



Growing Impact

National Bank of Kuwait

2018 SUSTAINABILITY REPORT



# ABOUT THIS REPORT



### **Scope of the Report (102-46) (102-51)**

As part of NBK's sustainability journey, NBK is issuing here our third annual Sustainability Report, measuring NBK's impact on the environmental, social, economic and governance-related sustainability topics within the six focus areas of NBK's Sustainability Strategy. This report was prepared in accordance with the Global Reporting Initiative (GRI) standards. Accordingly, this report reflects NBK's achievements in a transparent manner to our stakeholders. Furthermore, we have stated our future sustainability targets and efforts towards impactful sustainability operations across NBK Kuwait branches and offices.

### **Reporting Period (102-50)**

This annual sustainability report provides a comprehensive overview of NBK's progress in social, environmental and governance achievements and commitments for the period of January 1, 2018 to December 31, 2018.

### **Inside This Report (102-46) (102-51)**

Throughout this report, a meticulous overview of NBK's social, economic, corporate governance and environmental performance is offered. The context of the report targets all stakeholders, including customers, employees, shareholders, investors, vendors, government entities, and community. The report structure was constructed to state the following:

- Sustainability & Governance
- Sustainability & Marketplace
- Sustainability & Workplace
- Sustainability & Community
- Sustainability & Environment

### **In Accordance with GRI (102-52, 102-54)**

The NBK 2018 Sustainability Report follows the Global Reporting Initiative (GRI) Sustainability Standards: Core option. As with all our business operations, we measured each aspect of our sustainability activities. We collected data in a consistent, transparent and accurate manner to track the progress of our initiatives. For more details, please refer to Appendix A of the GRI Content Index.

### **Communication and Feedback (102-53)**

We highly valued the feedback and comments received from our stakeholders, and we have made sure to integrate them into the report. We believe that this feedback will improve our sustainability performance in the future. Considering the feedback and concerns raised during the development of this year's report, we thank our stakeholders for the valuable input and the resulting elaboration throughout this report.

Any additional comments or feedback on sustainability topics are welcome. NBK's sustainability people are reachable for any elaborations or suggestions regarding this report.

Please contact us at:  
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# SUSTAINABILITY HIGHLIGHTS

(102-48)



**96% CSI**  
Customer  
Satisfaction Index



**12 Minutes**  
Complaints  
turnaround time



**0 Incidents**  
Data leaks



**65%**  
Kuwaitization



**80,302 Hours**  
Training &  
Development



**6 Special Needs Branches**  
One in each Governorate



**KWD 782,000**  
Community Investment



**5,296,500 Cal**  
Burned at  
NBK Walkathon



**92.3 Tons**  
Shredded paper  
recycling



**6.8% Decreased**  
GHG emissions intensity



**45% Females**  
in the workplace



**22.0% Decreased**  
Water consumption  
intensity per employee

الوطني  
NBK



ENTRANCE



المدخل



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# MESSAGE FROM NBK'S CHAIRMAN

## (102-14)

“NBK believes that ‘sustainability is everyone’s responsibility’. We are committed to becoming a leading advocate of, and a national exemplar in, sustainability practices.”

I am delighted to present our 2018 Sustainability Report, which we are proudly publishing for the third year in a row. On behalf of the Board of Directors, I extend my appreciation to all NBK stakeholders who were involved in advancing our sustainability practices. This report showcases the diversity of impacts our sustainability performance has for all of our cherished stakeholders, including our employees, customers, suppliers, shareholders, and the rest of the community.

This year, NBK’s Sustainability Report is focused on impact, while also highlighting that our sustainability commitment and performance are aligned with various organizational, industrial, national and international sustainability frameworks.

Our organization-wide sustainability efforts are encapsulated into our six key sustainability focus areas:

1. Serving Customers
2. Caring for Our Environment
3. Contributing to Sustainable Economic Development
4. Respecting & Developing People
5. Giving Back to the Community
6. Leading in Governance

The results from our sustainability efforts have been significant. With sustainability playing an important role in many of our innovative new products and services, this year, NBK’s overall customer satisfaction score was 96% – a new record high – 3 points higher than last year and an average of 9 points higher than all other Kuwaiti banks.

Our new office tower (under construction) promises to significantly reduce our energy and water footprint in the near future, at the same time as our current operational improvements have already helped us this year to reduce



electricity consumption intensity by 5.9%, GHG emissions by 6.8%, water consumption intensity by 22%, and to increase recycling by 17% (all compared to 2017).

We are proud to have made a clear contribution to furthering sustainable development in line with the new Kuwait National Development Plan (KNDP), with our activities championing the key social and environmental elements of that renewed vision for our country. Throughout NBK, we are committed to our employees and have increased our emphasis on employee engagement at every level. This year, once again, we made major financial contributions to NBK Children's Hospital, along with dozens of other worthy charities and exciting community activities.

We have also emphasized the alignment throughout this report between our sustainability performance and the UN Sustainable Development Goals (UNSDGs), Kuwait Boursa ESG indicators, the Equator Principles, and the Global Reporting Initiative (GRI) standards. Additionally, we reached out to analysts and raters to more deeply understand their expectations regarding sustainability performance and disclosure.

I invite you, valued stakeholders, to actively review our 2018 Sustainability Report and engage with us concerning NBK's impacts and performance. We welcome your feedback, which will be considered and integrated throughout our sustainability journey.

### **Nasser Musaed Al-Sayer**

Chairman of the Board of Directors  
Chairman of the Bank and Community Committee

# ABOUT NBK

## (102-1, 102-2)

National Bank of Kuwait (NBK) is a leader in providing integrated financial and investment services and solutions to domestic and foreign individual, corporate and institutional clients. NBK provides financial services within four core business segments:

1. Consumer and private banking,
2. Corporate banking,
3. Islamic banking (through the subsidiary Boubayan Bank), and
4. Investment banking and asset management (through the subsidiary NBK Capital).

NBK Group's Total Income for fiscal year 2018 was KWD 883.2 million showing a steady increase from 2014.

NBK's depth of knowledge, passionate service orientation, commitment to continuous improvement and innovation, and foundational integrity has fortified our development from our inception over 65 years ago to today's national prominence and international market presence. NBK's service excellence is reflected in our high customer satisfaction scores (96%) and our reputation as a trusted bank demonstrated by our brand strength.

More information about NBK's history and services can be found on our website:

<https://www.nbk.com/kuwait/About.html>

## VISION

### (102-16)

The NBK vision is to be the trusted bank of choice, building on our core values, people and expertise.

## MISSION

- \* To deliver world-class products and the highest quality service 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.
- \* In following our mission, we believe that we will be able to achieve consistently superior returns to our shareholders.

## VALUES

- \* Passion
- \* Integrity
- \* Conservatism
- \* Knowledge

# MARKETS SERVED & BOUNDARIES

(102-3, 102-4, 102-6)

NBK headquarters is at P.O. Box 95 Safat 13001 Kuwait. 68 branches are located throughout Kuwait.

From our strong foundation as a leader in the Kuwait domestic market, NBK has strengthened our position regionally and globally. Our strategy of geographic diversification (begun in the 1980s) diversifies revenue streams, enables better client service abroad, and facilitates our stable and predictable growth. At year-end

2018, NBK has 72 regional and international branches, subsidiaries and representative offices outside of Kuwait, in 15 countries on four continents.

In the Middle East, NBK is present in eight countries, the first five developed through organic launches and the last three countries through acquisitions.

NBK is present in six international markets:



**LEBANON**  
(3 subsidiary branches)



**TURKEY - TB**  
(13 associate branches)



**JORDAN**  
(1 branch)



**UNITED KINGDOM**  
(2 subsidiary branches)



**BAHRAIN**  
(2 branches)



**FRANCE**  
(1 subsidiary)



**SAUDI ARABIA**  
(1 branch)



**NEW YORK**  
(1 subsidiary branch)



**UAE**  
(2 branches)



**SINGAPORE**  
(1 branch)



**IRAQ- CBI**  
(5 subsidiary branches)



**CHINA**  
(1 branch)



**EGYPT**  
(50 subsidiary branches)

# AWARDS & RECOGNITIONS

Once again in 2018 NBK received numerous national and international awards, adding to a range of awards over the past decade and more that reflect our commitment to excellence, quality, and service.



- \* Best Mobile Banking App Consumer in Kuwait - 2018
- \* Best Consumer Digital Bank in Kuwait - 2018
- \* Best in Mobile Banking - Consumer in Kuwait - 2018
- \* Best Trade Finance Bank in Kuwait - 2008 - 2018
- \* Best Private Banking in Kuwait - 2015 -2018
- \* World's Top 50 Safest Banks for 13 consecutive times - 2006 -2018
- \* Best Foreign Exchange Provider in Kuwait - 2013 - 2018
- \* Best Foreign Exchange Provider in the Middle East - 2013 - 2017
- \* Best Bank in Kuwait - 2014 - 2018
- \* Best Emerging Market Bank in Kuwait - 2010 - 2016
- \* Best Bank for Financial Risk Management Kuwait - 2016
- \* Best Bank for Financial Risk Management Middle East - 2016
- \* Best Innovator in Trade Finance - 2016
- \* Best Bank in the Middle East - 2015
- \* Best Emerging Market Bank in the Middle East - 2010, 2013, 2015
- \* Best Provider of Money Markets Fund in the Middle East - 2011 - 2012



- \* Best Cash Management for Non-Financial Institutions - 2018
- \* Best Bank in Kuwait - 1994 - 2018
- \* Best Private Banking in Kuwait - 2006, 2009, 2015 - 2018
- \* Best Bank in the Middle East - 2007, 2008, 2010, 2011, 2013
- \* Best Managed Company in the Middle East - 2012 - 2013
- \* Best Investment Bank in Kuwait - 2009
- \* Outstanding Contribution to Middle East Banking - 2008



- \* Best Bank in Kuwait - 2014, 2015, 2017
- \* Bank of The Year - Kuwait - 2007, 2008, 2010, 2011, 2013, 2015, 2018
- \* Bank of The Year - Middle East - 2007, 2008, 2010, 2011
- \* Best Customer Service and Project Finance in the Middle East - 2009
- \* Best Deal of the Year in the Middle East - 2007, 2009
- \* Best Deal of the Year in Kuwait - 2001, 2002, 2004, 2005, 2007



- \* Number 1 Banking Brand in Kuwait - 2018







# OUR APPROACH TO SUSTAINABILITY



In 2016 NBK formally committed to adopting the comprehensive view of sustainability demanded by the current marketplace and business environment, building on our long history of responsible contribution to Kuwait's economic development and local community. Over the past several years we have engaged key internal and external stakeholders, assessed material issues for our business, aligned our policies and practices with regional and global frameworks, reviewed external raters' evaluations of our strengths and weaknesses, mapped our sustainability strategy and goals, worked toward establishing key performance metrics, and evolved our sustainability-related disclosure and reporting. In 2016 we determined that NBK would address all our sustainability-related material issues within six major focus areas:

1. Serving Customers
2. Leading in Business and Governance
3. Caring for Our Environment
4. Giving Back to the Community
5. Developing and Respecting People
6. Contributing to Sustainable Economic Development

## Stakeholder Engagement (102-40, 102-42, 102-43, 102-44)

A stakeholder focus has been central to our approach to sustainability. Early in our sustainability integration initiative we identified our key stakeholders: customers, employees, shareholders/investors, communities, partners, suppliers, regulators, governments, and Non-Governmental Organizations (NGOs). Our goal is to integrate innovative social, environmental and economic business practices to reduce risk, enhance performance, and deliver long term value to these stakeholders.

NBK uses a variety of methods to determine stakeholders' perspectives on NBK's material sustainability-related impacts, risks, issues and opportunities. The topics identified as a result of this stakeholder engagement – combined with expectations conveyed through regional and global frameworks and initiatives – define our material issues and thus the content addressed in this report. The table below summarizes the bank's approach to stakeholder engagement and the priority issues raised by different stakeholder groups.

### Methods of Engaging Stakeholders

Key Stakeholders	Methods of Engagement	Stakeholders Outcomes	Stakeholders Priorities
Customers	<ul style="list-style-type: none"> <li>* Ongoing Surveys: annual, semi-annual, weekly, including annual Customer Satisfaction Measurement</li> <li>* Complaint tracking and analysis</li> <li>* Continuous engagement through online banking, mobile banking, smart watch, ITM, branch banking, and ATM channels</li> <li>* Ad Hoc Surveys</li> <li>* Brand Assessment</li> </ul>	<ul style="list-style-type: none"> <li>* Customer Experience</li> <li>* Innovative Financial Services</li> <li>* Responsible Products</li> <li>* E-banking Services</li> <li>* Regular Feedback from the Customers</li> <li>* Competitive Rates and Products</li> </ul>	<ul style="list-style-type: none"> <li>* Reliable and Innovative Services</li> <li>* Affordable and Accessible Services</li> <li>* Promotions and Offers Announcement</li> <li>* Information Security</li> <li>* Reachable Customer Care</li> <li>* Diverse Communication Channels</li> </ul>
Employees	<ul style="list-style-type: none"> <li>* Annual Employee Survey</li> <li>* Daily interaction via phone calls, email, face to face meetings with majority of staff at all levels across different groups/business areas</li> <li>* Participation in Community service and volunteerism</li> <li>* I am NBK program</li> <li>* Branch and Department visits</li> <li>* Staff complaint monitoring</li> <li>* Employee relations presentations with new staff</li> </ul>	<ul style="list-style-type: none"> <li>* Career Development and Goals</li> <li>* Competitive Salary and Benefits</li> <li>* Transparency</li> <li>* Diversity</li> <li>* Kuwaitization</li> </ul>	<ul style="list-style-type: none"> <li>* Job Security and Satisfaction</li> <li>* Competitive Salary</li> <li>* Growth and Skills Development</li> <li>* Opportunities for Development</li> <li>* Access to International Conferences and Networking Opportunities</li> <li>* Employee Benefits</li> <li>* Health Insurance</li> <li>* Knowledge Exposure</li> </ul>

Key Stakeholders	Methods of Engagement	Stakeholders Outcomes	Stakeholders Priorities
Shareholders / Investors	<ul style="list-style-type: none"> <li>* Monitoring ratings of NBK by key analysts used by investors</li> <li>* In-depth investigation of raters' ESG assessment, including dialogue and follow-up</li> <li>* Investors conferences &amp; roadshows</li> </ul>	<ul style="list-style-type: none"> <li>* Corporate Structure and Governance</li> <li>* Risk Management Policies</li> <li>* Profitability and Sustainable Financial Returns</li> <li>* Financial Annual Reporting</li> <li>* Progress on Strategic Projects</li> <li>* Credit Management</li> <li>* Net Income Growth</li> </ul>	<ul style="list-style-type: none"> <li>* Strong Return on Investment</li> <li>* Net Income Growth</li> <li>* Transparency</li> <li>* Management Excellence and Efficiency</li> <li>* Provide a Fair Understanding of the Bank's Strategy</li> </ul>
Vendors	<ul style="list-style-type: none"> <li>* Weekly interaction via phone calls, email, face-to-face meetings</li> </ul>	<ul style="list-style-type: none"> <li>* Continuous Communication</li> <li>* Timely Payment</li> <li>* Vendor Assessment based on ESG</li> <li>* Ethical Practices</li> <li>* Compliance with Labor Law</li> <li>* Fair Selection Process</li> <li>* Awarding</li> <li>* Community Engagement</li> </ul>	<ul style="list-style-type: none"> <li>* Providing of Favorable and Negotiable Terms</li> <li>* Maintained Interaction and Communication Opportunities</li> <li>* Labor Rights</li> <li>* Community Impact</li> </ul>
Government entities	<ul style="list-style-type: none"> <li>* Regular interaction via phone calls, email, face to face meetings</li> </ul>	<ul style="list-style-type: none"> <li>* Compliance with policies and regulations</li> <li>* Reports and disclosures</li> <li>* Best banking practices</li> <li>* Alignment to Kuwait National Development Plan</li> </ul>	<ul style="list-style-type: none"> <li>* Access to Financial Data</li> <li>* Transparency</li> <li>* Penalties Mitigation</li> </ul>
Community	<ul style="list-style-type: none"> <li>* Quarterly meetings with local universities and colleges</li> <li>* Quarterly meetings with NGOs and social partners</li> </ul>	<ul style="list-style-type: none"> <li>* Corporate responsibility</li> <li>* Awareness</li> <li>* Investment in the Community</li> <li>* Environment Protection</li> <li>* Youth Initiatives</li> <li>* Health and Lifestyle Initiatives</li> </ul>	<ul style="list-style-type: none"> <li>* Access to NBK's Activities</li> <li>* Lead by Example in Safety Standards</li> <li>* Promote Efficiency of Resource Use</li> <li>* Support Health, Education, and Economic Issues at national level</li> </ul>

## Materiality Assessment (102-47, 103-1)

### Materiality Process

NBK used the following process to assess our stakeholders' view of priority material issues:



Identified, at the management level across the bank, all key stakeholders in order to understand and assess the practices that were undertaken by NBK in 2018 pertaining to sustainability topics, focusing on the six focus areas of NBK's sustainability strategy:



Identified and prioritized key material topics to be part of both the internal and external stakeholder feedback. A workshop with internal stakeholders was conducted to obtain their concerns and feedback on the material topics identified, based on the impacts of each topic on: marketplace, workplace, community, environment, and investor relations.



Held one-on-one meetings with key identified external stakeholders to obtain their priority assessment on the identified material topics and feedback and engagement with them on those various topics and practices.

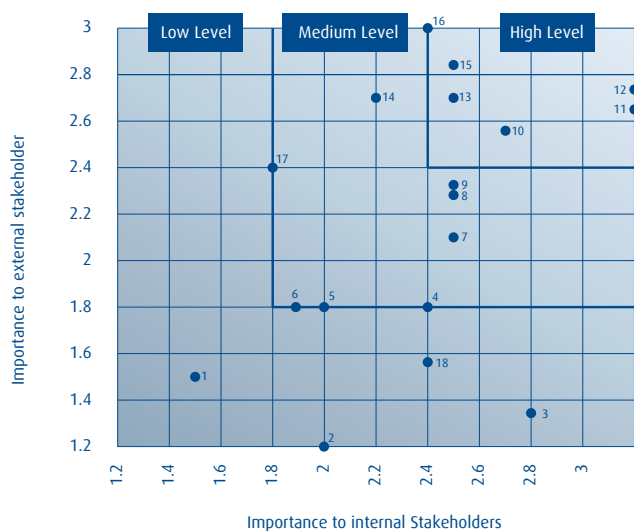


Consolidated both internal and external stakeholders' feedback and ratings to develop the most important and material topics out of the 20 identified.



Summarized the end result of the materiality and stakeholder engagement in the materiality matrix below. This visualization of the topics that were assessed and plotted out on the matrix at three different zones was then used as the basis for our management approach to share with the stakeholders.

### NBK Materiality Matrix - 2018



1. Resource Management
2. Carbon Footprint
3. Green Building
4. Kuwaitization
5. Equal Opportunity
6. Sustainable Procurement
7. Regulation & Compliance
8. Corporate Governance
9. Economic Value Added
10. Customer Experience
11. Ethical Business
12. Digitization
13. Risk & Opportunity Assessment
14. Sustainable Financial Position
15. Community Investment
16. Data Security & Privacy
17. Workplace Environment
18. Responsible Products

Community Investment	High
Customer Experience	High
Risk & Opportunity Assessment	High
Ethical Business	High
Digitization	High
Kuwaitization	Medium
Economic Added Value	Medium
Sustainable Financial Position	Medium
Data Security & Privacy	Medium
Corporate Governance	Medium
Regulation & Compliance	Medium
Workplace Environment	Low
Equal Opportunity	Low
Responsible Products	Low
Sustainable Procurement	Low
Green Building	Low
Carbon Footprint	Low
Resource Management	Low

## Alignment With Regional and Global Sustainability Frameworks & Initiatives

NBK's approach to sustainability also involves ensuring alignment with various local and global frameworks and initiatives: the Kuwait National Development Plan (KNDP), UN Sustainable Development Goals (UNSDGs), the Global Reporting Initiative (GRI), the Equator Principles, and the Boursa Kuwait Sustainability Disclosure Guide. See Appendix A and B for indices specifying exact alignment with GRI Financial Services Sector Disclosure Guidelines and Boursa.

Below is a table demonstrating alignment of the material topics identified with various local and international frameworks and initiatives.

The material topics have been identified based on practices that have been implemented by NBK in 2018, and the resulting alignment will focus on actual sustainability performance achieved during this period.

