



Sustainability Report

Kuwait Finance House K.S.C.P

20
23

Table of Content

REPORT PARAMETERS	04
GLOSSARY AND ABBREVIATIONS	06
LISTS OF FIGURES AND TABLES	10
LEADERSHIP STATEMENT	12
ABOUT THIS REPORT	18
01. ABOUT KFH	19
VISION, MISSION, AND VALUES	22
LEADERSHIP IN ACTION: MEMBERSHIPS, AWARDS, AND RECOGNITIONS	23
02. STRATEGIC SUSTAINABILITY APPROACH	25
SUSTAINABILITY OVERVIEW	26
ESG DASHBOARD	30
NATIONAL AND GLOBAL SUSTAINABILITY ALIGNMENT	32
STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT	34
03. GOVERNANCE, BUSINESS INTEGRITY, AND COMPLIANCE	39
04. FINANCIAL CAPITAL: SUSTAINING FINANCIAL EXCELLENCE	75
FINANCIAL HIGHLIGHTS	76
ISLAMIC FINANCE	77
SUSTAINABLE FINANCE	79
CORPORATE BANKING	83
05. MANUFACTURED CAPITAL: BUILDING GEOGRAPHICAL ACCESS	85
BRANCHES AND ATMS: PHYSICAL ACCESSIBILITY	86

06. INTELLECTUAL CAPITAL: DRIVING DIGITAL INNOVATION	90
DIGITAL ACCESSIBILITY TO CLIENTS	91
DIGITALIZATION PROCESS FOR OPERATIONAL EFFICIENCY	93
07. HUMAN CAPITAL: NURTURING AN INCLUSIVE AND EMPOWERED WORKFORCE	96
INCLUSIVE, DIVERSE, AND EQUAL WORK ENVIRONMENT	97
EMPLOYEE BENEFITS AND PRIVILEGES	101
EMPLOYEE ENGAGEMENT AND WELL-BEING	103
RECOGNITION AND AWARDS	105
ETHICAL WORK ENVIRONMENT	106
TRAINING AND DEVELOPMENT	107
PERFORMANCE REVIEW	109
HEALTH AND SAFETY	109
08. SOCIAL AND RELATIONSHIP CAPITAL: BUILDING COMMUNITY CONNECTIONS	111
CRAFTING TAILORED EXPERIENCES	112
SUPPORTING LOCAL COMMUNITIES	123
ETHICAL PROCUREMENT PRACTICES	137
09. NATURAL CAPITAL: OPERATIONAL EFFICIENCY	139
GHG EMISSIONS	140
ENVIRONMENTALLY-FRIENDLY PREMISES	141
RESOURCE EFFICIENCY	142
GRI INDEX	145
IR INDEX	153
BOURSA KUWAIT INDEX	155
ASSURANCE LETTER	161

Report Parameters

The Bank and References

In this Report, the terms “KFH,” “the Bank,” and “We” refer collectively to Kuwait Finance House—Kuwaiti Shareholding Company Public (K.S.C.P). Per its Memorandum of Association, KFH was established by the Ministry of Awqaf and Islamic Affairs, the Ministry of Finance, and the Public Authority for Minors Affairs under the Law Decree No. 72 of 1977.

The Bank operates under the governance of several key legal frameworks: Law No. 32 of 1968, which covers currency, the Central Bank of Kuwait (CBK), and the banking profession, along with its subsequent amendments; Companies Law No. 1/2016 and its amendments; the Executive Regulations; Law No. 7 of 2010, which pertains to the Establishment of the Capital Markets Authority and the Regulation of Securities Activity, as well as its Executive Regulations; and the stipulations of the Memorandum of Association. KFH is a publicly listed company on the Premier Markets of Boursa Kuwait, trading under the ticker symbol KFH.

Scope of Report and Cycle Covered

This document (“The Report”) represents the fourth Annual Sustainability Report prepared in accordance with the Global Reporting Initiative (GRI) Standards. It has been meticulously developed, taking into account stakeholder engagement and thorough materiality assessments, and is supported by specialized GRI training.

The Report encompasses the period from January 1, 2023, to December 31, 2023, and focuses on activities and operations conducted in Kuwait. To provide a more comprehensive understanding, data that fall outside the primary scope of this Report may be included, particularly if they offer pertinent context to the activities of the reporting period.

Referenced Reporting Guideline

The Report is prepared in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Standards and in alignment with the IIRC Integrated Reporting Framework. We are transitioning toward the Integrated Reporting (IR) Framework. This report marks our initial step in the shift; it incorporates several IR elements throughout to guide our alignment with the framework.



Date of Previous Sustainability Report

The first Sustainability Report prepared according to the GRI Standards was published in 2021: Core Option.

Mistakes and Typographical Errors

Any errors discovered following the publication of the Report will be corrected, and the corrections will be displayed on our website. Our reports are published on our website in downloadable PDF file format.

For Further Information

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Glossary and Abbreviations

Glossary

Term	Definition
Fatwa	An Islamic ruling on the point of Islamic law, issued by the Fatwa and Shari'a Supervisory Board.
Forced Labor	All work and service that is exacted from any person under the menace of any penalty and for which the said person has not offered herself or himself voluntarily.
Gharar	Refers to the presence of extreme or absolute uncertainty in a business transaction or contract.
Gharemeen	A person under the burden of debt. Debtors may be imprisoned or wanted by law for non-payment of debt.
Haram	Forbidden or unlawful.
Ijara	A form of leasing. It involves a contract where the bank buys and then leases an item to a customer for a specified rental over a specific period. The lease's duration and the rental basis are set and agreed upon in advance.
Injaz	Achieving a goal.
Makrooh	Undesired.
Mobah	Permissible.
Mu'amalat	A transaction related to an exchange of goods or services.
Murabaha	A contract for purchase and re-sale for cost plus profit, which allows the customer to make purchases without having to take out financing and pay interest.
Mustahab	Favorable or encouraged.
Qard Hasan	A financing, free from any benefit.
Shari'a	A group of principles and regulations to organize the life of individuals in two directions; their relation with god and their relations with others.
Sukuk	Similar to conventional bonds, with the key difference being that they are backed by tangible assets such as property.

Term	Definition
Takaful	Known as Islamic insurance, Takaful means “guaranteeing each other” in Arabic.
Tawaruq	A financing arrangement where a customer receives cash at the end of it for their own needs through a series of sale transactions.
Usury	The action or practice of lending money at unreasonably high rates of profits.
Wajeb	Duty or obligation.
Zakat	An obligatory tax prescription by Islam on all Muslim adults having wealth above an exemption limit at a rate fixed by the Shari’a.

Abbreviations

Term	Definition
AHA	American Heart Association
AML	Anti-Money Laundering
AOC	Attestation of Compliance
ATM	Automated Teller Machine
AUB	Ahli United Bank
B	Billion
BACC	Board Audit and Compliance Committee
BEC	Board Executive Committee
BGSC	Board Governance and Sustainability Committee
BIC	Board Investment Committee
BNPL	Buy Now Pay Later
BNRC	Board Nomination and Remuneration Committee
BoD	Board of Directors
BRC	Board Risk Committee
CBK	Central Bank of Kuwait
CFE	Certified Fraud Examiner
CFT	Combating the Financing of Terrorism
CRO	Chief Risk Officer
CSR	Corporate Social Responsibility

Term	Definition
CSV	Corporate Shared Value
CVVs	Card Verification Values
CX	Customer Experience
CX Index	Customer Experience Index
E&S	Environmental and Social
EDR	Endpoint Detection and Response
EESG	Economic, Environmental, Social, and Governance
EPA	Environmental Public Authority
ERM	Enterprise Risk Managements
ESDD	Environmental and Social Due Diligence
ESG	Environmental, Social, and Governance
ESRM	Environmental and Social Risk Management
FI	Financial Institution
FinTech	Financial Technology
FSSB	Fatwa and Shari'a Supervisory Board
GCEO	Group Chief Executive Officer
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
GSAS	Global Sustainability Assessment System
GUST	Gulf University for Science and Technology
H.H	His Highness
HR	Human Resources
IIRC	International Integrated Reporting Council
IR	Integrated Reporting
ISMS	Information Security Management System
KBA	Kuwait Banking Association
KFAS	Kuwait Foundation for the Advancement of Sciences
KFH	Kuwait Finance House
KIA	Kuwait Investment Authority
KNF	Kuwait National Fund
KRCS	Kuwait Red Crescent Society

Term	Definition
KSH	Kuwait Society for the Handicapped
KD	Kuwaiti Dinar
KYC	Know Your Customer
LED	Light-Emitting Diode
MEWC	Marketplace, Environment, Workplace, and Community
M	Million
MoI	Ministry of Interior
MoU	Memorandum of Understanding
MSME's	Micro, Small, and Medium Enterprises
NGOs	Non-Governmental Organizations
PAAET	The Public Authority for Applied Education & Training
PAAF	Public Authority of Agriculture Affairs and Fish Resources
PADA	Public Authority for Disability Affairs
PAMA	Public Authority for Minors Affairs
PCI DSS	Payment Card Industry Data Security Standard
PIFSS	The Public Institution for Social Security
PII	Personally Identifiable Information
PMP	Project Management Professional
POS	Point of Sale
RMC	Risk Management Committee
ROC	Report on Compliance
RPA	Robotic Process Automation
Sadu House	AlSadu Society
SDGs	UN Sustainable Development Goals
SME	Small and Medium Enterprise
TCFD	Task Force on Climate – Related Financial Disclosures
TECs	Touristic Enterprises Company
UC	Use Case
UN	United Nations
UNDP	United Nation Development Programme
USD	United States Dollars

List of Figures and Tables

List of Figures

Term	Definition
Figure 1	Ownership Structure
Figure 2	KFH Governance Structure
Figure 3	Risk Management Structure
Figure 4	Sector Percentage in the Microfinance Portfolio in 2023
Figure 5	Percentage of Sector Cash Financing in SMEs Portfolio in 2023
Figure 6	Total Sukuk Investment
Figure 7	Distribution of KFH Branches in 2023
Figure 8	Number of ATMs
Figure 9	Distribution of ATMs in 2023
Figure 10	Distribution of Employees by Age and Gender in 2023
Figure 11	Distribution of New Hires by Age and Gender in 2023
Figure 12	Employee Turnover by Age and Gender in 2023
Figure 13	Employee Turnover by Management Level in 2023
Figure 14	Average Training Hours by Employee Gender 2022 Vs 2023
Figure 15	Percentage of Each Gender's Total Financing Value from the Total Retail Portfolio
Figure 16	Percentage of Retail Financing by Age in 2023
Figure 17	Percentage of Retail Financing by Geographical Location in 2023
Figure 18	Percentage of Local to Foreign Suppliers in 2023

List of Tables

Term	Definition
Table 1	Ownership and Major Shareholders
Table 2	ESG Dashboard
Table 3	National and Global Sustainability Alignment
Table 4	Stakeholder Engagement
Table 5	Material Topics List
Table 6	Formation of Board Committees
Table 7	Parental Leave
Table 8	List of Trainings
Table 9	Performance Review by Management Level
Table 10	FI Products or Services Distributed by Age and Gender
Table 11	GHG Emissions
Table 12	Energy Consumption
Table 13	Water consumption
Table 14	Paper Management

Chairman Message



On behalf of myself and my colleagues, members of the Board of Directors, I am pleased to present to you the sustainability report of Kuwait Finance House Group.

This report highlights the bank's significant achievements towards sustainability. The release of the report coincides with the successful phases of the acquisition and merger with Ahli United Bank, marking a historic milestone for KFH strengthening its financial stability and yielding significant benefits for shareholders and customers, while solidifying KFH's position as the largest Kuwaiti private sector institution by market capitalization.

This step further strengthens our ability and resolve to achieve unprecedented levels of sustainable development across its various dimensions. This can be realized by leveraging the synergy between KFH's ambitious plan to become a top 100 global bank and its meticulously crafted sustainability strategy, which aligns with both Kuwait Vision 2035 and the United Nations Sustainable Development Goals (SDGs).

A proactive approach to sustainability

KFH considers building a sustainable banking model within (ESG) frameworks as an absolute necessity. This approach aligns with the bank's vision and responsibility for adopting sustainability standards and implementing them in ways that maximize shareholders value and benefit the communities it serves. This commitment enhances KFH's reputation and solidifies its position as a leading banking institution both locally and globally.

Digital transformation and sustainability

Driven by KFH's digital transformation vision as a fundamental driver for sustainable development and based on its belief that digital transformation is the primary engine for future growth, KFH's digital banking services have undergone significant development, notably the launch of "tam" Digital Bank, the first Shari'a-compliant digital bank in Kuwait. This signifies a substantial achievement in KFH's journey towards leading digital banking services.

Promoting financial inclusion

Given that sustainability is a principal factor in everything we do, KFH's strategy focuses on enhancing financial inclusion and meeting the financial needs of different communities in which the Group operates, spanning 11 countries around the world. KFH's strategy also focuses on reinforcing the concepts of inclusion and diversity by maintaining an empowering work environment for employees, enabling women, and employing qualified national talents, while providing necessary training for their development and career growth.

In this respect, KFH made significant progress in 2023 by expanding the principles of sustainability and strengthening its concept. KFH launched Forssah program to invest in talents and empower them. Additionally, KFH directed its focus on supporting women empowerment, leading to the signing of the Women's Empowerment Principles (WEPs) Agreement with the United Nations Development Programme (UNDP) as the first Islamic Bank in Kuwait. The agreement aims to support the bank in creating a work environment conducive to growth and skill-building for female employees. In this regard, a significant number of women hold senior positions at KFH.

Green finance

Demonstrating its dedication to environmental leadership and responsible financial practices, KFH took a proactive approach by releasing the first-of-its-kind Carbon Footprint report in Kuwait's banking sector. The report includes valuable information, insights, and detailed plans to reduce carbon emissions and mitigate negative environmental impacts in alignment with global climate change initiatives.

Moreover, KFH successfully introduced the green finance campaign, the first of its kind in Kuwait aimed at supporting the construction of private housing with strict environmental standards and emphasizing the use of recycled materials and renewable energy sources.

Additionally, KFH partnered with the UNDP to establish solid standards for Shari'a-compliant SDGs, particularly in the realm of green finance.

Added value initiatives

We reaffirm our commitment to be a role model for social responsibility. This strengthens KFH's position as a well-established national financial institution with a strong social mission. Our commitment stems from KFH's identity as a bank that operates according to the principles of enlightened Islamic Shari'a, which emphasizes values of giving, solidarity, and Takaful.

KFH took part in the United Nations' Conference of the Parties (COP28) to showcase its valuable efforts towards sustainability. The bank also succeeded in hosting the first discussion on the role of Takaful in mitigating the risks associated to climate challenges in partnership with the UNDP.

In recognition of its successful track record and ongoing commitment to social responsibility through long-term programs, KFH was ranked "Market Leader" in Kuwait by Euromoney magazine. This achievement reflects the exceptional social responsibility results achieved in 2023 and the positive impact on society across all segments. Through strategic partnerships with major institutions and official entities, KFH has been able to provide support and make a positive impact in the communities it serves.

Hamad Abdulmohsen AlMarzouq

Chairman

GCEO Message



Kuwait Finance House (KFH) is committed to creating a clear framework for a more sustainable future. This commitment is reflected in its integration of Environmental, Social, and Governance (ESG) considerations. By doing so, KFH maintains its pioneering role in Islamic banking while implementing sustainable development practices that adhere to Islamic Shari'a principles.

In this regard, we are pleased to share this report with you. It highlights KFH's achievements and its unwavering efforts in leading sustainability plans within the regional Islamic banking industry.

The report also emphasizes KFH's dedication to providing an exceptional banking experience that contributes to balancing social and economic development, while also maintaining the environment. This commitment is evident in KFH's pursuit of the Sustainable Development Goals (SDGs) and its ongoing efforts to improve the communities we serve.

Leveraging the momentum from our successful acquisition of Ahli United Bank and the subsequent achievements, we are determined to become a leading global banking entity. This ambition is driven by our commitment to sustainability initiatives, financial inclusion, and offering green finance products across both retail and corporate customers.

A future rooted in sustainability

At KFH, we recognize the immense responsibility we have towards creating a more sustainable future. To this end, we have incorporated over 62 economic, environmental, social, and governance (ESG) objectives into our sustainability strategy. KFH's commitment to social and environmental responsibility extends beyond its "Keep it Green" campaign. The bank fosters a spirit of collaboration by maintaining strategic alliances with local and international institutions. These partnerships include UNDP, Kuwait's Environment Public Authority, and the Kuwait Scientific Center. Through these collaborations, KFH has made significant contributions to various sustainability and environmental preservation projects, initiatives, and activities focused on protecting the environment and mitigating climate change.

Moreover, KFH is committed to supporting the transition to a low-carbon economy across the Group, spanning operations in 12 countries worldwide. KFH also achieved a significant accomplishment by becoming the first bank in Kuwait to receive the Gold Level Certificate for the Global Sustainability Assessment System (GSAS) for its KFH Auto showroom. This recognition highlights KFH Auto's position as the first eco-friendly showroom that adheres to security standards.

Green finance

KFH prioritizes the issuance of green sukuk alongside the development of green finance products for both retail and corporate clients. In line with its commitment to promoting environmental and sustainability principles, KFH has launched a groundbreaking personal financing campaign in Kuwait. This campaign, titled "Sustainable Financing of Green Products," targets citizens who own private housing plots. It offers a comprehensive range of resources for customers to construct their homes using green sustainable housing and consumer products that contribute to the preservation of natural resources and the harnessing of renewable energy.

This initiative provides customers with comprehensive services throughout construction phases, ensuring compliance with the latest environmental protection standards. This also aligns with KFH's emphasis on sustainability and environmental enhancement in financial transactions.

Digital Transformation

KFH has succeeded in leveraging technology advancements and utilizing its expertise in Digital Transformation. This included implementing Artificial Intelligence, collaborating with FinTech companies for innovative products and services, as well as enhancing the infrastructure of adaptable and supportive smart systems and programs.

These efforts offered customers with a seamless banking experience while supporting sustainability initiatives. Digital Transformation is recognized as a key component in achieving sustainability goals and moving towards a Carbon-Free future. In 2023, KFH launched Tam, the first digital bank compliant with Islamic Shari'a principles. KFH also introduced a suite of new initiatives to enhance customer convenience, including the Zaheb platform for merchants and SMEs owners, the 'Online Finance' service, and expanded digital services like e-payments, account opening, and issuance of cards with distinctive features.

KFH has also made advancements in device performance, enabling features like instant card printing and online gold transactions. Additionally, its partnership with Western Union facilitates international financial transfers. These developments allow customers to conduct a wide range of transactions without visiting a branch.

Enriching Human Talents

KFH recognizes that diversity, inclusion, women's empowerment, and investing in young talent are vital for strengthening its human resources. To achieve this, KFH has implemented various initiatives, such as the Forssa program, which focuses on training high-achieving graduates, and has promoted financial inclusion within its services. KFH has also prioritized empowering women, leading to significant progress with a growing number of women holding prominent positions across different departments.

Additionally, KFH has signed a Memorandum of Understanding with the UNDP to exchange knowledge on sustainability. This included a training program for KFH executive management to boost sustainability skills and awareness within the organization.

In a nutshell, I would like to affirm that we are committed to accelerating KFH's sustainability journey. This will allow us to achieve our future milestones at a faster pace and make significant progress in integrating sustainable practices into our daily operations. By doing this, we can ensure both continued growth for the bank and positive impacts on our customers.

Abdulwahab Iesa Al Rushood

Acting Group GCEO

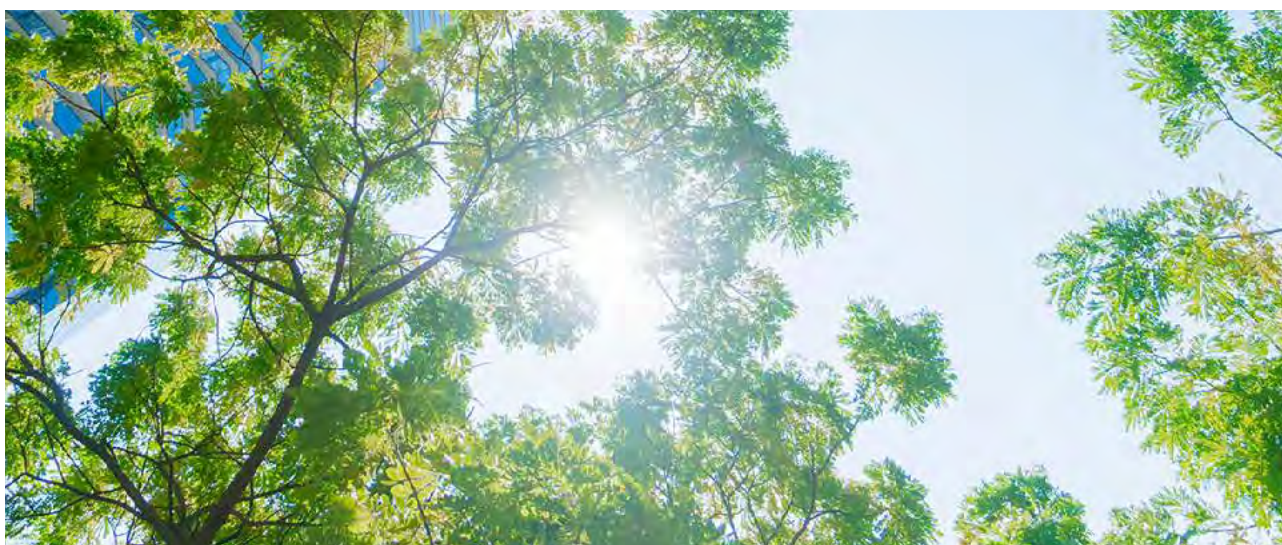
About this Report

KFH's Sustainability Report 2023 is the fourth edition that reflects the Bank's journey of four decades of service and leadership position in Kuwait and the region. Throughout this period, the Bank has remained committed to a new era of sustainability. It has restructured its long-term vision by identifying its economic, environmental, social, and governance (EESG) material objectives. This Report presents a comprehensive account of KFH's business performance through global EESG key indicators that align with national needs and global development by reflecting on its material issues in 2023.

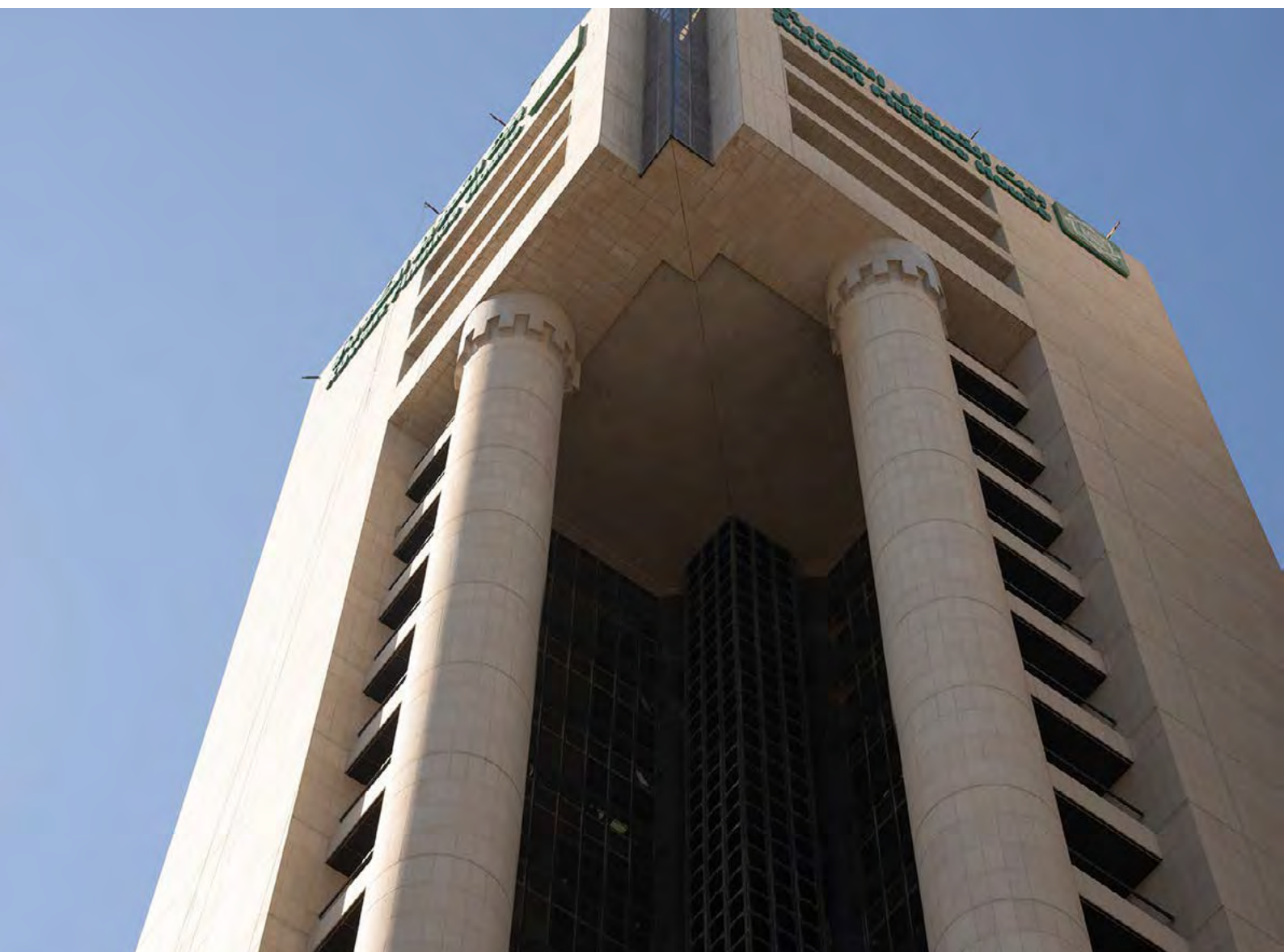
The purpose of the Report is to enhance transparency, accountability, and communication with all stakeholders by achieving multiple objectives. These include monitoring and reporting the Bank's EESG performance, providing a broad set of disclosures that address all stakeholders, complementing and supporting the Bank's corporate disclosures, and allowing stakeholders to provide additional perceptions and opinions about their expectations or concerns.

The Report aims to demonstrate KFH's commitment to responsible banking practices, prioritizing the long-term well-being of all stakeholders and showcasing the Bank's integration of sustainability into its business operations and strategy. KFH seeks to engage with stakeholders to address their concerns, incorporate their feedback into its decision-making processes, and foster open dialogue around its sustainability initiatives. Ultimately, the Bank aims to promote sustainable growth and positive social and environmental impacts and contribute to the long-term success of its business and the communities it serves.

The Report covers a range of sustainability topics, including environmental, social, and governance (ESG) performance, initiatives toward creating positive social and environmental impacts, our approach to responsible financing, and efforts to support the United Nations (UN) SDGs and ethical business practices. It showcases KFH's business performance and growth from an ESG perspective for stakeholders including shareholders, investors, and international agencies. The Report also highlights KFH's adherence to Islamic finance principles and Shari'a compliance rules.



01. About KFH



A Continuous Pursuit of Islamic Finance Leadership

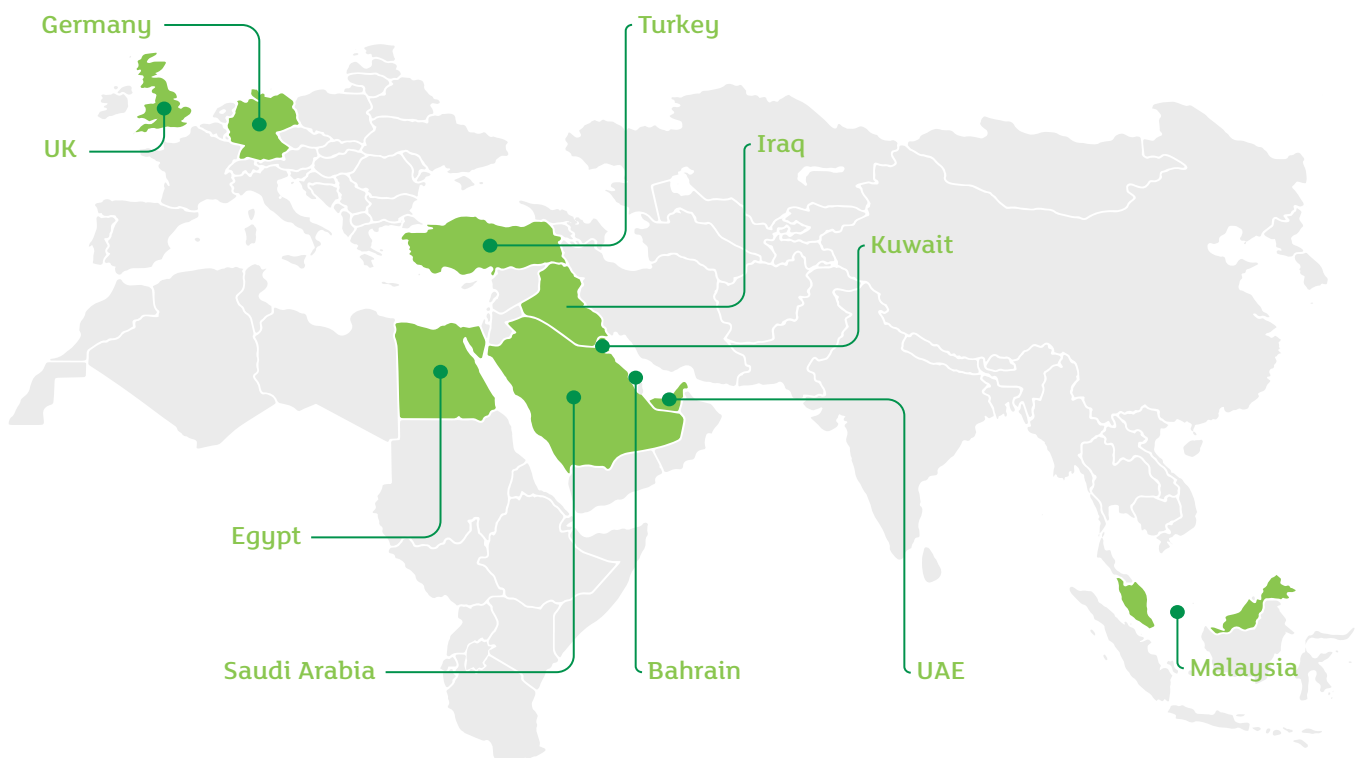
Kuwait Finance House (KFH) is a pioneering institution in Islamic finance and Shari'a-compliant banking. Established in 1977 in the State of Kuwait, we hold the distinction of being the first Islamic Bank in the country. Kuwait Finance House is a Kuwaiti public shareholding company registered and listed in Kuwait and Bahrain Stock Exchanges with the Ticker "KFH".

Throughout our journey, we remain committed to upholding the principles of Islamic finance and serving as a beacon of Islamic banking practices. Our legacy as a leading Islamic financial institution continues to shape the industry and inspire excellence in the world of finance, as we offer a comprehensive range of Shari'a-compliant products and services, catering to various needs, including real estate, trade finance, investment portfolios, and commercial, retail, and corporate banking.

Global Reach

WITH INTERNATIONAL PRESENCE IN THREE KEY REGIONS, THE MIDDLE EAST, EUROPE, AND ASIA; WE AIM TO LEAD THE ISLAMIC FINANCIAL SECTOR.

By leveraging our extensive network and expertise in these regions, and adhering to Islamic banking and finance principles, we strive to contribute to the well-being of individuals, businesses, and communities. With 628 banking branches, 2,223 ATMs, and 17,865 employees, we aim to positively impact the global financial landscape.



