# Alinma Net-Zero Roadmap

ديمومة مساهمة ادراك

الإنماء
alinma

31 August 2026

# Agenda

**Alinma Strategic Alignment**

Our Net-Zero Roadmap

Our Approach

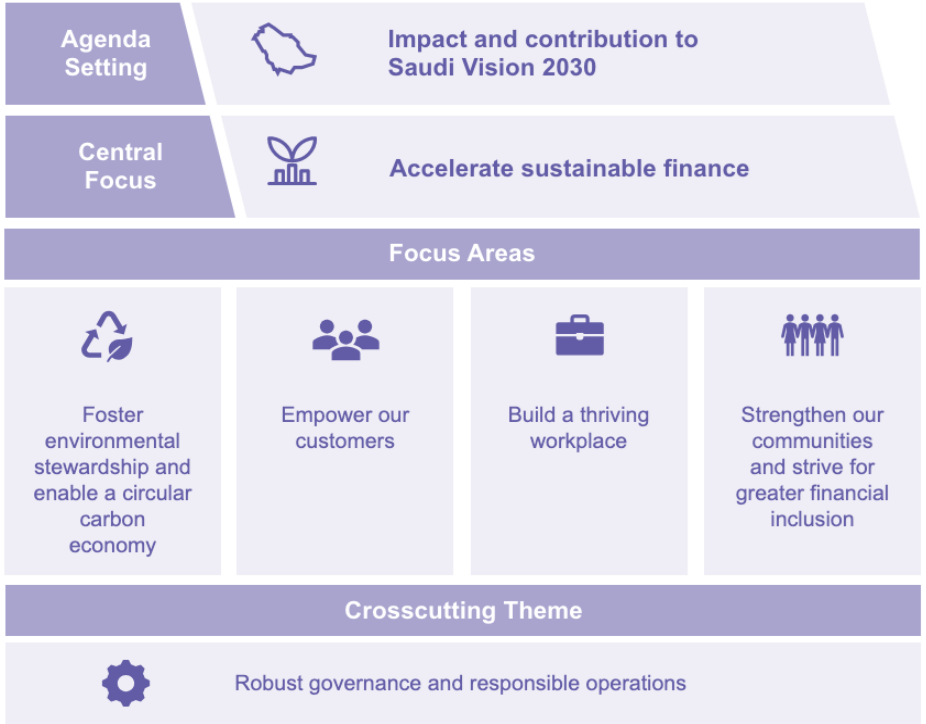
- Operation Emission
- Finance Emission

# Alinma Strategic Alignment

Alinma's net-zero Roadmap aligns with our corporate Roadmap, ,Sustainability Strategy , and national and international frameworks

- Alinma Bank’s Net-Zero Roadmap supports Corporate Strategy by opening climate finance opportunities and managing climate related risks.

- Alinma Bank’s Net-Zero Roadmap seamlessly aligns with the core pillars of its ESG framework, reflecting a holistic commitment to sustainability and responsible banking.



# Alinma Strategic Alignment

## In the national context Saudi Vision 2030 plays a significant role in building our net-zero roadmap

**Vision Realization Programs (VRPs)**

1. **Financial Sector Development Program**
- Supporting the Kingdom's vision towards sustainability and **net-zero emissions**
- Collecting data related to **sustainability** in preparation for its provision and dissemination through official channels
- Promoting the Kingdom's efforts towards **sustainability** to investors and market participants

**2. National Industrial Development and Logistics Program**
- Kingdom Enters Green Era with Renewable Energy Investments
- Promotes Clean, Low Carbon Future to Achieve Net-Zero Emissions by 2060

With **Vision 2030**, Saudi's bold transformation plan targets economic diversity, increased savings, enhanced corporate responsibility, better housing, and greater women's workforce participation.

**New corporate law** from January 19, 2023, ensures fair governance, sustainability, and investor-friendly procedures.

**The Saudi Green Initiative (SGI)** is steering the implementation of a sustainable long-term climate action plan. Three overarching targets guide SGI's work:
1. **Reduce carbon emissions by 278 mtpa by 2030**
2. **Plant 10 billion trees across Saudi Arabia**
3. **Protecting 30% of Saudi Arabia's land and sea**

The Kingdom has activated 81 initiatives to help meet the three targets set by the SGI, in collaboration with government and private sector partners.

