

Sustainability Report 2026

Our progress across Environmental, Social and Governance priorities

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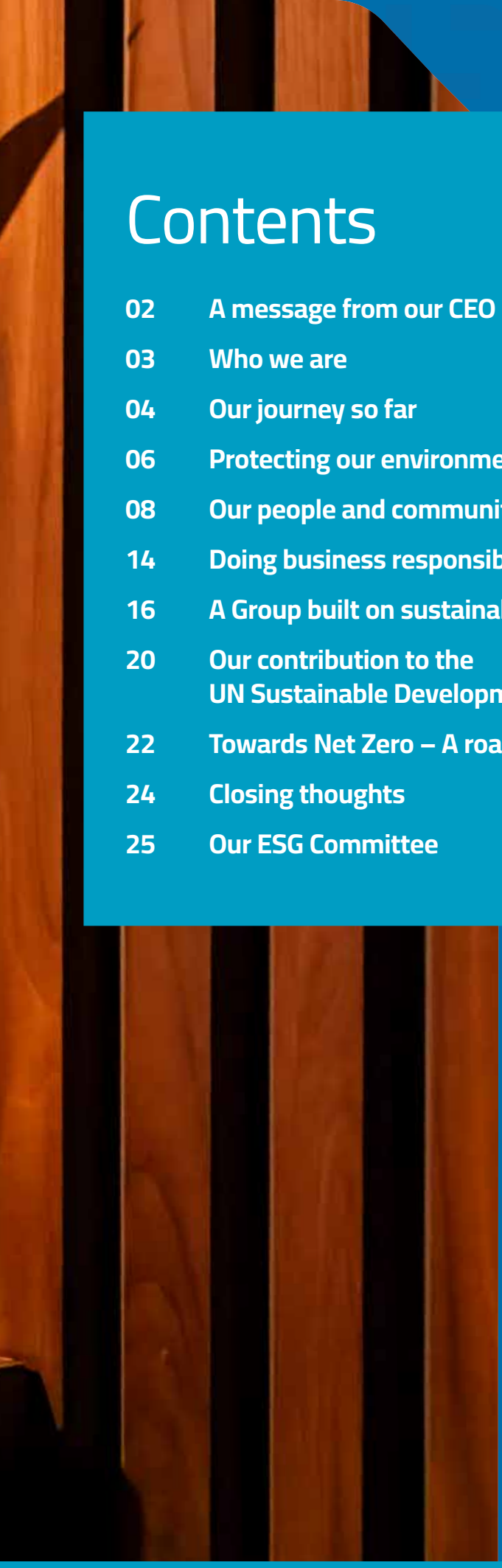

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“ This report marks a genuine step forward for AlRayan Bank’s ESG journey . ”

ALRAYAN BANK

A message from our CEO

Two years ago we published our first Sustainability Report. This year's edition builds on the foundations of that and last year's in two ways: it reports on another year of solid operational progress, and it goes further in explaining where we've come from and where we are headed.

2025 was a year of continuity rather than dramatic change - and that, in itself, is something to be proud of. We held our carbon-neutral status for a fourth year running, cut our paper use to its lowest level since we began measuring it in 2019, and kept colleague engagement exceptionally high resulting in us being named the Best Company to Work for at the HR Brilliance Awards in 2026. Alongside this, we expanded our Electric Car Scheme, moved more of our travel onto rail, and launched a new volunteering scheme for colleagues.

We've also used this report to be more transparent about the journey itself. Section 2 traces our path from a standing start in 2019 through to today, and sets out where we intend to focus between now and 2030, and beyond that to 2050. Section 7 shares, for the first time, a formal look at how our activities map onto the UN Sustainable Development Goals. And Section 8 lays out a considerably more detailed account of our route to Net Zero than we have previously published - including a candid look at the gaps we still need to close.

None of this changes who we are. We remain guided by the same values - Trusted, Empowered, Able, and Motivated - and by the same conviction that a bank can serve its customers, its people, and the environment at the same time, without treating any of the three as an afterthought.

It is important to be honest and transparent; we have not finished our journey. Our net zero roadmap is still taking shape, our financed emissions are not yet fully measured, and there is more work to do on portfolio-level climate risk. But I am extremely proud of the journey that the Bank has taken in recent years.

I hope you find this year's report both a fair account of our progress and a clear signal of intent for what comes next.



Giles Cunningham,
CEO, AlRayan Bank

> " It is important to be honest and transparent; we have not finished our journey. "

Giles Cunningham,
CEO, AlRayan Bank

Who We Are

OUR FOUNDATIONS : AlRayan Bank UK is the country's oldest and most established Sharia-compliant bank. Our business centres on Structured Real Estate finance and Premier Banking, complemented by a select range of savings products offered through our Digital Banking platform and select partners.

We sit within AlRayan Bank Q.P.S.C. (formerly Masraf AlRayan), whose wider vision places environmental and social responsibility firmly within the business rather than alongside it.

A model built on trust

Islamic finance is, by design, an ethical framework: it favours partnership and shared outcomes over speculation, and ties investment to tangible assets such as property and metals rather than abstract instruments.

Our Sharia Compliance Department, together with an independent Sharia Supervisory Committee, checks that every product we bring to market holds to these principles.

How our ESG strategy has developed

Our first formal ESG strategy dates to 2023. The 2024 report that followed marked our first attempt at full transparency on the subject; last year's 2025 report extended that. This year's strategy takes another step forward, and Section 2 sets out that progression in more detail than we've previously offered.