**Alignment of Material Topics with Local & Global Frameworks**

#	Material Topic	GRI	UNSDG	KNDP	Kuwait Boursa ESG	Equator Principles
1	Community Investment	103-1- Explanation of the material topic and its Boundary 203-2 - Significant indirect economic impacts 401 - Employment 404 - Training and Education 412 - Human Rights Assessment 413 - Local Communities 416 - Customer Health and Safety 419-1 - Non-compliance with laws and regulations in the social and economic area	1 - No Poverty 2 - Zero Hunger 3 - Good Health and Well-being 4 - Quality Education 8 - Decent Work and Economic Growth 11 - Sustainable Cities and Communities 17 -Partnerships for the Goals	<ul style="list-style-type: none"> <li>* High quality healthcare</li> <li>* Global positioning</li> </ul>	20. Community Investment	<ul style="list-style-type: none"> <li>* Principle 2</li> <li>* Principle 3</li> <li>* Principle 5</li> </ul>

**Alignment of Material Topics with Local & Global Frameworks**

#	Material Topic	GRI	UNSDG	KNDP	Kuwait Boursa ESG	Equator Principles
2	Workplace Environment	103-1 - Explanation of the material topic and its Boundary 102-16 - Values, principles, standards, and norms of behavior 102-17 - Mechanisms for advice and concerns about ethics 401-1 - New employee hires and employee turnover 401-3 - Parental leave 402 - Labor/ Management Relations 403 - Occupational Health and Safety 404 - Training and Education 404-1 - Average hours of training per year per employee 404-2 - Programs for upgrading employee skills and transition assistance programs 404-3 - Percentage of employees receiving regular performance and career development reviews 405 - Diversity and Equal Opportunity 406 - Non-Discrimination 412 - Human Rights Assessment 413-1 - Operations with local community engagement, impact assessments, and development programs 419-1 - Non-compliance with laws and regulations in the social and economic area	1 - No Poverty 3 - Good Health and Well-being 5 - Gender Equality 8 - Decent Work and Economic Growth 10 - Reduced Inequalities 11 - Sustainable Cities and Communities 16 - Peace, Justice and strong institutions	* Creative human capital * Global positioning	4. Full time employees 5. Employee wages and benefits (KWD) 12. Kuwaitization (%) 13. Youth Employment (%) 14. Injury Rate 15. Women in the workforce (%) 16. Training hours per employee 17. Employee turnover (%) 18. Human rights policy 19. Code of ethics 25. Links between executive pay and performance	* Principle 2 * Principle 3 * Principle 5 * Principle 6

### Alignment of Material Topics with Local & Global Frameworks

#	Material Topic	GRI	UNSDG	KNDP	Kuwait Boursa ESG	Equator Principles
3	Equal Opportunity	103-1 - Explanation of the material topic and its Boundary 401 - Employment 401-1 - New employee hires and employee turnover 402 - Labor/Management Relations 405 - Diversity and Equal Opportunity 405-1 - Diversity of governance bodies and employees 406 - Non-Discrimination	5 - Gender Equality 8 - Decent Work and Economic Growth 10 - Reduced Inequalities 16 - Peace, Justice and strong institutions	* Creative human capital * Global positioning	4. Full time employees 5. Employee wages and benefits (KWD) 13. Youth Employment (%) 15. Women in the workforce (%)	* Principle 2 * Principle 3 * Principle 5
4	Kuwaitization	103-1 - Explanation of the material topic and its Boundary 202-2 - Proportion of senior management hired from the local community 401 - Employment 401-1 - New employee hires and employee turnover 411 - Rights of indigenous peoples 413 - Local Communities 413-1 - Operations with local community engagement, impact assessments, and development programs	5 - Gender Equality 8 - Decent Work and Economic Growth 10 - Reduced Inequalities 11 - Sustainable Cities and Communities 16 - Peace, Justice and strong institutions	* Creative human capital * Global positioning	12. Kuwaitization (%)	* Principle 2 * Principle 3 * Principle 5

**Alignment of Material Topics with Local & Global Frameworks**

#	Material Topic	GRI	UNSDG	KNDP	Kuwait Boursa ESG	Equator Principles
5	Economic Value Added	103-1 - Explanation of the material topic and its Boundary 201 – Economic Performance 201-1 - Direct economic value generated and distributed 203 – Indirect Economic Impacts 203-1 - Infrastructure investments and services supported 203-2 - Significant indirect economic impacts 401 – Employment 401-1 - New employee hires and employee turnover 404 – Training and Education 413 – Local Communities 413-1 - Operations with local community engagement, impact assessments, and development programs	1 – No Poverty 3 – Good Health and Well-being 4 – Quality Education 8 – Decent Work and Economic Growth 9 – Industry, innovation and infrastructure 11 – Sustainable Cities and Communities	* Creative human capital * Global positioning * Sustainable diversified economy * High quality healthcare	3. Local procurement spending (%) 4. Full time employees 5. Employee wages and benefits (KWD) 13. Youth Empowerment (%) 16. Training hours per employee	* Principle 2 * Principle 3 * Principle 5
6	Sustainable Financial Position	102-2 - Activities, brands, products, and services 103-1 - Explanation of the material topic and its Boundary 201 – Economic Performance 201-1 - Direct economic value generated and distributed 202 – Market Presence 204-1 - Proportion of spending on local suppliers	8 – Decent Work and Economic Growth 9 – Industry, innovation and infrastructure 12 – Responsible Consumption and Production	* Sustainable diversified economy	1. Annual Report 3. Local procurement spending (%) 5. Employee wages and benefits (KWD) 20. Community Investment	* Principle 7 * Principle 10



### Alignment of Material Topics with Local & Global Frameworks

#	Material Topic	GRI	UNSDG	KNDP	Kuwait Boursa ESG	Equator Principles
7	Customer Experience	<p>102-2 - Activities, brands, products, and services</p> <p>103-1 - Explanation of the material topic and its Boundary</p> <p>102-43 - Approach to stakeholder engagement</p> <p>202 - Market Presence</p> <p>416 - Customer Health and Safety</p> <p>416-1 - Assessment of the health and safety impacts of product and service categories</p> <p>417 - Marketing and Labeling</p> <p>418 - Customer Privacy</p> <p>418-1 - Substantiated complaints concerning breaches of customer privacy and losses of customer data</p>	<p>8 - Decent Work and Economic Growth</p> <p>9 - Industry, innovation and infrastructure</p> <p>11 - Sustainable Cities and Communities</p> <p>12 - Responsible Consumption and Production</p>	<ul style="list-style-type: none"> <li>* Sustainable diversified economy</li> <li>* Global positioning</li> </ul>	<p>19. Code of ethics</p> <p>25. Links between executive pay and performance</p>	<ul style="list-style-type: none"> <li>* Principle 5</li> </ul>
8	Responsible Products	<p>102-2 - Activities, brands, products, and services</p> <p>103-1 - Explanation of the material topic and its Boundary</p> <p>416 - Customer Health and Safety</p> <p>416-1 - Assessment of the health and safety impacts of product and service categories</p> <p>417 - Marketing and Labeling</p> <p>419-1 - Non-compliance with laws and regulations in the social and economic area</p>	<p>3 - Good Health and Well-being</p> <p>8 - Decent Work and Economic Growth</p> <p>11 - Sustainable Cities and Communities</p> <p>12 - Responsible Consumption and Production</p>	<ul style="list-style-type: none"> <li>* Sustainable diversified economy</li> <li>* Global positioning</li> </ul>	<p>3. Local procurement spending (%)</p> <p>6. Environmental Policy</p> <p>7. Energy use</p> <p>19. Code of Ethics</p>	<ul style="list-style-type: none"> <li>* Principle 2</li> <li>* Principle 3</li> <li>* Principle 5</li> </ul>

**Alignment of Material Topics with Local & Global Frameworks**

#	Material Topic	GRI	UNSDG	KNDP	Kuwait Boursa ESG	Equator Principles
9	Data Security & Privacy	103-1 - Explanation of the material topic and its Boundary 416 - Customer Health and Safety 416-1 - Assessment of the health and safety impacts of product and service categories 416-2 - Incidents of non-compliance concerning the health and safety impacts of products and services 418 - Customer Privacy 418-1 - Substantiated complaints concerning breaches of customer privacy and losses of customer data	9 - Industry, innovation and infrastructure 11 - Sustainable Cities and Communities 16 - Peace, Justice and strong institutions	* Developed infrastructure * Global positioning	19. Code of Ethics	* Principle 9
10	Corporate Governance	103-1 - Explanation of the material topic and its Boundary 102-5 - Ownership and legal form 102-18 - Governance structure 102-19 - Delegating authority 102-20 - Executive-level responsibility for economic, environmental, and social topics 102-22 - Composition of the highest governance body and its committees 102-23 - Chair of the highest governance body 402 - Labor/ Management Relations	8 - Decent Work and Economic Growth 16 - Peace, Justice and strong institutions	* Creative human capital * Global positioning * Sustainable living environment	21. Board Independence (%) 22. Risk management committee at the board level 23. Non-audit fees (%) 24. Voting results 25. Links between executive pay and performance 26. Compliance with the CMA's Corporate Governance Regulatory Requirements	* Principle 7 * Principle 9 * Principle 10

### Alignment of Material Topics with Local & Global Frameworks

#	Material Topic	GRI	UNSDG	KNDP	Kuwait Boursa ESG	Equator Principles
11	Risk & Opportunity Assessment	103-1 - Explanation of the material topic and its Boundary 102-11 - Precautionary Principle or approach 102-15 - Key impacts, risks, and opportunities 102-30 - Effectiveness of risk management processes	8 – Decent Work and Economic Growth 9 – Industry, innovation and infrastructure 12 – Responsible Consumption and Production	<ul style="list-style-type: none"> <li>* Sustainable diversified economy</li> <li>* Global positioning</li> <li>* High quality healthcare</li> </ul>	22. Risk management committee at the board level	<ul style="list-style-type: none"> <li>* Principle 2</li> <li>* Principle 3</li> <li>* Principle 5</li> <li>* Principle 7</li> <li>* Principle 9</li> </ul>
12	Sustainable Procurement	103-1 - Explanation of the material topic and its Boundary 102-9 - Supply chain 102-10 - Significant changes to the organization and its supply chain 204 – Procurement Practices 204-1 - Proportion of spending on local suppliers 308 – Supplier Environmental Assessment 413 – Local Communities 413-1 - Operations with local community engagement, impact assessments, and development programs 414 – Supplier Social Assessment	8 – Decent Work and Economic Growth 11 – Sustainable Cities and Communities 12 – Responsible Consumption and Production 17 – Partnerships for the Goals	<ul style="list-style-type: none"> <li>* Sustainable diversified economy</li> <li>* Global positioning</li> <li>* Sustainable living environment</li> </ul>	3. Local procurement spending (%)	<ul style="list-style-type: none"> <li>* Principle 2</li> <li>* Principle 3</li> <li>* Principle 5</li> </ul>
13	Ethical Business	102-2 - Activities, brands, products, and services 103-1 - Explanation of the material topic and its Boundary 102-16 - Values, principles, standards, and norms of behavior	8 – Decent Work and Economic Growth 12 – Responsible Consumption and Production 16 – Peace, Justice and strong institutions	<ul style="list-style-type: none"> <li>* Creative human capital</li> <li>* Global positioning</li> </ul>	19. Code of Ethics	<ul style="list-style-type: none"> <li>* Principle 2</li> <li>* Principle 3</li> <li>* Principle 10</li> </ul>

**Alignment of Material Topics with Local & Global Frameworks**

#	Material Topic	GRI	UNSDG	KNDP	Kuwait Boursa ESG	Equator Principles
14	Regulation & Compliance	102-2 - Activities, brands, products, and services 103-1 - Explanation of the material topic and its Boundary 205 - Anti-Corruption 205-1 - Operations assessed for risks related to corruption 205-2 - Communication and training about anti-corruption policies and procedures 206 - Anti-Competitive Behavior 307 - Environmental Compliance 401 - Employment 401-1 - New employee hires and employee turnover 401-3 - Parental leave 402 - Labor/ Management Relations 419 - Socioeconomic Compliance 419-1 - Non-compliance with laws and regulations in the social and economic area	8 - Decent Work and Economic Growth 11 - Sustainable Cities and Communities 12 - Responsible Consumption and Production 16 - Peace, Justice and strong institutions	* Creative human capital * Sustainable diversified economy * Sustainable living environment	26. Compliance with the CMA's Corporate Governance Regulatory Requirements	* Principle 9 * Principle 10
15	Green Building	102-3 - Location of headquarters 103-1 - Explanation of the material topic and its Boundary 300 - Environmental 301 - Materials 302 - Energy 303 - Water 305 - Emissions 306 - Effluents and Waste 307 - Environmental Compliance	6 - Clean water and sanitation 7 - Affordable and clean energy 9 - Industry, innovation and infrastructure 11 - Sustainable Cities and Communities 12 - Responsible Consumption and Production	* Developed infrastructure * Global positioning * Sustainable living environment	6. Environmental Policy 7. Energy use 8. Carbon emissions	* Principle 2 * Principle 3

**Alignment of Material Topics with Local & Global Frameworks**

#	Material Topic	GRI	UNSDG	KNDP	Kuwait Boursa ESG	Equator Principles
16	Carbon Footprint	103-1 - Explanation of the material topic and its Boundary 302 - Energy 302-1 - Energy consumption within the organization 302-2 - Energy consumption outside of the organization 302-3 - Energy intensity 302-4 - Reduction of energy consumption 305 - Emissions 305-1 - Direct (Scope 1) GHG emissions 305-2 - Energy indirect (Scope 2) GHG emissions 305-3 - Other indirect (Scope 3) GHG emissions 305-4 - GHG emissions intensity 305-5 - Reduction of GHG emissions	6 - Clean water and sanitation 7 - Affordable and clean energy 12 - Responsible Consumption and Production 13 - Climate Action	<ul style="list-style-type: none"> <li>* Sustainable living environment</li> <li>* Global positioning</li> </ul>	6. Environmental Policy 7. Energy use 8. Carbon emissions 9. Water use 10. Waste generated 11. Waste recycled (%)	<ul style="list-style-type: none"> <li>* Principle 2</li> <li>* Principle 3</li> <li>* Principle 10</li> </ul>
17	Resource Management	103-1 - Explanation of the material topic and its Boundary 301 - Materials 301-1 - Materials used by weight or volume 301-2 - Recycled input materials used 301-3 - Reclaimed products and their packaging materials 303 - Water 303-1 - Water withdrawal by source 306 - Effluents and Waste 306-2 - Waste by type and disposal method	6 - Clean water and sanitation 7 - Affordable and clean energy 12 - Responsible Consumption and Production 13 - Climate Action 15 - Life on Land	<ul style="list-style-type: none"> <li>* Sustainable living environment</li> <li>* Global positioning</li> </ul>	6. Environmental Policy 7. Energy use 9. Water use 10. Waste generated 11. Waste recycled (%)	<ul style="list-style-type: none"> <li>* Principle 2</li> <li>* Principle 3</li> <li>* Principle 10</li> </ul>

Alignment of Material Topics with Local & Global Frameworks

#	Material Topic	GRI	UNSDG	KNDP	Kuwait Boursa ESG	Equator Principles
18	Digitization	102-2 - Activities, brands, products, and services 102-15 - Key impacts, risks, and opportunities 103-1 - Explanation of the material topic and its Boundary 201 - Economic Performance 203 - Indirect Economic Impacts 300 - Environmental 301 - Materials 301-1 - Water withdrawal by source 302 - Energy 302-1 - Energy consumption within the organization 302-2 - Energy consumption outside of the organization 305 - Emissions	8 - Decent Work and Economic Growth 9 - Industry, innovation and infrastructure 11 - Sustainable Cities and Communities 12 - Responsible Consumption and Production 13- Climate Action	<ul style="list-style-type: none"> <li>* Creative human capital</li> <li>* Global positioning</li> <li>* Developed infrastructure</li> <li>* Sustainable diversified economy</li> </ul>	3. Local procurement spending (%) 6. Environmental Policy 7. Energy use 8. Carbon emissions 9. Water use 10. Waste generated 11. Waste recycled (%)	<ul style="list-style-type: none"> <li>* Principle 2</li> <li>* Principle 3</li> <li>* Principle 5</li> </ul>

Alignment of NBK's six-focus areas with New Kuwait & UN SDGs



## Sustainability Updates and Progress

### Towards Operational Metrics

For the past three years, NBK has worked on developing clear, measurable Key Performance Indicators (KPIs) for our most important sustainability priorities. The six major pillars and the highest-level objectives from our Sustainability Strategy Map are summarized in the table below.

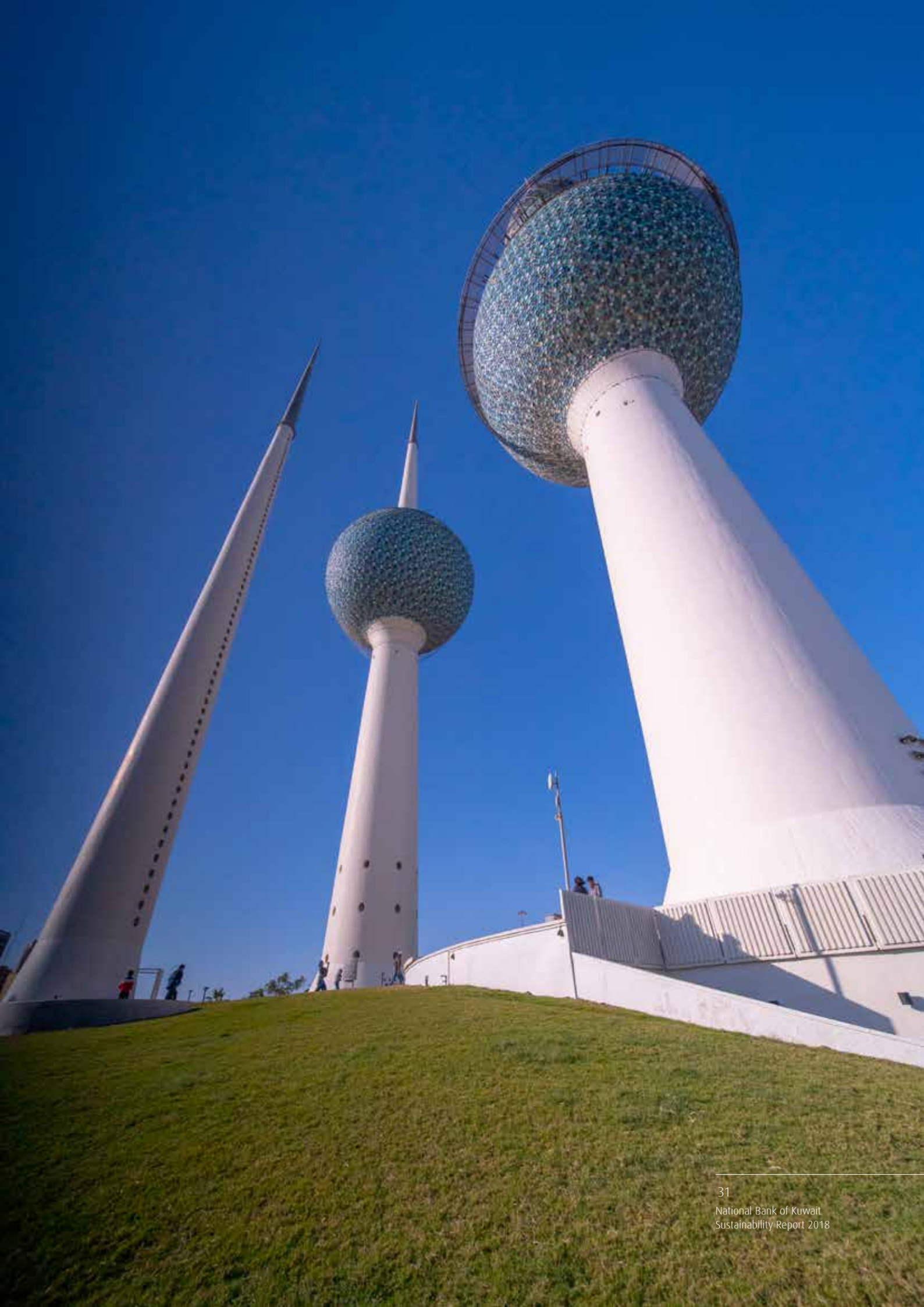
Pillars	Objectives
Serving Customers	Be the bank of choice
Leading in Business and Governance	A. Manage sustainability effectively
	B. Drive sustainable growth
Caring for our Environment	A. Improve environmental impacts
	B. Be green building leader
Giving back to the Community	A. Improve natural environment
	B. Improve healthcare quality
	C. Empowering youth
Respecting and Developing People	A. Attract and retain the right people
	B. Supporting national plan
Contributing to Sustainable Economic Development	A. Support Kuwait Vision 2035

This careful mapping of our KPIs is a key component in the development of our larger data management system, which includes selecting and defining metrics, data collection, data tracking and managerial responses, data analysis, and reporting. Our ongoing development of these KPI metrics, along with our continuing efforts to refine the larger data management system, is the foundation for us to effectively manage the achievement of our sustainability priorities.

### Measuring Our Sustainability Impact

Beyond our own KPIs, NBK has also begun to analyze our impact on sustainability using a variety of tools, one of which is Social Return on Investment (SROI). The underlying premise of SROI is to develop a causal change model and attempt to rigorously evaluate the social returns from a given set of activities. Monetized "proxies" for the social value of various outcomes are used to assess the sustainability impacts of a range of activities that might be presumed to have led to those outcomes. The ratio of each contribution made compared to the monetized value of the resulting outcome provides that activity's or that investment's SROI. Thus far, NBK has studied 20 of our historical sets of activities related to

sustainability performance. The 20 topics were distributed over this report based on where they were appropriately impacted. They are labeled with either "Very High Impact," (SROI above 401%), "High Impact," (SROI from 51% to 400%), or "Medium Impact" (SROI from 1% to 50%). Three out of 20 have produced SROI's between Zero and 50%, meaning the investment produced only at most up to half of its value in resulting social value. Four sets of "High Impact" activities produced SROI's between 51% to 400%, meaning each investment either equaled itself in terms of the sustainability value it created, or created double to quadruple amount of social value in relation to the investment. The remaining 13 initiatives, are categorized as "Very High Impact," with SROI's over 400% meaning that the social value created was several times higher than the initial investment. These fields of SROI analyses are relatively new and have been evolving over the past 15 years or so, and we are intrigued to use the tool to help us focus our sustainability efforts, increase the rigor of our work, and align our activities in ways that lead to ever better outcomes.









# Sustainability and Governance

## New Kuwait Vision 2035

- \* Developed Infrastructure
- \* Global Positioning
- \* Creative Human Capital
- \* Sustainable Living Environment
- \* Sustainable Diversified Economy
- \* High Quality Healthcare



## Boursa Kuwait

- \* Code of Ethics
- \* Board Independence (%)
- \* Risk Management Committee at the Board Level
- \* Non-audit Fees (%)
- \* Voting Results
- \* Links Between Executive Pay and Performance
- \* Compliance with the CMA'S Corporate Governance Regulatory Requirements

## UNSDGs

- \* GOAL 8: Decent Work and Economic Growth
- \* GOAL 9: Industry, Innovation, and Infrastructure
- \* GOAL 11: Sustainable Cities and Communities
- \* GOAL 12: Responsible Consumption and Production
- \* GOAL 16: Peace, Justice and Strong Institutions



NBK's corporate governance is crafted to ensure proper governance, processes, and procedures throughout the organization and to incorporate sustainability elements throughout our policies, practices and performance. We recognize our environmental, social, and governance (ESG) impacts, and therefore governance is a cornerstone in our sustainability strategy. To operationalize this, we have made "Leading in Business and Governance" one of our six sustainability focus areas.

## **Sustainability & Governance**

As a bank, NBK takes our obligations and commitments to the highest standards of responsible governance with the utmost seriousness. We are proud of our effective governance structures and history of responsible management. Behind the structural framework of our governance, we are also committed to operating with the highest standards of ethics and the most prudent, sophisticated approaches to risk management. In this section we explore the full range of the governance of our sustainability efforts, our ethics, and our risk management.

## **Corporate Governance**

Sustainability governance first focuses on the actual corporate governance of NBK, describing the organizational structure, the Board of the Directors and its committees. We also briefly describe the new senior management level Sustainability Committee which is in the process of being approved by management. Second, sustainability governance looks at management's approach towards risk & opportunity management, specifically, how risks are mitigated, opportunities are seized, crisis is managed, and business continuity is ensured.

Overall, NBK's successful strategic business decisions are governed by robust corporate governance practices & structures to ensure the highest business integrity, growth, and transparency.

## **Governance Structure (102-5, 102-18)**

The diagram below illustrates NBK's governance structure, which ensures an optimal level effectiveness in managing NBK's layered but interlinked organizational responsibilities.

The Group's balanced and non-complex Board structure facilitates the process of exchange of information on an accurate and timely basis between different Group entities. This has been accomplished by establishing direct communication channels across the Group, which promote the principle of disclosure and transparency regarding

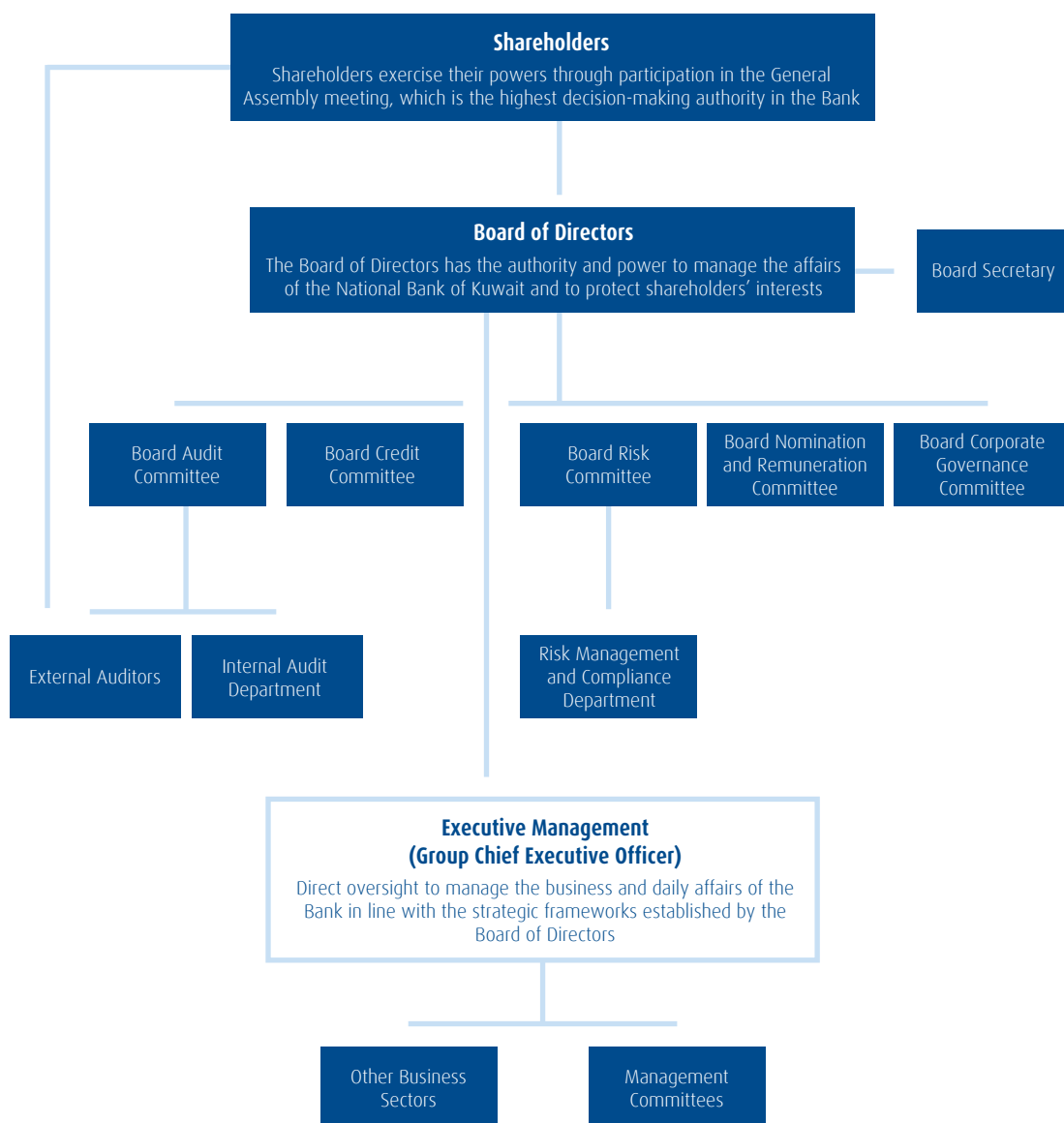
Group operations. Moreover, the structure maintains the supervisory role assigned to the Board and effectively contributes to fulfilling the Board's responsibilities.

