



INNOVATION FOR FUTURE GENERATIONS

Sustainability Report 2021

About our sustainability report

Reporting period

The reporting period covers the calendar year from 1 January to 31 December 2021, unless stated otherwise.

Reporting guidelines

This report has been prepared in accordance with Global Reporting Initiative (GRI) standards: core option. It focuses on the material sustainability issues for both BBK and its stakeholders.

Report boundary

We cover all BBK operations, mainly located within the Kingdom of Bahrain, and some BBK overseas branches. Data covering external contractors, suppliers and clients are not included in this Report unless stated otherwise.

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This report contains statements that may be deemed as 'forward-looking statements' that express the way in which BBK intends to conduct its activities. These statements can be identified by the use of forward-looking terminology such as: 'plans', 'aims', 'assumes', 'continues', 'believes', or any variations of such words that certain actions, events or results 'may', 'could', 'should', 'might', 'will', or 'would' be taken or be achieved.

BBK has made every effort to ensure the report is as accurate as possible. However, forward-looking statements are, by nature, subject to inherent risks and uncertainties surrounding future expectations. This has the potential to allow actual results to differ materially from these projected or implied statements.

Chairman's introduction



Sustainability is the new front line of the business world. Social responsibility towards the different sectors of the community has always been an important activity for the Bank. For nearly 50 years, The Bank has been committing an annual appropriation for this purpose.

With the global push towards broader sustainability i.e. the natural evolution to the wider focus on environmental, social and governance (ESG) issues, it has become the Bank's responsibility to prioritise ESG initiatives according to identifiable and measurable targets, ultimately, to promote sustainable development within the Bank as well as throughout the Kingdom of Bahrain.

Guidelines, policies and regulations worldwide are being introduced to reinforce a collective responsibility to align on these issues, for the Kingdom of Bahrain and the wider region.

BBK has already introduced an array of meaningful initiatives that will make a real difference to how we operate. These include a blueprint for managing climate related risks and BBK has set itself some ambitious environmental KPIs.

This is a long and challenging journey, but it is a journey that we are ready and prepared to make, leading by example and setting the highest standards.

Murad Ali Murad
Chairman

Welcome to BBK's inaugural sustainability report, covering our environmental, social and governance performance in 2021 and fulfilling our commitment to sustainability.

Practising good corporate governance

- Five out of 12 BBK Board members are independent and comprise 41.6% of the Board, which exceeds the 33.3% requirement of the Central Bank of Bahrain (CBB).
- BBK is striving to diversify the composition of its governance body by ensuring that the Bank's Board, which currently has two female members comprising 16.6% of its membership, has adequate female representation.
- The Bank also places emphasis on the compositions of its subsidiaries' governance bodies where females on the Board of CrediMax make up 16.6% and Invita 20%, with a plan to increase their female representations in 2022. BBK plans to conduct board and corporate governance training for senior female employees so diverse nominees can be included in the upcoming board elections.
- The Board Nomination, Remuneration and Governance Committee as well as Executive Management Sustainability Committee have been entrusted to oversee the implementation of the sustainability framework, set and monitor KPIs and review progress of action plans.
- The Board has decided to include sustainability KPIs in executive management's annual goals to ensure that ESG and the newly adopted sustainability framework are embedded in the Bank's day-to-day activities. BBK treats each transaction with caution, underlining the importance of its ESG-related commitments.
- In its fight against corruption, BBK is proud to note that 100% of its frontline employees receive annual corruption and anti-money laundering training, while all other employees receive it every other year.
- BBK ensures that all employees receive training on Consumer Protection and Conduct Risk topics. This training programme aims to expand the awareness of conduct risk, the regulatory approach and expectations, governance requirements, and assessment. It also aims to have a positive reinforcement for adhering to prescribed standards of conduct such as Code of Conduct, Conflict of Interest and related party transactions, gift and bribery policy, fraud responses framework and whistleblowing policy.

Being a responsible and responsive employer

- Investing in training our employees is of vital importance, which is why BBK is trying to increase the number of annual training hours that each employee receives. In 2021, each employee received an average of 23 hours.
- National representation in BBK is also important as we believe in maximising local talent and ensuring that nationals have a good opportunity to thrive. In 2021, Bahrainisation reached almost 95%.
- We are also proud that females currently make up 40.4% of the BBK Bahrain's workforce.
- In 2021, the percentage of women in middle and senior management positions accounted for 34% and 20%, respectively. BBK plans to ensure growth in this area by introducing new career development programmes for female executives.

40.4%

We are proud that females make up 40.4% of BBK Bahrain's workforce.





Fostering long-term positive customer relationships and experiences

- It is important to identify and address customer complaints early and directly to ensure prompt resolution and to avoid possible escalation. In 2021, BBK resolved all customer complaints within 1.4 days, significantly less than the CBB requirement of four weeks.
- The Bank established a Customer Experience Committee to monitor customers' feedback and complaints and act upon them to assure our full commitment in addressing customer needs.
- The Bank created digital branches to ensure continued services round the clock.
- The Bank revamped its mobile banking services and unified the various apps to enhance convenience, security and experience.
- BBK values infrastructure investments and e-channel services to ensure that customers feel comfortable using alternative channels to conduct their transactions without having to visit a branch. In 2021, e-channels accounted for 78% of all transactions.
- One of the Bank's key objectives is to help customers meet a social or environmental challenge, or to invest in sustainable products. Consequently, we can provide our customers with the following:
 - o Loans for customers who wish to install solar panels in their houses to limit energy use.

- o BBK Lite branches offer products and services for low-income expatriate labourers.
- o Mazaya loans allow people to purchase homes via a real estate finance facility subsidised by the Bahraini Government.

Instilling a social responsibility mindset

- In 2021, 4.2% of pre-tax profits were assigned for community, environmental and societal investments, underlining the importance of supporting the Kingdom's economic and societal development and with a special focus on 'Renewable Energy and Environment'. Initiatives included:
 - o Offering solar panel pre-packaged loans
 - o Supporting the 'Greener Bahrain' national campaign
 - o Adopting energy saving solutions within the Bank's premises
 - o Supporting initiatives related to saving energy
- BBK is truly committed to giving back to the community; we do not miss an opportunity to support local suppliers and ensure local economic growth and maintain community relations. In 2021, 86% of all sourced suppliers were local.

1.4 days

BBK resolves customer complaints within 1.4 days, significantly less than the CBB requirement.



78%

In 2021, e-channels accounted for 78% of all transactions.



BD2.2 mn

In 2021 an appropriation of BD 2.2 million was dedicated to environmental and societal investments.



86%

In 2021, 86% of all sourced suppliers were local.



Helping to create a more **sustainable world**



We are proud and excited to present BBK's first Sustainability Report, our first annual disclosure to stakeholders and the wider community on the Bank's progress in implementing environmentally, socially and economically sustainable practices. The content of this report is aligned with global best practice: the Global Reporting Initiative (GRI) Standard.

Sustainability is a vital part of BBK, but it is essentially a work in progress: as regulations change and disclosure requirements increase, we must be agile enough to keep pace, as befits our status as one of the region's premier financial groups.

BBK has pledged to help create a more sustainable world and this commitment is deeply rooted in our corporate culture. We are guided by the mission to serve our community and deliver products and services that enrich people's lives and do not harm the environment. This is evident in the many initiatives and investments that have absorbed us this past year, but always with a view to improving economic, social and environmental sustainability across every part of our business.

It is a sizeable commitment by BBK. We will contribute to the ongoing development of the Kingdom's economy, ultimately to build a better life for every Bahraini citizen and resident. In this regard, we also support and contribute to the UN Sustainable Development Goals (SDGs).

BBK's experiences – and especially our efforts over the last two years as COVID-19 impacted every business sector – have demonstrated that good governance, operational and financial performance, and corporate citizenship are the fundamentals of good business.

We are encouraged by our achievements and proud to have been at the forefront of efforts to help those less fortunate – whether disabled, special needs or visually-impaired – by maximising the experience of banking with us for the better. The statistics and success stories outlined in this report offer ample evidence to support this.

Despite the strides we have made and the objectives reached, the last two years have been challenging in many ways. One of my primary concerns as Group CE has been to strengthen the Bank's engagement with stakeholders and protect their interests. The Bank's management team has taken special precautions to ensure that we remain resilient and available to provide the vital services that customers expect from us.

Finally, I thank all stakeholders, with a special thanks to BBK management and employees, for helping the Group to reach the goals and strategic objectives that we set out to achieve together. Their hard work and dedication underpin our success and have earned us a strong reputation as a trusted financial institution that embraces the needs of a modern world.

AbdulRahman Ali Saif
Group Chief Executive

BBK at a glance

Bank of Bahrain and Kuwait (BBK) is a leading financial group, with headquarters in the Kingdom of Bahrain and an international presence in Kuwait, India, the UAE and Turkey. For the last 50 years, we have pioneered financial products and services in the region, launching a number of market ‘firsts’ specially tailored to our customers’ needs and enhancing their overall experience with BBK.

Listed on the Bahrain Bourse, our shareholders include the general public, the Bahrain Social Insurance Organisation, Ithmaar Holding and Kuwait Investment Authority.

BBK’s strategy is driven by three concepts: innovation in digital products and platforms; expansion, including through potential acquisitions, and an acute focus on customer-centric service delivery.