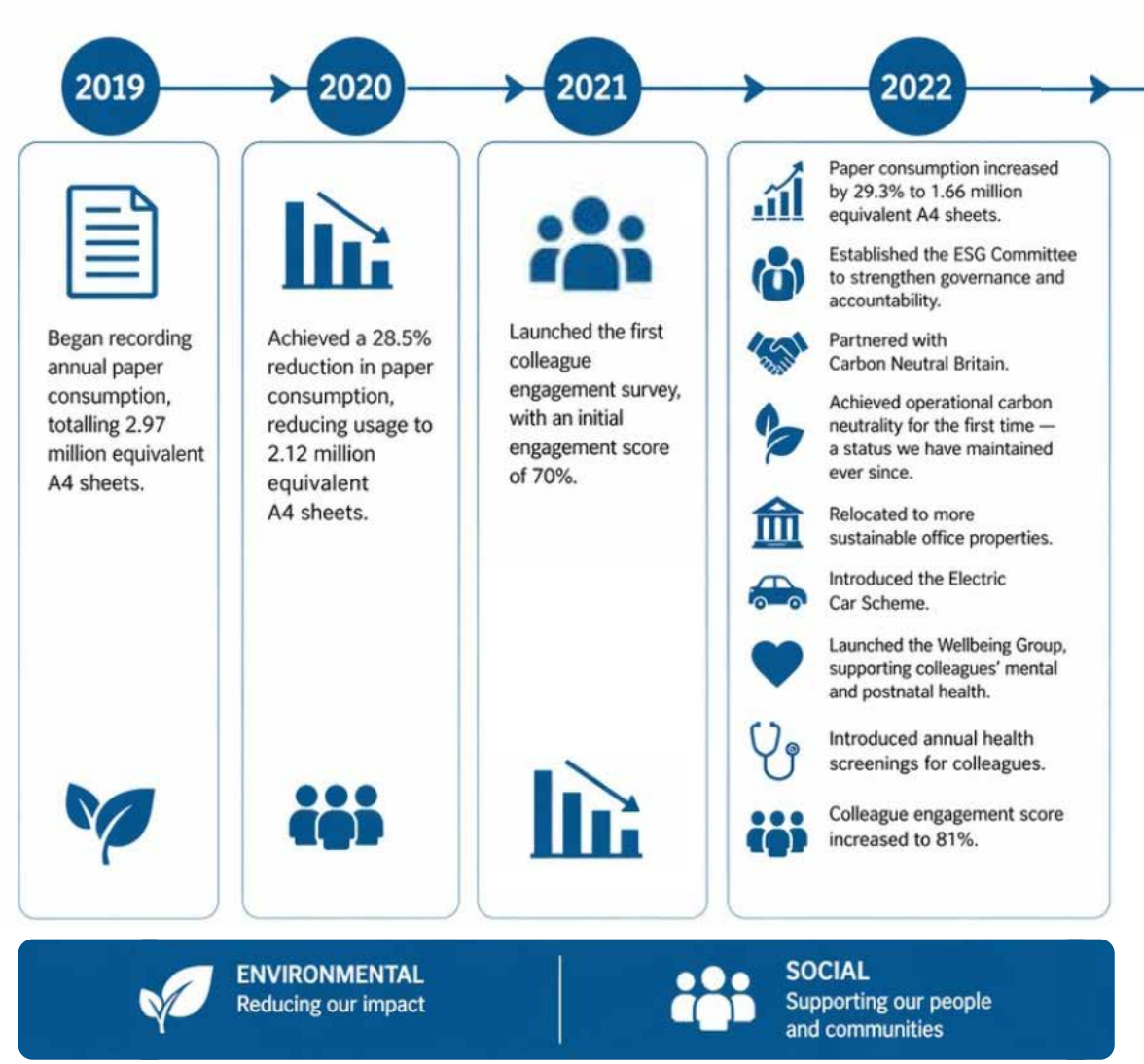
Climate as a standing concern

Climate-related risk is a fixed item on our Board Risk Committee's agenda, not an occasional one. Section 8 goes further than any previous report in describing how we intend to develop this work, including where our current approach still falls short.



Our Journey So Far

THIS IS A NEW ADDITION TO THE REPORT: A FULLER ACCOUNT OF HOW OUR SUSTAINABILITY PROGRAMME HAS DEVELOPED SINCE WE FIRST STARTED MEASURING IT, AND WHERE WE INTEND TO TAKE IT NEXT...



The early years: establishing a baseline (2019–2021)

We began tracking paper consumption in 2019, recording 2.97 million A4-equivalent sheets that year - a figure that has since become our reference point for almost everything we measure. The following year we cut that usage by 28.5%, to 2.12 million sheets, and by 2021 had reduced it further still, to 1.28 million sheets, a 39.7% fall from where we started. That same year we ran our first colleague engagement survey, recording an initial score of 70%.

Building the Infrastructure (2022–2023)

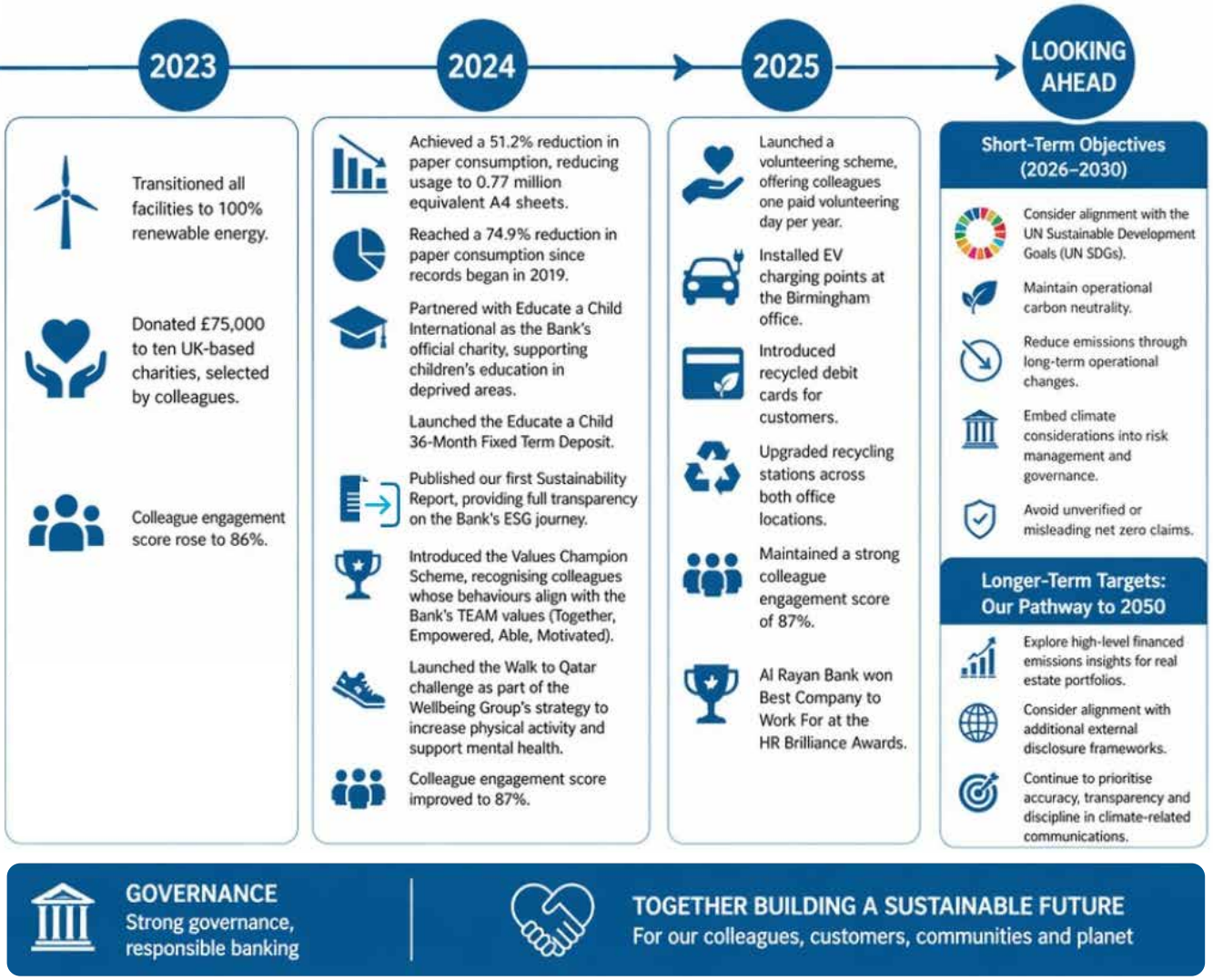
2022 was a foundational year for governance. We used the year to establish our ESG Committee, partner with Carbon-Neutral Britain, and reach operational carbon neutrality for the first time - a status we have held ever since. We also relocated to more sustainable offices, launched the Electric Car Scheme, set up the Wellbeing Group, and introduced annual health screenings. Colleague engagement rose considerably.

