

Bridging the Gap: Towards a More Sustainable Future

ESG Investor Presentation

August 2024

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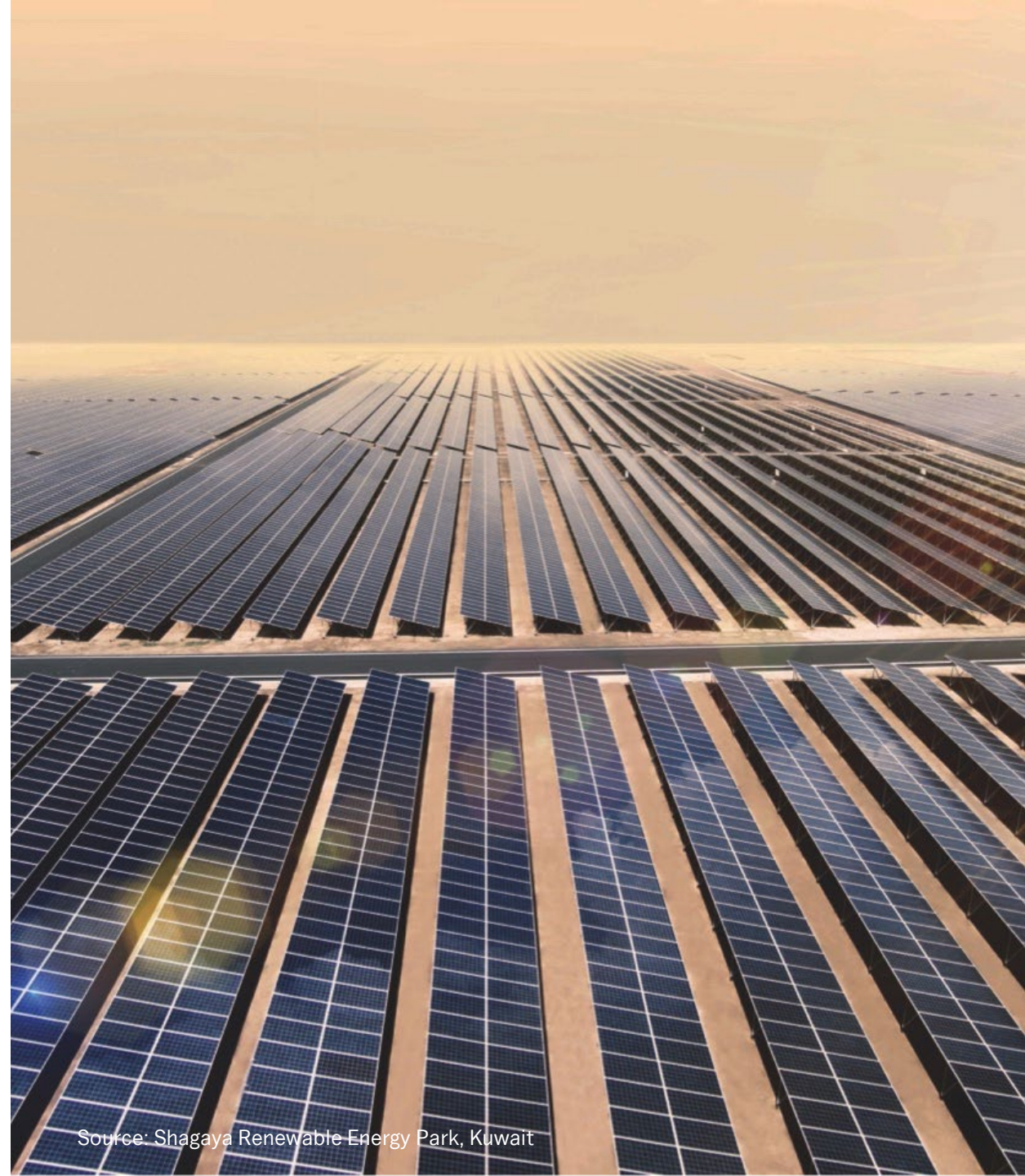
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This presentation summarizes our sustainability strategy, material issues, opportunities, challenges, performance, and progress on the initiatives, for the reporting period January 1 to December 31, 2023, as well as achievements during the first half of the year 2024. It also brings into focus the commitments we are determined to fulfil going forward.



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Source: Shagaya Renewable Energy Park, Kuwait



Our Key ESG Highlights

ESG at a Glance

Responsible Banking

Climate Action



Committed to **become carbon neutral by 2060** and to reduce gross operational emissions by 25% by 2025

Installed **solar panels** in 18 of NBK's local branches

Reduced overall disclosed GHG emissions by 10.43% compared to baseline year (2021)

Sustainable Finance



USD 3.65 billion sustainable assets as of 31 December 2023

Debut green bond issuance, total value USD 500 million

Launched **EV and Eco-friendly Housing Loans**

Responsible Procurement



Updated the Bank's Procurement policies to **embed ESG-related principles in vendor sourcing** and management processes

Local procurement spending: **85.5%**

Governance For Resilience

ESG Governance



Finalized and approved: **Group ESG Strategy and ESG Governance Framework**

Established management-level **Sustainability and Climate Change Committee** headed by the Vice Chairman & GCEO

Finalized and approved a **Group-level ESG Policy**

Climate Risk Management



Accounted for **climate change risks in the Pillar II Assessment** in ICAAP report

Institutionalized **alignment with the TCFD recommendations**

In the process of developing **bank-wide ESRM framework**

International Alignment



Joined the:

- **United Nations Global Compact (UNGC)**
- **Partnership for Carbon Accounting Financials (PCAF)**

Capitalizing on Our Capabilities

Workplace Diversity



Women in:

- **Workforce: 44%**
- **Management: 28.8%**

Employee Development



Provided Sustainability Champions with **GRI Standards certified training**

Launched "**Sustainability Essentials Training Program**" across the Group

More than **3,300 training hours on ESG**

Employee Wellbeing



Finalized and approved **Staff Grievance Policy**

Launched the **Employee Engagement Survey** "Your Voice Matters" 2023

Digital Transformation



Launched **new mobile banking experience** themed "Tailored for You"

Investing in Our Communities

Financial Inclusion



Launched "**Bankee**" financial literacy program in **Kuwait's schools**: 15,000+ students, 3,000 teachers

2023 SME lending: **USD 60 million, 12% YOY growth**

Community Engagement



2023 community investments: **USD 91 million, 22% YOY growth**

Women Empowerment



Launched "**She's Next**" initiative in partnership with VISA

Customer Experience



2023 **Net Promoter Score**: 63%

More than **50 million transactions through NBK Mobile Banking** Application; 19% YOY growth

Privacy and Data Security



Zero incidents of data leaks or breaches

ISO 27001

NBK ESG Strategy and Approach

Stakeholder Impact and Engagement

Determining what ESG-related risks, issues, impacts and opportunities are most important for NBK and its stakeholders is a critical element in formulating and defining the Group's ESG Strategy.

In 2023, we reaffirmed the findings of materiality assessment undertaken in 2022. This involved interaction with our stakeholders to gather their views on the ESG issues of highest relevance to NBK. The emerging material topics in the banking sector were examined and contrasted with global trends and our practices. **Our list of material topics expanded, incorporating three additional crucial matters:**

- 1. Climate Change:** identifying and managing climate-related risks forms a material issue in the banking sector, having potential impact on the safety, soundness, and profitability of banks. For NBK, integrating climate factors into its governance structure, strategic decisions, and core business model ensures long-term stability amid environmental challenges.
- 2. Tax Transparency and Anti-Corruption:** upholding the highest levels of transparency via effective governance, including tax and anti-corruption measures, is vital to ensure regulatory compliance and retain stakeholder confidence.
- 3. Emissions and Decarbonization:** Banks are responsible for financing a significant portion of the global economy, resulting in a significant impact on GHG emissions. We respect the need for emissions management and decarbonization at NBK, hence we are prioritizing funding to clients who are transitioning to a lower carbon economy.

