

بنك السلام
Al Salam Bank



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YEARS

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Written by You

Sustainability Report 2025

Sustainability Report 2025

Message from the ESG Officer

At its most effective, sustainability reporting provides a substantive account of what was delivered, the decisions made, the systems strengthened, and the areas where additional work is required. This report has been prepared with that objective.

FY2025 marked a year of deliberate program execution. With the CBB ESG Module established as the Bank's primary disclosure framework, this year's focus was on data quality, cross-functional delivery, and the progressive integration of sustainability considerations into core business and operational processes.

On the Environmental pillar, the Bank directed structured financing activity toward new energy and hybrid vehicles. This reflects an effort to align product design with lower-emission outcomes consistent with Bahrain's national sustainability commitments. These are early but concrete steps in channeling the Bank's financing capacity toward environmentally constructive ends.

On the Social pillar, the Bank sustained workforce development and community engagement throughout the year. Youth financial literacy, graduate internships, and the executive leadership program demonstrate continued investment in human capital at both institutional and national levels. The

extension of digital banking tools to SMEs and entrepreneurs broadened access to Shari'a-compliant financial services. Full alignment with the Wages Protection System affirmed the Bank's obligations as a responsible employer operating within Bahrain's regulatory framework.

As part of the Governance pillar, the Bank made substantive investments in its operational and institutional infrastructure. The migration of core data center operations to Tier III certified facilities, the attainment of ISO 9001:2015 certification for the Shari'a Audit Department for the second consecutive year, and the convening of the Bank's third Shari'a Forum collectively demonstrate a sustained and structured commitment to governance quality. These are not isolated achievements; they are evidence of an improving institutional control environment.

As we advance our ESG ambitions, the focus shifts to strengthening the internal foundations - data, process, and governance - that will enable more comprehensive disclosures in the years ahead. AI Salam Bank remains committed to continuous improvement in the quality and completeness of its sustainability disclosures, and to ensuring that this report serves as a substantive account of performance rather than a statement of intent.



Sustainability Report 2025 (continued)

01 About this Report

This Report presents Al Salam Bank’s environmental, social, and governance (ESG) performance, management approach, and key initiatives for the financial year ended 31 December 2025. It constitutes the Bank’s annual sustainability disclosure prepared in accordance with the applicable regulatory and reporting frameworks set out below. Al Salam Bank B.S.C. is referred to throughout as Al Salam Bank or the Bank.

Reporting Boundary and Scope

This Report covers the non-financial performance of Al Salam Bank for the period 1 January 2025 to 31 December 2025. The reporting boundary encompasses the Bank’s directly controlled operations in the Kingdom of Bahrain, including its head office, branch network, and operational facilities. This boundary is defined on the basis of operational control, consistent with the approach applied in prior reporting cycles.

Following the completion of the Kuwait Finance House Bahrain acquisition and integration in FY2024, the FY2025 reporting boundary reflects the enlarged operational scope of the consolidated Group. Comparative FY2024 figures have been restated where necessary to ensure year-on-year consistency, and restatements are identified within the relevant disclosure tables. Entities over which the Bank does not exercise direct operational control, including associate companies and jointly controlled entities, are excluded from the reporting boundary unless otherwise stated.

Reporting Frameworks and Guidelines

This Report has been prepared in alignment with the CBB Rulebook, Common Volume, Part A: Environmental, Social and Governance Requirements, which establishes the mandatory ESG disclosure obligations applicable to all CBB-licensed banks, including prescribed KPIs across the Environmental, Social, and Governance pillars.

Where a specific disclosure departs from the above framework or includes a reference to another framework, whether due to data limitations, boundary considerations, or methodology constraints, this is explained within the relevant section.

Materiality

The disclosures in this Report are aligned with the CBB ESG Module’s prescribed KPI set, which reflects the material sustainability topics applicable to banking institutions operating in Bahrain. A standalone materiality assessment has been conducted for this reporting cycle.

Responsibility Statement

The data presented in this Report is sourced from Al Salam Bank’s internal management systems, spanning human resources, finance, operations, information technology, facilities management, and compliance functions. Data collection and consolidation was conducted through a structured internal process involving designated data owners across relevant business units and support functions. Where precise measurements were not available, reasonable estimates or proxies have been applied; these are identified within the relevant sections alongside an explanation of the estimation methodology used.

The Bank’s senior management has reviewed the contents of this Report. The Board of Directors confirms that this Report represents a fair and accurate account of Al Salam Bank’s non-financial and sustainability performance for the financial year ended 31 December 2025.

Forward-Looking Statements

Certain statements in this Report reflect management’s current expectations, intentions, and assumptions regarding the Bank’s future sustainability performance, targets, and strategic direction. Such statements are inherently subject to known and unknown risks, uncertainties, and other factors that may cause actual results, performance, or outcomes to differ materially from those expressed or implied. Forward-looking statements should not be construed as representations of fact, and no undue reliance should be placed upon them.

Assurance

No external assurance has been obtained for the ESG disclosures presented in this Report. The data and narratives contained herein have been subject to internal review and management sign-off.

Publication and Availability

This Report is published on an annual basis and is made available on Al Salam Bank’s corporate website. It is intended for a broad stakeholder audience including shareholders, regulators, employees, customers, and other interested parties.

Contact

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Sustainability Report 2025 (continued)

02 Our Sustainability Approach

Our Sustainability Agenda

AI Salam Bank operates at the intersection of a rapidly evolving regulatory landscape and a national development agenda that places sustainability at its core. The Kingdom of Bahrain's Economic Vision 2030 and its commitment to net-zero emissions provide the broader context within which the Bank's sustainability program is positioned. Along with the regulatory expectations, these imperatives define not only what the Bank reports, but how it is expected to conduct itself as a financial institution with obligations that extend beyond financial performance.

AI Salam Bank's sustainability agenda is embedded in the decisions the Bank takes about where it deploys capital, how it manages its operations, how it develops its people, and how it accounts for its performance to regulators, shareholders, and the wider community. The four themes set out below reflect the areas in which we operate and drove meaningful effort during FY2025.

Financing with Purpose

AI Salam Bank's most direct lever for sustainability impact is how and where we deploy capital. The Bank's financing portfolio is increasingly shaped by a recognition that product design and societal outcome are interlinked considerations. In FY2025, the Bank directed structured financing activity toward new energy vehicles, hybrid mobility solutions, and affordable housing program, areas where access to Shari'a-compliant financing has a tangible effect on individual welfare and broader social objectives.

The introduction of financing solutions for new energy and hybrid vehicles reflects our intent to support customers making the transition toward more sustainable transportation, expanding access to eco-friendly mobility through structured sustainability-linked products. Simultaneously, participation in government-linked housing programs demonstrates our alignment with the social housing agenda of the Kingdom of Bahrain, providing citizens with accessible and structured pathways to homeownership. These initiatives represent the integration of sustainability considerations into the Bank's mainstream financing activity, with potential for further integration driven through product placement and targeted outcomes.

Operational and Institutional Resilience

Sustainability is closely interlined to business resilience and sound institutional foundation. Our focus in FY2025 has been on strengthening the internal architecture- operational, governance, and process, that enables our business objectives. This is a closely integrated workstream and the foundation on which the rest of our sustainability agenda rests. Our operational resilience was strengthened through a series of data and process quality initiatives, in addition to supporting the integrity of our digital channels.

We have invested in the resilience of our infrastructure, the integrity of our governance processes, and the quality of our internal controls. These investments were made as part of our deliberate and ongoing effort to build an institutional durability and accountability. The strength of our governance framework, the robustness of our operational continuity, and the quality standards embedded in our Shari'a compliance function are mutually reinforcing and support our sustainability agenda. Together, they reflect our intent and objective to operate as a responsible institution that remains considerate of its key stakeholders – our regulators, shareholders, and the customers who depend on us.

People, Inclusion, and Community Engagement

Our social agenda is anchored in two complementary objectives: developing the talent within the institution and extending meaningful access to financial services beyond it. Internally, the Bank sustained a structured program of human capital investment during FY2025, spanning executive leadership development, graduate internships, and youth orientation initiatives that collectively reflect a multi-tiered commitment to Bahraini workforce development and national talent pipeline building.

Beyond the institution, the Bank's engagement with financial inclusion has taken concrete form through the expansion of digital tools designed specifically for small and medium enterprises, entrepreneurs, and freelancers, segments that are central to Bahrain's private sector development agenda. These tools extended access to structured, Shari'a-compliant financial services to a broader segment of the economy, supporting operational efficiency and financial empowerment at the grassroots level. Participation in financial literacy programming and community health awareness initiatives further demonstrates the Bank's understanding of its obligations as a corporate citizen that extend beyond its immediate customer base.

Sustainability Report 2025 (continued)

Transparent and Accountable Disclosure

Our ESG disclosures are prepared in accordance with the regulatory requirements and sustainability frameworks that provide a sound structural basis for sustainability measurement and monitoring initiatives.

Our approach to reporting is guided by a consistent set of principles. We are committed to methodological transparency, documenting the assumptions, estimation approaches, and data sources that inform our quantitative disclosures. We remain committed to an honest account of performance, that emphasize our achievements while recognizing areas where there is scope for improvement.

We view credible disclosures as a regulatory obligation and as a wider reflection of institutional character. The same standards of rigour, consistency, and accountability that govern our financial reporting are applied to the non-financial disclosures in this report. Our stakeholders - regulators, shareholders, customers, employees, and the broader community - are provided with sustainability information that is substantive and accurate, providing a genuine basis for assessing our performance. The external recognition we received during FY2025 across institutional performance and digital banking capability is noted in this context. Our aspiration is that our sustainability disclosures are assessed by the same measure.

A Cross-Functional Commitment

Our sustainability agenda is a product of collaboration across the organisation. The disclosures and initiatives reflect the collective contribution of Human Resources and Administration, Finance, Strategy, and Product, each bringing a distinct and necessary perspective to how we manage and report on our non-financial performance.

Human Resources provides the workforce data, people policies, and employee engagement programs that drive our social disclosures. Administration ensures measurement and monitoring of energy, waste, and water related data at office locations. Strategy shapes the direction of our sustainability agenda, ensuring it is coherent with the Bank's broader institutional priorities and responsive to the regulatory and market environment in which we operate. Individual lines of business provide critical inputs to translate sustainability intent into customer-facing outcomes, embedding environmental and social considerations into the design of our financing solutions and digital offerings.

