



AMAD

Alinma Net Zero Strategy

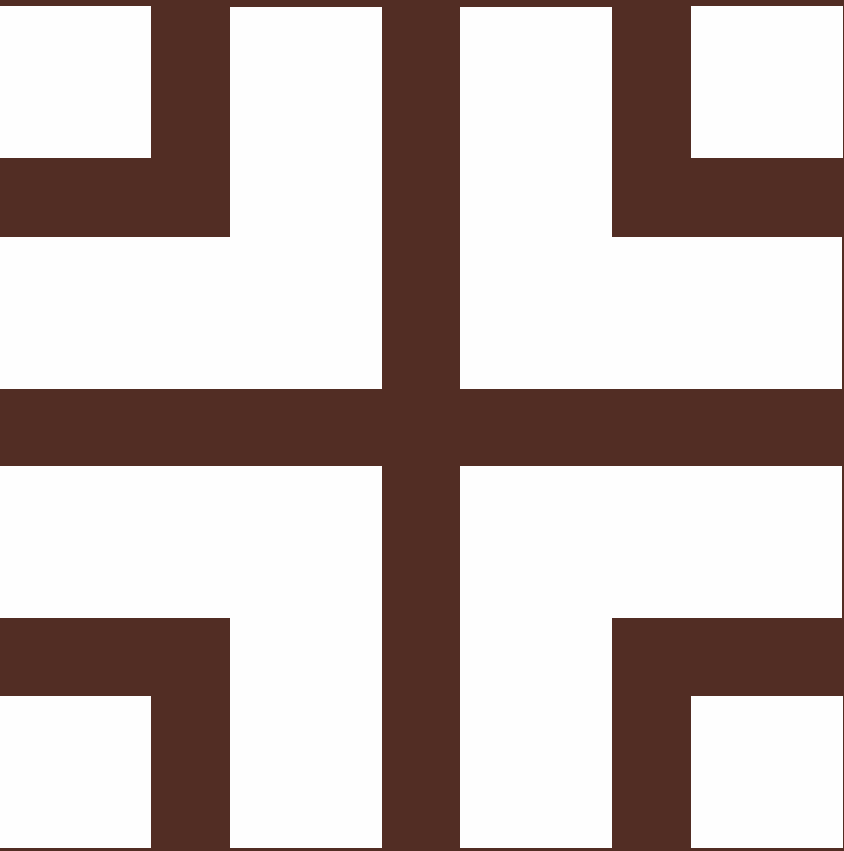




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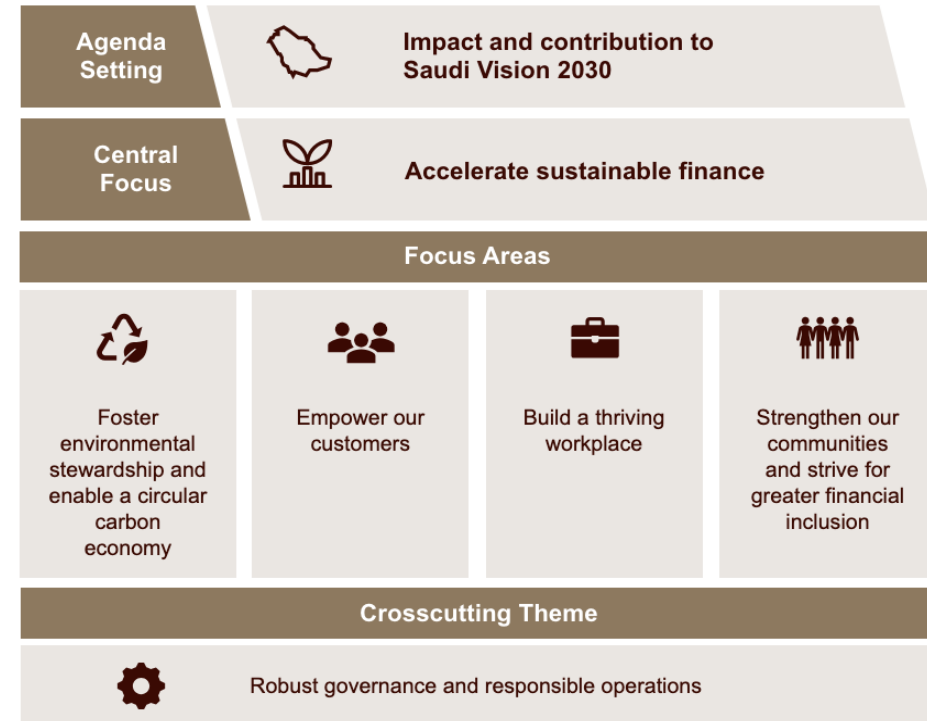