Ownership and Major Shareholders

Full Name	Percentage
Kuwait Investment Authority (KIA)	16.65%
The Public Institution for Social Securities (PIFSS)	9.18%
Public Authority for Minors Affairs (PAMA)	7.253%
General Foundation of Awqaf	5.048%
Private Ownership	61.869%

Table 1: Ownership and Major Shareholders

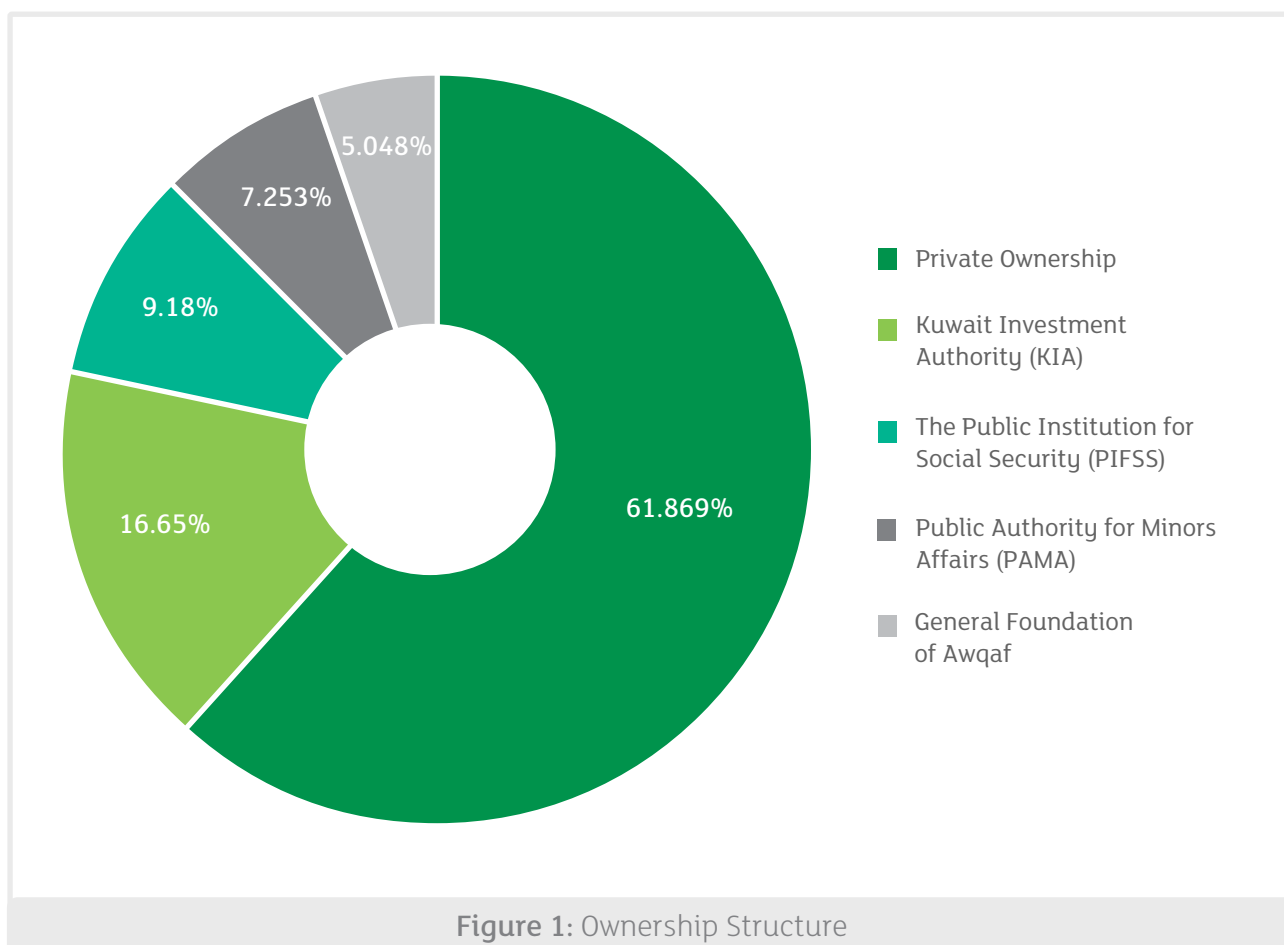
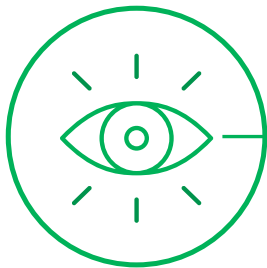


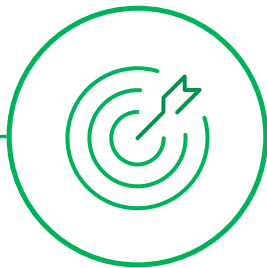
Figure 1: Ownership Structure

Vision, Mission, and Values



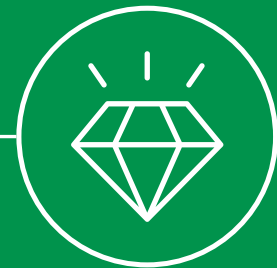
Vision

To lead the international development of Islamic financial services, and become one of the most trusted and sustainably technologically advanced Shari'a-compliant bank in the world.



Mission

To deliver superior innovation and customer service excellence while protecting and enhancing the interests of all our stakeholders.



Values

Leadership

Accountability

Partnerships



Leadership in Action: Memberships, Awards, and Recognitions



*KFH received
26 awards
in 2023*

Ratings	
<p>FitchRatings Long-Term Issuer Default Rating A Short-Term Issuer Default Rating F1 STABLE Outlook 30 January 2023</p>	<p>SUSTAINALYTICS ESG Risk Rating 24.7 Medium Risk 08 June 2023</p>
<p>MOODY'S LT FC Bank Deposits Rating A1 ST FC Bank Deposits Rating P-1 STABLE Outlook 10 July 2023</p>	<p>MSCI ESG RATINGS BBB <small>CCC B BB BBB A AA AAA</small> 18 July 2023</p>

Bank of the Year – Kuwait	<i>The Banker</i> , the world's most prestigious banking magazine owned by the Financial Times Group
The 23rd Edition of the His Highness Sheikh Salim Al-Ali Al-Sabah Award for Excellence in Digital Transformation and Innovation in Financial Solutions	H.H Sheikh Salim Al-Ali Al-Sabah
World's Best Islamic Financial Institution	Global Finance Group
Best Islamic Corporate Bank – Global	
Best Islamic SME Bank – Global	
Best Islamic Takaful – Global	
Best Islamic Project Finance Provider – Global	

Best Islamic Financial Institution – Middle East	Global Finance Group
Best Islamic Financial Institution in Turkey (Baitak Turkey)	
Kuwait’s Best Bank for Sustainable Finance in 2023	
KFH Capital: Kuwait’s Best Investment Bank	
Best Islamic Bank in Kuwait	Euro Money
World’s Best Islamic Bank for ESG	
Customer Experience Transformation Award	American technology company Avaya in partnership with the Middle East Telecommunications Company (METCO)
Sustainability Award in the Middle East	EMEA Finance
Best Islamic Finance House – Europe, Middle East, and Africa Region	
Best Financial Institution Sukuk (for Dubai Islamic Bank’s USD 750 mn Sukuk Deal)	
Best Financial Institution Sukuk (for First Abu Dhabi Bank’s USD 500 mn Sukuk Deal)	
Best Sovereign Sukuk (for the Republic of Türkiye’s USD 3 bn five-year Sukuk Deal)	
Best Supernational Sukuk (for Islamic Development Bank’s USD 1.6 bn Sukuk Deal)	
Most Innovative Sukuk (for PD His Highness Sheikh Mohammed Bin Khalid Al Nahyan USD 300 mn)	
Best Financial Institution M&A Deal (for Kuwait Finance House’s acquisition of Ahli United Bank)	
Gold Medal in Best Advance in Employee Recognition Program	Brandon Hall
Gold Medal in Best Unique or Innovative Talent Management Program	
Bronze Medal in the “Best Advance in Employee Engagement”	
Master Card Award in the Middle East as the best bank that provides offers to its customers who hold Master Card cards	Master Card Middle East

02.

Strategic Sustainability Approach



Sustainability Overview

Sustainability Governance

Governance is a cornerstone of our dedication to sustainability, a “Core Values”. It influences sustainability reporting across the dimensions of marketplace, environment, workplace, and community (MEWC). Our governance aligns with national and international ESG frameworks, forming the basis of our strategy to integrate ESG into our practices and address material concerns according to global norms and local needs.

IN 2023, KFH CONTINUED TO STRENGTHEN ITS ESG STANDARDS, POSITIONING ITSELF AS A LEADING BANK IN THE REGION.

Building on the sustainability strategy approved by the Board of Directors (BoD) in 2022, which is aligned with Kuwait’s 2035 vision and the UN’s sustainable development goals (SDGs), has resulted in enhanced resilience, compliance, and progress toward our strategic goals.



KFH’s long-term commitment to sustainable business practices enhanced its leadership and ability to navigate challenges and provide value to stakeholders by promoting consistency and integration among governance, strategy, and sustainability.

The BoD plays a key role in recognizing and overseeing ESG-related aspects and their impacts, risks, and opportunities. It establishes and implements the Bank’s sustainability strategy, regularly reviewing sustainability performance reports and taking necessary actions. The Board Governance and Sustainability Committee supports these efforts by leading the development of the strategy and monitoring the Bank’s performance.

To address ESG-related matters and their consequences, the BoD and its committees utilize various tools, including risk assessments, social impact assessments, stakeholder engagement, and due diligence. These measures help us assess potential impacts, mitigate adverse effects, and identify opportunities to enhance sustainability performance that are subsequently acted upon.

Sustainability Strategy

The Sustainability Strategy of KFH is structured around four key pillars: Economic, Social, Environmental, and Governance. Each pillar outlines specific strategic goals, including achieving global Islamic financial leadership in the economic pillar, fostering positive stakeholder impacts in the social pillar, implementing green products and operations in the environmental pillar, and upholding Shari'a-compliant governance structures in the governance pillar. The pillars are mapped at the implementation level to achieve 62 objectives. The economic pillar has 18 objectives, the social pillar has 15 objectives, the environmental pillar has 12 objectives, and the governance pillar has 17 objectives. These objectives are mapped across the six types of capital: Financial Capital, Social and Relationship Capital, Human Capital, Natural Capital, Intellectual Capital, and Manufactured Capital. The sustainability strategy's pillars and objectives are closely aligned and mapped with the pillars of our business strategy: financial, customers, internal process, and people and organizational capacity. This integration ensures that sustainability is seamlessly embedded in our strategic framework.

ESG Policy

The ESG Policy ensures KFH's integration of ESG principles into its operations while adhering to Shari'a principles. The purpose of the Policy emphasizes KFH's role in aligning ESG practices with the Bank's vision of becoming the most trusted and sustainable Shari'a-compliant bank globally. KFH acknowledges the significance of ESG in creating long-term value for stakeholders, and it is dedicated to minimizing ESG impacts while offering responsible products and services.

The Policy sets objectives that emphasize the integration of ESG with core business strategies while ensuring compliance with Kuwaiti laws and regulations and accountability to stakeholders. The importance of aligning ESG practices with industry-leading standards, regulatory changes, and emerging risks is also taken into consideration and emphasized by the Policy. Specific principles have been set to guide KFH in reducing energy, paper, and water consumption, ensuring employees' wellbeing and development, respecting human rights, ensuring compliance with labor regulations to avoid child and forced labor, and ensuring robust corporate governance. Regarding operational and portfolio-level guidance, the Policy mandates periodic reviews and approval by the Head of Governance and Sustainability and the Board of Directors. The Policy emphasizes the dissemination of ESG commitments to all staff and stakeholders, allocating resources for ESG training, and maintaining transparency in dealings with stakeholders.

E&S Risk Management

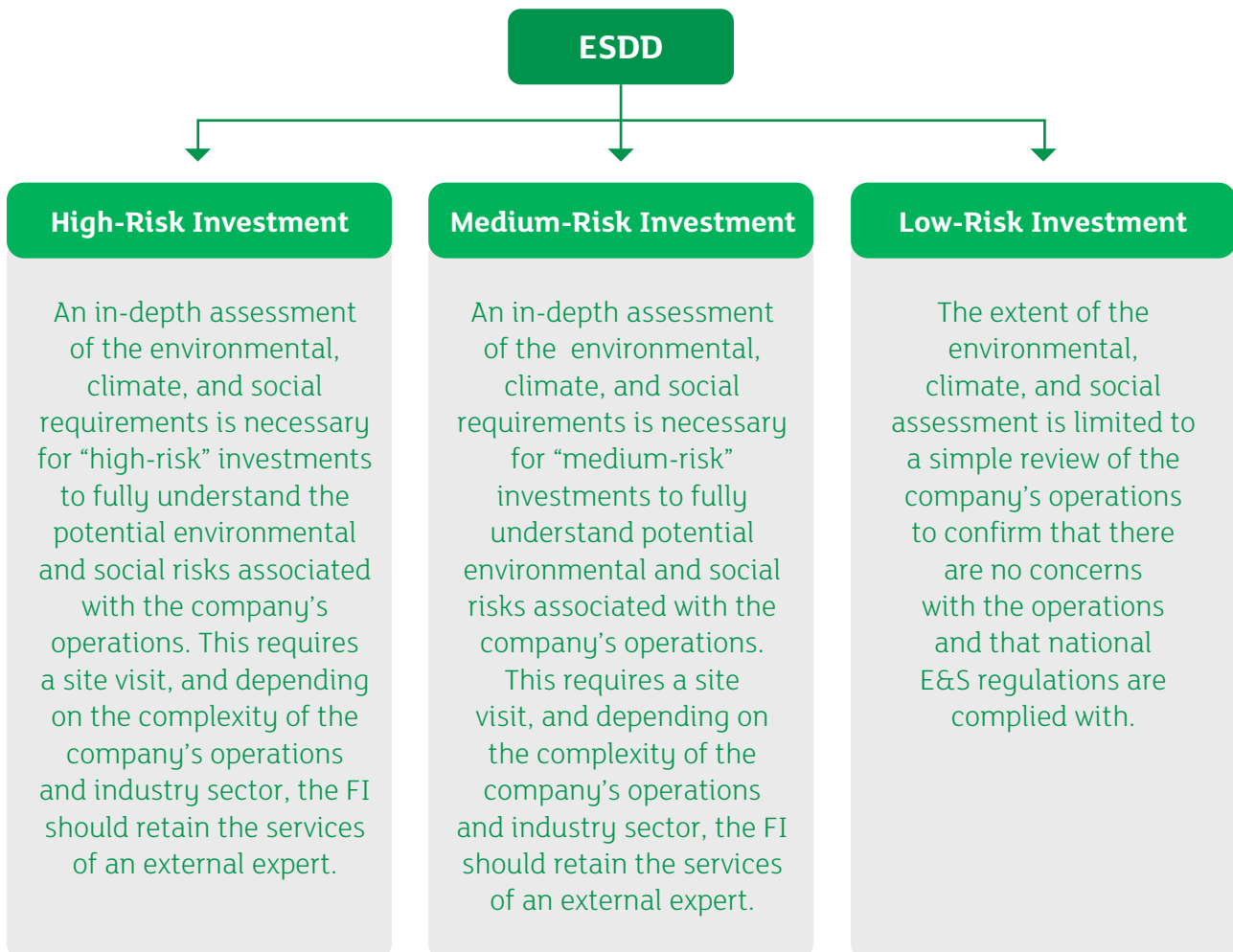
Environmental and social (E&S) risks are recognized as significant drivers in the external environment, impacting various traditional risk categories including credit risk, market risk, technical insurance risk, and reputational risk. KFH has seamlessly integrated a range of environmental and social risks, including climate risk, into its risk management framework, aligning with the recommendations of the Task Force on Climate-related Financial Disclosures. Currently, KFH is in the second phase, which involves the testing and implementation of the ESRM.

E&S Risk Screening and Monitoring Procedure

KFH is developing a process in which the financial institution (FI) screens investments and financing to determine whether to proceed with them. The FI categorizes the investee as a low, medium, or high environmental risk to quantify the extent of the environmental and social due diligence necessary. This enables the FI to determine early on whether a potential investee company represents environmental and social risks that are too high.

Environmental and Social Due Diligence

Environmental and social due diligence (ESDD) involves the systematic identification, quantification, and assessment or evaluation of environmental and social risks associated with a proposed transaction. This process also helps in identifying the mitigation measures necessary to reduce any environmental and social risks, including climate change. The extent of the environmental and social due diligence and the level of detail depend on the transaction's environmental and social risk category.



ESDD Questionnaire

One of the most crucial steps in the due diligence process is collecting and reviewing documentation, which includes publicly available information and documents requested from the company. The consultant develops an Environmental and Social Due Diligence (ESDD) questionnaire to facilitate this process.

Climate Change

KFH is proactively responding to the pressing challenge of climate change, acknowledging its profound impact and the opportunities it presents. Our dedication to climate change adaptation is in line with regulatory expectations and reflects our commitment to integrating ESG principles into our operations. The 2022 circular from the Central Bank of Kuwait (CBK) further underscores the critical role of ESG principles in the banking sector, prompting us to intensify our efforts in this area.

Recognizing that climate change introduces both risks and opportunities to our business, we are taking concrete steps to identify and address these factors. By starting to incorporate climate-related risks and opportunities into our decision-making processes, we aim to ensure the resilience and sustainability of our operations.









Our ESG Dashboard

Metric	Unit	2022	2023
Environment			
Total GHG emissions	(tCO ₂ e)	42,012.7	41,244.5
Energy Consumption	kWh	50,070,408	52,456,326
Water Consumption for 32 Branches (m ³ /year)	(m ³ /year)	28,183	30,225
Green Sukuk Issued	USD in Millions	350	350
KFH Go Digital Branches	Number	10	10
Recycled Plastic Credit Cards	%	40	49
Social			
Customers and Community			
Customers Experience Index	%	73	77.8
Employees			
Diversity & Inclusion			
Women at KFH	%	22	22.5
Women in Middle and senior management	%	11	12
Employees with Disabilities (KFH Group)	Number	163	234
<30 years old	%	29	30

Metric	Unit	2022	2023
30–50 years old	%	62	61
>50 years old	%	9	9
Voluntary turnover rate	%	7.8	6.98
Total Training Hours	Hours	50,518	88,028
Suppliers			
Spending on Local Suppliers	%	92.8	92.8
Spending on Foreign Suppliers	%	7.2	7.2
Governance			
Non-Executive Directors	%	100	100
Independent Directors	%	16.67	31
Number of Women on the Board	%	8.33	0
Anti-Corruption Training	%	100	100

Table 2: ESG Dashboard

National and Global Sustainability Alignment

Sustainability Strategy Pillars	Kuwait Vision 2035 Pillars	UN Sustainable Development Goals	KFH's Management Approach
Economic Pillar	Sustainable Diversified Economy	 <p>Goal 8: Decent Work and Economic Growth</p>	<p>In line with our Islamic banking values, we offer our customers green financing solutions.</p> <p>Additionally, we provide financial support to initiatives that further sustainable development. We also actively support local micro, small, and medium enterprises (SMEs) and start-ups to stimulate the local economy.</p>
Social Pillar	Creative Human Capital High-Quality Healthcare	 <p>Goal 1: No Poverty</p>  <p>Goal 2: Zero Hunger</p>  <p>Goal 3: Good Health and Well-being</p>  <p>Goal 4: Quality Education</p>  <p>Goal 5: Gender Equality</p>	<p>We place significant emphasis on developing the skills and capabilities of our employees as a core part of our continuous growth strategy. This led to a notable increase in training hours, enhancing the Bank's overall efficiency and performance. We also focus on fostering innovation to improve both internal and external operations through a digital transformation strategy, leveraging financial technology (FinTech) and artificial intelligence. KFH is committed to building strong relationships with the community and stakeholders through various social initiatives.</p>






Sustainability Strategy Pillars	Kuwait Vision 2035 Pillars	UN Sustainable Development Goals	KFH's Management Approach
Environmental Pillar	Sustainable Living Environment	 Goal 7: Affordable and Clean Energy  Goal 13: Climate Action  Goal 14: Below Water  Goal 15: Life on Land	<p>We developed comprehensive plans for reducing carbon emissions and mitigating greenhouse gases, which include a detailed roadmap for identifying greenhouse gas inventories, cutting emissions, and promoting sustainable development.</p> <p>This is evidenced by the release of our first Carbon Footprint report for 2022. Upholding our dedication to preserving natural resources, moderating consumption, and ensuring responsibility in our services, products, and operations is central to our approach.</p>
Governance Pillar	Effective Public Administration	 Goal 10: Reduced Inequalities	<p>Our dedication to governance, rooted in Islamic principles, is essential for providing value to our shareholders and fostering their trust and confidence in our Bank. We constantly enhance and strengthen policies to effectively monitor and manage the risks and opportunities within our operations.</p>

Table 3: National and Global Sustainability Alignment

Stakeholder Engagement and Materiality Assessment

Stakeholder Engagement

Stakeholder Categories	Methods of Engagement	Needs/Expectations Response
Shareholders and Investors	<ul style="list-style-type: none"> • Quarterly financial results circulation. • Regular communication with investors and analysts through conference calls, online and physical meetings, and investor relations events. • Quarterly webcasts with analysts and investors. • Annual general meetings. • Interactive and comprehensive disclosures on the website. • Dedicated investor relations team. 	<ul style="list-style-type: none"> • Maintaining financial performance. • Delivering dividends. • Transparently communicating opportunities, risks, and performance. • Engaging with analysts, investors, research houses, and other stakeholders.
Local Community	<ul style="list-style-type: none"> • Non-governmental organizations (NGOs) and civil society organizations. • National development forums. • CSR activities. 	<ul style="list-style-type: none"> • Creating a positive impact on the community in Kuwait by collaborating with local community organizations in various initiatives.

Stakeholder Categories	Methods of Engagement	Needs/Expectations Response
Regulators	<ul style="list-style-type: none"> • Regulatory reporting. • Periodic meetings with top management. • Daily and periodic communications. • Site visits. • As mandated and needs-based. 	<ul style="list-style-type: none"> • Ensuring full compliance with laws and regulations. • Abiding by national regulatory guidelines and mandates swiftly and effectively. • Upgrading a comprehensive suite of AML/CFT policies and procedures.
Suppliers and Other Business Partners	<ul style="list-style-type: none"> • Pre-tendering meetings. • Supplier screening. • Briefings and feedback on new policies. • Project-based satisfaction surveys. • Tailored communications for major suppliers. 	<ul style="list-style-type: none"> • Supply chain risks and performance. • Fair tender process. • Transparent vendors' assessment. • Fair selection of suppliers. • Sustainable contracting terms. • Investment in local suppliers. • Timely payments. • Grievance mechanism. • Green products and new installations for the Bank's renovation.
Employees	<ul style="list-style-type: none"> • Performance appraisal meetings. • Employee engagement surveys. • Designated HR business partners. 	<ul style="list-style-type: none"> • Business culture, ethical behavior, and integrity. • Health and safety. • Talent acquisition and retention. • Benefits and compensations. • Equal opportunities. • Diversity and inclusion. • Learning and development. • Credit Risk Policy updates and training.

Stakeholder Categories	Methods of Engagement	Needs/Expectations Response
Customers and Beneficiaries	<ul style="list-style-type: none"> • Accounts and management. • Customers advisory. • Daily interactions at branches. • Call centers. • Social media platforms. • Emails. • Press releases. • Brand activations. • Customer satisfaction surveys. 	<ul style="list-style-type: none"> • Data privacy. • Innovative segmented services. • E-banking and digital services. • Premium branches services. • Financing entrepreneurship activities. • Affordable banking (youth). • Responsiveness through all customer touchpoints. • Expanded outreach of branches and accessible services. • Responsible communication on services.
Regional Markets	<ul style="list-style-type: none"> • Regional forums and conferences. • Advisory market research. 	<ul style="list-style-type: none"> • Shari'a compliance. • Financial performance and growth. • Brand leadership. • Market-driven Decision-Making
BoD	<ul style="list-style-type: none"> • BoD meetings. • BoD committees' meetings. • Annual general assembly meetings. 	<ul style="list-style-type: none"> • Capital positioning and allocations. • Strategy implementation. • Business continuity and crisis management. • Employees commitment. • Business culture, ethical behavior, and integrity. • Environmental practices. • Reputational management. • Employee excellence and commitment. • Digital leadership.
Environment	<ul style="list-style-type: none"> • National laws. • International standards. • Requirements for projects partnerships. 	<ul style="list-style-type: none"> • Carbon footprint. • Energy management. • Water management. • Waste management. • Green procurement. • Resource planning and consumption. • Green finance and investment.

Table 4: Stakeholder Engagement

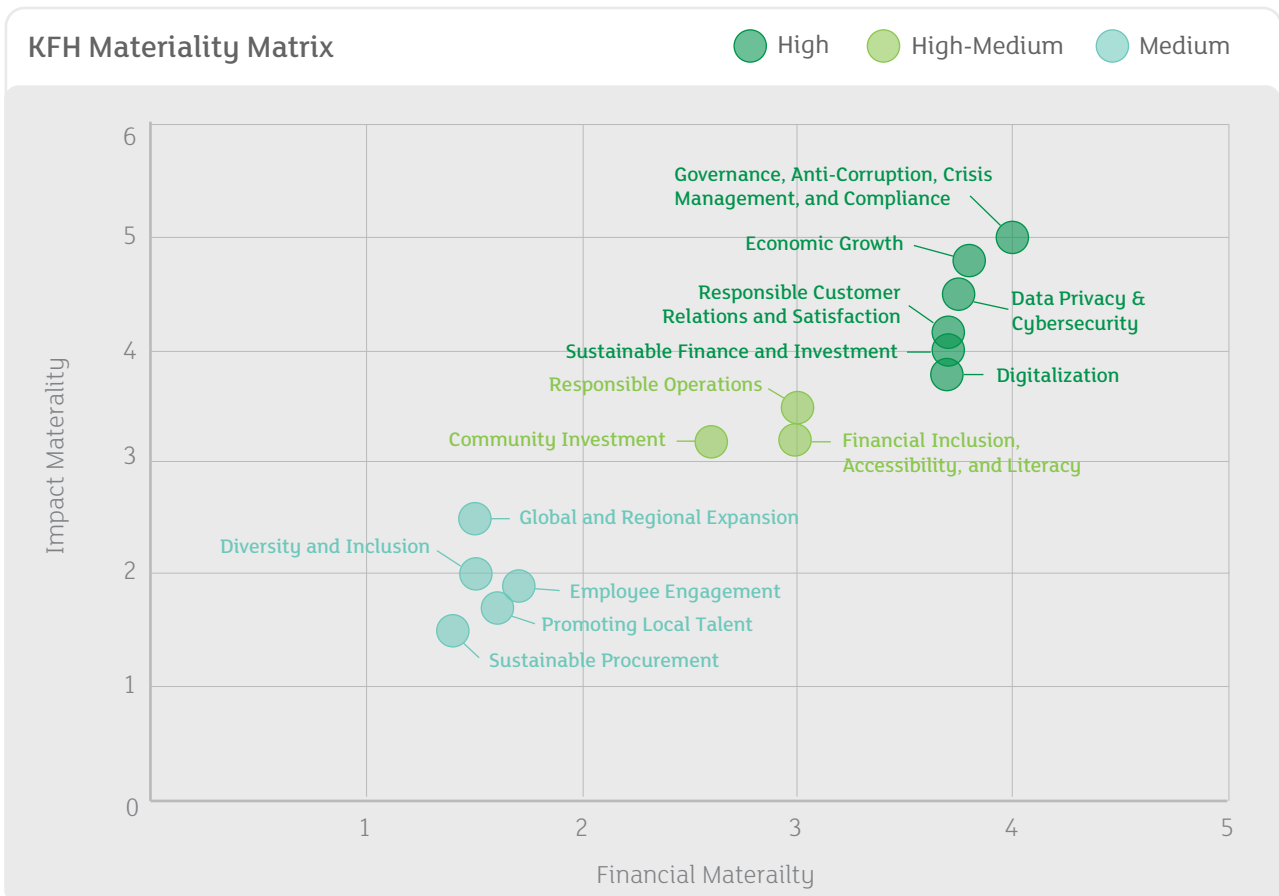
Materiality Assessment

Creating value for our internal and external stakeholders is at the heart of KFH. We have undertaken a specific materiality assessment exercise to identify our key material issues. It involved the following steps:

- Identifying potential material issues through research, including a review of peer companies, industry standards, employee reviews, KFH’s business strategy, inputs from the KFH management committees, recent regulatory changes, relevant international and national standards, guidelines, ambitions, and policies.
- Prioritizing stakeholders (internal and external groups) and topics to rate material issues according to their perceived importance.
- Reviewing the results internally within the KFH management and the sustainability team to ensure that the list of material issues encompasses all stakeholder perspectives.

Each year, we review our list of material topics to ensure it accurately reflects the importance of each topic to KFH’s stakeholders.

Materiality Matrix



Material Topics List

KFH's management approach to the material topics is presented across the Report.

Rank	Material Topic	Location in the Report
1	Governance, Anti-Corruption, Crisis Management, and Compliance	Governance, Business Integrity, and Compliance
2	Economic Growth	Financial Capital: Sustaining Financial Excellence
3	Data Privacy & Cybersecurity	Governance, Business Integrity, and Compliance
4	Responsible Customer Relations and Satisfaction	Social and Relationship Capital: Building Community Connections
5	Sustainable Finance and Investment	Financial Capital: Sustaining Financial Excellence
6	Digitalization	Intellectual Capital: Driving Digital Innovation
7	Responsible Operations	Natural Capital: Operational Efficiency
8	Community Investment	Social and Relationship Capital: Building Community Connections
9	Financial Inclusion, Accessibility, and Literacy	Social and Relationship Capital: Building Community Connections
10	Global and Regional Expansion	About KFH
11	Diversity and Inclusion	Human Capital: Nurturing an Inclusive and Empowered Workforce
12	Employee Engagement	Human Capital: Nurturing an Inclusive and Empowered Workforce
13	Promoting Local Talent	Human Capital: Nurturing an Inclusive and Empowered Workforce
14	Sustainable Procurement	Social and Relationship Capital: Building Community Connections

Table 5: Material Topics List

03.

Governance, Business Integrity, and Compliance



BoD Oversight

KFH emphasizes Shari'a-compliant banking practices and follows a comprehensive "Corporate Governance Framework" for sustainability and growth. KFH's governance structure shapes corporate culture, ensures regulatory compliance, and promotes justice, equality, and shareholder rights.

The Board of Directors plays a crucial role, setting high standards for professionalism and integrity and guiding strategic operations to deliver sustainable values within a responsible regulatory framework.

The BoD bears the overall responsibility of KFH, including the development of strategic goals, risk strategy, and sound governance principles, and overseeing the proper application of these goals and principles. It supervises the executive management, including the GCEO. The BoD also bears full responsibility for ensuring compliance with CBK requirements and safeguarding the interests of shareholders, depositors, creditors, employees, and other stakeholders. It oversees KFH's prudent management and adherence to applicable rules, regulations, and bylaws.

KFH Governance Structure

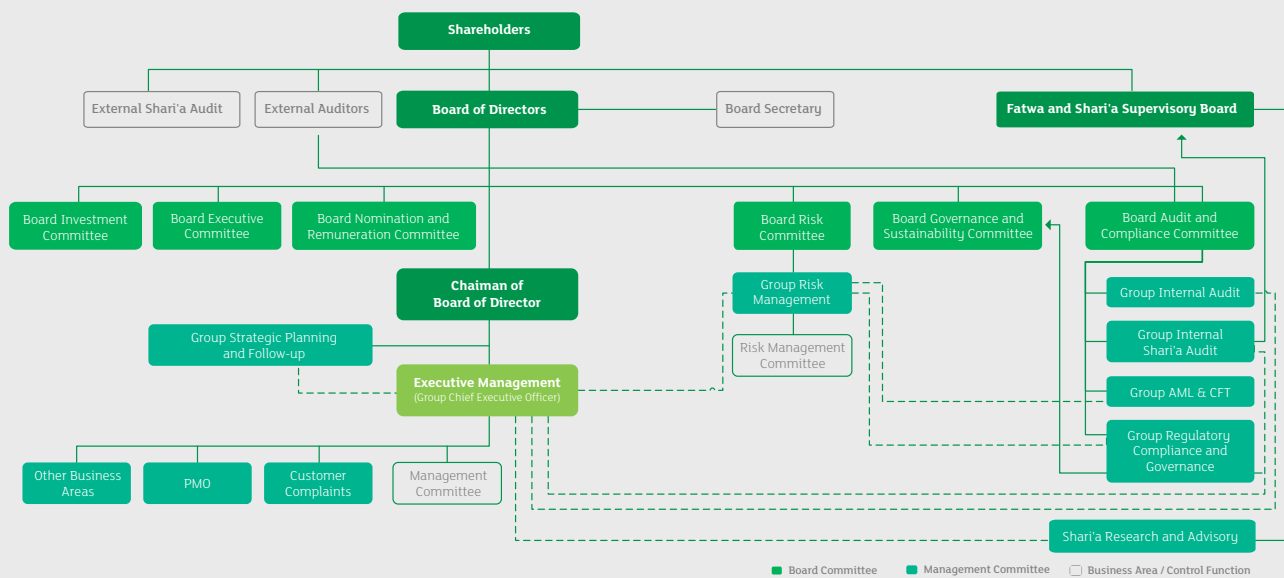


Figure 2: KFH Governance Structure

Board Leadership Structure

The Board of Directors at Kuwait Finance House (KFH) upholds a policy that separates the roles of GCEO and Chairman of the Board, as they believe this is vital for effective governance and the bank's success. This separation ensures a clear division of responsibilities and strengthens internal checks and balances.

The Chairman heads the Board of Directors and oversees its functions, while the GCEO manages the bank's operations and implements its strategy. This approach prevents power concentration, enhances accountability, and fosters a more robust decision-making process. Currently, Mr. Hamad Abdul Mohsen Al Marzouq, a non-executive board member, is the Chairman of the Board, and Mr. Abdul Wahab Issa Al Rashoud serves as the Acting Group GCEO.



Chairman's Role

Considering the significance of this role, the Chairman ensures the proper functioning of the Board, maintains mutual trust and collaboration among Board members, and ensures that the decision-making process is based on sound principles and information. Also, the Chairman encourages effective discussions, fosters the exchange of viewpoints within the Board, and ensures the timely reporting of information to Board members. Furthermore, the Chairman plays a key role in maintaining a productive relationship between the Board of Directors and the Executive Management.

Group Chief Executive Officer (GCEO)

The GCEO plays a vital role in KFH's growth by implementing the Bank's strategy as approved by the BoD and achieving sustainable growth. The GCEO oversees and evaluates KFH's overall performance in alignment with the Board's strategies, plans, and policies. Responsibilities include executing KFH's strategic and business plans, referring transactions that exceed their authority to the Board, ensuring compliance with KFH's policies, laws, and regulations, and performing tasks delegated by the Board.