PIF is directly mandated to achieve the Saudi Vision 2030 and has published the **Vision Realization Program** for 2021-25 targeting the pillar of **A Thriving Economy.**

This expands PIF's scope beyond achieving tangible economic returns to diversify the KSA economy and achieve a goal of **SAR 1.2 trillion in non-oil revenues by 2025.**

# Alinma Strategic Alignment

## International context - We consider international frameworks and standards in developing alinma's Net-zero Roadmap

Understanding the current decarbonization landscape will allow Alinma Bank to proactively adapt to regulations, mandates, or initiatives aimed at promoting more robust sustainability reporting and encouraging sustainable investments.

TCFD reporting is now mandatory in countries such as UK, EU, Japan, Singapore, Canada, Brazil, New Zealand.


The EU adopted the **Corporate Sustainability Reporting Directive (CSRD)**, following a similar trend to the UK. **The CSRD is also applicable to non-EU companies if they have a significant presence in the EU**.


Launched in June 2023, **IFRS S2 Climate-related Disclosures** requires an entity to disclose information about **climate-related risks and opportunities** that could reasonably be expected to affect the entity's cash flows.

The goal is to have a **standardized global baseline** of **climate disclosures** that meet the needs of investors and enable comparability between entities.


The banking sector plays a crucial role in the climate transition, holding **significant influence over the allocation of financial resources** and investments.

A **growing number of publications** have been developed to **guide the banking sector in transitioning to a low-carbon economy** and reporting on their climate progress.

# Alinma Strategic Alignment

Alinma has a strong opportunity to formalize a strategic approach to achieve Net-Zero.

### Climate related disclosures

**Enhancing public disclosure** through the adoption of advanced disclosure frameworks for more comprehensive and sophisticated reporting

### Climate resiliency

Adopting a systematic approach to **incorporate climate risk assessments** and seize opportunities within a cohesive framework

### Partnerships and engagement

**Expanding engagement and support for portfolios, customers, and other stakeholders** in their transition to a low-carbon economy

### Environmental impacts

Implementing and disclosing **more advanced measures for reducing environmental impacts** and formalizing processes

### Climate finance

Broadening the array of **climate-related financial instruments** to facilitate the achievement of Net-Zero goals extending beyond Alinma's operations

### Financed emissions

Enhancing the precision in capturing and improving the management of **emissions generated from Alinma's lending and investment activities**

# Agenda

Alinma Strategic Alignment

**Our Net-Zero Roadmap Framework**

Our Approach

- Operation Emission
- Finance Emission

# alinma's Net-Zero Roadmap

Framework

Climate ambition: **Align to National Vision commitment on net-zero carbon emissions by 2050**

**01**
**Track our portfolio climate impact**

**1.1**
**Enhance financed emissions accounting methodologies**

**1.2**
**Manage climate related risks**

**02**
**Realize net-zero through our engagement**

**2.1**
**Develop climate products and services that support customers**

**2.2**
**Enable climate awareness through collaboration**

**03**
**Decarbonize our operations**

**3.1**
**Ensure carbon reductions through operational enhancements**

**3.2**
**Reduce and manage environmental impacts**

# alinma's Net-Zero Roadmap

Roadmap

## High-level climate Roadmap

| | | Objectives | Benefits | Strategic Actions | |
|---|---|---|---|---|---|
| 01 Track our portfolio climate impact | 1.1 | Enhance financed emissions accounting methodologies | ▪ Informed decision making and enhanced transparency<br>▪ Enhanced resilience to climate-related risks<br>▪ Reduced potential climate-related losses (financial and assets)<br>▪ Enhanced reputation and attracting climate-oriented stakeholders | Enhance the financed emissions analysis attributes | Increase the coverage of financed emissions calculations |
| | 1.2 | Manage climate related risks | | Integrate climate risk into the Bank's decision-making process | Standardize climate risk assessment and TCFD reporting |
| 02 Realize net-zero through our engagement | 2.1 | Develop climate products and services that support customers | ▪ Enhanced sustainability of and relationships with customers.<br>▪ Promotion of emissions disclosure within portfolio and customers<br>▪ Attraction of customers with sustainable practices.<br>▪ Reduced climate footprint<br>▪ Enhanced market standing | Dedicate financing for sustainable initiatives | Engagement per priority sector |
| | 2.2 | Enable climate awareness through collaboration | | Support customers adopting climate management practices | Develop systems to guide financing decisions |
| 03 Decarbonize our operations | 3.1 | Ensure carbon reductions through operational enhancements | ▪ Informed decision-making and strategic planning<br>▪ Ensured regulatory compliance<br>▪ Strengthened transparency and image among stakeholders<br>▪ Reduced climate footprint<br>▪ Reduced environmental impact and enhanced efficiency of operations<br>▪ Improved organizational capability on GHG and Environmental Management | Enhance GHG data management processes | Adopt emissions reporting and validation practices |
| | 3.2 | Reduce and manage environmental impacts | | Establish environmental management processes and engage stakeholders | Optimize building management to reduce environmental footprint |