Sustainability Report 2025 (continued)

02 Our Sustainability Approach

ESG Governance

Guiding Principles

Effective sustainability management requires a clearly defined governance structure, one that establishes accountability, connects ESG considerations to institutional decision-making, and provides the organisational framework within which our sustainability agenda is directed and reported. Our ESG governance model operates across two levels: Board-level oversight and management-level coordination.

The Board: Setting Direction and Maintaining Oversight

Ultimate accountability for ESG matters rests with the Board of Directors. The Board, supported by its relevant committees, is responsible for ensuring that material environmental, social, and governance considerations are reflected in the Bank's strategic priorities and risk framework. Specific Board-level responsibilities in relation to ESG include approving ESG-related policies and material updates, on the recommendation of the ESG Committee, reviewing ESG disclosures and reporting, with reference to the Bank's obligations under the CBB ESG Module, overseeing ESG-related risks including environmental, social, governance, and emerging sustainability risks in coordination with the Risk Management Committee, and providing strategic direction on material ESG matters, informed by submissions from the ESG Committee.

The Executive Committee provides oversight of the operational and executional dimensions of the sustainability agenda, ensuring that ESG priorities are reflected in the Bank's strategic and operational planning processes.

The Audit and Risk Committee is responsible for overseeing the identification, assessment, and management of climate-related and broader sustainability risks, within the wider enterprise risk framework, ensuring these are appropriately integrated within the Bank's enterprise risk framework.

The Corporate Governance Committee holds primary responsibility for ESG governance matters at Board level overseeing the adequacy of the Bank's sustainability governance framework in alignment with the regulatory expectations.

The ESG Committee: Implementation, Coordination, and Accountability

At the management level, ESG responsibilities are formalized through a dedicated ESG Committee, constituted under a Board-approved ESG Committee Charter. The Committee is a cross-functional body comprising representatives from Legal and Compliance, Corporate Communications, Human Capital and Administration, Information Technology, and Risk Management.

The ESG Committee serves as the primary coordination mechanism for the Bank's sustainability program. It is responsible for reviewing ESG performance, consolidating disclosures, and escalating material matters to senior management for consideration and direction. The cross-functional composition reflects the Bank's recognition that sustainability outcomes are produced across the organisation with effective ESG management requiring structured collaboration across disciplines.

Connecting Governance to Performance

Our governance structure is designed to ensure that ESG considerations are not managed comprehensively. The distribution of responsibilities across Board committees, each engaging with sustainability through the lens of its existing mandate, ensures that ESG is embedded within the Bank's established governance architecture. By connecting Board-level oversight to a structured management-level coordination mechanism, we have established clear lines of accountability that link our sustainability agenda to institutional decision-making. The disclosures in this Report are also a direct output of that governance structure.

Sustainability Report 2025 (continued)

Materiality Assessment

Materiality Assessment: Foundation of Purposeful Disclosures

Materiality assessment is a structured process for identifying the sustainability topics most relevant our operations, stakeholder relationships, and strategic context. For AI Salam Bank, it serves a dual purpose: fulfilling a component requirement of the CBB ESG Reporting Guidelines and providing a disciplined basis for directing management attention and reporting toward ESG matters of substantive significance. The outcome of this process defines the scope of our sustainability program and informs the disclosures presented in this Report.

Our Approach

Our materiality assessment is designed to systematically translate stakeholder expectations and internal business considerations into a defined set of ESG priorities. The process begins with the identification of a comprehensive universe of ESG topics relevant to the banking sector and Bahrain’s operating context. Topic identification draws on multiple inputs, including internal risk assessments, prior-year reporting themes, regulatory guidance, and sector-specific considerations such as data privacy and cybersecurity, customer satisfaction, ethics and anti-corruption, and workforce sustainability.

Identified topics are evaluated across two dimensions: their significance to our external stakeholders, and their relevance to our internal stakeholders in terms of business strategy and operational performance. The intersection of these dimensions is represented through a prioritization matrix, a materiality heatmap, that positions topics according to the relative weight of stakeholder concern against assessed business impact.

FY2025 Assessment

In FY2025, we conducted a structured materiality assessment engaging both internal and external stakeholder groups through a formal survey process. Responses were aggregated and mapped to produce the prioritization matrix presented alongside. The assessment considered stakeholder responses across three (3) stakeholder categories – internal (management), internal (employees) and external - covering an inventory of 16 ESG topics. In 2025, we did not anticipate any material changes for our external stakeholders. The material topics identified for the reporting period are set out in the heatmap above and inform the scope of disclosures contained in this Report. Assessment outputs were reviewed by senior management prior to publication. The following section presents a detailed assessment of the results generated as part of this process.



Sustainability Report 2025 (continued)

02 Our Sustainability Approach



Material Topics

The six material topics were identified through an aggregation of internal and external stakeholder responses, reflecting the priorities and concerns of both the Group's leadership and its broader stakeholder base.

Environmental

- **Energy Consumption** covers the Bank's direct and indirect energy use across operations, including fuel consumption across the vehicle fleet and electricity consumed at facilities. Given the scale of the AI Salam's operations, energy consumption represents a significant input cost and emissions driver, making its management central to the Bank's environmental agenda.
- **Waste Management** encompasses the generation, handling, and disposal of operational waste across the Bank's facilities and service operations.

Social

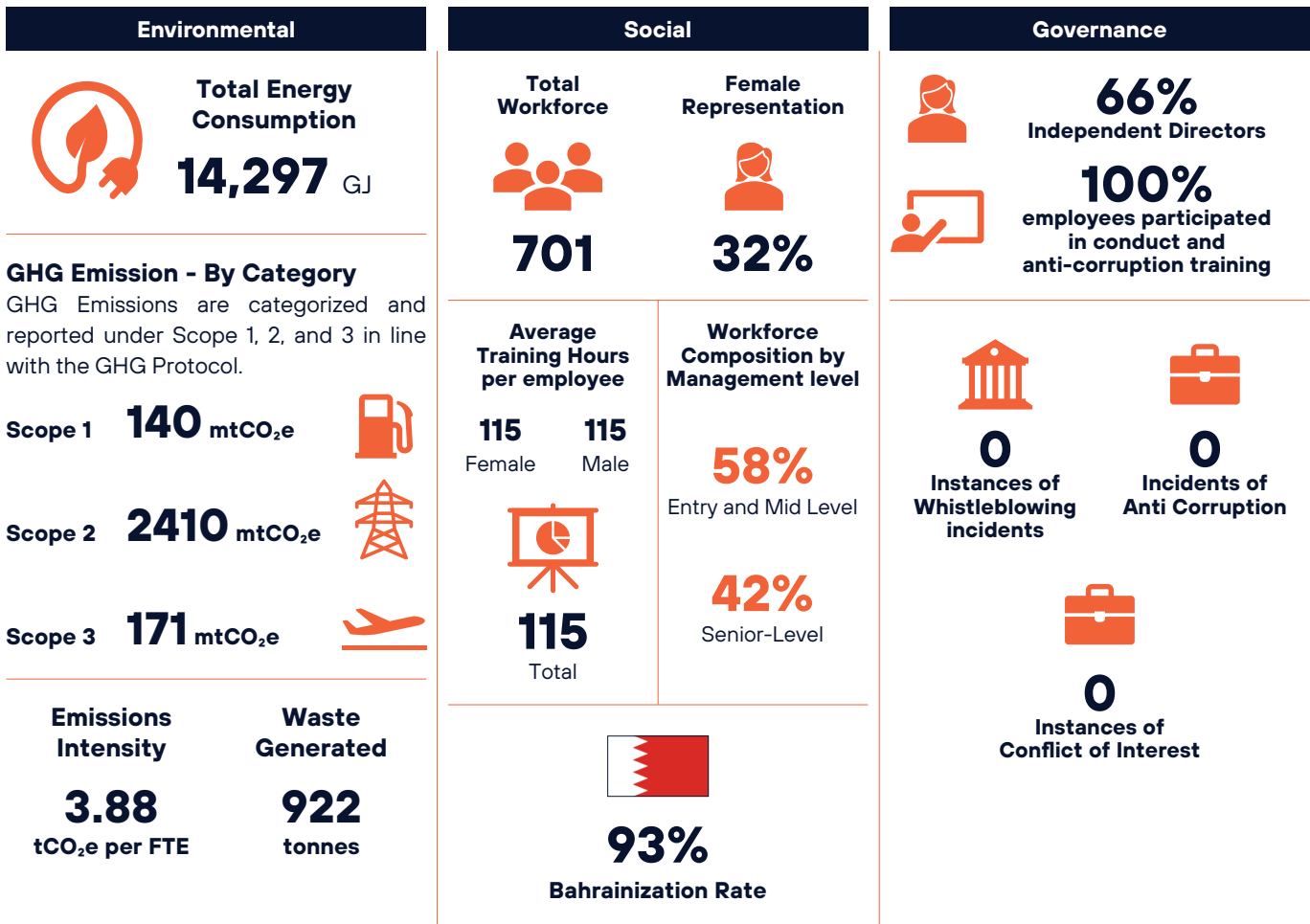
- **Workplace Health and Safety** reflects the Bank's commitment to provide a safe working environment across all operational sites, including branches, and corporate offices. This topic covers incident prevention, occupational health, and compliance with applicable health and safety regulations.
- **Workforce Composition** addresses the structure and diversity of the Bank's workforce, including representation of nationals in the workforce, gender representation, and the equitable distribution of roles and development across age and grade.

Governance

- **Data Privacy and Cybersecurity** covers the protection of customer and employee data, the integrity of the Bank's digital systems, and compliance with applicable data governance obligations, areas of increasing relevance given the growing reliance on digital platforms and customer-facing technology.
- **Ethical Conduct** encompasses the Bank's commitment to operating with integrity across all business activities, including anti-corruption controls, fair dealing practices, and the governance frameworks that underpin accountability at the leadership and operational level.

Sustainability Report 2025 (continued)

ESG Performance Highlights



Sustainability Report 2025 (continued)

03 Environmental – Detailed Disclosures

Environmental

Environmental Stewardship

AI Salam Bank's approach to environmental management reflects its recognition that a financial institution's responsibilities extend meaningfully beyond its immediate business objectives. The environmental consequences of an organization's operations, and of the economic activity it finances, are long-term in nature, and managing them responsibly is increasingly central to what it means to operate as a sustainable business.

