

Financing positive change for a **greener tomorrow**

1. Introduction

21.64%

Public shareholding

19.2%

Shareholding by banks
and investment
companies in Kuwait

BBK, together with its subsidiaries (“BBK Group”) is a leading financial group founded in March 1971, headquartered in the Kingdom of Bahrain and listed on the Bahrain Bourse, and offers banking services in retail, corporate, international banking, treasury, and investment services. BBK comprises a team of financial experts and banking professionals that strives to curate an ideal banking experience characterized by innovation and creativity for its clients, shareholders, and the whole community and offers diverse products and services designed to enhance efficiency, inclusivity, and convenience for all customers.

Its shareholders consist of the public (21.64%), the government of Bahrain, banks, and investment companies in Kuwait (19.2%).

BBK offers its services at optimum efficiency to customers from low-income workers that need access to user-friendly banking facilities to high-society clients who require bespoke banking and lifestyle solutions. The Bank has successfully expanded beyond the Kingdom of Bahrain and now has a vast international presence across Kuwait, India, the UAE, and Turkey. It also offers financing solutions in non-present countries such as Saudi Arabia, Qatar, Oman and Egypt through its International Banking Division.









1 **Our Purpose**

Lead the way, every step of the journey.

2 **Our Brand Promise**

As a lifelong partner for growth, we empower people and businesses with the confidence to always move forward.

 Put People at the Heart Creating meaningful connections and experiences.	 Pioneer innovation Developing forward-thinking solutions that drive progress.	 Build enduring trust Delivering with reliability, consistency, and integrity.
 Deliver seamless, integrated experiences Ensuring simplicity, efficiency, and excellence.	 Attract and nurture top talent Empowering the best minds to thrive and grow.	 Unlock opportunities Expanding reach and opening new possibilities beyond borders

3 **Our Values**

Creative

Passionate

Pioneering

Reliable

Overview of BBK's Sustainability Strategy

2

Overview of BBK's Sustainability Strategy

BBK was one of the first financial institutions in the Kingdom to embrace Environmental, Social, and Governance (ESG) principles, consistently adhering to international best practices. To ensure a balanced approach to economic growth, environmental stewardship, and social equity, a Strategy and Sustainability Officer was appointed to expand BBK's ESG agenda and further integrate these principles into the Bank's operations.

BBK recognizes sustainability to be a contemporary advantage affecting society and the environment, which allows for multiple Environmental, Social, and Governance (ESG) aspects, such as climate change, community investment, human rights, anti-corruption, and board formation. The Bank acknowledges the importance of considering the ESG implications of its activities and understands that its ESG responsibilities are best fulfilled by embedding the Bank's core values into its policies, procedures, and practices to support its people, society, and the world.



2.1. BBK’s Sustainability Framework:

BBK’s approach to responsible banking is guided by five key pillars in their Sustainability Framework:

Pillars	Objectives	Materiality Topics
Good Corporate Governance	<ul style="list-style-type: none">• Core of BBK’s approach, emphasizing integrity, transparency, and accountability in all its operations.• Commitment to data security and customer privacy which ensures that customer information is protected and handled with the highest standards of confidentiality.• Anti-corruption measures prioritised, ensuring the business practices are fair and ethical• Effective risk management is a key aspect were minimizing risks and ensuring compliance with relevant regulations is core.• Through business ethics and compliance, BBK sets a high integrity standard in its interactions with customers, stakeholders, and regulators.	<div>1. Business Ethics & Compliance</div> <div>2. Data Security & Customer Privacy</div>
Long-Term Positive Customer Relationships and Experiences	<ul style="list-style-type: none">• Foster Responsible customer relationships by providing valuable financial services that meet their needs.• Emphasize responsible banking by ensuring that financial products and services align with Sustainable Development Goals.• Actively promote financial inclusion and accessibility, provide underserved communities access to banking services and responsible financing and investment practices that prioritize sustainability.	<div>3. Customer Experience</div> <div>9. Business Continuity</div> <div>10. Digitalization & Innovation</div> <div>11. Financial Inclusion</div>
Responsible and Responsive Employer	<ul style="list-style-type: none">• BBK recognizes the importance of creating an inclusive and supportive work environment as an organization.• Comprehensive employee training and development programs are offered to ensure the workforce is well-equipped to meet the challenges of a rapidly evolving industry.• The talent management strategy focuses on attracting, retaining, and nurturing top talent, ensuring that the employees have opportunities for growth and career advancement.• Workforce diversity and inclusion is embraced, fostering a workplace where everyone is valued.• Equality and fairness in the workplace, ensuring employees’ are respected and have equal access to career development opportunities.• Overall wellbeing of employees by focusing on physical, mental, and community health.	<div>5. Talent Attraction, Engagement & Retention</div> <div>6. Employee Training & Development</div> <div>7. Diversity, Equality & Fairness in the Workplace</div> <div>8. Workforce wellbeing</div>

Social Responsibility Mindset	<ul style="list-style-type: none">• BBK is committed to fostering financial inclusion, encouraging volunteerism, and empowering communities through dedicated budgets and initiatives.• Actively seek to positively impact society through core business and community engagement initiatives.• The Responsible procurement practices ensure that sourcing of goods and services are done in a manner that supports sustainability and ethical business practices.	11. Financial Inclusion & Accessibility 13. Community Empowerment & Engagement 14. Responsible procurement
Climate Action & Responsibility	<ul style="list-style-type: none">• BBK is dedicated to minimizing its environmental footprint by proactively addressing climate change and promoting sustainability across its operations and investments by implementing strategies to significantly lower carbon emissions, reducing paper usage through digital transformation and efficient resource management, investing in renewable energy sources and enhancing energy efficiency, and embedding climate considerations into our risk management framework.• Focus on digitalization and innovation to allow the enhancement of customer experience through innovative technologies, making banking more efficient and accessible.• Sustainable finance at the bank focuses on integrating ESG criteria into financial decisions, supporting projects that drive sustainable development and positive social and environmental impacts	4. Sustainable Finance 10. Digitalization & Innovation 12. Climate change and environmental impact

These pillars are central to building a sustainable future, ensuring that sustainability permeates all aspects of our operations and decision-making processes. The following table outlines how BBK’s sustainability pillars align with the specific aspirations of Bahrain Vision 2030 and key Sustainable Development Goals (SDGs), underscoring its integrated approach to sustainable development.

a. Alignment with National and International Goals:

BBK plays a pivotal role in advancing national and international sustainability objectives. The Bank’s commitment to responsible banking practices aligns with Bahrain’s Economic Vision 2030, which sets a roadmap for a sustainable, fair, and competitive economy, government, and society. BBK’s sustainability pillars support Bahrain’s national goals and contribute to the SDGs. By mapping its material topics against Bahrain’s Economic Vision 2030 and the SDGs, BBK demonstrates its commitment to building a sustainable future that benefits both the local community and the broader global landscape.



