



## Environmental, Social & Governance Report

As this special report section will highlight, GFH's performance throughout 2022 has been on a positive trend.

# **Environmental Social Governance**

The trend for ESG is not an ephemeral one, it is part of a wider socio-political transformation happening across the globe. We all must do our part to nurture the wellbeing of the human family. In this report we will highlight the activities GFH has been undertaking to bring about lasting, sustainable change in our business operations, from the wellbeing of staff to the impact investments have on our environment. We are proud of our initial approaches and see the trend expanding further; a trend which is critical to the next era of our group's global expansion.



GFH's ESG Framework rests upon three core principles of Responsibility, Nurturing & Integrity



Globally, we are at a crossroads to address environmental and societal issues such as climate change, poverty, and biodiversity loss as we collectively have to act in the next decades to minimise massive potential negative impacts on communities and natural life.

## The applied principles of ESG at GFH

At GFH, our inherent conduct to do business implies responsibility for the communities we are part of. Since the day of our inception, we have implemented a range of initiatives related to the environmental, social and governance (ESG) of operations and activities aimed at creating a lasting positive impact. To effectively manage and realise the maximum value we can obtain from these initiatives, we are advancing through to implement formalised ESG policies and frameworks.

This ESG report presents an overview of our approach towards sustainability management, including a snapshot of our revised ESG framework, along with our 2022 sustainability performance. This information presented covers the activities of the GFH Financial Group and its portfolio.

At GFH, we are driven by the vision of discovering, innovating, and realising value potential across our business lines – and we recognize we can only do this by creating value for all of our stakeholders with a robust, sustainable business model. The ESG Framework we built is aligned with GFH's vision, values, and ESG commitments. We aim to integrate sustainability across our day-to-day activities, operations, and investment decisions.

Through rigorous monitoring, responsible investment decisions and continuously improving our sustainability performance, we strive to create sustained positive impact. This will unlock value realisation for us and help reach the brighter future we envision for the future.

ESG issues are a key investment consideration for GFH, and we are increasingly applying these factors as part of the underwriting and investment decision-making processes specifically as they relate to sustainability. We will continue to pursue opportunities in resilient sectors including healthcare, education, technology, and infrastructure with ESG issues as a key consideration. These sectors are better positioned to withstand potential economic uncertainties or downturns, are resilient, and create sustainable value for the future.

How GFH Operate Responsibly



**Contribution to the SDGs**

As we expand our horizons to contribute to a more sustainable future, we have taken United Nations Sustainable Development Goals (SDGs) as a guide to our ESG management. To fulfil the ambitions of the SDGs, it is vital that the business world also contributes, and we are fully committed to playing our part. In line with the sectors we operate, we have prioritised the SDGs that we can contribute to.

**Aligning with National Priorities**

We have aligned the GFH ESG management process with the national vision of Bahrain by incorporating key components of the Bahrain Vision 2030 which outlines a sustainable path for the future. The vision sets out the Kingdom's importance on the global stage while providing insight into its unique challenges, culture, and opportunities.

## ESG Framework Pillars & SDG Contribution

How we Nurture our Workforce



How we Act with Integrity

Bahrain Vision 2030 Focus Areas & GFH's contributions



At GFH, we operate responsibly, and are aware that building a strong and dependable business is linked to ensuring the protection of the environment. In line with our vision, we utilize innovative tools to minimize the environmental impact of our business activities.

Contributing to the economic future of Bahrain, we also recognize our role to positively impact wider society and the environment. GFH's investment decision-making is in accordance with our ambition to transform the daily lives of the communities we belong to, and we aspire to act in a manner that minimizes the detrimental environmental impacts of our operations.

# Environmental Social Governance

Our work in minimising our  
environmental impact





**ESG Material Topics**

A materiality assessment took place to provide us an understanding of our ESG Material Topics, those topics has been defined in accordance with Bahrain's Vision 2030 and UN SDGs, and in alignment with each of the ESG segment.