In 2023, we donated £75,000 across ten UK charities chosen by colleagues, and colleague engagement increased further.

Recent Progress (2024–2025)

We partnered with Educate A Child International as our official charity, launched an ESG linked Fixed Term Deposit, and published our first Sustainability Report. We also introduced the Values Champion Scheme and the Walk to Qatar wellbeing challenge.

We launched a new volunteering scheme giving colleagues one paid day a year to support causes of their choosing, added EV charging capacity at our Birmingham office, introduced recycled debit cards, and upgraded recycling facilities at both our sites. Engagement was at its highest and AlRayan Bank was named Best Company to Work For at the HR Brilliance Awards.



What comes next

Looking ahead, our objectives split naturally into two horizons: practical steps we intend to take over the next five years, and the longer arc that takes us to 2050.

2026-2030

Formal alignment with the UN SDGs; maintain operational carbon neutrality; cut emissions through lasting operational change; build climate into risk and governance; steer clear of unverified or overstated net zero claims.

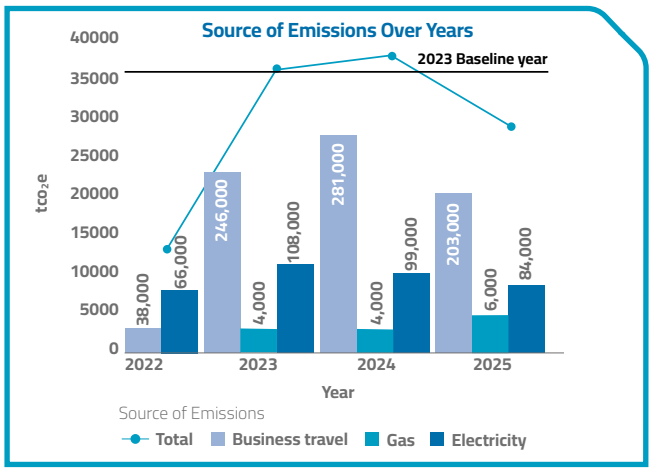
TO 2050

Build high-level insight into financed emissions across our real estate portfolio; look at aligning with further external disclosure frameworks; keep discipline, accuracy and transparency at the centre of how we talk about climate.

Protecting Our Environment

Carbon neutrality

2025 marked our fourth consecutive year of operational carbon neutrality, first achieved in 2022. We report against all relevant emission sources in line with the Companies Act 2006, covering Scope 1 and 2 emissions from our UK premises and Scope 3 emissions from business travel, with verified offsetting used to neutralise what remains. For year-on-year comparisons, we use 2023 as our baseline, as this was the first full year in which operations returned to normal following the disruption caused by the COVID-19 pandemic.





Leaner journeys: cars, charging and cycling

Through our Electric Car Scheme, colleagues are making a tangible contribution to reducing carbon emissions. During 2026, vehicles supplied through the scheme have saved an estimated 15,482 kg of CO_2e, equivalent to the environmental benefit of planting 704 trees. In total, 13 electric vehicles have been delivered to colleagues, representing a commitment of more than 426,000 miles of cleaner driving.

Source: Electric Car Scheme, Annual Impact Report 2026.

13
ELECTRIC VEHICLES DELIVERED

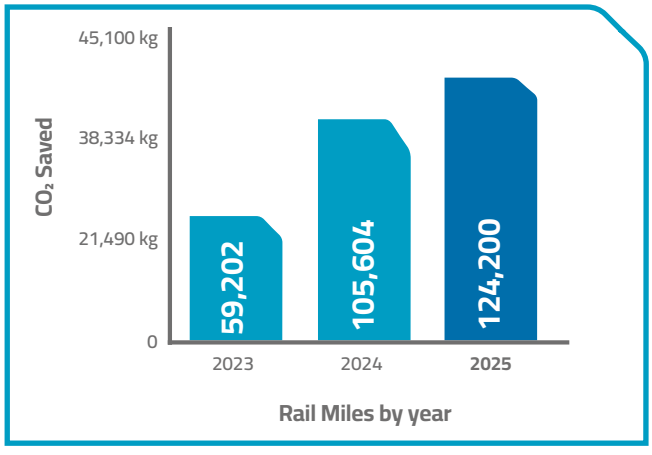
15,482kg
CO_2E EMISSIONS AVOIDED

426,000+
MILES OF CLEANER DRIVING COMMITTED

We added further EV charging capacity at our Birmingham office in 2025 to keep pace with colleague demand, and our Cycle to Work scheme continues to support colleagues who choose to commute under their own power, with the wellbeing, congestion, and emissions benefits that come with it.

On rail travel specifically: Rail mileage grew a further 17.6% in 2025, continuing the sharp upward trend first seen in 2024.

Source: AlRayan Bank internal expense reporting.



Cutting down on paper

Paper remains one of the clearest ways we can track our progress. Usage fell to 611,300 A4-equivalent sheets in 2025, down 17% from 736,870 sheets in 2024, and 79.4% lower than the 2.97 million sheets recorded in 2019, when measurement began.