Good Corporate Governance

Conducting Business With Integrity

Data Security and Customer Privacy

2030

2.3 A predictable, transparent, and fairly enforced regulatory system facilitates economic growth.

3.4 A safe and secure environment.

9

16

Anti-Corruption

2030

2.3 A predictable, transparent, and fairly enforced regulatory system facilitates economic growth.

16

Managing Risk and Compliance

Business Ethics and Compliance

2030

2.3 A predictable, transparent, and fairly enforced regulatory system facilitates economic growth.

16

Risk Management

2030

2.1 The Government focuses on developing high quality policies.

16

8

Long-Term Positive Customer Relationships and Experiences

Responsible Relationship With Customers

Responsible Relationship with Customers

2030

3.1 A high standard of social assistance gives all Bahrainis an equal start.

3.2 All Bahraini nationals and residents have access to quality healthcare.

3.3 A first-rate education system enables all Bahrainis to fulfill their ambitions.

3

4

8

11

Digitalization and Innovation

2030

1.1 Bahrain stimulates growth by enhancing productivity and skills.

1.3 Bahrain transforms the economy in the long term by capturing emerging opportunities.

9

Responsible Banking

Business Ethics and Compliance

2030

1.3 Bahrain transforms the economy in the long term by capturing emerging opportunities.

3.1 A high standard of social assistance gives all Bahrainis an equal start.

1

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10

Responsible Financing and Investment

2030

1.2 Bahrain diversifies and builds the economy by focusing on existing high-potential sectors.

2.4 The sustainability of government finances is strengthened by reducing dependence on oil revenues to fund current expenditures.

2.5 A world-class infrastructure links Bahrain to the global economy.

3.5 Bahraini nationals and residents enjoy a sustainable and attractive living environment.

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8 | BBK Sustainable Finance Framework

Creating an Inclusive Workplace


Employee Training and Development





3.3 A first-rate education system enables all Bahrainis to fulfill their ambitions.

Talent Management




3.2 All Bahraini nationals and residents have access to quality health care.






Developing and Protecting People


Workforce Diversity and Inclusion





3.1 A high standard of social assistance gives all Bahrainis an equal start.

Equality and Fairness in the Workplace



3.1 A high standard of social assistance gives all Bahrainis an equal start.

Creating Value

Positive Impact on Society



3.1 A high standard of social assistance gives all Bahrainis an equal start.

3.2 All Bahraini nationals and residents have access to quality health care.

3.3 A first-rate education system enables all Bahrainis to fulfill their ambitions.

3.4 A safe and secure environment.









Responsible Procurement




2.3 A predictable, transparent, and fairly enforced regulatory system facilitates economic growth.

3.5 Bahraini nationals and residents enjoy a sustainable and attractive living environment.



Minimizing Environmental Impact






Climate Change and Environmental Impact



2.1 The Government focuses on developing high-quality policies.

2.4 The sustainability of government finances is strengthened by reducing dependence on oil revenues to fund current expenditures.

3.5 Bahraini nationals and residents enjoy a sustainable and attractive living environment.

b. Environmental Strategy

BBK strives to be a responsible partner to its stakeholders by addressing our operations’ environmental impacts. The approach focuses on mitigating direct ecological challenges relevant to the banking sector, including conserving energy and water, reducing emissions, and minimizing waste. To achieve these objectives, BBK has developed an Environmental Position Statement that includes:



c. Social Strategy

BBK is strongly committed to supporting the Kingdom of Bahrain's social and economic development through a wide range of strategic initiatives. These efforts are closely aligned with the Bank's materiality topics and social pillar within its Sustainability Strategy.

The Bank's initiatives reflect a holistic approach to sustainable development, encompassing community engagement, inclusive financing, and internal empowerment. In the community, BBK promotes education, food security, accessibility, and social welfare through strategic partnerships and volunteer-driven programs. Its financial services are designed to foster economic inclusion, offering tailored solutions that support diverse segments of society and enhance access to housing, education, and digital banking.

Internally, BBK prioritizes workforce development, diversity, nationalization, and employee well-being. The Bank upholds high standards in occupational health and safety, fair compensation, and continuous learning, ensuring a resilient and inclusive workplace culture.

Collectively, these initiatives demonstrate BBK's alignment with national priorities and global sustainability goals, reinforcing its role as a responsible and future-focused financial institution.

