

# Building Our Sustainable Future

Sustainability Report 2019



# About This Report



**Scope of the Report (102-46, 102-52)**

We are happy to release NBK's fourth full Sustainability Report. In this report, we describe our approach to sustainability, governance, and responsible business practices and then document our economic, social and environmental performance. From 2008-2015, NBK published annual CSR (Corporate Social Responsibility) reports describing the company's initiatives to contribute to the community. In response to emerging stakeholder expectations about disclosure of ESG (Environment, Social and Governance) issues and opportunities, NBK evolved our CSR report to a full Sustainability Report starting in 2016.

**In Accordance With GRI (102-54)**

The 2019 NBK Sustainability Report follows the guidelines of the Global Reporting Initiative (GRI) standards: Core option. For more details, please refer to Appendix A of the GRI Content Index.

**Reporting Period (102-50, 102-52)**

This report covers the reporting period January 1 – December 31, 2019. The data provided describes NBK's Kuwait operations only, unless otherwise stated.

**Context for This Report (102-46)**

Our goal is to transparently communicate to our stakeholders about NBK's sustainability-related impacts, progress and plans.

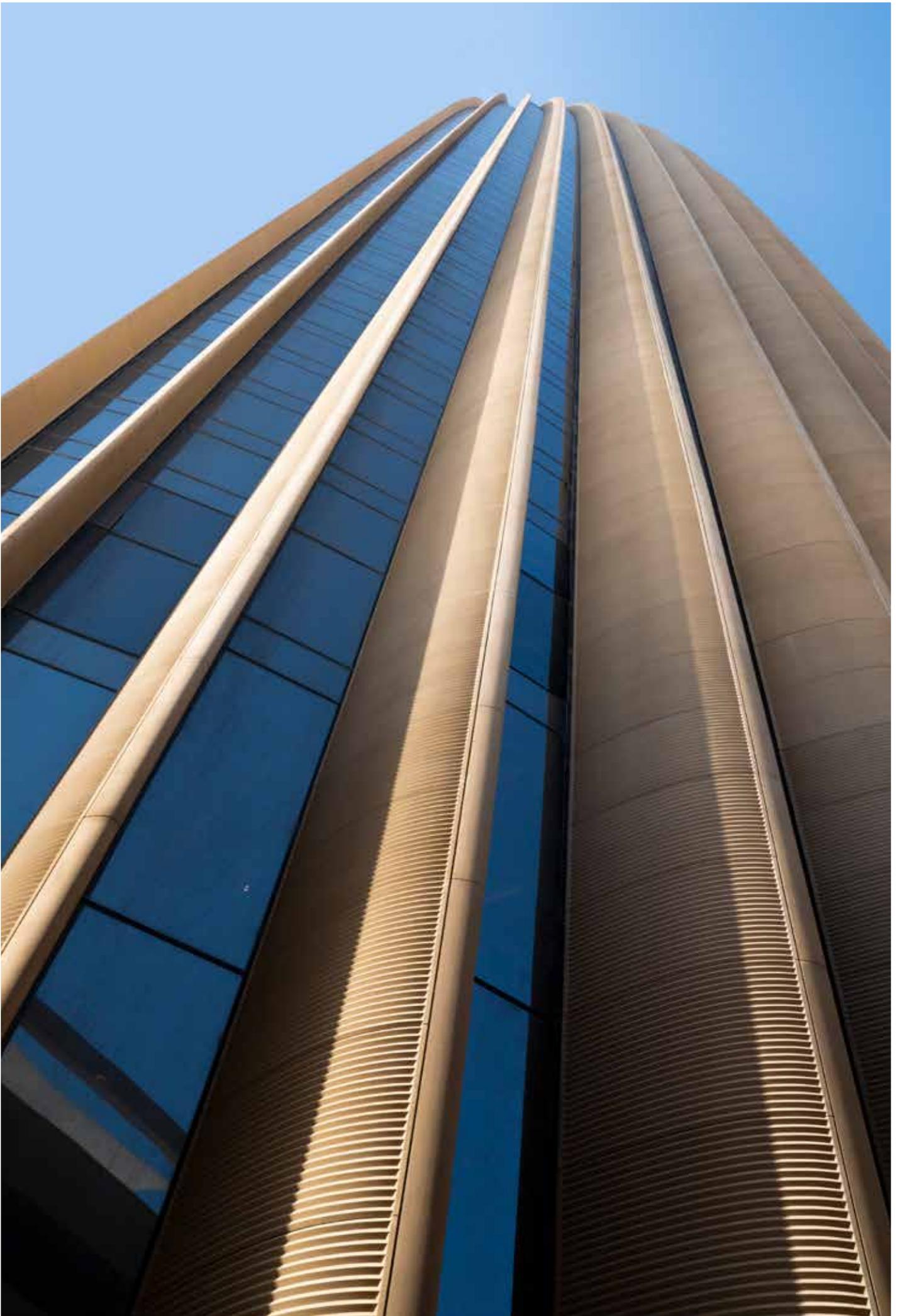
This report addresses impacts, issues and opportunities of concern to all stakeholders, including customers, employees, shareholders, investors, vendors, government entities, and community. This year's report is organized in four major sections that cover these focus areas, providing discussion of NBK's impacts and performance in Environment, Social and Governance issues, and with our People. It also presents our strategic approach to sustainability along with our materiality analysis and defines how our sustainability initiatives are in alignment with global and national frameworks.

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

NBK welcomes comments, communication and feedback about this report and our sustainability efforts more generally. We invite your support in helping us strengthen our sustainability strategy and practices.

**Contact:**

sustainability@nbk.com  
Tel: (965) 22592665



# 2019 Sustainability Highlights

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Volunteer  
Hours:

**34%**

increase

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Total Waste Paper  
Recycled:

**19.6%**

decrease

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Total Community  
Investment:

**11%**

increase

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NBK Hospital  
Investment:

**9%**

increase

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Percentage of  
Procurement  
Expenditure to  
Local Suppliers:

**3.1%**

increase

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ESG Index Inclusion:

**FTSE4Good**

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Health & Safety  
Incidents:

**0**

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Direct Economic  
Impact:

**16.7%**

increase

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Percentage of Females  
in the Workplace:

**45%**

maintained

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Kuwaitization  
Rate:

**8.5%**

increase

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Active Mobile Banking  
Customers:

**28%**

increase

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Active Online Banking  
Customers:

**10%**

increase

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# Message from NBK's Chairman

(102-14)

Nasser Musaed  
Abdulla Al-Sayer  
Chairman of the Board  
of Directors



“This report’s ESG focus is a tribute to NBK’s outstanding accomplishment of being included for the first time in the FTSE4Good index.”

I am delighted to present our 2019 Sustainability Report, which we are proudly publishing for the fourth year in a row.

On behalf of the Board of Directors, I extend my gratitude to all NBK stakeholders who were involved in continuously supporting and enabling our sustainability practices.

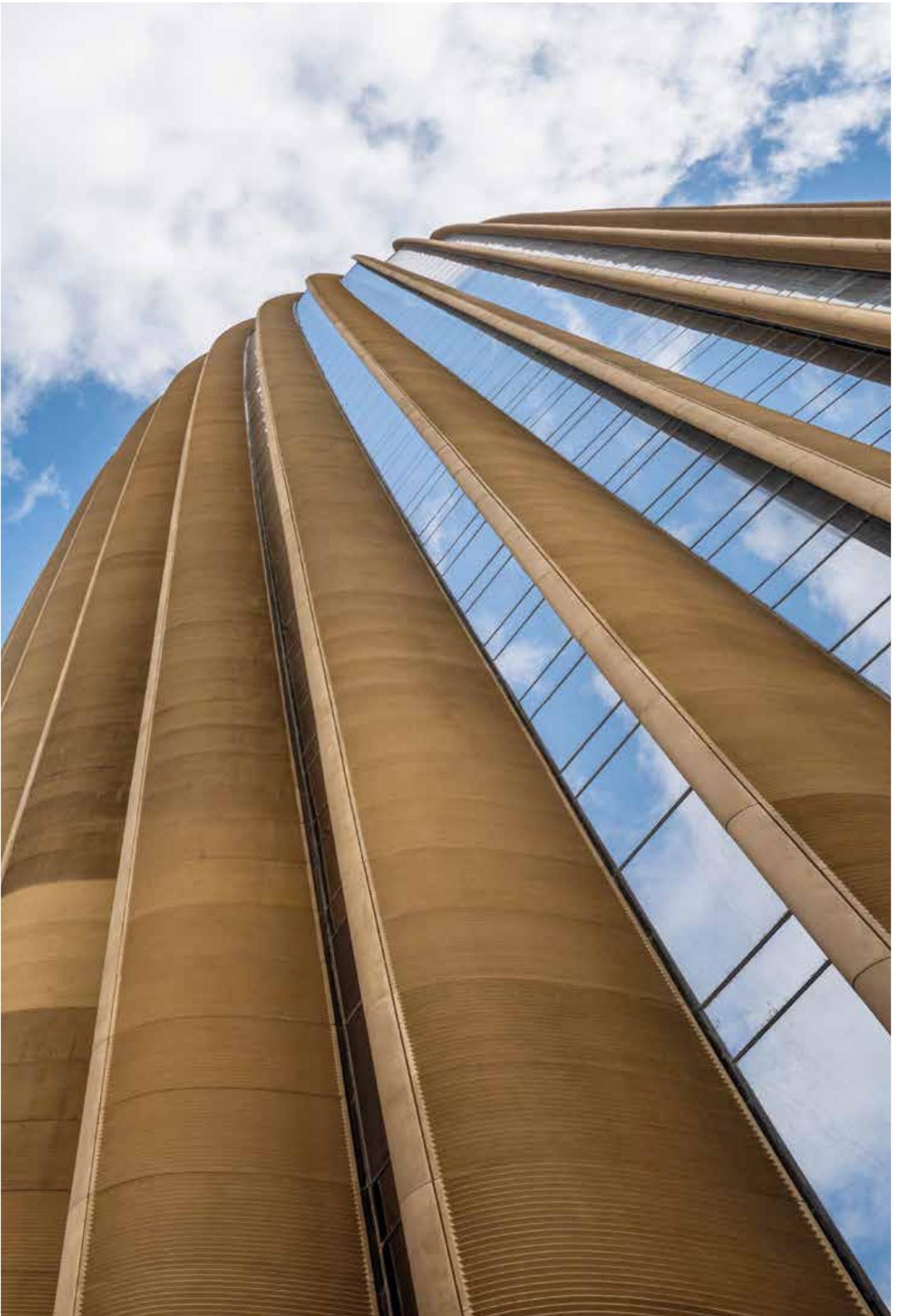
This year, our report is focused on Environmental, Social, and Governance (ESG) highlighting these three topics while also emphasizing the importance of employee and business aspects to support our ESG directions. Our commitment and progress in ESG were recognized by NBK’s outstanding accomplishment this year of being included for the first time in the FTSE4Good index.

Additionally, our 2019 Sustainability Report is closely aligned to the Kuwait National Development Plan (KNDP),

UN Sustainable Development Goals (SDGs), and Global Reporting Initiative (GRI) standards. Our report also integrates 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

In conclusion, we hope that this Sustainability Report proves to be a valuable tool for you, our cherished stakeholders, in understanding our ESG efforts and we look forward to you sharing your feedback with us.



# About NBK

(102-1, 102-2, 102-3, 102-4, 102-6, 102-16)

## NBK Profile & Markets Served

National Bank of Kuwait (NBK) was founded in Kuwait City in 1952 with the vision "to be the trusted bank of choice, building on our core values, people and expertise". Building on our many achievements over the last sixty-seven years, NBK continues to pursue this goal within the current business, socio-economic and environmental context.

The Bank's core business segments are:

- Consumer and Private Banking
- Corporate Banking
- Islamic Banking (Through Subsidiary Boubyan Bank)
- Investment Banking and Asset Management (Through Subsidiary NBK Capital)

In 2019, NBK generated a net operating income of KWD 895.5 million, with a total number of employees in Kuwait reaching 2,294.

In addition to functioning as the leading Kuwait financial institution, NBK has extended its franchise across the Middle East and beyond to global markets. Our main operational focus is the Middle East and North Africa ('MENA') region, however

the Group also has a presence in China, France, Singapore, Switzerland, Turkey, the United Kingdom, and the United States. In 2019, NBK operated 68 branches in Kuwait. Internationally, NBK is present in 8 countries in the Middle East and in 6 international markets--amounting to 84 NBK Branches overseas.

## Vision

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 service quality to our customers.

To attract, develop and retain the best banking talent in the region.

To support the communities in which we operate.

To adhere to our core values of passion, integrity, conservatism and knowledge.

In following our mission, we believe that we will be able to achieve consistently superior returns to our shareholders.

## Values

- Passion
- Integrity
- Conservatism
- Knowledge

## Products & Services

Below is a list of the various products and services offered by NBK:

### Cards

1. NBK Multicurrency Mastercard Prepaid Card
2. Miles Cards' Exchange Feature

### Liabilities

3. Liabilities Retention Through Call Center

### Loans

4. Expand Expat Lending
5. Enhance Auto Loan Policy
6. Enhance Loan Buyout Program

### CVM

7. Family Banking
8. Direct Remit - Ripple
9. Concierge Service
10. Al Shabab Customer Age Tweak

### MOB

11. "Dark Mode" on NBK Mobile Banking App
12. WhatsApp integration With NBK Quick Pay
13. NBK Mobile Banking App on Your Smartwatch
14. Apply for a Loan – Ci-Net Integration
15. Apply for a Credit Card
16. Request Credit Limit Increase

17. Opening NBK Partial Withdrawal Deposit Account on NBK Mobile Banking App
18. Enhancements on the Term Deposit Account Opening
19. Ability to Book Term Deposits
20. Enhancements on the NBK Rewards Points
21. Display Rate When Making Transfers Across Currencies
22. Adjust SDK Integration – Tracking the Customers Opened and Installed the App

23. Ability to Transfer to NBK Brokerage Accounts
24. Display NBK Money Market and NBK Funds
25. Establish Standing Orders
26. NBK Geo Alerts
27. Show OTP in Keyboard

### Branches

28. Bulk Deposit Machine
29. Kuwait Airport T4 Branch
30. Re-allocate Farwaniya Branch

## Awards & Recognitions

NBK has continued to be recognized with strong credit ratings and industry awards and accolades.



- "Best Bank in Kuwait" for 2019
- "World's 50 Safest Banks" for 2019
- "Best Trade Finance Service" for 2018
- "Best Bank in the Middle East" for 2015
- "Best Emerging Markets Bank" for 2015

NBK has won 14 awards during this period, as illustrated in the table below.

Award Name	Publication/Party
Sharjah Award for Best 10 Gulf Establishments for 2018	Sharjah Chamber of Commerce and Industry
Best Retail Bank in Kuwait	Service Hero Awards 2018
Best Private Banking Services	Global Finance
Best Bank in Liquidity Management Middle East	Global Finance
Best Treasury and Cash Management in Kuwait	Global Finance
Best Bank in Kuwait	Global Finance
Real Time End-to-End payment tracking on customer payments -The innovators 2019/ Banking Innovation Award 2019 for the best digital banks and innovations in the financial services globally.	Global Finance
FTSE4GOOD Index	FTSE Russell's FTSE4Good Index Series
Best Consumer Digital Bank	Global Finance
Best in Mobile Banking	Global Finance
Best Emerging Markets Bank	Global Finance
Best FX Provider -Kuwait	Global Finance
Best FX Provider -ME	Global Finance
Bank of the Year 2019	The Banker

## The Banker

- "Best Bank in Kuwait" for 2018 - 2019



- FTSE Russell's FTSE4Good Index Series

## International Banking

NBK's international presence is in the form of branches, subsidiaries, and associates, as illustrated in the map.



NBK has 85 branches outside Kuwait. This year's updates concerning NBK's international presence include:

**NBK's headquarters address:**  
**P.O. Box 95 Safat 13001 Kuwait**

Location	Branches	NBK Ownership
<b>International</b>		
London	2	Subsidiary
Paris	1	Subsidiary
Geneva	1	Subsidiary
New York	1	Branch
Singapore	1	Branch
Shanghai	1	Branch



Location	Branches	NBK Ownership
<b>MENA</b>		
Lebanon	3	Subsidiary
Jordan	1	Branch
Bahrain	2	Branch
Saudi Arabia	3	Branch
UAE	2	Branch

Location	Branches	NBK Ownership
<b>MENA</b>		
Iraq-CBI	5	Subsidiary
Egypt	51	Subsidiary
Turkey-TB	11	Associate

### Sustainability Recognition

In addition to recognition for quality financial services and management, NBK has received increased interest and recognition from external ESG raters. In 2019, NBK was selected to be included in FTSE Russell's FTSE4Good Index Series in 2019.



The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products. Being listed as a constituent of this index is significant recognition of NBK's increasingly strong ESG performance and provides various benefits for NBK, including:

- Enhanced reputation among internal stakeholders, including employees and management
- Enhanced reputation among external stakeholders, including community, NGO's, government, etc.
- Raised awareness on NBK's brand
- Reflection that the NBK brand is aligned with sustainability
- Recognition of NBK's efforts on a global scale.

“This recognition from FTSE4Good is an important validation of our efforts thus far, and NBK's management team is proud of and grateful to all our employees for their outstanding work.”

**Nasser MUSAED Al-Sayer,**  
Chairman of NBK's Board of Directors

# The First Bank in Kuwait to Be Selected for the **FTSE4Good** Index Series

Leading in Sustainability

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Leading in Social Responsibility

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Leading in Governance

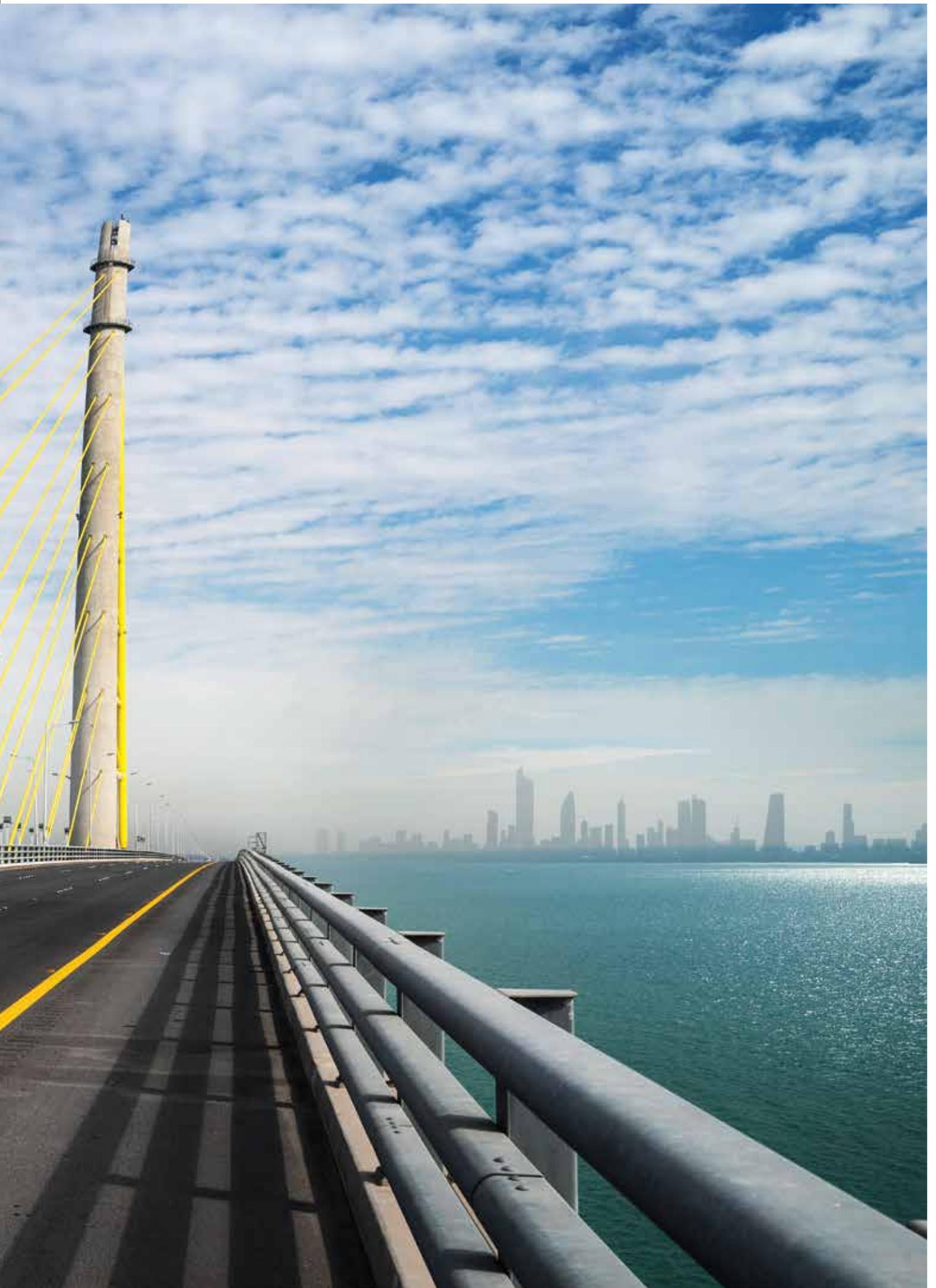
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Leading in Environmental Protection



# Our Sustainability Approach

Our six sustainability focus areas are critical to NBK, as we continuously strive to emphasize sustainability elements in our performance and report it accordingly. Our sustainability approach includes integration of ESG into strategy, stakeholder engagement, materiality assessment, and alignment to sustainability frameworks and drivers.

