internal resolution is not achieved, complaints may be escalated to external bodies such as the Bahrain Bourse or relevant regulatory authorities.
- **Reporting and Oversight:** UGB's Chief Compliance Officer (CCO) is the designated Complaints Officer. All complaints are recorded, analysed for trends or systemic issues, and reported quarterly to ensure continuous improvements.
- **Retention & Governance:** All complaint records are securely stored, and policy reviews are conducted biennially, with the Board ultimately responsible for policy oversight.

This comprehensive mechanism ensures that every voice is heard, and every concern addressed fairly, reinforcing stakeholder confidence in UGB's commitment to service excellence and accountability.

Whistleblowing and Reporting Violations

As integrated into our Compliance Code of Conduct, UGB maintains a clear and accessible Whistleblowing Policy. This mechanism provides secure and confidential channels for employees and other stakeholders to report suspected violations or misconduct. All complaints are jointly investigated by dedicated Compliance and Internal Audit teams, ensuring thoroughness and impartiality. UGB provides unequivocal protections against retaliation for whistleblowers acting in good faith, fostering a culture where individuals feel safe and empowered to speak up against wrongdoing. This vital mechanism serves as a proactive safeguard against unethical practices and a testament to our commitment to an open and accountable environment.

Governance and Continuous Reinforcement

The enforcement of our Code and all related policies is treated with the utmost seriousness. Violations are subject to thorough investigations conducted under the direct supervision of the Board Audit Committee, ensuring impartiality and accountability. Appropriate disciplinary action, which may include termination, is taken based on the severity and nature of the breach. In cases involving senior staff or particularly sensitive ethical breaches, the Nominating and Remuneration Committee (NRC) is duly informed and involved in the oversight process.

To further reinforce our ethical culture, a vital part of our compliance programme is the annual refresher session delivered by the Chief Compliance Officer. This mandatory session ensures that all employees remain current on the Code's provisions and ethical expectations. Mandatory participation is also required for all new joiners as part of their onboarding process, embedding ethical conduct from day one.

UGB maintains a robust process for ensuring widespread understanding and adherence to its Compliance Code of Conduct. **Annually, - 100% of our workforce formally certifies their compliance with the policy.** This certification process involves:

- **Mandatory Training:** All employees undergo annual training sessions led by the Chief Compliance Officer, which reiterate the Code's principles and their practical application. New joiners receive this training as part of their induction.
- **Acknowledgement and Disclosure:** Following the training, employees are required to review the full Code of Conduct. They then formally certify their understanding of its contents and their commitment to abide by it. This certification also includes making mandatory disclosures regarding potential conflicts of interest and personal investments, as outlined in the Code.
- **Record Keeping:** These formal certifications and disclosures are meticulously documented and maintained by the HR and Compliance departments for audit and oversight purposes.

This comprehensive certification process reinforces our commitment to fostering a deeply embedded culture of ethics and integrity across all levels of the Bank.

UGB's comprehensive framework for Ethics, Integrity, and Compliance is a testament to our commitment to responsible banking. By integrating robust policies on conduct, transparency, financial crime, and dispute resolution, we ensure that every operation reflects our core values and adheres to the highest regulatory standards. This holistic approach not only safeguards our Bank and its stakeholders but also fortifies our reputation as a trusted and ethical financial institution, contributing to a stable and transparent market.

3.3 Data Privacy & Cybersecurity

CBB G.4

GRI 418-1, 404-2, 419-1



At United Gulf Bank (UGB), we recognise that in today's digital age, data privacy is not just a regulatory obligation, it is a fundamental pillar of trust with our clients, employees, partners, and shareholders. Our unwavering commitment to safeguarding personal data is deeply embedded within our compliance and risk management culture. In full alignment with the Kingdom of

Bahrain's Personal Data Protection Law (PDPL) No. 30 of 2018, we've instituted a robust Personal Data Protection Policy and Procedures Manual (PDPL PPM) that meticulously governs every aspect of how personal and sensitive data is collected, processed, stored, and transferred across UGB and its parent company, United Gulf Holding Company (UGH). This comprehensive framework ensures that data privacy is central to our operations, enhancing confidence and reinforcing our reputation as a responsible financial institution.