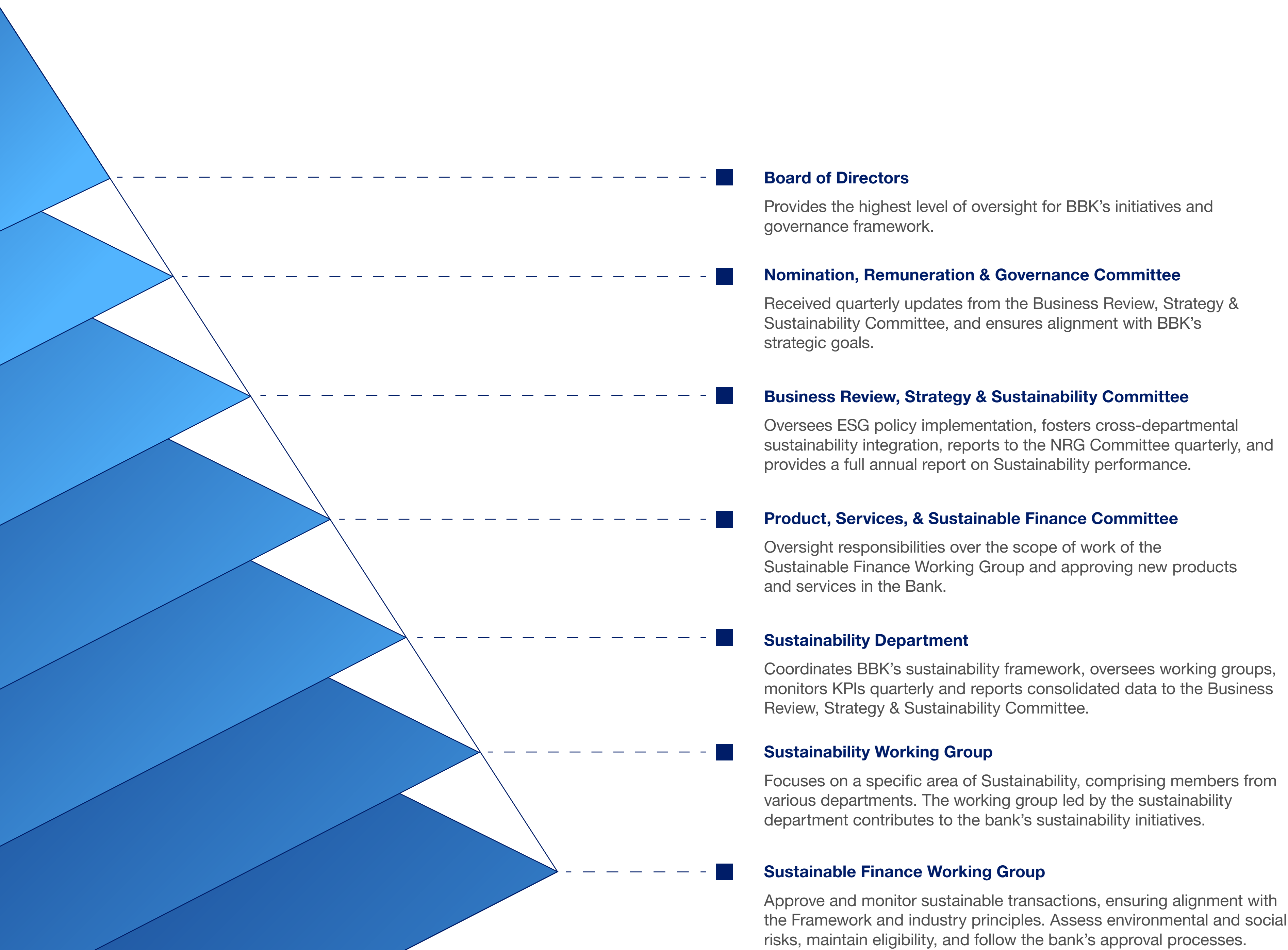


d. Governance

The Business Review, Strategy and Sustainability Committee, chaired by the Group Chief Executive (“GCE”), plays a central role in driving and overseeing the implementation of BBK’s ESG policies and initiatives. Reporting directly to the Board’s Nomination, Remuneration and Governance (“NRG”) Committee, the Committee ensures that BBK’s sustainability efforts align with its strategic goals.

Quarterly sustainability KPIs and action plan updates are shared with the NRG Committee, and a comprehensive internal report is presented at the end of the financial year. The Committee is also tasked with ensuring that sustainability initiatives are effectively integrated across the Bank’s operations, fostering a culture of continuous improvement.

To support the committee’s efforts, the Chief Strategy and Sustainability Officer and the Head of Sustainability oversee a dedicated sustainability department under the committee’s supervision. This department manages two working teams. The Sustainability Working Team is composed of diverse representatives from Corporate Communication, Human Resources, Marketing, Customer Service, Procurement, Training & Development, and a dedicated Sustainable Finance team. This multidisciplinary approach ensures comprehensive and effective sustainability initiatives across all facets of our organization.



Sustainability-related governance bodies at BBK:

Membership	Roles / Responsibilities
NRG Committee	
<ul style="list-style-type: none">Product, Services, and Sustainable Finance Committee	<ul style="list-style-type: none">Oversee all initiatives related to Sustainability, ensuring the Bank’s Sustainability Strategy and Business Strategy are aligned.
Business Review, Strategy and Sustainability Committee	
<ul style="list-style-type: none">Group Chief Executive (Chairperson)Group Chief Financial Officer (Deputy Chairperson)Group Chief Strategy & Sustainability Officer (Owner)Group Chief Information Technology & Operations (Member)Group Chief Risk Officer (Member)Group Chief Human Resources & Administration Officer (Member)Chief Business Development (Member)General Manager – Retail Banking (Member)General Manager - Corporate Banking (Member)General Manager – International Banking (Member)General Manager – Treasury & Investment (Member)General Manager – Internal Audit (Invitee- nonvoting)Head of Group Compliance & MLRO (Member)CrediMax Chief Executive (Member)Invita Chief Executive (Member)Head of Strategy / Head of Sustainability (Secretary)	<p>The key responsible body of ensuring that the Bank’s strategic sustainability objectives are being met</p> <ul style="list-style-type: none">Oversee implementation of the Bank’s policies, strategies, frameworks, programs, and roadmap related to sustainability.Regularly review the Bank’s performance on sustainability KPIs.Report progress against each sustainability KPI to the Board of Directors.Oversee and provide input to the Board on the identification, assessment, and management of risks associated with sustainability.Integrate sustainability risks into the Bank’s overall risk management framework.Establish short and long-term KPIs on key sustainability topics.Promote proactive relationships with stakeholders to capture material issues affecting the business.Address unexpected risks and opportunities related to sustainability through stakeholder feedback.
Product, Services, and Sustainable Finance Committee	
<ul style="list-style-type: none">Group Chief Executive (Chairperson)Group Chief Business Development Officer (Owner)Group Chief Financial Officer (Member)Group Chief Information Technology & Operations (Member)Group Chief Risk Officer (Member)Group Chief Human Resources & Administration Officer (Member)Group Chief Strategy & Sustainability Officer (Member)Head of Group Compliance & MLRO (Member)Head of Group Legal (Member)Division Head – Operations (Member)Group Chief Information Security Officer (Member)Head of Corporate Communication (Member)Head of Marketing (Member)Group Chief Internal Audit (Observer)	<ul style="list-style-type: none">Approving new products and services in the BankOversight responsibilities over the scope of work of the Sustainable Finance Working Group.

Sustainability Department	
<ul style="list-style-type: none">• Group Chief Strategy and Sustainability Officer• Head of Sustainability• Sustainability Officer	<ul style="list-style-type: none">• The driver of all sustainability-related initiatives.• Their role splits between directly leading initiatives and supporting other departments in integrating ESG Principles in their mandates.
Sustainability Working Group	
<ul style="list-style-type: none">• A working Group, comprising a wide range of representations including, Corporate Communication, Marketing Human Resources, Marketing, Customer Service,, , Procurement, Training & Development, . The working group is led by the Sustainability department head who contributes to the bank’s sustainability initiatives.	<ul style="list-style-type: none">• The working group focuses on a specific area of sustainability, comprising members from various departments.• Design and implement targeted campaigns to educate stakeholders about the importance of sustainability and ESG principles.• Provide training to employees to ensure effective implementation of ESG initiatives.• Engage with stakeholders to gather feedback and foster a culture of continuous improvement.
Sustainable Finance Working Group (“SFWG”)	
<ul style="list-style-type: none">• Strategy & Sustainability Function• Financial Institutions & Correspondent Banking Function• Financial Control Function• Risk Management Function• Fixed Income Function• SME Banking Function• Retail Business Development Function• Sustainability Function	<ul style="list-style-type: none">• Meet at least two times each year• Approve eligible sustainable-labelled transactions in accordance with the Framework and relevant industry guiding principles

Defining Sustainable Finance at BBK

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3. Defining Sustainable Finance at BBK

BBK’s Sustainability Strategy prioritizes Sustainable Finance, echoing its belief to be an area of significant importance for its key stakeholders, and impact on its business. With Bahrain’s Nationally Determined Contributions (“NDCs”) having been announced at COP26 in Glasgow, BBK is dedicated to fulfilling its part to promote and support the journey of transition to a low carbon economy. Furthermore, BBK acknowledges Bahrain’s overarching aspiration in aligning its national strategies with the United Nation’s Sustainable Development Goals (“UN SDGs”) and is positioning itself as a financing conduit in supporting the achievement of these strategic goals.