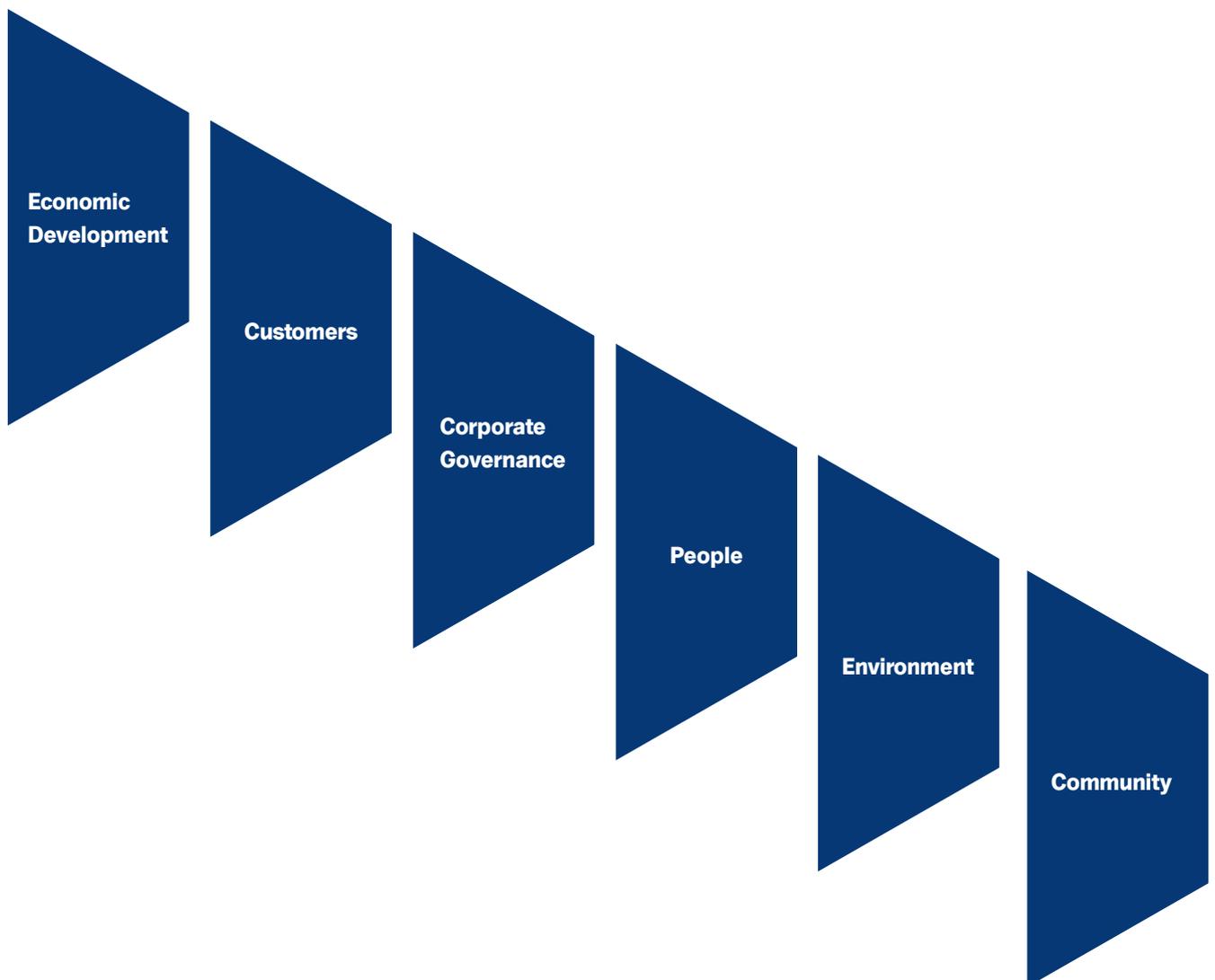


## Embedding ESG Within Our Business Strategy

NBK is increasingly integrating sustainability, also known as ESG (Environment, Social, Governance) within our core business strategy, both as a contributor to other strategic goals and as an important end in itself. Sustainability can contribute to our diversification as we identify new “green” or socially responsible product and service offerings, suggest new business avenues, and facilitate expansion geographically.

In 2016, NBK defined the following six sustainability pillars to provide the foundation for our ESG work. These pillars continue to guide our sustainability work today.

### Our Six Sustainability Pillars



## NBK Sustainability Targets

NBK has developed 5-year targets within our key sustainability focus areas.

Focus Area	5-Year Target
Serving Customers	Maintain Customer Satisfaction Rate at or Above 94%
	Achieve Turnaround Time for Complaints (submitted to CBK) of 15 Days
	Achieve Percentage of Active Users for NBK Mobile Banking of 50%
Caring For Our Environment	Achieve LEED Gold for New Headquarters Building
	Have Complete, Reliable Data on Total Waste Generated by EOY 2020
Contributing to Sustainable Economic Development	Maintain % of Local Suppliers at 72% or Higher
Respecting and Developing People	Current "Number of Women in Workforce" at 45%, With Potential Room for Growth
	Meet CBK Regulations for Progress on Kuwaitization Targets

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

AA1000 AccountAbility Stakeholder Engagement Standard (2015), the most widely applied global stakeholder engagement standard supporting organizations to assess, design, implement and communicate an integrated approach to stakeholder engagement defines stakeholders as "those individuals, groups of individuals and/or organisations that affect and/or could be affected by an organisation's activities, products or services and associated performance."

NBK's stakeholders include: employees, management, customers, investors, suppliers, community, government, etc. For convenient alignment to the appropriate products & services, NBK categorized its customer base into 5 main segments reflecting age, salary transfer, and deposit criteria.

The 5 customer categories are:

1. Zeina: (Age category from birth to less than 13 years)
2. Al Shabab Package: (For students age 13 to 24).
3. First jobbers: (Employees transferred salary to NBK from KD 400 to KD 1,499).
4. Thahabi: Salary transfer to NBK of KD 1,500 to KD 2,999 or Deposit of KD 30,000 or more in any bearing account including Al Jawhara, Fixed Deposit or any NBK Investment Funds.
5. Privilege Banking: Salary transferred to NBK of KD 3,000 or more or KD 100,000 or more in any NBK bearing account, including Al Jawhara, term deposit, or any NBK Investment Funds.

We engage with each of these key stakeholder groups regarding our sustainability-related impacts and issues through a variety of methods and different frequencies, as described in the table below. Technology plays a strong role in this communication with both external and internal stakeholders. We have a strong emphasis on digital channels, such as nbk.com, emails, social media, and WhatsApp.

Summary of Stakeholder Engagement Mechanisms and Priority Expectations

Stakeholder Group Involved	Engagement Mechanism	Stakeholder Expectations from NBK	Outcome of Stakeholder Engagement	Frequency of Engagement
Environment	<ul style="list-style-type: none"> <li>ESG reports</li> <li>Sustainability reports</li> <li>Annual reports</li> <li>Public events</li> <li>Certifications (LEED)</li> </ul>	<ul style="list-style-type: none"> <li>Responsible products &amp; businesses</li> <li>Management of resources consumption</li> <li>Reduction of waste generation</li> <li>Recycling of generated waste</li> <li>Incorporation of environmental laws &amp; criteria in procurement</li> <li>Utilizing renewable energy</li> <li>Sound practices in energy &amp; water consumption</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with international &amp; national frameworks &amp; standards (i.e., GRI, UNSDGs)</li> <li>Raised awareness towards being environmentally responsible</li> <li>Financial support to NGOs &amp; environment campaigns &amp; initiatives</li> <li>Reduction in raw material consumption</li> <li>Reduction in raw material consumption for future generations</li> <li>Reduction in fossil fuels &amp; GHG emissions</li> <li>Limit the use of landfill areas</li> </ul>	Medium
Governmental Authorities	<ul style="list-style-type: none"> <li>Annual reports</li> <li>Sustainability reports</li> <li>Public events</li> <li>Participation in governmental plans</li> <li>Direct Meetings</li> <li>External audits</li> <li>Code of ethics and compliance</li> <li>Financial institution associations</li> <li>Emails &amp; phone calls</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with policies, legal &amp; regulatory requirements</li> <li>Transparency</li> <li>Business ethics &amp; integrity</li> <li>Alignment to Kuwait National Development Plan (KNDP)</li> <li>Consumer protection</li> <li>Alignment to Kuwait Bourse sustainability indicators</li> <li>Fair dealing &amp; code of conduct</li> <li>Management of risks &amp; fraud</li> <li>Support governmental plans</li> </ul>	<ul style="list-style-type: none"> <li>Establishing a law-complaint business operation</li> <li>Access to financial data &amp; services</li> <li>Sound governance practices</li> <li>Responsible Kuwaiti nationals that add value to the economy and the society</li> <li>Adherence to laws &amp; regulations</li> <li>Responsible conduct and compliance</li> <li>Professional &amp; sound business practices</li> <li>Provide support to small local projects</li> <li>Stimulate an economic growth</li> </ul>	Medium
Local Community	<ul style="list-style-type: none"> <li>Website</li> <li>Social media channels</li> <li>Newspapers</li> <li>Awareness campaigns &amp; events</li> <li>Employees volunteering for social causes</li> <li>Meetings</li> <li>Associations</li> <li>CSR activities</li> </ul>	<ul style="list-style-type: none"> <li>Increased volunteering</li> <li>Social welfare support</li> <li>Human rights</li> <li>Awareness</li> <li>Social development</li> <li>Enhancing living standards</li> </ul>	<ul style="list-style-type: none"> <li>Empowering youth</li> <li>Raised awareness towards education and living standards</li> <li>Financing &amp; investing in community projects</li> <li>Supporting the livelihood of projects</li> <li>Encouraging staff engagement in volunteering activities</li> </ul>	High
Customers	<ul style="list-style-type: none"> <li>Social media</li> <li>Advertising and commercials</li> <li>Activities &amp; events</li> <li>Satisfaction surveys &amp; feedback</li> <li>Online banking</li> <li>Mobile app</li> <li>Branches</li> <li>Call center</li> <li>Code of ethics &amp; compliance</li> </ul>	<ul style="list-style-type: none"> <li>Customer privacy &amp; confidentiality</li> <li>Responsible products</li> <li>Innovative products &amp; features</li> <li>Accessible services</li> <li>Entertainment facilities</li> <li>Data disclosure</li> <li>Secure &amp; safe banking services</li> <li>Responsive services</li> <li>Affordable banking fees &amp; interest rates</li> </ul>	<ul style="list-style-type: none"> <li>Optimized customer service and response</li> <li>Enhanced product quality</li> <li>Provide an exceptional &amp; convenient variety of services &amp; facilities</li> <li>Customers are up to date with promotions, news &amp; events related to the bank activities</li> <li>Robust customers data &amp; privacy</li> </ul>	High

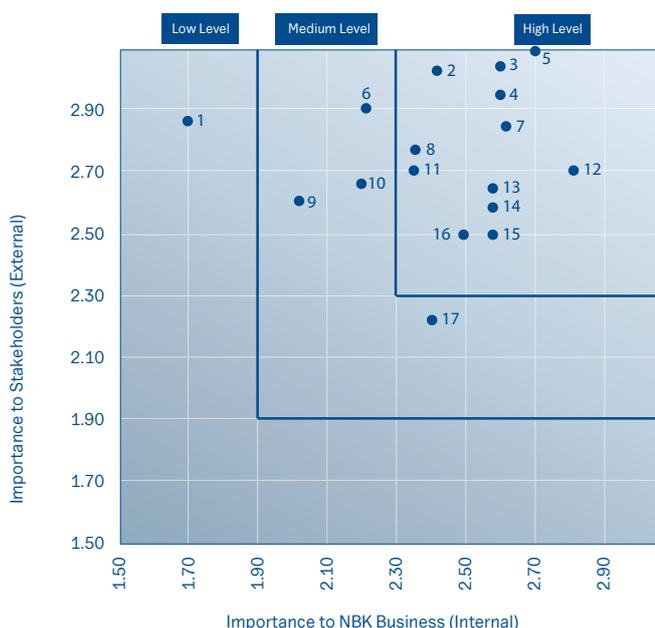
<b>Stakeholder Group Involved</b>	<b>Engagement Mechanism</b>	<b>Stakeholder Expectations from NBK</b>	<b>Outcome of Stakeholder Engagement</b>	<b>Frequency of Engagement</b>
Employees	<ul style="list-style-type: none"> <li>• Training</li> <li>• Employee events</li> <li>• Staff orientation &amp; workshops</li> <li>• Performance evaluation &amp; review</li> <li>• Action plans</li> <li>• Staff meetings</li> <li>• Daily interactions (phone calls, emails)</li> <li>• Recognition programmes</li> <li>• Code of conduct</li> <li>• E-learning</li> </ul>	<ul style="list-style-type: none"> <li>• Equal opportunities</li> <li>• Gender equality</li> <li>• Human rights</li> <li>• Compliance with labour law rights</li> <li>• Diversified career development</li> <li>• Work-life balance</li> <li>• Occupational health &amp; safety</li> <li>• Work ethics</li> <li>• Recognition &amp; rewards</li> <li>• Kuwaitization</li> <li>• Competitive compensation</li> </ul>	<ul style="list-style-type: none"> <li>• Safeguarding employee rights</li> <li>• Continuously producing talented team acquisitions</li> <li>• Competitive benefits</li> <li>• Increased emphasis on employee training programs, events &amp; development</li> <li>• Increased awareness towards innovative methods of communication (Video conferences &amp; webinars)</li> <li>• Raising standards of the sector &amp; of work environment</li> <li>• Enhancement of career path</li> <li>• Elevated equitable workplace</li> <li>• Job security</li> <li>• Open &amp; competitive working environment</li> </ul>	High
Suppliers	<ul style="list-style-type: none"> <li>• Registration</li> <li>• Contracts &amp; policies</li> <li>• Direct meetings</li> <li>• Daily interactions (phone calls, emails)</li> <li>• Website</li> <li>• Tenders &amp; bidding</li> </ul>	<ul style="list-style-type: none"> <li>• Economic value</li> <li>• Responsible supply chain</li> <li>• Sustainable purchasing policies</li> <li>• Profitable investments</li> <li>• Ongoing relationship management</li> <li>• Resources efficiency</li> <li>• Transparency</li> <li>• Information disclosure</li> </ul>	<ul style="list-style-type: none"> <li>• Encouraging collaboration with local suppliers</li> <li>• Comply with human rights policies &amp; clauses</li> <li>• Raised awareness towards sustainable procurement</li> <li>• Financing local suppliers</li> <li>• Risk assessments</li> <li>• Adherence to local &amp; international standards</li> <li>• Offering long-term profitable investments</li> <li>• Fair &amp; transparent bidding process</li> </ul>	High
Partners / Shareholders	<ul style="list-style-type: none"> <li>• Annual reports</li> <li>• Sustainability reports</li> <li>• Investors roadshow</li> <li>• Ratings</li> <li>• ESG assessment</li> <li>• Emails, phone calls</li> <li>• Board of Directors meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Acceptable dividends &amp; market value</li> <li>• Transparent financial disclosure</li> <li>• Anti-corruption &amp; fraud policies</li> <li>• Profitable &amp; sustainable financial returns</li> <li>• Corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>• Stable shareholder returns</li> <li>• Enhanced risk management policies</li> <li>• Developed corporate structure &amp; governance</li> <li>• Strong return on investments</li> <li>• Ensure effective communication</li> <li>• Executive remuneration</li> <li>• Transparency &amp; disclosure</li> </ul>	High

## Materiality Assessment (102-47, 103)

NBK's process for assessing our material topics is described in some detail in our 2018 Sustainability Report, page 18. This process was again followed in 2019. Notably, the materiality assessment process embedded stakeholders' expectations from NBK, with the main engagement mechanisms being workshops, meetings, and emails. Results are summarized below:

#	Material topic	Level
1	Community Engagement	High
2	Risk & Opportunity Assessment	Medium
3	Ethics & Compliance	High
4	Innovation	High
5	Kuwaitization	High
6	Sustainable Growth	High
7	Data Security & Privacy	High
8	Governance	High
9	Workplace Wellbeing	Medium
10	Responsible Products & Services	Medium
11	Sustainable Procurement	Medium
12	Environmental Impact	High
13	Resource Management	High
14	ESG Ratings	Low
15	Talent Management	High
16	Social Impact	High
17	Customer Experience	High

### Materiality Matrix



1. ESG Ratings
2. Data Security & Privacy
3. Community Engagement
4. Customer Experience
5. Social Impact
6. Workplace Wellbeing
7. Governance
8. Resource Management
9. Sustainable Procurement
10. Responsible Products & Services
11. Talent Management
12. Innovation
13. Environmental Impact
14. Ethics & Compliance
15. Kuwaitization
16. Sustainable growth
17. Risk & Opportunity Assessment

## Material Topics Alignment With Frameworks

#	Material Topic	GRI	UNSDGs	KNDP	Kuwait Boursa ESG Indicators
1	Community Engagement	103-1: Explanation of the material topic & its boundary 102-33: Communicating critical concerns 203-2: Significant indirect economic impacts 401- Employment 410-1: Security personnel trained in human rights policies for procedures 412- Human rights assessment 413-1: Operations with local community engagement, impact assessments & development programs 416-1: Assessment of the health & safety impacts of product & service categories 419-1: Non-compliance with laws & regulations in the social & economic area	1: No poverty 2: Zero hunger 3: Good health and well-being 4: Quality education 8: Decent work & economic growth 11: Sustainable cities & communities 17: Partnerships for the goals	<ul style="list-style-type: none"> <li>Global Positioning</li> <li>Creative Human Capital</li> <li>High quality Healthcare</li> </ul>	2: Sustainability report 13: Youth employment (%) 18: Human rights policy 20: Community investment
2	Risk & Opportunity Management	103-1: Explanation of the material topic and its boundary 102-11: Precautionary principle or approach 102-15: Key impacts, risks & opportunities 102-30: Effectiveness of risk management processes 201-2: Financial implications & other risks & opportunities due to climate change 205-1: Operations assessed for risks related to corruption 205-2: Communication & training about anti-corruption policies & procedures 206-1: Legal actions for anti-competitive behavior, anti-trust & monopoly practices	8: Decent work & economic growth 16: Peace, justice & strong institutions 17: Partnerships for the goals	<ul style="list-style-type: none"> <li>Global Positioning</li> <li>Sustainable diversified economy</li> <li>Effective Government Administration</li> </ul>	2: Sustainability report 22: Risk management committee at the board level
3	Ethics & Compliance	103-1: Explanation of the material topic and its boundary 102-2: Activities, brands, products & services 102-16: Values, principles, standards & norms of behavior 102-17: Mechanisms for advice & concerns about ethics 102-25: Conflicts of interest 102-33: Communicating critical concerns 205-2: Communication & training about anti-corruption policies & procedures 205-3: Confirmed incidents of corruption & actions taken 206-1: Legal actions for anti-competitive behavior, anti-trust & monopoly practices 307- Environmental compliance 402- Labor/management relations 418- Customer privacy 419 Socioeconomic compliance	5: Gender equality 8: Decent work & economic growth 10: Reduced inequalities 16: Peace, justice & strong institutions 17: Partnerships for the goals	<ul style="list-style-type: none"> <li>Global Positioning</li> <li>Creative Human Capital</li> <li>Effective Government Administration</li> </ul>	2: Sustainability report 18: Human rights policy 19: Code of ethics 26: Compliance with the CMA's corporate governance regulatory requirements
4	Innovation	103-1: Explanation of the material topic and its boundary 102-2: Activities, brands, products & services 102-6: Markets served 102-33: Communicating critical issues 201-1: Direct economic value generated & distributed 302-4: Reduction of energy consumption 307- Environmental compliance	3: Good health & well-being 4: Quality education 6: Clean water & sanitation 7: Affordable & clean energy 9: Industry innovation & infrastructure 11: Sustainable cities & communities 17: Partnerships for the goals	<ul style="list-style-type: none"> <li>Global Positioning</li> <li>Creative Human Capital</li> <li>High Quality Healthcare</li> <li>Developed Infrastructure</li> <li>Sustainable Diversified Economy</li> </ul>	2: Sustainability report