Alinma Strategic Alignment

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Alinma's net zero strategy aligns with our corporate strategy, ESG framework, and national and international frameworks

- ❑ Alinma Bank's Net Zero strategy supports Corporate Strategy by opening climate finance opportunities and managing climate related risks.
- ❑ Alinma Bank's Net Zero strategy seamlessly aligns with the core pillars of its ESG framework, reflecting a holistic commitment to sustainability and responsible banking.



Alinma ESG Framework



Alinma Strategic Alignment

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



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

In the international context - We consider international frameworks and standards in developing Alinma's net zero strategy

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

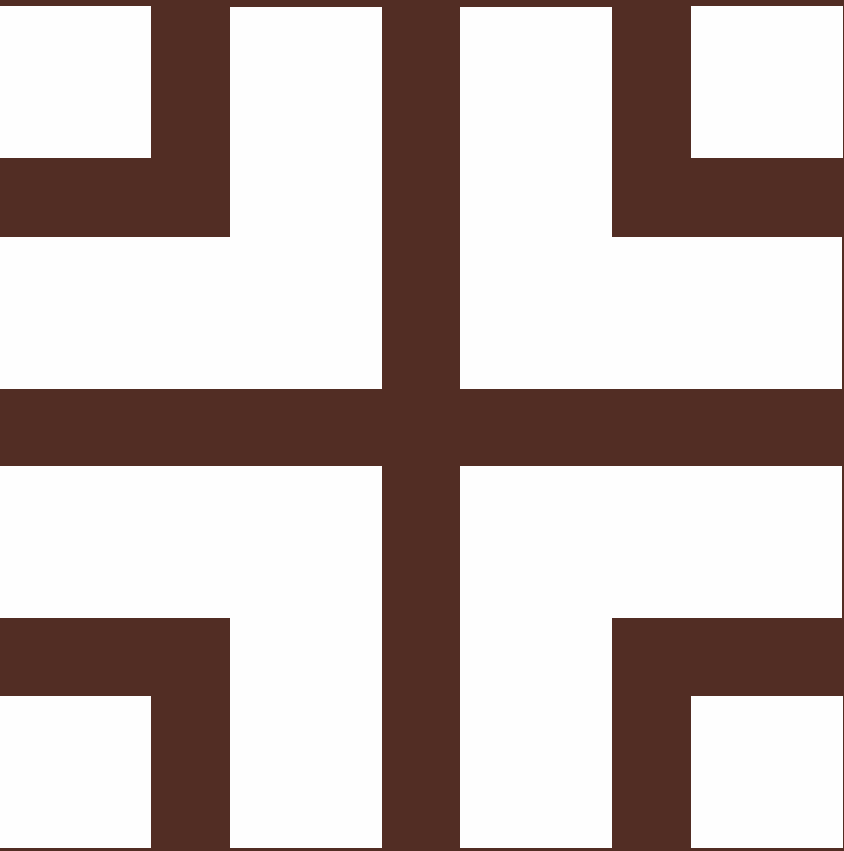
Climate finance

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





Our Net Zero Strategy Framework

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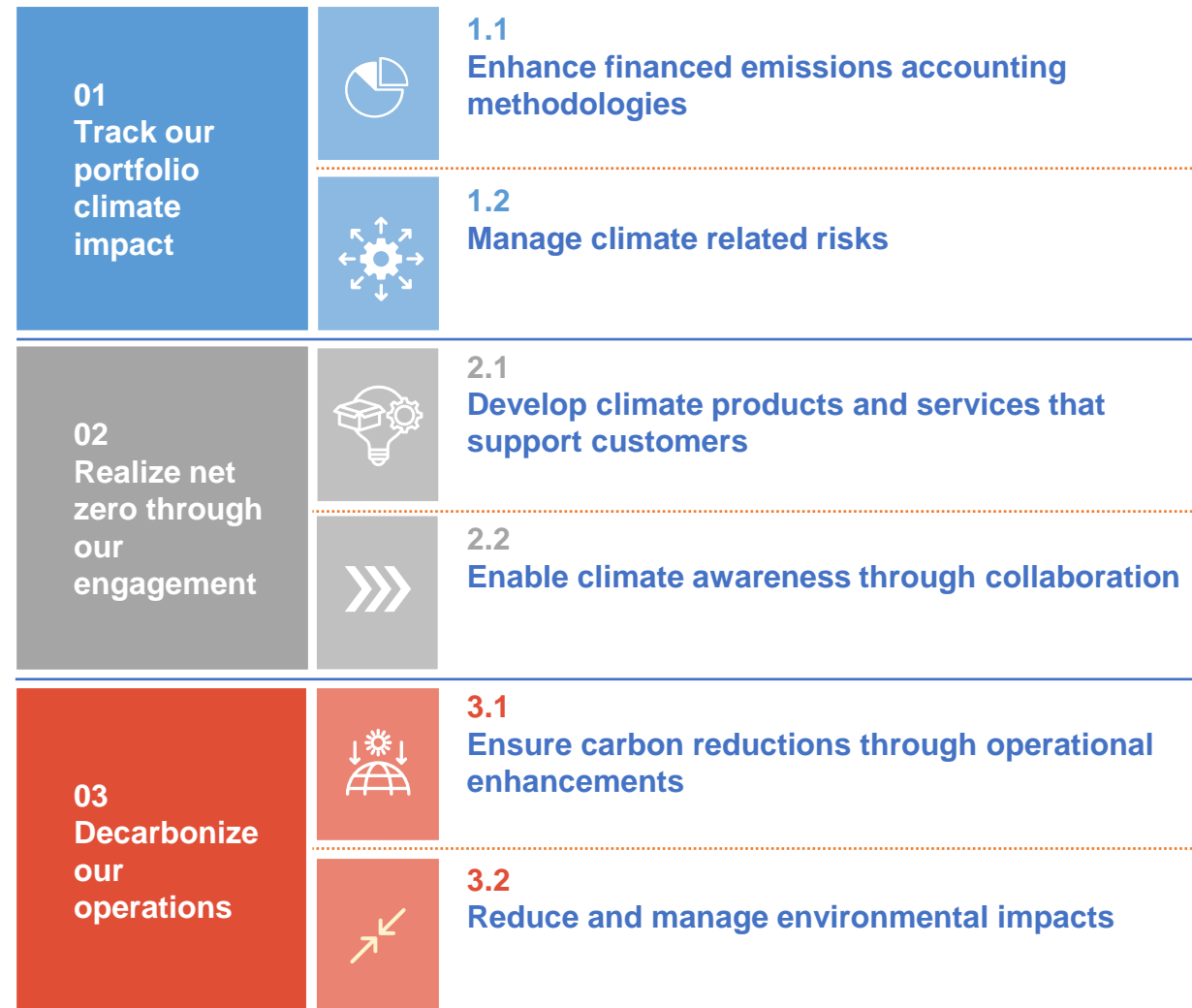


Alinma net zero framework contains three main pillars and six related objectives

Alinma has developed a comprehensive Net zero framework in order to contribute to achieving Saudi Arabia Net zero by 2060.

This Framework will drive Alinma approach to achieve Net zero strategy by 2050.