Our Key Stakeholders:

Internal: Employees, Management

External: Customers, Shareholders, Investors, Regulators, ESG Raters, Suppliers, Community Partners, NGOs, Standard-setters, Policy-makers

NBK ESG Strategy Pillars	Material Topics Driving our ESG Strategy
Responsible Banking	<ul style="list-style-type: none"> Sustainable Finance Environmental Footprint from Operations** Responsible Procurement Emissions and Decarbonization*
Governance For Resilience	<ul style="list-style-type: none"> Risk Management Governance, Ethics, and Compliance Financial Performance Business Continuity and Operational Resilience Climate Change* Tax Transparency and Anti-Corruption*
Capitalizing on Our Capabilities	<ul style="list-style-type: none"> Diversity and Inclusion Talent Attraction, Management, and Development Employee Wellbeing Digital Transformation
Investing in Our Communities	<ul style="list-style-type: none"> Customer Experience and Satisfaction Community Development Financial Inclusion, Accessibility, and Literacy Privacy and Data Security Women Empowerment Nationalization

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

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

NBK Group ESG Strategy Framework





Our Ambitious 3-Year ESG Strategy Roadmap

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

2024	<h3>Responsible Banking</h3> <ul style="list-style-type: none"> ▪ Increase percentage (%) of renewable energy sourcing. ▪ Embed ESG into procurement policies and processes. ▪ Develop interim targets for sustainable financing. ▪ Engage clients on climate transition plans. ▪ Develop ESG-themed consumer products. 	<h3>Governance For Resilience</h3> <ul style="list-style-type: none"> ▪ Conduct scenario analysis on loan portfolio. ▪ Develop portfolio and sector emission risk heat maps. ▪ Establish strong ESG governance measures by embedding ESG into policies and processes. 	<h3>Capitalizing on Our Capabilities</h3> <ul style="list-style-type: none"> ▪ Increase number of training hours for all employees with greater emphasis on ESG. ▪ Establish employee diversity targets. ▪ Commit to increase women in Senior Management to 35% by 2035. ▪ Enhance digital capabilities and systems aimed at improving the responsible use and management of ESG data. 	<h3>Investing in Our Communities</h3> <ul style="list-style-type: none"> ▪ Align CSR policy, focus areas, and initiatives with the Group ESG strategy and industry leading practices. ▪ Continue social responsibility contributions, strategically aligned with SDGs. ▪ Increase engagement rate (%) with consumers and the public on ESG. ▪ Support nationalization targets in line with national development plans.
	MID / LONG-TERM	<ul style="list-style-type: none"> ▪ Establish science-based targets (SBTi) for scope I, II, & III emissions. ▪ Develop scientifically-aligned strategy to lower financed emissions. ▪ Develop sectoral transition policies for key sectors. 	<ul style="list-style-type: none"> ▪ Link ESG to executives' balance scorecard. ▪ Establish ESRM framework and related policies. ▪ Prepare for alignment with the ISSB S1 and S2 new standards. ▪ Implement Task Force on Climate – related Financial Disclosures (TCFD). 	<ul style="list-style-type: none"> ▪ Establish ESG-driven performance KPIs for key business and support functions. ▪ Deliver Group-wide ESG capacity building and training. ▪ Accelerate digital transformation and responsible technological advances across the Group. ▪ Finalize and implement NBK-Kuwait Diversity and Inclusion strategy, approach, and targets.
SDGs				

External Engagement and Recognition

ESG Ratings*



NBK is at 27.1 – Medium Risk



MSCI upgraded NBK ESG ratings to 'BBB' in August 2023



"C" score for 2023 for FS Climate Change and Forests Categories



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



FTSE4Good

Constituent of the FTSE4Good Index Series

S&P Global

NBK scored 35/100 in S&P Global rating



NBK Headquarters awarded the Gold LEED Certification

*Note: ESG ratings are updated to date.

ESG Awards

Global Finance 2023

- Best Innovation and Transformation – World
- Best SME Bank Award – Kuwait
- Best Private Bank for Sustainable Investing – Middle East
- Best Financial Innovation Labs – NBK Group Digital Office
- Best Consumer Digital Bank – Kuwait
- Best Innovation and Transformation – Middle East

Euromoney 2023

- Best Bank for Corporate Responsibility in the Middle East
- Best Bank for CSR in Kuwait

MEED – MENA Banking Excellence Awards 2023

- Best Youth Programme Initiative
- Best Initiative for Women in Business
- Best Implementation of Diversity & Inclusion Initiatives

Qorus – Accenture Banking Innovation Awards 2023

- Self-service Branches – Gold Award
- SME Bank of the Year – Silver Award
- Bankee Program – Bronze Award

National and Global Frameworks



WE SUPPORT



Responsible Banking

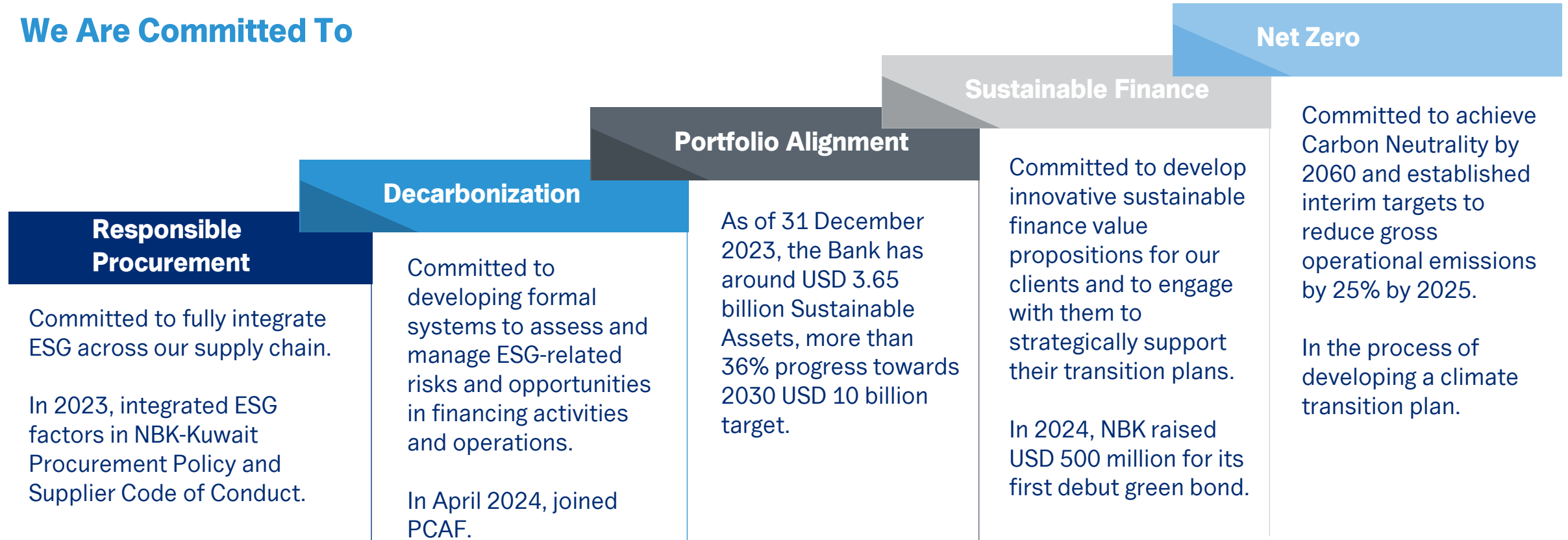




Transition to Low Carbon Economy

Contributing to economic, social and environmental development, whether through our operations or engaging with our clients to adopt sustainable practices by financing their transitions, has always been one of NBK’s strategic focuses. Responsible Banking outlines NBK’s approach to the Net Zero transition by channeling capital into the low-carbon economy while reducing our environmental impact from operations.