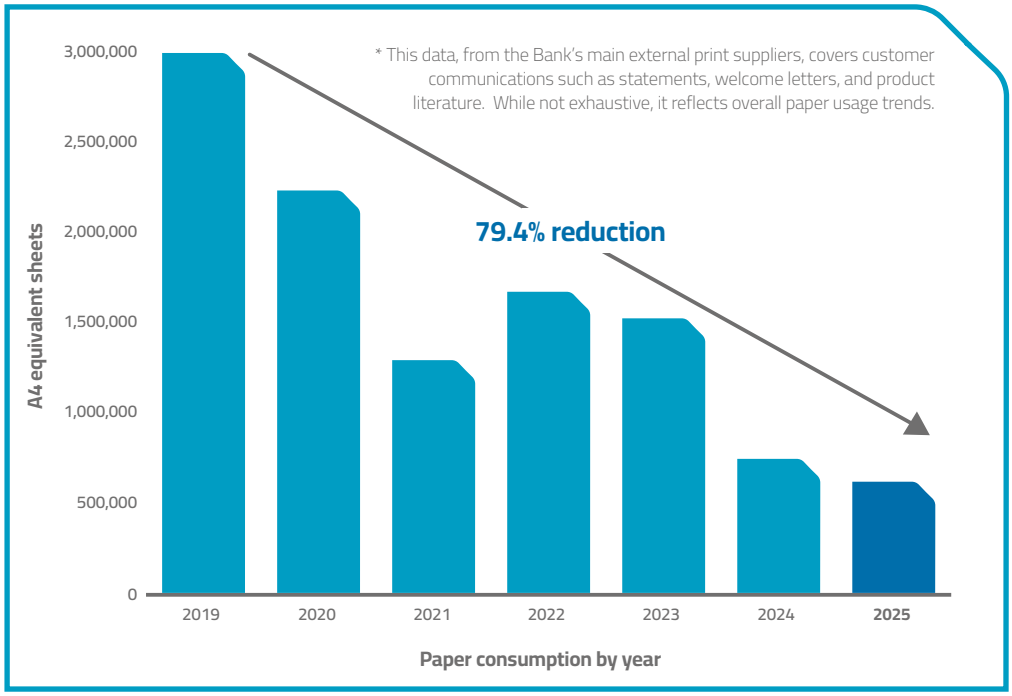
Using a commonly cited estimate that one tree can produce approximately 8,333 sheets of office paper, this reduction is equivalent to around 283 trees' worth of paper compared with our 2019 baseline.

Across the period 2020-2025, the cumulative reduction in paper consumption relative to maintaining 2019 usage levels is equivalent to approximately 1,176 trees' worth of paper production.*

Paperless statements by default, and quarterly statements through our Nominated Account project, remain the two biggest drivers of this.

This is particularly impressive given the rebrand of the Bank in May 2025, which required reprinting of a number of items.

* Tree-equivalent calculations are indicative only and are based on an estimated yield of 8,333 sheets of office paper per tree conservatree.org



POWER FROM RENEWABLE SOURCES

All of our electricity continues to be sourced from renewable providers – wind, solar, and hydroelectric - across both our offices.

WASTE, RECYCLING AND EVERYDAY CHOICES

We upgraded recycling stations at both our London and Birmingham offices in 2025, covering paper, plastic, card, and general waste. Fruitful Office continues to supply weekly fruit baskets to both sites; in 2024 these deliveries funded 522 trees planted in Malawi.

SUSTAINABLE BANKING PRODUCTS

Our Mastercard debit cards are made from 100% recycled and recyclable materials, incorporating tactile accessibility features for visually impaired customers.



Our People and Communities

Engagement and Recognition

Our colleague engagement score is at the highest it has ever been and colleagues consistently comment positively on supportive teams, clear communication, flexible working, fair bonus schemes, and strong leadership as the biggest drivers of that satisfaction. In 2025, this was recognised externally when AlRayan Bank won Best Company to Work For at the HR Brilliance Awards.



Best company to work for

In January 2026, AlRayan Bank UK was recognised as "Best Company to Work For" at the prestigious HR Brilliance Awards™, part of the International Brilliance Awards™ programme. The award recognises organisations that demonstrate a strong commitment to employee wellbeing, engagement, inclusion and workplace culture.

This recognition reflects the Bank's ongoing investment in creating an environment where colleagues feel valued, supported and empowered to thrive. Building a positive and high-performing culture remains a key component of our sustainability strategy, underpinning our ability to attract, retain and develop talented people while delivering long-term value for our customers and stakeholders.

A diverse and inclusive workplace

Inclusive recruitment, hybrid and flexible working, and leadership development programmes underpin our approach to diversity, equity and inclusion. We are also members of Women in Banking and Finance (WIBF).

Wellbeing at work

2025 saw the launch of a new colleague volunteering scheme, giving every employee one paid volunteering day per year. This sits alongside a growing set of wellbeing initiatives: the Walk Around World challenge, in which colleagues collectively logged steps aiming to circumnavigate the planet; Painting for Mindfulness sessions in both London and Birmingham; and the AlRayan Bake-Off, our annual baking competition. Mental Health First Aiders are in place at both sites, backed by a fully funded annual health screening programme.

Continuous learning

The Bank also remained committed to continuous learning and professional development, recognising that investing in colleagues' skills supports both individual career progression and long-term organisational success. Every colleague is given up to two working days each year dedicated to learning and development, enabling them to build new capabilities, enhance existing skills and stay up to date with industry developments. This dedicated time supports a culture of continuous improvement and encourages colleagues to take ownership of their personal and professional growth.











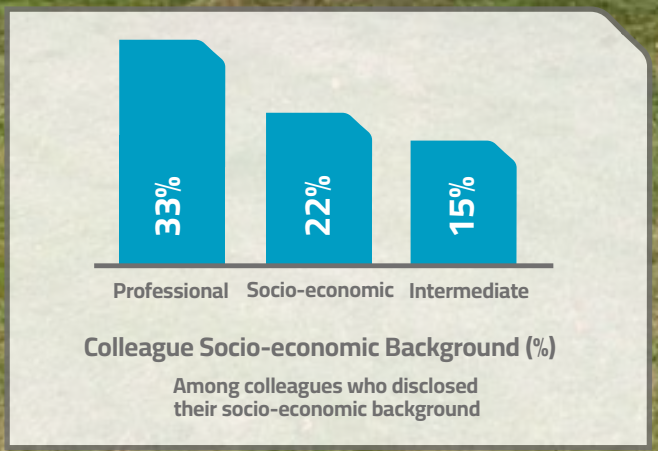
"AlRayan Bank UK was recognised as "Best Company to Work For" at the prestigious HR Brilliance Awards™."