The Materiality Assessment Exercise identified the following material topics:

- |  |                                  |
|--|----------------------------------|
| 1 Governance, Business Ethics & Compliance | 8 Health, Safety and Wellbeing   |
| 2 Sustainable Performance                  | 9 Community Engagement           |
| 3 Social Responsibility                    | 10 Responsible Finance           |
| 4 Diversity and Inclusion                  | 11 Risk Management               |
| 5 Customer Experience and Relations        | 12 Data Privacy                  |
| 6 Environmental Management                 | 13 Digitalization and Innovation |
| 7 Talent Attraction and Management         | 14 Sustainable Procurement       |

We recognize the urgent call for action against climate change issues and the importance of a collective effort to mitigate its effects. One of the approaches is the emphasis on recycling practices and clean wastage as part of the environmental commitments of GFH.

In particular, we are committed to the following practices:

**Responsible Finance**

We are committed to creating sustainable wealth for our investors by diversifying our portfolio of investments, contributing to the Bahrain Economic Vision 2030. GFH commits to incorporating ESG issues into investment analysis and decision-making processes.

GFH's Business Units are responsible for taking ESG forward and ensuring its implementation across the investment portfolio where possible and practical. The Business Units shall report regular progress updates regarding the implementation of this Policy to the ESG Committee. Business Units shall analyse and set a dialogue on ESG objectives and risks before making a decision, whilst taking into account return on investments.

**Sustainable Performance**

We pursue a diversified asset allocation strategy to adapt to the multitude of challenges in an ever-changing macro environment whilst working closely with our stakeholders to realistically meet expectations.

We developed a strong and consistent ability to identify, successfully bring to market and capitalize on a wide range of solid investment opportunities in some of the world's most dynamic markets and sectors. This approach signifies the Group's investment insights and commitment to increase the value of its assets, and continue to achieve a solid financial performance that reflects to its investors and shareholders.

**Environmental Management**

We believe that tackling environmental issues, such as climate change, environmental degradation and pollution should be part of every responsible business' agenda. GFH aspires to act in a manner that minimises the detrimental environmental impacts of its operations.

We also take into account the environmental impact of our investments and financing activities, including greenhouse gas emissions, waste management, and resource use, as well as to prioritize investment opportunities in renewable energy, low-carbon transportation, and other sustainable infrastructure projects that contribute to the reduction of greenhouse gas emissions. We will engage with our clients to encourage sustainable business practices and promote the transition to a low-carbon economy.

**In-Office Recycling Program:**

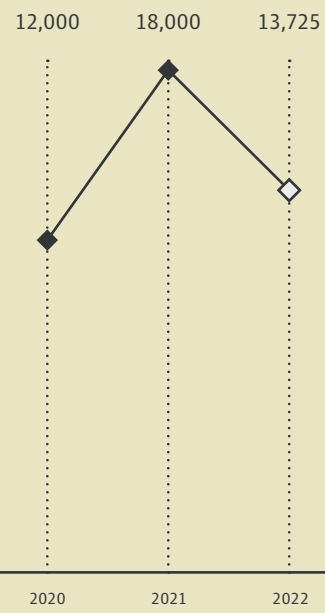
GFH has partnered with a recycling company to arrange for recycling stations across all office floors to support responsible disposal of paper, plastic and general waste.

**Elimination of Single-Use Water Bottles:**

As part of our commitment to protecting the environment and focusing more on eco-friendly workplace, an internal campaign was launched where all staff has been provided with high-quality stainless steel recycled water bottles in efforts to eliminate single-use plastic bottle consumption in the office.