We Are Committed To

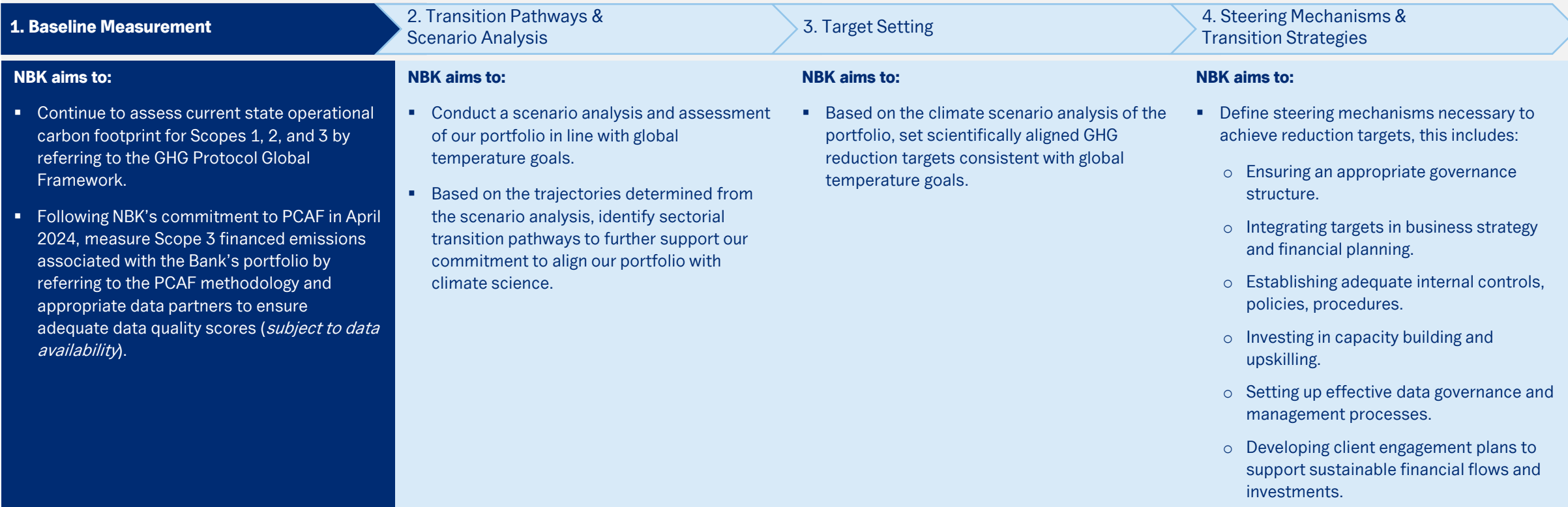




NBK's Outlook of a Climate Transition Pathway

In January 2023, NBK committed to achieving carbon neutrality by 2060 and has taken significant steps since to reduce and manage its impact on the environmental as a result of its operations and business activities, including setting an interim operational target to reduce emissions by 25% by 2025 and joining PCAF to measure and manage its financed emissions. We committed to deliver a transparent, credible, and effective climate transition approach that focuses on climate mitigation.

The below approach represents our outlook of an action-oriented climate transition pathway which aligns with climate science and leading practices. By joining PCAF and committing to align with the TCFD recommendations, we will further assess the roadmap we propose to ensure it accurately reflects our operations, business, the economies we support, and the communities we serve.



- Present
- Future



Financing the Transition

NBK defines sustainable finance as the process of taking into consideration environmental and social factors in the bank's various activities. This includes designated financing and lending to our clients to support them achieve their environmental and social goals, investments in sustainable financing instruments, facilitating green, social, and sustainable issuances, in addition to investing in the bank's physical assets that have an environmental or social impact.

Capitalizing on New Business Through Sustainability...



To Channel Sustainable and Green Capital...

- USD 3.65 Sustainable Assets as of 31 December 2023, around 36% progress towards 2030 USD 10 billion target.
- In June 2024, successfully priced USD 500 million its debut green bond under NBK's Sustainable Financing Framework.



Align Portfolio with Decarbonization Targets...

- In 2023, delivered training and capacity building on Sustainable Finance to key stakeholders from Corporate Banking Group – Kuwait and IBG.
- Through developing enhanced climate risk management capabilities. In 2024, NBK joined PCAF to manage and mitigate its emissions from financing activities.
- Aims to comprehensively assess our clients' environmental impacts and contribution to climate change.
- Aims to enhance advisory capabilities to support and finance our clients' transition plans through dedicated awareness sessions.



Expand Retail Business...

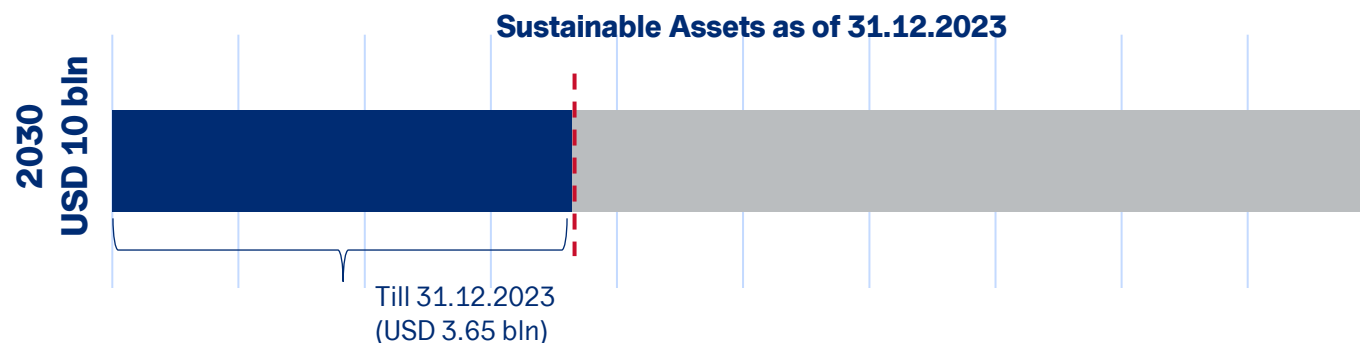
- Provided exclusive discounts on customers' purchases of eco-friendly products.
- Expanded our offerings to Eco-friendly EV Loans and Eco-friendly Housing Loans.
- Delivered training and capacity building on ESG integration in consumer banking to key stakeholders from Consumer Banking Group, Digital Communications, Market Insights, and Branding and Advertising.



Sustainable Finance Triumphs

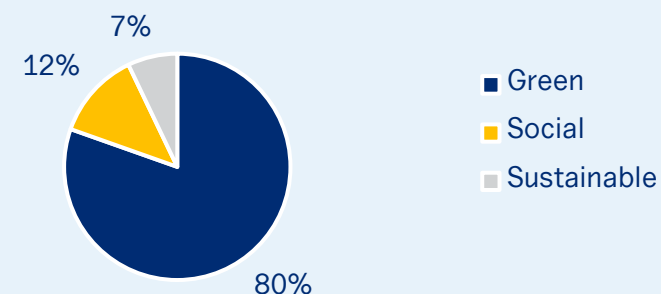
NBK has identified more than USD 3.6 billion sustainable assets as of 31 December 2023 at the Group-level, monitoring its progress towards its sustainable finance target, which are broken down as follows:

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

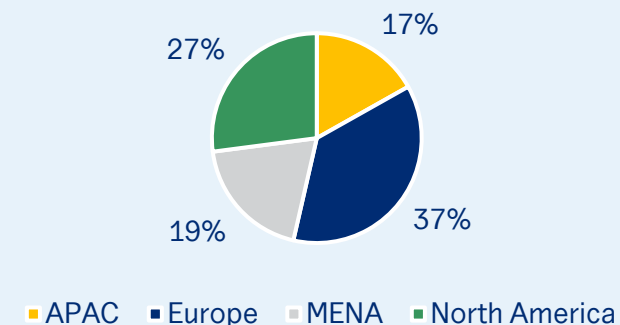


The **USD 2 billion sustainable loans** are identified at the Group-level and are categorized as follows:

% Green, Social, and Sustainable Loans as at 31.12.2023



% Geographic Distribution of Sustainable Loans as at 31.12.2023





NBK Sustainable Financing Framework

Expanding our sustainable financing activities in line with industry leading practices and standards.

NBK established a Sustainable Financing Framework to support and advance NBK's goal to integrate critical ESG issues into the business, culture and operations, thereby advancing the transition to a sustainable and low carbon economy and contributing to achieve New Kuwait 2035 vision.

Use of Proceeds

- Under this framework, an amount equivalent to the net proceeds from NBK's sustainable financing instruments will be used to finance or re-finance, in part or in full, Eligible Assets with social or environmental benefits:
 - [Green Assets](#), including but not limited to: Renewable Energy, Energy Efficiency, Sustainable Water, Green Buildings.
 - [Social Assets](#), including but not limited to: Healthcare & Education, Access to Essential Services, Affordable Housing.