Data Privacy Framework

UGB's Data Privacy Policy is built upon the core tenets of transparency, lawfulness, data minimisation, accuracy, and accountability. These principles guide our every action when handling personal data belonging to clients, employees, vendors, job applicants, shareholders, and Board members. The policy's extensive scope ensures that all departments and processes, whether automated or manual, adhere to the highest standards of data protection.

A foundation of our commitment is the requirement for every department to maintain its own detailed Record of Processing Activities (RPA). These RPAs meticulously identify the types of data collected, the legal basis for processing, defined data retention periods, and the specific safeguards implemented. This ensures clear oversight and traceability. Importantly, personal data is only processed for clear, legitimate purposes and strictly within the limits of explicit consent provided by data subjects, or as mandated by our legal and regulatory obligations. These records undergo a comprehensive review every three years to ensure ongoing accuracy and relevance.

Governance Framework

The governance of data privacy at UGB is structured in a multi-layered approach, emphasising clear accountability. The Board of Directors holds ultimate oversight, leading the adoption of our privacy policies and ensuring comprehensive compliance across the Group. A pivotal role in our data privacy framework is held by our dedicated Data Protection Guardian (DPG). Appointed as the Group's primary liaison with the Personal Data Protection Authority (PDPA), the DPG is a qualified and registered professional responsible for ensuring full alignment with PDPL requirements.

The DPG's critical responsibilities include:

- Monitoring PDPL implementation across all UGB and UGH operations.
- Managing data breaches by ensuring timely and accurate reporting to the PDPA within the mandatory 72-hour window.
- Ensuring valid consent mechanisms are in place and efficiently facilitating data subjects' right to withdraw consent.
- Conducting Data Protection Impact Assessments (DPIAs) to proactively identify and mitigate privacy risks associated with new projects or systems.

- Conducting regular and comprehensive training for all employees, from new hires to senior management, on data privacy awareness and cybersecurity protocols, fostering a culture of vigilance and adherence.
- Monitoring internal data privacy risks, allowing for proactive mitigation strategies.

Supporting the DPG is the Data Managers Working Group, a vital committee comprising key department heads and chaired by the CEO. This group plays an instrumental role in implementing data protection measures, maintaining accurate processing records, facilitating internal compliance, and fostering a pervasive culture of data privacy across the organisation.

Safeguarding Data

To safeguard the integrity, confidentiality, and availability of personal data, UGB has implemented extensive and continuously evolving security measures. These measures are designed to create a layered defense, protecting data throughout its lifecycle. We conduct regular Vulnerability Assessments and Penetration Testing (VAPT), at least twice a year, to identify and address potential weaknesses in our systems before they can be exploited. Restricted access controls are enforced to ensure that only authorised personnel can access personal data, complemented by robust password protections and multi-factor authentication where appropriate.

UGB has deployed advanced firewalls and antivirus systems to protect our networks from external threats and malicious software. The comprehensive data backup and recovery protocols ensure business continuity and minimise data loss in the event of unforeseen incidents. Our sensitive data is protected through encryption, both in transit and at rest, adding an extra layer of security. All our technical safeguards are fully compliant with the Bank's overarching Cybersecurity Strategy and stringent IT Policies.

These technical and organisational measures are not static, they are periodically reviewed, updated, and critically, are deeply embedded into employee responsibilities and operational procedures through continuous, mandatory training and awareness programmes focused on both data privacy principles and practical cybersecurity hygiene. This ensures that our technological defenses are complemented by a highly informed and vigilant workforce, which is our first line of defense against cyber threats and data breaches.

Data Subject Rights and Accountable Incident Management

UGB places significant emphasis on empowering data subjects by upholding their rights under the PDPL and maintaining a robust framework for incident management. We have clearly defined procedures for managing data breaches, ensuring rapid and transparent response. Any compromise of personal data is swiftly reported to the PDPA within the mandatory 72-hour timeframe, with full disclosure. Affected data subjects are notified where necessary, and rigorous internal audits are conducted to identify root causes and prevent recurrence, underscoring our commitment to continuous improvement.