## **The Board of Directors (102-22)**

In general, the Board of Directors aims to strengthen the long-term success of the Group and to deliver sustainable value to shareholders. NBK Group's Board of Directors is composed of nine (9) Non-Executive Members representing the shareholders. The Board Members are elected and appointed by the General Assembly of the Bank, for three (3) years. The Board's structure is generally characterized by having the appropriate number of Members, diversity of professional experience, educational qualifications and broad knowledge of the banking and business sectors. Our Board Members collectively hold experience and knowledge in the areas of Accounting, Finance, Economics, Strategic Planning, Corporate Governance, Internal Control and Risk Management, in addition to outstanding experience in the local and regional business environment.

## **Roles and Responsibilities of the Board (102-26)**

The basic responsibility of the Board of Directors is to exercise its reasonable business judgment on behalf of the Shareholders. In discharging this obligation, they rely on the honesty and integrity of the Group CEO (GCEO), Executive Management, business advisors and auditors. The Board is the decision-making body for all other matters of such importance as to be of significance to the Group as a whole because of their strategic, financial or reputational implications or consequences.



The Board's general oversight responsibilities on behalf of shareholders include the following:

Creating and delivering sustainable value through the management of the Group's businesses. The Board determines the objectives and policies of the Group to deliver such value, providing and approving of the overall strategic direction within a framework of rewards, incentives and controls. As part of its overall responsibilities to serve the long-term interests of the Group's shareholders, the Board:

- a. Reviews and approves, periodically, the Group's strategic plans, management structure and responsibilities and systems and controls framework (including its policies)
- b. Adopts the strategic guidelines for the Group as proposed by the Executive Committee or, where appropriate, on its own initiative
- c. Ensures that there is a budget forecast in place covering business plans for more than a one-year period
- d. Reviews and discusses reports by Executive Management on the key performance indicators of the Group. This is carried out through reviewing financial and administrative reports prepared by Executive Management every 2 months.

Assessing major risks facing the Group by reviewing and approving strategies for addressing such risks, in coordination with the Board Risk Committee.

Ensuring that Executive Management strikes an appropriate balance between promoting long-term growth and delivering short-term objectives.

Ensuring sound standards of Corporate Governance in terms of Board practices, Executive Management functioning, risk management & internal controls, remuneration, organization structure and disclosures & transparency.

Ensuring that management maintains a system of internal controls which provides assurance of effective and efficient operations, internal financial controls and compliance with laws and regulations. In carrying out this responsibility, the Board considers what is appropriate for the Group's business and reputation, the materiality of the financial and other risks inherent in the business and the relative costs and benefits of implementing specific controls.

Demonstrating ethical leadership and promoting the Group's collective vision of the Group's purpose, values, culture and behaviors. Directors act in a way they consider to be in good faith, and that promotes the success of the Group for the benefit of the shareholders as a whole.

Ensuring that transactions with related parties are reviewed and ensuring the integrity thereof.

### Process of Evaluating the Highest Governance Performance (102-28)

The Board's Nomination & Remuneration Committee (BNRC) conducts an annual self-assessment of the Board of Directors and its committees which evaluates the effectiveness of Board Members and their participation,

both individually or collectively. This includes an assessment of the Board Committees through the self-assessment methodology, which has been designed and developed to evaluate the effectiveness of each Member of the Board so as to determine aspects of development required and the necessary training for Members.

### List of Board of Directors

NBK's Board of Directors is comprised of the following nine members:

Board Members	
Mr. Nasser Musaed Abdullah Al-Sayer	Group Chairman
Mr. Ghassan Ahmed Saoud Al-Khaled	Vice Chairman
Mr. Hamad Abdul Aziz Al-Sager	Board Member
Mr. Yacoub Yousef Al-Fulajj	Board Member
Mr. Hamad Mohamed Al-Bahar	Board Member
Mr. Muthana Mohamed Ahmed Al-Hamad	Board Member
Mr. Haitham Sulaiman Hammoud Al-Khaled	Board Member
Mr. Loay Jassim Al-Kharafi	Board Member
Mr. Emad Mohamed Al-Bahar	Board Member

### Board of Directors Meetings (BOD)

The Central Bank of Kuwait (CBK) requires the Board to hold at least six (6) meetings per year. NBK satisfies this CBK provision and meets more than six times per year.

## Board Committees

NBK's Board is comprised of five Board committees; a description of each is provided below:

The Board and Its Committees				
Corporate Governance Committee	Nomination and Remuneration Committee*	Risk Committee	Audit Committee	Credit Committee
is comprised of five non-executive members and its responsibility is to assist 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.	is comprised of four non-executive members and its responsibility is to assist the Board in carrying out the Nomination and Remuneration responsibilities pertaining to the 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.	is comprised of three non-executive members and its responsibility is to assist the Board in carrying out risk management responsibilities by evaluating and monitoring the risk governance framework, risk appetite, risk strategy and capital planning. In addition, this Committee provides the supervision of regulatory compliance across the Group.	is comprised of three non-executive members and its responsibility is to assist the Board in a supervisory role regarding the efficiency and independence of the internal and external audit operations for the Group. This Committee also oversees the preparation of the periodic financial statements and other regulatory reports.	is comprised of four non-executive members and its responsibility is to review 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 Senior Management, in accordance with the Credit Policy of the Group.

\*In NBK, the criteria for selecting the highest governance members of Board committees is the responsibility of the Board Nomination and Remuneration Committee (BNRC). BNRC is the committee that reviews all nominations and candidates' applications for the BOD or its sub-committees. It raises

recommendations to the BOD about each candidate for their final decision. BNRC reviews each candidate's status according to "Fit and Proper" criteria that is stipulated in CBK regulations article (68). All Nomination Forms are submitted to CBK for final approval.

NBK also has additional standing committees chartered by the BOD. Those most relevant to sustainability are summarized below.

**Sustainability Committee**

In 2018 NBK began the process of chartering a Sustainability Committee to supervise the overall strategy and implementation of our Sustainability Focus Areas, including also our Environment, Social, and Governance (ESG) initiatives related to sustainability practices. We developed a Draft Sustainability Committee Charter defining purpose, membership, roles and responsibilities, operating practices and focus areas. This is a high-level governance step forward that NBK is taking as part of the roadmap goals and best practices.

**Corporate Social Responsibility (CSR) and Community Committee**

Because NBK is so fundamentally committed to social responsibility, we have also formed an executive level CSR and Community Committee. This committee designs and helps foster business practices, social contributions and initiatives that support the growth and stability of the society. The committee is chaired by our Board Chairman, but leadership is rotated to help embed social responsibility throughout our executive ranks and in our culture and working environment more broadly.

**Risk & Opportunity Management (102-16,103)**

As a large and successful bank, we recognize that even our most miniscule decisions and processes can have wide-reaching impacts on a variety of stakeholders. For this reason, NBK adopts a deep and structured approach towards risk management and opportunity assessment. This mindset is adopted at every level, from front line employees to the Risk Committee of the Board of Directors. We strive to carry out our structured methodology of risk and opportunity management in an


ongoing manner so as to continuously identify and assess potential risks & opportunities (based on set criteria), implement measures to mitigate the risks and seize the opportunities, and evaluate the results of our decisions.

Throughout NBK’s risk management processes the bank applies various precautionary elements, especially concerning the maintenance of current products & services and the development of new products and services.

NBK measures and assesses the risks and opportunities for any product and service. One of the tools used to do this is a “new product/service questionnaire” filled by the business unit. Responses to the questionnaire are reviewed by all areas under Group Risk including Anti-Money Laundering (AML), Counter Terrorist Finance (CTF), Operational Risk, Compliance, and Insurance.

NBK efforts in the area of Risk Management are continuous and take different forms, e.g., implementing Automated Risk Management solutions for different areas in Risk Management (e.g., Operational Risk, Market Risk, Anti-Money Laundering and Counter Terrorist Finance, etc.), hiring highly specialized qualified staff, enhancing staff knowledge through continuous training, and engaging with different consultant entities in the field of Risk Management.

NBK recognizes that risks can be managed by avoidance, mitigation, transfer, acceptance, or exploitation. NBK also spends on different insurance policies every year as part of risk financing.

SR0I Topic:	Medium Impact	High Impact	Very High Impact	Attributes
Healthcare Benefits to NBK Staff				<ul style="list-style-type: none"> <li>Total benefit/employee: KWD 15,000</li> <li>No. of Employees: 2,198</li> <li>Total Coverage: KWD 32,970,000</li> </ul>



We have proactively ensured that our advanced risk & opportunity management approach complies with all governmental and non-governmental authorities' and agencies' mandatory requirements.

**Business Continuity**

Since our founding in 1952, NBK management has focused on maintaining the bank's success over the long term, ensuring business continuity for the next generations. Generally, it may be relatively easy for organizations to accumulate short term returns, but it

**Crisis Management Plan**

Effective crisis management is a key aspect of our business continuity. We have identified and assessed critical potential crises that we may face in the future based on historical events (for us and other entities) and predictions. Then, based on our assessment results, we have implemented measures in order to proactively mitigate these risks, before we might ultimately be faced with the crises. Our approach involves various crisis risk approaches, such as risk reduction, avoidance, sharing, and mitigation.

**Human Capital**

Human capital is a cornerstone of effective business continuity planning; after all, our human assets are the pillars that hold up our organization. Investing in our employees and providing adequate training, development, and other support and resources is a significant way to ensure that our success carries on into the future.

**Technology**

Studies often show that, whether on a micro or a macro level, innovation in technology is key to long-term sustainable growth, whether you are growing a single company's bottom-line or a vast nation's economy. For this reason, NBK is committed to investing in innovative technologies in order to solidify our business continuity well into the future.

**Crisis Management**

Organizations that aim for business continuity must also be well guarded against potential crises. For this reason, NBK has carefully implemented crisis management plans to be well-prepared into the future.

is often a challenge to guarantee that this wealth is carried forward to support the organization into the future. Therefore, specific business continuity analysis and measures must be put in place to provide stakeholders with the reassurance that the organization will continue to operate and support itself successfully years into the future.

NBK specifies three main areas where business continuity measures are to be implemented are listed in the table above.

In this regard, NBK has conducted business continuity analysis and implemented measures that solidify our continuity from now through at least the next 20 years.

**NBK Credit Rating**

NBK continues to enjoy one of the highest credit ratings in the MENA region and internationally:

Credit Rating	Standard & Poor's	Fitch Rating	Moody's
	A+	AA-	Aa3

**Health & Safety Policy**

As part of NBK's sustainable development approach, NBK realizes the importance of working to improve the Health & Safety of key stakeholders, including employees, customers, vendors, third parties, sub-contractors, and others. NBK is in the process of updating our health & safety policy, which is crafted based on the regional & global best practices in health & safety matters.

## Ethical Business & Compliance

NBK aims to lead by example as a dominant financial institution in the region. We are committed to conducting business in a highly ethical manner, advancing transparency and integrity in relationships with our customers, employees and other stakeholders, and complying fully with authorities and regulators. Regulatory compliance is a business requirement to which we must adhere, and our decisions are constantly checked against regulatory compliance aspects in order to ensure that we are fully operating within the law. Furthermore, we comply with our own ethical standards; though it may not be a legal obligation imposed by government, it is an internal requirement that we abide by our codes of ethics throughout our business. After all, as a Bank, our main asset is the trust we offer to our clients; therefore, abiding with our code of ethics is key to safeguarding this valuable asset of benefit to all of NBK's stakeholders. Some of the policies we have issued related to this include: 1) Anti-bribery and corruption policy, 2) Anti-fraud policy, 3) Anti-money laundering policy, 4) Stakeholders' Rights Protection policy, 5) Customer Protection Guide, 6) Special Needs Guide, and others. In addition to NBK's sustainability related policies, we are also currently in the process of updating our health & safety policy.

### Regulatory Compliance

NBK closely adheres to all regulations. We are particularly governed by two major regulatory authorities:

- \* The Central Bank of Kuwait (CBK)
- \* The Capital Markets Authority (CMA)

In addition, NBK is compliant with all aspects of Kuwait Labor Law, and all relevant regulations in every country in which we do business.

We provide training to employees concerning these matters.

NBK employees are not unionized; however we are compliant with labor rights and freedom of association laws in all countries in which we do business.

### Ethical Practices

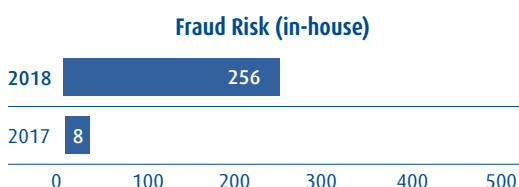
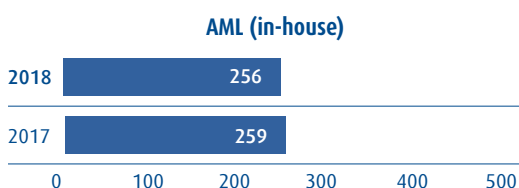
NBK conducts our business in a way that emphasizes ethics and corporate social responsibility. Below are just a few of the ways that this is done:

- \* Honoring customer confidentiality as primary, and ensuring customer personal information is secured and not shared
- \* Providing customer education on any cyber security issues including recent fraud scams through social media

- \* Adhering to an ethical marketing approach, where our marketing and advertising activities are done in the most honest and transparent way possible -highlighting the customer's experience as realistically as possible
- \* Establishing active engagement with Kidzania to educate all child visitors on financial services
- \* Offering a program for financial inclusion for blue collar customers, in specific
- \* Designing all campaigns to be transparent and with no discrimination
- \* Employing the practice of all campaigns gaining approval by our Risk, Compliance & Legal group to ensure transparency and customer fairness & security
- \* Developing services and accommodations to make NBK more accessible for special needs customers

### Ethics-Related Training: Anti-Money Laundering (AML) and Fraud Risk

Building on employee education provided in previous years, in 2017 and 2018 NBK conducted additional Anti-Money Laundering (AML) and Fraud Risk courses. The table below summarizes the number of employees trained.



### Anti-Fraud

NBK has conducted 36 1-hour anti-fraud training sessions in the past 3 years (2016, 2017, 2018). Sessions extended for 1 hour each. A total of 256 employees were trained.

### Anti-Money Laundering (AML)

In addition to the learning and development courses by type described above, NBK utilized our intranet channel to provide essential E-Learning session that were customized to meet NBK's development goals. The number of employees who received E-Learning training in 2018 was 1,087.

Included in NBK's Code of Conduct Policy is item #8, which is the policy statement on money laundering. This policy statement covers the following areas: customer identification, recognition and reporting of suspicious transactions, co-operation, non-disclosure, and honesty and integrity.

### Anti-Corruption and Anti-Bribery

NBK has an Anti-Corruption and Anti-Bribery Policy. We expect both internal employees and external partners and suppliers to adhere to this policies.

### Transparency

As a financial institution that effectively acts as the trustee of our clients' assets, we believe that transparency within all of our operations is essential. NBK's work culture, values, and principles emphasize and enhance transparency internally across functions and departments, as well as with customers and other external stakeholders.

At the external stakeholder level, NBK accommodates various communications channels with stakeholders

concerning several aspects of our business and with different audiences. Additionally, NBK is developing and communicating periodic reports covering financial and non-financial performance, catering to meet with regulatory bodies' requirements, as well as shareholders' needs, etc.

At the internal stakeholder level, NBK has open communication channels and open-door policies that allow for communications and collaboration horizontally and vertically among employees, managers, etc.

### Mechanisms for Seeking Advice

For internal stakeholders, the internal mechanisms for seeking advice related to ethics, lawful behavior, and organizational integrity include: phone calls, email, face-to-face meetings, branch & department visits, staff complaints channels, exit interviews, I AM NBK Program, and staff presentations.

For external stakeholders, the mechanisms to do this include: email, face-to-face meetings, letters, vouchers, website, and phone calls.

## CASE STUDY

### I AM NBK

The 'I AM NBK' is an internal program that provides recognition to staff's outstanding performances and behaviors, while going beyond their job duties and demonstrating one of the eight 'I AM NBK' principles derived from NBK's core values. Our eight 'I AM NBK' principles include; Trust, Consistency, Excellence, Accessibility & Availability, Teamwork, Integrity & Respect, Empathy, and Communication.

Launched in 2012 in Consumer Banking Group, and after two successful years, DGCEO Ms. Shaikha Al-Bahar communicated that the program should roll out across the entire organization. The program has been extremely effective, contributing to our 12% improvement in Customer Satisfaction scores from 84% in 2012 to 96% in 2018.

Today the 'I AM NBK' program is being managed fully by the Employee Relations team from Group Human Resources and are still active on a daily basis, engaging staff members with communications, giveaways, and awarding ceremonies.

In 2018, the 'I AM NBK' has accomplished the following:

- \* Organized the 3rd Awards Event: 42 recognitions
- \* Introduced a new (4th Award) for the first time since the launch of the program
- \* Organized the 4th Awards Event: 25 recognitions
- \* Organized the 2018 Awarding Ceremony: 116 recognitions
- \* Conducted a focus group session to obtain feedback from staff on how to improve the program
- \* Provided international recognitions to our colleagues from NBK Bahrain
- \* Created a new, soon to be launched, I AM NBK system work-flow that will provide a faster nomination process, automatic replies, and group nominations
- \* Had an increase in principles demonstrated, all eight were demonstrated compared to the previous year
- \* Had an increase in total number of recognitions provided to staff: 312 compared to 224 during the previous year

## Code of Conduct

NBK also instills throughout our employees the following aspects of our prevailing corporate 'Integrity' value:

### 1. Code Of Conduct

The NBK Board takes the lead in setting professional standards and corporate values which promote integrity for the entire body, Executive Management and other employees. The Group Code of Conduct outlines the ethical standards expected of various stakeholders in the conduct of our business. This specifically covers the Board, Group employees and other stakeholders. The areas covered by the code of conduct include: NBK's compliance principles, confidential information, insider information, "Chinese" walls, personal dealing and outside business interests, other general rules applicable to all employees, policy statement on money laundering, and tax compliance. The Table of Contents of our Code of Conduct was provided in our 2016 Sustainability Report. Our Code of Conduct was last revised in December 2013.

### 2. Related Parties Transactions

NBK Group Related-Party Transactions Policy outlines the guiding principles on dealing with and managing transactions with relevant parties, whether between the Group and its Board Members, their companies or their related parties, Executive Management, and employees including syndicated financing and trading activities. The policy is 'in compliance' with regulatory and IFRS standards.

### 3. Conflict Of Interest

The Board monitors and manages the potential conflict of interest of the Group including the abuse of the Group's resources and any misuse of power. The Conflict of Interest Policy provides guidelines for the identification, reporting, disclosure, prevention, and strict limitation of potential conflicts of interest, including rules concerning connected party transactions and potential conflicts of interest.

### 4. Confidentiality

The NBK Board, Executive Management and employees are committed to preserve the confidentiality of information and data on NBK Group's customers, as per the rules of the laws and instructions issued by the regulatory bodies in this respect. This has been well governed by confidentiality and information-security rules adopted and implemented within the group.

### 5. Whistle Blowing

NBK Group promotes a transparent and collaborative working environment for all employees. The Whistle Blowing practices determine the guiding principles and procedures which enable the Group's employees to escalate to the Chairman any significant disputes, their concerns regarding any potential violations, malpractice, and "reportable" conduct, and to allow independent investigation and monitoring of these concerns.





# Sustainability & Marketplace

## New Kuwait Vision 2035

- \* Sustainable Diversified Economy
- \* Global Positioning
- \* Sustainable Living Environment
- \* Creative Human Capital
- \* Developed Infrastructure



## Boursa Kuwait

- \* Annual Report
- \* Local Procurement Spending (%)
- \* Employee Wages and Benefits
- \* Environmental Policy
- \* Energy Use
- \* Carbon Emission
- \* Water Use
- \* Waste Generated
- \* Waste Recycled (%)
- \* Code of Ethics
- \* Community Investment
- \* Links between executive pay and performance

## UNSDGs

- \* GOAL 3: Good Health and Well-being
- \* GOAL 8: Decent Work and Economic Growth
- \* GOAL 9: Industry, Innovation and Infrastructure
- \* GOAL 11: Sustainable Cities and Communities
- \* GOAL 12: Responsible Consumption and Production
- \* GOAL 13: Climate Change
- \* GOAL 17: Partnerships for the Goals



Central to how we think about sustainability is our customers' experience and satisfaction. In today's dynamic marketplace, we serve a diverse range of customers with ever more innovative and socially responsible products. And we are actively driving operational and system improvements to ensure a strong and positive economic impact as part of our sustainability commitments.

### Sustainability & Marketplace

In our view at NBK, sustainability fundamentally includes an economic dimension, which is integrated hand-in-hand with its other two core dimensions of social and environmental. Central to our performance in this "economic" sphere of sustainability, or what we call "Sustainability in the Marketplace", is the full breadth of our customers' experience. Above all else, we are deeply committed to ensuring true, enduring customer satisfaction with all our products for all our customers.

And we firmly believe that we need to holistically assess ourselves on both financial and non-financial performance in order to have a full measure of our customers' satisfaction. Beyond customers' experience, "Sustainability in the Marketplace" for us also includes responsible products, digitization, data security, economic value-added for the nation of Kuwait, responsible, effective branding, the sustainability of our financial position, and our procurement practices. This total package of marketplace performance is a key cornerstone of our sustainability strategy and performance, most clearly underscored by the fact that we have chosen one of our six core sustainability focus areas to be "Serving Customers." In this section, we report on our performance in all these areas of "Sustainability in the Marketplace."

### Customer Experience

NBK remains the nation's leading banking and financial services provider with by far the largest market share of any bank in Kuwait. This past year, compared to the prior year, all our major financial metrics improved and thus reflect the underlying satisfaction our customers experience from their relationships with us.

### Customer Satisfaction

For NBK, though, it is not enough to judge our performance in the marketplace based solely on these kinds of financial indicators of customer satisfaction.

We must also measure our customers' satisfaction with the more intangible aspects of our products and services, the full process we call the customer experience. Ensuring that our products and services provide our customers with an optimal customer experience is a vital component for us to ensure a truly sustainable position in our marketplace.