The Bank's environmental agenda is accordingly structured around two complementary commitments. The first is operational: monitoring, managing, and progressively reducing the environmental impact of the Bank's own facilities, resource consumption, and day-to-day activities. The second is strategic: ensuring that the Bank's financing activity is increasingly oriented toward economically productive outcomes that are consistent with environmental responsibility and aligned with the Kingdom of Bahrain's broader sustainability ambitions. Together, these commitments reflect the Bank's view that sound environmental stewardship is a critical component of its performance.

AI Salam's Environmental Footprint

As a financial services institution, AI Salam Bank's direct environmental impact is concentrated in the energy consumption, water usage, and waste generation associated with its branch network, head office operations, and supporting facilities. Electricity consumption across the Bank's premises constitutes the most significant environmental input, driven by lighting, cooling, and the operation of IT infrastructure and equipment.

Paper consumption, associated with customer documentation, internal processes, and correspondence, represents a secondary but actively managed resource input, with the Bank's ongoing digitization efforts contributing to a progressive reduction in paper dependency.

Waste generated through day-to-day banking operations, including general office waste and electronic equipment disposal, is managed in accordance with applicable regulatory requirements. Water consumption, while not an intensive resource for the Bank's operations, is monitored as part of the Bank's broader commitment to responsible resource stewardship.

While the Bank's direct footprint is modest relative to industrial or manufacturing enterprises, the Bank views the disciplined monitoring and management of its operational environmental impact as a foundational commitment, which provides the credibility and internal discipline to its broader environmental agenda.

National and Global Alignment

The Bank's environmental commitments are shaped by both the national sustainability agenda and internationally recognized development goals. Bahrain's Economic Vision 2030 and the Kingdom's target to achieve net-zero emissions by 2060, establish a clear expectation that private sector institutions contribute actively to Bahrain's decarbonization and resource efficiency trajectory, an expectation that the Bank's environmental practices are designed to meet.

At the international level, the Bank's environmental performance is anchored in SDG 7 (Affordable and Clean Energy), and SDG 12 (Responsible Consumption and Production) – the goals most directly relevant to the Bank's operational context and financing activity. These frameworks, taken together, provide a guiding benchmark against which the Bank measures the broader relevance and impact of its environmental commitments.

Oversight and Authorities

Environmental matters at AI Salam Bank operate through a structured oversight framework connecting Board-level accountability with operational responsibility at the management level. Environmental matters are considered within the Board's broader ESG and risk governance mandate, with the Board Audit and Risk Committee providing oversight of material environmental risks and their implications for the Bank's overall risk profile. The Committee also oversees the integrity of environmental disclosures and the adequacy of related controls, if material.

At the management level, the Administration Department holds primary responsibility for the Bank's operational environmental performance. This encompasses monitoring of energy and resource consumption across the Bank's facilities, measurement and monitoring of related KPIs, and maintenance of the data underpinning the Bank's environmental disclosures. The Administration Department coordinates with relevant business units to ensure that environmental considerations are embedded in facility management, procurement, and operational planning.

Sustainability Report 2025 (continued)

Responsible Finance and Environmental Goals

The Bank's environmental impact extends beyond its own operational footprint to encompass the economic activities it chooses to finance. For a financial institution, the composition of the financing portfolio is as consequential an environmental variable as the energy consumed across its facilities, and in many respects, with larger impact on the ecosystems based in areas related to its financing activities. Recognising this, the Bank views responsible finance as an integral dimension of its environmental agenda.

As an Islamic bank, the Bank's financing principles are grounded in the avoidance of harm and the promotion of broad-based welfare - values that are directly consistent with the goals of environmental responsibility. In practice, this alignment is reflected in the Bank's support for financing products that encourage sustainable consumption choices, including the financing of hybrid and fuel-efficient vehicles. As the market for cleaner solutions continues to develop across the GCC, the Bank is positioned to play an enabling role in this transition through accessible, Sharia-compliant financing structures that make lower-emission choices financially viable for a broad customer base.

The strategic significance of the financing portfolio extends to the Bank's longer-term emissions disclosure trajectory. Financed emissions, classified under Scope 3 of the GHG Protocol, represent the indirect emissions associated with the economic activities the Bank supports, and are increasingly recognized as the most material component of a financial institution's overall carbon footprint. While the Bank is in the early stages of developing its Scope 3 measurement capability, the composition and environmental profile of the financing portfolio will increasingly inform this disclosure as data availability and measurement frameworks continue to mature. The Bank's current emphasis on financing environmentally aligned activity is therefore not only a reflection of its values, but a deliberate step toward a more complete and credible environmental disclosure over time.

Integrating environmental considerations into financing decisions also serves a sound risk management purpose. Exposure to carbon-intensive or environmentally misaligned assets carries transition risk implications that are increasingly scrutinized by regulators, investors, and rating agencies. By directing capital toward lower-emission and resource-efficient economic activity, the Bank progressively reduces its portfolio's vulnerability to transition risk while reinforcing its standing as a financial institution that creates value responsibly and sustainably.

Key Environmental Initiatives

Promoting Green Mobility Through Responsible Finance

In 2025, the Bank launched a targeted auto financing initiative designed to accelerate customer adoption of new energy vehicles, reinforcing the direct link between the Bank's financing activity and its environmental commitments. The initiative offered competitive, Sharia-compliant financing terms alongside a cashback incentive for customers choosing to finance a new energy vehicle, making lower-emission mobility choices more financially accessible to a broader segment of the retail base.

By embedding an environmental preference into a mainstream retail financing product, the Bank demonstrated that sustainable finance could be effectively positioned at the intersection of commercial and environmental value. This initiative is a practical expression of the Bank's broader responsible finance agenda, directing financing activity toward economic choices that are consistent with Bahrain's sustainability ambitions and the global transition toward a lower-carbon economy.

Expanding Access to Hybrid Mobility Through Bundled Financing

Building on its commitment to responsible finance, the Bank entered into a strategic collaboration with the exclusive distributor of a leading hybrid vehicle range in Bahrain to introduce a comprehensive, bundled financing solution for hybrid electric vehicles. The initiative reflects a deliberate effort to reduce the practical and financial barriers associated with transitioning to cleaner mobility consolidating vehicle financing, multi-year motor takaful insurance, and an extended service package into a single, transparent monthly instalment. The result is a financing product that offers customers genuine financial clarity alongside the environmental benefit of a lower-emission vehicle choice. The initiative further reflects the Bank's view that partnerships with automotive distributors are a meaningful channel through which responsible finance can be delivered at scale. By combining financial expertise with the distributor's aftersales infrastructure and vehicle range, the collaboration created an end-to-end ownership proposition that is accessible, convenient, and environmentally aligned.

Sustainability Report 2025 (continued)

03 Environmental – Detailed Disclosures

E.2. Energy Consumption

In 2025, the Bank's total energy consumption stood at 14,297.18 GJ, reflecting the most comprehensive energy inventory reported to date. This includes diesel consumption across owned and operated assets including generator sets, electricity consumed across the Bank's branch network and facilities, and for the first time, petrol consumption, which has been incorporated into the reporting boundary from 2025 onward as part of a more holistic approach to energy data collection.

Electricity remains the dominant energy input, accounting for a year-on-year increase of approximately 8%, reflecting continued expansion of the Bank's operational footprint. Diesel consumption similarly trended upward, from 23.97 GJ in 2024 to 29.67 GJ in 2025, consistent with increased operational activity.

Note: Two disclosures inform the comparability of this data. First, the Bank's energy reporting boundary expanded from 2024 onward to incorporate the operational footprint associated with business acquisition, which accounts for the significant step-up in consumption between 2023 and 2024. Second, petrol consumption has been reported for the first time in 2025; prior year figures are therefore not available for this line item, and year-on-year comparison is not applicable. Both factors should be considered when interpreting trends across the reporting period.

Energy (Absolute)	2023	2024	2025
Diesel (Liters)	570	630	780
Petrol (Liters)	-	-	58,500
Electricity (kWh)	1,309,274	3,184,945	3,450,348

Energy (GJ)	2023	2024	2025
Diesel (GJ)	21.68	23.97	29.67
Petrol (Liters)			1846.26
Electricity (GJ)	4,713.39	11,465.80	12,421.25
Total Energy (GJ)	4,735.07	11,489.77	14,297.18

E.3. Energy Intensity

The Bank's overall energy intensity increased modestly in 2025 relative to 2024, driven in part by the inclusion of petrol consumption within the reporting boundary for the first time. Adjusting for this, the underlying trend in electricity intensity, the dominant component, demonstrated marginal improvement, suggesting that core energy consumption is being managed with increasing efficiency relative to the Bank's revenue base. Diesel intensity remained negligible and stable across all three reporting periods.

The increase in intensity between 2023 and 2024 is attributable to the expansion of the Bank's operational footprint following the business acquisition, which materially increased the energy consumption base and the revenue denominator. Intensity comparisons across this transition should accordingly be interpreted with caution.

Note: FY2024 revenue figures have been restated; intensity ratios for that year reflect the restated revenue denominator. The inclusion of petrol from 2025 onward requires that this change in scope must be accounted for, for full comparability with prior periods.

Energy Intensity (GJ / Revenue BHD '000)	2023	2024	2025
Diesel	0.00009	0.00007	0.00008
Petrol	-	-	0.00479
Electricity	0.01922	0.03310	0.03224
Energy Intensity	0.01930	0.03316	0.03711

*Energy intensity is calculated as total energy consumption in gigajoules (GJ) divided by the Bank's total revenue expressed in BHD thousands (BHD '000). Revenue is used as the organisational metric as consistent and meaningful denominator for the Bank, enabling period-on-period comparability.

Sustainability Report 2025 (continued)

E.4. Energy Mix

Electricity has consistently constituted most of the energy mix across all reporting periods, highlighting the relatively low dependence on combustion-based fuels characteristic of the Bank’s financial services operation. Diesel’s share of the overall mix has remained negligible and stable, reflecting its limited role in the Bank’s operational energy profile. A notable shift in the 2025 energy mix is petrol as a reportable fuel category, accounting for approximately 12.9% of total energy consumption following its inclusion in the reporting boundary for the first time. This has the effect of proportionally reducing electricity’s share of the mix relative to prior years, though absolute electricity consumption continued to grow. The shift in proportions therefore reflects a change in reporting scope rather than a structural change in the Bank’s underlying energy profile. No renewable sources of energy were used during the reporting period.