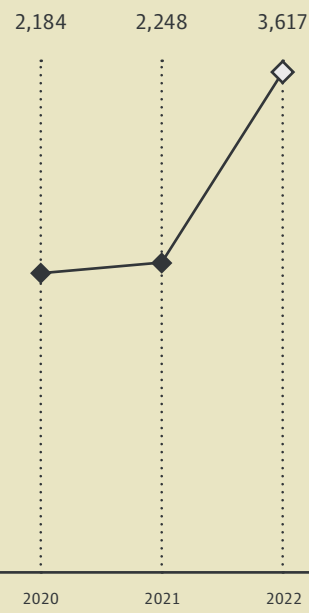
As part of our investment approach and its indirect impacts, we consider helping minimise the footprint of our investee companies as part of our overall responsibility. Thus, we encourage our investees to manage their environmental impacts in a systematic manner and pursue measures that continuously improve their respective environmental performances. Examples of some of the best practices adopted by GFH investee companies.

### Energy Consumption

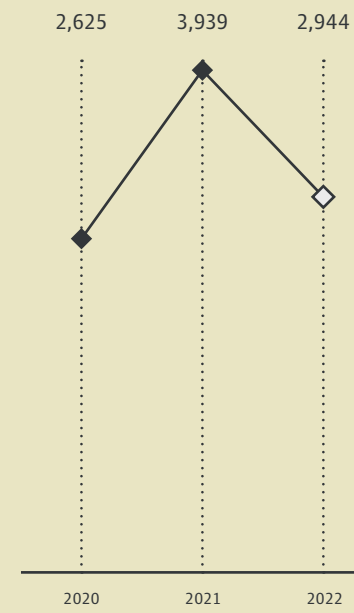


Petrol consumption from vehicles units in L

### Water Consumption

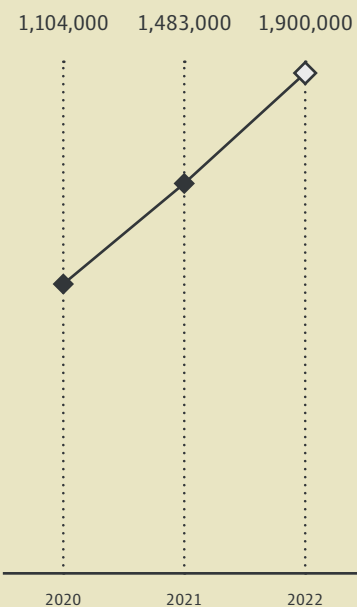


Electricity consumption (office, storage, facilities, etc.) units in kwh



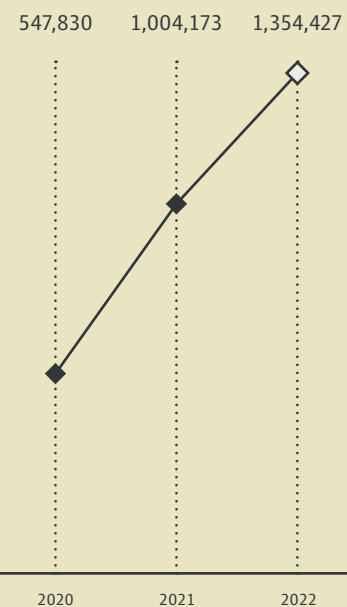
Total water consumption units in m³

### Community Investment



Amount of community investments (US\$)

### Procurement



Procurement spending on local suppliers units in BHD

### Energy Management

To reduce climate impacts and increase operational efficiency, we regard energy management as crucial. We strive to reduce our environmental footprint due to energy consumption by combating energy waste by raising awareness, investing in energy efficiency measures, and continuously tracking our performance. Our efforts in this regard helped us reduce our energy intensity approximately by 14% from 2021 to 2022.

### Sustainable Procurement

Through the approved supplier procurement methodology, measures are being taken to reduce the amount of packaging consumed by the company. This includes but is not limited to, the reduction in consumption of plastic bottles, the distribution of company issued refillable water bottles as well as the use of non-plastic eating utensils.

We stand up for basic human rights and refrain from engaging in business ventures that violate such rights. When possible, we choose to cooperate with local suppliers to help community development and lessen negative environmental effects. In 2022 the spending on local suppliers increased 35% compared to 2021.

# 35

Percent

In 2022 the spending on local suppliers increased 35% compared to 2021.