Our People and Communities

8 DECENT WORK AND ECONOMIC GROWTH

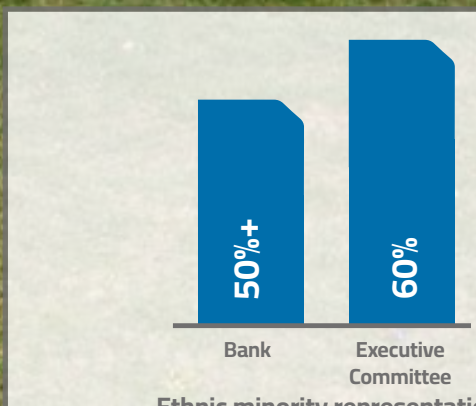
Our Gala Dinner, held at The Grove in Hertfordshire in 2025, and our Garden Party (AlRayanFest), held in Oxfordshire in 2026, were both exceptionally well received. Every attendee who completed the post-event survey said the experience left them feeling more positive about the Bank.





Colleague Socio-economic Background (%)

Among colleagues who disclosed their socio-economic background



Ethnic minority representation

Socio-economic background and social mobility

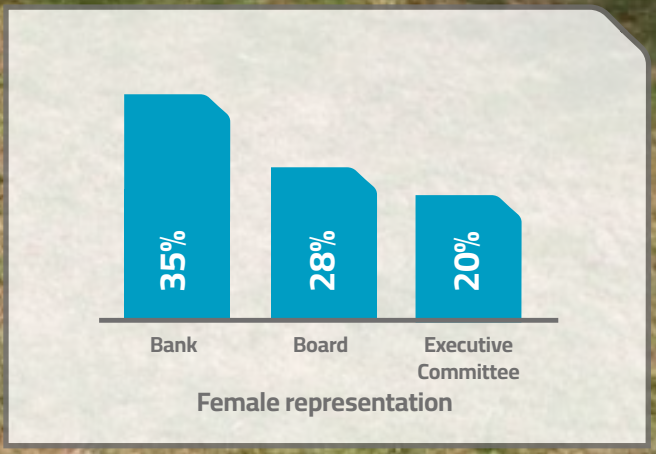
We are committed to creating opportunities for people from all socio-economic backgrounds and fostering an inclusive environment where talent can succeed regardless of background.

Among colleagues who disclosed their socio-economic background, 33% identified as having grown up in a professional-background household, 15% in an intermediate-background household and 22% in a lower socio-economic-background household.

These results demonstrate encouraging progress in broadening access to careers in financial services. In total, 37% of colleagues report an intermediate or lower socio-economic background, highlighting the breadth of experiences and perspectives represented across our workforce.

Our data compares positively with wider trends across UK financial and professional services. Research by the Socio-Economic Diversity Taskforce found that 26% of employees in the sector come from a working-class background, indicating that people from lower socio-economic backgrounds remain under-represented across the industry.





Female representation



Colleagues with Parental Responsibilities

* Based on 135 colleagues who provided a response. Excludes those who selected "Prefer not to say"

Our People and Communities



Benefits and long-term investment in our people

Colleagues have access to a competitive remuneration and benefits package consisting of a discretionary bonus scheme, a non-contributory pension, private medical insurance, 30 days' annual leave, death in service cover, the Electric Car and Cycle to Work schemes, family leave policies, and health screening.

On talent development: five graduates joined across a number of different departments in 2023 and 2024 through our Graduate Scheme; we launched our Internship Scheme in 2025 giving young people access to building workplace skills; we introduced a Mentoring Scheme in partnership with WIBF which has allowed our colleagues to act as Mentors for participants outside of the Bank as well as internal colleagues. Our colleagues have also benefited from having Mentors from outside the Bank; and our Future Leaders Programme continues to support emerging talent through structured development.



Standing behind our customers

Our products are designed around Consumer Duty principles - built around customer needs and outcomes rather than the other way round. For customers facing hardship, we offer financial assistance, mental health support, HPP forbearance arrangements, and early access to Fixed Term Deposits in genuine cases of need. Data privacy, cybersecurity, complaint handling, fraud prevention, financial crime prevention, and ethical marketing remain constant areas of focus in how we protect customers more broadly.



Creating opportunities through initiative and ambition

When Faiza Miah was searching for an internship, she didn't wait for an opportunity to be advertised. As the first person in her family to attend university and growing up in Tower Hamlets, she had learned the importance of creating opportunities for herself. After following AlRayan Bank on LinkedIn for more than a year, Faiza took the initiative to reach out directly and express her interest in gaining experience with the Bank.

That proactive approach led to a successful internship, during which she made a strong impression through her enthusiasm, fresh perspective and thoughtful contributions. Having now completed her placement and returned to UCL to begin her final year studying Geography, Faiza's journey is a powerful example of social mobility in action. Her story demonstrates how determination, confidence and initiative can help talented individuals unlock opportunities, while reflecting the Bank's commitment to recognising potential and supporting the next generation of professionals.

educate a child international

SUPPORTING COMMUNITIES

Since 2024, every account opened through our Educate A Child International Fixed Term Deposit has triggered a Bank donation equivalent to 0.1% of the deposit balance to the charity. Through this partnership, the Bank has raised almost £60,000, including more than £14,000 generated through the Fixed Term Deposit programme.



Transforming Education in Chajbelen, Guatemala

Since 2024, AlRayan Bank has partnered with Educate A Child International as its official charity partner, supporting the charity's mission to improve access to education for children in some of the world's most undeserved communities. Through initiatives including our Educate A Child International Fixed Term Deposit, customer participation and Bank support help fund projects that create lasting educational opportunities for children around the world.

One such project can be found in Parcelamiento Agrario Chajbelen, Guatemala, where children were previously learning in a fragile wooden structure with a dirt floor. The building offered little protection from heat, rain and other weather conditions, making it difficult to provide a consistent learning environment and leaving many parents concerned about their children's future.

Working alongside Educate A Child International, local residents and community leaders, a new permanent school has now been constructed, transforming educational opportunities for the community. The project reflects the power of partnership, combining charitable funding with local leadership and commitment.

Community members donated land, provided construction materials and contributed more than 1,060 volunteer workdays to help bring the project to life. Together, they built a safe, durable and secure school designed to serve children for generations to come.

Today, 60 students benefit from access to quality primary education in weather-resistant classrooms that provide a stable and supportive environment for learning. The new school has helped remove a significant barrier to education, giving children a place where they can focus on their studies and realise their potential.

For families in Chajbelen, the impact extends far beyond the classroom. The school represents opportunity, dignity and hope, creating a stronger foundation for future generations and helping to ensure that every child has the chance to learn and succeed.