# Agenda

Alinma Strategic Alignment

Our Net-Zero Roadmap Framework

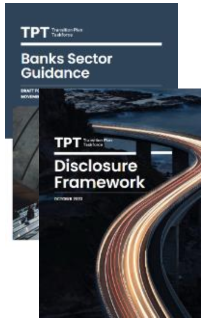
**Our Approach**

- **Operation Emission**
- Finance Emission

# Our Approach

## Alignment With International Guidance

Alinma net-zero Roadmap has been developed in alignment with international related guidelines such as Transition Plan Taskforce, Science-Based Net-Zero Target and the guidelines for climate target setting for banks.




### Transition Plan Taskforce

The TPT Disclosure Framework, and its draft guidance for the Banking sector, advocates a comprehensive approach to transition planning for entities, emphasizing three interconnected channels.

1. **Decarbonizing** the entity
2. Responding to **climate-related risks and opportunities**
3. Contributing to an **economy-wide transition**


### UNEP FI Guidelines for Target Setting for Banks

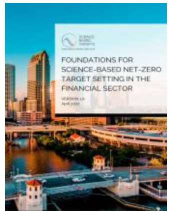
The guidelines establish fundamental principles to **support the formulation of Net-Zero targets** in line with the Paris Agreement.

1. **Public disclosure** of near and long-term targets
2. Annual **emissions inventory updates**
3. Use of **science-based decarbonization scenarios**
4. **Regular review of targets** to ensure they are in line with current climate science

### SBTi Foundations for Science-Based Net-Zero Target Setting in the Financial Sector

SCIENCE BASED TARGETS

The paper builds on the SBTi Corporate Net-Zero Standard, focusing on **principles**, **definitions**, and **metrics** that can be used to construct **meaningful net-zero targets for financial institutions** (FIs).




- Dissects the **landscape analysis of FI current strategies and targets**
- Establishes **key principles to help define Net-Zero** for FIs
- Assesses a range of **metrics that are suitable to track progress** against targets

# Our Approach

## Scope and boundaries – Operation Emission

Alinma Bank has conducted a comprehensive assessment of scope 1, 2, and 3 emissions across the organization to establish a Base Year inventory.

This process involved meticulous documentation of the methodologies used to calculate relevant emissions, ensuring compliance with anthropogenic greenhouse gas (GHG) sources as defined by the GHG Protocol Guidance.

**Consolidation approach:** Operational control
**Organizational boundary:** All owned reporting entities where Alinma Bank has operational control.
**Baseline year:**
2022 for Operations emission
2024 for Finance emission

**Scope 1 emissions categories**

| | | |
|---|---|---|
| Stationary Combustion | Mobile Combustion | Refrigerants |