Furthermore, data subjects are fully empowered with key rights, handled with transparency and efficiency by the DPG in accordance with the Law:

- The right to access their personal data.
- The right to request correction or deletion of inaccurate or irrelevant data.
- The right to withdraw consent for data processing at any time.
- The right to file complaints via the Bank's official platform.

It is important to note that UGB treats violations of the PDPL with utmost seriousness. Breaches of the law may result in severe penalties, including imprisonment or substantial fines ranging between BHD 1,000 to BHD 20,000, reinforcing the critical importance of adherence for all employees.

Responsible Cross-Border Data Transfers

Recognising the global nature of financial services, UGB operates a stringent policy for cross-border data transfers. Such transfers are permitted only when the recipient country meets PDPL's adequacy standards, or when other lawful justifications exist, such as explicit consent from the data subject or contractual necessity. We exercise extreme diligence in ensuring that all third-party service providers and vendors handling UGB data sign comprehensive data privacy agreements and are required to demonstrate full compliance with PDPL-compliant data security standards. This extended responsibility ensures that our high data protection standards are maintained throughout our entire data ecosystem.

3.4 Whistleblowing Policy and Channels

CBB G.3

GRI 205-2, 205-3, 406-1, 419-1



At United Gulf Bank (UGB), our unwavering commitment to the highest standards of ethical conduct, transparency, and accountability forms the bedrock of our operations. Recognising that integrity is paramount to maintaining stakeholder trust and ensuring long-term sustainability, UGB has implemented a Whistleblowing Policy and Mechanism. This policy serves as a critical safeguard, ensuring that any actual or suspected misconduct, fraud, or unethical behaviour is promptly addressed and investigated without compromise. It is meticulously aligned with the Central Bank of Bahrain's High-Level Controls Module (Module HC), reinforcing our dedication to regulatory compliance and best practices in corporate governance.

Empowering Stakeholders

UGB's Whistleblowing Policy is designed to empower a broad spectrum of individuals, fostering an environment where concerns can be raised safely and effectively. It extends beyond our internal workforce, enabling employees, vendors, customers, shareholders, and other stakeholders to report genuine concerns relating to misconduct. The scope of reportable concerns is comprehensive, covering a wide range of serious issues including, but not limited to:

- Illegal conduct
- Financial impropriety or misconduct
- Ethical breaches
- Gross misuse of Bank resources
- Violations of regulatory obligations
- Any other actions that could undermine UGB's integrity or reputation.

Confidentiality and Protection Against Retaliation

The foundation of our Whistleblowing Policy is the absolute commitment to protecting individuals who come forward in good faith. Whistleblowers have the crucial option to report either confidentiality or anonymously, allowing them to choose the level of disclosure that makes them feel most secure. All disclosures are treated with the strictest confidence, and their handling is rigorously compliant with Bahrain's Personal Data Protection Law (PDPL), safeguarding the identity of the whistleblower to the utmost.

UGB provides an explicit assurance, **"no adverse action or retaliation will be taken against any individual for making a legitimate disclosure in good faith."** This non-retaliation commitment is fundamental to encouraging an open reporting environment, ensuring that individuals feel secure in exposing wrongdoing without fear of professional detriment, harassment, or intimidation. While malicious or false allegations may lead to appropriate disciplinary action, incorrect allegations made in good faith incur no penalty.

Reporting Mechanism

UGB provides clear and secure channels for reporting concerns, through secure email, and verbal communication to designated senior officials, specifically the Chief Audit Executive (CAE) or the Chief Compliance Officer (CCO). In instances where a whistleblower believes the designated officials (CAE or CCO) may have a conflict of interest, reports can be submitted directly via mail to the Chairman of the Board Audit Committee (BAC), ensuring an independent review path.