We serve four main segments through our corporate banking, treasury and investment, international banking, and retail banking businesses. Our offerings include a host of award-winning apps and e-channels, state-of-the-art digital branches, and our community-based financial malls.

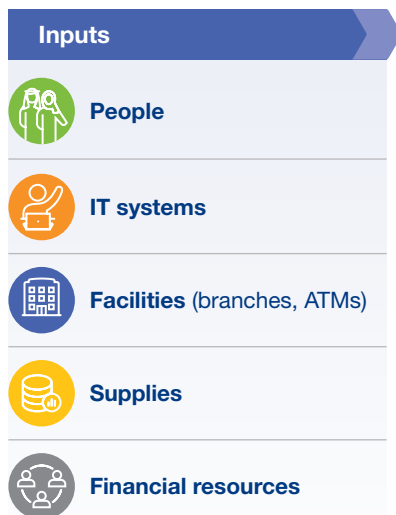
Group subsidiaries include CrediMax, a leading credit card issuer and acquirer, and Invita, a regional contact centre operating across the financial, retail and utilities sectors. In 2021 we formed ‘973 Lab’ to focus on exploring, creating, and delivering our next generation of digital services, in collaboration with partners across the fintech ecosystem.

While BBK believes that digital transformation and the shift towards a cashless society are crucial for economic growth and financial inclusivity, we are committed to providing convenient services for the benefit of all customer types.

Our BBK Lite branches, for example, provide user-friendly facilities for low-income expatriate labourers, close to their workplaces, while BBK Privé provides our affluent clients with integrated packages encompassing investments and financial services.

Illustrating our commitment to giving back, we support many worthwhile community initiatives, cultural activities and sporting organisations. We are also dedicated to nurturing Bahraini talent and are proud that 95% of our Bahrain workforce is Bahraini.

Our value chain



Our vision

BBK will be the premier regional financial services enterprise in providing superior products and services of high quality through innovation, technology and lifelong client relationships.

Our mission

The Bank will expand its overseas presence in more locations in which it chooses to operate in order to satisfy the diversified needs of clients. We believe clients are the driving force in everything we do. We will not compromise on our absolute commitment to providing the very best in client service.

We believe our people are our number one asset, with the highest degree of competence, integrity and professionalism.

We instil in our people the principles of entrepreneurship, decision-making and ownership through our commitment to training, development, delegation and performance-based reward systems.

We are determined to utilise cutting-edge technology, which we recognise as most critical in supporting our short, medium and long-term business objectives.

Our shareholders are the source of our financial strength and can expect continued growth and profitability. They are supportive and are confident of our vision of the future.

Our values

creative . passionate . pioneering . reliable

Segmental information

	2021	2020
Revenues by segment		
Retail banking	33.30%	33.19%
Corporate banking	18.34%	20.22%
International banking	12.63%	14.32%
Treasury and other activities	35.73%	32.27%
Net profit by segment		
Retail banking	20.00%	23.38%
Corporate banking	3.36%	7.41%
International banking	7.66%	9.51%
Treasury and other activities	68.97%	59.7%
Revenues by geography		
Domestic	89.5%	90.1%
Others	10.5%	9.9%

Key metrics for the year 2021

Loans and advances	BD 1,607 million
Customer deposits	BD 2,126 million
Total equity	BD 545 million
Net interest income	BD 82.6 million
Net profit	BD 53.1 million
Return on average equity	10.1%
Moody's rating	B2
Fitch rating	B+
Branches in Bahrain	17
Geographic presence (Bahrain, Kuwait, India, the UAE and Turkey)	5 countries
ATMs and Smart ATMs in Bahrain	30
Cash deposit machines in Bahrain	11

Outputs and outcomes



Value for customers

- Leadership in deploying technology-enabled services and introducing BBKPlus digital branches
- Banking, advice and 24/7 phone and online support
- 23 branches/cash offices, 30 ATMs and smart ATMs and 11 CDMs in Bahrain
- 16 million online or mobile transactions
- BD 1,607.2 million total net loans and advances



Value for employees

- BD 36.3 million in salaries/benefits
- Almost 14,000 training hours invested in our employees
- 95% representation of national employees



Value for communities

- BD 2.2 million appropriation is dedicated to community investments
- BD 3 million in COVID-19 related donations
- 86% of suppliers are locally based



Value for shareholders

- BD 44.7 million cash and stock dividends for the year 2021
- 10.1% return on average equity

BBK and sustainability

We recognise that sustainability-focused businesses are the way of the future. It is a philosophy which is being embraced by some of the best performing national and global enterprises around the world, including BBK. We also understand that this is not just a trend – sustainability in the workplace is not only good for the environment, but also essential for future business growth.

At BBK, we are fully committed to sustainability and social responsibility and understand that this is good for the planet, for people and for profits. Our approach to sustainability has improved over the years and we will continue to work hard to improve it in the years ahead.

Our sustainability management approach

Sustainability lies at the very heart of BBK, guiding our management approach and the future direction of our business.

For BBK, sustainability is about meeting the needs of the present without compromising the ability of future generations to meet their needs.

To conceptualise these vital issues, we rely on BBK's sustainability framework to define and manage our environmental, social and governance (ESG) impacts. This allows us to focus and prioritise our efforts and, ultimately, to promote sustainable development throughout the Kingdom of Bahrain.

Our framework is based on four pillars: good corporate governance, responsible and responsive employer, long-term positive customer relationships and experiences, and social responsibility mindset. Within the four pillars are eight themes covering 15 key issues.

Issues that matter most

We try to identify and respond to matters – both existing or emerging and regionally and globally – that present risks and opportunities for our business operations, including our stakeholder groups.

In recognising and responding to material issues, we implemented the following three key steps:

Identify – following internal stakeholder interviews, we developed a dynamic list of potential material issues by benchmarking against industry peers, reviewing international standards such as the GRI, Sustainability Accounting Standards Board (SASB), United Nations Principles for Responsible Banking (UN PRB), Bahrain Vision 2030 and the Bahrain Bourse ESG Guide.



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BBK and sustainability

Prioritise – issues were then prioritised in terms of their perceived importance to both internal and external stakeholders.

Review – the results were reviewed and revised by BBK management to ensure that the list was complete and included all stakeholder perspectives.

Stakeholder engagement

We listen to our stakeholders and regularly engage with them to seek their input and invite opinions. Open and transparent communication is crucial to positive relationships with our stakeholders.

Our main stakeholders comprise six key groups: customers, employees, shareholders and investors, government and regulators, suppliers, and the communities we serve. Each group influences our decision-making processes, which are themselves impacted by the Bank's decisions. Appendix A includes a detailed stakeholder map of their concerns and how we respond to them.

Aligning with national and international priorities

Our priorities are aligned with those of Bahrain Vision 2030 to build a robust economy and a motivated and innovative society.

We also align our priorities with the United Nations SDGs, a set of 17 goals spearheaded by the UN to end poverty, fight inequality and tackle climate change, while ensuring no one is left behind. As we move forward with our strategy, we will look to deepen our commitment to, and alignment with, the applicable SDGs that we are in a position to address.

Mapping our sustainability priorities



Note: Benchmarking activity conducted by Sustainability Excellence and approved by the Board.



As we move forward with our strategy, we will look to deepen our commitment to, and alignment with, the applicable SDGs that we are in a position to address.

Aligning our priorities with the United Nations Sustainable Development Goals

BBK sustainability pillars	Relevant UN Sustainable Development Goals
<p>Good corporate governance</p> 	 <p>16.4 By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime.</p> <p>16.5 Substantially reduce corruption and bribery in all their forms.</p>
<p>Responsible and responsive employer</p> 	 <p>5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.</p>  <p>5.b Enhance the use of enabling technology, in particular information and communications technology, to promote the empowerment of women.</p> <p>8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.</p>
<p>Long-term positive customer relationships and experiences</p> 	 <p>9.3 Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets.</p>
<p>Social responsibility mindset</p> 	 <p>13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.</p>  <p>17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships.</p>

BBK and sustainability

BBK's response to COVID-19

BBK established a taskforce dedicated specifically to addressing this challenge, in line with the precautionary measures of the Kingdom of Bahrain's wise leadership to control the spread of COVID-19, and Central Bank of Bahrain (CBB) directives to reduce the financial strain on citizens and businesses.

The taskforce was charged with implementing all COVID-related measures and ensuring full support for our country and its citizens including, most notably, our loyal clients and dedicated employees. This was done to guarantee operational readiness, while maintaining 'business as usual'.

BBK monitored the COVID situation from the outset and has continued to do so, in order to accommodate customers, employees and other stakeholders with safety as the main priority. Our commitment to the community, people and customers is unbreakable and we will do all we can to support them.

Communities

- Donated 3 million to 'Feena Khair' initiative in support of national efforts to fight the pandemic.
- Invested in awareness campaign on social distancing and general well-being during the pandemic.
- Organised online training supporting high school and university graduates to enhance their skills and knowledge through access to unlimited number of online courses for a full year.
- Digital literacy for women ensuring their ability to support their children's online schooling during the pandemic and enabling them to conduct their daily needs digitally.