Note: Petrol consumption was not captured within the reporting boundary in 2023 and 2024, and prior year figures are therefore not comparable for this line item. The expansion of the Bank’s operational footprint from 2024 onward, following a business acquisition, also influences period-on-period comparability of the overall mix.

Energy Mix (Proportion)	2023	2024	2025
Fuel	0.5%	0.2%	13.1%
Diesel	0.5%	0.2%	0.2%
Petrol	0.0%	0.0%	12.9%
Electricity	99.5%	99.8%	86.9%
Total	100%	100%	100%

Sustainability Report 2025 (continued)

03 Environmental – Detailed Disclosures

E.5. GHG Emissions

The Bank's total GHG emissions have increased substantially across the reporting period, driven by operational expansion, broadening of reporting boundaries, and enhanced measurement capabilities across emission scopes.

Scope 1 Emissions: Scope 1 emissions from diesel consumption remained marginal through 2024, contributing a negligible share of the Bank's overall emissions profile. The material increase observed in 2025 reflects the first-time inclusion of petrol consumption within the Scope 1 boundary.

Scope 2 Emissions: Scope 2 emissions from purchased electricity representing the Bank's largest emissions category and primary contributor to its carbon footprint, increased by 8%. A significant increase occurred in 2024 following the expansion of the Bank's operational footprint through a business acquisition, which substantially increased the number of facilities and associated electricity consumption captured within the inventory boundary.

Scope 3 Emissions: Scope 3 emissions reporting was introduced in FY 2024, with current coverage limited to business air travel. Emissions within this scope increased in 2025 as measurement systems matured and data capture improved. Expansion of the Scope 3 reporting boundary remains subject to data availability, and validation protocols.

Note: Three factors inform emissions trends: (1) operational boundary expansion in 2024 following a business acquisition, limiting direct comparability with 2023; (2) first-time reporting of Scope 1 petrol in 2025; and (3) phased introduction of Scope 3 measurement from 2024 onward. These boundary adjustments reflect the Bank's commitment to transparency and continuous improvement in climate-related disclosures.

GHG Emissions (mt-CO ₂ eq)	2023	2024	2025
Scope 1 Emissions	1.52	1.68	139.77
Scope 2 Emissions	914.66	2,225.00	2410.41
Scope 3 Emissions	-	110.95	170.65
Total Emissions	916.18	2,337.63	2,720.83

Methodology

GHG emissions have been quantified using the activity-based methodology, whereby absolute consumption data for each emissions source is multiplied by the corresponding emission factor to derive tCO₂e. Scope 1 emission factors for petrol and diesel have been sourced from the DEFRA GHG Conversion Factors dataset. Scope 2 emission factors reflecting grid electricity consumption have been sourced from the IEA Emission Factors dataset, applying the country-specific grid factor relevant to the Kingdom of Bahrain. All emissions are expressed in tonnes of CO₂ equivalent (tCO₂e) and calculated in accordance with the GHG Protocol Corporate Accounting and Reporting Standard.

E.6. Emission Intensity

The Bank's emission intensity increased from 3.88 mt-CO₂ eq per FTE in 2025. The substantial increase in 2024 reflects the same operational boundary expansion and business acquisition noted above, while the more moderate increase in 2025 is consistent with the ongoing growth in Scope 2 emissions and first-time inclusion of Scope 1 petrol.

Note: Direct year-on-year comparability of emission intensity metrics remains limited due to the factors outlined in the interpretation note under E.5. GHG emissions, including operational boundary changes, phased introduction of emission sources, and evolving measurement coverage across scopes.

Emission Intensity	2023	2024	2025
Total Emissions	916.18	2,337.63	2,720.83
Total FTEs	518	750	701
Emission Intensity	1.77	3.12	3.88

Sustainability Report 2025 (continued)

E.7. Climate Risk Mitigation

Climate risk is embedded within the Bank’s broader enterprise risk management framework as a proactive measure, reflecting the Bank’s approach to emerging risk preparedness rather than response to identified material exposures. This integrated approach ensures climate-related considerations are systematically evaluated across operational, financial, credit, and regulatory risk dimensions through existing governance structures.

At the Board level, climate-related matters are reviewed by the Executive Committee as part of its strategic oversight mandate. The Audit and Risk Committee provides oversight of the Bank’s risk policies and governance frameworks, within which climate risk considerations are embedded. At the management level, the Credit and Risk Committee applies risk policy across the Bank’s financing and operational activities, including the assessment of potential sustainability or climate-related factors where relevant.

The Bank recognizes that evolving regulatory expectations and market dynamics related to decarbonization may create future transition considerations for certain sectors and asset classes. The Bank’s growing emphasis on financing hybrid and energy-efficient vehicles, and its broader orientation toward sustainability-aligned lending, represents a forward-looking approach to portfolio positioning in an evolving market environment.

During the current reporting period, no material climate risks were identified that required specific financial provisioning or strategic intervention. The Bank will continue to monitor climate-related developments and refine its risk identification and assessment capabilities in subsequent periods.

E.8. Water Usage

Water consumption is associated with routine operational use across the Bank’s branch network, head office, and supporting facilities, principally sanitation, pantry, and general facility maintenance, rather than any water-intensive industrial or manufacturing process. The Bank reports water consumption attributable to its operations on a best-efforts basis, in line with its commitment to transparent and comprehensive environmental disclosure.

In 2025 the Bank’s water consumption increased primarily due to a change in reporting boundary. Water consumption associated with the Bank’s headquarters, previously subsumed within rental arrangements and therefore not captured as a discrete utility expense, has been incorporated into the reported figure for the first time. Additionally, branch network expansion arising from the Bank’s acquisition activity has extended the scope of reported consumption. Prior year figures have not been restated.

Note: Reported figures reflect consumption across facilities within the Bank’s operational boundary for each respective reporting period, with the expanded boundary from 2024 onward incorporating additional facilities following the business acquisition. Comparisons across the reported period should therefore be interpreted in the context of this expanded boundary rather than as a reflection of underlying consumption trends.

Water Consumption (cubic meters)	2023	2024	2025
Water Withdrawn	2,211,000	3,107,100	7,295,000
Water Recycled	0	0	0
Water Consumed	2,211,000	3,107,100	7,295,000

Sustainability Report 2025 (continued)

03 Environmental – Detailed Disclosures

E.9. Waste

The Bank's waste profile comprises two streams: paper waste and general waste, both of which are monitored and reported across the Bank's operational boundary. Paper waste arises primarily from customer documentation, internal processes, and administrative correspondence. The Bank recognises paper consumption and the associated waste as a manageable environmental input, and closely linked to its ongoing digitization agenda, spanning paperless account opening, digital statements, and electronic internal workflows. General waste encompasses office and facility waste generated across the Bank's branch network and head office, including packaging, consumables, and general operational waste. Both waste streams are managed in accordance with applicable regulatory requirements governing municipal waste handling and disposal in the Kingdom of Bahrain.

Note: The data for 2024 onwards must be interpreted in the context of an expanded scope of reporting boundary due to the completion of a business acquisition.

Waste Generation	2023	2024	2025
Non-Hazardous Waste (kgs)	576,000	651,000	922,000
Hazardous Waste (kgs)	0	0	0

E.10. Emission Targets

The Bank's current approach to emissions management is centered on the rigorous measurement, monitoring, and transparent disclosure of its GHG emissions inventory across Scope 1, 2, and 3, in accordance with internationally recognized standards and reporting frameworks. This foundational work is aligned with the Bank's position that credible targets must be grounded in a well-established and accurate emissions baseline.

As of the current reporting period, the Bank is not subject to mandatory emissions reduction targets at the national, industry, or regional level. Nonetheless, the Bank remains committed to aligning its emissions trajectory with the Kingdom of Bahrain's national sustainability goals, including its net-zero ambition, and to supporting the broader objectives of the UN Sustainable Development Goals most relevant to its operational context.

Oversight of the Bank's emissions-related obligations and disclosures sits with the Audit and Risk Committee at the Board level, which is responsible for ensuring compliance with applicable regulatory requirements, including those pertaining to ESG reporting and climate-related disclosures, and for monitoring the Bank's alignment with evolving national and international expectations in this area. As the regulatory landscape continues to develop and the Bank's measurement capability matures, the Bank continues to monitor the emergence of formal emissions reduction targets. Should new regulatory requirements emerge pertaining to emission targets or climate-related disclosures, the Bank is committed to ensuring full and timely alignment with such requirements, consistent with its broader sustainability commitments.

Sustainability Report 2025 (continued)

04 Social & Community Impact – Detailed Disclosures

Social

Social Responsibility

Al Salam Bank's approach to social responsibility reflects its recognition that a financial institution of its scale and reach has a meaningful role to play in the communities it serves, as an employer, as a provider of financial services, and as a participant in Bahrain's broader economic development agenda. The Bank's social agenda is structured around two complementary commitments, which include investing in the development, wellbeing, and equitable treatment of its own workforce, and directing its financial and institutional resources toward outcomes that generate broad-based social value across the Kingdom.

The Bank's most direct social impact is felt through its employment relationship with its workforce, spanning recruitment, compensation, training and development, health and safety, and employee welfare. As one of Bahrain's established Islamic financial institutions, the Bank employs a significant and diverse workforce across its branch network, head office, and operational functions. Beyond direct employment, the Bank's commercial activity generates economic value that extends across supply chains, business partners, and the communities in which its customers live and work.

National and International Alignment

Bahrain's Economic Vision 2030 places human capital development, the expansion of private sector employment for Bahraini nationals, and the advancement of social welfare at the center of the Kingdom's long-term development agenda. The Bank's workforce practices, Bahrainisation commitments, and community-oriented initiatives are designed to contribute directly to these priorities, reflecting the expectation that the private financial sector plays an active and accountable role in national social development. At the international level, the Bank's social performance is aligned with the SDGs most directly relevant to its workforce and community context: SDG 3 (Good Health and Well-being), SDG 4 (Quality Education), SDG 8 (Decent Work and Economic Growth), and SDG 10 (Reduced Inequalities).