The Relationship between the BoD and the Executive Management

KFH maintains cooperation and clear segregation of duties, functions, and powers between the BoD and Executive Management, thus satisfying the fundamental requirement of sound corporate governance. As such, the Board takes responsibility for providing guidance and leadership, and the Executive Management takes responsibility for planning and implementing the strategies and policies for approval by the Board while ensuring the Board and its members are independent of the Executive Management.

The Board also ensures that Executive Management strictly complies with the policies preventing and prohibiting activities and relations that might contradict or compromise sound corporate governance principles (i.e., the Conflict of Interests Policy and the Remuneration Policy).

BoD Committee Membership Key

● Chair

BNRC

Board Nomination and Remuneration Committee

BACC

Board Audit and Compliance Committee

BIC

Board Investment Committee

BGSC

Board Governance and Sustainability Committee

BRC

Board Risk Committee

BEC

Board Executive Committee

Our BoD

Mr. Hamad Abdul Mohsen Al-Marzouq

Chairman, Non-Executive Director

Since: 2014

BGSC

● BEC

Mr. Abdulaziz Yacoub Al-Nafisi

Vice Chairman, Non-Executive Director

Since: 2014

BEC

BNRC

Mr. Ahmad Abdullah Al-Omar

Board Member, Independent Non-Executive Director

Since: 2023

BNRC

BIC

Sheikh Salem Abdulaziz Al-Saud Al-Sabah

Board Member, Independent Non-Executive Director

Since: 2023

● BGSC

Mr. Noorur Rahman Abid

Board Member, Independent Non-Executive Director

Since: 2014

● BACC

● BNRC

Mr. Salah Abdulaziz Al-Muraikhi

Board Member, Non-Executive Director

Since: 2018

BEC

BACC

BGSC

**Mr. Mohammad
Naser Al-Fouzan**

Board Member,
Non-Executive Director

Since: 2020



**Mr. Hamad
Abdullateef Al-Barjas**

Board Member,
Non-Executive Director
representing the General Authority
for Minors Affairs since 2020 and
representing the General Authority
for Minors Affairs in alliance with
Awqaf Public Foundation Since 2023



**Mr. Ahmad Hamad
Al-Thunayan**

Board Member,
Non-Executive Director
representing the Public
Institution for Social Security

Since: 2023



**Mr. Fahad Ali
Al-Ghanim**

Board Member,
Non-Executive Director

Since: 2014



**Mr. Khalid Salem
Al-Nisf**

Board Member,
Non-Executive Director

Since: 2014



**Mr. Ahmad
Meshari Al-Fares**

Board Member,
Independent Non-
Executive Director

Since: 2020



**Mr. Muad Saud
Al-Osaimi**

Board Member,
Non-Executive Director

Since: 2014



*The Board of Directors
includes four independent
members, representing
31% of the Board.*



*100% of our Board of Directors are
non-executive members.*

Board Committees and Meetings

Meetings in 2023

Board Meetings: 21		Attendance Rate: 99%
Board Audit and Compliance Committee: 5	Board Nomination and Remuneration Committee: 9	Board Risk Committee: 6
Attendance Rate: 100%	Attendance Rate: 98%	Attendance Rate: 100%
Board Executive Committee: 9	Board Governance and Sustainability Committee: 6	Board Investment Committee: 4
Attendance Rate: 98%	Attendance Rate: 90%	Attendance Rate: 100%

KFH has six committees at the Board Level, and each of these committees has a written charter that has been approved by the Board of Directors. During 2023, the Board of Directors held 21 meetings as part of its current 16th session, compared to 16 meetings in 2022. The meetings are convened as needed, exceeding the regulatory requirements stipulated in the Companies Laws and the corporate governance regulations issued by the CBK. These regulations mandate a minimum of six meetings per year, with at least one meeting each quarter. The decisions made during these meetings are binding and are included in KFH's records. All KFH's BoD committees are appointed for the same tenure of the BoD.

Formation of Board Committees		Board Sub-Committees					
Board of Directors		BEC	BACC	BNRC	BRC	BGSC	BIC
Chairman	Mr. Hamad Abdul Mohsen Al-Marzouq	● (C)				●	
Vice Chairman	Mr. Abdul Aziz Yacoub Al-Nafisi	●		●			
Members	Sheikh Salem Abdulaziz Al-Saud Al-Sabah					● (C)	
	Mr. Ahmad Abdullah Al-Omar			●			●
	Mr. Fahad Ali Al-Ghanim	●	●				● (C)
	Mr. Muad Saud Al-Osaimi	●	●				●
	Mr. Khaled Salem Al-Nisf	●			●		●
	Mr. Noorur Rahman Abid		● (C)	● (C)			
	Mr. Hamad Abdullateef Al-Barjas		●	●		●	
	Mr. Salah Abdulaziz Al Muraikhi	●	●			●	
	Mr. Ahmad Hamad Al-Thunayan			●	●		●
	Mr. Mohammed Nasser Al-Fouzan				●		●
	Mr. Ahmed Meshari Al-Faris				● (C)	●	
	Kuwait Investment Authority Representative (not yet assigned)				●	●	

(C) chair of the committee.

Table 6: Formation of Board Committees

Board Audit and Compliance Committee (BACC)

Number of Meetings: 5 **Attendance Rate:** 100% **% of Non-Executive Members:** 100%

FE/ Mr. Noorur Rahman Abid (Chair)	Independent Non-Executive Director
Mr. Fahad Ali Al-Ghanim	Non-Executive Director
FE/ Mr. Salah Abdulaziz Al-Muraikhi	Non-Executive Director
FE/ Mr. Mohammed Nasser Al-Fouzan	Non-Executive Director *Membership in the committee ended on Feb 16, 2023.
Mr. Hamad Abdullateef Al-Barjas	Non-Executive Director
Mr. Muad Saud Al-Osaimi	Non-Executive Director *Committee member since Feb 16, 2023.

FE (Financial expert)

Duties and Responsibilities (Include but Not Limited to the Following):

The BACC is responsible for helping the BoD fulfill its supervisory responsibilities regarding accounting operations in the Bank, current control systems, dealings with essential persons, corruption practices in the market, internal audit rules, compliance procedures, and financial reporting to internal and external auditors of the Bank and regulatory authorities to ensure compliance with regulatory requirements and alignment with the best practices in the market.

Main Functions of the Board Audit and Compliance Committee include, but are not limited to, the following:

- Reviewing the scope, results, and extent of KFH's internal and external audit adequacy.
- Reviewing accounting issues that have a material impact on financial statements.
- Reviewing KFH's internal controls and ensuring the sufficiency of human resources allocated for control positions.
- Reviewing KFH's financial statements before presenting them to the Board and ensuring the adequacy of allocated provisions.
- Ensuring KFH's compliance with the related laws, policies, rules, and regulations.
- Assessing the effectiveness and sufficiency of the internal Shari'a audit department and the extent of its contribution to ensuring compliance with Islamic Shari'a rules and principles (specifically the Fatwas and decisions issued by the FSSB).

Annual Performance Appraisal

The BACC conducts an annual performance appraisal of the Group Chief Internal Auditor, the Head of Regulatory Compliance and Governance, the Head of AML and CFT, and the Head of Internal Shari'a Audit.

Board Nomination and Remuneration Committee (BNRC)

Number of Meetings: 9 **Attendance Rate:** 98% **% of Non-Executive Members:** 100%

Mr. Noorur Rahman Abid (Chair)	Independent Non-Executive Director
Mr. Abdul Aziz Yacoub Al-Nafisi	Non-Executive Director
Mr. Motlaq Mubarak Al-Sanei	Non-Executive Director *Membership in the committee ended on Feb 16, 2023.
Mr. Hamad Abdullateef Al-Barjas	Non-Executive Director
Mr. Ahmad Abdullah Al Omar	Independent Non-Executive Director * Committee member since Feb 16, 2023.
Mr. Ahmad Hamad Al Thunayan	Non-Executive Director * Committee member since Feb 16, 2023.

Duties and Responsibilities (Include but Not Limited to the Following):

Committee Nominations

- Assisting the BoD in nominating members of each committee based on membership criteria and ensuring that there is a sufficient number of non-executive directors in each committee to ensure the independence of their decisions.
- Recommending the appointment of the GCEO and his deputies, except for the Chief Risk Officer, who shall be elected by the Board Risk Committee, and the Chief of Audit and the Chief of Compliance, who shall be elected by the Board Audit and Compliance Committee.
- Providing suggestion on the Bank fixed and variable remuneration policy structure and raise the same to the Board of Directors for approval.
- Providing recommendations to the BoD for the nomination, re-nomination, or cancellation of Shari'a Supervisory Board membership, ensuring transparency in the appointment and reappointment processes, and evaluating the effectiveness of the Shari'a Supervisory Board.

BoD Memberships

- Giving recommendations to the BoD regarding nominations for BoD membership in accordance with approved policies, standards, and CBK instructions regarding nomination rules. This includes verification of the requirements for ensuring the independence of the independent member.
- Conducting an annual review of the required skills for Board membership, preparing a description of the capabilities and qualifications necessary for membership, conducting an annual review of the Board's structure, and raising recommendations about potential changes that align with KFH's interests.

Annual BoD Assessment

- BNRC conducting separate annual assessments of the Board's overall performance and that of each member. This assessment covers the expertise and knowledge of Board members, their powers and authority, and their leadership qualifications.

Critical Issues and Board Knowledge

- Providing information and summaries about critical issues to KFH, submitting reports and information to Board members, and ensuring that Board members are continuously updated with the latest banking business-related affairs. For this purpose, the Board should attend specialized scientific seminars and conferences in the field of banking and financial business.

Board Risk Committee (BRC)

Number of Meetings: 6 **Attendance Rate:** 100% **% of Non-Executive Members:** 100%

Mr. Ahmed Meshari Al-Faris (Chair)	Independent Non-Executive Director
Mr. Khalid Salem Al-Nisf	Non-Executive Director
Mr. Muad Saud Al-Osaimi	Non-Executive Director *Membership in the committee ended on Feb 16, 2023.
Mr. Ahmad Hamad Al Thunayan	Non-Executive Director * Committee member since Feb 16, 2023.
Mr. Mohammed Nasser Al-Fouzan	Non-Executive Director * Committee member since Feb 16, 2023.
Mr. Motlaq Mubarak Al-Sanei	Non-Executive Director * Membership in the committee ended on Feb 16, 2023.
Ms. Hanan Yousif Ali Yousif	Non-Executive Director * Membership in the committee ended on Feb 16, 2023.

Duties and Responsibilities (Include but Not Limited to the Following):

- Providing advice to the Board on KFH's strategy and current and future risk appetite, as well as supervising the Executive Management's implementation of such strategy.
- Ensuring a proper risk management framework across KFH, including risk strategies, risk appetite, policies, procedures, tools, and methodologies.
- Reviewing risk management standards and internal controls to ensure proper management of material risks in banking businesses and provide supervision of credit risks, capital market risks, liquidity risks, asset and liability management, and other relevant risks.
- Reviewing KFH's risk policies and strategies as approved by the Board. Executive management is responsible for the implementation of these strategies in addition to the development of policies and procedures to manage various types of risks.

Board Governance and Sustainability Committee (BGSC)

Number of Meetings: 6 **Attendance Rate:** 90% **% of Non-Executive Members:** 100%

Sheikh/ Salem Abdulaziz Al Sabah (Chair)	Independent Non-Executive Director * Committee member since Feb 16, 2023.
Mr. Ahmed Meshari Al-Faris	Independent Non-Executive Director
Mr. Hamad Abdullateef Al-Barjas	Non-Executive Director
Mr. Hamad Abdul Mohsen Al-Marzouq	Non-Executive Director
Mr. Salah Abdulaziz Al-Muraikhi	Non-Executive Director
Ms. Hanan Yousif Ali Yousif	Non-Executive Director * Membership in the committee ended on Feb 16, 2023.

Duties and Responsibilities (Include but Not Limited to the Following):

- Developing a framework and preparing a comprehensive updated governance framework to have it approved by the BOD, then publishing it on the Bank's website.
- Reviewing the adequacy of the Bank's policies and practices related to governance standards.
- Reviewing and evaluating the adequacy of the Code of Business Conduct, ethics, and other approved policies and guidelines inside the Bank.
- Reviewing the main issues related to shareholders' relations and the Bank's contributions to charity works.
- Reviewing the governance section in the Annual Report regarding the extent of the Bank's compliance with the governance framework and performing an annual evaluation of the Committee and its duties, including an annual review of the Committee's responsibilities and authorities.
- Performing an annual performance evaluation of the Board Governance and Sustainability Committee and its duties as well as an annual review of the Committee's authority and functions.
- Overseeing the implementation of KFH's sustainability strategy and mitigating climate risks.
- Reviewing the Bank's Annual Sustainability Report prior to submitting it to the BoD for final approval.

Board Executive Committee (BEC)

Number of Meetings: 9 **Attendance Rate:** 98% **% of Non-Executive Members:** 100%

Mr. Hamad Abdul Mohsen Al-Marzouq (Chair)	Non-Executive Director
Mr. Abdul Aziz Yacoub Al-Nafisi	Non-Executive Director
Mr. Khaled Salem Al-Nisf	Non-Executive Director
Mr. Muad Saud Al-Osaimi	Non-Executive Director
Mr. Fahad Ali AlGhanim	Non-Executive Director
Mr. Motlaq Mubarak Al-Sanei	Non-Executive Director *Membership in the committee ended on Feb 16, 2023.
Mr. Salah Abdulaziz Al-Muraikhi	Non-Executive Director * Committee member since Feb 16, 2023.

Composition of the Committee

The Board Executive Committee members are appointed by the Board and selected from the Board members but are not included in the Executive Management team. The number of Committee members shall not be less than six, including the president, who can be the Chairman of the BoD, whereas the Committee's membership shall be synchronized with that of the BoD.

The Board Executive Committee may propose a risk department structure, mission, responsibilities, and methods of development provided that the department's structure and duties are reviewed by the Board Risk Committee as a preliminary step for having it approved by the Board. Furthermore, the BoD may use external consultancy entities experienced in risk management to support the efforts of the Board Risk Committee and enhance the efficiency of the role assigned to this committee.

Duties and Responsibilities (Include but Not Limited to the Following):

- Supervising the execution of the Bank's business plan and strategy, overseeing performance efficiency, reviewing performance reports, and raising recommendations to the Board in this respect.
- Reviewing and approving financial transactions and investment offers presented by the Executive Management per the authorization list determined by the Board.
- Approving or rejecting proposals related to finance, liquidity, and/or market risks within the limits of the BoD regarding the maximum credit concentration limit per customer.
- Reviewing the management's strategy, provisions, and plans to recover bad debts, if any.
- Reviewing the diversity and durability of the financial portfolio periodically.
- Coordinating with the Board Risk Committee to prepare periodic reports to update risk limits and potential aggravation.

Board Investment Committee (BIC)

Number of Meetings: 4 **Attendance Rate:** 100% **% of Non-Executive Members:** 100%

Mr. Fahad Ali Al-Ghanim (Chair)	Non-Executive Director
Mr. Mohammed Nasser Al Fouzan	Non-Executive Director
Mr. Khaled Salem Al-Nisf	Non-Executive Director
Mr. Muad Saud Al-Osaimi	Non-Executive Director
Mr. Ahmad Hamad Al Thunayan	Non-Executive Director * Committee member since Feb 16, 2023.
Mr. Ahmad Abdullah Al Omar	Independent Non-Executive Director * Committee member since Feb 16, 2023.
Mr. Salah Abdulaziz Al-Muraikhi	Non-Executive Director *Membership in the committee ended on Feb 16, 2023.

Duties and Responsibilities (Include but Not Limited to the Following):

The Committee is responsible for assisting the Board in setting up general principles of investment, supervising the investment activities of the Bank and its subsidiaries according to the authorities bestowed upon it by the Board, and ensuring compliance with the investment objectives of the Bank.

Main Functions of Board Investment Committee include, but are not limited to, the following:

- Assisting the Board in supervising the Bank's investment assets, including investment funds and portfolios. The Committee shall raise its recommendations to the Board and follow up on investments aligned with approved policies.
- Reviewing the reports associated with the Bank's current investments, the conditions of international and local capital markets, and all data that enable the Committee to practice its responsibilities professionally and effectively.
- Advising the Board on any material changes to the investments of the Bank.
- Following up the implementation of the strategic policies and goals set by the Board regarding investment activities.
- Reviewing all proposed new investments, verifying their compliance with the Board's instructions, and presenting recommendations to the Board accordingly.
- Obtaining any required information concerning the investment portfolio status through the GCEO.
- Reviewing the executive management's recommendations on the consolidation of current investments and raise the same to the Board.
- Forwarding its recommendations to the Board in case any need arises to increase or decrease the capital of the companies in which the Bank is a shareholder.
- Conducting any other responsibilities and duties assigned thereto by the Board.

KFH Governance Framework

Our Board-approved Corporate Governance Framework outlines activities, responsibilities, policies, and procedures for managing and monitoring compliance, ethics, and risks across the Bank. Our employees are expected to be aware of the Bank's Code of Ethics and to act according to our vision and principles. As such, we ensure that all our employees receive ethics training to maintain the highest ethical standards in our services.

Our Governance Code targets our main principles: transparency, accountability, acknowledgment of responsibility, and justice and equality.

Key Principles

1. Governance at the KFH Group Level:

KFH is committed to complying with the Group's Corporate Governance Policy, which emphasizes transparency and credibility, and keeping in line with the highest international standards and best practices. The Board Governance and Sustainability Committee reviews the Group's performance periodically and updates the policies and procedures that regulate the Group's business. This is to ensure that the policies and procedures meet and serve the needs of the Group, enabling it to achieve its strategic goals, have access to mechanisms that facilitate communication between the Group's companies, and monitor governance implementation at the Group level.

2. Disclosure and Transparency:

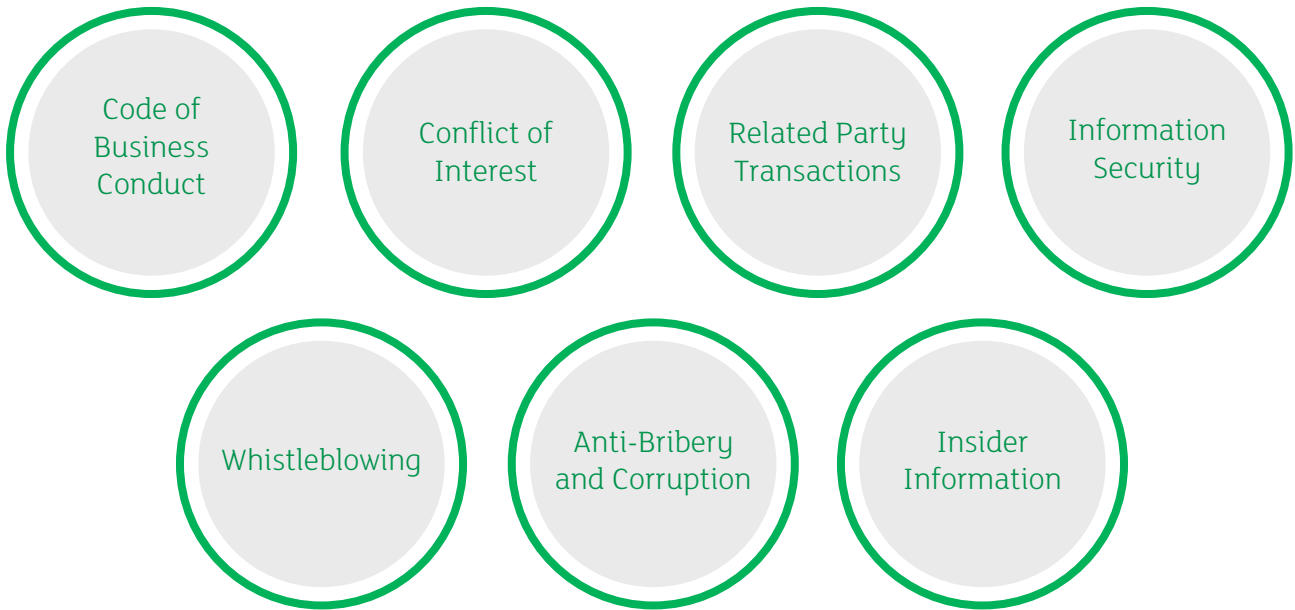
At KFH, we adopt a clear framework that strengthens the principles of disclosure and transparency and ensures fairness and equality in the timely arrival of information to stakeholders, aligning with regulatory authorities and international best practices. The first Sustainability Report issued by KFH in accordance with GRI Standards was a strategic ESG disclosure document and marked an important moment in the Bank's history.

In this Report, KFH aimed to conduct a comprehensive and consistent evaluation that reflects KFH's practices and management approaches at all levels of sustainability. The Report paved the way for future sustainability disclosures while focusing on the importance of stakeholder participation in KFH's decision-making to ensure their interests are served and protected.

3. Enhancing the Code of Business Conduct:

At KFH, we rely on the highest standard of adherence to the Code of Business Conduct, starting from the members of the BoD and extending to all employees of KFH. Therefore, the BoD has sought to strengthen the existing framework through strict policies and procedures to ensure that KFH enjoys integrity and credibility and maintains the Group's strong reputation.

The Board conducts an annual review of the policies and procedures regulating the framework for professional behavior, which consists of the following policies:



Each member of the Board of Directors reviews, and commits to these policies. KFH employees also review and commit to these policies on an annual basis. At KFH, we are committed to promoting the culture of adherence to ethical standards through periodic training programs and awareness publications.

Shari'a Supervisory Board at KFH is based on four main pillars:



Members

Sheikh Professor Dr. Sayyid Mohammad Al-Sayyid Abdul Razzaq Al-Tabtaba'e Chairman of the Fatwa and Shari'a Supervisory Board	Sheikh Professor Dr. Mubarak Jeza Al-Harbi	Sheikh Dr. Anwar Shuaib Al-Abdulsalam
	Sheikh Dr. Khaled Shuja' Al-Otaibi	Sheikh Dr. Esam Abdulrahim Al-Ghareeb

The General Assembly of KFH appointed the honorable members of the Fatwa and Shari'a Supervisory Committee for the year 2023. The Committee consists of five members. It issues Shari'a opinions and decisions and ensures KFH's compliance with Shari'a regulations.

Top Executive Management Annual Compensation

The total remuneration charged for the year 2023 to the GCEO and his deputies was KD 4,327,650. The remuneration package of each executive in this category included fixed and variable pay components including salaries (basic and cash/non-cash benefits and allowances), short-term incentives including fixed and variable annual cash bonuses, and long-term incentives and end-of-service benefits.

Nominating and Selecting the Board of Directors

The KFH Chairman of the Board is a non-executive Board member. This position is separate from the Group Chief Executive Officer position. The Board members are subject to approval from the CBK and then subject to election by the shareholders during the annual general assembly.

The shareholders have the right to vote on every tenure for election/re-election and dismissals of all directors on the general assembly based on the one-share-one-vote principle for all its outstanding shares, excluding Treasury shares.

The independent Board Member(s) are subject to clear governance terms and conditions set by the CBK; if a candidate is nominated, they are subject to approval from the shareholders at the annual General Assembly.

KFH Board Members, including independent Members, collectively hold the qualifications and expertise in areas of responsibility that enable them to serve the interests of KFH, its shareholders, and other stakeholders. The BNRC assists the Board in the selection and appointment of the BoD and Committees by setting the basic criteria for membership, aiming to create a Board that can overcome challenges and retain motivation to achieve KFH's strategic objectives and perform in all aspects.

Board Training

In light of KFH's advancement to embed ESG in the Bank's culture across its entire ecosystem, in 2022 the Board has a structured induction and training plan for the Board members which was activated in 2023.

Board members always are in continuous development through inductions and training that provide a more precise understanding for sound and objective opinion on the affairs of KFH. Regular training occur yearly to enhance skills and experience in the finance and banking business, in line with the future visions and risks facing KFH and the surrounding environment.

In 2023, The Board of Directors have undergone training on Sustainable Finance, ESG Risks, and Digital Transformation.



Remuneration

Remuneration Policy

To ensure transparency, integrity, and fairness in remuneration, KFH's Corporate Governance Framework includes dedicated guidance on remuneration policies and schemes, which are as follows:

- The Board oversees the design, control, activation, and review of KFH's remuneration system to ensure the effectiveness of the process.
- The BNRC is responsible for establishing the Board's guidelines regarding all remuneration-related matters.
- The Payroll Management Policy is a part of the HR policies at KFH and serves as the Remuneration Policy, including all requirements mentioned in CBK's Corporate Governance Instructions. The policy includes all components of financial remuneration, considers the enhanced risk management at KFH, and aims to attract qualified and experienced professionals. Executives' remuneration includes fixed and variable components, including their current and deferred remunerations and short- and long-term incentives, wherein 30% of their annual bonus is deferred for three years, and end-of-service indemnity. The various remuneration components are combined to ensure an appropriate and balanced remuneration package that reflects the employee's grade in the Bank, their job department, and market practices.

KFH's remuneration system has the following compensatory components:



Rewarding employees is directly linked to the Bank's short- and long-term performance. The remuneration packages also align with the Bank's short- and long-term risk appetite. The Bank has mechanisms in place to control the total remuneration based on the Bank's financial performance, and in the case of poor performance, implement the clawback mechanism explained below.

Top Management Remuneration Guidelines

- All elements are set at an appropriate level considering market practices, wage indicators, and the employee's skills.
- Remuneration is used to encourage and motivate effective performance on an ongoing basis.
- Remuneration is linked to key business goals defined by the Board and KFH's short- and long-term performance.
- Remuneration is linked to risk duration.
- Remuneration is granted to achieve the interests of shareholders together with top management. Shareholders also have the right to vote on executive remuneration based on the one share-one vote principle for all outstanding shares, excluding Treasury shares.

Clawback Policy

The BNRC has a policy regarding the recoupment, or clawback, of executive compensation. Subject to the discretion and approval of the Board, this policy enables the Bank to seek recoupment of incentive-based compensation awarded to any current executive officer of the Bank.

The Bank should consider adjusting the financial rewards in the event of a decline in the financial performance of the Bank, including setting appropriate standards related to the possibility of reducing the total financial rewards granted to the Bank in the event of weak financial performance or a negative performance of the Bank, including the relevant regulations by establishing a 'Claw Back' system for recovering financial rewards.

Shareholders and Stakeholders' Rights

At KFH, we guarantee the protection of the rights of shareholders and stakeholders by implementing policies and procedures that ensure the fair treatment of all shareholders, including those belonging to minorities, through two units.

The first unit manages shareholders' affairs; the second unit handles investors' affairs. Both units work continuously to serve KFH shareholders and investors. KFH shareholders enjoy equal rights without discrimination. They have the right to participate in general assembly meetings (ordinary and extraordinary), vote on agenda items, and elect members of the Board of Directors.

They also receive dividends, can obtain information and data on the Bank's activities, and have other due rights as provided in KFH's Memorandum and Articles of Association and in accordance with laws and regulations issued by the regulatory authorities. We also uphold the rights of stakeholders including employees, depositors, creditors, vendors, and others by adhering to policies and procedures that ensure the protection of their rights.

One Share, One Vote

KFH adheres to the one share, one vote principle for all its outstanding shares (excluding Treasury shares). During every general assembly resolution, each shareholder's voting power corresponds directly to their ownership stake in the Bank, promoting fairness and transparency in decision-making processes. By upholding this principle, KFH ensures equal shareholder representation in determining the Bank's direction and strategic decisions.



Risk Management

Identifying and proactively managing risk in all aspects of our business is essential to KFH's long-term success. We aim to minimize potential adverse effects on our financial performance and operations by balancing our exposure to risks and returns. Embedding a risk management culture in all our business processes ensures that ethics are adopted throughout our Bank. We strive to improve our risk management practices in line with industry standards, CBK guidelines, and ESG considerations. Our policies require thorough credit risk assessments for our financing and investment practices, including comprehensive credit risk analysis. The decision to proceed with an exposure despite the potential for collateral damage is a crucial consideration and is regularly evaluated to verify coverage. KFH does not engage in any activity or exposure that may pose reputational risks to the Bank.

Risk Management Structure

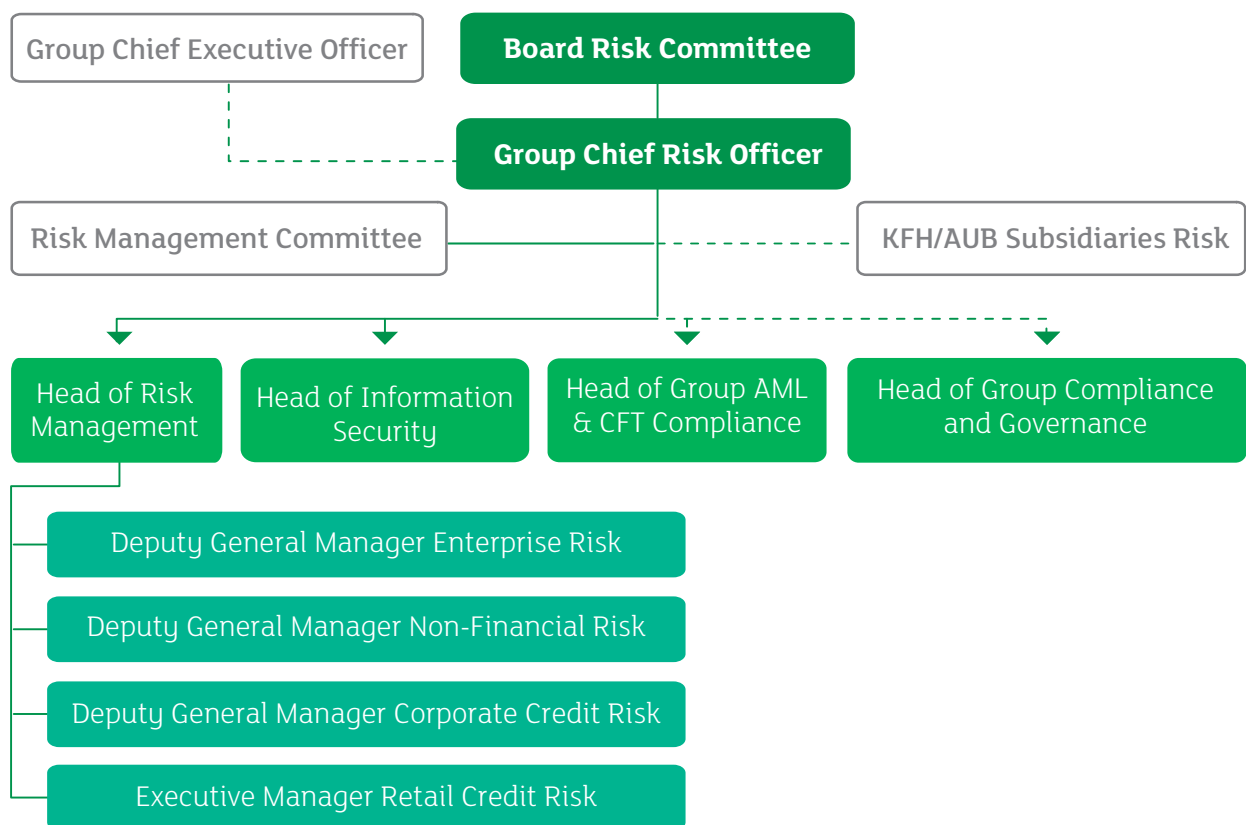


Figure 3: Risk Management Structure

KFH's risk governance structure comprises both Board- and Management-level committees. This structure is continuously reviewed and enhanced to ensure the efficient use of management time and focus on committees with significant involvement in risk management. The structure, committee mandates, composition, and charters are reviewed and approved by the Board before circulation.

Risk Management Committee (RMC)

The RMC supports and helps management understand, oversee, and manage key group risk exposures, including climate, environmental, and social risks. It aims to optimize the Group's enterprise risk profile in the context of the group-approved strategy, risk appetite, and regulatory requirements, and to embed and maintain a risk-aware culture within the Group. The key role of the MRC is to support the BRC in achieving its duties and the objectives set by the Board through advice, facilitation, monitoring, and follow-up on the execution of decisions and the achievement of high-risk governance standards.

Risk Mitigation

KFH has implemented Risk Governance at the Group level in Turkey, Bahrain, and Malaysia to enhance comprehensive oversight and risk management across the Bank. This implementation aims to facilitate the integration of risk management into the decision-making supervisory process. KFH employs a hybrid approach in credit and investment decision-making, actively involving both business units and the risk management department. This strategic integration of risk management ensures decisions are guided by independent, experienced judgment and aligns with the Bank's internal risk management guidelines and strategy. The governance framework is based on the concept of three lines of defense. Each line of defense describes specific risk management and control responsibilities.

First Line of Defense

This is represented by the Bank's Business Line, which includes its functions and activities related to creating risks for the Bank, and thus these groups are responsible for assessing and managing these risks.

Second Line of Defense

This comprises the Financial Control and the Risk Management departments, which are responsible for ensuring that risks are managed in accordance with the stated risk appetite.