This year, NBK's overall customer satisfaction score was 96% – a new record high – 3% points higher than last year and an average of 9% points higher than all other Kuwaiti banks.

In 2018 NBK conducted both ongoing (annual, semi-annual, weekly) and ad hoc surveys and dialogue sessions – 30 different types of surveys in all – with a wide range of different stakeholders: consumers, corporate customers, private banking customers, and staff to better understand, measure and improve products, services, and customers' experience. NBK's Insight Group administered these 30 different surveys and interviews, receiving feedback from a total of more than 50,000 customers (including face-to-face, telephonic, SMS (text), focus group, and online engagements).

Specifically, for calculating our Customer Satisfaction Index (CSI), 1,932 customers were surveyed and NBK achieved an overall satisfaction score of 96% – a new record high. This CSI score was up from 93% last year and from 91% in 2016 – and up dramatically from the stable average of 85% each year from 2007 to 2012. In addition, this CSI score was an average of 9% points higher than all other Kuwaiti banks.

NBK's "net promoter" score\* – widely viewed as a key indicator of overall customer satisfaction and customer loyalty – was 67%, up 15% points from last year, and well above the other Kuwaiti banks, whose net promoter scores ranged from 27% to 52%.


\*Net promoter scores are the total percentage of survey respondents who give a score of 9 or 10 (on a scale from 0 to 10) to the question "how likely are you to recommend NBK to your friends" compared to the total percentage of survey respondents who give a score of 6 or lower.

SROI Topic:	Medium Impact	High Impact	Very High Impact	Attributes
Customer Satisfaction				<ul style="list-style-type: none"> <li>• 2018: 96%</li> <li>• 2017: 93%</li> <li>• 2016: 91%</li> </ul>

Customers' satisfaction with their experience at NBK has been high – and since 2016 it has been increasing – across essentially all our products and services:

Credit cards	Satisfaction increased 5% points
Loans	Satisfaction increased 11% points
Al Jawhara account	Satisfaction increased 7% points
Prepaid cards	Satisfaction increased 3% points
Branch physical facilities	Satisfaction increased 5% points
ATM – Automated Teller Machines	Satisfaction increased 3% points
CDM – Cash Deposit Machines	Satisfaction increased 8% points
SMS – texts	Satisfaction increased 11% points
Social media	Satisfaction increased 5% points
Branch Staff	Maintained high satisfaction score
Online banking	Maintained high satisfaction score
Contact centers	Maintained high satisfaction score
Mobile banking app	Maintained high satisfaction score



SROI Topic:	Medium Impact	High Impact	Very High Impact	Attributes
Digitization to Improve Customer Satisfaction				<ul style="list-style-type: none"> <li>* Customer satisfaction rating (CSI) 96%</li> </ul> Digitization Projects: <ul style="list-style-type: none"> <li>* ATM Growth &amp; development</li> <li>* Automated cheque clearance project</li> <li>* Loan &amp; cards origination solution</li> <li>* IT remedy &amp; application performance</li> <li>* Safewatch upgrade and e-name checked implementation</li> <li>* Reuters Electronic trading</li> <li>* E-Statement Project</li> <li>* NBK.COM Revamp project</li> <li>* Distributed denial of service mitigation solution</li> <li>* Skimming projection solutions</li> <li>* Ripple</li> <li>* IBG Online Banking Solution</li> </ul>

## CASE STUDY:

### Digital Transformation Impact

For the last several years, NBK has been committed to creating digital engagement between NBK and our customers. This effort has been multi-faceted, from our customers using mobile and online banking to complete their banking through those digital channels rather than going to the branch, through social media efforts to understand their needs and respond to their questions, to a variety of software and systems architecture improvements to make work flows more efficient and less resource intensive. Some of this work is largely unseen by customers, and some of it is well-known and deeply appreciated by them. In many cases, customers specifically work to collaborate for the purpose of reducing environmental impact.

In addition to helping drive operational improvements and increase ease for customers, all these digitization efforts increase resource efficiency through digital usage and contribute to lowering our and our customers' CO<sub>2</sub> emissions within the environment.

### Beneficial Outcomes

- \* Improved customer satisfaction ratings: 96% overall
- \* Fewer calls to the Customer Center (because potential questions and problems are being solved before they even arise)
- \* Reduced GHG emissions – less travel, less physical production or facilities use
- \* Increased resource efficiency – less paper, less warehousing, less printing, less energy consumption, less water use

### Customer Complaints

In 2018, NBK received 182 official complaints from customers. Generally, over 80% of total complaints are resolved within a Service Level Agreement of 4 days. Once official complaint is submitted to the Central Bank of Kuwait (CBK), it takes NBK 15 working days to resolve the issue. NBK resolves most of the other issues in less than 24 hours. NBK has made significant improvements in our social media presence as a tool to engage with customers. One of the results of this social media emphasis includes a shorter turnaround time for complaint resolutions, decreasing from 4 hours average in 2014, to 12 minutes average in 2018.

### New Product and Service Development

NBK's overall customer experience is further enhanced by NBK's customer-focused approach to new product and service development. Before NBK introduces a new product or service, we conduct preliminary marketing research studies that analyze customers' behaviors. By doing such studies, NBK gains a better understanding of customers' exact needs, and we are able therefore to better tailor our products & services according to those specific identified customer needs. The formal journey of this process is:

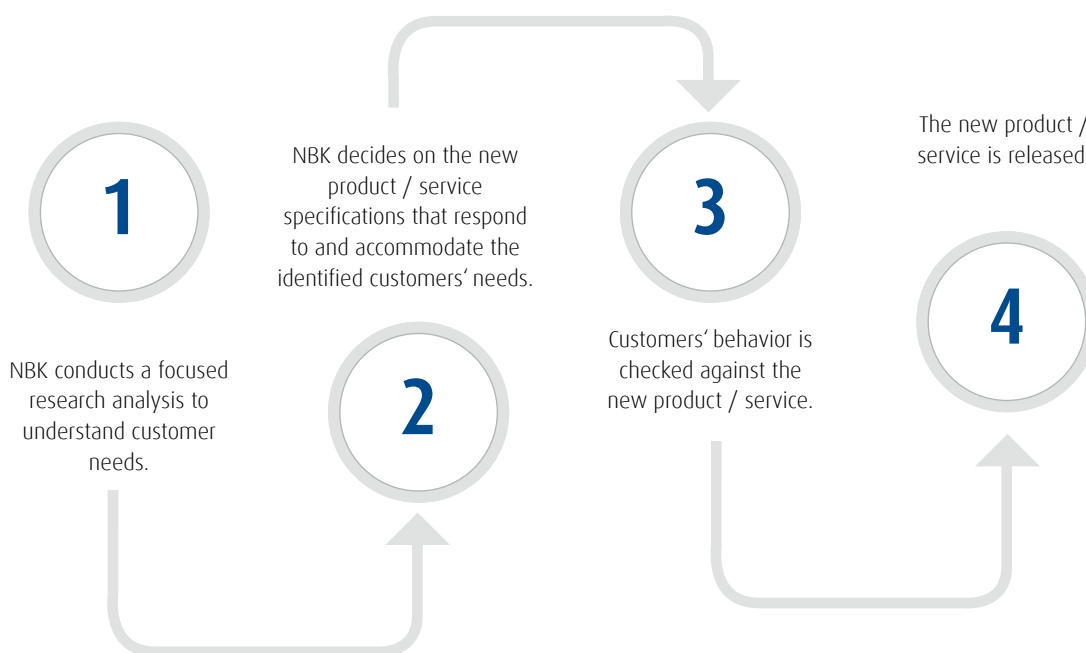
### Contact Center

As an illustration of the sustainability benefits of our commitment to digitization, virtualization, and social media, our Contact Center, after implementing a range of improvements, has achieved numerous positive results that improve both the social and the environmental components of sustainability. The number of concerns forwarded from the contact center to be processed by our Operations team, for example, decreased from 51,711 in 2017 to 43,505 in 2018. These reductions reflect the increasing satisfaction our customers are telling us

the proof-of-concept of our Interactive Service Teller service. As one measure of customers' positive response to all these kinds of efforts, in 2018, our Contact Center achieved 9.6% of all Consumer Banking Group (CBG)'s total portfolio of loans, highlighting customers' comfort and satisfaction with these new approaches. Overall, as of December 2018, there were 2,762,742 calls received by contact center agents and out of 9,986,167 IVR calls.

### Responsible Products (102-21,103, 203-2)

Part of NBK's commitment to sustainability and our



they experience and the increased efficiency and ease with which they can conduct their business with the bank. We also introduced video chat, which improves customer satisfaction and reduces their travel and thus environmental impacts, and launched our "Ask Me" pop-service in malls throughout Kuwait — enabling customers to ask us questions conveniently right from where they are with lower environmental impact. Similarly, we shifted our WhatsApp number to our unique number "1801801", the first bank in Kuwait to do so, created a toll-free number for UAE residents, and added services to our IVR (Interactive Voice Response) capabilities — all increasing value to customers while supporting them in using services that carry lower environmental impact intensity. As we look ahead, we have developed and demonstrated

pledge of responsibility to our stakeholders is to provide responsible products and services to our customers and the rest of the community. Our products & services are designed to not only allow us to benefit financially, but also to integrate sustainability and social responsibility elements in order to achieve greater satisfaction among our increasingly sophisticated customers and other stakeholders. Specifically, our products & services aim to enhance quality, customer experience, customer convenience, decrease carbon footprint, improve resource efficiency, lower waste, and stimulate sustainability-focused commerce. Our products and service aim to reward our customers with various benefits, and provide them with technologically advanced and convenient methods to do business with us.

## Products & Services (102-2)

NBK segments our retail customers according to the following segments:

- Zeina: (Age category from birth to less than 14 years)
- Al Shabab: (For students age 15 to 22)
- First jobber: (Employees who transfer salary to NBK from KWD 400 to KWD 1,499)
- Thahabi (Salary transfer to NBK of KWD 1,500 to KWD 2,999 or Deposit of KWD 30,000 or more in any bearing account including Al Jawhara, Fixed Deposit, or any Watani Investment funds)
- Privilege Banking (Salary transferred to NBK of KWD 3,000 or more or KWD 100,000 or more in any NBK bearing account, including Al Jawhara, term deposit, or any Watani Investment funds)

NBK follows a deeply customer-focused approach in our product and service offerings, and because of this, we highly value customer engagement. We have a strong emphasis when reaching out to our customers and potential customers to rely on digital channels such as emails, SMS, social media, and to minimize any printed collateral material. Furthermore, we frequently update content and engage with customers and stakeholders. We also utilize the latest technologies and media to communicate effectively, including staff WhatsApp and customers WhatsApp.

NBK incorporates health & safety elements into many of our products & services in various ways. One way includes loans for medical expenses. A second service NBK offers is travel insurance through NBK credit cards. NBK also offers loan insurance. Another example of a

responsible new service is NBK adding health clinics into the NBK Rewards Program so that customers can receive rewards for or discounts from their health clinic visits.

NBK's products and services that target youth are the Shabab Account, Prepaid Card, and Debit Card. NBK provides several services specifically designed to meet the needs and interests of youth, such as mobile banking, online banking, SMS and delivery of their debit and prepaid cards. Moreover, NBK launched several campaigns and offers in 2018 specifically focused on youth.

Services to meet special needs in Kuwait branches:

- ATMs with Braille keyboards and earphones, enabling visually impaired customers to withdraw money (such ATMs have special branding and enclosures to ensure the physical wellbeing of our 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 our branches)
- Reserved and clearly marked parking spaces

NBK owns and operates 207 Automated Teller Machines (ATMs), 1 Interactive Teller Machine (ITM), and 97 Cash Deposit Machines (CDMs) in Kuwait.

Special needs branches are located in all 6 governorates, at:

## Special Needs Branches in:



**Asima Governorate**  
head office



**Mubarak Al Kabeer Governorate**  
Mubarak Al Kabeer



**Hawalli Governorate**  
Cinema Salmiya



**Ahamdi Governorate Mubarak Al Kabeer**  
Fahaheel Saheli



**Farawaniya Governorate**  
Rehab



**Jahra Governorate**  
Saad Al Abdullah

We have a range of partnerships, products and services related to these branches to ensure our special needs customers are well served and they are able to easily and effectively manage any vulnerabilities to which they might otherwise be subjected. In addition, we also provide a range of programs and campaigns designed to best serve our special needs customers, including, for example, card associations with Visa, Mastercard and Diners. These are joint efforts that range from strategic to tactical campaigns, based on customer profile and card type. Another partnership is the Loyalty Program with several partners and more than 800 outlets.

**Enterprise Content Management (ECM) system**

One of NBK’s major digitization initiatives currently in the process of implementation is our Enterprise Content Management (ECM) system. Due to the complexity of this project, however, and the fact that numerous stakeholders are involved, we are estimating that more time will be needed before full implementation will be complete and we will start to reap the benefits from this initiative. The ECM & Workflow project will be separated into 2 projects: ECM owned by the Administration Group, and Workflow owned by Group Operations. Once complete, the ECM will significantly increase efficiency and effectiveness of workflows, reducing physical warehousing, office space, employee time, customer time, and energy consumption, and increasing customer satisfaction.

**Rewards and Loyalty Program**

NBK offers our customers rewards and loyalty programs related to our products & services. These include, for example, new jobbers offers, such as an instant gift ranging from KWD 100 to KWD 10,000, or an interest-free loan that is up to KWD 10,000. NBK offers a Miles Card to accumulate points based on mileage flown, as well as up

to 10% cash back. The reward program is associated with more than 800 outlets where our customers may receive discounts or accumulate points. There is also a 50% discount for movies from Cinescape for Shabab prepaid card holders.

**NBK Operational Changes**

Significant changes to NBK’s operations include: SWIFT Global Payment Innovation (GPI), Bulk Deposit Machine at branches, Biometric Cards, Selfie Pay by Mastercard, Operations Challenge, Online dividend payments, and Ripple Payments. These projects and programs greatly enhance NBK’s efficiency and automation, and are described in more details below:


**1. SWIFT Global Payment Innovation (GPI)**

SWIFT GPI is a new service allowing customers to track their payments since origination until reaching the beneficiary’s account.

The benefits of SWIFT GPI include: Customer’s ability to track their payments 24/7, reduction of Turn-Around-Time (TAT) in case of incorrect beneficiary details, reduction of the load on front office / back office to investigate the status of payments, and enhanced transparency.

Concerning SWIFT GPI, transfers occur in around 6 minutes if all the banks in the chain are GPI enabled.

Before SWIFT GPI in 2017, 2.4 million money transfers occurred, including incoming & outgoing fund transfers. Then, after SWIFT GPI in 2018, 3.53 million money transfers occurred, including incoming & outgoing fund transfers.

SROI Topic:	Medium Impact	High Impact	Very High Impact	Attributes
SWIFT GPI				<ul style="list-style-type: none"> <li>* Time reduction:                             <ul style="list-style-type: none"> <li>- Before: 17 hours (1,020 minutes)</li> <li>- After: 6 minutes</li> <li>- Total reduction = 1,014 minutes</li> </ul> </li> <li>* No of transfers:                             <ul style="list-style-type: none"> <li>- 2.4 million transfers in 2017</li> <li>- 3.5 million transfers in 2018</li> </ul> </li> </ul>

## 2. Bulk Deposit Machine at Branches

The Bulk Deposit Machine is a new machine inside the branch accepting cash deposits in bulk. The benefits include: acceptance of large amounts (up to KWD 10,000), decreasing Average Waiting Time for customers inside the branch, increasing the efficiency of the Teller by saving time to count bulk amounts, facilitating End-Of-Day balancing, etc.

## 3. E-Dividend Payments

E-Dividend Payments is a new service by NBK allowing our shareholders to receive their dividends directly into their account rather than collecting cheques from Boursa Kuwait. The same service has been provided to Zain and Ooredoo shareholders. NBK is also working with other telecommunications companies to apply the same service. The benefits include: customer ability to collect their dividends automatically without the need to visit the KSE physically, reducing of Turn-Around-Time (TAT), increasing front office / back office efficiency by automating the process rather than accepting and depositing cheques manually, mitigating the risk of fraud, offering a more secure and convenient service for customers, etc.

## 4. Biometric Cards

NBK is in the process of issuing a new product of a credit card that accepts a customer's fingerprint rather than the PIN code for their Point of Sale (POS) purchases. The benefits include more security, faster purchase cycle, etc.

## 5. SelfiePay by Mastercard

SelfiePay by Mastercard is a new service for online purchases where customers can authenticate credit card payments through face recognition. The benefits include more security, faster purchase cycle, etc.

## 6. Operations Challenge

Operations Challenge is a voluntary, ongoing program within the Operations Division where participants from the Operations Group will be grouped in teams to compete, finding out-of-the box solutions utilizing

their diverse expertise and knowledge across different departments and functions. The benefits include: increased efficiency, reduced cost, knowledge sharing, promotion of teamwork, leverage on current resources, encouragement of bottom-up communication, etc.

## Digitization

NBK integrates a range of digital aspects into our products & services, including current products & services undergoing digital enhancement, as well as new digital transformational products & services. These digital aspects include: online and mobile banking new registration process, Quick Pay, new ATM enhancement for cardless cash withdrawal, updating email and phone number, Increasing MOB transfer limit, managing cards during travel, amending monthly transfer limit, fingerprint login for Android users, adding new beneficiaries for local and international transfers, etc.

## Enterprise Service Bus (ESB)

NBK is implementing an Enterprise Service Bus, a new service-oriented architecture for our software applications. The current I-Hub platform has reached its capacity limit and needs to be replaced with a more scalable, robust & state-of-the-art platform that would support the future growth of NBK and resolve long outstanding issues related to security, risk & audit findings. The I-Hub remediation initiative is a program of projects that can be broken down into the following phases: Phase One is the Tactical remediation of the existing I-Hub; that is now completed. Phase Two is the selection of an ESB product (that is also completed), and the Design of ESB services that support mini-CRM & NBK Online Banking (also completed). Phase Three is the implementation of 90 services (used by NBK Online Banking & mini CRM) on the new ESB, and amend mini CRM & NBK Online Banking applications to point to the new ESB. This is currently in progress. The remaining channels and LOBs (Lines of Business) will be gradually migrated under a program of projects (not under this project) to achieve the full move of services from I-Hub to ESB, eventually decommissioning the current middleware platform.

SROI Topic:	Medium Impact	High Impact	Very High Impact	Attributes
Social Media Response				<ul style="list-style-type: none"> <li>* Turnaround / Twitter response time:               <ul style="list-style-type: none"> <li>- Before: 15 minutes average in 2017</li> <li>- After: 10 minutes average in 2018</li> <li>- Total reduction in response time = 5 minutes (-33.33%)</li> </ul> </li> <li>* Twitter follower inquiries:               <ul style="list-style-type: none"> <li>- Before: 82,835 (2017)</li> <li>- After: 49,256 (2018)</li> <li>- Total reduction in inquiries = 33,579 (-59%)</li> </ul> </li> </ul>

### Social Media

NBK invests in tools to help with engaging and managing customers and potential customers through digital media such as Instagram, Twitter, Facebook, LinkedIn, Youtube, Snapchat and new social platforms that arise on which our customers are engaged. In a fast-changing digital world, we utilize social media channels to reach our customers quickly and in ways that are especially relevant to them – with the specific added benefit of reducing our carbon footprint. Our increasing effectiveness is evident from the growing number of followers each year on our social platforms. Furthermore, NBK has recently increased our emphasis on social media, especially Twitter. Before this focus, NBK responded to 5,000 Twitter follower inquiries in 2014 with an average response time of 4 hours. After this focus, NBK responded to 6,300 Twitter follower inquiries in 2018, with an average response time of 12 minutes.

### Robotic Process Automation (RPA)

NBK has begun a project named Robotic Process Automation (RPA), which aims at automating internal processes and transactions. As of 2018, 1 process has been automated under RPA, as a proof of concept (PoC). The aim is to automate 10 more processes in the first half of 2019.

### Data Security & Privacy (103, 418-1)

NBK did not lose any company data through leaks (0 incidents of company data leaks).

NBK did not have any customer privacy incidents to date (0 customer privacy incidents).

The Bank's Information Security policies and procedures are updated annually and whenever required beyond that.

NBK had zero company data leaks and zero customer privacy incidents in 2018.

### Operational Efficiency

NBK is committed to continuously upgrading our core banking practices in order to enhance efficiency. Some noteworthy examples include:

- CBS (Bancs) - Kuwait. This includes Oracle 12c Migration, enhancements in the Bancs EOD, SOD and PRE-EOD, housekeeping of large tables to improve overall system performance, auto roll-over of FD rates, MMB product enhancement, and Power 8 Upgrade.
- CBS (Equation) – IBG, which includes: segregation of EQUATION Kuwait and IBG hosted countries, T24 core banking upgrade in Egypt, hardware and storage

upgrade in Egypt, baselining the EQUATION fix levels to be the same level for all countries, MQ, OS and Power8 Upgrade (infrastructure), upgrade from 3.9 to 4.3 (planned for 2019).

## Economic Value Added (103, 201-1)

### Direct Economic Impact

NBK is not only concerned with our own bottom line, but we also believe it is extremely important to provide positive economic impacts to the community and other stakeholders as well. This includes dividends, SME's, employee compensation, local suppliers, community investment, and more.

We believe that providing a direct economic impact back to the community is integral to our sustainability performance –after all, one of our six sustainability focus areas is: "Contributing to Sustainable Economic Development."

Below are a few specific programs/initiatives that NBK undertook in order to provide a direct economic impact on the community:

### KDIPA

NBK plays a significant role in sponsoring Kuwait Direct Investment Promotion Authority (KWDIPA). The companies established in Kuwait as per the KDIPA procedure are almost all maintaining accounts with us. Through our relationship with KDIPA, we continue to support their vision and help promote the KDIPA process to foreign companies whenever the opportunity arises.

NBK also plays a significant role in implementing the smart city concept as part of the Korean Land & housing project. This is at a stage where Land and Housing Corporation is developing the master plan of south Saad Al Abdulla City. This is going to be Kuwait's first smart city project. The master plan should be completed in Q1 2019 and then will be evaluated by the Public Authority for Housing Welfare.

Once PAHW approves the plan, we will know what NBK's further role will be in this project.

### KPC Training (404)

The Group Human Resources in NBK launched in cooperation with the Foreign Corporate & Trade Finance Group a comprehensive field training program for the Kuwait Petroleum Company. The program aims to train KPC employees working in the departments of treasury, finance and accounting on banking operations.

## CASE STUDY

### School of Trade Finance Program

In line with NBK's ongoing commitment to develop our people to achieve their highest potential, and based on a request from Trade Finance management, we have offered employees of Trade Finance an extensive program through an outside vendor (Euromoney Learning Solutions) that provides employees with the opportunity to earn accreditation as a Certified Documentary Credit Specialist (CDCS) as well as a Certificate for Specialists in Demand Guarantees (CSDG), professional designations recognized globally for international trade and demand guarantee practitioners.

The training for Trade Finance is divided into two groups (16 members each) that each goes through 15 training days within 6 months, covering:

1. Fundamentals of Trade Finance
2. Collections
3. Letters of Credit
4. Letters of Guarantee
5. Standby Credits
6. Structuring Trade Products
7. Compliance in Letters of Credit and Guarantees

This program is accredited by the London Institute of Banking and Finance, and meets the standards for the international certification CDCS and CSDG.