Doing Business Responsibly



Our ESG policy and committee

Our ESG Policy sets out who is responsible for managing ESG risk, including climate risk, and ties this to industry best practice, our Net Zero 2050 objective, and the integration of climate considerations into strategy and decision-making. It is overseen by our ESG Committee, chaired by Harpreet Dhillon, Chief People and Sustainability Officer with representation from Commercial, Risk, Finance, HR and Operations.

Assessing climate-related financial risk

We repeated our analysis of climate risk within the real estate finance portfolio in 2025. As before, the current impact of climate change on property security remains negligible, with standard survey and insurance processes, plus EPC requirements where applicable, providing the first line of defence. Section 8 explains where we intend to take this analysis next.

Governance commitments that underpin everything else

We publish an annual Modern Slavery Statement under the Modern Slavery Act 2015 and hold Living Wage employer status. Our approach to equal opportunities includes sexual harassment prevention training, cultural awareness training, DE&I workshops, inclusive recruitment coaching, and mental health and wellbeing training. We comply with the Health and Safety at Work Act 1974, uphold statutory employee rights, and maintain confidential whistleblowing channels.

Every ESG-related statement we make is backed by verifiable evidence and subject to internal sign-off — our anti-greenwashing commitment in practice, not just in name.

> “ Through clear governance, ongoing climate risk assessment, a culture of inclusion and wellbeing, and a commitment to anti-greenwashing, we ensure our actions are accountable, measurable and credible. ”




Total assets of over QAR174 billion, one of the largest Sharia-compliant banks in the region

A Group built on sustainability leadership



While this report sets out AlRayan Bank UK's own sustainability journey, we do not work in isolation. We are part of AlRayan Bank Q.P.S.C. (formerly Masraf Al Rayan), a Group that has placed ESG at the centre of its strategy, governance and long-term vision – and whose achievements give our own commitments real weight and depth.

AlRayan Bank Group is one of the largest Sharia-compliant banks in the GCC, with total assets exceeding QAR174 billion (£36 billion). That scale is matched by ambition: the Group aims to lead Qatar's banking sector in ESG and sustainable finance, in direct support of Qatar National Vision 2030.

The Group's credentials speak for themselves. In 2022, it became the first Islamic bank in the GCC to launch a Sustainable Finance Framework, independently verified by S&P Global against ICMA and LMA principles. That framework has since moved from policy into practice.

In 2024, the Group completed the world's first Islamic ESG KPI-linked repurchase agreement, in partnership with HSBC, tying its financing terms to three years of measurable sustainability performance targets.

In 2025, it issued Qatar's first QAR-denominated Green Sukuk, raising QAR500 million, and expanded its green and sustainable investment book to around USD207.5 million. The Group was also the first Islamic bank in Qatar to join the Partnership for Carbon Accounting Financials (PCAF), using emissions-intensity data to assess transition risk across its client portfolio.

In June 2026, the Group reinforced its commitment to responsible business by becoming a participant in the United Nations Global Compact (UNGC), aligning its strategy with the initiative's Ten Principles on human rights, labour, environment and anti-corruption, and committing to report annual progress.

This progress has been externally recognised: the Group's ESG rating from MSCI was upgraded from BB to BBB in 2025, and the Bank was named 'Best for Sustainability' by Euromoney in recognition of its leadership in sustainable finance, alongside recognition from World Business Outlook, Global Business Magazine and International Banker for its Sharia-compliant and CSR credentials.

Governance underpins all of this. A Board-level Corporate Governance, Nominations and Remunerations Committee oversees ESG policy, supported by a senior ESG Governance Committee reporting directly to the Group CEO. A dedicated ESG & Climate Risk Management Framework now assesses transition risk, physical risk, and social and governance risk across the Group's lending book, supported by a client-level ESG screening tool and an ESG-focused vendor assessment process.

The Group's commitment extends well beyond financial products. In 2025 alone, it allocated QAR38.3 million (£8 million), equivalent to 2.5% of net profit, to its Sports and Social Activities Fund, supporting causes from the Qatar Autism Society to the Qatar Cancer Society. Its Lusail headquarters in Doha holds GSAS 4 certification, reflecting energy-efficient design, solar power and water recycling. And its first Sustainability Forum in 2025 brought together regulators, corporate clients and international experts, including S&P Global, to discuss the future of sustainable finance in Qatar.

For AlRayan Bank UK, this matters. Our own sustainability programme is not a standalone initiative but part of a wider Group commitment, one with the scale, governance and track record to help set the standard for responsible Islamic banking.

About AlRayan Bank Group

- Total assets of over QAR174 billion, one of the largest Sharia-compliant banks in the region
- Operations in Qatar, UK (AlRayan Bank Limited), France (Al Khaliji France S.A.) and UAE

Sustainable finance milestones

- 2022: First Islamic bank in the GCC to launch a Sustainable Finance Framework, aligned with ICMA Green/Social/Sustainability Bond Principles and LMA Green/Social Loan Principles, with a Second Party Opinion from S&P Global
- 2024: First-ever Islamic ESG KPI-linked repurchase agreement, with HSBC, incorporating three-year Sustainable Performance Targets
- 2025: First QAR-denominated Green Sukuk issuance, cleared and listed in Qatar, raising QAR500 million
- 2025: Green/Sustainable Sukuk investment book expanded to approximately USD207.5 million
- Launch of Islamic Sustainable Finance products for corporate clients (Green, Social, Sustain-able and Sustainability-Linked Financing)
- 2026: Became a participant in the United Nations Global Compact (UNGC), committing to its Ten Principles and to annual Communication on Progress reporting

A Group built on sustainability leadership



Ratings and recognition

- ESG MSCI rating upgraded from BB to BBB (2025)
- Named Best for Sustainability by Euromoney recognising the Group's leadership in sustainable finance; Best Sharia-Compliant Bank, Leading Islamic Bank in Qatar and Most Innovative Islamic Bank in Qatar (World Business Outlook); Best CSR Bank in Qatar (International Business Magazine)
- Ranked 21st on Forbes Middle East's Top 30 Most Valuable Banks (2025); 50th on Top 100 Listed Companies in the Middle East
- Earthna Certificate for participation in Qatar Sustainability Week
- Signatory / participant of the United Nations Global Compact (2026)

Climate risk and governance

- First Islamic bank in Qatar to join the Partnership for Carbon Accounting Financials (PCAF)
- Completed first portfolio-wide transition risk, physical risk, and social/governance materiality assessments in 2025
- Dedicated ESG & Climate Risk Management Framework, client-level ESG screening tool and ESG-focused vendor assessment tool
- Board oversight via the Corporate Governance, Nominations and Remunerations Committee (CGNRC), supported by an ESG Governance Committee reporting to the Group CEO