Third Line of Defense

Independent assurance is provided by the Internal Audit Department. Its role is defined and overseen by the Board Audit and Compliance Committee. The findings from the Internal Audit are reported to all relevant management and governance bodies. The Internal Audit Department provides assurance that the overall control system is working as required in the risk management framework.

Digital Transformation in Risk Management: Enhancing Efficiency and Managing Risks

KFH's Risk Management department has embarked on a transformative journey toward digitalization, embracing innovative approaches to streamline processes and mitigate potential risks. Integrating digital technologies has paved the way for increased efficiency, accuracy, and proactive risk management strategies.

Leveraging cutting-edge applications like Power BI to digitize reports, we launched the UI-Path Robotic Process Automation (RPA) Solution. This initiative was designed to automate the generation of Enterprise Risk Management (ERM) reports, streamlining the production of risk-related data. Through this automation, we aimed to accelerate report generation while maintaining high accuracy.

Looking ahead, we are gearing up to implement RiskGPT1, a transformative project infused with artificial intelligence and machine learning capabilities. This forward-looking endeavor is poised to revolutionize how we approach risk assessment, enabling us to uncover deeper insights and proactively address emerging challenges.

Risk Culture, Training, and Awareness

KFH is committed to fostering a robust risk culture with well-defined roles and responsibilities for risk ownership and management. The goal is to embed risk management deeply in KFH's culture, integrating risk considerations into decision-making. This involves enhancing Risk Management's capabilities to become equal partners with business sectors.

Leadership sets the tone for the risk culture, including the GCEO, CRO, and senior management. All employees are responsible for comprehending the risks they handle, embracing proactive risk attitudes, and making decisions aligned with risk-adjusted returns. Timely escalation of significant risk matters, adherence to policies, and awareness of contingency plans are essential. Non-compliance may result in disciplinary action.

KFH's Risk Management department reinforces the risk culture by conducting collaborative risk awareness training sessions and workshops with Human Resources (HR). These sessions focus on management's duty in risk identification, assessment, monitoring, control, and reporting.

Balancing profitability with effective risk assessment is emphasized, drawing lessons from global financial market cases. The department's role as an independent risk assessor and policy developer is highlighted. To ensure alignment among the three lines of defense and proper risk mitigation implementation, targeted risk training is provided annually to all Bank employees.

Internal Audit

Independence and Appointments

The Internal Audit department conducts its activities independently under the supervision of the Group Chief Internal Auditor at KFH. The Board's approval must be obtained upon the appointment of the Group Chief Internal Auditor; the internal auditors are appointed after obtaining the approval of the Chief Internal Auditor. The latter reports functionally to the Board Audit and Compliance Committee and is authorized to have full, free, and unrestricted access to all the Bank's functions, records, property, and personnel.

Duties:

- The primary duty of the Internal Audit department is to provide independent and objective assurance on the design and operating effectiveness of risk management, internal controls, and governance processes.
- The Internal Audit department also reviews the reliability and integrity of information, compliance with policies and regulations, safeguarding assets, economical and efficient use of resources, and established operational goals and objectives.
- The Internal Audit department does not outsource any of the main internal audit tasks. If KFH needs to assign some of such activities to external entities, CBK's approval must be obtained, provided that this arrangement is for specific purposes and a limited period.

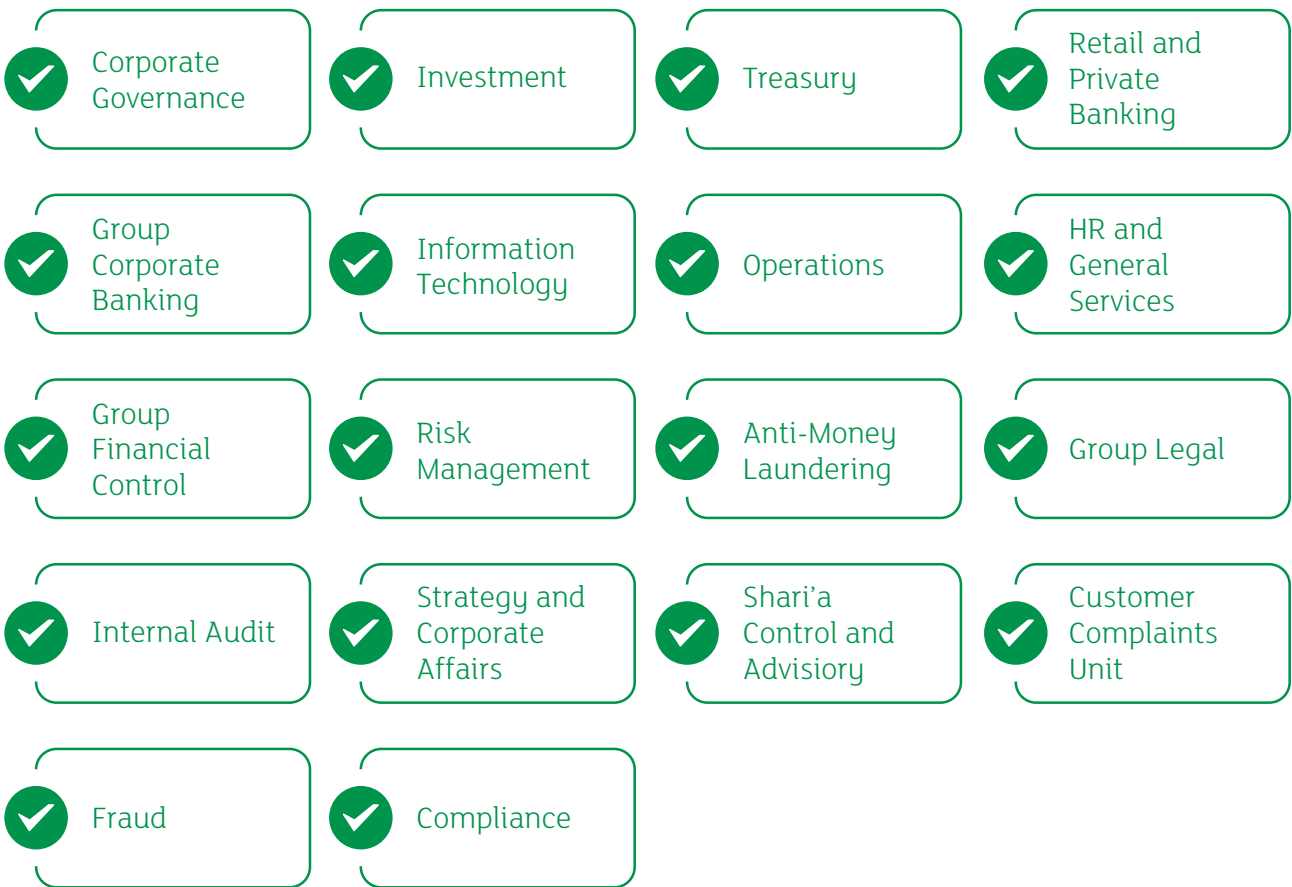
The key responsibilities of the Internal Audit department include the following:

- Verify the sufficiency and effectiveness of internal control systems.
- Verify that KFH activities conform to the relevant laws, policies, regulations, and instructions.
- Examine specific business activities relating to KFH's financial position, internal control systems, and risk management.
- Provide advice and guidance on control aspects of new policies, systems, processes, and procedures.
- Undertake audit activities as requested by the Board, Committees, and Management, and provide relevant assessments.

External Audit

The External Audit department enables an environment of good corporate governance to be reflected in KFH's financial records and reports. The external auditor is selected and appointed by the shareholders upon the recommendations of the Board Audit and Compliance Committee and the Board. The Board Audit and Compliance Committee sets the appropriate standards to ensure that the external audit process is carried out in a manner that achieves the Dual Audit principle.

The External Audit Report on the internal control systems covers the following elements:



The external auditor provides and discusses the auditing report with the Board Audit and Compliance Committee. Such meetings are in the presence of the Executive Management. Furthermore, the Board Audit and Compliance Committee meets with the external auditor at least once a year in the absence of the Executive Management. To ensure the integrity and effectiveness of the external audit and in line with the decisions issued by the CMA and CBK in Kuwait, the BoD established appropriate policies concerning conducting a rotation for external auditors.

The external auditors shall abide by the instructions imposed by the regulatory authorities (CBK, Capital Market Authority, and Ministry of Commerce and Industry). This ensures that no laxity in supervision may result because the external auditors continue to cover the same audit areas for many years.

Building Integrity and Compliance

Compliance

As part of the second line of defense in our control environment, the Compliance and Governance Department is considered one of the essential elements of the Bank's risk management due to the special nature of non-compliance risks. These include legal or regulatory penalty risks, financial risks, reputation risks, and others to which KFH may be exposed in the event of not complying with laws, regulations, instructions, the Bank's Code of Business Conduct, and good banking practices.

Governance

The BoD approves the roles and responsibilities of the Compliance and Governance Department and is given independence and sufficient authority to fulfill its duties in the Bank effectively. Furthermore, the Compliance and Governance Department is an independent Department and has direct access to the BoD. A standalone Compliance Policy ensures that the Bank complies with all legislation applicable to the Bank's activities. The Policy is periodically reviewed, and the application of its rules is verified.

Duties of the Compliance and Governance Department

- It advises the BoD and the Top Executive Management on the compliance of the Bank with regulatory rules, instructions, and legislation, and regularly updates them on the latest developments.
- At least once a year, it identifies and assesses non-compliance risks facing the Bank and the Bank's plans regarding how efficiently such risks are managed.
- It raises its reports to the Board Audit and Compliance Committee on how efficiently such risks are managed by the Bank, if found. Despite the above duties of the Compliance and Governance Department, the Bank's compliance remains the responsibility of the BoD and the Top Executive Management.

Compliance with Laws and Regulations

In case of any misconduct, inappropriate actions, or alleged claims, an internal investigation is carried out. If claims are proven true, CBK and the general assembly are notified, and proper authorities take over the investigation and ensure legal action.

In 2023, no fine was imposed on the Bank due to fraud or non-compliance with CBK instructions.

Code of Conduct

KFH has procedures set out in its Code of Business Conduct and Ethics Policy for managing conflicts of interest. According to the Conflict of Interest Policy, the BoD, Top Management, and all other employees must abide by the Bank's interests across all their dealings.

KFH expects its employees to avoid any personal activities and financial or non-financial interests that may conflict with their commitment to perform their jobs effectively. A conflict of interest arises when an individual at KFH has a personal, financial, or any other interest that conflicts with the interests of the Bank or misuses their position in the Bank to achieve a personal interest. The individual must disclose any possible conflict of interest with the Bank to their direct manager and take necessary steps to correct such conflicts.

Our Code of Conduct is available in English and Arabic in line with our multilingual workforce.

Conflicts of Interest – BoD

The Board serves under a dedicated Conflict of Interest Policy which includes but is not limited to the following:

- Board members shall avoid engaging in activities likely to create a conflict of interest.
- Establishing policies and procedures to prevent conflicts of interest between Board members, Top Executive Management, and employees.
- Obtaining the Board's approval on any activity carried out by a Board member that may result in a conflict of interest.
- Board members shall disclose any matter that may result, or has already resulted, in a conflict of interest.
- Board members shall abstain from voting on any matter that may imply a conflict of interest or may have an impact on the objectivity of the voting.
- All transactions with related parties shall be treated equally. The same applies to the Board's dealing with issues in case of non-compliance with the policy.

The annual general meeting discloses the dealings of all related parties (KFH BoD).

Related Party Transactions

A related party transaction is the transfer of assets or liabilities or the performance of services by, to, or for a related party, irrespective of whether a price is charged or what the price is. KFH is committed to upholding the highest ethical and legal conduct in fulfilling its responsibilities and recognizes that related person transactions can present a heightened risk of actual or apparent conflicts of interest.

Related party transactions are governed by KFH's Related Party Transaction Policy, which states the rules and procedures that govern such transactions. Any credit extension to KFH's related parties, including Board members, is made in accordance with the same terms and conditions applied to other customers without any preferential terms and in conformity with the instructions issued by the CBK. Related party transactions must be disclosed in line with the requirements of the CBK and other regulatory authorities.

A Board member should refrain from participating in BoD meetings that involve discussing or voting on items related to the private business of the concerned Board member.

All related party transactions must be disclosed according to the rules and regulations of the local governing body (i.e., the CBK and International Disclosure Standards). Related party transactions are monitored and audited by Internal Audit to verify that such transactions are aligned with the Related Party Transactions Policy.

Anti-Bribery and Corruption



KFH has incurred no fines, penalties, or settlements in relation to corruption.

The Anti-Bribery and Corruption Policy explicitly prohibits any transaction, including facilitation payments, which could constitute a bribe or a corrupt payment to or from a public official, body, private entity, or individual.

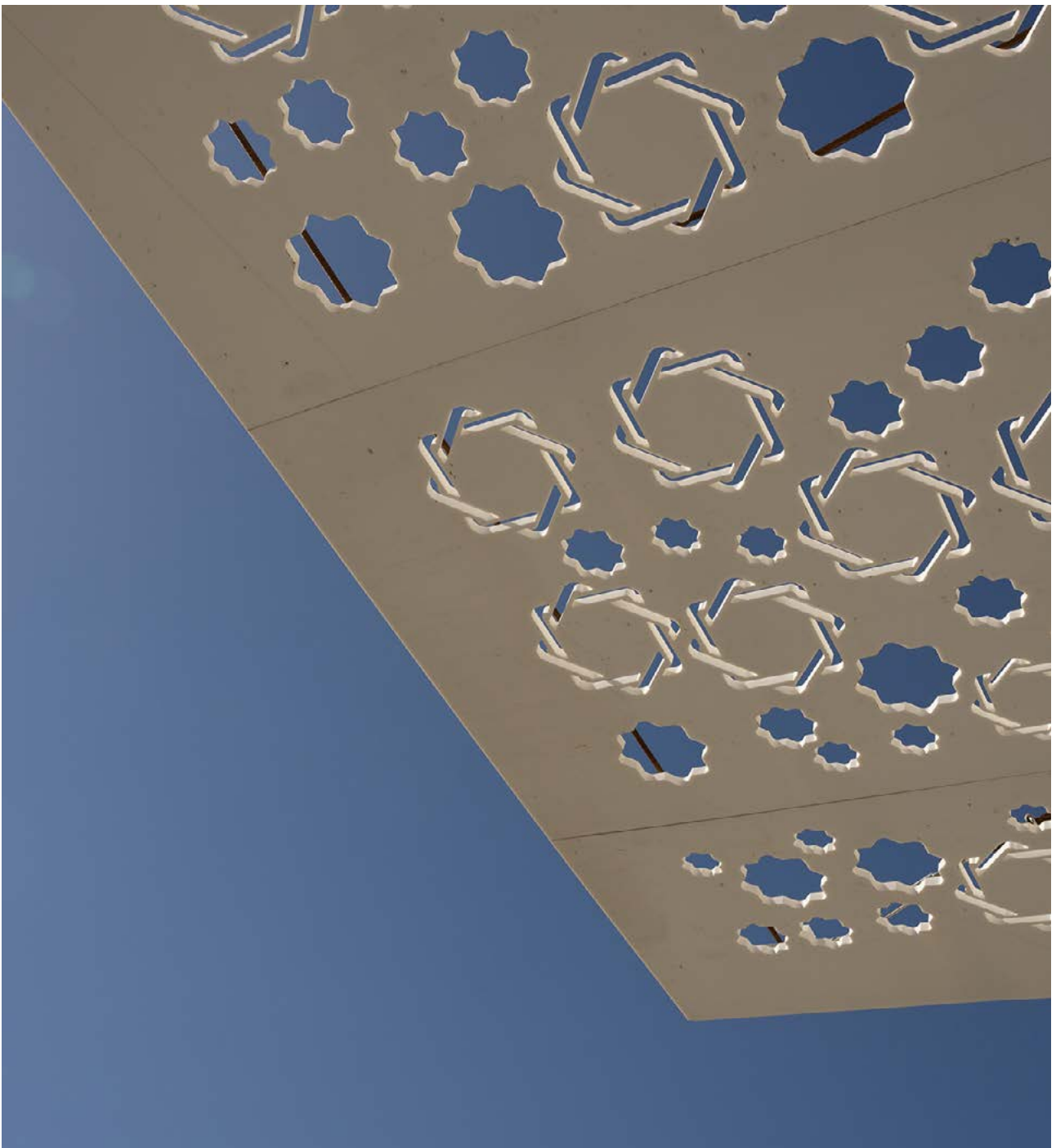
This policy applies to KFH employees and those representing the firm, including business partners operating on KFH's behalf. In addition, KFH considers the anti-bribery and corruption policies of potential new business partners as it conducts its due diligence.

KFH's Approach to Mitigating Corruption Risks in High-Risk Operations

KFH ensures that its procedures effectively mitigate corruption across varying levels of risk, especially in high-risk operations where the potential for corruption may be elevated. We implement thorough procedures aligned with our Anti-Bribery and Corruption Policy and Whistleblowing Policy.

Enhanced due diligence processes are employed to thoroughly assess potential risks, while the **“four eyes” principle** ensures oversight and accountability at every level.

Internal controls at KFH are strengthened with preventive, detective, and corrective measures to minimize vulnerabilities. We regularly conduct reviews and monitoring activities to identify any deviations or irregularities promptly. Moreover, incident and whistleblower reports are analyzed meticulously to address any emerging issues swiftly. KFH also ensures continuous training and awareness-raising among stakeholders to foster a culture of compliance.



AML/CFT

We have developed a comprehensive suite of AML/CFT policies and procedures that covers customer risk profiling, customer due diligence, transaction monitoring AML/CFT, monitoring and training, name screening, and payment screening.

Our automated AML/CFT transaction monitoring system was implemented in 2022 to identify potentially suspicious transactions. Additionally, the Bank has an embargo solution that works to block swift transactions in accordance with legal and regulatory requirements and our AML/CFT Policy.

The AML and CFT department are working with the talent development unit to deliver annual introductory AML/CFT awareness training sessions to all employees and tailored AML/CFT training to specific employees, including our BoD, based on their specializations.



In 2023, all our employees have undertaken AML & CFT training and anti-corruption training as well.

Fraud Prevention

In our efforts to prevent fraud, KFH's Enterprise Risk Management (ERM) unit implemented use cases (UCs) based on data analysis and fraud trends pertaining to external fraud for phishing and smishing cases. ERM closely monitors and enhances to reduce false positive alerts and improve efficacy.

The unit internally circulated advisories to explain the Fraud Triangle, a three-legged model outlining the three components that increase the risk of fraud (opportunity, incentive, and rationalization), and raise awareness of the importance of creating an anti-fraud culture in the Bank. We regularly communicate to our customers that KFH will never ask for confidential, personal, or financial information that should not be shared with anyone.

We monitor Visa and Master Card alerts, pre-train to newly identified fraud campaigns, and take necessary actions. We also observe merchants for suspicious transactions and activities, blocking them if they demonstrate fraudulent transactions based on KFH's analyses and investigations.

We conduct credit risk assessments which are based on KFH's internal risk rating and the CBK rating as we plan and conduct a Fraud Risk Assessment in KFH departments/units based on analysis, investigations, red flags, and incidents to mitigate the high/very high risks based on the internal risk rating methodology.

Acceptance of Gifts

Directors and employees should refrain from accepting any monetary or other gifts from customers or contractors. Employees must not solicit or accept gratuities, directly or indirectly, from customers or other parties dealing with KFH in connection with work that the employee is responsible for.

Digital Transformation

KFH's approach to digital transformation in the AML and CFT departments focuses on automating routine manual processes, reducing human intervention, and enhancing operational effectiveness and efficiency.

KFH's digital transformation initiatives include:

- Transaction monitoring optimization: The AML and CFT department successfully launched a digital transformation project that optimizes the transaction monitoring process using Robotic Process Automation (RPA). Bots now conduct the first level of investigation in the automated AML and CFT system, improving efficiency and accuracy.
- KFH automated know-your-customer (KYC) updates and inquiry requests through a customized customer relationship management (CRM) workflow. This eliminates manual processes, reducing errors and ensuring compliance with regulations.

Future digital transformation projects include:

- Exploring the use of Robotic Process Automation (RPA) technology to optimize other screening processes, improving efficiency and accuracy in compliance efforts.
- Upgrading KFH's AML and CFT systems with new and advanced features, staying at the forefront of compliance technology.

Digital Solutions for Monitoring AML

The Bank uses automated AML and CFT systems to monitor and screen customer transactions, including cash, non-cash, and transfers. Customized scenarios are created for different risk levels, and transaction monitoring is optimized using RPA technology.

Human Rights

We aim to align with the UN Guiding Principles on Business and Human Rights and the International Bill of Human Rights. To ensure these principles are upheld throughout our operations and partnerships, we extend our diligence to our partners by implementing a Supplier Code of Conduct, comprehensive training programs, and stringent contracting processes.

We strongly believe in engaging with stakeholders, including potentially affected groups, to solicit their perspectives on KFH's impact on human rights. These consultations are meticulously documented, and the valuable insights gathered are consistently integrated into our ongoing human rights efforts. Furthermore, we actively seek targeted engagement with communities on specific projects to collect community feedback, which is pivotal in our due diligence efforts related to human rights.



KFH has not recorded any human rights impact incidents.

Child and Forced Labor

KFH does not support any form of child labor or forced labor in any form, within or outside the domain of its premises and operations.

Whistleblowing Policy

Our Whistleblowing Policy ensures that no one is at risk of retribution or retaliation for raising a concern, even if they are mistaken. KFH does not, however, extend this assurance to someone who maliciously raises a matter they know is untrue. The Whistleblowing Policy provides confidentiality to all directors, officers, managers, employees, customers, and business partners who report, in good faith, suspected violations by other directors or employees. Any individual making a disclosure retains their anonymity unless they agree otherwise. To report information, or whistleblow, employees may connect with the GCEO or the Chairman of the BoD through a whistleblowing email.

The whistleblower's concerns are reported to the relevant business unit(s) and the Higher Administrative Investigations Committee without revealing the individual's identity. The appointed parties decide on the most appropriate and fair investigation channels and resources to handle the complaints raised. If necessary, complaints are re-directed to the Board Audit and Compliance Committee and/or the BoD to reach a decision.

If the situation involves discrimination or harassment, the affected individual should immediately bring the matter to the attention of their line manager and/or HR. KFH is dedicated to handling such matters confidentially and professionally while respecting the rights and privileges of all parties involved. After such a claim is made, HR must assess whether the violation aligns with the actions classified as misconduct in KFH's Disciplinary Code and Procedure and take the necessary steps.

Employees who raise concerns internally are informed of which entities or persons are handling such matters, how they can contact them, and whether further assistance is required.

KFH can only provide employees with as much feedback as possible without infringing on the duty of confidence owed by KFH to the other person(s) in question. Employees' identities are not disclosed without prior consent. Where concerns cannot be resolved without revealing the identity of the employee raising the concern (e.g., if their evidence is required in court), KFH enters a dialogue with the employee concerned as to whether and how the matter can proceed.

Grievance Mechanisms

At KFH, there are two types of grievances for our internal employees:

01 Performance Management Grievance

- **Eligibility:** All KFH employees are entitled to report a grievance within 10 working days of receiving the final appraisal.
- **Objective:** To reinforce fairness and transparency in the KFH performance cycle.
- **Purpose:** The grievance process aims to give employees the chance to speak about their concerns officially with management and HR. It is also a chance for HR to explain to employees the fairness of the process and the reason for their final rating. This will result in more trust in the performance cycle and higher employee satisfaction.

02 Disciplinary Grievance

- **Eligibility:** KFH employees who have received disciplinary action, salary deductions, or penalties. The request must be initiated within 15 working days of the penalty issuance day.
- **Objective:** To provide KFH employees with the opportunity to appeal against disciplinary actions taken against them.
- **Purpose:** The grievance process aims to give the employees a second chance to defend themselves. It is also a chance for HR to explain to employees the fairness and the reason for the disciplinary action taken against them. This will result in clarity behind the disciplinary actions taken against employees, fostering higher employee satisfaction.

- In all cases, the process relieves the employees and maintains their rights. Therefore, HR should meet with the employees, listen to their concerns, and consider any supporting evidence related to the grievance. HR will then review the grievance request and discuss the final decision whether to accept or reject the grievance.
- HR will inform the employee of the final decision.

Employee Complaints

In 2023, **eight** reported complaints from employees were related to misbehavior and misconduct by other colleagues. Disciplinary action was taken against employees who had committed misbehavior/misconduct during or because of work, as per the Violations and Penalties Regulations. There was only **one** corruption case that was confirmed, and the employees involved were dismissed following thorough and proper investigations.

Cybersecurity and Information Protection: Empowering Resilience at KFH

In response to the growing significance of information security in the banking and financial sector and in compliance with the CBK's governance and regulations guidelines, KFH has established a dedicated unit focused on managing information security and cyber risks. This unit is an integral part of KFH's cyber resilience strategy. Its main purpose is to tackle the challenges arising from the fast-paced advancements in banking technologies and safeguard internal and external data from external security threats.



KFH's governance framework emphasizes the critical role of the BoD in overseeing information security and cybersecurity risks and its authority to directly approve strategies, policies, and rules related to these issues. The Head of Cyber Risk reports to the Chief Risk Officer on the Bank's ability to manage information security and cybersecurity risks as they monitor the implementation of relevant objectives through the Risk Management Committee.

KFH is ISO 27001:2022 certified and holds an Attestation of Compliance (AOC) and a Report on Compliance (ROC) as per the Payment Card Industry Data Security Standard (PCI DSS v 4.0). Additionally, implementing the Information Security Management System (ISMS) enables KFH to manage, monitor, review, and improve its information security practices.

KFH also implemented an advanced Endpoint Detection and Response (EDR) solution to respond to and mitigate advanced cyber-attacks swiftly. During 2023, KFH continued to strengthen its cybersecurity resilience by upgrading its infrastructure. KFH also made a large investment in AI-based technology in security to help with detection and response. The AI profiles network devices and emails to understand what is normal and what is an anomaly, and it responds accordingly.



KFH has not received any substantiated complaints nor identified any leaks, thefts, or losses of customer data.

At KFH, we provide our customers with comprehensive information about our services and products. Our commitment to transparency means that we present this information in a clear, understandable, and accurate manner, empowering our customers to make well-informed decisions effortlessly.

We assist our customers by offering an Information Security Guide on our website. This comprehensive guide covers topics including customer data privacy, bank card security, online banking, 3D security, KFH mobile app security, personal information protection, social engineering, phishing, general security tips, and enhanced online payment security.

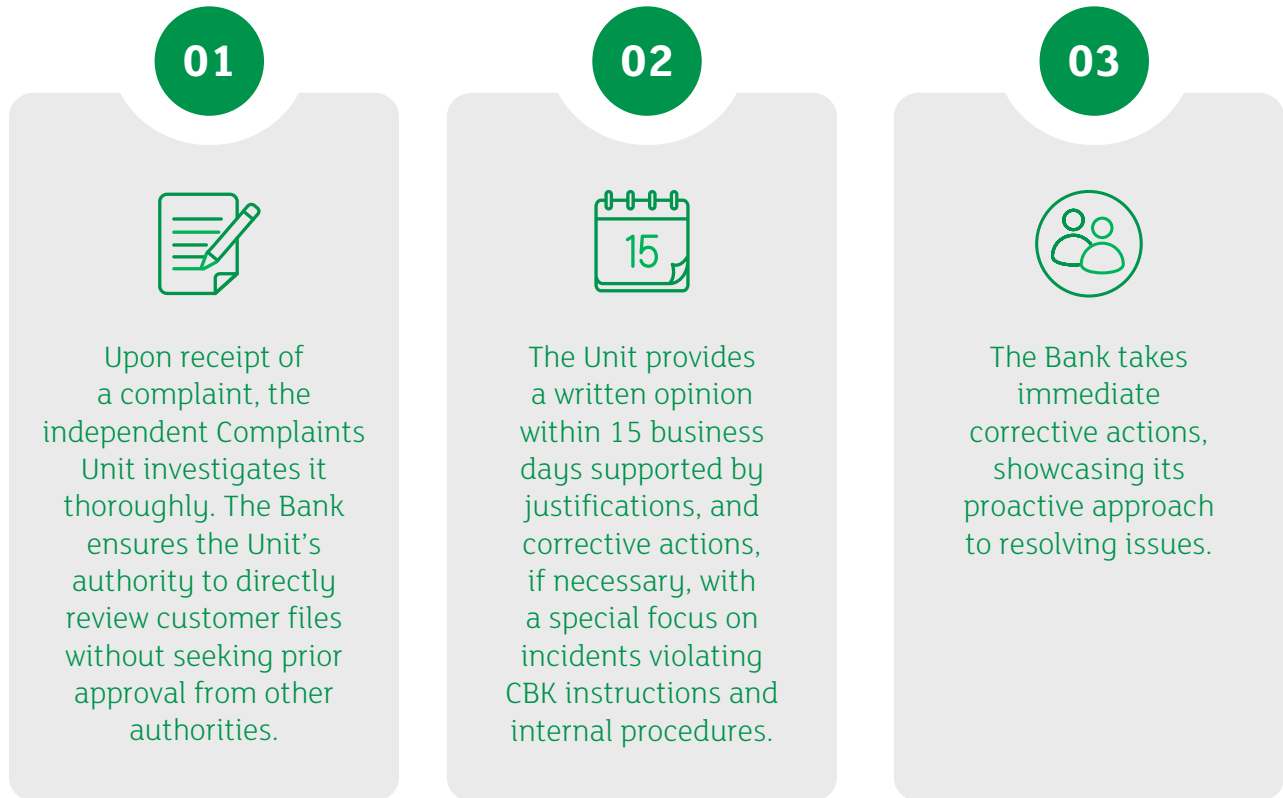
Our disclosures encompass the benefits and risks associated with our services and products as well as the rights and obligations of our valued customers. To foster transparency in all our dealings, we also openly disclose the pricing, commissions, and charges applicable to our services and products. When offering advice, we understand that each customer is unique, so we consider their individual abilities, financial objectives, and previous experiences with similar products and services.

We encourage our customers to share comprehensive and accurate information about their needs and situations, enabling us to provide tailored and appropriate advice and services. By adhering to these customer-centric practices, we strive to enhance customer satisfaction and build trust through open communication. At KFH, our primary focus is on delivering exceptional services that align with the financial aspirations of our valued customers.



Effective Handling of Customer Complaints

The Bank has the following robust mechanism for handling customer complaints promptly and efficiently:



Customer Data Protection Policies

At KFH, we prioritize the security and privacy of our customers' information and treat their data with the utmost care to prevent potential data leakage. All databases, emails, documents, folders, systems, media, and print materials containing personally identifiable information (PII) are fully secured using appropriate security controls based on the KFH Information Security Policy.

As part of our commitment to safeguarding customer data, we have implemented clear data collection and processing to maintain confidentiality and ensure security. These aspects are clearly explained in our [Privacy Notice](#), which is prominently displayed on all our platforms and in branches.

The Privacy Notice outlines how we collect, use, and protect customer data in compliance with regulatory requirements. We adhere to strict confidentiality guidelines, and any exceptions to confidentiality are transparently disclosed. This includes cases where information is disclosed with customer approval or as mandated by applicable laws.

We release monthly infographics to the staff through communication team on information security best practices at the same time our public relations and Media team releases awareness related to information security to customers using social media channels.

04.

Financial Capital: Sustaining Financial Performance



Financial Highlights

In 2023, KFH achieved significant financial milestones, reflecting its performance across key metrics and resilience to delivering sustainable growth and value to its stakeholders.

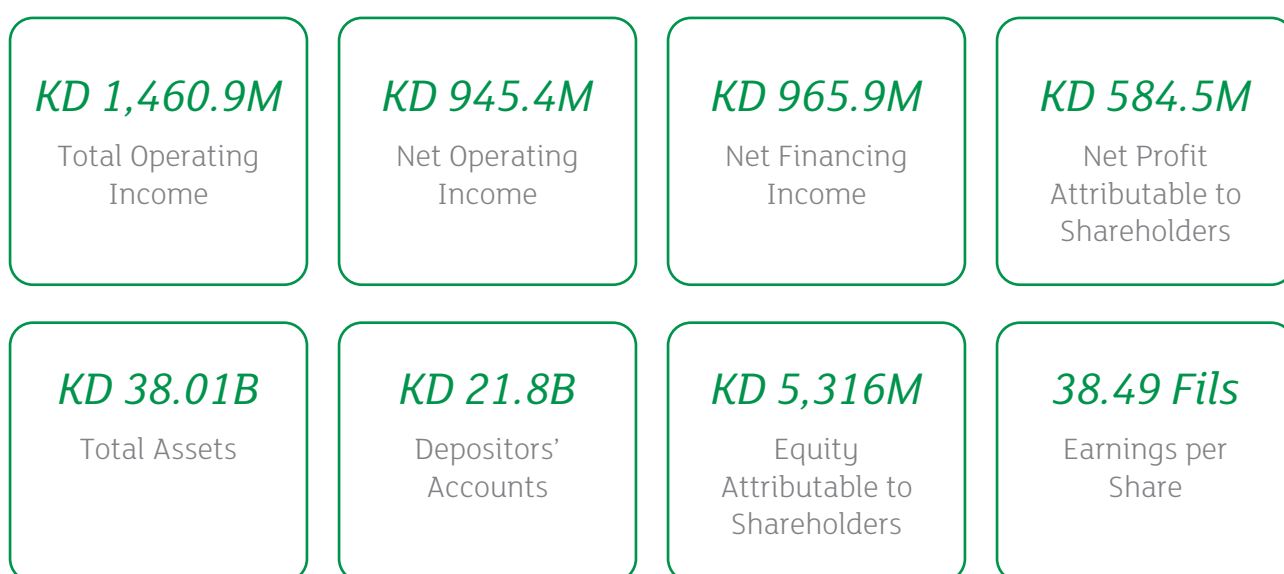
The **total operating income** surged to KD 1,460.9M, representing a significant 36.2% increase from the previous year's total of KD 1,072.3M. The **net operating income** reached KD 945.4M, representing a 30.7% growth compared to the previous year's KD 723.3M. Similarly, the **net financing income** increased by 20.7% to KD 965.9M from KD 800.5M in the preceding year.