Oversight and Authorities

Al Salam Bank operates through a structured oversight framework connecting Board-level accountability with functional responsibility at the management level. Social matters, encompassing workforce practices, employee welfare, and community contribution, are considered within the Board's broader governance mandate. The Board Risk Committee provides oversight of material social risks, including those arising from workforce management, occupational health and safety, and the Bank's broader obligations to its stakeholders.

At the management level, the Human Resources function holds primary responsibility for workforce-related matters, including recruitment, compensation, performance management, training and development, and employee wellbeing. Bahrainisation compliance and national employment commitments are managed within this function in coordination with relevant business units. Community investment and social initiative programming are managed through the Marketing & Communications and Finance function.

The structure ensures that social performance and related data is reviewed at both, Management and Board Level, and are subject to comprehensive governance and oversight.

Policy Framework

The Bank's people are its most consequential institutional asset, and the primary channel through which its values are expressed, and its relationship with customers and communities is sustained. Recognising this, the Bank has established a formal HR Policy that provides the governance foundation for its people-related practices, ensuring that every stage of the employment relationship is managed with consistency, fairness, and accountability. The HR Policy covers the full spectrum of the employment lifecycle from recruitment and selection, through structured onboarding and induction, to the terms and conditions that govern the day-to-day employment relationship. It further encompasses performance management frameworks that support a culture of continuous development and accountability, structured training and capability investment aligned with both individual and organisational priorities, and clearly defined standards of employee conduct supported by fair and transparent disciplinary procedures. Together, these elements reflect the Bank's commitment to creating a working environment in which employees are supported, fairly treated, and equipped to contribute meaningfully to the Bank's mission.

Supporting the Local Economy Through Financial Inclusion

Beyond its role as an employer, the Bank contributes to Bahrain's social fabric through the financial products and services it provides to individuals, businesses, and communities across the Kingdom. Access to Sharia-compliant financing solutions spanning retail, SME, and corporate banking enables customers to pursue economic opportunity, invest in education and housing, and build financial resilience in a manner consistent with their values.

Sustainability Report 2025 (continued)

04 Social & Community Impact – Detailed Disclosures

The Bank's support for SME financing is of particular social relevance, given the role that small and medium enterprises play in generating employment and economic activity at the community level. By providing accessible financing to this segment, the Bank contributes directly to the diversification and resilience of Bahrain's private sector economy a priority that sits at the heart of Vision 2030's economic transformation agenda.

Financial inclusion, in the Bank's view, is both a social obligation and a sound business principle. Expanding access to financial services across underserved or emerging customer segments deepens the Bank's relevance within the community while contributing to the broader goal of an equitable and participatory economy.

Key Social Initiatives

Investing in Bahrain's Future Workforce

In 2025, the Bank launched a professional orientation and training initiative targeting high school students across Bahrain, with the objective of introducing young nationals to career pathways in the Islamic banking sector and equipping them with foundational knowledge of Sharia-compliant finance.

The program was designed to accommodate students from grades 10 to 12, drawn from both public and private schools with a total capacity of up to 100 participants. The training initiative comprised one week of structured, interactive learning delivered by experienced Bank employees, spanning the principles of Islamic finance, regulatory and governance frameworks, emerging trends in financial technology and artificial intelligence, and direct exposure to live banking environments and departmental functions.

The initiative reflects the Bank's recognition that meaningful social contribution begins with investing in the pipeline of national talent that will shape Bahrain's financial sector over the long term. By engaging students at a formative stage of their academic and career development, the program supports informed decision-making around further education and professional pathways, contributing directly to the national priority of building a skilled, future-ready Bahraini workforce aligned with the ambitions of Vision 2030.

Developing National Talent Through Structured Internship Programming

The Bank's Annual Summer Internship Programme, in its 19th consecutive edition (2025), welcomed 45 university students drawn from leading local and international institutions, marking the largest cohort in the program's history. The two-month structured training experience was designed to equip participants with practical exposure to core banking functions, cross-departmental operations, and the professional competencies required to navigate a rapidly evolving financial services landscape. The 2025 edition was aligned with topical themes of sustainable development through innovation and artificial intelligence, reflecting the Bank's strategic emphasis on the intersection of ESG principles and digital transformation. The Annual Summer Internship Programme represents one of the Bank's contributions to national human capital development. By providing structured, mentorship-led professional exposure to university students at a formative stage of their careers, the Bank contributes directly to the development of a skilled, future-ready national workforce, a priority that sits at the heart of Bahrain's Vision 2030 and the Bank's own Bahrainisation commitments.

Promoting Youth Financial Literacy Through Experiential Learning

In 2025, the Bank participated for the third consecutive year in Youth City 2025, a national platform dedicated to youth empowerment and skills development through the delivery of an interactive financial awareness program designed specifically for young Bahrainis.

The program, titled "Life with AI Salam Bank," was structured as a simulation-based learning experience in which participants navigated a series of real-life financial scenarios and were required to make financial decisions reflecting realistic life circumstances. Each session concluded with a guided reflection exercise, during which participants evaluated the short and long-term consequences of their choices, reinforcing the practical relevance of financial planning and responsible financial behaviour.

Sustainability Report 2025 (continued)

The initiative was designed to move beyond conventional financial education by placing participants at the center of the learning experience, making financial concepts accessible, engaging, and immediately applicable to everyday life. The Bank's repeated participation in this platform reflects its conviction that financial literacy is a foundational social investment, one that contributes to the development of a more informed, financially capable generation, and supports the broader national priority of building a knowledge-based, economically resilient society in line with Bahrain's Vision 2030.

Employee-Led Cancer Awareness and Fundraising Initiative

During the reporting period, the Bank hosted an employee-driven fundraising and awareness initiative in support of Breast and Prostate Cancer Awareness Month. The initiative brought together employees from across the organisation in a collective effort to raise both funds and awareness for cancer research and patient care in Bahrain, with a total of BD 3,000 raised through voluntary employee contributions.

The event was held at the Bank's headquarters and featured educational booths, wellness activities, and donation stations designed to encourage broad employee participation and deepen awareness of the importance of early detection and cancer advocacy. Representatives from a leading national cancer support body participated in the event, contributing expert perspectives on prevention, and early diagnosis.

The initiative was driven by employee solidarity and voluntary contribution rather than external programming reflecting the Bank's commitment to fostering a workplace culture grounded in empathy, collective responsibility, and impactful social engagement.

Advancing SME Financial Inclusion Through Digital Innovation

In 2025, the Bank launched a dedicated digital banking application designed specifically for small and medium-sized enterprises, reinforcing its commitment to expanding access to financial services for a segment that plays a central role in Bahrain's private sector economy and Vision 2030 agenda. The application was designed to address practical barriers to SME banking engagement, enabling new clients to open accounts and register digitally without a branch visit, and allowing existing clients to manage accounts, approve payments, and action service requests remotely. Integration with the Bank's existing business banking portal further streamlined the onboarding experience, reducing administrative friction and consolidating digital services into a single, accessible interface.

The initiative reflects the Bank's broader view that financial inclusion for the SME sector requires that access be convenient, efficient, and compatible with the operational realities of small business owners. By removing the requirement for in-branch engagement and enabling real-time financial management, the Bank extended meaningful banking access to entrepreneurs who may otherwise face time and logistical constraints in managing their banking relationship. From an ESG perspective, the initiative also carries an environmental dimension, the reduction in paper-based processes and branch visits associated with digital account opening and transaction management contributes, in a measured way, to the Bank's broader goal of reducing its operational environmental footprint.

Investing in Women's Leadership and Executive Capability

In 2025, the Bank supported the participation of several employees in the National Executive Leadership Programme for Bahraini Women, a national initiative designed to strengthen the representation of Bahraini women in leadership and senior decision-making roles. The program, delivered in partnership with a leading international institution, equipped participants with advanced executive capabilities and strategic leadership skills aligned with the Kingdom's broader agenda for sustainable development and gender inclusion.

One employee from the Treasury and Financial Institutions Department successfully completed the program during the reporting period, while two further employees from the Finance and Internal Audit departments commenced participation in the subsequent cohort. The progression of employees through successive cohorts of the same program reflects a sustained organisational commitment towards gender-inclusive leadership.

The Bank's participation in this program is directly aligned with Bahrain's Vision 2030 priorities around human capital development and the advancement of Bahraini women into leadership roles across the private sector. It also contributes to the Bank's internal diversity and inclusion agenda, with the objective of ensuring that female employees at all levels have access to the development pathways and institutional support needed to progress into senior and executive functions.

Sustainability Report 2025 (continued)

04 Social & Community Impact – Detailed Disclosures

S.1. Workforce Composition

The Bank's workforce composition is reported across three dimensions: gender, age group, and employment type. The workforce expanded materially between 2023 and 2024, reflecting the increase in headcount following the business acquisition in 2024, which brought a significant number of additional employees within the reporting boundary.

The Bank's workforce remained entirely full-time across the reporting period, reflecting a staffing model with no reliance on part-time employment arrangements. Gender representation has been consistent over the three-year period, with male employees accounting for approximately 68% of the total workforce and female employees comprising the remaining 32%, a ratio that has held stable across 2023, 2024, and 2025.

The age profile of the workforce is predominantly concentrated in the 30–50 years bracket, which has grown as a proportion of the total workforce over the period, reaching 85% in 2025. The under-30 cohort has correspondingly contracted slightly, representing 9% of the workforce in 2025 compared to 11% in the prior two years. Employees over 50 have remained a consistently small share of the workforce throughout.

The Bank also maintains an internship program as a separate talent pipeline. Internship opportunities continue to provide university students with structured entry-level exposure to the Bank's operations. Interns are reported separately and are not included in the total workforce headcount.