Once a report is received through any of these channels, a joint review is initiated within five working days by the Chief Compliance Officer and Chief Audit Executive. This preliminary assessment determines the appropriate course of action. A joint team, typically comprising members from Compliance and Audit, then conducts a thorough and impartial investigation. Full

investigative oversight is provided by the Board Audit Committee (BAC), ensuring independence and rigor throughout the process.

Upon conclusion of the investigation, the findings are submitted to the Board Audit Committee and the CEO for review and decision. Where allegations are substantiated, appropriate disciplinary action is taken, which may include corrective measures, changes in processes, or personnel actions. Where necessary and in accordance with regulatory requirements, the BAC may escalate matters to the Central Bank of Bahrain or other relevant authorities, demonstrating UGB's commitment to external accountability.

Board Audit Committee

The effectiveness and integrity of UGB's Whistleblowing Policy are underpinned by strong governance. Ultimate oversight rests with the Board Audit Committee (BAC), an independent committee of the Board of Directors. The BAC plays a crucial role in:

- Ensuring the policy is regularly reviewed and remains fit for purpose.
- Overseeing the impartiality and thoroughness of all investigations.
- Reviewing investigation findings and ensuring appropriate disciplinary or corrective actions are taken.
- Maintaining accountability throughout the whistleblowing process.

This robust oversight by the BAC ensures that all reports are handled with the seriousness they deserve, reinforcing the Bank's commitment to ethical conduct at the highest level.

Reinforcing Awareness

To foster a vibrant culture of openness and ethical accountability, UGB actively integrates whistleblowing awareness into its broader compliance and ethics training programmes. This comprehensive approach ensures that all new employees are thoroughly introduced to the Whistleblowing Policy during their onboarding process. Employees are regularly reminded of the mechanism and their rights through annual Code of Conduct training sessions and targeted internal awareness campaigns.

By actively promoting awareness and encouraging employees to speak up, UGB believes it not only strengthens its internal controls and mitigates potential risks but also profoundly enhances the integrity, resilience, and trustworthiness of the entire organisation. Empowering individuals to report wrongdoing is seen as an invaluable contribution to UGB's long-term sustainability and ethical standing.

3.5 Ethical Partnerships

CBB G.7

GRI 205-1, 205-2, 205-3, 414-1, 414-2



At United Gulf Bank (UGB), we firmly believe that our commitment to ethical principles and sustainability extends beyond our internal operations to encompass our entire value chain. Ethical sourcing and responsible supply chain management are not merely compliance exercises, but integral components of our broader ESG commitment, vital for mitigating risks, safeguarding our reputation, and contributing positively to global standards. To ensure that our values resonate throughout our external partnerships, we have established a comprehensive Supplier Code of Conduct. This Code serves as the foundational agreement that governs our engagement with all vendors, contractors, and service providers, whether local or international, setting clear expectations for conduct and performance.

Core Principles for Supplier Code of Conduct

The UGB Supplier Code of Conduct articulates our non-negotiable expectations for ethical behaviour, legal compliance, human rights, environmental responsibility, and data protection across our supply chain. All suppliers seeking to work with or currently working with UGB are required to formally acknowledge and commit to upholding certain fundamental principles. Suppliers must operate in full compliance with all applicable laws and regulations of the Kingdom of Bahrain and any other jurisdictions in which they conduct business with UGB. This includes, but is not limited to, laws pertaining to labour practices, taxation, health, safety, and environmental protection.

Fair Labour Standards and Human Rights

UGB is uncompromising in its commitment to human rights. Our suppliers must:

- **Prohibit Child Labour and Forced Labour:** Absolutely no form of child labour, forced labour, or involuntary servitude is tolerated.
- **Ensure Workplace Safety:** Maintain safe, healthy, and hygienic working environments for all employees, minimising hazards and adhering to all occupational health and safety regulations.
- **Promote Fair and Non-Discriminatory Employment:** Uphold principles of fair treatment, non-discrimination, and equal opportunity in all employment practices, including hiring, remuneration, access to training, promotion, and termination. Suppliers must respect freedom of association and collective bargaining where legally permitted.