Customers

- Specific communication about BBK's range of e-channels which offer a seamless experience.
- To support customers, we offered loan and credit card repayment deferrals and kept in regular contact in case support was needed to facilitate their financial transactions.
- Launched the 'Queueing SMS Notification' service which aims to control the number of clients waiting to get served in branch by giving them their number in the queue and the number of clients ahead of them, via SMS, without them physically having to be there.
- Triggering the Business Continuity Plan (BCP), which was designed specifically to ensure resilience on the face of contingencies. Our stakeholders can rest assured that there has been no disruption to the continuity of the business operations.
- Placement of air conditioned tents in the parking areas of Financial Malls to allow bigger waiting areas for social distancing during the pandemic.

Workforce

- Established work from home for all employees.
- Relocated some of our employees to ensure continuity and equipped them to work from their assigned locations.
- Conducted COVID-19 awareness sessions for security employees, fire warden team leaders and branch managers, detailing the procedures to take for suspicious and/or identified COVID-19 cases.
- Replaced most physical meetings with online and telephone meetings.
- Continued learning and development programmes online.
- Reduce physical paper movement and switch to electronic means of communication.
- Provided free COVID-19 rapid tests for all employees to ensure safety during the peak of the pandemic.

BBK monitored the COVID situation from the outset and has continued to do so, in order to accommodate customers, employees and other stakeholders with safety as the main priority.




Sustainability pillar 1:

Good corporate governance

Maintaining our leading position in the local and regional banking sector, and the communities we serve, requires the highest standards of corporate governance. Regular reviews and adherence to strong corporate governance practice ensure compliance with regulatory requirements and applying international corporate governance best practice.

BBK also follows the strictest ethical standards and commitment to transparency, while maintaining a strong financial performance and adhering to rigorous risk management mechanisms.

We strive to increase shareholder value by practicing the highest standards of corporate governance, to protect their interests, and defend their rights.

Relevant Bahrain Vision 2030 dimension	BBK measures
1.1 Bahrain stimulates growth by enhancing productivity and skills.	<ul style="list-style-type: none"> BBK serves as a role model by continuing efforts to improve business performance.
2.3 A predictable, transparent and fairly enforced regulatory system facilitates economic growth.	<ul style="list-style-type: none"> BBK ensures alignment and compliance with internal policies and regulatory requirements.
Material topics covered	Relevant SDGs
<ul style="list-style-type: none"> Ethical conduct and compliance Data security and privacy Governance, transparency and accountability Risk Management 	

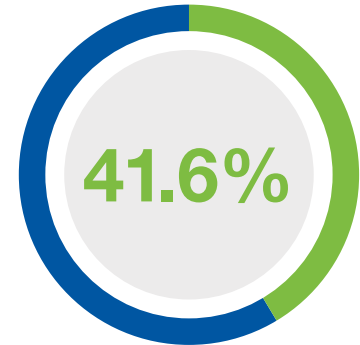
Sustainability pillar 1: Good corporate governance

BBK targets

- Independent Board members: increase independent members on the Invita and CrediMax boards by one by 2024.
- Female Board members: as a Group, targets have been set at 25% (three members) for BBK; 42.6% (three members) for CrediMax; and 40% (two members) for Invita, with an average of (35.9%) over the next three years.
- Align sustainability KPIs with the executive management's annual goals.
- Zero-tolerance towards internal corruption incidents.
- Zero tolerance towards material non-compliance with laws and regulations, resulting in legal action, fines or other reprimands.
- Employees who have received training on anti-money laundering: 100% annually for all front-line based staff, every second year for other employees.
- Development of an ESG assessment for lending/investment activities, including a risk evaluation guideline.
- Zero tolerance towards material data security breaches, including breaches involving customers' personally identifiable information.

BBK commitments

- Improve the BBK team's knowledge of ESG-related issues.
- Extend BBK's ESG programme to the Group subsidiaries.
- Implement a range of new and upgraded systems: FATCA/CRS; transaction fraud monitoring; compliance (upgrade); anti-money laundering (AML); and enhance the Bank's customer data protection measures to improve internal operations.



Independent Board members at BBK

16.6%

Female Board members

BBK has improved its gender diversity at all levels of the organisation.

1.1 Promoting good governance

BBK focuses on having the right structures, policies and procedures in place to ensure that it is promoting and practicing good governance. We also focus on upholding the highest levels of ethical conduct to create trust and engagement between the company and its stakeholders.

1.1.1 Governance, transparency and accountability

Our Board monitors financial performance and progress on business initiatives and measures for resolving issues.

BBK's Board of Directors and executive management team are committed to upholding the highest standards of corporate governance, reflecting best practice in the field and applicable regulatory guidelines. The composition of Board of Directors satisfies general corporate governance requirements relating to the separation of roles between the Board, Chairman and the Group Chief Executive.

Board membership

	2018	2019	2020	2021
By percentage:				
Female directors	0%	0%	16.6%	16.6%
Independent directors	41.6%	41.6%	41.6%	41.6%
Executive members	0	0	0	0
Non-executive members	100%	100%	100%	100%
By number:				
Female members	0	0	2	2
Male members	12	12	10	10
Independent members	5	5	5	5
Non-independent members	7	7	7	7



Sustainability pillar 1: Promoting good corporate governance

BBK has implemented a number of initiatives over the past two years to fulfil its corporate governance strategy and other requirements. Among the most important of these were the completion of a successful evaluation process for the Board and its committees, reviewing the independence of directors and improving gender diversity by welcoming two new female members to the Board, as well as several others at the Group subsidiaries.

Given the unprecedented nature of the past two years and the restrictions relating to the COVID-19 pandemic, we adopted and implemented a new cloud-based Board meeting management solution.

This came with enhanced features to complement BBK initiatives that work towards paperless platforms and helped enable directors to make more well-informed decisions.

1.1.2 Risk Management

Risk management is at the core of good governance. It is a logical and systematic method of identifying, evaluating, monitoring and communicating risks to minimise losses and maximise opportunities. It sits clearly within the principles of good governance and aligns with Board responsibilities to act in good faith and uphold a duty of care for the organisation.

Main risks

The main organisational risks identified by BBK are comprised of Pillar I risks (Credit, Market & Operational) and Pillar II risks (Capital, Environment, Liquidity, Earnings, Operations, Internal Control and Compliance). Detailed disclosures relating to these risks can be found in BBK's latest Annual Report.

Our Corporate Governance Report discloses the risk-related responsibilities overseen by our various Board and management level committees (e.g. Executive Committee, Audit and Compliance Committee, Risk Committee), as well as our approach to compliance and anti-money laundering.

In addition to the foreseen risks that were similar to those from 2019 and earlier, 2020 and 2021 gave rise to specific risks as a result of the global pandemic. Following the outbreak of the COVID-19 pandemic and given the prevailing global uncertainty, BBK's risk strategy was to conserve and optimise capital, maintain or improve balance sheet quality, optimise costs, address increased risks and protect earnings by realigning the balance sheet composition to reduce further risks.



1.2 Conducting business with integrity

BBK recognises that a strong ethical culture is the foundation of good corporate governance and we work to strengthen this culture through a robust ethics programme. This is centred on conducting business with integrity – with ethical conduct and compliance at its heart – and data security and privacy is paramount.

1.2.1 Ethical conduct and compliance

To ensure effective governance and ethics, BBK applies a strict Code of Conduct which is based on a solid moral programme, featuring education and awareness courses on professional ethics. Our values are instilled within each BBK employee who must abide by the Code of Conduct which guides everything we do. This addresses matters of corporate governance, bribery, gift acceptance policies and more. There is also a whistleblowing policy, complete with a designated officer for reporting incidents of professional misconduct, as well as insider trading controls.

BBK's whistleblowing policy also provides protection to employees for any reports made in good faith, which is overseen by the Board's Audit and Compliance Committee (ACC). BBK's Group Chief Internal Auditor reports directly as the whistleblowing officer to this committee.

Anti-money laundering and compliance

We will combat money laundering, terrorist financing and proliferation financing with all the means at our disposal. In accordance with the regulations and guidelines issued by the CBB and other regulatory bodies in jurisdictions under which we operate, we ensure strict adherence to all Anti-Money Laundering (AML), Counter Financing of Terrorism (CFT) and Counter Proliferation Financing Regulations (CPF) requirements across the BBK Group. These regulations are consistent with the revised Financial Action Task Force (FATF) recommendations and international best practices.

We also ensure strict compliance with all regulatory and legal requirements applicable to activities, products and services provided in the jurisdictions of our operations across the Group.

BBK's Compliance and AML (CAML) department is an independent function that reports directly to the Board's Audit and Compliance Committee (ACC). The department works in accordance to an annual risk-based plan approved by the ACC.

BBK's AML and Compliance function is regularly monitored and evaluated by independent third parties as well as through periodic regulatory examinations. The ACC oversees and monitors all compliance and AML activities, which includes ensuring any issues of concern are immediately rectified through established and/or enhanced controls. BBK independently reviews its compliance function once every three years and its AML framework annually as per regulatory requirements.

To ensure effective governance and ethics, BBK applies a strict Code of Conduct which is based on a solid moral programme, featuring education and awareness courses on professional ethics.