We strive to reduce our environmental footprint due to energy consumption by combating energy waste, raising awareness, investing in energy efficiency measures, and continuously tracking our performance.



◇ 2021

Vehicle petrol consumption  
18k

◇ 2022

Vehicle petrol consumption  
13.7k

Group petrol consumption is  
trending downward

Down 26% in 12 Months



GFH is engaged with its community; we want to change how the communities we work with live their daily lives. In order to give back to the community and enhance the services offered to it, we continue to support a wide range of charitable organizations, causes, and other social infrastructure and service providers as part of our responsibilities, from educational sponsorships to medical equipment for hospitals and financial support to the disadvantaged.

We continue to provide support to numerous charitable organisations, causes and other social infrastructure and services providers as part of our responsibilities ranging from educational sponsorships to medical equipment for hospitals and financial support to the financially disadvantaged in an effort to support pay back to the community and improve the services provided to it. In 2022, our community investments totalled over US\$ 1.9 mn. We target to boost our community investment as a percentage of company revenue to 1%.

# Environmental Social Governance

We are engaged with the development  
of the societies we serve



## Our Talent Management Principles

### 1. Commitment to Excellence

GFH rewards excellence and gives its employees adequate and consistent opportunities for enhancing their skills between professional excellence and continuous learning.

### 2. Innovation & Entrepreneurship

Innovation and entrepreneurship are important facts of GFH's business culture, and as part of this culture GFH expects its employees to constantly seek new knowledge and always challenge themselves to do better in what they are already doing well, as well as providing suggestions resulting in significant improvement of business processes.

### 3. Empowerment

GFH trusts its employees, respects them, and believes in their integrity, and will give them the tools and skills needed to get the job done and sense of confidence needed to take initiatives, manage risks, and adapt to change. GFH requires its managers and supervisors to efficiently delegate responsibilities as required and ensure efficiency in the decision-making process.

### 4. Teamwork

The best solutions come from working together, therefore employees, including managers, must work cooperatively to realize GFH's objectives.

### 5. Knowledge & Information Sharing

At GFH, collaborative knowledge sharing among units is highly encouraged to make the most efficient and collective decisions possible within the team.

### 6. Family & Work Responsibilities

GFH believes that helping its employees meet their family responsibilities is compatible with the teachings of its Glorious Shari'a and contributes to increased productivity. Moreover, GFH is committed to having the most progressive benefit schemes for its employees and their families.

### 7. Respect

GFH treats its colleagues, clients and others with whom GFH does business with respect, dignity, fairness and courtesy. Also, GFH is committed to maintaining a work environment that is free from discrimination.

### 8. Corporate Social Responsibility

GFH encourages the support of charitable, educational and community service activities with the efforts of the Staff Social Committee continuous initiatives.

We are aware that training and upskilling is an essential and continuous process for employees at every level to utilise their potential towards their personal development objectives and GFH's sustained success.

## WE NURTURE OUR WORKFORCE

We are committed to creating sustainable wealth for our stakeholders, primarily our employees. At GFH, we believe that our employees are the key to our success. We offer advanced training and development opportunities for our employees so that they feel appreciated and valued. In addition to attracting the best talent, we strive to promote Bahrainization as well. Moreover, we are dedicated to maintaining a diverse workforce and creating a safe and positive work environment.

In particular, we are committed to the following practices:

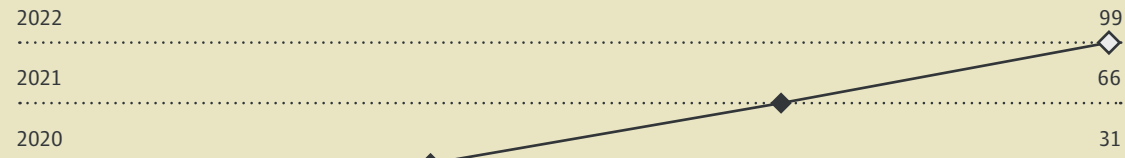
### Talent Attraction and Management

We seek the best talent to participate in a special learning journey that is intended to give chosen participants the skills and exposure they need to start a successful career while building a talent pool of high-performance future employees. We invest in our employees' career development providing funds, time and resources for external training and development. Engaging with all employees, and regularly monitoring and assessing employee satisfaction enables the continuous identification and implementation of continuous enhancement to employees' experience.