By the end of the program, employees were able to:

- \* Understand the operation of international trade. Appreciate the important role that banks provide in facilitating international trade
- \* Describe the operation of collections. Understand the role and application of URC 522 through the operational cycle. Identify the correct SWIFT message type (MT) for each stage of the collection cycle. Describe the risk and benefit profile of collections.
- \* Describe the role, operation and key aspects of the letter of credit. Understand the role and application of UCP600, ISBP 745 and URR 725 through the operational cycle
- \* Describe the role, operation and key aspects of standby credits. Understand when and how standby credits should be used. Appreciate the risk implications of issuing standby credits
- \* Appreciate the vulnerability of trade finance to abuse. Understand the key methods of trade-based money laundering. Identify the compliance risk vulnerabilities of letters of credit and letters of guarantee. Undertake screening, due diligence, and a risk-based assessment at each stage of the operation
- \* Identify key client drivers and how to satisfy these through the use of trade finance. Appreciate the types of letters of credit and when and how they should be used. Structure documentary credits and letters of guarantee to mitigate risk
- \* Understand compliance in Letters of Credit & Guarantees

By the end of the program, employees are able to complete all of the following forms and best practices:

- \* Letter of Credit application form
- \* Example import Letter of Credit (sight and term Letter of Credit)
- \* Example export Letter of Credit (oil Letter of Credit examples and gas Letter of Credit examples with copies of specimen documents)
- \* Collection schedule of instructions
- \* Letter of guarantee application form
- \* Standby credit application form (if applicable)
- \* Example of bank standard texts for bid bond, advance payment, performance, payment, shipping guarantee, letter of indemnity and counter guarantee to include oil and gas examples
- \* Standby credit issuance and export examples to include oil and gas standby credits (together with sample documentation)

This is a 4-week training program presented by NBK to KPC staff who deal with NBK departments like Trade, Finance, and Treasury, for them to understand better how the bank operates. The program covers both theoretical and practical training, providing the context of banking culture and introducing the cadres working in the oil sector to banking activities in general, in addition to explaining specific banking related processes required for their work.

#### Trade Finance Training Program

This program trained 32 NBK Trade Finance employees in 2018 in international trade and demand guarantees. See the accompanying case study for details.

### Specific Amounts of Direct Economic Impact (201-1)

#### Shareholder Dividends


In 2018, NBK paid KWD 174,492,856 to shareholders in the form of dividends.

#### Local Suppliers

In total, NBK spent KWD 77,315,868 in 2018 in expenditures towards local suppliers.

#### Corporate Social Responsibility Investment

In 2018, our total CSR monetary contributions and actual implementations came to KWD 782,000.

SROI Topic:	Medium Impact	High Impact	Very High Impact	Attributes
Trade Finance Training Program				<ul style="list-style-type: none"> <li>* Duration: 15 days within 6 months</li> <li>* 32 members per year</li> <li>* Investment = KWD 58,000</li> </ul>

#### Summary of NBK's Economic Impact

Contribution	KWD
Shareholder Dividends*	174,492,856
National Labor Support Tax	9,281,000
KFAS	3,400,000
Zakat	4,103,000
Local Suppliers	77,315,868
Corporate Social Responsibility Investment	782,000
<b>Total</b>	<b>269,374,724</b>

\*Cash dividends for FY 2017



## NBK Brand

We do our best to ensure that our brand image not only communicates the basics of our products & services, but also holistically reflects our strategic directions and sustainability focus areas. We aim to continuously improve on our sustainability performance, since these sustainability-related successes ultimately enhance the overall brand position of NBK, which then provides benefits to a vast number of stakeholders.

The NBK brand is very strong, holding the position as the highest Brand Power, awareness, customer consideration, and most favorable image profile in the banking sector in Kuwait. Our brand is the best brand platform in the country to leverage and drive customer acquisition and usage and we expect this to continue and to grow. Boubyan is now holding a solid 2nd place in the market. The bank has remained the most “meaningful” brand in the market while “saliency” has remained stable.

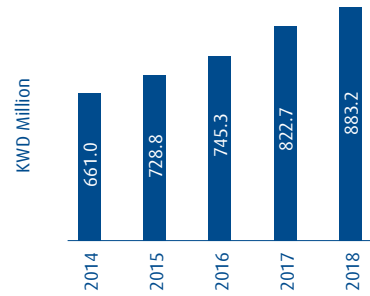
According to NBK research team, NBK remains the leading brand compared to other banks in the market in terms of being top of mind, with a score of 33%.

NBK ad awareness, conducted by Millward Brown as part of NBK’s continuous brand tracking, is still the nation’s highest, however in a declining overall market trend, with a score of 35%.

## Sustainable Financial Position

NBK Group’s Total Income for fiscal year 2018 was KWD 883.2 million, showing a steady increase from 2014. Our five-year growth trend is summarized in the chart across:

NBK’S TOTAL REVENUE 2014-2018



## NBK is Committed to Sustainable Procurement (102-9, 102-10, 103)

In NBK, we integrate sustainability into our procurement practices, ensuring that both financial and non-financial criteria are used to select, manage, and later evaluate our suppliers. For example, in choosing vendors, we include assessments of the human rights implications throughout our supply chain, and ensure that we choose procurement partners who treat their employees fairly. Furthermore, we consider our suppliers’ environmental impacts, and give preference to vendors who help our supply chain to produce the fewest emissions possible. We also track the ratio of local to foreign suppliers, and we have made deep commitments to encourage local (Kuwaiti) procurement in order to give back to the community and the nation in which we operate.

SROI Topic:	Medium Impact	High Impact	Very High Impact	Attributes
Local Procurement				<ul style="list-style-type: none"> <li>* Local suppliers: KWD 23,325,567 contribution (85.5%, 223 vendors, 1,430 contracts)</li> <li>* Foreign: KWD 3,924,082 contribution (15.5%, 87 vendors, 87 contracts)</li> </ul>

**Procurement System**

<b>NBK's 2018 Procurement</b>	
Total number of local vendors	223 (72%)
Total number of local contracts	1,430 (93%)
Total value of local vendor procurement	KWD 23,325,567 (85.5%)
Total number of foreign vendors:	87 (28%)
Total number of foreign contracts	87 (7%)
Total Number of Vendors:	310
Total value of foreign vendor procurement:	KWD 3,924,082 (15.5%)
Total Value of 2018 Procurement:	KWD 27,249,649

**NBK's Top 10 Suppliers in 2018**

CORE Enterprise Solutions	Local	10 contracts
Sour Al-Kuwait Company	Local	15 contracts
Al Salhia Real Estate Company	Local	3 contracts
Al Araqa	Local	1 contract
Arabesque Group for General Trading and Contracting W.L.L.	Local	2 contracts
NCR Corporation	Local	6 contracts
Al-Mulla Security Services Co-G4S	Local	1 contract
Khorafi Business Machines W.L.L.	Local	10 contracts
Finastra (Misys)	Foreign	2 contracts
Times International for Advertising and Publicity	Foreign	1 contract
ACI Worldwide	Foreign	6 Contracts
Boubyan Takaful Insurance Company	Local	20 Contracts
MOF-State Domains Department	Local	19 Contracts
Kuwait Petroleum Cooperation	Local	2 Contracts
Al-Rai Real Estate Company	Local	10 Contracts





# Sustainability & Workplace

## New Kuwait Vision 2035:

- \* Creative Human Capital
- \* Global Positioning



## Boursa Kuwait

- \* Full Time Employees
- \* Employee Wages and Benefits
- \* Kuwaitization (%)
- \* Youth Employment (%)
- \* Women in the Workforce (%)

## UNSDGs

- \* GOAL 5: Gender Equality
- \* GOAL 8: Decent Work and Economic Growth
- \* GOAL 10: Reduced Inequalities
- \* GOAL 11: Sustainable Cities and Communities
- \* GOAL 16: Peace, Justice and Strong Institutions



The conventional approach to workplace-related decisions has been to conduct narrow financial business case analyses focused on efficiency improvements and cost-benefit projections. In NBK, however, we adopt a broader, non-financial perspective that includes caring for our employees. This specifically includes the need to respect and develop our people. Even if higher short-term costs may be incurred, we recognize that investing in our people now provides us and our key stakeholders with far greater long-term benefits. Adopting this attitude towards our workplace is key in enhancing our sustainability performance.

## Workplace Environment

### Employee Engagement

NBK's goal as an organization is to develop the positive workplace culture, managerial practices, and relationship with employees that enhance employee commitment, motivation and enthusiasm. We see employee engagement as a strategic priority because it is such a driver of customer satisfaction, innovation, quality, and efficiency. We aim to heighten the respect and development that employees receive. We believe it is key to engage with employees and provide communication channels and open doors to make their voices heard.

### Methods of Engagement (102-43)

During 2018 NBK launched two employee-based initiatives to engage with employees: an Employee Value Proposition project (EVP), and an Employee Engagement Survey (EES).

Employee Value Proposition is the foundation of Employer Branding that creates a magnet to NBK's overall brand. It defines the unique set of benefits which an employee receives in return for the skills, capabilities and experience he brings to NBK. These benefits, identified in the first quarter of 2018, informed the measurable metrics included in the employee engagement survey later in the year.

The Employee Engagement Survey is customized to achieve a high performance culture, align leaders, involve employees, fuel engagement dialogue, measure effectiveness and sustain momentum over time. It measures the extent to which employees feel valued and involved in their everyday work and invested in NBK's mission and our success. EES is an important indicator of the health of our business and a good way to spot areas for improvement. We initiated the EES

with the help of an independent international company that is specialized in conducting surveys and measuring employee engagement. It was conducted over a period of three weeks during the 4th quarter of 2018 with an outstanding participation rate of 87% bank-wide, which by far exceeded the expectations of the project team.

In 2019, action plans will be formulated based on the engagement survey and the EVP project results and aligned with the Bank's strategic directions. The action plans will target all areas for improvement and empower the areas of strengths. It will be implemented over the next year to make NBK an even better bank.

## CASE STUDY

### Employee Compensation

Compensation is an important theme for employee satisfaction, engagement and retention. In 2018, NBK undertook a project to review and update our compensations practices. We examined NBK's compensation philosophy and principles, as well as our compensation practices, processes and tools. Additionally, we examined our approach to both fixed and variable pay. Within fixed pay we looked at basic compensation, housing and our 15% guaranteed bonus; for variable pay we reviewed and revised our annual bonus practices, incentive system, and long-term incentives policies.

The following changes were made as a result of this analysis:

- \* All employees who participate in both Special Bonus and Incentive Schemes are now classified to participate in either Annual Bonus or Incentive Schemes. (This leads to the elimination of employees being rewarded more than once for the same contribution.)
- \* Going forward, employees will have a view of their total compensation, rather than only a basic salary review.
- \* Compensation exercises that in the past were done as separate exercises (such as Annual Bonus Allocation, Annual Review, and Deferred Cash) will be combined into one exercise to enable the managers to make better rewards decisions based on both fixed and variable pay rewards.

SR01 Topic:	Medium Impact	High Impact	Very High Impact	Attributes
Most Valuable Team Player Awards				<ul style="list-style-type: none"> <li>* Each year, 36 - 40 winners get awarded</li> <li>* Each award is a KWD 100 voucher</li> </ul>

## Employee Events

NBK organizes a number of employee events in order to better engage with employees, boost morale, and enhance employee communication and networking. The most prominent of these NBK-sponsored employee events are described briefly below. Overall, in 2018, NBK spent KWD 245,000 on employee events and staff entertainment.



### 1. Omrah Trip

The Omrah Trip is an annual four-day Staff Religious trip intended to inculcate the religious spirit and identify and meet

a number of employees and increase acquaintance between the staff. The staff expressed their satisfaction and admiration for the trip, and encouraged NBK to offer the trip more than once a year. Around 50 employees between the ages of 20 - 50 participated.



### 2. Blood Donation

NBK actively organizes a Blood Donation Campaign for our staff. The mobile blood unit of the Blood Bank available over two

days at the Head Office and Arraya building to receive the donations. This initiative is a commitment towards all patients who are in dire need of blood and is held to support the mobile blood unit of the Blood Bank.



### 3. Honoring Outstanding Sons/ Daughters

This annual staff event is focused on honoring employees' children aged 15-17

who attain outstanding educational achievements. The 2018 event recognized the sons and daughters of around 20 staff, celebrating the next generations' contributions and efforts in the process of educational achievement and encouraging them to continue with hard work and perseverance to complete their studies. It is also in recognition of the strong support provided by their families. The initiative is part of the social responsibility of NBK for the educational process in Kuwait by supporting the outstanding students.



### 4. Khiran Resort

90 staff and their families participated in NBK's annual resort day. The event provided a unique opportunity for NBK staff to openly mingle and enjoy various indoor and beach entertaining activities, games and competitions, in addition to other day-long sportive functions. Providing this opportunity for employees to step out of the workplace and work with their colleagues in a new and relaxed environment helps develop better connections, motivation and morale.



### 5. Paintball

Our Paintball Tournament, which took place near the Aqua Park, was a fun way to improve teamwork, communication, and leadership. Embracing the notion that "Teams that learn how to play together, stay together!", 50 NBK employees divided into teams of 8 players each. The competition was on! First place winners received a KWD 400 prize. Second place winners got KWD 200. Lunch and snacks were served during the tournament. Such events give a better understanding of how teams work, what motivates them and how they approach challenges they face in the workplace.



### 6. Staff Birthday Gifts

Birthday recognition is a good way to keep staff motivated throughout the year and build the team's culture. It also acts as a way to engage remote employees. Making employees feel special for the day and demonstrating care boosts employee morale and motivation while increasing productivity. It's a way to show almost 3,000 employees that we care about them. Every year we choose a different concept to celebrate including a gift and a wrap box (typically useful things such as travel kits and customized mugs).



### 7. Annual Graish

NBK celebrated with its employees on the occasion of the holy month of Ramadan the Annual Quraish at Al Raya Hotel, with the participation of the bank Executive Management and the popular Miami Band. The ceremony had about 100 gift prizes inspired by the month of Ramadan for the total attendance of about 500 employees.

NBK organized social activities and programs for our employees in order to appreciate all employees for their efforts. The event successfully enhanced the spirit of family that characterizes NBK.



### 8. Mobile Workshop

For the first time, in 2018 NBK sponsored a Smartphone Photography workshop with the well-known and certificated photographer Abdulaziz Al-Suraya. The workshop focused on helping employees learn how to 1) use their camera's smartphone in order to get the best results and 2) edit the images taken for social media use. Around 30 employees between 20-30 years old participated. NBK's intention was to encourage employees to recognize the characteristics of modern technology and how to use it. All participating employees expressed their admiration for the course, saying that the workshop improved the quality of their photography and masterfully taught them the basics of photography. They encouraged the re-offering of such courses in the future.



### 9. Mother's Day

NBK family paid a visit to "Dar Al Shifaa" Hospital to celebrate Mothers' Day with mothers and their newborns. The NBK team distributed flowers and chocolate to mothers and their newborns to show appreciation towards their sacrifices and efforts. Flowers and chocolate were given out to all new mothers who gave birth on Mother's Day to congratulate them and show support for mothers during this day. 70 mothers were celebrated.



### 10. Breast Cancer Awareness Campaign

In the month of October, Breast Cancer Awareness Month, NBK launched our annual campaign to raise awareness for female health. NBK female employees dressed in pink to show solidarity with patients battling cancer. This breast cancer initiative aims at educating our society on the importance of early detection and encouraging women to get routine checkups. As part of NBK's breast cancer awareness campaign, NBK extends the campaign to official NBK social media channels by including awareness tips about the cause. The campaign for customers included ribbon distribution to customers in the 360 Mall (230 participants at a cost to NBK of KWD 40). The campaign for staff included distribution of 3,000 pins and 600 pink flowers.

SROI Topic:	Medium Impact	High Impact	Very High Impact	Attributes
Employee Entertainment				* Paid KWD 245,000 in employee entertainment in 2018


### Training & Development (404-1, 404-2)

In line with our commitment to continuously respect and develop people, at NBK we believe that training & development is a very important and sound investment with mutual benefits for our employees, the bank, and other stakeholders. After all, well-trained employees tend to provide higher quality products and services to customers, reap higher financial and non-financial returns to the Bank itself, and increase customer satisfaction. Overall, in 2018, NBK spent KWD 1,142,861 in staff training.

NBK also provides training to exceptional new university graduates in the NBK Academy. In 2018, there were 25 trainees.

### Occupational Health & Safety (403-2)

In line with our commitment to develop and respect our employees, we are committed to providing them with a workplace that takes care of their health & safety. We have an active Health and Safety policy for all workers that safeguards against any occupational health & safety

SROI Topic:	Medium Impact	High Impact	Very High Impact	Attributes
Employee Training				<ul style="list-style-type: none"> <li>* Cost: KWD 1,142,861 including the annual IBS contribution of KWD 522,564</li> <li>* 1,786 participants</li> <li>* 1,830 days duration of trainings</li> <li>* 13,975 total hours of training</li> <li>* 984 employees trained</li> </ul>

**In 2018, NBK conducted the following learning and development course types, attended by the specified number of employees:**

Calendar	515
External	8
IBS	73
Inhouse Workshop	349
Specialized Training	836
Talent Management	59
<b>Total</b>	<b>1,840</b>

Appendix D lists all training courses offered in 2018. In the body of this report we highlight a few specific courses most relevant to sustainability.

In 2018, NBK conducted programs for a total of 182 employees for upgrading employee skills, including the following:

- \* Assistant Operation Officer
- \* CC Transfer to DBD
- \* RO Workshops
- \* Junior RO Workshops
- \* PBO Workshops
- \* SO Workshops

risks. There have been no recorded occupational injuries in NBK in 2018.

NBK provides our pregnant employees with maternity leave. There is no paternity leave, however. NBK's maternity leave policy details the following: In compliance with Kuwait Labor Law, pregnant employees are entitled to 70 days of paid maternity leave, granted from the 34th week of pregnancy onwards. Furthermore, NBK may authorize an extension of a maximum of four months of unpaid leave

**There were zero recorded occupational injuries in NBK in 2018.**



for child care. Also, for a maximum of two years, female employees are entitled to two hours of break each day to nurse their newborn.

### Retention

Part of respecting and developing people is implementing measures that ensure employee retention and discourage employee turnover. High turnover can be costly for organizations, while retention of good talent offers an organization with numerous long-term benefits, efficiencies, and conveniences. NBK's turnover rate in 2018 was 13.1%, with 291 employees leaving.

gender, age, disabilities, ethnicity, religion, or nationality. In fact, we continuously aim for a more diverse pool of applicants including age, gender, nationality, and other demographic features.

### Diversity (405-1)

As of December 31st, 2018, NBK had 2,198 employees. Of these: 1,206 were male, 992 were female. NBK employs 128 women at the managerial level (mid to senior management, executive management, or above). This represents 25% of employees at this level. NBK is committed to promoting more women, to mentoring

2018 Employee Turnover Rate

CATEGORY	NEW EMPLOYEES		TURNOVER	
	Number	Rate	Number	Rate
Gender				
Female	106	42.24%	123	12.26%
Male	145	57.76%	168	13.76%
Total	251		291	13.08%
Age Group				
30-50	83	33.06%	112	8.61%
Over 50	5	2.16%	23	9.58%
Under 30	163	64.94%	156	22.82%
Total	251		291	13.08%

Of these, 123 were female, and 168 were male. Of these 123 females, 8.6% were age 30 to 50, 9.6% were over 50 years old, and 22.8% were under the age of 30. NBK provides employees with final indemnity in case of employee end of service. However, to be eligible, employees have to be full-time employees and have served a minimum of three years, based on Kuwait Labor Law. Currently, 75% of full-time employees are eligible.

### Equal Opportunity (103, 405)

NBK's aim of developing and respecting people includes ensuring equal opportunity. This promise is not limited only to our current employees, but also potential employees. We provide potential job applicants with equal opportunity, meaning that we do not discriminate while going through our hiring processes — especially concerning applicants'

them, and to providing leadership development opportunities to ensure their success.

In terms of age, NBK employs: 668 employees (30%) with ages under 30, 1,298 employees (59%) aged 30 to 40 years old, and 231 employees (11%) above the age of 50. There are 1,323 employees (60%) who are university graduates. NBK does not have any special needs employees.

NBK hired 251 employees in 2018. Of these, 106 were female (43.23%) and 145 were male (57.76%). Furthermore, of these, 163 were under 30 (64.94%), 83 were of age 30 to 50 (33.06%), and 5 were over 50 (2.16%).

2018 Gender Diversity				
Grade/Level	Men		Women	
	Number	%	Number	%
Junior up to Level M	947	50.5%	931	49.5%
SM and Above	259	81%	61	19%
Total	1,206	54.88%	992	45.12%
Total Workforce in NBK Kuwait	2,198			

SRROI Topic:	Medium Impact	High Impact	Very High Impact	Attributes
Gender Diversity				<ul style="list-style-type: none"> <li>* In 2018: Total women: 992 (45.12%) Total men: 1206 (54.88%)</li> <li>* In 2017: Total women: 1,019 (45.11%) Total men: 1,240 (54.89%)</li> </ul>

## Kuwaitization

Concurrent with NBK's commitment to diversity is our nationalization initiative of hiring Kuwaitis. This Kuwaiti focus aims to contribute to the community and nation in which we operate, play our role in the Kuwait National Development Plan (KNDP), and abide with GRI indicators that focus on nationalization.

As of 2018, NBK employs 1,424 Kuwaitis (65%), and 774 Non-Kuwaitis (35%), in addition to 4 part-timers. The percentage of Kuwaitis up to M is 69% and at SM & above is 38%.

2018 KUWAITIZATION RATIOS	
1,424 Kuwaitis	65%
774 Non-Kuwaitis	35%

SROI Topic:	Medium Impact	High Impact	Very High Impact	Attributes
Kuwaitization		High Impact		<ul style="list-style-type: none"> <li>* 65% Kuwaitis up to EM</li> <li>* 35% Kuwaitis in AGM levels &amp; above</li> <li>* 1415 Kuwaiti employees: 683 men, 732 women</li> <li>* Kuwaitization rate in 2018 = 65%</li> </ul>

Our employee Code of Conduct and workplace related policies can be found on the NBK Intranet including:

- \* NBK Group Code of Conduct
- \* Information Security Policy
- \* Disciplinary Action & Policy Procedures Manual
- \* Laptop Policy
- \* Human Resource Security Policy
- \* Incident Management Policy
- \* Logical Access Policy
- \* Acceptable Use Policy
- \* Maternity Leave Policy







# Sustainability & Community

## New Kuwait Vision 2035

- \* High Quality Healthcare
- \* Global Positioning
- \* Creative Human Capital
- \* Sustainable Diversified Economy



## Boursa Kuwait

- \* Local Procurement Spending (%)
- \* Full Time Employee
- \* Employee Wages and Benefits
- \* Kuwaitization (%)
- \* Youth Employment (%)
- \* Injury Rate
- \* Women in the Workforce (%)
- \* Training Hours Per Employee
- \* Employee Turnover (%)
- \* Human Rights Policy
- \* Code of Ethics
- \* Community Investment
- \* Links Between Executive Pay and Performance

## UNSDGs

- \* GOAL 1: No Poverty
- \* GOAL 2: Zero Hunger
- \* GOAL 3: Good Health and Well-Being
- \* GOAL 4: Quality Education
- \* GOAL 5: Gender Equality
- \* GOAL 8: Decent Work and Economic Growth
- \* GOAL 9: Industry, Innovation, and Infrastructure
- \* GOAL 10: Reduced Inequalities
- \* GOAL 11: Sustainable Cities and Communities
- \* GOAL 16: Peace, Justice, and Strong Institutions
- \* GOAL 17: Partnerships for the Goals



“Giving Back to Community” defines the essence of NBK and is one of our six sustainability focus areas. We strive to continue our strong legacy of maximizing our social impact and contributing actively to the local community. Our consistent track record of giving back to the community forms a powerful foundation of NBK’s sustainability performance.

The community includes a vast stakeholder group that forms a significant cornerstone of our sustainability strategy. NBK understands that a key aspect of corporate reputation for any organization is its stakeholder groups’ perceptions of CSR. Therefore, we ensure that our stakeholders are aware of and participate in all corporate social responsibility activities undertaken by the organization.