At BBK, Sustainable Finance refers to a combination of ‘Use of Proceeds’, ‘Sustainability-Linked’, and Liabilities Products, which are deployed to support either Environmental and / or Social objectives.

This includes both new finance as well as any refinancing towards the eligible transactions.

	Use of Proceeds	Sustainability-Linked	Liabilities Products
Use of Proceeds	<p>Financing is restricted to proceeds which adhere to the defined Eligible Projects and Activities.</p> <p>Written into the transaction document.</p> <p>Post-close monitoring requirement to report on use of proceeds until this is fully allocated.</p>	<p>These are products which incentivise our clients’ achievement of pre-determined sustainability performance objectives.</p> <p>The key performance indicators (KPIs) must be relevant, core, and material to the client’s sustainability strategy, as well as measurable or quantifiable on a consistent methodological basis.</p> <p>Third-party verified reporting on performance against the Sustainability Performance Targets (SPTs) is required on at least an annual basis.</p>	<p>Sustainable liabilities will be referenced against our sustainable finance assets base.</p> <p>Total Sustainable Finance liabilities will be monitored against the total Sustainable Finance assets.</p> <p>Examples: BBK Sustainable Bond, Loan or Sukuk Issuances, Sustainable Deposits.</p>
Relevant Industry Guidance	<p>LMA Green Loan / Bond Principles; ICMA Green / Social / Sustainability Bond Principles / Guidelines.</p>	<p>LMA Sustainability-Linked Loan Principles; ICMA Sustainability-Linked Bond Principles.</p>	

Asset Products of the Bank (i.e. loans, investment securities) that align with the eligible activities detailed within this Framework will be included in our Sustainable Finance asset base . The Framework covers the following categories which broadly define the activities / themes that are considered eligible Use of Proceed Assets:



Green
pureplay
clients



Social
pureplay
clients



Green



Social



Sustainable (defined
as a combination of
Green and Social)

- 1. BBK does not currently have Sustainable Liabilities products, however this may be a product-offering introduced in the near-future and hence has been included for reference in this Framework.
- 2. Off-balance sheet assets, which include non-funded products (e.g., Letters of Credit or Letters of Guarantees) will also be included and separately outlined.
- 3. Companies who derive at least 90% of revenues from the Green Eligible Projects and Activities listed in the Framework (Section 4.1)
- 4. Companies who derive at least 90% of revenues from the Social Eligible Projects and Activities listed in the Framework (Section 4.1)

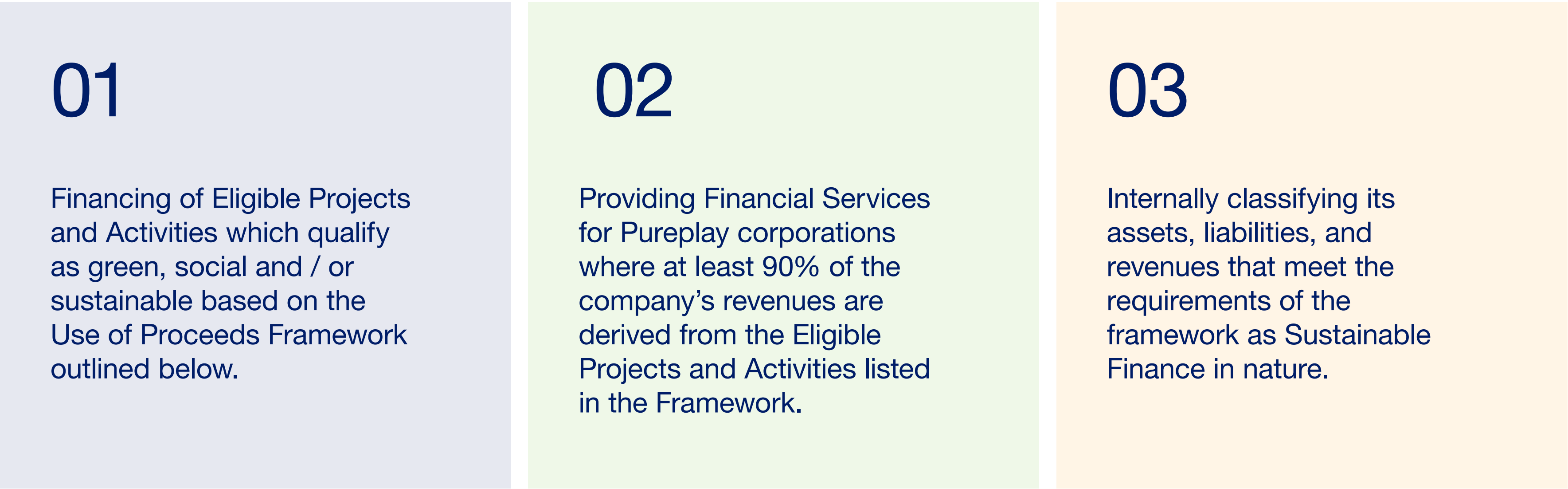
	Sustainable Finance Revenue	Sustainable Finance Assets	
		Lending	DCM
Green pureplay clients	✓	✓	✓
Social pureplay clients	✓	✓	✓
Green	✓	✓	✓
Social	✓	✓	✓
Sustainable	✓	✓	✓
Sustainability-Linked	✓	✗	✗

Sustainable Finance Framework

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4. Sustainable Finance Framework

The Scope of the Framework will cover various business units of the BBK Group, including Corporate Banking, International Banking, Financial Institutions, Treasury & Investment, SME Banking, Retail Banking, Trade Finance. BBK Group intends to use this Framework for the following purposes:



The Framework will be utilized as follows:

Issuing Green, Social or Sustainability Bonds, Sukuk, Loans and other debt instruments (“Sustainable Financing Instruments”). The Sustainable Financing Instruments will fund Eligible Sustainable Projects that conform to the sustainable finance principles listed below:

- The International Capital Market Association (“ICMA”) Green Bond Principles (“GBPs”) June 2025⁵, Social Bond Principles (“SBPs”) June 2025⁶ and Sustainability Bond Guidelines (“SBGs”) 2021⁷; and/or
- The Loan Market Association (“LMA”) Green Loan Principles (“GLPs”) March 2025⁸ and Social Loan Principles (“SLPs”) March 2025⁹.

The Framework will also serve as a point of reference for the Bank in the classification of its Sustainable Finance assets, liabilities, and revenues.