### Health, Safety and Wellbeing

We regard presenting a healthy and safe work environment as an indispensable component of a successful business. We take reasonable precautions to promote health and safety in the workplace and create safe working conditions for all employees. This includes providing adequate control of the health and safety risks arising from work activities, maintaining safe equipment and ensuring the safe handling of all equipment.

New Hires



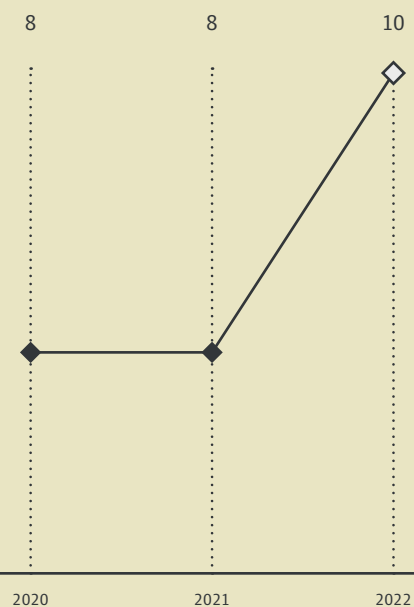
Workforce Gender

---◇ Female  
 .....◇ Male



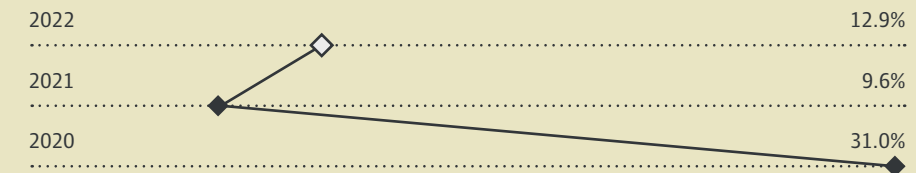
Gender Profile

Female Leadership



Our goal at GFH is to create a supportive and inclusive work environment where our employees can thrive.

Turnover



Social Responsibility

GFH is committed to promoting human rights and responsible labor practices. We will not invest in companies that violate internationally recognized human rights standards. We will prioritize investment opportunities in affordable housing, healthcare, and education that contribute to social and economic development. GFH will consider the social impact of our investments, including job creation and the treatment of workers, when making investment decisions.

Nationalisation

In line with national agendas, GFH takes affirmative actions in hiring decisions. Employment decisions are made on merit and many other objective criteria, yet for candidates of similar calibre, this gives Bahraini citizens priority over others when making hiring decisions.

In coordination with the Bahrain Institute of Banking and Finance, we select top Bahraini prospects to undergo a unique learning journey designed to provide selected participants with the necessary tools and learning exposure to launch a successful career, while creating a pool of high-performance future talent.

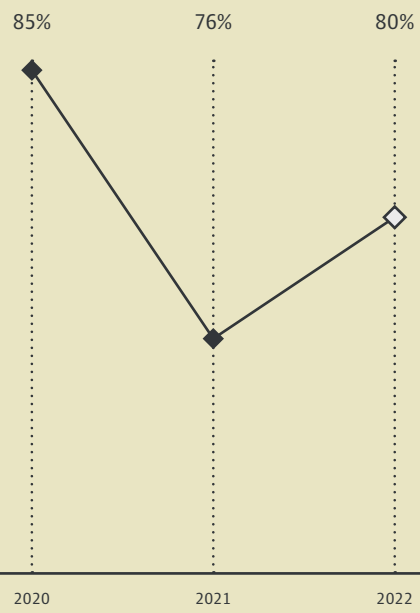
Training and Development

We are aware that training and upskilling is an essential and continuous process for employees at every level to utilise their potential towards their personal development objectives and GFH's sustained success. Hence, we invest in our employees' career development, which covers providing training, providing funds, time and resources for external training and other opportunities. GFH also provides employees with paid time off for attending training courses, exams, professional certification programs, and relevant industry conferences and events. All employees are encouraged to pursue career development opportunities. In this respect, it is among line managers' responsibilities to help employees and to ensure all employees receive fair opportunities for career development opportunities.