We focus our resources to contribute to this valuable stakeholder group in a variety of ways. Our community activities are categorized into community awareness, where we engage members of the community to understand their needs and interests around various important causes, and community investment, where we provide financial support in order to contribute towards these causes.

### **Community Investment (413-1)**

NBK believes that it is crucial to give back to the community in which we operate, playing our part as a responsible citizen in society. One way that this is done is through direct financial investment in the most noble community causes and initiatives that we wish to support. Our community investment initiatives are

structured primarily around three arenas for impact aligned with the KNDP:



**Improving healthcare quality**



**Empowering youth & strengthening education**



**Improving the natural environment**

We also contribute to other emergent social causes and community needs.

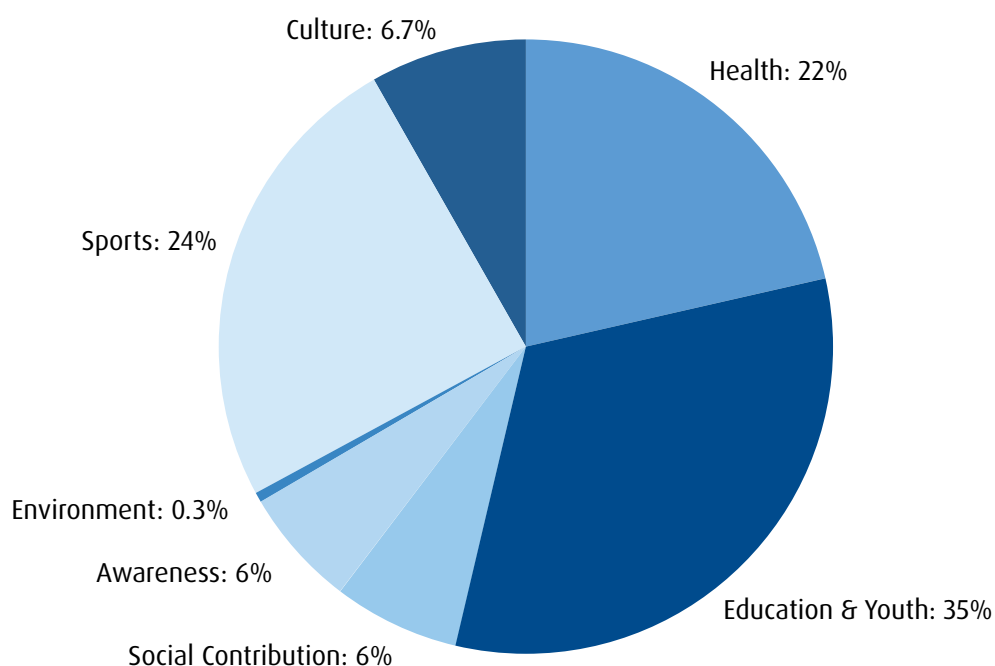
In 2018, our total CSR monetary contribution and implementation support to the Kuwait community is itemized in the chart across.

2018 COMMUNITY INVESTMENT

2018 Direct economic impact - total amount contributed towards community investment in KWD	KWD 782,000
2018 Direct economic impact - Total amount paid to Kuwait Foundation for the Advancement of Sciences (KFAS)	KWD 3,400,000

Strategically, NBK chooses to concentrate our major financial contribution in order to optimize our impact, prioritizing our ongoing substantial commitment to NBK Children’s Hospital. Of course, we also make significant contributions in other areas as well. The diagram below illustrates the comparative allocation of our community investment across our seven priority areas: Health, Education and Youth, Social Contribution, Awareness, Environment, Sports, and Culture.

2018 Direct economic impact - total amount contributed towards community investment



Overall, in the last 20 years NBK has invested nearly KWD 200 million on giving back to the community through our social responsibility programs in these seven areas. This substantial investment demonstrates NBK’s longstanding commitment to positively benefiting our community. The next page table lists our community investment initiatives, indicating for each program the alignment with SDGs and the KNDP goals:



Category	Program	SDGs	KNDP
HEALTH	NBK Children's Hospital	Goal 3: Good Health and Well-Being Goal 9: Industry, Innovation, and Infrastructure	Healthcare
	I Dream to Be	Goal 3: Good Health and Well-Being	Healthcare
	Lebanon Cancer Center	Goal 3: Good Health and Well-Being	Healthcare
	Bayt Abdullah Children's Hospice (BACCH)	Goal 3: Good Health and Well-Being Goal 4: Quality Education	Healthcare
	Kuwait Association for the Care of Children in Hospital (KACCH)	Goal 3: Good Health and Well-Being Goal 4: Quality Education	Healthcare
	Center 21	Goal 3: Good Health and Well-Being	Healthcare
	Autism Campaign	Goal 3: Good Health and Well-Being	Healthcare
	Support for Heart Foundation	Goal 3: Good Health and Well-Being	Healthcare
EDUCATION AND YOUTH	Kuwait Red Crescent Society (KRCS)	Goal 4: Quality Education Goal 9: Industry, Innovation, and Infrastructure Goal 11: Sustainable Cities and Communities	Human Capital
	LOYAC	Goal 4: Quality Education Goal 5: Gender Equality Goal 9: Industry, Innovation, and Infrastructure	Human Capital Living Environment
	Kuwait's Association for Learning Differences (KALD)	Goal 4: Quality Education	Human Capital
	Sponsoring Ministry of Education MOE - High School Graduation Ceremony	Goal 4: Quality Education	Global Position Human Capital
	Maker Faire Exhibition	Goal 4: Quality Education Goal 11: Sustainable Cities and Communities	Global Position Human Capital
	Public Authority for Applied Education & Training (PAAET)	Goal 4: Quality Education	Human Capital
	Summer Internship Program	Goal 4: Quality Education Goal 5: Gender Equality	Human Capital
SOCIAL CONTRIBUTION "Do Good Deeds in Ramadan"	Daily Iftar Tent, Distributing Iftar Banquets	Goal 3: Good Health and Well-Being Goal 9: Industry, Innovation, and Infrastructure Goal 11: Sustainable Cities and Communities	Healthcare Human Capital
	Sponsorship of Kuwait TV Program at Naif Palace	Goal 3: Good Health and Well-Being Goal 9: Industry, Innovation, and Infrastructure Goal 11: Sustainable Cities and Communities	Healthcare Human Capital
	Volunteers During Ramadan	Goal 9: Industry, Innovation, and Infrastructure Goal 11: Sustainable Cities and Communities	Human Capital
	Kuwait Red Crescent (KRCS) Campaign "Saed Tasa'ad" - Helping Families in Jleeb	Goal 9: Industry, Innovation, and Infrastructure Goal 11: Sustainable Cities and Communities	Human Capital
	Iftar at Kuwait University and Emergency Medical Services Department	Goal 9: Industry, Innovation, and Infrastructure Goal 11: Sustainable Cities and Communities	Human Capital Healthcare
	Distributing Fridges and Dates at Kuwait Mosques	Goal 3: Good Health and Well-Being Goal 9: Industry, Innovation, and Infrastructure Goal 11: Sustainable Cities and Communities	Human Capital
	Building a Jleeb Iftar Center	Goal 3: Good Health and Well-Being Goal 9: Industry, Innovation, and Infrastructure Goal 11: Sustainable Cities and Communities	Human Capital
	Graish Kuwait Governor and Ministry of Interior	Goal 3: Good Health and Well-Being Goal 9: Industry, Innovation, and Infrastructure Goal 11: Sustainable Cities and Communities	Human Capital

Category	Program	SDGs	KNDP
AWARENESS	GCC- Traffic Awareness Week	Goal 9: Industry, Innovation, and Infrastructure	Human Capital
	National and Liberation Day	Goal 5: Gender Equality Goal 9: Industry, Innovation, and Infrastructure	Human Capital
	Mothers' Day	Goal 9: Industry, Innovation, and Infrastructure	Human Capital
	Breast Cancer Awareness	Goal 3: Good Health and Well-Being Goal 9: Industry, Innovation, and Infrastructure	Healthcare
	Autism Awareness	Goal 3: Good Health and Well-Being	Healthcare
	International Child Book Day	Goal 3: Good Health and Well-Being Goal 4: Quality Education	Healthcare Human Capital
	Cancer Survivor Day	Goal 3: Good Health and Well-being	Healthcare
	World Cancer Day	Goal 3: Good Health and Well-being	Healthcare
	Childhood Cancer Awareness Month	Goal 3: Good Health and Well-being	Healthcare
	International Patient Safety Day	Goal 3: Good Health and Well-being	Healthcare
	Awareness Messages on Social Media During Ramadan in Cooperation with the Kuwait Fire Service Directorate	Goal 8: Decent Work and Economic Growth Goal 9: Industry, Innovation, and Infrastructure Goal 11: Sustainable Cities and Communities	Human Capital
	Drive Safe During Ramadan Campaign	Goal 8: Decent Work and Economic Growth Goal 9: Industry, Innovation, and Infrastructure Goal 11: Sustainable Cities and Communities Goal 16: Peace, Justice and Strong Institutions	Human Capital
	Health Awareness Tips in Cooperation with Heart Foundation	Goal 3: Good Health and Well-Being	Healthcare
	Ramadan Health Tips with Dr. Bader Al Nasrallah	Goal 3: Good Health and Well-Being	Healthcare
	Environment Awareness Tips	Goal 3: Good Health and Well-Being Goal 9: Industry, Innovation, and Infrastructure Goal 11: Sustainable Cities and Communities	Living Environment
	Camping Safety Tips	Goal 3: Good Health and Well-Being	Healthcare
	International Women's Day	Goal 3: Good Health and Well-Being	Healthcare
World Diabetes Day	Goal 3: Good Health and Well-Being	Healthcare	
ENVIRONMENT	Clean Up The World	Goal 3: Good Health and Well-Being Goal 9: Industry, Innovation, and Infrastructure Goal 11: Sustainable Cities and Communities	Living Environment

Category	Program	SDGs	KNDP
SPORTS	Walkathon	Goal 3: Good Health and Well-Being Goal 11: Sustainable Cities and Communities	Healthcare
	Hunting and Equestrian Club	Goal 3: Good Health and Well-Being Goal 11: Sustainable Cities and Communities	Healthcare
	Flare Fitness	Goal 3: Good Health and Well-Being Goal 11: Sustainable Cities and Communities	Healthcare
	Sheikha Salwa Sabah Al Ahmad indoor Football Tournament	Goal 3: Good Health and Well-Being Goal 11: Sustainable Cities and Communities	Healthcare
	Football and Bowling for Staff	Goal 3: Good Health and Well-Being Goal 11: Sustainable Cities and Communities	Healthcare
	Kuwait Banking Association-KBA Night run	Goal 3: Good Health and Well-Being Goal 11: Sustainable Cities and Communities	Healthcare
	Battle of the East	Goal 3: Good Health and Well-Being Goal 11: Sustainable Cities and Communities	Healthcare
	Cricket for Staff	Goal 3: Good Health and Well-Being Goal 11: Sustainable Cities and Communities	Healthcare
	Sponsoring Sports Tournaments for Kuwait Fund for Economic Development	Goal 11: Sustainable Cities and Communities	Economy
CULTURE	JACC- Sheikh Jaber Al Ahmad Cultural Centre	Goal 3: Good Health and Well-Being Goal 11: Sustainable Cities and Communities	Living Environment
	Al Shaheed Park	Goal 3: Good Health and Well-Being Goal 11: Sustainable Cities and Communities	Living Environment

### Healthcare Enhancement

NBK's community investment initiatives have a very strong emphasis on healthcare, as we deem healthcare to be one of our major social responsibilities in giving back to Kuwait. Healthcare significantly improves the wellbeing and standard of living of members of the community. We contribute toward various health care sectors, including improved healthcare facilities, new innovative healthcare therapies, awareness, and education. In collaboration with a diverse group of

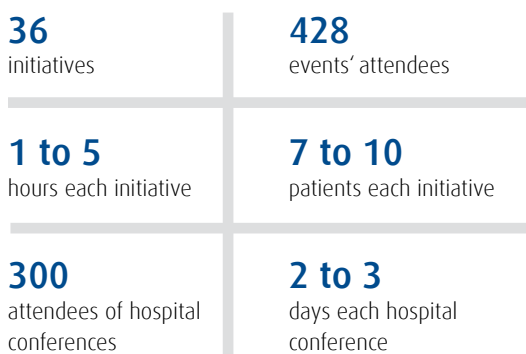
healthcare stakeholders and partners, NBK works to improve the quality of health care in Kuwait by infusing healthcare practices with high standards and measures.

In 2018, the healthcare investment share of the total CSR investment was 22%. This investment included NBK implemented programs and programs sponsored by others that NBK supported. The healthcare initiatives NBK invested in are described briefly in the next page.

### NBK Children's Hospital

NBK Children's Hospital has been the largest community commitment for NBK. This renowned hospital improves the quality of life for children suffering from life-threatening and life-limiting diseases. In order to support the Ministry of Health Kuwait to provide world-class and efficient health care services to people within and outside of Kuwait, NBK donated four million KWD to build the hospital that was opened in 2000. In 2012, NBK donated KWD seven million to build the Stem Cell Therapy Unit. This specialized health care unit has pioneered bone marrow transplants in Kuwait for children under 16 years of age. NBK Children's Hospital also offers supportive awareness programs for its nursing and medical staff through strategic medical seminars, increasing staff competency in operating and managing medical equipment, and in renewing their skills in dealing with new therapeutic techniques. The staff is also trained in dealing with parents of the patients to provide them the highest level of service in a family-oriented and healthy environment.

In 2018, NBK continued supporting the hospital with a fun educative programs. This additional fund for NBK Children's Hospital activities helped hosting 428 attendees (patients with their families). The hospital's 36 initiatives, lasting one to five hours each, were attended by 7 to 10 patients each. In addition, NBK organized two Hospital conferences, with 300 attendees in total. Each conference was 2-3 days in duration.



### CASE STUDY

#### NBK Children's Hospital: Increase of Utilization & Enhancement of Patient Journey

A key goal of NBK Children's Hospital for 2018 was to enhance patient experience by improving patient flow (movement) through the facility. This was addressed through an NBK-supported initiative to revamp the patient journey in order to make it faster and more efficient, so that children with cancer wouldn't have to be admitted as often and stay in the hospital as long, requiring them to be away from their families.

NBK Children's Hospital's objective — focused on the daycare and ambulatory care sections of the hospital's outpatient department — was to make process and environment improvements that would optimize patient flow from admission through discharge. This required examining (and then implementing) changes to redesign processes and improve the hospital's space and environment for patients, families, and staff. Their aim was to increase utilization of the hospital's spaces and make the patient journey shorter. This would not only speed children's treatment and return to home, it would decrease bed occupancy rates and ultimately result in cost savings for

the hospital, patients, and their families. Simultaneously, the hospital would strive to minimize inpatient admission by completing required treatment during the day so hospital admission was not required. For this to happen NBK Children's Hospital would need changes in policy, staff, administration, and other practices.

The desired outcome was achieved. The impact was that children completed the required medical care from the hospital and were able to return home faster. Additionally, the hospital's cost of care was reduced. As a result of implemented changes, children usually finish diagnostic and treatment procedures on the same day, decreasing both time and fees. Fewer staff are needed in ambulatory care, since the number of admitted patients has decreased. Also, fewer staff are needed for daycare. Specifically, because the daycare utilization was at maximum the daycare is no longer 24/7, but instead 7am to 10pm. This reduction of hours produced savings for NBK Children's Hospital. Significantly, bed occupancy decreased by 30%. NBK Children's Hospital was also able to volunteer their empty beds to other organizations.

**NBK Children's Hospital  
Socio-Economic Outcomes**

Stem Cell Therapy Unit - Clinic Visits	383
Stem Cell Therapy Unit - Hospital Admissions	60
Leukemia Cases Admitted	820
Oncology Cases Admitted	334
New & Relapse Leukemia Patients	68
New & Relapse Oncology Patients	44
Leukemia Patients Treated	1,425
Leukemia Patients Off Therapy Treated	404
Bone Marrow Transplant Patients Treated	383
Haemolytic Anemia Patients Treated	32
Bone Marrow Failure Patients Treated	34
Thalassemia Patients Treated	152
Haemophilia Patients Treated	80
Oncology Patients Treated	1,007
Platelet Disorders Patients Treated	88

\* Source: NBK Children's Hospital Annual Report

**I Dream to Be Program**

NBK is committed to supporting the medical experiences of children and their families at NBK Children's Hospital. In 2014, NBK started a program called "I Dream To Be" to grant wishes to children as part of our corporate social responsibility initiatives. This program is dedicated to putting the child's wish first, and to make the wishes of the patients come true. The effort helps children realize their 'dreams' in order to promote their emotional and psychological well-being and help them to fight their diseases.

For the 5th year in a row, NBK organized the first-of-its-kind 'I Dream to Be' program for children in Kuwait hospitals facing life-threatening conditions. This year NBK rewarded the following four children:

Mahdi for his good work and end of chemo treatment. Mahdi loves racing cars and we granted him his wish to visit Ferrari World and see the museum of cars, learn more about the engines, and live the experience during one day.

Abdallah for his passion about photography. NBK granted Abdallah his wish to learn the basics of photography.

Haidar and Shinan are undergoing treatment at NBK Children's Hospital. Haidar and Shinan have always dreamed of becoming Paramedics. NBK helped in making their dream come true in collaboration with Air Ambulance forces, who taught them the basics of emergency and medical treatment during one day. The children were treated with a helicopter tour, eliciting big smiles as they looked down on the city and harbor.

**BAACH (Bayt Abdullah for the Care of Children in Hospice)**

BAACH provides hospice for the children with permanent illnesses and their families. NBK provides annual financial sponsorship support for the BAACH and its annual carnival for children. The aim of this annual carnival is to gather children and parents to socialize, have fun and enjoy the open day with interactive games fun activities. The number of attendees in 2018 was 160.

**KAACH (Kuwait Association for the Care of Children in Hospitals)**

KAACH advocates for the provision of optimal conditions for children and their families in hospital in order to reduce the adverse effects of hospitalization on their development and well-being. NBK provides annual financial support and works closely with KAACH to maximize its reach to children in need and to give top priority to sick children with life-threatening illnesses.

Professional staff called Child Life Specialists are employed by KACCH to provide psychosocial support for children and their families in hospital. They complete a one-year post-graduate course in Child Life at Kuwait University and are then employed by KACCH to work on the pediatric wards with children and their families in Kuwait's hospitals. The Child Life Specialists are assisted by Play Leaders who organize a comprehensive range of play activities in the hospital playrooms, and volunteers who spend three hours one or two mornings a week helping the Play Leaders with play activities.

Play opportunities are provided in attractively decorated pediatric wards and other areas of the hospital where children are treated. Through specialized play techniques, children in hospital are helped to understand their medical conditions and treatment procedures, encouraged to express their feelings, cope with painful procedures and continue their normal development. Research has shown that when children are given this kind of support in hospital, their stress levels are reduced, they respond

better to treatments and they have fewer complications.

### Center 21 and Supporting Autism

NBK sponsored exhibitions at the Center 21 to support health, life saving, and well-being. The sponsorship includes donations, social activities and ongoing awareness for the past three years. This year, NBK celebrated World Autism Awareness Day with the 40 patients at Center 21 for young adults with special needs aged 21- 37 years old to raise awareness of the day. Both Center 21 and Autism initiatives had 80 attendees.

NBK took part in honoring the participants in the art gallery exhibition for young adults with special needs that was held by Center 21. The participants were honored for their good work and creativity after the great success of their exhibition that was held in different galleries in Kuwait such as Ahmad Al Adwani Showroom, Al Salhiya Complex and Al Zahra Complex. The honoring also included a profit share distribution to the participants according to their sold items.

NBK also collaborated with LOYAC and Center 21 in organizing a fun day in the sun to highlight the talents of all participating special needs children in painting a public park in Kuwait to highlight the talents of all participating special needs children.

### Heart Foundation

NBK sponsored the national awareness campaign to help reduce the mortality rate of heart attacks. Sponsoring the Heart Association's initiative involved training 1,500 people on the principles of heart and lung rehabilitation,

in order to promote health awareness in the community and save lives. The campaign was covered by television and radio channels and in commercial compounds.

### Lebanon Cancer Center

NBK provides annual financial support to the Lebanon Cancer Center, a non-profit that provides the latest medical treatment, psychosocial services, medication, and education to children with cancer regardless of parents' ability to pay. The average patient requires three years of treatment.

### Youth & Education Empowerment

Based on the belief that another important contribution to the community is through supporting its youth, and specifically their education, NBK has provided financial support to various youth and education initiatives in order to give back to society. The youth are the very foundation and future of the community, and education is a valuable tool that empowers them. NBK empowering youth with education and other youth-focused programs ultimately benefits the community as a whole. Also, as evident in the KNDP, developing human capital and supporting youth skills development and employment is a critical element of our national growth. In 2018, NBK provided a total of KWD 245,000 toward youth education and employment readiness. Through these investments NBK plays a role in what we hope will be a societal transformation away from poverty and unemployment.

Youth education and empowerment programs supported by NBK are described briefly below.

SROI Topic:	Medium Impact	High Impact	Very High Impact	Attributes
Youth Engagement and Empowerment				<ul style="list-style-type: none"> <li>* Investment into youth engagement and empowerment: KWD 300,000</li> <li>* Participants of youth engagement and empowerment events: 64,988 (Events include: LOYAC, KALD, MOE, PAEET, JACC, Al Shaheed Park, Kuwait Red Crescent Society, Maker Faire)</li> <li>* Attendees per event:               <ul style="list-style-type: none"> <li>LOYAC = 88</li> <li>KALD = 500</li> <li>MOE = 150</li> <li>PAEET awarding ceremony = 250 students</li> <li>Jaber Al-Ahmad Cultural Center (JACC) = 7,000</li> <li>Al Shaheed Park = 4,000 (9.5 hours duration)</li> <li>Kuwait Red Crescent Society = 5,000</li> <li>Maker Faire = 48,000</li> </ul> </li> </ul>

**Kuwait Red Crescent Society (KRCS): Supporting “Donate to their Education” Campaign**


For the fourth year in a row, NBK sponsored the Kuwait Red Crescent Society (KRCS) project to educate children of low-income families and non-Kuwaiti families in need. The goal of the program — called “Donate to their Education” — is to educate more than 5,000 students and cover their tuition costs over the next academic year 2018 / 2019.

This project aims to achieve social stability for families in need in Kuwait, which in turn will contribute to the creation of an educated and knowledgeable generation. The program encourages citizens to donate to the cause, helping ensuring a seat for a child in need.

Combating illiteracy is one of the main objectives of the NBK’s sustainable development strategy, which meets

entrepreneurship program named “KON.” This social entrepreneurship program is co-created with Babson College. It aims to introduce young adults between the ages of 12 to 16 to the world of business and to turn their ideas into actions.

Leaders from NBK along with a group of professional leaders, mentors, and trainers, locally and regionally, encourage the participants to create a profitable business that solves an environmental challenge. The KON program is consistent with NBK’s initiatives to invest in youth and support their aspirations. “KON” is one of these initiatives that helps invest in and support the youth. NBK is elated with the outcome of the program last year and looks forward to seeing the participants moving into key leadership roles in their near future.

SROI Topic:	Medium Impact	High Impact	Very High Impact	Attributes
“Donate to Their Education” Program with Kuwait Red Crescent				<ul style="list-style-type: none"> <li>* Educated 5,000 students, paid their tuition for the academic year 2018:               <ul style="list-style-type: none"> <li>2017 = 4,275 students</li> <li>2016 = 2,565 students</li> <li>2015 = 500 students</li> </ul> </li> </ul>

the objectives of the Kuwait National Development Plan (KNDP) and United Nations Sustainable Development Goals (UNSDGs).

Last year, the initiative succeeded in providing educational opportunities for more than 4,275 students. In 2018, the project look forward to exceeding the goal of educating 5,000 students because education is a right for all and a prerequisite for the advancement of societies, community building, and ensuring their sustainability and development.