Workforce Composition	2023	2024	2025
Total Workforce	518 (100%)	750 (100%)	701 (100%)
By Gender			
Male	354 (68%)	507 (68%)	474 (68%)
Female	164 (32%)	243 (32%)	227 (32%)
By Age-Group			
Under 30 years	55 (11%)	86 (11%)	61 (9%)
30 - 50 years	430 (83%)	606 (81%)	597 (85%)
Over 50 years	33 (6%)	58 (8%)	43 (6%)
By Employment Type			
Full-Time Employees	518 (100%)	750 (100%)	701 (100%)
Part-Time Employees	0	0	0
Interns	91	103	75

S.2. Child and Forced Labor

- The Bank maintains a firm commitment to ethical employment practices, with zero tolerance for child labor or forced labor across all operations and business relationships. This commitment is embedded within the Bank's broader HR governance framework, encompassing the Human Resources Policy, Employee Code of Conduct, and HR Handbook, each of which establishes clear criteria for employment eligibility, terms of engagement, and mandatory compliance with the Bahrain Labor Law for the Private Sector (Law No. 36 of 2012).
- No risks related to child labor or forced labor were identified during the reporting period, and no violations were reported. The Bank's employment policies are reviewed periodically at the Board level and through relevant management functions, including the Human Resources department, to ensure continued alignment with applicable legal requirements and evolving best practice standards.

Sustainability Report 2025 (continued)

S.3. Employee Turnover

Employee turnover is reported on an absolute basis and as a percentage of total workforce, with breakdowns provided by gender and age group. Gender and age-group splits are expressed as a proportion of total turnover rather than total workforce, providing a more detailed view of the demographic profile of departing employees.

In 2025, the Bank's employee turnover rate was 6%, indicating a broadly stable workforce retention trajectory. Male employees represented most of the total departures across all three years, accounting for 72% in 2025. Female departures correspondingly comprised a smaller share throughout, ranging between 20% and 39% across the period.

By age group, the 30–50 years cohort has consistently represented the largest proportion of total departures, accounting for 69% in 2025, broadly reflective of their dominant share of the overall workforce. The under-30 segment represented a comparatively small proportion of departures in 2025 at 15%. The over-50 cohort represented 15% of the total departures in 2025.

Employee Turnover	2023	2024	2025
Total Turnover*	64 (12%)	20 (3%)	39 (6%)
By Gender**			
Male	39 (61%)	16 (80%)	28 (72%)
Female	25 (39%)	4 (20%)	11 (28%)
By Age-Group**			
Under 30 years	1 (2%)	3 (15%)	6 (15%)
30 - 50 years	49 (77%)	10 (50%)	27 (69%)
Over 50 years	14 (22%)	7 (35%)	6 (15%)

S.4. Gender Pay Ratio

The Bank monitors gender pay equity as part of its broader commitment to fair and equitable employment practices. The gender pay ratio is expressed as the median female salary relative to the median male salary, providing a measure of structural pay equity across the workforce that is independent of seniority mix or role distribution.

Pay differentials, where they exist, are driven by factors including seniority level, years of experience, and functional specialization rather than gender. The Bank's compensation framework is designed to ensure that remuneration decisions are made based on role requirements and individual performance, with gender playing no role in the determination of pay.

The Bank's median female compensation to median male compensation ratio stood at 0.63 in 2024, improving marginally to 0.65 in 2025, reflecting a modest positive movement across the reporting period.

Gender Pay Ratio	2024	2025
Median Female Compensation to Median Male Compensation (Ratio)	0.63	0.65

Sustainability Report 2025 (continued)

04 Social & Community Impact – Detailed Disclosures

S.5. Health & Safety

The Bank recorded zero workplace injuries, fatalities, and lost days due to work-related injury during the last three reporting periods, a consistent outcome that reflects the effectiveness of the Bank's occupational health and safety controls across its branch network, head office, and operational facilities.

As a financial services institution, the Bank's operational environment is inherently lower-risk relative to industrial or manufacturing enterprises. Nonetheless, the Bank maintains a structured approach to workplace safety, ensuring full compliance with applicable municipal health and safety regulations in the Kingdom of Bahrain. Safety standards are applied consistently across all premises, encompassing facility maintenance, emergency preparedness, and the

Health & Safety	2023	2024	2025
Total Number of Injuries or Fatalities	0	0	0
Total Lost Days due to Work Injury	0	0	0

general working conditions to which all employees are subject. The Bank is committed to maintaining this record and to upholding a working environment in which the health, safety, and wellbeing of all employees remains a standing organisational priority.

S.6. Non-Discrimination

The Bank is committed to maintaining a workplace free from discrimination, ensuring equal opportunity across all aspects of the employment relationship including recruitment, terms of employment, performance management, and work allocation, irrespective of gender, ethnicity, or any other protected characteristic as defined under applicable law. Non-discrimination principles are embedded within the Bank's Human Resources Policy and Employee Code of Conduct, both of which are subject to periodic review at the Board level and through the Human Resources function to ensure continued alignment with Bahrain's Labor Law for the Private Sector (Law No. 36 of 2012) and relevant regulatory requirements.

While a standalone non-discrimination policy has not been adopted, the coverage afforded by the existing policy framework ensures that these principles are consistently applied across all operational and employment contexts. The Bank maintains formal grievance redressal mechanisms through which employees may raise concerns or complaints relating to discrimination or workplace conduct. These mechanisms are designed to ensure that all matters are reviewed and resolved promptly, fairly, and with appropriate confidentiality. No instances of discrimination were reported during the reporting period, reflecting the effectiveness of the Bank's preventive framework and its commitment to a respectful, equitable, and inclusive working environment.

S.7. Nationalization

The Bank has maintained a consistently high proportion of Bahraini nationals within its workforce throughout the reporting period, reflecting its commitment to supporting national employment objectives in alignment with Bahrain's broader economic development priorities.

In 2023, nationals represented 92% of the total workforce, with this proportion increasing marginally to 93% in 2024 and being sustained at the same level through 2025. Notably, this ratio has remained stable despite variability in overall headcount, indicating that workforce adjustments across the period have not disproportionately affected national employees.

The Bank's nationalization profile continues to be in alignment with regulatory thresholds, highlighting its role as a meaningful contributor to Bahraini employment within the financial services sector.

Workforce Nationalization	2023	2024	2025
Total number of nationals in the workforce	478	696	653
Proportion of nationals as part of the total workforce	92%	93%	93%

Sustainability Report 2025 (continued)

S.8. Community Investment

The Bank measures its community investment commitment through monetary contributions directed toward social, educational, and charitable initiatives, expressed as a proportion of total revenues. This approach provides a consistent and comparable basis for evaluating the scale of the Bank's community contribution relative to its overall financial performance, reflecting the view that meaningful social investment should be proportionate to organisational capacity.

The Bank's community investment activity during the reporting period spanned a range of initiatives encompassing youth development and financial literacy, employee-driven charitable fundraising, support for national health awareness causes, and partnerships with educational and community institutions. These contributions reflect a deliberate effort to direct resources toward areas of genuine community need and national priority.

The Bank's total CSR spending increased significantly in 2025, reflecting a material increase in community investment relative to prior years. Expressed as a proportion of total revenue, CSR spending rose to 0.4% in 2025, compared to 0.19% in 2024 and 0.28% in 2023.

Community Investments	2023	2024	2025
Total CSR Spending (BHD)	677,000	658,000	1600,000
CSR Spending (as a % of total revenue)	0.28%	0.19%	0.4%

S.9. Human Rights

The Bank upholds human rights principles across all aspects of its operations and business relationships. While a standalone human rights policy has not been adopted, the relevant principles are embedded within the Bank's existing governance framework including the Human Resources Policy, Employee Code of Conduct, and HR Handbook ensuring that the Bank's practices are consistent with applicable legal obligations and internationally recognized human rights standards. The Bank's approach covers the full spectrum of human rights considerations relevant to its operational context, including the prohibition of forced labor and child labor, non-discrimination in employment. These commitments extend to the Bank's broader value chain, with the expectation that business relationships are conducted in a manner that does not directly or indirectly contribute to human rights violations. The Bank's policies are subject to periodic review at the Board level and through relevant management functions to ensure continued alignment with Bahrain's Labor Law for the Private Sector and applicable regulatory requirements. No human rights violations were reported or identified during the reporting period.

Human Rights	2023	2024	2025
Number of instances of violations identified as human rights violations	0	0	0

Sustainability Report 2025 (continued)

04 Social & Community Impact – Detailed Disclosures

S.10. Management Composition

Management composition is reported across three seniority bands - Early Career Professionals, Middle Management, and Senior Management - with each band disaggregated by gender. This structure provides visibility into both the overall distribution of the workforce across seniority levels and the gender profile.

The Bank's workforce is structured across three management levels: Early Career Professionals, Middle Management, and Senior Management. Early Career Professionals represent the largest segment of the workforce, with headcount moderating slightly in 2025 following growth in 2024. Gender representation within this category has remained stable, with male employees accounting for approximately 64% and female employees comprising 36% consistently across all three years. Middle Management has grown steadily over the reporting period, reflecting the Bank's continued organisational development. Female representation at this level has shown a marginal improvement, increasing from 26% in 2023 and 2024 to 27% in 2025, indicating a gradual progression of women into mid-level roles. Senior Management has remained constant at three individuals across the full reporting period. This tier is currently entirely male, a profile the Bank recognises as an area for continued focus as part of its broader commitment to workforce diversity and inclusive leadership development.

Note: Following the business acquisition completed during the reporting period, minor variances may be observed between categorical breakdowns and aggregated totals across certain metric, due to ongoing data harmonization initiatives.

Management Composition*	2023	2024	2025
Early Career Professionals	317	460	407
Male	204 (64%)	292 (63%)	260 (64%)
Female	113 (36%)	168 (37%)	147 (36%)
Middle Management	198	287	294
Male	147 (74%)	212 (74%)	214 (73%)
Female	51 (26%)	75 (26%)	80 (27%)
Senior Management	3	3	3
Male	3 (100%)	3 (100%)	3 (100%)
Female	0 (0%)	0 (0%)	0 (0%)

Sustainability Report 2025 (continued)

S.11. Development and Training

The Bank continued to invest in a broad and structured learning agenda in 2025, spanning technical banking skills, regulatory compliance, digital capability, leadership development, and employee wellbeing. A significant portion of the training portfolio was directed toward building digital and artificial intelligence literacy across all levels of the organisation. Programs ranged from foundational AI awareness to advanced executive-level modules on AI strategy, prompt engineering, and agentic tools, reflecting the Bank’s recognition of AI as a core competency for its workforce.