Sustainability pillar 1: Good corporate governance

Highlight: Data leakage prevention system

BBK launched a new data leakage prevention (DLP) system designed to further secure and enforce certain policies in the network and to protect our customers' personal and financial information. The expected outcomes of the system include:

- Protecting personally identifiable information (PII) and complying with relevant regulations
- Protecting intellectual property critical to BBK
- Achieving data visibility in large organisations
- Securing data on remote cloud systems
- Detecting insider threats
- Detecting phishing and malware attacks
- Customer protection
- Reputational protection



1.2.2 Information security and data privacy

We consider any data collected, stored and exchanged to be a valuable asset. As such, stringent measures are in place to ensure the confidentiality and integrity of data. These measures include adherence to internationally-recognised information security frameworks, such as the ISO/IEC 27001, Payment Card Industry Data Security Standards (PCIDSS) and SWIFT Customer Security Controls Framework (CSCF).

Given the global situation since 2020, we successfully implemented a number of security safeguards to meet work-from home challenges, simultaneously ensuring that all services continued to operate securely and without interruption.

Valuing individuals' privacy and ensuring ongoing compliance with applicable data privacy laws and regulations are one of our key priorities. We take action to manage personal data in a professional, lawful, transparent, and ethical manner. We consider transparency with our customers by providing appropriate privacy statements and supports individual rights under applicable laws to control their own personal data.

100%

All of BBK's transactions are screened at the customer onboarding stage and, thereafter, at the time of initiating all other transactions.



Sustainability pillar 2:



Responsible and responsive employer

A growing number of organisations realise that profit is not the sole purpose of business. It is the result of creating value, through a shared purpose, that benefits society.

Businesses are, at their core, a series of relationships, ideally characterised by respect and co-creation, where people are moved to commit to a shared, worthwhile endeavour. To realise this, organisations must put people at the heart of business success. This means caring about employees, working towards incorporating more diversity and inclusion, upholding human rights and committing to employee development and wellbeing.

Addressing these topics is a win-win for employees (fair compensation) and for employers (increased talent attraction and retention).

We understand the importance of upholding these values which are intrinsic to being a responsible and responsive employer. We also understand that long-term business success depends on sustaining respectful relationships, not only with employees, but across entire value chains.

Relevant Bahrain Vision 2030 dimension	BBK measures
3.2 All Bahraini nationals and residents have access to quality healthcare.	<ul style="list-style-type: none">• BBK encourages employees to enjoy healthy lifestyle through wellbeing awareness programmes.• BBK provides medical health insurance to all employees.• BBK offers maternity coverage to both genders.• BBK offers health club allowance.
3.3 A first-rate education system enables all Bahrainis to fulfil their ambitions.	<ul style="list-style-type: none">• BBK provides quality training to its people in the applied and advanced skills required for global competitiveness.
Material topics covered	Relevant SDGs
<ul style="list-style-type: none">• Diversity and inclusion• Quality and fairness in the work place• Employee development and wellbeing• Talent attraction and retention	 

Sustainability pillar 2: Responsible and responsive employer

Highlight: BBK Board ESG awareness sessions

BBK's ESG performance is monitored at Board level. To expand knowledge of environmental and social topics, we conducted ESG/Sustainability awareness sessions for Board members and executives, including:

- Sustainable Banking
- ESG – The Changing Face of Banking
- Introduction to ESG
- Fundamentals of Environmental, Social and Governance Investing



BBK targets

- Average training hours per employee: achieve 50 hours per employee within three years.
- Percentage of employees who received a performance review: 100%
- Employee engagement (eNPS): greater than 50 by 2024.
- Employee absentee rate: not to exceed 1.50% for the next three years.
- Number of industrial injury incidents: zero.
- Nationalisation: 96% in BBK Bahrain workforce by 2024; maintain 100% in India and Turkey, 80% in Kuwait, and exceed 20% in Dubai.
- Turnover rate: maintain below 10% for the Group over the next three years.
- Females among total workforce: achieve 43% within three years.
- Females in middle and senior management: achieve 37% for middle management and 26% for senior positions by 2024.
- Grievances filed related to fairness of workplace: maintain 1% or less over the next three years.
- Maintain and update whistleblowing policy.

BBK commitments

- Develop our people's skills and knowledge
- Promote female development opportunities
- Continue to raise BBK's nationalisation rate
- Promote safety in the work place

2.1 Developing people

Employee development is almost universally recognised as a strategic tool for an organisation's continuing growth, productivity and ability to retain valuable employees.

If organisations fail to invest in this area, it can hinder business operations, frustrate employees and lead to a missed opportunity to create value for both. BBK understands the value of developing and properly training employees to benefit both the organisation and the people who work within it.



Workforce overview (employees)

	2018	2019	2020	2021
Total workforce*	600	661	650	654
Full time equivalent (FTEs)	592	621	599	610
Workforce by job category				
Senior management	41	46	46	44
Middle management	128	153	156	165
Non-management employees	423	422	397	401
Workforce by gender				
Male	364	375	360	362
Female	228	246	239	248

* BBK Bahrain only. Excludes trainees, students and outsourced staff.

Training (hours)

	2018	2019	2020	2021
Average training hours by job category				
Senior management	40	53	50	51
Middle management	44	42	34	21
Non-management employees	25	20	16	17

Training by Gender

	Male		Female	
	No.	%	No.	%
Number of Employees	362	59%	248	41%
Total Training Hours	8,843	64%	5,058	36%
Senior management	2,346	77%	705	23%
Middle management	2,354	67%	1,171	33%
Non-management employees	4,143	57%	3,182	43%
Average Training Hours	24 hours		20 hours	



Sustainability pillar 2: Responsible and responsive employer

Training at BBK

BBK understands the valuable role that capacity building plays in its success, which is why we promote training and development and create a nurturing culture in which our workforce can learn and develop.

BBK continues to support employee training to develop specific knowledge or skills in their current roles, as well as for their growth and future performance. We have customised several technical and non-technical programmes to support this goal, including:

Leadership Development Programme: early and advanced leaders 	BBK Professional Certification Programme – eLearning 	Retail Banking Certification Programme 	Management Trainee Developmental Programme in FinTech 
Internal Mentorship Programme 	Job Rotation Programme 	Senior management update on trendy business topics 	Branch Management Simulation Workshops 
Bank Central Operations Simulation 	Credit Culture Programme 		

2.1.1 Employee engagement and wellbeing

BBK contributes to employee wellbeing through various programmes and benefits ensuring a healthy and happy workforce, with good morale and increased engagement as well as a better work/life balance.



Employee wellbeing benefits

BBK invests in its people and offers a number of benefits, including:

- Health Benefits
 - Medical and life insurance
 - Club membership
 - Health related seminars and medical check-ups
 - Sports activities
- Education Benefits
 - Child's education
- Financial Empowerment
 - Fixed bonus
 - Staff saving scheme
 - Personal loan
 - Housing loan
 - Home leave (expatriate employees)
 - Housing rent (expatriate employees)
 - Employee Ramadan Assistance Scheme
 - Telephone and transport allowances
 - Branch allowance
 - Shift allowance
- Work/life Balance
 - Parental Escorting leave
 - Parental Leave

Parental leave

We believe it is important to balance our employees' careers with their parental responsibilities, so we encourage them to take parental leave. In 2021, 11 female employees took a period of parental leave and 100% of them returned to work afterwards.

Parental leave (number)

	2018	2019	2020	2021
Female employees who took parental leave	17	23	14	11
Female employees who returned to work after parental leave (return)	17	23	12	11
Female employees who returned and were still employed after 12 months (retention)	16	22	12	11
Return to work rate (%)	100%	100%	86%	100%
Retention rate (%)	94%	96%	86%	100%

Sustainability pillar 2: Responsible and responsive employer

Employee engagement

The Bank places utmost importance in continuously building a culture of innovation and encouraging its employees to be part of the change and the success of BBK. Programmes such as Innovation Scheme, Employee Education Assistance Scheme, The GCE Yearly Awards for Innovation & Creativity and the Long Service Awards amongst others have been main contributor to increased engagement, translated in low turnover and absentee rate.

Absentee rates (percentage)

	2018	2019	2020	2021
Employee absentee rate	2.51	2.41	1.46	1.49

Performance reviews

BBK undertakes annual performance reviews, during which we assess the capabilities of each employee, examine gaps and introduce plans for the future development of each member of the workforce. In 2021, 100% of employees underwent such reviews.

2.1.2 Talent attraction and retention

BBK has several programmes to optimise talent attraction and retention and the results are tracked to assess progress in this area. During 2021, voluntary turnover was 3.95%. Employees aged between 18-30 have a higher joining rate, compared to other age groups, which stood at almost 58% of new hires.

New employees (number)

	2018	2019	2020	2021
Total new employee hires	39	68	16	40
New employees by age				
New employees aged 18-30	27	53	5	23
New employees aged 31-50	12	14	10	15
New employees aged 51+	-	1	1	2
New employees by gender				
Male	22	40	13	21
Female	17	28	3	19



BBK's social committee conducts health campaigns on weight loss and provides motivational seminars and medical check-ups for interested employees.

58%

In 2021, 58% of new hires were aged between 18-30.