#	Material Topic	GRI	UNSDGs	KNDP	Kuwait Boursa ESG Indicators
5	Kuwaitization	103-1: Explanation of the material topic and its boundary 202-2: Proportion of senior management hired from the local community 401-1: New employee hires & employee turnover 405- Diversity & equal opportunity 406- Non-discrimination 411- Rights of indigenous people 413-1: Operations with local community engagement, impact assessments & development programs	4: Quality education 5: Gender equality 8: Decent work & economic growth 10: Reduced inequalities 16: Peace, justice & strong institutions	<ul style="list-style-type: none"> <li>Global Positioning</li> <li>Creative Human Capital</li> </ul>	2: Sustainability report 4: Full time employees 12: Kuwaitization (%)
6	Sustainable Growth	103-1: Explanation of the material topic and its boundary 102-6: Markets served 102-7: Scale of the organization 102-10: Significant changes to the organization and its supply chain 102-44: Key topics & concerns raised 201-1: Direct economic value generated & distributed 203-1: infrastructure investments & services supported	3: Good health & well-being 4: Quality education 8: Decent work & economic growth 9: Industry innovation & infrastructure 11: Sustainable cities & communities 17: Partnership for the goals	<ul style="list-style-type: none"> <li>Global Positioning</li> <li>Developed Infrastructure</li> <li>Sustainable Diversified Economy</li> </ul>	2: Sustainability report 20: Community investment
7	Data Security & Privacy	103-1: Explanation of the material topic and its boundary 102-11: Precautionary principle or approach 403-3: Percentage of employees receiving regular performance & career development reviews 410-1: Security personnel trained in human rights policies or procedures 416-1: Assessment of the health & safety impacts of products & service categories 416-2: incidents of non-compliance concerning health & safety impacts of products & services 418-1: Sustained complaints concerning breaches of customer privacy & losses of customer data	9: Industry, innovation & infrastructure 16: Peace, justice & strong institutions	<ul style="list-style-type: none"> <li>Global Positioning</li> <li>Effective Government Administration</li> </ul>	2: Sustainability report 19: Code of ethics 22: Risk management committee at board level
8	Governance	103-1: Explanation of the material topic and its boundary 102-5: Ownership & legal form 102-18: Governance structure 102-19: Delegating authority 102-20: Executive level responsibility for economic, environmental & social topics 102-22: Composition on the highest governance body & its committees 102-23: Chair of the highest governance body 102-26: Role of the highest governance body in setting purpose, values & strategy 102-33: Communicating critical concerns 405-1: Diversity of governance bodies & employees	8: Decent work & economic growth 9: Industry, innovation & infrastructure 16: Peace, justice & strong institutions 17: Partnerships for the goals	<ul style="list-style-type: none"> <li>Global Positioning</li> <li>Creative Human Capital</li> <li>Effective Government Administration</li> </ul>	2: Sustainability report 21: Board independence (%) 22: Risk management committee at the board level 23: Non-audit fees (%) 24: Voting results 25: Links between executive pay & performance 26: Compliance with CMA's corporate governance regulatory requirements

#	Material Topic	GRI	UNSDGs	KNDP	Kuwait Boursa ESG Indicators
9	Workplace Wellbeing	<p>103-1: Explanation of the material topic and its boundary</p> <p>102-16: Values, principles, standards &amp; norms of behavior</p> <p>102-17: Mechanisms of advice &amp; concerns about ethics</p> <p>102-38: Annual compensation ratio</p> <p>102-39: Percentage increase in annual total compensation ratio</p> <p>401-1: New employee hiring &amp; employee turnover</p> <p>401-3: Parental leave</p> <p>402- Labor management relations</p> <p>403- Occupational health &amp; safety</p> <p>404-1: Average hours of training per year per employee</p> <p>404-2: Programs for upgrading employee skills &amp; transition assistance programs</p> <p>404-3: Percentage of employees receiving regular performance &amp; career development reviews</p> <p>405-1: diversity of governance bodies &amp; employees</p> <p>406- Non-discrimination</p> <p>410-1: Security personnel trained in human rights policies for procedures</p> <p>412-2: Employee training on human rights policies or procedures</p>	<p>3: Good health &amp; well-being</p> <p>4: Quality education</p> <p>5: Gender equality</p> <p>6: Clean water &amp; sanitation</p> <p>7: Affordable &amp; clean energy</p> <p>8: Decent work &amp; economic growth</p> <p>10: Reduced inequalities</p> <p>12: Responsible consumption &amp; production</p> <p>16: Peace, justice &amp; strong institutions</p> <p>17: Partnerships for the goals</p>	<ul style="list-style-type: none"> <li>• Creative Human Capital</li> <li>• High Quality Healthcare</li> <li>• Sustainable Living Environment</li> <li>• Sustainable Diversified Economy</li> </ul>	<p>2: Sustainability report</p> <p>4: Full time employees</p> <p>5: Employee wages &amp; benefits (KWD)</p> <p>12: Kuwaitization (%)</p> <p>13: Youth employment (%)</p> <p>14: Injury rate</p> <p>15: Women in the workforce (%)</p> <p>16: Training hours per employee</p> <p>17: Employee turnover (%)</p> <p>18: Human rights policy</p> <p>19: Code of ethics</p>
10	Responsible Products & Services	<p>103-1: Explanation of the material topic and its boundary</p> <p>102-2: Activities, brands, products &amp; services</p> <p>203-1: Infrastructure investments &amp; services supported</p> <p>302-4: Reduction of energy consumption</p> <p>302-5: Reductions in energy requirements of products &amp; services</p> <p>416-1: Assessment of the health &amp; safety impacts of product &amp; service categories</p> <p>417-1: Requirements for product &amp; service information &amp; labelling</p>	<p>3: Good health &amp; well-being</p> <p>4: Quality education</p> <p>8: Decent work &amp; economic growth</p> <p>9: Industry, innovation &amp; infrastructure</p> <p>11: Sustainable cities &amp; communities</p> <p>12: Responsible consumption &amp; production</p> <p>13: Climate action</p> <p>14: Life below water</p> <p>15: Life on land</p> <p>17: Partnerships for the goals</p>	<ul style="list-style-type: none"> <li>• Global Positioning</li> <li>• Sustainable Living Environment</li> <li>• Sustainable Diversified Economy</li> </ul>	<p>2: Sustainability report</p> <p>3: Local procurement spending (%)</p> <p>6: Environmental policy</p> <p>7: Energy use</p> <p>19: Code of ethics</p>
11	Sustainable Procurement	<p>103-1: Explanation of the material topic and its boundary</p> <p>102-9: Supply chain</p> <p>102-10: significant changes to the organization &amp; its supply chain</p> <p>204-1: Proportion of spending on local suppliers</p> <p>308-1: New suppliers that were screened using environmental criteria</p> <p>413-1: Operations with local community engagement, impact assessments &amp; development programs</p> <p>414-1: New suppliers that were screened using social criteria</p>	<p>8: Decent work &amp; economic growth</p> <p>11: Sustainable cities &amp; communities</p> <p>12: Responsible consumption &amp; production</p> <p>17: Partnerships for the goals</p>	<ul style="list-style-type: none"> <li>• Global Positioning</li> <li>• Sustainable Living Environment</li> <li>• Sustainable Diversified Economy</li> </ul>	<p>2: Sustainability report</p> <p>3: Local procurement spending (%)</p> <p>6: Environmental policy</p> <p>19: Code of ethics</p>

#	Material Topic	GRI	UNSDGs	KNDP	Kuwait Boursa ESG Indicators
12	Environmental Impact	103-1: Explanation of the material topic & its boundary 301-1: Materials used by weight or volume 301-2: Recycled input materials used 301-3: Reclaimed products & their packaging materials 302-1: Energy consumption within the organization 302-2: Energy consumption outside the organization 302-3: Energy intensity 302-4: Reduction of energy consumption 303-1: Water withdrawal by source 303-3: Water recycled & reused 304-1: Operational sites owned, leased, managed in or adjacent to protected areas & areas of high biodiversity value outside protected areas 304-2: Significant impacts of activities, products and services on biodiversity 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 306-2: Waste by type & disposal method 307- Environmental compliance	6: Clean water & sanitation 7: Affordable & clean energy 11: Sustainable cities & communities 12: Responsible consumption & production 13: Climate action 14: Life below water 15: Life on land 17: Partnerships for the goals	<ul style="list-style-type: none"> <li>• Global Positioning</li> <li>• Sustainable Living Environment</li> <li>• Sustainable Diversified Economy</li> </ul>	2: Sustainability report 6: Environmental policy 7: Energy use 8: Carbon emission 9: Water use 10: Waste generated 11: Waste recycled (%)
13	Resource Management	103-1 Explanation of the material topic and its Boundary 301-1 Materials used by weight or volume 301-2 Recycled input materials used 301-3 Reclaimed products and their packaging materials 302-3: Energy intensity 302-4: Reduction of energy consumption 302-5: Reductions in energy requirements of products & services 303-3: Water recycled & reused 304-2: Significant impacts of activities, products and services on biodiversity 305-5: Reduction of GHG emissions 306- Effluents & waste 307- Environmental compliance 308-1: New suppliers that were screened using environmental criteria 308-2: Negative environmental impacts in the supply chain & actions taken	6: Clean water & sanitation 7: Affordable & clean energy 9: Industry, innovation & infrastructure 11: Sustainable cities & communities 12: Responsible consumption & production 13: Climate action 14: Life below water 15: Life on land 17: Partnerships for the goals	<ul style="list-style-type: none"> <li>• Global Positioning</li> <li>• Sustainable Living Environment</li> <li>• Sustainable Diversified Economy</li> </ul>	2: Sustainability report 6: Environmental policy 7: Energy use 8: Carbon emission 9: Water use 10: Waste generated 11: Waste recycled (%)
14	ESG Ratings	103-1: Explanation of the material topic & its boundary 102-12: External initiatives 102-29: Identifying & managing economic, environmental & social impacts 102-44: Key topics & concerns raised 203-2: Significant indirect economic impacts 307- Environmental compliances 419- Socioeconomic compliance	8: Decent work & economic growth 17: Partnerships for the goals	<ul style="list-style-type: none"> <li>• Global Positioning</li> </ul>	2: Sustainability report

#	Material Topic	GRI	UNSDGs	KNDP	Kuwait Boursa ESG Indicators
15	Talent Management	103-1: Explanation of the material topic & its boundary 102-7 : Scale of the organization 102-8: Information on employees & other workers 401-1: New employee hires & employee turnover 403- Occupational health & safety 403-4: Health & safety topics covered in formal agreements with trade unions 404-1: Average hours of training per year per employee 404-2: Programs for upgrading employee skills & transition assistance programs 404-3: Percentage of employees receiving regular performance & career development reviews 405- diversity & equal opportunity 406- Non-discrimination	4: Quality education 5: Gender equality 8: Decent work & economic growth 10: Reduced inequalities 16: Peace, justice & strong institutions 17: Partnership for the goals	<ul style="list-style-type: none"> <li>• Global Positioning</li> <li>• Creative Human Capital</li> <li>• Effective Government Administration</li> </ul>	2: Sustainability report 4: Full time employees 5: Employee wages & benefits (%) 12: Kuwaitization (%) 13: Youth employment (%) 15: Woman in the workforce (%) 16: Training hours per employee 17: Employee turnover (%) 18: Human rights policy 19: Code of ethics 25: Links between executive pay & performance
16	Social Impact	103-1: Explanation of the material topic & its boundary 102-29: Identifying & managing economic, environmental & social impacts 203-2: Significant indirect economic impacts 401- Employment 413-1: Operations with local community engagement, impact assessments & development programs 414-2: Negative social impacts in the supply chain & actions taken 419-1: Non-compliance with laws & regulations in the social & economic area	1: No poverty 2: Zero hunger 3: Good health and well-being 4: Quality education 8: Decent work & economic growth 11: Sustainable cities & communities 12: Responsible consumption & production 16: Peace, justice & strong institutions 17: Partnership for the goals	<ul style="list-style-type: none"> <li>• Global Positioning</li> <li>• Creative Human Capital</li> <li>• High quality Healthcare</li> <li>• Sustainable Living Environment</li> <li>• Sustainable Diversified Economy</li> </ul>	2: Sustainability report 20: Community investment
17	Customer Experience	103-1: Explanation of the material topic & its boundary 102-2: Activities, brands, products & services 102-6: Markets served 416-1: Assessment of the health & safety impacts of product & service categories 417- Marketing & labeling 418-1: Sustained complaints concerning breaches of customer privacy & losses of customer data	8: Decent work & economic growth 9: Industry, innovation & infrastructure 10: Reduced inequalities 11: Sustainable cities & communities 12: Responsible consumption & production 17: Partnerships for the goals	<ul style="list-style-type: none"> <li>• Global Positioning</li> <li>• Sustainable Living Environment</li> <li>• Sustainable Diversified Economy</li> </ul>	2: Sustainability report 19: Code of ethics

## Making Progress

In addition to our commitment to socially responsible business practices and our longstanding goal of contributing to society, NBK is convinced of the important role of Sustainability and ESG-related issues to our business performance and profitability. Over the last four years we have made significant progress in:

- Clarifying and improving our governance processes and policies
- Developing risk management processes
- Improving digitalization
- Developing systems to assess ESG impacts, analyzing – and then eliminating – the gaps between our performance and external rater expectations
- Developing a sustainability roadmap, and publishing annual Sustainability Reports

External raters have recognized this improvement with higher ESG scores and with NBK's inclusion in the FTSE Russell's FTSE4Good

Index Series sustainability/ESG index. We are proud of and encouraged by the progress we have made. That said, our goal is to advance even further.

### **Social Return on Investment (S-ROI)**

Last year in our 2018 Sustainability Report, we used Social Return on Investment (S-ROI) to quantitatively assess the social impact of our performance. This year, we continue to apply this assessment. S-ROI expands the assessment of impact to holistically consider social elements, environmental elements, workplace elements, and more. As we did last year, the S-ROI assessments are distributed throughout this report, and are labelled with either “Very High Impact,” (S-ROI above 400%), “High Impact,” (S-ROI from 51% to 400%), or “Medium Impact” (S-ROI from 1% to 50%). As a result, we report this year:

- 3 medium level S-ROI
- 8 high level S-ROI
- 3 very high level S-ROI





## **Governance & Responsible Business**

“Leading in Business and Governance” and “Contributing to Sustainable Economic Development” are at the heart of NBK and are two of our 6 main sustainability pillars. We continuously strive to integrate sustainability elements throughout our business performance and governance aspects. This includes, for example, integration of sustainability into our corporate governance, responsible business, growth & economic impact, risk assessment, compliance and transparency.



**SDGs:**

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

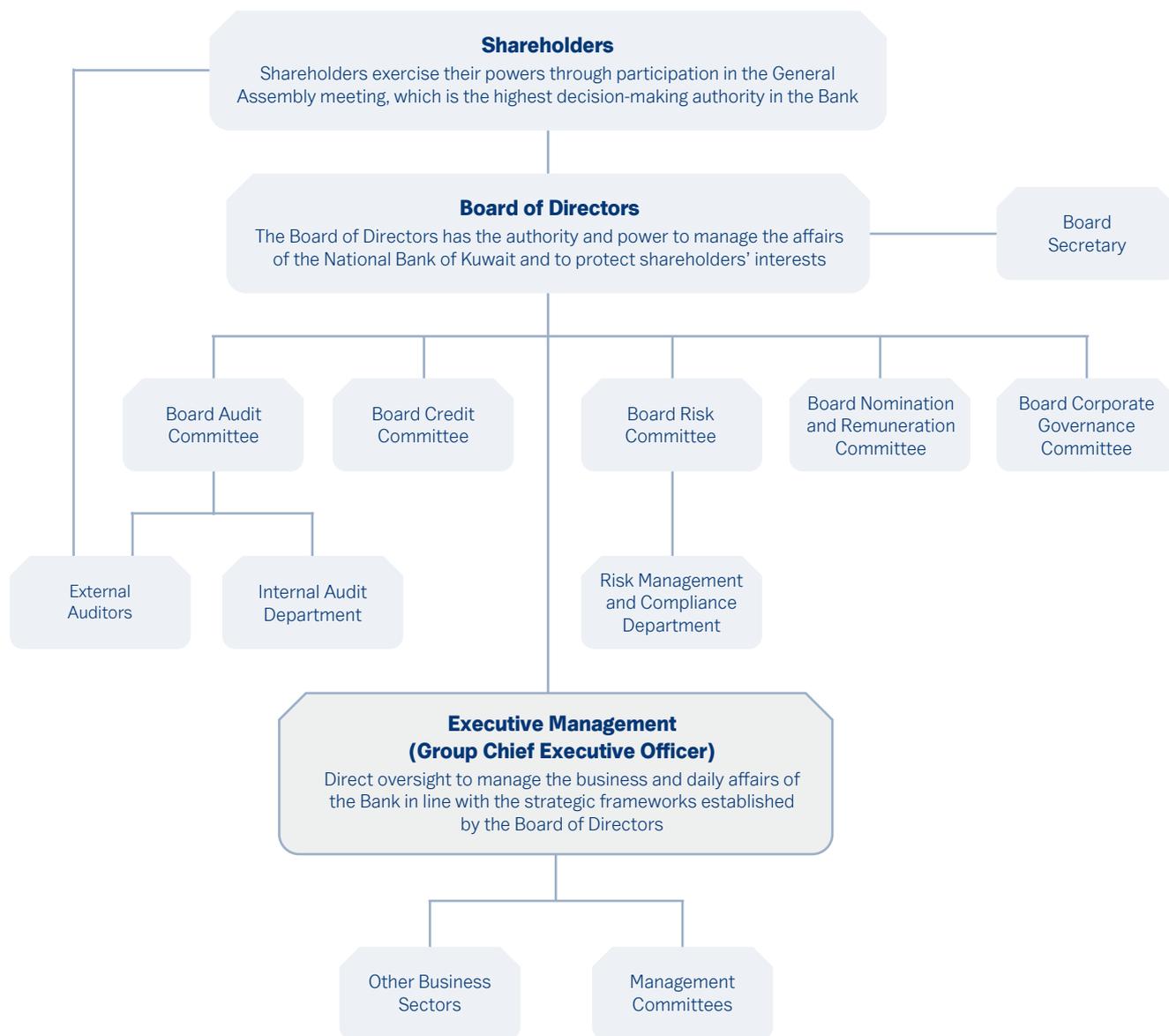
**KNDP:**

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

## Corporate Governance

### Governance Structure (102-18)

NBK's governance structure is displayed below. The highest governance function in NBK is the Board of Directors, led by the Chairman.



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

There are changes coming up concerning NBK's Board of Directors, in line with the new Central Bank of Kuwait (CBK) Corporate Governance Regulations issued September 10, 2019. Accordingly, Board will comprise of 11 members at least, where 2 new independent Board Members are expected to be nominated before June 30, 2020, and Board will comprise of 13 members at least where another 2 new Independent Board Members are expected to be nominated before June 30, 2022, so Independent Board

Members will be at least 4 members.

In nomination or selection of Board of Directors, NBK uses fit and proper criteria as stipulated under article 68 of Law no.(32)/1968 issued by Central Bank of Kuwait (CBK) concerning rules and regulations for the experience required for the Members of Board of Directors. In efforts toward transparency and division of responsibilities, the chairman position has never been held by a Chief Executive Officer (CEO).

The section below describes the roles of the Board of Directors in setting purpose, values, approvals, and policies.

It is stipulated that the Board of Directors must convene at least 6 times per year, at least once every quarter.

The total individual compensation of all executives and Board

Members refer to Bank's annual report (Corporate Governance Section).

Annually and under the supervision of the BOD, the Board Nomination and Remuneration Committee evaluates the effectiveness of Board of Directors, Board sub-committees and Board Members.

### Board Committees

Corporate Governance Committee	Nomination and Remuneration Committee	Risk Committee	Audit Committee	Credit Committee
<p><b>Committee's Mission:</b></p> <p>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.</p>	<p><b>Committee's Mission:</b></p> <p>Assist the Board in carrying out the Nomination and Remuneration responsibilities pertaining to the Board of Directors and Executive Management. The Committee also supports the Board in reviewing and enhancing Board structure and development of the caliber of the Board Members. It also assists the Board in setting up the Group's remuneration framework and ensures effective implementation in accordance with Group remuneration policy.</p>	<p><b>Committee's Mission:</b></p> <p>Assists 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, the supervision of regulatory compliance across the Group.</p>	<p><b>Committee's Mission:</b></p> <p>Assists the Board in a supervisory role regarding the efficiency and independence of the internal and external audit operations for the Group. Also oversees the preparation of the periodic financial statements and other regulatory reports.</p>	<p><b>Committee's Mission:</b></p> <p>Responsible for reviewing the quality and performance of the Group's credit portfolio. The Board has authorized the Committee to approve credit facilities that exceed the authorization granted to Senior Management, in accordance with the Credit Policy and the approved authority matrix of the Group in accordance with the related regulatory instruction.</p>

### Sustainability Committee

NBK does have a management-level sustainability committee which supervises the overall strategy and implementation of our Sustainability Focus Areas, including also our Environment, Social, and Governance (ESG) initiatives related to our sustainability 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, Compliance & Transparency

### Risk Management (102-15, 102-30, 103)

The effectiveness of the Bank's risk management is reviewed at the highest governance by the Board Risk Committee, in coordination with the Board of Directors.

NBK applies precautionary principles throughout its risk management approach. There are procedures in place to measure and assess the risks and opportunities, especially concerning new products and services. Specifically, products and services are assessed from a Compliance perspective (ie. local regulations, anti-money laundering, etc.), as well as from the Risk perspective (ie. operational risk, legal risk, etc.). Additionally, the company has a succession plan for executive management in the event of foreseen or unforeseen circumstances.

No Risk Management report has been submitted to CMA, since the Bank falls under CBK authority, where quarterly reports related to Risk management are submitted to CBK.

**Compliance**

NBK is compliant with all laws and regulations of CMA, CBK, and Kuwait Labor Law.

**Transparency**

In our efforts towards transparency, NBK provides information on compensation of all Executives and Board Members in its annual reports. NBK disclose to CMA and Boursa Kuwait all Material Information related to NBK's activities timely and accurately.