Management of Proceeds

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

Project Evaluation & Selection

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

Reporting

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

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

Use of Proceeds

Strong

Project Evaluation & Selection

Aligned

Management of Proceeds

Aligned

Reporting

Aligned



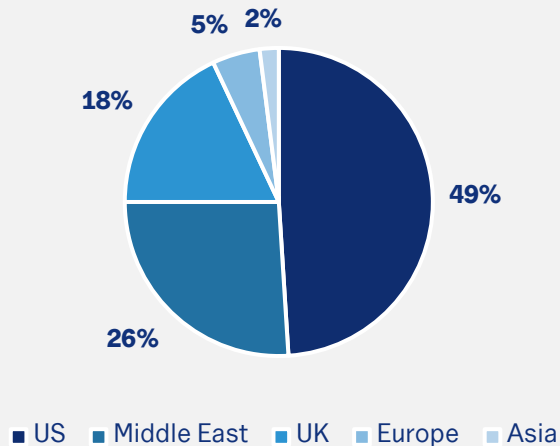
Debut Green Bond

In June 2024, NBK successfully issued its debut 6NC5 green bond, raising USD 500 million to support the financing of low-carbon initiatives; the first of its kind out of Kuwait. By issuing this green bond, NBK strengthens its dedication to environmental stewardship and climate action, aiming to channel and mobilize capital towards a low-carbon economy by focusing on green projects. The issuance further supports NBK’s ESG ambitions; including achieving carbon neutrality in line with Kuwait’s national commitment by 2060.

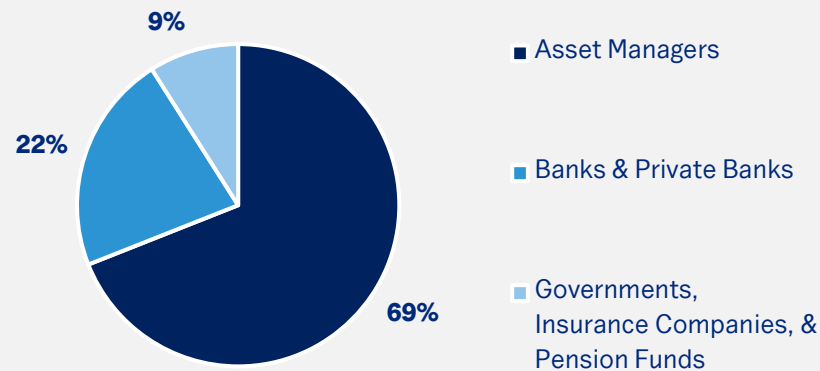
Strong Investor Interest

NBK’s issuance saw strong reception from a diverse array of global investors and financial institutions:

Geographic Distribution (%) of Investors



% Interest by Investor Type



Key Highlights

- USD 500 million Green Bond
- 5.5% Coupon Rate
- +95 bps over US Treasuries
- 3x Oversubscribed
- First green issuance out of Kuwait

Responsible Operations and Supply Chain

Established 3 key targets to magnify our reduction in energy consumption:

1.



Convert most branches and other NBK buildings to LED lighting by 2025.

Progress till date:
70% completion



2.



Install solar power systems in 18 of local branches by 2025.

Progress till date:
80% completion



3.



Implement a Building Energy Management System (BEMS) in standalone local branches by 2025.

Progress till date:
39 out of 41 branches



Embedding ESG in procurement and supply chain practices:

- Integrated ESG factors into NBK-Kuwait Procurement Policy as well as the Supplier Code of Conduct.
- Introduced the “Go Green” function under the E-Purchasing system to encourage sustainable purchases.
- Our Human Rights Statement, published on NBK’s Group website, addresses forced labor and human trafficking, child labor, labor rights, and non-discrimination.
- All (100%) of our outsourcing contracts operate under Kuwaiti Labor Law.
- Zero suppliers identified as having significant actual or potential negative social impacts such as child labor or forced labor.
- 77% of total suppliers are local.
- 85.5% local procurement spending.

Environmental Footprint from Operations

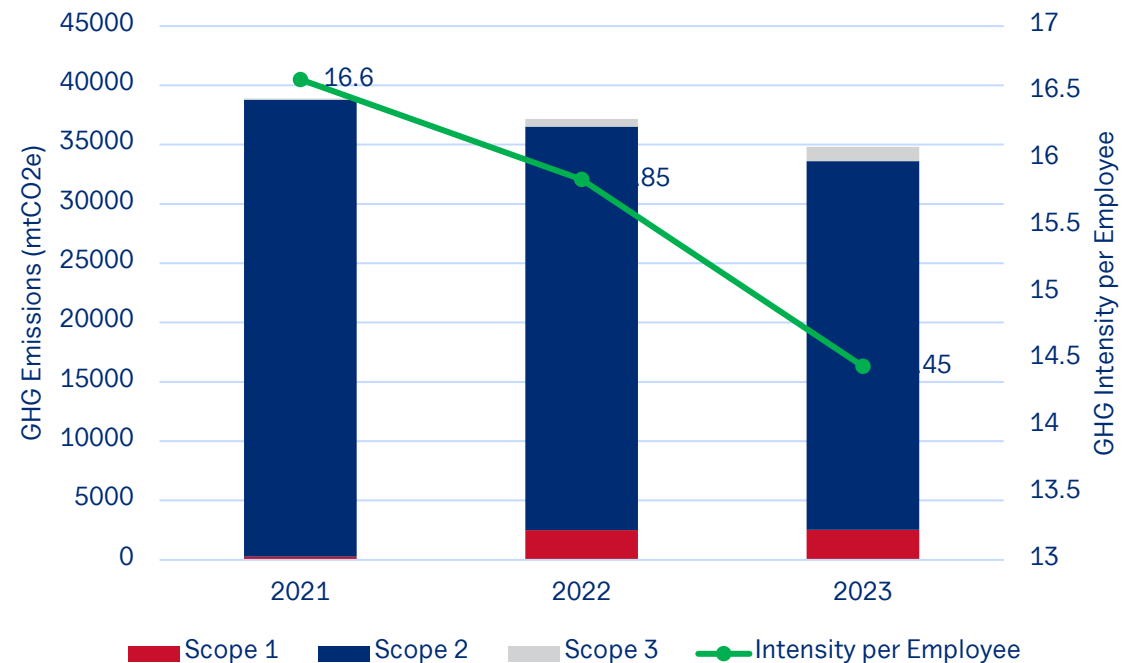
NBK has consistently demonstrated its commitment to environmental sustainability by diligently measuring and managing its Greenhouse Gas (GHG) emissions. This commitment is reflected in our comprehensive GHG emissions inventory, which provides a detailed account of the emissions generated from our operations.

2023				
Scope	GHG Emissions (mtCO ₂ e)	% of Total Emissions	Emission Source	GHG Emissions (mtCO ₂ e)
Scope 1	2,537.11	7.3%	Stationary Combustion	267.06
			Mobile Combustion	507.19
			Fugitive Emissions	1,762.85
Scope 2	31,072.16	89.2%	Purchased Electricity	31,072.16
Scope 3	1,219.45	3.5%	Category 5 – Waste generated in operations	137.81
			Category 6 – Business travel	1,081.65
Total				34,828.72

GHG Emissions (mtCO ₂ e)	2021	2022	2023	Change	% Change from Baseline (2021)
Scope 1	276.00	2,510.81	2,537.11	Increase	819.24%*
Scope 2	38,522.00	34,005.00	31,072.16	Decrease ↓	-19.34%
Scope 3	87.00	646.07	1,219.45	Increase	1301.67%*
Total GHG Emissions	38,885.00	37,161.88	34,828.72	Decrease ↓	-10.43%
Intensity per Employee	16.60	15.85	14.45	Decrease ↓	-12.96%

*Note: The significant increase in Scope 1 and Scope 3 compared with the baseline year is explained by NBK's return to normal operations after COVID-19 in 2021 and the expansion of emissions sources which were previously limited in data.

Year-over-Year GHG Emissions



By joining PCAF, NBK is working towards expanding its scope 3 carbon emissions accounting to include **financed emissions**, which we consider as the most material part of our environmental footprint.