**Scope 2 emissions categories**

| |
|---|
| Purchased Electricity Consumption |

**Scope 3 emissions categories***

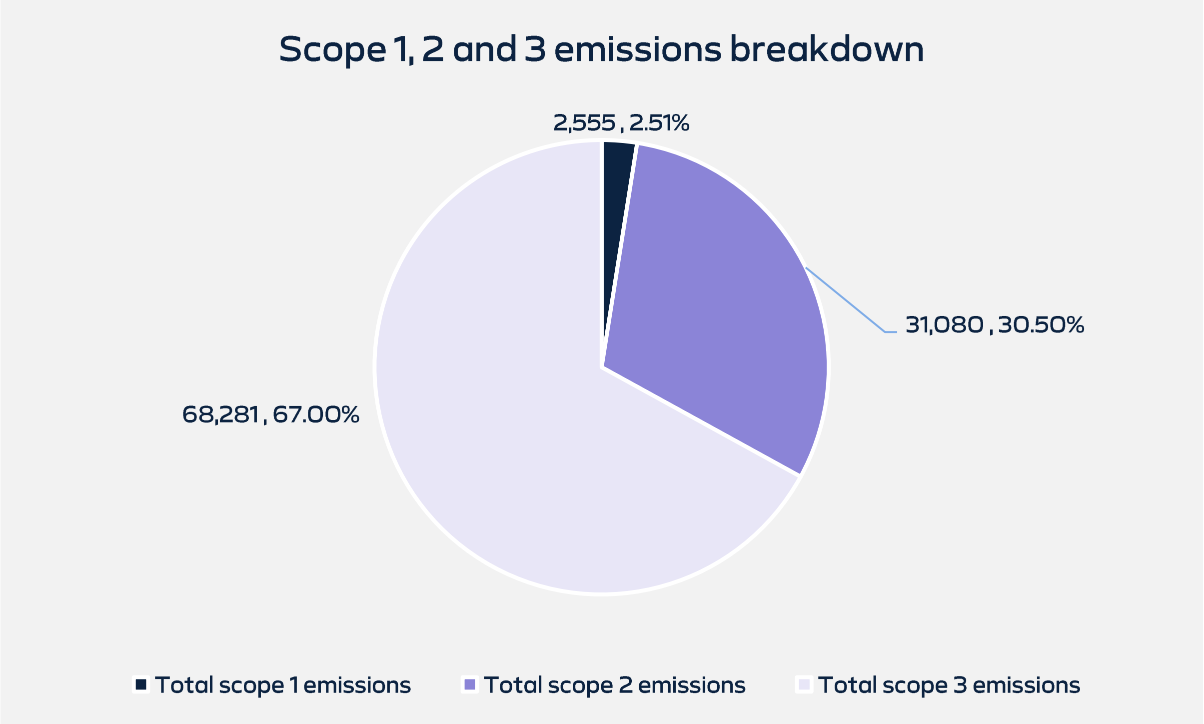
| | | |
|---|---|---|
| 1. Purchased Goods & Services** | 2. Capital Goods | 3. Fuel & Energy-related Activities |
| 5. Waste Generated | 6. Business Travel | 7. Employee Commuting |
| 15. Financed emissions*** | | |

* Categories not included in diagram have not been calculated as they are not applicable to Alinma or insignificant in terms of emissions
** This category includes emissions from Cat. 4 Upstream Transportation & Distribution
***More details next slide

# Our Approach

## Baseline – Operation Emission

| Emission Type | t CO2e |
|---|---|
| **Scope 1** | |
| Stationary Combustion | 10 |
| Mobile Combustion | 21 |
| Refrigerant Gases & Others | 2,524 |
| **Total scope 1 emissions** | **2,555** |
| **Scope 2** | |
| Purchased and Consumed Electricity | 31,080 |
| **Total scope 2 emissions** | **31,080** |
| **Scope 3 (1-14)** | |
| Category 1: Purchased Goods and Services | 46,029** |
| Category 2: Capital Goods | 7,929** |
| Category 3: Fuel & Energy Related Activities | 10,406 |
| Category 5: Waste Generated in Operations | 324 |
| Category 6: Business Travel | 909 |
| Category 7: Employee Commuting | 2,686 |
| **Total scope 3 (1-14) emissions** | **68,281** |
| **Total scope 1, 2, and 3 emissions excluding category 15** | **101,917** |




* Additional breakdown of Scope 1, 2 and 3 GHG emission results is available in Appendix

**Note: Scope 3 Categories 1 and 2 have been restated for baseline to reflect refinement in the currency conversion approach

# Our Approach

## Targets – Operation Emission

| Scope | Net-Zero source | Trajectory Approach | Methodology | Baseline | Unit | Target setting | | | | Baseline Vs 2025 Target | Baseline Vs 2030 Target | Baseline Vs 2050 Target |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Baseline | 2025 | 2030 | 2050 | | | |
| Scope 1, 2 | SBTi | Cross sector | 42% by 2030 and 90% by 2050 | 2022 | tCO2e | 33,636 | 26,909 | 19,509 | 3,364 | -20% | -42% | -90% |
| Scope 3 (Cat. 1-14) | SBTi | Cross sector | 42% by 2030 and 90% by 2050 | 2022 | tCO2e | 68,281 | 61,453 | 39,603 | 6,828 | -10% | -42% | -90% |