Complementary training in data science, Power BI, Microsoft Copilot, and cloud computing further strengthened the Bank’s digital proficiency base. Compliance and risk management remained a core pillar of the training calendar, with employees completing programs covering anti-money laundering, KYC, sanctions compliance, fraud awareness, data privacy, cybersecurity, and Basel IV implications. Mandatory induction sessions across compliance, information security, Sharia, and human resources ensured consistent baseline awareness for new joiners throughout the year. Islamic finance and Sharia governance continued to receive dedicated focus, with employee participation in AAOIFI conferences, Sharia board sessions, and Islamic banking and finance certification programs reinforcing the Bank’s commitment to Sharia-compliant operations.

Leadership and professional development programming was delivered across career levels, from early career modules to senior leadership grooming initiatives. Specialist tracks including the HEC Accelerating Women’s Leadership Programme and the Waqf Fund Leadership Grooming for Managers underscored the Bank’s commitment to inclusive

Learning & Development	2023	2024	2025
Average Hours of Trainings*	72	77	115
By Gender			
Male	69	80	115
Female	80	71	115

talent development and gender equity in career progression. Employees also participated in a range of industry conferences and forums throughout the year, including GiTEX Global, Fintech Forward, Money 2020, Seamless Middle East, and the Leap Conference, maintaining the Bank’s engagement with emerging trends across the financial services landscape.

Average training hours per employee are reported on an overall basis and disaggregated by gender, providing a measure of both the volume of learning investment and its equitable distribution across the workforce. Average training hours per employee increased significantly over the reporting period, rising from 72 hours in 2023 to 77 hours in 2024, and reaching 115 hours in 2025, representing a 60% increase relative to the base year and reflecting a substantial step-up in the Bank’s investment in employee development. By gender, male employees averaged 69 hours in 2023 and 80 hours in 2024, while female employees averaged 80 hours and 71 hours respectively over the same period. In 2025, average training hours converged to 115 hours across both male and female employees, indicating an equitable distribution of learning opportunities regardless of gender.

Sustainability Report 2025 (continued)

05 Governance – Detailed Disclosures

Governance

Institutional Integrity

AI Salam Bank's approach to governance reflects its recognition that the integrity and credibility of a financial institution are ultimately determined by the quality of its decision-making frameworks, the accountability of its leadership, and the consistency with which its values are applied across all business activities. Robust governance is the foundation upon which stakeholder trust is built and sustained, and the mechanism through which the Bank's commercial, social, and environmental commitments are executed. The Bank's governance framework is designed to ensure transparency, accountability, and ethical conduct across all levels of the organisation, providing the structural underpinning from which its broader ESG agenda derives its credibility and coherence.

Governance Structure

The Bank's governance structure is anchored by a clearly defined Board of Directors, whose composition reflects a diverse range of expertise and experience across financial services, risk and governance, enabling effective strategic oversight and informed decision-making. The Board is supported by several key committees, each responsible for specific areas of governance: the Executive Committee, the Audit and Risk Committee, the Remuneration Committee, and the Nomination and Corporate Governance Committee.

At the operational level, the Bank maintains a comprehensive suite of governance policies and internal controls designed to safeguard stakeholder interests and ensure consistent ethical conduct. These include a Code of Conduct, compliance policies, gift and entertainment guidelines, related party transaction controls, and whistleblowing mechanisms, collectively ensuring that the Bank operates with integrity and that potential conflicts of interest are identified and managed transparently.

The Bank operates in full compliance with the regulatory requirements of the Kingdom of Bahrain's supervisory institutions, including the Central Bank of Bahrain, the Ministry of Industry and Commerce, and the Bahrain Bourse. This regulatory alignment ensures that the Bank's governance practices meet the highest standards applicable to licensed Islamic financial institutions operating in the Kingdom. At the international level, the Bank's governance commitments are aligned with SDG 16 (Peace, Justice and Strong Institutions) and SDG 17 (Partnerships for the Goals), reflecting the Bank's recognition that strong institutional governance is a prerequisite for sustainable and responsible business conduct.

Policy Framework

The Bank's governance mechanism is operationalized through a structured policy framework that establishes clear standards of conduct, defines accountability, and provides the mechanisms through which ethical behaviour is enforced and monitored across the organisation.

At the core of this framework is the Employee Code of Conduct, which sets out the behavioural standards expected of all employees in their day-to-day professional activities, including obligations around confidentiality, conflicts of interest, and the responsible use of organisational resources. The Code provides the baseline ethical reference against which employee conduct is assessed and is applicable across all levels and functions of the organisation.

The Bank maintains a dedicated Anti-Bribery & Corruption Policy that prohibits bribery, facilitation payments, and any form of corrupt conduct in connection with the Bank's business activities, whether involving public officials, private counterparties, or any other stakeholder. This is complemented by policies governing gifts and entertainment and related party transactions, which establish clear thresholds, disclosure obligations, and approval requirements to ensure that business relationships are conducted transparently and free from undue influence.

The Bank's Whistleblowing Policy provides a formal and protected channel through which employees and stakeholders may report concerns regarding unethical conduct, policy violations, or potential misconduct, without fear of retaliation. This mechanism is central to the Bank's culture of accountability, ensuring that governance standards are upheld not only through top-down policy but through an organisational environment in which concerns can be raised openly and addressed appropriately.

Together, these policies are reviewed periodically at the Board level to ensure continued relevance, regulatory alignment, and effectiveness, reflecting the Bank's commitment to maintaining a governance framework that is not static but responsive to the evolving regulatory and ethical landscape in which it operates.

Sustainability Report 2025 (continued)

Key Governance Initiatives

Strengthening the Governance framework

In 2025, the Bank convened an Extraordinary General Meeting at which shareholders approved a series of resolutions with direct governance significance.

Amendments to the Bank's Articles of Association were approved to expand the scope of permissible business activities to include digital commerce platforms, online retail services, and the marketing and distribution of financial products on behalf of third parties. This reflects the Bank's strategic orientation toward digital diversification and positions the governance framework to accommodate an evolving business model.

Shareholders also approved revised Board membership criteria, raising the qualification threshold for Board nominees to require a relevant university degree, a minimum of ten years of experience in financial services, and at least three years of service as an approved person within a regulated financial institution. This amendment reinforces the Bank's commitment to Board quality and deepens the expertise requirements governing its most senior governance body.

Together, these resolutions reflect an active and engaged shareholder base and a governance framework that is responsive to both strategic opportunity and evolving market conditions.

ISO 9001:2015 Recertification - Shari'a Audit Department

During the reporting period, the Bank's Shari'a Audit Department achieved ISO 9001:2015 Quality Management System certification for the second consecutive time, awarded by an internationally accredited certification body. The Bank holds the distinction of being the first Islamic bank in Bahrain's banking sector to have received this certification, a recognition that has now been sustained and reaffirmed through a successive audit cycle.

ISO 9001:2015 is among the most widely recognized international standards for quality management systems, establishing the principles and requirements for the systematic monitoring, measurement, and continuous improvement of operational processes. Its application to the Shari'a Audit function is particularly significant, embedding globally recognized quality management rigour into a function that is central to the Bank's compliance with Islamic banking principles and the integrity of its Sharia governance framework.

The recertification reflects the Shari'a Audit Department's sustained commitment to operating at the highest professional standards and its ongoing efforts to align audit practices with international best practice. From a governance perspective, this achievement reinforces the credibility and independence of the Bank's Sharia oversight function, providing stakeholders with an externally validated assurance of the quality and consistency of the Bank's Sharia compliance processes.

Strengthening Digital Infrastructure and Cybersecurity Resilience

During the reporting period, the Bank finalized an agreement to migrate its core data center operations to a Tier III certified facility, one of the highest recognized classifications for data center reliability and operational resilience. The migration represents a significant upgrade to the Bank's underlying technology infrastructure, with direct implications for data security, service continuity, and the Bank's long-term digital scalability.

The Tier III standard requires concurrent maintainability of all critical systems, ensuring that infrastructure components can be serviced and upgraded without disruption to live operations. For a financial institution of the Bank's scale and customer reach, this level of resilience is directly relevant to its obligations around data protection, cybersecurity risk management, and uninterrupted service delivery, all of which are central to sound governance and customer trust.

From a governance perspective, this investment reflects the Bank's proactive approach to managing technology and cybersecurity risk, ensuring that the physical and operational foundations of its digital infrastructure are commensurate with the sensitivity of the data it holds and the expectations of its customers, regulators, and other stakeholders. It also forms part of the Bank's broader digital transformation agenda, reinforcing its capacity to innovate securely and responsibly as the financial services landscape continues to evolve.

Sustainability Report 2025 (continued)

05 Governance – Detailed Disclosures

G.1. Board Composition

The Bank's Board comprises nine members, with a majority of six serving as independent directors, reflecting a governance structure designed to ensure objectivity, impartiality, and the effective exercise of oversight independent of executive management. The remaining three members serve as non-executive directors, with no executive directors on the Board, further reinforcing the separation between governance and day-to-day management.

Board members are elected by shareholders and serve a tenure of three years, consistent with applicable corporate governance requirements and the Bank's Articles of Association. Board composition is subject to the qualification criteria approved by shareholders, which require members to possess relevant sector expertise and regulatory standing as approved persons within a licensed financial institution.

Female representation on the Board stands at zero in the current reporting period. The Bank acknowledges this as an area for continued attention as it progresses its broader diversity and inclusion agenda at the leadership level.

The Board is supported by four committees, each with a defined mandate and scope of oversight responsibility.

The Executive Committee is responsible for overseeing strategic and operational matters requiring Board-level direction between scheduled Board meetings. It acts on behalf of the Board within delegated authority limits, ensuring continuity of governance and timely decision-making on material business matters.

The Audit and Risk Committee provides oversight of the Bank's financial reporting integrity, internal control environment, risk management frameworks, and compliance with applicable regulatory requirements. It is also responsible for overseeing the Bank's ESG-related disclosures and ensuring that the controls underpinning sustainability reporting are adequate and reliable.

Board Composition	2025
Total Board Members	9
Female Board Members	0
Non-Executive Directors	3
Executive Directors	0
Independent Directors	6
Tenure	3 years
Representation	Elected

The Remuneration Committee oversees the design and application of the Bank's remuneration framework for Board members and senior executive management, ensuring that compensation structures are aligned with long-term value creation, prudent risk-taking, and the interests of shareholders and other stakeholders.

The Nomination and Corporate Governance Committee is responsible for overseeing Board composition, succession planning, and the nomination of candidates for Board membership in accordance with the approved qualification criteria. It also monitors the Bank's adherence to applicable corporate governance standards and best practices and oversees the periodic evaluation of Board and committee effectiveness.