The **net profit attributable to shareholders** of the Bank surged to KD 584.5M by the end of 2023, representing a significant rise from KD 357.7M in 2022. This remarkable growth of 63.4% reaffirms KFH's ability to deliver value to its shareholders even amidst challenging market conditions.

The **total assets** expanded to KD 38.01B, marking an increase of KD 1.04B and representing a growth of 2.8% compared to the previous year's total of KD 36.96B. Additionally, depositors' accounts reached KD 21.8B, representing a growth rate of 3.7% from the previous year, indicating customer confidence and trust in KFH's banking services.

The **capital adequacy ratio** remained robust with a rate of 18.18%, up from 17.66% in 2022, reflecting KFH's strong financial position and ability to meet regulatory requirements. The **equity attributable to shareholders** amounted to KD 5,316M, highlighting KFH's solid foundation and long-term sustainability.

The **earnings per share** reached 38.49 Fils, up from 29.71 Fils in the prior year; the substantial growth of 29.6% indicates the Bank's enhanced profitability and value creation for shareholders.



Islamic Finance

Understanding the principles of Shari'a in banking and finance is crucial from a sustainability perspective. These principles are deeply rooted in fostering equitable wealth distribution and ensuring fairness for all stakeholders. Islamic banking and finance is not just about adhering to religious guidelines; it is intrinsically linked to promoting social equity, enhancing economic welfare, and contributing to the sustainability of our planet and biodiversity preservation. These core tenets are in harmony with the targets and objectives of UN SDGs.

Islamic banking and finance promotes profit and loss sharing, a practice facilitated through equity-based and asset-backed finance. This approach cultivates a culture and set of values where communities collectively share risks and profits, offering a unique, highly sustainable value proposition to humanity.

To fully grasp the social impacts and economic benefits of Islamic banking and financing, it is essential to comprehend the following aspects.

01

Fundamentals of banking per Shari'a compliance

02

Perception of money in Islamic finance

03

Time value in the Islamic financial system

04

Prohibitions under Shari'a compliance

Shari'a Compliance in Banking

All types of Usury:

the designated increase for one party of the contract with no corresponding from the other party.

Shari'a is based on principles and regulations that organize the lives of individuals, including frameworks for business relations, trading, and transactions (Mu'amalat). According to Shari'a, transactions are defined through five provisions: duty or obligation (Wajeb), favorable/encouraged (Mustahab), permissible (Mobah), undesired (Makrooh), and forbidden (Haram). Based on these categories, banking activities, services, and products are subject to review and audit for Shari'a compliance.

Shari'a compliance establishes a set of inclusion and exclusion criteria that ensure that high-quality services and products follow the highest level of responsible and sustainable practices in banking and investment. KFH excludes certain economic activities and corporate behaviors that are incompatible with Shari'a principles. These excluded activities include controversial weapons, gambling, tobacco, alcohol, and other sectors that do not comply with Shari'a guidelines.

Perception of Money

A unique and original perception of money is the second vital component of Islamic banking and financing. Money does not have inherent value, rather, it is a tool to evaluate goods and assets and an intermediate to exchange goods and assets between people. Accordingly, money is not a means to generate profit from itself; profit can be generated by selling and purchasing goods and assets using money.

This principle paves the way to embrace risk-sharing and asset-building dynamics in the Islamic financial system, rendering it a viable, accessible, and favorable ecosystem for financial inclusion and supporting SMEs, young entrepreneurs, and individuals in transitioning from the unbanked sphere to the formal banking system.

Time Value in the Islamic Financial System

The Islamic financial system recognizes the value of time. In modern and traditional banking, this is clear in credit sales, where goods can be sold for a specific cash value or a higher credit value, which has an equal notion under Islamic banking. However, paying any amount of money for extending the financing payment period for due financing is not acceptable, as it is considered a forbidden usury. The impact is evident in the records of extremely low ratios of non-performing finance.

Prohibitions in Islamic Financial Transactions

All types of Usury: the designated increase for one party of the contract with no corresponding from the other party.

Selling or purchasing forbidden goods and assets.

Uncertainty (Gharar): ambiguity in one or more contract terms that leads to conflict. In other words, it is what cannot be expected, evaluated, or properly described.

Prohibiting ambiguity and increasing financial literacy are key components of a true commitment to financial inclusion and serving all segments. This principle is key to ensuring the Bank adheres to the highest level of transparency when it comes to information on products and services. We are proud that we had no incidents or fines reported, recorded, or applied for non-compliance concerning product and service information and labeling.

Sustainable Finance

At KFH, our ESG policy serves as a guiding framework to align our investment decisions with our broader portfolio objectives. We recognize the importance of environmental, social, and governance (ESG) factors in driving sustainable growth and mitigating risk. Through our ESG initiatives, we aim to not only generate financial returns but also create positive social and environmental impacts. By integrating ESG considerations into our portfolio policy, we seek to achieve long-term value creation while upholding our commitment to responsible investing and contributing to a more sustainable future.

In alignment with our Islamic banking values, we offer our customers sustainable financing solutions by integrating ESG factors into our investment decision-making process. This approach ensures compliance with ethical banking principles and also places a strong emphasis on financing projects specifically aimed at mitigating climate change. Additionally, we support local MSME's and start-ups through customized products and services.

Green Finance

KFH is committed to expanding its range of green finance products, serving both retail and corporate customers. Additionally, we offer in-kind incentives for corporate projects aligned with the state's plans, Kuwaiti environmental laws, and nature conservation efforts. This initiative aims to bolster the private sector's drive toward economic competitiveness and prosperity.

Kuwait Vision 2035 emphasizes transitioning to a non-oil-dependent economy, enhancing the competitiveness of the labor force, and fostering innovation, sustainability, and economic diversification. By aligning with Kuwait Vision 2035, we aim to deliver innovative financial solutions that benefit both the public and private sectors. This commitment facilitates economic diversification and sustainable growth. KFH has proactively developed a well-balanced and diversified portfolio in line with these objectives.

We place a high priority on raising customer awareness and engagement, actively involving them in integrating environmental considerations into their projects. Despite our ongoing efforts, we have yet to achieve any sales. Nevertheless, we remain steadfast in our mission and continuously seek collaborations with vendors offering eco-friendly products and services to reinforce our initiatives.

Supporting MSMEs

In 2014, we established a SME unit within the Group Corporate Banking (GCB) Department dedicated to providing tailored banking services to SMEs; in 2021, we introduced a Micro Enterprise unit under the SME segment to support micro-enterprises and Kuwait National Fund (KNF) clients.

To enhance accessibility and efficiency, we initiated a social media campaign to educate SME clients about available products and services. Additionally, we launched a dedicated website to streamline financing requests and implemented a logging system in the SME team to expedite request processing.

KFH offers a broad spectrum of Shari'a-compliant banking and financing solutions tailored to meet the diverse needs of SMEs. These include cash financing options like Murabaha, Tawarruq, and Ijara, as well as non-cash financing options such as various types of letters of credit and letters of guarantee. Additionally, KFH provides services like point of sale (POS) and comprehensive e-banking services for the efficient management of corporate accounts, including balance inquiries, bank transfers, employee salary transfers, and viewing POS reports.

KFH's substantial capital base and liquidity level enable us to engage in SME financing. Our experienced SME team provides comprehensive support to clients, assisting them in identifying strengths and weaknesses. In terms of creditworthiness, we evaluate clients based on various factors, including their projected cash flows, balance sheet, income statement, provided collateral, and character. Our underwriting process adheres to the "Time Frame Group Corporate Banking Cycle," ensuring efficient decision-making and the swift disbursement of funds.

Growth in MSME Financing

In 2023, KFH served micro-enterprises with cash financing totaling KD 3.82M, reflecting a growth rate of 19.86% compared to the previous year.

In 2023, the distribution of KFH's micro-enterprise across industries was as follows.

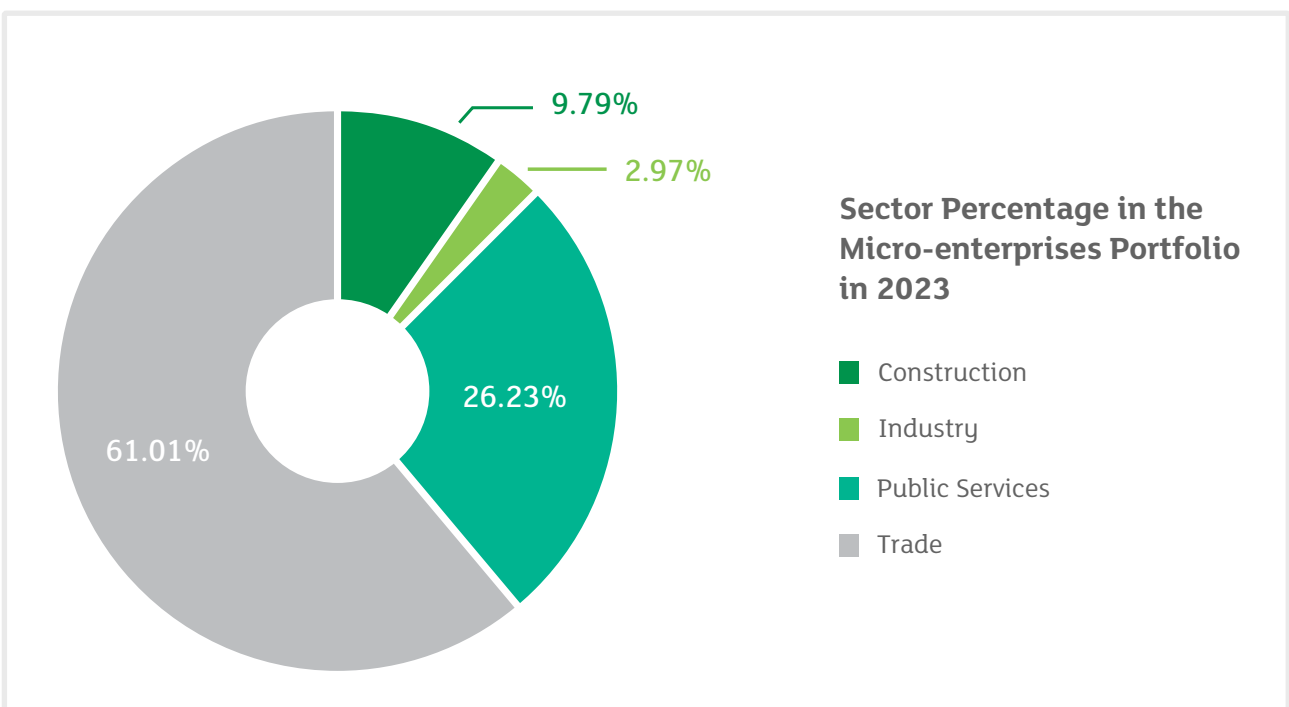


Figure 4: Sector Percentage in the Microfinance Portfolio in 2023

KFH supported SMEs, demonstrating a 3.68% increase in SME clients from the previous year. Total cash financing to SME clients amounted to 117.11M in 2023, indicating a growth rate of 16.54% compared to the previous year. In 2023, the distribution of KFH's SME clients across industries was as follows.

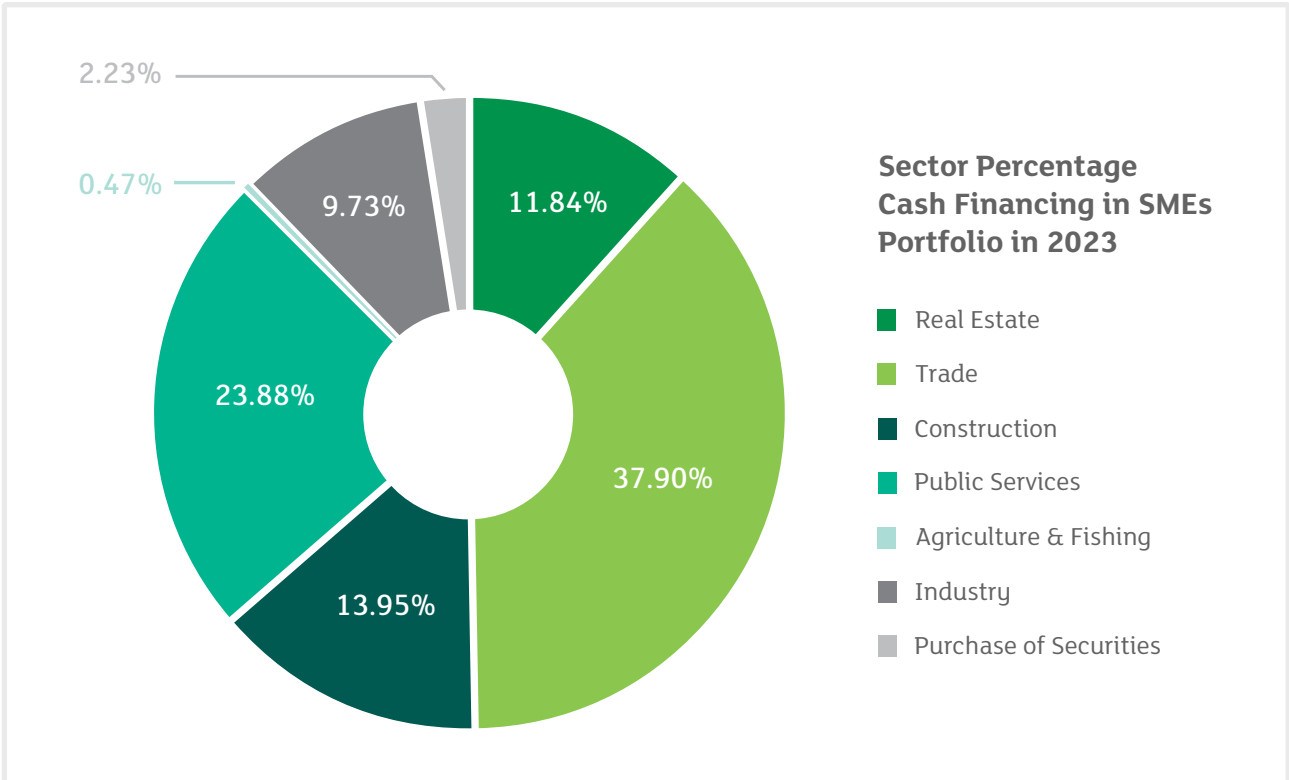


Figure 5: Percentage of Sector Cash Financing in SMEs Portfolio in 2023

Zaheb

KFH observed a significant surge in demand for its Zaheb digital platform among merchants and SME owners. This platform offers innovative payment solutions including invoice link and QR code payments, aligning with KFH's commitment to providing cutting-edge financial services and promoting financial inclusion.



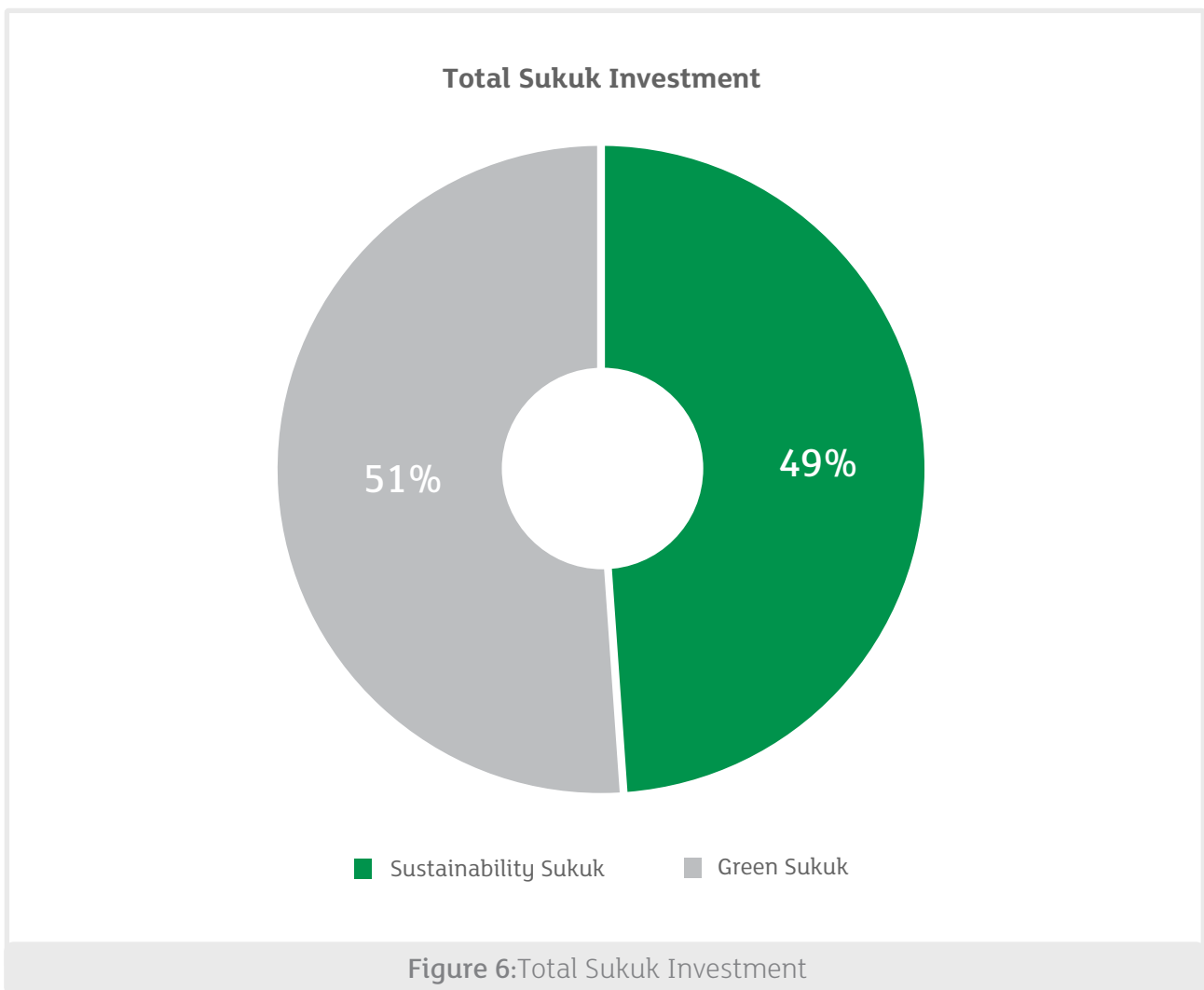
By targeting merchants and SME owners, Zaheb aims to foster business growth and encourage participation in the regulated banking sector. The platform's services cater to various business sectors and customer preferences, offering features like invoice links for individual and group payments and QR code payments for swift transactions. Available to all business owners with a current account at KFH, Zaheb is poised to address the increasing demand for e-payment solutions and reflects KFH's dedication to digital development and meeting customer needs in accordance with global standards.

Sustainable Investment

KFH contributes to sustainable investment with allocations of USD 212,784,000 for sustainability sukuk and USD 223,200,000 for green sukuk, equivalent to a total investment value of USD 435,984,000. Through its portfolio, KFH actively participates in financing sustainable activities, reflecting its dedication to sustainable finance and supporting initiatives that promote environmental responsibility and social welfare.

Sustainability Sukuk: Financing projects aligned with sustainability principles, sustainability sukuk emphasizes sustainability and responsible practices.

Green Sukuk: Funding environmentally friendly projects like renewable energy and sustainable infrastructure.



Corporate Banking

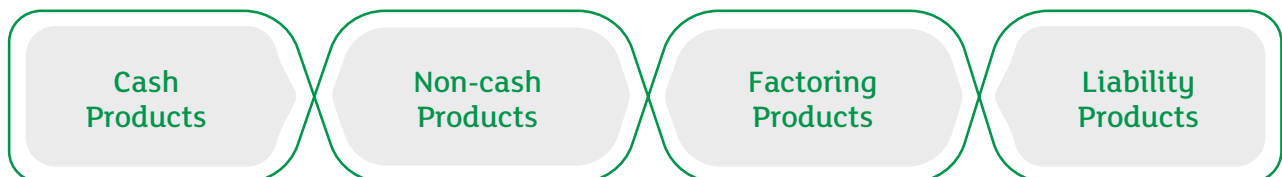
KFH offers a comprehensive customer segmentation framework tailored to meet the diverse needs of businesses in Kuwait. Our customer categories range from large corporations to SMEs, and each is provided with a suite of Shari'a-compliant financial products. These products are grouped into four categories: cash products, non-cash products, factoring products, and liability products.

In our corporate segments, we specialize in providing Shari'a-compliant financing solutions tailored to meet the unique needs of businesses. Our offerings include AL Murabaha, Real Estate Murabaha, AL Tawarruq, and letter of credit services.

We strive to maintain a healthy corporate portfolio by diversifying our investments across sectors. We prioritize ESG considerations through a rigorous screening process which includes excluding industries such as controversial weapons, gambling, tobacco, and alcohol from our investment portfolio.

Corporate Segmentation and Products

We offer a wide range of products in our corporate finance, all of which have been reviewed and approved by our Shari'a Advisory Board. These products are categorized into four groups:



Corporate Sectors

The corporate financing portfolio consists of different sectors including: construction, oil and gas, services, real estate, trade, industry, non-bank financial institutions, purchase of securities, and agriculture and fishing.

ESG Screening

We aim to align our corporate portfolio with sustainable and responsible banking practices. As part of our rigorous due diligence process, we conduct sector-based screening to identify and exclude industries and sectors, that are not aligned with Shari'a and ESG principles. This includes sectors involved in practices that are ethically, socially, or environmentally harmful.

Digital Transformation in Corporate Banking

In line with our commitment to innovation, we have embarked on a digital transformation journey in corporate banking. Our strategy focuses on digitalizing internal and external processes to enhance service quality, reduce costs, and drive profitability. Initiatives such as corporate online banking, mobile banking, business facility origination, and supply chain projects are central to our digital roadmap. We expect to achieve significant digital maturity in the next three to five years with enhancements including QR verification processes for certificate processing, streamlined credit facility submissions, and the creation of an OMNI-channel customer onboarding experience.

Our approach to digital innovation involves a thorough analysis of business opportunities, objectives, and challenges. We conduct comprehensive technical and financial assessments to ensure the feasibility of proposed solutions before implementation. Throughout this process, we prioritize customer experience enhancement and address challenges such as legacy systems, change management, and cost management. By adopting a digital-first mindset, we are positioned to overcome obstacles and drive sustainable growth in corporate banking.



05.

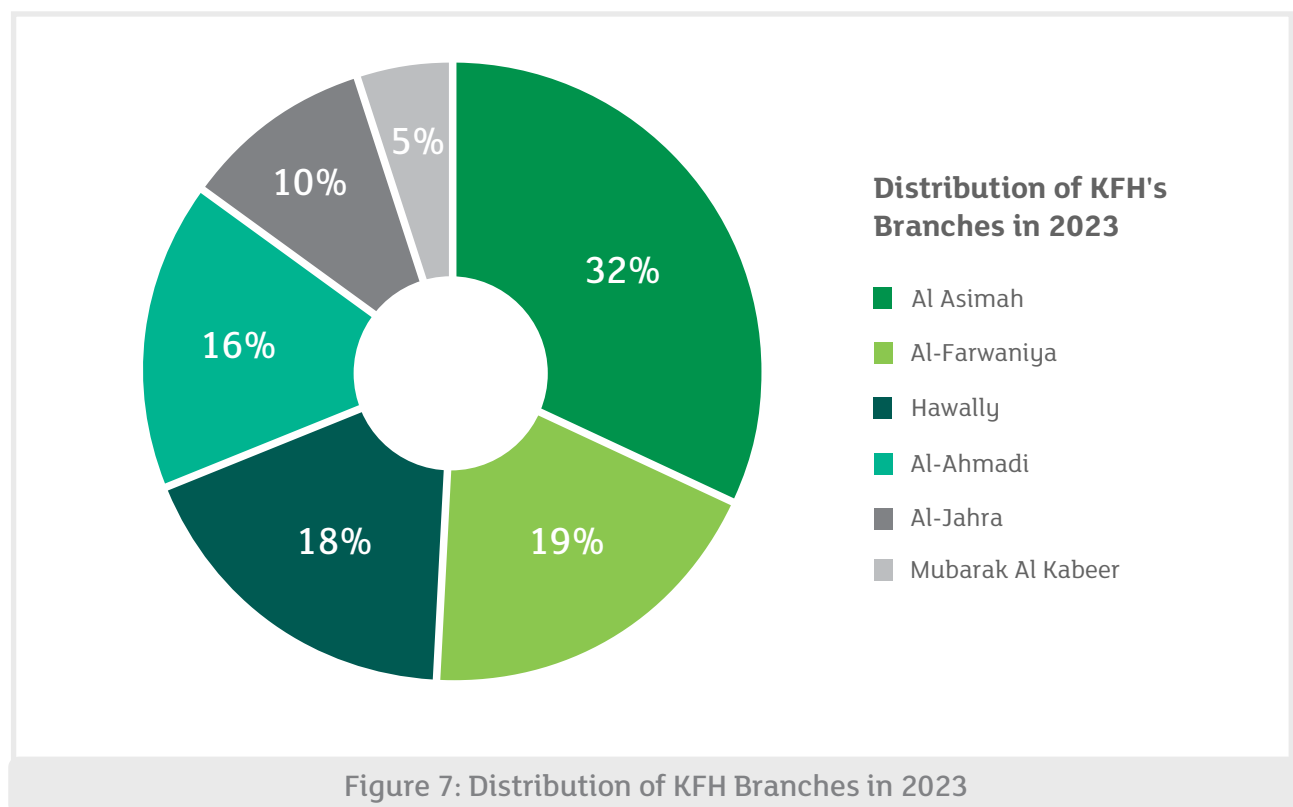
Manufactured Capital: Ensuring Geographical Accessibility



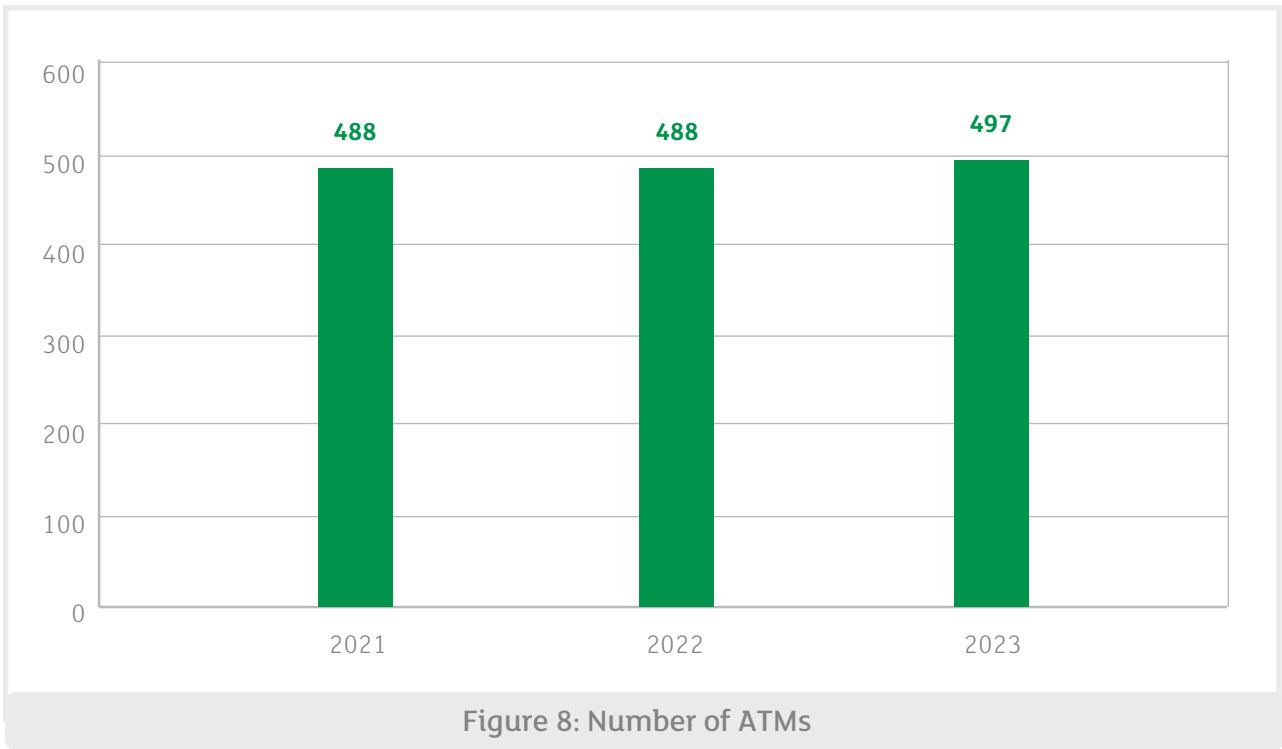
Branches & ATMs: Physical Accessibility

At KFH, we are dedicated to expanding our customer reach through both physical and digital enhancements to provide convenient access to our services across Kuwait.

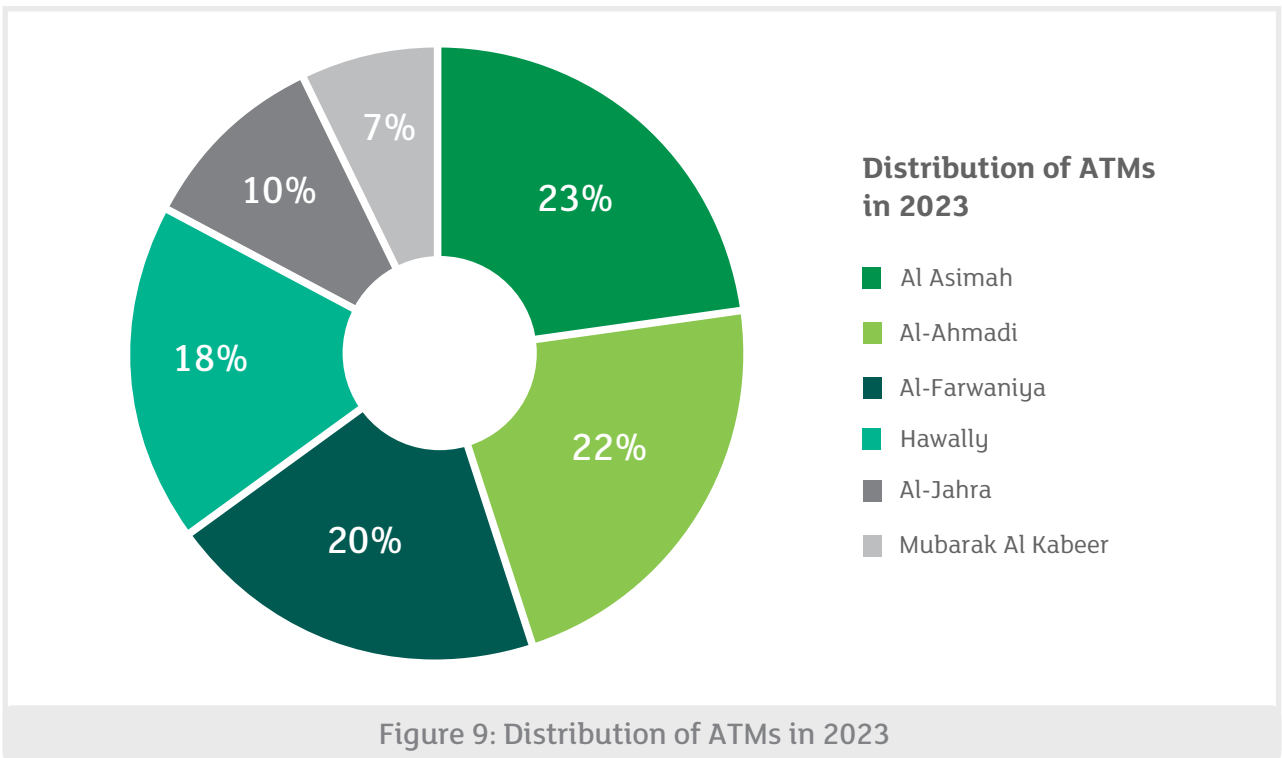
In 2023, KFH had a total of 63 buildings, including branches, offices, showrooms, and a data center.



To enhance accessibility and convenience, especially in areas lacking branches, we increased the number of ATMs to 497, up from 488 in 2022.



KFH's ATM network is distributed across Kuwait, ensuring widespread accessibility for its clientele.