Employee turnover rates (number)

	2018	2019	2020	2021
By age				
Employees aged 18-30	19	12	10	11
Employees aged 31-50	10	9	10	12
Employees aged 51+	3	1	0	1
By gender				
Male	20	13	14	14
Female	12	9	6	10
By job category				
Senior management	0	0	0	2
Middle management	5	2	2	6
Non-management staff	27	20	18	16
Voluntary employee turnover (%)	5.41	3.52	5.15	3.95

Nationalisation

Drawing inspiration from Bahrain Vision 2030, BBK nurtures and develops local talent for the long-term benefit of the business and the national economy. We actively seek to attract and retain Bahraini talent in the financial sector and then support their professional development through the Bank's programmes.

We are proud of the fact that 95% of BBK Bahrain's workforce is Bahraini: our target is to grow this to 96% within the next three years.

Nationalisation is not only important for BBK in Bahrain. Our overseas offices are also required to employ nationals and we are pleased to report that BBK India and BBK Turkey are 100% local. In 2021, the Bank's overall nationalisation rate was 91%.



Sustainability pillar 2: Responsible and responsive employer

Highlight: Awards and recognition

Every year in conjunction with Labour Day, BBK organises a ceremony to celebrate and reward loyal employees who have demonstrated outstanding commitment over the years and contributed to the Bank's success. Honoured employees – who must have served the Bank for at least five years – are awarded trophies and cash prizes, the value relating to the number of years served.

Under BBK's Employee Recognition Programme (ERP), prizes are also presented to employees in recognition of exceptional performance, or for significant contributions in areas such as leadership, teamwork, sales and female empowerment during the previous year.



Initiatives and programmes that support BBK's recruitment and retention of national employees include:

Group-wide initiatives

- Recruiting policies that give priority to nationals.
- Enrolling national talent in ongoing professional leadership training programmes.
- Executive-level succession planning, with a focus on placing nationals in executive-level training programmes.

BBK Bahrain initiatives

- Executive Trainee Management programmes for Bahraini graduates to prepare them for career growth in the highly specialised field of banking.
 - Giving priority to Bahraini citizens for post-graduate sponsorship programmes.
 - Offering staff mortgage loans to Bahraini career employees.
 - Developing an employee education assistance programme to provide education and training sponsorship for Bahraini citizens.
 - Developing an internal mentorship programme to support the professional development of Bahraini citizens.
- Nationalisation (Bahrain)

Nationalisation

	2018	2019	2020	2021
Senior management (%)	57%	65%	70%	68%
Total workforce (%)	94%	95%	96%	95%
Total national employees (number)	558	594	575	581
Female national employees (number)	226	244	237	244
Total workforce*	600	661	650	654

* BBK Bahrain only. Excludes trainees, students and outsourced staff.

Bahrainisation in senior management



BBK has developed a Women Empowerment Policy and formed a Women Empowerment Committee in a concerted effort to ensure gender equality at all levels and to guide employees in adopting gender equality principles in their professional lives.

2.2 Creating an inclusive workplace

One of the Bank's top priorities is to build an inclusive and welcoming workplace. We are trying hard to make progress in all areas of diversity and strive to uphold human rights in every aspect of our business.

2.2.1 Diversity and inclusion

We are committed to fostering an inclusive work environment that is dynamic, respectful and promotes equality. We believe that a diverse workforce generates a wider range of skills, improves creativity, boosts productivity and makes the workplace a generally better place. In 2021, our workforce comprised nine different nationalities.

BBK is as an equal opportunity employer and has adopted a zero-tolerance policy towards any form of discrimination.

Employee nationalities

	2018	2019	2020	2021
Number of nationalities	8	7	9	9
Bahraini	94%	95.04%	95.18%	95.09%
Other nationalities	6%	4.96%	4.82%	4.91%

Female employment

We support female employees and have introduced a number of initiatives in recent years. However, 2020 and 2021 mandated a different kind of support which was geared more towards giving women the flexibility to work from home with dependents during the COVID-19 pandemic.

We have developed a Women Empowerment Policy and formed a Women Empowerment Committee in a concerted effort to ensure gender equality at all levels and to guide employees in adopting gender equality principles in their professional lives. We wish to foster an organisational culture that exemplifies our commitment to the empowerment of women within the Bank's broader Corporate Social Responsibility framework.

These efforts are not restricted to Bahrain, since we want to empower women in all the countries in which we operate. In Turkey, for example, we recorded 60% female representation in 2020 and 2021. In BBK Bahrain, women account for 40.4% of employees, which we aspire to increase to 43% by 2024.



Sustainability pillar 2: Responsible and responsive employer

Female employment (number)

	2018	2019	2020	2021
Senior management	4	5	7	9
Middle management	42	55	55	57
Non-management employees	182	186	177	182

2.2.2 Equality and fairness in the workplace

BBK has implemented several measures to prevent and address any incidents of workplace discrimination or harassment and these are covered in the Bank's Code of Conduct, Professional Communication Conduct Guidelines and the Disciplinary Code.

Formal grievance mechanism

Every employee is entitled to express their grievances, feelings, or complaints to BBK management. While we emphasise fair and equitable treatment and provide a channel for two-way communication, employees are first urged to evaluate their viewpoint before proceeding with a formal grievance.

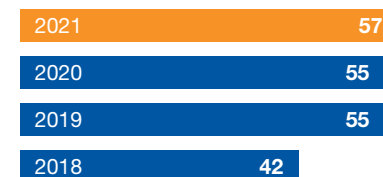
Code of Conduct

All new employees are given training on BBK's Code of Conduct as part of their induction programme and are required to complete this training. They must also acknowledge and sign the Bank's Code of Conduct before joining.

Whistle-blowing

The Bank has a whistle-blowing policy with designated officials that employees can approach. The policy provides protection to employees for any reports made in good faith.

Women in middle management



Sustainability pillar 3:

Long-term positive customer relationships and experiences

BBK puts customers' interests first. We want to cultivate positive, long-term relationships and experiences with our customers by making products and services better and more accessible. We also ensure that the privacy of customer information is at the forefront of these efforts.

Relevant Bahrain Vision 2030 dimension	BBK measures
3.1 A high standard of social assistance gives all Bahrainis an equal start.	<ul style="list-style-type: none">• BBK facilitates housing loans subsidized by the government for eligible citizens.
Material topics covered	Relevant SDGs
<ul style="list-style-type: none">• Customer experience and satisfaction• Digital transformation• Financial inclusion and accessibility• Responsible financing	

BBK targets

- Customer complaints resolution time: the current resolution time of customer complaints is 1.4 days and we strive to maintain the same level for the future.
- Ratio of online and mobile transactions vs. total transactions: the current ratio is 78%. We will offer more online options and are targeting 85% online transactions by 2024.
- Number of ESG screened lending and investments: we aim to achieve 100% by 2023.
- Take-up of products/services that help our customers meet a social or environmental challenge: currently BBK has three products that meet these criteria and we aim to offer at least six by 2024.
- Number of trained personnel in sustainable product sales: our target is for 100% of our sales force to undergo ESG product sales training.

Sustainability pillar 3: Long-term positive customer relationships and experiences

BBK commitments

- Developing green products and services.
- Integrate ESG into our lending and investment activities.
- Take part in the social loans programme that will be facilitated by the private sector (banks and financial institutions) and introduced by the Ministry of Housing and Eskan Bank.
- Implement Robotic Process Automation (RPA) for identified pilot processes.
- Launch a new cash management system.

3.1 Responsible banking

Responsible banking means being a trustworthy partner for customers and stakeholders. Not only does this makes the Bank more aware of what local clients need in order to thrive and develop, but it makes it crucial for us to support innovation-driven start-ups to help facilitate a prosperous economic cycle.

As one of the country's leading banks, we already understand the value of social benefits, and offer a range of products and services which cater to different sectors, from low-income expatriate labourers to early-stage tech start-ups.

The Bank also waives minimum balance fees and other administrative charges for retail customers in the following categories:

- People receiving social subsidies from the Ministry of Labour and Social Affairs
- Students
- Widows
- Orphans
- Pensioners
- Customers with special needs
- People with monthly salaries less than BD 250 (approx. US\$ 660)

The fee waivers apply to savings, salary transfers, current and StarMaker account holders. Customers must identify themselves as belonging to one of the categories to qualify for exemption.

StarMaker is an account for younger customers (below 18 years) without any minimum balance requirement and is intended to encourage young people to learn to save.

Al Hayrat offers customers the chance to enter a draw to win life-changing prizes. This savings account was launched in 2001 and has offered more than BD 17 million in cash prizes to date, including an annual Grand Prize of BD 500,000 and three prizes of BD 250,000. In addition to prize money, this product addresses the social responsibility to encourage and educate the community on the importance of saving for long-term benefit and wellbeing.

Monetary value of products and services that deliver specific social benefits (BD million)

	2018	2019	2020	2021
Al Hayrat Savings Account	1.32	2.3	1.27	1.75

78%

Ratio of online and mobile transactions vs. total transactions



BD17mn

Life-changing prizes

The Al Hayrat savings account has offered more than BD 17 million in cash prizes since it was launched in 2001.



Financial inclusion

Satisfying a diverse array of customer needs is of utmost importance to BBK, the customer segments under this section demonstrate some of the initiatives undertaken to deliver the highest level of service and convenience to them and to ensure their inclusion.