In aligning with the above use-of-proceeds principles and guidelines, the Bank’s Sustainable Finance Framework is presented through the four core components of the GBPs, SBPs, SBGs, GLPs and SLPs as well as their recommendation for external review:

⁵In alignment with ICMA Green Bond Principles (GBP) June 2025
⁶In Alignment with ICMA The Social Bond Principles (SBP) June 2025
⁷In Alignment with ICMA Sustainability Bond Guidelines (SBG) 2021
⁸In Alignment with LMA Green Loan Principles March 2025
⁹In Alignment with LMA Social Loan Principles March 2025


- a) Use of Proceeds
- b) Process for Project Evaluation and Selection
- c) Management of Proceeds
- d) Reporting

BBK Group may issue Green, Social or Sustainability Bonds, Sukuk, Loans, and other debt instruments under this Framework. Bond(s) or Sukuk issued under this Framework may take the form of public transactions or private placements, in bearer or registered format, and may take the form of senior unsecured or subordinated issuances. Such Bond(s) or Sukuk, and Loans issued under this Framework will be standard recourse-to-the-issuer obligations and investors will not bear the credit risk of the underlying allocated eligible asset exposures. All Sukuk and Financial instrument(s) issued pursuant to this Framework will be fully compliant with Sharia principles and will strictly adhere to the applicable rules and regulations of the jurisdiction being issued under. A Sharia Pronouncement will be obtained confirming the same.



4.1. Use of Proceeds

If BBK Group issues under this Framework, they will allocate an amount at least equivalent to the net proceeds of the Sustainable Financing Instruments to finance and/or re-finance, in whole or in part, sustainable projects which meet the eligibility criteria of the following Eligible Green and Social Project categories (“Eligible Sustainable Projects”), as defined as below.

A maximum 3-year look-back period would apply for refinanced projects and/or existing projects referenced as Sustainable Finance assets and BBK Group expects each issuance under this framework to be fully allocated within 2 years from the date of issuance.

GBP/GLP Category	SDG Alignment	Eligibility Criteria
Renewable Energy		<p>The generation of electricity from the following renewable sources:</p> <ul style="list-style-type: none">• Solar photovoltaic systems (including floating)• Concentrated solar heat and power generation, where large majority of electricity (more than 85%) generated from the facility is derived from solar energy sources• Wind (onshore and offshore)• Green hydrogen (from electrolysis powered by 100% renewable energy, including wind and solar, or under a GHG emissions threshold of 3tCO2e/tH2)¹⁰ <p>The manufacture of components for renewable energy technology:</p> <ul style="list-style-type: none">• Development and/or manufacture of renewable energy technologies and associated assets dedicated and used for purpose of supporting renewable energy generation facilities, including equipment for renewable energy generation and energy storage. Examples could include wind turbines, solar panels, battery storage connected to renewables, wind turbines installation vessels.

¹⁰BBK will align with Section 3.10 of the EU Taxonomy’s Technical Screening Criteria for the Manufacture of Hydrogen, where the GHG emissions threshold is being used as the qualifying criteria.

<h2>Energy Efficiency</h2>		<p>Projects that reduce energy consumption by at least 20% compared to the average of national energy consumption of an equivalent project or technology:</p> <ul style="list-style-type: none"> • District cooling systems: Energy efficient air-conditioning systems powered by at least 50% renewable energy or 50% waste heat or 75% cogenerated heat or 50% of a combination of such energy and heat. • Investment in smart energy grids, smart energy meters, management systems and battery storage facilities.
<h2>Pollution Prevention and Control¹¹</h2>		<p>Projects related to construction, upgrades, and renovation of facilities for collection, sorting, processing and conversion and treatment of waste:</p> <ul style="list-style-type: none"> • Development of waste collection and waste storage facilities • Development of industrial and non-industrial hazardous waste management and treatment plants. • Waste sorting, separation, and material recovery. • Waste prevention, waste reduction, and waste recycling, including the development, operation and upgrade of recycling plants and activities, such as for metals, plastic, and paper that is recycled, waste-derived, or sustainably sourced through certifications¹² • Development of infrastructure that reduces raw material use without compromising product integrity and safety. This includes: i) using lightweight materials for packaging and stronger composite materials; ii) eliminating unnecessary tertiary packaging layers; and iii) incorporating recycled content into products and packaging. Input materials will be limited to recycled, waste-derived or sustainably sourced materials certified under the Roundtable on Sustainable Biomaterials (RSB)¹³ or equivalent certifications.

¹¹Where applicable, BBK will align with the criteria outlined under the EU Taxonomy activity on Pollution prevention: Collection and transport of hazardous waste, available here <https://ec.europa.eu/sustainable-finance-taxonomy/activities/activity/408/view>

¹²Certifications such as those provided by the Roundtable on Sustainable Biomaterials <https://rsb.org/>

¹³Roundtable on Sustainable Biomaterials, “About the RSB”, at: <https://rsb.org/about/>

		<ul style="list-style-type: none"> Waste to energy from Municipal Solid Waste (MSW), only where bottom ash recovery and removal of all recyclables and hazardous materials prior to incineration is ensured¹⁴. Activities that reduce pollution risks and the negative impact of water, land and air pollution to levels that are not harmful to biodiversity and ecosystem functions and services through nature-based solutions and technologies (i.e. Ballast Water Treatment for vessels aligned with IMO regulations)
<p>Environmentally Sustainable Management of Living Natural Resources and Land Use</p>		<ul style="list-style-type: none"> Improving the energy efficiency of irrigation Investments in improved farming techniques and equipment which improve yields and reduce inputs such as water, pesticides, and fertilisers. <p>Examples include</p> <ul style="list-style-type: none"> crop sensors. agricultural practices that use no synthetic fertilizers and pesticides. <p>For the avoidance of doubt, the following exclusions will be applied:</p> <ul style="list-style-type: none"> Livestock management projects for industrial-scale meat processors or producers. Manufacture, purchase or distribution of inorganic, synthetic fertilizers, pesticides, or herbicides. Equipment that run directly on fossil fuel such as those powered by diesel. Genetically modified crops. Techniques and technologies implemented on industrial scale livestock production units.
<p>Clean Transportation</p>		<p>Investments and expenditure in low energy consuming or low emission transportation, including:</p> <ul style="list-style-type: none"> Consumer vehicles, trucks, commercial vehicles, and public transportation Under 50gCO2/p-km thereafter up till 2030, or Freight transportation, (under 38gCO2/t-km up till 2030, 21gCO2/t-km from 2030 up to 2050),while rail will have 25gCO2/t-km up to 2030, and 21gCO2/t-km from 2030 up to 2050

¹¹BBK will align with the CBI’s Waste Management Criteria for facilities producing electric and/or heat via the combustion of Municipal Solid Waste