NBK periodically submits the following reports to Capital Markets Authority:

1. Semi-annual reports related to customer complaints about investment products.
2. Annual report related to major shareholders (more than 5%) in NBK Capital.
3. Annual report about the adequacy of Internal Controls related to Custodian Services conducted by the Bank.
4. The Financial statements (year end and interim financials).

- Implementation of Robotic Process Automation (RPA)
- The Operations Challenge Program (Wave 3)
- NBK Corporate Online Banking Unit Transformation (Corporate e-Channels)
- Kingdom of Saudi Arabia (KSA) Expansion (2 new branches Riyadh and Khobar)
- Phase 1 of Straight Through Processing (STP) Implemented for Incoming foreign Currency Funds Transfer
- Syndicated Loans Unit LG automation process (Phase 1)

In accordance to the Funds Transfer, the number for 2019 cross border incoming and outgoing payments are:

Annualized Dec 2019: 173,482 payments.

**Innovation & Digitization**

Over the past decade, it has become a strategic imperative that NBK embraces innovation and digitization to achieve world-class operational competencies and meet changing customers' needs and expectations regarding their banking experience.

Following our cross-segment and cross-geography digital transformation strategy, NBK launched 25 different projects, locally and regionally. The table below describes the 25 digitization initiatives.

**Responsible Business**

**Operational Business Improvements**

NBK has undergone several operational changes, with 6 significant changes highlighted below:

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**NAME OF PROJECT**

**ATM GROWTH & DEVELOPMENT**

This project is an extension of the current Near Field Communication (NFC) project, which has enabled NBK to start offering the NBK Tap & Pay experience to customers.

This proposed initiative will include making NFC available on our ATMs network in Kuwait, thus enabling contactless functionality on NBK ATMs for our customers to be able to conduct contactless transactions using NBK Cards and Wearables.

**AUTOMATED CHEQUE CLEARANCE PROJECT**

The automated Cheque Clearing System (ACCS) was developed based on a directive from the Central Bank of Kuwait to make it mandatory that all banks in the state of Kuwait automate the process of clearing cheques. Cheques will enter into a new era of image-based clearing.

The Central Bank is leading the project and taking ownership of a centralized system that will connect all local bank-clearing systems.

**IBG TRADE FINANCE**

The project objective is to provide IBG with a transaction management system to support core Trade Finance service and processing capabilities including real time interfacing to core banking (Equation - Accounting & GL) and SWIFT.

The solution will also provide online queries and reports, fax/email delivery capability to improve service delivery to customers.

The project will also provide a platform and automation to support future growth and enable alternative channel delivery opportunities via the groups proposed Trade Portal solution.

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**NAME OF PROJECT**

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**LOAN & CARDS ORIGATION SOLUTION**

A robust workflow system for loans and cards origination should deliver the following benefits:

- Reduction in reworking on same applications due to errors, missing documents or ineligibility
- Reduce lead-time through automated approval and escalation process for exceptions
- Ensuring compliance to NBK as well as CBK regulations as a part of the loan approval process before disbursement

Enhancing customer experience by:

- Preventing, multiple visits due to inadequate communication by NBK Staff regarding the requirements (and documents) required to fulfill loan/ card approval
- Communicating correct turnaround times and giving the customer online status of the stage of their application
- Higher productivity levels amongst users through business process management, analytics and reporting
- Enable lending growth as per NBK's 5-year plan without increasing manpower cost

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**IT REMEDY & APPLICATION PERFORMANCE**

With this project, access will be granted to Branch staff, Direct Sales Officers, Business Banking Officers and Call Center Agents to allow them to log customers' complaints. This will improve customer complaints turnaround time, direct reporting from front liners, approval process, automatic escalations based on SLAs, and improve the complaints resolution overall process, hence adhering to the stricter CBK regulations.

The upgrade will also provide the following process and features:

- Self Service Requirements
- Change and Release Management
- Service Asset & Configuration Management Database (CMDB)
- Service Catalog Management

As well as:

- Use of Multiple Monitoring tools
- No centralized and real-time monitoring for business services
- No deep dive analysis to understand root cause of incidents

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**ELECTRONIC FUND TRANSFER SYSTEM - BAHRAIN**

Central Bank of Bahrain (CBB) have risen and obligatory requirements to implement Electronic Fund Transfer System (EFTS) --Electronic payments and transactions system for Local payment system inter-connecting all commercial banks, their customers (retail and corporate), and Bill Originators (BOs). The service automates fund transfers and payments in the Kingdom of Bahrain, which will drastically improve the competence and speed of the cash flow in the Kingdom.

Delivery Channels--EFTS service is meant to integrate with all electronic delivery channels of the Bank listed as under:

- a. Internet Banking
- b. Branches

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**SAFEGUARD UPGRADE AND E-NAME CHECKED IMPLEMENTATION**

Upgrading the Bank's security features.

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**REUTERS ELECTRONIC TRADING**

Reuters Electronic Trading (RET) by Thomson Reuters was identified as one of the best FX trading solutions globally. It offers a rate engine capability in addition to the trading platform. The RET is not a mere simple upgrade of the current way of doing business, but rather a strategic move that will improve our product offering and relationship with clients.

Benefits to our customers include providing real time quotes at the best available rates, and a professionally designed white-labeled user-friendly interface (that can be installed on smartphones, tablets and PCs) with around-the-clock technical support from the most respected vendor in the market. Furthermore, the RET has a "Limit Order Management" module, which would allow our customers to leave orders through the platform that can be automatically executed once the target level is reached.

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**NAME OF PROJECT**

**E-STATEMENT PROJECT**

To enhance statements delivery services to ensure accessibility, efficiency and enhanced customer experience by making free monthly statements available online and by allowing customers to get their statements by email.

Utilize statements as a method to provide individualized messages to customers.

Provide different options to request and deliver statements.

Electronic statement delivery solution to cater for all segments and products.

**NBK.COM REVAMP PROJECT**

The NBK website is an integral part of NBK's business moving forward; and supports our digital acquisition strategy, alignment with youth, SEO strategy, and compliance with Google regulations. NBK.com is the hub for all digital activities as the link between reach and conversion. It is also leveraged by NBK Group.

The current website was redesigned in 2008 on a proprietary Content Management System (CMS), which is becoming outdated and cannot facilitate the creation of a mobile responsive site which is required to meet customer demand.

The project is the complete revamp of current website including replacement of the outdated Content Management System (CMS), and the introduction of a new mobile friendly design and updating the content of the current website for NBK.com for Kuwait and 8 IBG sites: Lebanon, Jordan, Egypt, Iraq, UAE, Bahrain, KSA and London. The project will provide a new creative website design that is mobile friendly and adheres to industry standards.

**DISTRIBUTED DENIAL OF SERVICE MITIGATION SOLUTION**

Upgrading the Bank's security features.

**NBK E-WALLET PROJECT**

NBK e-Wallet refers to an electronic device and application that will allow our individual customers to make electronic transactions. The wallet will facilitate our customers' ability to purchase online using smartphones at any stores/ merchant outlets that are subscribed to the service. An individual's bank account, credit cards and/or loyalty points will be linked to the e-Wallet. The credentials can be passed to a merchant's terminal wirelessly while transacting where near field communication (NFC) is enabled and/or through payment gateway transaction method.

**SKIMMING PROTECTION SOLUTIONS**

Upgrading bank's security features.

**RIPPLE**

This project aims to position NBK as one of the first few banks in the region and the 1st bank in Kuwait to adopt the innovative Ripple solution and introduce a web-based person-to-person cross border remittance service. NBK Customers can login to NBK Online Banking/NBK Mobile Banking and remit money to their beneficiary accounts 24/7. The service is branded as NBK Direct Remit. Alternate channels will have a separate link from NBK Direct Remit and will further split into various countries such as Jordan (to begin with), to be followed by Egypt, India, etc. as a sub-link (logo) for customer ease. For speed to market, it is agreed to start with Jordan as the initial recipient remittance destination. The service will be launched to other geographies like India, Egypt, Lebanon, Sri Lanka, Philippines, Bangladesh, etc. The architecture is designed as NBK outward Remittance HUB that will connect with various ripple-enabled banks across strategic destinations including both within NBK and Non-NBK Network.

**ACH (AUTOMATED CLEARING HOUSE) JORDAN PROJECT**

This project addresses the Central Bank of Jordan mandate and facilitates the process of the exchange of massive debit and credit electronic transfers that are low in amount between Jordanian participating depository institutions in order to raise efficiency and security of Jordanian financial system.

**IBG ONLINE BANKING SOLUTION**

All existing features and functionalities available today on the IBG Hosted Internet banking will be upgraded to the latest application version 8.3 SPS3 and upgrading the Windows OS to Windows 2012 R2 as per the requirements for All 5 hosted countries (BAH, JOD, UAE, Egypt and Iraq), including migrating NBK-Egypt OTP Functions.

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**NAME OF PROJECT**

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**MOBILE BANKING FOR HOSTED IBG COUNTRIES**

Upgrading mobile banking for hosted countries.

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**OPEN BANKING PROJECT – BAHRAIN**

Central Bank of Bahrain (CBB) has issued rules on “Open Banking”, to facilitate the provision of a variety of innovative digital services for bank customers in the Kingdom and this new module on “Open Banking”, (Module OB) added under Volume 5, Ancillary service providers, to pay the way for the introduction of ‘Open Banking’ which is a transformative development within financial services in Bahrain.

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**KUWAIT NATIONAL PAYMENT SYSTEM**

Central Bank of Kuwait has kicked off a national payment system, which will connect all banks locally in Kuwait to one payment transfer network in order to have better control on the transfers from CBK and will introduce Immediate transfers to the community. Beside this project will introduce the new mobile payment system, known as IPS or RPS (Instant/Retail Payment System), which will be hosted at CBK, in addition to other services such as ACH (Automatic Clearing House, Direct Debit mandates and Bill).

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**ESB – ENTERPRISE SERVICE BUS**

The current I-Hub platform has reached its capacity limit and needs to be replaced with a more scalable, robust and state of the art platform that would support future growth of NBK and resolve long outstanding issues related to security, risk and audit findings. The i-Hub remediation initiative is a program of projects that can be broken down into the following phases:

1. Phase I: Tactical remediation of the existing I-Hub – Completed
2. Phase II:
  - a. Selection of an ESB product – Completed
  - b. Design of ESB services that support mini CRM and NBK Online Banking – Completed
3. Phase III: Implement 90 services (used by NBK Online Banking and mini CRM) on the new ESB and amend mini CRM and NBK Online Banking applications to point to the new ESB – Current Project Scope

The remaining channels and LOBs 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 current middleware platform.

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**ENTERPRISE CONTENT MANAGEMENT (ECM)**

The initiative will extend and enhance the existing document digitalization capabilities by replacing the legacy document imaging systems with a new version of the unified imaging and content management solution to serve the enterprise wide needs and achieve major business benefits.

The document management process will be streamlined from scanning, indexing, storage, retention, and retrieval. Introduction of a Web based solution with a greater number of licenses versus the current client server application with limited licenses.

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**IMPLEMENTATION OF ROBOTIC PROCESS AUTOMATION (RPA)**

The project will introduce Robotics Process Automation Technology at NBK. During Wave 1 of the project 17 processes were analyzed and automated. In addition, an internal RPA Center of Excellence (CoE) will also be created which will help NBK build its own internal RPA capabilities.

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**NAME OF PROJECT**

**WATANI WEALTH MANAGEMENT (WWM)**

As part of Private Banking Group's expansion and diversification strategy, the Board approved in January 2017 the initiative of establishing a wealth management company in the Kingdom of Saudi Arabia. The group filed an application to the Capital Market Authority (CMA) in the Kingdom of Saudi Arabia and obtained approval to become an Authorized Person with the following licenses: Dealing, Managing, Arranging, Custody and Advising.

The Capital Market Authority notified NBK with its approval with a letter consisting of various points related to various work streams that need to be met by August 10th, 2018. One of these points to meet for official business commencement is related to the IT work stream and it stipulates having adequate IT solutions installed at Watani Wealth Management (WWM).

The IT setup includes building a High Availability infrastructure from scratch and complying with strict ISO requirements in Saudi Arabia. By choosing this separate infrastructure, WWM will not be tied with NBK-Jeddah, its systems will not be impacted with SAMA regulations (except for co-location of Disaster Recovery), it will have easier future expansions, and in addition, it will be easier to have future physical relocation.

**NBK-Egypt Corporate Online Banking (NBKE COB)**

NBKE COB will allow NBKE Corporate Customers to perform online transactions securely with 24/7 access to checking balance, downloading statements, performing transfers, uploading payroll files, bill payment and trade services.

Key objective and business needs are:

- Provide corporate customers with 24/7 access to NBKE services
- Allow corporate customers to monitor their activities on their accounts, transactions and requests
- Minimize the number of visits to NBK Branches
- Minimize the load of daily follow ups with Relationship Managers
- Allow corporate customers to process several transactions immediately
- Apply workflow approval process for each type of transactions from corporate side and NBKE side
- Enforce strict security controls for data privacy through applying segregated access with specific permissions, second factor authentication, workflow approvals, SMS/Email notifications and audit trail

NBK has finished developing the all new IT data center, which is fully functioning as of 2019.

NBK has implemented core banking solutions (CBS) to operate more digitally - specifically using Tata Consulting Services (TSC) BaNCs for Kuwait, and using Equation for International Banking Group (IBG). In total, there have been 142 updates on the CBS in 2019, which include:

**CBS (BaNCS) - Kuwait**

1. Reconciliation Enhancement of Teller Cash Functions
2. Parameterization of CBK interest rate
3. Migration Nostros
4. Transaction SMS Processing enhancement planned for 2020
5. EOD optimization
6. Housekeeping of large tables in BaNCS to improve performance
7. Application System performance enhancement

**CBS (Equation) - IBG**

1. Core Banking update from 3.9 to 4.3 for Bahrain, Iraq, and UAE to follow
2. 24/7 Core Banking availability for Bahrain
3. New Iraq Data Center with DR capability
4. Corporate lending module for Iraq
5. NBK UAE contactless VISA (Debit Cards)
6. Paris and London hosting (Swift Alliance and safe watch)
7. Swift 2019 compliance
8. VAT implantation for Bahrain

NBK has implemented projects that have enhanced its efficiency and automation, including the following 4 projects:

1. Robotic Process Automation (RPA) (Described below)
2. Process Optimization through SharePoint: A web based collaborative platform used for document management, storage, and task(s) automation.
3. Straight Through Processing (STP): Funds Transfer automation.
4. LG Automation process: Syndicated Loans Unit

### Robotic Process Automation (RPA)

RPA is a strategic project in the efficiency and automation area. It is the utilization of technology to configure computer software or a “Robot” to drive existing applications for processing a transaction, handling data, triggering responses and communicating with other digital systems. RPA is a rules-based engine configured to replicate existing business processes across various systems using multiple data sources and applying business rules to produce the required output. RPA’s potential benefits are manifold and include the following:

- Reducing turnaround time (TAT)
- Reducing error rates
- Reducing manual work
- Reducing fraud
- Improving controls
- Improving accuracy
- Improving the quality of work
- Increasing the scalability of operations

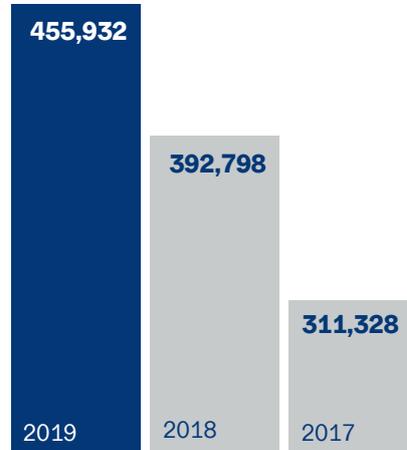
Over three years, NBK has invested a substantial sum into Robotic Process Automation (RPA). 2019 saw the implementation of wave 1 of the Robotic Process Automation initiative, which resulted in the launch of 17 RPA processes.

### NBK Mobile Banking

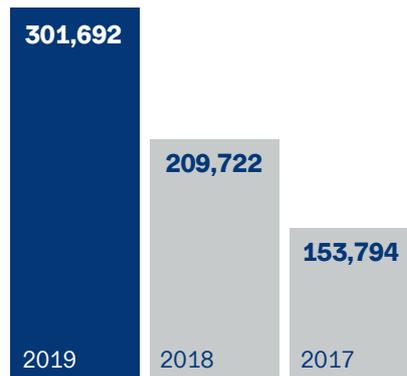
Around 28% of NBK’s customers are active in NBK Mobile Banking, as of 2019. This is an increase over 2018 of 25%.

### NBK Online Banking

13% of NBK’s customers are active in online banking as of 2019. This is an increase of 10% compared to 2018.



DATA Outstanding NBK Online Banking Users



Outstanding NBK Mobile Banking Users

## Case Study: Robotic Process Automation (RPA)

NBK has begun a digital journey that includes RPA (Robotics Process Automation) as part of its roadmap. Targeting manually intensive processes within the Operations space, NBK has launched 23 RPA processes.

The goal of RPA was to introduce automation for manually intensive processes, reduce human error, provide full audit trail of processes, and facilitate cost reduction and potential revenue generation while providing a platform for future digital reach through machine learning, AI and potentially other cognitive technologies.

RPA has provided the following benefits thus far to NBK:

- Eliminated 19 Hand-offs
- Saved over 2000 minutes of manual activities
- Eliminated the need for 12 printed reports
- On average, reduced manual work to under 10% per process
- These benefits continue to increase as more RPA processes are deployed

NBK also integrates elements of digitization and technology into products and services to enhance the customer experience; examples of this include, among others:

1. "Dark Mode" on NBK Mobile Banking App
2. WhatsApp integration with NBK Quick Pay
3. NBK Mobile Banking App on the smartwatch
4. Apply for a loan – Credit Information Network (Ci-Net) integration
5. Apply for a credit card
6. Apply for credit limit increase
7. Open NBK Partial Withdrawal Deposit Account on NBK Mobile Banking App
8. Enhancements on the Term Deposit Account opening
9. Ability to book NBK Deposits
10. Enhancements on the NBK Rewards Points
11. Display rate when making transfers across currencies

12. Adjust Software Development Kit (SDK) Integration – tracking the customers who opened and installed the App
13. Ability to transfer to NBK Brokerage Accounts
14. Display NBK Money Market and NBK Funds
15. Establish standing orders
16. NBK Geo Alerts
17. Show One-Time-Password (OTP) in keyboard

NBK developed a Digital Advisor role to aid customers through the latest iteration of our digital services. With extensive knowledge on the NBK ecosystem, these experts aim to serve NBK Customers holistically.

New technologies implemented in 2019 include Ripple corridors to India, quick payments via WhatsApp, Robotic Process Automation and NBK Geo Alerts.

### Case Study: The increase of digital banking users

A key NBK strategic objective was to maintain a consistent rise in digital banking users through customer-centric products and services; and a robust digital ecosystem. Through implementation of our NBK Digital Roadmap there has been a rapid increase in digital banking users year-on-year. At the start of 2019, we set the target of increasing the digital banking user-base by 50%.

We have overachieved that threshold through the slew of digital banking products released throughout the year. Digitizing capability to apply for loan extensions and credit card limit increase allows the mobile app to be a central aspect of the customer's life. With quick payments via WhatsApp, our target shifts from the individual to the collective as well. Enhancing current services such as Smartwatch support was also a key target for us in 2019; along with improvements such as quick-OTPs.

In 2019 we added almost 100,000 registered users for mobile, increasing from 217,000.

### Case Study: NBK remittance service using RippleNet's blockchain technology

Ripple is a disruptive blockchain technology that allows for fast and error-free cross-border remittance payments to improve our customer's experience in NBK Online and Mobile Banking. The objective of implementing an innovative remittance solution with the use of blockchain technology is to improve the customer's remittance experience. Our vision is to connect every country where NBK Branches are present for faster, easier and more cost-efficient error-free standard of convenience. (e.g., NBK Kuwait – Jordan – Egypt). The second objective is reaching out to countries where NBK is not present and allowing seamless cross-border remittance as a business strategy for a new revenue opportunity to provide on-demand, real-time payments products and services to retail and corporate customers. This technology gives our customers a new and improved method of sending instantly in real-time across international borders in local and foreign currency and to beneficiaries with local banks in local currency through automated clearinghouse. We are providing our customers with the best, most reliable and secure banking services to send money in local and foreign currencies to their friends and family abroad.

### **NBK Geo Alerts**

NBK Geo Alerts is a location-based digital marketing platform to engage customers at the right place and time. Our aim is to give value to our customers with a shopping experience that is engaging and insightful, all within their smartphone. NBK Geo Alerts is a service that will evolve to integrate new marketing campaigns, which have been generated by the successes of the promotions before.

### **Social Media**

NBK utilizes social media channels to engage with our stakeholders, via platforms that include Instagram, Twitter, Facebook, LinkedIn, YouTube, SnapChat. The number of followers is continuously increasing, amounting to about 1,500,000 followers in 2019.

NBK has been using social media to facilitate customer feedback and engagement, and track turnaround time accordingly. Before

the focus on social media, the turnaround time had been an average of 4 hours. After the focus on media, these turnaround times have outstanding been reduced to 12 minutes in 2018 and then to 10 minutes in 2019. The 2019 figures portray improvements of 17% from 2018, and 96% from 2014.