Governance For Resilience



Building Robust ESG Governance

NBK is committed to robust ethical standards that are hand-in-hand with comprehensive strategic planning and effective, transparent, and reliable Governance and Risk Management structures, policies, and processes.

Our Approach

Committed to supporting the transition to sustainable economy as an integrated core of NBK business strategy.

Committed to developing formal systems to assess and manage climate and ESG-related risks and opportunities.

Committed to developing and integrating the highest standards of ESG governance and accountability across the Group.

Key Highlights

- Finalized and approved:
 - Group ESG Strategy with a three-year strategic roadmap and targets.
 - ESG Governance Structure and Framework, fundamental to promote and oversee the ESG strategy, net zero plans and culture across the Group
 - Group-level ESG Policy.
- Established management-level Sustainability & Climate Change Committee with direct oversight from the Board.
- Provided the Board with ESG training on key aspects in the ESG ecosystem.
- Institutionalized alignment with the recommendations of Taskforce on Climate-related Financial Disclosures (TCFD). In the process of developing bank-wide ESRM.

Alignment with Global Frameworks

In April 2024, joined the Partnership for Carbon Accounting Financials (PCAF).



WE SUPPORT



A signatory of UN Global Compact (UNGC) since January 2023.



Maintained a “C” score in 2023 from CDP for the FS Climate Change and Forests Categories.



Aligned operational carbon emissions with the GHG Protocol global framework.



Board Composition

Number of Directors

11

NBK Group Board of Directors is composed of (6) non-executive members, (4) independent members, (1) executive member.

Independent Directors

36%

4 out of 11 Board members are independent with average tenure of 2.5 years on the Board.

Women on Board

9.1%

NBK elected its first female Board member in 2022.

Average Tenure (Years)

9

Average length of tenure on the Board.

Industry Experience

91%

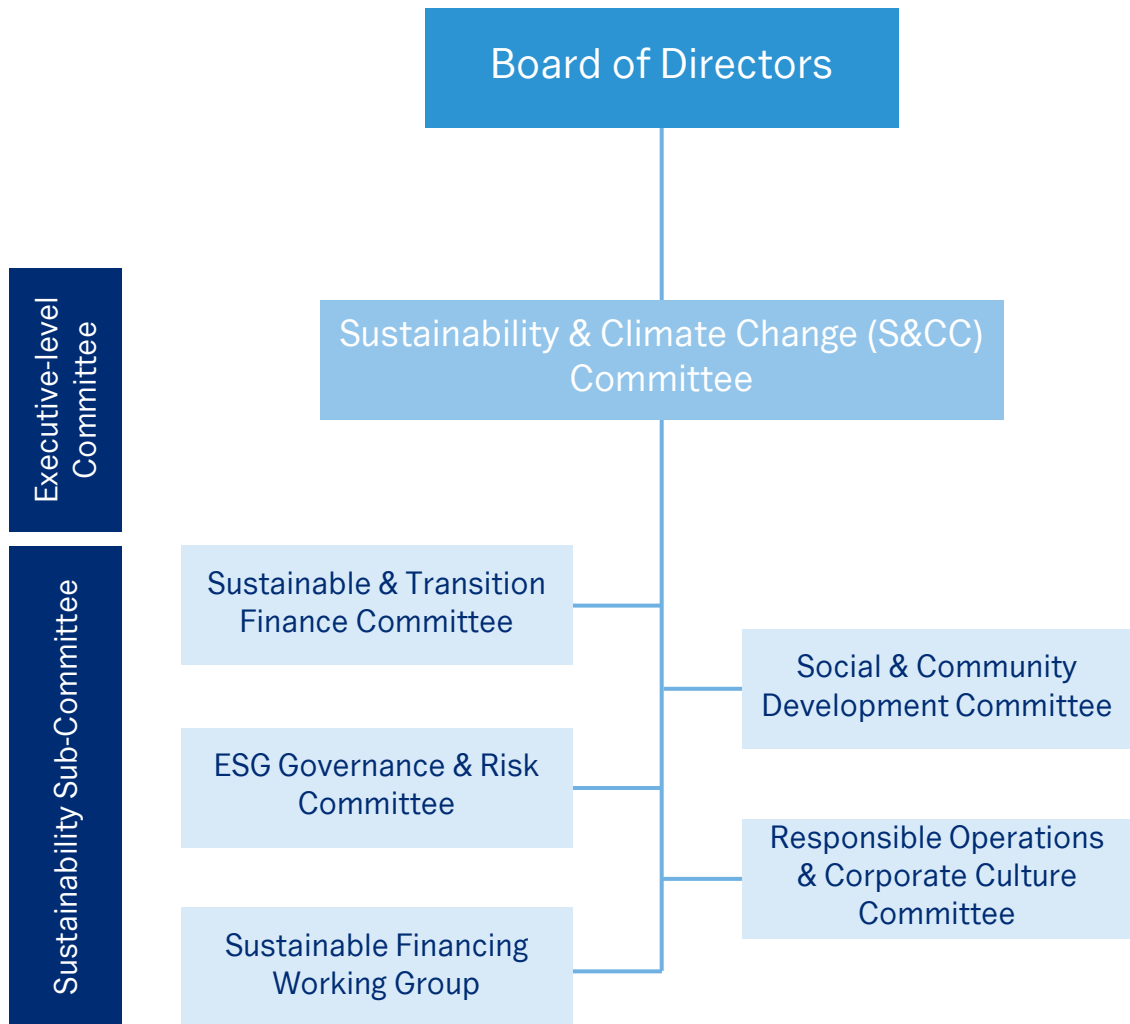
10 out of 11 Board members have extensive industry expertise.

Balanced, qualified, and diverse composition in the boardroom.

Separate and complementary roles of Chairman and Group CEO.



A Modular ESG Governance Framework



- The Board has the ultimate responsibility to implement the Group’s ESG direction and strategy.
 - The Board’s charters and responsibilities were updated to include ESG-specific mandate.
 - In conjunction with strategy oversight, the Board approved the establishment of S&CC Committee and its five sub-committees to formalize and implement the mandate.
-
- The S&CC Committee has the highest authority at management-level for decisions on ESG-related matters across the Group.
 - The S&CC Committee is chaired by the Vice Chairman and Group CEO with direct Board oversight.
 - The S&CC Committee has been assigned with ESG-specific KPIs to establish alignment and steer decision-making in line with the Group’s ESG strategy.
-
- The five sub-committees comprise of members of the Executive Management, assigning them with ESG roles within their relevant areas.
 - The committees operate under the delegated authority of the Sustainability & Climate Change Committee and convene at least quarterly.
 - ESG-specific KPIs were developed and formalized for the Executive Management.

Sustainability Committees: Overview

In developing our ESG Governance Model we adopted a modular approach, bringing together a diverse group of stakeholders across the Bank. We believe developing a modular governance model can be more effective and efficient. It allows our identified ESG material topics to be assigned to Business units that have expertise on the topic and will be primarily responsible for leading NBK's response to it. Presented below are our Sustainability Committees and their high-level purpose:

Committee	Committee Purpose
Sustainability & Climate Change (S&CC) Committee	The S&CC Committee has the highest authority at management-level for decisions on ESG-related matters across the Group. It is responsible for overseeing and governing the implementation of the Group ESG Strategy.
Sustainable & Transition Finance Committee	To supervise, manage, and approve the development of sustainable finance value propositions and realization of business opportunities presented by the transition to a low carbon economy.
Sustainable Financing Working Group (SFWG)	To govern the selection and monitoring of eligible projects in line with NBK Sustainable Financing Framework.
ESG Governance & Risk Committee	To supervise and manage the integration of ESG matters into the Group's overall governance and risk activities. In addition to governing the alignment of the Group's activities with international sustainability frameworks.
Social & Community Development Committee	To oversee and govern the Group's efforts in expanding community engagement and investment, in line with the Group's ESG Strategy and UN SDGs.
Responsible Operations & Corporate Culture Committee	To supervise, manage, and approve the integration of ESG matters into the Group's own operations, including environmental footprint (operational), supply chain, human capital management, and digital transformation elements, in line with the Group's ESG Strategy.