Small to medium enterprises

Given the significance of SMEs (Small and Medium Enterprises) and their vital contributions to national GDP, it is vital that we give maximum support to this sector and, as one of the country's major local financial institutions, that we continue to be a stimulator for prosperity and economic growth

BBK is proud to be amongst the Kingdom's leading banks to implement the directives of HRH Prince Salman Bin Hamad Al Khalifa, Crown Prince, Deputy Supreme Commander and First Deputy Prime Minister, to support Bahrain's economy and national growth through the Liquidity Support Fund.

Low-income expatriate labourers

Our social benefit services include BBK Lite – special branches tailored to the needs of mainly foreign expatriate labourers – which offer the following:

- Competitive remittance services with reduced fees and exchange rates.
- Most BBK Lite employees are expatriate, so language or cultural barriers that customers might face elsewhere are eliminated.

Customers with special needs

We provide an accessible banking experience for disabled customers, including ATMs and branches designed specifically for special needs.

Our Budaiya Financial Mall is the most accessible of all our branches, with a queuing system which gives automatic priority to special needs customers using their smart or debit cards in the ticket printer's built-in card reader.

BBK's alternative channels facilitating banking for people with special needs:

Interactive Voice Response (IVR) – telephone banking which allows customers to complete day-to-day transactions without having to visit a branch: balance retrieval; transfer execution; utility bill payment; credit card services; currency conversion; interest rate information; and reporting lost or stolen cards are all available through this facility.

Online banking – our internet banking (www.bbkonline.com) can be used to complete customers' banking operations at their convenience through the use of a standard screen text to speech programme, which is widely available on all smart phones and all current desktop computers.

Sustainability pillar 3: Long-term positive customer relationships and experiences

Additional support to people with special needs:

- Service priority at BBK branches.
- Dedicated parking spaces at most BBK locations.
- Accessible wheelchair routes and lowered contours for wheelchairs.
- Special floor tiles to guide visually impaired customers to both ATMs and priority desks.
- Voiceover support for account opening.
- Priority in branch queuing systems, digitally enabled through the customer's debit card.
- Dedicated door-to-door services provided by trained employees who visit customers at their home or office (non-cash services).
- Customer service representatives – trained to communicate in sign language and dedicated to serving all customers with the highest quality service.

Responsible lending and debt prevention

BBK customers who borrow money need to have reasonable levels of disposable income, after all financial commitments, to ensure they retain sufficient income for their living expenses. These disposable income levels are periodically reviewed, taking into account the rate of inflation and increases in the cost of living. The process always takes into account the customer's wellbeing.

Repayment criteria for consumer finance are mandated by the Central Bank of Bahrain (CBB) at 50% of the borrower's income. Customers on low-incomes (BBK determines this as less than BHD 400 per month) are given a lower repayment capacity of 30%, with a cap on the financed amount. This ensures that borrowers are left with reasonable levels of disposable income.

Debt products for retail customers are conventional loans and do not involve sub-prime lending by BBK or its borrowers.

Transparent information and fair advice for customers

We follow the Code of Best Practice on Consumer Credit and Charging (as per CBB's code), which sets the minimum standards for banks and financing companies to follow when providing credit or other services, and on which fees and/or interest are payable by personal customers in the Kingdom of Bahrain.

The Bank publishes all stated benefits and features in leaflets, brochures, web pages, and other media.

We have established a feedback and complaints mechanism to allow customers to contact us, via multiple channels, to provide feedback about their experiences with the Bank, with the promise of a timely response based on the nature of the feedback provided. The escalation process to the Regulator is also made available to customers if they are dissatisfied with the Bank's response or resolution of a particular issue.

Sustainable finance

For proprietary investments, our investment team is guided by a BBK-defined industry and country classification list. The team takes the utmost care when making investments and ensures that there is no unlawful activity. At this stage, we do not have defined ESG factors for asset allocation purposes. This portfolio is, in general, well diversified across geographies and sectors.

We have established a feedback and complaints mechanism to allow customers to contact us, via multiple channels, to provide feedback about their experiences with the Bank, with the promise of a timely response based on the nature of the feedback provided.



Customer complaint response rate (days)

2021 1.43

2020 3

2019 4

2018 6

Integrating ESG into investments

BBK makes all investments responsibly. Our team is careful and meticulous in assessing and studying corporate rating reports and ESG statements. All due diligence reports, together with rating reports (which include ESG sections), are sent to our Risk Division as part of the approval process. At this stage, ESG metrics are studied qualitatively and not put into quantitative models.

We have also made initial investments, under our social responsibility programme with no-profit making objective, including an investment in Family Bank, which supports micro-financing and the Bahrain International Golf Course Company and, Naseej to support sports activities in Bahrain. These investments were not made during the 2021 calendar year, but BBK continues to monitor and support them. Family Bank has BBK Board representation.

3.2 Serving customers

Customer satisfaction has always been BBK's top priority. We pride ourselves on serving customers and meeting their highest expectations. The Bank endeavours to respond to all customer issues and has established a dedicated Customer Experience and Engagement Committee to handle customer complaints and feedback (outlined in 'Transparent information and fair advice for customers' (page 32).

The Customer Experience Unit measures customer satisfaction by implementing different customer satisfaction measurements and engagement tools such as NPS, customer satisfaction surveys, after call surveys. The Bank aims to maintain an NPS of 50 or above. The current score for Retail Banking is 52.8, and Corporate Banking is 57.

Our 2020 and 2021 achievements include:

- Customer Satisfaction Surveys covering (Corporate Banking Customers, Private Customers, Call Center Customers, Branches Working in customers and Customers closing their accounts).
- BBK's Retail Banking NPS (Net Promoter Score) in 2021 was 52.8, and the Corporate Banking NPS was 57.
- BBK was the first bank in Bahrain to introduce customer information updates at the Bank's ATMs, using customers' national identity cards.
- We launched instant debit card and instant bank statement machines.
- We implemented SMS notification for all branch queuing machines in place of traditional paper tickets – particularly beneficial during the COVID-19 period to maintain social distancing.
- BBK provided air-conditioned tents outside our branches to create comfortable waiting areas for customers due to COVID-19 related capacity restrictions.
- We raised our debit card cash withdrawal limits.
- We launched the **BBKPLUS** onboarding and mobile banking app.
- We enabled customers to update their 'KYC' and IDs without the need to visit a branch in-person.
- The Bank provided new notes on Eid to customers via ATMs.
- We launched Open Banking, allowing customers to view their other local bank accounts through the BBK app.
- Our first **BBKPLUS** digital branch was launched in 2020 and an additional four opened in 2021. **BBKPLUS** includes many new state-of-the-art technology facilities.
- BBK launched the Social Housing Finance Scheme in collaboration with Bahrain's Ministry of Housing and Eskan Bank.

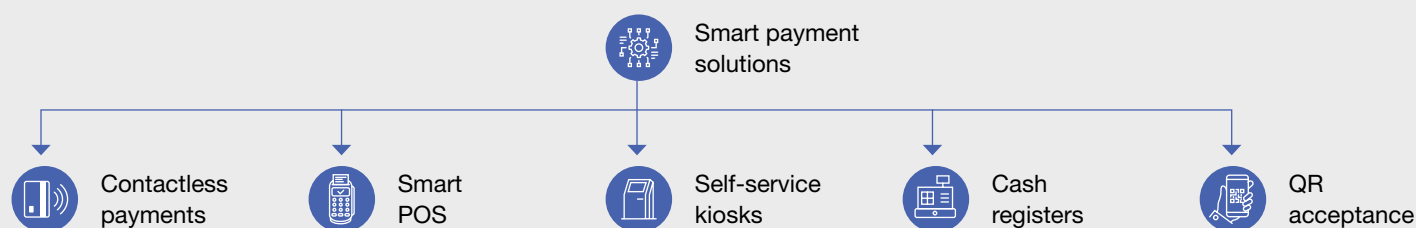


Sustainability pillar 3: Long-term positive customer relationships and experiences

Highlight: Helping people go cashless

Over the past 50 years, BBK and its subsidiaries have transformed its payment mechanisms by providing high-quality products and services to cardholders and merchants, including children, students, corporations and elite clients.

The Group provides a diverse range of smart payment solutions, catering to all sectors, including payment gateways and new digital start-ups in FinTech.



BBK digitalisation

Digitalisation has been a major priority in recent years, during which we have made significant progress in the areas of digital onboarding and electronic payment methods. We began to allow new and existing customers to open accounts using online channels like the **BBKPLUS** app (online onboarding and online deposit account opening) and introduced digital cheque processing on the Bahrain Cheque Truncation System (BCTS).

In the near future, we also plan to initiate ON-US cheque processing on the BCTS, remote cheque deposit, post-dated cheques and a centralised cheque abusers list.

We also made inroads in supporting ApplePay provisioning and tokenisation, as well as in-app provisioning on the BBK mobile app and supporting locally-acquired ApplePay transactions routed through BENEFIT. We added local remittances, Fawateer payments and quick payments/transfers as additional non-cash digital services available through the ATM network.



BBKPLUS

Launched in 2020, BBKPLUS digital branches include many state-of-the-art technology facilities. There are now four BBKPLUS locations across Bahrain.

Transactions (percentage)

	2018	2019	2020	2021
In-branch	26.61%	26.38%	32.60%	21.81%
Online/mobile	73.39%	73.62%	67.40%	78.19%

2021 witnessed a significant increase in online and mobile transactions, these changes were accelerated by the COVID-19 pandemic. Our target in the coming years is to process a lot of branch transactions through digital channels, even with easing of COVID-related restrictions.