The “Donate to their Education” project is a completion of the projects of the Kuwait Red Crescent Society, which was launched in 2015. The project paid the costs of 500 students in the first year, 2,565 students in the following year, and 4,275 students in the third year.

**LOYAC:**

**1- Supporting “KON Program”**

LOYAC, the Kuwaiti nonprofit youth development and empowerment organization, launched the social

**2 - Trips sponsorship**

LOYAC launched trips in 2018 to Morocco and Nepal. NBK’s investment in trips supports LOYAC’s annual youth development and empowerment activities and events. A group of volunteers from different backgrounds participated in these cultural-educational trips, which were designed to build the youths’ leadership skills. Trips lasted from 11-14 days and included a group of social initiatives, interacting with different cultures, volunteering, and donating. During these trips, participants were introduced to the different cultures and learned the daily life routine.

Throughout the program, Loyacers were engaged with local youths in stimulating discussions about various aspects of each society to gain a deeper understanding of what makes our cultures unique and beautiful. In addition, the trips included a historic tour and nightly urban adventures exploring bazaars and landmarks.

**Kuwait’s Association for Learning Differences (KALD)**

NBK sponsors the Kuwaiti Association for Learning

Differences (KALD) as part of our commitment toward corporate social responsibility. KALD is a social welfare organization working collaboratively to help students in Kuwait schools with a variety of learning disorders impacting the acquiring, retention, understanding, and using of verbal and/or non-verbal information. NBK is committed to becoming a leading advocate of these practices. Activities like camps and carnivals are great opportunities for the youth to show their capabilities and talents, to strengthen their self-esteem and to develop their social skills.

**Ministry of Education (MOE)**

NBK sponsored MOE Honoring Ceremony. NBK honored 150 outstanding high school graduates for their hardwork. The Bank expressed its appreciation to the students through cash rewards and training opportunities. NBK has supported this initiative for the past 11 years.

**Maker Faire Exhibition**

This program aims at supporting young people and innovators in various fields, especially the industrial sector, which is currently taking a new direction in the global economy. The program’s focus on innovation contributes to the trend of technical developments around the world attended by 48,000 visitors.

**Public Authority for Applied Education and Training (PAAET)**

NBK collaborates with the Public Authority for Applied Education and Training (PAAET) to support education, via educational clubs and carrying out student-focused initiatives. PAAET’s goal is to build technical skills that develop Kuwait’s well-trained skilled labor force. NBK partners with PAAET in supporting financial literacy for students. NBK provides students in institutions managed through PAAET with dedicated sales assistance to open accounts and access to financial tools, benefits and offers. NBK also sponsors an award ceremony which awards 250 students, and is attended by 600 to 700 attendees.

**Summer Internship Program**

This is an educational two-week course implemented by NBK specially designed for high school and college

students. The program, established 17 years ago, features a mixture of theoretical and practical training dedicated to providing the interns with invaluable knowledge on a variety of subjects such as teamwork, creative thinking, the means of self-expression, and modern banking. In addition, the program helps the students to have greater exposure to daily banking work procedures. In 2018, the program trained 120 students between the ages of 14 to 21.

**Additional Education & Youth Initiatives**

**JACC - Sheikh Jaber al Ahmad Cultural Center**

A-Kuwait Achievers for Future Opportunities:

NBK sponsored Kuwait Achievers for Future Opportunities “KAFO”. “KAFO” is a national database, which is considered to be one of the achievements of the ongoing activities of the National Youth Project that is under the supervision of The Amiri Diwan, per the directives of H.H The Amir Sheikh Sabah Al-Ahmed Al-Jaber Al-Sabah.

B-Tonight! memory trip to the eighties:


The era that is considered the “Golden Age” of the Kuwaiti Television, with its various programs, series and songs, is engraved in the memory of Kuwaitis. The audience re-lived the glorious eighties, looking back on our past not with sadness or nostalgia, but with pride and appreciation for the years that formed the characteristics of our society today.

**Shaheed Park**

NBK sponsored the following three programs at Shaheed Park: Modern Heritage, Trivia nights, and workshops movie nights.

**Social Advancement**

In addition to healthcare and youth and education, NBK invests in a number of other aspects of society, including direct social contributions, awareness initiatives, sports, and cultural programs. By providing support for these various elements of society, NBK plays a leading role as a responsible citizen that gives back to the community. In 2018, NBK’s financial contribution to community social aid activities in various categories are listed in the next page.

SROI Topic:	Medium Impact	High Impact	Very High Impact	Attributes
Summer Internship Program				<ul style="list-style-type: none"> <li>* Duration: 2 weeks (9am - 1pm)</li> <li>* Investment = KWD 9,800</li> <li>* 120 students in 2018</li> <li>* 120 students in 2017</li> </ul>



2018 community investment focus areas



**35%**  
Education & Youth



**24%**  
Sports Activities



**22%**  
Improving Health

**Sports Activities**

NBK's sports are focused community initiatives which include the annual NBK Walkathon, as well as other sports team events such as football, bowling, and cricket.

The specific sports activities include: the NBK implemented sports event "NBK annual walkathon", in addition to sponsoring several other sports events such as: Fishing & Equestrian Club, Flare Fitness, Salwa Tournament, Football Bowling, KBA & KBA Night run, Battle of the East, Cricket, and the Kuwait Fund football match.

These activities were attended by more than 10,700 people. On average, each of these events lasts from 3 hours to 3 days.

NBK invested approximately KWD 130,000 in organizing our signature annual NBK Walkathon. A total of 75 NBK staff volunteered in the walkathon. The volunteers each spent from 5 to 48 hours of volunteering time, with an average of more than 26 hours from each volunteer.

SROI Topic:	Medium Impact	High Impact	Very High Impact	Attributes
Sports Engagement				<ul style="list-style-type: none"> <li>* 10,700 participants</li> <li>* Duration: each 3 hours to 3 days (Includes: hunting and equestrian club, flare fitness, Salwa tournament, football, bowling, KBA night run, Battle of the East, cricket, and Kuwait Fund)</li> </ul>

SRROI Topic:	Medium Impact	High Impact	Very High Impact	Attributes
NBK Walkathon				<ul style="list-style-type: none"> <li>* Walkathon investment: KWD 130,000</li> <li>* 9000 participants</li> <li>* 75 volunteers, each 5 hours to 48 hours (average of 26.50 hours)</li> <li>* Average satisfaction of participants = 80.4%</li> <li>* 23% of participants had health issues</li> <li>* 86% felt the walkathon encouraged a healthier lifestyle</li> <li>* Participants value it at: KWD 2.69 average per person</li> <li>* 11 km distance</li> <li>* 588.5 calories burned per person</li> <li>* Approximate total calories burned: 5,296,500 cal</li> <li>* Participant ages: youth - 6% adult - 86% NA - 8%</li> </ul>

## CASE STUDY

### NBK Walkathon

For the 24th consecutive year, NBK organized and was the lead sponsor for our annual “NBK Walkathon”. The Walkathon is designed to help reinforce the importance of physical exercise and instill a spirit of confidence in all who participate. This year, 9,000 people ranging in age from 5 to over 60 years old joined in a variety of physical challenges and games – sprints, trampolines, an obstacle course, and of course walking the 11 km stretch. Spectators and fans cheered the participants on, and NBK provided entertainment and awards and arranged for media coverage. 540 youth joined in this year, along with more than 8,000 adults, with a broad diversity in nationality, gender, age, and special needs. Nearly one quarter of all participants (23%)

had identified health issues – so the Walkathon contributed significantly to raising their confidence and beginning to improve their health condition. In all, the 9,000 participants burned over 5 million calories (5,296,500 to be exact)!

NBK invested KWD 130,000 and more than 75 employee volunteers averaged over 26 hours each of support for the Walkathon. On our post-event survey, more than 80% of all participants said they were highly satisfied with the event and 86% said it encouraged a healthier lifestyle. And as importantly for us, our employees felt that volunteering for the Walkathon contributed to a feeling that they were playing a meaningful role in an important event in Kuwait.

Number of Participants	9,000
Total Calories Burned	Around 5,296,500 Cal
Distance Traveled	11 KM
Investment	KWD 130,000
Number of Volunteers	75
Average Volunteering Time (per volunteer)	26.50 hours
Number of participants who felt encouraged to maintain a healthier lifestyle	86%

**Social Contribution**

NBK’s social contribution initiatives include:

1. Iftar Tent & distributing iftar banquets at different locations.
2. Sponsoring Kuwait TV Ramadan TV show at Naif Palace.
3. Iftar Gathering with students at Kuwait University
4. Offering Fridges to mosques filled with dates and water over the 30 days of Ramadan.
5. Building a tent to distribute Iftar banquets in Jleeb area.
6. Organizing several graish gathering with Kuwait Governor and Ministry of Interior.

**NBK Ramadan Activities**


Every year, NBK undertakes several activities related to the holy month of Ramadan. NBK sponsors Iftar tables for fasters, including the breakfast tent and visits to Naif Palace to distribute iftar banquets. NBK also distributed iftar banquets at different hospitals, mosques. In 2018, about 50 thousand Iftar meals were distributed. Graish is also held, and meals are distributed to fasting people in the tent, Naif Palace, hospitals, public areas and mosques. Throughout this event, dozens of NBK staff volunteered to serve Iftar daily. Moreover, during Ramadan, NBK collaborated with the Kuwait Red Crescent Society to help families in Jleeb area. The Bank supported 40 families in the “Saed Tasa’ad” humanitarian campaign to support families with low incomes in cooperation with the Kuwait Red Crescent Society. NBK also held university Iftars, for students at Kuwait University in Shuwaikh and Kifan. NBK distributed fridges of dates and

commitment towards all patients who are in dire need of blood and is held to support the mobile blood unit of the Blood Bank.

During Breast Cancer Awareness Month, NBK launched our annual campaign to raise awareness for female health during the month of October. In support of raising awareness about breast cancer, NBK female employees dressed in pink to show solidarity with patients battling cancer. The campaign is held throughout the entire Breast Cancer Awareness month. During the month, NBK invested into the campaign KWD 1,200 including pin distribution and flowers.

NBK’s main awareness activities for external stakeholders included the following:

1. Autism Awareness Day
2. International Children Book Day
3. Cancer Survivor Day
4. Mother’s Day
5. Breast Cancer Awareness
6. World Cancer Day
7. The Childhood Cancer Awareness Month
8. National Day (February)
9. GCC Traffic Awareness week
10. International Patient Safety Day
11. Awareness Health and Safety Campaigns During Ramadan

SROI Topic:	Medium Impact	High Impact	Very High Impact	Attributes
Ramadan Iftars (Do Good Deeds Program NBK Implemented)				<ul style="list-style-type: none"> <li>* 40 NBK volunteers</li> <li>* Cost: KWD 45,000</li> <li>* 30 days duration</li> <li>* 62,160 individual beneficiaries</li> <li>* 40 family beneficiaries</li> <li>* 50,000 iftar meals distributed</li> </ul>

water in five mosques. Furthermore, NBK built a tent in the Jleeb Iftar Center to distribute iftar banquets to the needy. Additionally, NBK provides health awareness and organizes competitions on social media related to the health of individuals during the holy month of Ramadan.

**Community Awareness**

NBK’s main awareness activities for internal stakeholders are (1) blood donations and (2) the breast cancer awareness campaigns. NBK actively organizes a free Blood Donation Campaign for our staff over a period of two days. In 2018, 35 employees from Arraya and HQ1 donated blood. The mobile blood unit of the Blood Bank was available at the Head Office and Arraya building to receive the donations. This initiative is a

**Environment Activities**

NBK conducted a number of environment-focused activities. In 2018, NBK took part in the “clean-up the world” global campaign.

The participants included 500 people, 20 of whom were NBK staff. 600 meters of beach area (in the free zone) were covered. On average, these events lasted 7 to 8 hours.

**Culture Related Activities**

NBK has sponsored several cultural activities to engage with the community, including cultural festivals and events aiming at emphasizing on Kuwaiti heritage. Specifically, these events were held in the Sheikh Jaber Al Ahmad Cultural Centre, and Shaheed Park.







# Sustainability & Environment

## New Kuwait Vision 2035

- \* Developed Infrastructure
- \* Global Positioning
- \* Sustainable Living Environment



## Boursa Kuwait

- \* Environmental Policy
- \* Energy Use
- \* Carbon Emission
- \* Water Use
- \* Waste Generated
- \* Waste Recycled

## UNSDGs

- \* GOAL 6: Clean Water and Sanitation
- \* GOAL 7: Affordable and Clean Energy
- \* GOAL 9: Industry, Innovation & Infrastructure
- \* GOAL 11: Green Building
- \* GOAL 12: Responsible Consumption and Production
- \* GOAL 13: Climate Action
- \* GOAL 15: Life on Land



NBK's commitment to enhancing our sustainability performance in various environmental, social, and governance (ESG) factors means it is crucial that we focus on our reducing our negative environmental impact. We must be constantly aware of our environmental footprint and strive to steadily improve in this domain. Besides the numerous benefits of this environmental focus to stakeholders and the planet, these initiatives also allow us to be better aligned to elements of the UNSDG, GRI, KNDP, and other external standards and expectations.

### Sustainability & Environment

We have recently implemented a sustainability performance and data management platform that allows us to track our environmental progress on a continuous basis and evaluate our performance compared to the targets we have set. The environmental aspects we focus on mainly consist of: green building, carbon footprint, greenhouse gas (GHG) emissions, resource management, waste management, and water management.

The environment is a cornerstone in our sustainability strategy — and one of our six sustainability focus areas is "Caring for Our Environment".

### Green Building

NBK embraces the modern trend of green building / architecture, where buildings are built in a way to ensure harmony with the environment and reduce any negative environmental footprint.

We are currently targeting to achieve LEED Gold status for our new, green headquarters building. Green building design submission took place in late May 2018. Green Building Certification Inc. (GBCI) Preliminary Design Review comments were received in June 2018. Final 'Design Responses and Clarifications' were submitted by year-end 2018/early 2019. The preparation process for the green building construction submission documentation was initiated with the Contractor. The primary element categories of consideration in our green building design were: sustainability site, water efficiency, energy and atmosphere, materials and resources, indoor environmental quality, innovation in design and regional priorities.

As reported last year, in addition to our major green headquarters investment, NBK is investing in existing buildings and new branches to optimize energy and water efficiency through LED lights, water tap sensors, and low energy hand dryers.

We can achieve only limited improvement in our current

physical structures so we don't anticipate significant reduction in energy consumption until we move into our new headquarters building. LEED certified buildings typically consume approximately 25% less energy, have 34% lower CO2 emissions, and use 11% less water. Our target, assuming a 2020 headquarters building occupancy date and given we will still operate a network of remote branch offices, is to consume 40% less energy and 35% less water annually by 2025.

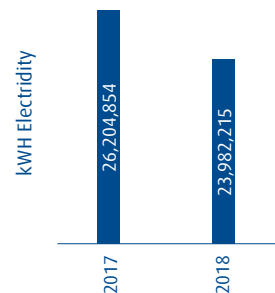
### Carbon Footprint

From the micro to macro levels, every individual and every organization has a carbon footprint (carbon emitted into the environment). Carbon, as one of the Greenhouse Gases (GHG), when emitted in excess of the planet's ability to metabolize it, eventually contributes to the current climate change challenge we all face globally. NBK is determined to continuously monitor our carbon footprint, and then strive to decrease our carbon footprint as much as possible. NBK's primary source of carbon emissions by far is from the electricity consumed for building heating and cooling.

In an effort to reduce our energy consumption and consequent GHG emissions, NBK conducts a broad range of energy conservation and energy reduction initiatives, including energy optimization, auto switch off technologies, heating and cooling auto savings technologies, highly efficient fixtures, the LED Lights Pilot project currently underway, and the Tarsheed power reduction campaign (done annually). In addition, NBK has an active maintenance program that aggressively ensures and improves energy efficiency.

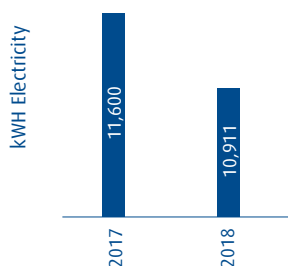
In 2018, all our various efforts resulted in NBK consuming a total of 23,982,215 kWh from grid electricity, an 8.5% decrease compared to last year.

TOTAL ELECTRICITY CONSUMPTION (KWH)



We also examined electricity consumption in terms of electricity intensity – the amount of electricity consumed per NBK employee. In 2018, the electricity consumption intensity for NBK was 10,911 kWh per employee, a 5.9% decrease from 2017.

ELECTRICITY CONSUMPTION INTENSITY (KWH PER EMPLOYEE)

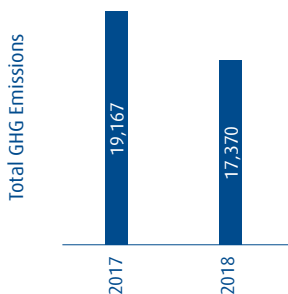


**Greenhouse Gas (GHG) Emissions (305-1, 305-2, 305-3)**

Continuing with last year’s practice, NBK tracks our greenhouse gas (GHG) emissions (measured in CO<sub>2</sub> equivalent metric tons), and strives to implement efforts to reduce GHG emissions. GHG emissions are tracked in all three GHG Protocol categories of Scope I, II, III as well as in the aggregate. Scope I emissions are direct GHG emissions, meaning the emissions from sources owned and controlled by NBK. Scope II emissions are indirect GHG emissions that occur at the generating sources of our purchased electricity and other sources of energy. Scope III emissions, also indirect GHG’s, are the emissions throughout our supply chain from sources that are not directly owned and controlled by NBK.

In 2018, we decreased our total GHG emissions by 9.4%, a reduction of almost 1,800 metric tons of CO<sub>2</sub>e.

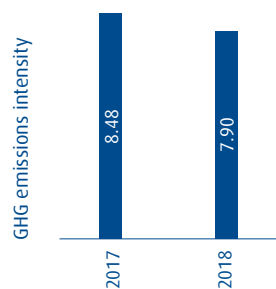
TOTAL GHG EMISSIONS (CO<sub>2</sub>E MT)



**GHG Intensity:**

We also tracked GHG emissions according to intensity, which is the GHG emissions per NBK employee. In 2018, our GHG intensity was 8.48 CO<sub>2</sub>e MT per employee, a 6.8% decrease from 2017.

GHG INTENSITY (CO<sub>2</sub>E MT PER EMPLOYEE)



**Scope I:**

Our Scope I direct emissions are a miniscule portion of our overall GHG emissions. For us, Scope I emissions include fuel consumption from NBK-owned cars and diesel consumption from generators. This year, our Scope I emissions increased from 34 to 151 metric tons, due primarily to the number of NBK-owned cars increasing from 4 to 8 vehicles.

**Scope II:**

Our Scope II emissions are the vast majority of all of our GHG emissions. These indirect emissions include the emissions associated with our purchased electricity, converted from kWh of electricity to metric tons of CO<sub>2</sub> equivalent. In 2018, our Scope II GHG emissions were 16,905 CO<sub>2</sub>e MT, a decrease of 8.5% from 2017.

**Scope III:**

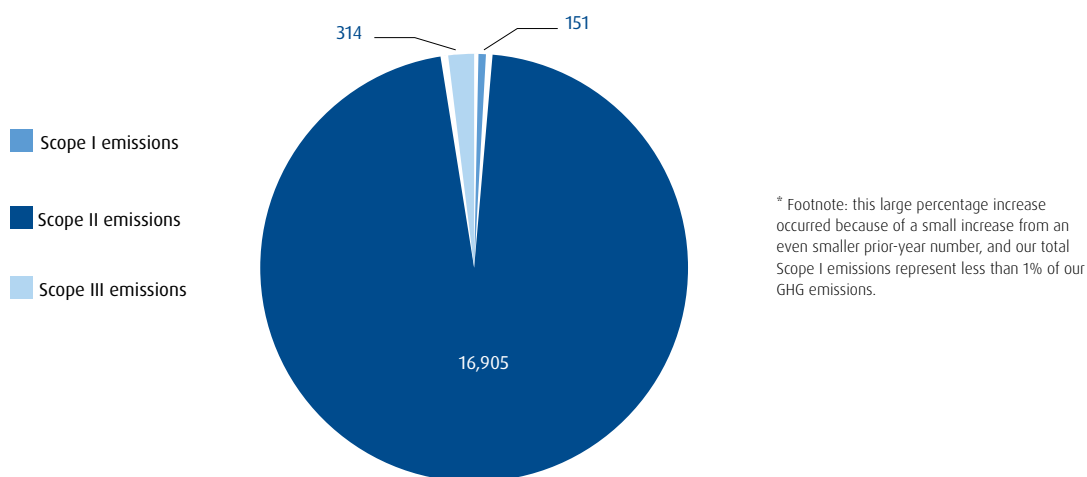
Our Scope III emissions are a very small portion of our total GHG emissions and include fuel consumption from non-NBK owned cars (ie. rented cars). In 2018, our scope III GHG emissions were 314 CO<sub>2</sub>e MT, which is a decrease of 52.5% from last year. This was mainly due to a decrease of rented cars for NBK, from 70 cars in 2017 to 35 cars in 2018.

**Note:** For all “intensity” data of the report, the 2017 intensity performances reported here are revised numbers compared to prior years’ reports, due to adjustments in the number of full-time employees used in the calculations.



Total GHG Emissions (CO2e MT)				
	Scope I emissions	Scope II emissions	Scope III emissions	Total GHG emissions
2018	151	16,905	314	17,370
2017	34	18,472	661	19,167
Change From '17 to '18	344.1%	- 8.5%	- 52.5%	- 9.4%

### Total GHG Emissions (scopes I,II,III)



## Resource Management

We were able to achieve these improvements (reductions) in our electricity consumption and GHG emissions due in part to our commitment to resource management. Resource efficiency is crucial for many reasons, including the kinds of positive environmental impacts we achieved this year as well as the cost savings that eventually benefit a variety of stakeholders. NBK is determined to continuously monitor and measure our resource efficiency and strive to improve resource

efficiency by increasing output with the fewest resources possible — all while simultaneously ensuring optimal quality. The total value of projects classified under efficiency is around KWD 1 million.

NBK Group Engineering Department manages the scope of responsibilities identified in the table below.

Many of these operational functions, such as water irrigation, HVAC systems, lighting controls, generators, building construction and renovation materials, impact sustainability.

### Resource Management Functions Impacting Sustainability

Mechanical Works	Electrical Works	Instrumentation Works	Building Construction
<ol style="list-style-type: none"> <li>1. Heating, Ventilation and Air Conditioning Systems.</li> <li>2. Smoke Management Systems.</li> <li>3. Building Management System.</li> <li>4. Public Health: Drainage, Water Supply, Grey Water Recycling, Stormwater &amp; Irrigation.</li> </ol>	<ol style="list-style-type: none"> <li>1. Power (LV &amp; MV)</li> <li>2. Lighting &amp; Lighting Controls</li> <li>3. Medium Voltage Generators &amp; UPS Systems</li> <li>4. Fire Alarm &amp; Public Address</li> <li>5. Security &amp; CCTV</li> <li>6. ICT Systems</li> <li>7. Audio-visual Systems.</li> <li>8. Earthing and Lightning Protection</li> </ol>	<ol style="list-style-type: none"> <li>Building movement monitoring system</li> </ol>	<ol style="list-style-type: none"> <li>1. Elevators &amp; Escalators</li> <li>2. Building Maintenance Units</li> <li>3. High Performance Facade System</li> <li>4. Hybrid Structural System: Composite Steel, Steel &amp; Reinforced Concrete</li> <li>5. Exterior Cladding: GRC &amp; Stones</li> </ol>

Our Engineering Department adheres to the following values, all of which support our commitment to improved environmental, social, and economic sustainability performance:

**1. Excellence**

We ensure to deliver the highest standards of quality.