(1) SBTi – cross sector tool-based methods and excel modelling to compute science-based targets were applied to obtain reduction % as detailed in the table and are based on the following:

- **SBTi tool:** encompassed a physical intensity approach and an absolute contraction approach.
- **Manual Approaches:**
    - Adhering to SBTi guidance, one manual approach involved a 4.2% linear reduction.
    - Another manual approach aimed for a 42% reduction by 2030.
- **Scope 3 (1-14):** the SBTi tool was utilized for target setting, covering both the 1.5-degree and Well Below 2 Degree (WB2D) approaches.

# Agenda

Alinma Strategic Alignment

Our Net-Zero Roadmap Framework

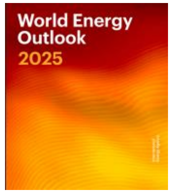
**Our Approach**

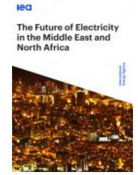
- Operational Emissions
- **Financed Emissions**

# Our Approach

## Alignment With International Guidance

International Energy Agency




### Internationalal Energy Agency

**The IEA Net-Zero Emissions by 2050 Scenario (NZE)** is a comprehensive, science-based roadmap detailing how the global energy sector can achieve net-zero carbon dioxide emissions by 2050.

**The IEA 2025 World Energy Outlook** is provides Net-Zero pathways by sector

**The International Energy Agency's (IEA) Announced Pledges Scenario (APS) for the Middle East** outlines a transformative, accelerated path for the region's energy system, where all national energy and climate targets (including Nationally Determined Contributions and net-zero pledges) are achieved in full and on time.

### Partnership for Carbon Accounting Financials

PCAF Partnership for Carbon Accounting Financials


A global initiative of financial institutions committed to measuring and disclosing greenhouse gas (GHG) emissions associated with financial activities

**Methodology will be refined as data, regulation, and market practice develop.**

# Our Approach

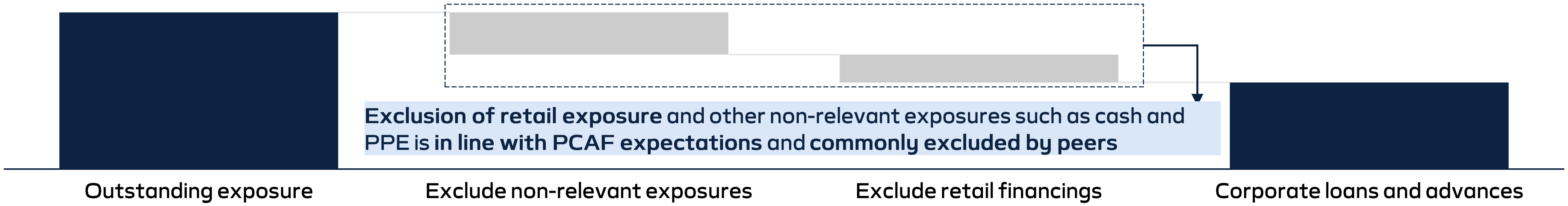
## Scope and boundaries - - Finance emissions – Scope 3 Category 15

**Alinma's has calculated the financed emissions of 100% of corporate loans and advances (~55% of balance sheet)**

**Alinma December 2024 outstanding exposure**, end of year balances

xxx New measurements    x Deep dive follows

**Outstanding exposure,** Bn SAR




**Remarks**

Includes:

- **All BUs** (retail, corporate, treasury, investments & brokerage)
- **Products** (loans, project finance, funds, equities and other, sukuk, home financing, personal and other retail financing)

Excludes:

- Cash, interbank and SAMA balances
- Investments
- PPE and other assets

Excludes:

- Home financing
- Personal & other retail financing

Retail exposures are excluded due to **immaterial emissions contribution, unclear attribution to emitting assets, lack of reliable data, high methodological uncertainty, and misalignment with peer practice** (focus on corporates)

Corporate loans and advances are selected for financed emissions baselining. 100% of Alinma's portfolio has been calculated for 2024 clients and exposure based on industry best-practice