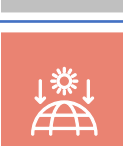

Alinma net zero framework contain three main pillars and six related objectives



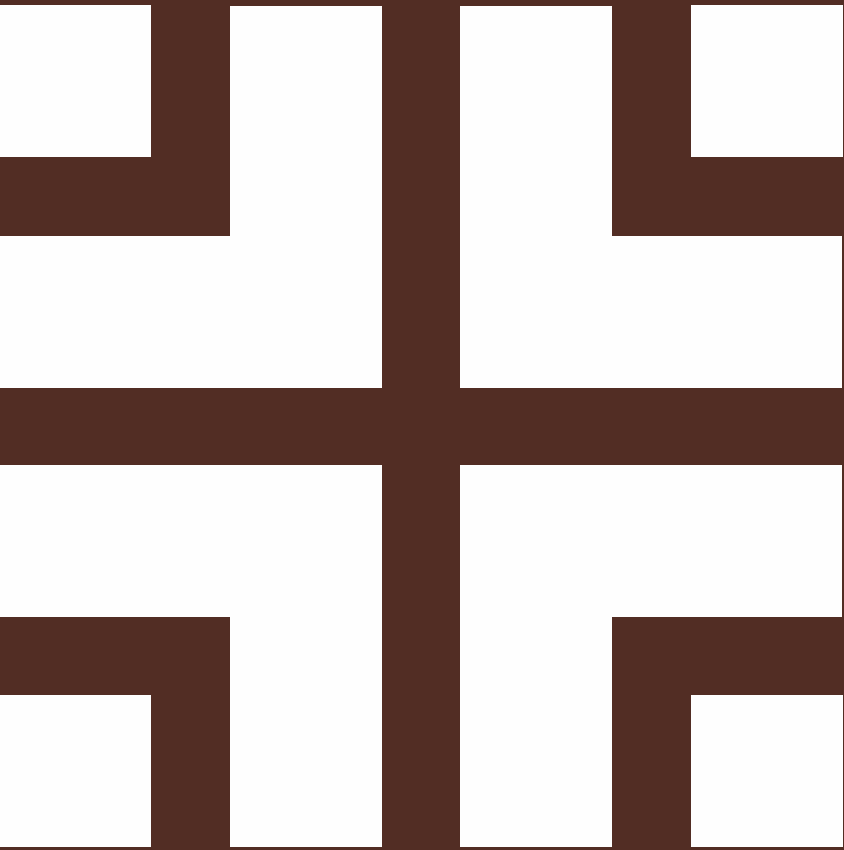
Our Net Zero Strategy Framework

More in-depth about our Net zero framework



		Objectives	Benefits	Strategic Actions	
01 Track our portfolio climate impact	1.1	 Enhance financed emissions accounting methodologies	<ul style="list-style-type: none"> Informed decision making and enhanced transparency Enhanced resilience to climate-related risks Reduced potential climate-related losses (financial and assets) Enhanced reputation and attracting climate-oriented stakeholders 	<ul style="list-style-type: none"> Enhance the financed emissions analysis attributes 	<ul style="list-style-type: none"> Increase the coverage of financed emissions calculations
	1.2	 Manage climate related risks		<ul style="list-style-type: none"> Integrate climate risk into the Bank's decision-making process 	<ul style="list-style-type: none"> Standardize climate risk assessment and TCFD reporting
02 Realize net zero through our engagement	2.1	 Develop climate products and services that support customers	<ul style="list-style-type: none"> Enhanced sustainability of and relationships with customers. Promotion of emissions disclosure within portfolio and customers Attraction of customers with sustainable practices. Reduced climate footprint Enhanced market standing 	<ul style="list-style-type: none"> Dedicate financing for sustainable initiatives 	<ul style="list-style-type: none"> Engagement per priority sector
	2.2	 Enable climate awareness through collaboration		<ul style="list-style-type: none"> Support customers adopting climate management practices 	<ul style="list-style-type: none"> Develop systems to guide financing decisions
03 Decarbonize our operations	3.1	 Ensure carbon reductions through operational enhancements	<ul style="list-style-type: none"> Informed decision-making and strategic planning Ensured regulatory compliance Strengthened transparency and image among stakeholders Reduced climate footprint Reduced environmental impact and enhanced efficiency of operations Improved organizational capability on GHG and Environmental Management 	<ul style="list-style-type: none"> Enhance GHG data management processes 	<ul style="list-style-type: none"> Adopt emissions reporting and validation practices
	3.2	 Reduce and manage environmental impacts		<ul style="list-style-type: none"> Establish environmental management processes and engage stakeholders 	<ul style="list-style-type: none"> Optimize building management to reduce environmental footprint





Our Approach

Our Approach

Alignment With International Guidance

Alinma net zero strategy 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



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



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, 1st Jan. – 31st Dec.