**Twitter:** Response to 5k followers inquiry; average response time: 4 hours (2014) Twitter: Response to 7.8k followers inquiry; average response time: 10 minutes (2019) Specifically, this turnaround time appears on Twitter, showing great improvements despite the 56% increase in Twitter followers (i.e., 5,000 followers in 2014 compared to 7,800 followers in 2019).

**Instagram:** We have communicated a total of 106 awareness messages, across our 5 CSR categories: Health (16), Environment (9), Education (16), Community (37) and Sports 28.

## Case Study: I-Hub Platform

One of NBK IT strategies is to revamp and upgrade NBK SOA middleware capabilities to support the future needs of NBK Business and digital transformation covering Kuwait & IBG (Kuwait hosted services) locations. NBK will leverage the latest technologies of ESB and decommission in-house built components, to enhance performance, stability, maintainability, monitoring, and agility. The objectives for this project are:

- Implement the new ESB platform
- Implement the new SOA framework and foundation services
- Implement new mini CRM and NBK Online Banking channels services
- Migrate both channels (one by one) to utilize the new ESB platform and framework

The new ESB lays the foundation for revamping the existing "Service oriented Architecture" and allows multiple systems in the Bank to be integrated. The new ESB improves the reliability and stability of the middleware and prevents system outages on account of "middleware failures". Cost of System downtime and associated brand impact cannot be ascertained and quantified.

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 future growth of NBK and resolve long outstanding issues related to security, risk and audit findings. The i-Hub remediation initiative is a program of projects that can be broken down into the following phases:

**Phase I:** Tactical remediation of the existing I-Hub – Completed

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I-Hub platform tangible benefits include the following:

- **Business Continuity and Stability:** Improve stability (Workload Management / Active-Active support / ease of administration)
- **Benefits from ESB & SOA Governance:** Encompass the decommissioning of in-house application and services and move to a standardized platform-based architecture with Enhanced Security, monitoring
- **Higher Operational Visibility, Risk monitoring and Control**
- **Better Leveraging of shared services model to optimize IT Cost, achieve operational synergy and efficiencies among NBK countries**
- **NBK Kuwait & International Enterprise:** NBK will be able to scale up and create centralized business initiatives (capabilities) across NBK Group. (Lays the foundation for future Group initiatives like Group Cash Management / Group Retail Channel)

Intangible Benefits

- Standardized ESB platform with no in house custom applications using proprietary protocols
- Faster, improved productivity due to ease of use of the new ESB platform
- Increased reuse which cuts overall projects delivery time
- Reduced maintenance
- Easier and quicker to adapt to new regulations and market competition
- Increased speed to market
- Improved process productivity
- Reduced penalties
- Increased agility

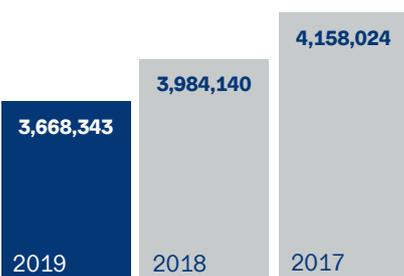
### Data Security & Privacy (103, 418-1)

As with previous years, there have been no customer privacy incidents in NBK in 2019. The Bank's Information Security policies and procedures are updated annually or as and when required. NBK tracks all IT-related complaints, showing a total of 33 in 2019. The highest have been during January and September, while there were none in June.

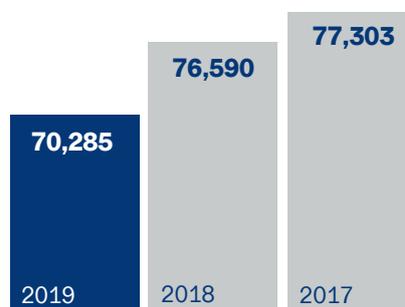
### Customer Experience (102-2, 102-6)

NBK is committed to delivering positive outcomes to clients and enabling them to protect their wealth. As described earlier, a core aspect of our mission is to deliver world-class products and the highest service quality to our customers. In this section we provide information relevant to NBK Customer experience.

In 2019 NBK had countless opportunities to serve customers: Over 3.6 million branch visits, over 70,000 transfers and telex, and nearly 34 million transactions with customers outside the branches.

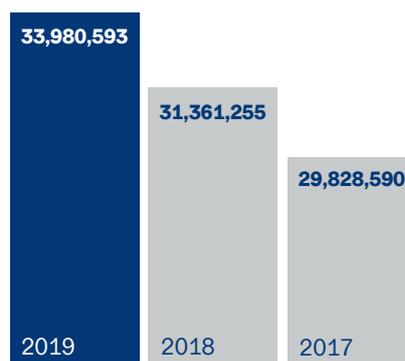


Total Branch Visits (in Million)



Transfers & Telex in Branches

Number of transactions that were done with customers outside the branches (ie. online, digitally, machines) each year, in 2017, 2018, 2019 are the following:



NBK Online Banking + NBK Mobile Banking Transactions Contact Center + ATM

As of 2019, NBK has 329 Automated Teller Machines (ATMs) in addition to Cash Deposit Machines (CDMs). NBK also added an additional Interactive Teller Machine (ITMs), now giving us a total of 2 ITMs.

NBK utilizes a variety of channels for customer communication, marketing, and advertising, including:

- NBK Online Banking
- NBK Mobile Banking
- ATMs
- CDMs
- ITMs
- Flyers
- Posters
- Roll-ups
- Social Media
- Digital ads
- Press ads

NBK has rewards and loyalty programs aimed at giving back to the customer. These include, among others:

- New jobbers offer:
  - Instant gift ranging from KD 100 to KD 10,000
  - Interest-free loan up to KD 7,500
- Miles Card (for air travel)
- NBK Rewards Program with more than 900 outlet
- Up to 50% cashback campaign
- 50% discount on cinescape for Al Shabab Prepaid cardholders

#### **Customer Perks:**

In efforts to enhance customer experience, NBK partners with various other entities to provide its customers with perks; these include, among others:

- Cards Associations with Visa, Mastercard and Diners Club: Joint campaigns that range from strategic to tactical based on customer profile and card type
- Loyalty program with more than 900 outlets
- Concierge service
- Carriage - special offer for Al Shabab
- Deliveroo - special offer for Al Shabab
- Eureka - special offer for Al Shabab
- Trolley - special offer for Al Shabab

#### **Serving Youth:**

Out of the total customer base, NBK's youth segment consist of 13% in 2019.

NBK is active in targeting the youth segments, and has launched several campaigns and offers for them, such as transferring their allowance campaign. Other services provided to the youth include, among others:

- Al Shabab Account
- Prepaid card
- Debit card
- NBK Mobile Banking
- NBK Online Banking
- SMS services
- Debit and prepaid cards delivery

#### **Serving customers with special needs:**

NBK has implemented adjustments to facilities, equipment and procedures to make our products and services more accessible to clients with special needs. We go well beyond putting ramps in branches. as described below:

- ATMs with Braille keyboards and earphones, enabling visually impaired customers to withdraw money (such ATMs have special branding and enclosures to ensure the physical well-being of our customers)
- Braille option for opening accounts and printing for the visually-impaired
- Staff trained to provide services in sign language, for hearing-impaired customers
- ATMs that provide instructions vocally for the hearing-impaired
- 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 has six branches with the following specialized facilities, one in each governorate:

- Governorate - NBK Branch
- Asima Governate - Head office
- Hawalli - Cinema Salmiya
- Farwaniya - Rehab
- Mubarak Al Kabeer - Mubarak Al Kabeer
- Ahmadi - Fahaheel Saheli
- Jahra - Saad Al Abdullah

## Case Study: NBK Digital Factory

We recently established NBK Digital Factory to act as an innovation and execution powerhouse at the group level, providing best-in-class consumer-centric design and agile development services. It is a new space to build a customer-centric future, unburdened by today's limitations and constraints. In the Digital Factory, we develop, test, and adapt digital products and services in cross-functional teams, closely collaborating with internal and external customers.

The physical collocation space brings together employees with a diverse set of backgrounds, interests, and skills as well as external vendors and fintech partners. In this new space, the Group Digital Office has created NBK Digital Community, a platform for people passionate about digital innovation from all parts of the bank to get together and share ideas. In addition, we host workshops and keynote speakers from Kuwait's top visionaries, cultivating a broader digital ecosystem. NBK encourages in-house innovation: ideas are implemented as proofs of concept or pilots to assess the customer, business, and technology impact before introducing them on a larger scale.

The NBK Digital Factory will play a key role in accelerating digital transformation – enabling NBK to meet the evolving needs of our customers, today and in the future.

### Customer Complaints

NBK continuously tracks the number of customer complaints. In 2019, NBK has received 226 complaints and reported them to the Central Bank of Kuwait (CBK). As of 2019, turnaround time for solving complaints, as reported to the Central Bank of Kuwait (CBK), is about 15 working days.

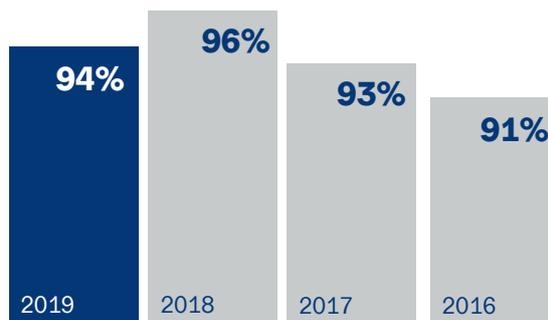
### Voice of Customers

In its continuous endeavor to place the customers in the center of its decisions and priorities, NBK conducted, in 2019, 32 surveys with more than 40,000 customers (via face-to-face, telephonic or online tools). Compared to 2018, this is a 30% increase in the total surveys conducted.

### Customer Satisfaction

Every year, NBK compiles a customer satisfaction index (CSI) report to continuously measure, track, and evaluate customer experience. This yearly customer satisfaction survey helps us to better serve our customers and understand their needs. The assessment provides NBK with comprehensive feedback on customer experience with the different bank's channels, products and services.

As of 2019, NBK's customer satisfaction index (CSI) is 94%. In 2019, NBK maintained its customer satisfaction index above 90%.



Additionally, NBK also compiled a Mobile Banking Application Ratings report to measure and evaluate customers' satisfaction from the application. In 2019, the Mobile Banking Application Ratings report showed a 95% rating. This 3-point improvement compared to the previous year is mainly attributed to the recent revamp of the report. Currently, it is the top app in the market in terms of positive reviews (in comparison to 4 local peers).

NBK created  
**KWD 314.4**  
**Million**

of direct economic  
impact in 2019, 16.7%  
more than last year.

## Sustainable Financial Position

NBK financial  
improvements have  
a direct impact on  
stakeholders at  
different levels (internal  
and external).

## Sustainable Growth & Economic Impact (103,201-1 )

In our pursuit of Sustainability, NBK is committed to fully integrating all three of sustainability's major aspects – Environmental, Social, and Economic – together within our commitment to strong Governance. Powerful economic capabilities and results enable us to build true sustainability and are therefore important to us. Our efforts in the economic realm are focused around four key areas: strong, enduring, and growing overall economic performance for the bank as a corporation, economic support of our employees and shareholders, economic support for our supplier corporations in Kuwait and throughout the region, and economic support for the nation of Kuwait. Taken together, these areas make up our Sustainability pillar of "Contributing to Sustainable Economic Development."

### Direct Economic Impact

For 2019, NBK generated a net operating income of KWD 895.5 million, a 1.4% increase over 2018 and more than 35% growth over the last six years. This economic strength reflects our strong commitment to customers and to sustainable management excellence.

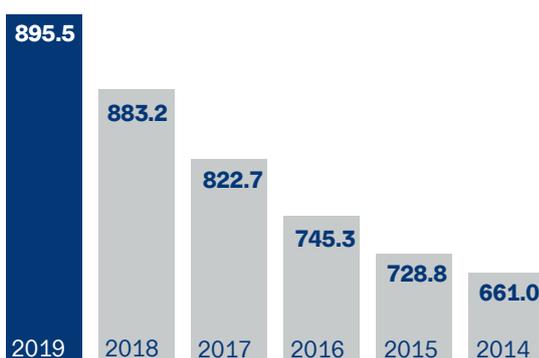
As a result, we were able in 2019 to provide a total of KWD 214,344 million to our shareholders in dividends for fiscal year 2018. Compared to the previous year, this was a 23% increase in shareholder dividends. Overall, including our contribution to KFAS of more than KWD 3.8 million, our purchases from local Kuwaiti suppliers, and direct taxes and charitable contributions paid, NBK contributed KWD 314,483,287 of direct economic impact last year -- a 16.7% increase over 2018.

### Summary of NBK's Economic Impact

Significant Impact -- and 16.7% higher than last year

	2019	2018
Shareholder Dividends	214,344,196	174,492,856
National Labor Support Tax	10,252,000	9,281,000
KFAS	3,759,000	3,400,000
Zakat	4,540,000	4,103,000
Local Suppliers	80,664,091	77,315,868
Corporate Responsibility Investments	924,000	782,000
Total	314,483,287	269,374,724

### KWD



**NBK Brand Power**

Brand power is an important proxy for economic capability and performance. NBK’s brand is the strongest bank brand in Kuwait, with the highest Brand Power, Awareness, Customer Consideration, most favorable Image profile.

Every year, NBK assesses its brand power through the annual Brand Power Tracking Report, which showed a brand power of 27.2 as of 2019 (a 0.6 pts increase in brand power compared to 2018). The report also shows the achievement of above-index performance in the following categories: 1) Meaningful, 2) Difference, and 3) Salience. Furthermore, activity across different touchpoints has helped NBK to achieve highest image associations scores in the following image statements in the following image statements: “Contributing to Kuwait sustainable development” and “Bank that gives back to society”

Below is Sustainable Return on Investment (S-ROI) assessed for Local Procurement:



S-ROI	Level
Local Procurement	High

**Contribution to Kuwait National Development Plan (KNDP)**

NBK continues to play a prominent role in many major projects both in and out of Kuwait that are central to the National Development Plan (KNDP). A number of financings arranged in this context are as follows:

1. Acting as the Initial Mandated Lead Arranger, Bookrunner, Global Agent & Conventional Facility Agent for the KWD 350 Million Revolving Credit Facility to Kuwait Petroleum Corporation. October 2019
2. On October 1, 2019, NBK played a central role in Shamal Az-Zour’s IPO (owner and operator of Az-Zour North One Power and Water Plant). NBK was the only local bank financing the project, and the local account bank for the company and the IPO.
3. Acting as Bookrunner, Underwriter, Coordinator, Initial Mandated Lead Arranger and Global Facility Agent for KWD 390 Million Senior Corporate Facility Kuwait Integrated Petroleum Industries Company K.S.C. June 2018.
4. NBK acting as a Major Participant, NBK Capital Arranger & Joint Lead Manager for a USD 2.25 Billion Dual Series Bond Offering for EQUATE.
5. Acting as Bookrunner, Underwriter, Coordinator, Initial Mandated Lead Arranger and Global Facility Agent for USD 5.0 Billion Corporate Facility for Equate Petrochemical Company K.S.C.C. June 2016.

**Local & Sustainable Procurement (102-9, 204-1, 103)**

In 2019, NBK devoted a total of KWD 27,186,185 in procurement expenditures to “local suppliers” direct purchases & contracts, with an additional total of KWD 5,874,020 allocated to foreign suppliers direct purchases & contracts. As part of our commitment to creating effective economic impacts in Kuwait, this 82% allocation of all our procurement expenditures to local suppliers represents a significant economic boost for Kuwaitis.

For the year, NBK made purchases from 323 local suppliers (in the form of direct purchases and contracts), which is 78% of all our suppliers (22% of our suppliers, 91 in total, are foreign suppliers).

6. Acting as Underwriter, Initial Mandated Lead Arranger and Agent Bank for USD 280 Million Corporate financing of The Kuwait Styrene Company June 2016.
7. Acting as a Coordinator, Initial Mandated Lead Arranger and Global Facility Agent for the KD 710 Million KNPC Conventional facility & KD 490 Million Murabaha Islamic facility in April 2016 for the Clean Fuels Project.
8. Acting as a Coordinator, Initial Mandated Lead Arranger and Global Facility Agent for USD 6 Billion Senior Bridge Facility for EQUATE Petrochemical Co. Dec 2015.
9. Supporting all EPC Contractors for their banking requirements for the KNPC Azzour Refinery Project worth USD 13.2 Billion, Kuwait’s largest development project ever.
10. NBK is the global agent for financing the expansion of the Sulaibiya Wastewater Treatment & Reclamation Plant, the world’s largest membrane-based wastewater treatment facility. The plant has recently increased capacity, growing from 375,000 to now 600,000 cubic meters of water per day. Of this, 85% is treated and produced as potable water.

**NBK is a Major Dealmaker in Support of the Kuwait National Development Plan**

<p><b>Oct 19</b></p>  <p><b>KWD 350 Million Revolving Credit Facility</b></p> <p>The Undersigned Acted as an Initial Mandated Lead Arranger and Bookrunner</p>	<p><b>Nov 18</b></p>  <p><b>USD 4.16 Billion Senior Facilities</b></p> <p>NBK is the Largest Participant in the International Commercial Facility</p>	<p><b>Jun 18</b></p>  <p><b>KWD 390 Million Senior Corporate Facility</b></p> <p>The Undersigned Acted as an Underwriter and Initial Mandated Lead Arranger</p>	<p><b>Nov 16</b></p>  <p><b>USD 2.25 Billion Dual Series Bond Offering</b></p> <p>NBK is a Major Participant NBK Capital Arranger &amp; Joint Lead Manager</p>
<p><b>Jun 16</b></p>  <p><b>USD 5 Billion Senior Corporate Facility</b></p> <p>The Undersigned Acted as the Underwriter and Initial Mandated Lead Arranger</p>	<p><b>Jun 16</b></p>  <p><b>USD 280 Million Senior Corporate Facility</b></p> <p>The Undersigned Acted as the Underwriter and Initial Mandated Lead</p>	<p><b>Jun 18</b></p>  <p><b>KWD 1.2 Billion Senior Facilities</b></p> <p>The Undersigned Acted as the Underwriter and Initial Mandated Lead Arranger</p>	

**Contribution to Small and Medium Enterprises (SMEs)**

Every year, NBK provides various loans for small and medium enterprises (SMEs). This attention to SMEs was regarded by NBK as an integral way to support local businesses and encourage entrepreneurs, especially equipping SMEs with the resources requested for them to grow and sustain the business. While in traditional banking practices SME loans have tended to be

accompanied by their own specific risks and loan terms, NBK embedded more sustainability aspects when providing loans to SMEs. Notably, besides providing loans, NBK also provided advice, mentoring, and coaching to SMEs, having focused on being able to manage their finances and acquire the capital necessary to sustain and grow the business.



## **Social Contribution (Sustainability & Community)**

“Giving Back to the Community” defines the essence of NBK and is one of our six sustainability pillars. We strive to continue our longstanding legacy of expanding our social impact and contributing in meaningful ways to the local community. Our consistent track record of giving back to the community forms a powerful foundation of NBK’s sustainability and corporate social responsibility performance.



**SDGs:**

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

**KNDP:**

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

The community includes a large stakeholder group that forms and informs 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 / ESG. 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.

Below is the Sustainable Return on Investment (S-ROI) assessed for community volunteering activities:



S-ROI	Level
Volunteering	Medium

## 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 critical 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 and strengthening education
- Improving the natural environment

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

In 2019, our total CSR monetary contribution and implementation support to the Kuwait community is itemized in the chart below.

	FY 2019 KWD'000
<b>Community Investment</b>	
<b>Children Hospital's Costs - (A)</b>	<b>43</b>
<b>Other Community Welfare Costs (NBK Kuwait):</b>	
Community Welfare	619
Ramadan Costs	59
Walkathon	203
<b>Total - (B)</b>	<b>881</b>
<b>Total Community Welfare Costs (NBK Kuwait) - (A+B)</b>	<b>924</b>
<b>National Labour Support Tax (per Group FS) - (C)</b>	<b>10,252</b>
<b>Kuwait Foundation for the Advancement of Sciences (per Group FS) - (D)</b>	<b>3,759</b>
<b>Zakat (per Group FS) - (E)</b>	<b>4,540</b>
<b>Total (A+B+C+D+E)</b>	<b>19,475</b>

Note: Above definitions/compositions of Community Investment to be confirmed by Corporate Communications.

Overall, in the last 21 years, NBK has invested nearly KWD 220 million to 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.

# NBK's Approach to Community Investment & Development

NBK concentrates our major financial contribution to optimize our social impact, prioritizing our ongoing substantial commitment to Health, Education and Youth, Social Contribution, Awareness, Environment and Sports & Culture.

## 2019 COMMUNITY INVESTMENT

NBK's community programs are categorized into 6 main types:



Healthcare



Education / Youth



Social Contribution



Awareness



Environment



Sports & Culture

Below is Sustainable Return on Investment (S-ROI) assessed for Summer Internship Program:



S-ROI	Level
Summer Internship Program	Very High

### HEALTHCARE

NBK partners with various entities to reach the desired outcomes for the advancement of healthcare. The main healthcare related outcomes are as follows:

#### 1) NBK Hospital

NBK contributed to NBK Hospital, primarily focused on diagnosing and treating child cancer.

NBK Hospital holds various activities to continuously engage with patients and their families. In 2019, NBK Hospital carried out 38 of these types of activities, engaging with a total of 975 patients across all activities. This was conducted by a total of 124 volunteers contributing around 118 hours.