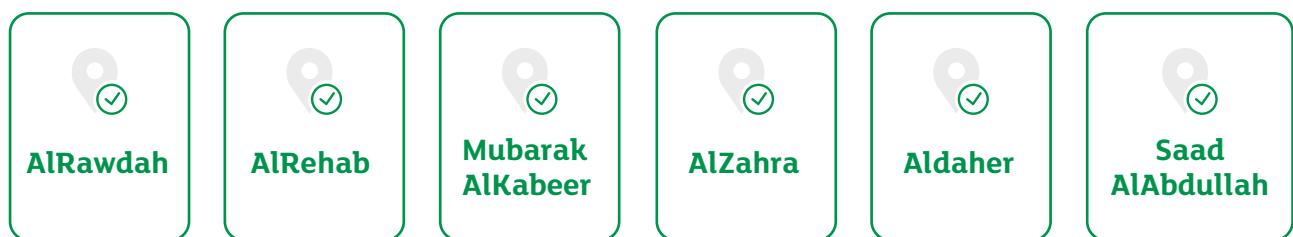
Embracing technological advancements, we introduced innovative features to enhance customer convenience. Our ATM platforms now have video call capabilities, allowing customers to open new accounts seamlessly. Moreover, we streamlined fund transfer processes to credit and prepaid cards to offer customers greater flexibility in managing their finances.

Branches and ATMs Accessibility for People with Disabilities

We are dedicated to ensuring that all our customers, regardless of their needs, can easily utilize our banking services, so we have established specialized branches furnished with a comprehensive range of supporting features and services. These include designated parking for individuals with special needs and wheelchair-accessible entrances to ensure easy, quick access upon arrival. These features are designed to enhance accessibility and convenience for all customers.

Our employees receive extensive training in sign language to assist customers with hearing impairments. Moreover, our account opening forms, contracts, and transaction documents are also printed in Braille. In the digital sphere, we have integrated voice assistance into KFH's website, ensuring easy access to online banking services for all customers.

Our specialized branches are positioned in the following areas:



Our ATMs are designed to be inclusive and accessible to all customers. They feature braille keypads, large fonts, and high-contrast screens for ease of use. Additionally, we provide voice guidance services through ATM audio jacks.

Our ATMs go beyond being accessible to wheelchair users. They are designed to be user-friendly and have an optimal height for easy access. The doors are equipped with sensors to facilitate smooth transitions between customers, automatically closing until the transaction is completed. In case of an emergency or when additional assistance is required, each ATM has an easily accessible emergency button to promptly alert security personnel and receive immediate assistance.

We are committed to providing a secure, convenient, and inclusive banking experience. With our upgraded ATMs, we aim to redefine convenience and accessibility and ensure that every interaction is effortless and accessible for all customers.

Point of Sale

Our proactive sales strategy contributed to the growth of our POS terminals. By engaging directly with merchants and offering competitive pricing, we expanded our POS network by 16.6% compared to the previous year.



06.

Intellectual Capital: Driving Digital Innovation



Digital Accessibility to Clients

KFH seeks to be at the forefront of digital innovation, exemplified by its digital branches tailored to meet the diverse needs of customers seeking convenience and accessibility. Central to this transformative experience is the KFH Go self-service device, which offers a myriad of features available 24/7. Customers from all segments enjoy the flexibility of conducting banking transactions effortlessly through XTM, ATMs, and kiosks (card printing) within KFH Go. Additionally, KFH introduced the KFH Pay service, which enables customers to request or send money from any KFH account or local account with ease through the updated KFH mobile banking app. These digital services enhance financial inclusion, empowering individuals from diverse backgrounds to manage their finances effectively and around the clock through KFH Go. With an unwavering commitment to enhancing customer experiences, KFH continues to establish cutting-edge digital solutions to meet the evolving needs of its diverse customer base.

In line with its commitment to innovation, KFH's Fintech and Partnerships policy ensures collaborations with Fintech companies, startups, and SMEs. Through these partnerships, KFH explores opportunities to incorporate innovative solutions and business models, ultimately enhancing products and services and improving customer satisfaction. This approach is a cornerstone for KFH's digital transformation and innovation automation strategy, which encompasses short-term tactical moves and long-term initiatives for digital delivery.

Fintech collaborations have been instrumental in supporting KFH's financial and digital inclusion goals. Notable initiatives include:



Partnering with the Spare Fintech company to introduce an innovative payment channel that leverages open banking technology, enhancing the payment experience and ensuring security and convenience.



KFH is exploring launching a digital wallet tailored for low-income and non-banking customers to offer essential financial services such as money transfers, ATM access, bill payments, and cardless payment options.



Entering a Memorandum of Understanding (MoU) with Taly, a BNPL Fintech solutions provider, to enhance e-payment solutions and drive the digital transformation in the banking sector.

First Bank in Kuwait to Launch D-POS

Collaborating with K.A.S. Fintech, KFH introduced D-POS, enabling instant bank account opening through a paperless process. Customers insert their civil ID into the D-POS device, sign electronically, and follow simple steps to open a fully verified account. After successful account opening, customers receive their IBAN number and a printable receipt.

This initiative reflects KFH's commitment to technological advancement, including instant card issuance and online banking services. D-POS devices will be available in various locations for convenient banking procedures, showcasing KFH's leadership in digital transformation and innovative banking experiences.

Additionally, KFH launched Tam, Kuwait's first Shari'a-compliant digital bank, marking a significant milestone in its digital transformation journey. Tam features a modern design, user-friendly interface, and innovative services tailored to customer expectations. Accounts can be easily opened via smartphone, targeting youth with a range of banking services, rewards, and discounts.

This initiative enhances the customer experience through digital initiatives, demonstrating KFH's commitment to technological advancement and customer satisfaction. Tam's unique features include social media integration and 24/7 customer service, reaffirming KFH's dedication to supporting youth and providing innovative banking solutions.



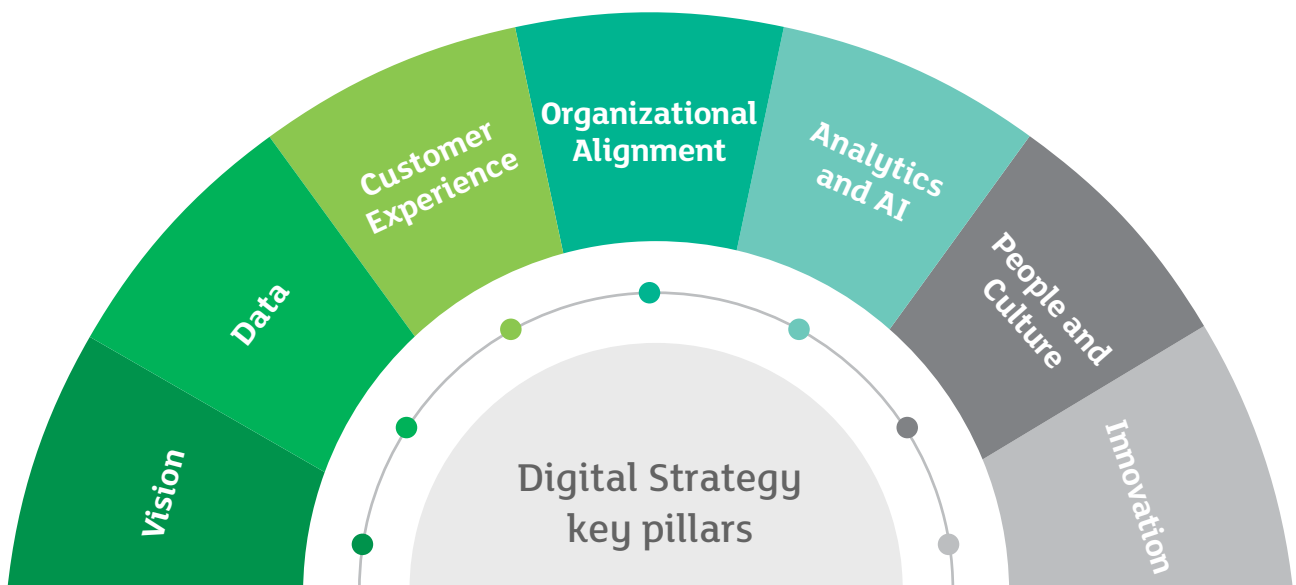
Digitalization Process for Operational Efficiency

The Digital Transformation and Innovation (DTI) functions consist of the following departments: Digital Transformation, Business Process Improvement, Digital Innovation, and Fintech Partnerships. Each department plays a crucial role in supporting and advancing our digital strategy.

KFH's digitalization is an ongoing journey focused on enhancing the customer experience through continuous adaptation to emerging digital trends and innovative strategies. Our digital transformation roadmap includes the following items:

- Establish a clear vision and mission
- Assess the Bank's current position
- Define the desired state
- Culture and mindset awareness to embrace agility and innovation
- Adopt automation, RPA, and AI
- Improve the TAT through process improvements
- Enhance the customer experience.

Our digital strategy is structured around seven key pillars:



Innovative Projects to Drive Change

In 2023, KFH launched several digital initiatives to redefine the banking experience and optimize internal processes.

01 Facial Recognition Project

KFH implemented a facial recognition system to streamline customer authentication verification at branch entry points. This innovative solution offers customers a convenient and secure way to access banking services, enhancing the overall user experience.

02 Printing Management System

The introduction of a printing management system enables KFH to track all printing activities and costs while promoting paperless initiatives. Detailed insights into printing usage by department and at the employee level support informed decision-making and resource optimization. This is evidenced by the number of papers printed decreasing by 5.21%, from 17,376,834 in 2022 to 16,470,419 in 2023.

03 Innovation Center Platform

KFH established the Innovation Center platform to foster creativity and drive cultural change. This all-in-one platform facilitates an annual competition cycle and continuous idea-sharing, encouraging employees to contribute innovative solutions. The positive impact on KFH's culture is evident through increased engagement: participation in the 2023 cycle increased threefold from 35 ideas in 2022 to 105 ideas in 2023.

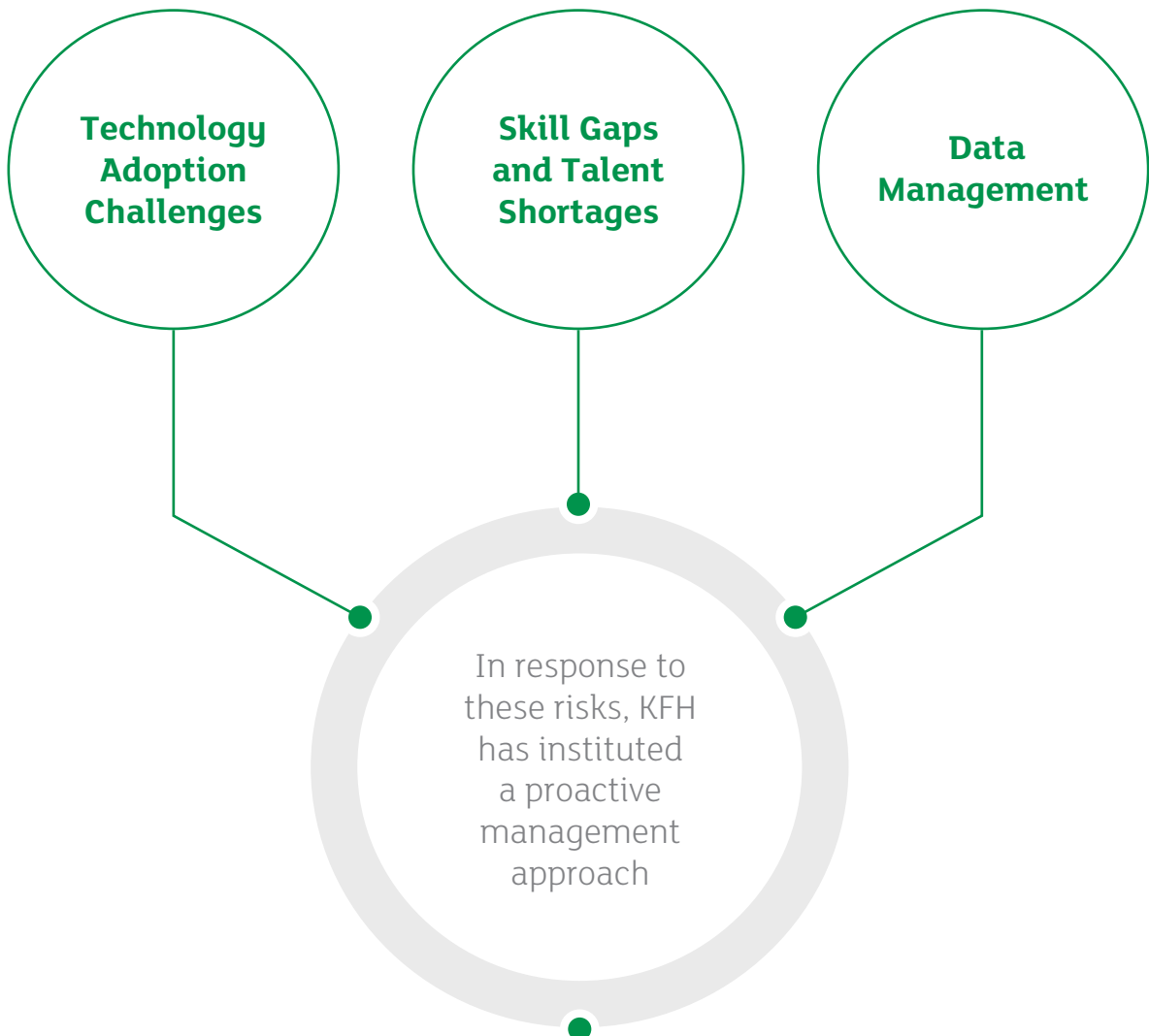
04 Digital Workspace

The implementation of a digital workspace brings together people, processes, and technology to deliver a seamless employee experience. This initiative ensures consistency, security, and efficiency across all devices, enabling employees to collaborate effectively and perform tasks efficiently from anywhere, at any time.

05 Business Process Improvement Program 2023

KFH's Business Process Improvement Program aimed to enhance operational efficiency and effectiveness. Through process mapping and analysis, areas of improvement were identified, leading to the development of targeted corrective action plans. This initiative resulted in notable outcomes, including reduced process completion times, the elimination of wasted efforts, enhanced work output quality, improved cost optimization, revenue maximization, and higher productivity.

KFH acknowledges several risks associated with its digital transformation efforts:



KFH collaborates with its IT subsidiary, International Turnkey Systems (ITS), to replace its legacy core banking system with the latest cutting-edge technology.

KFH's Human Resources department continuously improves its training programs to upskill employees and attract top talent to fill skill gaps.

07.

Human Capital:
Nurturing an **Inclusive
& Empowered
Workforce**



At KFH, we believe that our employees are our most invaluable asset. We recognize that our success hinges on their dedication and expertise, which is why we are committed to fostering an ethical, healthy, and vibrant work environment for all our employees. We prioritize their well-being and professional growth, understanding that a supportive workplace is essential for achieving collective success. Furthermore, we adhere to Kuwait’s national labor laws, ensuring fair and just treatment for our employees.

Inclusive, Diverse, and Equal Work Environment

At KFH, we are committed to fostering an inclusive, diverse, and equal workplace. We recognize the value of embracing individuals from various backgrounds and with different perspectives, who enrich our culture and drive innovation. By championing diversity and inclusivity, we empower our workforce to thrive and contribute their best to our collective success. Our strive for equality extends to providing equal opportunities for all employees, ensuring that each person feels valued and respected.

Age and Gender Diversity

The distribution of our 2,982 employees by age and gender in 2023 reveals that the highest percentage falls in the bracket of 30 to 50 years. Additionally, our workforce is 22.5% female, showing our commitment to fostering gender diversity in our workforce and recognizing the valuable contributions that female employees make to the Bank.

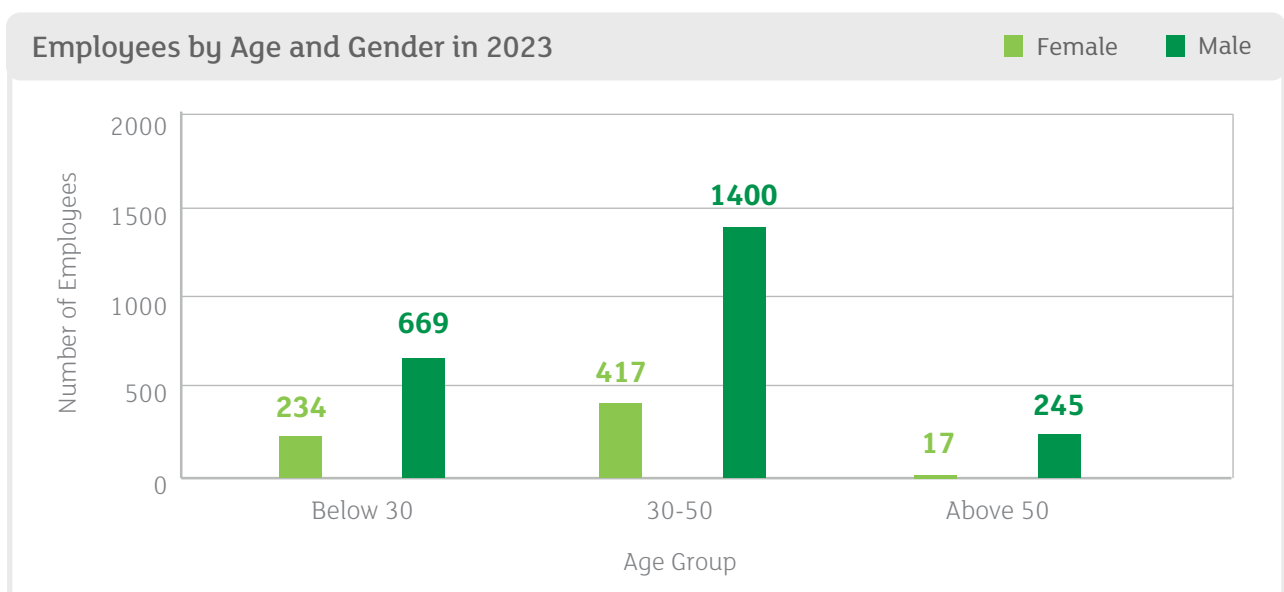


Figure 10: Distribution of Employees by Age and Gender in 2023

Our commitment to fostering an inclusive work environment is evident in our hiring approach, as illustrated in the following distribution by age and gender of our 405 new hires in 2023.

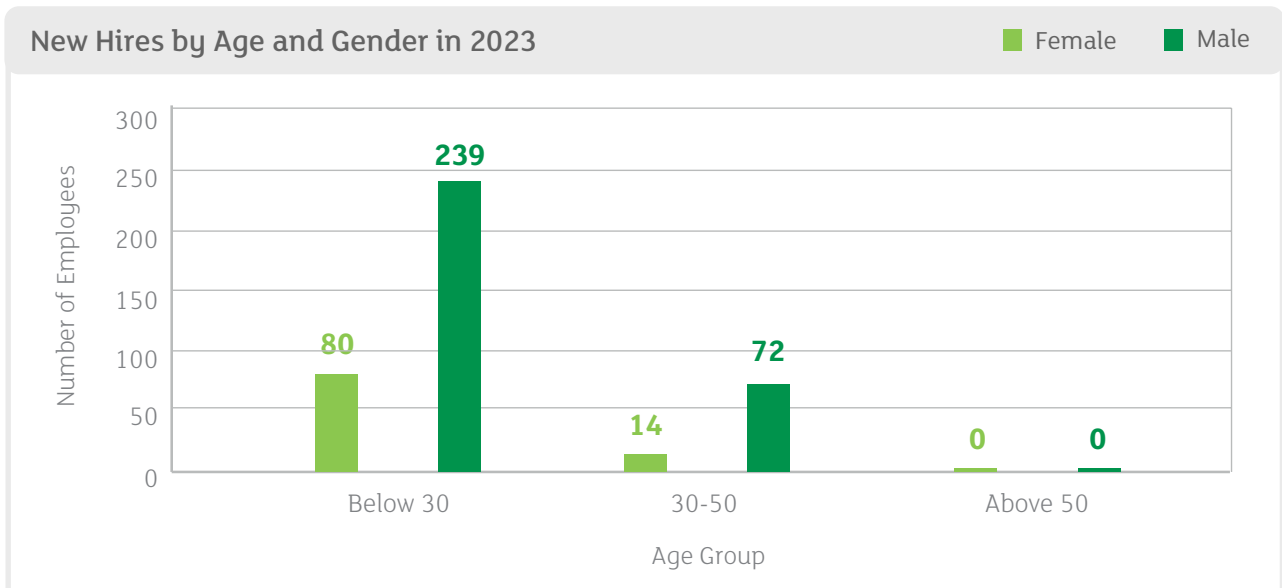


Figure 11: Distribution of New Hires by Age and Gender in 2023

At KFH, we prioritize equal opportunities and diversity in our recruitment efforts. To promote equality and inclusivity, we have implemented the Forssah program to provide opportunities for individuals of all genders and fresh graduates to join KFH. Additionally, we actively participate in career fairs, aiming to empower our female employees by providing them with high exposure and opportunities for advancement.

In our hiring process, we strive to promote diversity by presenting hiring managers with diverse resumes representing both male and female candidates, thereby offering equal opportunities to all. We continuously monitor our progress toward achieving our diversity targets and have established partnerships with various universities in Kuwait, signing memorandum of understanding (MOU) to support women and the youth in their career aspirations.

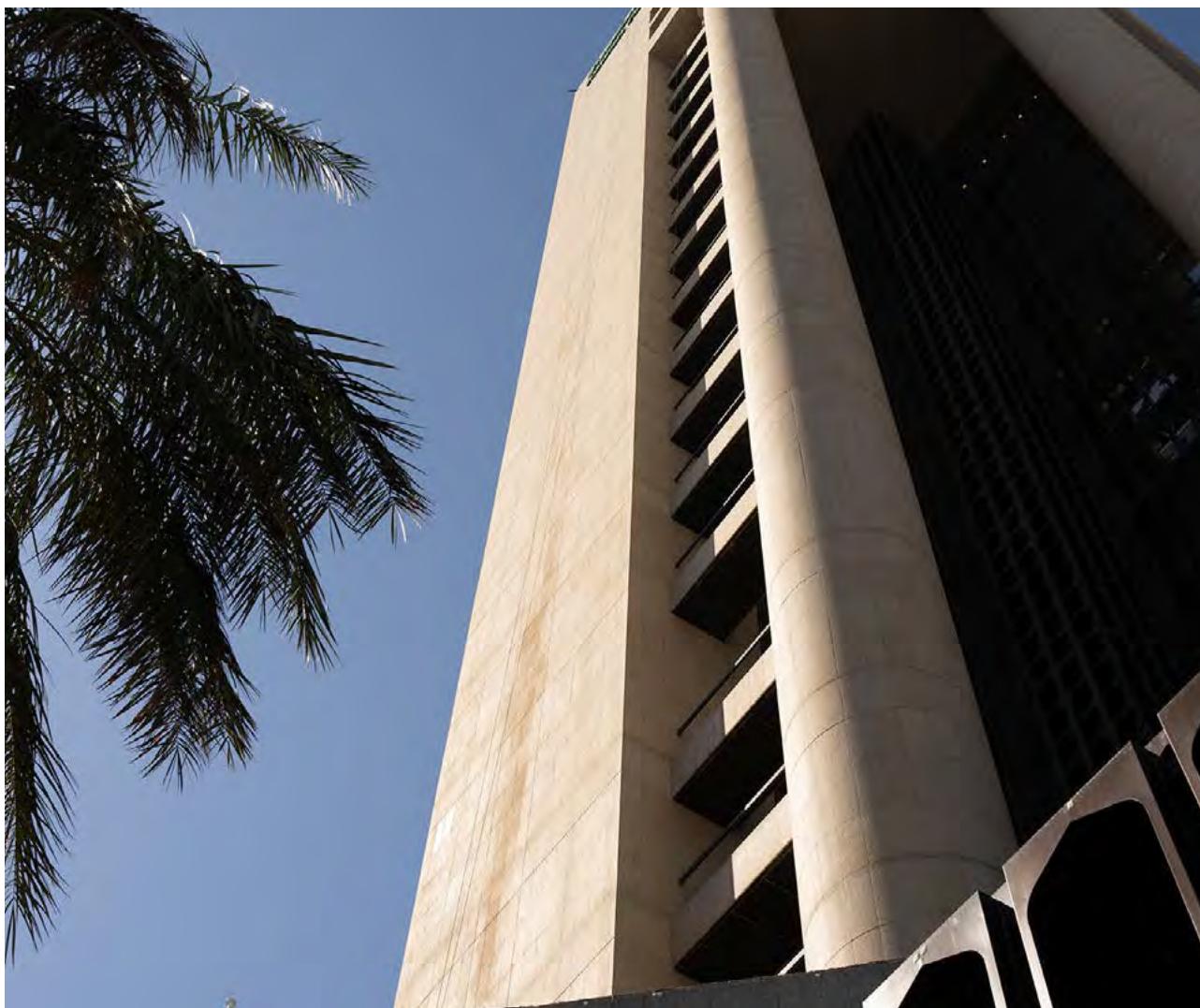
Women's Empowerment

We are committed to empowering women at every level of the Bank. We track female representation metrics annually across all levels, and our senior leadership reviews this progress regularly. In 2023, women held 12% of senior and middle management level positions and 25% of lower management level positions.

✓ **12%** Females in Senior and Middle Management Level

✓ **25%** Females in Lower Management Level

At KFH, we believe in providing equal pay for equal work, regardless of gender. Our remuneration and salary policies do not differentiate between women and men, ensuring equality and equity for all employees with a steady zero salary gap between women and men. We uphold equality and equity in compensation practices, regardless of gender.



Nationality

KFH has a diverse workforce comprising individuals with over 35 nationalities. While more than 90% of our employees come from the Middle East, representing 16 nationalities including Kuwait, Egypt, Jordan, Syria, and Lebanon, the remaining staff members bring a global perspective to the Bank with their diverse origins spanning from South Asia, North Africa, East Africa, Europe, and USA. Additionally, 75% of our senior management are from Kuwait. This diversity enhances the KFH culture, fosters innovation, and strengthens our ability to serve a global clientele effectively.

Employees with Disabilities

Our commitment to inclusivity extends to creating an accessible workplace for employees with disabilities. Additionally, we are aligning with Kuwait’s vision of hiring disabled candidates and prioritizing skills over disabilities in our hiring practices.

We regularly assess workplace accessibility, invest in assistive technologies, and make necessary accommodations to ensure all our employees can thrive. In 2023, we provided a welcoming, accessible, and safe workspace for 234 employees with disabilities at KFH Group.



We cultivate an environment of acceptance and understanding by partnering with disability organizations and providing relevant training.

Notably, we have established a partnership with the Kuwait Society for the Handicapped (KSH) aimed at integrating individuals with disabilities into the community. This partnership focuses on providing training and development opportunities that lead to sustainable job placements, improved psychological well-being, and a more inclusive work environment for people with disabilities.

Since this partnership began in 2021, we have delivered extensive training programs to employees across KFH functions and departments, enhancing their ability to contribute meaningfully to the Bank. In 2023, we provided specialized training for nine employees.

Employees' Benefits and Privileges

KFH conducts regular benchmark studies to ensure that our staff's remuneration and compensation remain competitive and in line with market movements. We ensure compliance with Kuwait's national labor laws, which prohibit excessive working hours, and aim to exceed the minimum wage.

We prioritize the well-being and satisfaction of our employees by providing a comprehensive range of benefits and privileges that adhere to market standards and best practices. Additionally, 11.31% of our workforce comprises contractors and temporary employees.

KFH's employee benefits include the following:



Health and Insurance Coverage:

We provide extensive health and insurance coverage to our full-time employees, including life, health, and disability insurance. This coverage extends to employees, their spouses, and up to three children. Additionally, we offer insurance coverage for injuries and death at work or due to work per our insurance policy.



Qard Hasan:

KFH provides employees financing (Non-Profit loan) as part of the employee value proposition. Profit free loan is granted to employees as per the terms and conditions of the program and up to a certain level.



Educational Assistance:

Employees are entitled to educational assistance per KFH HR policy and procedures to support their continuous learning and professional development.



End of Service Benefits:

KFH employees are eligible for end-of-service benefits per KFH HR policy and procedures.



Parental Leave:

We provide parental leave to our employees, ensuring support during important life events and transitions.

Parental Leave	2022		2023	
	Female	Male	Female	Male
Employees entitled to parental leave	304	1542	314	1769
Employees who took parental leave	53	116	59	141
Employees who returned to work during the reporting period following their parental leave	52	116	59	132
Employees who returned to work following their parental leave and were still employed 12 months after their return to work	41	110	59	132
Return to work and employee retention rates	Return to Work: 98.11% Retention: 78.85%	Return to Work: 100% Retention: 94.83%	Return to Work: 100%	Return to Work: 93.6% Retention: 93.6%

Table 7: Parental Leave

Employee Engagement and Well-Being

Volunteering and Community Engagement

We actively support and promote volunteering initiatives, fostering a culture of giving back to society. Employees who engage in these activities are recognized for their contributions in line with our commitment to creating a positive impact on our communities.

Employee Satisfaction

Recognizing the importance of employee satisfaction in achieving KFH's goals, we strive to meet the needs of our workforce and foster a positive work atmosphere. To achieve this, we conduct regular pulse surveys to gain valuable insights into employee experiences. Upon gathering the results of these surveys, we communicate them to the relevant business areas. From there, we identify challenges and construct action plans to address them effectively. These assessments help us continually improve our workplace policies and practices, ensuring that our team feels supported and valued.

In 2023, our voluntary turnover rate for full-time employees, a KPI that measures the percentage of employees who choose to leave the Bank of their own accord, was below 6.98%. The decrease in our voluntary turnover rate from 7.8% in 2022 to below 6.98% in 2023, shows our effective employee retention and level of employee satisfaction.

The following two graphs below display KFH's turnover data for 2023, with Figure 12 presenting the employees turnover by age and gender, and Figure 13 presenting the employees turnover by management level.

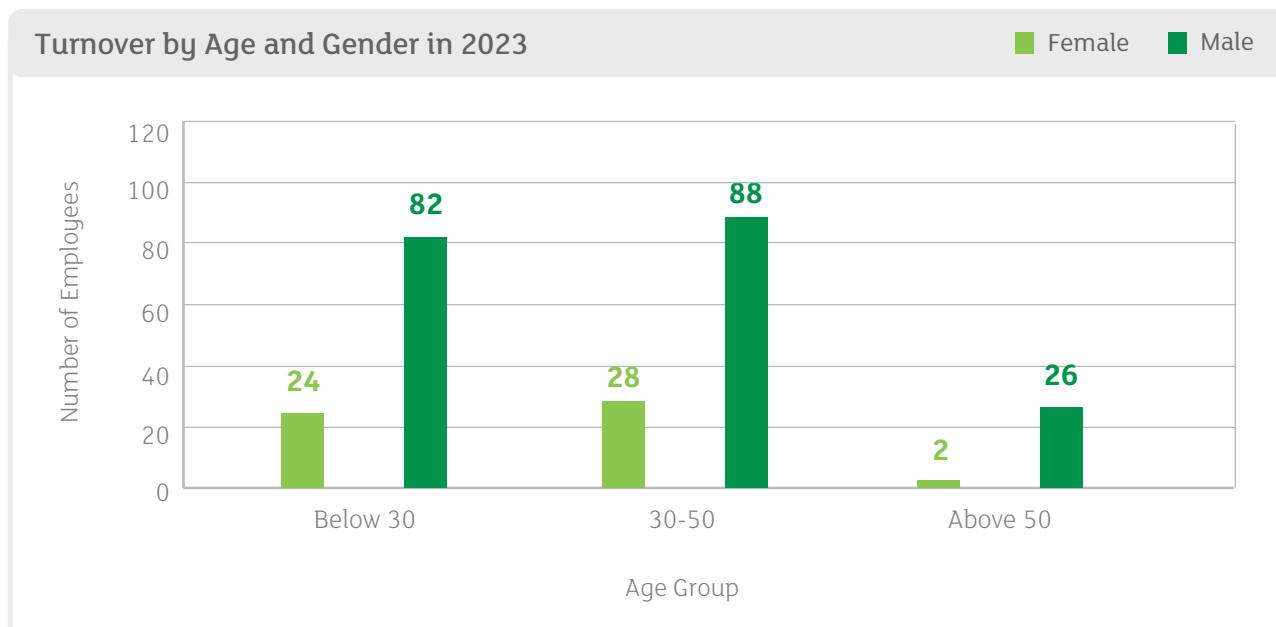


Figure 12: Employee Turnover by Age and Gender in 2023

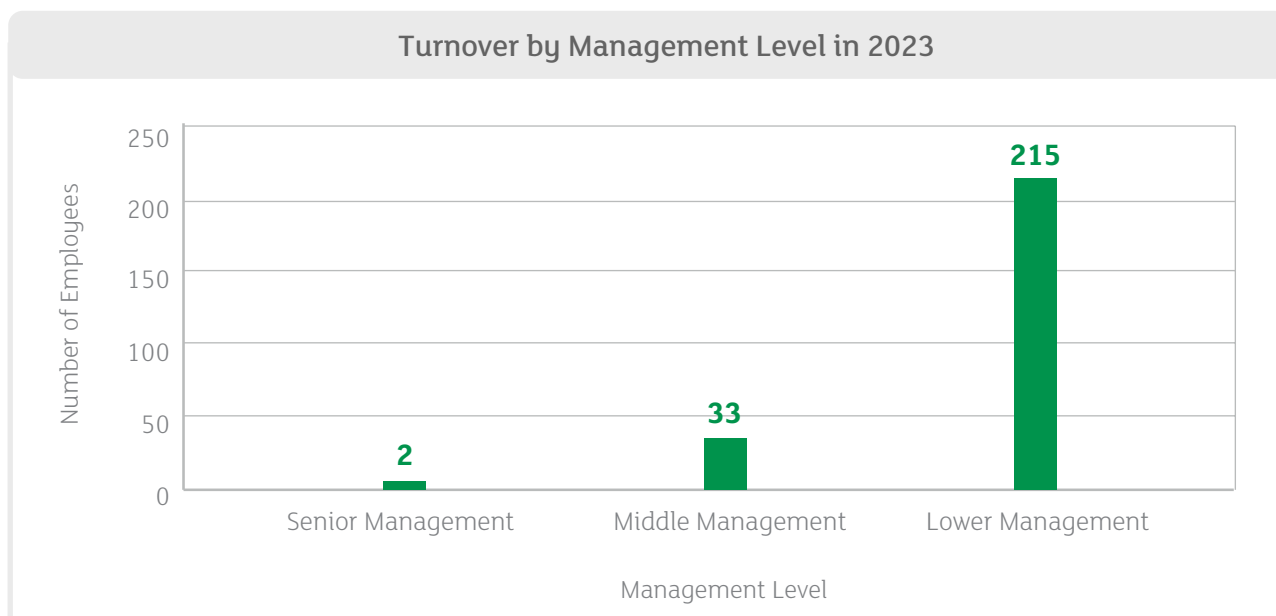


Figure 13: Employee Turnover by Management Level in 2023

We value the feedback from departing employees, which allows us to gain insights into the reasons behind their departure. In 2023, we conducted 212 exit interviews to better understand the factors influencing employees' decisions to leave the Bank.