Environmental performance (FY2025)

- Scope 1 emissions: 152.72 tCO_2e; Scope 2: 5,538 tCO_2e; Scope 3: 473.71 tCO_2e
- 1.698 GWh of renewable energy used; Lusail headquarters holds GSAS 4 certification
- 30,520 kg of waste recycled
- Social and community impact

Social and community impact

- QAR38.3 million (2.5% of net profit) allocated to the Sports and Social Activities Fund in 2025
- Support for the Qatar Autism Society, Qatar Cancer Society, Qatar Society for Rehabilitation of Special Needs, and Qatar Charity's Debtors programme
- 29% of workforce female; 33% Qatari nationals; equal salary scale between male and female employees; 31.64 hours of training per employee on average

Governance and ethics

- Zero recorded incidents of bribery or corruption (2020–2025)
- 27.27% of Board directors independent
- First AlRayan Bank Sustainability Forum held in 2025, with S&P Global and industry stake-holders



Operations in Qatar, UK (AlRayan Bank Limited), France (Al Khaliji France S.A.) and UAE



Our Contribution to the UN Sustainable Development Goals

THIS IS THE FIRST TIME WE'VE PUBLISHED A FORMAL VIEW OF HOW OUR WORK MAPS ONTO THE UN SUSTAINABLE DEVELOPMENT GOALS.

WHERE WE SCORE HIGHEST

Quality Education



92%

Education-linked savings product and long-term charity partnership

Decent Work & Economic Growth



90%

Living Wage, fair employment, pensions, talent development

Climate Action



95%

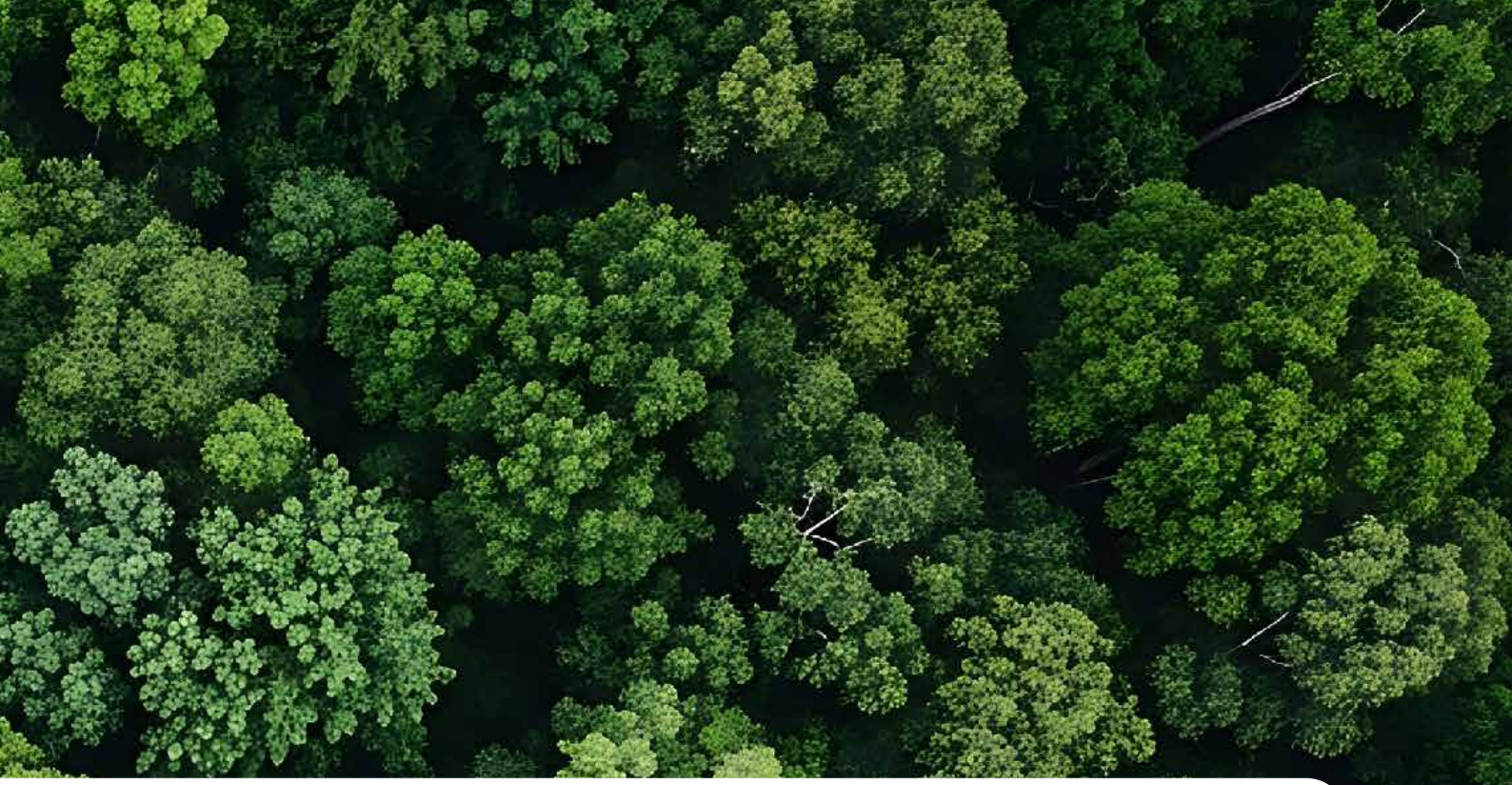
Carbon neutrality, climate risk governance, emissions measurement & reduction

Peace, Justice & Strong Institutions



90%

Ethical governance, transparency, Sharia oversight, anti-greenwashing



SUSTAINABLE DEVELOPMENT GOALS

Each SDG was scored out of 100% using four weighted criteria:

- **Direct relevance to SDG targets (30%)** – a clear link to specific SDG aims, not just a broad theme.
- **Integration into core business (30%)** – embedded in strategy, governance, products or risk management, rather than standalone CSR activity.
- **Evidence and measurability (25%)** – backed by data, outcomes, repeatable initiatives or formal processes.
- **Governance and longevity (15%)** – supported by Board oversight, formal policy, and a credible likelihood of being sustained.

Formal alignment

Based on the assessment set out above, we are formally aligning our sustainability approach and reporting framework to the UN Sustainable Development Goals (SDGs), with particular focus on those goals where our activities have the greatest impact and where we can demonstrate clear, measurable outcomes.