Source: Team analysis

# Our Approach

## Baseline - Finance emissions – Scope 3 Category 15

### Focusing Sectors:

| Sector | Absolute Financed emissions, (million $tCO_2e$) | % contribution: Exposure[(2)] | % contribution: Financed emissions | PCAF score[(3)] |
|---|---|---|---|---|
| Power Generation | 4.7 | 29% | 56% | 1.9 |
| Oil & Gas | 1.4 | 12% | 17% | 2.6 |
| Cement, Iron & Steel, Shipping, Commercial Real Estate | 2.3 | 59% | 27% | 3.3 |
| **Total[1]** | 8.4 | | | |

Alinma has calculated financed emissions across its 2024 corporate loan portfolio in **accordance with the leading PCAF methodology**.

1. Total emissions refers to emissions from 6 priority sectors only; remaining portfolio is baselined, but emissions are not disclosed currently
2. Exposure share refers to share of loans to specific sector divided by total loans to 6 priority sectors
3. PCAF score is emissions weighted

# Our Approach

## Targets - Finance emissions – Scope 3 Category 15

| Sector | Net-Zero trajectory source | Trajectory description | Methodology | Baseline | Unit | Target Setting | | Baseline Vs Target 2030 |
|---|---|---|---|---|---|---|---|---|
| | | | | | | 2024 | 2030 | |
| **Power Utilities** | IEA APS for the Middle East | Scope 1&2 (Physical intensity)** | Using IEA APS for the Middle East CO2/MWh | 2024 | tCO2e/MWh | 0.482 | 0.306 | -37% |
| **Oil and Gas upstream** | IEA NZE | Scope 1 & 2 Physical intensity* | Using IEA NZE Database tCO2e/TJ) | 2024 | tCO2e/TJ | 2.1 | 1.8 | -15% |

* The IEA outlook was used to determine potential sectoral targets, which is in line with industry standard. The exact target level was assessed based on Alinma's current exposure, expected trajectory based off client targets and potential decarbonisation opportunities available to Alinma

** Using IEA NZE electricity and heat sector generation from fossil fuel sources - https://www.iea.org/reports/world-energy-outlook-2025

# Sustainability at Alinma

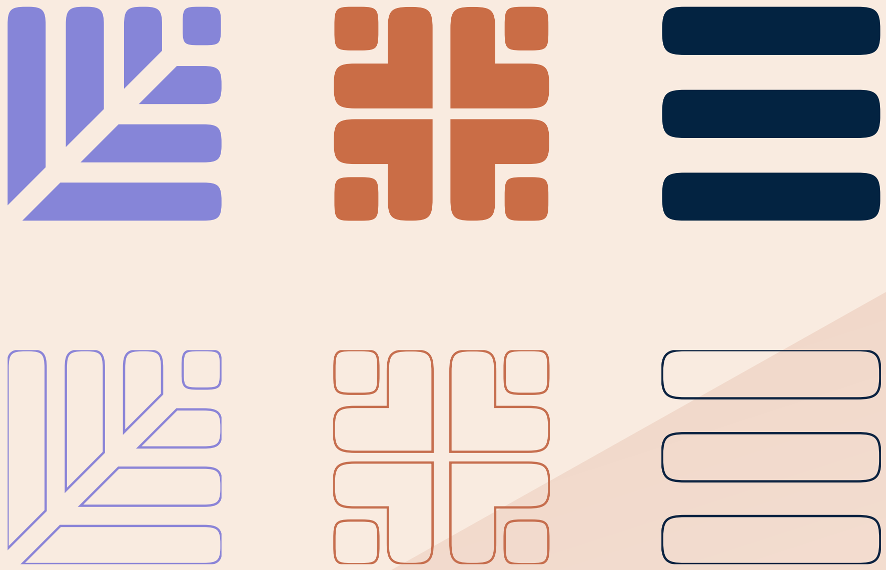
More about sustainability | AMAD website

We invite you to visit the (AMAD) Website https://alinma.com/About-the-Bank/Amad ,

AMAD is alinma's sustainability and CSR communication and impact platform,

We welcome feedback and inquiries regarding our broader sustainability efforts.

Thru Email: sustainability@alinma.com



ادراك مساهمة ديمومة

الإنماء

alinma