Recognition and Awards

In 2023, KFH received recognition in three categories from Brandon Hall Group for their Human Resources efforts. KFH was awarded gold medal for “Best Advance in Employee Recognition Program,” another gold medal for “Best Unique or Innovative Talent Management Program,” and a bronze medal for “Best Advance in Employee Engagement”.

In 2023, the Happiness Team was introduced to all KFH departments. This initiative is designed to cultivate a happy and healthy work environment, enhancing productivity and engagement and fostering positivity among employees.



Ethical Work Environment

KFH's policies prioritize the maintenance of a professional and ethical workplace environment rooted in respect for local customs and Islamic values. Any form of disrespectful, discriminatory, or harassing behavior is strictly prohibited, and employees are accountable for upholding high standards of conduct to ensure a discrimination-free atmosphere.

Incidents of misconduct should be promptly reported to management and HR, with assurances from KFH regarding confidential and professional handling. The Bank strongly values equality and expects unbiased treatment among employees.

To address employee-related issues, individuals can engage with their HR business partners for support and guidance. Additionally, a grievance system is in place, ensuring fair resolution in accordance with Kuwaiti labor laws and other applicable regulations, ethics, and morals.

KFH's grievance system covers performance and disciplinary grievances. Performance grievances are related to the annual appraisal process, while disciplinary grievances are related to disciplinary actions. Employees can submit performance grievances through the HRIS system within a specified window, and the Grievance Committee reviews and votes on any changes to employees ratings based on the data presented.

Additionally, the Bank has established effective grievance mechanisms for employees to report incidents of forced or compulsory labor. Employees can submit their grievances through the Oracle system, which enables HRBPs to review cases and respond promptly.

There were no reported instances of discrimination at KFH in 2023.

Furthermore, we are dedicated to upholding workers' rights, including freedom of association and collective bargaining, throughout our operations and supply chains. A whistleblowing policy is in effect, encouraging employees to report misconduct and potential wrongdoings confidentially and anonymously.

In 2023, KFH employed 679 individuals from underprivileged backgrounds, including those from countries with low-income and high unemployment rates.

Training and Development

KFH's commitment to employee growth and development is integral to its ongoing success. Each year, we gather behavioral and technical training requirements from our area managers, ensuring that our training programs align with the evolving needs of our workforce. Following each training session, we conduct thorough assessments and evaluations, gathering valuable feedback from managers to gauge the impact of the training on their teams.

We offer a variety of training modes, including blended, instructor-led, and self-paced, tailored to each employee category. In 2023, our training courses included:

1. IIFM Standards Master Class on Hedging & Liquidity Management
2. AAOIFI Annual Conference 2023
3. Accelerating Women's Leadership
4. Advanced Certificate in Credit Management (ACCM)
5. Advancing Negotiation Skills
6. AML & CFT Awareness
7. Certified Anti Money Laundering & Financial Crimes Prevention Professional
8. Certified Enterprise Risk Manager
9. Certified Fraud Examiner (CFE)
10. Cybersecurity Essentials
11. Data Analytics & Visualization
12. Digital Transformation for Leaders
13. Gartner Security & Risk Management Summit
14. High Impact Leadership Program
15. Innovation and Creativity
16. Lean Six Sigma Black Belt
17. Managing Innovation - Harvard Business School
18. Project Management Professional - PMP
19. Strategic Leadership In A Changing World - Harvard Business School
20. Sustainability & ESG Program: Design, Plan and Implement

Table 8: List of Trainings

In pursuit of excellence, during 2023, KFH made substantial investments in employee training and development, totaling 88,028 training hours. Each employee had the opportunity to participate in multiple training programs annually, as needed. The accompanying graph illustrates a significant increase in the average training hours for both male and female employees, with growth rates of 77% for female employees, 93% for male employees, and 75% overall.

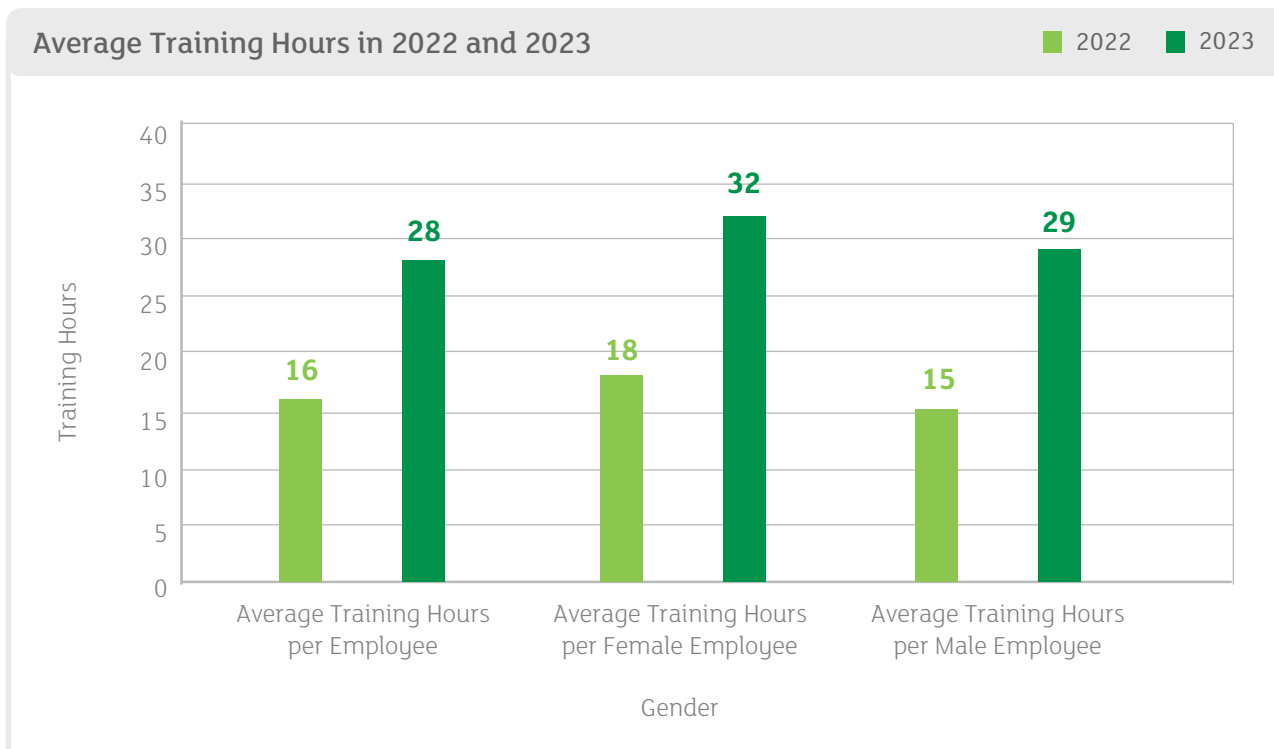


Figure 14: Average Training Hours by Employee Gender 2022 Vs 2023

At KFH, we also place a strong emphasis on succession planning to identify and nurture future leaders in the Bank. Our comprehensive succession planning policy identifies high-potential employees and provides them with structured career development opportunities. Through this program, we aim to cultivate a pipeline of talented individuals capable of taking on leadership roles and driving our institution forward.

Our commitment to employee training and development not only fosters individual growth but also strengthens the Bank as a whole, ensuring that we remain agile and adaptive in an ever-changing business landscape.

Performance Review

In 2023, KFH implemented a thorough strategy to ensure ample growth and development opportunities for its employees through regular performance reviews. These assessments were valuable for identifying individual strengths, addressing areas for improvement, and cultivating a culture of continuous learning and development.

	Senior Management	Middle Management	Lower Management
Male	100%	99.5%	91.5%
Female	NA	100%	93%

Table 9: Performance Review by Management Level

Health and Safety

In 2023, significant strides were made in strengthening health and safety in our banking operations. Covering all workers and workplaces, our system includes comprehensive training programs on fire safety, evacuation procedures, ergonomics, and workplace safety precautions.

Additionally, we conducted scenario-based training sessions where employees assumed the roles of security guards in retail branches in the absence of on-site security personnel. Furthermore, an online safety training course was developed and made available through e-learning platforms. These initiatives cover both general safety topics and specific work-related hazards, ensuring our workforce is well-prepared to handle various situations, ranging from workplace evacuations to fire emergencies.

We have a proactive approach to prevent and mitigate negative occupational health and safety impacts associated with our operations, products, services, and business relationships. This includes hazard identification by security guards and effective communication to identify and address near-miss incidents.

Despite our stringent safety protocols, we recorded one significant work-related injury, which emphasizes the ongoing need for improvement in our safety measures. Efforts are currently underway to eliminate work-related hazards and mitigate risks through a hierarchy of measures.

These measures include threat elimination, the implementation of alternatives, engineering controls, safety enhancements, and awareness campaigns conducted via our website and by our security personnel. Notably, we recorded no fatalities due to work-related injuries.

In the area of occupational health, we initiated an awareness campaign named Ghalia. Our commitment to employee well-being was reinforced through mandatory pre-employment health assessments and comprehensive medical insurance coverage for work-related injuries. Through effective communication, we ensured the widespread dissemination of health and safety messages through various channels, nurturing a culture of well-being throughout the Bank.

Additionally, we implemented a highly effective new guard evaluation system to enhance our capacity to evaluate and optimize security measures.



08.

Social &
Relationship Capital:
**Building Community
Connections**



Crafting Tailored Experiences

Retail

At KFH, Retail Banking at KFH aims to deliver exceptional retail banking services to customers, aiming to offer an efficient customer experience through our comprehensive offerings and promote financial inclusion within our communities.

Throughout 2023, KFH remained focused on empowering customers of all ages and genders, as evidenced by our retail financing portfolio distribution.

Gender Diversity in KFH's Retail Portfolio

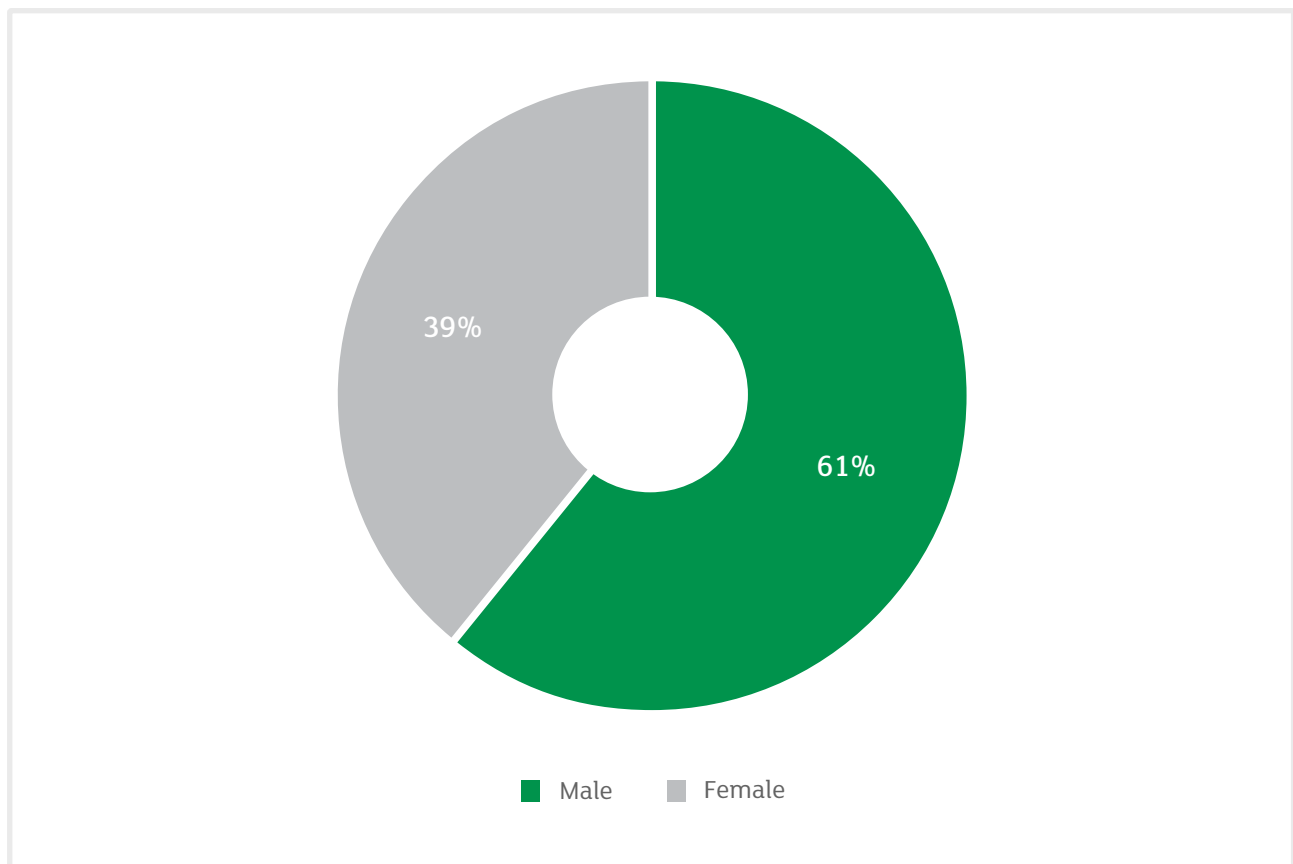
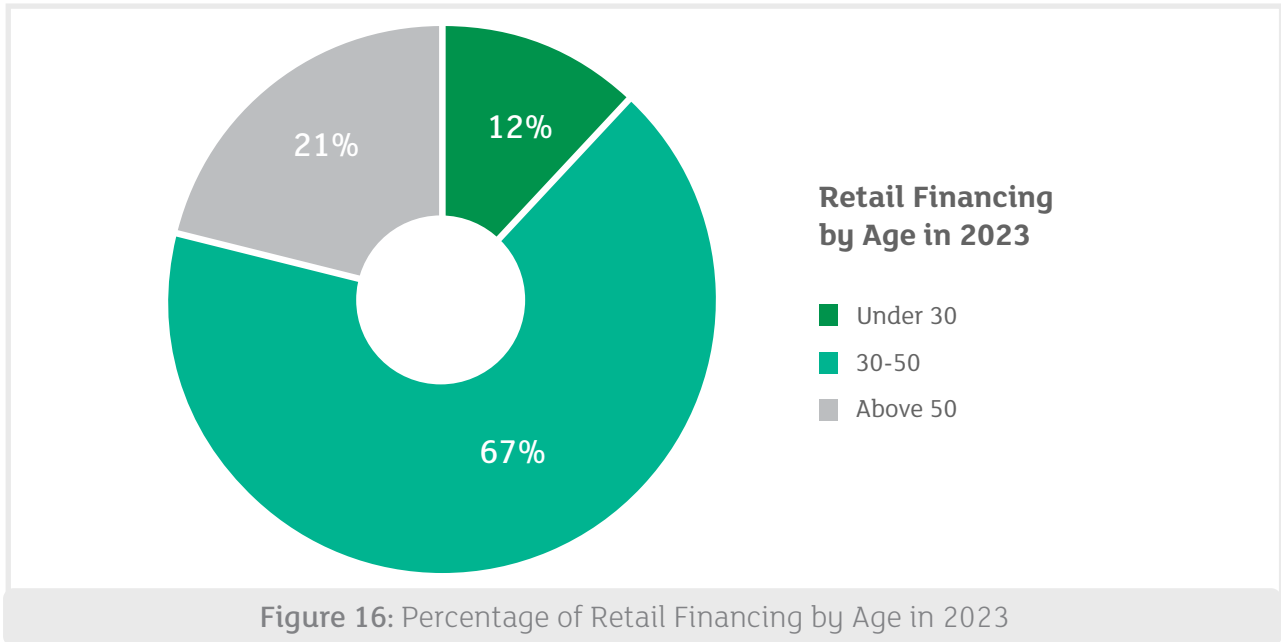


Figure 15: Percentage of Each Gender's Total Financing Value from the Total Retail Portfolio

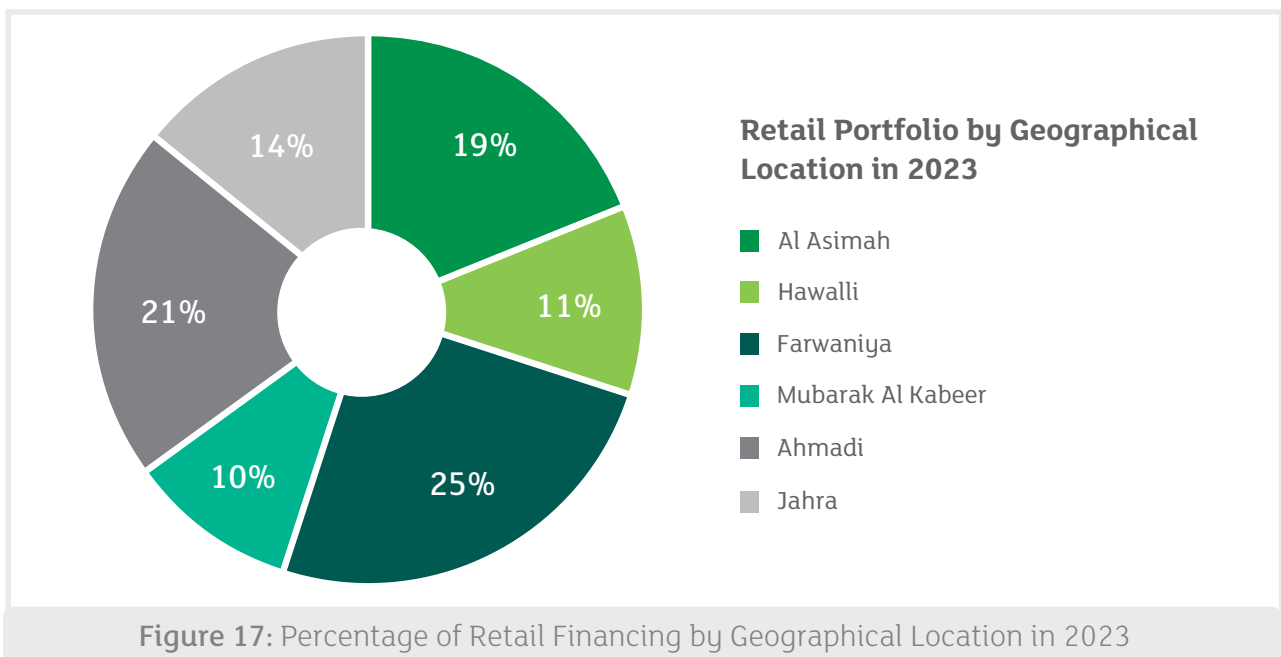
Age Diversity in KFH's Retail Portfolio

Our retail portfolio also demonstrates a commitment to age diversity, ensuring that customers of all age groups have access to financial services and opportunities for growth.



Geographical Distribution in KFH's Retail Portfolio

KFH ensures financial accessibility across Kuwait, guaranteeing that all customers have access to our services.



Financial Inclusion

At KFH, our effort towards ensuring financial inclusion is reflected not only in our financing distribution but also in the range of products and services tailored to meet our customers' diverse needs.

Products and Services

KFH's dedication to financial inclusion is illustrated in the table below, which highlights the percentage distribution of various financial inclusion products and services among male and female customers, segmented by age categories:

	Male	Female	Below 30	Between 30-50	Above 50
Accounts					
Time Deposits	42%	58%	14%	35%	51%
Current Accounts	63%	37%	24%	51%	25%
Saving Accounts	58%	42%	33%	43%	24%
Cards					
Credit	63%	37%	11%	59%	30%
prepaid	59%	41%	27%	51%	21%
Tayseer	52%	48%	4%	71%	25%
Personal Finance & Auto Dealing					
Debit Transfer	60%	40%	22%	47%	31%
Lease to Own	77%	23%	7%	55%	38%
New Cars	55%	45%	12%	54%	34%
Operational Lease	65%	35%	20%	60%	19%
Personal Finance	100%	0%	0%	0%	100%
Used Cards	56%	44%	13%	62%	26%
other	68%	32%	10%	49%	41%

Table 10: FI Products or Services Distributed by Age and Gender

Furthermore, KFH developed a multi-tiered framework, offering tailored Shari'a-compliant products to different demographic segments. KFH Banking Tiers include:



“Baiti” Program

Tailored for children up to 14 years, fostering saving habits and financial literacy through the “Baiti Club” membership and interactive online games.



“Hesabi” Program

Geared towards youth up to 25 years, offering customized financial products and services such as rewards, e-banking, and prepaid cards to align with their lifestyle.



“Al Sundus” Program

Catering to female customers over 21, providing tailored financial services, advice, and investment plans to meet their specific needs.

Shari'a-Compliant Products and Services

Our dedication to customer satisfaction is evident through our comprehensive array of accounts tailored to meet diverse needs. In pioneering the launch of innovative products, KFH offers personalized investment solutions, facilitating long-term financial planning to achieve future goals.

Among these pioneering products are:

1. Special Health Care Investment Plan: "Shifaa"

- This plan is based on monthly savings, providing higher investment returns along with "Takaful" cover.
- In critical health situations, the accrued savings and "Takaful" cover for specific illnesses assist in meeting medical expenses.

2. Achievement Investment Plan: "Injaz"

- "Injaz" offers a plan based on monthly savings, yielding higher investment profits.
- Upon reaching a predetermined milestone, customers can pursue business ventures or fulfill their ambitions, supported by Takaful cover.

3. Higher Education Investment Plan: "Jameati"

- "Jameati" provides a plan based on monthly savings, with higher investment returns and Takaful protection.
- Designed to support educational aspirations, this plan helps accumulate funds for higher education expenses.

4. Marriage Investment Plan: "Rafaa"

- "Rafaa" entails a plan based on monthly savings, offering higher investment returns and Takaful cover.
- Upon reaching a specified age, the accumulated savings and investment profits are available to cover marriage expenses.

5. Retirement Investment Plan: "Thimar"

- "Thimar" features a plan based on monthly savings, ensuring higher investment returns.
- Upon retirement, the accrued amount provides financial support for living expenses, complemented by Takaful cover.

These investment plans reflect our goal in providing tailored financial solutions that empower customers to achieve their life goals and secure their financial future.

Green Products for Retail Customers

KFH launched a personal financing campaign, the first of its kind in the Kuwaiti market, is titled “Green Products Financing” Campaign, aiming to meet all customer needs for constructing environmentally sustainable residential properties.

These green products encompass both housing and consumer goods that contribute to conserving natural resources and energy while harnessing renewable energy sources. Through innovative financing solutions, this initiative facilitates the construction and furnishing of lifelong homes, leading financial transactions toward sustainability and environmental stewardship. KFH offers financing of up to KD 70,000 for a duration of up to 15 years for citizens that require the service.

Takaful Insurance

In our focus on serving our customers, we are introducing “Takaful” Insurance, a product offered by Islamic banks. This insurance protects against potential threats to properties, health, employment, and income. It works by pooling contributions from participants and provides surplus options at the end of the term.

This product demonstrates our dedication to enhancing customer well-being and has received the esteemed “World’s Best Islamic Takaful” award from Global Finance in 2023.

Remittances

KFH recognizes remittances as a key tool for financial inclusion. In an increasingly digital world, remittance services provide individuals with access to essential financial solutions regardless of geographical barriers. Throughring convenient and cost-effective remittance options through digital channels, the bank contributes to greater financial accessibility and inclusion for all customers.

KFH offers a range of user-friendly digital channels for remittance services. For instance, KFHOnline, in collaboration with Western Union, offers co-branded international money transfer services through its mobile app, along with E-Corp. These platforms empower customers to seamlessly transfer funds domestically and internationally, ensuring a smooth and efficient remittance experience. Moreover, KFHOnline offers hassle-free digital transfers free of charge, providing additional incentives for customers to utilize the bank’s remittance services.

To further bolster the volume of remittances processed through the bank, significant structural enhancements have been introduced. Notably, the adoption of straight-through processing for remittances has revolutionized transaction processing, leading to increased efficiency in both incoming and outgoing transfers. As a result of these measures, there has been a notable 11.8% increase in the total volume of remittances from 2022 to 2023.

Marketing and Communication Approach

At KFH, our primary objectives are to promote our extensive variety of offerings, emphasize and reinforce KFH's branding across various mediums, as well as to provide communication to our customers that reflects our values, ensuring that every interaction aligns with the essence of KFH. Recognizing the significance of reaching a broad audience, inclusivity and meeting the diverse expectations of our customers, we deliver best-in-class marketing and communications embedded with KFH's values to satisfy all stakeholders. This is most evident with our de-prioritization of resource-heavy traditional media and our increased use of digital and innovative methods of reaching our intended audience in line with our values of accessibility and transparency.

In pursuit of our objective, our approach focuses on maintaining and utilizing inclusive marketing and communication methods, leveraging different channels to reach and serve every segment of our customer base. By utilizing a diverse range of marketing and communication channels across traditional and non-traditional mediums, we aim to provide seamless access to our services and information, thereby enriching the experience for each customer.

Marketing Policy and Procedures

KFH maintains a Policy and Procedure manual for the Marketing Department, outlining key aspects including:

Responsibility Matrix

detailing roles and responsibilities across the Marketing Department's hierarchy.

Standard Operating Procedures

mandating a comprehensive approval process involving review by the Legal, Shari'a, and Compliance and Governance Departments. Following this, Creative and Branding approvals ensure consistency of the KFH brand image across diverse channels. This process applies to all communication materials, internal or external, guaranteeing adherence to KFH standards and regulatory compliance. Annual audits are conducted to validate compliance with established procedures.

Product and Service Information and Labeling

Zero incidents of non-compliance with regulations concerning product and service information and labeling.

The Bank's procedures for product information and labeling do require the inclusion of information regarding the use of the product or service, which is provided within the terms and conditions where applicable. This dedication to transparency ensures that customers are fully informed about the products and services they engage with.

Additionally, specific terms and conditions must be met to be eligible for our offerings, which are accessible through our ['Product's Terms and Conditions.'](#) These terms and conditions are provided with each product and service, highlighting the requirements and obligations involved. It's worth noting that the details of these terms and conditions may vary depending on the nature of the offer, whether it's a promotional campaign or a standard product/service offering.

Promotional campaigns of any kind that are communicated externally require a license number from the Ministry of Commerce and Industry, providing a license number that is added to any collateral advertising said promotion.

Our Marketing Efforts in Promoting Financial Inclusion

At KFH, promoting financial inclusion and advancing digital solutions is key to our mission of serving diverse segments of our community. Through different campaigns and initiatives, we aim to ensure that our offerings reach targeted client bases.

Our efforts span two main types of campaigns:

Segments Campaigns

which focus on encouraging the utilization of KFH's offers and services among different segments of our community. By understanding the unique needs and preferences of each segment, we tailor our campaigns to effectively communicate the value and benefits of our products and services.

E-Services Campaigns

which aim to enhance customer knowledge and familiarity with our cutting-edge digital services available through the KFHOnline Application. Through these campaigns, we aim to educate our customers about the convenience, security, and efficiency of our digital platforms, empowering them to make the most of our digital offerings.

To evaluate the impact of our campaigns, we utilize various metrics to assess the reach of our marketing materials, we track the conversion of website visitors into customers, and monitor the adoption of digital solutions by users within a set timeframe following their introduction. By analyzing these metrics, we can assess the effectiveness of our initiatives and make informed decisions to drive further progress in promoting financial inclusion and digital innovation at KFH.

2023 Campaigns



The “**You Deserve**” Campaign encouraged individuals to transfer their salaries to KFH by offering customized benefits. Targeting various demographics, from freshly employed graduates to professionals, the success of these campaigns was measured by the influx of transferred salaries during the campaign period.



KFH prioritized delivering exceptional experiences and campaigns for cardholders, including Visa and Mastercard users. By offering tailored promotions and benefits, we aimed to enhance customer satisfaction and loyalty among our cardholder bases while spurring card usage during said campaigns.



KFH introduced **Zaheb**, an innovative digital payment solution catering to businesses of all sizes, from small enterprises to large corporations. This initiative aimed to streamline payment processes and enhance convenience for business owners across different sectors, especially for previously under-served segments that would have had difficulty in organizing their commerce.



KFH launched the **Green Products Financing Campaign** for the first time in Kuwait, a pioneering initiative focused on providing sustainability-related financing to consumers.

This initiative offers financing specifically for buildings constructed using environmentally friendly materials and equipment, contributing to a more sustainable future while meeting the evolving needs of our customers. This effort is part of our mission to motivate the adoption of sustainable practices in Kuwaiti culture.

KFH AUTO campaigns that highlight our full-service automobile showrooms that offer cars to own and rent, across multiple brands and tiers. Our automobiles are available to all segments of the Kuwaiti population and help make it achievable for multiple financial segments to own a means of transport.

Customer Experience and Satisfaction

At KFH, we prioritize providing exceptional customer experience. From the initial interaction to the final transaction, we strive to offer personalized, smooth service that exceeds expectations. Our team is dedicated to transparency, efficiency, and establishing trust at every stage to ensure the satisfaction of our valued customers.

To monitor our performance and continuously enhance our services, we utilize two key performance indicators:

01 KFH Customer Care Score

The KFH Customer Care Score, standing at 92.2% in 2023, has seen an increase from the previous year's score of 90%. This score, managed by an independent third-party research agency, is derived from a combination of surveys, including audits of KFH banking channels for adherence to service standards and direct customer satisfaction feedback.

02 Customer Experience Index

Internally managed by our CX team, the Customer Experience Index has risen to 77.8% as of 2023, up from the previous year's score of 73%. This index measures customer satisfaction across different banking channels and is calculated based on the percentage of extremely satisfied customers versus total respondents.

To ensure continuous enhancement of our services, our CX Unit employs a thorough process of analyzing customer feedback. This involves daily reviews and quarterly in-depth analyses to identify trends and areas for improvement. We employ various methods such as correlation analysis, comparative analysis, and verbatim categorization to extract meaningful insights from customer feedback. Customer feedback trends are then prioritized and assessed for the feasibility of implementing improvements and enhancing the overall customer experience.

CX Hero Competition

Our CX Hero Competition is an internal program designed to foster a strong customer-centric culture. Frontline staff compete across various categories based on customer feedback received via SMS surveys. At the end of the year, top achieving staff in each category are awarded the "CX Hero" title, motivating them to exceed customer expectations.

Customer Complaints Management

In addressing customer concerns or complaints, we have established a comprehensive framework to ensure prompt and effective resolution, demonstrating our dedication to maintaining high standards of customer satisfaction and service excellence.

Customers are encouraged to utilize the following channels to submit their complaints:



Visit any KFH branch where our staff will provide guidance and assistance throughout the process.



Visit the “Customer Complaints” unit on our premises for personalized support.



Utilize traditional correspondence by filling out complaints form and mailing it to us directly.



Supporting Local Communities

Our Corporate Shared Value Approach

At KFH, we are committed to creating shared value by promoting “A financial system based on genuine social values and positive actions, leading to comprehensive social growth and inclusion for all.”

As the pioneer Islamic Bank in Kuwait, with over four decades of dedicated service to our customers and communities, KFH stands firm in its role as a social impact leader and its unwavering dedication to social responsibility. We achieve this through our Corporate Shared Value (CSV) approach.

Our CSV approach is built on four key elements:

1. KFH’s five primary CSV pillars.
2. Collaborations and partnerships with trusted entities.
3. Implementation of CSV programs and projects in line with each pillar.
4. Vigilant monitoring and evaluation of projects using multiple indicators, including:
 - Total funding by KFH under each pillar.
 - Number of beneficiaries impacted by KFH’s initiatives.

