

2022

Sustainability Report

A Solid Foundation for

ESG Integration





# 2022 ESG Factsheet

In 2022, we took vital steps to integrate ESG into our business, operations, and culture. The Group transformed its ESG strategy from a six-pillar approach to four interrelated pillars: Governance for Resilience, Responsible Banking, Capitalizing on our Capabilities, and Investing in our Communities. This factsheet is designed to highlight our key achievements against our ESG strategy and focus on the most material indicators to our key stakeholders.



## 1. About this Report

Welcome to NBK's seventh annual Sustainability report and the factsheet presented in this document. NBK's 2022 Sustainability Report summarizes the Bank's material ESG/Sustainability-related issues, risks, and performance data, as well as our Group-wide ESG policies, strategy, and commitments, for the reporting period January 1 to December 31, 2022. Our 2022 Sustainability Report is organized based on the four pillars of NBK's evolved ESG Strategy Framework. Additionally, this report is informed by a number of national and international Sustainability/ESG reporting standards and frameworks, including Global Reporting Initiative (GRI) standards, Sustainable Accounting Standards Board (SASB), UN Sustainable Development Goals (UN SDGs), and others.

## 2. About NBK

2022 marked 70 years since NBK's founding in 1952 as the first local, domestic GCC bank and the first shareholding company in Kuwait. Today, NBK is one of the leading banking groups in Kuwait. NBK also ranks among leading regional banks in credit ratings and brand value. NBK has operations in 13 countries, with a total of 68 branches in Kuwait, having the Headquarters in Kuwait and various other international branches around the world. The Bank's core businesses include (i) Consumer and private banking, (ii) Corporate banking, (iii) Investment banking and asset management, and (iv) Islamic Banking.

## 3. ESG at NBK

NBK's leadership is committed to the Bank's sustainability journey and views sustainability as integral to business performance. In 2022, we transformed our ESG Framework and Strategy, making a step-leap strategic commitment to more fully integrating ESG with our core business strategy, risk management, products and services, and operations. Our ESG Strategy focuses on promoting economic prosperity and serving as a model for sustainable development, organized around four pillars: Governance for Resilience; Responsible Banking; Capitalizing on our Capabilities; and Investing in our Communities

## 4. Governance For Resilience

NBK Group is committed to robust ethical standards that are hand-in-hand with comprehensive strategic planning and effective, transparent, and reliable governance structures, policies, and processes. In concert with our robust risk management to develop economic, environmental and social risk resilience, these foundational elements of governance at NBK provide assurance to our stakeholders about the strength of our leadership, oversight, and accountability.

## 5. Responsible Banking

Contributing to economic, social and environmental development, whether through our operations or engaging with our clients to adopt sustainable practices by financing their transitions, has always been one of NBK's strategic focuses. Responsible Banking outlines NBK's approach to the net zero transition by channeling capital into the low-carbon economy while reducing our environmental impact from operations. NBK recently established its Sustainable Financing Framework, aligned with the Green Bond Principles (GBP), Social Bond Principles (SBP) and Sustainability Bond Guidelines (SBG), [ICMA, June 2021]. Additionally, as we have done for the last seven years, in pursuit of our net zero ambitions, we continue to track and take steps to manage and report on our energy and water consumption, greenhouse gas (GHG) emissions, and materials consumption and disposal.

## 6. Capitalizing on Our Capabilities

The essential ambition of NBK's Capitalizing on our Capabilities strategy pillar is to drive sustainable business growth achieved through organizational resilience. This starts with our workplace management; our policies, culture, practices and programs that enable bank-wide ESG transformation through enhanced employee engagement and development programs. In addition to describing our Group Human Resource practices, we outline our commitment and initiatives to promote diversity, equity and inclusion (DE&I), promote health, safety and wellbeing, and establish a digital and agile work environment through innovative digital solutions.

## 7. Investing in Our Communities

Part of our mission is to contribute to our community. Investing in our Communities is one of the four key strategic pillars of NBK's ESG Strategy. NBK's community investment focuses on providing optimal customer service and advocacy, financial inclusion, accessibility and literacy, and ensuring customer protection and data privacy and security. Additionally, NBK has a long history of having substantial financial contributions in community development. We are increasingly attentive to optimizing our positive social impact within our Corporate Social Responsibility (CSR) investments in line with the UN Sustainable Development Goals (UN SDGs).

# Key Achievements of Our ESG Efforts



### Governance For Resilience

- Solidified Board and Executive Management ESG governance, oversight, and accountability.
- Committed to developing economic, environmental, and social risk resilience.
- Zero incidents of Corruption, Fraud, Money Laundering and Bribery.
- Received solid first-time score of 'C' from CDP, for both the Climate Change and Forest categories.
- 9.1% female Board representation.

### Responsible Banking

#### Sustainable Finance:

- Launched NBK Sustainable Financing Framework with SPO from S&P.
- Launched Electric Vehicle (EV) consumer loan.

#### Net Zero Ambitions:

- 25% targeted reduction of gross operational emissions by 2025, compared to our baseline year 2021.
- Achieved the LEED Gold Certification for NBK Kuwait new Headquarters.
- Electricity consumption totaled 53,975,568 kWh, an 11% decrease from 2021.
- Water consumption totaled 38,223,713 Imperial Gallons (IG), a 9% decrease from 2021.
- Reduced Scope 1, 2, and 3 carbon emissions by 6% from 2021.
- 127.1 metric tons paper recycled.

### Capitalizing on Our Capabilities

#### Diversity, Equity & Inclusion:

- 44.0% females in the workforce, 29.3% females in managerial positions.
- Launched 'NBK RISE' global leadership initiative for women.
- 39.4% of new hires are female.
- 85.5% of new hires are Kuwaitis.

#### Talent Development:

- 132 fresh graduates employed.
- 21,729 hours total training hours. On average, each employee received 5.7 training hours.

### Investing in Our Communities

- 75.1% Nationalization rate.
- KD 23 (USD 75) million total community investments, a 45% increase from 2021.
- Launched 'Bankee' financial literacy program.
- KD 18.17 (USD 59.32) million SME lending.

#### Customers & Community:

- 90% Customer Satisfaction Index (CSI).

#### Data Security:

- Zero incidents of data leaks or breaches.
- Maintained ISO 27001 Certification.

## Data Performance Tables

### Governance For Resilience

Disclosure Metric	NBK Performance	ESG Category
Percentage of Independent Board Members	36%. The Board consists of 11 members, 4 of whom are independent.	Governance
Percentage of Board Members with Industry Expertise	91%. 10 out of 11 Board members have substantial industry expertise.	Governance
Independent Board Committee Chairs	3 out of 5 Board Sub-Committees have independent Board Committee Chairs, namely: Board Audit Committee, Board Risk & Compliance Committee, and Board Nomination and Remuneration Committee.	Governance
Board Attendance 2022	Average Board member attendance rate: 85.9%.	Governance
Female Director	1/11. First female director elected in 2022.	Governance
Number of flagged Board Members	0	Governance
Any disclosed related-party transactions in either of two most recently reported financial years	Yes	Governance
Business Ethics Risk & Controversies	No ethics related controversies raised. Additionally, NBK had zero confirmed Whistleblowing cases and incidents reported in 2022.	Governance
Corruption Risk Exposure & Controversies	Zero confirmed incidents in 2022 of Corruption, Fraud, Money Laundering, or Bribery.	Governance
Percentage of long-tenured, aging directors suggests a problem with board entrenchment	No. In compliance with Central Bank of Kuwait (CBK) requirements, NBK elected 11 Board members for a three-year term; including two additional Independent members – totaling four independent members.	Governance
Composition of the board fails to include any female directors	No, NBK elected its first female Board member in 2022. Female representation in Board is 9%.	Governance
Audit committee lacks at least one non-executive member with general expertise in accounting or financial management	No, all (100%) Board members in NBK Board Audit Committee (BAC) have general expertise in accounting or financial management.	Governance
Audit committee lacks at least one non-executive member who has substantial industry knowledge	No, all (100%) Board members in the BAC have substantial industry knowledge and experience.	Governance
Company executive(s) are serving on the pay committee	No	Governance
Current company executives serve on the pay committee's board	No	Governance
Lack a standing nomination committee	No	Governance
The nomination committee chair is not independent of management or other interests	No, NBK's Board Nomination and Remuneration Committee (BNRC) Chair is independent of management or other interests.	Governance

Whistleblower Protection	Yes, NBK has a Whistleblowing Policy accessible to all employees. The complaint is directly made to the Chairman of the Board and the information remains confidential and is saved anonymously to provide protection to the employee. This mechanism is subject to review by Group Internal Audit.	Governance
Policies Related to Anti-Money Laundering	Yes, we have an independent AML/CFT unit reporting to the Board Risk and Compliance Committee. Our AML/CFT Policy, Anti-Fraud Policy, and Anti-Bribery and Corruption Policy are reviewed annually and approved by the Board.	Governance
Employee Training on Ethical Standards	Yes, we offer mandatory annual or bi-annual trainings to ensure all employees' acknowledgment and understanding of NBK commitments and expectations, including but not limited to, Legal Compliance requirements, Code of Business Ethics and Conduct, Anti -Corruption and Bribery, Anti-Money Laundering.	Governance
Regular audits of ethical standards	Group Internal Audit conducts an annual audit of Corporate Governance based on the requirements of the CBK. Group Internal Audit's scope of the Corporate Governance audit includes the review of the Bank's ethics related policies and practices.	Governance
Incorporation of links to sustainability performance in its current executive pay policies	Yes, NBK recently introduced ESG metrics into the KPIs of the members of the Executive Management.	Governance
Board & Executive Management Responsibility & Oversight of ESG	<ul style="list-style-type: none"> <li>Integrated ESG metrics into the Board of Directors', Board Sub-Committees, and Executive Management's responsibilities, oversight, charters, and affairs.</li> <li>Finalized and approved the new Group ESG Strategy.</li> </ul>	Governance
Management or ESRM Integration and Risk Management	<ul style="list-style-type: none"> <li>Committed to supporting the transition to sustainable economy into our ESG Strategy as an integrated core of NBK business strategy.</li> <li>Committed to developing formal systems to assess and manage ESG-related risks and opportunities.</li> <li>In 2022, ESG-related risk limits were defined by Group Risk Management.</li> </ul>	Governance
Support SDGs (United Nations Sustainable Development Goals)	Identified SDGs relevant for NBK business and Governance for Resilience strategy pillar.	Governance



### Responsible Banking

Disclosure Metric	NBK Performance	ESG Category
Sustainable Finance	<ul style="list-style-type: none"> <li>Committed to developing a best-in-class Sustainable Finance proposition.</li> <li>Launched the NBK Sustainable Financing Framework, and received the Second Party Opinion (SPO) by Standard &amp; Poor's Global.</li> </ul>	Governance Environment
Financing Environmental Impact	<ul style="list-style-type: none"> <li>Committed to developing formal systems to assess and manage ESG-related risks and opportunities in financing activities.</li> <li>In 2022, ESG considerations were added to corporate clients' credit assessments.</li> </ul>	Environment
Environmental Finance Opportunities	<ul style="list-style-type: none"> <li>Committed to developing a best-in-class Sustainable Finance proposition.</li> <li>Examining environmental finance opportunities within NBK Sustainable Financing Framework.</li> <li>Developed a roll out plan for the launching of sustainable retail products for 2023.</li> <li>In March 2023, launched Electric Vehicle (EV) consumer loan.</li> </ul>	Environment
Controversies	None.	
Reducing GHG Emissions	<ul style="list-style-type: none"> <li>Established interim goals to reduce gross operational emissions by 25% by 2025.</li> <li>Committed to achieve Carbon Neutrality by 2060.</li> <li>Committed to install solar power systems in 24 of local branches by 2025.</li> <li>Reduced both total electricity consumption and electricity intensity by 11%, saving more than 6.4 million kWh.</li> <li>Reduced GHG emissions from electricity by 12%, eliminating more than 4,500 metric tons of CO2e.</li> </ul>	Environment
Energy, GHG, and Resources Management	<ul style="list-style-type: none"> <li>Achieved LEED Gold Certification for NBK Kuwait's new headquarters building.</li> <li>Committed to implement a Building Energy Management System (BEMS) in standalone local branches by 2025.</li> </ul>	Environment
Supply Chain ESG	<ul style="list-style-type: none"> <li>Committed to fully integrate ESG across our supply chain.</li> <li>NBK supports local businesses and small and medium-sized enterprises (SMEs). We also use ESG-related criteria in procurement decisions and vendor sourcing.</li> <li>All NBK vendors are required to sign the Vendor Declaration Form, where clauses related to Human rights are included.</li> </ul>	Social Environment
Support SDGs (United Nations Sustainable Development Goals)	<ul style="list-style-type: none"> <li>Identified SDGs relevant for NBK business and Responsible Banking strategy pillar.</li> </ul>	Social Environment

### Capitalizing on Our Capabilities

Disclosure Metric	NBK Performance	ESG Category
Human Capital Development Strategy	<ul style="list-style-type: none"> <li>Commitment in NBK ESG Strategy to drive sustainable business growth through organizational resilience, including major initiatives regarding diversity, equity and inclusion; employee engagement and development programs; local talent development; and cultivating a digital and agile work environment.</li> </ul>	Social
Management Score Category: Distribution & Outreach	<ul style="list-style-type: none"> <li>Digitization is a core aspect of NBK's business strategy, and is achieved through NBK's digital transformation strategy.</li> <li>During 2022, NBK worked on several customer-focused digital solutions and mega projects, which include: (1) Customer 360, (2) Corporate Online Banking, (3) New Mobile Banking Application, and (4) Digital Investment Engagement in the NBK Mobile Application.</li> </ul>	Social
Human Capital Development Programs and Initiatives	<ul style="list-style-type: none"> <li>Launched NBK RISE, a global leadership initiative designed to elevate women to more significant leadership roles.</li> <li>Launched a new training and development approach titled "Ready for the Future" aimed at accelerating the Group's digital strategy.</li> <li>NBK is increasingly investing in talent through offering specialized programs at every level, from NBK Academy through which we select high potential fresh graduate local talent and prepare them for their career, to Middle Management Programs, and to Executive Education.</li> <li>Collaborated with Wara Hospital to provide staff with specialized on-site medical advice to foster employee well-being.</li> </ul>	Social
Human Capital Development Performance: Leadership Training and Talent Management Program; Performance Appraisal and feedback, Job specific development training programs	<ul style="list-style-type: none"> <li>Each employee received an average of 5.7 hours of training in 2022.</li> <li>NBK, in cooperation with IE Business School in Madrid, launched its seventh cohort of the "High Fliers" leadership development program.</li> <li>NBK has an organizational Succession Plan in place that is reviewed annually by the BNRC and BOD.</li> <li>NBK assesses employee performance based on KPIs tailored for each role.</li> <li>We conduct formal Midyear Review discussions, providing managers and employees an opportunity to identify and address any areas of improvement before the annual formal appraisal discussions.</li> <li>All of our employees (100%) receive career reviews by the second half of Quarter 4 of each fiscal year, excluding employees that joined with less than 6 months of service.</li> <li>NBK has in place an Employee Engagement Survey, designed to measure the extent to which employees feel valued and involved in their everyday work. The employee engagement survey is done once every two years. The next one is scheduled to take place during Quarter 3 of 2023.</li> </ul>	Social
Human Capital Development Performance: Employee Turnover	<ul style="list-style-type: none"> <li>13.5% annual employee turnover.</li> </ul>	Social
Human Capital Development Performance: External Recognition	<ul style="list-style-type: none"> <li>Awarded "Best Bank for Diversity and Inclusion" in Kuwait from Euromoney.</li> <li>Named "Best Financial Innovation Lab in Kuwait 2022" by Global Finance for pioneering innovation in the country and the region.</li> </ul>	Social

2022 ESG Factsheet

Disclosure Metric	NBK Performance	ESG Category
Human Capital Development Performance: Gender Equity	<ul style="list-style-type: none"> <li>Representation of women in workforce 44.0%, and women in management 29.3%.</li> </ul>	Social
Incidence of major merger & acquisition (M&A) activity in the last three years that affect more than 10% of workforce or more than 1,000 employees, if any	<ul style="list-style-type: none"> <li>0 M&amp;A activity impacting &gt;10% of workforce or &gt;1000 employees.</li> </ul>	Social
Controversies: <ul style="list-style-type: none"> <li>Labor management controversies</li> <li>Collective bargaining controversies</li> <li>Discrimination and workforce diversity controversies</li> </ul>	<ul style="list-style-type: none"> <li>0 Labor management controversies.</li> <li>0 Collective bargaining controversies.</li> <li>0 Layoffs in the last three years that affect more than 10% of workforce or more than 1,000 employees.</li> </ul>	Social
Support SDGs (United Nations Sustainable Development Goals)	<ul style="list-style-type: none"> <li>Identified SDGs relevant for NBK Capitalizing on our Capabilities strategy pillar.</li> </ul>	Social

Investing in Our Communities

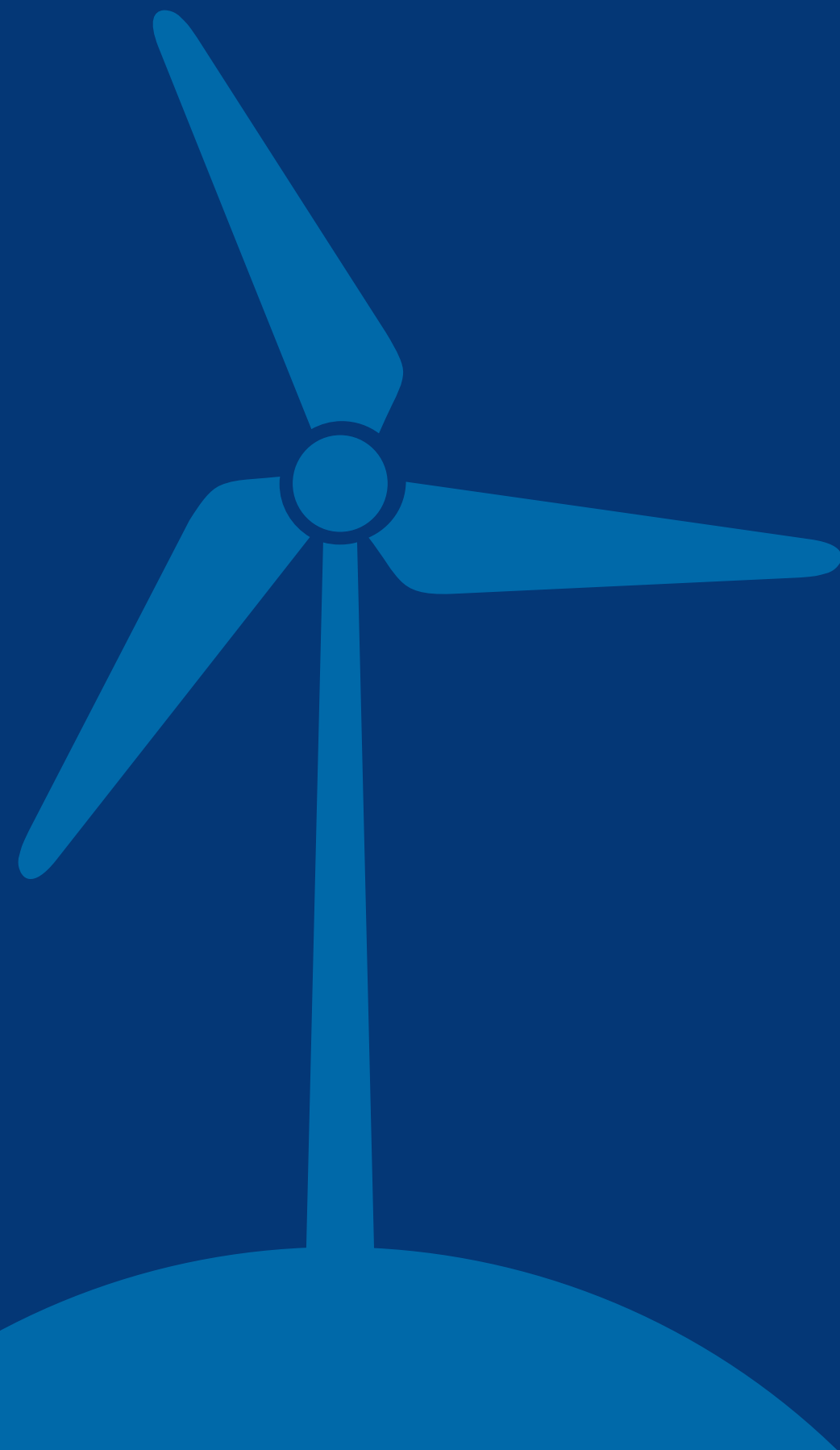
Disclosure Metric	NBK Performance	ESG Category
Access to Finance: Products and Strategy	<ul style="list-style-type: none"> <li>Commitment in NBK ESG Strategy to deliver a positive impact on the communities we serve through empowering financial independence and security; deliver optimal customer experience and service excellence; promoting local talent, expanding community investment; and supporting equitable community economic development.</li> <li>NBK has AI Amil product segment that provides low-wage employees with a debit payroll card, which they can use to withdraw cash from NBK ATM networks. In 2022, there were 26,898 AI Amil active cards.</li> </ul>	Governance Social
Management Score Category: Distribution & Outreach	<ul style="list-style-type: none"> <li>NBK proactively engages with customers through its various social media platforms in order to increase positive and impactful engagement with the Bank. This is through building customer awareness and knowledge about data and cyber security, protection against financial fraud, health &amp; safety protocols, confidentiality and disclosure, NBK policies, CBK regulations, and other relevant topics. NBK's social media engagement rate exceeded 2.7 million across all social media channels in 2022.</li> <li>In 2022, NBK took further steps in engaging customers on ESG topics by communicating our ESG progress and commitments on our communication platforms.</li> <li>NBK is significantly involved in Central Bank of Kuwait's 'Let's Be Aware' Campaign, which is focused on raising the customers' awareness on financial and data security. Topics include: security tips, personal finance, investing and saving, among others.</li> </ul>	Social

Management Score Category: Performance	<ul style="list-style-type: none"> <li>In 2022, SME lending totaled KD 18.17 (USD 59.32) million.</li> <li>Nationalization rate in NBK Kuwait currently stands at 75.1%.</li> <li>Community Investments totaled KD 23 (USD 75) million in 2022, a 45% increase from 2021.</li> <li>Committed KD 13 (USD 42.5) million for the expansion of NBK Children's Hospital specialized in stem cell transplant; project to start in 2023.</li> <li>Launched the 'Bankee' financial literacy program in public and private schools.</li> <li>In May 2023, NBK collaborated with Visa on 'She's Next' initiative, a global advocacy program that aims to support women-owned small businesses.</li> </ul> <p><b>External Recognition</b></p> <ul style="list-style-type: none"> <li>Received the "Job Replacement and Nationalization Award" on the Gulf Cooperation Council (GCC) level.</li> <li>NBK Academy named "Best Youth Programme Initiative" by the Middle East Economic Digest (MEED) - MENA Banking Excellence Awards - international magazine for two consecutive years.</li> </ul>	Social
Customer Advocacy	<ul style="list-style-type: none"> <li>We closely monitor our Customer Satisfaction ratings and Net Promoter Scores (NPS) and focus on solving issues raised in customer complaints promptly. NBK's overall customer satisfaction score in 2022 was 90%.</li> <li>In 2022, our NPS maintained its high level at 52% (higher than the overall market score: 43%).</li> <li>Customer Protection: continued evolution of NBK's customer protection program, including anti-fraud procedures.</li> </ul>	Social
Data Privacy and Security	<ul style="list-style-type: none"> <li>NBK has Personal Data Privacy Policy and Information and Cyber Security Policy in line with global standards (ISO27001, PCI DSS etc.). These govern all relevant business lines/subsidiaries.</li> <li>NBK performs risk assessments against potential threat vectors as part of Information and Cyber Security Policy risk assessment.</li> <li>Data Security Training and Awareness: the Bank conducts training to employees on data security and privacy-related risks and procedures. This 2-hour training every year covers all NBK employees. It is part of the compliance programs offered by NBK under "Data Protection" external independent audits of Information Security Policies and Systems conducted.</li> </ul>	Governance Social
Support SDGs (United Nations Sustainable Development Goals)	<ul style="list-style-type: none"> <li>Identified SDGs relevant for NBK Investing in our Communities strategy pillar.</li> </ul>	Social

# 1 About This Report

2-2, 2-3, 2-22

This section describes the reporting period, boundary, and framework for NBK's 2022 Sustainability Report. This is followed by messages from the Chairman, and Vice Chairman & Group Chief Executive Officer (GCEO).







## 1.1 Reporting Period, Boundary, and Framework

NBK is committed to transparency and disclosure regarding our ESG (Environmental, Social, and Governance) directions, strategy, performance, and progress.

### Reporting Period

NBK's 2022 Sustainability Report summarizes the Bank's material ESG/Sustainability-related issues, risks, and performance data, as well as our ESG policies, strategy, commitments, and improvement initiatives for the reporting period January 1 to December 31, 2022.

### Basis for Translation

The United States dollar amounts in this report have been translated at a rate of KD 0.3063 per USD which represents the mid-market rate at 31 December 2022.

### Boundaries

Unless otherwise stated, the boundaries for this report are NBK Kuwait operations. Some additional information is highlighted for several of NBK's overseas entities on selected ESG matters where it is deemed necessary for this report's context and comprehensiveness. These selected entities with certain information reported include: NBK UK (NBKI), NBK France (NBKF), NBK Egypt (NBKE), NBK New York (NBKNY) and NBK Singapore (NBKS).

### Framework

At the highest level, our 2022 Sustainability Report is structured and developed based on the four pillars of NBK's latest ESG Strategy Framework. Our ESG Strategy represents NBK's step-leap commitment toward fully integrating ESG within our core business approach. Additionally, this report is informed by a number of global ESG reporting standards and frameworks; these include, Global Reporting Initiative (GRI) Standards, GHG Protocol, AccountAbility 1000 Stakeholder Engagement Standard (AA1000SES) and other national and international sustainability frameworks, such as Bursa Kuwait ESG Reporting Guide, New Kuwait Vision 2035, and the United Nations Sustainable Development Goals (SDGs). In particular, our 2022 Sustainability Report discloses NBK's performance in accordance with the Global Reporting Initiative (GRI) Standards, as listed in the GRI Content Index ([Appendix 8.1](#)), as well as other frameworks and elements mentioned in their appropriate appendices. These include the Sustainability Accounting Standards Board (SASB) Index ([Appendix 8.2](#)), and Bursa Kuwait ESG Reporting Guide ([Appendix 8.3](#)). The remaining of the frameworks and ESG indicators we report against will be made available on our website.

### Forward-Looking Statements

This Sustainability Report contains forward-looking statements and desired commitments, which reflect the Group's best efforts to achieve its targets related to such statements and commitments. Actual results may differ partially from the plans described herein based on changes in assumptions made. These factors may include but are not limited to; regulatory frameworks, international commitments and alliances, emergence of new technologies, among other factors.

### Mistakes and Typographical Errors

Any material errors discovered following the publication of the Sustainability Report will be corrected and published on our website.

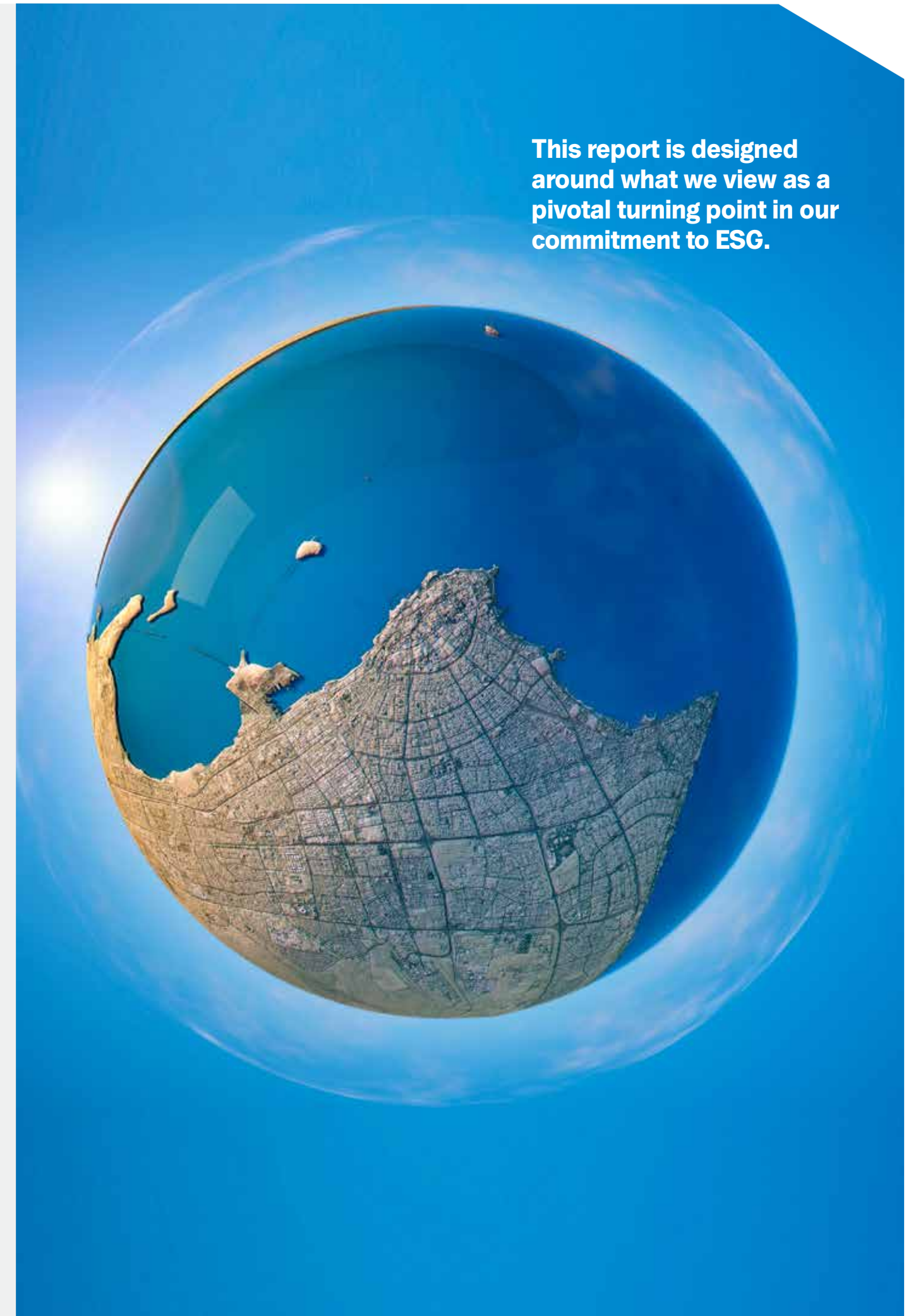
NBK's 2022 Annual Report complements this report, as well as policies and information found on the NBK Group website <https://www.nbk.com>

Our previous sustainability reports can be found on the NBK Group website: <https://www.nbk.com/nbk-group/sustainability/sustainability-reports.html>

### Contact

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This report is designed around what we view as a pivotal turning point in our commitment to ESG.







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# 1.2 2022 ESG Highlights

## Responsible Banking



- Developed, and launched the NBK Sustainable Financing Framework, and received the Second Party Opinion (SPO) by Standard & Poor's Global.
- Developed a roll out plan for the launching of sustainable retail products during 2023.
- Established interim goals to reduce gross operational emissions by 25% by 2025 through increasing the use of renewable and clean energy solutions.
- Reduced both total electricity consumption and electricity intensity by 11%, saving more than 6.4 million kWh.
- Reduced GHG emissions from electricity by 12%, eliminating more than 4,500 metric tons of CO2e.
- Reduced both total water consumption and water intensity by 9%, saving more than 3.5 million Imperial Gallons (IG) of water.
- Achieved the LEED Gold Certification for NBK Kuwait's new headquarters building.
- Installed 12 Electric Vehicle (EV) charging stations at NBK Kuwait's headquarters parking deck.

- Awarded "Best Bank for Diversity and Inclusion in Kuwait" from Euromoney.
- Representation of women in workforce 44.0%, and women in management 29.3%.
- Launched NBK RISE, a global leadership initiative designed to elevate women to more significant leadership roles.
  - Each employee received an average of 5.7 hours of training in 2022.
- Collaborated with Wara Hospital to provide staff with specialized on-site medical advice to foster employee well-being.
- Launched a new training and development approach titled "Ready for the Future" aimed at accelerating the Group's digital strategy.
- Named "Best Financial Innovation Lab in Kuwait 2022" by Global Finance for pioneering innovation in the country and the region.

## Capitalizing on Our Capabilities



## Governance For Resilience

- Finalized and approved the new Group ESG Strategy.
- Elected 11 board members for a 3-year term, including 2 additional independent members, totaling four independent members, one with extensive ESG experience.
- Elected first female Board member.
- Integrated ESG metrics into the Board of Directors' and Executive Management's responsibilities, oversight, charters, and affairs.
- Received a solid first-time score from CDP, formerly called Carbon Disclosure Project, of 'C' - for both the Climate Change and Forest categories.
- Remains a constituent in Refinitiv AFE Low Carbon Select Index MENA.
  - Aligned our operational environmental footprint with the GHG Protocol global framework.



## Investing in Our Communities

- Nationalization rate in NBK Kuwait currently stands at 75.1%.
- Received the "Job Replacement and Nationalization Award" on the Gulf Cooperation Council (GCC) level.
- NBK Academy named "Best Youth Programme Initiative" by the Middle East Economic Digest (MEED) - MENA Banking Excellence Awards - international magazine.
- Community Investments totaled KD 23 million (USD 75 million) in 2022, a 45% increase from 2021.
- Committed KD 13 million (USD 42.5 million) for the expansion of NBK Children's Hospital specialized in stem cell transplant; project to start in 2023.
- Launched the 'Bankee' financial literacy program in public and private schools.

## 1.3 Message From NBK's Chairman



**“Our new ESG strategy draws a clear pathway forward by integrating ESG across the Group and shifting our approach to a proactive, stakeholder-driven stance.”**

### Hamad Mohamed Al-Bahar Chairman

With 2022 marking the 70th anniversary of NBK's founding, this year was a time of celebration and reflection on our progress, accomplishments, and strategic growth over the past 7 decades. It was also a year of judicious analysis and planning for a sustainable future. We have achieved key milestones this year, marking a landmark year for NBK's ESG journey. NBK has made great strides in its ESG efforts, reflecting the Group's promise to create and deliver shared value to all our stakeholders. On behalf of the Board of Directors, and at this turning point in NBK's journey as a responsible bank, I am excited to share with you our 2022 Sustainability Report, a major part of which is outlining the core pillars of our new, more fully integrative and transformational ESG Framework and Strategy.

Since our founding, NBK was established with a commitment to provide the highest quality of financial services to customers while simultaneously supporting the communities in which we operate. We have always held ourselves accountable to the highest standards of service excellence and ethical integrity. We set our ESG goals early on, acquired information into our ESG stance, and identified future actions. NBK has taken vital steps to build sustainability into our brand as a responsible bank. Over the past seven years since publishing our first comprehensive Sustainability Report in 2016, NBK has built a strong foundation in moving towards advancing our performance and reporting on the material ESG topics by actively engaging with our stakeholders.

Although ESG has always been a key element in our strategic focus across the years, our new ESG strategy draws a clear pathway forward by integrating ESG into the Group's business strategy and shifting our approach to a pro-active, stakeholder-driven stance.

This report summarizes what we view as a pivotal turning point in our commitment to ESG, including:

- Resilient and accountable governance and risk culture anchored in stakeholder engagement;
- Responsible banking aimed at supporting the transition to a sustainable, lower carbon economy;
- Organizational excellence through diversity, equity, and inclusion, enhanced employee engagement and development programs, and innovative and agile digital solutions;
- Positive impact on the communities we serve through SDG-linked community investments, optimal customer experience and service excellence, strengthened customer privacy and data security, and enhanced focus on financial literacy and accessibility.

In 2023, we will continue to follow our proven business model and build on the robust foundations we achieved in the past year of creating, delivering, and capturing value for all our stakeholders. NBK aims to play a vital leadership role in our region's growth while seizing the opportunity to generate long-term sustainable value by acting as catalysts in driving the transition to a low-carbon, equitable economy and shaping the future of banking.

On behalf of the NBK Board of Directors, I want to thank all our stakeholders, including our Executive Management, employees, and our loyal customers, for their unwavering support and trust of NBK. We look forward to collaborating with you all in co-creating an environmentally sustainable, socially just future.





## 1.4 Message From the Vice Chairman & Group Chief Executive Officer

**Isam J. Al-Sager**  
Vice Chairman & Group Chief  
Executive Officer

**“This year was a pivotal one for us, as we progressed to fundamentally elevate our commitment to ESG to higher levels of integration.”**



On behalf of the management and staff at NBK, I am proud to share with you our 2022 Sustainability Report. This year was a pivotal one for us, as we progressed to fundamentally elevate our commitment to ESG to higher levels of integration.

Since 2016, we have pursued ESG as one of the key elements in our strategic focus and disclosed a range of sustainability metrics and topics in our Sustainability Reports. Throughout 2022, however, we took vital steps to turn ESG into a transformational force within NBK – no longer simply a carefully implemented set of initiatives, but rather a core element across our entire business, strategy, and operations. The Group transformed its ESG Strategy with the purpose of balancing the dynamics of maintaining and building the trust of all of its stakeholders as we lead the way in innovation to navigate through our customers’ evolving needs and stakeholders’ expectations. Our ESG strategy evolved from a six-pillar approach to four interrelated pillars designed to reinforce our position as a trusted leader in the emerging business environments of the future. Although ESG has long been a key element of our success, the Group’s new ESG strategy focuses on promoting economic prosperity and serving as a model for sustainable development, aligned with the dynamic market conditions and our stakeholders’ expectations.

Through a series of extensive planning and development efforts, we designed our new integrative ESG strategy around four interrelated pillars: Responsible Banking, Capitalizing on our Capabilities, Investing in our Communities, and Governance for Resilience.

While we still have a long road ahead of us on this renewed journey, we have made substantial progress thus far. In conjunction with our commitment to play a vital role in the region’s transition to a lower carbon economy, we developed our Sustainable Financing Framework, which provides us with the roadmap for growing our sustainable assets and help us to support our societies in transitioning to a sustainable and equitable economy. This year, NBK furthered its commitment to environmental transparency by disclosing its environmental impact for 2022 through CDP for both the Climate Change and Forests Categories across the Financial Services Sector.

Providing equal opportunities and driving an inclusive and equitable economy has always been a key priority at NBK. Building an agile workplace that focuses on our employees’ well-being and development while fostering diversity, equity, and inclusion is a key driver to maintaining organizational resilience.

In that sense, the Group made substantial progress during the year in upholding our legacy of developing and nurturing talent through implementing strategic human resources initiatives driven by our values.

Our business and ESG strategy focus on deepening customer engagement and improving customer experience, satisfaction, and loyalty. An additional core element of NBK’s DNA and part of our mission is to contribute to our community. NBK has a long history of playing a leadership role and making substantial contributions to our community. This year, we recorded investing KD 23 million (USD 75 million) in community contributions across healthcare, education, youth, and women empowerment initiatives. We are strategically aligning our community investments with the UN Sustainable Development Goals (SDGs), with a commitment to contributing to the achievement of tangible impact on the environmental and social challenges most relevant to our communities.

We are convinced that this transformational approach to ESG would reinforce NBK’s commitment to deliver optimal impact to all of our stakeholders. Post year-end, NBK committed to achieve carbon neutrality by 2060, in line with Kuwait’s net-zero ambition. As part of this commitment, we have set interim goals to reduce our gross operational emissions by 25% by 2025 and are actively exploring innovative research and development technologies to magnify our reliance on renewable energy beyond 2025.

Our commitment to carbon neutrality builds on our pioneering efforts to integrate ESG into our long-term business strategy and operations. As a leading financial institution in the region, we are actively exploring strategies to assess climate change risks and opportunities and lessen our impact on the environment and society at large. To that extent, NBK joined the United Nations Global Compact (UNGC) in February 2023, committed to adopt all ten principles in the areas of human rights, labor, the environment, and anti-corruption. Our endorsement to the UNGC reaffirms our role to lead responsible practices that drive Kuwait’s sustainable economic development.

Our newly launched ESG strategy reflects our responsibility to play a vital role in our region’s transition to a sustainable, low-carbon economy. We remain humble about the challenges still facing us, but we are resolute in our determination to lead the way. We look forward to engaging with you—our cherished stakeholders—as we continue on this journey together.

# 2

## About NBK

2-1, 2-2, 2-12, 2-22, 2-28, 201-1, 204-1

In this section, we examine NBK's mission, vision and values as the core foundations for our ESG strategy and efforts. We define NBK's profile; product portfolio; highlights of 2022 economic performance. Finally NBK's memberships, associations, and awards are reflected.



## 2.1 Vision, Mission, and Values

NBK's mission, vision and values are foundational to every aspect of our business, from our strategy and goals, policies and practices to our daily work and across our interaction with customers, colleagues, our communities, and the rest of our stakeholders.



The trusted Bank of choice, building on our core values, people and expertise.



- To deliver world class products and the highest service quality to our customers.
  - To attract, develop and retain the best Banking talent in the region.
  - To support the communities in which we operate.
  - To adhere to our core values of passion, integrity, conservatism and knowledge.
- By doing so, we believe that we will be able to achieve consistently superior returns to our shareholders.



Passion  
Integrity  
Conservatism  
Knowledge

## NBK Business Strategy Highlights

NBK is committed to providing excellent financial services for our customers, superior returns for our shareholders, and support Kuwait's national development plans under the New Kuwait Vision 2035.

The major facets of our strategy have been maintained: to defend and grow our leadership position in Kuwait, and to pursue geographic, product and service differentiation.

NBK business strategy is conceived and adjusted in accordance with the current five-year strategic plan, which is revisited by the Executive Management and the Board of Directors on a bi-annual basis. Annual Key Performance Indicators (KPIs) are set according to the overall strategic objectives. These objectives are cascaded down to each Group, then to each individual in the form of KPIs. Our KPIs are a combination of well-defined qualitative and quantitative measures.

The Group Strategy Office and Strategy and Follow Up areas work together to 1. Frame and define aspirations by coordinating with several stakeholders including, Board of

Directors, Executive Management, and Business Groups; 2. Develop corporate and business group strategies and unify the overall Group-level strategy; and 3. Oversee and monitor the strategy execution with annual and periodic updates to the Board of Directors. Areas within each Business Group have monthly measurable and manageable scorecards with at least bi-annual manager-employee reviews. NBK ensures clear communication and continuous feedback with stakeholders regarding our strategy.

In addition to monthly Business Groups KPIs, the Strategy and Follow Up ensures that a periodic bi-annual report is prepared for the Board of Directors. The report includes quantitative results, and qualitative tracking against our overarching KPIs which enable management and the Board of Directors to monitor progress towards strategic goals. Moreover, a summary of major strategic projects and initiatives from the execution roadmap are presented based on overall cost, impact, and strategic importance. The projects are selected from a monthly report prepared by Group Strategy for the Executive Management.





## 2.2 Company Profile

2022 marked 70 years since NBK's founding in 1952 as the first local, domestic GCC bank and the first shareholding company in Kuwait. NBK's shares are listed on the Kuwait Stock Exchange (KSE) since 1984.

holding more than 30% market share of assets in Kuwait. NBK also ranks among leading regional banks in credit ratings and brand value.

Today, NBK is one of the leading banking groups in Kuwait, as measured by assets, customer deposits, loans and advances,

NBK has operations in 13 countries, with a total of 68 branches in Kuwait, having the Headquarters in Kuwait, and various other international branches around the world.

## NBK Regional and International Presence

NBK operates across 13 countries with a predominant focus on the MENA region.



## Strong Quality and Security Ratings

NBK has consistently received high ratings on the quality and security of our financial services.

Rating agency	Long-term rating	Standalone rating	Outlook
MOODY'S	A1	a3	Stable
STANDARD & POOR'S	A	a-	Stable
FitchRatings	A+	a-	Stable

## 2.3 Product Portfolio

NBK is a full-service bank that offers a broad suite of financial services and products to customers, meeting their ever-growing and evolving needs. NBK Headquarters location is in Kuwait City (Al Shuhada Street, Sharq), Kuwait. NBK's core businesses are: (i) Consumer and Private Banking, (ii) Corporate Banking, (iii) Islamic

Banking and (iv) Investment Banking and Asset Management. NBK conducts its Investment Banking and Asset Management business through its subsidiary, Watani Investment Company K.S.C.C. (also known as NBK Capital).

Consumer and Private Banking	Investment Banking and Asset Management	Corporate Banking	Islamic Banking*
Provides loans, credit cards, foreign exchange, deposits, and other branch-related services	Provides advisory and execution services for capital, market, wealth and asset management, brokerage, custody, and research	Provides deposits, lending, foreign exchange, trade finance, and advisory services to corporate	Provides Islamic banking services and Islamic finance in Kuwait

\*Note: Delivered through our subsidiary, Boubyan Bank since 2012.

## 2.4 Economic Performance

NBK has a history of sound and consistent financial performance, including:

- Long history of profitability, even throughout challenges of the global financial crisis and COVID-19
- Excellent asset quality with a Non-Performing Loan (NPL) ratio standing at 1.42% as of 31 December 2022
- Strong liquidity serving as a buffer in times of need
- Market capitalization as of 31 December 2022 was USD 26.6 billion
- NBK is investing for the future, leveraging innovation and digital transformation to grow our business

Maintaining a robust financial performance allows us to uphold our legacy of sound operations, provide superior returns to our shareholders, and contribute to the communities where we operate.

The following table provides a summary of NBK's financial performance across 2020, 2021, and 2022. Following this are tables describing investments to employees, procurement expenditures, and other contributions relevant for 2022.

For more information regarding NBK's scale, and various financial and non-financial information, please refer to:

**NBK's Annual Report:**

<https://www.nbk.com/nbk-group/investor-relations/latest-annual-report.html>

**NBK's Financial Statements:**

<https://www.nbk.com/nbk-group/investor-relations/financial-reports.html>

## Financial Snapshot

KD million	2022	2021	2020
Total Assets	36,338	33,257	29,717
Loans, Advances & Islamic Financing	20,998	19,722	17,504
Customer Deposits	20,178	18,281	17,104
Total Equity	4,635	4,467	4,141
Net Operating Income	1,010	900	839
Net Profit Attributable	509	362	246
Cost to Income (%)	38.2%	39.2%	36.7%
Net Interest Margin (%)	2.30%	2.21%	2.21%
NPL Ratio (%)	1.42%	1.04%	1.72%
Loan Loss Coverage Ratio (%)	267%	300%	220%
Return on Average Equity (%)	14.3%	10.2%	7.0%
Tier 1 Ratio (%)	15.0%	15.7%	16.0%
Capital Adequacy Ratio (%)	17.4%	18.1%	18.4%

USD million	2022	2021	2020
Total Assets	118,637	108,575	97,021
Loans, Advances & Islamic Financing	68,555	64,389	57,148
Customer Deposits	65,877	59,683	55,841
Total Equity	15,132	14,584	13,520
Net Operating Income	3,297	2,938	2,739
Net Profit Attributable	1,662	1,183	804
Cost to Income (%)	38.2%	39.2%	36.7%
Net Interest Margin (%)	2.30%	2.21%	2.21%
NPL Ratio (%)	1.42%	1.04%	1.72%
Loan Loss Coverage Ratio (%)	267%	300%	220%
Return on Average Equity (%)	14.3%	10.2%	7.0%
Tier 1 Ratio (%)	15.0%	15.7%	16.0%
Capital Adequacy Ratio (%)	17.4%	18.1%	18.4%

## Investment towards Employees

2022	KD million	USD million
Total amount spent for employee compensation and remuneration (all employees)	220.1	718.7
Total amount spent on occupational health and safety	Staff Insurance	3.1
	Medical Expenses	0.04
Total amount spent on employee training (includes both physical and e-learning)	1.3	4.2
Total amount spent towards employee flight ticket allowance	1.5	4.8
Total amount spent on employee retirement and indemnity	5.4	17.8

## NBK Kuwait Procurement Expenditures

2022	KD million	USD million
Total expenditures towards local suppliers	90.9	296.7
Total expenditures towards foreign suppliers	16.9	55.4

	2022
Total number of local suppliers	679
Total number of foreign suppliers	279

## Other Major Contributions

KD	
Total amount of shareholder dividends	KD 291.3 million paid, consisting of KD 215.8 million paid for 2021 in 2022 Interim Dividend of KD 75.5 million paid for 2022 in 2022
Total amount spent to The Kuwait Foundation for the Advancement of Sciences (KFAS)*	KD 5.6 million
Total amount spent to National Labor Support Tax (NLST)*	KD 13.1 million

USD	
Total amount of shareholder dividends	USD 951.0 million paid, consisting of USD 704.5 million paid for 2021 in 2022 Interim dividends of USD 246.6 million paid for 2022 in 2022
Total amount spent to The Kuwait Foundation for the Advancement of Sciences (KFAS)*	USD 18.1 million
Total amount spent to National Labor Support Tax (NLST)*	USD 42.8 million

\*Note: 2022 contributions to KFAS and NLST include our subsidiary Boubyan Bank.



# 2.5 Memberships, Associations, and Awards



NBK was globally recognized through several awards, and the following lists summarize the year 2022.

## Awards and Accolades



- Best Private Bank Award 2022
- Most Innovative Private Bank - ME 2022
- Best Trade Finance Provider - Kuwait 2022
- FX Providers- Kuwait 2022
- Best SME Bank Award - Kuwait 2022
- Best Bank in Kuwait 2022
- Best Financial Innovation Labs 2022 - Group Digital Office
- The Innovators 2022 - Outstanding Innovations In Mobile Banking- Weyay
- Best Bank for Sustainable Finance - Kuwait 2022
- Best Consumer Digital Bank - Kuwait 2022
- Best Consumer Digital Bank - ME 2022
- Best Mobile Banking App - Kuwait 2022
- Best Mobile Banking App - ME 2022
- Most Innovative Digital Bank - Kuwait 2022
- Most Innovative Digital Bank - ME 2022
- Best Online Deposit, Card and Investment Product Offerings - Kuwait 2022
- Best Online Deposit, Card and Investment Product Offerings - ME 2022
- Best in Lending - Kuwait 2022
- Best in Lending - ME 2022
- Best Bill Payment and Presentment - Kuwait 2022

- Private Banking and Wealth Management (Euromoney)
- Best Bank for Digital Solutions in Kuwait (Euromoney)
- Best Bank for ESG in Kuwait (Euromoney)
- Best Bank for Diversity & Inclusion in Kuwait (Euromoney)
- Best Trade Finance Bank - Kuwait 2022 (GTR)
- Best Retail Bank - Kuwait 2022 (MEED in partnership with Retail Banker International and Private Banker International)
- Best Credit Card Initiative - 2022 (MEED in partnership with Retail Banker International and Private Banker International)
- Best Youth Programme Initiative - 2022 (MEED in partnership with Retail Banker International and Private Banker International)
- Bank of the Year Kuwait 2022 (The Banker)
- Bank of the Year ME 2022 (The Banker)



In February 2023, NBK joined the United Nations Global Compact (UNGC) initiative.

**MSCI**  
ESG RATINGS



NBK's rating at 'BB' per the MSCI audit



FTSE4Good

Constituent of the FTSE4Good Index Series

**Brand Finance**<sup>®</sup>

Number 1 Banking Brand in Kuwait



"C" score for 2022 for both the Climate Change and Forests Categories



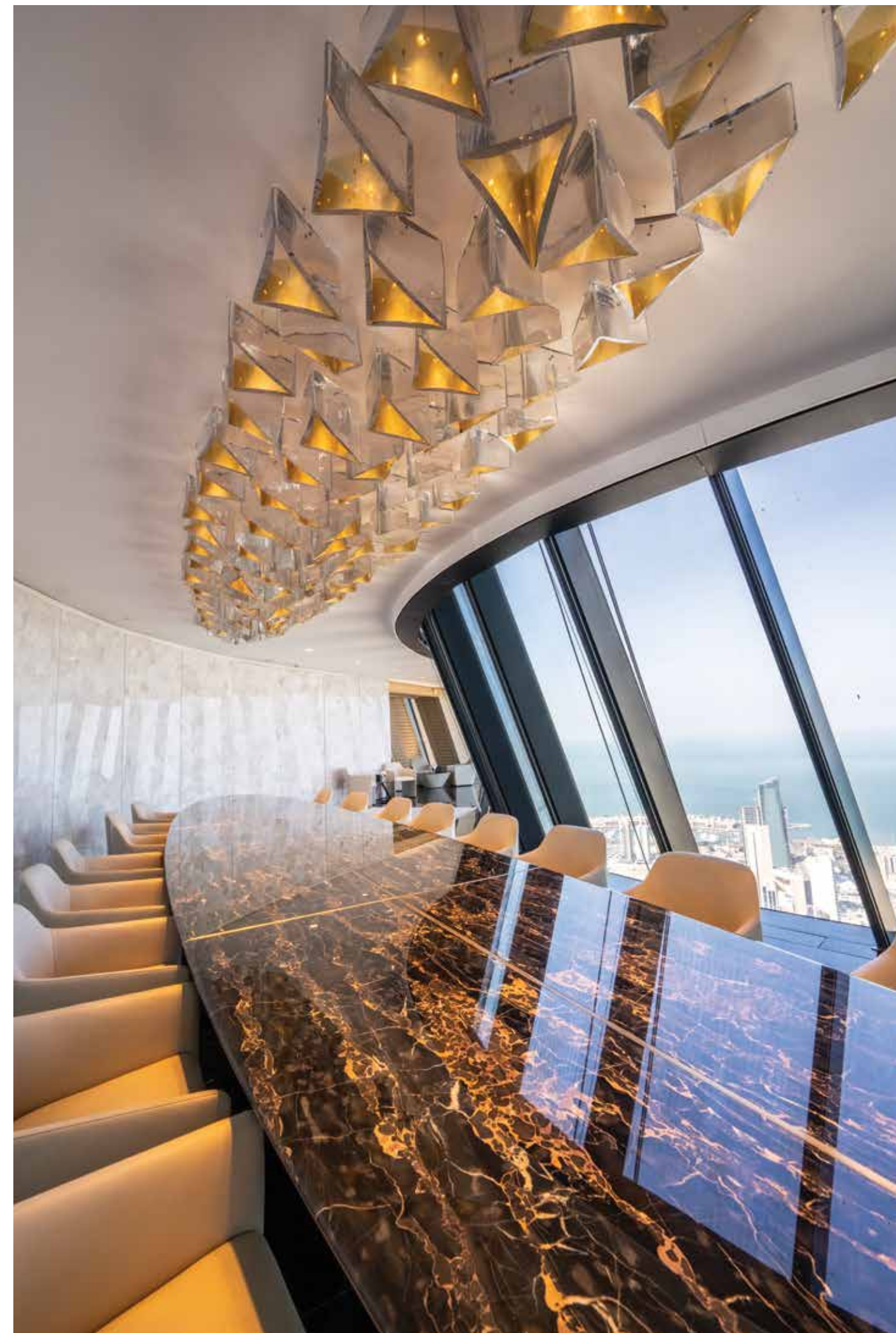
NBK obtained LEED v2009 for New Construction Gold-certified status from U.S. Green Building Council (USGBC)

**MORNINGSTAR | SUSTAINALYTICS**

NBK is at medium risk (27.2) of experiencing material financial impacts from ESG factors



Listed on Refinitiv AFE Low Carbon Select Index in the Middle East and North Africa (MENA)





# 3

## ESG at NBK

2-14, 2-22, 2-29, 3-1, 3-2, 3-3

This chapter summarizes our newly launched ESG strategy, describes our stakeholder engagement, and presents the materiality assessment process, results, and the alignment of the material topics with NBK's ESG strategy.



## 3.1 Advancing our ESG Strategy

### NBK's Business Context for ESG

Since its establishment, NBK has been trusted to provide secure financial leadership and model responsible practices in the region. Our position as a leading financial institution in Kuwait and increasingly in the larger region reflects our ability to fulfill that trust and leadership for seven decades. As part of that covenant of trust in our leadership, our stakeholders have relied on us to be attuned to shifting operating and market dynamics, examine emerging risks and opportunities, and lead the way in providing insights and services that enable financial security and prosperity. Environmental, Social, and Governance (ESG) challenges represent an advanced landscape within which we have operated, but are yet continuously improving.

We are convinced that advancing ESG would contribute to achieving NBK's business and ESG-related strategic goals, and that it is critically important that we incorporate ESG risks and opportunities into our strategy, governance, managerial processes, and products and services. Our decisions consider the optimal strategies to mitigate environmental impacts, maintain desired diversity, empower societies, and adhere fully to emerging laws and regulations. We are committed to integrate ESG at the core of NBK.

### We Have Built NBK's Sustainability Foundation over the Last Seven Years

Building on our long history of service and contribution to national economic development, NBK's non-financial reporting started in 2008 with an annual Corporate Social Responsibility (CSR) report. In 2016, the Bank transitioned to sustainability reporting by following the Global Reporting Initiative (GRI) Standards and aligning with the New Kuwait Vision 2035. Over the seven years since then, NBK has built a strong foundation in moving toward advancing our performance and reporting on the environmental, social, and governance issues of concern in the marketplace.

Our sustainability initiatives and reporting practices are aligned with global and national frameworks, including: the Global Reporting Initiative (GRI), United Nations Sustainable

Development Goals (SDGs), New Kuwait Vision 2035, Sustainability Accounting Standards Board (SASB), Kuwait Boursa ESG Indicators, GCC Stock Exchanges ESG Disclosure Guidelines, and GHG Protocol global framework. In addition, we furthered our commitment to environmental transparency by disclosing NBK's environmental impact for 2022 through CDP.

### Selected ESG Compliance

- Annual sustainability reports published disclosing key aspects of our governance, workplace, customer protection, digital security, environmental management, and community contribution.
- Stakeholder engagement and materiality assessment process.
- Anti-Fraud, Corruption, Money Laundering and Bribery policies, practices, and training.
- Customer Protection policies, practices, and training.
- World-class data and cyber security protection, with ISO 27001 certification.
- Weyay Bank launched, the first end-to-end digital bank for the youth in Kuwait, rewarding NBK 3 additional ISO 27001 information security certifications.
- ESG-related policies developed and publicly disclosed, including ESG Policy Statement, Whistleblowing Policy Statement, Anti-Financial Crime Statement, Human Resources Management Policy, Human Rights Statement, and Advertising Code.
- ESG integration into procurement processes by requiring local vendors to sign Code of Conduct form, which covers human rights clauses.
- Certified Leadership in Energy and Environmental Design (LEED) Gold NBK Headquarters, designed with environmentally responsible components.
- Various initiatives to promote the responsible use of resources (paper, water, printing, vehicles).
- Business continuity clauses embedded in NBK agreements.
- Extensive communication and engagement with prominent external ESG raters, including Morningstar Sustainalytics, S&P Global CSA, Morgan Stanley Capital International (MSCI), FTSE4Good, and CDP.



### A Turning Point in NBK's ESG Journey

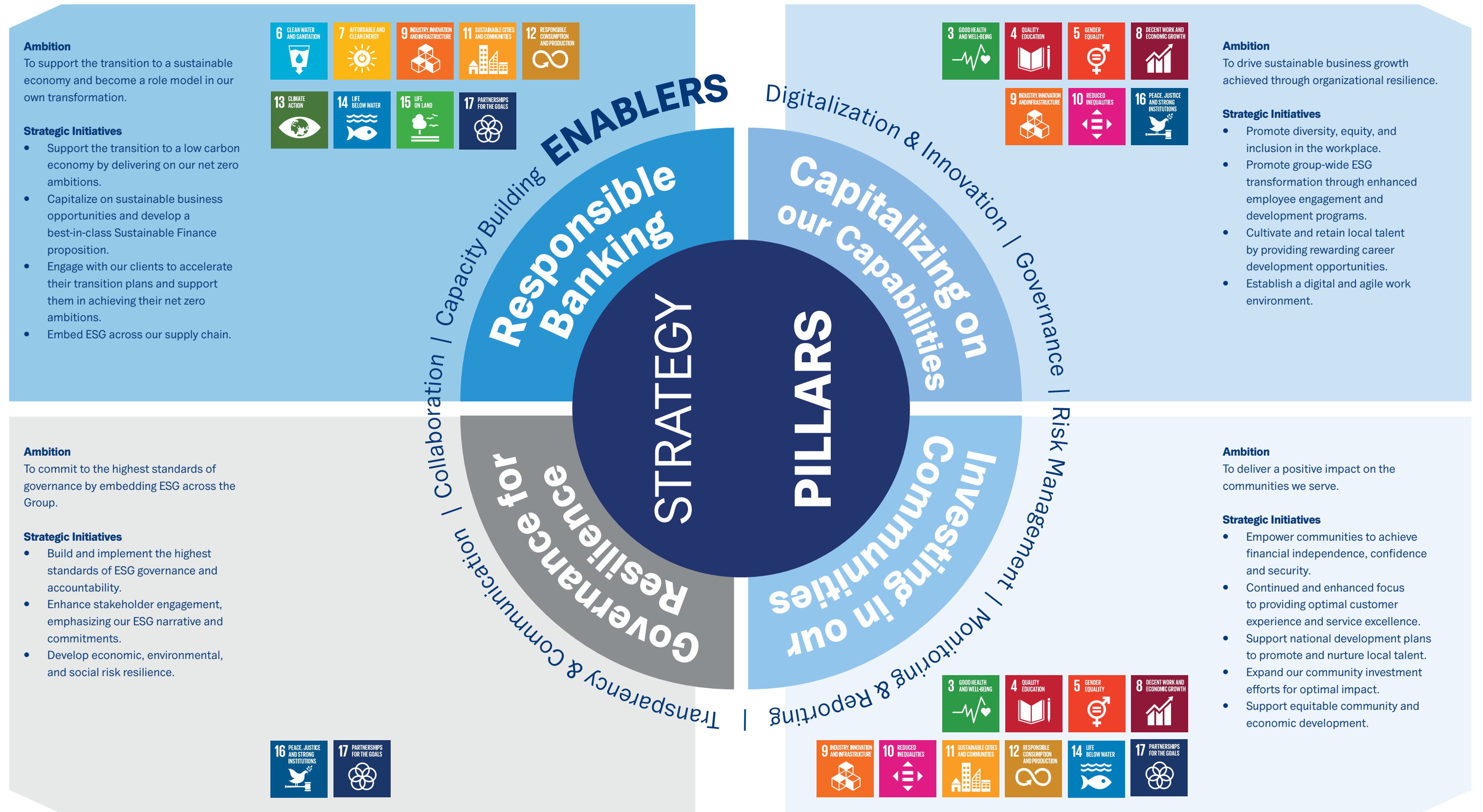
ESG represents fundamentally new business realities. The business context regarding ESG-related impacts, risks, and opportunities has shifted dramatically. It is important that we recognize the full breadth of our responsibility to all our stakeholders and the environment.

With this in mind, we transformed the Group's ESG Strategy in 2022; transitioning it from a six-pillar approach to a focused strategy that proactively embeds ESG across the business and core operations. We are choosing now to pursue ESG as the core strategic component of what it means for us to be a trusted leader in this dynamic new world. Our sustainability approach is guided by four interrelated key pillars: Responsible Banking, Capitalizing on our Capabilities, Investing in our Communities, and Governance for Resilience. All four pillars ultimately reinforce NBK's goal of supporting customers, contributing to economic development, and benefiting the communities where we operate, while continuing to govern our business with the utmost control, yet adaptive agility to emerging needs.

In developing our Group ESG Strategy, we engaged with our internal and external stakeholders to determine which ESG-related topics are regarded as most material to the Group and most significant to our stakeholders under each of these four pillars.

NBK's Group ESG Strategy reflects our determination for future value creation and of what it means to be a trusted financial industry leader in our dynamic new world. Moving forward, NBK will continue to build on its foundations to drive sustainable growth, support economic development, create maximum value for all stakeholders, and remain committed to setting the standards for responsible banking in the region.

# 3.2 Our ESG Strategy Contribution to the SDGs





**ESG Targets**

As core to our ESG strategy, NBK is committed to pursuing the strategic initiatives listed in support of the four strategy pillars in the aforementioned illustration. We are in the process of finalizing our strategy execution roadmap, which includes short-, medium- and long-term plans, with specific and measurable targets and Key Performance Indicators (KPIs) for implementing these strategic initiatives. Our ambitions include advancing sustainable finance, reducing our environmental footprint, and increasing female representation in senior management, among others.

**Net Zero**

NBK is committed to supporting the transition to a low carbon economy. In pursuit of this path, NBK developed interim targets to reduce our gross operational emissions by 25% by the year 2025, compared to our 2021 baseline. As such, we are considering innovative technologies and research and development opportunities to expand our dependencies on renewable energy beyond 2025 with an aspiration to become net zero operationally by 2035.

**Role of ESG at Management Level**

The integral role that the Executive Management plays in decision making regarding ESG was further solidified in 2022. Executive Management approved the Group's new ESG strategy and key ESG strategic initiatives. The new strategy focuses on integrating ESG practices into the Bank's business strategy and decision-making process, which requires increased involvement and oversight from the Executive Management and the Board of Directors. NBK is currently in the process of finalizing the ESG Governance Framework that assigns each ESG strategic pillar to a member of the Executive Management as key owners for driving strategy implementation across the bank. The ESG Governance Framework will define clear deliverables and milestones, and establish accountability with BOD oversight to achieve our ambitions and targets.



# 3.3 Stakeholder Engagement

NBK recognizes and affirms the importance of stakeholders' engagement as a critical process across its business practices. Within the context of this report, the engagements are particularly important for defining our material ESG issues and guiding our ESG strategy and reporting. Relevant stakeholders are those individuals, groups of individuals, or organizations that affect and/or could be influenced by our activities, products or services and by our associated performance with regard to the issues identified by the engagement. NBK emphasizes on stakeholder engagement as an approach that serves as a fundamental accountability mechanism, involving stakeholders in identifying, understanding, and responding to sustainability issues and concerns—as well as reporting on and engaging with our stakeholders regarding our decisions and performance.

NBK understands that stakeholders come with distinct attributes and often with diverse and conflicting interests

and concerns. Therefore, this year, we apply the principles of the AccountAbility 1000 Stakeholder Engagement Standard (AA1000SES) for systematically identifying stakeholder groups, and using a variety of proven engagement methods to understand stakeholder needs, requirements, and priorities, obtain input and feedback, solicit ideas, engage in dialogue, and collaborate in finding solutions. Besides identifying the expectations of investors, customers, employees, and other stakeholders, NBK's stakeholder engagement process addresses the increased demand emerging from global voluntary initiatives, frameworks, and standards. Inherently, the stakeholders involved and the mechanisms applied to engage with them depends on the nature of the activity or subject matter.

Key internal and external stakeholder groups that NBK engages with and further details of our engagement processes are described within this section.

**NBK applies AA1000 SES's recommended process for systematically identifying stakeholder groups, guided by attributes of stakeholders such as the following:**

- Dependency – groups or individuals who are directly or indirectly reliant on the organization's activities, products or services and associated performance, or on whom the organization is dependent in order to operate.
- Responsibility – groups or individuals to whom the organization has, or in the future may have, legal, commercial, operational or ethical/moral tasks.
- Tension – groups or individuals who need immediate attention from the organization with regard to financial, wider economic, social or environmental subjects.
- Influence – groups or individuals who can have an impact on the organizations or a stakeholder's strategic or operational decision-making.
- Diverse perspectives – groups or individuals whose different views can lead to a new understanding of the situation and the identification of opportunities for action that may not otherwise occur.

Stakeholders may also include those who, through regulation, custom, culture or reputation, can legitimately aim to represent any of these interests as well as the interests of the voiceless, such as future generations and the environment.

NBK defined its stakeholders into internal and external stakeholders. In engaging with our stakeholders, NBK establishes the “mandate, mechanism and ownership” of the engagement. This helps ensure the baseline owners of the engagement have the appropriate competencies and direction. The following table presents more information about our selected stakeholders, mapped to their specific concerns, engagement channels, impacts, and the relative engagement frequency.

**Stakeholder Engagement Mechanisms**

Stakeholders	Needs and Expectations	Material Topics	Engagement Channels	Selected Impact of Engagement	Relative Engagement Frequency
<b>External Stakeholders</b>					
Government Authorities	Environmental, social, governance, and economic related compliance	<ul style="list-style-type: none"> <li>• Governance, Ethics, and Compliance</li> <li>• Business Continuity and Operational Resilience</li> <li>• Privacy and Data Security</li> </ul>	<ul style="list-style-type: none"> <li>• Phone calls</li> <li>• Meetings</li> <li>• Reports</li> <li>• Government directives</li> </ul>	Maintaining engagement with government entities would ensure transparency and compliance with applicable laws and regulations.	<ul style="list-style-type: none"> <li>• Ongoing (ad-hoc)</li> <li>• Monthly</li> <li>• Quarterly</li> <li>• Annually</li> </ul>
Customers	Quality, affordability, accessibility, timeliness, and financial and data security	<ul style="list-style-type: none"> <li>• Governance, Ethics, and Compliance</li> <li>• Customer Experience and Satisfaction</li> <li>• Privacy and Data Security</li> <li>• Sustainable Finance</li> <li>• Digital Transformation</li> <li>• Financial Inclusion, Accessibility and Literacy</li> <li>• Business Continuity and Operational Resilience</li> </ul>	<ul style="list-style-type: none"> <li>• Annual reports</li> <li>• Marketing campaigns</li> <li>• Mobile banking</li> <li>• Social media</li> <li>• Press releases</li> <li>• Customer satisfaction surveys</li> <li>• Complaints management</li> </ul>	Ensuring our customers are engaged and satisfied which results in varied positive outcomes across our business practices and overall success. This also includes safeguarding customer privacy by increasing customer awareness on fraud, confidentiality, and anti-money laundering practices.	<ul style="list-style-type: none"> <li>• Ongoing (ad-hoc)</li> <li>• Annually</li> </ul>

Stakeholders	Needs and Expectations	Material Topics	Engagement Channels	Selected Impact of Engagement	Relative Engagement Frequency
Shareholders, Investors	Strong corporate governance, systemic risk management, transparency, stable financial returns	<ul style="list-style-type: none"> <li>Governance, Ethics, and Compliance</li> <li>Risk Management</li> <li>Financial Inclusion, Accessibility and Literacy</li> <li>Business Continuity and Operational Resilience</li> <li>Environmental Footprint from Operations</li> <li>Financial Performance</li> <li>Sustainable Finance</li> </ul>	<ul style="list-style-type: none"> <li>Annual reports</li> <li>Press releases</li> <li>Public disclosures</li> <li>Annual General Meeting (AGM)</li> <li>Analyst calls</li> <li>Investor meetings, conferences, and roadshows</li> </ul>	Through our transparent and extensive engagements, our investors and shareholders are kept confident of our performance. This provides shareholders with enough information for sound investment decision making.	<ul style="list-style-type: none"> <li>Ongoing (ad-hoc)</li> <li>Quarterly</li> <li>Annually</li> </ul>
External ESG Raters	Transparency on ESG performance	<ul style="list-style-type: none"> <li>Financial Performance</li> <li>Environmental Footprint from Operations</li> <li>Business Continuity and Operational Resilience</li> <li>Governance, Ethics, and Compliance</li> <li>Customer Experience and Satisfaction</li> <li>Privacy and Data Security</li> <li>Sustainable Finance</li> <li>Responsible Procurement</li> </ul>	<ul style="list-style-type: none"> <li>Surveys</li> <li>Annual reports</li> <li>Press releases</li> <li>Public disclosures</li> <li>Conferences and webinars</li> </ul>	ESG raters are kept aware of our performance through our transparent and continuous disclosures, while NBK benefits from ratings assigned and recognition of ESG performance.	<ul style="list-style-type: none"> <li>Ongoing (ad-hoc)</li> <li>Annually</li> </ul>
Suppliers	Business relationship building and business compliance	<ul style="list-style-type: none"> <li>Governance, Ethics, and Compliance</li> <li>Responsible Procurement</li> <li>Environmental Footprint from Operations</li> <li>Financial Performance</li> </ul>	<ul style="list-style-type: none"> <li>Meetings</li> <li>Reports</li> <li>Letters, contracts, and documentations</li> <li>Policies</li> </ul>	The business relationships maintained between NBK and suppliers are beneficial for both parties in terms of financial compensation for the products and services procured and from which NBK benefits.	<ul style="list-style-type: none"> <li>Ongoing (ad-hoc)</li> <li>Annually</li> </ul>
Local Community Organizations	Community empowerment and contribution achieved through strategic partnership	<ul style="list-style-type: none"> <li>Community Development</li> <li>Financial Inclusion, Accessibility and Literacy</li> </ul>	<ul style="list-style-type: none"> <li>Events and initiatives</li> <li>Social media</li> <li>Press releases</li> <li>Reports</li> <li>Meetings</li> </ul>	Positive impact on the community is achieved by partnering with local community organizations in Kuwait across various initiatives, which include awareness, sponsorships, and contributions, among others.	<ul style="list-style-type: none"> <li>Ongoing (ad-hoc)</li> <li>Annually</li> </ul>

Community	Engagement through a range of CSR-related areas, community development, and purpose-led contributions that lead to a positive impact on society.	<ul style="list-style-type: none"> <li>Community Development</li> <li>Financial Inclusion, Accessibility and Literacy</li> <li>Responsible Procurement</li> </ul>	<ul style="list-style-type: none"> <li>Events and initiatives</li> <li>Social media</li> <li>Press releases</li> <li>Training</li> <li>Reports</li> </ul>	NBK is able to contribute to the economy through a range of CSR activities, which include community investment and sponsorships, economic development (i.e. through SMEs), among others. Our activities are aligned with local drivers, including the New Kuwait Vision 2035, and ESG-related guidelines from the Central Bank of Kuwait (CBK).	<ul style="list-style-type: none"> <li>Ongoing (ad-hoc)</li> </ul>
<b>Internal Stakeholders</b>					
Employees	Well-being, professional and personal development, equal opportunity, satisfaction, and engagement	<ul style="list-style-type: none"> <li>Governance, Ethics, and Compliance</li> <li>Environmental Footprint from Operations</li> <li>Women Empowerment</li> <li>Privacy and Data Security</li> <li>Employee Wellbeing</li> <li>Talent Attraction, Management, and Development</li> <li>Diversity and Inclusion</li> <li>Nationalization</li> </ul>	<ul style="list-style-type: none"> <li>Human Resource platforms and communications</li> <li>Training</li> <li>Official letters, contracts, and documentations</li> <li>Emails</li> <li>Helpdesk</li> <li>Employee evaluations</li> <li>Employee engagement surveys "Your Voice Matters"</li> </ul>	Through regular and tailored employee engagement NBK is able to foster employee wellbeing, and enable growth, development, satisfaction, and retention.	<ul style="list-style-type: none"> <li>Ongoing (ad-hoc)</li> <li>Semi-annually</li> <li>Annually</li> </ul>
Management	Ethical and transparent governance coupled with an engaged and satisfied workforce geared towards achieving sustainable business growth.	<ul style="list-style-type: none"> <li>Governance, Ethics, and Compliance</li> <li>Environmental Footprint from Operations</li> <li>Women Empowerment</li> <li>Privacy and Data Security</li> <li>Employee Wellbeing</li> <li>Talent Attraction, Management, and Development</li> <li>Diversity and Inclusion</li> <li>Nationalization</li> <li>Financial Inclusion, Accessibility and Literacy</li> <li>Business Continuity and Operational Resilience</li> <li>Financial Performance</li> </ul>	<ul style="list-style-type: none"> <li>Human Resource platforms and communications</li> <li>Training</li> <li>Official letters, contracts, and documentations</li> <li>Emails</li> <li>Evaluations</li> </ul>	Driving strong leadership across the organization to govern NBK's activities and ensure it maintains course in the right path.	<ul style="list-style-type: none"> <li>Ongoing (ad-hoc)</li> <li>Monthly</li> <li>Quarterly</li> <li>Annually</li> </ul>

### 3.4 ESG Strategy Alignment to Material Topics

NBK's ESG strategy was carefully developed to address the material topics of importance and significance to our stakeholders and business. The table below summarizes our four ESG strategy pillars and initiatives, and the relevant material topics they address.

Alignment of ESG Strategy Pillars and Initiatives to Material Topics

ESG Strategy Pillars and Initiatives	Relevant Material Topics
<p><b>Governance For Resilience</b></p> <ul style="list-style-type: none"> <li>Build and implement the highest standards of ESG governance and accountability.</li> <li>Enhance stakeholder engagement, emphasizing our ESG narrative and commitments.</li> <li>Develop economic, environmental, and social risk resilience.</li> </ul>	<ul style="list-style-type: none"> <li>Risk Management</li> <li>Governance, Ethics, and Compliance</li> <li>Financial Performance</li> <li>Business Continuity and Operational Resilience</li> </ul>
<p><b>Responsible Banking</b></p> <ul style="list-style-type: none"> <li>Support the transition to a low carbon economy by delivering on our net zero ambitions.</li> <li>Capitalize on sustainable business opportunities and develop a best-in-class Sustainable Finance proposition.</li> <li>Engage with our clients to accelerate their transition plans and support them in achieving their net zero ambitions.</li> <li>Embed ESG across our supply chain.</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable Finance</li> <li>Environmental Footprint from Operations*</li> <li>Responsible Procurement</li> </ul>
<p><b>Capitalizing on Our Capabilities</b></p> <ul style="list-style-type: none"> <li>Promote diversity, equity, and inclusion in the workplace.</li> <li>Promote group-wide ESG transformation through enhanced employee engagement and development programs.</li> <li>Cultivate and retain local talent by providing rewarding career development opportunities.</li> <li>Establish a digital and agile work environment.</li> </ul>	<ul style="list-style-type: none"> <li>Diversity and Inclusion</li> <li>Talent Attraction, Management, and Development</li> <li>Employee Wellbeing</li> <li>Digital Transformation</li> </ul>
<p><b>Investing in Our Communities</b></p> <ul style="list-style-type: none"> <li>Empower communities to achieve financial independence, confidence and security.</li> <li>Continued and enhanced focus to providing optimal customer experience and service excellence.</li> <li>Support national development plans to promote and nurture local talent.</li> <li>Expand our community investment efforts for optimal impact.</li> <li>Support equitable community and economic development.</li> </ul>	<ul style="list-style-type: none"> <li>Customer Experience and Satisfaction</li> <li>Community Development</li> <li>Financial Inclusion, Accessibility, and Literacy</li> <li>Privacy and Data Security</li> <li>Women Empowerment</li> <li>Nationalization</li> </ul>

\*Note: The material topic 'Environmental Footprint from Operations' recognizes our environmental impact from operations. The Bank however aims to assess its impact on the environment from financing activities.

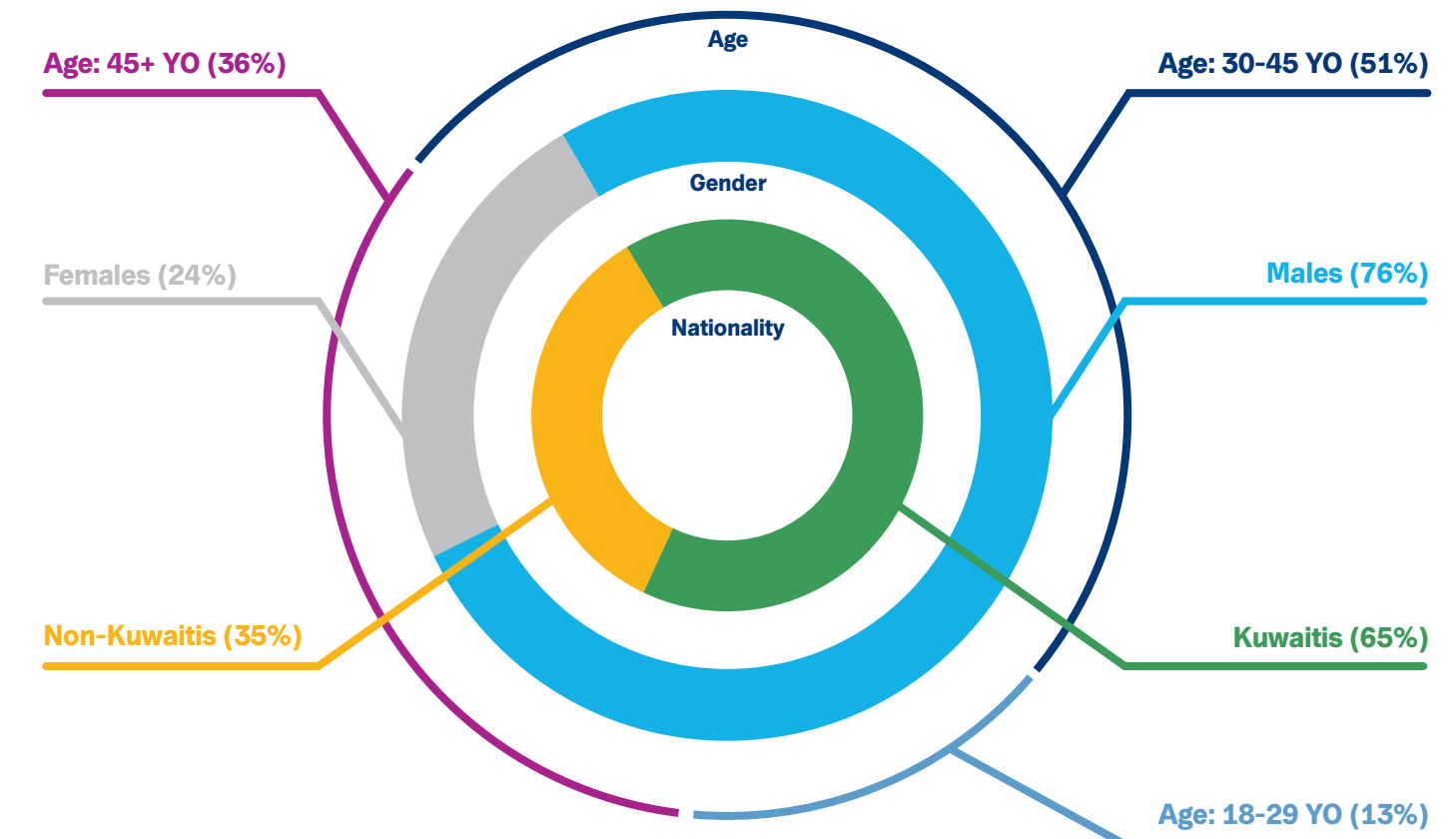
### 3.5 Materiality Analysis

Determining what ESG-related risks, issues, impacts and opportunities are most important for NBK is a critical element in formulating and defining the Group's ESG strategy and reporting. In 2022, we revisited the material topics previously disclosed in our Sustainability Report to reflect on the evolving ESG landscape

and increasing demands of investors, regulators, and capital market participants. Our previous 13 material topics were expanded to 17 to include the set of vocal group of stakeholders impacted by our business. The proxy size for our materiality assessment survey was as follows:

Stakeholder Group	Proxy Size
<b>External Stakeholders</b>	
Investors	7
Community Partners	3
Local Regulators	1
Customers	382
Suppliers	30
<b>Internal Stakeholders</b>	
Employees	70
<b>Total Stakeholders</b>	<b>493</b>

Demographic Distribution of the Stakeholders Proxies





## Materiality Rating 2022

The following table summarizes the weighting of each of the 17 material topics, with the first internal rating reflecting the influence of these topics on stakeholder assessment and decisions, measured by frequency. The second internal rating reflects the significance of economic, environmental, and social impact, measured by stakeholders' perceived continued impact per material topic. Examining each topic's relevance and level of significance of economic, environmental, and social impacts is

closely aligned with various concrete sustainability requirements and social impact goals. The list of material topics is followed by the materiality matrix illustrating the results of the materiality assessment. The results of the materiality assessment are validated by the Head of Insight at NBK.

Our management approach to our material topics is presented across the report as per their relevant scope of topics, we have, however, provided an executive summary. Refer to [Appendix 8.4: Summary of Management Approach to our Material Topics](#).

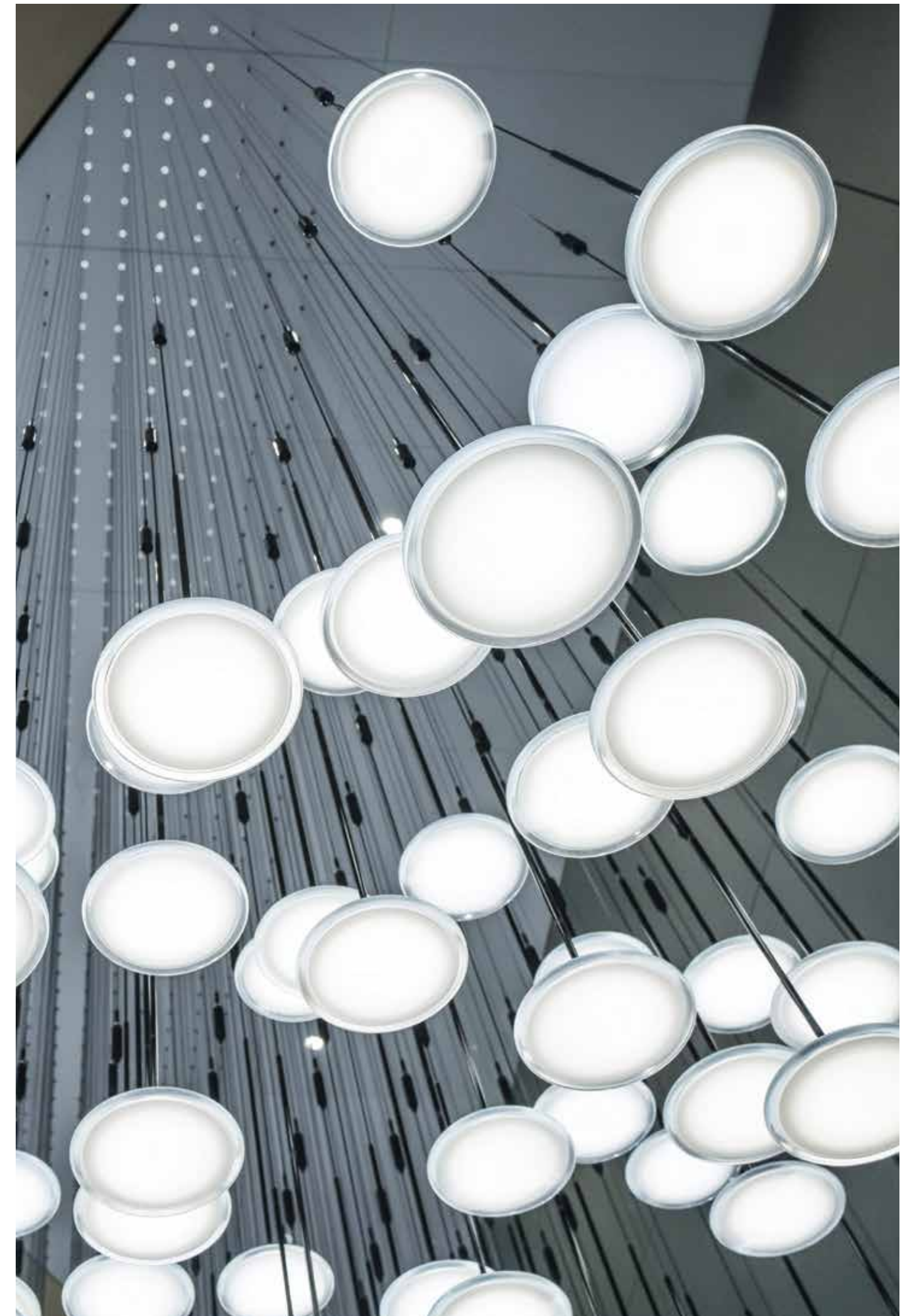
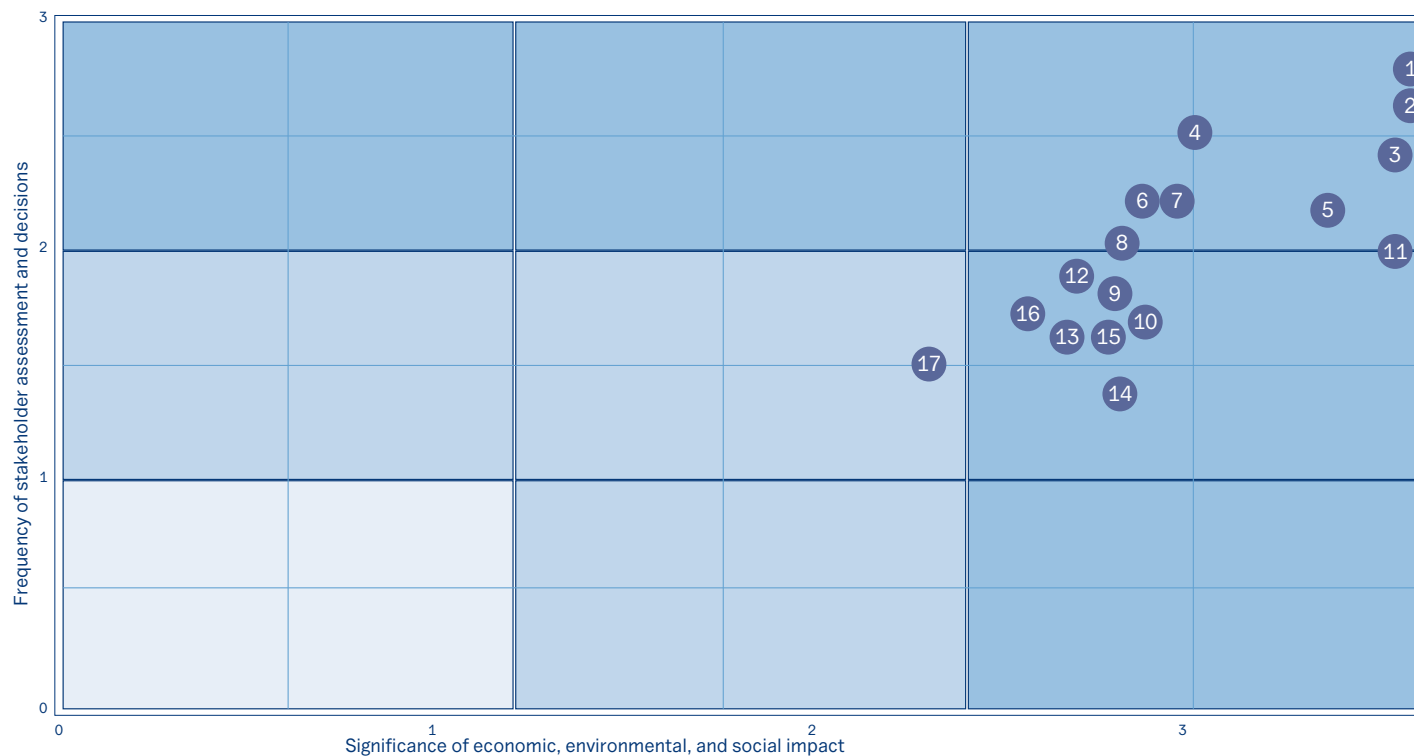
### Materiality Rating Level per Material Topic

#	Materiality Topics	Materiality Rating (2022)*	Materiality Rating (2021)**
1	Risk Management	High-High	Medium - High
2	Governance, Ethics, and Compliance	High-High	High
3	Financial Performance	High-High	-
4	Digital Transformation	High-High	High
5	Privacy and Data Security	High-High	Medium - High
6	Employee Wellbeing	High-High	Medium - High
7	Talent Attraction, Management, and Development	High-High	Medium
8	Customer Experience and Satisfaction	Medium-High	High
9	Sustainable Finance	Medium-High	-
10	Diversity and Inclusion	Medium-High	Medium - High
11	Business Continuity and Operational Resilience	Medium-High	-
12	Nationalization	Medium-High	Medium
13	Financial Inclusion, Accessibility, and Literacy	Medium-High	-
14	Women Empowerment	Medium-High	Medium - High
15	Environmental Footprint from Operations	Medium-High	High
16	Community Development	Medium-High	Medium - High
17	Responsible Procurement	Medium-Medium	-

\*Note that this is a change from materiality ratings used in the past, which rated the importance of the topic by external stakeholders and the topic's impact on the business as indicated by internal stakeholders.

\*\* The material topics that do not have a materiality rating assigned in 2021 represent newly added topics in NBK's materiality assessment in 2022.

### NBK's Materiality Matrix



# 4

## Governance For Resilience

2-9, 2-10, 2-11, 2-12, 2-13, 2-14, 2-15, 2-16, 2-17, 2-18, 2-19, 2-20, 2-23, 2-24, 2-26, 2-27, 201-2, 205-1, 205-2, 205-3, 206, 207-1, 207-2, 207-3, 207-4, 405-1

Governance for Resilience outlines NBK's approach to governance by committing to the highest standards of transparency and accountability through embedding ESG across the Group. Building on its robust foundations of Corporate Governance and systemic risk management, NBK aims to integrate ESG standards into our corporate culture, managerial practices, and operations.



# 4.1 Corporate Governance

NBK's robust governance practices are closely aligned with leading international Corporate Governance principles and industry best practices, Central Bank of Kuwait's (CBK) instructions, policies, and regulations, and recommendations of various international ESG frameworks and standards. Our stakeholders trust us to uphold our legacy of protecting their rights and interests through accountable and well-governed decisions. More details about NBK's governance framework are disclosed in our Annual Report 2022, which can be found on NBK Group website.

<https://www.nbk.com/nbk-group/investor-relations/latest-annual-report.html>

As well as in the Corporate Governance Section here:

<https://www.nbk.com/nbk-group/about-nbk-group/corporate-governance.html>

### Shareholders

Fair and equal treatment of all shareholders and the protection of their rights are key principles of effective Corporate Governance. NBK ensures that all shareholders are treated equally as mandated by regulatory guidelines and the Bank's constitutional laws.

NBK has only one major shareholder: The Public Institution for Social Security (PIFFS), which owns 5.74% of NBK as of 31 December 2022.

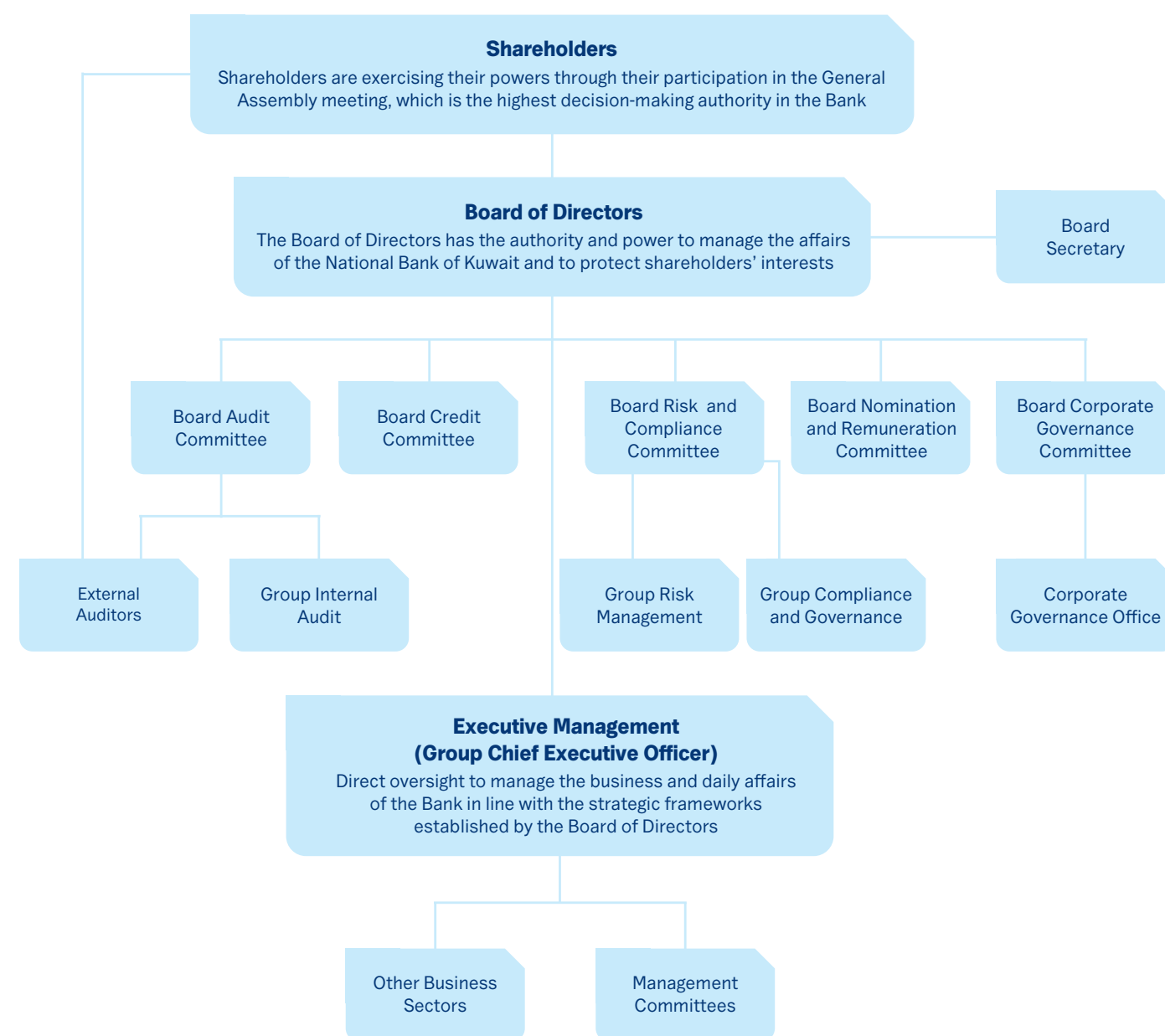
NBK promotes and maintains open and transparent channels of communication with its shareholders, which enables them to understand NBK's business, financial, and operating performance and trends. We have also developed a section on our website that provides detailed reports to shareholders on Corporate Governance and other important financial and non-financial information.

In conformity with CBK instructions issued on 10/9/2019 regarding Corporate Governance, all shareholders are informed of the Annual General Meeting (AGM) and any other shareholder meetings in a timely manner. Details of the meeting (e.g., venue, date, and time) are made publicly available, as stipulated in NBK's Corporate Governance policy, which is approved by the Board of Directors.

NBK also discloses to Boursa Kuwait and the Capital Markets Authority (CMA) the invitation to the AGM which includes a detailed agenda of the topics to be discussed and voted on.

### Corporate Governance Framework

The Corporate Governance Framework of the Group is illustrated in the chart below. This framework is reviewed and approved by the Board of Directors (BOD) on an annual basis.



\* At Bank's General Assembly meeting convened on Saturday, 12th of March 2022, new Board members were elected, Mr. Isam Jasem A. Al-Sager (executive member), Mrs. Huda Mohammad S. Al-Rifai (non-executive member) and two additional independent members Mr. Abdulwahab Ahmad H. Al-Bader and Mr. Farouq Ali Akbar A. Bastiki, while Mr. Nasser Musaed Abdullah Al-Sayer, Mr. Ghassan Ahmed Saud Al-Khaled and Mr. Hamad Abdul Aziz Alhamad Al-Sager left Board's membership. Board of Directors in its meeting dated 12/3/2022 reformed its Sub-Committees.



## 4.2 Board Oversight

NBK's Board of Directors is responsible for overseeing the management and business affairs of NBK and making all the major strategic and policy decisions of the company.

### NBK Board of Directors Names, Expertise, and Attendance Rate

Board Members' Full Names	Independence Status	Industry Expertise	Non-Industry Expertise	ESG-Related Experience / Credentials	Attendance Rate	Nationality	Board Tenure
Mr. Hamad Mohamed A. Al-Bahar	Non-Executive	Investment Banking and Asset Management	Construction and Business	Yes	8 out of 9	Kuwaiti	18 Years
Mr. Isam J. A. Al-Sager	Executive	Banking and Management	Business	Yes	8 out of 8	Kuwaiti	1 Year
Mr. Yaqoub Yousef A. Al-Fulaij	Non-Executive	Banking activities, including Risk Management and Internal Controls	Business	Yes	4 out of 9	Kuwaiti	25 Years
Mr. Muthana Mohamed A. Al-Hamad	Non-Executive	Banking and Finance	Economics and Real Estate	Yes	8 out of 9	Kuwaiti	16 Years
Mr. Haitham Sulaiman H. Al-Khaled	Non-Executive	Banking, Corporate Governance and Internal Controls	Communications, Real Estate and Investments	Yes	9 out of 9	Kuwaiti	13 Years
Mr. Emad Mohammad A. Al-Bahar	Non-Executive	Banking and Finance	Insurance	Yes	7 out of 9	Kuwaiti	8 Years
Mrs. Huda Mohammad S. Al-Refaei	Non-Executive	Banking and Risk Management	Legal	Yes	7 out of 8	Kuwaiti	1 Year
Dr. Robert Maroun Eid	Independent	International Banking	Investments	Yes	9 out of 9	Lebanese	2 Years
Dr. Nasser Amin H. Saidi	Independent	Corporate Governance and Finance	Economics	Yes	9 out of 9	British	2 Years
Mr. Abdulwahab Ahmad H. Al-Bader	Independent	Finance Development	Economics and Oil sector	Yes	8 out of 8	Kuwaiti	1 Year
Mr. Farouq Ali Akbar A. Bastaki	Independent	Banking, Asset Management and Internal Audit	Investments and Real Estate	Yes	8 out of 8	Kuwaiti	1 Year

### Board Chairman

The Chairman is a non-executive member. His roles and responsibilities are defined in NBK's Corporate Governance Policy and Board Charter. More information about our Corporate Governance framework and the Board roles and responsibilities can be found on NBK Group website:

<https://www.nbk.com/nbk-group/about-nbk-group/corporate-governance/stakeholders-rights.html>

As well as in our Annual Report 2022 here:

<https://www.nbk.com/nbk-group/investor-relations/latest-annual-report.html>

### Board Meetings

NBK's Board of Directors meets at least 6 times a year and once every quarter.

"In 2022, NBK's BOD held 9 meetings."

Board members' attendance for full meetings of the BOD is reported (along with Board members' Sub-Committee attendance) in our Annual Report 2022 here:

<https://www.nbk.com/nbk-group/investor-relations/latest-annual-report.html>

### Board Size

At the Ordinary General Assembly meeting convened on Saturday, 12th of March 2022, 11 members were elected and selected for the upcoming three years term of National Bank of Kuwait Board of Directors membership. NBK Group Board of Directors is composed of one executive member, six non-executive members and four independent members representing the shareholders. The Board members are elected and appointed by the General Assembly of the Bank, for three years. The Board aims to strengthen the long-term success of the Group and to deliver sustainable value to shareholders.

The number of Board members is listed in NBK's Articles of Association, NBK's Corporate Governance Policy, and Board Charter. Our Articles of Association can be found on NBK Group website:

<https://www.nbk.com/nbk-group/about-nbk-group/corporate-governance/stakeholders-rights.html>

### Board Elections

Board members are elected at the Bank's Annual General Meeting (AGM) for renewable 3-year terms, except for Independent Board members whose membership does not exceed 2 terms.

### Board Voting for Provisions

The resolutions of the Board of Directors are adopted by a majority of all Board members' votes. In the case of a tie, the Chairman, or in his absence the Deputy Chairman, has the deciding vote, as stipulated in the Board Charter.

### Board Evaluation

Annually and under the supervision of the Board of Directors, the Board Nomination and Remuneration Committee (BNRC) evaluates the effectiveness of Board members and their participation, whether individually or collectively. This includes an assessment of the Board Sub-Committees through the self-assessment methodology, which has been designed and developed to evaluate the effectiveness of each Board member, and determine the aspects of development required, and the necessary training for members, in accordance with the Central Bank of Kuwait Corporate Governance rules and standards.

To navigate through the rapidly changing landscape around ESG and ensure our governance structure is adaptable in its response to these dynamic changes, ESG-related training was introduced to the Board of Director's training plan during 2022.

In November 2022, the Board was provided with an 'Introduction to ESG' training by specialized consultants in the field. This training program covered key aspects which included the ESG ecosystem, importance of ESG to business, overview of ESG challenges, and most importantly the role of the Board and its Sub-Committees in driving ESG across the organization.

NBK's Board of Directors are adamant on obtaining the tools they need to manage ESG risks while capitalizing on opportunities; setting NBK up for long-term success and value creation.

### Board Independence

NBK is committed to having independent directors play a significant role in its governance practices, while complying with relevant regulations. We define independent members as: a member of the Board of Directors who is not affected by any factor that may limit his/her ability to consider the Bank's matters, discuss them and make decisions on them with objectivity and in the interest of the Bank, with consideration of CBK's Corporate Governance rules and regulations. Independent Board members are required to satisfy 10 mandatory conditions during their membership, as defined by CBK, where violation of any condition will void their independence.

Independence of Board Members	2022
Current number of NBK Board members who are formally defined as independent	4 members
Target percentage of independent directors	Not less than 4 members and not more than half of the Board of Directors

#### Board Remuneration

Board of Directors' remuneration is determined in accordance with applicable laws and is approved by the Annual General Assembly Meeting. Board members' remuneration is disclosed in our Annual Report 2022, which can be found on NBK Group website:

<https://www.nbk.com/nbk-group/investor-relations/latest-annual-report.html>

Board of Directors' members (Executive member, Non-Executive members and Independent members) received remuneration amounting to KD 70,000 (USD 228,534) each, total KD 770,000 (USD 2,513,875), for their services in Bank's Board membership.

#### Board Diversity

Recognizing the importance of Board diversity in driving an inclusive organization that reflects the communities we serve, NBK has taken a tremendous step in electing its first female Board member in the Annual General Assembly Meeting convened on March 2022.

NBK currently has one woman on its Board, which represents 9% of the total Board membership. At NBK, we strongly value diversity, and we strive to increase gender diversity on our Board even further in the future.

## "NBK elected its first female Board member in 2022."

#### Board Responsibilities

NBK Board of Directors permanently and continuously strives to achieve the best interest of the Bank's shareholders and stakeholders through effective oversight and monitoring of the work of the Executive Management, ensuring the implementation of the Bank's strategy and objectives, and confirming that performance is in accordance with the Bank's strategic plans.

Driven by transparency and accountability, the Board of Director's and Board Sub-Committees' charters were formally revised during 2022 to reflect key ESG-related responsibilities to steer the Board's decision-making in line with NBK's ESG Strategy. The Board acknowledges its duty to manage how emerging ESG and climate change risks and opportunities should be addressed in line with NBK's business strategy, material risks, and business drivers.

The Executive Management is delegated with the due diligence and management of the ESG impacts. To ensure the Board oversight, the Executive Management periodically reports to the Board on those matters, to ensure the effectiveness of the process, and more importantly, the implication of the reported matters on the Bank's decisions on any emerging matters.

#### Board Sub-Committees

To comply with the supervisory regulations issued by CBK, in addition to NBK's efforts to effectively implement the Corporate Governance Framework, it formed an appropriate number of Committees that are aligned with the size of the Bank, the nature and complexity of its activities, and the geographical distribution of the Bank's entities. The Board of Directors formed five Sub-Committees to enhance the Board's effectiveness in overseeing NBK's operations.

The Board Sub-Committees' have an active role in a number of areas, including guiding strategy, managing risk, providing leadership and oversight toward achieving the Bank's key performance indicators (KPIs), and ensuring compliance with laws and regulations and applicable global standards. Extensive details about the Board Sub-Committees' activities and performance are disclosed in our Annual Report 2022, which can be found on NBK Group website: <https://www.nbk.com/nbk-group/investor-relations/latest-annual-report.html>

An overview of the Board Sub-Committees are presented in the table below:

#### NBK Board Sub-Committees

Board Sub-Committee Name	Committee's Mission	Committee Chairmen	Independence Status of Chairmen	Committee Members
Audit Committee	Assists the Board in a supervisory role regarding the efficiency and independence of the internal and external audit operations for the Group. Also oversees the preparation of the periodic financial statements and other regulatory reports.	Mr. Farouq Ali Akbar A. Bastaki	Independent	<ul style="list-style-type: none"> <li>Mr. Muthana Mohamed Al-Hamad</li> <li>Mr. Haitham Sulaiman Al-Khaled</li> <li>Dr. Robert Maroun Eid</li> <li>Dr. Nasser Amin Saidi</li> </ul>
Risk and Compliance Committee	Assists the Board in carrying out its responsibilities with respect to the Group Risk Management and Group Compliance & Governance functions by evaluating and monitoring the risk governance framework, risk appetite, risk strategy and capital planning. In addition to its role of overseeing the adequacy of regulatory compliance and enhancing compliance, culture across the Group.	Dr. Robert Maroun Eid	Independent	<ul style="list-style-type: none"> <li>Mr. Muthana Mohamed Al-Hamad</li> <li>Mr. Haitham Sulaiman Al-Khaled</li> <li>Mrs. Huda Mohammad S. Al-Refaei</li> <li>Mr. Farouq Ali Akbar A. Bastaki</li> </ul>
Nomination and Remuneration Committee	Assists the Board in carrying out the Nomination and Remuneration responsibilities pertaining to the Board of Directors and Executive Management. The Committee also supports the Board in reviewing and enhancing Board structure and development of the caliber of the Board members. It also assists the Board in setting up the Group's remuneration framework and ensures effective implementation in accordance with Group remuneration policy.	Mr. Abdulwahab Ahmad H. Al-Bader	Independent	<ul style="list-style-type: none"> <li>Mr. Muthana Mohamed Al-Hamad</li> <li>Mr. Haitham Sulaiman Al-Khaled</li> <li>Mr. Emad Mohamed Al-Bahar</li> </ul>
Corporate Governance Committee	Assists the Board in overseeing the implementation of the Group's Corporate Governance. The Committee is also responsible for monitoring the implementation progress of the policies and procedures pertaining to governance.	Mr. Hamad Mohamed Al-Bahar	Non-independent	<ul style="list-style-type: none"> <li>Mr. Yacoub Yousef Al-Fulaij</li> <li>Mr. Muthana Mohamed Al-Hamad</li> <li>Mrs. Huda Mohammad S. Al-Refaei</li> <li>Mr. Abdulwahab Ahmad H. Al-Bader</li> </ul>
Credit Committee	Responsible for reviewing the quality and performance of the Group's credit portfolio. The Board has authorized the Committee to approve credit facilities that exceed the authorization granted to Executive Management, in accordance with the Credit Policy and the approved authority matrix of the Group in accordance with the related supervisory regulations.	Mr. Hamad Mohamed Al-Bahar	Non-independent	<ul style="list-style-type: none"> <li>Mr. Yacoub Yousef Al-Fulaij</li> <li>Mr. Emad Mohamed Al-Bahar</li> <li>Mr. Isam Jasem A. Al-Sager</li> </ul>

## 4.3 Executive Management

### Delegation of Responsibility for Managing Impacts

NBK's Executive Management is responsible for leading the Bank in successfully implementing the business and day-to-day operations in line with the strategic frameworks established by the Board of Directors. In 2022, the Executive Management's responsibilities were further solidified to include ESG-related matters into its decision-making processes, oversight, and affairs. The Executive Management is closely working with NBK's groups and businesses to assess ESG risks and opportunities and how the Bank could competitively respond to the evolving landscape presented by the transition to a lower carbon economy.

To that extent, the Bank's Executive Management approved the Group's ESG Strategy in 2022 that transforms NBK's ESG strategic focus to higher levels of integration into its business, operations, and activities. The ESG Strategy sets the pathway towards building a more sustainable future by mobilizing capital and

focusing efforts towards solving the critical environmental and social challenges we face.

Accordingly, NBK is in the final stages of finalizing and approving an ESG Governance Framework, which will outline a comprehensive governance structure with specialized committees to drive ESG Strategy implementation across the Bank, in line with evolving market needs and expectations. The ESG Governance Framework will ensure utmost levels of accountability and commitment are maintained to support the bank in achieving its ESG-related KPI's and ambitions.

The Executive Management positions, expertise, and tenure at respective management position are presented in the accompanying table. NBK's Group CEO role and responsibilities are listed in detail in NBK's Corporate Governance Policy.

### NBK Executive Management's Names, Expertise, and Tenure at Management Position

Executive Management Members Full Name	Position / Title	Industry Expertise	Non-Industry Expertise	Nationality	Tenure
Mr. Issam J. Al-Sager	Vice Chairman & Group Chief Executive Officer	Extensive Banking and Management experience	N/A	Kuwaiti	1 Year
Mrs. Shaikha K. Al-Bahar	Deputy Group Chief Executive Officer	Extensive Banking and Management experience	N/A	Kuwaiti	9 Years
Mr. Salah Y. Al-Fulaij	Chief Executive Officer – Kuwait	Extensive Banking and Management experience	N/A	Kuwaiti	8 Years
Mr. Sulaiman Barrak Al-Marzouq	Deputy Chief Executive Officer – Kuwait	Investment and Wealth Management; Treasury and Banking Operations	N/A	Kuwaiti	6 Years
Mr. Faisal Abdulatif Al-Hamad	CEO of Global Wealth Management	Investment Banking and Wealth Management; and general Management experience.	Corporate Governance	Kuwaiti	2 Years
Mr. Emad Al-Ablani	General Manager Group Human Resources	Extensive experience in Human Resources	N/A	Kuwaiti	9 Years
Mr. Parkson Cheong	Group Chief Risk Officer	Risk Management; Commercial Lending; Investment Banking and Corporate Finance	N/A	British	15 Years

Executive Management Members Full Name	Position / Title	Industry Expertise	Non-Industry Expertise	Nationality	Tenure
Mr. Walid El-Seyoufi	Group Chief Compliance and Governance Officer	Risk Management; Compliance; Corporate Governance Principles; Disclosure and Transparency; Anti-Financial Crimes; Accounting Standards, and International Supervisory Regulations	External Auditing and Consultation	Egyptian	3 Years
Mr. Sujit Ronghe	Group Chief Financial Officer	Extensive Experience in Accounting, Banking and Finance	N/A	Indian	9 Months
Mr. Mohammed Al-Othman	General Manager – Head of Consumer Banking Group	Extensive experience in Retail Banking, Personal Banking payment services and banking products	N/A	Kuwaiti	5 Years
Mr. Mohammed Al-Kharafi	General Manager – Head of Operations	Extensive experience in Retail Banking, Operations, Intelligence Automation and Digitization	N/A	Kuwaiti	2 Years
Mr. Omar Bouhadiba	CEO International Banking Group	Extensive experience in Corporate and Investment Banking	N/A	French	2 Years
Mr. Ahmed Bourisly	General Manager – Corporate Banking Group	Extensive experience in all areas of Credit and Corporate Banking Management	N/A	Kuwaiti	4 Years
Mr. Pradeep Handa	General Manager – Foreign Corporate, Oil and Trade Finance Group	Extensive experience in Foreign Corporate Banking and Oil and Trade Finance matters	N/A	Indian	11 Years
Mr. Jad Zakhour	General Manager – Head of Treasury Group	Treasury, Investment and Wealth Management. Certified Financial Risk Manager	N/A	Syrian	12 Years

### Executive Pay

As stated in NBK's Remuneration Policy, remuneration is linked with long-term and short-term performance objectives and determined based on the achievement of KPIs toward fulfilling NBK's overall strategy, including financial and non-financial criteria and Key Risk Indicators (KRIs) at the Group level.

In conjunction with its ESG commitments, NBK recently introduced ESG metrics into the KPIs of the members of the

Executive Management, as a key driving force for ensuring effective ESG strategy implementation and accountability across the Bank.

Executive remuneration is shared in NBK's Annual Report 2022, which can be found on NBK Group website: <https://www.nbk.com/nbk-group/investor-relations/latest-annual-report.html>



## 4.4 Risk Management

### Risk Strategy

NBK's risk management framework is integral to our operations and business culture and we seek to manage risk in a structured, systematic manner through a global risk policy, which embeds comprehensive risk management into the organizational structure, and risk measurement and monitoring processes. A detailed description of our approach to and governance of risk is provided in our Annual Report 2022, which can be found on NBK Group website: <https://www.nbk.com/nbk-group/investor-relations/latest-annual-report.html>

The Board of Directors ensures rigorous assessment, management, and oversight of the Bank's financial and non-financial risks. Ultimate responsibility for setting risk appetite and effective management of risk rests with the Board of Directors. This is managed through the Board Risk and Compliance Committee (BRCC) and the Group Executive Committee (EC). Together, they ensure that risk-taking authority and policies are effectively communicated from the Board to the appropriate business units. NBK's Risk Management, Compliance, and Internal Audit Functions assist Executive Management in controlling and actively managing NBK's overall risk profile to avoid financial losses, regulatory sanctions, and reputational damage.

The key elements of the Board-approved risk strategy are:

- Maintaining stability and business continuity during stress situations,
- Ensuring effective and adequate compliance with regulatory capital requirements and internal capital targets in line with NBK's strategy,
- Developing NBK's IT infrastructure and using modern methods to raise the professionalism and levels of experience of human resources,
- Conducting effective risk planning through an appropriate risk appetite, and
- Performing stress tests consistently to assess the impact on NBK's capital requirements, capital base, and liquidity position.

### Risk Appetite and Mitigation

NBK's risk appetite is reviewed annually and presented by the BRCC to the Board for final approval. This ensures the risk appetite is consistent with NBK's strategy and business environment, strategic objectives, regulations, and interests of key stakeholders. All transactions and outstanding risk exposures are quantified and compared against authorized limits, and non-

quantifiable risks are monitored against policy guidelines as well as key risk and control indicators. Any discrepancies, excesses, or deviations are escalated to the Executive Management for appropriate action, applying three lines of defense:

- **First Line:** The Business owns and manages risks in adherence to risk policies.
- **Second Line:** Group Risk Management develops and maintains the risk management framework, risk policy, and risk models that enables the business to manage the risk and control environment within the Board-approved risk appetite.
- **Third Line:** Internal Audit independently tests, verifies, and evaluates controls for effective risk management and the implementation of policies and procedures.

### Risk Monitoring and Management Oversight

NBK's risk management framework enables NBK to identify, assess, limit, and monitor risks across a wide range of categories using a comprehensive range of quantitative and qualitative tools. Selected risks that are actively monitored include:

- Credit risk in commercial and consumer lending,
- Market and liquidity risk,
- IT risks, and
- Operational risks (based on comprehensive policies, procedures, and controls that reflect CBK and Basel III guidelines, along with regular periodic and ad-hoc risk and control self-assessments and risk reporting and investigations).

NBK augments its overall framework for governance and capital planning and management by undertaking an Internal Capital Adequacy Assessment Process (ICAAP), which includes "scenario testing" at periodic and regular intervals.

### Risk Reporting

NBK provides several risk management related reports to the Central Bank of Kuwait with various reporting requirement timeframes: daily, weekly, monthly, quarterly, biannually, and annually, as well as several ad-hoc reports. Primarily these reports include:

- Capital Adequacy Report (CAR): Quarterly
- Provisions and International Financial Reporting Standards (IFRS) 9: Quarterly
- Internal Capital Adequacy Assessment Process (ICAAP) and Stress Testing (ST): Semi-annually

- Liquidity Coverage Ratio (LCR): Monthly
- Net Stable Funding Ratio (NSFR): Monthly
- Various Credit, Investment Exposure and Concentration reports
- Ad-hoc: IT, Stress Tests, and other relevant reports

### Risk Standards Followed

NBK adheres to the Basel Committee on Banking Supervision (BCBS) standard, which is the global standard for banks' regulation and risk management, as adopted by the Central Bank of Kuwait, and has met all applicable regulatory expectations and obligations. In addition, NBK has achieved ISO 27001, ISO 22301, and ISO 31000 certifications, reflecting the strength of its IT risk management system.

### Risk Management in New Products and Services

Each business group consults Group Risk Management about the various potential risk impacts of new products and/or services.

We ensure that any new service has the capability for disaster recovery and that the process ensures resilience with regard to various threats to emerging IT security risks. We review all new products and services through the Senior Product Approval Committee (SPAC) and/or the Treasury Product Approval Committee (TPAC), which assures effective risk management associated with regulatory liquidity ratios.

### ESG Risk Management

Building an ESG risk culture across the organization is equally important for setting an effective ESG governance structure. NBK's risk management framework integrates various ESG-related elements into its policies, processes, and decisions.

On 16 November 2022, the Central Bank of Kuwait issued a circular no. (2/BS, IBS/500/2022) to all local banks with a set of voluntary guidelines for embedding sustainable development and sustainable finance standards into the bank's activities. The CBK directives outline key considerations in ESG governance, environmental and climate risk management, and sustainable financing, among others. Nevertheless, NBK developed ESG risk limits early on, proactively responding to the evolving market requirements and regulatory landscape. In other developed markets based on the regulatory requirements there and/or standard market practices, some stand-alone subsidiaries and branches conduct climate related risk analysis, such as at NBK Singapore and NBK UK.

As a major banking and financial services institution with a diverse set of stakeholders based in the Middle East, a region whose economies are driven primarily by fossil fuel markets, the Bank assesses and manages various ESG trade-offs in respect to strategic and operational decisions. The ESG risks trade-offs include the need to balance the challenges posed by environmental and climate change risks vs. the opportunities presented by the transition to support equitable and sustainable economic growth in line with national priorities and development plans. NBK's decisions consider the optimal strategies to mitigate climate change risks, and to maintain desired diversity, empower societies, and adhere fully to applicable laws and regulations.

### Embedding ESG Considerations in Credit Assessments

NBK's Domestic Corporate Banking Group has increased its reliance on ESG risks and metrics when evaluating creditworthiness. Upon the receipt of a loan application, Domestic Corporate Banking Group, with the support of other areas in the Bank, initiates a customer credit application review process. Although the primary focus of the review is around financial metrics, additional aspects related to ESG risks are considered in the overall analysis of the client, such as having strong governance structures and succession planning along with policies covering health and safety, and environmental protection. Finally, the result of the assessment of the predefined ESG metrics is used during the approval process.

### Case Study: NBKI London - Regulatory Requirements for ESG and Climate Risk

Effective in 2019, the UK implemented Regulation SS3/19, which is designed to enhance banks' management of the financial risks of climate change. NBKI London is in compliance with this regulation, which focuses on two key areas: the physical risks and the transition risks related to climate change. Accordingly, NBKI London has put in place appropriate policies and processes.

### Case Study: NBK Singapore - Regulatory Requirements for ESG and Climate Risk

In December 2020, the Monetary Authority of Singapore (MAS) issued regulatory guidelines on Environmental Risk Management, which applies to all financial institutions in Singapore including NBK Singapore, effective June 2022. NBK Singapore is in compliance with MAS guidelines and supervisory expectations on the effective governance, robust risk management, and meaningful disclosure of environmentally-related risks. The overall aim is to enhance the resilience of

financial institutions with respect to environmental risks and strengthen the sector's role in supporting the transition to an environmentally sustainable economy in Singapore and the region. NBK Singapore developed an Environmental Risk Management Framework in alignment with MAS guidelines in order to effectively manage environmental risk and better understand the impact of environmental and climate-related risks on its underwriting and credit portfolio.

#### Risk Assessment in Procurement

For both new and existing suppliers of goods, risk assessment is conducted by the Purchasing Department under the Administration Group. Whereas, for suppliers of services, risk assessment is conducted by the relevant business unit as per NBK Outsourcing Policy.

#### Risk-Related KPIs in Performance Management

Within NBK, certain roles include risk management criteria in the contracted KPIs. KPIs such as 'Adherence to Rules and Regulations', 'Daily Reconciliation', and 'Proactive Risk Identification and Resolution' help employees acknowledge and understand the importance of managing their day-to-day responsibilities. It is up to the appraising manager to determine the weight of such KPIs and to measure within the Performance Management Cycle how much the employee has achieved of the contracted KPI.

The testing included the cards system, external customer facing channels, core infrastructure systems, all internal back office applications, and rebalancing critical services, customer facing channels, and back office applications. The Recovery Time Objective (RTO) of 2 hours for critical applications with zero Recovery Point Objective (RPO) for all systems was achieved successfully.

#### Scenario Planning and Stress Testing

In compliance with regulatory requirements, NBK conducts stress tests at least twice a year, which are at the half-year and at the financial year-end. Meanwhile, on a per-subsiary level, stress tests are conducted at least annually, based on regulatory and internal requirements. Stress scenarios are analyzed and are adjusted appropriately with a forward-looking view, taking into account any emerging risks that have the potential to materially affect the financial performance of NBK and its entities.

NBK's stress testing and capital forecasting process would ensure proactive actions and plans. NBK ensures adherence to CBK's requirements on Group-wide and stand-alone capital adequacy by frequently monitoring its capital adequacy ratios. This process is supported by the use of a proprietary capital-planning methodology, which takes into consideration regulatory capital requirements, rating agency views, emerging risks, the macro-economic environment, stress-testing and bottom-up views of business plans. These views then cascade into considerations on what capital level is required.

### Case Study: NBKI, London - Climate Risk Considerations for ICAAP and Stress Testing

As part of compliance with national regulations, NBKI London undertakes stress testing and scenario analysis to test the resilience of the Bank's strategy in relation to climate change. The regulatory objective is to manage the financial risks of climate change and ensure appropriate policies and processes are in place to enable effective risk management. The results are presented in its 2022 ICAAP Report.

## 4.5 Business Continuity

The Board of Directors is the overall and prime sponsor of the Bank's Business Continuity Management (BCM) Program. The Business Continuity Management Committee (BCMC) is responsible for overseeing the business continuity plans of the Bank and ensuring the recovery of its critical functions in the event of a major crisis or potentially catastrophic events.

Each Business Group in the Bank is responsible for developing and maintaining its own BCM documentation, which includes a Business Impact Analysis, Business Continuity Plan, and Call Tree. The plans are reviewed and updated at least once a year for any changes in processes, systems, structures, and resource requirements. The BCMC ensures the Business Continuity Plans are up-to-date and in line with the Bank's strategy.

A test of Business Continuity Management (BCM) was performed during September 2 - 9, 2022. The objective of this test was to validate the datacenter capabilities for the production systems to operate from the Bank's alternative data center at the Jleeb Al-Shuyoukh site.

## 4.6 Ethics, Compliance and Transparency

NBK's Compliance and Governance are integral components of NBK's culture of fully adhering with regulatory and legislative frameworks. NBK's Group Compliance and Governance promotes sound governance practices and ensures there are no violations of any requirements set by legislators or regulatory bodies in either Kuwait or other countries where it operates.

Group Compliance and Governance is headed by Group Chief Compliance and Governance Officer who reports directly to the Board Risk and Compliance Committee (BRCC).

Group Compliance and Governance pursues the following objectives and responsibilities:

- Identify, assess, monitor, and report on the compliance risks faced by NBK.
- Review the compliance risk processes that are in place to anticipate and effectively manage the impact of regulatory changes on NBK's operations.
- Ensure NBK and each subsidiary and branch in every jurisdiction of operation abides by all relevant laws and regulations applicable to each of them.
- Assess and review the implementation of compliance procedures needed to verify compliance with the laws, regulations, procedures, and directives issued by relevant regulatory bodies.
- Ensure NBK's compliance with the regulations related to Anti-Financial Crime and the Foreign Account Tax Compliance Act (FATCA), Common Reporting Standard (CRS), and other similar applicable regulations.
- Ensure sound Corporate Governance implementation across NBK Group.

#### Selected ESG-Related Policies

NBK abides by a range of internal policies, charters, and statements, many of which are foundational to its ethical commitments and environmental, social, and governance (ESG) practices. The policies are reviewed and/or revised every one to three years. They include:

- Anti-Bribery & Corruption Policy
- Brand Protection Policy
- Procurement Policy
- Human Rights Statement
- Corporate Social Responsibility (CSR) Committee Charter
- Code of Conduct
- Whistleblowing Policy
- Staff Complaint Policy

- Conflict of Interest Policy
- Information and Cyber Security Policy
- Personal Data Privacy Policy
- Information Classification Policy
- Social Media Policy
- Termination and Disciplinary Actions Policy
- Related Party Transactions Policy
- Confidentiality Policy

All policies are found on the MYNBK intranet page, under Policies and Procedures, which is accessible to all employees.

As part of the on-boarding process, all new employees joining NBK are provided with a handbook that lists all policies and regulatory related matters. The handbook covers various ethical and legal elements that all employees should be familiar with, including our commitment to and expectation of them. Each employee is required to report any of his/her concerns about any unethical or unlawful behaviors, or on anything related to hindering organizational integrity to the Group Human Resources for further investigation and action.

#### Code of Conduct

The foundation of guiding ethical behavior at NBK is through its Code of Conduct. This Code outlines all policies and provides guidance for operating ethically. It is available to all employees on the intranet MyNBK.

Our Code of Ethics is reviewed at least annually or more frequently as needed. The Board of Directors also oversees the efficient implementation of the Code through the audit and internal control functions, to identify and remedy any gaps.

The Code of Conduct was updated in December 2022 and recently approved by the Board of Directors in January 2023, includes additions of a flight ticket policy for married female employees as well as enhancements to the policy on Flexible Working Hours.

Failure of any employee to comply with NBK's Code of Conduct may result in any or all of the following actions:

- Disciplinary action or dismissal
- Disciplinary action taken by the regulator
- Litigation
- Criminal Prosecution



**Corruption, Fraud, Anti-Money Laundering (AML), and Combatting the Financing of Terrorism (CFT)**

NBK takes a strong stand against money laundering and the financing of terrorism. We have an independent AML/CFT unit reporting to the Board Risk and Compliance Committee. The Anti-Financial Crimes area, including Anti-Fraud, Anti-Bribery and Corruption, operates under Group Compliance and Governance which reports to the Board Risk and Compliance Committee. Our AML/CFT Policy, Anti-Fraud Policy, and Anti-Bribery and Corruption Policy are reviewed annually and approved by the Board of Directors.

NBK adopts a zero-tolerance approach towards bribery and corruption and maintains an anti-bribery and corruption policy and anti-corruption culture within the Bank. More information can be found in our Anti-Financial Crime Statement that is available publicly on NBK Group website:

<https://www.nbk.com/dam/jcr:469353bb-1333-4870-acfb-f3ca5f8c8e78/AntiFinancial%20Crime%20Statement%20v.FINAL%20042422.pdf>

The Board Risk and Compliance Committee (BRCC) ensures safeguarding of the Bank's financial system and assures steadfast commitment to combat financial crime i.e., AML/CFT, Fraud, Bribery and Corruption.

**"Zero confirmed incidents in 2022 of Corruption, Fraud, Money Laundering, or Bribery."**

Confirmed Incidents of Corruption, Fraud, Money Laundering and Bribery	2022
Number of confirmed incidents of Corruption	Zero
Number of confirmed incidents of Fraud	Zero
Number of confirmed incidents of Money-Laundering	Zero
Number of confirmed incidents of Bribery	Zero

The anti-corruption and bribery policy specifically includes dealing with charitable contributions and sponsorships.

We conduct rigorous due diligence of new business partners, addressing corruption matters. This is conducted in line with our Anti-Bribery and Corruption Policy in addition, to our Vendor and Outsourcing Policy.

**"No monetary political contributions were made directly or indirectly by NBK in 2022."**

**Conflicts of Interest Policy**

NBK ensures that in all stages of banking procedures for its customers, it treats all customers fairly, equally and honestly, to achieve the utmost levels of transparency and objectivity, through applying the conflict of interest policy. Our conflict of interest policy serves as a strong foundation for assuring transparent and ethical transactions and all employees are required to sign annual declaration forms.

NBK, under the supervision of the Board of Directors, has adopted a set of organized procedural models for cases of disclosure of potential conflicts of interest and a mechanism to deal with such cases. Potential cases of conflicts of interest and related party transactions are subject to independent review by the Group Internal Audit.

**Related Party Transactions Policy**

Transactions with related parties are made on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with unrelated parties and do not involve more than a normal amount of risk. Lending to Board members and their related parties is secured by tangible collateral in accordance with regulations of the Central Bank of Kuwait.

**Support for Whistleblowing**

NBK has established a Whistleblowing Policy and a Code of Conduct Policy as well as a Human Resources Management Policy that highlights all the rules and procedures for employees to adhere to when working at all NBK facilities in order to create a safe, healthy, and progressive working environment. In case employees may have concerns, our Whistleblowing Policy defines various support and investigative procedures related to whistleblowing. The policy is updated annually.

NBK's Whistleblowing Policy highlights the required channels when faced with questionable ethical or legal circumstances. The booklet is accessible through NBK's website and is provided upon induction to all new employees. All new employees are required to go through a set of 10 induction courses that highlight the regulations and legal requirements they should be familiar with when joining NBK.

On October 2022, NBK published the "NBK Group Statement on Whistleblowing Procedures", which is publicly available on NBK Group website:

<https://www.nbk.com/dam/jcr:9b802787-6249-4635-88dc-7efe77d60ea0/NBK%20Group%20Statement%20on%20Whistleblowing-OCT2022.pdf>

NBK has adopted a whistleblowing policy that encourages openness and trust among employees while ensuring employee protection. This helps employees report any complaint, whether relating to unethical behavior or illegal or unprofessional actions. The complaint is directly made to the Chairman of the Board and the information remains confidential and, if necessary, is saved anonymously, to provide protection to the employee. This mechanism is subject to review by Group Internal Audit. NBK prohibits retaliation against any individual who, based on a reasonable belief that a possible violation or suspected wrongdoing has occurred, is ongoing or is likely to occur, makes a report or provides information.

**"NBK had zero confirmed Whistleblowing cases and incidents reported in 2022."**

**Internal and External Audit**

Group Internal Audit is responsible for the execution of Internal Audits across the Bank. The function is independent and reports to the Board Audit Committee (BAC). Group Internal Audit follows a risk-based methodology and the Internal Control Review service provider independently reviews the function on an annual basis.

In addition, the Group Internal Audit function undergoes an independent External Quality Assurance review every 5 years in line with the standards defined by the Institute of Internal Auditors.

The external auditor responsible for conducting the Internal Controls Review (ICR) of NBK must be appointed for a term of one financial year, with a mandate being renewable annually for a period not to exceed three consecutive financial years.

Each of the two joint external auditors responsible for the Bank's financial audit must be appointed for a term of one financial year, with a mandate being renewable annually. External audit engagement partners from both firms are rotated on a periodic basis.

Audit and Non-Audit Fees 2022	KD million	USD million
NBK's Audit Fees	0.284	0.833
NBK's Non-Audit Fees	0.824	2.690

**Tax Transparency**

Two selected subsidiaries of the Group operate in relatively high tax jurisdictions namely NBK Egypt and NBK International in the UK. Both have specific interactions with their Board regarding tax matters, and tax related aspects, which include:

- NBK International PLC (NBKI) in UK has signed on to the His Majesty's Revenue and Customs (HMRC) code and has appropriate policies and framework in place. Any main tax matter is discussed by the Board Audit Committee (BAC) and any changes to policies around taxation are approved by BAC and recommended to the Board.
- The external tax consultant engaged by NBK Egypt reviews the income tax return and advice the Bank on tax treatment. In addition, the external tax consultant updates the Board on new tax laws and the outcome of any tax review by regulatory authorities on a quarterly basis.



## 4.7 Investor Relations



NBK engages with investors through a number of different forums and media: conferences, analyst calls, one-on-one calls, emails, and in-person visits. Most of the investor meetings in 2022 included an increased focus on ESG discussions, reflecting the increased weight of ESG-consideration in the investment decision making process and the evolving regulatory landscape. We have also introduced website-based tools to help investors generate reports from our publicly available data.

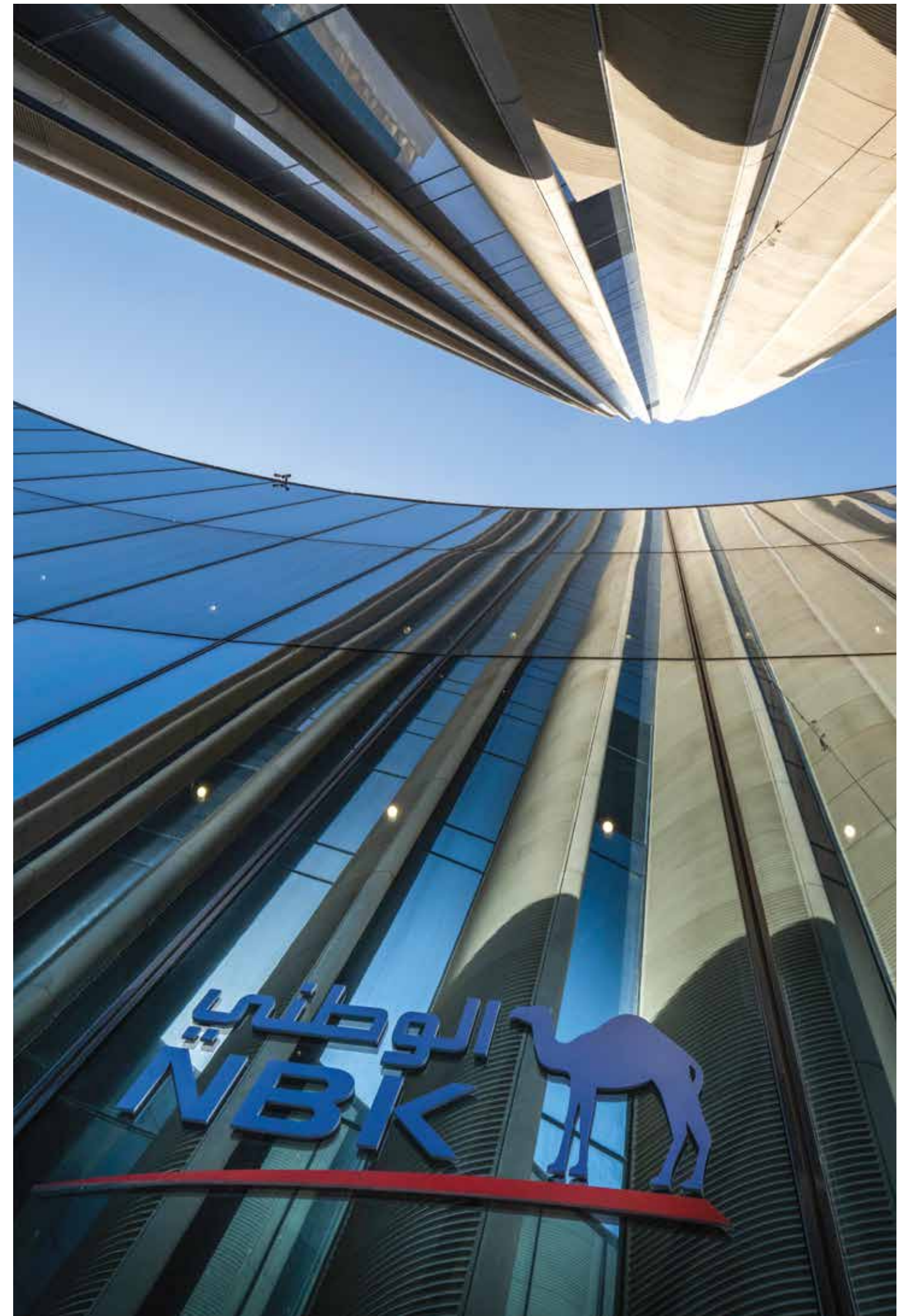
Additionally, for our ESG-focused investors we offer the ESG Profile link that shares our sustainability-related commitments, activities and initiatives, as well as our performance and progress against these goals. NBK is increasingly in the purview of external regional and global ESG rating agencies.

All these methods of engagement have helped us maintain strong and transparent communication with investors, and keep investors and rating agencies informed about our various updates and outlooks, including NBK's ESG performance. The Bank's website tools are designed to assist investors in their research and decision making, further strengthening our ESG communications with investors.

Our ESG Profile can be found on NBK Group website: <https://www.nbk.com/nbk-group/investor-relations/esg-profile.html>

Percentage of Kuwaiti and Non-Kuwaiti Investors	2022
NBK Kuwaiti Investors	75%
NBK Non-Kuwaiti Investors	25%

Our Group Investor Relations has been following a fully integrated ESG communication plan that guides our engagement with various stakeholders. We aim to have a focused ESG presentation for investors and ESG rating agencies to engage more thoroughly with them on material ESG topics.



# 5

## Responsible Banking

2-26, 203-1, 203-2, 204-1, 301-1, 302-1, 302-2, 302-3, 302-4, 303-1, 303-2, 303-3, 303-4, 303-5, 305-1, 305-2, 305-3, 305-4, 305-5, 306-1, 306-2, 306-3, 306-4, 306-5, 308-1, 408-1, 409-1, 414-1

Core to Responsible Banking is our ambition to support the transition to a sustainable economy and become a role model through our own transformation. Contributing to economic, social and environmental development, whether through our operations or engaging with our clients to adopt sustainable practices by financing their transitions, has always been one of NBK's strategic focuses. Responsible Banking outlines NBK's approach to the net zero transition by channeling capital into the low-carbon economy while reducing our environmental impact from operations.





## 5.1 Overview

Responsible Banking defines our goal to develop a more diverse and equitable economy that benefits all of our stakeholders. We are deeply committed to playing an active role in financing and supporting environmental and social initiatives while fostering diversity, inclusion, accountability, and transparency across the organization and with all of our stakeholders. NBK aims to integrate ESG standards across all its operations and business processes and to recognize its responsibility in mobilizing capital to address economic, environmental and social challenges, by providing innovative and best-in-class sustainable finance value propositions to assist and enable its customers to effectively transition to a carbon-neutral economy that benefits society.

To ensure we take responsibility for our own environmental and social impact from operations, we will set specific, well-defined, and measurable targets to minimize NBK's financed and operational carbon footprint, while accelerating our dependency on renewable and energy-efficient technologies. In this chapter, we share both our approach to sustainable financing, and our own environmental performance from operations.

## 5.2 Sustainable Finance Approach

As one of the key components of our approach to Responsible Banking, we developed our sustainable financing initiative, designed to systematically identify opportunities to increase our financing of both environmentally and socially beneficial activities. The core foundation of our approach to sustainable finance is driven by our Sustainable Financing Framework, which we published in 2022. The framework is designed to support and further NBK's ambition to integrate critical ESG issues into its business, culture, and operations, thereby advancing the transition to a sustainable and low carbon economy and contributing to achieving Kuwait's

sustainable development agenda under the New Kuwait Vision 2035. The framework received a Second Party Opinion (SPO) by S&P Global to confirm its alignment with the Green Bond Principles (GBP), Social Bond Principles (SBP) and Sustainability Bond Guidelines (SBG) published in June 2021 by the International Capital Market Association (ICMA). The framework consists of four main components: Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds, and Reporting. The Sustainable Financing Framework in its entirety is found here: <https://www.nbk.com/nbk-group/sustainability/sustainable-finance.html>

The Sustainable Financing Framework outlines our approach and defines the criteria for NBK to develop both Green Financing Instruments for projects in renewable energy, clean transportation, green building, and the like, and Social Financing Instruments for projects in areas such as healthcare, education, affordable housing, and employment generation.

To drive implementation, NBK has established a Sustainable Financing Working Group (SFWG) that selects, monitors, governs, and reports on NBK's financing of Green and Social Assets. The SFWG is chaired by a member of senior management and consists of senior members from each of Finance, Treasury, Risk Management, Investor Relations and Corporate Sustainability.

As part of our Sustainable Financing Framework, NBK has committed to publish an allocation and impact report annually for each sustainable financing instrument.

Additionally, in conjunction with our commitment to respond to our customers' evolving needs and expectations and to provide responsible banking products and services that meet the highest standards of all of our customers, NBK's Consumer Banking Group developed a sustainable products roll-out plan in 2022 in order to drive and encourage sustainable behaviors among individuals. In line with the roll-out plan, NBK launched its first Electric Vehicle (EV) consumer loan at Kuwait Sustainability Event that took place in March 2023. We will continue to work closely with our customers to provide them with innovative banking solutions that support their altering buying habits.

### Case Study: ESG Considerations within Lending

The Domestic Corporate Banking Group (DCBG) at NBK has been integrating ESG-related metrics into their client credit assessments conducted prior to granting any facilities. The assessment covers the overall ESG rating along with safety and environmental protection, succession planning and governance aspects related to having strong governance structures. The approval of the credit facilities is dependent on the sufficiency of information presented by the clients on the ESG-related metrics.

During Quarter 4 of 2022, a training session on Sustainable Finance and ESG was conducted for DCBG employees to increase their awareness of and focus on the impact of ESG in credit activities. Following the training session, DCBG circulated a questionnaire to our clients to assess their awareness and maturity of ESG integration in their business. We believe this represents a crucial step towards developing an effective engagement plan with our clients to support them through their own transitions and capitalize on the opportunities that come with.

By 2024, NBK will introduce a dedicated ESG section to the Domestic Credit Report to comprehensively and accurately assess our clients' environmental impacts and contribution to climate change along with adding weighted ratings to ESG-related matters in the approval process. This step will be crucial for capturing and mitigating climate change risks.

In line with our ESG Strategy, DCBG aims to provide best-in-class value propositions that would contribute to the successful transition to a lower carbon economy. Recognizing our key role in channeling capital to solve environmental and social challenges will strengthen NBK's position to meet the evolving market needs and emerging regulations.

## 5.3 Managing Energy Consumption

In our own operations, electricity consumption contributes considerably to our environmental impact, and therefore is the area where we focus on significantly. Our efforts are primarily focused on improvements in two areas: our Headquarters, which is LEED Gold certified and among the most energy efficient buildings in Kuwait and the region, and our energy management systems and environmentally responsible daily operations.

In 2022, NBK established interim goals to reduce its gross operational emissions by 25% by 2025 through increasing dependency on renewable and clean energy solutions and

transforming local branches to become eco-friendly by installing energy-efficient technologies.

Note that we are using 2021 as our baseline year because it is the first year we have fully occupied our new headquarters building.

**"Established interim goals to reduce gross operational emissions by 25% by 2025."**

### Green Building: LEED Gold Certified Headquarters

In conjunction with the Group's commitment to protect the environment and sustain resources for future generations, NBK's Headquarters was awarded the LEED Gold Certification. Receiving this certificate reflects the Group's commitment to placing environmental protection at the heart of its future agenda.

**Major environmental benefits and design features of our new headquarters building include:**

- 80% of the lighting is energy-saving light-emitting diode (LED) lighting
- Thermal shading through a system of exterior vertical fins
- Double glazing with integrated ceramic fritting for extra heat gain protection
- Thermal energy storage, and chilling ice overnight for use in the tower's air conditioning during the day
- Under-floor air conditioning on all floors
- Water efficient sensor-controlled taps
- Grey-water recycling system for hand-basins, showers, and irrigation
- Energy-saving light management system
- Refrigerant-management system to prevent ozone and other damaging emissions
- 20% of all material used was recycled material
- Use of low Volatile Organic Compounds (VOC) emission materials, including paints
- Building-wide waste management and materials sorting system
- More than 60% of the tower's land footprint is open space (a LEED criterion to encourage social interaction and physical activities)



**Electricity Consumption**

The LEED Gold Certification marks a milestone that has created a ripple effect in ramping up NBK's environmental efforts. We are actively driving our environmentally responsible operations towards reducing our electricity utilization. Key reduction initiatives included:

1. Reducing the number of auxiliary pump units and chillers
2. Implementing night setback temperature to 27 degrees Celsius
3. Switching off Fan Coil Units (FCU's) and lights by automated programming during off duty hours and weekends
4. Reducing the number of elevators running during off duty hours and weekends

These efforts contributed to a significant reduction of our energy consumption in 2022 compared to our baseline year of 2021.

**Comparison of Electricity Consumption Year-Over-Year**

Electricity Consumption	2022	2021	% Change
Total Electricity Consumption (kWh)	53,975,568	60,443,730	-11%
Intensity of Electricity Consumption (kWh per employee)	23,007	25,853	-11%

"We **reduced** our electricity consumption by **11%** in 2022."

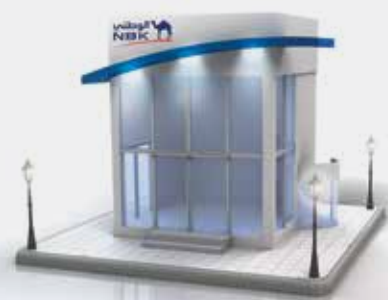




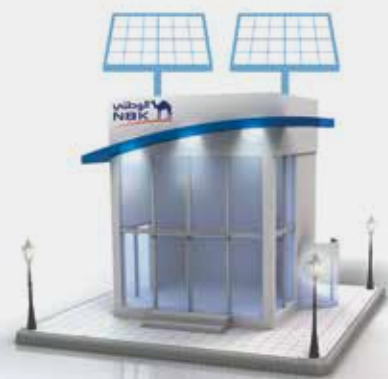
### Targets by 2025 to Help Drive Further Energy Reductions

We have established three key targets to help us magnify our reduction in energy consumption going forward.

**Target:** Convert most branches and other NBK buildings to LED lighting by 2025



**Target:** Install solar power systems in 24 of local branches by 2025



**Target:** Implement a Building Energy Management System (BEMS) in standalone local branches by 2025



## 5.4 Greenhouse Gas (GHG) Emissions

Climate change remains one of the most significant environmental risks confronting the world, and is especially crucial in the Middle East. Therefore, this is an important area of focus for NBK. For the past 7 years, we have reported on our own GHG emissions and going forward we will work on developing a methodology and scientifically-aligned strategy to measure, track, and report on our financed GHG emissions. For now, we are pleased to report that our efforts at reducing our own energy consumption in 2022 resulted in considerable GHG emissions reductions. Note that our GHG Emissions considered and calculated was derived from data pertaining to our 74 premises, and during the reporting period of January 1, 2022 to

December 31, 2022. For additional details, see our Greenhouse Gas (GHG) Assurance Letter in [Appendix 8.5](#).

#### Scope 1 GHG Emissions

Scope 1 GHG emissions are direct emissions that arise from energy sources we own or control. Our Scope 1 emissions are minimal relative to our Scope 2 emissions. Our Scope 1 emissions' sources come primarily from 54 generators, regarding which we operate 3 at our headquarters building, 6 at two data centers, and 45 at individual branches, along with our consumption of lubricant oil and refrigerant gas. These are considered of low volume, but are relatively high global warming potential (GWP) gases.

#### Total Scope 1 GHG Emissions in 2022

Scope 1 GHG Emissions Source	Scope 1 GHG Emissions (mtCO2e)
Stationary Combustion (diesel for generators)	19.7
Lubricant Oil Consumption	15.2
Refrigerant Gas - HFC 134a	1,788.9
Refrigerant Gas - HCFC 22	316.8
<b>Total Scope 1 GHG Emissions</b>	<b>2,140.6</b>

#### Scope 2 GHG Emissions

Scope 2 GHG emissions are indirect emissions that occur from the generation of the electricity we purchase, and are by far our largest source of GHG emissions. Due to the energy efficient design and functioning of our headquarters building and our active

environmentally responsible operations protocols, we were able to reduce our electricity consumption this year compared to last year's baseline year, and this resulted in the corresponding reduction in our Scope 2 GHG emissions.

#### Total and Intensity of Scope 2 GHG Emissions in 2022

Scope 2 Emissions Source	Total Scope 2 GHG Emissions	Intensity of Scope 2 GHG Emissions
Electricity	34,005 (mtCO2e)	14.5 (mtCO2e per employee)

#### Comparison of Total and Intensity of Scope 2 GHG Emissions Year-Over-Year

Scope 2 GHG Emissions	2022	2021	% Change
Total Scope 2 GHG Emissions (mtCO2e)	34,005	38,522	-12%
Intensity of Scope 2 GHG Emissions (mtCO2e per employee)	14.5	16.0	-9%



**Scope 3 GHG Emissions**

Scope 3 GHG emissions are derived from energy sources that are outside our organizational boundaries, both upstream and downstream, that our business operations affect. Relevant to the nature of our operations, the most significant source of Scope 3

emissions come from our financed activities, and we have begun with focused efforts to identify and measure these emissions. For several years now, we have been tracking our most tangible Scope 3 sources, and within that scope, this year, we include rented cars and business travel by air.

**Total Scope 3 GHG Emissions in 2022**

Scope 3 Emissions Source	Scope 3 GHG Emissions (mtCO2e)
Rented Vehicles (Diesel)	38.6
Rented Vehicles (Gasoline)	247.0
Flights (First, Business, and Economy class)	103.6
<b>Total Scope 3 GHG Emissions</b>	<b>389.2</b>

**Total GHG Emissions**

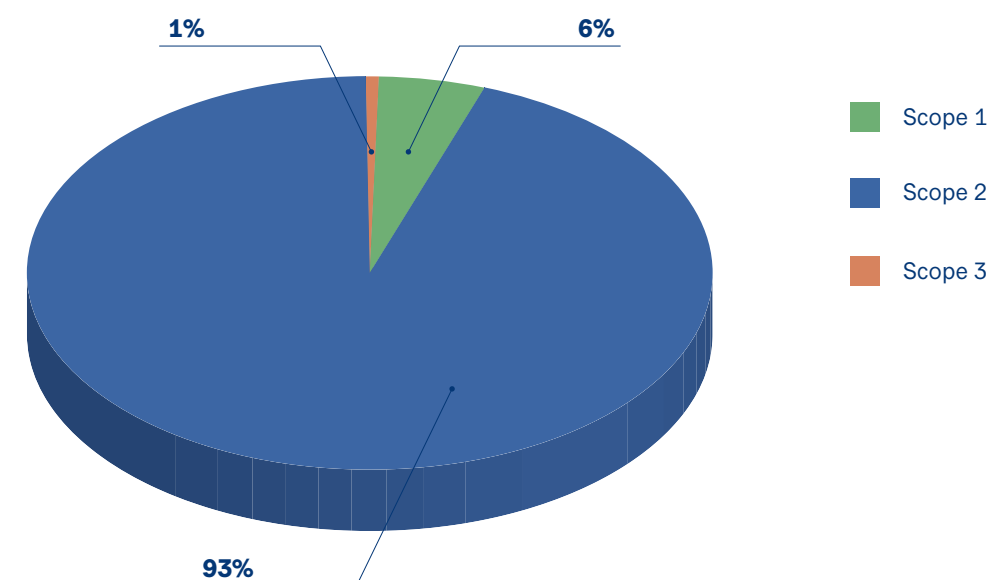
For the year ended 2022, we have measured and reported on our emissions from Scopes 1, 2, and 3, similar to previous years. However, this year we took decisive steps to align our GHG emissions with the GHG Protocol global framework and to obtain third party independent assurance on the verifiability of our GHG data. We based our GHG accounting and reporting on the key principles defined by the framework, namely: relevance, completeness, consistency, transparency, and accuracy. To ensure

the utmost accuracy and transparency of the GHG independent assurance, we added new sources of emissions for our Scope 1 calculations in order to compile a comprehensive and meaningful inventory of emissions. As a result, we recorded a considerable increase in our calculated Scope 1 emissions from 2021. Despite this, because of the significant reduction in Scope 2 emissions due to our electricity consumption, we achieved an overall net total reduction in our GHG emissions from all sources.

**Total GHG Emissions in 2022**

Scope	Sources of GHG Emissions	Total GHG Emissions (mtCO2e)	Percentage of Total GHG Emissions	Intensity of GHG Emissions (mtCO2e per employee)
Scope 1 GHG Emissions	<ul style="list-style-type: none"> <li>Stationary combustion (diesel for generators)</li> <li>Lubricant oil consumption</li> <li>Refrigerant gas</li> </ul>	2,141	6%	0.91
Scope 2 GHG Emissions	<ul style="list-style-type: none"> <li>Purchased grid electricity</li> </ul>	34,005	93%	14.50
Scope 3 GHG Emissions	<ul style="list-style-type: none"> <li>Rented vehicles (diesel and gasoline)</li> <li>Business travel by air (First, Business, and Economy class)</li> </ul>	389	1%	0.17
<b>Total GHG Emissions</b>		<b>36,535</b>	<b>100%</b>	<b>15.58</b>

**GHG Emissions Allocation**



"In 2022, total GHG Emissions decreased by 6%."

**Comparison of GHG Emissions Year-Over-Year**

GHG Emissions	2022 (mtCO2e)	2021 (mtCO2e)	Change
Scope 1 GHG Emissions	2,141	22	Increase*
Scope 2 GHG Emissions	34,005	38,522	Decrease
Scope 3 GHG Emissions	389	341	Increase
<b>Total GHG Emissions</b>	<b>36,535</b>	<b>38,885</b>	<b>Decrease</b>
<b>Intensity of GHG Emissions</b>	<b>15.58 (mtCO2e per employee)</b>	<b>16.60 (mtCO2e per employee)</b>	<b>Decrease</b>

\*Note: To ensure the utmost accuracy and transparency of the GHG independent assurance and the completeness of our inventory of emissions, we measured additional sources for our Scope 1 emissions this year. Most significantly, we added refrigerant gases and lubricant oils to our calculations.

While the aforementioned GHG emissions revolve around the reporting boundary of NBK Kuwait, we have recorded, in addition, certain GHG emissions measured by some of our other

subsidiaries, namely NBK UK and NBK Egypt, displayed in the following table:

Scope	2022 NBK UK	
	Amount (mtCO2e)	Sources of Emissions
Scope 1 GHG Emissions	70.0	• Gas and fuel
Scope 2 GHG Emissions	118.8	• Electricity
Scope 3 GHG Emissions	3.5	• Financed emissions
<b>Total GHG Emissions</b>	<b>192.3</b>	

Scope	2021 NBK Egypt*	
	Amount (mtCO2e)	Sources of Emissions
Scope 1 GHG Emissions	635.4	• Stationary fuel combustion • Mobile fuel combustion • Fugitive sources
Scope 2 GHG Emissions	1,482.9	• Electricity
Scope 3 GHG Emissions	N/A	N/A
<b>Total GHG Emissions</b>	<b>2,118.4</b>	

\*During the year, NBK Egypt engaged with external consultants to conduct a Carbon Footprint Assessment for the HQ and its branches for the year 2021. As for 2022 Carbon Footprint, measurement and analysis is in process and the results will be highlighted in our future Group Sustainability Report.

## 5.5 Managing Water Consumption

We are committed to actively reducing our water consumption. Our Headquarters, by design, allows us to pursue a range of important water conservation initiatives.

These conservation measures include sensor-operated faucets for all office floors, live cleaning of cooling towers using a tailor-made solution, low-flow fixtures, grey water recycling, and various water-smart technologies. In addition, wastewater from washbasins throughout the tower is recycled for the WC flushing

system. This wastewater from the washbasins is collected then is followed by an extensive process to ensure the provision of clean, tested, and safe water.

All our water is withdrawn, and discharged through the national and public waster sources as per the country's infrastructural system. On a national level, the country does not have any water-stress issues to be considered in relation to our operation or water consumption.

We are committed to continuously develop initiatives that drive further reductions in our water consumption in ways that are consistent with high standards of human health, sanitation, and safety. The following table provides our water consumption recorded for 2022, expressed in both total consumption figures as well as intensity per employee.

### Comparison of Water Consumption Year-Over-Year

Water Consumption	2022	2021	% Change
Total Water Consumption (Imperial Gallons)	38,223,713	41,929,918	-9%
Intensity of Water Consumption (Imperial Gallons per Employee)	16,293	17,934	-9%

## 5.6 Materials Management, Waste, and Recycling

Although the environmental impact of the materials we use is quite modest compared to other consumption-related factors and metrics, we believe it is important to exhibit environmental responsibility in our daily practices.

### Paper Consumption and Recycling

We continued our efforts to employ a wide range of practices and initiatives to support environmentally responsible consumption and utilization of resources throughout NBK. These activities and initiatives included:

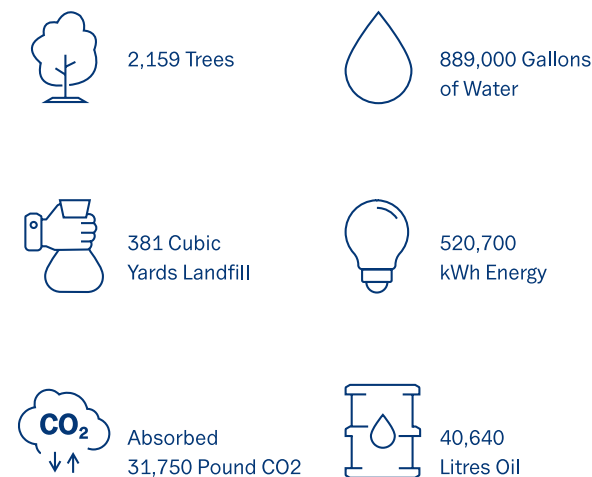
- Manage Print Solution (MPS)
- Conducting sustainability awareness workshops within Group Administration Services to brainstorm ideas for reducing paper use across the bank
- Circulating internal announcements to all NBK employees to encourage reducing paper consumption
- Minimizing the number of mandatory documents required for printing
- Stopping the printing of customer statements and advices (with the exception of Private Banking customers)
- Digitalizing employee paper forms through the Bank's intranet

The total number of packets of paper we consumed increased by 14% this year, from 40,527 packets to 46,306 packets. This slight increase in number of packets of paper is mainly the result of fully operating all of the Bank's facilities after the COVID-19 pandemic, in addition to the opening of new branches and units. Note that each packet contains 500 sheets.

On the other hand, this year we recycled 127.1 metric tons of paper, a 50% increase from the 84.5 metric tons of paper in 2021. We have a formalized paper waste management system in place for handling and storing documents, managed by our Records Center. Our documents fall under two main classifications: (1) Active documents: documents that must be physically stored per the Bank's Retention Policy and applicable regulations, and (2) Inactive documents: documents that have passed the period for physical storage as per the Bank's Retention Policy and applicable regulations. The Records Center is in charge of destroying all 'inactive' documents in the archive after properly scanning them and storing them electronically.

The recycling vendor then collects the shredded papers under the supervision of the Bank's Records Center. The quantity of paper we recycle is mutually exclusive to the amount of paper we consume in a given year due to nature of documents stored in our filing systems.

The savings that resulted from recycling 127.1 metric tons of paper were significant:



### Ink Toner Cartridges

We used 5,343 ink toner cartridges in 2022, compared to 4,982 ink toner cartridges in 2021. This represents a 7% increase in consumption, but represents a cumulative 20.5% reduction in our consumption of toner cartridges over the past 2 years because of the Manage Print Solution (MPS) centralized printing system.

### Reducing and Recycling Plastics and E-Waste

NBK continued its efforts to reduce and recycle other materials in 2022, including plastics and electronic waste. We extended the useful life of credit cards from 3 to 5 years, achieving a 40% reduction in card plastic and delivery costs. Additionally, we installed water coolers inside all NBK floors and branches, thereby significantly reducing internal requests for plastic bottles. Plastic bottles that are used at NBK are collected for recycling.

### 2022 Waste Management Volumes

Material	Volume
Plastic waste consumed	1,260 kg
General non-food waste consumed	193,129 kg
E-waste: Hard disks recycled	1,505 units
E-waste: Media tapes recycled	1,210 tapes
E-waste: Compact flash cards recycled	10 cards

## 5.7 Responsible Procurement

We integrate ESG into our procurement decisions and supply chain management as part of our strategic approach to sustainability. Our responsible procurement covers a range of practices, more dominantly supporting local businesses and small and medium-sized enterprises (SMEs). We also use ESG-related criteria in procurement decisions and vendor sourcing, and collaborate with suppliers and service providers in mitigating ESG-related risks and pursuing ESG-related opportunities.

Risks emerging from engaging with suppliers that are most relevant for NBK include those related to stakeholder protection, data security, corruption and bribery, money laundering, business ethics, and human rights, as well as environmental impact. NBK has relevant policies and practices and is committed to evolving our supplier engagement to high levels of ESG integration and consideration. Our Human Rights Statement, published on NBK's Group website, addresses forced labor and human trafficking, child labor, labor rights, and non-discrimination, covering both suppliers

and partners. In addition, all NBK vendors are required to sign the Vendor Declaration Form, where clauses related to Human rights are included.

Our Code of Conduct, Customer Privacy Policy, and Customer Protection Guide apply to our suppliers as well. All of our outsourcing contracts operate under Kuwaiti Labor Law.

**"Zero suppliers identified as having significant actual or potential negative social impacts such as child labor or forced labor."**

Detailed breakdown of procurement expenditure and vendor sourcing are outlined in the following tables:

Number of Suppliers	2022	% Local vs. Foreign Suppliers
Local Suppliers	679	71%
Foreign Suppliers	279	29%
<b>Total Number of Suppliers</b>	<b>958</b>	<b>100%</b>

2022 Procurement Expenditure	KD	USD
Local Suppliers Expenditure	90,868,000	296,663,402
Foreign Suppliers Expenditure	16,954,000	55,350,963
<b>Total Procurement Expenditure to Suppliers</b>	<b>107,822,000</b>	<b>352,014,365</b>
<b>% Local Expenditures</b>	<b>84%</b>	
<b>% Foreign Expenditures</b>	<b>16%</b>	

### Case Study: NBK Supplier Qualification & Code Of Conduct

NBK is strongly committed to observing high professional and ethical standards in our procurement activities. As such, the Code of Conduct for Suppliers has been prepared to provide a clear summary of NBK's expectations from our suppliers and service providers in all procurement dealings, ensuring that internationally recognized procurement ethics are followed consistently. Further, transparency and accountability are expected to be strictly adhered to in all procurement activities.

This Code is applied to all NBK suppliers, service providers, and their sub-contractors.

#### NBK standards to be followed by suppliers:

The Standards define minimum requirements of professional, ethical and responsible behavior, which must be met by contracted suppliers and service providers when entering into contractual relationships with NBK. These standards include:

1. Policy on Corruption and Conflict of Interest
2. Policies on Human Rights and Environmental Protection
3. Sanctions
4. Declarations
5. KYS (Know Your Suppliers)
6. TPAUA (Cyber security)
7. NDA (Non-Disclosure Agreement)

### Case Study: Implementation of New Global Procurement System (Oracle P2P Solution)

NBK Groups are primarily looking to improve, facilitate and speed-up the procurement process workflow, enhance procurement transparency, efficiency, and minimize procurement risks. The goal of the proposed new system is to implement a secure, user-friendly software platform to streamline the lifecycle of the procurement management process. This is conducted by allowing users to electronically capture, draft, review, revise, and approve contracts and purchase orders. As well, as track procurement milestone obligations and ensure legislative compliance requirements are being met.

#### Objective:

Implementing the system would help Group Administration Services and Group Financial Control automate procurement processes, such as issuing online Purchase Orders (POs), contracts, inventory requests, vendor invoices, vendor documents, along with digitalizing Request for Proposals (RFPs) and Request for Quotations (RFQs). Online procurement will help reduce the amount of paper and ink usage in the current process.

#### Outcome:

The proposed Procure to Pay (P2P) solution will be used to manage the Bank's demands and workflows. The software system will be able to operate within the current bank digital infrastructure. The system will be able to manage the entire procurement and contracting lifecycle from inception to closeout, including:

- Planning and forecasting
- Requisition management, including Request for Proposals (RFPs), Request for Quotations (RFQs)
- Negotiation
- Project approval and cost tracking
- Purchase order request
- Market research
- Contract finalization
- Contract amendments
- Renewal and notification
- Contract/payment fulfillment
- Online/offline invoice process
- Filing and custody
- Auditing and reporting
- Vendor online/offline registration and profile renewal process
- Vendor performance management
- International branch procurement process



# 6

## Capitalizing on Our Capabilities

2-7, 2-8, 2-16, 2-25, 2-26, 201-3, 202-1, 202-2, 205-2, 401-1, 401-2, 401-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10, 404-1, 404-2, 404-3, 405-1, 405-2

Capitalizing on our Capabilities outlines NBK's approach to drive sustainable business growth achieved through organizational resilience. This chapter describes our Group Human Resources (GHR) practices and outlines NBK's commitment and initiatives to promote diversity, equity, and inclusion (DE&I), health, safety and well-being, and establish a digital and agile work environment through innovative digital solutions.



## 6.1 Workplace Management

Human capital development is at the core of NBK's performance and success. Our people are our success, and to that extent, our ESG strategy sets the pathway towards building an agile, diverse and inclusive workforce that fosters trust, creativity and transparency. Our competent and dedicated employees are a key factor of our growth and the solid foundations we have built for 70 years. We are convinced that building a dynamic and agile workforce is pivotal for driving a sustainable economy. We have made great strides throughout the year to establish a workforce that represents the communities where we operate. Our efforts are combined to build a diverse, inclusive, and supportive work environment driven by our core values of passion, integrity, conservatism and knowledge.

The physical, mental, and financial well-being of our workforce are key elements of a thriving work environment. In managing our workforce, NBK carefully builds our Group Human Resource Management system elements and organizational culture to acquire, develop, engage and retain talent, thereby promoting service excellence, as well as business resilience and agility.

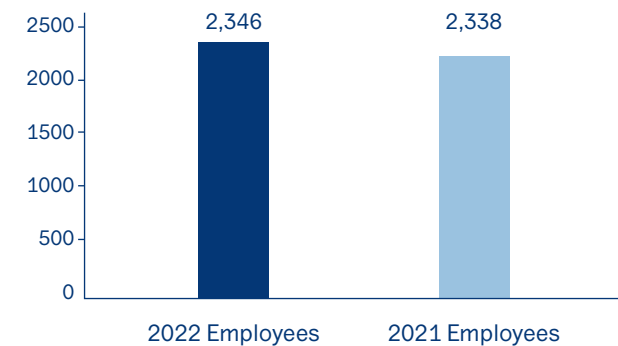
### NBK's Employee Population

NBK Kuwait had a total of 2,346 employees in 2022, which are comprised of 2,342 full-time and 4 part-time employees, which represents a 0.3% increase from 2021.

Employee Type Breakdown of NBK Kuwait	2022
Full-time	2,342
Part-time (Temporary)	4
<b>Total</b>	<b>2,346</b>

NBK Kuwait Workforce Comparisons per Year		
2022 Employees	2021 Employees	Net Change %
2,346	2,338	0.3%

NBK Kuwait Workforce Comparisons per Year



NBK Kuwait Workforce by Grade / Managerial Level	2022
Junior up to Manager (M)	1,961
Senior Manager (SM) and Above	385
<b>Total</b>	<b>2,346</b>

### Talent Recruitment, Selection, and Development

NBK made substantial progress in its recruitment and talent acquisition processes. During the year, NBK offered tremendous rewarding opportunities for young professionals and recent graduates who are interested in advancing their careers with NBK. Our efforts are designed to provide our employees with high momentum for personal growth, while ensuring a diverse and inclusive work environment.

To that extent, NBK is increasingly investing in talent through offering specialized programs at every level, from NBK Academy in which we select high potential fresh graduate local talent and prepare them for their career, to Middle Management Programs, and to Executive Education. Developing our talent is an ongoing and crucial aspect of our workforce management practices. To that extent, we continued to focus on succession planning, tailored interviews, and following up with our employees to ensure all employees are satisfied with their career development plans. Accordingly, annual and midyear performance reviews were conducted during the year that allowed us to get evaluate what areas of focus staff required in order to reach their full potential and professional development goals.

### Internship and Fresh Graduates

NBK's summer internship program is a training opportunity for high school and university students to learn about the banking industry and how different units within the Bank operate, including NBK branches and call center. NBK had 24 interns during the summer internship of 2022. Interns are provided with hands-on experience by rotating across NBK branches, call center and other bank areas.

As part of our talent recruitment process, NBK builds key partnerships with local and international universities, participates in local career fairs, promotes opportunities through LinkedIn, and sponsors local recruitment campaigns. We established strategic relationships with various academic institutions to provide our employees with development opportunities.

In addition to the internships NBK offers, the bank hires fresh graduates as a means of empowering the youth and nurturing local talents. Fresh graduates employed by NBK in 2022 totaled 132.

The following table summarizes NBK Kuwait's 2022 new employee hires and employee turnover numbers and rates, detailing the gender and age group of each.

Category	2022				Net Change
	New Employees		Turnover		
Gender	Number	Allocation	Number	Allocation	Number
Female	128	39.4%	154	48.6%	-26
Male	197	60.6%	163	51.4%	34
<b>Total</b>	<b>325</b>	<b>100.0%</b>	<b>317</b>	<b>100.0%</b>	<b>8</b>
Age Group	Number	Allocation	Number	Allocation	Number
Under 30	214	65.8%	143	45.1%	71
30-50	107	32.9%	145	45.7%	-38
Over 50	4	1.2%	29	9.1%	-25
<b>Total</b>	<b>325</b>	<b>100.0%</b>	<b>317</b>	<b>100.0%</b>	<b>8</b>

"Number of Fresh Graduates employed by NBK Kuwait: **132**"

### Hiring and Turnover

How successfully we hire, onboard, manage and reward our people is fundamental to our success. With respect to employee turnover, NBK Employee Relations monitors two types of reports: exit interviews and exit reports. Based on our quarterly and yearly exit reports, Employee Relations tracks NBK turnover rates and assesses the comparisons between the current and previous year. The analysis is then provided to Group Human Resources Management for review.

Exit interviews are conducted with all employees who resign. Exit reports are key at NBK because they offer us a deeper understanding of our workplace culture and employee morale, and allow us to identify retention and engagement opportunities. We obtain managers' feedback on employees' performance through an "Employee Profiler" that highlights their overall performance. All turnover data is generated through our system and provided by GHR Analytics.

**Kuwaitization**

In Kuwait, there has been a developmental focus on the representation of Kuwaiti nationals across all sectors and industries. NBK ensures that our Kuwaitization rate is compliant with the Central Bank of Kuwait (CBK) requirements by monitoring and developing initiatives focused at attracting and nurturing local talents. Our Kuwaitization strategy supports our

commitment to expand and sustain our local talent pool in line with New Kuwait Vision 2035.

To that extent, a major lever for increasing our Kuwaitization percentage is through new employee hires. 85.5 % of the 2022 newly hired employees were Kuwaiti. Details of the number of Kuwaiti and Non-Kuwaiti new employees and turnover rates are summarized in the table below.

**Number of Employees per New Hires and Turnover Rate per Nationality**

Category	2022				
	New Employees		Turnover		Net Change
Nationality	Number	Allocation	Number	Allocation	Number
Kuwaiti	278	86%	260	82%	18
Non-Kuwaiti	47	14%	57	18%	-10
<b>Total</b>	<b>325</b>	<b>100%</b>	<b>317</b>	<b>100%</b>	<b>8</b>

**Hiring and Turnover at Overseas Branches and Subsidiaries**

In addition, the following tables illustrate hiring and turnover at NBK New York, France, United Kingdom and Egypt.

**Hiring and Turnover Rate at NBK New York**

Category	2022				
	New Employees		Turnover		Net Change
Gender	Number	Allocation	Number	Allocation	Number
Female	1	25%	3	75%	-2
Male	3	75%	1	25%	2
<b>Total</b>	<b>4</b>	<b>100%</b>	<b>4</b>	<b>100%</b>	<b>-</b>
Age Group	Number	Allocation	Number	Allocation	Number
Under 30	1	25%	-	0%	1
30-50	1	25%	3	75%	-2
Over 50	2	50%	1	25%	1
<b>Total</b>	<b>4</b>	<b>100%</b>	<b>4</b>	<b>100%</b>	<b>-</b>

**Hiring and Turnover Rate at NBK France**

Category	2022				
	New Employees		Turnover		Net Change
Gender	Number	Allocation	Number	Allocation	Number
Female	9	60%	8	53%	1
Male	6	40%	7	47%	-1
<b>Total</b>	<b>15</b>	<b>100%</b>	<b>15</b>	<b>100%</b>	<b>-</b>
Age Group	Number	Allocation	Number	Allocation	Number
Under 30	4	27%	5	33%	-1
30-50	10	67%	9	60%	1
Over 50	1	7%	1	7%	-
<b>Total</b>	<b>15</b>	<b>100%</b>	<b>15</b>	<b>100%</b>	<b>-</b>

**Hiring and Turnover Rate at NBK United Kingdom**

Category	2022				
	New Employees		Turnover		Net Change
Gender	Number	Allocation	Number	Allocation	Number
Female	19	39%	25	49%	-6
Male	30	61%	26	51%	4
<b>Total</b>	<b>49</b>	<b>100%</b>	<b>51</b>	<b>100%</b>	<b>-2</b>
Age Group	Number	Allocation	Number	Allocation	Number
Under 30	13	27%	12	24%	1
30-50	29	59%	29	57%	-
Over 50	7	14%	10	20%	-3
<b>Total</b>	<b>49</b>	<b>100%</b>	<b>51</b>	<b>100%</b>	<b>-2</b>

**Hiring and Turnover Rate at NBK Egypt**

Category	2022				
	New Employees		Turnover		Net Change
Gender	Number	Allocation	Number	Allocation	Number
Female	102	37%	77	31%	25
Male	173	63%	168	69%	5
<b>Total</b>	<b>275</b>	<b>100%</b>	<b>245</b>	<b>100%</b>	<b>30</b>
Age Group	Number	Allocation	Number	Allocation	Number
Under 30	193	70%	118	48%	75
30-50	82	30%	107	44%	-25
Over 50	-	0%	20	8%	-20
<b>Total</b>	<b>275</b>	<b>100%</b>	<b>245</b>	<b>100%</b>	<b>30</b>



**Training and Development**

NBK provides training and development opportunities aimed at building employees' technical competencies and skills, including digital and leadership capabilities, and interpersonal and professional skills. Moreover, we offer mandatory annual or bi-annual trainings to ensure all employees' acknowledgment and understanding of NBK commitments and expectations, including but not limited to, Legal Compliance requirements, Code of Business Ethics and Conduct, Anti-Corruption and Bribery, Anti-Money Laundering.

In addition, developing future leaders has always been a key focus for NBK, as its training model enhances leadership capabilities, stemming from a concrete vision of our perception of authentic leadership. On that front, NBK, in cooperation with IE Business School in Madrid, launched its seventh cohort of the "High Fliers" leadership development program. This was further reinforced through the "Mentorship Program" to maximize employees' opportunities and help them build a thriving career.

A set of indicators related to training are illustrated as follows.



A more detailed breakdown of training completion rate is illustrated in the following table out of both registered and total employees.

**Training Completion Breakdown and Indicators**

Indicators	2022			2021		
	Number of Employees	% out of those Registered for Training	% out of Total NBK Kuwait Employees	Number of Employees	% out of those Registered for Training	% out of Total NBK Kuwait Employees
Number of Employees who Completed Training	1,817	94%	77%	1,533	81%	66%
Number of Employees who did not Complete Training	122	6%	5%	349	19%	15%
Number of Employees Registered for Training	1,939	100%	83%	1,882	100%	80%
Total Number of NBK Kuwait Employees	2,346	-	-	2,338	-	-

Additionally, as per our policies, NBK encourages and facilitates the participation of full-time employees in seeking to achieve professional certifications. Participating employees are eligible for paid study leave and reimbursement fees.

**ESG-Related Courses in 2022**

NBK Training and Development provides mandatory training to all new joiners, in which they would have to go through online induction courses during their probation period. Upon completion, employees receive a certificate of completion that

is a prerequisite for the successful fulfillment of their probation period. These trainings are in line with the CBK requirements. These courses are made mandatory for all employees and are repeated either annually or bi-annually.



In addition, NBK is keen on upskilling all of its employees in line with its business and digital strategy. To that extent, the Bank provided the Digital Mindset Training (DMT) curriculum for the second consecutive year for NBK Kuwait and our international

branches. 1,850 participants, representing 79% of full-time employees (FTEs) attended the Digital Mindset Training, receiving a total of 4,198 training hours.

During Quarter 4 of 2022, NBK engaged with external consultants to design a specialized training module focused on Sustainability that is planned to launch during 2023 for all NBK employees. Driven by the ESG Strategy, NBK strives to promote bank-wide ESG transformation by equipping all employees with the tools and knowledge they need to support NBK's ESG agenda. In addition, this training module aims to inform employees of emerging ESG topics and issues as well as their relevance to their work, and the banking sector as a wider scope. This training module will be one of others NBK intends to develop to provide employees with customized deep-dive ESG sessions. Additionally, it is important to note that many of our employees across different business groups, including Sustainability, are subscribers with numerous ESG / sustainability vendors and rating agencies, and receive invitations to attend training webinars on various topics pertaining to ESG and/or sustainability. In March 2023, the Sustainability team attended a session on the International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards: S1 and S2.

Furthermore, NBK began circulating Monthly ESG Newsletters to all NBK employees in 2022, which covers local and global news and updates on ESG and sustainability related matters. The core objective of the newsletter is to present employees with material updates and familiarize them with key ESG concepts that are core to NBK's ESG agenda.

#### Employee Performance Management

NBK views performance management as a key element of our Human Capital Development and Talent Management, serving as an important component of employee professional development, career planning and compensation. The Bank's key objectives of performance management are to advance employees' competencies, promote employees' performance improvement, provide personal and professional development and career planning, increase employee satisfaction and engagement, and improve organizational performance. The employee performance appraisal system integrates compliance-related metrics in line with NBK's Code of Business Ethics and Conduct.

NBK assesses employee performance based on Key Performance Indicators (KPIs) tailored for each role and employee in the Bank. The KPIs take into consideration the specific job responsibilities and various projects expected to be achieved during an assigned timeframe within the Performance Management Cycle.

Since 2021, NBK has been conducting formal Midyear Review discussions to facilitate and ensure open and transparent communication between the managers and employees. Managers are responsible for providing performance feedback through a midyear process review that takes place every year. This provides employees with an opportunity to identify and address any areas of improvement before the annual formal appraisal discussions.

The formal appraisal discussions and final ranking assignments take place at the end of the fiscal year.

All of our employees (100%) receive regular performance and career reviews by the second half of Quarter 4 of each fiscal year, excluding employees that joined with less than 6 months of service.

To ensure fairness, NBK also reviews performance, distribution, and allocation per business stream and adjusts performance targets accordingly to reflect on the overall business performance.

The Performance Management evaluation in NBK is a year-round practice of measuring employees' performance in relation to their job role. The following describes this annual cycle followed by the managers:

1. Setting performance goals
2. Identifying key performance measures
3. Assigning weights to each goal
4. Identifying competencies and behavioral traits required for each employee
5. Meeting with each employee at midyear to evaluate and recommend key areas of strength and improvement
6. Conducting the appraisal discussion at year-end

#### Succession Planning

Leadership succession is an important component of our workforce planning. In order to identify NBK's critical positions, we examine roles in terms of their contribution to the Bank, position/talent availability, impact of being vacant, and contribution to the Bank's functioning and success. We classify positions distinguishing between critical roles and key roles.

At NBK, a Succession Plan Review occurs once a year alongside extensive talent forums. The objectives of the review are: 1) verifying that the most critical positions have talent incumbents and potential successors; and 2) ensuring that high - potential employees are identified, developed, and retained. In short, we identify key and critical positions, determine successor candidates for those positions, evaluate their readiness status, and assess the development needs of identified high-potential leaders. Outputs of the review are a list of critical and key roles, potential successors for each critical role, and a development plan to bridge any competency and experience gaps. Successors' profiles specify actions to be taken within Individual Development Plans.

NBK has an organizational Succession Plan in place that is reviewed annually by the Board Nomination and Remuneration Committee and Board of Directors.

#### Compensation

NBK is committed to creating a fair and equitable compensation system, free of bias to gender and nationality. The tables below summarize NBK's gender equity performance data for 2022.

#### Standard Entry Level Basic Salary at NBK (Total and Gender Breakdown)

2022	KD	USD
Average standard entry level basic salary for male employees (per month)	512	1,672
Average standard entry level basic salary for female employees (per month)	513	1,675
<b>Average standard entry level basic salary for all employees (per month)</b>	<b>512</b>	<b>1,672</b>

Our compensation system is compliant with Kuwait Labor Law and applicable regulatory guidelines. One of the indicators we report on assesses the mean and median annual salary provided to female versus male employees. Drilling down further to specific grades / levels, the following table illustrates the female: male ratios for mean and median compensation for each grade/level. As can be seen in the table below, there is an almost 1-to-1 parity between female and male compensation (median and mean) when examining it on a per grade/level basis. To that extent, NBK does not differentiate pay between genders and strives to promote equality across its corporate culture.

#### Gender Pay Ratios - Mean and Median Salaries per Grade/Level

Grade/Level	Mean	Median
	Female: Male Ratio	Female: Male Ratio
5	99.2%	100.0%
6	98.9%	98.3%
7	98.9%	98.8%
8	102.2%	101.2%
9	103.0%	103.6%
10	98.0%	98.4%
11	98.1%	98.8%
M	99.4%	97.7%
SM	97.2%	98.0%
EM	99.9%	102.3%

#### Employee Benefits

NBK provides a range of non-salary benefits to employees, all of which are located in the policies webpage under the intranet MyNBK under "Benefits and Rewards." These benefits include, among others, the following, which are provided to all employees:

- Annual flight tickets
- Health insurance
- NBK Clinic accessibility
- Life insurance
- Interest-free loans of their first loans

In addition, the following benefits apply to selected employees at NBK based on seniority or job nature:

- Housing allowance
- Schooling allowance
- Parking assistance
- Transportation and car allowance

#### Maternity and Paternity Leave

In efforts to promote equality at the workplace and ensure a supportive working environment for all employees, NBK introduced a paternal leave policy in 2022. Thereby, closing all gender gaps with regards to NBK's employee benefits and policies.

NBK offers employees with parental leave, consisting of both maternal and paternal leave. All 1,023 female employees (100%) and all 1,323 male employees (100%) are eligible for maternal and paternal leave, respectively, provided the requirements set forth by the Parental Leave Policy are met. The policy is available to all NBK employees on the intranet MyNBK.

#### Flexible Working Hours

NBK recognizes that flexible working hours can contribute to enhanced employee engagement, retention, organizational productivity, and well-being. In 2022, we implemented flexible working hours for employees working at NBK Headquarters, as described in the following case study.

## Case Study: Flexible Working Hours

**Overview:**

During Quarter 4 of 2022, NBK finalized and approved a new policy for all NBK employees called "Flexible Working Hours", which allows for flexible work arrangements for employees who work at NBK headquarters. The policy came into effect on the 2nd of January 2023. The flexible working hours allows employees to have the choice to start work between 7:30 am - 8:30 am and employees have the choice to leave between 3:30 pm - 4:30 pm., ensuring employees complete 8 full hours of work. This is further outlined in our "Flexible Working Hours" policy, which is accessible to our employees.

**Objective:**

To create an enhanced work-life balance for NBK employees as part of NBK well-being program and most importantly to reduce traffic on roads and NBK parking lot that is usually congested by NBK employees upon them entering and exiting the premises. The flexible working hours are applicable to all NBK employees except employees that work in Branches or Treasury Dealing Rooms due to their demanded scope of work and dealing with international counterparts.

**Outcome:**

Most importantly, the intended benefits for employees are to enhance their well-being, potentially increase their flexibility to manage their work and personal life commitments, reduce anxiety, alleviate stress factors, and ensure a smooth, safe, and convenient flow of employees entering or exiting the building(s).

**Human Rights and Labor Standards**

NBK follows the Human Rights practices published on July 2020, under the "NBK Statement on Protecting and Advancing Human Rights" document, which can be found on the NBK Group Sustainability Policies webpage that is accessible to all internal and external employees.

<https://www.nbk.com/dam/jcr:ee9d8f25-3557-41f3-bcab-6b8a08566c40/Sustainability%20Policies-22092020-3.pdf>

Additionally, our Human Rights and Labor Standards are communicated to all on-boarding employees.

**Employee Engagement**

Employee engagement at NBK extends from managing employee complaints to developing engagement surveys to gather employees' opinions on key aspects related to the work environment and their experience at NBK.

**Employee Complaints**

Depending on the case, all employee complaints requiring immediate investigation and action are followed up by a special committee who liaison with other Groups to incorporate a fair and balanced investigation. This usually takes around five to seven business days, depending on the complexities of the complaint.

NBK has a defined escalation process for reporting incidents, which consists of staff complaints and internal investigations. Specifically, staff complaints are often followed up by internal investigations, culminating in the final action(s) taken.

Employee Complaints Received	2022
Number of received employee complaints	6
Number of received employee complaints related to ethical matters	5

**Employee Engagement Survey**

To complement and achieve our ambitions, we believe we must place our employees' voices at the heart of our decisions. To enable this, NBK introduced an Employee Engagement Survey in 2018, branded as the "Your Voice Matters" survey, which is conducted by Willis Towers Watson. The "Your Voice Matters" engagement survey in 2021, as the second iteration, enabled us to measure the extent to which employees feel valued and involved in their everyday work.

During the 2021 survey, 88% of NBK employees participated in the survey, resulting in an engagement score of 83%, which is 4% higher than the Global Financial Services norm. In 2022, we analyzed the survey results by conducting over 50 Action Planning Workshops Group-wide, to enable businesses to further enhance their working environment.

NBK's management remain committed to enhancing NBK's workplace experiences for all of its employees. The employee engagement survey is done once every two years. The next one is scheduled to take place during Quarter 3 of 2023. We continue to demonstrate our commitment to make NBK an even greater place to work, where the best calibers want to join, stay, and thrive.

**6.2 Diversity and Inclusion**

NBK promotes safety, well-being, diversity and inclusion, and women's empowerment as a cornerstone of the Bank's culture and environment. Below we outline our efforts to prevent discrimination and harassment, and to promote diversity in recruitment, promotions, benefits, and training and development.

**Discrimination and Harassment**

Guidance on discrimination issues and managerial procedures is found under "The Staff Complaints Policies" linked to the Group Human Resources page on our intranet and is accessible to all NBK employees. NBK Anti-Discrimination policy states "that everyone should be treated fairly and without discrimination regardless of gender, race, color, language, religion, political opinion, or other status (e.g. age, disability)," and accordingly NBK has a "No Tolerance Policy" regarding any issues of bias or unfairness at any of NBK's premises.

Depending on the discrimination incident, Employee Relations will support our Head of Group Human Resources and GHR Operations in investigating the incident and taking necessary action. An investigation into incidents takes around five to seven business working days, depending on the complexities of the complaint.

NBK has a policy addressing harassment in NBK's employee handbook "Code of Business Ethic and Conduct". NBK's Employee Relations is responsible for addressing any bullying/harassment that occurs in the workplace once employees submit a staff complaint. Employee Relations will then investigate and involve all concerned employees. The Employee Relations follows the procedures detailed in the Staff Complaint Policy under "Discrimination and Harassment". The previously mentioned handbooks and policies are available to all our employees on the intranet MyNBK. The employee handbook is provided to all new employees as part of NBK's on-boarding process.

Additionally, mandatory e-Learning training on discrimination and harassment is conducted for all new employees as part

of NBK's Code of Conduct. Disciplinary action taken in the case of discriminatory behavior or harassment is based on the "Disciplinary Action" manual found on the intranet MyNBK that is accessible to all employees. "Anti-Harassment" and "Non-Discrimination" are covered under NBK's "Staff Complaint Policy" accessed via the intranet MyNBK.

**Gender Diversity**

At NBK, we are keen on ensuring diversity in our hiring processes, including shortlisting and interview panels, drafting content in job posts to represent a diverse talented pool, targeting different sourcing channels, encouraging referrals, and offering internships to targeted groups.

NBK is committed to advancing gender equality within the Bank as a key element of our Talent Development and Management. We focus on empowering women throughout their careers to enable them to progress to and succeed in leadership positions. Women's empowerment is promoted through our policies and programs including learning and development, career development, non-discrimination, equal opportunity, and gender diversity.

As part of its efforts to adopting a systemic approach to gender equality, NBK continues to support the United Nations Women's Empowerment Principals (WEP) as a signatory and endorser, which was signed by Ms. Shaikha Al-Bahar, Deputy Group Chief Executive Officer (DGCEO). Accordingly, there have been several interventions across different staff levels throughout NBK in order to empower women in alignment with the SDGs.

In addition, NBK made substantial progress in promoting gender equality and guaranteeing equal opportunities among all employees. This was exemplified in 2022, when NBK enhanced the ticket allowance policy for female employees to include their families.



## Case Study: NBK RISE

**Overview:**

In 2022, NBK launched NBK RISE, a global women leadership initiative designed to elevate women to higher leadership roles. It is founded and led by Ms. Shaikha Al-Bahar, DGCEO of NBK and developed by Ms. Najla Al-Sager, Head of Talent Management at NBK Group Human Resources, and Ms. Alia Abu El Fath, Head of Corporate Communications at NBK Capital and Global Wealth Management.

NBK RISE is a 9-month program that is divided into various modules; each tackling a different area of leadership designed to train, develop, and harness top management female candidates with leadership, strategic and technical skills. The training modules are aimed at developing the leadership, strategic, communication, and interpersonal skills of professional women participants to equip them and prepare them for higher leadership roles.

Additionally, NBK led and organized the NBK RISE Pledge, which is a pledge between leading regional and global corporations to increase women's representation in leadership positions.

**Objective:**

NBK developed and implemented a unique and holistic "Women in Leadership" program tailored to develop female professionals within the organization and empower them in their careers.

**Outcome:**

There are 21 female participants who come from a diversified professional background including NBK Kuwait, NBK's International locations and partnering organizations. A more detailed breakdown of the participants is as follows:

- 10 participants from NBK Kuwait
- 6 participants from NBK's International locations (Egypt, Paris, Singapore, Bahrain, London, UAE)
- 5 participants from partnering regional organizations (Burgan Bank, Equate, STC, AlShaya, and Commercial Bank of Kuwait)

A total of four modules are planned for the program. In parallel to the modules, participants are provided with mentoring and coaching workshops. As of the end of December 2022, all NBK RISE participants completed the first two modules as follows:

- Module 1 with "IE Business School" focused on their technical development where the participants enjoyed learning topics such as: Megatrends, Strategies for Growth, Creativity and Innovation, Effective Decision Making, among others.
- Module 2 with "Franklyn Covey" focused on enhancing their interpersonal skills and looking within to bring out their strengths individually through the 7 Habits of Highly Effective Executive Women.

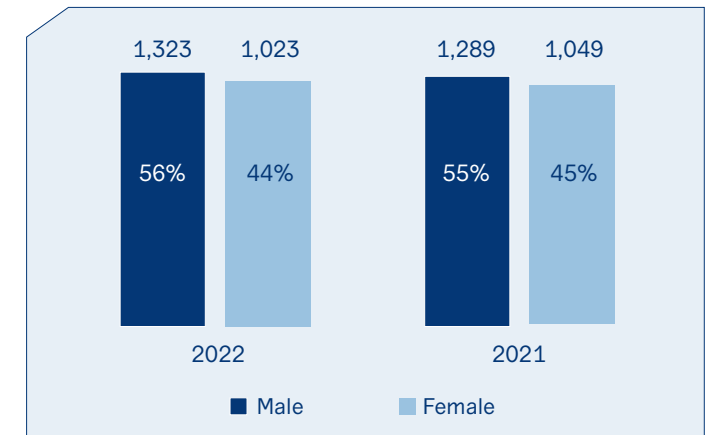
Modules	Total Days	Duration	Total Training Hours
Module One	5 days	8 Hours per day	40 Hours
Module Two	3 days	8 Hours per day	24 Hours
			64 Hours

Two additional modules are scheduled to be delivered during the first half of 2023.

The following tables summarize aspects of NBK's gender diversity performance in 2022.

**NBK Kuwait Breakdown of Total Workforce Per Gender**

	Gender	2022	2021
<b>Numbers</b>	Male	1,323	1,289
	Female	1,023	1,049
	<b>Total</b>	<b>2,346</b>	<b>2,338</b>
<b>Percentages</b>	Male	56%	55%
	Female	44%	45%
	<b>Total</b>	<b>100%</b>	<b>100%</b>



NBK Kuwait Women in Management	2022
Number of women in managerial level positions (Manager and above).	178
Percentage of women in managerial level positions (Manager and above), out of total managerial level personnel.	29.3%
Number of women on the Board of Directors	1
Percentage of women on the Board of Directors	9.1%

**Women in STEM Positions**

NBK tracks the percentage of women in STEM-related positions. In 2022, women held about 20% of the STEM-related positions at NBK. These women mainly occupy positions related to Mathematics and Technology.

**Number of Employees in STEM per Gender out of Total Employees**

STEM Breakdown	Male	Female	Total Employees
Employees in Science	-	-	-
Employees in Technology	51	12	63
Employees in Engineering	7	3	10
Employees in Mathematics	56	14	70
<b>Total STEM employees</b>	<b>114</b>	<b>29</b>	<b>143</b>

**2022 Gender Diversity at Overseas Branches and Subsidiaries**

	Gender Breakdown	NBK New York	NBK France	NBK United Kingdom	NBK Egypt
<b>Numbers</b>	Male	26	27	95	1,292
	Female	13	23	67	608
	<b>Total</b>	<b>39</b>	<b>50</b>	<b>162</b>	<b>1,900</b>
<b>Percentages</b>	Male	67%	54%	59%	68%
	Female	33%	46%	41%	32%
	<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

2022 Gender Diversity at Managerial / Executive Level at Overseas Branches and Subsidiaries

Gender Breakdown	NBK New York	NBK France	NBK United Kingdom	NBK Egypt
Male	10	12	43	108
Female	4	6	15	33
<b>Total</b>	<b>14</b>	<b>18</b>	<b>58</b>	<b>141</b>

2022 Gender Diversity at the Board Level at Overseas Subsidiaries

	Gender Breakdown	NBK France	NBK United Kingdom	NBK Egypt
<b>Numbers</b>	Male	6	6	7
	Female	1	2	2
	<b>Total</b>	<b>7</b>	<b>8</b>	<b>9</b>
<b>Percentages</b>	Male	86%	75%	78%
	Female	14%	25%	22%
	<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

**Kuwaitization**

NBK supports and is compliant with Central Bank of Kuwait's criteria regarding Kuwaitization. To support and nurture local talents, NBK participates in local Career Fairs, prioritizes recruitment of national talents, restricts some areas into specifically hiring national work force, and works in collaboration with different universities and job aggregators.

On that front, NBK strives to increase the percentage of Kuwaitis in managerial level positions. In 2022, out of the total pool of management, Kuwaitis held 42.3 % of managerial levels at NBK.

In 2022, NBK had 257 Kuwaitis on a Manager level and above; of which 156 were Kuwaiti Senior Managers and above, and 10 of whom were Kuwaiti General Managers (GM) and above. Percentage of Kuwaitis holding positions of General Manager and above was 50% in 2022. An equal representation of Kuwaitis in GM and above positions was observed in 2021.

"NBK achieved a **75.1%** Kuwaitization rate in 2022."

Number of Kuwaitis in Managerial Level Positions	2022
Kuwaiti on Manager Level and above	257
Non-Kuwaiti on Manager Level and above	351
<b>Total Managers and above</b>	<b>608</b>
% of Kuwaitis on Managerial Levels out of Total Managers	42.3%
% of Kuwaitis on Managerial Levels out of Total Workforce	11.0%

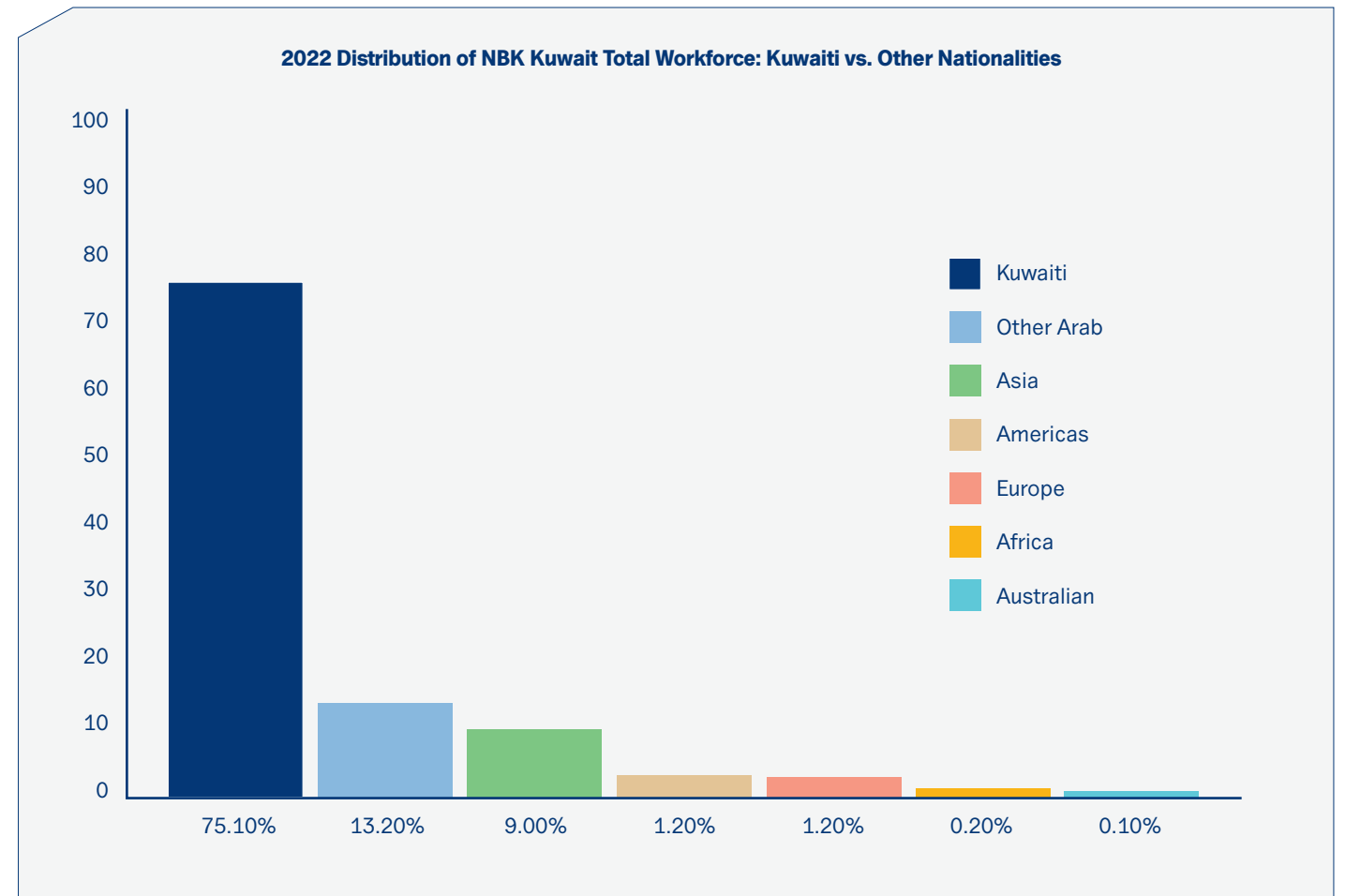
**Diversity**

We are keen on having a workforce that represents a diverse pool of nationalities that furthers NBK's efforts in promoting local

talent in both NBK Kuwait and selected overseas branches and subsidiaries.

Breakdown of NBK Kuwait Employees Per Nationality	2022	2021	% Change
Kuwaiti	1,762	1,744	1.0%
Non-Kuwaiti	584	594	-1.7%
<b>Total</b>	<b>2,346</b>	<b>2,338</b>	<b>0.3%</b>
<b>Kuwaitization Rate (%)</b>	<b>75.1%</b>	<b>74.3%</b>	<b>1.0%</b>

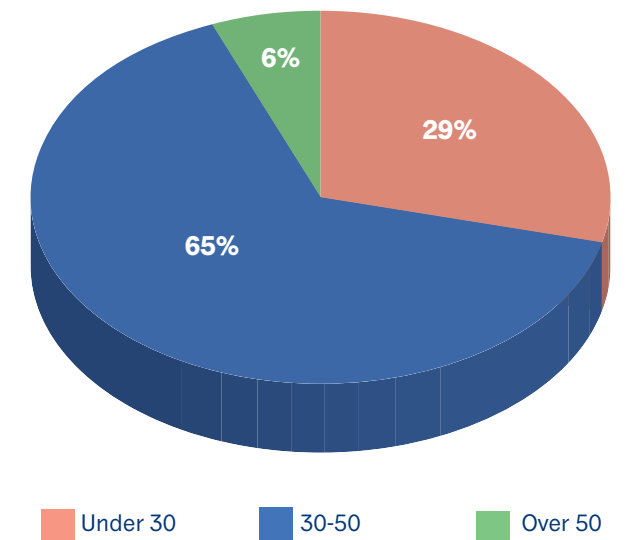
2022 Distribution of NBK Kuwait Total Workforce: Kuwaiti vs. Other Nationalities



Total Employees per Nationality across Overseas Branches and Subsidiaries

NBK Entity	Nationality	2022
<b>NBK United Kingdom</b>	British	118
	EU	18
	Others	26
<b>NBK France</b>	French	50
<b>NBK New York</b>	American	39
<b>NBK Egypt</b>	Egyptian	1,899
	Jordanian	1

2022 Age Diversity of NBK Kuwait Total Workforce



**Age Diversity**

The following breaks down our employees per each of the three categories of age groups. As a result, we conclude that the largest age group dominant in our workforce is 30-50 years old range.

**Special Needs Employees**

As of 31 December 2022, NBK had 2 special needs employees, though not all disabilities are necessarily declared by our staff. We have been engaging with the Public Authority for Disability Affairs (PADA) regarding special needs recruitment and hiring to

encourage individuals to appreciate their disabilities and unlock their full potential. At NBK, we strive to promote an inclusive work environment that encourages organizational empathy and improves employee morale and overall culture.

## 6.3 Health, Safety and Well-being

### Health and Safety

The NBK Board of Directors identifies topics related to health and safety issues and ensures that they are resolved effectively. The BOD also approves the health insurance coverage for NBK employees and their family members. NBK's policy over health and safety is briefed within our GHR Management Policy Statement, which can be found under the "Employee and Family Safety, Health and Well-being" at NBK Group website under Sustainability Policies. The link for the statement is: [https://www.nbk.com/dam/jcr:7cf07a36-8231-4a5e-9cac-a2335456c37c/HRMgt%20Policy%20Statement\\_v.FINAL%20041922.pdf](https://www.nbk.com/dam/jcr:7cf07a36-8231-4a5e-9cac-a2335456c37c/HRMgt%20Policy%20Statement_v.FINAL%20041922.pdf)

"In 2022, NBK had **zero** reported injuries and safety violations."

In addition, safety training was delivered to a selected number of NBK's employees. To further ensure a safe work environment, a fire drill was conducted in coordination with Civil Defense. All employees evacuated successfully within 10 minutes after the fire alarm. Additionally, NBK has contracted with Laboratory for Random Food Checks to assess the food safety in NBK's cafeteria and ensure all contracted restaurants adhere to international quality standards.

Furthermore, we organized on-site specialized visits by medical doctors in partnership with Wara Hospital at NBK Clinic to raise employees' awareness on various topics related to one's physical and mental health.

### Absenteeism

NBK's Absenteeism Target is below 3%. This target set is the maximum level to which the absence rate should be. NBK's Absenteeism Rate in 2022 was 2.68%, this is an 8.5% decrease from previous year.

"NBK's Absenteeism Rate in 2022 was **2.68%**."

This estimated absentee rate includes confirmed leaves for active employees with the following leave types: compassionate, compensation, hospitalization, maternity, paternity, pandemic, sick, personal, unauthorized, and unpaid. Though, the calculations exclude annual leave, study leave, training leave, business trips, Haj leave, Omra leave, and Ashura leave.

## 6.4 Innovative Digital Solutions

Digitization is a core aspect of NBK's business strategy, and is achieved through NBK's digital transformation strategy. NBK adopted a two-pronged approach overlaying our digital roadmap to execute this agenda.

- Digital transformation of the core** is a comprehensive program to transform our operations in Kuwait and to deliver the best digital experiences with a customer-centric lens. This comprises of three distinct work streams I. Customer-facing initiatives, II. Internal initiatives to transform processes, and III. Building a digital culture and execution capacity.
- Business diversification by leveraging digital disruption** for key markets outside of Kuwait. NBK's commitment to digital is a core ambition, and the culture of innovation is championed across all areas of the organization.

Over the past several years, NBK has made significant progress in implementing our digital transformation strategy.

The following graphic further details NBK's digital transformation strategy.

With a solid digital transformation strategy, we are committed to our string ambitions to be relevant to our customers' needs in the era of new normal, to enhance efficiency and to increase stakeholders' value through our two - pronged approach:

- 1 Digital transformation of the core (comprehensive program to transform our business in Kuwait)
- 2 Business diversification leveraging digital disruption (our key markets outside Kuwait)





**Automation in Group Human Resources Management Processes**

A core component of our digital transformation focuses on employee-facing communications and transactions. NBK has incorporated automation in these GHR processes:

1. Automated staff loans and credit cards processes, excluding paperwork and physical signature.
2. Replaced medical insurance card with a digital card using mobile application.
3. Automated Oracle Human Resources Management System (HRMS) login user creation.
4. Automated nine steps of recruitment and onboarding process in cooperation with Talent Acquisition team.
5. Expanded and unified the source of employee's related information.
6. Digitized the process of employee money laundering verification using AML system.
7. Integrated HRMS with Active Directory, reflecting hierarchy on email, calendar, and Microsoft Teams and Windows search.
8. Digitized a number of manual certificates, including salary certificate, experience certificate, and career progression for junior and senior employees.
9. Automated notifications of certain processes for the teams responsible for executing employee transfer and resignation as part of the off-boarding process.
10. Upgraded Oracle HRMS application and database to enable new features related to user interface and payroll.



**Digitization as an Enabler of ESG**

In line with NBK's ESG strategy pillar of 'Capitalizing on our Capabilities' and its intent to "establish a digital and agile work environment," developing innovative digital solutions is key for the seamless integration between NBK's core business strategy and its ESG Strategy. The social health and safety benefits of enabling digital banking became evident during the COVID-19 pandemic. Digital banking also has associated environmental benefits through paperless transactions, decreased customer travel and reduced energy consumption, resulting in the reduction of the Bank's carbon footprint.

By integrating business channels with the customer experience in mind, expanding banking and self-service functionalities on alternative channels, and improving data security, NBK is creating a seamless alternative channel experience. By integrating business channels with the customer experience in mind, expanding banking and self-service functionalities on alternative channels, and improving data security, NBK is creating a seamless digital channels experience. Digital channels are a critical factor of NBK service offerings, such as with the new NBK Mobile Banking Application; which facilitates customers daily banking needs anytime, anywhere. This provides a convenient and flexible digital experience that enables customers to conduct transactions with ease and comfort.

Furthermore, Corporate Banking Group finalized the implementation of paperless client credit filings by adopting a scanning solution, reducing the need to print documents. This in turn further protects customer sensitive documents,

and safeguards the Bank's reputation. The file management solution is adopted and implemented across all areas supporting the Corporate Banking Group with client credit files.

**Customer-Related Innovative Digital Solutions**

During 2022, NBK worked on two customer-focused digital solutions and mega projects, as summarized in the following:

**1. Customer 360: (Implementing in Phases: Phase 1 completed, Phase 2 in progress)**

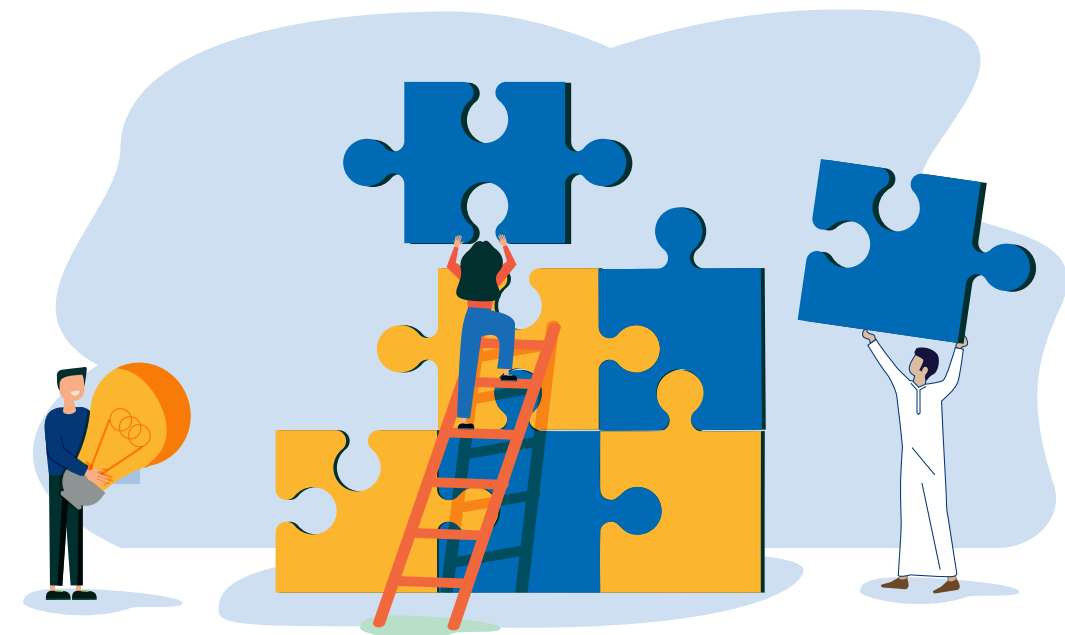
C360 is a multi-phase project that provides a state-of-the-art enhanced Customer Relationship Management (CRM) as an alternative to the existing CRM solution. C360 delivers a holistic view of corporate clients' relationship that includes utilized services throughout the Bank locally and, in the future, internationally. Thus, assisting with effectively managing our customer relationships and enhancing our internal reporting and management.

**2. Corporate Online Banking: (Pre-Project Phase)**

This replaces NBK's current online Corporate Banking services with an improved front-end interface in addition to, it provides regional integration with other entities under the NBK Group.

**ESG-Related Digital Initiatives**

NBK has implemented a myriad of digital initiatives to achieve the intended benefits by our digital transformation strategy. The following case studies focus on selected digital initiatives that reinforce our ESG strategy and goals.



Case Study: New NBK Mobile Banking Application

**Overview:**

Customer-centric innovations are actively pursued through each of our initiatives to guarantee world-class products and service excellence for all our customers.

To achieve this, NBK adopts agile methodologies for major digital initiatives through a dynamic team that consists of designers, digital business strategists, scrum masters, developers, and testers. This enables high-quality and rapid delivery of new, customer-focused initiatives. Additionally, our teams use Design Thinking methodologies to put themselves in the shoes of the customer; to understand their pain-points and ultimately create something that exceeds their expectations.

An in-house Design Center has been established within Group Digital Office (GDO) to quickly respond to changes in the market and ensure NBK is at the cutting edge of design innovation. The design center provides optimal customer experience (CX) for end users, and enables knowledge transfer holistically while expanding NBK’s design capacity. Moreover, through the innovation team, GDO explores new ideas for the Bank through global trends, market intelligence reports, and the dynamic FinTech market.

To meet our customers’ needs we initiated the New NBK Mobile Application project, utilizing the aforementioned methodologies. Customer feedback on the current NBK Mobile Application was gathered, and the feedback was placed at the center of the redesign, as the NBK Mobile Application is the most significant tool for customers and their most personal interaction with NBK on a daily basis. The use of design thinking allowed the team to empathize with the end user’s experience, and the use of Agile methodology enabled the project to evolve incrementally each week.

**Objective:**

Our aim is to enhance the user experience of NBK’s fastest-growing and most personal channel, Mobile Banking.

**Outcome:**

The new NBK Mobile Banking Application is a major benefit for customers, enhancing the user experience and adding new features to attract and retain our customers. Because of incorporating user feedback into every stage of the application’s development, several user experiences were modified to better suit the needs of the targeted audience. The new NBK Mobile Banking Application launched to wide acclaim, both maintaining NBK’s position at the forefront of innovation and providing the mobile banking app that customers truly deserve.

The updated dashboard provides a holistic view for customers, showing all NBK products at a glance. Customers may quickly swipe between different products they own, coupled with quick-action buttons, to reach essential services easily. Additionally, customers can reorder items on the dashboard, sorting their finances in a redefined way.

The new card management screen empowers customers to take control of their finances with all-new card designs and enhanced user navigation. Here, the customer experience has evolved, allowing features such as Quick Pay, My Rewards, and Manage my Card, to be easily accessible with fewer clicks. In fact, the enhanced user experience across the application decreased the overall average user clicks to access products, features, and tools.

Personalization is a key feature we implemented in the New NBK Mobile Application, offering a unique experience for customers. Specific messages like greetings and birthday wishes are included in the app, and customers can also set a profile picture for their mobile account.

This represents a milestone in NBK’s digital banking journey. With customers at the heart of our decisions, we strive to build upon this foundation with many new features to come.

Case Study: Digital Investment Engagement in the NBK Mobile Application

**Overview:**

Digital Investment Engagement in the NBK Mobile Application, in collaboration with SmartWealth by NBK Capital launched in 2022, aim to enhance the investing experience for current NBK customers by offering streamlined onboarding functionalities directly within the app while also lowering the required starting capital for first-time users to introduce investments to more people; and convert retail customers into budding investors by facilitating a bridge to the SmartWealth Onboarding process. Users also benefit by centralizing SmartWealth services into the NBK Mobile App, such as simplifying the transferal of funds for investing and viewing their portfolio (overall balance, account details, and portfolio reports).

**Objective:**

Providing NBK mobile customers with the opportunity to open NBK Capital SmartWealth accounts digitally and transfer money to their accounts in a hassle-free way via NBK Mobile Banking Application through seamless integration with the NBK Capital SmartWealth team.

**Outcome:**

NBK Capital SmartWealth has seen increased engagement from current NBK customers who benefit from the new digital engagement services, and this has generated greater awareness about NBK Capital SmartWealth’s products and services. We predict increased growth for SmartWealth and NBK Capital customers for new on boards and transfers in the coming year.

**Transactions by Customers**

NBK customers have various means of conducting their transactions, whether physically in branches or outside of branches, including MOB, WOL, and machines. We recorded the breakdown of transactions into these categories, displayed as follows:

Indicator	Performance	Period Coverage
Number of transactions conducted physically in branches	1,234,636	Total annually
Number of transactions conducted outside the branches (i.e. digitally)	45,979,427	Total annually

In line with our Digital Transformation Strategy, we have witnessed a significant increase in the number of transactions conducted outside the physical branches, or digitally, year-on-year. In 2022, the number of transactions conducted digitally totaled 45,979,427, a 14% increase from 2021 total of 40,405,493. The Bank’s digital transformation efforts greatly contribute to the achievement of NBK’s ESG Strategy, goals and ambitions by digitalizing services and processes which ultimately reduce the associated environmental impact and operational emissions.

**Employee Communications**

NBK communicates targeted messages to employees that aim at enhancing and ensuring a clear, transparent and timely communication process with employees. As a result, all employees are informed about the Bank’s latest news including our strategic developments, updates, and achievements, on a timely manner.

NBK uses the following internal digital platforms and mechanisms:

- NBK emails to all NBK staff
- Employee WhatsApp group
- Elevator screens located on all NBK Headquarters floors
- Instagram (@IAMNBK\_)
- Intranet: MyNBK

**Community Communications**

NBK’s Group website and social media have a leading presence across all online platforms which provides an effective, secure, and reliable means of communication to our customers, employees, and stakeholders. In general, NBK’s Group website team focuses on digital initiatives that contribute to improving the digital experience for our customers, providing better customer journey, increasing digital leads coming through our website and enhancing internal processes. NBK Group website is our key platform for communicating with customers, employees, investors, and other stakeholders about our ESG strategy, targets, initiatives, progress, and performance.

The following NBK channels are utilized while communicating with our local community:

# 7

## Investing in Our Communities

203-1, 203-2, 413-1, 418-1

Part of our mission is to contribute to our community. Investing in our Communities is one of the four key strategic pillars of NBK's ESG Strategy, outlining NBK's approach to social responsibility. We are increasingly attentive to optimizing our positive social impact within our Corporate Social Responsibility (CSR) investments.





# 7.1 Community Development

NBK has been committed to the society since our founding, and has undertaken a variety of social development activities to meet its deeply rooted commitments. Some of these activities have been undertaken directly, typically aimed at significant impacts, community engagements, indirect engagements through government agencies and non-governmental organizations (NGOs), all of which aim to bring societal change and advancement in Kuwait.

NBK supports our selected Corporate Social Responsibility (CSR) areas of focus through emphasis on programs that generate economic development while creating employment opportunities and achieving measurable social outcomes.

NBK's CSR Areas of Focus:

- A. Health Care
- B. Youth and Education
- C. Social Advancement
- D. Caring for Our Environment
- E. Women Empowerment
- F. Culture
- G. Fostering Workplace

Our goal is to optimize our social impact and prioritize our ongoing substantial commitment to these focus areas. NBK intends to uphold its strong legacy of maximizing the social impact of our businesses and operations while contributing actively to the communities where we operate. A significant cornerstone of our ESG Strategy is serving the various needs of the Bank's broad group of stakeholders. Hence, we are constantly engaging with the community through surveys related to our CSR activities to obtain community feedback pre and post conducted events as means of measuring the level of impact achieved, understanding their expectations, and responding to them accordingly.

NBK is working to align our existing social contributions and investments with the ESG Strategy, SDGs, and other sustainability frameworks and standards.

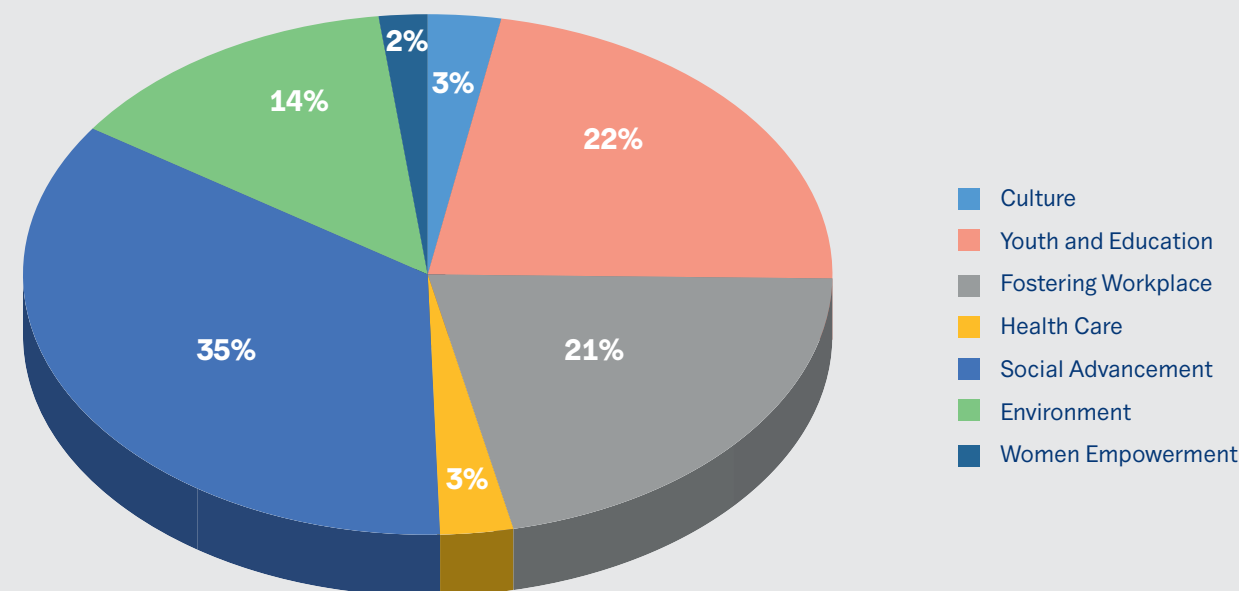
### Community Contributions

In 2022, NBK invested a total of KD 828,712 (USD 2,705,557) in programs associated with our CSR areas of focus, a 6.3% increase from our 2021 total community contributions of KD 779,509 (USD 2,544,920). These are summarized in the following table and charts.

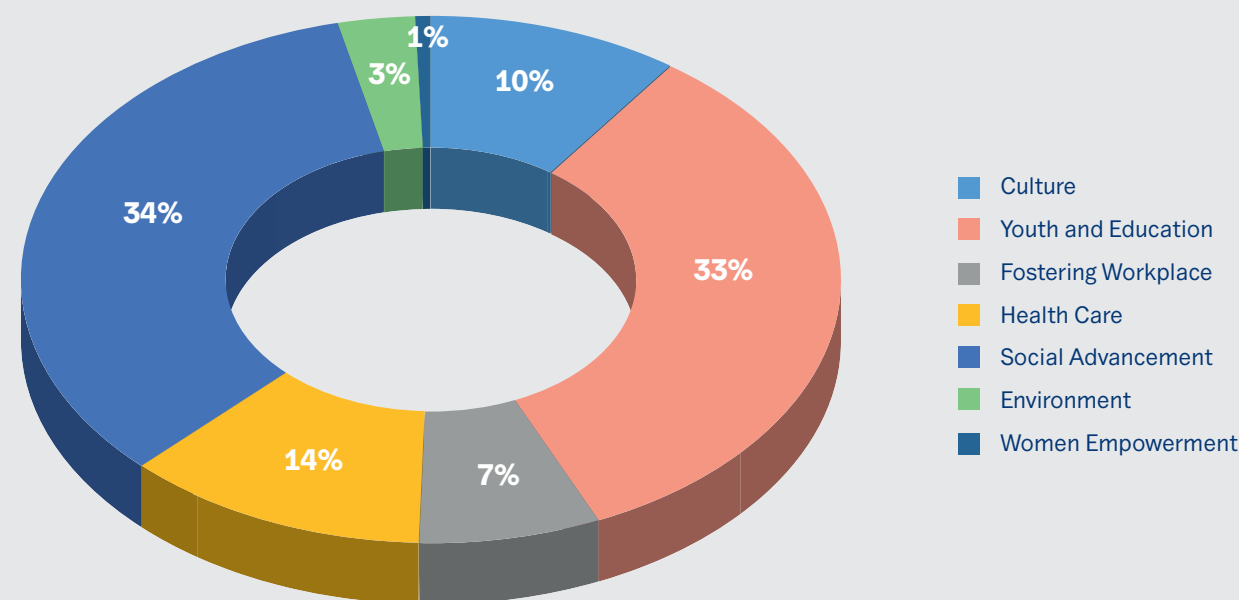
Summary Table of NBK's 2022 Community Contributions

	Social Advancement	Health Care	Culture	Youth and Education	Women Empowerment	Environment	Fostering Workplace	Total
Investment in KD	280,745	99,560	82,319	276,516	5,000	25,207	59,365	<b>828,712</b>
Investment in USD	916,569	325,041	268,753	902,762	16,324	82,295	193,813	<b>2,705,557</b>
Total Number of Activities	36	3	3	23	2	14	22	<b>103</b>

% Activities



% Investment



## NBK Kuwait Other Significant Community Investments Breakdown

Community Investments	2022 (KD)	2022 (USD)
Community Contribution	488,000	1,593,000
National Labor Support Tax (NLST)	11,500,000	37,545,000
Kuwait Foundation for the Advancement of Science (KFAS)	4,630,000	15,116,000
Zakat	5,800,000	18,936,000
<b>Rounded Total Community Investment</b>	<b>23,000,000</b>	<b>75,000,000</b>

**A. Health Care**

- Committed KD 13 million (USD 42.5 million) for a new project for NBK Hospital.
- NBK Hospital Quality Management and Clinical Trial Support (CTS) to reach requirements for international accreditation.
- Kuwait Association for the Care of Children in Hospital (KACCH) providing financial support for care of sick children.
- Bayt Abdullah Children's Hospice aimed at improving quality of care to children and their families.

**B. Youth and Education**

- Bankee Program in collaboration with Creative Confidence Consulting Company & Training Institute and Ministry of Education and Kuwait Anticorruption Authority (Nazaha). The program aims to increase financial literacy among students.
- TAMAKAN, a strategic partnership with Creative Confidence, provides fresh graduates with an exceptional opportunity to gain critical skills that prepares them for their careers. Total contribution in the program over three years reached more than KD 300,000 (USD 979,432).
- Integrated Education Program with Kuwait Association for Learning Differences (KALD) to provide social and academic support for students with learning difficulties.
- KALD Summer Camp aimed at developing students' social, psychological, and physical skills through different entertainment activities.
- KALD Preserving Student Award served 54 students with learning difficulties.
- KALD activities for youth development.
- Support vulnerable students in having access to education, provided in collaboration with the Kuwait Red Crescent Society (KRCS) through a month-long campaign.
- KON Social Entrepreneurship Program offered in partnership with Lothan Youth Achievement Center (LOYAC) in partnership with Babson College to introduce young adults to the world of business and entrepreneurship over a one-month program.
- LOYAC Summer Camp provided youth volunteers with engaging activities, environmental awareness, and sports over 4 days in Kuwait's desert.
- NBK's Summer Internship Program trained more than 100 university/high school students during 4 sessions to learn about the banking industry and how different units within the Bank operate.

**C. Social Advancement**

- Road Rush program highlighting female racing events.
- NBK Children's Hospital weekly activities and movie nights.
- Center 21 sponsoring rehabilitation activities for young adults with disabilities.
- Cybercrime awareness campaign provided in partnership with Ministry of the Interior.
- Distributing Essential Winter Supplies for Cleaning Workers in partnership with KRCS to distribute essential winter supplies to 3,000 cleaning workers in Kuwait.
- Cooling towel distribution by NBK volunteers to enhance the awareness and spirit of community involvement.
- Held the 28th Annual NBK Run to promote a healthier and more active lifestyle for members of the community.
- Supported 312 Café that is run by employees with special needs.
- National Day celebrations.
- Awareness Safety Campaign during camping season in partnership with Kuwait Fire Force.
- During the holy month of Ramadan, NBK distributed 12,000 of Iftar meals via special convoys that toured around the different areas of Kuwait.
- Traffic Awareness Campaign: NBK distributed 500 fast-breaking (Iftar) meals to drivers at traffic lights; considering that a number of traffic accidents are often seen to occur around Iftar rush-hour time. NBK's campaign aimed to mitigate this by making meals available to drivers while driving, rather than having to rush to their destinations to break their fast.
- Iftar Cannon Program and Naif Palace providing Iftar meals to fasting people at Naif Palace and "Iftar Cannon" program which aired live on Kuwait TV and celebrated Gergean with the children at the Palace.
- NBK launched fun activities every weekend throughout the holy month of Ramadan in cooperation with well-known chefs in Kuwait and organized Gergean events for children at Wahran Park in the Al Shamiya area of Kuwait.