Environmental Responsibility and Stewardship

UGB expects its suppliers to share our dedication to environmental protection. This includes:

- **Waste and Emissions Reduction:** Actively work to minimise waste generation, reduce greenhouse gas emissions, and prevent pollution.
- **Efficient Resource Use:** Implement practices that promote the efficient use of energy, water, and other natural resources.
- **Compliance with Regulations:** Fully comply with all of Bahrain's environmental regulations and other applicable environmental laws.

Ethical Business Conduct

Integrity in business dealings is paramount to UGB. For UGB, its suppliers must:

- **Zero Tolerance for Corruption and Bribery:** Adhere to a strict anti-bribery and anti-corruption stance, refraining from offering, promising, giving, or accepting any form of bribe or improper advantage.
- **Promote Fair Competition and Transparency:** Conduct business ethically, promoting fair competition and transparency in all dealings, and avoiding conflicts of interest.

Data Protection and Confidentiality

Recognising the sensitive nature of information in the financial sector, UGB expects its suppliers to:

- **Adhere to Data Protection Laws:** Strictly comply with Bahrain's Personal Data Protection Law (PDPL) and other relevant data privacy regulations in their operations related to UGB.
- **Safeguard Confidential Information:** Protect UGB's confidential and proprietary information, including intellectual property and client data, using appropriate security measures.

Community Engagement and Cultural Respect

UGB encourages suppliers to be responsible corporate citizens. This includes supporting local development initiatives, respecting local cultural diversity and traditions, and contributing positively to sustainable development in their areas of operation.

Indicator	Percentage of suppliers in compliance (%)
Percentage of suppliers that comply with the company's code of conduct and the compliance assessment mechanism	100%

Compliance Assessment, Monitoring, and Corrective Action

UGB maintains a robust framework to ensure ongoing adherence to our Supplier Code of Conduct. At the outset of the partnership, all suppliers are required to formally affirm their commitment to the Code's principles by signing a dedicated Affirmation Statement, which is diligently maintained on record. This signed commitment serves as a foundational element of our contractual relationship.

As part of our continuous due diligence and compliance monitoring framework, UGB reserves the right to conduct periodic audits and assessments of suppliers' operations. These assessments are designed to verify conformance with the Code's standards and ensure that our partners uphold the shared values.

In instances of identified non-compliance, UGB follows a structured approach. We will initially engage with the supplier to issue corrective action plans, providing an opportunity to rectify the breach. However, depending on the severity and nature of the violation, particularly for serious or unaddressed breaches, UGB reserves the right to terminate the business relationship. Suppliers are also expected to maintain open lines of communication with the Bank and to promptly report any concerns or violations that may arise.

Secure Reporting Mechanisms and Whistleblower Protection

Fostering an environment of transparency and trust, UGB provides secure and confidential channels for suppliers to report any suspected unethical practices or violations of the Code. All concerns can be raised confidentially with the Head of HR & Administration. It is crucial to emphasise that whistleblower protections are unequivocally guaranteed to encourage honest disclosure without any fear of retaliation or adverse consequences. This commitment aligns with UGB's broader Whistleblowing Policy, ensuring a safe avenue for raising legitimate concerns.

Enhancing Supply Chain Transparency

While UGB currently requires all suppliers to affirm compliance with its Code of Conduct, we are actively committed to enhancing our supply chain's ESG performance through continuous improvement initiatives. We are in the process of formalising a supplier compliance percentage-tracking mechanism to systematically monitor adherence rates. Concurrently, we are building an integrated supplier ESG risk assessment system. These initiatives will support greater transparency, enable more effective risk identification, and facilitate enhanced ESG alignment across our entire supply chain.

It is pivotal for UGB to integrate comprehensive ESG criteria into our Supplier Code of Conduct. This strategic enhancement will ensure that our suppliers not only meet fundamental ethical and operational standards but also actively align their ESG goals with UGB's own robust sustainability commitments. We aim to foster a collaborative ecosystem where our external stakeholders are integral to achieving our shared ESG objectives, and we will explore robust mechanisms for monitoring and evaluating their adherence and progress.