This alignment reflects our commitment to embedding environmental, social and governance considerations into our strategy, operations, products and decision-making processes. While our strongest contribution currently sits within SDG 13 (Climate Action), SDG 4 (Quality Education), SDG 8 (Decent Work and Economic Growth) and SDG 16 (Peace, Justice and Strong Institutions), we recognise that the SDGs are interconnected and that our responsibilities extend beyond these priority areas.



Towards Net Zero - A Roadmap



This section goes further than any previous report in setting out our path to Net Zero, building on the operational progress described in Sections 3 and 5. We've tried to be transparent throughout: celebrating what we've achieved, while being honest about where capability still needs to be built.

A solid operational base

Our clearest area of strength remains operational carbon performance. We've held carbon-neutral status for four consecutive years, measured and reported against the GHG Protocol, covering Scope 1 and 2 emissions across our estate and defined Scope 3 categories such as business travel. Our emissions are low and reducing from our baseline year in 2023.

2025 emissions were 293.48 tonnes of carbon dioxide equivalent, an 18% reduction from 2023 (baseline).

This sits alongside a set of practical, measurable initiatives:

- **100% renewable electricity across our operations.**
- **A 79.6% reduction in paper use since 2019, including a further improvement in 2025.**
- **An expanding Electric Car Scheme and a marked shift towards rail travel, both delivering year-on-year emissions savings.**
- **Consistently high colleague engagement with sustainability initiatives and behaviour-change programmes.**

This is underpinned by clear Board-level oversight and an established ESG Committee – governance that gives us confidence the progress will hold.

Getting serious about climate risk

Given our focus on real estate finance, we are alert to how climate change could affect both the assets we finance and the customers who hold them. Climate risk - both physical and transition risk – is built into our risk management framework and receives regular Board-level attention. Energy Performance Certificate requirements are already applied at the point of financing.

That said, as regulatory expectations move on, we know this needs to go further - particularly on forward-looking data, scenario analysis, and portfolio-level insight.

Four priorities for the road ahead

1. MEASURING WHAT WE HAVEN'T MEASURED YET

Scope 1 and 2 emissions are well covered, and selected Scope 3 categories are already in place. What's missing is the single most material piece: financed emissions tied to our lending portfolio, which are not yet fully measured at UK entity level. Closing this gap is a priority, and we'll draw on Group-level work - including our participation in the Partnership for Carbon Accounting Financials (PCAF) - to get there faster.

2. PUBLISHING AN ACTUAL ROADMAP

We've committed to a formal Net Zero roadmap: a structured, time-bound plan covering both our operations and our financing activities. We haven't yet published specific targets or long-term pathways - doing so, credibly, is the next major milestone in this work.

3. REDUCING THE RELIANCE ON OFFSETTING

Offsetting our low carbon emissions has underpinned our carbon-neutral status since 2022, and it has served its purpose. But it should complement genuine emissions reduction, not substitute for it - so our focus is still shifting increasingly towards real-world reductions, backed by clear transition plans.

4. UNDERSTANDING OUR PORTFOLIO IN FAR MORE DETAIL

Our real estate financing portfolio is growing, and so is the importance of understanding its emissions and energy performance. That means mapping EPC distribution across the portfolio, assessing exposure to tightening minimum energy efficiency standards, and building a structured approach to portfolio de-carbonisation and customer transition - work that will help us manage risk while supporting customers through their own sustainability journeys.

None of this is possible without better data. We still need to strengthen climate scenario analysis and stress testing, embed climate considerations properly into risk appetite and decision-making, and improve asset-level data and management information.

Three Principles Behind Our 2050 Commitment

We remain fully committed to supporting the UK's transition to Net Zero by 2050, in line with government policy and our own ESG principles. Three priorities will guide how we get there:

1

Reduce our own operational footprint through continued efficiency, innovation, and behavioural change.

2

Understand and manage financed emissions.

3

Embed climate considerations into strategy and decision-making, building a business that's resilient to what's coming.

Our forthcoming Net Zero roadmap will translate these three priorities into measurable targets and concrete actions.



Where this leaves us

We start from a genuinely strong position: credible operational credentials, embedded governance, and a culture that already supports sustainable decision-making. The next phase is about scaling that foundation - moving from managing our own footprint to actively shaping the transition of our portfolio and the wider economy we operate in.

It's a significant undertaking, but a worthwhile one. Getting our strategy aligned with the low-carbon transition is how we keep delivering long-term value for customers, colleagues, and everyone else with a stake in this business.

Closing thoughts

This report marks a genuine step forward for AlRayan Bank's ESG journey – not because any single number changed dramatically, but because we've chosen to be more open about the journey itself, our alignment with the UN SDGs, and the harder, unfinished work of reaching Net Zero.

BY PILLAR, THE HIGHLIGHTS FROM 2025 WERE:

Environment

- A fourth consecutive year of carbon neutrality
- Electric Car Scheme CO_2e savings up 43.5% year-on-year
- Paper use down to its lowest point yet – a 79.6% reduction since 2019
- Rail travel up 17.6%, continuing a sustained shift to greener commuting.
- 100% renewable electricity, upgraded recycling, and recycled debit cards

Social

- Continued strengthening of climate risk governance. Our first formal assessment of alignment with the UN Sustainable Development Goals
- The most detailed account yet of our path to Net Zero, including where work remains

Governance and Beyond

- Continued strengthening of climate risk governance
- Our first formal assessment of alignment with the UN Sustainable Development Goals
- The most detailed account yet of our path to Net Zero, including where work remains

Taken together, this is a bank trying to be financially successful, socially responsible, and environmentally sustainable – and willing to say plainly where it still has work to do.



Our ESG committee

Our ESG Committee sits at the centre of this work: embedding sustainability across operations, ensuring compliance, and championing responsibility and inclusion throughout the Bank.

Chair



Harpreet Dhillon
Chief People & Sustainability Officer

Deputy Chair



Ben Collins
Head of Marketing & Communications

Committee Members



Marklew Rice
Head of Product Management, Deputy Chief Commercial Officer (Product)



David Citrullo
Head of Real Estate & Banking Operations, Deputy Chief Operations Officer



Helen Trott
Company Secretary



Freddie Blake
Senior Prudential Risk Manager



Anna Pickering
Senior Product Manager



Amit Yadev
Senior Finance Manager



Maia McPherson
Treasury Analyst



Matthew Floyd
Banking Graduate

Guest Attendees



Cathy Lewis
Non-Executive Director



Raheel Malik
Head of Internal Audit

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