#### 2) Center 21:

NBK took part in the art gallery exhibition for young adults with special needs that was held by Center 21. This contribution comes as part of NBK's sponsorship to the center's atelier for the third year in a row and for being the strategic partner in all the initiatives carried by it. The exhibition aimed at showcasing the work of the participants to make them feel part of the society.

#### 3) Kuwait Association for the Care of Children in Hospital (KACCH):

NBK advocates for the provision of optimal conditions for children and their families in the hospital in order to reduce the adverse effects of hospitalization on their development and well-being. NBK provides annual financial support. NBK works closely with KAACH to maximize its reach to children in need and to give top priority to sick children with life-threatening illnesses. Also, NBK supports a team of doctors working at KACCH by paying for their expenses.

#### 4) Bayt Abdullah Children's Hospice (BACCH)

Bayt Abdullah Children's Hospice provides multi-professional, specialist, pediatric palliative care and support to children with life limiting or life-threatening illnesses who are resident in Kuwait and their families. They aim to improve the quality of life for children and their families from diagnosis and beyond by offering these services, tailored to the individual family's needs, in the location of their choice, whether at home, in Bayt Abdullah or through an outreach program in their local hospital.

Some of these programs and initiatives are done through direct implementation by NBK, while others are only indirectly supported by us.

**I Dream to Be.** For the 6th 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. The initiative helps children realize their 'dreams' in order to promote their emotional and psychological wellbeing and help them to fight their diseases. Over the past 6 years, we realized the dreams of 23 patients.

John Daniel, who is undergoing treatment at NBK Hospital, has always dreamt to sing and become a performer as it is his passion and number one hobby. NBK Public Relations approached the Kuwaiti talent Zak Al Mousawi, with whom his band helped in making John's dream come true.

Ali Moath and Malik Houshani who are undergoing treatment at NBK Hospital, have always wished to live the experience as being fire fighters. NBK helped in making their dream come true in collaboration with Kuwait Fire Service Directorate to teach them the basics of emergency and the kind of equipment used to deal with mishaps.

Eyad Adnan Al Shami, 16 years old, is undergoing treatment at NBK Hospital and suffers from brain tumor, has always desired to live a race experience. NBK helped in making his dream come true in cooperation with Kuwait Motor Town, operated by Diwan Al Amiri, Road Rush and Ali Al Ghanim & Sons Automotive Company.

Ascia Sayed, 7 years old, is undergoing treatment at NBK Hospital and suffers from Leukemia, has always desired to learn how to cook and bake. NBK helped in making her dream come true in cooperation with the "Cooking Club".

**Impact of NBK Hospital**

In 2019, NBK Hospital saw a total of 366 stem cell therapy unit patients in the outpatient department, which is about a 4% decrease from the previous year. NBK Hospital admitted a total of 38 stem cell therapy unit patients to the inpatient department, which is about a 37% decrease from the previous year. NBK Hospital admitted a total of 391 leukemia cases, which is a decrease of about 50% from the previous year.

NBK Hospital has seen 58 new cases of oncology and 10 relapse cases of the same.

NBK Hospital holds various activities to continuously engage with patients and their families. In 2019, NBK Hospital carried out 34 of these types of activities, engaging with a total of 975 patients

across all activities. This was conducted by a total of 124 volunteers contributing around 118 hours.

In general, the patient experience had improved, with more outpatient activities in the outpatient department and daycare. The daycare facility is now open from 7 AM to 10 PM, 7 days a week. This had led to lower rate of admission to the Hospital, especially in wards 1 and 2. In addition, this allowed patients to attend the daycare on Friday and Saturday, and hence attend school during the week. Accordingly, NBK Hospital receives 25 of these cases per month on Friday and Saturday.

NBK Hospital conducts patient and family engagement and satisfaction activities to help make the children socialize together and distract them from the pain of the treatment. Every Monday of the year a fun activity is planned for the children taking their treatment at NBK Children's Hospital and visiting during the morning for their tests.

Also, because children stay at the hospital for their treatment, NBK has provided an indoor cinema for them and their siblings to watch the favorite movie of their choice. Ten movie nights held were attended by 70 patients.

**NBK Heroes**

Every week a patient is chosen as the hero of the week and is awarded with a trophy that says NBK Heroes. 48 children were awarded.

NBK Hospital conducts employee engagement and satisfaction activities. For example, the Nurse of the Month was awarded 4 times per month to the top nurse at the NBK Children Hospital by the hospital management to reinforce "Excellence in Care" and is executed by the NBK Team. The award includes cash and a branded certificate containing the theme of the month's recognition.

NBK's healthcare initiatives were attended by an estimated total of 505 participants.

On average, each of NBK's healthcare related events last for about 5 hours.

The number of beneficiaries of NBK's healthcare related initiatives are estimated at around 200 patients total.

Below is Sustainable Return on Investment (S-ROI) assessed for NBK Hospital:



S-ROI	Level
NBK Hospital	High



**YOUTH AND EDUCATION**

In 2019, NBK invested about KWD 298, 000 into youth and education related CSR activities. NBK's youth and education related CSR events were attended by around 148,735 participants. NBK's youth and education related CSR events created outcomes for about 5,713 beneficiaries.

In 2019, NBK has invested a total of KWD 74, 000 into education initiatives. This was a total of 30 educational initiatives at universities and academic institutions, impacted around 73,735 participants and beneficiaries.

As part of NBK's commitment to empowering youth through CSR, we are involved in the following 7 initiatives, described below:

**1) LOYAC**

NBK aims to help LOYAC develop and implement several programs tailored to develop Kuwait's youth including their professional skills while enhancing their personal growth and helping them find a sense of purpose by helping others. Accordingly, 2 trips were held to China and Cambodia, which included a group of social initiatives, interacting with different cultures and volunteering. During these trips, participants were introduced to China's and Cambodia's different cultures and learned different daily life routines. The China trip lasted for 9 days (from 19 Aug - 1 September) including 12 trainees. The Cambodia trip lasted for 8 days (from 25 Dec to 12 Jan) including 12 trainees.

NBK was also involved in the KON training program. As part of NBK's strategic partnership with LOYAC and continuous interest in the development of the youth, NBK is a Platinum Sponsor for LOYAC's program "KON". NBK is the Platinum sponsor of KON, a social entrepreneurship program co-created with Babson College in Boston, the prestigious entrepreneurship college in the US and the number one institution in the world for Entrepreneurship Education. The program targets youth between the ages of 12 - 16 and introduces them to Babson's innovative and entrepreneurial approach to transform their ideas into implementable action, aiming to develop responsible business solutions to our community's most pressing social challenges. KON is a 6 week program, from 1 July to 7 August, lasting for 100 program hours. It involved 17 mentors, 64 students and 14 projects by 60 trainees.

**2) Kuwait Association for Learning Differences (KALD)**

NBK sponsored the annual KALD Talent Show 2019 and sponsored activities including camps, carnivals and talent shows. These are great opportunities for the youth to show their capabilities and talents, to strengthen their self-esteem and to develop their social skills. The first sponsorship with KALD included 26 participants in the activities. The KALD show witnessed the participation of 9 schools with 64 children years 1-7 years old, as well as 35 teachers and trainers.

**3) Maker Faire**

NBK participated as a platinum sponsor in Maker Faire Kuwait 2019 for the third year in a row. In addition to sponsoring the event and setting up a booth, NBK was part of the judging committee that evaluated the innovative creations by the end of the exhibition. Maker Faire Kuwait is organized by Kuwait Investment Company. Originated in the United States, the Maker Faire gained global popularity and is held in multiple countries around the world, including the GCC region with Kuwait as the only exclusive host from the parent exhibition. The event included participants from Kuwait and the Arab region with innovative creations in different fields combining modern technology and manual crafts. NBK's sponsorship reflects its belief in the importance of building human capabilities. NBK believes in investing in youth as well as enabling these young "makers" to develop their crafts and innovative ideas. The event lasted for 5 days and included about 75,000 attendees.

**4) Kuwait Red Crescent Society (KRCS) - Donate to Their Education Campaign**

NBK extended its sponsorship for the fifth consecutive year to Kuwait Red Crescent Society's program "Donate for Their Education" to assist children of low-income and vulnerable families. The program aims to provide education opportunities to 5,389 students through covering their school tuition fees for the academic year 2019/2020.

**5) Ministry of Education (MOE) Graduation Ceremony**

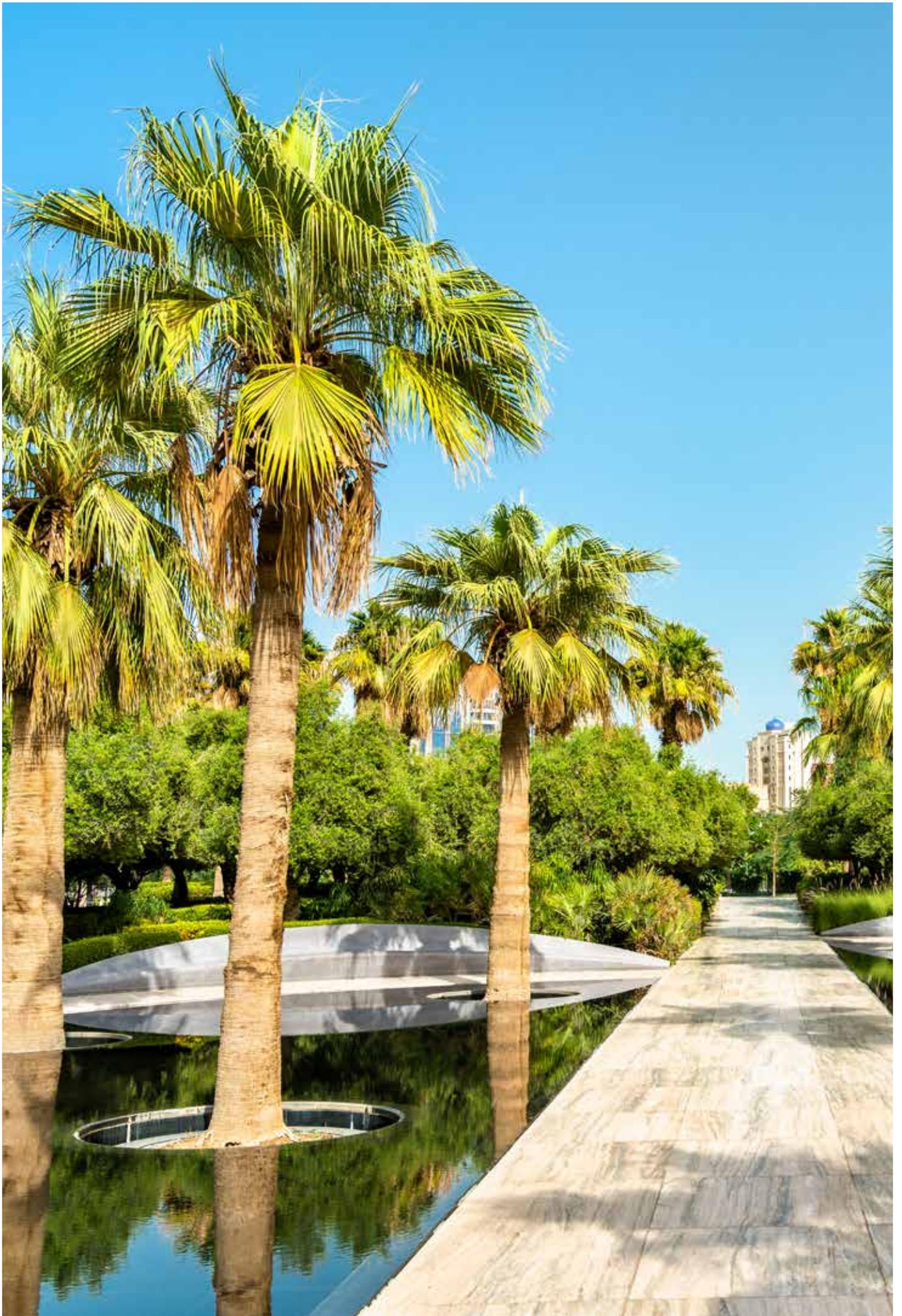
For the 12th consecutive year, NBK sponsored the Ministry of Education's Ceremony to Honor Outstanding High School Students. The ceremony included honoring about 150 outstanding students (Kuwaitis and non-Kuwaitis) in the scientific, literature and religious studies departments, as well as students from private schools. NBK also honored scientific excellence competition award winners in which MOE participates locally and regionally.

**6) Supporting Educational Institutions**

NBK supported youth educational and entertainment activities for students, organizations and universities at 13 educational institutions throughout 2019.

**7) Al Shaheed Park**

NBK supported eight cultural events at Al Shaheed Park.



## Community Engagement

NBK promotes awareness of our sustainability programs and messages through various communication channels. One example is a TV advertisement during the Holy Month of Ramadan called "Al Tawoos Al Abyad." This CSR activity raised awareness in Kuwait concerning the dissemination of false information on social media.

NBK has a plan for next year that is expected to tackle some awareness issues among customers, especially the youth, to help them in saving money.

NBK also conducts awareness campaigns for external stakeholders. The six main external awareness campaigns are:

### 1. Summer Heat Awareness

NBK visited open parking lots in Kuwait City to raise awareness for overcoming summer heat as a gesture to show support through the distribution of cold water and car sunshades. The main target of this initiative was to further enhance the awareness and spirit of community involvement amongst the society.

### 2. Kuwait National & Liberation Day

NBK launched a TVC on its social media channels in celebration of Kuwait's anniversary of independence and the anniversary of liberation. Total engagement for this campaign reached around 3 million views.

### 3. Mother's Day

NBK launched a song dedicated to mothers, with total engagement reaching 500,000 views.

### 4. World Cancer Day

NBK held an awareness campaign on Instagram and Twitter of NBK Hospital (NBKH) accounts, with engagement reaching 21,866 views.

### 5. International Childhood Cancer Day

NBK's awareness campaign on Instagram and Twitter of NBKH accounts, reached 22,753 views.

## Investment in Social Impact Activities

In 2019, NBK invested about KWD 14,671 into environment related CSR activities.

### Walkathon

NBK has invested a total of KWD 199,000 into 2019 NBK Walkathon, equivalent to the investment last year. NBK Walkathon was supported by 62 volunteers. On average, each volunteer contributed 72 hours into NBK Walkathon. This exceeded the previous year's hours of 5 to 48 hours range.

There were 19,606 registered NBK Walkathon participants, with 12,391 who participated in the walkathon. This number of participants was a 38% increase from last year's walkathon. As with previous years, the length of the NBK walkathon was 11 kilometers. On average, it takes a participant 2 hours to finish the NBK Walkathon.

The Walkathon volunteers were 43% female and 57% male, with an inclusion of 29% Kuwaitis.

In 2019, the total calories burned during the NBK Walkathon are an estimated 11,263,419 cal. This takes into consideration the 11 km distance, the number of participants, and the average weight in Kuwait.

Below is Sustainable Return on Investment (S-ROI) assessed for NBK Walkathon:



S-ROI	Level
NBK Walkathon	Medium

## Community Engagement

In 2019 NBK conducted 5 main community events including the following.

**Ramadan.** This program is the annual 'Doing Good Deeds' program during the Holy Month of Ramadan. For more than 26 years, the program has comprised a series of activities and events aimed at encouraging community engagement and solidarity and charity in Kuwait. There were 50,000 beneficiaries. NBK ramps up its charitable activities during the Holy Month, as part of its commitment towards serving the society. NBK hopes to encourage a greater sense of community and charity during Ramadan and encourages its customers and staff to participate by 'doing good deeds' all month long.

**Eid El Fitr Community Activity With LOYAC.** NBK and LOYAC organized the "Eid Clothing" campaign to support children in low income families through purchasing new Eid clothing to celebrate Eid Al-Fitr by dressing up and wearing their new outfits. This one day event included 30 recipients and supported the disadvantaged with the joy of new clothes for Eid. There were 15 NBK volunteers.

**Elderly Care.** For more than ten years, NBK supported the Elderly Care Department at the Ministry of Social Affairs to support home mobility for elderly. In 2019, NBK served 1,017 beneficiaries. NBK's support included maintenance of the mobility service that the bank provided, as part of its commitment towards aiding the elderly and maintaining donations to help in overcoming all obstacles. NBK believes that the private sector should play a major role in supporting the government's policy towards social aid, in order to maintain the country's approach towards a sustainable future and guarantee better methods to adopt advanced systems and ways to care for those in need.

**Back to School With LOYAC.** NBK organized a special initiative in collaboration with LOYAC to support children in low income families through purchasing school supplies and getting them ready for school. This program was for one day and resulted in a positive impact on children's enthusiasm towards going back to school. NBK aimed at giving students what makes them happy and satisfied among their peers. NBK's mission is to bring joy and hope for a better tomorrow. 15 employees from NBK volunteered 2-3 hours for this one day event.

**Winter Supplies Campaign.** For two days in January, NBK and Kuwait Red Crescent Society (KRCS) distributed winter supplies for 10 families in different areas in Kuwait, including electrical appliances and necessity food items as part of its "Winter Supplies" Campaign. Four employees volunteered to help families in need. This campaign aims to offer a warm winter for families facing hard weather conditions in Sulaibiya and Jeleeb Al Shuyoukh.

**Environment Programs.** NBK launched several recycling campaigns in collaboration with Omniya Project Management Company. The campaigns started by placing recycling containers at NBK's Headquarters and NBK Children's Hospital, as well as collecting the waste of the Iftar tables from the NBK Ramadan Tent. In addition, NBK launched a competition with Omniya among Kuwait's public schools targeting waste collecting of plastic bottles. The competition will reward the winners with valuable prizes that serve the schools' sustainable practices.

NBK launched its NBK-Omniya initiative in line with the bank's commitment in making Kuwait a more environmentally friendly country. Omniya is a national environmental and cultural project aimed at spreading the culture of sorting and recycling waste in the society, creating a new industry and reducing environmental pollution. NBK is proud of its partnership with Omniya, led by Kuwaiti youth in its ideas and aspirations aimed at spreading the culture of waste sorting and recycling in the community, creating a new industry and reducing environmental pollution.

Omniya is a small-to-medium enterprise (SME) project started as non-profit organization to raise awareness about plastic segregation by three Kuwaitis in 2015. After that, it became the first polyethylene terephthalate (PET) recycling factory in Kuwait financed partially by the Kuwait National Fund for Small and Medium Enterprise Development in 2017.

Omniya PET Recycling Factory started production in April 2018. All of its Hot Washed rPET Flakes were sold to Europe. Its objective is to:

1. Reach the entire population in Kuwait by 2025 by raising awareness about plastic waste segregation in the community.
2. Create a hub for PET recycling in the Gulf Region.
3. Create a collection system for plastic waste through EPR (Extended Producer Responsibility) in Kuwait.
4. Establish segregation centers all over Kuwait.
5. Add recycling to the curriculum in the education system with building the first earth ship educational and cultural center for waste segregation in Kuwait.

## Collaboration Between NBK and Omniya

- NBK is a sponsor for Omniya in 4 collection points and working together in the biggest competition for collecting plastic waste from public schools, with an exposure of about .5 million of Kuwait population. This competition started in October 2019 and will end in April 2020
- The main focus points in this collaboration are to raise awareness about plastic waste segregation and to collect most of the plastic waste

### Omniya in Numbers:

#### Environmental Outcomes

- In the collection points, NBK have collected over 3 tons of plastic waste so far, which saved 30 cubic meters of the landfills
- In the school competition, we collected over 23 tons of plastic so far which in return saved over 230 cubic meters of the landfills

#### Social/economic Outcomes

- The social outcome of NBK and Omniya cooperation in the schools is an exposure of about half a million of Kuwait's population in which they all either participated or collected plastic waste
- On the economic side, this collection is helping Omniya factory to increase its production and export more recycled plastic to Europe

#### With NBK:

The quantity of plastic collected in 2019:

- In 4 collection points: over 3 tons of plastic waste
- In schools: collection 23 tons of plastic waste
- Plastic collecting points (Omniya boxes) in NBK
- 4 outdoor collection points in Raya, Mobarikia, Head Office and next to NBK Hospital in Al Sabah area
- The boxes are in over 2,000 schools
- The impact assessment:
  - NBK by collecting 26 tons of plastic waste helped saving 260 cubic meters of landfill space
  - Plastic collected at NBK from June-December: 3 tons

Below is Sustainable Return on Investment (S-ROI) assessed for Omniya Plastic Recycling:



S-ROI	Level
Omniya Plastic Recycling	Very High

الوطني  
NBK

omniya  
أمنية  
مبادرة المسؤولية الاجتماعية

BE THE  
CHANGE  
#انتوا-التغيير

#أمنية-الوطني

The Environment is a Cornerstone in  
NBK's Sustainability Strategy



## Our People & Workplace

“Respecting and Developing People” is an absolutely foundational priority at NBK, and is one of our six main sustainability focus areas. Accordingly, NBK strives to highlight this through various areas, including talent management, diversity & inclusion, Kuwaitization, employee engagement, training & development, and safety, health & well-being.