**2. Safety**

We deliver all our works in a professional and safe environment.

**3. Environment**

We aim to safeguard the environment and eliminate any environmental risks that could arise as a result of the delivered activities.

**4. Community**


We contribute our efforts to enhance the community that we serve.


alignment, being careful with our waste management benefits the nation and community overall, ensuring that we are not a drain on their resources.

**Paper Consumption & Waste (301-2)**

NBK's Record Management often identifies documents that are obsolete and are considered waste paper which will be shredded. In 2018, a total of 92.3 tons of waste paper was identified, compared to 2017, where a total of 70 tons of waste paper was identified. All shredded paper generated was reused to make cartons by Gulf Paper Co. In 2018, this waste management process cost NBK around KWD 13,845.

The table below highlights the various environmental savings incurred from recycling our paper.

 Paper Recycled  92.3 tons	Environmental Savings	
	1,569 trees	
	646,100 gallons of water	
	277 Cu. Yd landfill	
	378,430 kWh energy	
	23,075 CO2 pounds absorbed	
	29,536 liters oil	

SR0I Topic:	Medium Impact	High Impact	Very High Impact	Attributes
Recycled wasted paper (shredded, made cartons)				<ul style="list-style-type: none"> <li>* 92.3 tons of paper recycled (2018)</li> <li>* 70 tons of paper recycled (2017)</li> <li>* Paid KWD 13,845 towards paper recycling</li> </ul>

**Waste Management (306-2)**

There are many metrics to measure an organization's success, and one important sustainability metric is the amount of waste that is generated, and what is done with the waste after it is generated. In this regard, NBK is committed to manage our waste as efficiently as possible; we attempt to decrease our usage of materials, and whenever waste is produced, we try as much as possible to reuse and recycle the materials (such as shredding paper to recycle it). This sustainable waste management approach puts us in line with environmental themes related to the UNSDG, GRI, and KNDP. Besides this

**Manage Printing Service (MPS)**

In December 2018 NBK launched an initiative called Manage Printing Service (MPS) in an effort to make printing more efficient, focused especially on reducing the amount of printing paper and ink used. Before MPS, NBK would usually consume 4,000 packets of printing paper per month. After the MPS program, NBK's target is to reduce printing paper by 20% compared to the baseline year of 2017. By 2020 our target is a reduction of 30%. Regarding ink usage, before MPS, NBK would usually consume 2,000 cartridges of ink per month. After MPS, we expect to reduce this ink usage by approximately

30%. Concerning the number of printers in use, NBK currently utilizes 2,000 printers; after MPS, we expect to use 50% fewer printers.

NBK has also conducted a pilot paper initiative in order to strive to reduce paper usage in bathrooms. Currently, hand

cleaning paper consumption is almost 7 million meters per year, and toilet paper consumption is about the same.

We recycle paper and hard disks. This waste is managed by the contracted cleaning companies.

SROI Topic:	Medium Impact	High Impact	Very High Impact	Attributes
Manage Print Solution Rollout Plan				<ul style="list-style-type: none"> <li>* Paper usage 2018: 48,000 packets               <ul style="list-style-type: none"> <li>- Target paper usage 2019: 33,600 packets</li> <li>- Paper reduction target: 14,400 packets</li> <li>- Cost per packet of paper = KWD 0.950</li> </ul> </li> <li>* Usage of cartridges of ink in 2018: 2,000 cartridges               <ul style="list-style-type: none"> <li>- Target usage of ink cartridges in 2019: 1,400 cartridges</li> <li>- Target reduction on ink: 600 cartridges</li> <li>- Cost of ink cartridge: KWD 28</li> </ul> </li> <li>* Usage of printers in 2018: 2,000 printers               <ul style="list-style-type: none"> <li>- Target usage of printers in 2019: 1,000 printers</li> <li>- Target reduction on printers in 2019: 1,000 printers</li> <li>- Cost per printer = KWD 250</li> </ul> </li> </ul>

### Water Management (303-1, 303-2, 303-3)

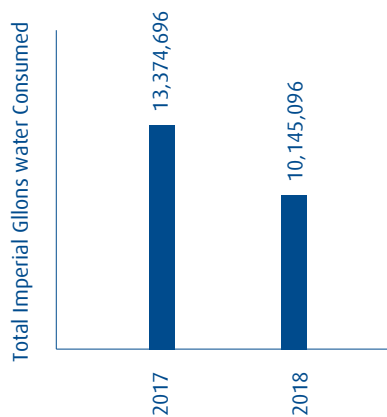
Conserving water is important everywhere, but particularly in our part of the world. It is essential for us to be aware of water consumption, both in total and in terms of its intensity in relation employees or facilities, and then to implement measures that reduce our water consumption as much as possible. We employ a range of water reduction and conservation strategies, fixtures, and technologies, in concert with an aggressive commitment to regular maintenance that ensures optimized water

performance. This sustainable water management approach puts us in line with environmental themes related to the UNSDG, GRI, and KNDP.

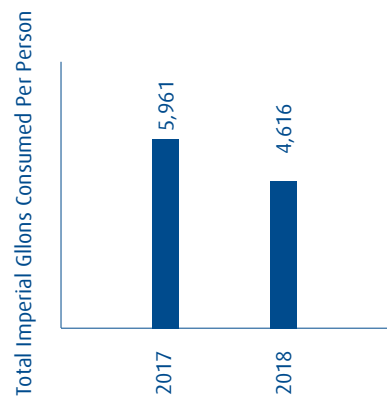
We decreased our water use by 24.1% this year compared to 2017, consuming a total of 10,145,096 gallons of water in 2018.

We also tracked NBK's water intensity, which is the water consumption in NBK-owned buildings per employee. In 2018, we used 4,616 gallons per employee, a 22.0% decrease from 2017.

TOTAL WATER CONSUMPTION



WATER CONSUMPTION INTENSITY GALLONS PER EMPLOYEE IN NBK-OWNED BUILDINGS









# APPENDICES

## APPENDIX A - GRI CONTENT INDEX

GRI Standard Disclosure Number	Individual Disclosure Item	Information	Page Number
102-1	Name of the Organization	National Bank of Kuwait	10
102-2	Activities, Brands, Products, and Services		10, 19, 30, 49, 50, 51, 52, 53
102-3	Location of Headquarter	Kuwait City	11
102-4	Location of Operations		11
102-5	Ownership and Legal Form		34, 35
102-6	Markets Served		11
102-7	Scale of Organization	2018 Annual Report: <a href="https://www.nbk.com/nbk-group/investor-relations/Latest-Annual-Report.html#Latest-Annual-Report">https://www.nbk.com/nbk-group/investor-relations/Latest-Annual-Report.html#Latest-Annual-Report</a>	
102-8	Information on Employees and Other Workers		64, 65, 66
102-9	Supply Chain		56, 57
102-10	Significant Changes to The Organization and Its Supply Chain	No Significant Changes to the Organization and its Supply Chain	
102-11	Precautionary Principle or Approach		40, 43
102-12	External Initiatives	<ul style="list-style-type: none"> <li>• Kuwait National Development Plan (KNDP)</li> <li>• United National Sustainable Development Goals (UNSDGs)</li> </ul>	
102-13	Membership of Associations	<ul style="list-style-type: none"> <li>• Kuwait Bank Association</li> <li>• Loan Market Association (LMA)</li> <li>• International Project Finance Association (IFPA)</li> </ul>	
102-14	Statement from Senior Decision-Maker		8, 9
102-16	Values, Principles, Standards, and Norms of Behavior		10
102-18	Governance Structure		34, 35
102-21	Consulting Stakeholders on Economic, Environmental, and Social Topics		16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 49
102-22	Composition of The Highest Governance Body and Its Committees		34, 35, 38
102-35	Remuneration Policies		35, 37, 38

GRI Standard Disclosure Number	Individual Disclosure Item	Information	Page Number
102-40	List of Stakeholder Groups		16, 17
102-41	Collective Bargaining Agreements	Labor Unions Are Not Prevalent As Per Kuwait Law	
102-42	Identifying and Selecting Stakeholders		16, 17
102-43	Approach to Stakeholder Engagement		16, 17
102-44	Key Topics and Concerns Raised		16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29
102-45	Entities Included in The Consolidated Financial Statements	There is No Consolidation As We Are Reporting on NBK Kuwait Only	
102-46	Defining Report Content and Topic Boundaries		2, 18, 19
102-47	List of Material Topics		18, 19
102-48	Restatements of Information		4, 5, 8, 9, 16, 34, 46, 60, 70, 86
102-49	Changes in Reporting	2018 Additional Material Topics: <ul style="list-style-type: none"> <li>• Community Investment</li> <li>• Ethical Business</li> <li>• Digitization</li> <li>• Economic Value Added</li> <li>• Sustainable Financial Position</li> <li>• Regulation &amp; Compliance</li> <li>• Workplace Environment</li> <li>• Equal Opportunity</li> <li>• Carbon Footprint</li> <li>• Resource Management</li> </ul>	
102-50	Reporting Period	1 <sup>st</sup> January 2018 – 31 <sup>st</sup> December 2018	
102-51	Date of Most Recent Report	March 2017	
102-52	Reporting Cycle	Annual	
102-53	Contact Point for Questions Regarding The Report	<ul style="list-style-type: none"> <li>• Sustainability@nbk.com</li> <li>• PO Box 95, Safat 13001, Kuwait</li> </ul>	
102-54	Claims of Reporting in Accordance With The GRI Standards	This Report Has Been Prepared in Accordance With The GRI Standards: Core Option	
102-55	GRI Content Index	The GRI Content is Provided Here	
102-56	External Assurance	This Report Did Not Undergo External Assurance	
103	Management Approach: Community Investment		5, 19, 70, 71, 72, 73, 74



## APPENDIX A - GRI CONTENT INDEX

GRI Standard Disclosure Number	Individual Disclosure Item	Information	Page Number
103	Management Approach: Customer Experience		46, 47
103	Management Approach: Risk & Opportunity Assessment		39, 40
103	Management Approach: Ethical Business		41, 42
103	Management Approach: Digitization		52, 53
103	Management Approach: Kuwaitization		65, 66
103	Management Approach: Economic Added Value		53
103	Management Approach: Sustainable Financial Position		56
103	Management Approach: Data Security & Privacy		53
103	Management Approach: Corporate Governance		34, 35
103	Management Approach: Regulation & Compliance		41
103	Management Approach: Workplace Environment		60, 61, 62, 63, 64, 65, 66
103	Management Approach: Equal Opportunity		64, 65
103	Management Approach: Responsible Products		49, 50
103	Management Approach: Sustainable Procurement		56, 57
103	Management Approach: Green Building		86
103	Management Approach: Carbon Footprint		86, 87, 88
103	Management Approach: Resource Management		88, 89, 90
201-1	Direct Economic Value Generated And Distributed		53, 54, 55, 56
201-2	Financial Implications and Other Risks and Opportunities Due to Climate Change	No Financial Implications and Other Risks and Opportunities Due to Climate Change	
201-4	Financial Assistance Received From Government	No Financial Assistance Received From Government	
202-2	Proportion of Senior Management Hired from the Local Community		63, 64, 65, 66

GRI Standard Disclosure Number	Individual Disclosure Item	Information	Page Number
203-1	Infrastructure Investments and Services Supported	Appendix C	
203-2	Significant Indirect Economic Impacts		49, 78, 79, 80 ,81
204-1	Proportion of Spending on Local Suppliers		55, 56, 57
205-1	Operations Assessed For Risks Related to Corruption	No Significant Risks Were Identified to Corruption	
205-2	Communication and Training About Anti-Corruption Policies and Procedures	Appendix D	
205-3	Confirmed Incidents of Corruption and Actions Taken	There Were No Confirmed Incidents of Corruption With Employees at The Bank	
302-1	Energy Consumption within the Organization		86, 87, 88
302-3	Energy Intensity		87, 88
303-1	Water Withdrawal by Source		90
305-1	Direct (Scope 1) GHG Emissions		87, 88
305-2	Energy Indirect (Scope 2) GHG Emissions		87, 88
305-3	Other Indirect (Scope 3) GHG Emissions		87, 88
305-4	GHG Emissions Intensity		87, 88
306-1	Water Discharge By Quality and Destination	There Were No Significant Water Discharges	
306-2	Waste by Type and disposal Method		89, 90
307-1	Non-Compliance With Environmental Laws and Regulations	There Were No Instances of Non-Compliance With Environmental Laws and Regulations	
308-1	New suppliers that were Screened using Environmental Criteria		57
401-1	New Employee Hires and Employee Turnover		64
401-3	Parental Leave	No Parental leave	
403-2	Types of Injury and Rates of Injury, Occupational Diseases, Lost Days, and Absenteeism, and Number of Work-Related Fatalities		63
404-1	Average Hours of Training Per Year Per Employee	Appendix D	

## APPENDIX A - GRI CONTENT INDEX

GRI Standard Disclosure Number	Individual Disclosure Item	Information	Page Number
404-2	Programs for Upgrading Employee Skills and Transition Assistance Programs		63
404-3	Percentage of Employees Receiving Regular Performance and Career Development Reviews	100% of NBK's Employees Have Received Regular Performance and Career Development Reviews	
405-1	Diversity of Governance Bodies and Employees		64
405-2	Ratio of Basic Salary and Remuneration of Women to Men		-
406-1	Incidents of Discrimination and Corrective Actions Taken	There Were No Incidents of Discrimination in The Bank in The Reporting Period	
408-1	Operations and Suppliers at Significant Risk For Incidents of Child Labor	NBK Follows All Local Regulations Relating to Human Rights in Areas Where it Operates. NBK Neither Condones Nor Permits Child Labor, and No Instance of The Practices Have Been Reported	
409-1	Operations and Suppliers at Significant Risk for Incidents of Forced or Compulsory Labor	NBK Follows All Local and Regulations Relating to Human Rights in Areas Where it Operates. NBK Neither Condones Nor Permits Compulsory Labor, and No Instance of The Practices Have Been Reported	
412-2	Employee Training on Human Rights Policies or Procedures		63
413-1	Operations with Local Community Engagement, Impact Assessments, and Development Programs		70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82
413-2	Operations With Significant Actual and Potential Negative Impacts on Local Communities	NBK Has No Negative Impact on Local Communities	
418-1	Substantiated Complaints Concerning Breaches of Customer Privacy and Losses of Customer Data		53
419-1	Non-Compliance With Laws and Regulations in The Social and Economic Area	NBK follows CBK regulations for Social and Economic Area	

## APPENDIX B - BOURSA KUWAIT SUSTAINABILITY DISCLOSURE

Sustainability Dimensions	Sustainability Topics	Sustainability Indicators	Pg.
Economy	<ul style="list-style-type: none"> <li>Market Efficiency</li> <li>Economic Contribution</li> <li>Local Economy</li> <li>Workforce</li> </ul>	1. Annual Report	-
		2. Sustainability Report	2
		3. Local Procurement Spending (%)	57
		4. Full Time Employees	64
		5. Employee Wages And Benefits (KWD)	60
Environment	<ul style="list-style-type: none"> <li>Environmental Management</li> <li>Energy Management</li> <li>Atmospheric Emissions</li> <li>Water Management</li> <li>Waste Management</li> </ul>	6. Environmental Policy	41
		7. Energy Use	86, 87, 88
		8. Carbon Emission	87, 88
		9. Water Use	90
		10. Waste Generated	89
		11. Waste Recycled (%)	89
Social	<ul style="list-style-type: none"> <li>Kuwaitization</li> <li>Employment</li> <li>Health And Safety</li> <li>Diversity And Inclusion</li> <li>Training And Development</li> <li>Human Rights</li> <li>Business Integrity</li> <li>Community Initiatives</li> </ul>	12. Kuwaitization (%)	65, 66
		13. Youth Employment (%)	64, 65
		14. Injury Rate	63
		15. Women In The Workforce (%)	64, 65
		16. Training Hours Per Employee	Appendix D
		17. Employee Turnover (%)	64
		18. Human Rights Policy	43
		19. Code of Ethics	41, 42, 43, 49
		20. Community Investment	70, 71, 72, 73, 74, 75
		Governance	<ul style="list-style-type: none"> <li>Board Of Directors</li> <li>Audit And Internal Controls</li> <li>Shareholder Rights</li> <li>Executive Remuneration</li> </ul>
22. Risk Management Committee At The Board Level	35, 38, 39, 40		
23. Non-Audit Fees (%)	-		
24. Voting Results	-		
25. Links Between Executive Pay And Performance	-		
26. Compliance With The CMA's Corporate Governance Regulatory Requirements	37, 38, 39, 40, 41, 42, 43		

## APPENDIX C - LIST OF NBK'S PRODUCTS & SERVICES

Segment	Services	Sub-services
Personal	Accounts	Right account for me
		Everyday banking
		Saving accounts
		Term deposits
		Account services
	Packages	Right package for me
		Premium banking
		Salary packages
		Youth packages
		Financial inclusion program
	Loans	Right loan for me
		Personal loans
		Auto loans
		Loans against cash collateral
		International mortgages
		Loan services
	Cards	Right card for me
		Credit cards
		Prepaid cards
		Debit cards
		NBK Tap & Pay
		Card services
	Rewards	Rewards program

Personal	Rewards	Miles program
		Rewards center
	Ways to Bank	Online banking
		Mobile banking
		ITM
		Branch banking
		ATMs
	Investment	Contact center
		Investment funds
	Private	Solutions
Overseas services		
Offshore services		
Cards		Treasury services
		Credit cards
		Debit cards
		Card services
Ways to Bank		Rewards center
		Online banking
		Mobile banking
	ITM	
	Branch banking	
	ATMs	
Contact center		

## APPENDIX C - LIST OF NBK'S PRODUCTS & SERVICES

Business	Investment	Investment funds
		SmartWealth
		Investment services
		Investment banking
		Brokerage
	Solutions	Payment services
		Salary portal
		Staff services
		Insurance
		GoCollect by Tap
	Financing	Credit financing
		Trade financing
	Cards	Credit cards
		Debit cards
		Reward services
		Card services
	Ways to Bank	Online banking
		Mobile banking
		Branch banking
		ATMs
Contact center		

Corporate	Solutions	Payment services
		Salary portal
		Staff services
		Treasury services
	Financing	Credit financing
		Trade financing
		Project finance and syndications
	Cards	Debit cards
		Card services
	Ways to Bank	Corporate online banking
		Branch banking
		ATMs
	Investment	Investment

## APPENDIX D - LIST OF NBK TRAINING COURSES 2018

Course Name	Total Hours
"The Personal Side of Innovation" by the International Speaker Steve Farber	56
10th Yalla Watani DSD - 2018	168
11th Yalla Watani DBD 5 Aug - 3 Sep 2018	3360
12th Yalla Watani - Call Center	308
13th Yalla Watani - DBD 2018	1932
1st Yalla Watani DBD - 2018	3325
2nd Yalla Watani DSD - 2018	84
360 Leadership 28-30 Aug 2018	294
360 Leadership 29 Apr - 1 May 2018	378
3rd Annual Global Back Office & Operational Efficiency Summit - Barcelona	28



## APPENDIX D - LIST OF NBK TRAINING COURSES 2018

3rd Yalla Watani CC - 2018	924
4th Yalla Watani DBD - 2018	2366
5th Yalla Watani DSD - 2018	168
6th Yalla Watani CC - 2018	560
7th Yalla Watani DBD - 2018	1848
8th Yalla Watani CC - 2018	2240
9th Annual Optimizing Contact Centres Summit - Barcelona	42
9th Yalla Watani DBD - 24 June - 17 July 2018	2520
ACI World Congress & ICA Annual Conference	42
Advanced Audit Report Writing 29-31 Oct 2018	420
Advanced Negotiation Skills 1-3 May'18	252
Advanced Negotiation Skills 25-27 Sep'18	294
Advanced Negotiation Skills 6-8 Nov 2018	147
Advanced Writing Skills for Seniors 22-23 Oct 2018	154
Advanced Writing Skills for Seniors 4-5 July	70
Assistant Operation Officer - A00 G1	1890
ATD Train the Trainer - Sep 2018	28
Back Office & Operational Efficiency Summit	28
Basel III Capital Requirements and Bank Profitability - 2018	42
Business Process Modeling-Analysis & Design - April 2018	84
Business Writing Techniques 2-3 May	28
Business Writing Techniques 5-6 Sep 2018	98
CBBM - G1 - Jan 2018	2044
CBBM - G2 - Jan 2018	3738

CC Transfer to DBD 2018 - G1	252
Certified Bank Branch Operations Manager (CBBOM) - 2018	462
Certified Manager (CM) - 2018	2268
Certified Professional Internal Auditor	168
CFA Investment Foundations - 2018	826
CGEL-Intermediate - Jan 2018	462
Cisco Certified Network Associate (CCNA)	21
CMA-2018-Part 2- Exam Preparation	896
Communication And Interactive Skills 16-17 April 2018	168
Communication And Interactive Skills 3-4 Oct 2018	154
Communication And Interactive Skills 6-7 Aug 2018	84
Consumer Lending - Commercial Lending & Business Banking 19	210
Creative Problem Solving - 13-14 May 2018	224
Creative Problem Solving 9-10 Sep 2018	126
Creativity & innovation 9-10 April 2018	140
Credit Analysis 19	210
Credit Portfolio Management	28
Customer Protection Rules - Feb 2018	63
Data Analysis 19	140
Dealing with Others 27-28 June 2018	126
Dealing With Others 3-4 Sep 2018	56
Decision Making with Big Data and Better Intuition 15-17 Oct 2018	21
Decision-Making Strategies under Risk and Uncertainty 29April - 4May 2018	42
Design and implementation of media and advertising campaigns	70
Design-thinkers Bootcamp 22-25 Oct 2018	28

## APPENDIX D - LIST OF NBK TRAINING COURSES 2018

Digital Transformation Strategy Program 23-25 Sep 2018	462
Disruptive Technology & Leadership 4-6 Nov 2018	21
Dr. Max; How to become a master strategist ?	7
Effective Credit Applications - 06 to 08 Feb'18	420
Effective Credit Applications - 13-15 Feb'18	420
Effective Credit Applications - 16-18 Jan 18	252
Effective Credit Applications - 21-23 Jan	273
Effective Credit Applications - 30 Jan to 01 Feb'18	154
Effective Presentation Skills 2-3 July	140
Effective Presentation Skills 8-9 Oct'18	84
Emotional Intelligence For Managers 08-November-2018	112
English Report Writing - 2018	77
Enterprise Risk Management - Jan 2018	56
Ethical Issues in Banking 19	70
Excel training 19	280
External - SAS Programs	28
Financial Accounting and Reporting Analysis 19	700
Financial Markets - Thomson Reuters 19	70
Financial Modelling in Excel 19	140
Financial Statements Analysis - 2018	301
Fintech - Second Edition	14
GB - M3 - Letters of credit	504
GB - M4 - Standby Credits	126
GB - M5 - Letters of guarantee	224

GB - M6 - Structuring trade products	266
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Induction Training Q1 - Junior - G2	77
Induction Training Q2 - Junior	70
Induction Training Q2 - Seniors	63
Induction Training Q3 - Junior	84
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Introduction to Trade & Commodity finance 10-12 April 2018	315
Introduction to Trade & Commodity finance 16-18 April 2018	210

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Introduction to Trade & Commodity finance 29April - 01May 2018	210
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M4 - Standby Credits	105
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Managing People & Teams, Coaching & Development 18-19 April 2018	140
Managing People & Teams, Coaching & Development 6-7 Nov 2018	210
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Managing Pressure & Maintaining Balance 29 Apr 2018	49
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PBO Workshops G1 - 2018	385
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RO Workshops G4 - 2018	1736

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Think, Act Strategically 25-26 June 2018	252
Think, Act Strategically 28-29 Oct 2018	280
Treasury Security, Control and Audit - Feb 2018	63
Writing Reports and Press Research	70
	80302
	80302





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