Customer complaints and remediation



In 2021, our average response time to customer inquiries was zero days, with a 1.43 day response rate to customer complaints and queries.

Sustainability pillar 4:

Social responsibility mindset

Corporate social responsibility (CSR) has become a standard business practice of our time. For companies committed to CSR, it can help to build their brand and reputation, and benefits society by contributing to initiatives that support the communities we serve.

BBK has made a conscious effort to develop a social responsibility mindset. Our work in this area provides a powerful statement about who we are and what the Bank stands for, in a business world that is too often dominated by the ‘bottom line’.

Relevant Bahrain Vision 2030 dimension	BBK measures
3.1 High standards of social support give all Bahrainis an equal start.	<ul style="list-style-type: none"> Encouraging philanthropy and support to charitable causes.
3.3 First-rate education enables all Bahrainis to fulfil their ambitions.	<ul style="list-style-type: none"> Supporting and developing talented young people throughout their education.
3.5 Bahraini nationals and residents enjoy a sustainable and attractive living environment.	<ul style="list-style-type: none"> Implementing energy-efficiency initiatives supporting the Kingdom’s sustainability goals. (eg for buildings and electrical appliances). Encouraging new generations of Bahrainis to gain experience and in-depth knowledge of our cultural heritage.
Material topics covered	Relevant SDGs
<ul style="list-style-type: none"> Environmental footprint Investing in community development Responsible sourcing 	 

Sustainability pillar 4: Social responsibility mindset

BBK targets

- Community investments as percentage pre-tax profits: maintain up to 5% in the coming years.
- Maintain growth in volunteering hours at a minimum of 150 per year.
- Spending on local suppliers: at least 85% of all expenditure should be targeted to local suppliers in the next three years.
- Supplier assessment against sourcing Code of Conduct: achieve 100% by 2024.
- Paper consumption (annual paper purchased in kgs): a 50% reduction over the next three years (75,000 kg consumption target).
- Energy consumption per employee: 5% reduction in the next three years.
- Water consumption intensity: 10% reduction in the next three years.

BBK commitments

- Continuing our community investment to create a positive impact in the communities where the Bank has a presence.
- Ensure responsible relationships with our suppliers.
- Better tracking, monitoring and disclosure of the environmental impact of our operations.

4.1 Creating shared value

Business begins with creating value. BBK is no different from other financial institutions in wishing to create shared value for the community while generating profits to operate and grow the bank. It is a successful formula which has enabled us to build long-term relationships with customers, clients and stakeholders for the past 50 years.

Community investment (BD million)

	2018	2019	2020	2021
Total community investment	1.4	1.6	2.0	2.2

We aim to support projects which contribute positively to the local community's wellbeing, so we allocate a portion of our annual budget to finance community-related projects. Projects vary, but tend to fall into the areas of charity, culture, research, health and education, philanthropy and sport.

BD3mn

BBK donated BD 3 million in 2020 to support national efforts to tackle the impacts of the COVID-19 pandemic.



86%

In 2021, around 86% of suppliers were locally based. We set high standards for our suppliers and business partners, and expect them to uphold the BBK Code of Conduct.



Environmental

- Greener Bahrain collaborating with National Initiative for Agriculture Development for tree planting project
- Sponsoring Renewable and Solar Power Project in Askar Beach



Education

- Crown Prince Scholarships
- Isa Bin Salman Education Charitable Trust
- Bahrain University Sustainability Lab
- BBK Digital Literacy Courses
- BBK Journalist financial training program



Health

- Initiating the establishment of Galali Health Center, Following the model of BBK Hidd Health Center
- Supporting King Hamad University Hospital with Insulin Pumps for diabetic children

Financial literacy

Financial literacy is another key area and the Bank has supported several initiatives to further the cause. In 2021, we sponsored INJAZ Bahrain programmes to promote financial literacy among students of all ages. We also supported the Bahrain Institute of Banking and Finance (BIBF) in building a state-of-the-art dealing room with simulation technology allowing students in the treasury and investment fields to expand their knowledge and gain experience.

The Bank also supported the Trade Quest Competition, a competitive financial simulation geared towards providing students with realistic experiences typically seen in local and international financial markets.

And, in recognition of how journalism has a constructive role to play in promoting and developing the national economy, we launched a training programme to hone the economic knowledge and skills of journalists. This initiative is designed to ensure journalistic excellence in reporting finance and banking generally.

Digital Literacy

The digital literacy programme is dedicated to building the digital capabilities of Bahrainis in today's digital world and empowering them with the knowledge needed to use different apps and platforms such as Bahrain advanced e-government services, e-banking, online schooling, and e-payments.

4.2 Responsible sourcing

We set high standards of our suppliers and business partners and expect all suppliers to uphold the BBK Code of Conduct. In 2021, around 86% of suppliers were locally sourced.

Local procurement*

	2019	2020	2021
Suppliers engaged (number)	702	601	564
Local suppliers engaged (number)	590	498	460
Total procurement spending (BD million)**	22.9	22.2	25.6

* 2018 records are not available due to a change in systems.

** Estimated figures. We are instituting new procedures to improve the tracking of our procurement spending.

Sustainability pillar 4: Social responsibility mindset

Highlight: Energy sustainability at our Turkey office

Our office building in Istanbul is a certified Green Building (USGBC-LEED Gold certified) and fitted with energy efficiency modifications and designs. We recycle paper, glass and plastic, although we switched to using glass bottles two years ago and have since reduced plastic usage to a negligible amount. The office cleaning materials are all chemical-free and air conditioning is used only during office hours.



Water consumption (cubic metres)

2021	11,138
2020	14,320
2019	16,083
2018	15,277

4.3 Minimising environmental impacts

We want to minimise and reduce our environmental impact in every area of operation. This applies to energy consumption, water consumption, recycling programmes and other activities at our offices and branches.

Energy consumption

We have managed and reduced our energy consumption effectively in each of the past two years, thanks mainly to replacing old equipment (generators, UPS, chillers and transformers) with newer, more efficient models. As we reverted to regular operations and more employees returned to work post-pandemic, our total electricity consumption in 2021 increased by 18%, but this was almost at the same level as 2019.

Energy consumption (kWh)

	2018	2019	2020	2021
Total electricity consumption	10,296,316	9,970,590	8,434,300	9,972,225

Water consumption

We are tackling our water consumption with a variety of measures. Although BBK is not a large water user, we measure our water consumption and have taken decisive action to avoid over-consumption wherever possible.

Our consumption over the last two years decreased by almost 11% and 22%, respectively, and is partly as a result of the installation of new automatic sensors.

Water consumption (cubic metres)

	2018	2019	2020	2021
Total water consumption	15,277	16,083	14,320	11,138

Materials consumption and recycling

We recycle paper and, by digitising a number of our procedures, are reducing paper consumption still further. In 2021, we recycled 29 tons of paper and 100% of wastepaper.

Paper recycling (tons)

	2018	2019	2020	2021
Total paper recycled	28	36	26	29



Highlight: Go Green Campaign

In 2011, we introduced the 'Go Green' campaign, which is still running nearly a decade later. As part of the campaign, we aim to:

- Outsource photocopying, which reduces consumable products related to photocopiers (such as spare parts and toners).
- Outsource all bank printing and use an MIS system to monitor and control printing activity.
- Reduce printed forms by 50% by digitising or eliminating them altogether.



Climate-related risks – 2022 initiatives from government, regulators and BBK

Climate-related risks refer to the potential negative impacts of climate change on an organisation. It includes the potential for adverse effects on lives, livelihoods, health status, economic, social and cultural assets, services (including environmental), and infrastructure due to climate change.

These risks fall into two groups: physical risks, from the impact of fires, floods, and other natural impacts caused by climate change; and transition risks, from the move to more climate-friendly businesses that could bring sudden changes in asset values and the price of carbon.

Net zero economy

According to the Science Based Target initiative (SBTi), 'Net zero emissions are achieved when anthropogenic emissions of greenhouse gases to the atmosphere are balanced by anthropogenic removals over a specified period.' Achieving net zero means that greenhouse gases are still released, but they are offset by removing an equivalent amount and storing them permanently in soil, plants and materials

Bahrain Economic Vision 2060

Bahrain's original 2030 Vision mandated clean, green and sustainable growth for the Kingdom's economy. Bahrain's new 2060 Vision goes further: mandating a check on carbon emissions with the target to reach net-zero by 2060. Hence, our new focus on climate-related risks.

Central Bank of Bahrain (CBB) mandate in March 2022

From 2022, the CBB will require all banks to implement climate-related risk management. This includes:

- Tailoring policies, procedures and controls
- Governance mechanisms and involvement of the Board and Executive Management
- Understanding and assessing the potential impact of climate related risk drivers
- Design and implement the risk appetite and risk management framework
- Quantification of risks where the risks identified are material
- Public disclosures covering governance, strategy, risk management, and metrics and targets

BBK's response

BBK has already formed a team dedicated to addressing climate-related risks. All related KPIs will be assigned to this team and a number of new KPIs will intensify our focus, in line with CBB guidance. Initial plans include further digitalisation of the Bank's offerings, limiting BBK's loan exposure to emission-intensive sectors, new hybrid car loans with preferential rates, and other pre-packaged retail and corporate products as solutions to reducing emissions.