UGB is commitment to building a responsible, ethical, and sustainable value chain, one that truly reflects the Bank's core values, ethical leadership, and regulatory obligations, contributing positively to the broader economic and social fabric.

Conclusion

Performance at a Glance: ESG Disclosure Dashboard

KPI	Reference
Environmental	
E.1 Environmental Oversight	Section 1.1, pages 32-33; pages 17-24
E.2 Energy Consumption	Section 1.1, pages 32-33
E.3 Energy Intensity	Section 1.1, pages 32-33
E.4 Energy Mix	Section 1.1, pages 32-33
E.5 Green House Gas (GHG) Emissions	Section 1.2, pages 35-37
E.6 Emission Intensity	Section 1.2, pages 35-37
E.7 Climate Risk Mitigation	Section 1.5, pages 41-43; pages 29-30
E.8 Water Usage	Section 1.3, pages 37-39
E.9 Waste Generation	Section 1.4, pages 40-41
E.10 Emission Targets	Section 1.2, pages 35-37
Social	
Total Workforce by sex, age-group, and employment type	
S.1	Section 2.1, pages 45-49
S.2 Child and Forced Labour	Section 2.2, pages 49-53
S.3 Employee Turnover	Section 2.1, pages 45-49
S.4 Gender Pay Ratio	Section 2.2, pages 49-53
S.5 Health and Safety	Section 2.3, pages 53-59
S.6 Non-Discrimination	Section 2.2, pages 49-53
S.7 Nationalisation	Section 2.1, pages 45-49
S.8 Community Investment	Section 2.4, pages 60-63
S.9 Human rights	Section 2.2, pages 49-53
S.10 Management Composition/Diversity	Page 47
S.11 Development and Training	Section 2.3, pages 53-59
Governance	
G.1 Board Composition	Section 3.1, pages 66-72
G.2 Collective Bargaining	N/A
G.3 Whistleblowing	Section 3.4, pages 81-84
G.4 Data privacy	Section 3.3, pages 78-81
G.5 Disclosure Practices	Page 4
G.6 Conflict of interest	Section 3.2, pages 72-78
G.7 Supplier Code of Conduct	Section 3.5, pages 85-88
G.8 Incentivised Pay	Page 50
G.9 Ethics & Anti-corruption	Section 3.2, pages 72-78
G.10 Assurance	Page 4

Glossary

Term	Definition
ESG (Environmental, Social, and Governance)	A set of criteria used to evaluate a company's sustainability and societal impact.
Materiality	The process of identifying the ESG issues that are most significant to a business and its stakeholders.
Sustainable Finance	Financial services integrating ESG criteria into business or investment decisions for lasting value creation.
Greenhouse Gas (GHG) Emissions	Gases that trap heat in the atmosphere, contributing to climate change. Includes CO ₂ , CH ₄ , N ₂ O, etc.
Scope 1 Emissions	Direct GHG emissions from owned or controlled sources (e.g., company vehicles).
Scope 2 Emissions	Indirect GHG emissions from the generation of purchased electricity or energy.
tCO₂e	Metric tons of carbon dioxide equivalent – a standard unit for measuring GHG emissions.
Emission Intensity	GHG emissions per unit of economic activity (e.g., tCO ₂ e per USD revenue).
Energy Intensity	Energy consumption per unit of economic activity (e.g., MWh per USD revenue).
Climate Risk	Financial or operational risks arising from climate change, including physical and transition risks.
Module HC	Part of the CBB Rulebook outlining corporate governance principles for banks and financial institutions.
Approved Person	Individuals in significant decision-making roles subject to regulatory approval by the CBB.
Global Reporting Initiative (GRI)	International standards for sustainability reporting.
Task Force on Climate-related Financial Disclosures (TCFD)	A framework for disclosing climate-related risks and opportunities.
Carbon Disclosure Project (CDP)	A global environmental disclosure system for measuring and managing environmental impacts.
International Sustainability Standards Board (ISSB)	Global standard-setter for sustainability-related disclosures.
Bahrain Economic Vision 2030	Bahrain's national strategy focused on sustainability, competitiveness, and fairness.