We provide training, instructions, and supervision for all employees in line with our Health and Safety Policy that is applicable to all our employees. We also take care of our employees' wellbeing, offering activities including sport activities and tournaments, as well as arrangements that promote work-life balance and that enhance physical and mental health in their free time and during working hours. Our goal is to create a supportive and inclusive work environment where our employees can thrive.

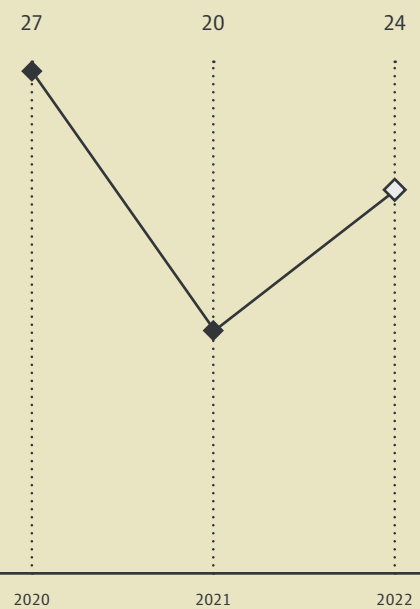
At GFH, our investment decision-making is in accordance with our ambition to transform the daily lives of the communities we're a part of. We are committed to creating sustainable wealth for our stakeholders, primarily our employees, investors, and the communities we serve every day. We regard building a workplace environment that fosters equality, employee wellbeing, development, and satisfaction as a crucial part of this commitment.

Nationalization

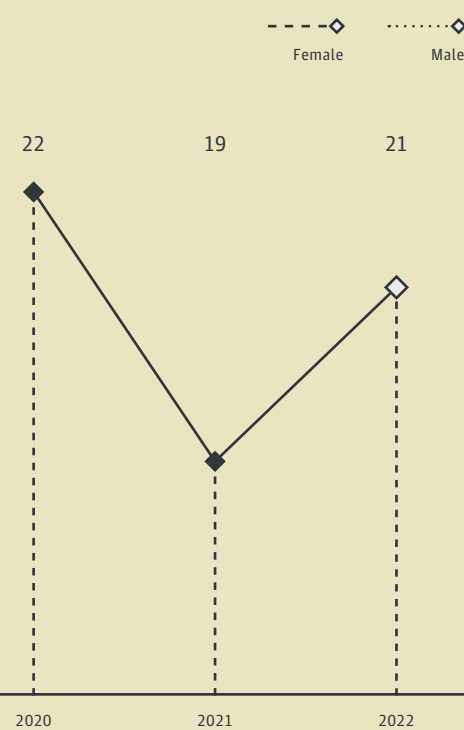


Nationals among total full-time workforce

Training and Development



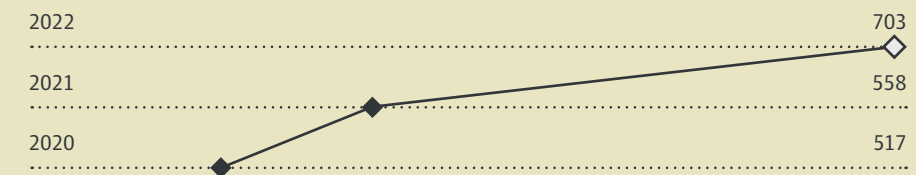
Average training hours (male)



Average training hours (female)

In 2022, we achieved a 10% increase in the number of females hired, compared to 2021. In addition to this, the number of employees who left the company remained the same.