Sustainability Report 2025 (continued)

G.2. Collective Bargaining

- The Bank is fully committed to upholding the rights of its employees with respect to freedom of association and collective bargaining, recognising these as fundamental workplace rights that are integral to a fair and equitable employment relationship. The Bank's approach in this area is governed by the Bahrain Labor Law for the Private Sector (Law No. 36 of 2012), which provides the overarching legal framework for employee rights and employer obligations in the Kingdom.
- In practice, employee concerns and workplace grievances at the Bank are effectively addressed through established internal mechanisms, including formal grievance procedures and direct engagement channels with the Human Resources function. These mechanisms are designed to ensure that employee concerns are heard, reviewed, and resolved in a timely, fair, and confidential manner, reducing the need for formal collective dispute resolution while maintaining a workplace environment built on open communication, mutual respect, and accountability.
- As of the current reporting period, no employees of the Bank are covered under a collective bargaining agreement.

G.3. Whistleblowing Mechanism

- The Bank's Whistleblowing Policy establishes a formal and protected mechanism through which concerns relating to misconduct, policy violations, or unethical conduct may be reported, applicable to Board directors, all employees including temporary staff, and external parties who encounter misconduct in the course of their dealings with the Bank.
- Confidentiality is a foundational principle of the policy. The identity of the whistleblower is not disclosed unless strictly required for the purposes of investigation, and all matters are handled with appropriate sensitivity. Whistleblowers are expressly protected from retaliation, victimization, or harassment, and any adverse treatment experienced by a whistleblower as a consequence of a report is itself subject to escalation to the Audit and Risk Committee.
- Reportable matters under the policy include, but are not limited to, non-compliance with internal policies or legal obligations, fraud, misuse of organisational resources, safety risks, environmental harm, and any other conduct inconsistent with the Bank's ethical standards. The policy is designed to ensure that such concerns can be raised through a clearly defined, confidential, and accountable channel.
- During the reporting period, nil incidents of whistleblowing were reported.
- The Head of Compliance serves as the designated Whistleblower Officer. Reports are directed to the Designated Contact, who is responsible for escalating matters to the Audit and Risk Committee. In the absence of the Designated Contact, reports are directed to the Chairperson of the Audit and Risk Committee, ensuring that escalation pathways remain uninterrupted regardless of individual availability.

Sustainability Report 2025 (continued)

05 Governance – Detailed Disclosures

G.4. Data Privacy

- The Bank maintains a comprehensive data privacy and protection framework aligned with the Personal Data Protection Law (PDPL) of Bahrain and consistent with internationally recognized data governance standards. This framework governs the collection, processing, storage, and disposal of personal data pertaining to customers, employees, and all other stakeholders, and is underpinned by the principles of confidentiality, security, transparency, and regulatory compliance.
- Personal data is collected through direct interactions, automated systems, and third-party sources on lawful bases defined under the PDPL, including explicit consent, contractual necessity, legal obligation, protection of vital interests, and legitimate business purposes. The Bank applies heightened standards to the processing of sensitive data categories, including health information, criminal records, and biometric identifiers. Biometric data used for authentication purposes is not retained following verification, and all sensitive data processing is subject to additional controls commensurate with its nature and risk profile.
- International data transfers, where applicable, are conducted in accordance with the requirements of the PDPL and applicable legal frameworks, with appropriate safeguards in place to ensure that data privacy protections are maintained irrespective of the jurisdiction to which data is transferred.
- The Bank is committed to upholding the rights of data subjects under the PDPL, including the rights to access, rectify, erase, or block personal data, and to withdraw consent where processing is consent-based. Internal processes are designed to ensure that such requests are handled efficiently and within legally mandated timeframes, reflecting the Bank's commitment to responsive and transparent data governance.
- Data security is maintained through ongoing investment in appropriate technical and organisational controls, including encryption, firewall protections, and secure access protocols. Employee awareness and training programs reinforce adherence to confidentiality standards across the organisation. Third-party service providers are subject to equivalent data protection obligations, ensuring that the Bank's privacy standards are consistently applied across its broader operational ecosystem.
- Personal data is retained only for as long as necessary to fulfil its intended purpose, in accordance with regulatory, legal, and accounting obligations. Upon expiry of the applicable retention period, data is securely anonymized or destroyed. The Bank monitors developments in applicable data protection law and industry practice on an ongoing basis, updating its framework as required to ensure continued compliance and the responsible stewardship of stakeholder data.
- During the reporting period, nil incidents of data privacy breaches were reported.

G.5. Sustainability Disclosures

- The Bank's current ESG report has been prepared with reference to the Central Bank of Bahrain's ESG Reporting Requirements. The framework has been applied as a guiding reference for the identification of material topics, the organisation of disclosures across the environmental, social, and governance pillars, and the presentation of performance data in a manner that is consistent, comparable, and meaningful to stakeholders.
- In addition, the Bank's sustainability commitments are aligned with the United Nations Sustainable Development Goals, with disclosures mapped to the SDGs most directly relevant to the Bank's operational context and strategic priorities. This alignment provides an internationally recognized reference framework through which the Bank's ESG performance can be contextualized within the broader global sustainability agenda. The Bank views this reporting exercise as a foundational step in the progressive development of its ESG disclosure capability, with the intention of deepening the rigour, scope, and external assurance of its sustainability reporting in subsequent periods.

Sustainability Report 2025 (continued)

G.6. Conflict of Interest Management

- The Bank maintains a Conflict-of-Interest Management Policy that governs the identification, disclosure, and management of actual or potential conflicts of interest across all levels of the organisation, including Board Directors, Shari'a Supervisory Board members, and Senior Management. All relevant individuals are required to submit an annual independence and conflict of interest declaration to the Corporate Secretary, providing a structured and documented basis for ongoing conflict identification. Where a conflict of interest arises or may be perceived to arise in relation to a specific matter, the relevant individual is required to recuse themselves from any associated discussion or decision-making process. In circumstances where a conflict cannot be adequately mitigated through recusal or other management measures, the Bank is committed to withdrawing from the relevant engagement or relationship entirely reflecting its prioritization of governance integrity over commercial considerations.
- Complementing this, the Bank's Employment of Relatives Policy establishes a defined framework for managing the employment of relatives of current employees, Board Directors, and Shari'a Supervisory Board members. The policy sets out the scope of familial relationships captured within its remit and the procedures applicable to recruitment and appointment decisions involving such individuals, ensuring that all relative-based employment decisions are made transparently, consistently, and in a manner that safeguards against conflicts of interest. Together, these policies reinforce the Bank's commitment to ethical conduct, impartial decision-making, and the highest standards of corporate governance across its operations and governance structures.

G.7. Supplier Code of Conduct

- While the Bank does not maintain a standalone Supplier Code of Conduct, procurement activities are governed by comprehensive internal policies and procedures that ensure integrity, transparency, and ethical conduct throughout the procurement process. Purchases below a defined threshold are treated as petty cash acquisitions, while procurement above that level is processed and expensed in accordance with established internal controls and approval frameworks.
- The Bank conducts thorough due diligence when onboarding vendors and suppliers, assessing compliance with applicable laws, regulations, and ethical standards. This process ensures that the Bank's supply chain relationships are managed in a manner consistent with its broader commitment to responsible and well-governed business practices.

G.8. Sustainability-Linked Remuneration

- The Bank recognises the strategic importance of aligning financial incentives with long-term sustainability objectives and is committed to the progressive integration of ESG considerations into its operational and governance frameworks. A formalized structure for sustainability-linked remuneration or bonuses directly tied to ESG performance targets has not yet been established. The Bank intends to evaluate the development of such a framework as its ESG program matures and as market and regulatory expectations in this area continue to evolve.

Sustainability Report 2025 (continued)

05 Governance – Detailed Disclosures

G.9. Ethics and Anti-Corruption

- Ethical conduct and the prevention of corruption are foundational to the Bank's governance framework and its identity as a trusted Islamic financial institution. The Bank's approach to anti-corruption is operationalized through a dedicated Anti-Bribery and Corruption Policy, which establishes a clear and unambiguous zero-tolerance position on bribery and corrupt conduct across all aspects of the Bank's operations and business relationships.
- The policy prohibits bribery in all its forms, including but not limited to cash payments, kickbacks, gifts and entertainment provided with corrupt intent, promises of employment, and charitable donations made for the purpose of obtaining or retaining a business advantage. These prohibitions apply to all employees, directors, and any third parties acting on behalf of the Bank, ensuring that the Bank's ethical standards extend across its broader operational ecosystem.
- At the management level, the Compliance Officer holds primary responsibility for receiving, investigating, and resolving complaints or concerns raised under the policy. Where matters are of a material nature or carry significant institutional implications, they are escalated to the Audit and Risk Committee at the Board level, ensuring that anti-corruption oversight is subject to appropriate senior governance scrutiny. This two-tier accountability structure, combining management-level investigation with Board-level oversight, provides a robust and comprehensive framework for managing corruption-related risk.
- The Bank's anti-corruption framework is complemented by its Anti-Money Laundering Policy, which establishes structured controls and procedures for the prevention, detection, and remediation of money laundering activity and suspicious transactions. Together, these policies form an integrated financial crime prevention framework that reflects the Bank's commitment to operating with integrity, in full compliance with applicable regulatory obligations, and in a manner that protects the interests of its customers, shareholders, and the broader financial system.
- Employee awareness and adherence to these policies is actively monitored. During the reporting period, 100% of the Bank's employees were compliant with the Anti-Bribery and Corruption Policy, an outcome that reflects the effectiveness of the Bank's communication, training, and compliance monitoring efforts in embedding a culture of ethical conduct across the organisation.

G.10. External Assurance

- The Bank recognises that external assurance plays an increasingly important role in strengthening the credibility, accuracy, and comparability of ESG disclosures providing stakeholders with independent validation that reported information is a fair and reliable representation of the Bank's sustainability performance.
- External assurance of ESG data is not currently mandated under applicable regulatory requirements in the Kingdom of Bahrain, and the Bank does not at this stage obtain independent third-party assurance over its ESG reporting. The integrity of reported information is currently maintained through robust internal data collection, review, and validation processes, overseen by the relevant management functions and subject to Board-level governance.

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