		<p>of new dedicated manufacturing facilities and upgrading and retrofitting of existing facilities for the purpose of expanding production, as well as the manufacture or development of specialized parts, such as EV batteries.</p>
<p>Sustainable Water and Wastewater Management</p>		<p>Activities that improve water quality:</p> <ul style="list-style-type: none"> • Water and wastewater treatment plants (WWTP). • Wastewater discharge infrastructure, including sewer systems and pumping stations. • Desalination plants powered by electricity with an average carbon intensity at or below 100gCO₂e/ kWh over the residual asset life or desalination plants primarily powered by low-carbon sources, such as renewables. • Projects related to sustainable urban drainage and that improve flood control. <p>Activities that increase water-use efficiency:</p> <ul style="list-style-type: none"> • Water recycling and reuse. • Water saving systems, technologies, and water metering.
<p>Green Buildings</p>	 	<p>New and existing residential, commercial, or mixed-use buildings that meet the minimum external green building certification level of either:</p> <ul style="list-style-type: none"> • LEED ‘Silver’ or above. • BREEAM ‘Very Good’ or above. • Global Sustainability Assessment System (GSAS): • Design and Build of “4 star” or above, or • Operations of “Gold” or above • Mostadam ‘Silver’ or above. • Al Sa’fat, Dubai Green Building System in the Emirate of Dubai “Golden”. <ul style="list-style-type: none"> • Projects related to acquisition, development, construction, and refurbishment of buildings belong to the top 15% in terms of energy efficiency of their local market¹⁵. • Refurbished buildings that achieve a minimum 30% improvement in energy use and/or carbon emissions • Projects related to acquisition, development, construction, and refurbishment of data centres with a PUE of under 1.5.

¹⁵Financing under this criteria to take place only upon the establishment of the top 15% threshold as defined by the relevant government, government affiliates, or third-party accredited institutions

Climate Change Adaptation		<p>Expenditures related to the design, construction, refurbishment of existing infrastructure and maintenance of eligible infrastructure that features intentional integration of climate resilient construction (design, materials) and/or soft infrastructure improvement (asset-focused resilience). Examples include:</p> <ul style="list-style-type: none"> • Heavy rain drainage systems, flood prevention, flood defence systems, sluice gates, drainage systems, tunnels, and channels reinforcement of existing infrastructure • Use of climate resilient crops (e.g. drought resistant seeds) and drip irrigation for agricultural production systems, stormwater storage, grain storage, soil rehabilitation, • Wildfire safety infrastructure and equipment such as HD-cameras, weather stations, fire resilient utility lines • Construction of sea walls
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4.1.2. Eligible Social Projects and Activities

GBP/GLP Category	SDG Alignment	Eligibility Criteria
Access to Essential Services	<div>   </div>	<p>Projects related to the construction or expansion of hospitals, primary care facilities, and schools, affiliated to the relevant national healthcare / education system, for supporting the:</p> <ul style="list-style-type: none"> • Distribution of healthcare equipment¹⁶ and healthcare services. • Infrastructure for the provision of emergency medical response and disease control services. <p>Projects related to provision of essential public services including manufacturing of firefighting and other emergency equipment¹⁷.</p> <p>Educational loans where certain benefits are offered, such as:</p> <ul style="list-style-type: none"> • Providing loans below the market rate, • Providing collateral free loans, and/or • Preferred repayment terms, <p>Target Population</p> <p>General population, due to these facilities being accessible by general population irrespective of income.</p>

¹⁶This includes but is not limited to radiation, electro medical and electrotherapeutic equipment, medical instruments etc.
¹⁷This includes but is not limited to fire extinguishers, fire hydrants, fire alarms etc.

<h2>Affordable Housing</h2>	 	<p>Financing and/or refinancing of government-supported or government-subsidized mortgages for the provision of affordable housing as well as projects related to the development and construction of homes covered under such programmes¹⁸</p> <p>Target Population</p> <p>Populations meeting the criteria for government-supported affordable housing mortgage financing scheme.</p>
<h2>Employment Generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises</h2>		<p>Financing and/or refinancing of loans to Micro, Small and Medium Enterprises (MSME) and microfinance clients, as well as the provision of supportive measures including extension of payment periods (deferred payments program) and exemption of facility fees during natural disasters and pandemics.</p> <p>Financing and/or refinancing of loans to promote financial inclusion.</p> <p>Financing dedicated to emergency response to a crisis (health crisis, natural disasters, and emergency situations¹⁹) to alleviate unemployment and/or provide financial support.</p> <p>Target Populations</p> <ul style="list-style-type: none"> • MSMEs²⁰. • Women-owned and women-focused MSMEs²¹. • MSMEs whose economic activities have been affected by pandemics and natural disasters.
<h2>Food Security and Sustainable Food Systems</h2>	 	<p>Activities which enhance food security:</p> <ul style="list-style-type: none"> • Investment in the manufacture, logistics, provision and distribution of food and nutritional supplements in developing, but not high-income, countries as per UN WESP²² report, where there is an explicit need to tackle food security or food loss that will be affordable to all regardless of ability to pay²³. • Investment in infrastructure such as warehouses aimed at providing adequate storage, improved food

¹⁸BBK supports such affordable housing programmes and Social Housing loans in Bahrain, such as the Mazaya and Tasheel Government Housing Programme.

¹⁹As defined by the World Health Organisation

²⁰Defined in line with national definitions of MSMEs.

²¹Defined as MSMEs with at least 51% women ownership

²²UN WESP Report as sourced from here

²³Where the provision of financing is exclusively for food producers and / or distributors that deliver to aid agencies in the targeted region. Examples of eligible aid agencies include but are not limited to World Food Programme, The Hunger Project, UNICEF, Feed the Children etc.

		<p>conservation or connectivity in the food chain for reducing food loss²⁴.</p> <ul style="list-style-type: none"> • Capacity building and training programs with a clear focus on sustainable improved agriculture resilience, productivity, and efficiency.
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Eligible Sustainable Projects are those that adhere to either the Eligible Green Projects and Activities or the Eligible Social Projects and Activities or are a combination of both.

4.1.3. Exclusions Criteria

- Coal or gas fired power generation and distribution assets
 - Coal mining and transportation
 - Fossil fuel-related exploration and distribution
 - Conflict Minerals
 - Extractive industries and mining
 - Military Contracting and Weapons
- Nuclear power generation and distribution assets
 - Activities involving modern slavery, or forced labour Payday loans
 - Gambling
 - Adult Entertainment
 - Alcohol
 - Tobacco

Additionally, any activities that result in the lock in of fossil fuel technologies or have been designed / intended for processes that are inherently carbon-intensive, primarily driven or powered by fossil fuels, will not be eligible under this Framework.