Total No. of Staff



GFH's total global workforce, across all its businesses now stands at 703. A positive growth trend of 40% since 2021

10

Percent

10% increase in the number of females hired in 2022 compared to 2021.

Diversity and Inclusion

GFH is committed to maintaining an equal opportunity workplace and ensuring diversity and representation across roles and responsibilities. We strive to bridge the gender gap and commend Bahrain's leadership for emphasising the role of women in advancing Bahraini society. As we aim to balance our workforce gender ratio, we are creating more opportunities for female employees each day.

We also participate in a number of initiatives and events to raise awareness around gender equality and women empowerment.

Anti-discrimination

Our Anti-discrimination Policy assures respect for the personal dignity, privacy, and personal rights of every employee. At GFH, we are committed to maintaining a workplace free from discrimination and harassment. In accordance with this, discrimination on the basis of origin, nationality, religion, race, gender, age, or engagement in any kind of verbal or physical harassment based on any of the above or any other reason is not tolerated. Employees who feel that their workplace does not comply with the above principles are encouraged to raise their concerns with the HR Department. These concerns or occurrences are dealt with in line with our Grievance Policy.

◆ 2021

Female Leadership (Executive) = 8

◆ 2022

Female Leadership (Executive) = 10

GFH's Gender Balance  
is trending upward

25% in 12 Months



GFH continues to act with integrity; being open, transparent, and straightforward in every aspect of our business is part of our workplace culture. To operate without any compromise and to continuously improve, we implement and regularly update strategies and policies that are aimed at complying with the Group's regulatory and supervisory responsibilities.

Our ambition to achieve the highest levels of transparency, accountability and management is bolstered by our robust corporate governance framework, which is designed to support us in meeting our strategic objectives, as well as the interests of our key stakeholders.

Our Corporate Governance framework is aligned with the applicable regulatory requirements and is focussed on assisting us to successfully meet our strategic objectives, maintain steady growth and ensure we effectively serve our clients' and shareholders' interests.

Our Board of Directors has 8 members, out of which six are independent and one is non-executive Board Secretary confirmation/revision. Our Group's control functions all have direct reporting lines to the Board's Audit and Risk Committee to ensure that they carry out their responsibilities with full independence. For more information on our governance systems and relevant boards and committees, please refer to the GFH 2022 Corporate Governance Report which is included on page 6.

# Environmental Social Governance

We are dedicated to ensuring the  
good governance of our enterprise

01

Review & Assessment

Review and assess the implementation and effectiveness of GFH Financial Groups ESG Strategies.

02

Performance Efficacy

Review the Group's overall performance efficacy against its stated ESG objectives and targets

03

Coherent Alignment

Ensure both business and ESG priorities are coherently aligned & effective

04

Continual Exploration

Explore, advise and wherever possible, approve new ESG opportunities and initiatives.

05

Recommend & Advise

Make required board recommendations, including new policies implementations, and the proposal of strategic initiatives.

06

Maintain Relevance

Be updated on regulatory requirements and laws pertaining to ESG and sustainability disclosures

GFH's Six ESG Committee Objectives

91.7

Percent

We have achieved 91.7% of our 2022 Internal Audit Plan.

ESG Committee

In 2022 we have formed the ESG Committee -a management level committee - to oversee the group's overall strategy pertaining to Environmental, Social and Governance aspects, in alignment with local and global regulations and standards.

The charter document of the ESG committee outlines the structure, responsibilities and authorities to ensure highest levels of governance. The members are representations from different internal departments in favor to provide a consolidated and valuable contributions to oversee and continuously develop our ESG best practices and governance.

Members of the committee:

Chief Operating Officer	Chairman of the Committee
Head of Compliance	Compliance Representative(s)
Head of Administration	Property / Administration Representative(s)
Head of Marketing	Corporate Communications Representative(s)
Head of Human Resources	Human Resources Representative(s)
Head of Sharia and Corporate Secretary	Shari'a and Governance Representative(s)
Director of HR & ESG	Secretary of the Committee

Governance, Business Ethics and Compliance

We promote the highest standards of governance, business ethics and compliance. Being open, transparent, and straightforward in every aspect of our business is part of our workplace culture. To operate without any compromise and to continuously improve, we implement and regularly update strategies and policies that are aimed at complying with the Group's regulatory and supervisory responsibilities.