Stakeholder engagement

Stakeholder group:

Customers

Importance to BBK:

At BBK, we always aim to remain close to our customers and make their lives easier through technology-enabled services that provide agile and secure solutions for better ways of banking.

Needs and expectations:

- Accessible and user-friendly digital banking solutions
- Quick and responsive customer service
- Resilient information security and data privacy systems
- Protecting customers' interests from risks
- Competitive rates and fees

Methods of engagement:

- Social media
- ATMs, ITMs and branches
- Internet banking, **BBKPLUS** mobile app, SMS banking and telebanking
- BBK customer service
- Annual report
- BBK website (www.bbkonline.com)

Stakeholder group:

Employees

Importance to BBK:

Growing and retaining our employees is a key factor for our sustainable success. Our family-based culture enables our employees to reach their potential and achieve more in a nurturing environment that invests in its current and future talents to maintain BBK's position as an employer of choice.

Needs and expectations:

- Training and career development opportunities
- Incentive rewarding system
- Competitive salaries and benefits
- Diverse and inclusive work environment
- Open communication channels with management

Methods of engagement:

- Human Resources team
- Training and development programmes
- Incentive and performance-based rewarding system
- Whistleblowing policy
- Code of Conduct
- Bulletin board

Stakeholder group:

Shareholders and investors

Importance to BBK:

Building shareholder value is at the core of BBK's strategy for long-term success. By maintaining transparency and financial sustainability, we build on our shareholders' trust and support to achieve outstanding financial records and continue in generating more value.

Needs and expectations:

- Outstanding financial results
- Transparency and disclosure
- Strong corporate governance
- Digital innovation and transformation
- Resilient business continuity programme

Methods of engagement:

- Annual reports
- Quarterly, half-yearly and annual financial statements
- Annual general meeting (AGM)
- BBK website (www.bbkonline.com)
- Online query form
- Investor Presentation Conference Call

Stakeholder group:

Government and regulators

Importance to BBK:

Compliance and ethical behaviour are woven into BBK's corporate's culture and framework; defining our work and the relationship with our valued stakeholders. BBK's strong corporate governance ensures full compliance throughout our operations and transactions while contributing to the Bahrain national vision for sustainable development.

Needs and expectations:

- Preventing financial crime
- Compliance with legal and regulatory requirements
- Supporting the national vision for sustainable development

Methods of engagement:

- Policies and regulations
- Annual report
- Audit and Compliance committee

Stakeholder group:

Communities

Importance to BBK:

Social responsibility is an integral part of BBK's philosophy and vision. It is clearly manifested in our corporate culture and our commitment to protect the environment and support the development of the communities in which we operate. Through our products, services and social programmes, we promote inclusivity and accessibility for all, while driving more eco-friendly operations towards a greener future.

Needs and expectations:

- Employment opportunities with a focus on gender equality
- Inclusive and accessible products and services
- Charity work and donations
- Support of accessible and quality education
- Responsible lending and investing practices

Methods of engagement:

- Philanthropy
- Community development programmes (eg healthcare, education and digital transformation)
- Social media
- Investing in talents (nationalisation)

Stakeholder group:

Suppliers

Importance to BBK:

We always aim to engage with suppliers who are aligned to our business rules and who can contribute to BBK's success long term. Therefore, we select our suppliers and build a rapport that is based on transparency, integrity and ethical conduct.

Needs and expectations:

- Timely payments.
- Fair and transparent selection processes
- Clear and open communication channels

Methods of engagement:

- Procurement department
- Fair bidding and tendering

Appendix B:

Global Reporting Initiative (GRI) index

This sustainability report has been prepared in accordance with the GRI Standards Core option. The below table provides a reference for GRI content in the report.

GRI Standard	Disclosure	Page number(s) and/or URL(s)
GRI 101: Foundation 2016		
General Disclosures		
GRI 102: General Disclosures 2016	Organisational profile	
	102-1 Name of the organization	6
	102-2 Activities, brands, products, and services	3, 6
	102-3 Location of headquarters	6
	102-4 Location of operations	6, 7
	102-5 Ownership and legal form	6
	102-6 Markets served	6, 7
	102-7 Scale of the organization	7, 21
	102-8 Information on employees and other workers	21
	102-9 Supply chain	37
	102-10 Significant changes to the organization and its supply chain	None
	102-11 Precautionary Principle or approach	16, 39
	102-12 External initiatives	3, 12, 36, 37
	102-13 Membership of associations	www.bbkonline.com
	Strategy	
	102-14 Statement from senior decision-maker	1, 4, 5
	Ethics and integrity	XX
	102-16 Values, principles, standards, and norms of behavior	6
	Governance	
	102-18 Governance structure	2, 15
	102-20 Executive-level responsibility for economic, environmental, and social topics	2, 16, 17
	102-22 Composition of the highest governance body and its committees	15
	102-23 Chair of the highest governance body	1
	102-26 Role of highest governance body in setting purpose, values, and strategy	15
	102-28 Evaluating the highest governance body's performance	16

GRI Standard	Disclosure	Page number(s) and/or URL(s)
	102-36 Process for determining remuneration	2
	Stakeholder engagement	
	102-40 List of stakeholder groups	10, 40, 41
	102-41 Collective bargaining agreements	The Bank complies with the relevant laws and regulations of the Kingdom of Bahrain
	102-42 Identifying and selecting stakeholders	10, 40, 41
	102-43 Approach to stakeholder engagement	10, 40, 41
	102-44 Key topics and concerns raised	10, 40, 41
	Reporting practice	XX
	102-45 Entities included in the consolidated financial statements	https://www.bbkonline.com/annual-report2021/pdf/BBK-AR21-English-FULL-EN.pdf
	102-46 Defining report content and topic Boundaries	B, 10
	102-47 List of material topics	10
	102-48 Restatements of information	None
	102-49 Changes in reporting	None
	102-50 Reporting period	B
	102-51 Date of most recent report	4
	102-52 Reporting cycle	Annual
	102-53 Contact point for questions regarding the report	BBKPR@bbkonline.com
	102-54 Claims of reporting in accordance with the GRI Standards	B
	102-55 GRI content index	42
	102-56 External assurance	BBK does not seek external assurance for its sustainability report

GRI Standard	Disclosure	Page number(s) and/or URL(s)
Material Topics		
200 series (Economic topics)		
Economic Performance		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	6, 7
	103-2 The management approach and its components	6, 7
	103-3 Evaluation of the management approach	6, 7
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	7
Market Presence		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	25, 26
	103-2 The management approach and its components	25, 26
	103-3 Evaluation of the management approach	25, 26
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	26
Indirect Economic Impacts		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	2, 3, 31
	103-2 The management approach and its components	2, 3, 31
	103-3 Evaluation of the management approach	2, 3, 31
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	3
Procurement Practices		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	37
	103-2 The management approach and its components	37
	103-3 Evaluation of the management approach	37
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	37

GRI Standard	Disclosure	Page number(s) and/or URL(s)
Anti-corruption		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	2, 14
	103-2 The management approach and its components	2, 14
	103-3 Evaluation of the management approach	2, 14
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	2
300 series (Environmental topics)		
Energy		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	38
	103-2 The management approach and its components	36, 38
	103-3 Evaluation of the management approach	38
GRI 302: Energy 2016	302-1 Energy consumption within the organization	38
Water and Effluents		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	38
	103-2 The management approach and its components	36, 38
	103-3 Evaluation of the management approach	38
GRI 303: Water and Effluents 2018	303-5 Water consumption	38
Effluents and Waste		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	38
	103-2 The management approach and its components	36, 38
	103-3 Evaluation of the management approach	38
GRI 306: Waste 2020	306-4 Waste diverted from disposal	38

Appendix B:

Global Reporting Initiative (GRI) index continued

GRI Standard	Disclosure	Page number(s) and/or URL(s)
400 series (Social topics)		
Employment		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	19-28
	103-2 The management approach and its components	19-28
	103-3 Evaluation of the management approach	19-28
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	24, 25
	401-3 Parental leave	23
Occupational Health and Safety		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	22, 23
	103-2 The management approach and its components	22, 23
	103-3 Evaluation of the management approach	22, 23
GRI 403: Occupational Health and Safety 2018	403-6 Promotion of worker health	22, 23
Training and Education		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	20-22
	103-2 The management approach and its components	20-22
	103-3 Evaluation of the management approach	20-22
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	21
	404-2 Programs for upgrading employee skills and transition assistance programs	22
	404-3 Percentage of employees receiving regular performance and career development reviews	24

GRI Standard	Disclosure	Page number(s) and/or URL(s)
Diversity and Equal Opportunity		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	27, 28
	103-2 The management approach and its components	27, 28
	103-3 Evaluation of the management approach	27, 28
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	15, 21, 26, 28
Non-discrimination		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	28
	103-2 The management approach and its components	28
	103-3 Evaluation of the management approach	28
Local Communities		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	36, 37
	103-2 The management approach and its components	36, 37
	103-3 Evaluation of the management approach	36, 37
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	36, 37
Customer Privacy		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	18
	103-2 The management approach and its components	18
	103-3 Evaluation of the management approach	18
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	14, 18

Feedback

We welcome your feedback on this report and our performance by email (feedback@bbkonline.com) or through:



