

2023

Sustainability Report

Bridging the Gap:

Towards a More Sustainable Future



2023 ESG Factsheet

In 2023, we made significant strides in incorporating ESG factors into our business practices, operations, and organizational culture. The Group maintained an ESG strategy of four interconnected pillars: Governance for Resilience, Responsible Banking, Capitalizing on our Capabilities, and Investing in our Communities. The purpose of this factsheet is to underscore our key milestones in relation to our ESG strategy and emphasize the indicators most relevant to our key stakeholders.



1. About this Report

This is NBK's eighth consecutive annual Sustainability Report and factsheet focusing on the 2023 fiscal year. The report provides a detailed summary of the Bank's significant ESG and sustainability matters, threats, and performance data. Here we also covered our entire ESG policies, strategies, and pledges for the reporting period. Our report is centered around the four pillars of NBK's enhanced ESG Strategy Framework. Moreover, this report is aligned with both domestic and global sustainability or ESG reporting standards and frameworks including the Global Reporting Initiative (GRI), Sustainable Accounting Standards Board (SASB), United Nations Sustainable Development Goals (UNSDG), Boursa Kuwait's ESG Reporting Guidelines, and Kuwait Vision 2035.

2. About NBK

NBK was established in 1952 and is the first shareholding company and a domestic bank within GCC to be locally founded. Currently, NBK is the leading conventional banking group in Kuwait. The bank also boasts about its credit ratings and brand value, positioning it among the top regional banks. NBK operates in 13 countries and boasts a network of more than 140 branches spread across 4 continents with its headquarters located in Kuwait. NBK's primary business operations include Consumer Banking, Corporate Banking, NBK Wealth and Islamic Banking (through subsidiary Boubyan Bank).

3. ESG at NBK

Leadership at NBK believe that sustainability is crucial for the bank's success and is strongly committed to integrate sustainability efforts with our core business actions, risk management, services, and operations. The ESG Strategy aims to support economic growth and act as an example of sustainable development. This strategy is built around four main pillars: Governance for Resilience; Responsible Banking; Capitalizing on our Capabilities; and Investing in our Communities.

4. Governance For Resilience

NBK upholds strong ethical standards and comprehensive strategic planning, supported by transparent governance structures. Combined with our robust risk management that buffers against various risks, these key elements assure stakeholders of our powerful leadership, oversight, and accountability. In 2023, NBK launched a modular ESG governance framework with Board oversight. NBK also adopted measures to handle climate and ESG risks and opportunities.

In this context, NBK institutionalized alignment with the recommendations of Taskforce on Climate-related Financial Disclosures (TCFD) during the year and developed a roadmap for adequately integrating climate-related matters in the bank's enterprise risk management framework.

5. Responsible Banking

NBK intends to enhance sustainable finance offerings and support clients' transition to sustainable business models. NBK recently incorporated ESG metrics into client credit assessments, covering aspects like safety, environmental protection, succession planning, and governance. Moreover, we persistently monitor and handle our energy and water usage, greenhouse gas emissions, and material usage and disposal, while also ensuring it is all accurately reported.

6. Capitalizing on Our Capabilities

NBK's strategy of 'Capitalizing on our Capabilities' is primarily focused on promoting sustainable business growth through organizational resilience. This starts with how we manage our workplace. Our policies, culture, practices, and programs are all designed to encourage a bank-wide transformation that aligns with our sustainability goals, achieved through extensive employee engagement and development programs. Alongside outlining our HR practices, we also state our commitment to diversity, equity, and inclusion initiatives. We strive to foster health, safety, and wellbeing, and continuously work towards establishing a flexible work environment that embraces digital solutions.

7. Investing in Our Communities

Giving back to the community is an integral part of NBK's mission and therefore 'Investing in our Communities' is a critical component of our ESG Strategy. Our community investments primarily aim to offer superior customer service, promote financial inclusion, enhance financial literacy and accessibility, and provide customer security, including data privacy. In addition, NBK has an extensive history of making sizeable financial contributions to community development. We are continuously focused on maximizing the positive social impact of our Corporate Social Responsibility (CSR) investments, in alignment with the United Nations Sustainable Development Goals (UNSDG).

Key Achievements of Our ESG Efforts



Governance For Resilience

- **Female Representation**
 - NBK Group Board: 9%
 - NBK France Board: 17%
 - NBK UK Board: 25%
 - NBK Egypt Board: 22%
- **Launched E-KYC Service aimed towards enhancing AML and CFT Compliance**
- **During 2023, NBK adopted the following measures to handle climate and ESG related risks and opportunities**
 - The Board approved the Group ESG Strategy, setting a formal implementation mandate.
 - ESG metrics have been integrated into the Board and Executive Management's responsibilities
 - A scenario analysis was conducted on the loan portfolio
 - Developed portfolio and sector emission risk heat maps
 - An approved ESG Governance Structure and Framework outlined responsibilities to the Executive Management and embedded ESG into policies and processes
 - A Sustainability & Climate Change Committee, headed by the Vice Chairman & GCEO, has been established
 - Five Sustainability Sub-Committees have been created, delegating ESG roles to the Executive Management
 - The bank joined the UNGC to enhance international alignment and stakeholder engagement
 - A TCFD alignment pre-assessment process has been initiated and includes capacity-building workshops

Responsible Banking

- **Sustainable Finance:**
 - Approximately USD 3.65 billion Sustainable Assets
 - Expanded bank offerings to Eco-friendly EV and Housing Loans
 - Updated procurement policies to include ESG principles
- **Energy Management**
 - Reduced electricity consumption by 5.75% YoY and 15.8% compared to our baseline year (2021) through proactive energy management
 - Approved solar panels installation in 24 branches by 2025
 - Installed Building Energy Management System (BEMS) in 22 local branches
- **Climate Change and Decarbonization**
 - Reduced overall disclosed GHG emissions by 10.43% compared to baseline year (2021)
- **Resource Efficiency**
 - Recycled 99.25 metric tons of paper (87% of total paper usage)
- **Responsible Procurement**
 - NBK has revised its Procurement Policy with the inclusion of ESG, implementing a more sustainable procurement strategy and methodology.
 - Local suppliers comprised 70% of NBK's total suppliers and 84% of the total procurement spending

Capitalizing on Our Capabilities

- Diversity, Equity, and Inclusion**
 - Women representation reached 44% of the total workforce, with 28.8% in managerial positions
 - Awarded by MEED: "Best Implementation of Diversity & Inclusion Initiatives"
- Employee Development**
 - Provided Sustainability Champions across the Bank with training on Global Reporting Initiative (GRI) Standards
 - Introduced the Sustainability Essentials Training Program Group-wide, enhancing employees' understanding of key sustainability concepts
- Employee Engagement and Wellbeing**
 - Implemented an Employee Grievance Policy, accessible to all employees via the NBK Group Website
 - Launched the Employee Engagement Survey "Your Voice Matters" in 2023 to foster a better and more inclusive workplace
- Digital Transformation**
 - Introduced a new mobile banking experience titled "Tailored for You," offering NBK Customers the latest digital services

Investing in Our Communities

- Community Development**
 - Community Investments totalled KD 28 million in 2023 (USD 91 million), a 22% increase from 2022
 - Committed KD 3.0 (USD 9.8) million for the restructuring of Shuwaikh Beach Waterfront in line with NBK's corporate responsibility and sustainability principles
 - NBK organized a Media Awareness Workshop on Sustainability and Climate Change, the first-of-its-kind in Kuwait
 - "Best Bank for Corporate Responsibility in the Middle East 2023" by Euromoney
- Financial Inclusion**
 - Launched new designs for all our cards aligned with our inclusivity goals, including design themes especially for the visually impaired
 - Launched the "Bankee" financial literacy program in Kuwait's schools, with 15,940 students and around 3,400 teachers participating
- Women Empowerment**
 - Excellence in Inclusion, Equity, and Diversity Bronze Winner for NBK RISE by SHRM
 - Awarded by MEED: "Best Initiative for Women in Business"
 - Launched "She's Next" initiative in partnership with VISA, a global advocacy program that aims to support women-owned small businesses
- Nationalization**
 - Continued efforts to support and nurture local talent. As of 31 December 2023, Nationalization rate was 76.7%
 - Launched the NBK Tech Academy in 2023, offering innovative digital transformation programs for Kuwaiti youth

Data Performance Tables

Governance For Resilience

Disclosure Metric	NBK Performance	ESG Category
Percentage of Independent Board Members	36%. The Board has 11 members and of these, 4 are independent.	Governance
Percentage of Board Members with Industry Expertise	91%. 10 out of 11 Board Members have substantial industry expertise.	Governance
Percentage of Board Members with ESG Credentials/Experience	100%	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 2023	Average Board Member attendance rate: 93%	Governance
Female Director	9% (1 out of 11 members)	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	81 cases of breach of Code of Conduct. Action plan has been assigned to business units to measure the staff incidents and encourage the employee's awareness of the bank policies and procedures. NBK had zero confirmed Whistleblowing cases and incidents reported in 2023.	Governance
Corruption Risk Exposure & Controversies	Zero incidents related to corruption and bribery have been confirmed in the year 2023. Two incidents related to money laundering and one incident of fraud have been confirmed in the year 2023.	Governance
Percentage of long-tenured, aging Directors suggests a problem with Board entrenchment	No. In line with the CBK's guidelines, NBK selected 11 members for its Board for a three-year term, which included two extra independent members, bringing the total of Independent members to four.	Governance
Composition of the board fails to include any female directors	No. 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, every single member (100%) of the NBK Board Audit Committee (BAC) possesses expertise in either accounting or financial management.	Governance
Audit committee lacks at least one non-executive member who has substantial industry knowledge	No, every single member (100%) of the NBK 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. Our Nomination and Remuneration Committee assists the Board in setting up the Group's remuneration framework and ensures effective implementation in accordance with Group remuneration policy.	Governance

Disclosure Metric	NBK Performance	ESG Category
The nomination committee chair is not independent of management or other interests	No, the Chair of NBK's Board Nomination and Remuneration Committee (BNRC) operates independently and is not influenced by management or other interests.	Governance
Whistleblower Protection	Yes, NBK maintains a Whistleblowing Policy that is available to all its employees. Any complaint under this policy is directed straight to the Chairman of the Board. The details are kept undisclosed and filed anonymously for the protection of the employee. This system is also periodically reviewed by the Group Internal Audit.	Governance
Policies Related to Anti-Money Laundering	Yes, we do operate an independent AML/CFT unit which directly reports to the BRCC. Additionally, the AML/CFT Policy, Anti-Fraud Policy, and Anti-Bribery and Corruption Policy that we follow are reviewed each year and given approval by the Board.	Governance
Employee Training on Ethical Standards	Yes, it's mandatory for all employees to undergo yearly or bi-yearly training to fully comprehend and acknowledge NBK's expectations and commitments. These training sessions include, but aren't limited to topics on Legal Compliance, Code of Business Ethics and Conduct, Anti-Corruption and Bribery, and Anti-Money Laundering.	Governance
Regular audits of ethical standards	The Group Internal Audit annually carries out an audit on Corporate Governance, in line with the Central Bank of Kuwait's requirements. This audit by Group Internal Audit encompasses the review of the Bank's policies and practices related to ethics.	Governance
Incorporation of links to sustainability performance in its current executive pay policies	Yes, NBK has incorporated ESG benchmarks into the KPIs of its executive management members.	Governance
Board & Executive Management Responsibility & Oversight of ESG	<ul style="list-style-type: none"> Integrated ESG metrics into the Board of Directors', Board Sub-Committees, and Executive Management's responsibilities, oversight, charters, and affairs Finalized and approved the new Group ESG Strategy 	Governance
Management or ESRM Integration and Risk Management	NBK is in the process of developing a bank-wide Environmental & Social Risk Management (ESRM) Framework.	Governance
Support SDGs (United Nations Sustainable Development Goals)	Identified SDGs pertinent to NBK business and strategy pillar of Governance for Resilience.	Governance

Responsible Banking		
Disclosure Metric	NBK Performance	ESG Category
Sustainable Finance	Approximately USD 3.65 billion Sustainable Assets	Governance Environment
Financing Environmental Impact	<ul style="list-style-type: none"> Updated procurement policies to include ESG principles We've added ESG considerations into our credit reviews for corporate clients. 	Environment
Environmental Finance Opportunities	<ul style="list-style-type: none"> Expanded bank offerings to Eco-friendly EV and Housing Loans Exploring opportunities in environmental finance within the Sustainable Financing Framework of NBK 	Environment
Controversies	None	
Reducing GHG Emissions	<ul style="list-style-type: none"> Established interim goals to reduce gross operational emissions by 25% by 2025. Committed to achieve Carbon Neutrality by 2060 Approved solar panels installation in 24 branches by 2025 10.43% reduction in overall disclosed GHG emissions compared to baseline year (2021) 	Environment
Energy, and Resources Management	<ul style="list-style-type: none"> Reduced electricity consumption by 5.75% YoY and 15.8% compared to our baseline year (2021) Approved solar panels installation in 24 branches by 2025 Recycled 99.25 metric tons of paper (87% of total paper usage) 	Environment
Supply Chain ESG	<ul style="list-style-type: none"> Updated procurement policies to include ESG principles NBK supports local businesses and small and medium-sized enterprises (SMEs). We also use ESG-related criteria in procurement decisions and Vendor Sourcing. All NBK vendors are required to sign the Vendor Declaration Form, where clauses related to Human rights are included. 	Social Environment
Support SDGs (United Nations Sustainable Development Goals)	Identified SDGs pertinent to NBK business and strategy pillar of Governance for Resilience.	Social Environment

Capitalizing on Our Capabilities

Disclosure Metric	NBK Performance	ESG Category
Human Capital Development Strategy	NBK ESG Strategy is committed to driving sustainable business growth through organisational resilience. This includes major initiatives such as promoting diversity, equity, and inclusion, increasing employee engagement, and establishing development programs. NBK also focuses on nurturing local talent and fostering a digital and agile work environment.	Social
Management Score Category: Distribution & Outreach	<ul style="list-style-type: none"> Digitalization is fundamental to NBK's business strategy, which is implemented via our digital transformation strategy. Throughout 2023, NBK developed various customer-centric digital solutions and large-scale projects, such as switching to QR codes to reduce use of paper, Customer 360, e-KYC 	Social
Human Capital Development Programs and Initiatives	<ul style="list-style-type: none"> Initiatives like the NBK RISE, an international leadership program aiming to promote women to more prominent leadership positions, continue to be implemented NBK is increasingly investing in talent by providing specialized programs at all levels. These include the NBK Academy, where high potential local graduates are selected and prepared for their careers, Middle Management Programs, and Executive Education Partnered with Wara Hospital to offer staff expert health advice on-site, promoting employee wellness 	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"> NBK, in cooperation with IE Business School in Madrid, conducted six masterclasses under the "High Fliers" leadership development program NBK maintains an organizational Succession Plan, which is evaluated yearly by the BOD and BNRC NBK assesses employee performance based on KPIs tailored for each role We hold official Midyear Review discussions, giving managers and employees the chance to identify and tackle any potential improvement areas prior to the annual formal appraisal conversations Every employee, except those who have been with us for less than six months, receives a career review in the second half of the fourth quarter of each fiscal year NBK carries out an Employee Engagement Survey, aimed at assessing how much employees feel appreciated and engaged in their daily tasks. This survey is conducted once every two years and was last conducted in Q3 2023 	Social
Human Capital Development Performance: Employee Turnover	13.9% annual employee turnover	Social
Human Capital Development Performance: External Recognition	Awarded the "Best Implementation of Diversity & Inclusion Initiatives"; The Brandon Hall Bronze Award for Best Compliance E-learning Program	Social
Human Capital Development Performance: Gender Equity	Representation of women in workforce 44%, and women in managerial positions 28.8%	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	0 M&A activity impacting >10% of workforce or >1000 employees	Social
Controversies: <ul style="list-style-type: none"> Labour management controversies Collective bargaining controversies Discrimination and workforce diversity controversies 	<ul style="list-style-type: none"> 0 Labour management controversies 0 Collective bargaining controversies 0 Layoffs in the last three years that affect more than 10% of workforce or more than 1,000 employees 	Social
Support SDGs (United Nations Sustainable Development Goals)	Recognized SDGs that are important for the NBK's strategy pillar, Capitalizing on our Capabilities	Social

Investing in Our Communities

Disclosure Metric	NBK Performance	ESG Category
Access to Finance: Products and Strategy	<ul style="list-style-type: none"> NBK ESG Strategy aims to enhance communities by promoting financial security, exceptional customer service, local talent, community investment, and balanced economic growth NBK's AI Amil product segment offers a debit payroll card for low-wage employees, allowing them to withdraw cash from NBK's ATM networks. As of 2023, there were 41,602 active AI-Amil cards 	Governance Social
Management Score Category: Distribution & Outreach	<ul style="list-style-type: none"> NBK actively connects with customers via multiple social media channels to boost meaningful interactions. This includes educating customers about data and cyber security, financial fraud prevention, health and safety guidelines, confidentiality, disclosures, NBK policies, CBK regulations, and more. NBK's social media engagement surpassed 3.2 million on all platforms in 2023 NBK is also actively involved in the Central Bank of Kuwait's "Let's Be Aware" campaign, focusing on raising awareness on critical financial and data security matters 	Social
Management Score Category: Performance	<ul style="list-style-type: none"> In 2023, SME lending totalled KD 20.27 (USD 66.08) million, a 12% increase from 2022. Nationalization rate in NBK Kuwait currently stands at 76.7% Community investments totalled KD 28 (USD 91) million in 2023, a 22% increase from 2022 Launched the 'Bankee' financial literacy program in public and private schools In May 2023, NBK collaborated with Visa on 'She's Next' initiative, a global advocacy program that aims to support women-owned small businesses <p>External Recognition:</p> <ul style="list-style-type: none"> Received "Best Bank for Corporate Responsibility in the Middle East 2023" MEED awarded NBK's Tech Academy the "Best Youth Programme Initiative 2023" 	Social
Customer Advocacy	<ul style="list-style-type: none"> NBK tracks its Customer Satisfaction ratings and Net Promoter Scores (NPS) and focuses on addressing any customer complaints. In 2023, NBK's overall customer satisfaction rating was an impressive 90% In 2023, our NPS remained high at 63%. Customer Protection: NBK continues to advance its customer protection program, including the enhancement of anti-fraud procedures 	Social
Data Privacy and Security	<ul style="list-style-type: none"> NBK has implemented a Personal Data Privacy Policy and an Information and Cyber Security Policy. These policies meet global standards (ISO27001, PCI DSS, etc.) and apply to all pertinent business operations and subsidiaries As part of its Information and Cyber Security Policy, NBK conducts risk assessments to identify potential threats NBK annually trains all employees on data security and privacy risks as part of its 'Data Protection' compliance programs, which also include external audits of Information Security Policies and Systems 	Governance Social
Support SDGs (United Nations Sustainable Development Goals)	Recognized SDGs that are important for the NBK's strategy pillar, Investing in Our Communities	Social



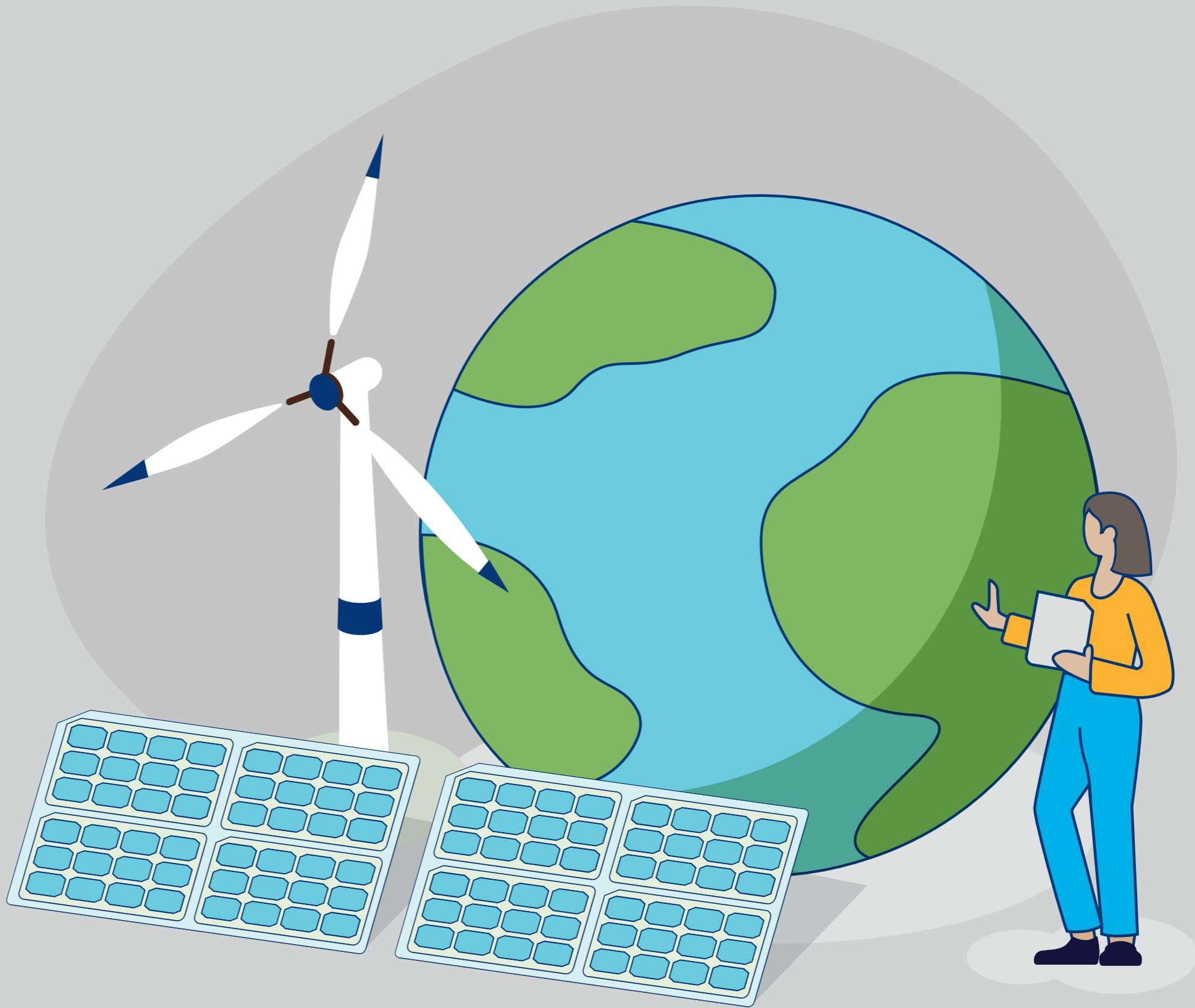
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1 About This Report

2-2, 2-3, 2-22

This section describes the reporting period, boundary, and framework for NBK's 2023 Sustainability Report. This is followed by messages from NBK's Chairman, and Vice Chairman & Group Chief Executive Officer (GCEO).





1.1 Scope of this Report

Reporting Period

NBK's sustainability report summarizes our sustainability strategy, material issues, opportunities, challenges, performance, and progress on the initiatives, for the reporting period January 1 to December 31, 2023. It also brings into focus the commitments we are determined to fulfil going forward.

Boundaries

The boundaries for this report are NBK Kuwait operations unless otherwise stated. As and when deemed necessary, some additional information on ESG matters is highlighted for our overseas subsidiaries and branches, which include: NBK UK (NBKI), NBK France (NBKF), NBK Egypt (NBKE), NBK New York (NBKNY) and NBK Singapore (NBKS).

Framework

NBK's 2023 Sustainability report revolves around what we deem as important in our commitment to sustainability. It has been developed based on NBK's four ESG strategy pillars, representing our commitment to fully integrate sustainability within our core business approach. The report aligns with national and international sustainability frameworks and standards, including the Global Reporting Initiative (GRI) standards, United Nations Sustainable Development Goals (UNSDG), United Nations Global Compact (UNGC), Boursa Kuwait's ESG Reporting Guidelines, and Kuwait Vision 2035.

Basis for Conversion

The United States dollar amounts in this report have been converted using an exchange rate of KD 0.30675 per USD, representing the mid-market rate as of December 31, 2023.

Mistakes and Typographical Errors

If any material errors or typographical mistakes are identified following the publication of the Sustainability Report, they will be rectified and subsequently published on our website.

Additional Resources and Contact Details

The Sustainability Report is complemented by NBK's 2023 Annual Report, which, along with policies and additional information about NBK, can be accessed on the NBK Group's website at <https://www.nbk.com/>

Previous Sustainability Reports are also available on the NBK Group website at <https://www.nbk.com/nbk-group/sustainability/sustainability-reports.html>

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



In the evolving landscape of banking, NBK recognizes the integral role financial institutions play in addressing critical environmental and social challenges. Our commitment to Environmental, Social, and Governance (ESG) elements is fundamental and extends into every aspect of our operational framework including product development, customer service, employee support, and community involvement.

As Kuwait's first locally established bank and the Gulf Region's first shareholding company, our commitment to building trust and delivering outstanding service is consistent. Our ESG initiatives are in line with both Kuwait and GCC regulatory standards, and they also consider the increasing global concern for responsible business practices. In the spirit of transparency, we've prepared our eighth annual Sustainability Report and ESG Factsheet that show our ongoing efforts.

This report outlines our 2023 ESG strategy, highlighting our strategic initiatives, progress towards sustainability goals, and risk management measures for ESG-related issues.

NBK's commitments are reflective of the ambitious objectives outlined in the New Kuwait Vision 2035, which targets to transform Kuwait into a financial and trade hub regionally and internationally. We believe in the alignment of financial success with sustainability practices. Our sustainable finance initiatives embody this philosophy, demonstrating how financial institutions can simultaneously champion both fiscal growth and sustainability.

1.2 Message From NBK's Chairman



“In 2023, we have anchored our ESG strategy framework with a 3-year ESG roadmap that includes our key targets and commitments for 2023 and a provision for our long run ESG journey”

Hamad Mohamed Al-Bahar Chairman

I'm pleased to share NBK's 2023 Sustainability Report, showcasing the progress we've made in our sustainability efforts over the last year.

2023 was another year of NBK's steadfast dedication to sustainable practices, which was marked by the launch of our 3-year ESG Strategy Roadmap. Our roadmap lays out key goals and commitments in areas where we can significantly contribute to a sustainable and just transition to a low carbon economy. These are designed to make positive environmental and social impacts on the communities we serve.

Our commitment to responsible banking includes an aim to become carbon neutral by 2060, an increase in the proportion of energy we source from renewable means, and the incorporation of ESG considerations into our procurement policies. We also plan to engage our clients in discussions about climate transition plans and develop ESG-themed products. Furthermore, we've pledged to support sustainable assets worth USD 10 billion by 2030.

We aim to invest in our employees by enhancing ESG-focused training and setting diversity goals, particularly increase the representation of women in senior roles. We're leveraging digitalization to boost responsible ESG data usage. Our CSR initiatives are structured to align with our ESG strategy while also

supporting national development goals. We also aim to foster deeper conversations around ESG with our stakeholders.

For strong governance, we've set up a Sustainability and Climate Change (S&CC) Committee and sub-committees, operating under the Board of Directors' oversight, to manage ESG-related matters. We have also included ESG considerations in our performance KPIs and promoting group wide ESG training.

Our focus remains on investing in our communities, seeking to improve financial literacy and inclusion. Our corporate philanthropy aligns with the Sustainable Development Goals (SDGs), reinforcing our commitment to applying ESG practices in our customer services.

This is a significant time for NBK as we continue our sustainability journey. Our 3-Year ESG Strategy Roadmap reflects our strong commitments to sustainable practices that benefit all our stakeholders.

On behalf of NBK, I extend my gratitude to all our stakeholders for their consistent support. We're confident that together, we can fulfil our ESG commitments, achieving tangible results towards a sustainable, socially fair future. Let's continue forward to seize the opportunities that our shared commitment to sustainability offers.



1.3 Message From the Vice Chairman & Group Chief Executive Officer

Isam J. Al-Sager
Vice Chairman & Group Chief Executive Officer (GCEO)



"This year marked an important milestone for us in our journey of sustainable finance. We made significant strides in advancing our commitment to ESG, integrating it more comprehensively into our financial operations and strategies"

To all our esteemed stakeholders,

On behalf of the entire NBK family, I am privileged to present to you our 2023 Sustainability Report. This year reflects our continued commitment to Environmental, Social, and Governance (ESG) guidelines, emphasizing the importance of sustainable finance in our operations and aligning our financial performance with sustainability objectives.

We've seen significant progress in our journey that began in 2016, with ESG playing a key role in our business strategies. In response to evolving market conditions and customer needs, we've adjusted our ESG strategy to serve as a blueprint for economic growth and sustainable development.

In 2023, we focused on four key elements of our operations - Governance for Resilience, Responsible Banking, Capitalizing on our capabilities & Investing in our Communities. These serve as the foundation of our updated ESG strategy, which is designed to solidify our position as a reliable entity in the future business setting.

In line with our ESG commitments, and to promote a low-carbon economy, we've implemented the Sustainable Financing Framework, aimed at funding the growth of our sustainable assets to support the progress towards a greener and fairer economy. We've raised the standard of green assets within our portfolio through responsible financing, extending financial support for clean technologies across various sectors aligning with the respective UN SDGs.

Inclusivity remains a priority, with ongoing efforts to promote diversity, equity, and inclusion in the workplace. We've launched several strategic HR initiatives aimed at nurturing and retaining talent within the organization. Strong focus is given to customer

engagement, satisfaction and loyalty as part of our ESG strategy, integrating our mission to serve our community into the overall NBK ethos.

NBK is committed to reaching carbon neutrality by 2060, in line with Kuwait's net-zero ambition. We aim to reduce operational emissions by 25% by 2025, leaning increasingly on renewable energy. As members of the UN Global Compact since February 2023, we commit to upholding its principles on human rights, labour, environment, and anti-corruption. In addition to our continuous dedication in measuring, reporting, and reducing financed emissions, we will implement some additional strategies in 2024 to align our financial services with sustainable practices, ensuring that every financial decision contributes positively to both our stakeholders and the planet.

As we head into this next phase of sustainable finance, we're aware of the potential challenges ahead. Nevertheless, our resolve is strong, and we're determined to take a lead role in the region's transition to a sustainable, low-carbon economy. Thank you for your continued support and engagement as we work collectively towards a greener, fairer future.

1.4 2023 ESG Highlights

Governance for Resilience



Finalized and approved

- New Group ESG strategy
- ESG Governance Structure and Framework

Established management-level Sustainability and Climate-Change Committee

Institutionalized alignment with the recommendations of TCFD

Introduced ESG scoring into corporate clients' credit assessments and creditworthiness evaluations

Capitalizing on Our Capabilities



Launched Sustainability Essential Training Program across the Group

Launched employee engagement survey "Your Voice Matters" to share their opinions and feedback

Established NBK GYM, Sports team and Wara clinic to promote employees' well-being

Responsible Banking



Installed Building Energy Management System (BEMS) in 22 of NBK's local branches

Launched Eco-friendly EV loans and Eco-friendly housing loans for consumers

Committed to environmental finance through our Sustainable Financing Framework

Launched digitalized business cards to reduce use of papers

Investing in Our Communities



New designs for cards, especially for visually impaired

Launched the "Bankee" financial literacy program

Launched NBK Tech Academy, an innovative program in digital transformation

Key sponsor of various events organized by Kuwait Association for Learning Differences (KALD's)



Established management-level
ESG Governance and Risk Committee



USD 10 billion
of Sustainable Assets by 2030



Recycled

99.25 Metric

Tons of paper



Committed to become Carbon Neutral
by 2060



Sustainable Assets

Estimated at **USD 3.65 Billion**



Local procurement spending

84%



Women in Managerial Positions
28.8%



Women in Workforce
44%



ESG training hours
3,306 hours on ESG-related topics with focus on Sustainability Awareness, Sustainable Finance, and Climate Risk Management



Kuwaitization

76.7%



Amount invested into the community

KD 28 Million

2 About NBK

2-1, 2-2, 2-6, 2-22, 2-28

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 2023 economic performance. Finally NBK's memberships, associations, and awards are reflected.



About NBK

Established in the heart of Kuwait City in 1952, the National Bank of Kuwait S.A.K.P. ('NBK' or the 'Bank') stands as the cornerstone of the nation's financial landscape. As the first shareholding company in Kuwait and the Gulf Cooperation Council ('GCC'), NBK has been a steadfast pioneer, establishing itself as the country's longest-serving local bank. With over 70 years of unwavering commitment, NBK has evolved into Kuwait's preeminent financial institution, extending its influence far beyond national borders to captivate regional and global markets. Through a successful digital transformation journey, NBK has seamlessly blended tradition with innovation, earning acclaim and trust among stakeholders. Today, the Bank boasts a network of more than 140 branches spread across 13 countries, spanning 4 continents.

Established by a group of leading Kuwaiti merchants, NBK has retained its core shareholder base since inception. Its shares have been listed on the Kuwait Stock Exchange since 1984.



with a single shareholder (the Public Institution for Social Security) owning more than 5% of the share capital (6.0% as of 31 December 2023). NBK's market capitalization as of 31 December 2023 was USD 23.1 billion.

Renowned for its seasoned and stable management, NBK pursues a clear strategy aimed at strengthening its core business while expanding into new segments and markets. The Bank has consistently achieved remarkable profitability, resulting in robust shareholder returns. This success is underpinned by a portfolio of high-quality assets and a robust level of capitalization.

NBK prides itself in being a comprehensive financial partner, offering a diverse range of products and services. Catering to individuals, corporates, and financial institutions alike, NBK has solidified its position as Kuwait's leading conventional banking Group in terms of assets, customer deposits, and customer loans and advances.

2.1 Purpose and Strategy – Vision, Mission, and Values

Every aspect of our business at NBK—from our business strategy, goals, policies and practices to our day-to-day operations and all interactions with our customers, peers, communities, and other stakeholders—is guided and influenced by our mission, vision, and values.

Vision

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

Mission

- 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

Values

Passion
Integrity
Conservatism
Knowledge

2.2 Regional and International Presence

NBK operates across 13 countries, namely Kuwait, Bahrain, Saudi Arabia, UAE, Lebanon, Iraq, Egypt, UK, France, Singapore, China, Switzerland, Cayman Islands, and the USA, with a focus on the MENA region.

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 the security of our financial services as well as its alignment with ESG aspects.

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

Regular monitoring by regional and global ESG rating agencies attests to NBK's commitment to ESG excellence. This drives us to uphold these high standards and transparently share our ESG-related actions and progress with investors. By keeping the lines

ESG Ratings by Different Agencies:



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



Constituent of the FTSE4Good Index Series



"C" score for 2023 for both the Climate Change and Forests Categories



Listed on FTSE Arab Federation of Capital Markets Low Carbon Select Index



NBK is at medium risk (27.4) of experiencing material financial impacts from ESG factors



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

2.3 Product Portfolio

As a comprehensive financial institution, NBK offers a variety of financial services and products to its customers, catering to their ever-increasing and changing needs. Based in Kuwait City (on Al Shuhada Street, Sharq), NBK operates diversely, this framework includes (i) Consumer Banking, (ii) Corporate Banking, (iii) NBK

Wealth, (iv) Islamic Banking (through subsidiary Boubyan Bank), (v) Group Center and (vi) International Banking. Further, NBK runs its Investment Management through its subsidiaries; NBK Banque Privée (Suisse) S.A. and Watani Wealth Management Company.

Consumer Banking	Corporate Banking	NBK Wealth	Islamic Banking	Group Center	International Banking
Provides a diversified range of products and services to individuals. The range includes consumer loans, credit cards, deposits, foreign exchange and other branch related services.	Provides a comprehensive product and service offering to business and corporate customers, including lending, deposits, trade finance, foreign exchange and advisory services.	Provides a full range of asset management, custody, brokerage, lending, deposits and other customized and innovative banking services to high net worth individuals and institutional clients across the Group.	Represents the financial results of Boubyan Bank K.S.C.P., the Islamic banking subsidiary of the Group.	Includes treasury, investments, and other defined Group activities. Treasury provides a comprehensive range of treasury services and products to its clients, and is also responsible for the Bank's liquidity and market risk management. Group Center includes any residual in respect of transfer pricing and inter segment allocations.	Provides a broad range of products and services including lending, deposits, trade finance etc. to corporate and individual customers at Group's overseas locations.

2.4 Economic Performance

NBK boasts a solid history of consistent and robust financial performance, a fact that stands true even in the face of global challenges. Investing in the future remains a priority for NBK, with a particular focus on innovation and digital transformation to expand the business. A sustained record of strong financial

performance bolsters our ability to continue our tradition of solid business practices, generate superior returns for shareholders, and make meaningful contributions to the communities where we operate.

A summary of NBK's financial performance for the 2023 year is provided in the table below:

FY 2023	KWD million	USD million
Total Assets	37,665	122,787
Total Equity	3,884	12,015
Net Operating Income	1,167	3,804

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/investor-relations/latest-annual-report.html>

NBK's Financial Statements:

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



2.5 Memberships, Associations, and Awards



Several accolades, on a global scale, were bestowed upon NBK in 2023. The following list is a summary of those achievements.

Awards and Accolades



- Best SME Bank Award - Kuwait 2023
- Best Private Bank for Sustainable Investing - ME 2023
- Best Foreign Exchange Provider - Kuwait 2023
- Best Foreign Exchange Provider - ME 2023
- Best Bank in Kuwait 2023
- Best Trade Finance - Kuwait 2023
- Best Bank for Cash Management in Kuwait 2023
- Top Innovations in Finance in Kuwait 2023 - Mobile Banking / Apps
- Best Financial Innovation Lab in Kuwait for 2023 - NBK Group Digital Office
- Best Consumer Digital Bank in Kuwait 2023
- Best Online Product Offerings - Kuwait 2023
- Best Bill Payment and Presentment - Kuwait 2023
- Best User Experience (UX) Design - Kuwait 2023
- Best Mobile Banking App - Kuwait 2023
- Best in Social Media Marketing and Services - Kuwait 2023
- Best Innovation and Transformation - Kuwait 2023
- Best Product Offerings - Middle East 2023
- Best Mobile Banking App - Middle East 2023
- Best Innovation and Transformation - Middle East 2023
- Best Consumer Digital Bank - Middle East 2023
- Best Innovation and Transformation - Global 2023

- Best Bank for Corporate Responsibility in the Middle East 2023(Euromoney)
- Best Bank in Kuwait 2023 (Euromoney)
- Best Bank for CSR in Kuwait 2023 (Euromoney)
- Euromoney Cash Management Survey 2023- Kuwait (Euromoney)
- Best Retail Bank - Kuwait 2023 (MEED)
- Best Youth Programme Initiative 2023 (MEED)
- Excellence in Service: Priority Banking 2023 (MEED)
- Best Initiative for Women in Business 2023 (MEED)
- Best Implementation of Diversity & Inclusion Initiatives 2023 (MEED)
- Bankee Program - Bronze (Qorus)
- SME Bank of the Year - Silver (Qorus)
- Digital Payments - Bronze (Qorus)
- Self Service Branches - Gold (Qorus)
- Best Trade Finance 2023 - Kuwait (GTR)
- Excellence in Diversity & Inclusion - Bronze (SHRM)

National and Global Frameworks



Borsa Kuwait ESG Reporting Guidelines



New Kuwait Vision 2035



Global Reporting Initiative (GRI) Standards



United Nations Sustainable Development Goals (UNSDG)



GHG Protocol



United Nations Global Compact (UNGC)



Sustainability Accounting Standards Board (SASB)

3

ESG at NBK

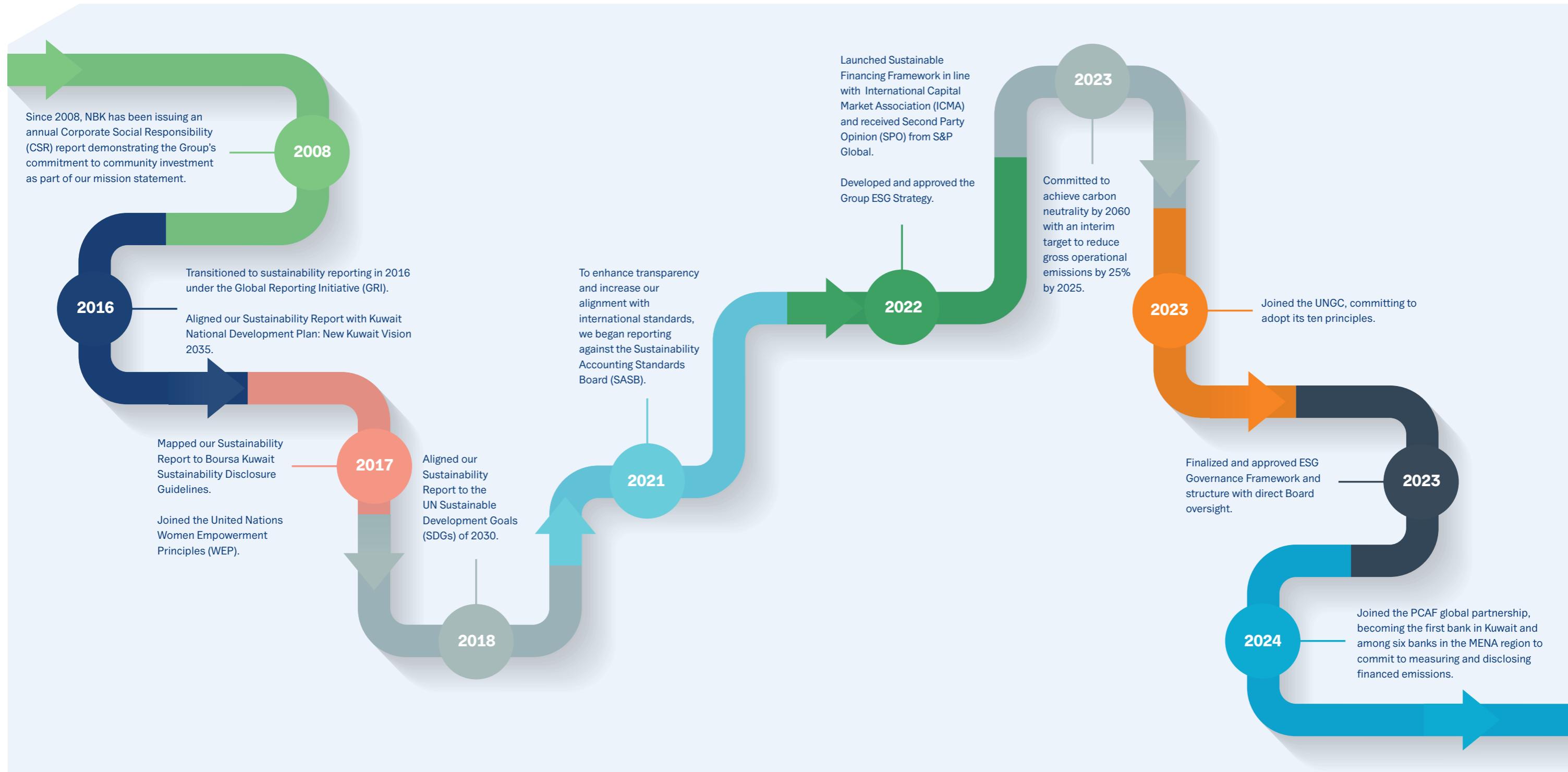
2-14, 2-22, 2-29, 3-1, 3-2

This chapter summarizes our ESG strategy, describes our stakeholder engagement, and offers an illustration of the materiality assessment procedure, its results, and how the relevant topics are in sync with NBK's ESG strategy.

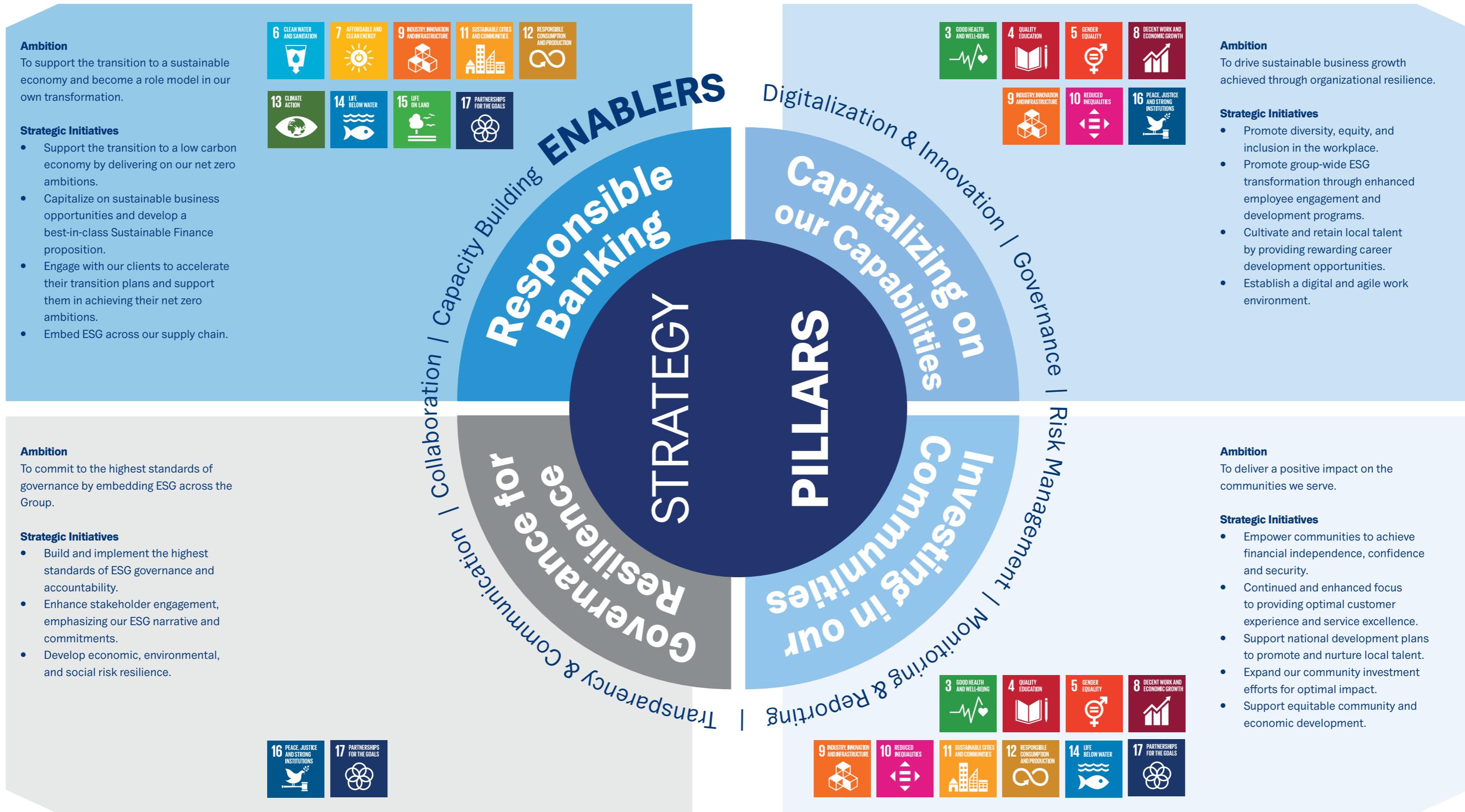


3.1 Our ESG Journey

We've been diligently fortifying our ESG commitments over the years, consciously aligning our aspirations with national objectives.



3.2 Advancing Our ESG Strategy



3.3 Our ESG Strategy Targets and Contribution to SDGs

Our Ambitious 3-Year ESG Strategy Roadmap

The Group's ESG Strategy is supported by key targets and commitments in those areas we have the greatest potential, developed to support a sustainable and equitable transition to a low carbon economy and deliver a positive social impact on people and communities.

2025

Responsible Banking

- Commit to become carbon neutral by 2060.
- Increase percentage (%) of renewable energy sourcing.
- Embed ESG into procurement policies.
- Engage clients on climate transition plans.
- Develop ESG-themed consumer products.
- Commit to USD 10bn of Sustainable Assets by 2030.

MID / LONG-TERM

- Establish science-based targets for scope I, II, & III emissions.
- Develop scientifically-aligned strategy to lower financed emissions.
- Develop sectoral transition policies for key sectors.

SDGs



NBK is taking on a three-year ESG strategy roadmap strengthened by major targets and commitments in areas where NBK can make the most impact. The plan includes short to long-term strategies with trackable objectives and performance indicators. It is aimed to help ease into a low carbon economy and to generate a positive social influence on people and affected groups.



Capitalizing on our Capabilities

- Increase number of training hours for all employees with greater emphasis on ESG.
- Establish employee diversity targets.
- Commit to increase women in Senior Management to 35% by 2035.
- Increase investment spending (\$) in digitalization aimed at improving the responsible use of ESG data.

Investing in our Communities

- Align CSR policy, focus areas, and initiatives with the Group ESG strategy and industry leading practices.
- Continue social responsibility contributions, strategically aligned with SDGs.
- Increase engagement rate (%) with consumers and the public on ESG.
- Support nationalization targets in line with national development plans.

Governance for Resilience

- Sign up to the UN Global Compact (UNG).C.
- Establish Sustainability Committee and specific Working Groups with BOD oversight.
- Conduct scenario analysis on loan portfolio.
- Develop portfolio and sector emission risk heat maps.
- Establish strong ESG governance measures by embedding ESG into policies and processes.

MID / LONG-TERM

- Establish ESG-driven performance KPIs for key business and support functions.
- Deliver Group-wide ESG capacity building and training.

- Develop strategic initiatives on financial inclusion and financial literacy.
- Increase corporate philanthropic and social responsibility spending in line with the SDGs.
- Incorporate ESG in consumers' journey, advise, and offerings.

- Link ESG to executives' balance scorecard.
- Establish ESRM framework and related policies.
- Prepare for alignment with the ISSB S1 and S2 new standards.
- Implement Task Force on Climate - related Financial Disclosures (TCFD) and Equator Principles frameworks.
- Adopt UNEPFI Principles for Responsible Banking (PRB).



At NBK, we believe that progress in ESG not only aligns with our business and strategic goals but is also crucial for integrating ESG-related risks and opportunities into our overall strategy, managerial processes, and offerings. Operating within a dynamic landscape with evolving ESG challenges, we remain committed to continuously enhancing our approach. Currently, our ESG strategy is built upon four interconnected pillars: Governance for Resilience, Responsible Banking, Capitalizing on our Capabilities, and Investing in our Communities.

In every decision we make, we prioritize actions aimed at reducing environmental impacts, promoting diversity,

Our commitment to ESG is demonstrated through various initiatives under our 4 ESG Strategic pillars presented here below:

Governance for Resilience:

1. Finalized and approved the new Group ESG Strategy.
2. Finalized and approved ESG Governance Structure and Framework that assigns ESG responsibility across members of the Executive Management.
3. Established management-level Sustainability Committee headed by the Vice Chairman & GCEO and with direct oversight from the Board of Directors.
4. Joined the United Nations Global Compact (UNGC). The Bank's first Communication on Progress (COP) is due July 2024.
5. Developed ESG Policy to orchestrate the Bank's sustainability activities and drive accountability across the Group network.
6. Remained constituents in Refinitiv AFE Low Carbon Select Index MENA.
7. Accounted for climate change risks in the Pillar II Assessment presented in the ICAAP regulatory report.
8. Institutionalized alignment with the recommendations of Taskforce on Climate-related Financial Disclosures (TCFD).

Responsible Banking:

1. Committed to become carbon neutral by 2060 and set an interim target to reduce gross operational emissions by 25% by 2025.
2. Installed Building Energy Management System (BEMS) in 22 of NBK's local branches to monitor, control, and optimize the Bank's energy and water consumption.
3. Committed to USD 10 billion Sustainable Assets by 2030. As of 31 December 2023, the Bank has around USD 3.65 billion of Sustainable Assets.
4. Launched Eco-friendly Auto Loan and Eco-friendly Housing Loan for consumers.
5. Reviewed and updated the Bank's Procurement policies to embed ESG-related principles in its vendor sourcing and management processes.
6. NBK Egypt concluded an operational carbon footprint exercise for the years 2021-2022 and is currently engaged on FY 2023 GHG footprint in line with Central Bank of Egypt regulations.

empowering societies, and ensuring compliance with all applicable laws and regulations. ESG considerations serve as the cornerstone of NBK's operations.

Furthermore, we adhere to guidelines established by numerous global and national frameworks, including the Global Reporting Initiative (GRI), Carbon Disclosure Project (CDP), United Nations Sustainable Development Goals (SDGs), New Kuwait Vision 2035, Sustainability Accounting Standards Board (SASB), CBK circular for local banks on Sustainable Finance, and GCC Stock Exchanges ESG Disclosure Guidelines.

Capitalizing on Our Communities:

1. Women in workforce 44%, women in management 28.8%.
2. Provided key Sustainability Champions across the Bank with a Global Reporting Initiative (GRI) Standards training program.
3. Launched Sustainability Essentials Training Program across the Group, providing employees with capacity building on key sustainability concepts.
4. In 2023, launched wellbeing modules on NBK Learning Hub.
5. Developed an Employee Grievance Policy, which was circulated to all employees and published on NBK Group Website.
6. In an effort to make NBK a better and inclusive workplace, launched the Employee Engagement Survey "Your Voice Matters" 2023.
7. Launched new mobile banking experience for NBK customers themed "Tailored for You", to provide them with the latest and most advanced digital services.



Investing in Our Communities:

1. Launched new designs for all our cards with customer-tailored features, including design themes especially for the visually impaired.
2. Launched the "Bankee" financial literacy program in Kuwait's schools, with 15,940 students and 3,400 teachers participating.
3. Community Investments totalled KD 28 million in 2023 (USD 91 million), a 22% increase from 2022.
4. Committed KD 3.0 (USD 9.8) million for the restructuring of Shuwaikh Beach Waterfront in line with NBK's corporate responsibility and sustainability principles.
5. Launched "She's Next" initiative in partnership with VISA, a global advocacy program that aims to support women-owned small businesses.
6. Continued efforts to support and nurture local talent. As of 31 December 2023, Nationalization rate was 76.7%.
7. NBK organized a Media Awareness Workshop on Sustainability and Climate Change, the first-of-its-kind in Kuwait.
8. Renewed its sponsorship of the Kuwait Dive Team (KDT) for the second year in a row, with the aim of rehabilitating and protecting Kuwait's marine environment and ecosystem. In 2023, removed 150 tons of plastic, discarded fishing nets, and shipwreck from Kuwait's bays and coasts, an eight-fold increase from 2022.
9. Awarded "Best Bank for Corporate Responsibility in the Middle East 2023" by Euromoney.

3.4 Stakeholder Engagement

NBK acknowledges the crucial role of stakeholder engagement across all aspects of its business. This report highlights the importance of these relationships in shaping our sustainability priorities, and in guiding our ESG strategy and reporting. We consider anyone who is affected by, or could be influenced by, our activities, products, or services as a relevant stakeholder.

NBK sees stakeholder engagement as a fundamental way to hold itself accountable. This involves considering stakeholder perspectives to address sustainability issues and making sure to communicate our decisions and performance to them.

NBK is aware that stakeholders have different needs and often have varying interests and concerns. NBK follows the stakeholder engagement principles and methodologies defined by several internationally recognized standards, including the GRI Standards and AccountAbility 1000 Stakeholder Engagement Standard



(AA1000SES), among others. A range of engagement approaches have been used to gauge stakeholder needs and priorities, gather input, solicit ideas, encourage dialogue, and collaborate on solutions.

NBK's stakeholders are divided into internal and external groups. When engaging with them, NBK pinpoints the "mandate, mechanism and ownership" of this engagement to ensure it is handled effectively. The stakeholders we involve and how we engage with them can vary depending on the purpose and scope of the engagement, identification of stakeholder group, its definition, and impact, stakeholder selection criteria and methodology, channel or method of communication, frequency of engagement and the initial material topics identified. 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.

Stakeholders	Needs and Expectations	Engagement Channels	Selected Impact of Engagement	Relative Engagement Frequency
External Stakeholders				
Governments and Policy makers	Environmental, social, governance, and economic related compliance	<ul style="list-style-type: none"> Events Phone calls Meetings Reports Press releases 	Maintaining engagement with government entities would ensure transparency and compliance with applicable laws and regulations.	<ul style="list-style-type: none"> Ongoing (ad-hoc) Monthly Quarterly Annually
Standard setters	Enhanced consistency and comparability of environmental, social, and governance related factors	<ul style="list-style-type: none"> Press releases Reports Standards / principles publications 	Standard setters form a crucial part of the sustainability ecosystem, and influences NBK's ESG performance. NBK is constantly updated on the developments published by international frameworks and guidelines it commits to in order to ensure international alignment of its practices.	Ongoing

Stakeholders	Needs and Expectations	Engagement Channels	Selected Impact of Engagement	Relative Engagement Frequency
External Stakeholders				
Customers	Quality, affordability, accessibility, timeliness, and financial and data security	<ul style="list-style-type: none"> Annual reports Marketing campaigns Mobile banking Social media Press releases Customer satisfaction surveys Complaints management 	<p>Ensuring our customers are engaged and satisfied which results in varied positive outcomes across our business practices and overall success.</p> <p>This also includes safeguarding customer privacy by increasing customer awareness on fraud, confidentiality, and anti-money laundering practices.</p>	<ul style="list-style-type: none"> Ongoing (ad-hoc) Annually
Shareholders, Investors	Strong corporate governance, systemic risk management, transparency, stable financial returns	<ul style="list-style-type: none"> Annual reports Press releases Public disclosures Annual General Meeting (AGM) Analyst calls Investor meetings, conferences, and roadshows 	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"> Ongoing (ad-hoc) Quarterly Annually
External ESG Raters	Transparency on ESG performance	<ul style="list-style-type: none"> Surveys Annual reports Press releases Public disclosures Conferences and webinars 	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"> Ongoing (ad-hoc) Annually
Suppliers	Business relationship building and business compliance	<ul style="list-style-type: none"> Meetings Reports Letters, contracts, and documentations Policies 	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"> Ongoing (ad-hoc) Annually
Local Community Organizations	Community empowerment and contribution achieved through strategic partnership	<ul style="list-style-type: none"> Events and initiatives Social media Press releases Reports Meetings 	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"> Ongoing (ad-hoc) Annually

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"> Events and initiatives Social media Press releases Training Reports 	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, the UN Sustainable Development Goals, and ESG-related guidelines from the Central Bank of Kuwait (CBK).	• Ongoing (ad-hoc)
Internal Stakeholders				
Employees	Well-being, professional and personal development, equal opportunity, satisfaction, and engagement	<ul style="list-style-type: none"> Human Resource platforms and communications Training Official letters, contracts, and documentations Emails Helpdesk Employee evaluations Employee engagement surveys "Your Voice Matters" Policies 	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"> Ongoing (ad-hoc) Semi-annually Annually
Management	Ethical and transparent governance coupled with an engaged and satisfied workforce geared towards achieving sustainable business growth.	<ul style="list-style-type: none"> Human Resource platforms and communications Training Official letters, contracts, and documentations Emails Evaluations 	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"> Ongoing (ad-hoc) Monthly Quarterly Annually

3.5 ESG Strategy Alignment to Material Topics

NBK has formulated its ESG strategy to tackle the critical issues that matter most to our stakeholders and align with our business objectives. The following table provides an overview of our four

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

*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.

**Note: Representative of new material topics identified in 2023 reporting period.

3.6 Materiality Analysis and Rating

Materiality Assessment

In 2023, NBK reaffirmed the findings of materiality assessment undertaken in 2022. This involved interaction with stakeholders through various engagement channels to gather their views on ESG issues of greater importance to them and highest relevance to NBK's operations and business activities. The emerging material topics in the banking sector and sustainability practices were examined and contrasted with global trends and our practices. These topics underwent assessment within ESG frameworks such as GRI, SASB and rating agencies, along with alignment with Kuwait Boursa ESG reporting guidelines and UN SDGs. This refined compilation of topics formed the basis for subsequent interactions with internal and external stakeholders in order to determine actual or potential impact, positive or negative, of the topics on the environment, economy, and people as well as significance to NBK's operations and business activities.

NBK adopted the following process for the materiality assessment refresher:

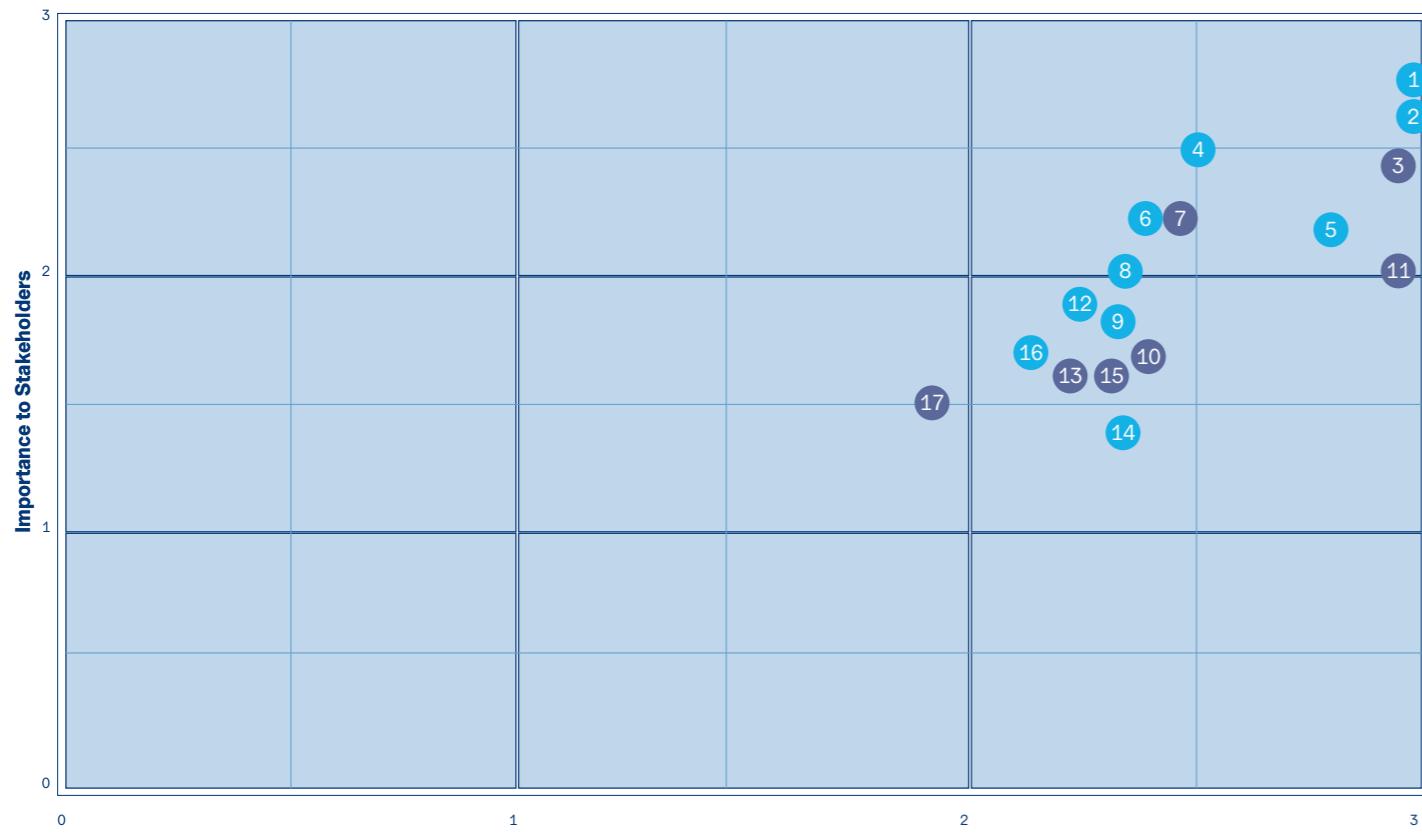
- Material Topics Selection:** Identified a preliminary list of material topics based on emerging topics in the banking sector. NBK assessed the topics against applicable ESG frameworks and standards which the Bank aligns with or is impacted by, rating entities, and national as well as international regulations and guidelines relevant to NBK Group and the jurisdictions it operates within.
- Stakeholder Engagement:** NBK conducted a materiality refresher session with its internal stakeholders to obtain feedback on the material topics identified and assess the significance of these topics on the business. Externally, NBK referred to the information it gathered through various engagement channels described in section 3.4 of the report: Stakeholder Engagement.
- Prioritize Material Topics:** Following the engagement with stakeholders, NBK reviewed the preliminary list of material topics. Based on the feedback and perspectives received, an initial materiality matrix was generated that signals the prioritization of the material topics.
- Validate Material Topics:** NBK validated the material topics prioritized as a result of the refresher session to ensure the bank's ESG strategy and long-term ambitions closely aligned to the material topics that its stakeholders have identified as significant. The materiality matrix was then validated to reflect high priority topics.

Our updated list of material topics expanded on those identified in 2022, incorporating additional crucial matters like Climate Change, Tax Transparency, Anti-Corruption, and Emissions and Decarbonization. This enhances our list to a total of 20 ESG material topics that consider the most significant impacts of our activities and business relationships on the economy, environment, and people. We are committed to reporting our ongoing advancements in these respective areas through our ESG reports and various other platforms to accelerate sustainable development. We recognize that the impact from NBK's activities and business relationships on the economy, environment, and people can have potential positive or negative consequences which can prove to be financially material in the future. To this extent, NBK considers materiality of high importance to NBK's financial performance and long-term success. Following is a detailed explanation of the fresh topics introduced to our materiality list, followed by the list of materiality topics and its importance:

- Climate-related financial risks** form a material issue in the banking sector, as these can impact the safety, soundness, and profitability of banks. For NBK, integrating climate factors into its strategic decisions, such as capital allocations and loan approvals, is a key component of its "Governance for Resilience" pillar - ensuring long-term stability amid environmental challenges. Highlighting how NBK incorporates climate factors into its operations and motivates clients to adopt sustainable practices, showcases its resilience in the face of climate change impacts.
- Tax transparency and anti-corruption standards** are vital to ensure regulatory compliance and to retain stakeholder confidence. For NBK, adhering to these standards aligns with its strategic pillar, "Governance for Resilience". This pillar underpins NBK's commitment to resilience via effective governance, encompassing tax transparency, and anti-corruption. By presenting its policies understandably and showing effective tax risk management, NBK persistently maintains its reputation and resilience amid the changing landscape of the financial sector.
- Emissions and decarbonization** are critical issues for financial institutions, which can significantly influence financed emissions through their lending behaviors. We respect the need for emissions management and decarbonization at NBK, and always evaluate our performance in these areas. These matters correspond to our strategic "Responsible Banking" pillar, which helps us initiate an energy transition by prioritizing funding to clients who are transitioning to renewable energy sources and contributing to the development of green infrastructure.



The following matrix illustrates the results of the materiality refresher based on perceived importance to our stakeholders as well as impact on business:



* Note: The topics highlighted in light blue represent the 10 top material topics prioritized by our stakeholders.



#	Materiality Topics	GRI Alignment	UN SDG's Alignment	Relevance to Strategic Pillar	Relevant Section
1	Risk Management	• GRI 2: General Disclosures 2021	• SDG 9, 11, 13 & 16	NBK's risk management, achieved through good governance, strengthens resilience.	Risk Management
2	Governance, Ethics, and Compliance	• GRI 205: Anti-corruption 2016 • GRI 406: Non-discrimination 2016	• SDG 1, 8, 9, 10, 11, 13, 14, 15, 16 & 17	Good governance fosters banks' resilience through risk management, trust-building.	Governance, Ethics and Compliance
3	Financial Performance	• GRI 2: General Disclosures 2021	• SDG 8	Financial performance indicators, measured by good governance, promote banking resilience.	Financial Performance
4	Digital Transformation	NA	• SDG 8	Digital transformation improves customer experience and enhances our capabilities in scales operations.	Digital Transformation
5	Privacy and Data Security	NA	• SDG 9 & 16	NBK's security measures protect sensitive information, ensuring community trust.	Privacy and Data Security
6	Employee Wellbeing	• GRI 401: Employment 2016 • GRI 403: Occupational Health and Safety 2018	• SDG 3, 8, 11 & 16	Employee wellbeing heightens our capabilities through better service quality, performance, and productivity.	Employee Wellbeing
7	Talent Attraction, Management, and Development	• GRI 401: Employment 2016	• SDG 1, 5, 8, 9, 10, 16 & 17	Effective talent management enhances employees' capabilities, reduces turnover, and saves costs.	Talent Attraction, Management, and Development
8	Customer Experience and Satisfaction	NA	• SDG 8	Optimizing customer experience in banks grows business and invigorates communities.	Customer Experience and Satisfaction
9	Sustainable Finance	• GRI 302: Energy 2016 • GRI 305: Emissions 2016 • GRI 306: Waste 2020	• SDG 7	Financing sustainable activities promotes responsible banking and climate mitigation.	Sustainable Finance
10	Diversity and Inclusion	• GRI 405: Diversity and Equal Opportunity 2016	• SDG 1, 4, 5, 8, 9, 10, 16 & 17	Diversity and inclusion in banks boost innovation, decision-making capabilities.	Diversity and Inclusion
11	Business Continuity and Operational Resilience	• GRI 2: General Disclosures 2021	• SDG 8	Well-managed operational risks in banks contribute to their resilience.	Business Continuity and Operational Resilience

#	Materiality Topics	GRI Alignment	UN SDG's Alignment	Relevance to Strategic Pillar	Relevant Section
12	Nationalization	<ul style="list-style-type: none"> GRI 202: Market Presence 2016 	<ul style="list-style-type: none"> SDG 8 & 10 	NBK's diversity recruitment programs enhance workforce representation in communities.	Nationalization
13	Financial Inclusion, Accessibility, and Literacy	<ul style="list-style-type: none"> GRI 413: Local Communities 2016 GRI 404: Training and Education 2016 	<ul style="list-style-type: none"> SDG 10 	NBK's equal pay policies reflects about the bank's fairness, and equality in communities.	Financial Inclusion, Accessibility, and Literacy
14	Women Empowerment	<ul style="list-style-type: none"> GRI 405: Diversity and Equal Opportunity 2016 	<ul style="list-style-type: none"> SDG 5 & 10 	NBK's women empowerment commitment aligns with UN standards, transforming communities.	Women Empowerment
15	Environmental Footprint from Operations	<ul style="list-style-type: none"> GRI 302: Energy 2016 GRI 305: Emissions 2016 GRI 306: Waste 2020 	<ul style="list-style-type: none"> SDG 6, 14 & 15 	Financing sustainable projects aids responsible banking, reducing environmental impact.	Greenhouse Gas (GHG) Emissions
16	Community Development	<ul style="list-style-type: none"> GRI 413: Local Communities 2016 	<ul style="list-style-type: none"> SDG 1, 2, 3, 8, 11 & 17 	NBK's financial services to small businesses stimulate community economic growth.	Community Development
17	Responsible Procurement	<ul style="list-style-type: none"> GRI 204: Procurement Practices 2016 GRI 308: Supplier Environmental Assessment 2016 GRI 414: Supplier Social Assessment 2016 	<ul style="list-style-type: none"> SDG 1, 10 & 16 	Responsible banking procurement considers environmental, social impacts, and supports communities.	Responsible Procurement

#	New Emerging Topics that Are Material to NBK:	GRI Alignment	UN SDG's Alignment	Relevance to Strategic Pillar
18	Climate Change	<ul style="list-style-type: none"> GRI 302: Energy 2016 GRI 305: Emissions 2016 GRI 306: Waste 2020 	SDG 6, 7, 14 & 15	Governance for Resilience: NBK integrate climate factors into its strategic decisions, ensures long-term stability and resilience amid environmental challenges
19	Tax Transparency and Anti-Corruption	<ul style="list-style-type: none"> GRI 207: Tax 2019 GRI 205: Anti-corruption 2016 	SDG 8, 9, 10, 11, 13, 14, 15, 16 & 17	Governance for Resilience: NBK's transparency, anti-corruption policies, and tax risk management bolster governance for resilience.
20	Emissions and Decarbonization	<ul style="list-style-type: none"> GRI 302: Energy 2016 GRI 305: Emissions 2016 	SDG 6, 7, 14 & 15	Responsible Banking: NBK's support for green transitions echoes commitment to responsible banking.



4

Governance For Resilience

[2-9, 2-10, 2-11, 2-12, 2-13, 2-14, 2-15, 2-17, 2-18, 2-19, 2-20, 2-23, 2-24, 2-26, 2-27, 201-1, 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.



2023 Highlights

- **Female Representation**
 - NBK Group Board: 9%
 - NBK France Board: 17%
 - NBK UK Board: 25%
 - NBK Egypt Board: 22%

- Launched E-KYC Service aimed towards enhancing AML and CFT Compliance

- During 2023, NBK adopted the following measures to handle climate and ESG related risks and opportunities
 - The Board approved the Group ESG Strategy, setting a formal implementation mandate.
 - ESG metrics have been integrated into the Board and Executive Management's responsibilities
 - A scenario analysis was conducted on the loan portfolio
 - Developed portfolio and sector emission risk heat maps
 - An approved ESG Governance Structure and Framework outlined responsibilities to the Executive Management and embedded ESG into policies and processes
 - A Sustainability & Climate Change Committee, headed by the Vice Chairman & GCEO, has been established
 - Five Sustainability Sub-Committees have been created, delegating ESG roles to the Executive Management
 - The bank joined the UNGC to enhance international alignment and stakeholder engagement
 - A TCFD alignment pre-assessment process has been initiated including capacity-building workshops



Governance for resilience is important to NBK – What makes it so vital?

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

Our Approach

- Committed to supporting the transition to sustainable economy as an integrated core of NBK business strategy
- Committed to developing formal systems to assess and manage climate and ESG-related risks and opportunities
- Committed to developing and integrating the highest standards of ESG governance and accountability across the Group

4.1 Corporate Governance

NBK adheres to strict guidelines, and policies set out by both international corporate governance bodies and the Central Bank of Kuwait (CBK), while also aligning its operations with recognized ESG frameworks, ensuring exemplary governance.

The trust and confidence our stakeholders place in us validate our commitment to their interests through responsible decisions. Detailed insights into our governance framework can be found in our Annual Report 2023 on the official NBK Group website, in addition to the Corporate Governance section.

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

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

In 2023, we enhanced existing and implemented new Standard Operating Procedures (SOPs) that govern our internal processes, thereby improving our governance. We have also upgraded existing and established new Service Level Agreements (SLAs) between various departments. All policies and procedures across the bank are subject to regular review and updates, with the frequency ranging from 1 to 3 years.

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. The first UNGC Communication on the Progress report is anticipated to be published in 2024.

4.1.1 Fair Shareholder Treatment

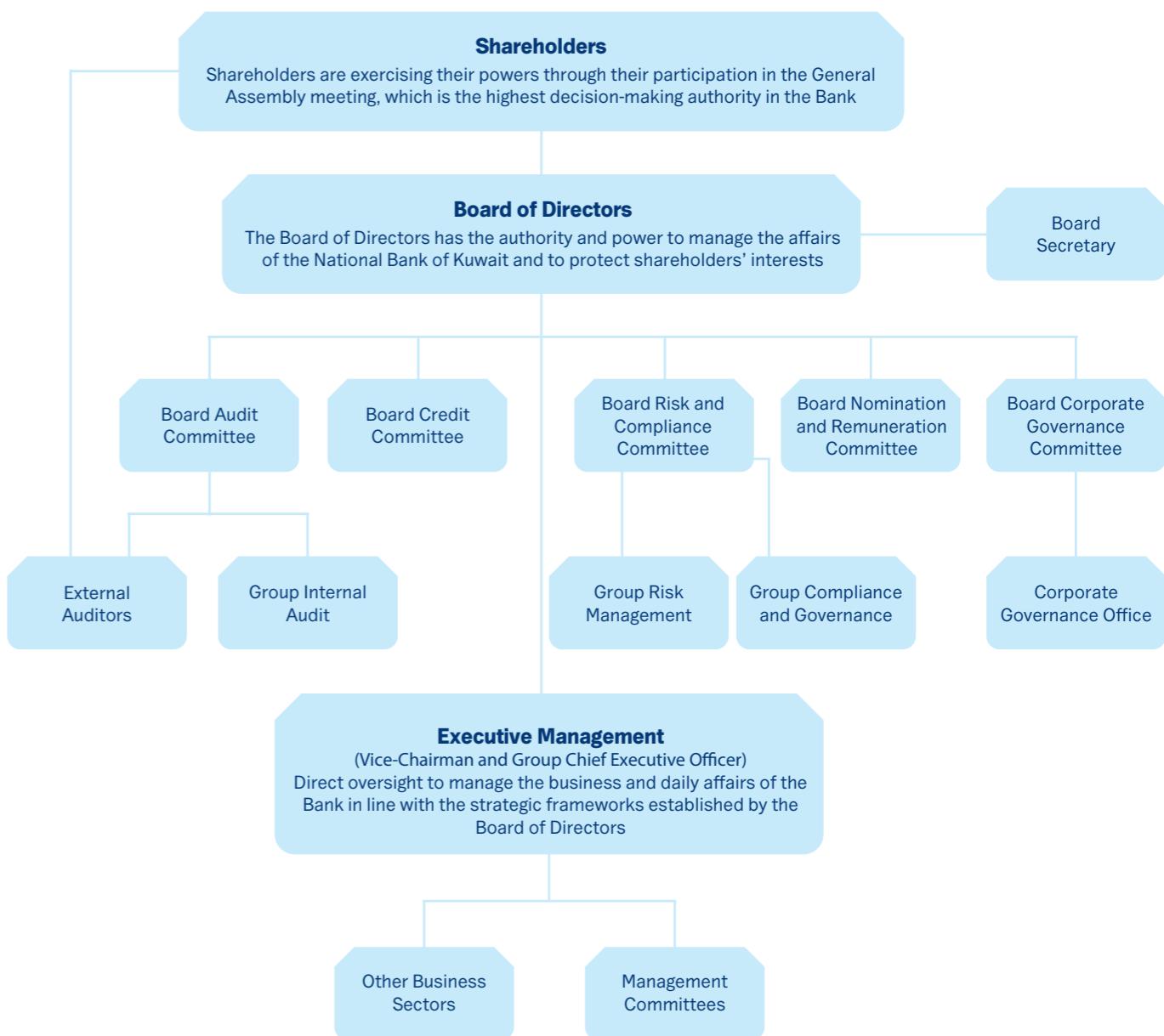
NBK prioritizes the principles of fair and equal treatment for all shareholders and protection of their rights in adherence to our effective Corporate Governance. Under regulatory guidelines and the bank's constitution, NBK guarantees equitability among shareholders, with one major shareholder - The Public Institution for Social Security (PIFFS) who as of 31st December 2023, owns 6.0% of NBK.

We also cultivate open and transparent exchanges with our shareholders, a designated website section ensures easy access to detailed Corporate Governance reports along with critical financial and non-financial data.

Additionally, in compliance with CBK instructions dated 10/9/2019 on Corporate Governance, NBK informs all shareholders about the Annual General Meeting (AGM) and other shareholder meetings promptly. Pertinent details about these are made public under the NBK's approved Corporate Governance policy. Furthermore, NBK discloses AGM invitations including detailed agenda of deliberation and voting items, via the Boursa Kuwait and the Capital Markets Authority (CMA).

4.1.2 Our Corporate Governance Framework

NBK's Corporate Governance Framework is depicted in the following chart.



Our framework ensures overall integrity and efficiency in operations. This comprehensive framework manifests in policy implementation, decision-making protocols, and risk management strategies. This also ensures the rights of stakeholders are prioritized and protected, embodying fair and equal treatment of all.

Key players within this structure include the Board of Directors, management executives, and committees, each bearing crucial responsibilities to execute duties with full accountability.

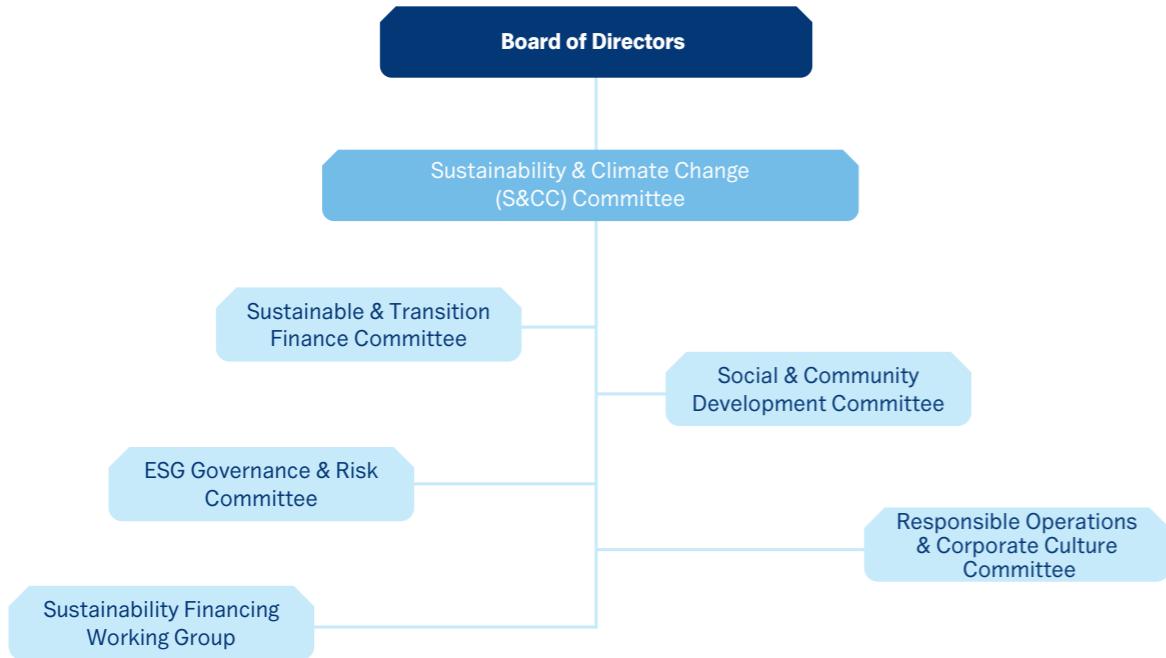
and transparency. They consistently steer the organization towards upholding and fulfilling NBK's responsibilities towards shareholders and stakeholders with a commitment to maintaining public trust.

Moreover, the framework evolves with annual reviews and approval process by the BOD, ensuring its relevance and effectiveness while reflecting adaptations to changing market dynamics, regulatory norms, and stakeholder expectations.

4.1.3 ESG Governance Structure

At NBK, we have specifically created committees that are responsible for monitoring the progress of our emissions reduction initiatives, establishing ESG governance and risk

management controls across operations and portfolios, cultivating an ESG culture across the Bank, maximizing social impact and community engagement, as well as evaluating and endorsing all new proposed use of proceeds of green bonds and other sustainable finance transactions.



In 2023, the BOD approved the Group ESG Strategy supported with a comprehensive and dynamic ESG Governance Framework. The Board is entrusted with the ultimate responsibility of implementing the Group's ESG direction and strategy. Under the Board, the Sustainability and Climate Change (S&CC) Committee stands as the highest authority at the management-level for decisions on ESG-related matters across the Group. The S&CC

Committee oversees five sub-committees, each comprised of members of the Executive Management who are delegated specific ESG roles within their respective areas. Operating under the authority of the S&CC Committee, these sub-committees convene at least once every quarter to ensure optimum performance and goal alignment.

Sub-Committees	Responsibility
Sustainable & Transition Finance Committee	To supervise, manage, and approve the development of sustainable finance value propositions and realization of business opportunities presented by the transition to a low carbon economy, in line with the Group's ESG Strategy and NBK Sustainable Financing Framework. The Committee is also responsible for aligning with and supporting SFWG in fulfilling its responsibilities.
ESG Governance & Risk Committee	To supervise, manage, and approve the integration of ESG matters into the Group's overall governance and risk activities. The Committee is in charge of governing the alignment of the Group's activities with international sustainability frameworks, emphasizing the Group's commitment to transparency and accountability.
Social & Community Development Committee	To oversee and govern the Group's efforts in expanding community engagement and investment, and social considerations for NBK's stakeholders, in line with the Group's ESG Strategy and CSR Policy.
Responsible Operations & Corporate Culture Committee	To supervise, manage, and approve the integration of ESG matters into the Group's own operations, including environmental footprint (operational), supply chain and procurement practices, human capital management, and digital transformation elements, in line with the Group's ESG Strategy.
Sustainable Financing Working Group (SFWG)	To govern the selection and monitoring of eligible projects in line with NBK Sustainable Financing Framework. The SFWG is also responsible for aligning with and supporting the Sustainable & Transition Finance Committee in fulfilling its responsibilities.

The S&CC Committee and its five Sub-Committees convened several times during FY2023 to establish mandate and formalize the ESG Strategy Roadmap for FY2023-2025. The key outcomes from the committees' meetings included:

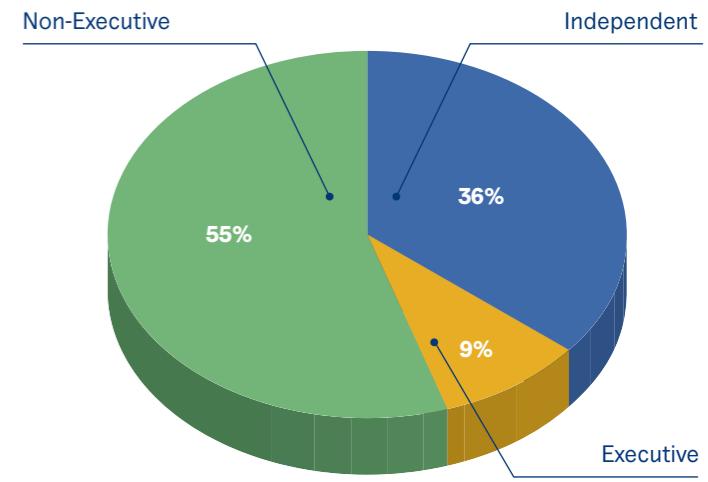
- Orchestrated the development of the ESG Governance Model.
- Approved institutionalizing the development of a Group-wide ESG Policy.
- Authorized the development of a Taskforce on Climate-related Financial Disclosures (TCFD) Manual with the aim of reporting on the TCFD recommendations in FY2024.
- Monitored the launch of ESG retail products, expanding NBK's consumer offerings in Kuwait to Eco-friendly Housing Loan and Eco-Friendly Auto Loan.
- Endorsed the development of client engagement plans to increase ESG awareness among consumers and support corporate clients in designing and implementing their transition ambitions.
- Monitored the launch of an online Sustainability training module to all NBK employees in order to foster NBK's ESG culture through encouraging awareness and collaboration on ESG across the Group.
- Approved the integration of ESG principles into NBK Kuwait Procurement Policy and supply chain management.
- Approved the CSR Budget for FY 2024 aligned with the Group ESG Strategy and the UN Sustainable Development Goals (SDGs).

Complying with the S&CC Committee charter, the S&CC reported the Sustainability Sub-Committees' progress during FY2023 to the BoD in line with the Group ESG Strategy, supporting the BoD with overseeing ESG implementation across the Group.

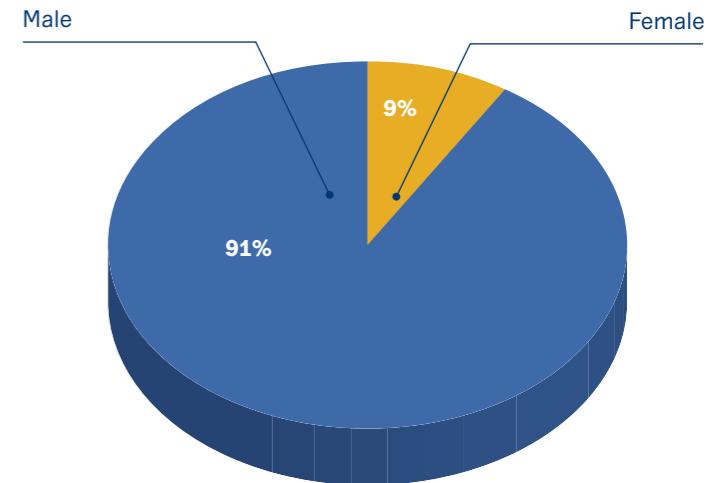
4.1.4 Guiding NBK towards Sustained Growth

NBK's Board initiates strategic plans, goal setting, resource allocation, and critical policy-making decisions, which shapes NBK's direction. Ultimately, their role is important for maintaining our legacy and driving the trajectory of sustained growth and profitability, while acknowledging the risks of changing climate.

Independence Status



Gender



Further details on Board member names, positions, biographies, years of tenure, status and other significant positions are given in the following table.

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	90%	Kuwaiti	19 Years
Mr. Isam J. A. Al-Sager	Executive	Banking and Management	Business	Yes	100%	Kuwaiti	2 Years
Mr. Yaqoub Yousef A. Al-Fulaij	Non-Executive	Banking activities, including Risk Management and Internal Controls	Business	Yes	70%	Kuwaiti	26 Years
Mr. Muthana Mohamed A. Al-Hamad	Non-Executive	Banking and Finance	Economics and Real Estate	Yes	100%	Kuwaiti	17 Years
Mr. Haitham Sulaiman H. Al-Khaled	Non-Executive	Banking, Corporate Governance and Internal Controls	Communications, Real Estate and Investments	Yes	90%	Kuwaiti	14 Years
Mr. Ernad Mohammad A. Al-Bahar	Non-Executive	Banking and Finance	Insurance	Yes	80%	Kuwaiti	9 Years
Mrs. Huda Mohammad S. Al-Refaei	Non-Executive	Banking and Risk Management	Legal	Yes	100%	Kuwaiti	2 Years
Dr. Robert Maroun Eid	Independent	International Banking	Investments	Yes	100%	Lebanese	3 Years
Dr. Nasser Amin H. Saidi	Independent	Corporate Governance and Finance	Economics	Yes	90%	British	3 Years
Mr. Abdulwahab Ahmad H. Al-Bader	Independent	Finance Development	Economics and Oil sector	Yes	100%	Kuwaiti	2 Years
Mr. Farouq Ali Akbar A. Bastaki	Independent	Banking, Asset Management and Internal Audit	Investments and Real Estate	Yes	100%	Kuwaiti	2 Years

"Average length of tenure on the Board: **9 Years.**"

4.1.4a Board Chairman

The Chairman's duties and roles are outlined within the guidelines of NBK's Corporate Governance Policy and Board Charter, documents central to the functioning and strategic direction of the bank, which can be readily accessed published at the NBK Group website, <https://www.nbk.com/nbk-group/about-nbk-group/corporate-governance/stakeholders-rights.html>

and our 2023 Annual Report

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

4.1.4b Board Meetings

Our BOD is committed to maintaining open, frequent, and transparent communication, conducting meetings at least six times annually, and maintaining a consistent quarterly schedule as part of their routine proceedings.

In 2023, BOD convened a total of ten meetings. Attendance records for both the full meetings of the BOD and the Sub-Committees are maintained to ensure regulatory compliance and transparency in governance. Detailed statistics on the board members' attendance, including their participation in the Sub-Committee meetings, are consolidated and provided for public review in our Annual Report 2023.

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

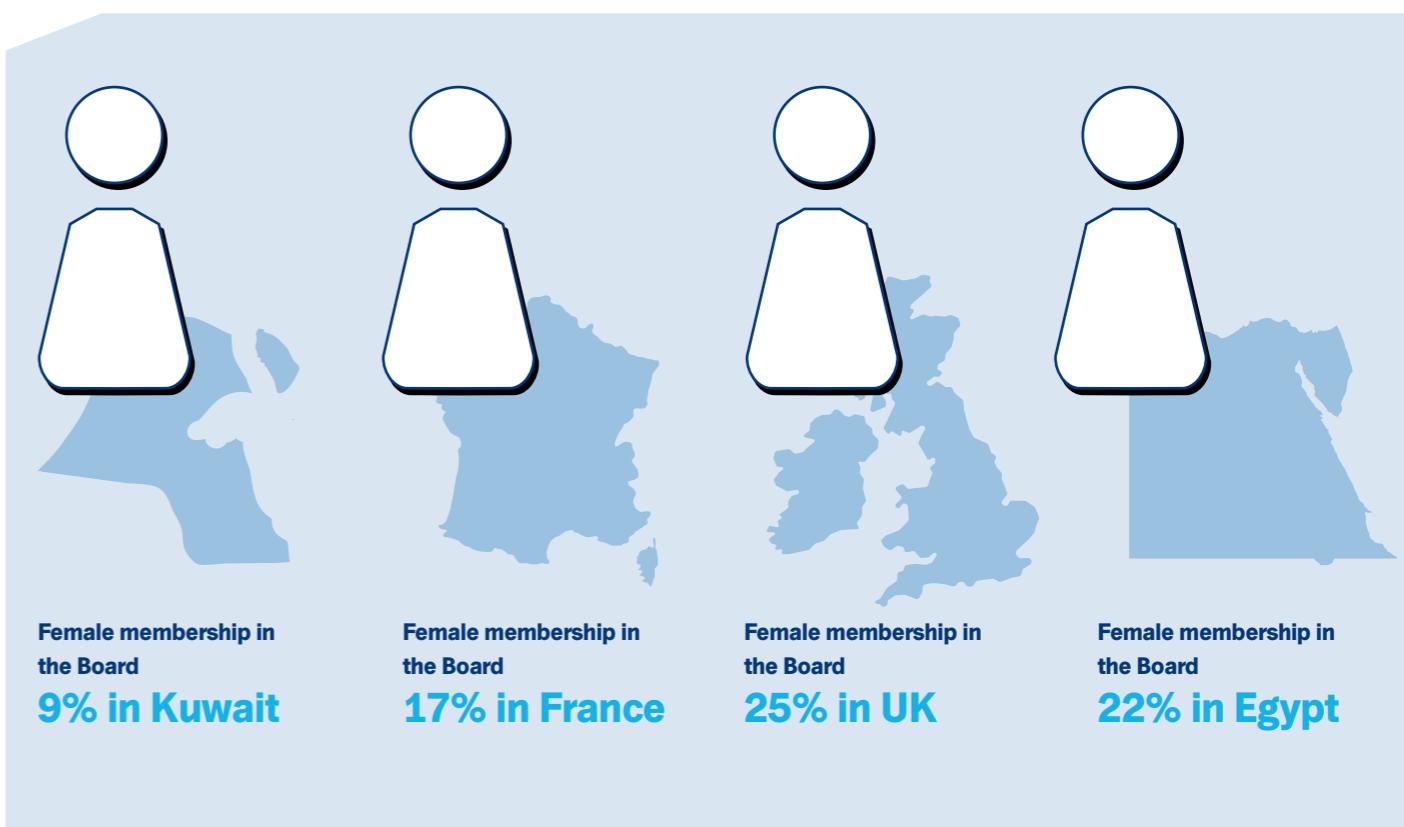
4.1.4c Board Composition and Diversity**Female membership in the Board**

In an effort to further diversify our board and improve women representation, a commitment to which we firmly adhere, women make up 9% of our Group Board. We take pride in the progress we've made in our subsidiaries: at NBK France, women represent 17% of the Board, NBK UK, 25% of the Board, and 22% at NBK Egypt. While we celebrate this inclusivity, we continue to aim for greater female representation across all levels of our organization.

Our governance structure reflects broad representation and balanced composition. The Board of Directors consists of eleven members (10 males and 1 female), which includes one executive member, six non-executive members, and four independent members. Each member of our Board is a representative appointed by the NBK's Shareholders, embodying their voice and safeguarding their interests.

Further details about the composition, numbers, and roles of the board members are clearly defined in several governing documents, including NBK's Articles of Association, NBK's Corporate Governance Policy, and the Board Charter.

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



4.1.4d Board Elections

At NBK's Annual General Meeting (AGM), the election of Board members takes place with each member being elected for a three-year term and are renewable. Nominations are announced in local newspapers, while candidate reviews are conducted by the Board Nomination and Remuneration Committee (BNRC) before being submitted to the CBK for approval. Both shareholders and non-shareholders can be nominated if they meet the legal requirements, supervisory authorities' instructions, and CBK's independence requirements.

To ensure a high level of objectivity and impartiality for independent Board members, membership remains capped at two terms. This restriction is deliberate and designed to maintain the independent nature of these positions, thereby contributing to a balanced governance of NBK.

4.1.4e Board Voting for Provisions

Within the structure of BOD, the decision-making process is rooted in collective dialogue and democratic principles. Resolutions are passed based on the majority vote of all the Board members, ensuring that every decision is the result of thorough consideration and collaborative agreement.

However, should a situation arise where the members' votes result in a tie, the Board Charter has provisions to ensure a verdict. As per the stipulations within the charter, the Chairman is endowed with the responsibility to cast the deciding vote. In his absence, this duty falls on the Deputy Chairman.

Independence of Board Members	2023
Number of formally acknowledged independent members on the NBK Board	4 members
Goal percentage for independent director representation	At least 4 members, but not exceeding half of the total board composition

4.1.4f Board Training and Evaluation

Annually, as per the CBK requirement, the effectiveness of our BOD is evaluated by BNRC. The BNRC conducts a thorough examination of each board member's contributions, both as individuals and part of collective decision-making processes. This evaluation considers various facets, including active participation in board meetings, display of strategic thinking, ethical conduct, and value addition to the board's overall functionality. Crucially, the BNRC extends evaluation to sub-committees within the Board, ensuring every aspect of our governance structure is functioning optimally. Through these evaluations, areas needing improvement are identified to strengthen board performance, and essential training is mandated for members.

At NBK Egypt, a BoD training session was conducted focusing on ESG Strategy, with the goal of educating and cultivating a strong sense of sustainable finance practices within the organization.

4.1.4g Board Independence

In NBK's Governance practices, the role of independent directors is vital. They are perceived as those unaffected by factors that could limit their objective decision-making on bank matters, a practice strictly in line with CBK's Corporate Governance rules - The Board's Chairman is independent to its CEO. Independent board members must comply with ten mandatory conditions throughout their tenure to maintain their unbiased positions. Any breach of these conditions could invalidate their independent status.

In line with our commitment to maintaining transparency, the precise details of the board members' remuneration, be it the

Executive, Non-Executive, or independent members, have been disclosed in our Annual Report 2023.

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

For the term covered by the report, each board member, regardless of their role, has received a remuneration amounting to KD 70,000. This brings the total board remuneration for the period to KD 770,000. This allocation recognizes the significant contributions of our Board members whose leadership has enabled NBK to navigate the complexities of the financial market while driving performance.

4.1.4i Board Responsibilities

Our BOD maintains a constant commitment to secure the best interests of the NBK's Shareholders and stakeholders. This commitment extends to effective supervision of the Executive Management's activities, with the aim of ensuring the implementation of NBK's strategy and objectives aligns with our plans.

The Board also understands the pressing need to manage emerging risks and opportunities linked to ESG factors and climate change. These are addressed as per the alignment with NBK's Business Strategy, material risks, and our key driving forces. The process ensures that these crucial aspects are Board-approved and integrated into our strategic planning and decision-making processes.

To enforce this Board oversight, the Executive Management engages in regular reporting to the Board regarding these matters. This routine reporting helps understand the implications of the reported issues on NBK's decisions.

4.1.4j Board Sub-Committees

In adherence to supervisory regulations issued by the CBK, and in line with our commitment to effectively implement the Corporate Governance Framework, the BOD formed five Sub-Committees, assigning members of the Executive Management, which are currently chaired by male members with ESG roles within their relevant areas, solidifying the Board's effectiveness in overseeing NBK's operations. The Board and its Sub-Committees held a total of 49 meetings throughout 2023. To maintain the highest levels of transparency, comprehensive details about the activities and performance of the Board Sub-Committees are disclosed in our 2023 Annual Report.

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

The table below illustrates a concise overview of the NBK Board Sub-Committees:

Board Sub-Committee	Responsibility	Committee Chairman	Independence Status of Chairman
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
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
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
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
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

4.1.5 Executive Management

NBK's Executive Management oversees the Bank's business execution and daily operations, aligning with the Board's strategic plan. It works closely with NBK's Groups to handle ESG risks and opportunities in the evolving low-carbon economy landscape. Furthermore, it implements the Group's ESG Strategy, integrating it deeply into NBK's Operations. This strategy is instrumental in our commitment towards a sustainable future, as it mobilizes capital and concentrates efforts on addressing pressing environmental and social issues.

Accordingly, NBK finalized and approved an ESG Governance Framework, which outlines a comprehensive governance structure with specialized committees to drive ESG Strategy

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	Banking and Management	N/A	Kuwaiti	2 Years
Mrs. Shaikha K. Al-Bahar	Deputy Group Chief Executive Officer	Banking and Management	N/A	Kuwaiti	10 years
Mr. Salah Y. Al-Fulaij	Chief Executive Officer - Kuwait	Banking and Management	N/A	Kuwaiti	9 years
Mr. Sulaiman Barak Al-Marzouq	Deputy Chief Executive Officer – Kuwait	Investment and Wealth Management, and Treasury and Banking Operations	N/A	Kuwaiti	7 years
Mr. Faisal Abdulatif Al-Hamad	CEO NBK Wealth	Investment Banking, Wealth Management, and General Management	Corporate Governance	Kuwaiti	3 years
Mr. Emad Al-Abdani	General Manager Group Human Resources	Human Resources	N/A	Kuwaiti	10 years
Mr. Sujit Ronghe	Group Chief Financial Officer	Accounting, Banking and Finance	N/A	Indian	2 Years

implementation across the Bank, in line with evolving market needs and expectations. The ESG Governance Framework ensures the utmost levels of accountability and commitment are maintained to support the bank in achieving its ESG-related KPI's and ambitions.

Our Executive Management comes from different backgrounds and has a wide range of skills in finance. Each team member's unique experience helps NBK tackle problems, capitalize on opportunities, and drive the success of our business. A comprehensive description of the responsibilities and role of NBK's Group CEO can be found in NBK's Corporate Governance Policy. More details about the Executive Management are presented in the table below:

Executive Management Members Full Name	Position / Title	Industry Expertise	Non-Industry Expertise	Nationality	Tenure
Mr. Mohammed Al-Othman	CEO – Consumer and Digital Banking	Retail Banking, Personal Banking Payment Services, and Banking Products	N/A	Kuwaiti	6 Years
Mr. Mohammed Al-Kharafi	CEO - Head of Operations and Information Technology for the Group	Retail Banking, Operations, Intelligence Automation, and Digitization	N/A	Kuwaiti	3 Years
Mr. Omar Bouhadiba	CEO International Banking Group	Corporate and Investment Banking	N/A	French	4 Years
Mr. Ahmed Bourisly	General Manager – Head of Domestic Corporate Banking Group	Credit and Corporate Banking Management	N/A	Kuwaiti	5 Years
Mr. Pradeep Handa	General Manager – Foreign Corporate, Oil and Trade Finance Group	Foreign Corporate Banking and Oil and Trade Finance	N/A	Indian	12 Years
Mr. Jad Zakhour	General Manager – Head of Treasury Group	Treasury, Investment and Wealth Management. A certified Financial Risk Manager	N/A	Syrian	4 Years

4.1.6 Executive Pay

In accordance with NBK's Remuneration Policy, compensation is closely tied to both long-term and short-term performance objectives. This is designed to create a clear link between compensation and the successful fulfilment of these objectives, as tracked by specific KPIs. Data on executive remuneration is provided in the 2023 Annual Report of NBK.

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

NBK has integrated ESG metrics into the KPIs of the Executive Management members. The KPIs include both financial and non-financial criteria, providing a comprehensive measure of performance across various aspects of our operations. Furthermore, they also incorporate Key Risk Indicators (KRIs) at the Group level, maintaining a holistic lens on potential risks amidst our pursuit of corporate objectives.

4.2 Governance, Ethics and Compliance



Our Group Compliance and Governance division, led by the Group Chief Compliance and Governance Officer, promotes ethical governance by ensuring strict compliance with all relevant laws and regulations in Kuwait and other operational jurisdictions. The Officer reports to the Board Risk and Compliance Committee (BRCC), overseeing NBK's Risk and Compliance Strategy. Committed to high ethical standards, NBK upholds a zero-tolerance policy against unethical practices, instilling trust in stakeholders and reinforcing NBK's reputation as a reliable financial institution.

Group Compliance and Governance seeks to achieve these goals and undertake these responsibilities.

- Identify, assess, monitor, and report on the compliance risks faced by NBK Group

- Review the compliance risk processes that are in place to anticipate and effectively manage the impact of regulatory changes on Group's operations
- Ensure NBK Group 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

4.2.1 Acting against Unethical Practices

As part of induction, all new NBK Employees receive a handbook detailing all policies and regulations, covering ethical and legal aspects of banking practices. They are expected to report concerns regarding any unethical or unlawful behaviors potentially impacting organizational integrity following

whistleblowing policy and procedures. These policies and charters underscore NBK's dedication to advancing ESG practices. The policies and charters are reviewed and/or revised every one to three years. They include:

- Anti-Bribery & Corruption Policy
- Brand Protection Policy
- Procurement Policy
- Human Rights Statement
- Labor and Human Rights Policy
- 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
- Automation and Digitization

Acting against Unethical Practices

All policies are compiled under 'Policies and Procedures' on the MyNBK intranet page, which is accessible to every employee. Moreover, NBK's Subsidiaries also adhere to the same ethical practices through policies tailored to their respective regulatory guidelines.

4.2.1a Code of Conduct

96%

of NBK's Employees completed compliance-related training in 2023

100%

of all new suppliers were screened for social criteria by Compliance team, AML & CFT clearance (Know Your Supplier & Code of Conduct forms)

0

suppliers were found to have substantial actual or potential social harm, like involvement in child or forced labor etc. (100% of NBK' suppliers have formally certified their compliance with the code)

The basis of NBK's ethical behavior is its Code of Conduct, a guiding document accessible to all staff via the MyNBK intranet. The Code acts as a readily available reference material offering guidance on maintaining integrity and professional conduct. All suppliers, vendors, manufacturers, contractors, sub-contractors, and other service providers registered with NBK, are also expected to comply with the said policies and principles.

To ensure that it always reflects current best practices and remains compliant with changing regulatory requirements, our Code of Ethics undergoes reviews on an annual basis, if not more frequently as circumstances demand. In 2023, the Code of Conduct policy was updated to include a new appendix titled "Gift & Hospitality Pre-Approval Request Form". The BOD oversees its implementation, with audit and internal control functions identifying and addressing any gaps.

Non-compliance with NBK's Code of Conduct by any employee could potentially trigger one or more of the following consequences.

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

4.2.1b Conflicts of Interest Policy

At NBK, our customers drive all our banking operations as we constantly strive for fairness, honesty, and equality. Our Conflict-of-Interest Policy safeguards transparent and ethical transactions and is reinforced by annual declarations. Our directors have established procedural models, ensuring potential conflicts of interest are systematically addressed. Regular reviews of these instances and related party transactions by our independent Group Internal Audit team maintain our operational integrity.

4.2.1c Related Party Transactions Policy

NBK adheres to a fair and equitable process for all transactions, ensuring equal terms for related and unrelated parties. Activity terms align with prevailing market standards, thereby maintaining transparency and fairness. We manage risk prudently, ensuring regular transactions never exceed a normal risk level. Crucially, loans extended to board members and their associates are backed by tangible collateral as per CBK's regulations. This controlled, regulated approach underlines NBK's commitment towards a balanced, transparent, and fair banking sector.

4.2.1d Whistleblowing Policy

We are committed to promoting a safe, progressive workspace for our employees, guided by key policies including the Whistleblowing Policy. Our Whistleblowing Policy, updated annually, provides support channels for employees to voice concerns without fear of backlash. We further emphasize this policy through 10 induction courses for new hires that stress on our regulations and legal standards.

We advocate an open environment, allowing employees to confidentially report unethical or unprofessional conduct directly to the Board Chairman. Regular reviews by our Group Internal Audit ensure the effectiveness of this procedure. Importantly, we prohibit retaliation against individuals reporting violations or potential misconduct. More information about this can be found in our "NBK Group Statement on Whistleblowing Procedures" <https://www.nbk.com/dam/jcr:9b8027876249463588dc7efe77d60ea0/NBK%20Group%20Statement%20on%20Whistleblowing-OCT2022.pdf>

"No whistleblowing cases and incidents were reported in 2023"

4.2.1e Fair Advertising Policy

NBK's Advertising and Marketing Communications Practice Code, issued in 2016, is based on ICC Code guidelines. It aims for truthful, legal, and responsible advertising to protect consumers and build trust, with easy redress for any breaches, with proactive policies and systems in place to ensure responsible digital marketing communications.

4.2.2 Internal and External Audit

The Group Internal Audit team at NBK, reporting directly to the Board Audit Committee (BAC), plays a crucial role in executing independent and comprehensive audits throughout the bank. This risk-oriented function is duly reviewed by an independent service provider on an annual basis.

Conforming to international standards set by the Institute of Internal Auditors, our audit function also undergoes an independent External Quality Assurance review every five years. The appointment of the external auditor for the Internal Controls Review (ICR) and the financial audits is done annually, with a mandate being renewable annually for a period not to exceed three consecutive financial years, ensuring new and impartial perspectives through the periodic rotation of the external audit engagement partners from both firms.

Audit and Non-Audit Fees 2023	KD million	USD million
Audit	1.7	5.5
Non-Audit Services	1.3	4.3
Total	3.0	9.8



4.3 Risk Management

4.3.1 Building a Strong Risk Management Framework

Our risk management framework is central to our business operations. It helps us manage risks in an organized and systematic way. This is done through a global risk policy and processes for measuring and monitoring risk. We follow the Basel Committee on Banking Supervision (BCBS), this is adopted by the Central Bank of Kuwait, satisfying all regulatory demands. Additionally, NBK holds ISO 27001, ISO 22301, and ISO 31000 certifications, demonstrating established IT risk management. The Group Risk Management (GRM) Policy and Procedures are annually reviewed and updated as needed, considering regulatory

changes and potential impactful risks, ensuring alignment with the Group's strategic objectives and regulatory expectations. More details about our risk management approach are shared in our 2023 Annual Report, available on the NBK Group website. <https://www.nbk.com/nbk-group/investor-relations/latest-annual-report.html>

The Board of Directors takes responsibility for evaluating and managing both the bank's financial and non-financial risks. They also set the bank's risk appetite/capacity and lead effective risk management. The Board Risk and Compliance Committee (BRCC), Group Executive Committee (EC) and the Group CEO help in doing this. They ensure that permission to take risks and policies come from the Board and reach the right business units.



NBK's Risk Management, Compliance, and Internal Audit Functions work closely with the Executive Management to control and manage the Bank's overall risk profile. They help prevent financial losses, legal penalties, and damage to the Bank's reputation. This way, we protect our stakeholders' best interests and maintain their trust.

NBK's strategy embodies principles and methods designed to evaluate, manage, and minimize potential risks that could potentially impact the bank's stability and growth. Essential aspects of our Board-approved risk strategy encompass:

- Maintaining stability and continuity of operations 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

4.3.1a Risk Appetite (Assessment and Mitigation)

Annually, the BRCC executes a thorough review of the Bank's risk appetite which is later validated by the Board. This assessment ensures alignment between the Bank's risk appetite and overall strategy, considering dynamic market, regulatory requirements, and varying, yet crucial stakeholder interests.

Each transaction is scrutinized, and all outstanding risk exposures are quantified and compared against predetermined authorized limits to ensure compliance. Non-quantifiable risks are closely monitored in alignment with policy guidelines as well as key risk and control indicators. This holistic risk assessment encompasses all aspects of exposure, potentially affecting our operations and financial stability.

Here, a course of action is charted to rectify and contain these anomalies. Whenever any discrepancies, excesses, or deviations occur, they are immediately forwarded to the Executive Management for suitable remedial measures, applying three lines of defense.

- **First Line:** The Business owns and manages risks and controls (including the identification and assessment of risk and controls) in adherence to credit policies governing the business and across the value chain in line with risk appetite.
- **Second Line:** The Consumer Credit Risk Management function develops and maintains the risk management framework which enables the business to manage the risk and control environment within the Board-approved risk appetite.
- **Third Line:** Group Internal Audit independently tests, verifies and evaluates controls for effective credit risk management and the implementation of policies and procedures.

This approach ensures that the responsibility of risk management is systematically distributed across different layers within the organization. In 2024, NBK plans to implement the Aspirational Environmental Sensitive Sector Risk Appetite (RAS), which is a balance between business objectives and environmental risk. RAS represents the company's acceptance of risk related to environmental challenges in sensitive sectors. This strategy involves managing environmentally risky activities and aiming for more sustainable practices in the future.

4.3.1b Risk Monitoring

Our risk management framework enables us to effectively identify, assess, limit, and continuously monitor risks that span a broad array of categories. We employ a set of both quantitative and qualitative tools to carry out these activities. This approach also helps us maintain a firm grip on the potential risks within our operational environment and steer clear of adverse outcomes.

Among the risks that are actively under our sight, some key categories include:

- Credit risk in commercial and consumer lending
- Market and liquidity risk
- IT risks

- Operational risks (based on comprehensive policies, procedures, and controls that reflect CBK and CBK-adopted Basel III guidelines, along with regular periodic and ad-hoc risk and control self-assessments, monitoring of key risks indicators & event/incident management, and risk reporting and investigations).

To strengthen our governance and capital management, NBK utilizes an Internal Capital Adequacy Assessment Process (ICAAP). It involves rigorous "scenario testing" at regular and periodic intervals, allowing us to simulate various situations, anticipate our reactions, and ensure preparedness for different scenarios.

4.3.1c Risk Reporting

As part of our commitment to transparency, accountability, and sound financial practices, NBK regularly submits a range of risk management related reports to the CBK. These reports adhere to various reporting timelines, including daily, weekly, monthly, quarterly, biannual, and annual submissions, supplemented by ad-hoc reports generated on an as-needed basis.

- 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: Stress Tests, and other relevant reports as required by the Regulator

4.3.2 Addressing Business Risks Efficiently

4.3.2a New Products and Services

Our Group Risk Management team is focused on identifying potential risks associated with new products or services to ensure a robust risk anticipation strategy. NBK Group strongly emphasizes resilience in its offerings, particularly against IT security risks to ensure each new service features possesses strong disaster recovery capabilities.

The review process for Treasury product offerings is overseen by two dedicated committees - the Senior Product Approval Committee (SPAC) and the Treasury Product Approval Committee (TPAC).

4.3.2b Procurement

Risk assessments are an essential part of the Bank's onboarding process for all suppliers of goods and services. The Purchasing Department within the Administration Group diligently handles these assessments, focusing not only on financial stability, but also on supplier's business ethics and reliability.

For service providers, risk assessments are conducted by the related business unit following NBK's Outsourcing Policy. This tailored approach allows a relevant and efficient evaluation of each operational dynamic.

This segmented risk assessment strategy ensures that all potential threats are identified and mitigated, fortifying NBK's supply chains and service delivery.

4.3.2c Performance Management

NBK adopts a strategy of integrating risk management into certain roles by incorporating risk based KPIs such as 'Adherence to Rules and Regulations', 'Daily Reconciliation', and 'Proactive Risk Identification and Resolution'. These KPIs act as a guide while performing tasks, promoting risk-awareness and proactive responsibility among employees.

The role of weighing these KPIs is assigned to the appraising manager, who tailors decisions based on the role's risk implications. Performance management cycle further measures an employee's accomplishment against these KPIs. This approach aids in balancing responsibilities with risks, instilling a culture of continuous improvement.

As a key player in the Middle East's financial services sector where economies are mainly fossil fuel driven, NBK adeptly manages ESG trade-offs concerning strategic and operational decisions. In accordance with Central Bank of Kuwait's circular no. (2/BS, IBS/500/2022), NBK has included Pillar 2 Climate risk in its ICAAP process and ESG & climate-related financial risks elements are in process of integration into its risk management framework, policies, and standards. NBK's proactive integration of Pillar 2 Climate risk into its ICAAP and the inclusion of ESG and climate-related financial risks into its risk management framework showcase its commitment to sustainability and financial resilience. This alignment with global standards and regulatory guidelines enhances NBK's ability to handle climate-related challenges and solidifies its leadership in promoting sustainable banking practices.

The Board and Executive Management have taken a significant step by integrating ESG risks into their responsibilities and oversight. Further, the role of the Board Risk and Compliance Committee (BRCC) has been empowered to manage climate-related risks and opportunities. A management-level ESG Governance and Risk Committee has also been established, chaired by the Deputy Group CEO. Additionally, climate change risks have been accounted for in the Pillar II Assessment, which is presented in the ICAAP regulatory report, reinforcing the importance of considering climate implications in strategic decision-making. We also institutionalized alignment with the recommendations of Taskforce on Climate-related Financial Disclosures (TCFD) and plan to release our first TCFD report in 2024. NBK is also in the process of developing a bank-wide Environmental & Social Risk Management (ESRM) Framework.

ESG Factors in Credit Proposal Evaluations

Upon origination of a domestic credit proposal, a comprehensive review is performed by the Bank's Domestic Corporate Banking team, along with an independent risk review by Domestic Credit Risk Management. In addition to the standard analysis of financial metrics, ratings, this review also includes certain ESG risks considerations such as governance structures, succession planning, health and safety, and environmental protection policies. Consequently, the resulting evaluation of these ESG metrics is taken into consideration during the credit approval process. Moreover, depending on applicable regulations in various international locations of the Group under IBG, the respective credit proposal also includes designated ESG and Climate risk assessments, which are taken into consideration by the competent approval authorities for further action.

4.4 Climate Risk Assessment

- Launched a preliminary evaluation to conform with the recommendations of the Taskforce for Climate-related Financial Disclosures (TCFD)
- Climate change risks have been accounted for in the ICAAP Pillar II Assessment
- NBK is preparing for alignment with the ISSB S1 and S2 new standards

4.4.1 Meeting ESG and Climate Risk Regulatory Standards

Simultaneously, NBK meets evolving market demands and regulatory changes, subsidiaries like NBK Singapore and NBK UK, conduct climate related risk analysis based on their respective regulatory guidelines.

- **NBK London** - The UK's Regulation SS3/19, aimed at strengthening banks' response to climate change's financial risks, has been complied with by NBK London. This regulation primarily targets physical and transition risks from climate change, for which NBK London has established suitable policies and processes. Moreover, new deals and yearly reviews consider climate risk metrics, with corporate deals incorporating ESG into approval documents for credit committees. NBK's London Board/BRC and EMC have been assigned oversight tasks for credit approvals and annual reviews.

In line with national regulations, NBK London performs stress testing and scenario analysis to assess its strategy's resilience to climate change. This regulation aims to manage financial risks from climate change and enforce effective risk management via suitable policies and procedures. These findings are featured in the 2022 ICAAP Report

- **NBK Singapore** - NBK Singapore adheres to the Monetary Authority of Singapore's (MAS) guidelines on Environmental Risk Management for Banks, directing effective governance and disclosure of environmental risks. These guidelines aim to boost resilience against such risks and encourage a transition to an environmentally sustainable economy. Accordingly, NBK Singapore has developed an Environmental Risk Management Framework to understand and manage the environmental and climate-related risks impacting its business.

• **NBK Egypt** - In keeping with the Guiding Principles for Sustainable Finance issued by the Central Bank of Egypt (CBE) in 2022, NBK Egypt has taken steps to incorporate sustainable financing principles and E&S risk assessment into the Bank's credit and investment policies. Additionally, from August 2023, NBK Egypt has secured the services of an accredited environmental expert recognized by Egypt's Ministry of Environment, to evaluate the environmental risks associated with large corporate projects.

• **NBK France** - In adherence with the EBA guide on climate-related and environmental risks of November 2020, which describes Supervisory expectations relating to risk management and disclosure, NBK France is in the process of embedding climate-related and environmental risks in its business strategy and governance, and risk management framework, in a manner that is proportionate to the nature, scale and complexity of its activities. Specifically, climate-related and environmental risks have been explicitly included in its Risk Appetite Statement approved by its Board of Directors in February 2024, although no specific risk appetite indicators have been set yet to ensure proper monitoring of the risk NBK France is exposed to. In addition, NBK France has identified and quantified these risks within its overall process of ensuring capital adequacy (ICAAP), although no capital charge was included at this stage yet given the bank is mainly exposed to transition risks over a horizon which goes well beyond the 3-year timeframe of the ICAAP exercise. NBK France is also considering climate-related and environmental risks at all relevant stages of its credit-granting process, in particular for its residential and commercial real estate activities which are exposed to both physical and transition risks. Finally, NBK France is considering how climate-related and environmental events can have an adverse impact on its business continuity. NBK France will continue to develop its understanding of the impact of climate-related and environmental risks on its activities in the years to come and is committed to gradually set a framework to appropriately identify, assess, monitor and report these risks.

In acknowledgment of the rapidly evolving climate-related policies and legislations, NBK is preparing for alignment with the ISSB S1 and S2 new standards.

NBK's Alliance with PCAF for Climate Accountability

In 2024, NBK committed to the Partnership for Carbon Accounting Financials (PCAF), a global industry-led initiative. We are taking significant strides to measure financed emissions, aligning with our goal of achieving carbon neutrality by 2060. This initiative supports our national and international commitments. It also reflects our dedication to navigating the global energy transition responsibly. The financial industry plays a significant role in promoting the decarbonization of the economy. We recognize the importance of aligning our financial and operational decisions with our environmental commitments while fostering economic resilience amid evolving challenges. PCAF is a widely adopted initiative that provides financial institutions with a standard for measuring and reporting greenhouse gas (GHG) emissions from their lending and investment activities.

By adopting PCAF's standardized methodologies, we strive to foster transparency and accountability within the Bank and among our key stakeholders. Additionally, we aim to promote consistency and comparability across the financial services industry. This accountability will support our work with clients to bring about measurable positive change. We are establishing formal systems to identify, assess, and manage climate and ESG-related risks and opportunities. We are also applying robust categorization to project finance transactions and integrating environmental and social risk management into our lending processes.

Case Study: COP28 Key Takeaways for Banks

Hosted by the United Arab Emirates (UAE), COP28 emerged under the theme "Leave no one behind", emphasizing the concept of a just transition through collective climate action that involves the entire economic ecosystem. As the second consecutive COP held in the MENA region, it emphasized the region's growing significant role in advancing climate action. The conference witnessed the operationalization of the Loss and Damage Fund, underscoring wealthier nations' responsibility for curbing global carbon emissions. Building on the groundwork established during Egypt's COP27, this landmark decision highlighted the increasing global recognition of climate justice. Notably, over US\$85 billion was mobilized in climate finance during COP28 with eleven pledges and declarations launched to achieve ambitious climate goals by 2030 and 2050.

A pivotal moment for the Paris Agreement, nearly 200 nations convened to assess progress against their nationally determined contributions (NDCs) through the Global Stocktake Report, concluding with a breakthrough decision to transition away from fossil fuels towards renewable and clean energy sources in order to achieve net-zero emissions by 2050.

COP28 emphasized the urgent need to limit global warming to 1.5°C, requiring rapid carbon emission reductions in the energy sector through increased adoption of renewable energy and energy efficiency improvements, while ensuring global energy security. As a testament to the State of Kuwait's commitment to driving sustainable growth for its future generations, the nation's efforts in combatting global environmental challenges were highlighted in line with its commitment to achieve carbon neutrality in the oil and gas sector by 2050 and nationwide by 2060. In fact, Kuwait has declared its plans to modernize renewable energy plans, with the aim of doubling renewable energy production from 15 to 30 percent by 2030 and to 50 percent by 2050. This affirms the nation's solid role for a zero-carbon future, one that ensures sustainable and secure energy for all.

Achieving the ambitious climate targets of the Paris Agreement necessitates unprecedented scaling up of climate finance and investments in climate technologies towards low-carbon economies. Financial institutions play a crucial role in accelerating this transformative journey by channeling capital towards green projects and bridging the gap between corporate transition plans and NDCs. In fact, the outcomes of COP28 established a solid precedent for global collaboration as a key enabler in accelerating climate action.

Areas of levers for the banking sector:

- Developing innovative financial value propositions to scale novel climate technologies.
- Supporting clients and SMEs in developing and achieving their transition plans.
- Expanding ESG advocacy to spread awareness and build internal and external capabilities.
- Enabling collaboration amongst different sectors.
- Enhancing data management capacities for better-informed and resilient decision-making on ESG-related topics.
- Redesigning internal policies to help capitalize on climate opportunities and operationalize environmental commitments.



To access the full report, click the following link: [COP28: Key Takeaways for Banks](#) or scan the QR code:

Case Study: Taskforce on Climate-Related Financial Disclosures (TCFD) Workshop

NBK operates in regions predominately powered by fossil fuels, presenting ESG and climate risks. The bank navigates these issues, recognizing its important role in mitigating climate change impacts and advancing a lower-carbon economy. To facilitate this transition, NBK aligns its activities with TCFD guidelines, considering climate factors in its financial operations from risk, compliance, and opportunity viewpoints.

The bank has improved its understanding of TCFD Recommendations through 43 hours of workshops. The sessions, attended by Group Heads responsible for TCFD implementation, centered on integrating climate-related risks and opportunities into policies, practices, and risk analysis.

Objective:

The aim was equipping stakeholders responsible for TCFD implementation with knowledge of climate change, climate financing, and TCFD Recommendations. NBK is developing an ESRM framework, thus managing climate risk is crucial due to increased regulatory demands.

Outcome:

These efforts have resulted in stakeholders gaining knowledge of best practices in climate risk management, answering ESG risk-related queries, and understanding emerging regulations. Furthermore, they have enhanced NBK's ability to align its practices with TCFD Recommendations, thus informing the bank's climate risk management approach.

4.5 Business Continuity and Operational Resilience

The Business Continuity Management Committee (BCMC) oversees the bank's continuity strategies, ensuring recovery of key functions during major crises. The Board of Directors sponsors this agenda. Each business group develops and maintains its BCM documentation, regularly updated for changes in processes and resources. The BCMC ensures continuity plans align with the bank's resilience strategies.

In 2023, NBK initiated a transition to an automated Business Continuity Management (BCM) program, moving from multiple document formats to an integrated risk management system. This change allows for aggregation of crucial information during crises and promotes the Bank's continuity requirements. By automating processes and centralizing information, NBK aimed to reduce paper usage, ensure quick access to plans during a crisis, and simplify triage through a consolidated risk view. This streamlined approach has resulted in an easily accessible, digital contingency plan that can be managed from various locations, reinforcing NBK's commitment to efficiency and environmental responsibility.

4.5.1 Scenario Planning and Stress Testing

NBK performs biannual stress tests and analyzes potential risks that may significantly impact financial performance, meeting regulatory requirements. The process, paired with a proprietary capital-planning methodology, ensures proactive responses and regular monitoring of capital adequacy ratios. This methodology reflects regulatory needs, rating agency perspectives, emerging risks, economic trends, stress-testing, and business plans to determine necessary capital levels.

4.5.2 Climate Scenario Analysis

Concurrently, NBK UK, in compliance with national regulations, conducts stress test and scenario analyses to evaluate the resilience of its strategy to climate change. These regulations are intended to handle the financial risks associated with climate change and ensure the implementation of effective risk management through appropriate policies and procedures. The results from these analyses are outlined in the 2023 ICAAP Report.

4.7.2a Anti-Bribery and Corruption

Our Anti-Bribery and Corruption Policy defines control processes, integrity, conflict management, and accountability rules. It outlines principles and controls to mitigate bribery and corruption risks in compliance with all regulations. We conduct due diligence of new business partners, addressing corruption matters. This is also conducted in line with our Vendor and Outsourcing Policy. NBK prohibits any form of bribery and corruption, reinforcing internal integrity, and building stakeholder trust. Moreover, our subsidiaries are not exempt from these crucial regulations. They also adhere to anti-bribery and corruption policies. Our subsidiaries have their own policies to ensure maximum compliance and prevention of unethical practices, which are reviewed periodically.

4.7.2b Anti-Fraud

Fraud involves intentional deception for personal gain or to harm others. All management team members are expected to recognize and report potential fraud within their jurisdiction. This policy applies to everyone affiliated with NBK, regardless of their role or relationship. Any necessary investigations are conducted impartially.

4.7.2c Anti-Money Laundering & Counter Financing of Terrorism

Aims to manage identified money laundering risks while preventing unlawful uses of the bank's operations. It complies with CBK's instructions under Law (106) of 2013, implementing these through circulars, publications, and workshops. NBK's overseas locations adhere to local and FATF regulations and Group AML/CTF Policy, whichever is more stringent, assisted by assigned Anti-Money Laundering officers. The bank also acknowledges other global guidance on anti-money laundering and terrorist financing.

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-acfbf3ca5f8c8e78/AntiFinancial%20Crime%20Statement%20v.FINAL%20042422.pdf>

4.8 Establishing Stronger Investor Relationships

In 2023, NBK participated in Barclay's Annual ESG Conference, in an effort to closely engage with ESG-focused investors on topics of importance and significance.

At NBK, we prioritize open and clear communication with our investors and use a variety of platforms to facilitate this interaction.

	Conferences
	Analyst calls
	One-on-one calls
	E-mails
	In-person visits
	AGM
	Investor Relations webpage https://www.nbk.com/investor-relations.html
	Roadshows

In 2023, the topics covered during investor meetings were extensive and critical to understanding the NBK's strategic positioning and operational outlook. The discussions revolved around several key themes: interest rate cycle, geopolitics, capital, dividend policy, domestic politics reflection on operating environment, financial performance updates, and ESG Strategy and Sustainable Finance. ESG Strategy and Sustainable Finance considerations have become increasingly important for investors. The meetings explored the NBK's ESG strategy, including its approach to sustainable finance, the integration of ESG factors into investment decisions, and the bank's initiatives to support environmental sustainability and social responsibility.

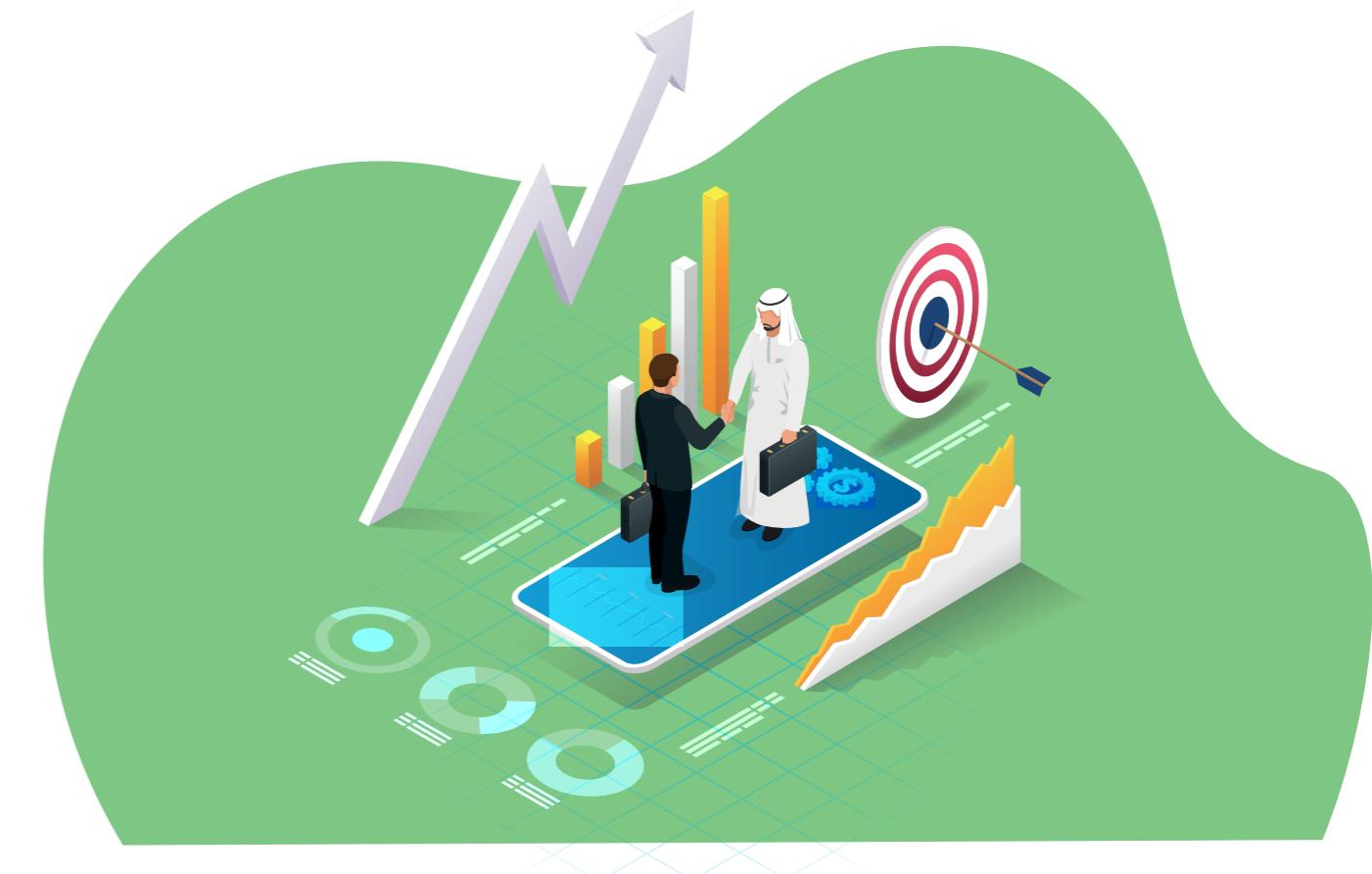
Overall, the investor meetings in 2023 offered a comprehensive overview of the NBK's strategic direction, operational challenges, and opportunities. The discussions provided a platform for investors to engage with the bank's leadership and gain a deeper understanding of the factors driving the bank's performance and future prospects.

Our Group Investor Relations department operates under an integrated ESG communication plan. This strategic plan shapes our engagement with various stakeholders and reinforces our dedication towards building relationships rooted in shared values.

To cater to the expanding community of ESG-focused investors, we've developed a dedicated ESG Profile link. It provides a comprehensive view of our sustainability-related commitments, initiatives, and activities. It also shows our performance and progress against our sustainability goals.

<https://www.nbk.com/nbk-group/investor-relations/esg-profile.html>.

Holdings of NBK Equity	2023
Kuwaiti	76%
Non-Kuwaiti	24%



5

Responsible Banking

2-4, 2-26, 203-1, 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.



**Transition to Low Carbon Economy**

- **Net Zero:**
 - Committed to achieve Carbon Neutrality by 2060 and established interim targets to reduce gross operational emissions by 25% by 2025
 - We are aiming to establish science-based targets (SBTi) for scope 1, 2, & 3 emissions.
- **Sustainable Finance:** Committed to developing innovative sustainable finance value propositions for our clients and to strategically support their transition plans
- **Portfolio Alignment:** Committed to USD 10 billion of Sustainable Assets by 2030.
- **Responsible Procurement:** Committed to fully integrate ESG across our supply chain

5.1 Overview

As part of our commitment to Responsible Banking, NBK aims to cultivate a diverse and equitable economy, benefiting all stakeholders. We offer sustainable finance solutions, aiding our clients in transitioning to a carbon-neutral economy. Our well-defined, measurable targets aim to minimize our carbon footprint, as we heighten our reliance on renewable and energy-efficient technologies. In this section, we outline our strategy and the results of our sustainable financing and operational environmental performance.

supporting its clients in the transition to a low carbon economy and a more sustainable and inclusive future across various business streams.

The following classification of sustainable finance covers NBK's business activities to lend, invest, and facilitate:

- **Dedicated Purpose Business Activities:**
 - Use of Proceeds: where the use of proceeds is dedicated towards specific environmental or social benefits, or in the case of sustainable financing, a combination of environmental and social benefits.
- **General Corporate Purpose Business Activities:**
 - Sustainability-linked transactions: which ties the contractual terms to the recipient's achievement of pre-determined sustainability targets as measured through key performance indicators (KPIs) and assessed against Sustainability Performance Targets (SPTs).
 - Pure play: where 90% or more of the recipient entity's revenues are aligned with environmental and/or social activities.

5.2 Sustainable Finance

Our Definition of Sustainable Finance

NBK defines sustainable finance as the process of taking into consideration environmental and social factors in the bank's various activities, including financing, investing, and funding. This includes designated financing and lending to our clients to support them achieve their environmental and social goals, investments in sustainable financing instruments, facilitating green, social, and sustainable issuances, in addition to investing in the bank's physical assets that have an environmental or social impact. Our approach to sustainable finance has been informed by a variety of available standards, guidelines, frameworks, and industry best practices. In addition, it is based upon peer benchmarking, market assessments, and continuous engagement with our clients to ensure our approach to sustainable finance supports the sustainable growth of our customers, clients, the communities we serve, and the economies we support through our Group network.

Our role in propelling sustainable change within the finance sector is one we significantly acknowledge. NBK is focused on

This classification model allows NBK to keep track of its sustainable finance activities towards both (1) its commitment of USD 10 billion Sustainable Assets by 2030, and (2) portfolio of eligible assets which must meet the Use of Proceeds criteria defined by NBK's Sustainable Financing Framework in the case of sustainable debt security issuances.

1. Sustainable Assets

Sustainable Assets covers all types of asset classes whereby the proceeds are used to generate an environmental and / or social impact. Inherent to NBK's Sustainable Assets:

Asset Type	Description
Sustainable Loans	Loans that incentivize or support the borrower's achievement of environmental and/or social objectives. These also include sustainability-linked facilities tied to specific and predefined sustainability targets.
Fixed Assets	Long-term PPE owned by NBK that generate environmental and / or social impact, externally verified by prominent schemes or rating systems e.g., green buildings. Primarily, this includes NBK's Headquarters which achieved the Gold LEED Certification and has been classified as a green building.
Sustainable Investments	Green, social, or sustainable bond purchases held on the balance sheet.

We are committed to being transparent about our definitions and approach towards classifying financing activities

which contribute towards our commitment of USD 10 billion Sustainable Assets by 2030.

2. NBK Sustainable Financing Framework

The Sustainable Financing Framework was established under which NBK may issue any debt security (or 'sustainable financing instruments'). The framework aligns with International Capital Market Association (ICMA) principles and guidelines and is intended to guide our efforts towards achieving Kuwait's sustainable development goals under the New Kuwait Vision

NBK Sustainable Financing Framework

NBK Sustainable Financing Framework has been externally verified with a Second Party Opinion (SPO) by S&P Global to confirm alignment with the ICMA 2021 Green Bond Principles, ICMA 2021 Social Bond Principles, ICMA 2021 Sustainability Bond Guidelines, LMA 2021 Green Loan Principles and LMA 2021 Social Loan Principles.

Use of Proceeds (Strong)

Under this framework, an amount equivalent to the net proceeds from NBK's sustainable financing instruments will be used to finance or re-finance, in part or in full, Eligible Assets with social or environmental benefits:

- Green Assets, including but not limited to: Renewable Energy, Energy Efficiency, Sustainable Water, Green Buildings.
- Social Assets, including but not limited to: Healthcare & Education, Access to Essential Services, Affordable Housing.

Management of Proceeds (Aligned)

- NBK's Corporate Sustainability, Finance and Treasury teams will manage the allocation of an amount equivalent to the net proceeds of its Sustainable Financing Instruments to Eligible Assets using a portfolio approach.
- NBK will follow the process described in the Sustainable Finance Framework along with its professional judgement, discretion, and sustainability expertise when identifying the Eligible Assets.

Project Evaluation & Selection (Aligned)

- NBK has established a Sustainable Finance Working Group to govern the selection and monitoring of the Eligible Assets in accordance with the eligibility criteria defined by the Sustainable Financing Framework.
- The Sustainable Finance Working Group is chaired by a member of the Executive Management and consists of senior members from Finance, Treasury, Risk Management, Sustainability, and Investor Relations.

Reporting (Aligned)

- NBK commits to publish an allocation and impact report annually, and until full allocation of the proceeds, and in the event of any material changes until the relevant maturity date.
- NBK will request on an annual basis, starting one year after issuance and until full allocation, an assurance report on the allocation of the Sustainable Financing Instrument proceeds to Eligible Assets, provided by its external auditor.

Governance

We have put in place robust governance processes to ensure that our sustainable finance approach remains consistent with our ESG Strategy, sustainable finance commitment, and industry needs. Our governance model provides accountability and assigns responsibility for quantifying, validating, monitoring, and reporting progress towards our sustainable finance commitment.

NBK has established two management-level committees to oversee, govern, and manage the bank's various sustainable finance activities:

2035. Under the Framework, an amount equivalent to the net proceeds from NBK's sustainable financing instruments will be used to finance or re-finance eligible assets providing distinct environmental and/or social benefits. The complete Sustainable Financing Framework can be accessed here: <https://www.nbk.com/nbk-group/sustainability/sustainable-finance.html>

The two management-level committees meet at least quarterly to ensure NBK's business activities including financing, funding, and the Bank's own investments continue to drive positive impact and support our transition to a low carbon economy. The Sustainable and Transition Finance Committee complements the work of the Sustainable Finance Working Group, each supporting NBK's sustainable finance approach within their roles and mandated authority.

In addition, in Kuwait, we incorporate ESG metrics into client credit assessments, covering aspects like safety, environmental protection, succession planning, and corporate governance. Critical to advancing sustainable finance and ensuring our financing choices are well-aligned with our sustainability commitments, we aim to add a dedicated ESG section by YE 2024 to our Domestic Credit Report (DCR) and introduce weighted ratings for ESG matters in approvals to assess clients' environmental impacts and climate change contributions.

Our Progress to Sustainable Finance

"As of 31 December 2023, the Bank has around USD 3.65 billion Sustainable Assets, amounting to over 36% of 2030 USD 10 billion target."

NBK has identified more than USD 3.6 billion Sustainable Assets as of 31 December 2023 at the Group-level, monitoring its progress towards its sustainable finance commitment, which are broken down as follows:

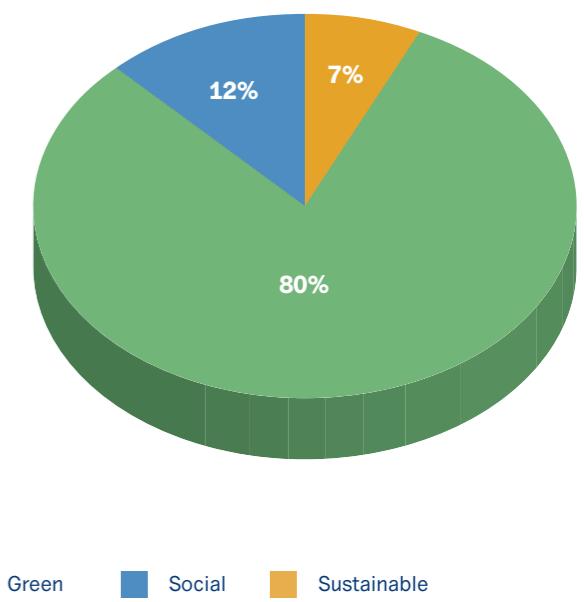
Asset Type	Approx. Value (USD Billion)
Sustainable Loans	2.00
Fixed Assets	0.55
Sustainable Investments	1.10
Total Sustainable Assets	3.65

Sustainable Loans

The USD 2 billion of sustainable loans have been identified at the Group-level, which are facilities extended to a wide array of clients with the objective of realizing environmental and/or social benefits. Sustainable loans also include eligible assets with distinctive environmental and/or social benefits that are verified against the Use of Proceeds (UoP) criteria defined in NBK's Sustainable Financing Framework. The eligible assets are monitored and reviewed more thoroughly against the qualifying criteria of the framework, primarily if the bank decides to issue sustainable financing debt instruments.

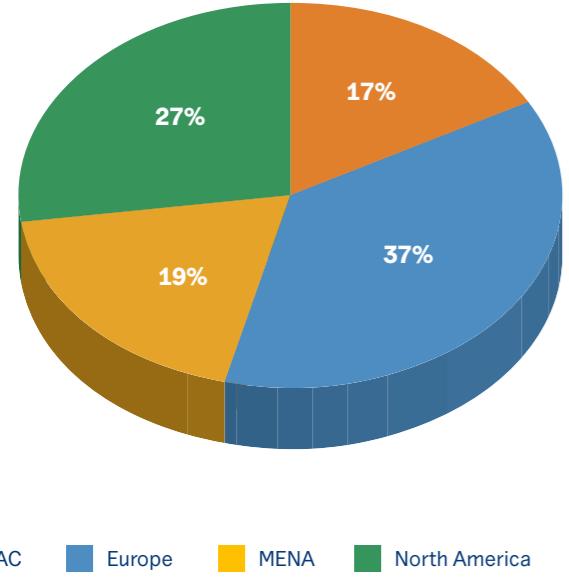
A snapshot of our sustainable loans' portfolio at the Group-level is shown in figures 1 – 4 below:

1. % Green, Social, and Sustainable Loans as at 31.Dec.2023



The majority of our sustainable loans are green loans, amounting to around 80% of total sustainable loans, followed by 12% social loans, and around 7% sustainable loans. The 7% sustainable loans refer to sustainability-linked facilities extended to clients for the achievement of predefined sustainability targets (KPIs).

2. % Geographic Distribution of Sustainable Loans as at 31.Dec.2023



Our international branches and subsidiaries' significant involvement in sustainable financing emerged as a result of more mature market dynamics, macroeconomic conditions, and regulations. Around 64% of our sustainable loans are concentrated in North America and Europe, 19% in the Middle East and North Africa (MENA), and 17% in Asia-Pacific (APAC) region. Most prominently, we have witnessed an increase in sustainable finance potential in the MENA region due to evolving regulations and mega-events, namely COP 27 which took place in Sharm El Sheikh, Egypt, followed by COP 28 in Dubai, UAE. Happening twice, consecutively, in the region, COP emphasized the region's growing significant role in advancing climate action.

Below are case studies from select NBK international branches and subsidiaries who have contributed significantly to the USD 2 billion in sustainable financing:

1. NBK Singapore

To further advance NBK Singapore's sustainability objectives and aid our clients in achieving their net zero targets, the bank has financed several sustainable loan transactions throughout 2023. Transactions are primarily syndicated facilities governed

by a Facility Agreement aligned with the Asia Pacific Loan Market Association (APLMA). This commitment includes financial instruments, such as social loans, project finance for renewables, and sustainability-linked loans. NBK Singapore intends to support our customers along their path to sustainability, which is aligned with our strategic objectives to incrementally raise our green asset ratio.

2. NBK France

NBK France has predominantly engaged in ESG specific Commercial Real Estate transactions, particularly those involving green buildings with externally verified certifications from leading green building rating schemes. In addition, in 2023, NBK France Corporate team has participated in two sustainability-linked financing facilities, underscoring their commitment to providing clients with impact-oriented finance value propositions that meet their needs.

3. NBK New York

NBK New York provides loans for commercial real estate acquisitions, requiring enhanced due diligence for all deals to identify, assess, and manage potential environmental risks. The commercial real estate transactions also include green buildings with externally verified certifications.

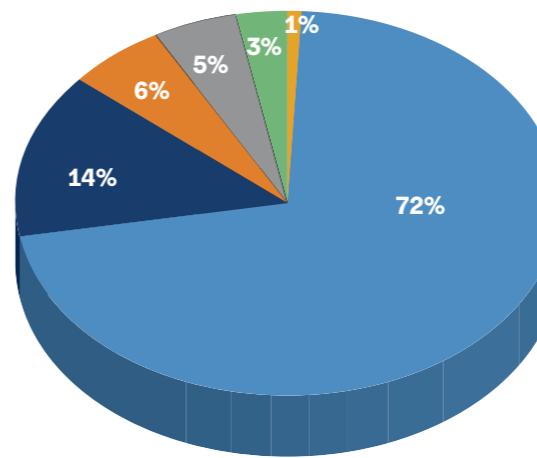
4. NBK Egypt

The establishment of a dedicated division for Sustainability and Sustainable Finance has been in place at NBK Egypt since March 2023, with the aim of advancing its ESG and sustainable finance practices. The Sustainability and Sustainable Finance Division has developed an ESG approach and policy, in alignment with the NBK Group ESG Strategy and the Central Bank of Egypt's (CBE) guiding principles on sustainability and sustainable finance issued in 2022, as well as supporting Egypt's Vision 2030 for sustainable development. In 2023, NBK-Egypt provided finance for the development of social projects including health, education, socioeconomic advancement, in addition to environmental and green projects such as water, waste management, and industrial energy efficiency projects. Social financing includes as well CBE's initiatives for financing low- & medium-income housing and the 5% initiative for SMEs and economic advancement, in addition to the Financial Intermediaries Framework (FIF) by the European Bank for Reconstruction & Development (EBRD).

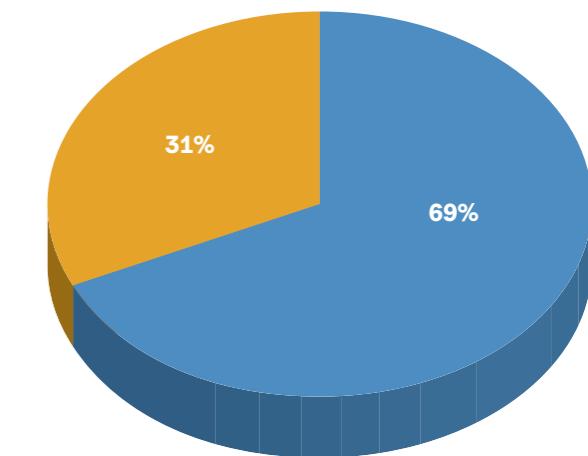
Green and Social Project Categories

The identified green and social loans have been mapped against relevant green and social project categories based on the agreed upon financing terms and the intended environmental or social objective, per common industry classifications, as follows:

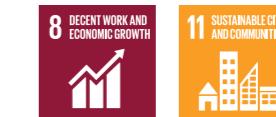
% of Green Projects Categories as at 31.Dec.2023



% Social Projects Categories as at 31.Dec.2023



Relevant SDGs:



Sustainable Finance Progress - NBK Kuwait

NBK-Kuwait funds a wide array of projects that focus on renewable energy, clean transport, green buildings, among others. We are constantly focusing on the projected growth of our sustainable finance portfolio over the next 5 years. In 2023, we grew our financing to these key sectors, strengthening our dedication to promoting responsible financing.

NBK is committed to contributing significantly to society by providing financial instruments to projects that enhance the well-being of the community. Their efforts are particularly focused on pivotal sectors such as health and education, recognizing their crucial role in improving society's overall standard and quality of living.

Relevant SDGs:



A snapshot of some of those projects in Kuwait is as follows:

A Leading Large-scale Shareholding Company: Educational Services	A Shareholding Educational Company	Eco-friendly Electric Vehicles (EV) Loans	Eco-friendly Housing Loans
Potential impact: Social Relevant SDG:  <p>Provided a term loan to a large-scale shareholding company in Kuwait with long standing history in education for the purpose of establishing a high-end university in Kuwait. This transformative investment is aimed at increasing the accessibility of education and offering students with cutting-edge programs and learning opportunities in line with global standards of world-class education.</p>	Potential impact: Social Relevant SDG:  <p>Provided a term loan for the purpose of expanding educational services in Kuwait that enhances the nation's educational landscape. This financing would enable the company to develop new facilities, upgrade technological infrastructure, and improve the quality of education available to students. Such an expansion not only addresses the nation's growing demand for high-quality education but also fosters a more knowledgeable and agile educational workforce.</p>	Eco-friendly Electric Vehicles (EV) Loans <p>In our commitment to sustainability, we have broadened our consumer offerings to encompass eco-conscious alternatives, notably introducing eco-friendly electric vehicles (EV) to our product lineup. These electric vehicles not only align with our environmental goals but also cater to the growing demand for greener transportation options among our clientele. By incorporating EVs into our portfolio, we aim to support the transition towards cleaner energy and reduce carbon emissions associated with traditional gasoline-powered vehicles.</p> <p>For further details, please visit: Eco-Friendly Auto Loan (nbk.com)</p>	Eco-friendly Housing Loans <p>We've expanded our consumer offerings to include housing loans that prioritize eco-conscious living. These housing loans are designed to incentivize and support sustainable housing initiatives, promoting energy-efficient construction, as well as low-impact materials and design principles. By extending financing options tailored to green housing projects, we are not only promoting sustainable development but also empowering individuals and communities to embrace environmentally responsible living standards.</p> <p>For further details, please visit: Eco-Friendly Housing Loan (nbk.com)</p>

An Educational Services Company	A Landscape and Agricultural Company
Potential impact: Social Relevant SDG:  <p>Provided a term loan to a holding company specialized in providing educational services in Kuwait. This financing is aimed at supporting the advancement of its educational institutions through direct acquisition. The loan contributes to social equity, providing more students with access to better learning opportunities and promoting long-term social benefits.</p>	Potential impact: Environmental Relevant SDG:  <p>Provided a term loan to a leading landscape and agricultural company in Kuwait for the purchase of land dedicated to farming. This financing facilitates the expansion of agricultural activities, promoting the adoption of enhanced landscaping techniques. This initiative will lead to the development of green spaces that contribute to the environmental sustainability of the nation by improving air quality and conserving biodiversity, thereby supporting Kuwait's long-term sustainability vision.</p>

These financial movements underscore the dynamic nature of investment within the education and agriculture industries in Kuwait, highlighting the strategic use of term loans to drive development and meet the evolving needs of the community.

Sustainable Products Launched for our Retail Customers

In 2023, we have expanded our consumer offerings to include eco-

friendly electric vehicles (EV) and housing loans in partnership with prominent car dealers and sustainable product providers in Kuwait. By choosing any of the loans, consumers are now able to gain an advantage from competitive interest rates that are lower than the current commercial schemes, whilst benefiting from innovative and energy-efficient solutions.

Sustainable Finance Capacity Building

The sustainability and sustainable finance landscapes are rapidly evolving as new research, regulations, frameworks, standards, and tools emerge globally. NBK recognizes the importance of investing in the capacity building of its client-facing employees to ensure they are equipped with the requisite knowledge they need to proactively support clients through their own transition plans. Our employees, who interact directly with clients, play a pivotal role in promoting environmentally responsible investment strategies and financial value propositions. By equipping them with the knowledge and tools they need, they can effectively guide our clients towards

investments that not only yield financial returns but also contribute positively to environmental and social goals. This ensures that our employees can identify and leverage opportunities for green financing, support the transition to a low-carbon economy, and foster a culture of sustainable practices within the financial sector, thereby contributing to long-term economic resilience. In 2023, NBK provided a number of specialized workshops on sustainable finance to key stakeholders from Consumer Banking Group as well as Corporate Banking Group, presented in more detail in the case study below.

Case Study: Sustainable Finance Workshop

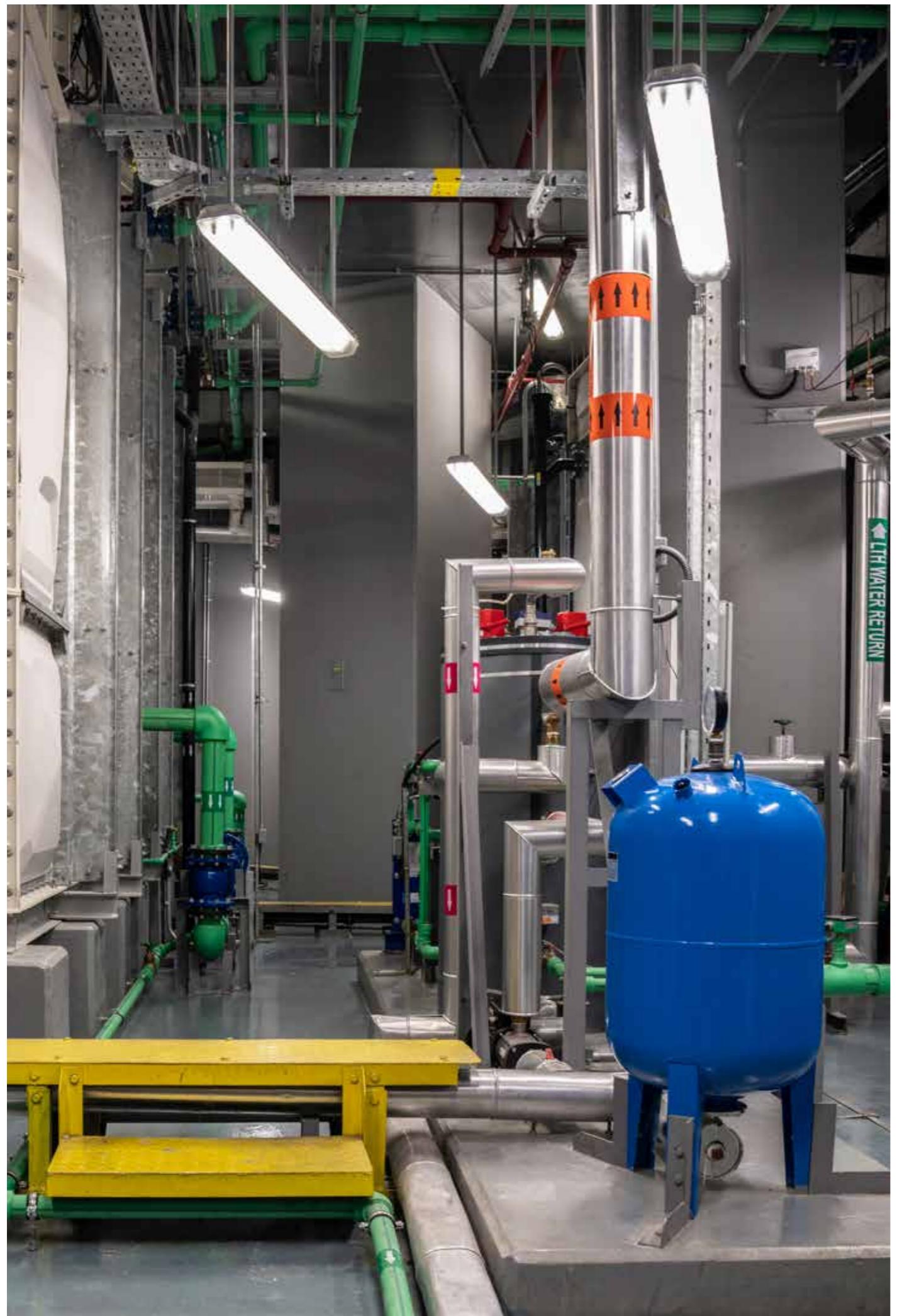
Recognizing sustainable finance's vital role in enabling a carbon-neutral economy, NBK aims to mobilize capital to address environmental challenges and promote sustainable finance. Partnering with a prominent consulting firm specialized in sustainability and climate change in the MENA region, NBK offered training workshops (a total of 108 hours) on sustainable finance and client engagement to key stakeholders in Consumer Banking Group, Corporate Banking Group, International Corporate, and International Strategy. The training aimed to educate employees on the shifting regulatory and economic environments and innovations in sustainable finance as well as provide them with the requisite knowledge they need for the construction of effective client engagement plans and development of sustainable finance value propositions.

Objective:

The goal was to heighten understanding of sustainable and transition finance, industry best practices, and the associated opportunities and risks. This awareness underscores the role of banks in facilitating climate action and supporting an equitable transition to a low carbon economy.

Outcome:

The workshops led to increased awareness among stakeholders about the importance of integrating ESG into core operations and formulating a wide array of innovative sustainable finance offerings and advisory services to support clients' transition.



5.3 Greenhouse Gas (GHG) Emissions

Over the past eight years, NBK has consistently demonstrated its commitment to environmental sustainability by diligently measuring and managing its Greenhouse Gas (GHG) emissions. Recognizing the critical role that the financial sector plays in combating climate change, NBK has prioritized transparency and accountability in its operations. This commitment is reflected in our comprehensive GHG emissions inventory, which provides a detailed account of the emissions generated from our operations.

Inventory Boundaries

The GHG emissions inventory for this report encompasses 72 premises across Kuwait, including the NBK headquarters, branches, warehouses, and data centers. This extensive coverage ensures that all significant sources of emissions within our operational control are accounted for across 2023 from the 1st of January to the 31st of December, providing a robust and accurate representation of our environmental impact.

Methodology and Standards

The methodology and standards adopted in our GHG emissions calculations are based on globally recognized protocols and guidelines tailored for measuring and disclosing GHG emissions across various organizations. Our carbon footprint assessment is developed according to several major guidelines and sources to ensure its uniformity and accuracy. The standards and guidelines utilized include:

- The Greenhouse Gas Protocol Guidelines: Corporate Accounting and Reporting Standard.
- Intergovernmental Panel on Climate Change (IPCC): Emission factor Database for Greenhouse Gas Inventories (with 2019 Refinements).
- DEFRA Database: Providing standardized emission factors for calculating GHG emissions.
- IEA Emission Factors Database: Providing emission factors from electricity generation of national grids.

Organizational Boundaries

In this report, we have adopted the operational control approach for determining our organizational boundaries. This marks a shift from the financial control approach used in the previous report. The transition to operational control was driven by several factors, most notably the need to facilitate and enhance our GHG reduction efforts in the coming years. By adopting operational control, NBK gains comprehensive oversight of the entities and sources of emissions under our management, enabling us to implement

effective GHG reduction initiatives and to consolidate emissions from all NBK operations globally, in the near future.

Operational Boundaries

The operational boundaries included in this report cover Scope 1, Scope 2, and Scope 3 emissions, as detailed below:

• Scope 1 Emissions:

- Stationary Emissions: Emissions from diesel generators located at NBK premises.
- Mobile Emissions: Emissions from NBK-rented cars, which are under NBK's control.
- Fugitive Emissions: Emissions resulting from the application of fertilizers in NBK-owned landscapes and the leakage of refrigerants from air conditioning and firefighting systems (such as HFC-227).

• Scope 2 Emissions:

- Purchased Electricity: Emissions from the electricity purchased for all NBK premises. We utilized invoices from the Ministry of Electricity, Water and Renewable Energy (MEWRE) to track and report electricity consumption during the reporting year. In instances where we encountered missing invoices for a given location, we employed an estimation methodology. This involved calculating the Energy Use Intensity (EUI in annual kWh/m²) for branches with available data and using the average EUI to extrapolate the electricity consumption for the remaining branches based on their total floor area. To account for statistical uncertainty, we are 95% confident that the average EUI derived to extrapolate missing electricity consumption data, is between [374.83, 465.137] kWh/m².

• Scope 3 Emissions:

- Category 5 (Waste Generated in Operations): Emissions from waste generated in operations, including paper, plastic, organic waste, and ink toner waste.
- Category 6 (Business Travel): Emissions from business travel activities, which are a part of our broader commitment to managing indirect GHG emissions.

By comprehensively addressing these categories, NBK ensures that our GHG emissions inventory is both thorough and actionable. This approach not only aligns with best practices in GHG reporting but also reinforces our commitment to reducing our environmental impact and contributing to global climate goals.

5.5 Energy Management

We are committed to reducing our environmental impact, primarily by managing our electricity usage. This commitment extends to our LEED Gold certified headquarters, which stands as a regional example of energy efficiency, and to our energy management systems that minimize waste and optimize usage in our daily operations.

2025 Energy Reduction Goals and Current Progress	
Targets	Progress/Actions in 2023
Convert most branches and other NBK buildings to LED lighting by 2025	<ul style="list-style-type: none"> The Lighting Retrofit Project is another initiative undertaken by our Engineering team, to replace old light fittings with LEDs in 47 branches. The project will save a total of 624,069 kWh annually, in addition to a 94,863 kWh reduction in HVAC energy use. We are replacing fluorescent lamps with LEDs in the mechanical, electrical, basement floors and staircases of NBK HQ. This project, which involves replacing approximately 10,000 lamps, is projected to save a total of 551,004 kWh annually.
Install solar power systems in 24 of local branches by 2025	<ul style="list-style-type: none"> Assessment and planning of branches that can be included in the project. In which the number of branches that have sufficient/feasible space are reduced to 18 branches. Prepare a tender that meets NBK requirements. Obtaining approval on the budget and awarded the contract. Submit design for approvals. Procurement of solar materials which are all long leading items.
Implement a Building Energy Management System (BEMS) in standalone local branches by 2025	<ul style="list-style-type: none"> Engineering is currently working on a BEMS project to control and monitor energy consumption related to lighting, Heating, Ventilation, and Air Conditioning (HVAC), and water systems. This project is set to cover a total of 41 branches. As of December 2023, work has been completed at 22 branches. We plan to complete all 41 branches by July 2024. The successful activation of the Night Set Back option in the UFAC (A/C for HVAC) to save energy on office floors after working hours/nighttime will result in an annual savings of approximately 2,325 MWh We are optimizing the operation of chillers, pumps, and cooling towers in our plant rooms in order to achieve better energy savings. This will be done without compromising the cooling efficiency and water circulation throughout the tower. In NBK Egypt, we've installed Variable Refrigerant Flow (VRF) HVAC systems, which significantly reduce electrical consumption. In addition, its headquarters now uses solar heaters.

Electricity Consumption

Our LEED Gold Certified Headquarters demonstrates our dedication to rigorous energy management. This is due to

numerous energy reduction measures integrated into the buildings design and operation. Such initiatives have led to a 15.8% reduction in energy consumption and an 18.3% reduction in energy intensity during 2023 compared to 2021.

Electricity Consumption	2021	2022	2023	% Change from Baseline (2021)
Total Electricity Consumption (Megajoules)	217,597,428	194,312,044	183,136,478	-15.8%
Intensity of Electricity Consumption (Megajoules/Employee)	93,069.9	82,826.9	75,990.2	-18.3%

5.6 Waste Management

Despite the inherently challenging nature of the banking sector with its historically paper and material-rich operations, NBK

continuously strengthens efforts to reduce waste generation and enhance waste management.

2023 Waste Volumes		Volume (kg)
	Plastic waste (HQ)	727
	Bottles, Cups, and Utensils (Branches)	210,222
	Documents, Cartons, Shredded Bags, Brochures, and Old Forms	115,911
	Food waste	209,320
	Waste disposed to landfill	211,644

*2022-2023 e-waste quantity has not been reported on due to data availability challenges. We aim to quantify this more reliably in 2024.

At NBK, waste generation is minimized through waste management strategies, which focus on maximizing recycling and reducing landfill disposal. We have implemented waste reduction initiatives across all our facilities, we ensure the materials we use, particularly paper, plastic, and e-waste, are recycled wherever possible encouraging effective resource management and waste reduction in the banking sector.

5.6.1 Paper

- NBK introduced Digitalized Business Cards. The Purchasing Team implemented a QR Code system to minimize business card distribution in an effort, to reduce paper consumption.
- Customer 360, a comprehensive product for NBK Kuwait and five of its IBG locations, is in development to allow Relationship Officers to operate without paper.
- Marketing brochures were replaced by QR codes, saving 200kg of paper.

Recognizing the impact of unsustainable paper usage on our natural resources, we have steadily sustained our initiatives that promote efficiency and waste reduction to substantially cut back on paper use.

NBK's Initiatives to Decrease Paper Usage

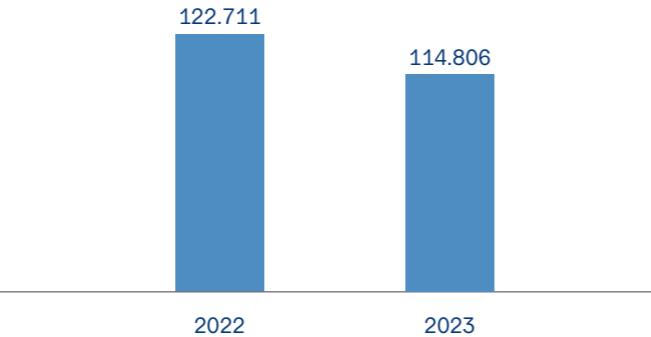
- Workshops promoting lesser paper dependence
- Internal announcements of paper reduction tips to staff
- Reducing the required printed documents for customer transactions
- Ceasing prints of customer statement (except for Private Banking customers)
- Transforming paper forms for customer transactions into online formats
- Pursuing efforts to transition to a paperless procurement system

Moreover, our Records Center has a structured process for managing paper waste. They are responsible for securely digitalizing and eliminating inactive documents in our archive as per NBK's Retention Policy and applicable regulations.

Consumed

As a result of our initiatives to decrease paper usage, the total number of packets of paper we consumed decreased by 6.45% this year, from 46,306 packets (122.711 metric tons or MT) to 43,323 packets (equivalent to 114.806 MT).

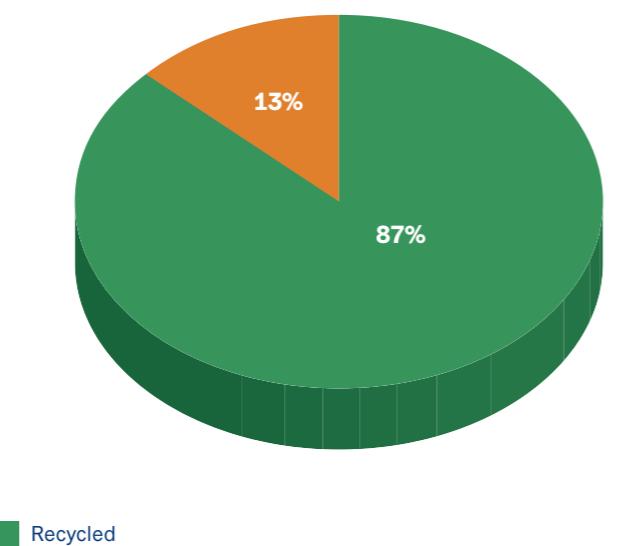
Paper Consumption in Metric Tons



Recycled

The paper we recycle each year doesn't equate to our annual paper usage due to our filing system practice. Despite this, we showed our efforts to paper recycling in 2023 when we recycled 99.25 MT of paper. Although this amount was less than the previous year's total of 127.1 MT, it still accounted for an impressive 87% of our total paper usage.

Paper Recycling Efficiency



Our recycling of 99.25 metric tons of paper led to savings and minimization of our environmental footprint:



1,687 Trees



694,743 Gallons of water



298 Cubic Yards of Landfill



406,921 kWh of Energy



24,812 Pounds of CO2 Absorbed



31,760 Liters of Oil

Case Study: NBK Egypt

NBK Egypt has maintained a paper recycling efficiency of over 50%, despite a consistent increase in paper consumption. In 2023, NBK Egypt recycled 50 metric tons (MT) or (49,744 kilograms) of paper, which translates to a recycling efficiency of approximately 54%.

NBK Egypt	2021	2022	2023
Total paper consumption (kg)	70,597	69,395	91,952
Total paper recycled (kg)	35,400	41,300	49,744
Paper Recycling Efficiency	50.14%	59.53%	54.09%

The rising trend in paper consumption has enabled NBK Egypt to intensify paper recycling initiatives. In line with these objectives, one of the key initiatives includes the redesign of bank statements, which has reduced the volume of printed pages for account statements by 40%. NBK Egypt is committed to not only sustaining this progress but also enhancing recycling efforts in the coming years.

5.6.2 Plastics and E-Waste

Throughout 2023, NBK has remained committed to its ongoing actions of minimizing and recycling plastic and e-waste. We provided an extension in the expiry dates from 3 years to 5 years for all the newly issued credit and debit cards. This initiative aims to reduce our environmental impact by decreasing resource consumption, waste generation, and plastic pollution associated with card production and disposal. Our subsidiaries too have taken steps such as:

NBK Egypt

In NBK Egypt, an initiative was undertaken to repair 400 fully damaged IP phones.

NBK UK

In 2024, NBK UK plans to reduce paper usage by introducing, a managed print solution. It also aims to better manage waste by targeting a 50% reduction in disposal to landfills.

5.7 Responsible Procurement

- Sustainable Procurement - NBK Kuwait has revised its Procurement Policy with the inclusion of ESG principles, implementing a more sustainable procurement strategy and methodology.
- 100%** of all new suppliers were screened for social criteria by Compliance team, AML & CFT clearance (Know Your Supplier & Code of Conduct Declaration forms).
- 0 suppliers were found to have substantial actual or potential social harm, like involvement in child or forced labor etc.
- Local suppliers comprised 70% of NBK's total suppliers and 84% of the total procurement spending

NBK acknowledges the risks involved in our collaboration with suppliers; these are predominantly related to stakeholder protection, data security, corruption, bribery, money laundering, business ethics, human rights, labor practices, and environmental impact. To handle these challenges, we are working to incorporate ESG-related criteria in our procurement and vendor

sourcing decisions. Furthermore, we work alongside our suppliers and service providers to lessen ESG-related risks and capitalize on ESG-related opportunities.

To implement this approach, we have relevant policies and practices in place. Our Human Rights Statement, which is available on NBK's Group website, addresses concerns such as forced labor, human trafficking, child labor, labor rights, and non-discrimination, encompassing both our suppliers and partners. All NBK vendors must sign the Supplier Code of Conduct Declaration Form, which includes clauses related to human rights. Additionally, our Code of Conduct, Customer Privacy Policy, and Customer Protection Guide are applicable to our suppliers. We ensure that all our outsourcing contracts operate under the stipulations of Kuwaiti Labor Law.

5.7.1 Strategies for Evaluating Supplier Risk and Performing Due Diligence

NBK Supplier Qualification & Code of Conduct

NBK's Supplier Code of Conduct outlines our expectations for suppliers and service providers. It emphasizes adherence to globally approved procurement ethics, transparency, and accountability in all transactions. This mandatory code applies to all NBK-affiliated suppliers, service providers, and subcontractors.

In 2023, the Supplier Code of Conduct Declaration Form was reviewed and updated to include environmental, social, and governance considerations in line with the Bank's sustainability commitments and expectations. Effective 1 January 2024, Group Administration Services communicated the updated declaration form to all the Bank's suppliers.

Suppliers are expected to adhere to NBK's standards which lay out the basic expectations for professionalism, ethical conduct, and responsible behavior. These standards must be fulfilled before commencing any contractual engagements with NBK. The prescribed standards entail:

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)**

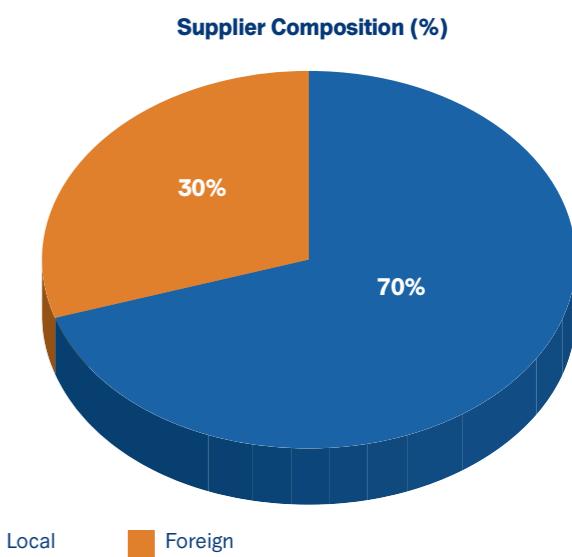
Oracle P2P Solution - Transitioning to a Paperless Procurement
We have upgraded our procurement process with a user-friendly software platform that enhances workflow, transparency, and efficiency, and mitigates operational risks. This innovative solution has automated various procurement processes, and digitalized requests for proposals and quotations, effectively reducing the use of paper.

Our adopted Procure to Pay (P2P) solution now diligently manages the bank's demands and workflows, overseeing the complete procurement and contracting lifecycle from inception through to closeout, including:

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

5.7.2 Our Suppliers

Our primary focus is on supporting local businesses and SMEs. We prioritize these businesses in our procurement to contribute to strengthening the local economy and promoting inclusive growth. In 2023, local suppliers comprised 70% of NBK's total suppliers, and the bank spent KD 100.126 Mn (USD 326.409 Mn) on local procurement, 84% of the total procurement spending. Our commitment to local businesses is evident in our increased spending. From KD 90,868,000 in 2022 to KD 100,300,000 million in 2023, our expenditure on local suppliers showed a 10% growth. This highlights our continuous effort to boost local economy and strengthen our partnerships.



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

Number of Suppliers	2023	% Local vs. Foreign Suppliers
Local Suppliers	717	70%
Foreign Suppliers	305	30%
Total Number of Suppliers	1,022	100%

2023 Procurement Expenditure	KWD million	USD million
Local Suppliers Expenditure	100.126	326.409
Foreign Suppliers Expenditure	18.588	60.597
Total Procurement Expenditure to Suppliers	118.714	387.006
% Local Expenditures	84%	84%
% Foreign Expenditures	16%	16%

6

Capitalizing on Our Capabilities

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

This section describes the strategies employed by our Group Human Resources (GHR) and highlights NBK's dedication and efforts towards promoting diversity, equity, and inclusion (DE&I), alongside health, safety, and the welfare of its workforce. Further, it provides insights into our journey towards an agile and digital-centric work environment enabled by our innovative digital solutions.



NBK 2023 Key Achievements:



Women representation reached 44.3% of the total workforce, with 28.8% in managerial positions



Implemented an Employee Grievance Policy, accessible to all employees via the NBK Group Website



Provided Sustainability Champions across the Bank **with training on Global Reporting Initiative (GRI) Standards**



Launched the Employee Engagement Survey "**Your Voice Matters**" in 2023 to foster a better and more inclusive workplace



Introduced the Sustainability Essentials **Training Program Group-wide**, enhancing employees' understanding of key sustainability concepts



Introduced a **new mobile banking experience titled "Tailored for You,"** offering NBK Customers the latest digital services



More than 3,300 training hours on sustainable finance, corporate sustainability, and climate risk management

6.1 Talent Attraction, Management, and Development

At NBK, we believe in fostering a diverse, inclusive, and flexible workforce characterized by trust, creativity, and transparency. Our core values of passion, integrity, conservatism, and knowledge drive everything we do.

Here, we recognize that the physical, mental, and financial well-being of our workforce are pivotal components of a flourishing

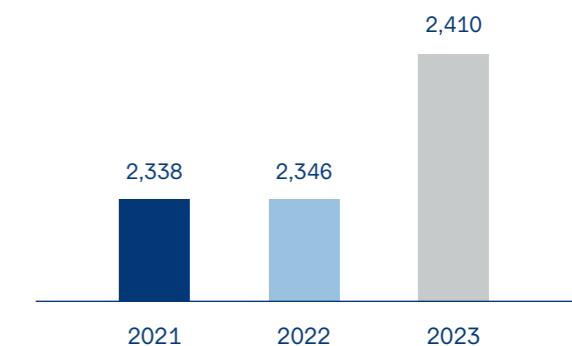
workplace. Through thorough management of our workforce, NBK has designed its various Human Resources components and organizational structure to attract, nurture, engage, and retain talent.

6.1.1 NBK's Workforce Overview

In 2023, NBK Kuwait had a strength of 2,410 employees, consisting of 2,407 full-time employees and 3 part-time employees, thereby, marking a 2.7% rise compared to 2022.

Employee Type Breakdown of NBK Kuwait		2023
Full-time		2,407
Part-time (Temporary)		3
Total		2,410

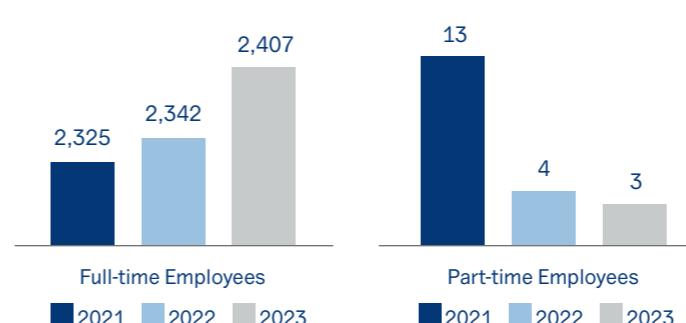
NBK Kuwait Workforce Comparisons per Year



NBK Kuwaiti Workforce by Grade / Managerial Level 2023	
Non-Management	1,610
Management (Middle-management and above)	238
Total	1,848

6.1.2 Internship and Fresh Graduates

NBK's summer internship program serves as a valuable training platform for both high school and university students, offering insights into the banking industry and the operations of various units within the bank. Under the program, in 2023, NBK welcomed 66 interns, with 65.15% females, who gained practical experience through field trips that were scheduled and organized by NBK to major corporations, and government sectors in Kuwait.



While NBK works on developing a structured internship program, the NBK Aspire Internship Program, consisting of 76 interns, represents a step in that direction.

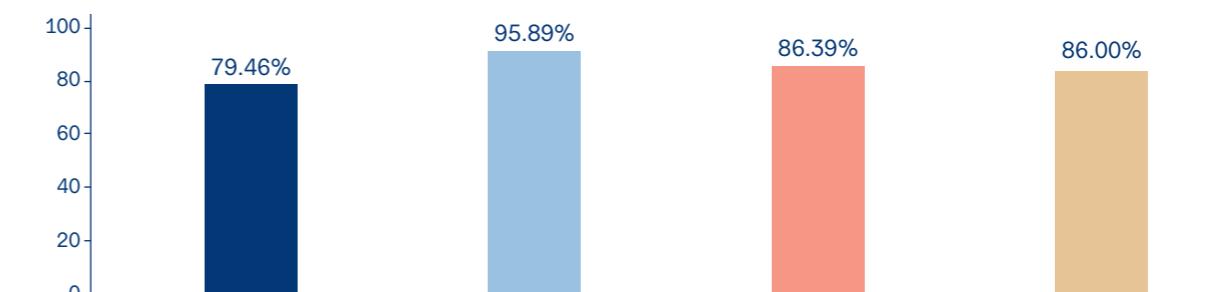
NBK Kuwait Workforce Comparisons per Year		
2023 Employees	2022 Employees	Net Change %
2,410	2,346	2.7%

As part of our talent acquisition strategy, NBK establishes strategic partnerships with local and international universities, actively participates in career fairs, utilizes social media platforms to promote opportunities, and supports local recruitment campaigns. We have hired 189 fresh graduates into our workforce and have cultivated meaningful relationships with diverse academic institutions to provide ongoing development opportunities for our employees.

Future Plans:



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



Percentage of Employees who completed AML e-learning program	79.46%
Percentage of Employees who completed NBK's compliance-related training	95.89%
Percentage of Employees receiving anti-corruption training	86.39%
Percentage of Employees who completed NBK's privacy and security training	86.00%

A more detailed training completion rate is illustrated below:

Indicators	2022			2023		
	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	2,159	92.0%	92.0%	2,311	95.9%	95.9%
Number of Employees who did not Complete Training	187	8.0%	8.0%	99	4.1%	4.1%
Number of Employees Registered for Training	2,346	100.0%	100.0%	2,410	100.0%	100.0%
Total Number of NBK Kuwait Employees	2,346	100.0%	100.0%	2,410	100.0%	100.0%

Case Study: Enhancing Financial Analysis Skills Through Moody's Training Program

Overview:

Moody's program, which was conducted in collaboration with the vendor, Moody's Analytics, helped embrace a Credit Culture within specific business units in the Bank. It involved a hands-on approach with extensive practical learning to enhance the skills and knowledge of the staff, aimed to align practical knowledge with theoretical knowledge to improve employees' careers at NBK.

Objective:

To enhance experience and exposure to relate to Credit Knowledge.

Outcome:

The program consisted of 7 technical courses and 3 Soft skill courses for all the cohorts of different levels. The modules overall consisted of Foundation, Intermediate and Advanced levels, which enhanced internal capabilities of the participants to elaborate, relate, and reflect on after absorbing the materials throughout the program.

Case Study: Transforming Credit Administration Through Fitch Learning Training Program

Overview:

This program was conducted in collaboration with the vendor Fitch Learning and was focused on enhancing both the analytical and critical thinking skills of the participants as well as providing them with comprehensive and in-depth company and industry research, to ensure the competency level of NBK Credit and Finance professional which is constantly being upgraded.

Objectives:

The main goal is to enhance experience and exposure to relate to day-to-day tasks as well as enhance the overall skillset related to the job. It is crucial for NBK to provide opportunities for our employees in terms of exposure and career growth/development and hence we have conducted this program.

Outcome:

The Credit Administration and Credit Operations Certification program consisted of a total of 3 modules and 7 e-learning courses. A total of 19 participants were enrolled in this program during 2023 for (Cohort 1).

Case Study: Capability Building in Sustainability

Overview:

Throughout 2023, NBK has been proactively organizing a series of training sessions and workshops focused on sustainability, aimed at upskilling not only our employees across various departments but also our stakeholders.

Objective:

To foster a culture of continuous learning and enhancing our organizational capabilities in sustainability.

Sustainability-Related Training and Workshops Conducted:

Training	Date	No. of Participants	Duration (Hours)	Total Training Hours
GRI Training	May 2023	20	16.00	320.00
TCFD Workshop (1)	Oct 2023	7	1.00	7.00
TCFD Workshop (2)	Nov 2023	12	3.00	36.00
Sustainability Essentials Compliance Training	Nov 2023	2,305	1.23*	2,835.15
Sustainable Finance Workshop (1)	Dec 2023	21	3.00	63.00
Sustainable Finance Workshop (2)	Dec 2023	15	3.00	45.00
Total Training Hours on Sustainability:				3,306.15

*Note: Duration of the Sustainability Compliance Training was 1 hour 14 minutes. 14 minutes = 0.23 hours (14 minutes divided by 60 minutes). Total hours = 1+0.23 = 1.23 hours.

Target Audience for Each Session:

Training	Attendees
GRI Training	20 champions across NBK, who are responsible for implementing ESG initiatives within their areas and support with data aggregation for ESG disclosures
TCFD Workshop (1)	Group Heads in Group Risk, Credit, Finance, Treasury, Internal Audit, Compliance & Governance, and Sustainability
TCFD Workshop (2)	Champions from the above functions who were nominated by their Group Heads as potential executors
Sustainability Essentials Compliance Training	An introductory module launched on NBK Learning Hub across NBK Group to provide employees with requisite knowledge on key ESG concepts
Sustainable Finance Workshop (1)	Stakeholders from Consumer Banking Group, Branding & Advertising, Public Relations, Digital Communications, and Market Insights teams
Sustainable Finance Workshop (2)	Stakeholders from Corporate Banking Group, International Corporate, and International Strategy teams

6.1.8 Employee Benefits

NBK offers various non-salary benefits to its employees, which can be found under the "Benefits and Rewards" section on the MyNBK page of our intranet. These benefits include life insurance, healthcare, disability coverage, parental leave, gym facilities, on-site clinic access, flexible working hours, parking support, air ticket allowances, on-site dining options, and retirement provisions, tailored to statutory requirements and employee grades. However, temporary employees do not receive stock ownership or retirement benefits.

Investment Towards Employees:

2023		KD million	USD million
Total amount spent for employee compensation and remuneration (all employees)		233.156	760.084
Total amount spent on occupational health and safety	Staff Insurance	2.687	8.759
	Medical Expenses	0.039	0.127
	NBK Clinic	0.048	0.156
Total amount spent on employee training (includes both physical and e-learning)		1.739	5.669
Total amount spent towards employee flight ticket allowance		1.701	5.545
Total amount spent on employee retirement and indemnity		5.427	17.691

6.1.9 Maternity and Paternity Leaves

As per Kuwaiti labour law, pregnant employees are entitled to 70 calendar days of paid maternity leave, extendable by taking unpaid leave for up to four months for childcare. Female employees also have the right to a two-hour break to nurse their new-born for up to two years from the date of delivery.

In order to promote workplace equality, bridge the gender gap, and foster a supportive environment for all employees, NBK provides parental leave benefits. In 2023, 1342 male and 1068 female employees were entitled to parental leaves out of which 24 male and 35 female employees availed the leaves and all of them returned to work after their parental leave ended.

The parental leave policy is available to all NBK employees on the intranet MyNBK.

6.1.10 Flexible Working Hours

The desire for flexible working hours became apparent following the pandemic. Employees expressed their preference for flexibility during town hall meetings. NBK's management acknowledged this feedback and implemented flexible working hours beginning in 2023. Now, employees can choose to arrive

To incentivize and ensure loyalty among key employees, NBK offers "phantom shares", providing cash equivalent to the sale price of a specific number of NBK shares on a certain date. In 2023, NBK allocated KD 2.687 million for employee health insurance, KD 5.427 million for retirement and indemnity benefits, and KD 1.701 million for air ticket allowances. However, all compensations and benefits will undergo evaluation and potential revision in 2024.

6.1.12 Employee Engagement

Employee Complaints

NBK has established an Employee Grievance Policy, widely disseminated to all employees and available on the NBK Group Website. The aim of this protocol is to foster a healthy workplace culture where every employee is treated with dignity and respect. It ensures that all complaints, regardless of their nature, are taken seriously and addressed promptly, effectively, and with sensitivity.

If a complaint cannot be resolved directly with a manager, employees are encouraged to complete and submit employee

complaints form to Group Human Resources. As a final recourse, a committee, led by the head of Group Human Resources and including the direct group head of the employee, is convened to address and resolve the issue.

Employee Complaints Received	2023
Number of employee complaints received	5
Number of employee complaints received related to ethical matters	1

Case Study: NBK "Your Voice Matters" Employee Engagement Survey

Overview:

A bank-wide Employee Engagement Survey called "Your Voice Matters", where employees are given the chance to tell us what it's like to work at NBK. We partnered with a third-party organization, Willis Towers Watson, to help design, implement and analyse the survey to ensure utmost confidentiality.

The survey was first launched in 2018 for NBK Kuwait, expanded to our international locations in 2021, and recently in 2023 we included NBK Wealth to give us a full view of 'Your Voice Matters' as a global bank. As a best practice we implement the survey every 2 years to keep maintaining our engagement levels.

After each survey, the executive management share the results to all leaders and discuss the actions we can take to sustain our strengths and improve on the areas highlighted.

Objectives:

The aim of the survey is to identify how engaged employees are when working at NBK and identify key strengths and areas to improve. The results help us identify the areas that need to be improved, and benchmark us against other leading peers.

Outcome:

In our recent survey in 2023, we achieved an impressive response rate of 86% at group level, significantly higher than the global average response rate of 65 – 75% and on par with the global high performance response rate of 85%.

We also achieved a very positive Sustainable Engagement score of 84%, which is 7% above the Financial Services industry benchmark.

Most Valuable Team Player

The Most Valuable Team Player Awards recognize employees who exemplify teamwork, collaboration, excellence, and overall contribution to the Group. Over 104 employees and 31 teams received awards, with NBK executive management present at each ceremony.

The MVP Awards, an internal campaign, celebrate employees' positive contributions through peer nomination. In the nomination, employees have the chance to vote for colleagues classified as "junior staff" within the same division or group whom they regard as the most valuable player.



6.2 Diversity and Inclusion



NBK has various plans to promote diversity, equity, and inclusion in the workplace thereby reflecting our commitments to Diversity and inclusion (D&I). Below, we outline our efforts to prevent discrimination and harassment and promote diversity.

Case Study: NBK RISE

Overview:

The "NBK RISE" program is a comprehensive Women Leadership Development Program initiated by NBK with the aim of advancing women into leadership roles within the corporate sector. This nine-month program, which began in October 2022, is distinctive in its global reach, including participants from Kuwait and NBK's international locations. A total of 21 women from NBK and partnering organizations are participating in the program, which includes training in partnership with prestigious universities such as IE University, INSEAD, and Franklin Covey. The program encompasses mentorship from industry leaders, management support, and the opportunity for participants to present their projects to NBK's executive management. Notably, five external companies from various industries have joined the initiative, demonstrating their commitment to fostering women's leadership development.

Objectives:

The primary objective of the NBK RISE program is to empower and prepare talented women for significant leadership roles, thereby inspiring and leading positive global change within the corporate community. The program aims to create a community of female leaders who will contribute to NBK's sustainability goals and support the advancement of women in leadership positions across different business sectors. By providing training in leadership, strategy, and technical skills, NBK RISE seeks to develop and train top management women candidates, engage, and inspire women across regions and sectors, and motivate them to ascend to higher leadership roles, including executive and board positions.

Outcome:

The expected outcomes of the NBK RISE program include the transformational change in the representation of women in leadership roles across various industries, the development of a self-sustaining community of female leaders who can mentor future candidates, and the enhancement of the participants' readiness to assume senior leadership positions. The program also aims to assess and improve the succession status of participants for critical positions within their organizations and to retain top female talent. NBK RISE has already achieved recognition for its efforts, winning the MEED Awards 2023 for The Best Initiative for Women in Business and Best Implementation of Diversity & Inclusion, as well as the SHRM Awards 2023 for Excellence in Inclusion, Equity, & Diversity. These accolades reflect the program's alignment with NBK's sustainability goals and its strategic direction to increase female leadership representation, which is expected to bring fresh ideas and perspectives to decision-making processes and contribute to the global goal of sustainability.

6.2.1 Gender Diversity

At NBK, we prioritize diversity in our recruitment procedures, ensuring inclusivity in shortlisting and interview panels, crafting job postings to attract a diverse talent pool, utilizing various sourcing channels, encouraging employee referrals, and providing internships to targeted groups.

Our commitment to advancing gender equality is integral to our Talent Development and Management strategy. We empower women throughout their careers, fostering their progression into leadership roles through policies and programs focused on learning and development, career advancement, non-discrimination, equal opportunity, and gender diversity.

Furthermore, NBK has taken substantial steps to advance gender equality and ensure equal opportunities for all employees. An illustration of this commitment is the modification of the air ticket policy for female employees to better accommodate their personal circumstances. Presently, married employees, regardless of gender, are eligible to claim a family annual return ticket for their spouse and two children up to the age of 18 years, aligning with their entitlements.

The following tables summarize aspects of NBK's gender diversity performance in 2023.

6.2.2 Discrimination and Harassment

At NBK, we believe in treating everyone fairly. To help with discrimination issues and managerial procedures, we have 'The Staff Complaints Policies' available on our intranet's Group Human Resources page for all NBK Employees. We

NBK Kuwait Breakdown of Total Workforce Per Gender

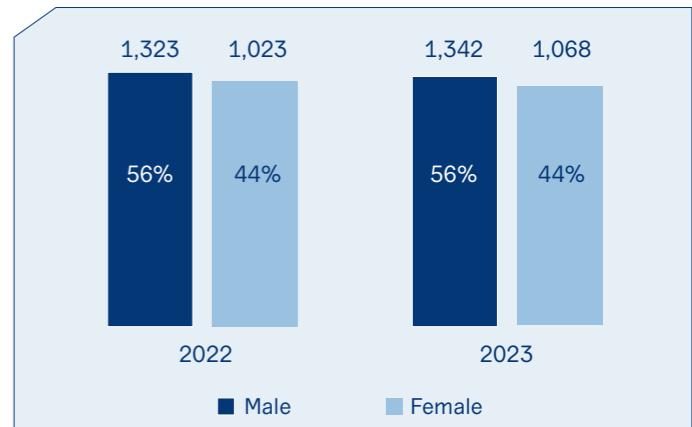
	Gender	2022	2023
Numbers	Male	1,323	1,342
	Female	1,023	1,068
	Total	2,346	2,410
Percentages	Male	56%	56%
	Female	44%	44%
	Total	100%	100%

ensure equal treatment regardless of gender, race, colour, language, religion, political opinions, or other status, following our NBK Anti-Discrimination policy. We have a strict 'No Tolerance Policy' against bias or unfair treatment at any NBK Site. Any discrimination or diversity-related issues are handled according to our 'Complaint, Grievance, and Non-Retaliation' policy.

In the event of a discrimination incident, Employee Relations supports the Head of Group Human Resources and GHR Operations in investigating and taking necessary action. Investigations typically take five to seven business days, depending on the complexity of the complaint.

NBK also addresses harassment through its employee handbook "Code of Business Ethics and Conduct." The handbook clearly states that harassment of any kind, whether verbal or physical abuse, excluding or isolating behaviour, deliberately withholding any vital information that could be relevant to work are all considered unacceptable conduct within the bank and all the reported accidents will be investigated and dealt with accordingly. The procedures are outlined in the Staff Complaint Policy under "Discrimination and Harassment", as well as within the "Employee Grievance Policy Statement" and the "Human Rights Statement 2020". All handbooks and policies are accessible to employees via the intranet MyNBK, and new employees receive the handbook during onboarding.

Additionally, mandatory e-Learning training on discrimination and harassment is part of NBK's Code of Conduct training for new employees. Disciplinary action for discriminatory behaviour or harassment aligns with the "Disciplinary Action" manual, accessible to all employees on the intranet MyNBK. NBK's "Staff Complaint Policy" covers "Anti-Harassment", and "Non-Discrimination" matters and are also accessible via the intranet MyNBK.



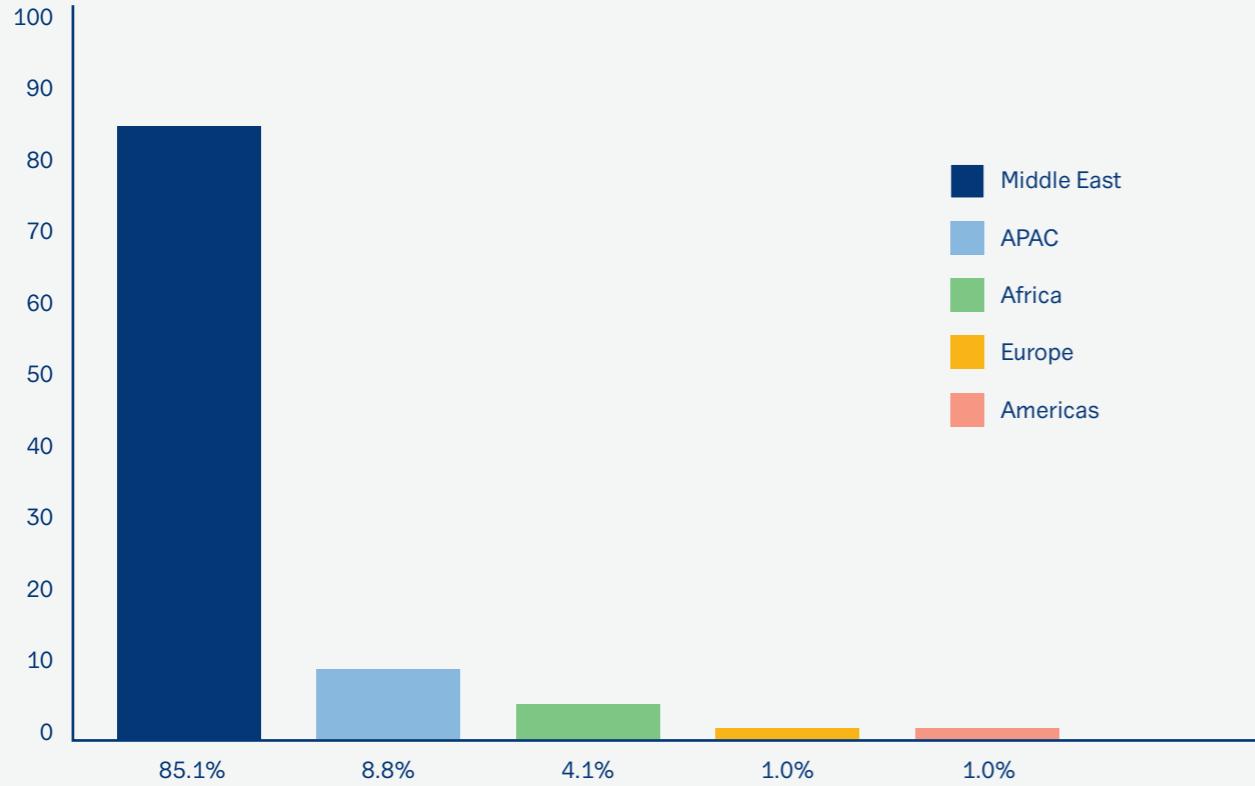
6.2.3 Nationality Diversity:

NBK places a strong emphasis on cultivating a diverse workforce drawn from varied nationalities, which enhances NBK's dedication to nurturing local talent across both our domestic operations in Kuwait and selected international branches and subsidiaries.

Total Employees per Nationality across Overseas Branches and Subsidiaries

NBK Entity	Nationality	2023
NBK United Kingdom	British	107
	EU	23
	Others	28
NBK Egypt	Egyptian	2052
	Jordanian	1
	Kuwaiti	1

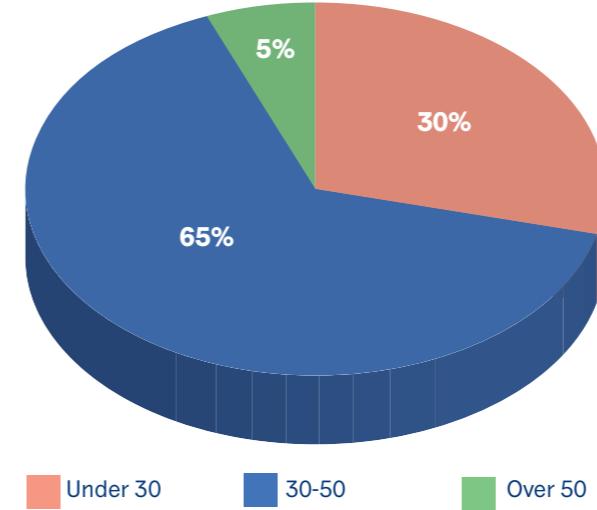
2023 Distribution of NBK Kuwait Workforce Nationality



6.2.4 Age Diversity:

The subsequent section will provide a detailed breakdown of our staff members based on three different age groups. Upon analysis, we find that the most prominent age demographic within our workforce falls within the 30–50-year age category.

2023 Age Diversity of NBK Kuwait Total Workforce



6.2.5 Special Needs Employees:

At NBK, our objective is to foster a workplace ethos that values inclusivity, bolsters employee morale, and cultivates a sense of organizational empathy, contributing to a positive overall work culture. As of December 31, 2023, we had two employees with special needs, although it's important to note that not all employees choose to disclose their disabilities. Our team has been actively coordinating with the Public Authority for Disability Affairs (PADA), pushing to enhance our recruitment, and hiring process for individuals with special needs, and empowering them to make the most of their abilities.



6.3 Employee Wellbeing

6.3.1 Health and Safety:

The Board of Directors at NBK acknowledges the importance of health and safety-related matters and strives to address these issues effectively. They also sanction the health insurance plan for NBK employees and their families. The company's stance on health and safety is outlined in our GHR Management Policy Statement, available in the "Employee and Family Safety, Health and Well-being" section of the NBK Group's website under Sustainability Policies. The

Case Study: NBK – Wellbeing Programs on Learning Hub

Overview of the initiative:

The programs were offered on a voluntary basis, so employees who wanted to take the programs were able to do so in their own time. A total of 357 employees accessed and completed at least one program in 2023.

A dedicated wellbeing page was established on NBK E-learning platform with 6 programs that focused on managing stress, diversity at the workplace, understanding emotions, wellbeing at work, fostering mutual respect, and increasing wellbeing.

Focused on promoting the well-being of its staff, NBK has developed a comprehensive employee wellness program addressing physical, mental, family, and community aspects. To improve physical health, NBK hosts health experts for employee consultations and runs physiotherapy sessions. Community wellness projects also engage staff in volunteer work.

In a significant step towards onsite healthcare, NBK partnered with WARA hospital to establish an in-house clinic at NBK's headquarters. This clinic provides a range of services, including first aid and occupational health, and has been utilized by 687 employees. NBK's board has consistently allocated 1% of its annual budget to the health sector since 2007. Additionally, the board has demonstrated its commitment to public health by allocating KD 13 million for the expansion of the NBK Children hospital and approving health insurance packages for NBK Employees and their families.

Prioritizing employee fitness, NBK collaborated with Inspire Sahara Health Club to open an employee gym, attracting over

statement can be directly accessed through this link:
https://www.nbk.com/dam/jcr:7cf07a36-8231-4a5e-9cac-a2335456c37c/HRMgt%20Policy%20Statement_v.FINAL%20041922.pdf.

"In 2023, NBK had zero reported injuries and safety violations"

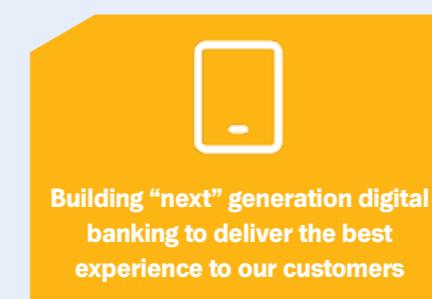
6.4 Digital Transformation



NBK places a high emphasis on digitalization as a vital part of its business strategy, steadfastly implemented through our digital transformation strategy. We are committed to "establish a digital and agile work environment", driven by the Group's Digital Transformation Strategy. The approach we take to digitize our operations is two-fold.

The first involves transforming our core operations in Kuwait with an aim to provide optimal digital experiences in a customer-centric manner. The second part of NBK's strategic approach is towards business diversification, exploiting digital disruption for major markets outside Kuwait. This commitment to digital strategies underlines NBK's central ambition, while building a culture of innovation across various teams.

With a solid digital transformation strategy, we are committed to our strong 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:



Digital transformation programs across all segments
 (Consumer, Private, Corporate)

Leveraging the change through six main pillars

Enhancing Existing Channels Experience

Developing New Channels

Building New Digital Capabilities

Fully Digital Value Propositions

New Way Of Working

Trendsetting Innovation



In 2023, 79% of the surveys conducted by NBK were collected digitally, either pushed via email or pop-up, or by using QR codes in the respective branches



Enhance **Employee file archiving** and retrieval process through document management system



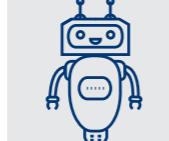
Transitioning to a new Domestic Credit Request (DCR) system which will integrate all the internal systems and databases and will in turn reduce manual efforts and minimize errors



Implement **digital employee certificates**



The purchasing team migrated **into digitized business cards** and share QR code to reduce business cards issuance which reduce the use of paper



Reduced human intervention with automated systems to interact with stakeholders and other functions



Continue transitioning to a **paperless environment**



Pursue new cloud **technology for enterprise** resource planning



Switched to QR codes and stopped printing brochures in branches, digitized our premises brand audit procedures using a mobile application thereby saving paper, manual effort, time and reducing error



Acquired Central Bank of Kuwait's approval to **implement Cloud HR solution**



Introduce enhancement of performance management processes through automation



C630: **A state-of-the-art digital platform** for Customer Relationship Management (CRM) to empower and improve decision making for corporate RO



469 out of 700 banking products, such as loans, credit cards, etc, were processed end-to-end through digital signatures by the Employee Services Team



E-KYC: **Implemented e-KYC (hybrid)** solution which allows us to renew the KYCs faster, more accurately, and with less inconvenience to our customers, compared to the previous fully manual process



The masterclasses conducted by the Talent Management team along with IE Business School, Madrid paid special emphasis on **innovation and digital trends**, design thinking, digital transformation apart from leadership enhancement curriculum

Goal Towards Digital Marketing

We're dedicated to ensuring that our customers have easy access to clear information about our products and services. To accomplish this, we've strategically moved our communication channels to digital platforms, providing a cost-effective and engaging experience. In 2023, we effectively redirected our offline media budget to digital channels, expanding our reach and influence.

Our digital communication strategy prioritizes transparency and accessibility, utilizing innovative data analysis and technology. Advanced analytics help us comprehend customer behaviour and preferences, enabling us to craft personalized messages that deeply resonate. Our approach emphasizes the creative utilization of digital tools to deliver compelling and interactive content. Staying relevant in the dynamic digital landscape is crucial. We keep ourselves up to date with respect to the trends and consumer shifts to ensure our communication aligns with what truly matters to our audience. This involves analysing online behaviour and preferences to craft targeted, effective campaigns that foster lasting connections and loyalty.

Case Study: NBK's International Business Group's (IBG) Digital Blueprint

Overview:

In collaboration with SAG, NBK has developed and executed the IBG digital blueprint. A dedicated team, comprised of members from Kuwait and IBG locations, has been established to facilitate this initiative, utilizing technical resources from the headquarters. Objective:

- Standardize current middleware platforms, utilizing available hardware to minimize expenses
- Accelerate the deployment of digital services by leveraging the headquarters' technologies

Outcome:

Successfully launched DVPE and completed the pilot implementation of DVPE.

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 deliver a positive impact on the communities we serve. We are increasingly attentive to optimizing our positive social impact within our Corporate Social Responsibility (CSR) investments.



NBK saw the following accomplishments in the year 2023.



Awarded "Best Bank for Corporate Responsibility" in the Middle East 2023" by Euromoney



Launched new designs for all our cards aligned with our inclusivity goals, including design themes especially for the visually impaired



Launched the "Bankee" financial literacy program in Kuwait's schools, with 15,940 students and around 3,400 teachers participating



Community Investments totalled KD 28 million in 2023 (USD 91 million), a 22% increase from 2022



Committed KD 3.0 (USD 9.8) million for the restructuring of Shuwaikh Beach Waterfront in line with NBK's corporate responsibility and sustainability principles



Launched "She's Next" initiative in partnership with VISA, a global advocacy program that aims to support women-owned small businesses



Continued efforts to support and nurture local talent. As of 31 December 2023, Nationalization rate was 76.7%



NBK organized a Media Awareness Workshop on Sustainability and Climate Change, the first-of-its-kind in Kuwait

7.1 Customer Experience and Satisfaction

NBK remains committed to offering remarkable customer service and advocacy, with a focus on ensuring every client interaction enhances our notable reputation for superior service, reliability, and ongoing improvement. We keep a close eye on our Customer Satisfaction ratings and Net Promoter Scores, addressing any customer complaints promptly. Privacy is a primary concern for NBK as we remain committed to protecting our customers' information. Our customer base is divided into multiple segments, including Zeina, Shabab, Thahabi, and Privilege. We undertake initiatives to make banking accessible to everyone, with specific attention to customers with special needs. The following provides in-depth figures concerning our customers and the youth demographic.

Customer Figures – NBK Kuwait	2023
Total Number of Customers (Consumer Banking Group)	962,786
Youth Segment Percentage out of Total Customer Segments	19%

NBK prioritizes relevance by continuously adapting to change, with routine efforts directed towards enhancing efficiency, speed, and effectiveness for improved customer satisfaction. Through careful strategy formation, we aim to strengthen our customer relationships and achieve our goals.

- We strive for each customer's experience to be seamless, always available, and quick
- We aim to break down barriers common with larger banks. Our focus is to work hard for our customers
- We Accommodate diverse banking preferences, such as mobile banking. This allows us to further increase our efficiency
- We make sure that all our new ideas are versatile and can be used by a variety of customers

7.1.1 Customer Engagement

Being customer centric, NBK has established a specialized team, known as the Insight Team, responsible for gathering, analysing, and reporting customer feedback. In 2023, the Insight Team reached out to more than 55,000 customers to get their feedback about NBK. They talked to our customers online, in person, on the telephone, and on social media. Almost 79% of these talks

happened online indicating that we are making progress at using technology for our work.

Our customer surveys and initiatives encompassed various aspects:

- The campaign and brand tracker measured the strength of NBK's brand and assessed the effectiveness of NBK's advertisements compared to those of our competitors
- The behaviour study allowed us to gauge NBK's market penetration, as well as our product usage across various channels
- The customer experience survey captured the satisfaction level of NBK Customers within the branch, either during their visit (via a QR code) or through an SMS and email sent on the following day
- Additionally, we conducted a Mobile App Experience Survey quarterly to measure how our online banking customers feel about the NBK Mobile Application
- Prior to the release of new ads, studies were done to evaluate customer response. This pre-launch trial helped us understand how much customers could relate to our advertisements, thereby contributing to a successful campaign rollout
- Several tech initiatives were tested to comprehend customer reactions prior to launching new tech and digital innovations by NBK

7.1.2 Customer Satisfaction

In 2023, NBK carried out surveys involving roughly 27,500 customers to evaluate their degree of satisfaction. The response rate for these surveys fluctuated between 3% - 30%, depending on the chosen target audience and the research methodologies employed. NBK's overall score for customer satisfaction in 2023 was 93%, which shows an additional 3% compared to 2022's satisfaction score.

Moreover, we employed the NPS (Net Promoter Score), a key indicator to gauge our customers' loyalty level. In 2023, our NPS remained high at 63%.

NBK's Customer Satisfaction Index (CSI) 2023:
Main Sample Size: 1750 (including 600 NBK Customers)
Overall Satisfaction Score is an aggregate of the "Very Satisfied" and "Satisfied" scores.

Upcoming NBK Initiatives:



Develop strategic initiatives on financial inclusion and financial literacy



Incorporate ESG in consumers' journey, advise, and offerings



Increase corporate philanthropic and social responsibility spending in line with the SDGs

Case Study: Revamping the Card Design Experience

Overview:

NBK has revamped its debit and credit cards based on extensive customer research, ensuring clear differentiation between card types. These modifications include error-proofing techniques and special features catering to visually impaired customers such as notch and vertical designs. The new cards allow easy identification by touch and prevent incorrect insertions at ATMs. The bank has also included superior security provisions to deter card fraud.

Objective:

- Enhance customer engagement and satisfaction levels
- Display a commitment to social responsibility and inclusiveness
- Augment card security measures to inhibit card fraud
- Distinguish from competitors by providing innovative, customer-focused services
- Foster customer loyalty and retention by catering to the diverse requirements of the customer base

Outcome:

Enhanced accessibility and reduced errors through special features for visually impaired customers, ultimately leading to enhanced experience and improved customer satisfaction with NBK card offerings.

Case Study: Mobile Application Facelift

Overview:

In response to customer experience and satisfaction, NBK upgraded its mobile app with a responsive design, delivering consistent online banking experiences across devices (mobile and desktop).

The revamped app offers advantages like swift access to frequent transactions, customization options, and a personalized, comprehensive dashboard showcasing an overview of client products at a glance. Customers can effortlessly switch between products and use quick-action buttons for frequently used services.

Objectives:

- Improve existing and introduce new features
- Enhance user experience and provide personalization
- Meet customer expectations for digital banking
- Responsive design which enables the customer to have an Omni channel experience

Outcomes:

With the new Enhanced Mobile App, NBK offers:

- E-KYC service - Enables customer information updates
- Smartwealth integration - Provides easy investing in NBK wealth funds
- E-receipts - Gives options to view and share transfer receipts
- Beneficiary validation - Facilitates checking beneficiary account status
- Card details - Allows viewing of card PINs and details
- Quick pay - Empowers customers to pay via NBK Quick Pay links

Achievements:

The revamped app achieved a 90% satisfaction rating from customer surveys and promoted environmental conservation by saving around 100 million pieces of paper or approximately 1,500 trees.

Case Study: Enterprise Data Warehouse (EDW)

Overview:

NBK has implemented the Customer 360 platform to provide a consistent and superior customer experience across all channels. This platform uses data from the Enterprise Data Warehouse for a unified customer view, enhancing upselling, cross-selling, and overall sales, and marketing performance.

Objectives:

- To provide a unified view of a customer, along with product-level revenue data, enabling Relationship Officers (ROs) to carry out effective account planning and to price new deals for an improved Return on Capital (ROC)
- To equip ROs with trend analysis of product-level balances and timely alerts about opportunities and document expiration dates, empowering them to act promptly with customers
- To offer ROs the capability to record client meeting notes and delegate tasks with deadlines to themselves or other bank staff
- To consolidate all customer data into a single, accessible location, facilitating knowledge transfer between ROs, especially allowing new ROs to quickly become familiar with a customer through the system

Outcomes:

The Customer 360 platform has achieved significant milestones such as:

- Ensuring timely access to data, allowing Relationship Officers (ROs) to respond swiftly to customer requests
- Creating a unified, global perspective of our customer base
- Deriving deeper insights through a comprehensive review of global customer transactions
- Facilitating an integrated view of corporate customer relationships across all departments (including Domestic Corporate, Foreign Corporates, Private Banking, Business Banking, Consumer Banking, IBG, and NBKC) based on customer groups
- Streamlining the management of alerts throughout the customer lifecycle, from opportunity creation and risk management to reminders for routine tasks

Case Study: e-KYC

Overview:

The e-KYC initiative, implemented as a hybrid solution, enhances the efficiency and accuracy of KYC renewals, improving customer convenience. Accessible on our online banking platform, this initiative enables easy data viewing and updating, includes validation checks for data accuracy, and streamlines the approval process for a better customer experience.

Objectives:

- Enhance operational efficiency by streamlining the KYC renewal process for faster, more precise customer data updates
- Generate cost savings and optimize resource allocation within the bank
- Minimize customer inconvenience by providing a user-friendly platform to manage KYC information, resulting in increased customer satisfaction and loyalty
- Ensure adherence to regulatory requirements through validation checks, reducing the risk of non-compliance penalties
- Align with NBK's commitment to technological innovation and customer-oriented services, enhancing the bank's competitive edge in the industry

Outcomes:

- Enhanced operational efficiency, processing times, and costs, surpassing traditional KYC methods
- Widespread client adoption due to a convenient, user-friendly interface, boosting customer satisfaction and loyalty
- Successful compliance with regulatory standards and robust measures for customer privacy and data security
- Multi-dimensional positive impacts fostering NBK's sustainable growth and success

7.1.7 Rewards and Loyalty Programs

The Rewards & Loyalty Programs of NBK are primarily centered around the use of Credit Cards and Prepaid Cards. Customers earn points based on their spending conducted via these cards.

These rewards programs, which are largely hinged on the utilization of various cards, can be generally divided into two main categories: those funded by the bank, and those funded by merchants.

Among the bank-funded programs, specific Credit or Prepaid Cards are eligible for various rewards such as Miles, KWT points, Kuwait Airways Oasis points, UEFA points, and NBK Avios.

On the other hand, merchant-funded programs, like NBK Rewards, can be accessed via all Credit and Prepaid Cards. NBK Rewards is a closed circuit, merchant-sponsored rewarding scheme that operates on a points-based system. This scheme offers up to 25% of the transaction value as points. Points earned through NBK Rewards are both accumulated and redeemed at POS terminals of merchant participants within the NBK Network (who are a part of the Rewards program).

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

Furthermore, NBK has refreshed its partnerships, introducing a variety of new offerings. Notably, H&S Store is now seamlessly integrated into both IAD and NBK HQ, specifically located on the 18th floor. Additionally, Flare Fitness introduces an enticing opportunity to engage in a three-day Hindrance race, complemented by exclusive Shabab vouchers. Meanwhile, OLE extends an appealing Buy One Get One Free deal for patrons utilizing the KWT Card. CHIPS also offers exclusive discounted pricing on their products for SHABAB Pre-Paid Card holders. Moreover, Trolley provides an impressive 90% discount exclusively for SHABAB Pre-Paid Card users every Tuesday, while Sultan Center has recently joined an instant discount program and introduced an enhanced point of sale system to elevate the overall customer experience.

7.2 Community Development

NBK is deeply committed to empowering Kuwaiti youth through various programs aimed at enhancing personal development, financial literacy and educational support and inclusivity among Kuwaiti youth through targeted training programs. Approximately 56% of NBK's CSR contributions, totalling KD782,000, are directed towards initiatives aimed at providing youth with market exposure, valuable experience, and essential financial knowledge.

These educational youth programs mainly target gaining financial literacy, alongside building character, vision, and personality. They equip young individuals with the skills necessary to make informed financial decisions, empowering them to succeed in both personal and professional endeavours.

NBK's significant CSR focus areas include:

- A. Women Empowerment
- B. Healthcare
- C. Youth & Education
- D. Employees Wellbeing
- E. Caring for the Environment
- F. Community Outreach

NBK's intent is to enhance societal impact while actively contributing to the communities where it operates, by aligning initiatives with ESG strategies and other sustainability frameworks and engaging with stakeholders to understand and meet their expectations.

7.2.1 Community Contributions

NBK has been instrumental in fostering social growth in Kuwait through its focused Corporate Social Responsibility (CSR) campaigns. These initiatives are in harmony with Kuwait Vision 2035, and NBK has gone over and above in honouring national commitments in varied sectors:

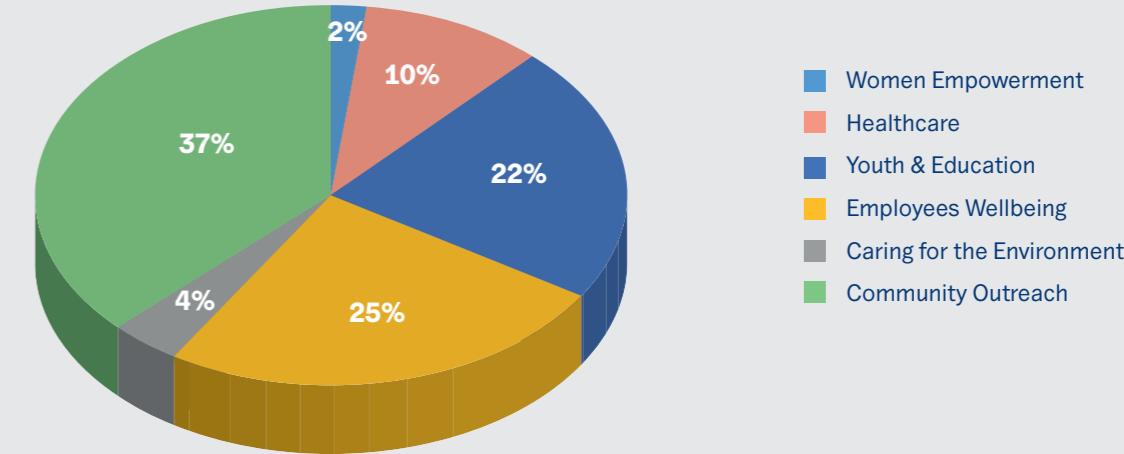
- Encouraging Financial Inclusion: NBK advocates for financial inclusion through initiatives that enhance financial literacy and banking accessibility
- Investing in Education: We support education by investing in training programs aligned with Kuwait Vision 2035's knowledge-driven economy objectives

- Promoting Sustainability: Sustainability is prioritized at NBK, incorporating eco-friendly practices into daily operations
- Supporting Community Development: Various community development projects focused on healthcare and social welfare reaffirm our commitment to societal upliftment

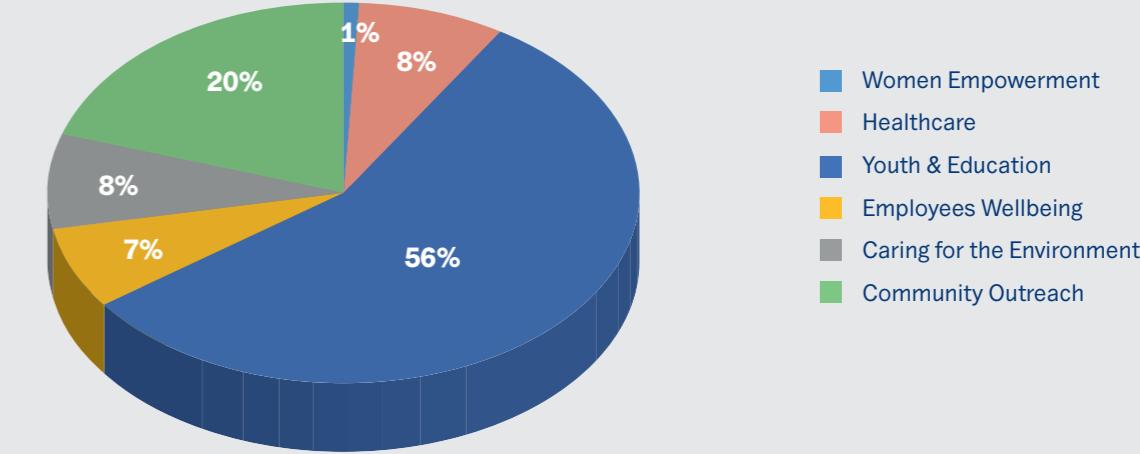
- Prioritising Technology and Innovation: NBK fosters innovation and leverages technology, leading financial digitization efforts and supporting economic diversity in Kuwait
- NBK's active participation in these areas has fulfilled its CSR obligations and has been a key in pushing Kuwait closer to realizing the objectives set by Kuwait Vision 2035.

	Community Outreach	Health Care	Youth and Education	Women Empowerment	Environment	Employees Wellbeing	Total
Investment in KD	274,499	118,415	782,049	10,000	115,770	95,753	1,396,486
Investment in USD	894,862	386,031	2,549,467	32,600	377,408	312,153	4,552,522
Total Number of Activities	19	3	11	1	2	13	49

% Activities



% Investment



NBK's educational impact is evident through initiatives such as:

- Bankee program, which promotes financial literacy in Kuwaiti schools
- Supporting LOYAC's youth programs, introducing young adults to the world of business and through volunteering opportunities with engaging activities, environmental awareness, and sports
- NBK supports KALD in its program to aid children with learning difficulties, furthering our commitment to educational support and inclusivity

NBK's annual Ramadan program "Do Good Deeds in Ramadan" in 2023 involved distributing Iftar meals, visiting institutions, and participating in charity and social events. The initiative promotes

community involvement in Kuwait, aiming to support individual and family progress. It included distributing 6,000 meals across locations and hospitals in Kuwait, promoting recycling through waste-gathering competitions and walks, and encouraging employee voluntary work. A traffic awareness campaign aimed at reducing accidents during Iftar was also implemented. Other activities included celebrating Gergean at NBK Children's Hospital and conducting a Dama Tournament at Al Aswaq in Al Mubarakiyah.

Do Good Deeds in Ramadan:

- 7,500 meals and 16,000 Gergean boxes distributed
- 10 to 15 volunteers (68hrs) volunteering hours
- 38,630.85 KD cost

USD	2022	2023
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	USD 874.02 million paid, consisting of USD 615.51 million paid for FY 22 in 2023 Interim Dividend of USD 258.51 million paid for FY 23 in 2023
Total amount spent to The Kuwait Foundation for the Advancement of Sciences (KFAS)*	USD 18.1 million	USD 19.27 million
Total amount spent to National Labour Support Tax (NLST)*	USD 42.8 million	USD 45.93 million

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

NBK's key community partners:

Community Investment	
Total community investment	KD 28 million (a 22% increase from 2022)
Total community lending, financing, and investments which are not considered donations	KD 750 million
Total number of employee volunteering hours	293 hrs
Total number of NBK Volunteers	91
Percentage of operations with implemented local community engagement, impact assessments, and/or development programs.	38% (dropped from 80.4% in 2022)

At NBK, we continuously strive to maximize the positive impact of our community programs, while actively minimizing any potential negative consequences on local communities, such as environmental changes or community dynamics. For instance, as part of our commitment to sustainability, we have plans to measure the carbon footprint of our upcoming NBK Run event.

In 2023, our CSR approach took a strategic turn. We saw a drop in the total number of impactful projects, primarily due to resource reallocation. We placed greater focus on the Bankee program, promoting financial literacy among students, which required

significant investment. At the same time, we bridged stronger alliances with embassies and local facilities through sponsorship of relevant events.

Despite this investment not directly contributing to the count of impactful projects, it emphasizes our commitment to comprehensive community development and environmental sustainability. In essence, our strategic shift in resource allocation and our initiatives show our complete approach to social responsibility, targeting not only immediate community impact but also the sustainable transformation of public spaces.

KD	2022	2023
Total amount of shareholder dividends	KD 291.3 million paid, consisting of KD 215.8 million paid for 2021 in 2022	KD 268.107 million paid, consisting of KD 188.808 million paid for FY 22 in 2023 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	KD 5.911 million
Total amount spent to National Labour Support Tax (NLST)*	KD 13.1 million	KD 14.088 million



NBK sponsored the following programs from Loyac as part of year 2023 agreement:

- Kon Social Entrepreneurship Program
- Green Volunteering Program
- Girls Leadership Retreat in UK (Wamdhia)
-

The collaboration with Loyac catalyses a multifaceted impact, empowering Kuwaiti youth in entrepreneurship, environmental responsibility, as well as growth and self-development perspectives. This creates a lasting positive influence on their lives and communities



Our partnership with creative confidence encompasses two training programs:

1. Bankee: A pioneering initiative in Kuwait's educational landscape, having achieved profound impacts that surpass its primary financial literacy objectives. Notably, the program has provided a unified and effective classroom management tool and has transformed the schools' environments through embedding gamification as well as encouraging various extracurricular activities, such as establishing and upgrading school facilities that are provided access for through the program's currency. These changes have fostered a conducive learning environment, enhancing the overall educational experience.
2. Tamakan: NBK supports this program for 5 years. This program targets training fresh graduates for career readiness. Tamakan provides targeted training, empowers young talents with relevant skills and fosters their employability and contributing to a skilled work force. Tamakan enhances Job prospects for fresh graduates, addresses unemployment challenges and promotes economic growth. Tamakan ensures that the workforce is well equipped with the competencies needed and invests in training to reduce skills gap. The program promotes inclusivity by equipping diverse young talents with the skilled required for a competitive job market.

 <p>KALD الجمعية الكويتية لاختلافات التعلم Kuwait Association for Learning Differences</p>	<p>NBK sponsors KALD's Persevering Student Award for 2022/2023, recognizing students with learning difficulties and ADHD. The award encourages excellence among students and fosters positive attitudes towards learning. Nominees must be students from any school level in Kuwait with specific learning difficulties or ADHD. This collaboration aligns with NBK's social responsibility mission, especially supporting children with learning difficulties.</p>
 <p>KA CH الجمعية الكويتية لرعاية الأطفال في المستشفى Kuwait Association for the Care of Children in Hospital</p>	<p>NBK is collaborating with Bayt Abdullah Children's Hospice in Kuwait, providing pediatric palliative care to children with life-limiting or life-threatening conditions. NBK's support includes significant financial contributions covering operational expenses, including medical team salaries. This backing enables the hospice to offer comprehensive care addressing medical, emotional, and social well-being needs, subsequently improving their life quality.</p>
 <p>K.R.C.S جمعية الصليب الأحمر الكويتي</p>	<p>NBK is proud and supportive of the relentless efforts of the KRCS, being one of the oldest societies in the humanitarian and charitable field, in addition to its contributions in providing relief in many countries around the world. It is worth mentioning that National Bank of Kuwait is a strategic partner of the Kuwait Red Crescent Society in a large number of charitable campaigns and initiatives inside Kuwait, including health and social welfare programs.</p>
 <p>omniyat الجمعية الكويتية لتنمية البلاستيك Plastic collection</p>	<p>NBK is a sponsor for Omniyat and work together in several programs and initiatives targeting collecting plastic waste to raise awareness about plastic waste segregation and to collect most of the plastic waste. A new collaboration took place in 2023 and continues. It is designed to address plastic consumption and foster sustainable practices within our community. Through this joint effort we aim to create awareness including schools about environmental impact of plastic consumption.</p>
 <p>KUWAIT DIVE TEAM www.kdt.kw</p>	<p>NBK supports Kuwait Dive Team project for the second year in a row to protect coral reefs in Kuwait. The project includes installing mooring buoys to prevent boaters from using anchors in this fragile environment. This initiative is in-line with our directive to raise awareness on the best practices of social responsibility as well as increase awareness to reduce harm and preserve the environment with reduced pollution and an engaged community that actively participates in eco-friendly practices.</p>

Preserving Blue Wealth

NBK supports Kuwait Dive Team (KDT) to clean up and preserve the marine environment of the Kuwait Bay, which is one of the main drivers of the national economy. Volunteers from NBK and KDT removed discarded fishing nets and waste harmful to the marine environment and the coastal area, along the coast and sea. Protecting and preserving the environment are pivotal elements of our social commitment for the aim of realizing overall sustainability in Kuwait. This initiative is in-line with NBK's directive to increase awareness to reduce harm and preserve the environment.



NBK, UNEP Clean Seas, Kuwait Dive Team, Environmental Voluntary Foundation

NBK collaborated with organizations to protect marine resources, the activities achieved:

50 tons of discarded fishing nets and harmful waste - The team removed 50 tons of neglected fishing nets and waste harmful to the marine and coastal environment with the support and sponsorship of the NBK, including more than 16 sites, in cooperation with the Environment Public Authority



107 Marine anchorage for safe berthing for boats and yachts - In collaboration with NBK, the Environment Public Authority, the Environmental Voluntary Foundation, and Kuwait Petroleum International Company, the Kuwaiti diving team carried on with their marine stalls' maintenance project at key coral reef sites. The team finished periodic maintenance and development, using durable materials to enhance efficiency and provide safe berthing for boats around the islands.

100 tons of recovered ships - The team was able to recover 11 boats, ships, and marine pieces with a total weight of 100 tons from several sites.



Other CSR initiatives by our Subsidiaries:

NBKI had a minimal presence in community and charity initiatives, which was identified as a significant area for improvement within its ESG framework. In response to this, NBKI established a dedicated team with the strategic objective of identifying and supporting local charities, marking a pivotal shift in the company's commitment to enhancing its social responsibility efforts.

The objectives of this initiative were multifaceted: NBKI aimed to increase its impact on the community by backing worthy causes, foster employee engagement by aligning with their personal values and desire to contribute to society, improve the company's reputation to attract potential employees who prioritize socially responsible employers, and bolster team cohesion by encouraging employee involvement in volunteerism and community activities. These efforts would, in turn, amplify the positive effects on local communities.

The achievements of this initiative were notable; in the fiscal year 2023, NBKI made two financial contributions totalling £5000 to support community projects. Additionally, the bank witnessed a surge in staff engagement, which was sustained through consistent communication via circulars, indicating a successful integration of community and philanthropic values into the company's culture.



Similarly, in July 2023, NBK Singapore and the Food Bank Singapore Ltd. (FBSG), a food charity organisation, as part of CSR initiative focused on encouraging staff to volunteer their time to pack food for distribution to the Glyp Community, a non-profit charity in Singapore dedicated to supporting children and youth. The initiative aimed at advancing NBK Singapore's community impact, not only bolstered the organization's reputation and strengthened its brand image but also significantly improved employee morale, leading to greater engagement within the workforce. Furthermore, it contributed to the advancement of the sustainability agenda by promoting practices that support an eco-friendly future, demonstrating the Branch's commitment to social responsibility and environmental stewardship.



Case Study: Enhancing Financial Literacy in Kuwait's Schools through Bankee Program

Overview:

Bankee is a financial literacy initiative in Kuwait designed for elementary and middle school students. It is a collaborative effort between Creative Confidence, the Ministry of Education, and the Kuwait Anticorruption Authority. With a budget of KD 640,000 in 2023 and KD 750,000 for 2024, Bankee aims to transform educational experiences by integrating gamification into classrooms and supporting extracurricular activities. The initiative contributes to several Sustainable Development Goals, including quality education, gender equality, decent work and economic growth, industry innovation and infrastructure, and partnerships for the goals.

Objectives:

The goals of Bankee include fostering financial literacy, improving classroom management, and creating a supportive learning environment. The initiative seeks to engage a broad spectrum of schools, reach a diverse group of students and teachers, and positively influence the educational experience.

Key Features:

Bankee has introduced a unified classroom management tool and has transformed school environments through gamification and extracurricular activities. It has also facilitated the establishment and enhancement of school facilities accessible through the program's currency. Co-designing with educators has allowed for a seamless integration into the Kuwaiti educational system, and the focus on building teacher capacity has fostered a collaborative environment for shared learning and growth.

Achievements and Impact:

Bankee has provided targeted train-the-trainer sessions for teachers and developed consistent training materials. The use of social media has expanded the program's reach, and a new platform with Arabic support has been developed to address technical issues and resistance from teachers. Real-time tracking dashboards have been embedded for effective monitoring and continuous improvement. Collaboration with an Applied Behaviour Analyst has ensured that the content is age-appropriate and sensitive to behavioural aspects of financial literacy. The program has positively impacted the environment, economy, community, and people, including promoting human rights and financial inclusion.

Quote from Manal Al Mattar, Head of Corporate Communications:

"The 'Bankee' financial literacy program aims to make banking more accessible to all and enhances the focus on financial literacy and accessibility. The program targets increasing 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 details: [Bankee Online](#)

Case Study: Driving Plastic Segregation and Recycling with Omnia's App Launch

Overview:

Omnia, initiated by three Kuwaitis in 2015, progressed from a non-profit encouraging plastic segregation to Kuwait's first PET recycling factory, partly funded by The National Fund for SME Development. Beginning operations in 2018, they sold all their Hot Washed PET Flakes to Europe. In partnership with NBK, they launched a unique app to promote plastic segregation and recycling. The partnership includes initiatives targeting the education sector, to instil an ecological mindset in students.

Objectives:

- To raise awareness about plastic waste segregation in Kuwait's entire population by 2025
- To formulate a hub for PET recycling in the Gulf Region
- To develop a plastic waste collection system through Extended Producer Responsibility (EPR) in Kuwait
- To construct segregation centers throughout Kuwait
- To incorporate recycling into the educational system and build the first educational & cultural center for waste segregation in Kuwait in the form of an earth ship

Through sponsoring Omnia's plastic collection initiative, NBK has a significant impact. This resonates with NBK's dedication to corporate social responsibility and societal welfare by:

- Reinforcing NBK's commitment to environmental sustainability, aligning with global CSR trends
- Positioning NBK as a proactive contributor to environmental solutions, increasing brand loyalty among environmentally aware customers
- Enhancing NBK's community engagement and building a positive relationship with customers who appreciated eco-friendly initiatives
- Supporting sustainability awareness in the community, hence, fulfilling NBK's educational role
- Expanding NBK's partnerships and networks by teaming up with Omnia and others
- Motivating eco-friendly behaviour in the community through promoting plastic segregation and recycling
- Reducing plastic pollution and environmental damage
- Facilitating operational success of Omnia through NBK's financial contributions, ensuring sustained plastic collection efforts
- Boosting the local economy by creating a recycling ecosystem
- Encouraging a sense of community involvement and pride in contributing to environmental sustainability while promoting a cleaner, healthier environment, and enhancing residents' well-being

Achievements:

- Post its launch on March 9, 2023, the application was downloaded by over 12,800 users by year-end
- The application averaged 700 donors daily, totalling to 321,400 donations for the year
- A competition held between October and November involved 48 public schools and led to the collection of 150 tons of plastic waste
- From January to December 2023, 295.520 tons of plastic were collected from containers
- In total, 445.52 tons of plastic were collected throughout the year

Case Study: NBK Children Hospital Expansion Project

Overview:

The expansion project of the NBK Children's Hospital underlines NBK's unwavering dedication to advancing pediatric healthcare in Kuwait. With a funding allocation of KD 13 million, Building C is primarily dedicated to haematology and oncology, expanding the hospital's footprint by an additional 20,000 m². This initiative significantly aligns with the 3rd, 9th, and 17th Sustainable Development Goals (SDGs), underlining its far-reaching implications. This serves as a summary to the case study.

Objectives:

- Elevate Specialized Care: Increasing focus on pediatric haematology and oncology to deliver exceptional medical services
- Foster Holistic Patient Care: Leveraging over two decades of experience to create a supportive atmosphere that nurtures both medical and emotional health
- Implement Advanced Medical Technology: Upholding NBK's tradition of integrating cutting-edge medical technology for enhanced patient care
- Encourage Research and Education Leadership: Cultivating an environment of innovation and learning in pediatric haematology and oncology
- Promote Professional Development: Training new healthcare workers in these specialized fields

Achievements:

- Significant milestones, including the engagement of expert teams and progression in design stages, highlight the project's evolution
- The project's influence extends beyond improved patient care, contributing to advancements in research and education
- The project has a more expansive societal impact, signifying its importance in Kuwait's healthcare sector
- The entire initiative stands as a cornerstone in Kuwait's healthcare landscape due to its transformative trajectory

Other initiatives	Actions taken
Kuwait National Petroleum Company (KNPC)	An information exchange session was held to discuss different leadership strategies and experiences.
Kuwait Petroleum Company (KPC)	
Kuwait Fund for Arabic Economic Development	An educational session was conducted focusing on the bank's key operations, including Treasury, Global Cash Management, and Funds Transfer.
Kuwait's Deaf Girls Sport's Club	An informative session was held concerning the bank's popular offerings and how to maximize their benefits effectively.
Ministry of Interior (MoI)	A session was organized to educate attendees about innovative fraudulent practices and techniques in money laundering.
Local Banks	A cooperative workshop was held with participants from other banks to discuss the widely used CreditLens system.

In retrospect of the past year, NBK has admirably marked significant achievements in honouring its CSR commitments, further solidifying the foundation established by our CSR policy formulated a year ago. Keeping pace with ESG standards, Sustainable Development Goals (SDGs), and the vision of Kuwait 2035, we have intentionally embarked on a journey towards practicing conscientious business.

Demonstrating our commitment to progress, we have aligned initiatives with select SDGs – notably numbers 3, 4, 5, 8, 9, 10, 11, 12, 16, and 17. These serve as a testament to our dedication to accelerating societal development with a comprehensive approach.

Our CSR strategy, designed with a structured approach, segments into six primary areas: Health, Community outreach, Environment, Women empowerment, Employee Wellbeing, and Youth and education. These well-planned tactics enable us to cater to distinct requirements of each area, subsequently creating a broader impact.

Having collaborated with stakeholders across different sectors, we have successfully navigated through challenges and capitalized on them to deliver significant results.

As we envision the future, our ambition holds firm in our continuous pursuit of substantial progress. By endorsing collaborative efforts and maintaining strategic focus, our objective remains to reinforce our commitment to social responsibility and contribute significantly to sustainable development goals.

7.2.2 Volunteering and Employee Engagement

Our Volunteering Club is interested in volunteering their time to participate in social responsibility activities. Encouraging employees to get involved in volunteer work is an effective way to support and connect with our local communities, and it also provides a sense of fulfilment for our staff.

Employee participation can:

- Have a significant impact on the community
- Enhance the well-being, engagement, and overall satisfaction of the Bank's employees
- Increase employee productivity
- Enhance recruitment and employee retention rates

7.2.3 Social Media Engagement

NBK is committed to actively involving our customers via our various social media channels to amplify positive and impactful interactions with our bank. This is accomplished through educating our customers about a range of important topics including data and cyber security, defence against financial fraud, health and safety procedures, privacy, and disclosure, NBK Policies, CBK guidelines, and others. To increase public awareness about key sustainability issues and fraud, we also engaged our customers in those topics by sharing our progress and commitments in this area through our communication platforms. NBK also organized a Media Awareness Workshop on Sustainability and Climate Change, which was a first-of-its-kind in Kuwait.

We regularly track the combined customer likes, comments, impressions, and retweets by subject and date. This helps us gain crucial insights that can potentially help us improve our community engagement and contributions.

"NBK has surpassed 2.2 million followers across all the social media channels in 2023."

Social media channels that NBK utilizes for communicating with the community are:



Instagram



TikTok



X



LinkedIn



Facebook



YouTube

In 2023, the rate of engagement across all NBK's social media platforms surpassed 3.2 million.

We shared posts on the following Sustainability/ESG issues through our social media channels:

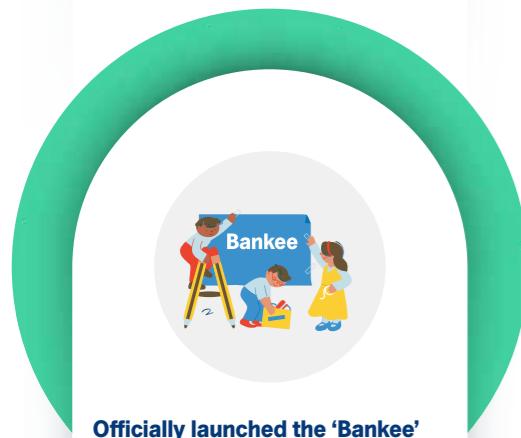
- The Omnia initiative
- The Tadwire recycling project
- NBK's support of the Kuwait Sustainability Exhibition
- Recognized various International events/days: ex. Mental Health Awareness Day, Breast Cancer Day, International Children's Day
- Additionally, we announced the publication of our seventh annual Sustainability Report for 2022

7.3 Financial Inclusion, Accessibility, and Literacy

NBK takes corporate social responsibility commitment a step further. We have programs designed to address Financial Inclusion, Accessibility, and Literacy.



SME cashback credit card:
NBK launched a dedicated cashback card tailored to the needs of SME's offering rewards and benefits. This initiative supports SME growth while promoting financial inclusivity



Officially launched the 'Bankee' financial literacy program in public and private schools, with 15,940 students and around 3,400 teachers participating



Actively involved in the Central Bank of Kuwait's "Let's Be Aware" campaign, focusing on raising awareness on critical financial and data security matters

7.3.1 Literacy

NBK has launched 'Bankee' in public and private elementary and middle schools in Kuwait, as part of its corporate social responsibility commitment to financial literacy. The program has been designed in conjunction with the Creative Confidence Consulting Company & Training Institute, the Ministry of Education and Nazaha (Kuwait Anti-Corruption Authority) to address the gap in current educational systems. The program is aimed at teaching students key financial concepts and building a financially aware, responsible generation.

The pilot was initiated in 2022, targeting eight public and three private schools. By the school year 2022/2023, the program engaged 11 schools, 4,965 students, and 507 teachers, and NBK's investment for 2023 was KD 640,000. For the school year 2023/2024, 30 schools (including 1 for special needs), 15,940 students, and 3,445 teachers are involved with a budget of KD 750,000.

Outreach:

In effort to raise financial literacy among employees in 2023, 108 emails were distributed to staff and 26 messages were showcased monthly on elevator screens. Moreover, we utilized the following social media platforms for implementations of our financial education initiatives and reaching out to our stakeholders, the total number of messages channelled through these platforms in 2023 was 1620.



Instagram



LinkedIn



X



YouTube



Facebook



Website



TikTok

7.3.2 Accessibility

Catering to broad financial accessibility, NBK offers an expansive number of service points.

- Branches and Mobile Branches:** NBK has a network of branches across Kuwait, enabling customers to conveniently access in-person banking services
- ATMs:** NBK's extensive network of ATMs allows customers to perform various self-service banking tasks such as withdrawing cash, checking balances, and resetting their PIN
- Self-service:** The introduction of advanced self-service branches enables customers to perform various automated transactions 24/7, thereby managing their banking needs at their convenience
- NBK Reward Programs:** NBK encourages the use of its services through the NBK Reward Program, whereby customers can use their NBK Credit Card (Visa, Mastercard, etc.) at participating outlets and earn reward points that can be redeemed for benefits
- POS (Points of Sale) Services:** NBK provides businesses with comprehensive POS solutions.
- Mobile and Online Banking:** NBK offers its customers a range of products/services through Watani Online and the NBK Mobile App

Differently-Abled Customers

87 NBK Branch associates possess skills in communicating with sign language Enhanced all NBK cards by introducing features like pokayoke design. Redesigned cards include a notch for visually impaired customers, relocated card details for increased security, and vertical layout for accessibility.

NBK pledges to make banking accessible for all, implementing a multitude of measures for the benefit of customers with special needs. NBK maintains six specialized branches, each situated in a different governorate, as detailed below:

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

Enhanced with the latest services, these six branches aim to accommodate and ease banking transactions for customers with visual, hearing, or physical disabilities, as elucidated below.

- 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

Digital Solutions to Financial Inclusion

NBK promotes the use of mobile phone banking to disadvantaged social groups to increase access to banking services. This includes:

- Fintech Partnerships: NBK is collaborating with FinTechs to reach out and expand access to financial services
- Product Development: NBK is currently digitising its "Zaina account", which aims to educate children about finance from an early age, thereby promoting financial literacy and inclusion

7.3.3 Inclusion

SME Lending

NBK is dedicated to serving Small and Medium Enterprises (SMEs), recognizing their significant role in boosting the economy. In line with this commitment, NBK has seen an impressive KD 20.27 million in SME lending in 2023, marking a 12% increase from the prior year. Moreover, in 2023, NBK strived to provide innovative financial solutions to its SME and corporate clients by introducing new commercial prepaid and credit cards. These cards feature a unique cashback program, offering up to 1.5% cashback on retail corporate spending.

Amount of Credit Facilities Extended to SMEs	2021	2022	2023
KD million	15.58	18.17	20.27
USD million	50.87	59.32	66.08

	2021	2022	2023
Total Number of SMEs NBK Lent Money to	2,276	2,357	3,055

Importantly, consumer loans account for 21.6% of NBK's portfolio. This figure shows our diversified lending strategy and continued focus on providing financial services to a broad range of customers, including SMEs.

Al-Amil Segment

NBK's Al-Amil account package, specifically crafted for Non-Kuwaitis who earn under KD 400, includes a debit payroll card. This card allows users to withdraw cash from NBK ATM networks, effectively addressing the needs of the underbanked population. The package is tailored to meet the demands of corporate clients by facilitating salary transfers in accordance with Kuwait Labor Law. As of December 2022, this service was available at NBK's local branch in the Sabhan area.

Al Amil Segment Key Figures	2021	2022	2023
Total number of Al Amil cards issued	34,402	29,491	46,551
Number of active and open cards	30,061	26,898	41,602

Women and Youth

NBK proactively targets financial services for youth and women. Since 2009, their Shabab segment, designed for 13 to 24-year-olds (including college and university students), has offered specific banking products. This includes the Shabab Debit card, given free with the Shabab package, which allows both international and local usage, along with access to NBK Quick Pay. A no-cost Shabab prepaid card, valid for five years, offers exclusive offers on education, health, fitness, food and technology, among other things. In addition, NBK's Zaina account aims at children, and the bank plans to fully digitize this account for easy access and more personalized services.

Financial Inclusion, Accessibility and Literacy in NBK Egypt

NBK Egypt is focusing on enhancing financial inclusion by developing products and services that are accessible to the unbanked and underprivileged. Six times a year, financial inclusion events occur under the guidance of the Central Bank of Egypt (CBE). These are designed to encourage these groups to open bank accounts and use prepaid cards. A key initiative is the Individual Financial Inclusion Account, which offers waived opening fees and no minimum balance. The bank has introduced special accounts for underrepresented segments, including women and youth. The "Laki" Women Saving Account and Youth Saving Account are targeted towards these specific groups.

Additionally, the "Youth in Business" program, established by the European Bank for Reconstruction and Development (EBRD), is aimed at promoting youth entrepreneurship in Egypt. NBK has been supporting this initiative by offering tailored accounts to encourage young entrepreneurs under the age of 35 to access finance, learn about businesses, and seek non-financial business development services.

Other efforts taken to enhance financial accessibility

- **Special ATM Services:** NBK Egypt is updating its ATM machines to be accessible to individuals with disabilities (customers can sign by stamp or fingerprint). This allows for extended banking services to a wider range of customers.
- **Geographically Spread ATM Cards:** The introduction of ATM cards enables customers to access the bank's financial services through ATM machines that are geographically dispersed in areas where branches might not be available. This expanded access makes it easier for customers, especially those from remote locations, to benefit from NBK's financial services.
- **Call Center Expansion:** The bank is extending its range of services offered through the Call Center. This includes options for booking TDs & CDs and a call back feature, providing a more convenient way for customers to carry out their banking needs.



7.4 Privacy and Data Security

- “A Data Science team was established at the Group level to enhance the NBK's analytical and AI/ML capabilities, effectively shifting all departments away from paper and Excel sheets.”
- “A Data Literacy program has been launched to assist managers in adopting the appropriate mindset for utilizing data in decision-making.”

7.4.1 Information Security Policies and Certifications



ISO 27001 certified



PCI DSS certified



CBK Cyber Security Framework

Recognizing the critical need for enhanced data protection, NBK has developed Personal Data Privacy Policy and Information and Cyber Security Policy. These standards aligned with globally recognized framework like ISO27001 and Payment Card Industry Data Security Standard (PCI DSS). This protection extends across all business lines and subsidiaries, representing our steady resolve to strengthen client trust. Moreover, The BRCC is tasked with examining the progress reports on information security risks. It also ensures to keep the executive management updated with the latest measures to handle these threats as specified in the BRCC Charter.

Third-party service providers adhere to NBK's data protection requirements through NDAs. While customers can opt out of sharing their data for marketing and communication purposes, and request data deletion, respecting data retention regulations. In addition, secure data transfer protocols, reinforced by NDAs, regulate data storing and usage post-engagement.

Compliance with CBK Cyber Security Framework

The CBK's Cyber Security Framework is a set of guidelines focused on securing Kuwait's financial systems. It covers everything from identifying vulnerabilities and implementing security measures to managing incidents and safeguarding confidential data. NBK's Personal Data Privacy Policy and Information and Cyber Security Policy fully adheres to this comprehensive framework, ensuring the utmost safety and reliability in digital banking for our customers.

7.4.2 Mitigating Security Threats

As a core component of our Cyber Security Policy, we periodically conduct security audits and vulnerability assessments on all systems, products, and practices handling user data, enabling us to identify and rectify potential security risks effectively and proactively. A Data Breach Management Policy for managing incident responses and an Access Management Policy for dealing with personal or private data. Furthermore, we carry out penetration testing to identify potential breaches early. Complementing these are operational measures designed to monitor and swiftly respond to data breaches and cyberattacks, minimizing damage. The following various Security Assessments were performed during 2023:

- Application Security Assessment
- Configuration review
- Vulnerability Assessments
- Internal & External Network Penetration Test
- Cyber Incident Response Simulation

NBK UK

Aligns to the NCSC (National Cyber Security Center) 10 steps to cyber security and has a principle-based approach to information security. The bank has had 6 audits and control reviews over the past 12 months carried out by internal and external teams. NBK United Kingdom is constantly reviewing the cyber controls and as the bank goes through digital transformation is ensuring that the security and privacy by design principles are being adhered to. NBKI London provides its privacy notices on their website, highlighting the rights individuals have over their data control. These are examined and audited each year, and security vulnerabilities are evaluated every month. To add, NBKI does not gather sensitive data only personal data. Moreover, it also implements a number of privacy and data security policies which are reviewed periodically to adapt to changing threats and vulnerabilities. This includes:

- **Data Breach Management Policy**
- **Data Protection Policy**
- **Data Subject Rights Handling Policy**
- **Document and Data Retention Policy**
- **Information Classification Policy**

All of these efforts are aligned with GDPR and certified by PCI DSS.

NBK France

Its data protection policy, compliant with GDPR, ensures client data safety and confidentiality. Clients have rights over their data, including access, modification, and removal. In case of a data breach, a comprehensive response plan is implemented. Regular audits and security assessments are performed, with access to sensitive data strictly controlled.

Data sharing with third parties only occurs with client consent or if legally required. The bank collects and retains only necessary data and upholds privacy standards with suppliers and partners. A data governance committee exists, led by the Data Protection Officer. Employees receive regular data protection training, and the bank is SWIFT CSP certified.

NBK Egypt

It has established Information policies and related framework documents aligned with global standards like ISO 27001, PCI DSS etc. The Information Classification Policy defines the classification & protection requirements of personal/sensitive data. The Access Management Policy further defines that all accesses are provided on a need-to-know and least privilege basis.

To ensure the implementation of these policies and protection of data, the ISO department has established a Cyber Incident Response Plan & Procedure. This includes playbooks to manage potential attacks like Data Breaches. To continuously monitor and review these security measures, independent audits are performed by the Internal Audit team on a regular basis, focusing on overall Information & Cyber Security requirements.

NBK NY

In line with U.S. regulatory requirements - no nonpublic personal information about a customer is shared with any nonaffiliated third parties

7.4.3 Information Security Audits

To uphold high standards, independent external audits of our Information Security Policies and Systems are conducted annually. These audits, executed by the Group Internal Audit, thoroughly review our operations to ensure they are up-to-date, effective, and aligned with best practices. Our most recent audit, completed on December, 2023, showcases our interest to continuous evaluation and improvement.

7.4.4 Addressing Information Technology and Privacy-Related Complaints

"In 2023, NBK had ZERO incidents of data leaks or breaches"

The table that follows is a comprehensive summary of the Information Technology (IT) privacy complaints lodged with NBK, alongside the resolution timeframe.

Information Technology Privacy-Related Complaints and Turnaround Time	2023
Number of IT Complaints Received from Employees	32,485
Average Turnaround Time for Solving IT Complaints Related to Employees	4.63 hrs.
Number of IT Complaints Received from Customers	99
Average Turnaround Time for Solving IT Complaints Related to Customers	3 days

Following this tabulated report, we provide a detailed description of the data security training we employ and the methods through which we cultivate cybersecurity awareness.

7.4.5 Data Security Training and Awareness

86%

Percentage of employees completed NBK's privacy and security training

We conduct yearly training and frequent practical drills to keep our employees updated on data protection and cybersecurity measures. Our approach combines annual comprehensive lessons, monthly information security tips via email, and quarterly simulation of phishing encounters.

In 2023, internal SQL trainings were conducted with support functions to strengthen overall awareness and analytical skills in handling data. These initiatives align with our vision of having a totally self-sufficient data analytics function in each department.

7.5 Women Empowerment

NBK is dedicated to systemic gender equality and supports the United Nations Women's Empowerment Principles as a signatory and endorser. This commitment, endorsed by Ms. Shaikha Al-Bahar, Deputy Group Chief Executive Officer, has led

to interventions across all staff levels to empower women in line with the Sustainable Development Goals (SDGs). In the future, NBK also aspires to develop a framework that supports women in management positions.



In recognition of its outstanding performance in women empowerment, NBK received the award of **Best Initiative for Women in Business** from MEED, and the **Bronze Award for Excellence in Inclusion**, Equity and Diversity for **NBK RISE** from SHRM. Additionally, NBK partnered with **Visa in She's Next initiative**, which is a global advocacy program that supports women-owned small businesses through funding, training and mentorship.



SHE CAN. SHE WILL.
She's Next
empowered by VISA

Case Study: NBK RISE Empowering Women Through a Global Women's Leadership Program

Overview:

NBK RISE is a unique global women's leadership program, created by women to uplift their counterparts into significant leadership roles. It offers opportunities for worldwide women leaders to exchange experiences and learn best-in-class leadership techniques from top universities. Besides, graduates get to mentor future participants, aiding a self-sustaining empowerment cycle for aspiring female leaders.

Objectives:

NBK RISE aims to drive transformational change across business sectors by promoting future global female leaders. The program encourages community growth through strong leadership and technical skills training for women, and aims to engage, inspire, and motivate women across various regions, sectors, and specialties.

Outcome:

RISE is a 12-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.

Achievements:

NBK RISE has won the Middle East Economic Digest (MEED) Awards 2023 The Best Initiative for Women in Business and Best Implementation of D&I. NBK RISE has also won the SHRM Awards 2023 for Excellence in Inclusion, Equity, & Diversity.

"The program aligns perfectly with NBK's sustainability goals of inclusion and diversity. A push for more female leadership representation is an excellent strategic direction for organizations to bring fresher ideas and perspectives to the boardroom. The global goal of sustainability becomes more within reach when more women are involved in critical decision-making"- Shaikha AlBahar

7.6 Nationalization

NBK aligns with and adheres to the Central Bank of Kuwait's criteria on Nationalization/Kuwaitization. In fostering local talent, NBK actively engages in local Career Fairs, prioritizes the recruitment of national talents, reserves certain areas for specifically hiring local workforce, and collaborates with various universities and job aggregators.

"NBK achieved a 76.7% Kuwaitization Rate in 2023."

Number of Kuwaitis in Managerial Level Positions*		2023
Kuwaiti in Manager Level and above		238
Non-Kuwaiti in Manager Level and above		102
Total Managers and above		340
% of Kuwaitis in Managerial Levels out of Total Managers		70.0%
% of Kuwaitis in Managerial Levels out of Total Workforce		9.9%

***Note:** In previous years, the "Managers and above" were decided on Grades purely , whereas now, in 2023 (Based on KBA: Kuwait Banking Association decision and CBK regulations) we are classifying the roles based on the impact and contribution to the overall strategy of the bank and the impact of their decisions

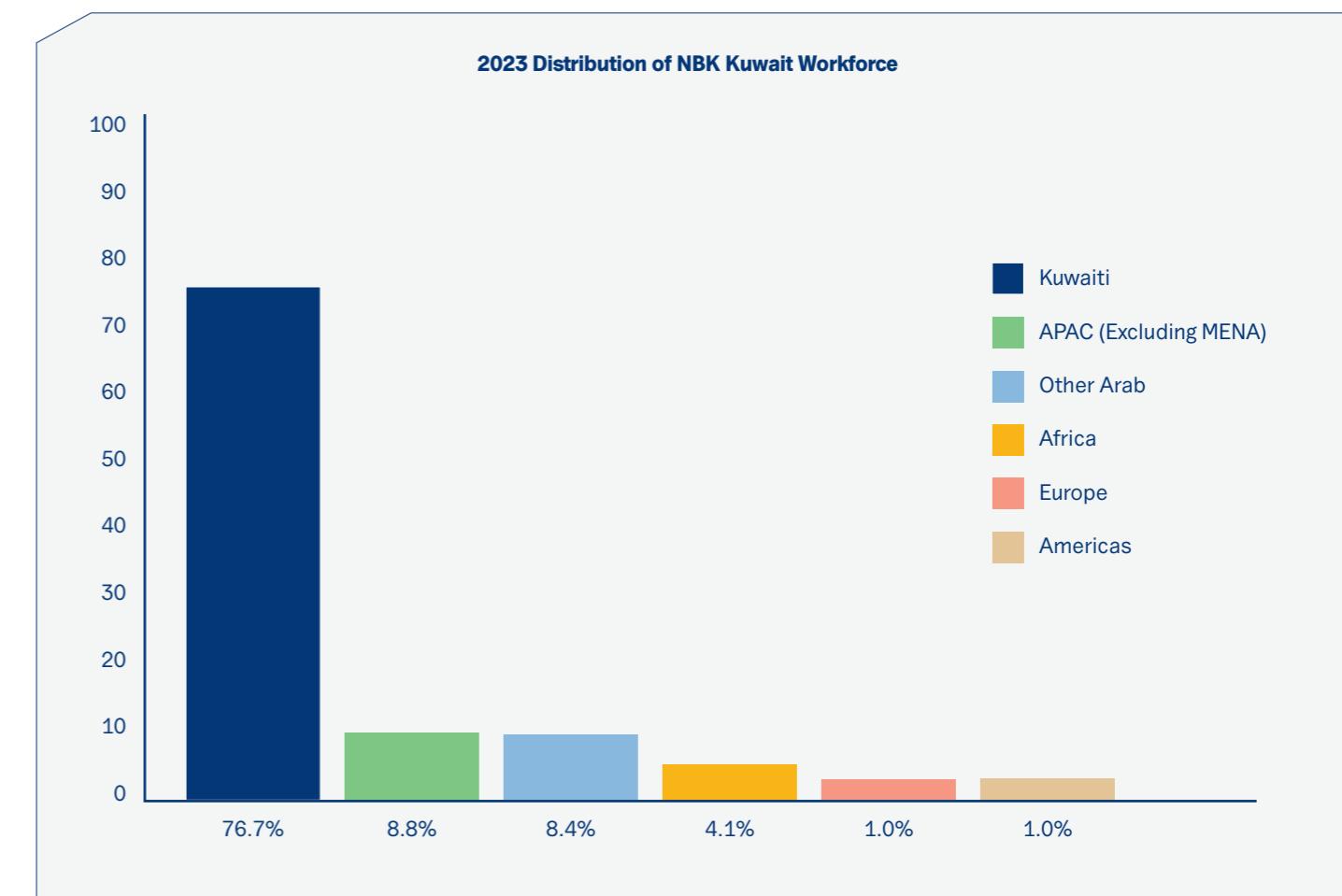
Breakdown of NBK Kuwait Employees per Nationality	2022	2023	% Change
Kuwaiti	1,762	1,848	4.9%
Non-Kuwaiti	584	562	-3.8%
Total	2,346	2,410	2.7%
Kuwaitization Rate (%)	75.1%	76.7%	2.1%

Local Hiring:

NBK ensures compliance with the Central Bank of Kuwait (CBK) requirements regarding achieving 70% Kuwaitization rates by implementing initiatives aimed at attracting and nurturing local talent.

We are committed to boosting the proportion of Kuwaitis holding managerial roles. As of 2023, approximately 70% of management positions at NBK were occupied by Kuwaiti citizens. In the same year, the bank boasted 238 Kuwaitis in Manager-level or more senior roles and so a 4.9% increase in the number of Kuwaitis in the total workforce as compared to 2022.

Category	2023				
	New Employees		Turnover		Net Change
Nationality	Number	Allocation	Number	Allocation	Number
Kuwaiti	337	84.5%	251	74.9%	86
Non-Kuwaiti	62	15.5%	84	25.1%	-22
Total	399	100.0%	335	100.0%	64



A key factor in increasing our Kuwaitization percentage is through new employee hires. In 2023, 84.5% of our newly hired employees were Kuwaiti. Details regarding the number of Kuwaiti and Non-Kuwaiti new employees and turnover rates are summarized in the following table.

Promoting and Nurturing Local Talent

We are committed to nurture local talent through various strategies. We actively participate in local Career Fairs and prioritize the recruitment of national talents, whilst certain areas are limited specifically to recruiting the national workforce.

Additionally, we collaborate with different universities and job aggregators, further enhancing our recruitment drive.

These efforts show our commitment to grow and sustain our local talent pool, we align this strategy with the New Kuwait Vision 2035.

Nationalization Initiatives**NBK Academy Program (Banking and Tech)**

The NBK Academy is a key initiative by NBK, launched to fulfil the bank's strategic objectives and cater to the growing needs for banking and digital skills and talents. The Academy, which started in 2008, has completed 28 waves and trained over 400 graduates thus far. Its unique program offers fresh graduates a 6-7-month training period in various departments across Banking and Tech areas. In 2023, NBK launched the Tech edition for one of a kind program to support building a talent pipeline in the Tech areas like Digital Office, Robotic Process Automation, and Information Technology, among others, imparting a blend of soft and technical skills.

The trainees undergo various learning courses and are exposed to NBK's e-Learning platform, on-the-job rotation, and innovative project development. Despite the challenges faced during its launch and execution, the program has significantly contributed to human capital development in the banking sector. As a testament to the Academy's success, NBK Academy was named the "Best Youth Program Initiative" for two consecutive years by MEED. The goal is to emulate this success with NBK Tech Academy.

Dasman High School Internship Program

NBK has launched a breakthrough internship program specifically for students with disabilities at Dasman High School. This initiative, which emphasizes inclusivity and equal opportunity aligns perfectly with NBK's holistic business approach that balances financial success with social impact and community support. The internship program was designed to integrate these students into the workforce by offering them invaluable real-world experience and skill development in the banking sector.

Importantly, this program has enriched NBK's talent pool by encouraging innovation and creativity and promoting a culture of acceptance and understanding. By providing practical work experience and professional development opportunities, the program has empowered the participating students, enhancing their employability, and societal integration. Furthermore, the program has contributed positively to the economy and community at large, setting NBK apart as a socially responsible institution dedicated to creating a more inclusive society.

TAMAKAN

NBK has been a consistent supporter of the Tamakan program for five years, a program aimed at preparing fresh graduates for career readiness. It provides targeted training and empowers young talents with relevant skills, thereby enhancing their employability and contributing to a highly skilled workforce. The initiative addresses unemployment challenges and enhances job prospects for fresh graduates, improving economic growth and promoting inclusivity by equipping diverse young talents with the skills needed for a competitive job market.

NBK's Tamakan program, conducted in-person, is a diverse initiative benefitting an average of 35 graduates annually. Over the past four years, it has seen balanced gender distribution and increased financial investment, peaking at 120,811 KD in the third year. Overall, Tamakan has effectively empowered fresh graduates and positively impacted economic growth and unemployment rates.

Among the 140 total participants, 70% were placed in private sector, 15% in government sector, 10% started their own businesses, and 5% pursued further studies.



8

Appendices



8.1 GRI Content Index

Statement of Use	NBK has reported in accordance with GRI Standards for the period 1st January 2023 to 31st December 2023.
GRI Standards Used	GRI 1: Foundation 2021 GRI 2: General Disclosures 2021 GRI 3: Material Topics 2021
Applicable GRI Sector Standards(s)	N/A for the Financial Services Sector

GRI Standard	Standard Disclosure	Report Section or Other Disclosures	Page #
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	2-3: Reporting period, frequency and contact point	Reporting Period, Boundary, and Framework	16
	2-4: Restatements of information	Methodology and Standards	91
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	2-10: Nomination and selection of the highest governance body	Board Elections	62
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	2-15: Conflicts of interest	Conflicts of Interest Policy	68
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GRI 2	2-18: Evaluation of the performance of the highest governance body	Board Training and Evaluation	62
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	2-20: Process to determine remuneration	Board Sub-Committees	63
	2-21: Annual total compensation ratio	Information Not Available Reported separately in NBK 2023 Annual Report, but the practice of measuring ratios is not yet in place. 2023 Annual Report	-
GRI 2	2-22: Statement on sustainable development strategy	Messages From NBK's Chairman/GCEO Our ESG Journey Advancing our ESG Strategy	19, 21, 36, 37
	2-23: Policy commitments	Selected ESG-Related Policies 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.	67, 68, 69
	2-24: Embedding policy commitments	Selected ESG-Related Policies	67, 68, 69
	2-25: Processes to remediate negative impacts	Summary of Management Approach to our Material Topics (Appendix 8.4) Employee Complaints	117, 177
	2-26: Mechanisms for seeking advice and raising concerns	Code of Conduct NBK Supplier Qualification & Code of Conduct Employee Engagement	68, 100, 101, 117
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	2-29: Approach to stakeholder engagement	Stakeholder Engagement	42, 43, 44, 45
GRI 3	2-30: Collective bargaining agreements	Not Applicable Information The nature of NBK's operations do not require collective bargaining agreements	-
	MATERIAL TOPICS		
	3-1: Process to determine material topics	ESG Strategy Alignment to Material Topics Materiality Analysis and Rating	46, 47, 48, 49, 50
	3-2: List of material topics	ESG Strategy Alignment to Material Topics Materiality Analysis and Rating	46, 47, 48, 49, 50
	3-3: Management of material topics	Summary of Management Approach to our Material Topics (Appendix 8.4)	177



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201-2	Financial implications and other risks and opportunities due to climate change	Financial Performance Risk Management	Climate Risk Assessment	72, 73, 74, 75
201-3	Defined benefit plan obligations and other retirement plans	Financial Performance Talent Attraction, Management, and Development	Employee Benefits	116
201-4	Financial assistance received from government	Financial Performance Governance, Ethics, and Compliance	None	-
GRI 202: MARKET PRESENCE 2016				
202-2	Proportion of senior management hired from the local community	Nationalization	70%, which increased significantly from 41.8% in 2022;	158, 159
GRI 203: INDIRECT ECONOMIC				
203-1	Infrastructure investments and services supported	Sustainable Finance	Sustainable Finance Community Development	83, 138
203-2	Significant indirect economic impacts	Community Development Customer Experience and Satisfaction Financial Inclusion, Accessibility, and Literacy	Community Development Customer Experience and Satisfaction Financial Literacy, Inclusion, and Accessibility	138, 133,
GRI 204: PROCUREMENT PRACTICES 2016				
204-1	Proportion of spending on local suppliers	Responsible Procurement	Responsible Procurement	100
GRI 205: ANTI-CORRUPTION 2016				
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205-2	Communication and training about anti-corruption policies and procedures	Governance, Ethics and Compliance	Bribery, Corruption, Fraud, Anti-Money Laundering (AML), and Combatting the Financing of Terrorism (CFT)	77, 78
205-3	Confirmed incidents of corruption and actions taken	Governance, Ethics and Compliance	Bribery, Corruption, Fraud, Anti-Money Laundering (AML), and Combatting the Financing of Terrorism (CFT)	77, 78

GRI 207: TAX 2019				
207-1	Approach to tax	Financial Performance Governance, Ethics, and Compliance	Tax Transparency	77
207-2	Tax governance, control, and risk management	Financial Performance Governance, Ethics, and Compliance	Tax Transparency	77
207-3	Stakeholder engagement and management of concerns related to tax	Financial Performance Governance, Ethics, and Compliance	Tax Transparency	77
207-4	Country-by-country reporting	Financial Performance Governance, Ethics, and Compliance	Tax Transparency	77
GRI 301: ENVIRONMENTAL MATERIALS 2016				
301-1	Materials used by weight or volume	Environmental Footprint from Operations	Waste Management	97, 98, 99
GRI 302: ENERGY 2016				
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302-3	Energy intensity	Environmental Footprint	Electricity Consumption	97
302-4	Reduction of energy consumption	from Operations	Energy Management	96
GRI 303: WATER AND EFFLUENTS 2018				
303-1	Interactions with water as a shared resource	Environmental Footprint	Water Management	95
303-2	Management of water discharge related impacts	Environmental Footprint	Water Management	95
303-3	Water withdrawal	Environmental Footprint	Water Management	95
303-4	Water discharge	Environmental Footprint	Water Management	95
303-5	Water consumption	Environmental Footprint	Water Management	95
GRI 305: EMISSIONS 2016				
305-1	Direct (Scope 1) GHG emissions	Environmental Footprint from Operations	Greenhouse Gas (GHG) Emissions	91, 92, 93, 94
305-2	Energy indirect (Scope 2) GHG emissions	Environmental Footprint from Operations	Greenhouse Gas (GHG) Emissions	91, 92, 93, 94
305-3	Other indirect (Scope 3) GHG emissions	Environmental Footprint from Operations	Greenhouse Gas (GHG) Emissions	91, 92, 93, 94
305-4	GHG emissions intensity	Environmental Footprint from Operations	Greenhouse Gas (GHG) Emissions	91, 92, 93, 94
305-5	Reduction of GHG emissions	Environmental Footprint from Operations	Greenhouse Gas (GHG) Emissions	91, 92, 93, 94

Topic	Explanation	Material Topic	Report Section or Other Disclosures	Page #
GRI 306: WASTE 2020				
306-1	Waste generation and significant waste-related impacts	Environmental Footprint from Operations	Waste Management	97, 98, 99
306-2	Management of significant waste related impacts	Environmental Footprint from Operations	Waste Management	97, 98, 99
306-3	Waste generated	Environmental Footprint from Operations	Waste Management	97, 98, 99
306-4	Waste diverted from disposal	Environmental Footprint from Operations	Waste Management	97, 98, 99
306-5	Waste directed to disposal	Environmental Footprint from Operations	Waste Management	97, 98, 99
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016				
308-1	New suppliers that were screened using environmental criteria	Responsible Procurement	NBK has revised its Procurement Policy with the inclusion of ESG, implementing a more sustainable procurement strategy and methodology	100, 101
GRI 401: EMPLOYMENT 2016				
401-1	New employee hires and employee turnover	Talent Attraction, Management, and Development	Hiring and Turnover	106, 107, 108
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	116
401-3	Parental leave	Talent Attraction, Management, and Development	Maternity and Paternity Leave	112
GRI 402: LABOUR/MANAGEMENT RELATIONS 2016				
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018				
403-1	Occupational health and safety management system	Employee Wellbeing	Healthy and Safety	124
403-3	Occupational health services	Employee Wellbeing	Healthy and Safety	124
403-4	Worker participation, consultation, and communication on occupational health and safety	Employee Wellbeing	Healthy and Safety	124
403-6	Promotion of worker health	Employee Wellbeing	Healthy and Safety	120
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Employee Wellbeing	Healthy and Safety	124
403-8	Workers covered by an occupational health and safety management system	Employee Wellbeing	Healthy and Safety	124
403-9	Work-related injuries	Employee Wellbeing	Healthy and Safety	124

GRI 404: TRAINING AND EDUCATION 2016				
404-1	Average hours of training per year per employee	Talent Attraction, Management, and Development	Training and Development	109
404-2	Programs for upgrading employee skills and transition assistance programs	Talent Attraction, Management, and Development	Training and Development	104, 109
404-3	Percentage of employees receiving regular performance and career development reviews	Talent Attraction, Management, and Development	Employee Performance Management	114
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016				
405-1	Diversity of governance bodies and employee	Diversity and Inclusion	Board Composition and Diversity	61
405-2	Ratio of basic salary and remuneration of women to men	Diversity and Inclusion	Compensation	115
GRI 408: CHILD LABOUR 2016				
408-1	Operations and suppliers at significant risk for incidents of child labour	Responsible Procurement	Responsible Procurement	100, 101
GRI 409: FORCED OR COMPULSORY LABOUR 2016				
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Responsible Procurement	Responsible Procurement	100, 101
GRI 410: SECURITY PRACTICES 2016				
410-1	Security personnel trained in human rights policies or procedures	Business Continuity and Operational Resilience	Not Applied Yet	-
GRI 413: LOCAL COMMUNITIES 2016				
413-1	Operations with local community engagement, impact assessments, and development programs	Community Development	Community Development	138 - 148
GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016				
414-1	New suppliers that were screened using social criteria	Responsible Procurement	Responsible Procurement	100, 101
GRI 417: MARKETING AND LABELLING 2016				
417-1	Requirements for product and service information and labelling	Customer Experience and Satisfaction	Advertising Code 2021	69
GRI 418: CUSTOMER PRIVACY 2016				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Privacy and Data Security	Privacy and Data Security	154, 155, 156



8.2 Sustainability Accounting Standards Board (SASB) Index

SASB Consumer Finance

Topic	SASB Metric (Accounting/Activity)	Report Section/ Other Disclosures
Customer Privacy	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	83.80%
	2) card-present and other fraud	0
	Description of approach to identifying and addressing data security risks	Privacy and Data Security
Selling Practices	Number of complaints filed with any other regulatory body that oversees consumer financial protection in the jurisdiction	1,818
	percentage with monetary or non-monetary relief	Majority monetary
	percentage disputed by consumer	100%
	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

SASB Commercial Banks

Topic	SASB Metric (Accounting/Activity)	Report Section/ Other Disclosures
Data Security	Number of data breaches	0
	Description of approach to identifying and addressing data security risks	Data Privacy and Security
	Number of loans outstanding qualified to programs designed to promote small business and community development	12
	Amount of loans outstanding qualified to programs designed to promote small business and community development	KD 117,000
Financial Inclusion and Capacity Building		All NBK retail accounts don't charge for account opening nor require a minimum balance
	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	Active and open cards of Al-Amil Segment: (41,602) For more information: Financial Literacy, Inclusion, and Accessibility
		Officially launched the 'Bankee' financial literacy program in public and private schools, with 15,940 students and around 3,400 teachers participating.
	Number of participants in financial literacy initiatives for unbanked, underbanked, or undeserved customers	For more information: Financial Inclusion, Accessibility, and Literacy
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	Commercial and industrial credit exposure, by industry	2023 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	Whistleblowing Policy
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 and Operational Resilience
Activity Metric	Value of loans by segment: (a) personal, (b) small business and (c) corporate	2023 Annual Report (Page 147)

8.3

Boursa Kuwait, SDGs, Kuwait Vision 2035

Metric	Calculation	SDGs	Vision 2035 Pillars	Report Section/Other Disclosures
ENVIRONMENT				
GHG Emissions	E1.1) Total amount, in CO2 equivalents, for Scope 1 (if applicable)	13 – Climate Action	Living Environment	2,537.11 mtCO ₂ e
	E1.2) Total amount, in CO2 equivalents, for Scope 2 (if applicable)			31,072.16 mtCO ₂ e
	E1.3) Total amount, in CO2 equivalents, for Scope 3 (if applicable)			1,219.45 mtCO ₂ e
Emissions Intensity	E2.1) Total GHG emissions per output scaling factor	13 – Climate Action	Living Environment	14.45 mtCO ₂ e per employee
	E2.2) Total non-GHG emissions per output scaling factor			N/A
Energy Usage	E3.1) Total amount of energy directly consumed	12 – Responsible Consumption and Production	Living Environment	183,136,478 MJ
	E3.2) Total amount of energy indirectly consumed			N/A
Energy Intensity	Total direct energy usage per output scaling factor	12 – Responsible Consumption and Production	Living Environment	75990.2 MJ per employee
Energy Mix	Percentage: Energy usage by generation type	7 – Affordable and Clean Energy	Living Environment	N/A
Water Usage	E6.1) Total amount of water consumed	6 – Clean Water and Sanitation	Living Environment	46,901,691.84 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		Living Environment	No
	E7.2) Does your company follow specific waste, water, energy, and/or recycling policies? Yes/No			Yes Waste Management Water Management
	E7.3) Does your company use a recognized energy management system? Yes/No			Energy Management

Environmental Oversight	Does your Board/Management Team oversee and/or manage climate-related risks? Yes/No	Living Environment	Yes	Yes, The Board is entrusted with the ultimate responsibility of implementing the Group's ESG direction and strategy. Under the Board, the Sustainability and Climate Change (S&CC) Committee stands as the highest authority at the management-level for decisions on ESG-related matters across the Group.
	Does your Board/Management Team oversee and/or manage other sustainability issues? Yes/No			
SOCIAL				
Gender Pay Ratio	Ratio: Median male compensation to median female compensation	5- Gender Equality	Human Capital	Compensation
Employee Turnover	S3.1) Percentage: Year-over-year change for full-time employees	5 – Gender Equality	Human Capital	Percentage of full-time employees in 2023 is 99.88%. This represents a 2.7% increase from 2022.
	S3.2) Percentage: Year-over-year change for part-time employees			Percentage of part-time employees in 2023 is 0.12%. This represents a 25% decrease from 2022.
Gender Diversity	S4.1) Percentage: Total enterprise headcount held by men and women	5 – Gender Equality	Human Capital	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			Percentage of females in non-managerial levels: 46.9%
	S4.3) Percentage: Senior- and executive-level positions held by men and women			Percentage of females in managerial levels: 28.8%
Temporary Worker Ratio	S5.1) Percentage: Total enterprise headcount held by part-time employees			In 2023, NBK workforce had 3 part-time employees, representing 0.12% of total workforce.
Non-Discrimination	Does your company follow a sexual harassment and/or non-discrimination policy? Yes/No	10 – Reduced Inequalities	Public Administration	Yes

Metric	Calculation	SDGs	Vision 2035 Pillars	Report Section/Other Disclosures
Injury Rate	Percentage: Frequency of injury events relative to total workforce time	3 – Good Health and Well-being		0
Global Health and Safety	Does your company follow an occupational health and/or global health and safety policy? Yes/No	3 – Good Health and Well-being		Yes
Child and Forced Labor	S9.1) Does your company follow a child and/or forced labour policy? Yes/No	8- Decent Work and Economic Growth	Economy	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. Human Rights Statement 2020
	S9.2) If yes, does your child and/or forced labor policy also cover suppliers and vendors? Yes/No			Yes Human Rights Statement 2020
Human Rights	S10.1) Does your company follow a human rights policy? Yes/No	10 – Reduced Inequalities	Public Administration	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 Human Rights Statement 2020
	S10.2) If yes, does your human rights policy also cover suppliers and vendors? Yes/No			Yes Human Rights Statement 2020
Nationalization	S11.1) Percentage of national employees	8 – Decent Work and Economic Growth	Economy	76.7% Kuwaitization Rate
	S11.2) Direct and indirect local job creation			New hires in 2023 totalled 399, of whom 84.5% are Kuwaitis.

GOVERNANCE				
Board Diversity	G1.1) Percentage: Total board seats occupied by men and women	10 – Reduced Inequalities	Public Administration	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			36%. The Board has 11 members and of these, 4 are independent.
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)	10 – Reduced Inequalities	Public Administration	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	12 – Responsible Consumption and Production		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	16 – Peace, Justice and Strong Institutions		Yes, NBK adopts a zero-tolerance approach towards bribery and corruption and maintain 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	SDGs	Vision 2035 Pillars	Report Section/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			NBK UK and NBK France are GDPR compliant
Sustainability Reporting	G8.1) Does your company publish a sustainability report? Yes/No			Yes
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 2023 Sustainability Report (refer to Appendix 8.5). Additionally, we obtained external independent assurance on our GRI Content Index (refer to Appendix 8.6)

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 Taking the Effectiveness of the Actions Taken	Stakeholders' Engagement in the Actions Taken and the Methods for Tracking Negative Impacts
Financial Performance	About NBK Governance for Resilience	NBK is not involved with potential negative impacts with this topic.	<ul style="list-style-type: none"> Anti-Bribery & Corruption Policy Procurement Policy Whistleblowing Policy 	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.	About NBK Governance for Resilience	Ensuring tax and financial transparency with stakeholders enable them to be aware of the Bank's financial performance.
Governance, Ethics, and Compliance	Governance for Resilience	Governance, Ethics, and Compliance	<ul style="list-style-type: none"> Code of Conduct Conflicts of Interest Anti-Corruption Policy Brand Protection Policy Whistleblowing Policy Related Party Transactions Policy 	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	Governance for Resilience	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 is not involved with potential negative impacts with this topic.	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	Tax Transparency and Anti-Corruption	Governance for Resilience	Tax Transparency and Anti-Corruption	Anti-Bribery & Corruption Policy	We strive to adhere to the tax regulations in all jurisdictions where our branches operate globally, and we prioritize anti-corruption as a key issue.	Governance for Resilience	Foster continuous engagement with all branches.
Risk Management	Governance for Resilience	Risk Management	<ul style="list-style-type: none"> • Anti-Bribery & Corruption Policy • Brand Protection Policy • ISO 31000 • Capital Adequacy Report (CAR) • Provisions and International Financial Reporting Standards (IFRS) 9 • ICAAP • Stress Testing (ST) • Liquidity Coverage Ratio (LCR) • Net Stable Funding Ratio (NSFR) • Various Credit, Investment Exposure and Concentration reports 	<p>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</p>	Governance for Resilience	<p>Stakeholders are aware of risk management through NBK's various reports and disclosures, which are available on NBK Group website</p>	Sustainable Finance	Responsible Banking	Sustainable Finance	Sustainable Financing Framework	<p>NBK's approach to Responsible Banking tackles sustainable financing initiative, designed to systematically identify opportunities to increase our</p>	Responsible Banking	<p>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.</p>
Business Continuity and Operational Resilience	Governance for Resilience	Business Continuity and Operational Resilience	<ul style="list-style-type: none"> • ISO 31000 • Business Continuity Management Policy • Stress Testing (ST) 	The Bank assesses and manages various trade-offs in respect to strategic and operational decisions.	Governance for Resilience	<p>Stakeholders are made aware through customer facing channels, and relevant reports and disclosures</p>	Environmental Footprint from Operations	Responsible Banking	Responsible Banking	<ul style="list-style-type: none"> • Facilities Management Manual • Waste Minimization • Water Conservation • Energy Use Reduction 	<p>We actively reduce waste, conserve water through various initiatives, and continuously work towards lowering energy use by adopting efficient methods and technologies</p>	Responsible Banking	<p>NBK provides environmental footprint data, through sustainability reports, to stakeholders for enhanced understanding and transparency of our sustainability practices.</p>
Climate Change	Governance for Resilience	Climate Change	<ul style="list-style-type: none"> • ICAAP • Stress Testing 	We've integrated climate factors into our operations via our risk management framework, making environmental impacts central to key discussions and decisions.	Governance for Resilience	<p>Compliance with Taskforce on Climate-related Financial Disclosures (TCFD) has also been institutionalized and the first report is expected to be released in 2024. Moreover, NBK is preparing for alignment with the ISSB S1 and S2 new standards.</p>							
							Responsible Procurement	Responsible Banking	Responsible Procurement	<ul style="list-style-type: none"> • Supplier Code of Conduct • Procurement Policy • Human Rights Statement 	<p>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.</p>	Responsible Banking	<p>NBK departments are improving procurement to enhance transparency, efficiency and minimize risks. All vendors must sign a Vendor Declaration Form, which includes human rights clauses</p>

Material Topic	Actual and Potential, Negative and Positive Impacts	NBK is not involved with potential negative impacts with this topic.	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	Women Empowerment	Capitalizing on our Capabilities	NBK is not involved with potential negative impacts with this topic.	• HR Management Policy	NBK fosters a culture of safety, well-being, diversity, equity, and inclusivity, and views women's empowerment as a fundamental part of the bank's systems and operations.	Capitalizing on our Capabilities	NBK is committed to promoting gender equality within the Bank, viewing it as a crucial part of our Talent Development and Management. Our focus lies in empowering women at all stages of their careers, enabling them to rise and thrive in leadership roles. Furthermore, NBK remains supportive of the United Nations Women's Empowerment Principles (WEP), as a signatory and endorser.
Emissions and Decarbonization	Responsible Banking	Greenhouse Gas (GHG) Emissions	NBK aims to cut operational emissions by 25% by 2025 through increased renewable energy use	NBK aims for carbon neutrality by 2060, using a science-based approach to lower its Scope 1, 2, & 3 emissions and financed emissions.	Greenhouse Gas (GHG) Emissions	NBK tracks and reports its GHG emissions annually in its sustainability report							
Talent Attraction, Management, and Development	Capitalizing on our Capabilities	Capitalizing on our Capabilities	• HR Management Policy	NBK carefully builds our Group Human Resource Management system elements and organizational culture to attract, enhance, involve, and retain talent. Through this, we advocate for superior service, resilience, and agility.	Capitalizing on our Capabilities	NBK offers opportunities for training and development aimed at enhancing employees' technical proficiencies and abilities. This includes building digital and leadership strengths, as well as interpersonal and professional skills.	Employee Wellbeing	Capitalizing on our Capabilities	NBK is not involved with potential negative impacts with this topic.	• Whistleblowing Policy • Staff Complaint Policy • Human Rights Statement • HR Management Policy	The NBK Board takes responsibility for identifying issues related to health and safety and sees to it that they are addressed efficiently.	Capitalizing on our Capabilities	Health and Safety measures are disseminated through several communication channels and app-based technologies. Additionally, specialized visits from medical doctors, in collaboration with Wara Hospital, are organized at the NBK Clinic to enhance employee awareness on various matters related to physical and mental health.
Diversity and Inclusion	Capitalizing on our Capabilities	Capitalizing on our Capabilities	• HR Management Policy • Whistleblowing Policy • Anti-discrimination Policy • No Tolerance Policy • Code of Business Ethics and Conduct • Staff Compliant Policy	NBK promotes safety, well-being, diversity, equity, and inclusivity, with a special emphasis on women's empowerment. These principles are foundational to the bank's systems and processes.	Capitalizing on our Capabilities	NBK implements several internal GHR policies to address issues like discrimination, harassment, and business conduct, enlightening employees about the bank's expectations in these matters. The aforementioned policies and handbooks are accessible to all our employees through the intranet platform, MyNBK. Moreover, every new employee is given the employee handbook as part of their induction in NBK's onboarding process.							

Material Topic	Actual and Potential, Negative and Positive Impacts	NBK is not involved with potential negative impacts with this topic.	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	Financial Inclusion, Accessibility and Literacy	Investing in our Communities	NBK is not involved with potential negative impacts with this topic.	Consumer Banking Group Policies	NBK regularly revises its financial services for underserved or unbanked customers to boost financial inclusion. It also initiates awareness-raising campaigns on key financial issues like fraud and personal finance.	Investing in our Communities	• NBK's AI Amil segment gives low-wage workers payroll debit cards for cash withdrawals from NBK ATMs. • Bankee financial literacy program in public and private schools • Zaina accounts for youth and women
Digital Transformation	Capitalizing on our Capabilities	NBK is not involved with potential negative impacts with this topic.	• ISO 27001, ISO 22301 • Digital Transformation Business SOP	Digitalization stands as a pivotal part of NBK's business strategy, achieved through the implementation of NBK's Digital Transformation Strategy.	Capitalizing on our Capabilities	NBK has transitioned to alternative platforms like online banking, mobile banking, SMS, ATM/ITM, and digital branches, as innovative banking channels.	Privacy and Data Security	Investing in our Communities	Privacy and Data Security	• Information and Cyber Security Policy • Personal Data Privacy Policy • Information Classification Policy	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	NBK conducts various outreach programs for Privacy and Data Security, including participation in CBK's Diraya - "Let's Be Aware" campaign. This campaign focuses on elevating customers' awareness of financial and data security. Plus, relevant communications are also disseminated among employees.
Community Development	Investing in our Communities	NBK is not involved with potential negative impacts with this topic.	• Public Relations and Events Management SOP	An essential part of NBK's mission is to give back to the community. Community investment is a significant strategic pillar within the four key components of NBK's ESG Strategy.	Investing in our Communities	CSR surveys are utilized to monitor the effectiveness of the Bank's CSR initiatives.	Nationalization	Capitalizing on our Capabilities Investing in our Communities	NBK is not involved with potential negative impacts with this topic	• Compliance with local nationalization requirements and regulations	NBK strives to 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 Investing in our Communities	The Bank has developed initiatives in place aimed at promoting and nurturing local talent across the organization.
Customer Experience and Satisfaction	Investing in our Communities	Investing in our Communities	• Customer Care Policy • Customer Compliant Unit	NBK evaluates customer satisfaction ratings and net promoter scores, and emphasizes resolving issues highlighted in customer complaints, while also striving to reduce the time required for complaint resolution.	Investing in our Communities	We actively track our customer satisfaction ratings and net promoter scores, prioritizing promptly addressing issues surfaced in customer complaints. Amongst the various customer engagement tools, we utilize at NBK are the Campaign & Brand Health Tracker, Customer Experience Survey, and Advertising Test Studies.							

8.5 Greenhouse Gas (GHG) Assurance Letter

Ampere

Verification of Greenhouse Gas Emissions Inventory for the Year 2023

To: National Bank of Kuwait (NBK)
Date: July 30, 2024

Ampere has completed the verification of the National Bank of Kuwait's (NBK) Greenhouse Gas (GHG) emissions inventory for the period of January 1, 2023, to December 31, 2023. This verification was conducted using the Greenhouse Gas Corporate Standard as a guideline.

Scope and Methodology:

Organizational boundaries	Operational Control	
Physical infrastructure, activities, technologies and processes of the organization	Administrative office buildings and branches	
Operational boundaries	Scope 1	Stationary combustion (Diesel Generators)
		Mobile combustion (Owned or controlled cars)
		Fugitive emissions from refrigerants (Refrigerants leakage)
Scope 2	Purchased electricity, heat, or steam (Purchased Electricity)	
Scope 3	Category 5: Waste generated in operations (Emissions from waste disposal) Category 6: Business travel	
Types of GHGs	CO ₂ , HFCs	
Time periods	1st January 2023 – 31st December 2023	
Materiality Threshold	5%	
Level of Assurance	Limited Level of Assurance	

Verification Procedures:

- Ampere reviewed documentation and data provided by NBK, including GHG accounting methodology, emission factors, and internal controls.
- Ampere evaluated the controls and processes implemented by NBK for collecting, managing, and safeguarding GHG data.
- Ampere conducted a detailed review of actual GHG data used in NBK's inventory, verifying against source documents, checking for consistency and completeness, and ensuring proper application of emission factors.
- Ampere assessed the overall GHG assertion made by NBK regarding their emissions for the reporting period.

Ampere

Verification Criteria:
 GHG Protocol Corporate Accounting and Reporting Standard, as outlined by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI).

Verifier Reference:
 ISO 14064-3:2019 Greenhouse gases — Part 3: Specification with guidance for the verification and validation of greenhouse gas statements.

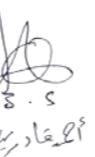
Verified Emissions for 2023:

GHG Emissions (mtCO ₂ e)	2023
Scope 1 GHG Emissions	2,537.11
Scope 2 GHG Emissions	31,072.16
Scope 3 GHG Emissions	1,219.45
Total GHG Emissions	34,828.72

Verification Opinion (Modified)
 Based on the procedures performed, which were designed to provide limited assurance and were less comprehensive than those required for a reasonable assurance audit, nothing has come to our attention that causes us to believe that the GHG statement:

- a) Is not prepared, in all material respects, in accordance with the chosen criteria.
- b) Contains any misstatements that could be considered material.

Approved by
 Ahmad Qadry
 Technical Manager



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8.6 GRI Independent Assurance Statement



Independent Limited Assurance Statement

To the Board of Directors,
National Bank of Kuwait - Kuwait

DCarbon Global is a leading sustainability and climate consultancy with offices in Egypt and UAE. DCarbon Global assists public and private organizations understand and address their economic, environmental, and social impact. DCarbon is a member and partner with multiple global establishments in corporate sustainability. It is a certified training partner of the Global Reporting Initiative (GRI), a GRI Gold Community member, an official supporter of the Task Force on Climate-related Financial Disclosures (TCFD), member of the IFRS Sustainability Alliance and a AA1000AS Licensed Assurance Providers.

National Bank of Kuwait - Kuwait ('NBK' or 'the Bank') engaged DCarbon Global ('DCarbon' or 'the Assurer') to perform an Independent 3rd party Limited Assurance for the consolidated sustainability report covering the year starting 01 January 2023 and ending 31 December 2023 ('the Report').

Engagement Summary

Assurance level: Limited assurance.

Reporting criteria: GRI Sustainability Reporting Standards (GRI Standards 2021), and in alignment with International Sustainability Standards Board (ISSB) standards, United Nations Sustainable Development Goals (UNSDG), Boursa Kuwait's ESG Reporting Guidelines, and Kuwait Vision 2035.

Respective responsibilities: NBK's Management was responsible for preparing the report content per the reporting criteria and selecting the disclosures to be verified, while DCarbon was responsible for providing conclusions on the agreed scope based on the assurance activities performed and exercising our professional judgment. This clear division of tasks ensures a comprehensive and unbiased report review.

NBK management's responsibility includes selecting and applying appropriate methods for preparing the report and making plausible assumptions and estimates of non-financial disclosures under the given circumstances. The responsibility further includes the internal controls, which management has determined necessary to prepare a sustainability report free from misstatement, whether due to fraud or error.

DCarbon's engagement with NBK management and team has revealed the active role of NBK's leadership and management in governing the release of this report. Their commitment and involvement, along with the dedicated sustainability team and departmental focal persons, have significantly contributed to the quality of this report, demonstrating commitment to sustainability.

Assurance Scope, Boundary, and Limitations

The Scope covers NBK Governance, Business Strategy and Policies, Materiality Assessment, and stakeholder engagement process.

The Boundary covers data and information captured across its operational and business functions. It includes the Bank's Head Office support functions, Corporate Governance, and stakeholders' engagements as part of this assurance and as indicated in the Report.



The Limitation: the limited assurance review process was conducted with utmost thoroughness. It included sustainability data and information for operations in Kuwait from 01 January 2023 to 31 December 2023, per the GRI Standards 2021.

Assurance scope excludes:

- Data and information in the Report outside the reporting period indicating historical data to establish the narrative for the reporting period disclosures or forward-looking statements by NBK.
- Verification statements indicating testimonials, opinions, success stories, and/or aspirations.
- Verification of claims.

Assurance procedures

The assurance was conducted by DCarbon's multidisciplinary independent team of experts abiding by our values of integrity, confidentiality, professional competence, objectivity, and due attention.

The nature, timing, and extent of procedures followed were based on engagement with sustainability team, sustainability report focal point and senior sustainability management at NBK. NBK Management was responsible for identifying material issues, establishing and maintaining appropriate internal performance management, and developing the relevant systems for the reported data.

Conclusion

Our opinion has been formed based on the outcome of the activities performed. DCarbon received all necessary explanations from the NBK to support sufficient evidence to our assurance conclusion; in our opinion, NBK has complied, in all respects, with the GRI Standards and its Principles for Sustainability Reporting.



Dr. Ehab Shalaby
CEO DCarbon Global