**SDGs:**

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

**KNDP:**

- Creative Human Capital
- Global Positioning

## Approach to Talent Management

NBK recognizes that customer satisfaction and loyalty, the quality of our service offerings, organizational efficiency and effectiveness, and our ability to grow and innovate are directly related to how we manage and develop employees. Two of the key elements of the NBK mission – to attract, develop and retain the best banking talent in the region and to adhere to our core values of passion, integrity, conservatism and knowledge – are dependent

on the way we approach managing and developing people and the organizational culture we create. In 2019, we began rolling out our Employee Value Proposition. Below we describe NBK's performance and initiatives in Diversity & Inclusion, Kuwaitization, Employee Engagement, Training & Development, Workplace Wellbeing, and Occupational Health & Safety.

Below is Sustainable Return on Investment (S-ROI) assessed for Employee Compensation:



S-ROI	Level
Employee Compensation	High

## Diversity & Inclusion (405-1, 202-2)

As of December 31st, 2019, NBK had 2,294 employees in Kuwait. At the end of 2019, our workforce was composed of 45% female and 55% male employees. The table below summarizes the gender distribution at different organizational levels. This overall gender composition has been consistent since 2017.

2019 Gender Diversity NBK Kuwait	Men		Women	
	Number	% of Total Workforce	Number	% of Total Workforce
Junior up to Level M	995	43%	967	42%
SM and Above	264	12%	68	3%
Total	1,259	55%	1,035	45%
<b>Total Workforce</b>				<b>2,294</b>

In 2019, men held 12% of senior management and above positions proportion to the total workforce, and women held 3% of these senior level positions out of total workforce.

Below is Sustainable Return on Investment (S-ROI) Assessed for Female Employment:



S-ROI	Level
Female Employment	High

Below is Sustainable Return on Investment (S-ROI) Assessed for Special Needs Employment:



S-ROI	Level
Special Needs Employment	High

## Kuwaitization (103,202-2)

NBK is working toward the national Kuwait agenda to increase employment of Kuwaiti nationals in the private sector. In 2019,

NBK reached 70.5% of Kuwaitization, up from 65% in 2018. In senior management and above positions, 38.3% were Kuwaiti nationals (127 of 332). Of Kuwaiti employees, 52.4% were women and 47.5% were men.

Below is Sustainable Return on Investment (S-ROI) Assessed for Kuwaitization:



S-ROI	Level
Kuwaitization	High

### Case Study: Increasing Kuwaitization Rate in 2019

#### Overview:

As a part of a project conducted by the government of Kuwait, “Kuwaitization” has been a key factor in determining overall recruitment within various sectors. The program’s main idea has been to enforce a certain percentage of Kuwaiti nationals to be present within every organization. This is designed to help ensure nurturing of local talent as well as tackling the issue of national unemployment. Periodically, the percentage of Kuwaitis rises based on a feasibility studies conducted by the government. In 2019, the percentage was increased from 64% to 70% with a time frame of 6 months to achieve the newly set target. This was a challenge facing NBK as a leading organization with more than 3,000 employees, but was willing to overcome the challenge.

#### Objective:

The main objective was to reach the new percentage within the newly set time frame. NBK pursued a strategy that was made up of two main components. The first component was a transfer strategy in which NBK transferred non-Kuwaitis to its subsidiaries, which in return required an increase in local labor, achieved by recruiting Kuwaitis exclusively. The second component was a retirement/succession plan that has set criteria and commitments for every manager to pass on their knowledge and experience to a Kuwaiti successor of choice, which would be monitored internally.

#### Outcomes:

NBK successfully met the set percentage within the time frame set by the government. In 2018, our percentage of Kuwaitis was 65% and as of 2019, we are currently at 70.5% Kuwaitis. Further development following the achievement of this short-term goal is currently in process to ensure an ongoing suitable plan. Achieving the target and satisfying and retaining our employees is the key continuing challenge NBK is facing.

## Employee Engagement

### Retention:

Our ability to retain talented employees is one important indicator

of our success at engaging employees. As reflected in the table below, in 2019 we had a total turnover rate of 13.9%, with the greatest number of exits occurring among employees aged between 18 and 29.

Age Bracket	Yearly Exits	2019 Turnover
Number of Youth Employees Between Age 18-29	153	20.7%
Number of Employees Between Age 30-50	135	10.5%
Number of Employees (>50)	24	11.3%
<b>Grand Total</b>	<b>312</b>	<b>13.9%</b>

Category	2019 (Entire Year)			
	New Employees		Turnover (Exits)	
Gender	Number	Proportion	Number	Rate
Female	220	49.1%	159	15.8%
Male	229	50.9%	154	12.5%
Total	449	100.0%	312	13.9%
Age Group				
30-50	126	28.1%	135	10.5%
Over 50	4	0.9%	24	11.3%
Under 30	319	71.0%	153	20.7%
<b>Total</b>	<b>449</b>	<b>100.0%</b>	<b>312</b>	<b>13.9%</b>

Below is Sustainable Return on Investment (S-ROI) Assessed for New Employment:



S-ROI	Level
New Employment	High

### Employee Engagement Events:

With the aim of engaging with employees and heightening the sense of comradery and networking among them, NBK conducted

a total of 9 employee events in 2019. The total number of employees and family members engaged through this is estimated at 2,879.

Below is Sustainable Return on Investment (S-ROI) Assessed for Employee Engagement & Satisfaction:



S-ROI	Level
Employee Engagement & Satisfaction	High



In 2019, NBK employees volunteering hours increased by about **34%** from the previous, reaching about **16,666** volunteering hours.

**Employee Volunteering:**

One of the ways that NBK gives back to the community is through staff volunteering. The four key events that NBK Staff volunteered in are listed below:

1. NBK Walkathon
2. Ramadan Volunteering
3. NBK Hospital
4. Omniya

In total, an estimated 16,666 volunteering hours were recorded for NBK during 2019 across the 4 events. Compared to 2018 volunteering hours, this is about a 34% increase. This was conducted by a total of 137 NBK Volunteers.

Employee Awareness: NBK’s awareness initiatives are not only focused on the community, but also on our own employees as well. For example, as described below, in 2019 we have conducted an internal recycling awareness campaign, as well as migraine awareness week, security awareness program and sustainability awareness.

1) Migraine Awareness: On the occasion of migraine week on the 1st of September, NBK arranges an internal campaign to raise awareness circulating health tips on reducing symptoms, a survey to detect the symptom, in collaboration with Novartis, global healthcare company.

2) Recycling: Internal awareness message to engage staff in all branches to be part of collecting plastic bottles launched last October.

3) Sustainability Awareness: Awareness messages sent to staff (all exchange users) to highlight our achievements in sustainability last year.

4) Security Awareness Program: Send awareness messages to staff on how to protect their personal data, office data, outlook email, etc. through guidelines.

## Training & Development

NBK has continued to offer and build on our suite of training and professional development programs. In 2019, the total training hours delivered was 127,897. 271 courses were offered with 3,037 total participants attending (some employees may have attended more than one course). An equivalent of 42 hours of training per employee. This included

people from every level and department in NBK.

In addition to training and professional development programs provided internally for NBK employees (described below), we provide high potential employees with support for participating in overseas skills and technical training programs and conferences at top-tier global (or American and European) business schools.

**“Know Your Bank”**

The training course titled “Know Your Bank” for KPC and its subsidiaries was a 4-week course, 2 weeks in class training and 2 weeks of on-the-job training. It consisted of 14 employees from multiple departments of KPC and its subsidiaries. The specialized course was conducted by various departments to impart banking and financial knowledge such as:

- Trade Finance instruments (LC/LG)
- Project Financing
- Treasury & Treasury Operations
- Oil and Gas Unit
- Funds Transfer Operations

The course also was to familiarize participants with banking products and services currently offered by NBK, as well as day-to-day banking operations.

Furthermore, NBK also provides intensive training for individual employees who are selected by their company for training in specific departments of the bank. Below are some of the training topics included:

### Sample Training Topics

**Project Finance:**

- The definitions & characteristics of Project Finance
- Basis of Financing
- Contractual Structures for Risk Mitigation
- Anatomy of a Financeable Project
- Stages in Project Financing & Main Phases of a Project
- Participants & Counter Party Risk Assessment
- Project Finance Participants
- Case Studies

- Risk Analysis & Allocation
- Risk Structures & Matrices
- Risk within the Company's Control
- Cost Curve
- Risks Outside the Company's Control
- Risks Within the Financiers Control
- Syndication & Documentation
- Types of Syndicated Loan Transactions
- Overview of Roles during Syndication
- Roles Post-Signing: Facility Agent
- Term Sheet Review
- Key Finance, Project, Security, Support Documentation
- Expert Reports & Legal Opinions
- Syndication Process, Financial Close & Administration
- Facility Types & Parameters
- Bank Roles & Review
- General Timeline
- Loan Administration
- Drawdown Procedures, Interest Payment & Rollover Procedure
- Repayment Procedure

#### Treasury Dealing Room

- Main Functions
- Cash Flow Management
- Arbitraging Risk-Free Investments
- In-depth training on Treasury Products
- Money Market Desks
- Foreign Exchange Desk
- Treasury Services & Sales Desk
- Structured Products Desk

- Money Market Fund Desk
- Group Asset and Liability Management Unit
- ALM Unit-Risk Management

#### Market Risk

- Definitions of Market Risk
- Causes of Market Risk
- Major Components of Market Risk Such as Foreign Exchange Risk, Liquidity Risk, Interest Rate Risk, Equity, Value At Price Risk
- Stress Testing
- Role of Market Risk Division
- Market Risk Middle Office Which Includes Trading Desk & Treasury Operations

#### Funds Transfer

- Definitions of Funds Transfer
- Funds Transfer Process & Types
- International Money Transfer Unit
- Local Payments Unit
- Central Investigation & Research Unit-CIRU
- Communications Support
- Parties involved in Funds Transfer:
- Key Terminologies
- SWIFT, Its Uses & Various Message Types
- Tags in a SWIFT Message
- Payment Routing Methods i.e. Serial & Cover Methods
- Types of Payment Instructions from KPC
- Important Points to Note When Issuing a Payment Instruction

Below is Sustainable Rate of Return (S-ROI) Assessed for Employee Training:



S-ROI	Level
Employee Training	High

## Safety, Health & Wellbeing (403-2)

NBK is proud to record zero occupational health and safety incidents or violations.

### Taking Action Against Corruption

In the case of any possible corruption, the table below shows the various actions we take to address each type of corruption:

#	Corruption Type	Action
1	Using the secret PIN number inappropriately	Dismissal from service and paying the end of service indemnity
2	Breaching trust	Dismissal from service and paying the end of service indemnity
3	Unauthorized access of client accounts	Warning and salary deduction
4	Inappropriate disclosure of bank secrets	Dismissal from service without paying notice, end of service indemnity and compensation



## Environmental Protection

“Caring for Our Environment” is a vital priority for NBK, one of our six main sustainability focus areas. NBK’s commitment to environmental responsibility includes actively measuring and assessing the environmental aspects of our business, investing in green building for our new headquarters, managing our operations to conserve water and energy and recycle materials, and focusing on reducing our GHG (greenhouse gas) emissions.



**SDGs:**

- 6: Clean water & sanitation
- 7: Affordable & clean energy
- 9: Industry, innovation & infrastructure
- 11: Sustainable cities & communities
- 12: Responsible consumption & production
- 13: Climate action
- 15: Life on land

**KNDP:**

- Global Positioning
- Sustainable Living Environment
- Developed Infrastructure

## Green Building



NBK continues its commitment to Green Building, with our new headquarters building nearing completion. Our new headquarters will exemplify a built environment that is in harmony with the environment, incorporating numerous features that reduce environmental impact. Relocation to the new headquarters started in December 2019.

### Cooling and Heating Energy / Systems:

Cooling is split into dedicated outdoor air cooling and treatment air handling units (AHUs) that distribute fresh air on demand to all recirculating AHUs, under floor AC units, and fan coil units (FCUs) serving all the various parts of the building. For space heating, the cooling tower condenser water is utilized to provide centralized heating to dedicated outdoor air (OA) AHUs heating coil, in addition to terminal electric heaters utilized (where required) with Floor Tile Units as well as FCUs.

### Main Energy Saving Features:

High performance building envelope with vertical fins providing a high degree of exterior shading for east, west and south facing glazed surfaces, complemented with high performance selective



double glazing with integrated ceramic fritting for extra heat gain protection. The main building facade is oriented towards the north, where minimal direct sun radiation is received.

Under floor air conditioning system where cooled treated air is introduced directly to the occupied zone, resulting in reduced fan and cooling energy.

### Main Water Saving Features:

Water efficient fixtures (sensor controlled taps) and dual flush fixtures. Also, grey water treatment system is incorporated in the design, covering around 25% of WC flushing demand of the building and helping with plant irrigation.

### Resource Minimization Features:

20-30% recycled content in building materials (concrete, steel, carpets, ceiling). Solid waste management and sorting infrastructure is incorporated into the design. Construction waste management program with a minimum target of 75% waste diversion from landfill is implemented on site by the contractor.



**Lighting:**

All light fittings installed in the project are light-emitting diode (LED) technology with line printer daemon (LPD), meeting or exceeding international standards & thresholds – i.e., American Society of Heating, Refrigerating, and Air-Conditioning Engineers (ASHRAE) 90.1.

Advanced multi-theme lighting control system is implemented into the building, with daylight harvesting and occupant presence control features.

Advanced automated interior glass shade system is provided to optimize daylight utilization based on exterior sun irradiance sensing.

Sensors for automatic switching ON/OFF to reduce power consumption.

**LEED Certification:**

NBK is working towards the completion of our green building certification for our new NBK Headquarters building, with an eye to both reducing environmental impact as well as serving as an important role model throughout Kuwait for the importance of having a positive environmental consciousness. In this regard, the LEED design submission has been completed, and the construction submission is in progress. NBK’s target is to achieve Leadership in Energy and Environmental Design (LEED) “GOLD” status for the new headquarters building, aiming for a score of at least 70 points, and we have every expectation that we will be awarded Gold status in 2020 as we move in to our new building.

## Energy Consumption & Reduction (302-1)

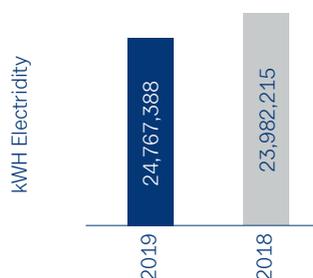
In order to reduce our energy consumption and thus our GHG emissions, NBK pursues a number of energy conservation and reduction practices, including energy optimization, auto switch off technologies, heating and cooling auto savings technologies, highly efficient fixtures and the Tarsheed power reduction campaign (done annually). In support of these efforts, NBK also has an active maintenance program that effectively manages and improves our energy efficiency. We have reported our electricity consumption

every year since 2014. Due to the global coronavirus pandemic, however, Kuwaiti municipality utilities have not been able to provide us with our electricity consumption data as they have in years past. Therefore, we are reporting here our 5-year average electricity consumption, annualized for 2019. As soon as we are able to obtain the actual 2019 consumption, we will update this report.

2019 Electricity Consumption: 24,767,388.80 kWh \*  
 2019 Electricity Consumption Intensity (Per Employee): 10,756.59 kWh\*

\* Based on 5-year average electricity consumption annualized for 2019.

**TOTAL ELECTRICITY CONSUMPTION (KWH)**



**ELECTRICITY CONSUMPTION INTENSITY (KWH PER EMPLOYEE)**



Below is Sustainable Return on Investment (S-ROI) Assessed for Greenhouse Gas (GHG) Scope 1 Emissions Reduction:



S-ROI	Level
GHG Scope 1 Emissions Reduction	Medium

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

NBK measures Greenhouse Gas (GHG) emissions across scope 1, scope 2, and scope 3 emissions, including SOx, NOx, CH4, and CO2.

**Scope 1 emissions** are defined as direct emissions from the activities of an organisation or under their control, which in NBK’s case covered owned vehicles and generator.

**Scope 2 emissions** are indirect emissions, which in NBK’s case are derived from electricity grid.

**Scope 3 emissions** are defined as other indirect emissions from activities of the organization, occurring from sources that they do not own or control, which in NBK’s case covers rented third-party cars.

### Scope 1 Emissions

NBK’s Scope 1 emissions derive from eight NBK-owned cars and one generator. Overall, our Scope 1 emissions are a miniscule portion of our overall GHG emissions (well under 1%). We maintained the same number of owned cars as we had last year (eight) but were able to reduce our petrol consumption and thus lower our GHG emissions. For all eight vehicles, in 2019 we spent KWD 3,000 for 28,571 liters of petrol. Converted to greenhouse gas (GHG) emissions, this amounts to: 67.43 MT CO2e; 0.41 kg SOx; and 1,057 gNOx. This year for the first time, we have measured and included in our GHG reporting the emissions from the one generator we operate. For the generator, we spent KWD 3,600 for 31,304 liters of diesel fuel. Converted to Greenhouse Gas (GHG) emissions, this amounts to: 73.88 MT CO2e; 0.784 kg SOx; and 1,158 gNOx.

In total, the scope 1 GHG emissions in NBK from both cars and generator add up to around 141 MT CO2e in 2019, compared to 151 MT CO2e in 2018.

Accordingly, Scope 1 GHG emissions in NBK decreased by around 7% from 2018 to 2019.

**Scope 2 Emissions**

The vast majority of our GHG emissions are our Scope 2 emissions, derived from our purchased electricity. We have reported our electricity GHG emissions every year since 2014. Due to the global coronavirus pandemic, however, our Kuwaiti utilities have not been able to provide us with our electricity consumption data as they have in years past. Therefore, we are reporting here our 5-year average consumption and the GHG emissions associated with that, annualized for 2019. Once we are able to obtain the actual consumption data, we will update this report.

Our 5-year average consumption of 24,767,388.80 kWh applied to 2019 resulted in 17,458.46 metric tons of GHG emissions (CO2e) for the year.

**Scope 3 Emissions**

Scope 3 emissions are also a very small portion of our total GHG emissions (2.7%). NBK increased our rental fleet from 35 to 44 cars this year and consequently our Scope 3 emissions rose slightly. We spent KWD 20,280 on third-party car rentals, allocated among the 44 rental cars. Our total petrol consumption was 190,840 liters; converted to Greenhouse Gas (GHG) emissions, this amounts to:

CO2e 450.38 MT                      SOx 18.50 Kg  
NOx 7,058 g

This represents a 43% increase from 2018 to 2019.

2019 Total GHG Emissions: 17,975.84 metric tons \*

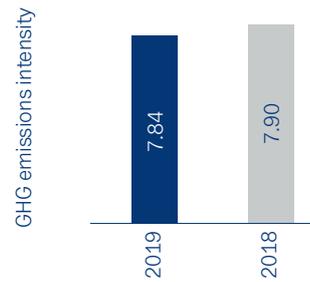
2019 GHG Emissions Intensity (Per Employee): 7.84 metric tons \*

\* Based on 5-year average electricity consumption annualized for 2019.

**TOTAL GHG EMISSIONS (CO2E MT)**

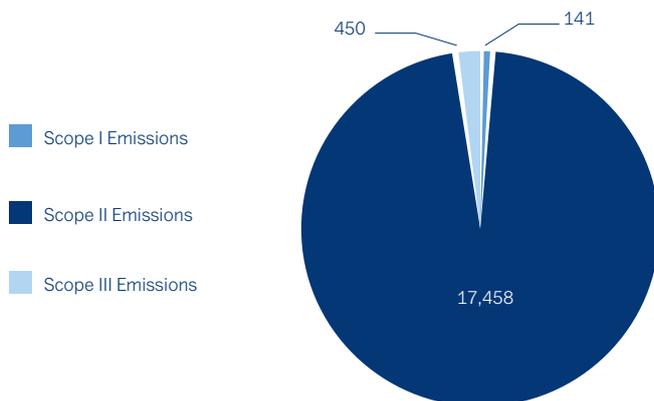


**GHG INTENSITY (CO2E MT PER EMPLOYEE)**



Total GHG Emissions (CO2e MT)				
	Scope I Emissions	Scope II Emissions	Scope III Emissions	Total GHG Emissions
2019	141	17,458	450	17,975
2018	151	16,905	314	17,370
Change From '18 to '19	-7%	+3.2%	+43%	+3.4%

Total GHG Emissions (scopes I,II,III)



\*Footnote: The majority of GHG emissions are Scope II. This scope is derived from the purchased grid electricity, which itself is on 5-year average electricity consumption annualized for 2019.

## Water Consumption & Reduction (303-5)

Water is a critical resource throughout the Middle East and is an important priority for NBK. We are actively pursuing a range of conservation practices and technologies. We have reported our water consumption every year since 2014. Due to the global coronavirus pandemic, however, our Kuwaiti utilities have not been able to provide us with our water consumption data as they have in years past. Therefore, we are reporting here our 5-year average consumption annualized for 2019. Once we are able to obtain the actual water consumption data, we will update this report.

2019 Water Consumption: 11,845,035 gallons \*

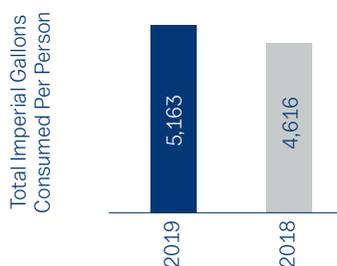
2019 Water Consumption Intensity (per employee): 5,163.49 gallons \*

\* Based on 5-year average water consumption annualized for 2019.

### Total Water Consumption



### Water Consumption Intensity Gallons Per Employee in NBK-Owned Buildings



## Resource Management (301-2, 306-1)

This year, NBK recycled 74.2 MT of paper (YTD), with more details provided:

Performance over last 3 years for recycling paper.