We will consider investment opportunities in companies with strong governance practices, including clear lines of accountability, effective risk management systems, and transparent reporting. GFH will engage with our clients to encourage good governance practices and promote sustainable business models.

We have achieved 91.7% of our 2022 Internal Audit Plan. Our Internal Audit Department (IAD) also underwent an external quality assurance review conducted by an independent third party. Under the supervision of the Board, IAD utilised the results to create a detailed action plan.

Anti-corruption, anti-money laundering and anti-bribery

In line with our corporate culture and values, honesty is of the utmost importance to us. GFH is committed to ensuring regulatory compliance to combat corruption, money laundering and bribery, supporting international and local efforts to eliminate corruption and financial crime.

Acting ethically and our dedication in good governance measures is reflected in our Director's Code of Conduct, Conflict-of-Interest Policy, AML, CFT and KYC Policy Statement, Anti-money Laundering (AML) Questionnaire, Whistleblowing Policy, Anti-bribery Corruption Policy and Gift Policy. These policies are publicly available on the GFH website.

We use various tools such as monitoring, due diligence, internal and external audits and comply with AML standards in line with the Financial Action Task Force (FATF) recommendations. With our diversified portfolio continuously expanding, the role of our Risk Management Department evolves and elevates to ensure these risks are effectively managed. GFH also has strictly confidential whistleblowing channels (e-mail, fax, post, courier/manual delivery) for anonymously reporting potential violations of these policies. We guarantee our employees that there will be no retaliation against anyone because he or she, in good faith, reports an ethics or compliance concern.



We are committed to taking a responsible approach to risk management to ensure the continuation of positive long-term growth for all stakeholders. GFH's risk management framework adopts international best practices to deliver the highest possible level of corporate practice, governance and transparency.

#### **Data Privacy**

GFH Financial Group aims to use digital technologies to its fullest extent to capitalise on the endless opportunities they offer. However, we are aware of the security and confidentiality risks these new technologies present.

We regard data privacy and security as one of our crucial duties towards our clients and society as a whole for maintaining the trust in our Group, thus for the sustainability of our activities. To manage these risks effectively, we follow a comprehensive privacy framework, the GFH Data Privacy Manual, prepared and updated in accordance with international regulations and standards. This manual outlines the guidance for obtaining the informed consent and for providing the notice for collecting and processing the personal/sensitive personal data.

GFH has appointed a Data Protection Officer, who is appointed by the management (subject to Board or Board Committee approval) to oversee our compliance with applicable data protection laws, other pertinent laws, and issuances by the Data Protection Authority on data privacy, and our Manual. For promoting a privacy culture and continuously improving our privacy performance, we provide new and existing employees trainings, set data security related KPIs to monitor compliance with the data privacy requirements for relevant personnel and submit periodic reports to the Management on latest developments in legislation, training, privacy resourcing and funding, violations, and breaches if any, and results of audits on the methods and means of processing.

#### **Risk Management**

We are committed to taking a responsible approach to risk management to ensure the continuation of positive long-term growth for all stakeholders. GFH's risk and management framework adopts international best practices to deliver the highest possible level of corporate practice, governance and transparency.

#### **Customer Experience and Relations**

We attach significant importance to customer satisfaction, and we always strive to improve our practices in line with their feedback from our online portal and automated satisfaction survey directed at the investors. We aim to measure our customer satisfaction on a regular basis to track and monitor methods of enhancing and improving our customers' experiences.

#### **Digitalization and Innovation**

We aim to maximize the use of digital technology to its fullest extent, and we are committed to integrating digitalization across our activities and operations in order to capitalize on the endless opportunities we offer.