4.2. Project Evaluation and Selection Process

The Project Evaluation and Selection Process will ensure that the following meet the criteria and objectives set out above in Section 4.1, Use of Proceeds:

- The labelling and categorisation of Financing Projects and Activities as ‘Green’, ‘Social’ or ‘Sustainable’;
- The labelling and categorisation of Pureplay clients; and
- The allocation of proceeds if BBK Group issues a Sustainable Financing Instrument under this Framework.

Projects are also considered and assessed based on their environmental/social impact, their contribution to our sustainability strategy, and are expected to adhere to BBK Group’s standards and internal policies. BBK Group’s Sustainable Finance Working Group (the “SFWG”) will be responsible for governing and implementing the initiatives set out in the Framework.

The SFWG will:

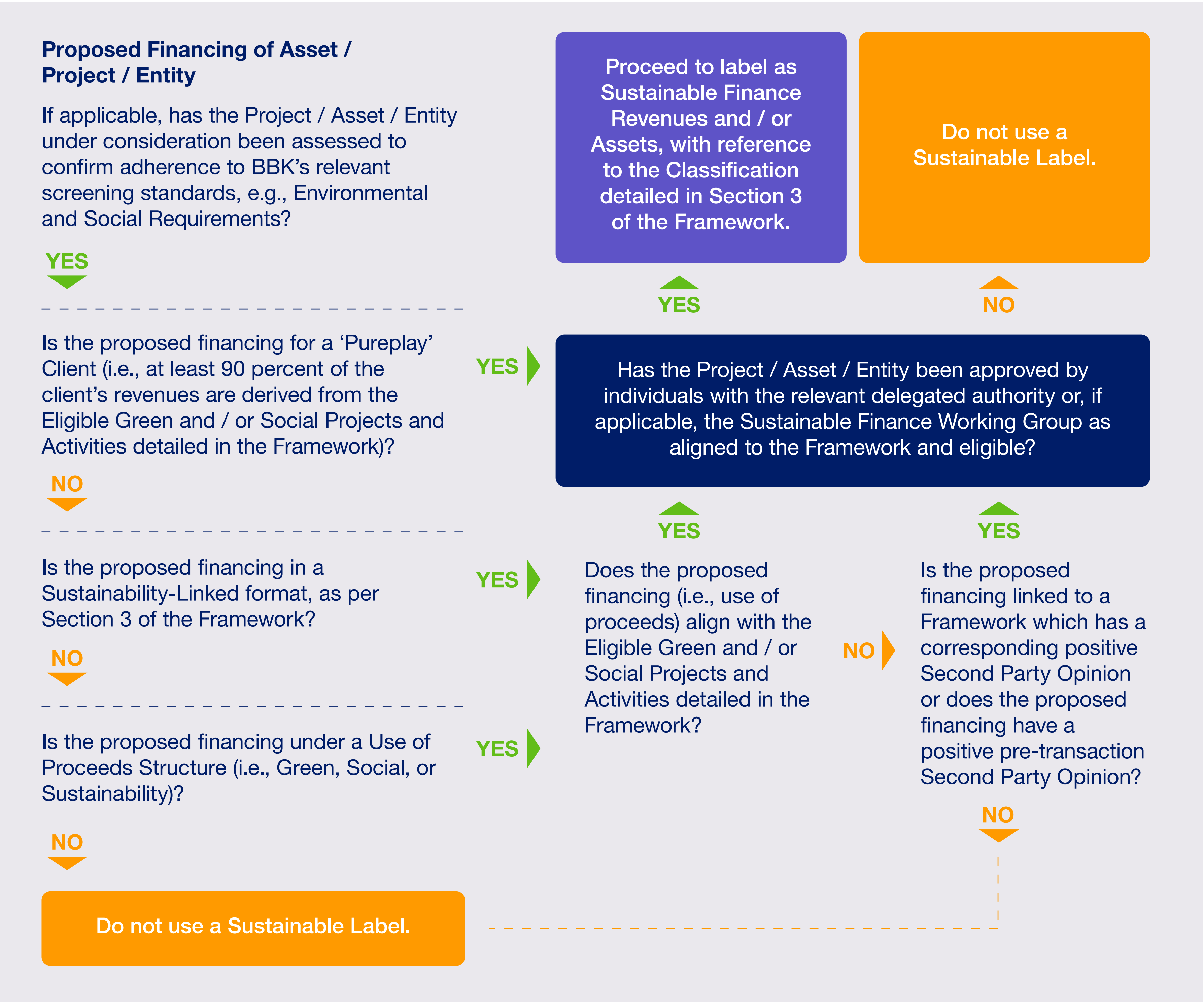
- Meet at least two times each year
- Approve eligible sustainable-labelled transactions in accordance with the Framework and relevant industry guiding principles
- Ensure that all eligible sustainable-labelled transactions have been assessed from an environmental and social risk management perspective where applicable
- Monitor the Sustainable-labelled assets, liabilities, and revenues to ensure continuous eligibility
- Facilitate regular reporting on any Sustainable Issuance and Financing in alignment with Reporting commitments
- Manage any future updates to this Framework
- Ensure that the approval of eligible sustainable-labelled will follow the Bank’s existing loan/investment approval processes

²⁴BBK will on a best-efforts-basis ensure that the relevant technical and due diligence reports include an analysis of the foreseen impact to reduce food waste and improve food security

Proposed Decision Framework:

The following outlines the process workflow for determining:

- Whether an asset, project or entity can be labelled as Sustainable and hence count towards the Bank’s Sustainable Finance Revenues and / or Sustainable Finance Assets.
- Whether the Bank can allocate proceeds of a Sustainable Financing Instrument which has been issued under this Framework to a relevant Project and / or Activity.



Please note that BBK Group will also follow clear mechanisms in monitoring transactions to ensure that these continue to be aligned with the relevant principles. BBK Group will undertake, at least annually, a review of the transaction to confirm that only transactions that continue to be aligned with this Framework are incorporated as part of any Sustainable Finance-related transaction monitoring and reporting.

4.3. Management of Proceeds

If BBK Group issues under this Framework, the proceeds of each Sustainable Financing Instrument will be deposited in a general funding accounts and earmarked for allocation towards the Eligible Sustainable Projects using the Sustainable Finance Register.

The Sustainable Finance Register will contain the following information:

- Sustainable Financing Instrument (Sukuk/Bond/Loan etc.) details: pricing date, maturity date, principal amount of proceeds, coupon, ISIN number, etc.
- Allocation of Proceeds:
 - The Eligible Sustainable Projects List, including for each Eligible Sustainable Project, the Eligible Sustainable Project category, project description, project location, Bank's ownership percentage, total project cost, amount allocated, settled currency, etc.
 - Amount of unallocated Proceeds.

Any proceeds temporarily unallocated will be invested according to the Bank's standard liquidity policy into cash or cash equivalents.