2017	70 Tons
2018	92.3 Tons
2019	74.2 Tons

Environmental impact of recycling paper:

Paper Recycled	Environmental Savings
74.2 Tons	*1,260 million BTUs -> total energy saved
	*623,000 pounds CO2e -> GHG saved
	*1,590,000 gallons -> water usage saved
	*89,600 pounds -> solid waste saved
	*72,900 O3e/m3 -> NOx saved
	*20,600 PM2.5e/m3 -> particulates saved
	*625 pounds -> SO2 saved
	*6.4 pounds -> volatile organic compounds (VOCs) saved
	*7.3 pounds -> total reduced sulfur (TRS) saved
	*114 pounds -> hazardous air pollutants (HAPs) saved
	*2,150 pounds -> chemical oxygen demand (COD) saved
	*1,260 pounds -> total suspended solids (TSS) saved
	*108,000 pounds -> ocean acidification saved
	*2,370 milligrams -> mercury emissions saved
	*193,000 micrograms -> dioxin emissions saved

Concerning plastic waste management, NBK has implemented an initiative to recycle plastic bottles through 4 collection points, generated mostly from the workplace. In the collection points so far, NBK has collected over 3 tons of plastic bottles from July through November 2019. The environmental impact across the 5 months resulted in the following savings:

- 30 cubic meters of landfill space
- 680 kg CO2 emission
- 4 barrels of oil
- 21,279 liters of water

**Manage Printing Service (MPS) Initiative**

NBK is planning to start the Manage Printing Service (MPS) initiative as a way to reduce printing consumption. Currently, we consume 3,960 packets of paper per month and 560 cartridges of ink per month in our laser printers. Accordingly, once MPS is implemented, it is expected to reduce paper, ink, and total number of printers used. As a result, this is expected to result in both reduced environmental impact and cost savings. To note, however, there have been some delays in implementing MPS due to testing procedures and standard approvals.

<b>Year</b>	<b>Packets of Paper</b>	<b>Ink Cartridges</b>	<b>Printers</b>
2018	48,000	2,000	2,000
2019 Target	33,600	1,400	1,000
2019 Actual	47,530	6,723	1,828

A man in a blue suit and tie is sitting at a wooden table, looking at a large document. The document is open, and he is pointing at it with his right hand. The background is blurred, showing a wooden wall. A large blue triangle is overlaid on the left side of the image, containing the word 'Appendices' in white text.

# Appendices



## GRI Context Index

GRI Standard Disclosure Number	Individual Disclosure Items	Information	Page Number
<b>General Disclosures:</b>			
102-1	Name of the organization	National Bank of Kuwait	
102-2	Activities, brands, products, and services		10, 42
102-3	Location of headquarter	Kuwait City ,Kuwait	12
102-4	Location of operation		12-13
102-5	Ownership and legal form	Established by a group of leading Kuwaiti merchants, NBK has retained its core shareholder base since inception. Its shares have been listed on the Kuwait Stock Exchange since 1984, with a single shareholder (the Public Institution for Social Security) owning more than 5% of the share capital (5.53% as at 31 December 2019). NBK's market capitalisation as at 31 December 2019 was USD 22.8 billion.	
102-6	Markets served		10-13, 42
102-7	Scale of the organization	2019 Annual Report: <a href="https://www.nbk.com/nbkgroup/investor-relations/Latest-Annual-Report.html#Latest-Annual-Report">https://www.nbk.com/nbkgroup/investor-relations/Latest-Annual-Report.html#Latest-Annual-Report</a>	
102-8	Information on employees and other workers		61-67
102-9	Supply chain		46
102-10	Significant changes to the organization and its supply chain	No Significant Changes to the Organization and its Supply Chain	
102-11	Precautionary Principles or approach	Integrated within risk management approach	33-34
102-12	External initiatives	Kuwait National Development Plan (KNDP) · United National Sustainable Development Goals (UNSDGs)	
102-13	Membership of associations	Kuwait Bank Association · Loan Market Association (LMA) · International Project Finance Association (IFPA)	
<b>Strategy</b>			
102-14	Statement from senior decision-maker		8
102-15	Key impacts, risks and opportunities		28, 33-34
<b>Ethics and Integrity</b>			
102-16	Values, principles, standards, and norms of behavior		10
<b>Governance</b>			
102-18	Governance structure		32
102-20	Executive-level responsibility for economic, environmental, and social topics	Management-level sustainability committee	33
102-21	Consulting stakeholders on economic, environmental, and social topics		19-21

102-22	Composition of the highest governance body and its committees	2019 Annual Report: <a href="https://www.nbk.com/nbkgroup/investor-relations/Latest-Annual-Report.html#Latest-Annual-Report">https://www.nbk.com/nbkgroup/investor-relations/Latest-Annual-Report.html#Latest-Annual-Report</a>	32-33
102-23	Chair of the highest governance body	Chairman of the Board of Directors: Nasser Musaed Abdulla Al-Sayer Group Chief Executive Officer: Isam Jasem Al-Sager	32-33
102-24	Nominating and selecting the highest governance body	2019 Annual Report: <a href="https://www.nbk.com/nbkgroup/investor-relations/Latest-Annual-Report.html#Latest-Annual-Report">https://www.nbk.com/nbkgroup/investor-relations/Latest-Annual-Report.html#Latest-Annual-Report</a>	
102-26	Role of highest governance body in setting purpose, values, and strategy	2019 Annual Report: <a href="https://www.nbk.com/nbkgroup/investor-relations/Latest-Annual-Report.html#Latest-Annual-Report">https://www.nbk.com/nbkgroup/investor-relations/Latest-Annual-Report.html#Latest-Annual-Report</a>	
102-27	Collective knowledge of highest governance body	2019 Annual Report: <a href="https://www.nbk.com/nbkgroup/investor-relations/Latest-Annual-Report.html#Latest-Annual-Report">https://www.nbk.com/nbkgroup/investor-relations/Latest-Annual-Report.html#Latest-Annual-Report</a>	
102-29	Identifying and managing economic, environmental, and social impacts		28, 33
102-30	Effectiveness of risk management processes		33-34
102-31	Review of economic, environmental, and social topics	Throughout all sustainability report	
102-33	Communicating critical concerns	Throughout sustainability report	
102-35	Remuneration policies	2019 Annual Report: <a href="https://www.nbk.com/nbkgroup/investor-relations/Latest-Annual-Report.html#Latest-Annual-Report">https://www.nbk.com/nbkgroup/investor-relations/Latest-Annual-Report.html#Latest-Annual-Report</a>	
102-38	Annual total compensation ratio	2019 Annual Report: <a href="https://www.nbk.com/nbkgroup/investor-relations/Latest-Annual-Report.html#Latest-Annual-Report">https://www.nbk.com/nbkgroup/investor-relations/Latest-Annual-Report.html#Latest-Annual-Report</a>	
<b>Stakeholder Engagement</b>			
102-40	List of stakeholder groups		19-21
102-41	Collective bargaining agreements	Labor Unions Are Not Relevant As Per Kuwait Law	
102-42	Identifying and selecting stakeholders		19
102-43	Approach to stakeholder engagement		19-21
102-44	Key topics and concerns raised		19-27
<b>Reporting Practice</b>			
102-45	Entities included in the consolidated financial statements	Financial Statements in Annual Report. There is No Consolidation As We Are Reporting on NBK Kuwait Only.	
102-46	Defining report content and topic Boundaries		5
102-47	List of material topics		22
102-48	Restatements of information		5
102-49	Changes in reporting	No changes	N/A
102-50	Reporting period	1st January 2019 – 31st December 2019	
102-51	Date of most recent report	March 2018	

102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	Sustainability@nbk.com · PO Box 95, Safat 13001, Kuwait
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, but all financial data is subject to external assurance

#### Management Approach – Material Topics

103	Management Approach: Community Engagement	In materiality and throughout report	23-27
103	Management Approach: Risk & Opportunity Assessment	In materiality and throughout report	23-27
103	Management Approach: Ethics & Compliance	In materiality and throughout report	23-27
103	Management Approach: Innovation	In materiality and throughout report	23-27
103	Management Approach: Kuwaitization	In materiality and throughout report	23-27
103	Management Approach: Sustainable Growth	In materiality and throughout report	23-27
103	Management Approach: Data Security & Privacy	In materiality and throughout report	23-27
103	Management Approach: Governance	In materiality and throughout report	23-27
103	Management Approach: Workplace Wellbeing	In materiality and throughout report	23-27
103	Management Approach: Responsible Products & Services	In materiality and throughout report	23-27
103	Management Approach: Sustainable Procurement	In materiality and throughout report	23-27
103	Management Approach: Environmental Impact	In materiality and throughout report	23-27
103	Management Approach: Resource Management	In materiality and throughout report	23-27
103	Management Approach: ESG Ratings	In materiality and throughout report	23-27
103	Management Approach: Talent Management	In materiality and throughout report	23-27
103	Management Approach: Social Impact	In materiality and throughout report	23-27
103	Management Approach: Customer Experience	In materiality and throughout report	23-27

#### Topic Specific Standards

##### GRI 200: Economic

##### 201: Economic Performance

201-1	Direct economic value generated and distributed		46
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: Market Presence

202-2	Proportion of senior management hired from the local community		62-63
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##### 203: Indirect Economic Impacts

203-1	Infrastructure investments and services supported		47, 91-92
203-2	Significant indirect economic impacts	Throughout sustainability report	

##### 204: Procurement Practices

204-1	Proportion of spending on local suppliers	82%	46
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##### 205: Anti-corruption

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	Training Courses Appendix	
205-3	Confirmed Incidents of Corruption and Actions Taken	There Were No Confirmed Incidents of Corruption with Employees at The Bank	
206: Anti-competitive Behavior			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No relevant legal actions to report	N/A
207: Tax			
207-2	Tax governance, control, and risk management	2019 Annual Report: <a href="https://www.nbk.com/nbkgroup/investor-relations/Latest-Annual-Report.html#Latest-Annual-Report">https://www.nbk.com/nbkgroup/investor-relations/Latest-Annual-Report.html#Latest-Annual-Report</a>	
<b>GRI 300-Environmental</b>			
301: Materials			
301-2	Recycled input materials used		58, 74
302: Energy			
302-1	Energy consumption within the organization		72-73
302-2	Energy consumption outside of the organization		72-73
302-3	Energy intensity		72
303: Water and Effluents			
303-5	Water consumption		74
304: Biodiversity			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not relevant for NBK	N/A
304-2	Significant impacts of activities, products, and services on biodiversity	Not relevant for NBK	N/A
304-3	Habitats protected or restored	Not relevant for NBK	N/A
305: Emissions			
305-1	Direct (Scope 1) GHG emissions		72-73
305-2	Energy indirect (Scope 2) GHG emissions		72-73
305-3	Other indirect (Scope 3) GHG emissions		72-73
305-4	GHG emissions intensity		72-73
305-5	Reduction of GHG emissions		72-73
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions		72-73
306: Waste			
306-1	Waste generation and significant waste-related impacts		74
307: Environmental Compliance			
307-1	Non-compliance with environmental laws and regulations	There Were No Instances of Non-Compliance With Environmental Laws and Regulations	
308: Supplier Environmental Assessment			
308-1	New suppliers that were screened using environmental criteria	Not relevant for NBK	N/A

<b>GRI 400: Social</b>			
401: Employment			
401-1	New employee hires and employee turnover		64
402: Labor/Management Relations			
402-1	Minimum notice periods regarding operational changes	Integrated in HR management	N/A
403: Occupational Health and Safety			
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	0 occupational health and safety incident/injuries accrued in 2019	67
403-3	Workers with high incidence or high risk of diseases related to their occupation	Not relevant for NBK	N/A
404: Training and Education			
404-1	Average hours of training per year per employee		66-67
404-2	Programs for upgrading employee skills and transition assistance programs	Training Courses Appendix	66-67, 86-87
404-3	Percentage of employees receiving regular performance and career development reviews	All NBK Employees	N/A
405: Diversity and Equal Opportunity			
405-1	Diversity of governance bodies and employees	2019 Annual Report: <a href="https://www.nbk.com/nbkgroup/investor-relations/Latest-Annual-Report.html#Latest-Annual-Report">https://www.nbk.com/nbkgroup/investor-relations/Latest-Annual-Report.html#Latest-Annual-Report</a>	62
405-2	Ratio of basic salary and remuneration of women to men	No relevant gender pay gap in NBK to report	
406: Non-discrimination			
406-1	Incidents of discrimination and corrective actions taken	There Were No Incidents of Discrimination in The Bank during the Reporting Period	
407: Freedom of Association and Collective Bargaining			
407-1	Operations and suppliers in which the right to freedom of association and bargaining may be at risk	Not relevant to NBK	
408 Child Labor			
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 Condone nor Permits Child Labor, and No Instance of The Practices Have Been Reported	
209: Forced or Compulsory Labor			
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 Condone nor Permits Compulsory Labor, and No Instance of The Practices Have Been Reported	
410: Security Practices			
410-1	Security personnel trained in human rights policies or procedures	Not relevant for NBK	N/A
411: Rights of Indigenous People			
411-1	Incidents of violations involving rights of indigenous peoples	Not relevant for NBK, and no incidents of violations accrued	N/A

412: Human Rights Assessment			
412-1	Operations that have been subject to human rights reviews or impact assessments	Not relevant for NBK	N/A
412-2	Employee training on human rights policies or procedures	Not relevant for NBK	N/A
413: Local Communities			
413-1	Operations with local community engagement, impact assessments, and development programs		50-59
413-2	Operations with significant actual and potential negative impacts on local communities	NBK Has No Negative Impact on Local Communities	
414: Supplier Social Assessment			
414-1	New suppliers that were screened using social criteria	Not relevant for NBK	N/A
414-2	Negative social impacts in the supply chain and actions taken	Not relevant for NBK	N/A
415: Public Policy			
415-1	Political contributions	No political contribution	
416 Customer Health and Safety			
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No non-compliance incidents	
417: Marketing and Labeling			
417-2	Incidents of non-compliance concerning product and service information and labeling	No non-compliance incidents	
417-3	Incidents of non-compliance concerning marketing communications	No non-compliance incidents	
418: Customer Privacy			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		42
419: Socioeconomic Compliance			
419-1	Non-Compliance with Laws and Regulations in The Social and Economic Area	NBK follows CBK regulations for Social and Economic Area	

## Kuwait Boursa Index

Sustainability Dimensions	Sustainability Topics	Sustainability Indicators	Disclosure	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	Yes	Annual Report
		2. Sustainability report	Yes	All
		3. Local procurement spending (%)	Yes	46
		4. Full time employees	Yes	10
		5. Employee wages and benefits (KWD)	No	N/A
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	No	N/A
		7. Energy use	Yes	72-73
		8. Carbon emission	Yes	72-73
		9. Water use	Yes	74
		10. Waste generated	Yes	74
		11. Waste recycled (%)	Yes	58-74
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 (%)	Yes	63
		13. Youth employment (%)	Yes	64
		14. Injury rate	Yes	67
		15. Women in the workforce (%)	Yes	62
		16. Training hours per employee	Yes	66
		17. Employee turnover (%)	Yes	64
		18. Human rights policy	No	N/A
		19. Code of ethics	Yes	33-34
		20. Community investment	Yes	50-58
		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>	21. Board independence (%)
22. Risk management committee at the board level	Yes			32-33
23. Non-audit fees (%)	Yes			Annual Report
24. Voting results	Yes			Annual Report
25. Links between executive pay and performance	No			N/A
26. Compliance with the CMA's Corporate Governance regulatory requirements	Yes			33

## Training Courses

#	Course Name
1	Shaping Business Decisions Bringing Behavioral in Practice
2	"Digital Leader" seminar By the International Speaker ERIK QUALMAN
3	360 Leadership
4	ACL Analytics
5	Advanced Negotiation Skills
6	Advanced Presentation & Public Speaking
7	Advanced Social Media Skills for Communications & PR
8	Arabic Lessons
9	Artificial Intelligence by Dr.Mark Van Rijmenam
10	Assertiveness & Decision Making
11	Asset Liability Management
12	Assistant Operation Officer - AOO
13	Basel III & IV Implementation
14	Become a Digital Leader
15	BLOCKCHAIN
16	Branch Manager Workshop
17	Building a Performance Driven Culture Training
18	Business and Data Analysis
19	Business Etiquette & Protocol Training
20	Business Writing Techniques
21	CABBM-Certified Assistant Bank Branch Manager
22	Capital Markets Authority Law
23	Certified Manager (CM)
24	Coach the Coach Workshop
25	Collective Executive Development Pogram
26	Columbia's Global Banking Program
27	Communication And Interactive Skills
28	Creative Problem Solving
29	Creativity & innovation
30	Credit Analysis
31	CREDIT RISK MODELING under IFRS9
32	Customer Centricity in a Digital world by Joerg Niessing
33	Customer Experience Professional Development
34	Dealing with Others

35	Design Thinking
36	Digital Marketing Training
37	Effective Coaching & Team Building
38	Effective Management Skills
39	Effective Presentation Skills
40	Emotional Intelligence – EQ
41	Empowerment & Delegation
42	Empowerment , Delegation & Motivation
43	English Conversation Skills
44	Expression Trainings
45	External - INSEAD Digital Transformation Leadership
46	Facilitation Skills
47	Financial Modeling and Valuation Using Excel Boot Camp
48	Find Out Why
49	Flexibility & Accepting Change & Overcoming Barriers
50	Flexibility & Accepting Change & Overcoming Barriers - Supervisory Level
51	Gender Intelligence Awareness
52	General Data Protection Regulation
53	General Management Program (GMP)
54	Harvard Kennedy School
55	Harvard Kennedy School Total
56	High Fliers - Cohort 6
57	IBS Harvard 2019 Courses
58	ILC Trainings
59	Innovation Challenge
60	KBA Trainings
61	KFAS – INSEAD
62	Kuwait Future Cities Summit-2019
63	Leadership Program for HIPOs
64	Leading Change and Innovation
65	Lean Six Sigma Training
66	Legal
67	Managing conflict
68	Managing Meetings
69	Managing People & Teams, Coaching & Development
70	Managing Pressure & Maintaining Balance
71	Me.Inc

72	Measuring Customer Satisfaction and Complaint Handling
73	Microsoft Excel 2010 - Level 2
74	Microsoft Office - Excel Level 2
75	Microsoft Office - Excel Level 3
76	Microsoft PowerPoint 2010
77	Microsoft SQL Server
78	Middle Management Program - P1
79	Middle Management Program - P2
80	Moody's Credit Training Program – Foundation Level (Cohort 6)
81	Moody's Credit Training Program – Foundation Level (Cohort 7)
82	Moody's Credit Training Program – Intermediate Level (Cohort 1)
83	Moody's Credit Training Program – Intermediate Level (Cohort 2)
84	Moody's Credit Training Program – Intermediate Level (Cohort 3)
85	MS Access 2019
86	NBK Academy Wave 21
87	NBK Academy Wave 22
88	Negotiation Skills
89	New Recruits Induction 2019
90	PBO Workshops 2017
91	Personal Effectiveness and Leadership
92	Personality & Ability Assessment Course
93	Planning , Managing Tasks & Achieving Goals
94	Planning And Managing Time Effectively
95	Practical Boot Camp of Labor Law No. 6 of 2010 Amendments
96	Private Banking Development Programme - G2
97	Program for Leadership Development (PLD)
98	Program for Leadership Development (PLD) 2018
99	RO Workshops – 2017
100	SAP BO WORKSHOP
101	SHRM Essentials of Human Resources Certification
102	SO Workshop
103	Spark Up Your Innovation
104	Strategic & Decision Making
105	Strategic Marketing
106	Substantial Differences Between Islamic and Conventional Banks
107	Supervisory and Managing people
108	Supervisory Skills

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109	Team work & Collaboration
110	Team Work & Team Building
111	The Digital Revolution in the Financial Sector
112	The Dynamics of Disruption
113	User Experience (UX) Leadership Lab
114	What You Need to Know about Digital Business Transformation
115	Women & Leadership in Global Business
116	Women and Leadership Training
117	Working with People and Adaptability
118	Yalla Watani Program

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## 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
	Credit Cards	
	Prepaid Cards	
	Debit Cards	
Nbk Tap & Pay		
Card Services		
Rewards	NBK Rewards Program	

Personal	Rewards	NBK Miles Program
		Rewards Center
	Ways to Bank	NBK Online Banking
		NBK Mobile Banking
		ITM
		Branch Banking
		ATMs
		Contact Center
	Investment	Investment Funds
		Smartwealth
Private	Solutions	Overseas Services
		Offshore Services
		Treasury Services
	Cards	Credit Cards
		Debit Cards
		Card Services
		Rewards Center
	Ways to Bank	NBK Online Banking
		NBK Mobile Banking
ITM		
Branch Banking		
ATMs		
Contact Center		

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

	Investment Funds
	Smartwealth
Investment	Investment Services
	Investment Banking
	Brokerage
	Payment Services
	Salary Portal
Solutions	Staff Services
	Insurance
	GoCollect by Tap
Business	Credit Financing
Financing	Trade Financing
	Credit Cards
	Debit Cards
Cards	Reward Services
	Card Services
	NBK Online Banking
	NBK Mobile Banking
Ways to Bank	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	NBK Corporate Online Banking
Branch Banking		
ATMs		
Investment	Investment	