The Sustainability & Climate Change Committee and its five Sustainability Sub-Committees convened several times during FY 2023 to establish mandate and formalize the ESG Strategy Roadmap for FY 2023-2025. The key outcomes from the committees' meetings include:

Key Decisions (2023)



- Orchestrated the development of the ESG Governance Model.
- Approved institutionalizing the development of a Group-wide ESG Policy.
- Authorized the development of a TCFD Manual with the aim of reporting on the TCFD recommendations in FY2024.
- Monitored the launch of Eco-friendly Housing Loan and Eco-Friendly Auto Loan.
- Endorsed the development of client engagement plans to increase ESG awareness among consumers and support corporate clients in designing and implementing their transition plans.
- Approved the integration of ESG principles into NBK Kuwait Procurement Policy and supply chain management.
- Approved the CSR Budget for FY 2024 aligned with the Group ESG Strategy and the UN SDGs.



Climate Risk Management

NBK is committed to developing economic, environmental, and social risk resilience across the Group. Building an ESG risk culture across the Bank is equally important for setting an effective and robust ESG governance structure.

NBK Kuwait

Established management-level ESG Governance and Risk Committee.

Accounted for climate change risks in the Pillar II Assessment presented in the ICAAP report.

In the planning phase of developing a bank-wide Environmental & Social Risk Management (ESRM) Framework.

Developed a Taskforce on Climate-related Financial Disclosures (TCFD) Manual with the aim of reporting on the TCFD recommendations in FY2024.

Provided a total of 43 training hours for key stakeholders from Risk, Credit, Finance, Internal Audit, Governance, and Sustainability on TCFD and climate risk management.

In April 2024 NBK joined PCAF, committing to robust and transparent disclosure of financed emissions in order to ultimately provide us with a baseline assessment of climate-related risks in our portfolio.

NBK International Branches and Subsidiaries

NBK - Egypt

In line with Central Bank of Egypt Sustainable Finance Regulations:

- Incorporated sustainable financing principles within the Bank's credit and investment policies.
- Effective August 2023, engaged with an accredited environmental expert by Egypt's Ministry of Environment to assess the environmental risks of large corporate projects.
- Developed an Environmental and Social Risk Management Framework.

NBK - International London

- In compliance with the Bank of England's Supervisory Statement (SS3/19) for managing financial risks from climate change, has established appropriate policies and processes to manage climate-change risks, e.g., in credit assessments.
- Undertakes stress testing and scenario analysis to test the resilience of the Bank's strategy to climate change risks. NBKI's London Board/BRC and EMC have been assigned oversight over credit approvals and annual reviews.

NBK - Singapore

- In response to the regulatory guidelines issued by Monetary Authority of Singapore (MAS) on the "effective governance, robust risk management, and meaningful disclosure of environmentally-related risks", has developed an Environmental Risk Management Framework.

NBK - France

- In the process of embedding climate-related and environmental risks in its business strategy and governance, and risk management framework, in line with EBA's guidelines on environmental and climate risks.
- In February 2024, approved including climate-related and environmental risks in its Risk Appetite Statement.
- Considers climate-related and environmental risks in its credit-granting process, in particular for its residential and commercial real estate activities.

ESG Advocacy: NBK's Thought Leadership on ESG

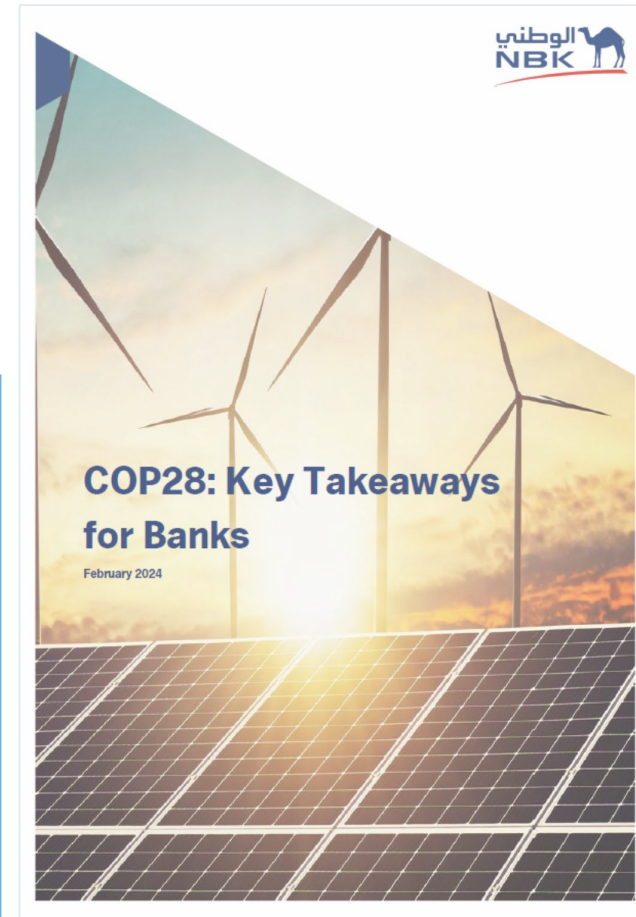
NBK is committed to promoting ESG advocacy in the markets it operates, recognizing the value it creates for its key stakeholders, including investors, clients, regulators, and the community. To that extent, NBK took proactive steps in developing its first ESG Thought Leadership piece, summarizing the key takeaways from COP28 and its impact on the financial services sector.

Happening twice, consecutively, in the region, COP emphasized the region's growing significant role in advancing climate action.

In Dubai, UAE, nearly 200 nations convened to assess progress against their nationally determined contributions (NDCs) through the Global Stocktake Report, concluding with a breakthrough decision to transition away from fossil fuels towards renewable and clean energy sources in order to achieve net-zero emissions by 2050. Achieving the ambitious climate targets of the Paris Agreement necessitates unprecedented scaling up of climate finance and investments in climate technologies towards low-carbon economies.

Areas of levers for the banking sector from COP28:

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



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



Report | COP28: Key Takeaways for Banks

Capitalizing on Our Capabilities





Developing a Diverse, Inclusive, and Agile Workforce

The essential ambition of NBK’s Capitalizing on our Capabilities strategy pillar is to drive sustainable business growth achieved through organizational resilience. This starts with our workplace management, our policies, culture, practices and programs that enable bank-wide ESG transformation through enhanced employee engagement and development programs. NBK is strongly committed to promoting diversity, equity and inclusion (DE&I), ensuring health, safety and wellbeing, and establishing a digital and agile work environment through innovative digital solutions.

Diversity, Equity, and Inclusion

44.0% females in the workforce, 28.8% females in managerial positions.

41.9% of new hires are female.

First cohort graduated from ‘NBK RISE’ women leadership program.

263 total STEM employees. Women hold 27.8% of the STEM positions.

A diverse workforce which represents 39 nationalities, in NBK Kuwait alone.

Initiated development of a DEI strategy, with the aim of rolling it across the Group.

Talent and Development

399 new employee hires, of which 189 are fresh graduates.

Maintains a Succession Plan that is reviewed annually by the Board.


Provided 20 Sustainability Champions across the Bank with a Global Reporting Initiative (GRI) Standards training.


147,701 total training hours. On average, each employee received 61 training hours.


3,306 total training hours on ESG topics: Sustainable Finance, Climate Risk, Corporate Sustainability.


Launched a monthly ESG newsletter in January 2023 across the Group to build employees’ ESG capacities.

Employee Wellbeing


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

 Partnered with WARA Hospital to establish an in-house clinic at NBK’s HQ.

 Achieved an absenteeism rate of 2.4%, highlighting an 11.1% reduction from 2022.

 Launched the Employee Engagement Survey “Your Voice Matters” in 2023.

 Finalized and approved Staff Grievance Policy.

 Introduced Wellbeing Programs on NBK Learning Hub. In 2023, 357 employees accessed and completed at least one program.

Digitalization at the Core

In line with NBK's ESG strategy pillar of 'Capitalizing on our Capabilities' and its commitment to "establish a digital and agile work environment", and driven by the Group's Digital Transformation Strategy, developing innovative digital solutions is key for the seamless integration between NBK's core business strategy and its ESG Strategy.

Recorded more than 50 million transactions through NBK Mobile Banking Application; a YOY growth of 19% in 2023.

469 out of 700 banking products, such as loans, credit cards, etc., were processed end-to-end through digital signatures.

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

Named "Best Innovation and Transformation - 2023" Globally and in the Middle East.