**D. Caring for Our Environment**

- Preserving Kuwait's marine environment by supporting Kuwait Dive Team project to protect coral reefs in a number of Kuwaiti islands.
- Recycling initiative to collect plastic bottles.

**E. Women Empowerment**

- NBK joined the Orange Day call with activists, governments, and UN partners to mobilize people and highlight issues relevant to ending violence against women on the occasion of the International Day for the Elimination of Violence against Women.
- Beit al Sadu Workshop supporting KRCS program on women empowerment, which included a basics sewing training.

**F. Culture**

- Alf Leila-Marwan Khoury and Mai Farouk in partnership with Arena Kuwait sponsored concert to engage youth and raise awareness on culture and heritage.
- Shareet Monawaat Kuwaitiya event at the National Theatre sponsored by NBK.

**G. Fostering Workplace**

- NBK collaborated with Wara Hospital to operate NBK Clinic and offer employees with greater access to medical professionals and health care services.
- In collaboration with Inspire Sahara Gym, NBK opened a gym in its Headquarters for all employees to help reduce stress, and boosting better work performance through encouraging fitness and wellbeing.

## Case Study: TAMAKAN

TAMAKAN is a hands-on innovative training experience for young Kuwaiti graduates that provides them with self-development and growth opportunities, while preparing them for evolving job market needs. The program is a full time 10-week commitment that revolves around working on a real business challenge and developing business ideas with a particular focus on design thinking and innovation.

In 2022, NBK won "The Social Work Pioneer Project Award" from the GCC Council of Ministers of Social Affairs and Labor for our unique, one-of-a-kind TAMAKAN program.

The social and developmental contribution of TAMAKAN to the society is reflected in:

- Graduates of the TAMAKAN program prove to be strong and preferred candidates as the majority managed to secure jobs upon completion of the program.
- TAMAKAN provides graduates with a competitive advantage over their peers for employment opportunities.
- 102 graduates of TAMAKAN during 2020-2022 were employed in different sectors upon completion of the program.
- TAMAKAN offers the graduates an opportunity to meet with companies and conduct market studies to solve real business challenges by developing new ideas.
- The graduates acquire new valuable skills and get to experience the real work environment.
- The program provides the graduates with a pre-employment professional development and an opportunity to discover their career path.
- The program gives the graduates access to work within a recognized institution like NBK.

**Outcome of TAMAKAN 3 - 2022:**

Total participants who graduated: 34  
 Employed in Private Sector upon graduation: 25  
 Employed in Public Sector upon graduation: 2  
 Employed at NBK upon graduation: 7

Case Study: NBK Hospital

NBK Children's Hospital is a pediatric hematology-oncology tertiary care center. The Hospital opened in 2000 and in 2017 a Stem Cell Unit was established by a Ministerial Decree 222/2017. The scope of practice of the hospital is to treat children, under the age of 16 years, with hematological malignancy and oncological diseases and to provide stem cell therapy services.

The objective of NBK Children's Hospital is to provide high-quality medical and rehabilitative services for children with hematological and oncological diseases.

In 2022, NBK appointed a researcher and an analyst at NBK hospital. These are supervised and headed by Dr. Sundus Al Sherida, Head of Pediatric SCT Unit / Consultant Pediatric SCT at NBK Children's Hospital. Dr. Al Sherida is also the Head of the Department of Hematology, Pediatric Cancer and Stem Cell Transplantation and Head of the Stem Cell Transplantation Unit at the NBK Children's Hospital. Additionally, during the year, NBK announced a new donation to build a new expansion for its Children's Hospital specialized in stem cell transplant. The project's cost is estimated at KD 13 million, with an area of 8,000 sqm.

Since its inception two years ago, the "Stem Cells" program has completed 33 operations, including 4 cases of autologous transplantation and 29 donor cases with a full match or a half-match patient suffering from cancerous and non-cancerous diseases such as blood diseases and immunodeficiency. Recently, two cases of cell therapy were performed with great success, as a result of joint efforts from various doctors, nursing staff, laboratory department, physiotherapy, and medical engineering.

These efforts culminated in obtaining recognition from the International Center for Blood and Marrow Transplantation as key members of this scientific center, and from the European Authority for Marrow and Blood Transplantation for the expansion of stem cell transplantation for children in Kuwait.

**Outcome:**  
 Total outpatient clinic visits: 4,442  
 Total casualty clinic visits: 7,068  
 Total daycare visits: 5,220  
 Total hospital admissions: 1,437

Case Study: NBK Run

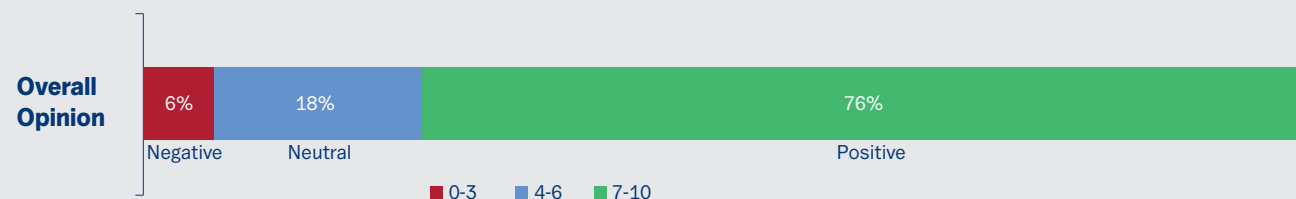
National Bank of Kuwait's Run kicked off on 10th December from two different starting points: the Bneid El Gar beach for the 10 Km race category and Souq Sharq for the 5 Km race category. Thousands of cheering supporters, spectators, and media individuals lined the racing route on the Arabian Gulf Street to the finish line at the Shuwaikh Beach Park, where the successful event concluded with an award ceremony and a variety of entertaining activities.

Thousands of participants were running for health awareness. The NBK Run concluded with a prize giving ceremony where NBK awarded the top 12 male and female participants in both race categories. Many valuable prizes were awarded from NBK Run's strategic partners which included football match tickets from Ooredoo, a brand new 2022 Nissan Kicks car from Al-Babtain Group, in addition to free airline tickets from Kuwait Airways.

**"8 out of 10 attendees had a positive opinion on NBK Run 2022."**

What's your overall opinion about this year's NBK Run?\*

Rate your opinion from 0 to 10; where 0 means very poor and 10 means excellent.



\*Question was asked via a 10 point scale

Volunteering and Employee Engagement

NBK established a Volunteering Club in 2022 for all NBK employees who are willing to dedicate their time and participate in volunteering and social responsibility activities. Encouraging employees to volunteer is an effective way to support and engage with our communities, allowing our employees to feel fulfilled in their work.

Employee engagement would help:

- Build strong community impact
- Increase the Bank's employee well-being, engagement, and satisfaction
- Boost employee productivity
- Improve hiring and retention rates

In 2022, NBK's employees volunteered for a number of community events, and we recorded a total of 95 official volunteer applicants. These community events included NBK Run and NBK Ramadan. Volunteering hours were approximately 7 to 8 hours per employee per campaign, NBK Run and NBK Ramadan, respectively.

Social Media Engagement

NBK strives to proactively engage customers through our various social media platforms in order to increase positive and impactful engagement with the Bank. This is through building customer awareness and knowledge about data and cyber security, protection against financial fraud, health & safety protocols, confidentiality and disclosure, NBK policies, CBK regulations, and other relevant topics. In 2022, NBK took further steps in engaging customers on ESG topics by communicating our ESG progress and commitments on our communication platforms. We believe increasing the public's awareness on key ESG matters is key to foster engagement on the dynamic set of environmental and social challenges we face.

We monitor the aggregate customer Likes, Comments, Impressions and Retweets by topic and date to derive valuable insights that would potentially enhance our community engagements and contributions.

"NBK hit **2 million** followers across all social media channels in 2022."

The channels NBK uses to engage with our customers are:

- Instagram
- Twitter
- Facebook
- TikTok
- LinkedIn
- YouTube

NBK's social media engagement rate exceeded 2.7 million across all social media channels in 2022.

The following Sustainability/ESG topics were communicated through our social media platforms:

- Fraud Awareness as part of Central Bank of Kuwait's Diraya | "Let's Be Aware" campaign
- Sign Language Awareness
- World Blood Donor Day
- HR Career Fairs
- NBK Academy Program
- High Fliers Program
- NBK RISE Program





## 7.2 Customer Advocacy

NBK is committed to providing exceptional customer service and advocacy. Our goal is that every customer interaction exemplifies and builds on our longstanding reputation for service excellence, trustworthiness, and continuous improvement. We closely monitor our Customer Satisfaction ratings and Net Promoter Scores and focus on solving issues raised in customer complaints promptly. With equal importance, NBK is strongly committed to safeguarding customer's privacy. Our efforts are geared towards making banking more accessible to all and on that front; we have dedicated efforts for serving customers with special needs.

The following illustrates insightful figures of our customers and youth segmentation. NBK customers are divided into different segments, including Zeina, Shabab, Thahabi and Privilege.

Customer Figures – NBK Kuwait	2022
Total Number of Customers (Consumer Banking Group)	922,701
Youth Segment Percentage out of Total Customer Segments	17.70%

### Customer Engagement

As a customer centric entity, NBK has a dedicated team (Insight Team) in charge of collecting, analyzing and reporting the Voice of the Customers. Throughout 2022, the Insight team conducted numerous projects allowing NBK to better understand, measure, and improve its products, services and its customers experience with the Bank.

In 2022, more than 42,000 customers were surveyed; 78% of the surveys were collected digitally, pushed via email / pop-up or through QR code in the branches, 15% were done via telephone and 7% were conducted face-to-face.

The key Insight projects delivered during 2022 include:

- **The Campaign and Brand Health Tracker:** measuring the strength of the NBK brand vs competitors, as well as how well the NBK ads vs other banks were perceived in terms of engagement, relevance and persuasion to the customer.
- **Customer Experience Surveys:** measuring the satisfaction of NBK customers with their experience using the different NBK touchpoints (branches, direct sales, call center, Mobile banking etc.).

- **Advertising Testing Studies:** several studies were conducted pre and post launch of advertising campaigns, in order to understand and measure how engaging, relevant, unique and persuasive NBK ads are.
- **Tech Initiatives:** carried out several initiative testing studies to understand how customers react to new tech and digital initiatives NBK would be potentially releasing.
- **New Cards Design and Features:** conducted research to understand customers' preferences in terms of new cards designs and features.

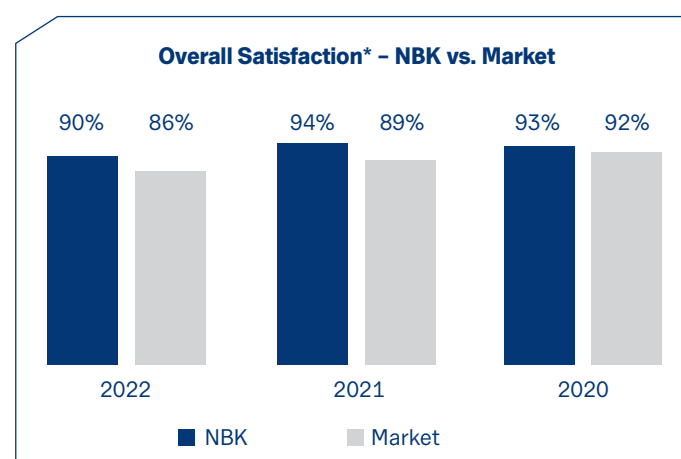
### Customer Satisfaction

Approximately 25,000 customers were surveyed in 2022 to assess their level of customer satisfaction. The response rate for customer surveys ranged between 3% - 30% depending on the target audience and the research techniques. NBK's overall customer satisfaction score in 2022 was 90%, an aggregate of 70% Very Satisfied and 20% Satisfied. Even though this is a slight reduction from 2021 CSI of 94%, NBK's score was significantly above the Market overall score of 86%.

Additionally, we use the NPS (Net Promoter Score) as a key metric to assess our customer's loyalty; in 2022 our NPS maintained its high level at 52% (higher than the overall market score: 43%).

### NBK Customer Satisfaction Index (CSI) 2022

**Main sample: 1,699** (including 609 NBK customers)



\*NBK's 2022 Overall Satisfaction Score is an aggregate of the "Very Satisfied" and "Satisfied" scores.

### Brand Management

NBK continued to conduct the Brand Health Tracker, this study conducted through a yearlong period covers key metrics such as: the Brand Awareness, the Brand Consideration and the Brand Power.

The main highlights from 2022 report are:

- NBK continued to be the most known bank in Kuwait and the one that comes to people's minds most often when thinking about banks: NBK's **Top of Mind Awareness** is at 32%.
- NBK maintained the highest **Consideration Score** in the market with 71% of the respondents actively consider NBK whenever they will need a financial service.
- The **Brand Power** is a metric that measures the strength of the brands based on three pillars: **Meaningful** (how well the brand is liked and is meeting its customer's needs), **Saliency** (how quickly the brand comes to customers mind), and **Different** (how unique & dynamic the brand is). NBK Brand maintained its leadership position in the market driven by high Difference and Saliency scores.

### Customer Complaints Management

Our primary goal in Customer Complaints Management is to respond and resolve any issues raised by customers effectively and in a timely manner. Our goal is to understand, analyze, and prevent problems from recurring and continuously improve our processes and service. We manage customer complaints using the following "4 R's" methodology:

- **Reach:** Customer Care Team call the customers to better understand the issue, noting that the Contact Center Service Level Agreement (SLA) is 24 working hours.
- **Recovery:** Customer Complaints Unit (CCU) staff work with concerned units to solve the customer's issue with a restitution, noting that the resolution SLA is 4 days depending on the complaint category.
- **Root Cause:** An extensive investigation is conducted to identify the root cause of the complaint as well as a solution to fix it for all other impacted customers.
- **Reporting:** To monitor the issue and the implemented fix for concerned areas.

NBK monitors customer calls into our call center, where we record receiving a total of 2,677,584 customer calls by the contact center in 2022.

The following summarizes customer complaints NBK received in 2022. Note that 27% of official complaints were withdrawn.

Summary of Customer Complaints	2022
Total Number of "Official" Customer Complaints Received	273
Number of Customer Complaints Received by Contact Center	11,497

2022	Branches	Digital	Other	Total
Number of Customer Complaints Received by Other Channels	1,674	225	144	2,043

Summary of Complaint Resolution	2022
The Average Turnaround Time for Customer Complaints	4 days*
Number of Customer Complaints Solved within 24 Hours	2,132
Percentage of Customer Complaints Solved at the Call Center Level (without escalation to other business areas)	87%

\*This complies with CBK Regulations.

Our customer complaints resolution activities are audited by a number of parties, which differ depending on the specific areas at the Bank—all of which reflects efforts to transparently and responsibly exhibit our accountability. Our Customer Care area is audited through both Group Internal Audit and external audit by

an independent firm. Meanwhile, the Complaint and Customer Protection areas' official complaints are audited by an external independent firm, by the Central Bank of Kuwait (CBK), and by Group Internal Audit.

### Corporate Customers Complaints Resolution

All corporate customers are assigned with a dedicated Corporate Relationship Officer (Corporate RO). In case of a complaint, the customer submits their matter directly to the Corporate RO for an effective resolution. If the matter cannot be resolved by the Corporate RO, it can be further escalated by the customer to corporate senior management for a resolution. Additional information about areas of customer concern or dissatisfaction are discovered by our periodic customer satisfaction surveys.

### Corporate Customer Protection

In addition to NBK's customer protection program, the Domestic Corporate Banking Group has established procedures to protect clients from various fraud attempts including a call back confirmation for different kinds of financial instructions to limit fraudulent transactions along with periodic communication about different types of fraud protection as educational material to our clients.

### Rewards and Loyalty Programs

There are 2 facets of our Loyalty program, both rewarding customers for credit and prepaid card transactions: NBK Rewards and Instant Discount.

NBK Rewards is a closed loop merchant funded point-based rewards scheme, offering up to 25% of transaction value as reward points. Whereas Instant Discount, as the name suggests, is a discount offered, up to 40%, by merchants during checkout, available in-store as well as online. NBK Reward Points earn and redemption happens at Point of Sale (POS) terminals of NBK's acquired merchants, who participate in the Rewards program. On the other hand, Instant Discount program is agnostic of the acquiring bank, can be online as well as offline, and is offered by merchants based locally or globally.

Broad categories of our Rewards and Instant Discount program include:

- Automotive
- Education
- Entertainment
- Flower Boutiques
- Food and Beverage
- Grocery
- Health and Fitness
- Home Repair and Maintenance
- Kids
- Leisure and Travel
- Pets
- Shopping
- Transportation

## 7.3 Financial Literacy, Inclusion, and Accessibility

NBK takes our corporate social responsibility commitment a step further. We have programs designed to address key customer protection and social justice issues important in the banking industry. The programs center on examining needs and circumstances of underserved populations to improve financial inclusion, accessibility, and literacy. Further, we design awareness and education programs to address key data security and privacy issues. This is supported by Central Bank of Kuwait's Diraya | "Let's Be Aware" campaign that aims to raise awareness around cybercrimes.

In conjunction with our commitment to making banking more accessible to all, we also launched the 'Bankee' financial literacy program in Kuwait with a total of 11 participating elementary and middle schools of which eight are public schools and three private schools. The selected schools co-designed further development requirements to better meet the needs of students and educators once the program is fully implemented across all schools in Kuwait. The program aims to increase financial literacy and inclusion among school students at a young age, equipping them with the right skills and knowledge to recognize the value of the resources at the reach of their hands. NBK strategically co-sponsored the Bankee program aimed at financial literacy, as described in the following case study.

### Case Study: Bankee

National Bank of Kuwait and Creative Confidence Consulting Company & Training Institute have collaborated in the design, launch, and management of the Bankee Program. Bankee is a national financial education program that aims to bridge the gap in the current educational systems through instilling financial literacy concepts and values in the new generation of students in Kuwait. Unlike conventional educational programs, Bankee is an experiential and interactive program that teaches students through simulating real-world economy in the classroom, with each participating school constitutes an economy, with its own virtual bank and store. Bankee is a comprehensive program that simulates all main aspects of an economy, such as earning, saving, and spending money. The program is designed to fit in and adapt to each school's particularity.

The pilot program targets elementary and middle school students in eight public schools and three private schools in Kuwait.

#### Objective:

The program aims to contribute to the development of students through cultivating their responsibility, mindfulness, awareness, and decision-making skills in both financial and non-financial aspects.

1. Educating students on key financial concepts, terminology, and practices.
2. Building a generation that is financially aware, ethical, responsible, and strategic in its short and long-term financial planning.
3. Providing a safe space for trial and error, in which students can experience the consequences of their actions and financial decisions without impacting their well-being and confidence.
4. Instilling core educational, social, and financial values in students.
5. Assisting teachers in managing their classrooms in a fun, engaging, and positive manner.

#### Outcome:

Some of the outcomes realized on beneficiaries include:

- 4,965 students on boarded
- 507 teachers trained and on boarded

### NBK's Financial Education Initiatives and Stakeholder Outreach

NBK champions financial education and stakeholder outreach, mainly through our involvement with CBK's Diraya | "Let's Be Aware" campaign. This campaign is a collaborative initiative between CBK, Kuwait Banking Association (KBA), and all the banks of Kuwait. The campaign is focused on raising the awareness of financial and data security of the customers. Topics covered included:

- Security Tips
- Personal Finance
- Investing and Saving
- Role of Banks
- Different Bank Cards
- Loans

In 2022, 10 emails were circulated to staff and two elevator screen messages were displayed through every month to raise employees' awareness on the same.

Financial education initiatives and stakeholder outreach used the following social media platforms:



Total messages communicated through the above social media channels were 250 throughout 2022.

## Financial Inclusion and Accessibility

### Special Needs Customers

NBK is committed towards making banking more accessible to all and on that front NBK employs a number of measures to serve customers with special needs. We have 70 employees who are able to communicate in sign language, available to support people with hearing impairment.

NBK operates six local branches with specialized facilities, one in each governorate, as follows:

- 1- Asima Governate – Head Office Branch
- 2- Hawalli Governate – Cinema Salmiya Branch
- 3- Farwaniya Governate – Rehab Branch
- 4- Mubarak Al Kabeer Governate – Mubarak Al Kabeer Branch
- 5- Ahmadi Governate – Fahheel Sahely Branch
- 6- Jahra Governate – Saad Al Abdullah Branch

These six branches are equipped with the latest services to accommodate and facilitate banking for customers with visual, hearing, or physical disabilities, as follows:

- ATMs that have braille keyboards and earphones, enabling visually impaired customers to withdraw money (such ATMs have special branding and enclosures to ensure the physical wellbeing of customers).
- Braille printing facilities.
- Staff trained to provide services in sign language, for hearing-impaired customers.
- iPads providing speech to text functionality for visually-impaired customers.
- Wheelchair access to branches (available in all branches).
- Reserved and clearly marked parking spaces.
- Easily accessible safe deposit boxes.
- Debit and credit cards with photo for easy identification, when requested.

### AI Amil Segment

Furthermore, as part of our increasing commitment to financial inclusion, AI Amil segment was developed to cater for untargeted customers and provide them with basic financial products that suit their financial needs. AI Amil provides low-wage employees with a debit payroll card, which they can use to withdraw cash from NBK ATM networks. NBK offers these accounts as a service for corporate customers based on their relationship with the Bank, for the purpose of transferring their employees' salaries as per the Kuwait Labor Law. As of 31 December 2022, NBK has one local branch providing this service at Sabhan area.

AI Amil Segment Key Figures	2022	2021
Total number of AI Amil cards issued	29,491	34,402
Number of active and open cards	26,898	30,061

In 2023, NBK plans to dedicate two additional branches to cater for the AI Amil customer segment. This comes in line with the Bank's commitment to enhancing financial accessibility by expanding our network to serve untargeted customer segments and provide them with products and services that meet their financial needs and expectations.

### SME Lending

As a financial institution committed to responsible and sustainable finance and integrating ESG into our core business, providing financial services and fostering sustainability within SMEs is an important element of NBK's business strategy and opportunity to increase our positive social impact.

The tables below summarize additional details of NBK lending to SMEs in 2022 as compared to 2021 and 2020.

Amount of Credit Facilities Extended to SMEs	2022	2021	2020
KD million	18.17	15.58	13.55
USD million	59.32	50.87	44.24

	2022	2021	2020
Total Number of SMEs NBK Lent Money to	2,357	2,276	2,028

## 7.4 Data Privacy and Security

Information security and data security is of vital importance to NBK, and clearly a material issue in the banking industry. Breaches of data privacy and security represents a risk to NBK's clients, employees, operational performance and continuity, and our reputation and brand value.

### NBK's Data Privacy and Security-Related Policies

NBK has established Personal Data Privacy Policy and Information and Cyber Security Policy in line with global standards (ISO27001, PCI DSS etc.) and compliant to CBK Cyber Security Framework. These govern all relevant business lines/subsidiaries. NBK performs risk assessments against potential threat vectors as part of Information and Cyber Security Policy risk assessment.

### Security Assessments

The following various Security Assessments were performed during 2022:

- Monthly VA (In-House).
- Yearly Gap assessment is conducted against CBK CSF and ISO 27001. Issues identified are tracked for resolution and closure.
- Group Information Security office conducts frequent security assessments on Applications and IT Infrastructure. Issues identified are tracked for resolution and closure.
- Any new banking initiative is assessed against cyber security issues as per CBK recommendation in the CBK CSF.

### Cybersecurity Program

We have an effective cybersecurity program in place that covers the following:

- Regular internal and external security audits, vulnerability assessments or penetration testing of NBK's systems, products, and practices affecting user data.

- Management system certified to ISO 27001 standards.
- Strong Governance structures in place for cybersecurity management.
- Regular employee training on cybersecurity issues.
- Operational measures to monitor and respond to data breaches and cyberattacks.

### Information Technology and Privacy-Related Complaints

The following table summarizes NBK's Information Technology (IT) privacy-related complaints and turnaround time. We then describe our data security training and awareness.

"In 2022, NBK had **zero incidents of data leaks or breaches.**"

Information Technology Privacy-Related Complaints and Turnaround Time	2022
Number of IT Complaints Received from Internal Stakeholders (Employees)	28,958
Average Turnaround Time for Solving IT Complaints Related to NBK Internal Stakeholders (Employees)	4.62 hours
Number of IT Complaints Received from External Stakeholders (Customers)	7
Average Turnaround Time for Solving IT Complaints Related to NBK External Stakeholders (Customers)	The closure time depends on the nature of the problem

### Data Security Training and Awareness

The Bank conducts training to employees on data security and privacy-related risks and procedures. This 2-hour training every year covers all NBK employees. It is part of the compliance programs offered by NBK under "Data Protection".

In addition to the above mentioned, NBK performs various trainings and awareness for all employees including:

1. Annual Learning Management System (LMS) based Information Security Training
2. Monthly email tips
3. Quarterly phishing simulations

### Information Security Audits

There are external independent audits of Information Security Policies and Systems conducted. The Group Internal Audit performs periodic Information Security Audits, in-house and independently, on an annual basis. The latest one conducted was December 1, 2022.



# 8

## Appendices



# 8.1 GRI Content Index

<b>Statement of Use</b>	NBK has reported in accordance with GRI Standards for the period 1st January 2022 to 31st December 2022.
<b>GRI Standards Used</b>	<b>GRI 1: Foundation 2021</b> <b>GRI 2: General Disclosures 2021</b> <b>GRI 3: Material Topics 2021</b>
<b>Applicable GRI Sector Standard(s)</b>	N/A for the Financial Services Sector

GRI Standard	Standard Disclosure	Report Section or Other Disclosures	Page #
GRI 2	<b>GENERAL DISCLOSURES</b>		
	2-1: Organizational details	About NBK	24
	2-2: Entities included in the organization's sustainability reporting	Reporting Period, Boundary, and Framework	14
		Economic Performance	29
	2-3: Reporting period, frequency and contact point	Reporting Period, Boundary, and Framework	14
	2-4: Restatements of information	There is no significant information restated in the 2022 Sustainability Report.	-
	2-5: External assurance	Greenhouse Gas (GHG) Assurance Letter	140
GRI Independent Assurance Statement		142	
GRI 2	<b>ACTIVITIES AND WORKERS</b>		
	2-6: Activities, value chain and other business relationships	About NBK	24
		2022 Annual Report	
	2-7: Employees	NBK's Employee Population	82
2-8: Workers who are not employees	NBK's Employee Population	82	
GRI 2	<b>GOVERNANCE</b>		
	2-9: Governance structure and composition	Corporate Governance Framework	51
		Board Oversight	52
	2-10: Nomination and selection of the highest governance body	Corporate Governance Framework	51
		Board Oversight	52
	2-11: Chair of the highest governance body	Board Oversight	52
	2-12: Role of the highest governance body in overseeing the management of impacts	NBK Business Strategy Highlights	27
Board Sub-Committees		55	
Executive Management		56	

GRI 2	2-13: Delegation of responsibility for managing impacts	Delegation of Responsibility for Managing Impacts	56
	2-14: Role of the highest governance body in sustainability reporting	Role of ESG at Management Level	40
		Board Responsibilities	54
	2-15: Conflicts of interest	Conflicts of Interest Policy	62
	2-16: Communication of critical concerns	Employee Complaints	90
	2-17: Collective knowledge of the highest governance body	Board Evaluation	53
	2-18: Evaluation of the performance of the highest governance body	Board Evaluation	53
	2-19: Remuneration policies	Board Remuneration	54
		Executive Pay	57
	2-20: Process to determine remuneration	NBK Board Sub-Committees	55
	2-21: Annual total compensation ratio	Reported separately in NBK 2022 Annual Report, but the practice of measuring ratios is not yet in place. 2022 Annual Report	-
	2-22: Statement on sustainable development strategy	Messages From NBK's Chairman/GCEO	20-23
		NBK Business Strategy Highlights	27
		Our ESG Strategy Contribution to the SDGs	38-39
	2-23: Policy commitments	Selected ESG-Related Policies	61
		In addition to the range of internal policies and controls NBK has in place, NBK follows the Human Rights practices published on July 2020, under the "NBK Statement on Protecting and Advancing Human Rights" document, which can be found on the NBK Group Sustainability Policies webpage that is accessible to all employees.	
	2-24: Embedding policy commitments	Selected ESG-Related Policies	61
2-25: Processes to remediate negative impacts	Summary of Management Approach to our Material Topics (Appendix 8.4)	133	
	Employee Complaints	90	
2-26: Mechanisms for seeking advice and raising concerns	Code of Conduct	61	
	NBK Supplier Qualification & Code of Conduct	79	
	Employees Complaints	90	
2-27: Compliance with laws and regulations	Internal and External Audit	63	
2-28: Membership associations	Memberships, Associations, and Awards	32	

GRI Standard	Standard Disclosure	Report Section or Other Disclosures	Page #
<b>GRI 2: STAKEHOLDER ENGAGEMENT</b>			
GRI 2	2-29: Approach to stakeholder engagement	Stakeholder Engagement	40
	2-30: Collective bargaining agreements	The nature of NBK's operations do not require collective bargaining agreements.	-
<b>GRI 3: MATERIAL TOPICS</b>			
GRI 3	3-1: Process to determine material topics	ESG Strategy Alignment to Material Topics	44
		Materiality Analysis	55
	3-2: List of material topics	ESG Strategy Alignment to Material Topics	44
		Materiality Analysis	55
3-3: Management of material topics	Summary of Management Approach to our Material Topics (Appendix 8.4)	133	

Topic	Explanation	Material Topic	Report Section or Other Disclosures	Page #
<b>GRI 201: ECONOMIC PERFORMANCE 2016</b>				
201-1	Direct economic value generated and distributed	Financial Performance	Financial Snapshot	30-31
201-2	Financial implications and other risks and opportunities due to climate change	Financial Performance Risk Management	Risk Management	58
201-3	Defined benefit plan obligations and other retirement plans	Financial Performance Talent Attraction, Management, and Development	Investment towards Employees	31
201-4	Financial assistance received from government	Financial Performance Governance, Ethics, and Compliance	None	-
<b>GRI 202: MARKET PRESENCE 2016</b>				
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Financial Performance Talent Attraction, Management, and Development	Standard Entry Level Basic Salary at NBK	89
202-2	Proportion of senior management hired from the local community	Nationalization	Kuwaitization	94
<b>GRI 203: INDIRECT ECONOMIC</b>				
203-1	Infrastructure investments and services supported	Sustainable Finance	Sustainable Finance Approach	68
			Green Building	70
			Community Development	104

203-2	Significant indirect economic impacts	Community Development	Community Development	104
		Customer Experience and Satisfaction	Customer Advocacy	110
		Financial Inclusion, Accessibility, and Literacy	Financial Literacy, Inclusion, and Accessibility	112
<b>GRI 204: PROCUREMENT PRACTICES 2016</b>				
204-1	Proportion of spending on local suppliers	Responsible Procurement	Responsible Procurement	78
<b>GRI 205: ANTI-CORRUPTION 2016</b>				
205-1	Operations assessed for risks related to corruption	Governance, Ethics and Compliance	Corruption, Fraud, Anti-Money Laundering (AML), and Combatting the Financing of Terrorism (CFT)	62
205-2	Communication and training about anti-corruption policies and procedures	Governance, Ethics and Compliance	Corruption, Fraud, Anti-Money Laundering (AML), and Combatting the Financing of Terrorism (CFT)	62
			Training and Development	86
205-3	Confirmed incidents of corruption and actions taken	Governance, Ethics and Compliance	Corruption, Fraud, Anti-Money Laundering (AML), and Combatting the Financing of Terrorism (CFT)	86
<b>GRI 206: ANTI-COMPETITIVE BEHAVIOR 2016</b>				
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Governance, Ethics and Compliance	None	-
<b>GRI 207: TAX 2019</b>				
207-1	Approach to tax	Financial Performance Governance, Ethics, and Compliance	Tax Transparency	63
207-2	Tax governance, control, and risk management	Financial Performance Governance, Ethics, and Compliance	Tax Transparency	63
207-3	Stakeholder engagement and management of concerns related to tax	Financial Performance Governance, Ethics, and Compliance	Tax Transparency	63
207-4	Country-by-country reporting	Financial Performance Governance, Ethics, and Compliance	Tax Transparency	63
<b>GRI 301: ENVIRONMENTAL MATERIALS 2016</b>				
301-1	Materials used by weight or volume	Environmental Footprint from Operations	Materials Management, Waste, and Recycling	77
301-2	Recycled input materials used	Environmental Footprint from Operations	N/A	-
301-3	Reclaimed products and their packaging materials	Environmental Footprint from Operations	N/A	-



Topic	Explanation	Material Topic	Report Section or Other Disclosures	Page #
<b>GRI 302: ENERGY 2016</b>				
302-1	Energy consumption within the organization	Environmental Footprint from Operations	Electricity Consumption Greenhouse Gas (GHG) Emissions	70 73
302-2	Energy consumption outside of the organization	Environmental Footprint from Operations	Electricity Consumption Greenhouse Gas (GHG) Emissions	70 73
302-3	Energy intensity	Environmental Footprint from Operations	Boursa Kuwait Index	129
302-4	Reduction of energy consumption	Environmental Footprint from Operations	Greenhouse Gas (GHG) Emissions	73
302-5	Reductions in energy requirements products and services	Environmental Footprint from Operations	N/A	-
<b>GRI 303: WATER AND EFFLUENTS 2018</b>				
303-1	Interactions with water as a shared resource	Environmental Footprint from Operations	Managing Water Consumption	76
303-2	Management of water discharge related impacts	Environmental Footprint from Operations	Managing Water Consumption	76
303-3	Water withdrawal	Environmental Footprint from Operations	Managing Water Consumption	76
303-4	Water discharge	Environmental Footprint from Operations	Managing Water Consumption	76
303-5	Water consumption	Environmental Footprint from Operations	Managing Water Consumption	76
<b>GRI 304: BIODIVERSITY 2016</b>				
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Environmental Footprint from Operations	None	-
304-2	Significant impacts of activities, products, and services on biodiversity	Environmental Footprint from Operations	None	-
304-3	Habitats protected or restored	Environmental Footprint from Operations	N/A	-
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Environmental Footprint from Operations	N/A	-
<b>GRI 305: EMISSIONS 2016</b>				
305-1	Direct (Scope 1) GHG emissions	Environmental Footprint from Operations	Greenhouse Gas (GHG) Emissions	73
305-2	Energy indirect (Scope 2) GHG emissions	Environmental Footprint from Operations	Greenhouse Gas (GHG) Emissions	73
305-3	Other indirect (Scope 3) GHG emissions	Environmental Footprint from Operations	Greenhouse Gas (GHG) Emissions	73
305-4	GHG emissions intensity	Environmental Footprint from Operations	Greenhouse Gas (GHG) Emissions	73

305-5	Reduction of GHG emissions	Environmental Footprint from Operations	Greenhouse Gas (GHG) Emissions	73
305-6	Emissions of ozone-depleting substances (ODS)	Environmental Footprint from Operations	N/A	-
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Environmental Footprint from Operations	N/A	-
<b>GRI 306: WASTE 2020</b>				
306-1	Waste generation and significant waste-related impacts	Environmental Footprint from Operations	Materials Management, Waste, and Recycling	77
306-2	Management of significant waste related impacts	Environmental Footprint from Operations	Materials Management, Waste, and Recycling	77
306-3	Waste generated	Environmental Footprint from Operations	Materials Management, Waste, and Recycling	77
306-4	Waste diverted from disposal	Environmental Footprint from Operations	Materials Management, Waste, and Recycling	77
306-5	Waste directed to disposal	Environmental Footprint from Operations	Materials Management, Waste, and Recycling	77
<b>GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016</b>				
308-1	New suppliers that were screened using environmental criteria	Responsible Procurement	Assessment in Process	-
308-2	Negative environmental impacts in the supply chain and actions taken	Responsible Procurement	None	-
<b>GRI 401: EMPLOYMENT 2016</b>				
401-1	New employee hires and employee turnover	Talent Attraction, Management, and Development	Hiring and Turnover	83
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Talent Attraction, Management, and Development	Employee Benefits Flexible Working Hours	89 89
401-3	Parental leave	Talent Attraction, Management, and Development	Maternity and Paternity Leave	89
<b>GRI 402: LABOR/MANAGEMENT RELATIONS 2016</b>				
402-1	Minimum notice periods regarding operational changes	Talent Attraction, Management, and Development	Our notice periods comply with Kuwait Labor Law and are communicated to all employees through our GHR policies that are available through NBK intranet.	-
<b>GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018</b>				
403-1	Occupational health and safety management system	Employee Wellbeing	Health, Safety and Well-being	96
403-2	Hazard identification, risk assessment, and incident investigation	Employee Wellbeing	Health, Safety and Well-being	96
403-3	Occupational health services	Employee Wellbeing	Health, Safety and Well-being	96