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

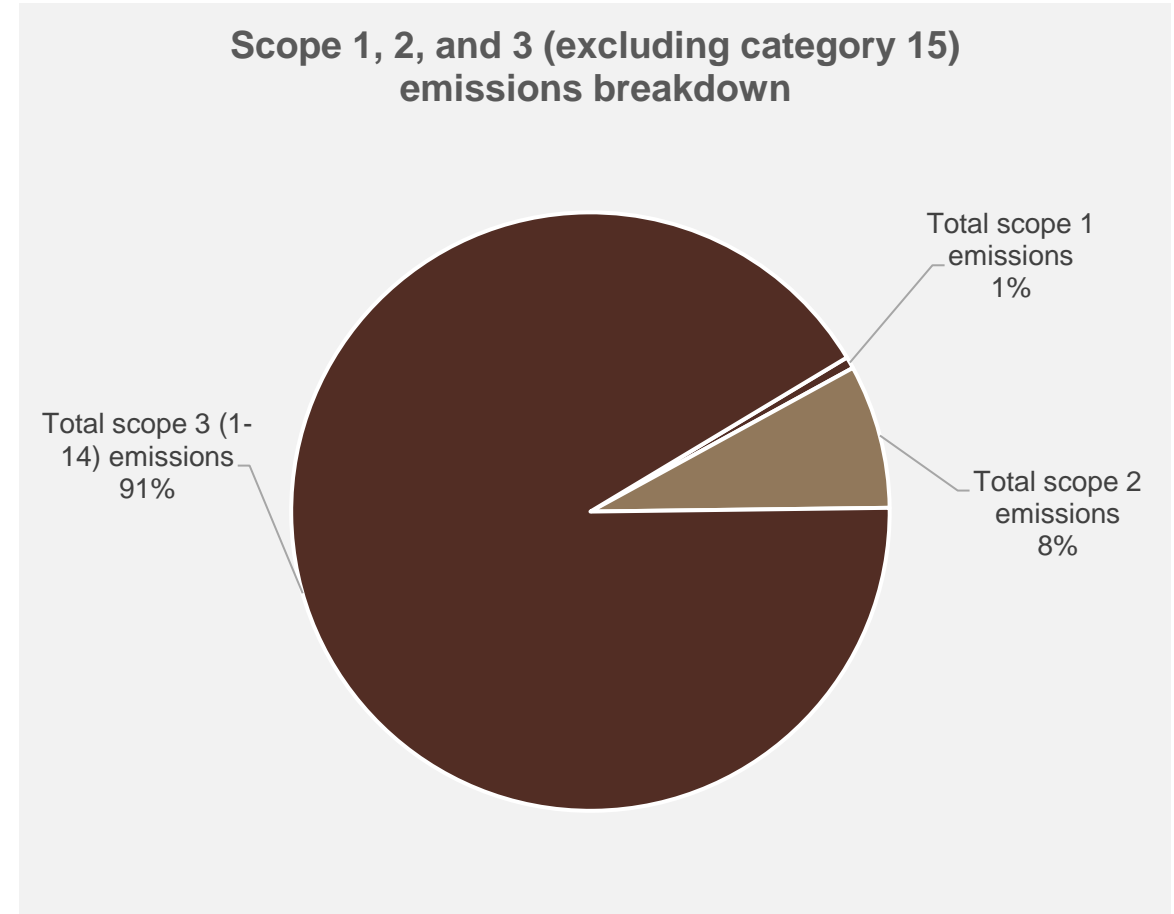


Our Approach

Baseline



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	296,882
Category 2: Capital Goods	55,054
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	366,260
Total scope 1, 2, and 3 emissions excluding category 15	399,896



Financed emissions (category 15) baseline will be calculated by 2025



Our Approach

Targets



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	366,260	329,634	212,431	36,626	-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.