Case Studies

Customer 360



C360 is a multi-phase project that provides a state-of-the-art enhanced Customer Relationship Management (CRM). C360 delivers a holistic view of our relations with our corporate clients, further enhancing our relationship management.

Self-Service Analytics with Tableau



Through its collaboration with Tableau, NBK aims to enhance its data analytics capabilities by unlocking deeper insights from our data to streamline our analytics process. Business lines now have real-time visibility into how other departments streamline analytics, leading to time and cost savings.

Digital Investment Engagement in the NBK Mobile Application



Launched Digital Investment Engagement in the NBK Mobile App in collaboration with SmartWealth by NBK Capital to provide NBK mobile customers with integrated banking and investment services.

New Mobile Banking Application



The new NBK Mobile Banking Application, themed "Tailored for You", is an innovative value proposition for our customers, enhancing their user experiences and adding new banking features.

Investing in Our Communities

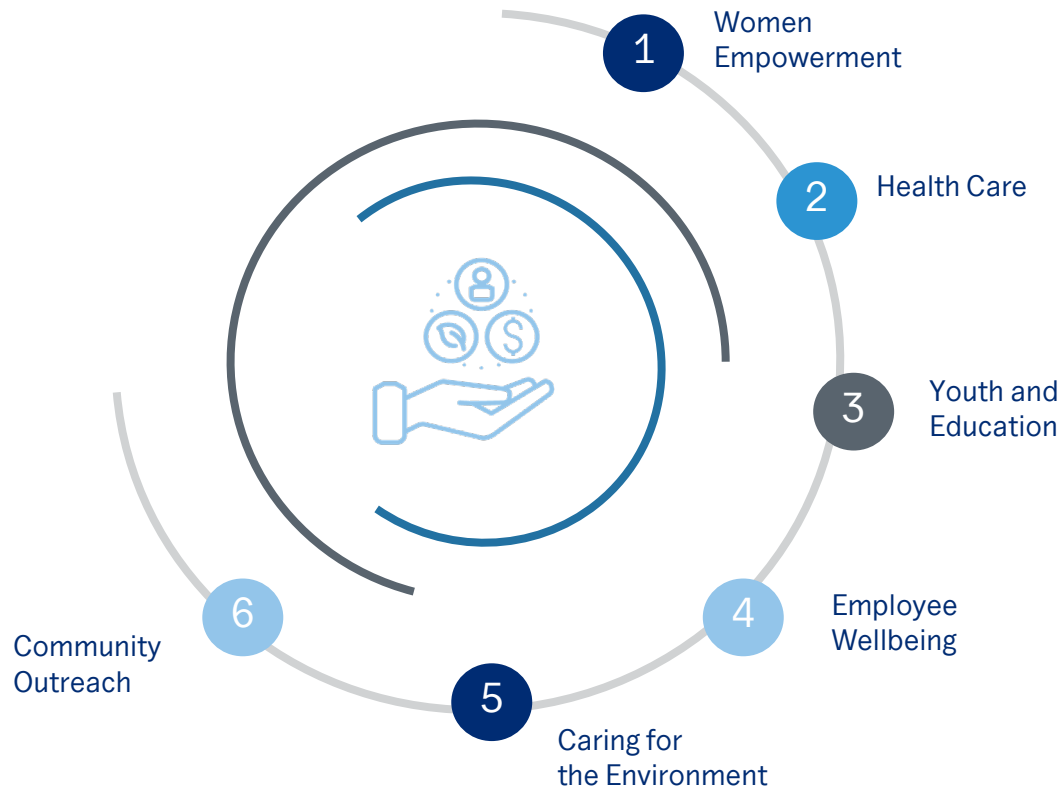




Our Approach to Community Development

Investing in our Communities is one of the four key strategic pillars of NBK’s ESG Strategy. NBK’s community investment focuses on providing optimal customer service and advocacy, increasing financial inclusion, accessibility and literacy, and ensuring customer protection and data privacy and security. NBK intends to uphold its strong legacy of maximizing the social impact of our businesses and operations while creating shared value in the communities where we operate.

NBK CSR Focus Areas



Key Community Partners

Lothan Youth Achievement Center (LOYAC)	Creative Confidence
Kuwait Association for the Care of Children in Hospital (KACCH)	Bayt Abdullah Children’s Hospice (BACCH)
Kuwait Red Crescent Society (KRCS)	Center 21 for Special Needs
Omniya	Kuwait Diving Team

Making a Positive Impact on our Communities

Our goal is to optimize our social impact and prioritize our ongoing substantial commitment to community development. NBK intends to uphold its strong legacy of maximizing the social impact of our businesses and operations while contributing actively to the communities where we operate.

Corporate Responsibility

KD 28 (USD 91) million total community investments, a 22% increase from 2022.

Reviewed and updated the CSR Policy to further align our approach with the Group ESG Strategy and the UN SDGs.

Partnered with Visa on 'She's Next' initiative, a global advocacy program that supports women-owned small businesses.

Renewed partnership with the Kuwait Dive Team project to protect coral reefs. In 2023, removed 150 tons of waste from Kuwait's ocean.

Organized an awareness workshop for media and news agencies in Kuwait on Sustainability and Climate Change.

Financial Literacy, Inclusion, and Accessibility

- Officially launched 'Bankee' financial literacy program in Kuwait's private and public schools, with 15,000+ students and 3,000+ teachers participating.
- KD 20 (USD 60) million SME lending, a 12% increase from 2022.
- Launched new designs for all our cards with design themes especially for the visually impaired.
- Committed to expand Al Amil low-wage employees' card segment. In 2023, recorded 41,602 active cards, achieving YOY growth of 55%.
- Actively involved in the Central Bank of Kuwait's "Let's Be Aware" campaign, which is focused on raising awareness on critical financial and data security matters.

Data Security and Privacy

Zero incidents of data leaks or breaches.

Maintained ISO 27001 Certification and is compliant with Central Bank of Kuwait (CBK) Cybersecurity Framework.

NBK employees received Data Security Training and Awareness. This training is conducted annually.

To uphold high standards, independent external audits of our Information Security Policies and Systems are conducted annually.

Nurturing Local Talent

A significant cornerstone of our 'Investing in our Communities' strategic pillar is to support national development plans to promote and nurture local talent. We continue to deliver on the Central Bank of Kuwait efforts to increase nationalization in the financial services sector by developing and implementing a tailored and dynamic approach to talent attraction and development.

Tailored Initiatives

Tamakan:

Sponsored 'Tamakan' program for the fourth consecutive year. 'Tamakan' is a hands-on training experience for young Kuwaiti graduates that provides them with self-development and growth opportunities.

NBK Academy:

Continued to offer NBK Academy since 2008, a training program specifically created for hiring young Kuwaitis and providing them with required skillsets to operate in different areas of the Bank.

NBK Tech Academy:

In 2023, introduced NBK Tech Academy, a first of its kind program in Kuwait, focusing on providing local talents with requisite knowledge on digital and data technologies.

Key Highlights

- 76.7% Kuwaitization rate in 2023, YOY growth of 2%.
- 84.5% of new hires are Kuwaitis.
- Achieved around 9% reduction in turnover rate of Kuwaitis.
- 34 participants graduated from 'Tamakan' 2023 cohort.
- 18 candidates were hired through NBK Academy in 2023.

Prominent Recognition



NBK Academy named “Best Youth Programme Initiative” by MEED MENA Banking Excellence Awards.



'Tamakan' received the “The Social Work Pioneer Project Award” from the GCC Council of Ministers of Social Affairs and Labor.



Received the “Job Replacement and Nationalization Award” on the GCC level.