Topic	Explanation	Material Topic	Report Section or Other Disclosures	Page #
403-4	Worker participation, consultation, and communication on occupational health and safety	Employee Wellbeing	<a href="#">Health, Safety and Well-being</a>	96
403-5	Worker training on occupational health and safety	Employee Wellbeing	<a href="#">Health, Safety and Well-being</a>	96
403-6	Promotion of worker health	Employee Wellbeing	<a href="#">Health, Safety and Well-being</a>	96
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Employee Wellbeing	<a href="#">Health, Safety and Well-being</a>	96
403-8	Workers covered by an occupational health and safety management system	Employee Wellbeing	<a href="#">Health, Safety and Well-being</a>	96
403-9	Work-related injuries	Employee Wellbeing	<a href="#">Health, Safety and Well-being</a>	96
403-10	Work-related ill health	Employee Wellbeing	<a href="#">Health, Safety and Well-being</a>	96
<b>GRI 404: TRAINING AND EDUCATION 2016</b>				
404-1	Average hours of training per year per employee	Talent Attraction, Management, and Development	<a href="#">Training and Development</a>	86
404-2	Programs for upgrading employee skills and transition assistance programs	Talent Attraction, Management, and Development	<a href="#">Talent Recruitment, Selection, and Development</a>	82
			<a href="#">Training and Development</a>	86
404-3	Percentage of employees receiving regular performance and career development reviews	Talent Attraction, Management, and Development	<a href="#">Employee Performance Management</a>	88
<b>GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016</b>				
405-1	Diversity of governance bodies and employee	Diversity and Inclusion	<a href="#">Board Diversity</a>	54
			<a href="#">Diversity and Inclusion</a>	91
405-2	Ratio of basic salary and remuneration of women to men	Diversity and Inclusion	<a href="#">Gender Pay Ratio</a>	89
<b>GRI 406: NON-DISCRIMINATION 2016</b>				
406-1	Incidents of discrimination and corrective actions taken	Diversity and Inclusion	None	-
<b>GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING 2016</b>				
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	N/A	N/A	-
<b>GRI 408: CHILD LABOR 2016</b>				
408-1	Operations and suppliers at significant risk for incidents of child labor	Responsible Procurement	<a href="#">Responsible Procurement</a>	78
<b>GRI 409: FORCED OR COMPULSORY LABOR 2016</b>				
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Responsible Procurement	<a href="#">Responsible Procurement</a>	78

<b>GRI 410: SECURITY PRACTICES 2016</b>				
410-1	Security personnel trained in human rights policies or procedures	Business Continuity and Operational Resilience Governance, Ethics, and Compliance	Not applied yet	-
<b>GRI 411: RIGHTS OF INDIGENOUS PEOPLES 2016</b>				
411-1	Incidents of violations involving rights of indigenous peoples	N/A	N/A	-
<b>GRI 413: LOCAL COMMUNITIES 2016</b>				
413-1	Operations with local community engagement, impact assessments, and development programs	Community Development	<a href="#">Community Development</a>	104
413-2	Operations with significant actual and potential negative impacts on local communities	Community Development	None	-
<b>GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016</b>				
414-1	New suppliers that were screened using social criteria	Responsible Procurement	<a href="#">Responsible Procurement</a>	78
414-2	Negative social impacts in the supply chain and actions taken	Responsible Procurement	None	-
<b>GRI 415: PUBLIC POLICY 2016</b>				
415-1	Political contributions	Governance, Ethics, and Compliance	None	-
<b>GRI 416: CUSTOMER HEALTH AND SAFETY 2016</b>				
416-1	Assessment of the health and safety impacts of product and service categories	Customer Experience and Satisfaction	<a href="#">Advertising Code 2021</a>	-
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Customer Experience and Satisfaction	None	-
<b>GRI 417: MARKETING AND LABELING 2016</b>				
417-1	Requirements for product and service information and labelling	Customer Experience and Satisfaction	<a href="#">Advertising Code 2021</a>	-
417-2	Incidents of non-compliance concerning product and service information and labeling	Customer Experience and Satisfaction	None	-
417-3	Incidents of non-compliance concerning marketing communications	Customer Experience and Satisfaction	None	-
<b>GRI 418: CUSTOMER PRIVACY 2016</b>				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Privacy and Data Security	<a href="#">Data Privacy and Security</a>	-

## 8.2 Sustainability Accounting Standards Board (SASB) Index

### SASB Consumer Finance

Topic	SASB Metric ( Accounting / Activity )	Report Section / Other Disclosures
Customer Privacy	Number of account holders whose information is used for secondary purposes	N/A
	Total amount of monetary losses as a result of legal proceedings associated with customer privacy	0
Data Security	1) Number of data breaches	0
	2) Percentage involving personally identifiable information (PII)	0%
	3) Number of account holders affected	0
	Card related fraud losses from:	
	1) card-not-present fraud	11,258
	2) card-present and other fraud	0
	Description of approach to identifying and addressing data security risks	<a href="#">Data Privacy and Security</a>
Selling Practices	Percentage of total remuneration for covered employees that is variable and linked to the amount of products and services sold	N/A
	Approval rate for:	
	1) Credit for applicants with FICO scores above and below 660	N/A
	2) Pre-paid products for applicants with FICO scores above and below 660	N/A
	1) Average fees from add-on products for customers with FICO scores above and below 660	N/A
	2) Average APR for customers with FICO scores above and below 660	N/A
	3) Average age of accounts for customers with FICO scores above and below 660	N/A
	4) Average number of trade lines for customers with FICO scores above and below 660	N/A
	5) Average annual fees for pre-paid products for customers with FICO scores above and below 660	N/A
	1) Number of complaints filed with the Consumer Financial Protection Bureau (CFPB)	N/A
Number of complaints filed with any other regulatory body that oversees consumer financial protection in the jurisdiction	87	
2) percentage with monetary or non-monetary relief	Majority monetary	
3) percentage disputed by consumer	100%	
4) percentage that resulted in investigation by the CFPB (or other related body)	100%	
Total amount of monetary losses as a result of legal proceedings associated with selling and servicing of products	0	

Activity Metric	Number of unique consumers with an active:	
	1) credit card account	148,474
	2) pre-paid debit card account	122,210
	Number of:	
	1) credit card accounts	184,376
	2) pre-paid debt card accounts	171,403
	3) debit card accounts	1,041,071

### SASB Commercial Banks

Topic	SASB Metric ( Accounting / Activity )	Report Section / Other Disclosures
Data Security	1) Number of data breaches	0
	2) Percentage involving personally identifiable information (PII)	N/A
	3) Number of account holders affected	N/A
	Description of approach to identifying and addressing data security risks	<a href="#">Data Privacy and Security</a>
Financial Inclusion and Capacity Building	1) Number of loans outstanding qualified to programs designed to promote small business and community development	29 Loans and 26 LBD (Local Bill Discounted)
	2) Amount of loans outstanding qualified to programs designed to promote small business and community development	Loans KD 0.48M and LBD KD 1.53M
	1) Number of past due and nonaccrual loans qualified to programs designed to promote small business and community development	59
	2) Amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development	KD 0.45M
	Number of no-cast retail checking accounts provided to previously unbanked or underbanked customers	Active and open cards of Al-Amil Segment: 26,898 For more information: <a href="#">Financial Inclusion and Accessibility</a>
	Number of participants in financial literacy initiatives for unbanked, underbanked, or undeserved customers	NBK launched the 'Bankee' financial literacy program in Kuwait with a total of 11 participating elementary and middle schools. 4,965 students were on boarded to the program. The program aims to increase financial literacy and inclusion among school students at a young age, equipping them with the right skills and knowledge to recognize the value of the resources at the reach of their hands. For more information: <a href="#">Financial Literacy, Inclusion, and Accessibility</a>



Topic	SASB Metric ( Accounting / Activity )	Report Section / Other Disclosures
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	Commercial and industrial credit exposure, by industry	2022 Annual Report
	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	Risk Management
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	0
	Description of whistleblower policies and procedures	Support for Whistleblowing
Systemic Risk Management	Global Systemically Important Bank (G-SIB) score, by category	NBK is not classified under G-SIB Bank, rather a D-SIB bank in Kuwait.
	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	Risk Management Business Continuity
Activity Metric	1a) Number of checking accounts by segment	N/A
	1b) Number of savings accounts by segment	N/A
	2a) Value of checking accounts by segment (KD)	N/A
	2b) Value of savings accounts by segment (KD)	N/A
	1) Number of loans by segment: (a) personal, (b) small business and (c) corporate	N/A
	2) Value of loans by segment: (a) personal, (b) small business and (c) corporate	2022 Annual Report (Page 145)

## 8.3 Boursa Kuwait Index

Metric	Calculation	Report Section or Other Disclosures
<b>Environmental</b>		
GHG Emissions	E1.1) Total amount, in CO2 equivalents, for Scope 1 (if applicable)	2,141 mtCO2e
	E1.2) Total amount, in CO2 equivalents, for Scope 2 (if applicable)	34,005 mtCO2e
	E1.3) Total amount, in CO2 equivalents, for Scope 3 (if applicable)	389 mtCO2e
Emissions Intensity	E2.1) Total GHG emissions per output scaling factor	Total GHG Emissions: 36,535 mtCO2e Intensity of GHG Emissions: 15.58 mtCO2e per employee
	E2.2) Total non-GHG emissions per output scaling factor	N/A
Energy Usage	E3.1) Total amount of energy directly consumed	53,975,568 kWh
	E3.2) Total amount of energy indirectly consumed	N/A
Energy Intensity	Total direct energy usage per output scaling factor	23,007 kWh per employee
Energy Mix	Percentage: Energy usage by generation type	N/A
Water Usage	E6.1) Total amount of water consumed	38,223,713 Imperial Gallons (IG)
	E6.2) Total amount of water reclaimed	N/A
Environmental Operations	E7.1) Does your company follow a formal Environmental Policy? Yes/No	No
	E7.2) Does your company follow specific waste, water, energy, and/or recycling policies? Yes/No	Yes
	E7.3) Does your company use a recognized energy management system? Yes/No	Managing Energy Consumption
Environmental Oversight	Does your Board/Management Team oversee and/or manage climate-related risks? Yes/No	Yes, the BOD and Board Sub-Committees' charters were formally revised during 2022 to reflect key ESG-related responsibilities to steer the Board's decision-making in line with NBK's ESG Strategy. The Board acknowledges its duty to manage how emerging ESG and climate change risks and opportunities should be addressed.
	Does your Board/Management Team oversee and/or manage other sustainability issues? Yes/No	Yes
Climate Risk Mitigation	Total amount invested, annually, in climate-related infrastructure, resilience, and product development.	N/A

Metric	Calculation	Report Section or Other Disclosures
<b>Social</b>		
Gender Pay Ratio	Ratio: Median male compensation to median female compensation	<a href="#">Compensation</a>
Employee Turnover	S3.1) Percentage: Year-over-year change for full-time employees	Percentage of full-time employees in 2022 is 99.83%. This represents a 1% increase from 2021.
	S3.2) Percentage: Year-over-year change for part-time employees	Percentage of part-time employees in 2022 is 0.17%. This represents a 70% decrease from 2021.
	S3.3) Percentage: Year-over-year change for contractors and/or consultants	N/A
Gender Diversity	S4.1) Percentage: Total enterprise headcount held by men and women	Percentage of Male in Workforce: 56% Percentage of Female in Workforce: 44%
	S4.2) Percentage: Entry- and mid-level positions held by men and women	83.6% of total workforce are in entry- and mid-level positions.
	S4.3) Percentage: Senior- and executive-level positions held by men and women	Percentage of women in managerial level positions (Manager and above), out of total managerial level personnel: 29.3%
Temporary Worker Ratio	S5.1) Percentage: Total enterprise headcount held by part-time employees	In 2022, NBK workforce had 4 part-time employees, representing 0.17% of total workforce.
	S5.2) Percentage: Total enterprise headcount held by contractors and/or consultants	N/A
Non-Discrimination	Does your company follow a sexual harassment and/or non-discrimination policy? Yes/No	Yes
Injury Rate	Percentage: Frequency of injury events relative to total workforce time	0
Global Health and Safety	Does your company follow an occupational health and/ or global health and safety policy? Yes/No	Yes
Child and Forced Labor	S9.1) Does your company follow a child and/or forced labor policy? Yes/No	Yes – NBK follows the Human Rights practices published on July 2020, under the “NBK Statement on Protecting and Advancing Human Rights” document, which can be found on the NBK Group Sustainability Policies webpage that is accessible to all internal and external employees. Additionally, our Group Human Resources practices comply with the Kuwait Labor Law.  <a href="#">Human Rights Statement 2020</a>
	S9.2) If yes, does your child and/or forced labor policy also cover suppliers and vendors? Yes/No	Yes  <a href="#">Human Rights Statement 2020</a>

Human Rights	S10.1) Does your company follow a human rights policy? Yes/No	Yes – NBK follows the Human Rights practices published on July 2020, under the “NBK Statement on Protecting and Advancing Human Rights” document, which can be found on the NBK Group Sustainability Policies webpage that is accessible to all internal and external employees. Additionally, our Group Human Resources practices comply with the Kuwait Labor Law  <a href="#">Human Rights Statement 2020</a>
	S10.2) If yes, does your human rights policy also cover suppliers and vendors? Yes/No	Yes  <a href="#">Human Rights Statement 2020</a>
Nationalization	S11.1) Percentage of national employees	75.1% Kuwaitization Rate
	S11.2) Direct and indirect local job creation	New hires in 2022 totaled 325, of whom 86% are Kuwaitis and 14% are Non-Kuwaitis.
<b>Governance</b>		
Board Diversity	G1.1) Percentage: Total board seats occupied by men and women	9% female representation in Board.
	G1.2) Percentage: Committee chairs occupied by men and women	NBK has 5 Board Sub-Committees, of which all are chaired by males.
Board Independence	G2.1) Does your company prohibit its CEO from serving as board chair? Yes/No	Yes, NBK Board Chairman is independent to its CEO. This is in line with CBK Corporate Governance requirements.
	G2.2) Percentage: Total board seats occupied by independents	NBK Board of Directors consist of 11 members, 4 of which are Independent members. This represents 36% of total Board.
Incentivized Pay	Are executives formally incentivized to perform on sustainability? Yes/No	Yes
Collective Bargaining	Percentage: Total enterprise headcount covered by collective bargaining agreement(s)	The nature of NBK’s operations do not require collective bargaining agreements.
Supplier Code of Conduct	G5.1) Are your vendors or suppliers required to follow a Code of Conduct? Yes/ No	Yes, our Code of Conduct, Customer Privacy Policy, and Customer Protection Guide apply to our suppliers as well. All of our outsourcing contracts operate under Kuwaiti Labor Law.
	G5.2) If yes, what percentage of your suppliers have formally certified their compliance with the code?	100%
Ethics and Anti-Corruption	G6.1) Does your company follow an Ethics and/or Anti-Corruption policy? Yes/No	Yes, NBK adopts a zero-tolerance approach towards bribery and corruption and maintains an anti-bribery and corruption policy and anti-corruption culture within the Bank. More information can be found in our Anti-Financial Crime Statement that is available publicly on NBK Group website.
	G6.2) If yes, what percentage of your workforce has formally certified its compliance with the policy?	100%

Metric	Calculation	Report Section or Other Disclosures
Data Privacy	G7.1) Does your company follow a Data Privacy policy? Yes/No	Yes, NBK has established Personal Data Privacy Policy and Information and Cyber Security Policy in line with global standards (ISO27001, PCI DSS etc.) and compliant to CBK Cyber Security Framework.
	G7.2) Has your company taken steps to comply with GDPR rules? Yes/No	N/A
Sustainability Reporting	G8.1) Does your company publish a sustainability report? Yes/No	Yes
	G8.2) Is sustainability data included in your regulatory filings? Yes/No	N/A
Disclosure Practices	G9.1) Does your company provide sustainability data to sustainability reporting frameworks? Yes/No	Yes
	G9.2) Does your company focus on specific UN Sustainable Development Goals (SDGs)? Yes/No	Yes
	G9.3) Does your company set targets and report progress on the UN SDGs? Yes/No	Yes
External Assurance (Recommended)	Are your sustainability disclosures assured or validated by a third party? Yes/No	This year NBK obtained external assurance on its GHG emissions, which will be published as part of its 2022 Sustainability Report (refer to <a href="#">Appendix 8.5</a> ). Additionally, we obtained external independent assurance on our GRI Content Index (refer to <a href="#">Appendix 8.6</a> ).

## 8.4 Summary of Management Approach to our Material Topics

Material Topic	Actual and Potential, Negative and Positive Impacts	NBK's Involvement with the Negative Impacts	Policies/ Commitments Regarding the Material Topic	Actions Taken to Manage the Topic and Mitigate the Related Impacts	Methods for Tracking the Effectiveness of the Actions Taken	Stakeholders' Engagement in the Actions Taken and the Methods for Tracking Negative Impacts
<b>Financial Performance</b>	<a href="#">About NBK</a>	NBK is not involved with potential negative impacts with this topic.	<ul style="list-style-type: none"> <li>• Anti-Bribery &amp; Corruption Policy</li> <li>• Procurement Policy</li> <li>• Whistleblowing Policy</li> </ul>	NBK is committed to providing excellent financial services for our customers, superior returns for our shareholders, and support Kuwait's national development plans under the New Kuwait Vision 2035.	<a href="#">About NBK</a>	Ensuring tax and financial transparency with stakeholders enable them to be aware of the Bank's financial performance.
<b>Governance, Ethics, and Compliance</b>	<a href="#">Governance for Resilience</a>	<a href="#">Governance for Resilience</a>	<ul style="list-style-type: none"> <li>• Anti-Corruption Policy</li> <li>• Brand Protection Policy</li> <li>• Whistleblowing Policy</li> </ul>	NBK has robust Governance and Risk Management practices. These foundational elements of Governance at NBK provide assurance to all stakeholders about the strength of leadership, oversight, and accountability.	<a href="#">Governance for Resilience</a>	A variety of engagement methods are employed to understand stakeholder needs, requirements and priorities, obtain input and feedback, gather complaints and concerns, solicit ideas, have dialogue, and collaborate for finding solutions or innovations.



Material Topic	Actual and Potential, Negative and Positive Impacts	NBK's Involvement with the Negative Impacts	Policies/ Commitments Regarding the Material Topic	Actions Taken to Manage the Topic and Mitigate the Related Impacts	Methods for Tracking the Effectiveness of the Actions Taken	Stakeholders' Engagement in the Actions Taken and the Methods for Tracking Negative Impacts
<b>Risk Management</b>	Governance for Resilience	Governance for Resilience	<ul style="list-style-type: none"> <li>• Anti-Bribery &amp; Corruption Policy</li> <li>• Brand Protection Policy</li> <li>• ISO 31000</li> <li>• Capital Adequacy Report (CAR)</li> <li>• Provisions and International Financial Reporting Standards (IFRS) 9</li> <li>• ICAAP</li> <li>• Stress Testing (ST)</li> <li>• Liquidity Coverage Ratio (LCR)</li> <li>• Net Stable Funding Ratio (NSFR)</li> <li>• Various Credit, Investment Exposure and Concentration reports</li> </ul>	The Group's Risk Management Framework is integral to operations and culture and we seek to manage risk in a structured, systematic manner through a global risk policy, which embeds comprehensive risk management into the organizational structure, risk measurement and monitoring processes.	Governance for Resilience	Stakeholders are aware of risk management through NBK's various reports and disclosures, which are available on NBK Group website.
<b>Business Continuity and Operational Resilience</b>	Governance for Resilience	Governance for Resilience	<ul style="list-style-type: none"> <li>• ISO 31000</li> <li>• Business Continuity Management Policy</li> </ul>	The Bank assesses and manages various trade-offs in respect to strategic and operational decisions.	Governance for Resilience	Stakeholders are made aware through customer facing channels, and relevant reports and disclosures.

<b>Sustainable Finance</b>	Responsible Banking	Responsible Banking	<ul style="list-style-type: none"> <li>• Sustainable Financing Framework</li> </ul>	NBK's approach to Responsible Banking tackles sustainable financing initiative, designed to systematically identify opportunities to increase our financing of both environmentally and socially beneficial activities.	Responsible Banking	To be able to correctly assess our clients' ESG impact and support NBK customers in transitioning into a lower carbon economy in addition to achieving sustainable growth potential, it is crucial to provide the necessary support to stakeholders in terms of knowledge sharing, advisory, and developing sustainability-focused products and innovations.
<b>Environmental Footprint from Operations</b>	Responsible Banking	Responsible Banking	<ul style="list-style-type: none"> <li>• Facilities Management Manual</li> <li>• In 2022, NBK established interim goals to reduce its gross operational emissions by 25% by 2025 through increasing dependency on renewable and clean energy solutions.</li> </ul>	NBK measures, manages, and reports on its electricity, waste and water consumption.	Responsible Banking	NBK's environmental footprint is reported and disclosed through NBK's Sustainability Report.
<b>Responsible Procurement</b>	Responsible Banking	Responsible Banking	<ul style="list-style-type: none"> <li>• Supplier Code of Conduct</li> <li>• Procurement Policy</li> <li>• Human Rights Statement</li> </ul>	NBK considers and assesses supplier related issues related to privacy protection, data security, corruption and bribery, money laundering, customer protection, ethics, human rights, environmental impact, and social impact.	Responsible Banking	All NBK departments are actively exploring ways to improve and facilitate the procurement process workflow, enhance procurement transparency, efficiency and sustainability, and minimize procurement risks. In addition, all NBK vendors are required to sign the Vendor Declaration Form, where clauses related to Human rights are included.

Material Topic	Actual and Potential, Negative and Positive Impacts	NBK's Involvement with the Negative Impacts	Policies/ Commitments Regarding the Material Topic	Actions Taken to Manage the Topic and Mitigate the Related Impacts	Methods for Tracking the Effectiveness of the Actions Taken	Stakeholders' Engagement in the Actions Taken and the Methods for Tracking Negative Impacts
<b>Talent Attraction, Management, and Development</b>	Capitalizing on our Capabilities	Capitalizing on our Capabilities	<ul style="list-style-type: none"> <li>HR Management Policy</li> </ul>	NBK carefully builds our Group Human Resource Management system elements and organizational culture to acquire, develop, engage and retain talent, thereby promoting service excellence, resilience and agility.	Capitalizing on our Capabilities	NBK provides training and development opportunities aimed at building employees' technical competencies and skills, including digital and leadership capabilities, and interpersonal and professional skills.
<b>Nationalization</b>	Capitalizing on our Capabilities	NBK is not involved with potential negative impacts with this topic.	<ul style="list-style-type: none"> <li>Compliance with local nationalization requirements and regulations</li> </ul>	NBK strives to increase gender diversity in Senior and Executive leadership positions, as well as increase Kuwaitization at senior levels. The Bank is committed to ensuring there is a lack of negative bias in all aspects of succession planning from identification of high potential leaders to development and career planning.	Capitalizing on our Capabilities	The Bank has developed initiatives in place aimed at promoting and nurturing local talent across the organization.

<b>Diversity and Inclusion</b>	Capitalizing on our Capabilities	Capitalizing on our Capabilities	<ul style="list-style-type: none"> <li>HR Management Policy</li> <li>Whistleblowing Policy</li> <li>Anti-discrimination Policy</li> <li>No Tolerance Policy</li> <li>Code of Business Ethics and Conduct</li> <li>Staff Compliant Policy</li> </ul>	NBK promotes safety, well-being, diversity, equity and inclusion, and women's empowerment as a cornerstone of the Bank's systems and processes.	Capitalizing on our Capabilities	Through various internal GHR policies tackling discrimination, harassment and business conduct, employees are made aware of the Bank's expectations in this regard. The previously mentioned handbooks and policies are available to all our employees on the intranet MyNBK. The employee handbook is provided to all new employees as part of NBK's on-boarding process.
<b>Women Empowerment</b>	Capitalizing on our Capabilities  Investing in our Communities	NBK is not involved with potential negative impacts with this topic.	<ul style="list-style-type: none"> <li>HR Management Policy</li> </ul>	NBK promotes safety, well-being, diversity, equity and inclusion, and considers women's empowerment as a cornerstone of the Bank's systems and processes.	Capitalizing on our Capabilities  Investing in our Communities	NBK is committed to advancing gender equality within the Bank as a key element of our Talent Development and Management. We focus on empowering women throughout their careers to enable them to progress to and succeed in leadership positions. Additionally, NBK continues to support the United Nations Women's Empowerment Principals (WEP) as a signatory and endorser.

Material Topic	Actual and Potential, Negative and Positive Impacts	NBK's Involvement with the Negative Impacts	Policies/ Commitments Regarding the Material Topic	Actions Taken to Manage the Topic and Mitigate the Related Impacts	Methods for Tracking the Effectiveness of the Actions Taken	Stakeholders' Engagement in the Actions Taken and the Methods for Tracking Negative Impacts
<b>Employee Wellbeing</b>	Capitalizing on our Capabilities	NBK is not involved with potential negative impacts with this topic.	<ul style="list-style-type: none"> <li>Whistleblowing Policy</li> <li>Staff Complaint Policy</li> <li>Human Rights Statement</li> <li>HR Management Policy</li> </ul>	The NBK Board identifies the topics related to health and safety issues and ensures that they are resolved effectively.	Capitalizing on our Capabilities	Health and Safety initiatives are disseminated through various communication channels and application-based technologies. Furthermore, on-site specialized visits by medical doctors in partnership with Wara Hospital were organized at NBK Clinic to raise employees' awareness on various topics related to one's physical and mental health.
<b>Digital Transformation</b>	Capitalizing on our Capabilities	NBK is not involved with potential negative impacts with this topic.	<ul style="list-style-type: none"> <li>ISO 27001, ISO 22301</li> <li>Digital Transformation Business SOP</li> </ul>	Digitalization is a major component of NBK's business strategy, achieved through NBK's Digital Transformation Strategy.	Capitalizing on our Capabilities	NBK switched to alternative channels such as Online Banking, Mobile banking, SMS, ATM/ITM and Digital Branch, as innovative banking channels.
<b>Community Development</b>	Investing in our Communities	NBK is not involved with potential negative impacts with this topic.	<ul style="list-style-type: none"> <li>Public Relations and Events Management SOP</li> </ul>	A core element of NBK's mission is to contribute to the community. Investing in our Communities is one of the four key strategic pillars of NBK's ESG Strategy.	Investing in our Communities	CSR surveys are conducted for tracking the effectiveness of the Bank's CSR interventions.

<b>Customer Experience and Satisfaction</b>	Investing in our Communities	Investing in our Communities	<ul style="list-style-type: none"> <li>Customer Care Policy</li> <li>Customer Compliant Unit</li> </ul>	NBK assesses Customer Satisfaction ratings and Net Promoter Scores and focuses on solving issues raised in customer complaints and reducing time for complaints resolution.	Investing in our Communities	We closely monitor our Customer Satisfaction ratings and Net Promoter Scores and focus on solving issues raised in customer complaints promptly. Various customer engagement tools used at NBK include: Campaign & Brand Health Tracker, Customer Experience Survey, and Advertising Test Studies.
<b>Financial Inclusion, Accessibility and Literacy</b>	Investing in our Communities	NBK is not involved with potential negative impacts with this topic.	<ul style="list-style-type: none"> <li>Consumer Banking Group Policies</li> <li>Internal Communication Plan, in alignment with CBK's requirements to protecting customer data and privacy</li> </ul>	NBK is continuously evolving its financial offerings to meet the needs of underserved or unbanked customer segments to enhance financial accessibility and inclusion. Additionally, NBK has numerous initiatives in place for raising awareness around important financial topics such as fraud, cybercrimes, personal finance, etc.	Investing in our Communities	NBK's AI Amil segment provides low-wage employees with a debit payroll card, which they can use to withdraw cash from NBK ATM networks. NBK tracks number of cards issued and are active under this product segment. In terms of financial literacy, various of the Bank's communications channels have been used to educate stakeholders on key financial and data security issues.
<b>Privacy and Data Security</b>	Investing in our Communities	Investing in our Communities	<ul style="list-style-type: none"> <li>Information and Cyber Security Policy</li> <li>Personal Data Privacy Policy</li> <li>Information Classification Policy</li> </ul>	Information security and data privacy is of vital importance to NBK, and is a material issue in the banking industry. NBK has established robust policies and internal controls to mitigate the risks involved.	Investing in our Communities	Various outreach programs for Privacy and Data Security are conducted. NBK is involved with CBK's Diraya   "Let's Be Aware" campaign. The campaign is focused on raising the awareness of financial and data security of the customers. Additionally, internal communication is circulated to employees on the same.



## 8.5 Greenhouse Gas (GHG) Assurance Letter



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June 21, 2023

### VERIFICATION LETTER OF THE GREENHOUSE GAS EMISSIONS EMITTED FROM THE NATIONAL BANK OF KUWAIT DURING THE YEAR 2022

The verifier thoroughly verifies the 2022 greenhouse gas (GHG) audit/inventory of the National Bank of Kuwait from its 74 premises in Kuwait conducted for the reporting period of January 1, 2022, to December 31, 2022.

This GHG audit report from all premises was conducted under the financial control approach of the Bank, as defined by the GHG Protocol, Corporate Standard. It accounted for the GHG emissions from different sources.

The data used for Scope 1 and Scope 2 sources were supported with traceable and/or supportive documents. It is worth noting that some of the gathered data on specific activities were not verified (lubricant oil, refrigerant gases); yet the used data were traceable and the responsible team providing them was identified. Data used for Scope 3 were also traceable and verified.

Data that were used for the calculation were complete for the reported sources.

The calculation was conducted via a certified online tool with the “Built on GHG Protocol” Mark.

#### Summary Findings:

Level of Assurance Provided:	Limited
Type of Verification:	Streamlined
Reporter’s Organizational Boundary:	Control: Financial
Method of verification:	Historical
Geographical Scope of Verification:	Kuwait
GHG’s Reported:	CO <sub>2</sub> , CH <sub>4</sub> and N <sub>2</sub> O reported in metric tons of CO <sub>2</sub> equivalent (mtCO <sub>2e</sub> )
Verification opinion:	Unmodified verification opinion

Company is Registered & Licensed as a FREEZONE Company under the Rules & Regulations of DMCCA



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Scopes	Source	mtCO <sub>2e</sub>
Scope 1 Direct Emissions	Lubricant Oil	15.2
	Refrigerant Gases	2,105.7
	Stationary Combustion (Diesel Consumption in Generators)	19.7
	<b>Total</b>	<b>2,140.6</b>
Scope 2 Indirect Emissions - Electricity & Cooling	Electricity	34,004.6
	<b>Total</b>	<b>34,004.6</b>
Scope 3 Indirect Emissions - Selected Sources	Business Travel - Flight	103.6
	Rental Vehicles	285.6
	<b>Total</b>	<b>389.2</b>
<b>Total GHG (mtCO<sub>2e</sub>)</b>		<b>36,534.4</b>

The GHG inventory is relevant to and considers the National Bank of Kuwait – Kuwait 74 premises which comprise the head office (HO), and branches, among other types of premises used by the Bank.

The verifier assures the correctness of the used data, calculation, used formula, and results—and does not contain material deviations.

V4 Advisors DMCC



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### Certificate for Greenhouse Gas Auditing

Presented to

*National Bank of Kuwait*  
*Kuwait City - Kuwait*

For its Greenhouse Gas Auditing and Reporting for the calendar year 2022, using V4 Advisors’ tool that is in compliance with the Greenhouse Gas Corporate Standard and ISO 14064-1.



V4 Advisors’ calculation and reporting tool has been reviewed by WRI for conformance with the GHG Protocol Corporate Standard.

Contacting V4 Advisors DMCC: www.V4advisorsdmcc.com – contactus@v4advisorsdmcc.com – Company Reg. no: DMCC-075590, Dubai, UAE

## 8.6 GRI Independent Assurance Statement



### Independent Assurance Statement

To the Board of Directors  
The National Bank of Kuwait – Kuwait

**DCarbon ©**  
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[www.dcarboneg.com](http://www.dcarboneg.com)

*DCarbon is a leading sustainability and environmental consultancy based in Egypt and registered under the Egyptian law no. 159 for the year 1981 and its executive regulation. DCarbon assists public and private organizations in understanding and addressing their economic, environmental, and social impact. DCarbon is a member and partner with multiple global establishments in the field of corporate sustainability. It is a certified training partner of the Global Reporting Initiative (GRI), a GRI Gold Community member, and an official supporter of the Task Force on Climate-related Financial Disclosures (TCFD), and the IFRS latest Sustainability Disclosures (IFRS-S1/S2).*

DCarbon was engaged by the National Bank of Kuwait (NBK or the Bank) to perform an independent assurance on its 2022 Sustainability Reporting Principles and Disclosures ('the Report'). As an independent assurance provider, we were asked to assist the Bank in assessing its ESG disclosures and alignment to the best practices and performance indicators, in order to ensure adherence to the Global Reporting Initiative (GRI) 2021 reporting principles, content elements, disclosures, materiality and sector-specific key performance indicators. The Bank's sustainability report was further consolidated and defined through additional alignment to the Sustainability Accounting Standards Board (SASB/ISSB).

#### Assurance Scope and Boundaries

For this report, which marks NBK one-year reporting cycle, the scope of assessment and assurance focused on the 1) materiality, 2) reporting principles, 3) quality of the reported indicators, 4) report structure, 5) any relevant advice on key descriptive narrative, 6) sufficient evidence of involvement of top management, 7) integration of value creation methodology, 8) alignment to NBK ESG strategy.

The scope of assurance has included data and information for the period between January 1, 2022, to December 31, 2022, for operations in Kuwait, and minor other operations key figures where it was deemed necessary for the context of the reported disclosures and based on the GRI Standards 2021.

#### Sector Specific Assurance Scope and Boundaries

Specific to the Banking Sector, expert's opinions were considered in relation the SASB and BOURSA Kuwait ; taking in consideration the local context, the Bank's level in advanced banking services and industry leadership.

The report featured a specific section related to carbon footprint, as a summary of the Bank's standalone carbon footprint reporting performance by subject-matter expert and professionals. While the scope and boundaries of the carbon footprint is not developed by DCarbon experts, assurance included the verification of substantiated evidence of internal Bank-wide data collection and alignment to the required GRI indicators to ensure an acceptable status of the validity and comprehensibility of reported data. The evidence support NBK commitment to operational carbon Reduction and progress towards renewables and its 2060 goals of carbon neutrality.

The report scope also included alignment to the United Nations Sustainable Development Goals (SDGs) on which NBK has been presented on this report. The report integrates NBK's core strategic goals, business model, financial inclusion and digital banking services as part of its value creation model. With an outlook on externalities and strong external stakeholder engagements' outcome were presented, and national priorities where considered (namely Kuwaitization). Furthermore, the report presented robust disclosures on risks management approach towards specific material issues, including insights to climate-related and third-party risks.



### Governance and Looking-forward Statements

The report emphasis and provides strong evidence of robust ESG Governance and the Board involvement in the ESG journey through the development and oversight of NBK's new ESG Strategy, with governing mandates and delegations to its committees and executive management. As part of the assurance process, a detailed review was conducted of the stakeholders' engagement and management approach to risks and impacts.

Through investigative engagement with the Bank, DCarbon concluded the necessary evidence of the credibility and consistency of ESG governance mandate, the ESG integration into the core business activities as presented through the data presented in the report.

This Report contains forward-looking statements on various future estimation in alignment with NBK's ESG Strategy through its four pillars. Upon necessary inquiries, NBK has proven agility to allow swift adaptation, however there are no assurance of the magnitude nor the pace of future changes, due to the rapid dynamics of the technologies and the markets served. Additionally, the emerging projection of social and economic disruptions can not be predicted due to its unexpected lasting impacts since COVID-19 into 2022. Any response measures presented in this report doesn't constitute a commitment into the future, it only reflects actions taken during the reporting period and its subject to change according to national regulations and arising materials issues.

### Materiality

The assurance considered the GRI 2021 for all disclosures and materiality process. The assessment of impacts and identification of topics has undertaken a rigorous internal exercise, with internal rating of all topics based on stakeholders concerns and needs. It is advisable that the upcoming reporting cycle, the severity and likelihood of occurrence to be considered. The Severity of Impacts to be considered – where possible – as per the GRI pre-set characteristics of scale, scope and irremediable character. With focus on actual negative impact, material topics to be determined by their severity and likelihood, which is translated into detection of potential additional specific ESG risks. Not all risks were reported nor assured, however, as affirmed by the Bank, they shall all be part of NBK's plans for broader ESG risks and impacts where necessary.

### Data Assurance

Considering the scope of assurance, the alignment of the ESG Strategy directions to operations in Kuwait as per the scope of the report, and the reporting framework adopted, our **Assurance Boundaries focused**, within the availability or limitations of data provided, on the following:

- Availability, affordability, and quality of disclosures over the reporting period.
- Connectivity of the business activities and the proper focus on material issues.
- Consistency and comparability of results year over year.
- Completeness and conciseness of data through verification of Stakeholders Engagement Plan and Implementation.
- Reliability of information through engagement with the Bank's representatives.
- Alignment of material issues to internal/external risks, anticipated threats, opportunities and strategic objectives
- Sound analysis of Materiality Identification process, including stakeholders' inclusiveness, magnitude of impact on the Bank's Value Creation.
- Review of disclosures on the various topics represented through quantitative and qualitative indicators to ensure, both, future comparability, and context.

### The assurance scope did not cover:

- Data and information outside the reporting period indicating looking-forward statements.
- Verification statements indicating testimonials, opinions, success stories, and / or aspirations.
- Verification of claims (limited to data and information presented)





#### Assurance Provider's Role

The Assurance Plan for this reporting cycle included all assurance duties as described in the "Assurance Scope and Boundaries, Sector Specific Assurance Scope and Boundaries, Governance and Looking-forward Statements Materiality, and Data Assurance" of this document

We have ensured that the report narrative and data provided represented adequate view to stakeholders in order to support the decision-making process through the completeness and connectivity of non-financial data and complemented by the Bank's financial assurance where applicable.

Given it is not the first cycle of reporting, we ensured the Bank's streamlining of adequate and necessary degree of comparability of indicators year over year. Our focus was more inclined to determine that the definitions of used terms are applied consistently in this single report and as per the Bank's terms, while addressing national directives and global practices.

Our limited assurance engagement included inquiries to NBK's professionals who were delegated and involved in the preparation of reported data. It also included applying analytical procedures to evidence supporting the issuance of assurance conclusion on the report content.

#### Responsibilities of the Management

The management was responsible for the preparation and fair presentation of the selected information included in this report, in alignment/accordance with the various Standards indicated in the Assurance Scopes and Boundaries. It was responsible to assert that the internal controls enabled the preparation of narrative and information, free from material misstatement. Through our engagement with the Bank, we have observed that the leadership and management that governed the release of this report have actively proven their periodical oversight of the process.

#### Conclusion

We have reviewed the Sustainability Report of the National Bank of Kuwait for its operation in Kuwait. Considering the risk of material error, we received all necessary explanations from the Bank to support sufficient evidence to our assurance conclusion. Based on the activities performed and evidence received, in our opinion, NBK has complied, in all material respects, with the GRI Standards and its Principles for sustainability reporting criteria.

**May Elwany**  
Lead Consultant & Board Advisory  
& Report Assurer

**Ehab Shalaby, Ph.D.**  
Chairman & CEO