(2) Financed emissions (category 15) baseline will be calculated by 2025 and will be excluded from 2025 reduction target

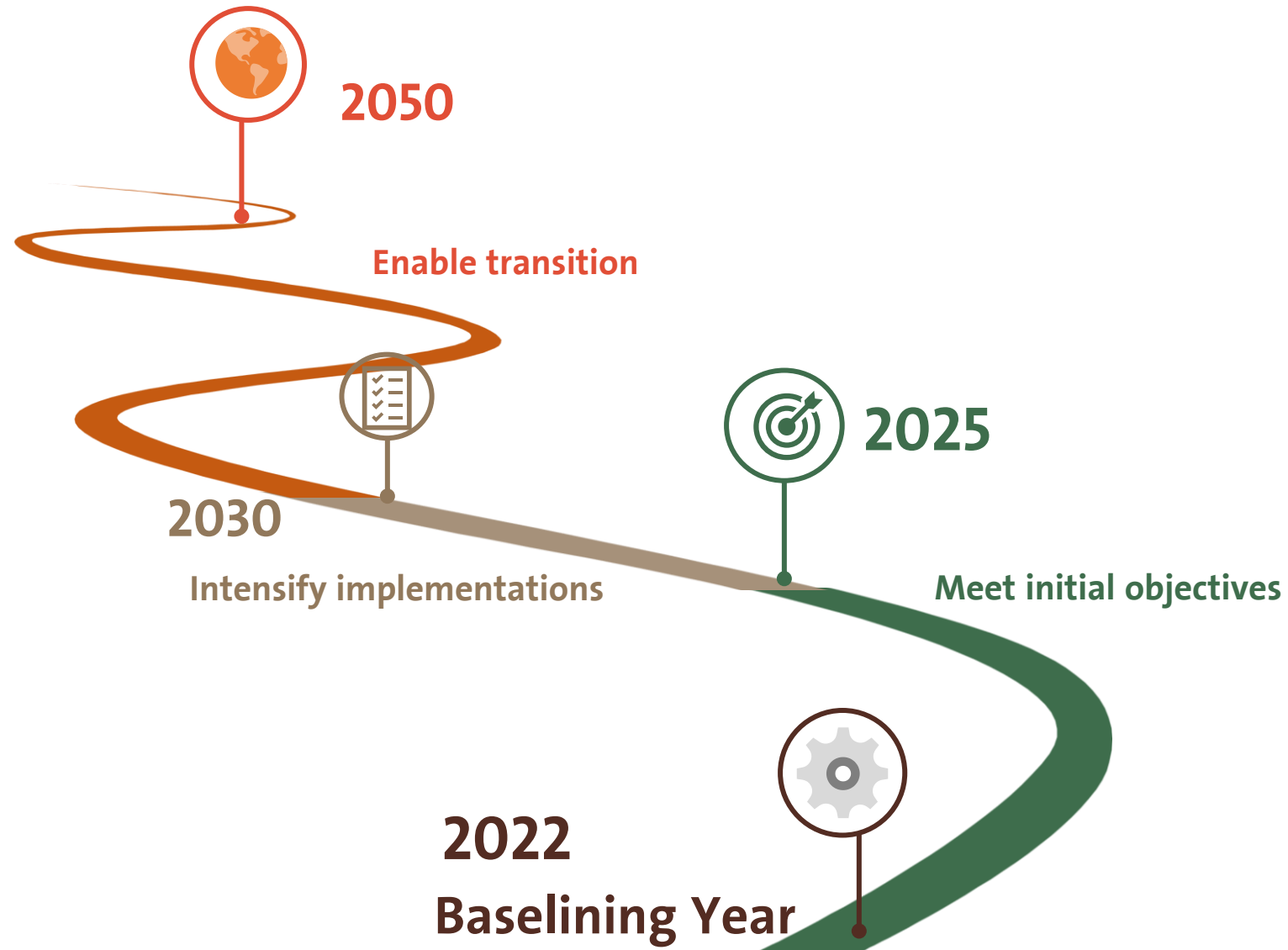


Our Approach

Roadmap

Alinma Bank has developed a roadmap presents a summary of key milestones that will be achieved with Alinma Net Zero strategy.

A 3-year detailed implementation plan has been laid out as actions should be reviewed at least every 3 years to assess progress against targets and to account for new regulations and best practices in a fast pace changing environment.





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Thank you