Data Performance Tables



Environmental

Metric	Calculation	2023	2022
GHG Emissions	E1.1) Total amount, in CO2 equivalents, for Scope 1 (if applicable)	2,537.11 mtCO2e	2,141 mtCO2e
	E1.2) Total amount, in CO2 equivalents, for Scope 2 (if applicable)	31,072.16 mtCO2e	34,005 mtCO2e
	E1.3) Total amount, in CO2 equivalents, for Scope 3 (if applicable)	1,219.45 mtCO2e	389 mtCO2e
Emissions Intensity	E2.1) Total GHG emissions per output scaling factor	14.45 mtCO2e per employee	15.58 mtCO2e per employee
	E2.2) Total non-GHG emissions per output scaling factor	N/A	N/A
Energy Usage	E3.1) Total amount of energy directly consumed	183,136,478 Megajoules	194,312,044 Megajoules
	E3.2) Total amount of energy indirectly consumed	N/A	N/A
Energy Intensity	Total direct energy usage per output scaling factor	75,990.2 Megajoules per employee	82,826.9 Megajoules per employee
Energy Mix	Percentage: Energy usage by generation type	100% purchased electricity	100% purchased electricity
Water Usage	E6.1) Total amount of water consumed	46,901,692 Imperial Gallons (IG)	38,223,713 Imperial Gallons (IG)
	E6.2) Total amount of water reclaimed	N/A	N/A
Environmental Operations	E7.1) Does your company follow a formal Environmental Policy? Yes/No	No	No
	E7.2) Does your company follow specific waste, water, energy, and/or recycling polices? Yes/No	Yes	Yes
	E7.3) Does your company use a recognized energy management system? Yes/No	Yes	Yes
Environmental Oversight	Does your Board/Management Team oversee and/or manage climate-related risks? Yes/No	<p>The Board's charters and responsibilities were updated to include ESG-specific mandate.</p> <p>The Board also approved the establishment of the Sustainability & Climate Change Committee and its five sub-committees to formalize and establish mandate, forming the ESG Governance Framework of the Group. The committees comprise of members of the Executive Management, assigning them with ESG roles within their relevant areas.</p>	<p>Yes, the BOD and Board Sub-Committees' charters were formally revised during 2022 to reflect key ESG-related responsibilities to steer the Board's decision-making in line with NBK's ESG Strategy. The Board acknowledges its duty to manage how emerging ESG and climate change risks and opportunities should be addressed.</p>
	Does your Board/Management Team oversee and/or manage other sustainability issues? Yes/No	Yes	Yes



Social

Metric	Calculation	2023	2022
Gender Pay Ratio	Ratio: Median male compensation to median female compensation	In 2023, NBK reported mean and median salaries per Grade/Level. There is an almost 1-to-1 parity between female and male compensation (median and mean) when examining it on a per grade/level basis.	In 2022, NBK reported mean and median salaries per Grade/Level. There is an almost 1-to-1 parity between female and male compensation (median and mean) when examining it on a per grade/level basis.
Employee Turnover	S3.1) Percentage: Year-over-year change for full-time employees	2.7%	0.7%
	S3.2) Percentage: Year-over-year change for part-time employees	Percentage of part-time employees in 2023 is 0.12%. This represents a 25% decrease from 2022.	Percentage of part-time employees in 2022 is 0.17%. This represents a 69.23% decrease from 2021.
	S3.3) Percentage: Year-over-year change for contractors and/or consultants	N/A	N/A
Gender Diversity	S4.1) Percentage: Total enterprise headcount held by men and women	Percentage of Males in workforce: 56% Percentage of Females in workforce: 44%	Percentage of Males in workforce: 56% Percentage of Females in workforce: 44%
Temporary Worker Ratio	S5.1) Percentage: Total enterprise headcount held by part-time employees	In 2023, NBK workforce had 3 part-time employees, representing 0.12% of total workforce.	In 2022, NBK workforce had 4 part-time employees, representing 0.17% of total workforce.
	S5.2) Percentage: Total enterprise headcount held by contractors and/or consultants	N/A	N/A
Non-Discrimination	Does your company follow a sexual harassment and/or non-discrimination policy? Yes/No	Yes	Yes
Injury Rate	Percentage: Frequency of injury events relative to total workforce time	Zero	Zero
Global Health and Safety	Does your company follow an occupational health and/ or global health and safety policy? Yes/No	Yes	Yes
Child and Forced Labor	S9.1) Does your company follow a child and/or forced labor policy? Yes/No	Yes, Human Rights Statement	Yes, Human Rights Statement
	S9.2) If yes, does your child and/or forced labor policy also cover suppliers and vendors? Yes/No	Yes, Human Rights Statement	Yes, Human Rights Statement
Human Rights	S10.1) Does your company follow a human rights policy? Yes/No	Yes, Human Rights Statement	Yes, Human Rights Statement
	S10.2) If yes, does your human rights policy also cover suppliers and vendors? Yes/No	Yes, Human Rights Statement	Yes, Human Rights Statement
Nationalization	S11.1) Percentage of national employees	76.7%	75.1%
	S11.2) Direct and indirect local job creation	399 new hires, of whom 84.5% are Kuwaitis.	325 new hires, of whom 86% are Kuwaitis.



Governance

Metric	Calculation	2023	2022
Board Diversity	G1.1) Percentage: Total board seats occupied by men and women	91% male representation 9% female representation	91% male representation 9% female representation
	G1.2) Percentage: Committee chairs occupied by men and women	100% occupied by males	100% occupied by males
Board Independence	G2.1) Does your company prohibit its CEO from serving as board chair? Yes/No	Yes	Yes
	G2.2) Percentage: Total board seats occupied by independents	36%	36%
Incentivized Pay	Are executives formally incentivized to perform on sustainability? Yes/No	Yes	Yes
Collective Bargaining	Percentage: Total enterprise headcount covered by collective bargaining agreement(s)	N/A. The nature of NBK's operations do not require collective bargaining agreements.	N/A. The nature of NBK's operations do not require collective bargaining agreements.
Supplier Code of Conduct	G5.1) Are your vendors or suppliers required to follow a Code of Conduct? Yes/ No	Yes	Yes
	G5.2) If yes, what percentage of your suppliers have formally certified their compliance with the code?	100%	100%
Ethics and Anti-Corruption	G6.1) Does your company follow an Ethics and/or Anti-Corruption policy? Yes/No	Yes	Yes
	G6.2) If yes, what percentage of your workforce has formally certified its compliance with the policy?	100%	100%
Data Privacy	G7.1) Does your company follow a Data Privacy policy? Yes/No	Yes	Yes
	G7.2) Has your company taken steps to comply with GDPR rules? Yes/No	N/A	N/A
Sustainability Reporting	G8.1) Does your company publish a sustainability report? Yes/No	Yes	Yes
	G8.2) Is sustainability data included in your regulatory filings? Yes/No	N/A	N/A
Disclosure Practices	G9.1) Does your company provide sustainability data to sustainability reporting frameworks? Yes/No	Yes	Yes
	G9.2) Does your company focus on specific UN Sustainable Development Goals (SDGs)? Yes/No	Yes	Yes
	G9.3) Does your company set targets and report progress on the UN SDGs? Yes/No	Yes	Yes
External Assurance (Recommended)	Are your sustainability disclosures assured or validated by a third party? Yes/No	Yes	Yes

NBK 2023 Sustainability Report



The 2023 Sustainability Report marks NBK's eighth consecutive report. NBK's 2023 Sustainability Report summarizes the Bank's material ESG and sustainability-related issues and performance data, as well as our Group-wide ESG policies, strategy, and commitments, for the reporting period January 1 to December 31, 2023.

Our 2023 Sustainability Report is organized around the four pillars of NBK's ESG Strategy Framework. It is informed by a number of national and international sustainability and ESG reporting standards and frameworks, including Global Reporting Initiative (GRI) standards, Sustainable Accounting Standards Board (SASB), GHG Protocol, UN Sustainable Development Goals (UN SDGs), UN Global Compact (UNGC) and others. Furthermore, NBK externally verified both its Greenhouse Gas (GHG) emissions data for the year ended 31 December 2023, and its alignment with the GRI standards.

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

- Translating the 'tone at the top' into 'action in the middle' via a modular ESG governance framework;
- Building resilience against climate change risks and developing mechanisms to capture opportunities;
- Supporting the transition to a sustainable, lower carbon economy through innovative, climate-oriented financing and tailored client engagements;
- Achieving organizational excellence through diversity, equity, and inclusion, enhanced employee engagement and development programs, and innovative and agile digital solutions; and
- Delivering positive impact on the communities we serve through SDG-linked community investments, optimal customer experience and service excellence, strengthened customer privacy and data security, and enhanced focus on financial literacy and accessibility.



Scan to Access the Report



Thank You.

For more information, please visit nbk.com or contact:

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