Facilities may take the form of single-tranche or multi-tranche. For the avoidance of doubt, the sustainable label will only apply to the tranches aligned to the Framework and will be clearly designated, with proceeds tracked in an appropriate manner. Proceeds may be managed on an aggregated portfolio basis or per instrument, as appropriate.

4.4. Reporting

On an annual basis, BBK Group will publicly report on its Sustainable Finance Activities, covering Sustainable Finance assets, liabilities, and revenues. Furthermore, BBK Group will publish an allocation report and an impact report on its Eligible Sustainable Projects, as detailed below.

Reporting with respect to each Sustainable Finance Instrument may take place either on an aggregated basis or per instrument basis. Reporting on any Sustainable Finance Issuances will be updated annually until full allocation of the net proceeds of any Sustainable Financing Instrument issued, or until the Sustainable Financing Instrument is no longer outstanding.

BBK Group will integrate the classification of Sustainable Finance Assets and Liabilities in the core system for tracking and monitoring purposes.

Allocation Reporting:

- a. List of all eligible Sustainable projects
- b. The amount of Proceeds allocated to each Eligible Sustainable Project category
- c. When possible, descriptions of the Eligible Sustainable Projects financed, such as project locations, amount allocated, etc.
- d. Selected examples of projects financed
- e. Amount of unallocated Proceeds
- f. Percentage share of refinancing vs. new financing

The above reporting criteria will be adhered to while maintaining the confidentiality requirements imposed by the transactions / projects engaged in.

Impact Reporting

Where feasible, BBK Group intends on a best-efforts-basis to report on the environmental and / or social outputs and impacts of the Eligible Sustainable Projects. Subject to data availability and confidentiality, impact reporting may cover the following impact reporting metrics listed below, and where available, taking reference from the relevant indicators suggested in the ICMA Harmonized Framework for Impact Reporting. In addition, calculation methodologies and key assumptions will be disclosed.

Eligible Sustainable Project Categories	Impact Reporting Metrics
Eligible Green Categories	
Renewable Energy	<ul style="list-style-type: none">• Capacity of renewable energy plant(s) constructed or rehabilitated in MW• Annual renewable energy generation in MWh/GWh (electricity) and GJ/TJ (other energy)• Annual GHG emissions reduced/avoided in tonnes of CO2 equivalent (where possible)
Energy Efficiency	<ul style="list-style-type: none">• Annual energy savings in MWh (electricity) and GJ/TJ (other energy savings)• Annual GHG emissions reduced/avoided in tonnes of CO2 equivalent
Pollution Prevention and Control	<ul style="list-style-type: none">• Waste reduced/avoided (tonnes)• Annual GHG emissions reduced/avoided (tonnes of CO2 equivalent)
Environmentally Sustainable Management of Living Natural Resources and Land Use	<ul style="list-style-type: none">• Amount or % of water consumption reduced• Increase in production efficiency• Increase in number of vertical farming units / area cultivated by vertical farming in m2• Maintenance/safeguarding/increase of natural landscape area (including forest) in km² and in % for increase• Increase of area under certified land management in km² or m² and in % (in buffer zones of protected areas)• Annual GHG emissions reduced in tCO2e p.a
Clean Transportation	<ul style="list-style-type: none">• Number and type of clean transportation infrastructure financed• Annual GHG emissions reduced/avoided in tonnes of CO2 equivalent
Sustainable Water and Wastewater Management	<ul style="list-style-type: none">• Annual reduction in water use in %• Annual amount of wastewater treated, reused, or avoided before and after the project in m3/a• Number of people with access to improved sanitation facilities

Green Buildings	<ul style="list-style-type: none"> • Type of scheme, certification level • Level of Energy Performance Certificate (EPC), if applicable • Energy efficiency gains in MWh or % versus baseline/building code • Estimated annual reduced and / or avoided GHG emissions (in TCO₂eq.) • Estimated annual energy consumption (in KWh/m²)
Climate Change Adaptation	<ul style="list-style-type: none"> • Reducing or avoiding weather-related damage • Increase in grid resilience, generation, and storage in MWh • Additional water availability and/or increased water catchment in m³/year • Reduction in household demand for clean water in m³/year • Reduction in changes in the nutrient and/or pH level for agricultural soils • increase in agricultural land using more drought resistant crops in hectares • Area cultivated by precision agriculture in km²
Eligible Social Categories	
Access to Essential Services	<ul style="list-style-type: none"> • Number of people benefited (e.g. patients benefited, or students supported) • Number of hospitals, clinics and health care centres financed • Numbers of places and beds • Number of schools and universities financed • Number of firefighting equipment provided
Affordable Housing	<ul style="list-style-type: none"> • Number of housing units constructed • Number of individuals and families benefiting from subsidized housing
Employment Generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises	<ul style="list-style-type: none"> • Number and amount of loans to SMEs • Number and amount of loans to women-owned SMEs • Number of jobs created / preserved at SMEs and / or women-owned, if possible • Number and amount of loans to SMEs and / or women-owned SMEs facing the effects of natural disasters and / or health pandemics
Food Security and Sustainable Food Systems	<ul style="list-style-type: none"> • Number of people provided with access to affordable, safe, nutritious, and sufficient food • Farmers provided with training (climate smart training/organic etc) • Farmers provided with access to agricultural inputs (financial inputs, equipment, etc) • Hectares of land cultivated, which use has improved, i.e. replanted, reforested, landscaped

External Review

5

Second Party Opinion

BBK Group has appointed Sustainalytics to assess this Sustainable Finance Framework and its alignment with the GBPs, SBPs, SBGs, GLPs and SLPs and issue a Second Party Opinion accordingly.

The Second Party Opinion will be made publicly available on the Bank’s official website.

Post issuance external verification

In order to provide timely and transparent reporting on the Revenues and Assets that have been classified as Sustainable in line with this Framework, as well as reporting on funds from any Sustainable Financing Instruments issued under this Framework, the Bank will engage third-party reviewer to provide an annual assessment on the alignment of the allocation and impact of funds with the Framework’s criteria.

Amendments to this Framework

The SFWG will conduct a review of this Framework every three years or more frequently, including its alignment to updated versions of the principles as and when they are released, with the aim of adhering to best practices in the market. Such review may result in this Framework being updated and amended. The updates, if not minor in nature, will be subject to the prior approval of the Bank and Sustainalytics. Any future updated version of this Framework that may exist will either keep or improve the current levels of transparency and reporting disclosures, including the corresponding review by an external reviewer. The updated Framework, if any, will be published on our website and will replace this Framework.



— About BBK

Bank of Bahrain and Kuwait (BBK) is a leading financial group with more than 50 years of experience in offering groundbreaking solutions in retail banking, corporate banking, international banking, treasury, and investment. It comprises a team of financial experts and banking professionals that strive to curate an ideal banking experience characterized by innovation and creativity for its clients, shareholders, and the whole community.

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