KFH’s CSV Pillars

KFH defined its CSV pillars based on the common needs of communities and fundamental human rights in five key areas that contribute to the economic and social well-being of all stakeholders.

We identify CSV opportunities based on the following: **government development strategy and direction, community and public trends, local and global environmental factors, healthcare, and humanitarian causes.** Our CSV programs are developed through sponsorships, partnerships, and collaborations with public, private, and non-profit organizations.



Our Social Impact

Guided by Islamic Principles, our social impact is at the core of our strategy and corporate values. The Bank's social Takaful and CSV activities have positive impacts in many fields, primarily healthcare and sports, education and youth development, social development and inclusion, heritage preservation, and environmental protection.

The Bank's activities reflect its vision of continuously reinforcing financial and social support and engaging with all social segments. KFH aims to create direct and indirect economic and environmental impacts that support our efforts toward creating shared value and addressing various social challenges faced by different segments of the community.

Market Leader in Corporate Social Responsibility

In 2023, KFH solidified its leading position in corporate social responsibility (CSR) while maintaining sustainable growth. This result confirms the Bank's prominent social role, which is characterized by its diverse and comprehensive initiatives in many areas.

KFH's commitment to promoting sustainable development and paving the way for the developmental role of the private sector is further solidified by its Market Leader classification in CSR in Kuwait by Euromoney for the year 2023.

Community Support, Partnerships, and Sponsorships

In 2023, KFH undertook over 200 initiatives and activities, including sustainability-related initiatives, under its CSV pillars in partnership with over 50 organizations. These activities benefited several areas, including education, the environment, health and well-being, community awareness and recreation, youth and sports, and humanitarian aid.

KFH aspires to continue strengthening its social role in communities by utilizing its financial and human capital to implement sustainable development programs under its five CSV pillars.

KFH's most prominent strategic partnerships and collaborations include the following.

17 PARTNERSHIPS FOR THE GOALS



- Kuwait Banking Association (KBA)
- CBK
- Ministry of Interior
- Ministry of Health
- Ministry of Education
- Kuwait Municipality
- Environmental Public Authority
- Public Authority of Agriculture Affairs and Fish Resources
- AlSalam Hospital
- CODED Academy
- Kuwait University
- Public Authority for Applied Education and Training (PAAET)
- AlSadu Society (Sadu House)
- Kuwait Red Crescent Society (KRCS)
- Dasman Diabetes Institute
- United Nations Development Program (UNDP)
- Touristic Enterprises Company
- Seed Sustainability Academy

أفضل
٢٠١٣
ودائع في الكويت

ودائع ممتازة

بيت التمويل

CSV's First Pillar: Healthcare and Sports

We acknowledge and actively address health risks and challenges in the communities we serve. We are a significant supporter and contributor to the healthcare sector, enhancing service quality and capacity in the public healthcare system and engaging in initiatives that benefit society.

Segment-Focused Programs	Project-Focused Programs	KFH's Financial Contribution to the Healthcare Sector
<ul style="list-style-type: none">• People with critical and chronic illnesses• Low-income segment• Youth and the general community	<ul style="list-style-type: none">• Investments in healthcare• Health awareness campaigns• Community well-being• Promoting a healthy and active lifestyle	<ul style="list-style-type: none">• Direct infrastructure investments• Financial support (funding or sponsorships)• Donations• Employee volunteering

Health and Sports Initiatives

- For Breast Cancer Month, KFH organized a comprehensive program with ALSalam Hospital and breast cancer survivors to raise awareness and promote the importance of early health check-ups.
- For Prostate Cancer Month, KFH organized a comprehensive program in partnership with ALSalam Hospital to raise prostate cancer awareness and promote early health check-ups.
- For World Diabetes Day, KFH organized a comprehensive awareness campaign in partnership with ALSalam Hospital and dieticians.
- In partnership with ALSalam Hospital, KFH supported the CPR Life Saver program accredited by the American Heart Association (AHA). This initiative aims to equip participants (mainly schoolteachers) with life-saving skills, contributing to the overall health and safety of children in schools and the general community. In 2023, 200 teachers benefited from these certified courses.
- KFH organized the largest obstacle course event, the KFH Obstacle Challenge, for adults and children.
- In partnership with V-Thru, KFH organized V-Fit daily walking challenges.
- KFH provided title sponsorship for Gulf Run, which is the biggest automotive sports event in Kuwait.
- The KFH Mubadereen team is an initiative by KFH to support Kuwaiti athletes who represent their country in various sports locally, regionally, and internationally.

Health and Sports Partnerships

• Ministry of Health

• Dasman Diabetes Center

• AlSalam Hospital

• V-Thru

CSV's Second Pillar: Education and Youth Development

At KFH, the development of skilled young professionals is a key strategic focus. With more than 44 years of actively supporting communities and contributing to education, we remain committed to fostering a thriving and diverse economy for the upcoming generations.

Recognizing the importance of cultivating a competitive market with a skilled youth workforce, we also align with national efforts to enhance education, boost youth productivity, and strengthen competitiveness.

Our Education and Youth Initiatives

Education and Youth Development Partnerships

• Ministry of Education

• CODED Academy

• Kuwait University

• GUST

Education and Youth Development Initiatives

- KFH Awards Program for High School Honor Roll Graduates
- Engineering Design Exhibition at the College of Engineering and Petroleum
- Kuwait Codes Program
- Junior Coded Program
- Kuwait Hackathon Event
- "Breaking Barriers" Conference.

CSV's Third Pillar: Social Development and Inclusion

KFH's continued commitment to community development entails a wide spectrum of initiatives and programs that require collective efforts from the Bank and its partners. KFH remains a major contributor to social development and inclusion, especially concerning underprivileged segments, by establishing partnerships with public authorities and NGOs to reach people in need and improve their well-being.

Our media content creation comprised over 150 initiatives focused on financial inclusion, education, women's empowerment, health and well-being, community awareness, youth and sports, humanitarian aid, people with special needs, and sustainability. Our content is published on a wide range of platforms including social media channels, TV, prints, and digital media outlets, making it more accessible and reachable for all social segments.

Social Development and Inclusion Initiatives

- Building the KFH Family Mosque in Kyrgyzstan.
- Organizing the KFH Readers competition to encourage and teach children and teenagers recitals of the Holy Quran.
- Renewing our partnership with the Touristic Enterprises Company to support the Winter Wonderland recreational project.
- Agreeing on Women's Empowerment Principles (WEPs) in partnership with UNDP.
- Supporting the third training program for students with special needs in departments across KFH in partnership with PADA.

Social Development and Inclusion Partnerships

• Touristic Enterprises Company

• Public Authority for Disability Affairs (PADA)

• Sadu House

• KRCS

• UNDP

• Knowledge Club

Economic Empowerment and Financial Awareness

KFH has proactively raised awareness about financial fraud and enhanced financial literacy as part of its support for CBK's Diraya campaign. Notably, the Bank has delivered information about banking services and products in sign language to ensure inclusivity for individuals with hearing impairments, aligning with the Be Aware campaign in collaboration with the KBA.

Continuing its commitment to promoting banking services and customer rights for those with special needs, KFH has conducted innovative banking awareness initiatives. These include an experiment to assess university students' banking knowledge, offering educational guidance, and emphasizing the importance of reviewing and comprehending contracts before engaging in banking transactions. These efforts are integral to the Bank's contribution to the Be Aware campaign and its broader CSR endeavors.

KFH supports the Be Aware campaign's activities to spread financial education and raise awareness among the public about their rights regarding dealing with banks and performing financial and banking transactions. This is achieved by publishing videos, educational materials, and awareness messages through the Bank's social media channels, website, ATM screens, display screens in branches, newspapers, and other media outlets.

The Be Aware campaign addresses several topics: consumer and housing finance processes, banking cards, the rights of customers with special needs, cybersecurity and the protection of bank accounts, mechanisms for submitting complaints and protecting customers' rights, the functions of the banking sector, and the sector's role in stimulating and developing the economy.

KFH is dedicated to enhancing public awareness about the risks associated with cybercrimes, bolstering financial literacy, and elevating security standards in financial transactions. Customers are encouraged to stay vigilant by safeguarding confidential information such as account details, banking cards, passwords, PINs, and card verification values (CVVs). Additionally, they are advised to exercise caution when receiving unsolicited calls or messages, especially from unfamiliar sources, whether via phone or social media.

Zakat and Charity Donations

At KFH, we uphold the Islamic principles of zakat and charitable donations as integral to our commitment to social responsibility.



KFH's contribution to Zakat and charity donations amounted to KD 43,828,514 in 2023

The Kuwait Foundation for the Advancement of Sciences

The Kuwait Foundation for the Advancement of Sciences (KFAS), a private non-profit organization, continues its 40-year journey to harness science, technology, and innovation in Kuwait, and to promote modernization, better quality of life, and a sustainable future for the Kuwaiti people. In line with the long-term vision of the late Amir Sheikh Jaber Al-Ahmad Al-Jaber Al-Sabah and leaders in the private sector, the KFAS was established by an Amiri Decree in 1976 to advance and integrate science, technology, and innovation throughout the country.



*KFH's contribution to the KFAS was
KD 3,248,672 in 2023*

Inclusion of People with Special Needs

KFH has established multiple new practices to ensure the inclusion of people with special needs by providing 12 branches fully equipped with ramps and accessible pathways to help customers with physical challenges access our premises. KFH also provides ATMs with voice-enabled features and braille keys to support sight-impaired customers. Moreover, KFH has 76 customer-facing employees across 12 branches who are fully trained in sign language to assist our customers.

Additionally, in partnership with PADA, KFH is the first bank in Kuwait to launch a comprehensive program to include people with disabilities by offering them on-the-job training programs and full-time jobs.

Our Takaful

KFH Takaful Insurance maintains its first place among Takaful insurance companies in Kuwait regarding market share and ranked fifth among Kuwaiti insurance companies in terms of gross direct insurance premiums in 2023. Moreover, KFH Takaful Insurance was ranked as the best Takaful company in Kuwait for the third year in a row by Global Economics in 2023.

For the sixth year in a row, reinsurance agreements have been renewed with Swiss Re Group, one of the largest reinsurers in the world, due to the company's positive results over the years. Moreover, the Bank renewed its Takaful reinsurance agreement with Germany's Gen Re, which is also considered one of the largest reinsurers globally. These agreements strengthen KFH's Takaful strategy, its relationships with reinsurers, and its positive results.

The Company's website and application have been updated in line with the company's endeavor to provide quick and simplified services to customers and keep up with digital developments.

Customers can browse the website and learn about the insurance products and services provided by KFH Takaful and the possibility of buying diverse Takaful insurance products. These offerings reflect our keenness to provide the best possible services to our customers.

Providing customers with easy e-payment solutions and a sense of comfort and confidence are important steps toward increasing the company's market share and offering modern technological means to complete transactions.

KFH Takaful now includes Online Payment Links, a new service to process payments safely and reliably and execute transactions automatically according to the applicable controls and instructions, removing the need for branch visits. The customer receives the insurance policy immediately after completing the payment, which aligns with the company's strategy toward developing electronic transactions to serve its customers.

KFH Takaful has also launched the Al Baraka policy, a new health insurance policy designed for residents who have reached the age of 60 years. It is a unified policy for granting, renewing, and transferring work permits. The company has 130 employees, of which 24.6% are Kuwait nationals.

CSV's Fourth Pillar: Heritage Preservation

One of KFH's priorities is the adherence to and continuation of our Islamic heritage, including Kuwait's culture, norms, customs, and traditions. For this reason, KFH promotes our heritage and supports its preservation through specialized products and services, modern solutions, and dedicated partnerships and activities.

KFH Zakat Contribution

In 2023, KFH's total contribution to Zakat and charity donations amounted to KD 43,828,514 and included the following:



Heritage Preservation Partnerships

In 2023, KFH organized various CSV initiatives that promoted our heritage and supported its preservation. The most prominent initiatives were as follows:

- KFH acknowledges the historical importance of Souq AlMubarikya. Following an agreement with Kuwait Municipality signed in 2022, KFH pledged around KD 8M to fund the restoration of Souq AlMubarikya. KFH continues to oversee the implementation of the project to restore the area affected by the fires that destroyed nearly 17 buildings in the historical souq.
- KFH offers the Al-Kheir card. This prepaid card offers special discounts and promotions at Kuwait's most renowned stores and is also a charity card. With every transaction, KFH donates 0.25% of the transaction value to a charity fund. Through the Bank's Zakat Committee and in coordination with the Ministry of Awqaf and Islamic Affairs, KFH helps send underprivileged people for pilgrimage to Hajj and Umrah, covering expenses including travel tickets, visas, accommodation, and transportation. In 2023, the available charity amounted to KD 220,819.819.
- KFH supports the Holy Quran application available on Google Play and Apple Store with enhanced features that are easily accessible to all smartphone users. This is a gift from KFH to all users around the globe.

KFH organized a diverse range of Ramadan activities under the Increase Good Deeds in Ramadan initiative, including Iftar events, healthy lifestyle workshops, educational programs, and community outreach initiatives. These activities included Gergean celebrations at schools, The Avenues Mall, Winter Wonderland, Sadu House, and the Down Syndrome Association. KFH continued its partnership with the ALSadu Society for the fourth consecutive year to promote and preserve Kuwait's cultural heritage.

The ALSadu Society is officially recognized as a non-governmental advisor to UNESCO for enriching cultural development and promoting and preserving Kuwait's national identity and textile heritage. Through this partnership, KFH co-organized workshops and programs in traditional textile arts and crafts using recycled materials for various age groups.

CSV's Fifth Pillar: Environmental Protection

Aligned with our Islamic values of moderation, responsibility, and discouraging excess, KFH demonstrates a vigilant approach to consumption, prioritizing environmental impact reduction in our daily operations. We actively integrate eco-friendly products into our services. This ethos extends to our community through our CSV initiatives. In 2023, we expanded our Keep it Green initiative, which fosters environmental protection for sustainability, with sub-initiatives and partnerships.

Keep it Green Initiative

KFH launched the Keep it Green initiative to collaborate strategically with governmental and private organizations on integrating and supporting ESG projects. Under this initiative, several projects are conducted to promote sustainability and social responsibility, including the following.



Carbon Offset: Plantation and Carbon Emission Mitigation

KFH signed a memorandum of cooperation with both private and governmental entities to support plantation and greening projects, as well as efforts to mitigate carbon emissions. Notably, the Bank has forged a strategic partnership with the Public Authority for Agricultural and Fishery Affairs to aid in the plantation and greening of areas in Kuwait.

Moreover, KFH's voluntary team collaborated with the "Plant and Protect it" team to plant fungal and other plants at Al-Leyah Reserve within the Kuwait Institute for Scientific Research.

This initiative aimed to raise environmental awareness and contribute to conservation efforts. Additionally, KFH partnered with Kuwait University for the Green Entrepreneurship Challenge, designed to foster eco-friendly business initiatives aimed at promoting environmentally friendly businesses.

Climate Change Hackathon

KFH participated in the three-day Climate Change Hackathon event organized by Gulf University for Science and Technology (GUST) through its Keep it Green campaign, supporting efforts toward sustainability and environmental preservation.

Cultivating Environmental Awareness Among Young Generations

Partnering with Sadu House, KFH launched the Fun with Weaving initiative for children with Baiti accounts. This initiative aims to increase environmental consciousness among children by encouraging them to participate in activities that use recycled materials.

Supporting Environmental Innovation

KFH extended its support to the graduation projects of students from the College of Engineering and Petroleum at Kuwait University during the Engineering Design Exhibition. Additionally, it established the Environmental Sustainability Award to acknowledge outstanding engineering projects centered on environmental preservation and sustainability.

SEEDS Sustainability Academy

In collaboration with SEEDS, KFH introduced the SEEDS Sustainability Academy, which aims to educate and raise awareness about sustainability through an online library of training courses. This partnership enhances our collaborative efforts in sustainability, fostering an integrated platform for specialists and enthusiasts to share knowledge and ideas.

The SEEDS Sustainability Academy aims to reach a wide audience interested in environmental preservation through workshops and lectures. The strategic partnership between KFH and SEEDS has led to the implementation of numerous projects and workshops through the SEEDS Sustainability Academy, targeting diverse age groups, including children, to educate them about sustainability and environmental conservation.

COP28

KFH actively engaged in various events during the COP28 Climate Summit, including panel discussions and workshops. This collaboration with the UNDP further solidified the Bank's commitment to sustainable development.

Notably, KFH organized a series of COP talk sessions in partnership with the UNDP to foster dialogue and collaboration toward addressing climate change, sustainable development, and environmental preservation. Additionally, KFH delivered a presentation at the Kuwait pavilion during COP28, showcasing its commitment and contributions to sustainability.



Printer Management Solution

KFH launched its Printer Management Solution in 2023. This solution aims to implement international standards in sustainable printing, adopt digital solutions, and raise awareness of environmental preservation by minimizing paper and ink usage in both internal and external operations.

The First Eco-Friendly Card in Kuwait

In line with KFH's proactive approach toward enhancing its services and providing environmentally conscious solutions, we were the first bank in Kuwait to introduce credit cards made from recycled plastic. These eco-friendly cards were launched during KFH's Sustainability Conference and feature a Kuwait flag design to highlight the importance of collective effort toward protecting our country's environment.

More than 49% of new credit cards issued in 2023 were made from recycled plastic, contributing to making our cards more environmentally friendly. KFH has also enhanced its digital services and provides environmentally conscious solutions like paperless transactions and digital wallets for cashless payments.

Environmental Protection Partnerships

- Environmental Public Authority
- Public Authority of Agriculture Affairs and Fish Resources
- UNDP
- GUST
- Kuwait Scientific Center
- SEEDS Sustainability Academy
- Green Vision team
- College of Engineering and Petroleum at Kuwait University
- Sadu House
- Kuwait Institute for Scientific Research

Ethical Procurement Practices

At KFH, we are actively engaging our business partners in our dedication to transitioning to a low-carbon economy by increasing the number of tenders to suppliers that embrace circular economy principles and updating our department according to global ESG processes. Additionally, we are implementing new procurement processes for catering, repair, and maintenance services contracts. Through these initiatives and through supplier engagement and awareness towards ESG goals, we aim to promote sustainability across our supply chain while fostering innovation and responsible practices among our partners.

The Procurement and Contracts Policy was initiated by the Procurement and Contracts Department management and received formal approval from our board of directors in September 2023. This Policy outlines our dedication to selecting new suppliers or renewing contracts with vendors based on various criteria, including quality, responsiveness, delivery reliability, adherence to contract terms, compliance with KFH internal standards/policies, and ethical standards.

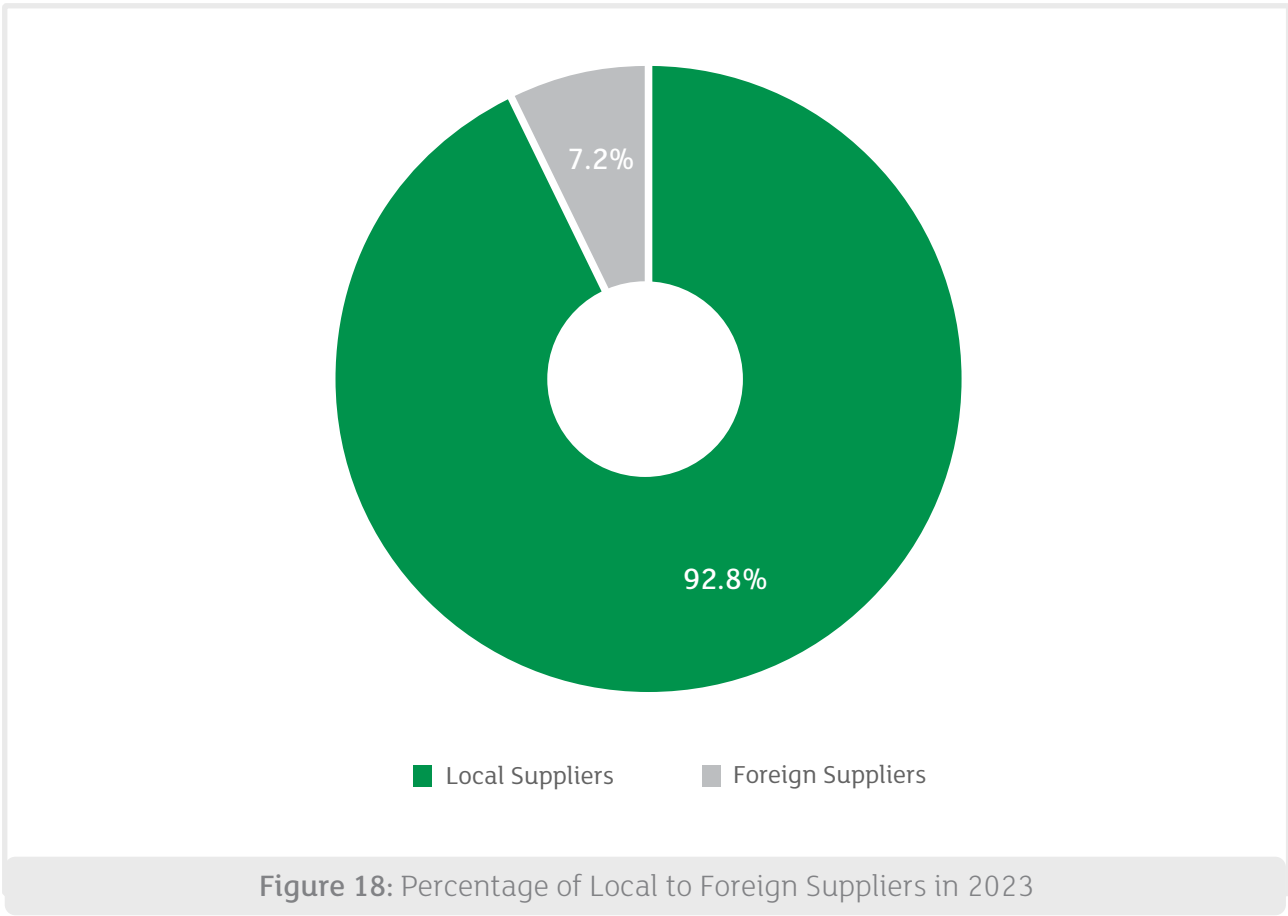
Our anti-corruption policies are transparently communicated to vendors and partners and integrated into every contract via our supplier code of conduct. Any breach of corruption regulations leads to decisive action, including potential contract termination.

Furthermore, we actively assess the risk of forced labor in our operations, ensuring compliance with international labor standards and ethical practices. We are dedicated to upholding human rights and labor laws across our supply chain.

Suppliers Engagement Overview

Our supplier engagement involves a diverse network of 379 suppliers, with the majority accounting for 92.8%, being local entities, and the remaining 7.2% representing our foreign suppliers. By engaging with both local and foreign suppliers, we access a wide range of expertise and resources while enhancing resilience to supply chain disruptions.

This diversity fosters innovation and promotes cost efficiencies. Additionally, our dedication to local suppliers strengthens community ties, supports local empowerment, contributes to economic growth, and ensures our long-term success.



We recognize the multiple benefits of partnering with local suppliers, including logistical efficiencies such as reduced transportation emissions, as well as a shared dedication to Kuwait’s sustainability goals. By prioritizing responsible sourcing and eco-friendly practices, we are actively contributing to our nation’s sustainability efforts.

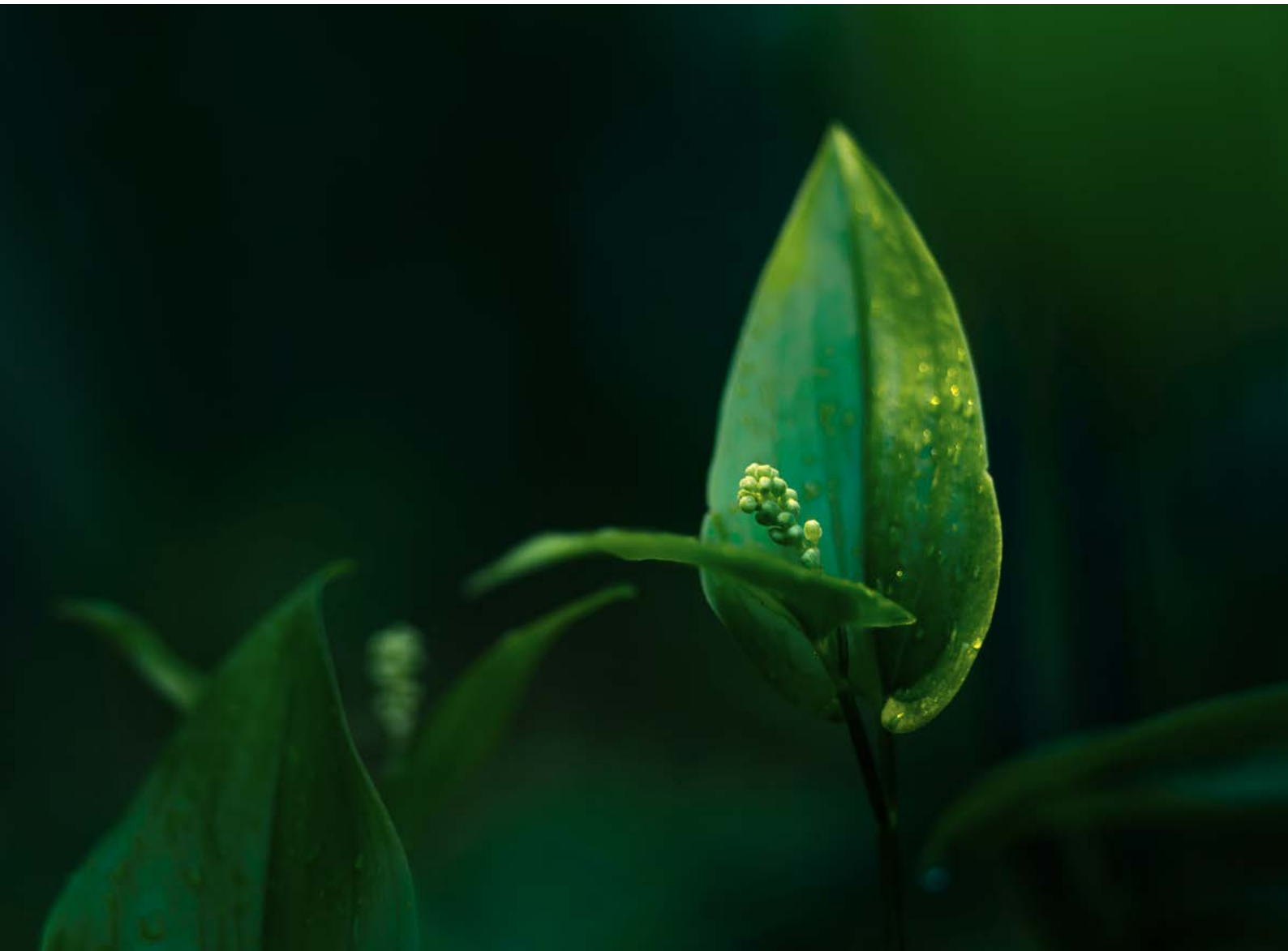
Future Outlooks

We have adopted a proactive stance towards procurement by developing a comprehensive policy rooted in Shari’a principles. Within this framework, our current supplier selection standards adhere to global best practices. These standards cover vital aspects such as compliance with Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) regulations, alignment with expertise and resources, and a meticulous screening process to detect and prevent potential conflicts of interest during vendor registration.

As part of our ongoing dedication to refining our procurement practices, we are prepared to implement an intense screening process for our suppliers. This increased inspection will incorporate environmental considerations, aligning our supplier selection process with our dedication to environmental stewardship. We are fully dedicated to promoting our policy to ensure it reflects our core values and principles, while also contributing to a more sustainable and socially responsible future.

09.

Natural Capital:
Enhancing **Operational
Efficiency Workforce**



KFH's ESG policy serves as a guiding framework, outlining clear objectives and goals for the Bank. Through its ESG policy, KFH seeks to integrate ESG practices into its day-to-day operations.

GHG Emissions

Carbon emissions are accelerating climate change globally. In this context, KFH continues to strive to minimize its energy consumption. The Bank actively manages its GHG emissions across Scopes 1, 2, and 3, ensuring that its data collection processes adhere to operational control boundaries. GHG emissions are calculated in accordance with the GHG Protocol.

Year	Scope 1 (tCO ₂ e)	Scope 2 (tCO ₂ e)	Scope 3 (tCO ₂ e)	Total Emissions (tCO ₂ e)
2021	7,359	34,916	-	42,275
2022	8,215	33,798	-	42,013
2023	5,688.8*	35,408	147.7	41,244.5

Table 11: GHG Emissions

* The reduction of Scope 1 in 2023, is due to proper reporting and tracking of AC charges have contributed mainly to the reduction of Scope 1 emissions.

KFH's Environmental Protection Systems

KFH strives to achieve multiple objectives:

1. Provide an appropriate working environment for employees.
2. Achieve a suitable level of environmental commitment regarding energy and water consumption and solid waste management.

Environment-Friendly Premises

As part of its broader sustainability efforts, KFH is dedicated to transforming all its premises into environmentally friendly assets. Through the installation of technological infrastructure and energy-efficient systems, the Bank aims to minimize the consumption of electricity and water across its facilities. These initiatives reflect KFH's proactive approach toward reducing its environmental footprint and promoting sustainability.

Case Study

KFH's Auto Showroom awarded GSAS – Gold Level Certification for its sustainability measures

KFH's Auto Showroom, the largest green automotive showroom in the Middle East, exemplifies the Bank's commitment to green practices. The building, spanning 38,000 square meters and adhering to sustainability measurements and standards, was awarded the Global Sustainability Assessment System (GSAS) Gold Level Certificate.



Resource Efficiency

Energy Consumption

At KFH, responsible energy management is a cornerstone of our environmental stewardship strategy. We expanded our reporting boundaries beyond calculating energy usage for our four largest premises to include all operating branches across Kuwait. This broader scope enables us to more accurately assess our energy use and develop more effective energy-saving strategies.

		2021	2022	2023
Energy Consumption (kWh/year)		51,727,417	50,070,408	52,456,326*
Energy Intensity per Area (KWh/m²)	301.24	Energy Intensity per Employee (KWh/employee)		17,590.99

Table 12: Energy Consumption

* The reported increase in energy consumption in 2023 compared to 2022 is primarily due to the operation of 6 new additional branches.

Water Consumption

The following tables summarize KFH's water consumption and water intensity metrics for 2023.

		2021	2022	2023
Water Consumption for 32 Branches (m³/year)		30,060	28,183	30,225
Water Intensity per Area (m³/m²)	0.46	Water Intensity per Employee (m³/employee)		27.06

Table 13: Water consumption

Paper Management

KFH is formulating a comprehensive environmental preservation policy with a focus on reducing paper usage. To track progress and inform our strategy, we closely monitored paper consumption throughout 2023. The following table provides a breakdown of our paper usage in 2023.

2023		
Paper Consumed (kg/year)	Paper Recycled (kg/year)	Paper Waste (kg/year)
74,775	70,290	4,485

Table 14: Paper Management

KFH implemented a paper management solution (PMS) to track and monitor paper usage in the Bank. Through this system, the Bank is actively working to reduce paper consumption in line with its dedication to environmental sustainability.

Reduction of Plastic Usage

KFH implemented measures to decrease the reliance on plastic bottles at its facilities by installing water dispensers and offering employees other alternatives to plastic bottles.



KFH's Commitment to Environmental Excellence

At KFH, we continuously implement efficient initiatives in our internal operations to enhance our environmental performance. We hold our facilities to the same rigorous environmental standards as our financing activities. Our commitment to reducing emissions extends across several aspects of our operations, including the following.

Energy Efficiency Measures:

- We embrace digitalization in internal processes.
- We have replaced traditional lights with energy-efficient light-emitting diode (LED) lighting in our headquarters and branches.
- Our self-powered technology optimizes our electricity consumption.
- We have upgraded old air conditioning systems with efficient, environment-friendly models that consume less electricity and use refrigerant R22 & R407.

Low-Carbon Travel:

- Our improved video conferencing and teleworking tools reduce the need for physical travel.
- We are gradually replacing our fleet with more efficient vehicles, including hybrid and fully electric vehicles.

Engaging Suppliers:

- We involve our business suppliers in the transition to a low-carbon economy.
- We continue to increase the number of tenders to suppliers that align with circular economy principles.

GRI Index

Statement of Use

Kuwait Finance House – Kuwaiti Shareholding Company Public (K.S.C.P) has reported in accordance with the GRI Standards for the period January 1, 2023, to December 31, 2023.

GRI 1 used

GRI 1: Foundation 2021

Applicable GRI Sector Standard(s)

There are no GRI Sector Standards available for the financial services sector.

DISCLOSURE	LOCATION	PAGE NUMBER
General Disclosures		
GRI 2: General Disclosures 2021		
2-1 Organizational details	About KFH	from 19 to 23
2-2 Entities included in the organization's sustainability reporting	Report Parameters	from 4 to 5
2-3 Reporting period, frequency and contact point	Report Parameters Our financial reporting period is from January 1, 2023, to December 31, 2023. Our Annual Report 2023 is published on our website.	from 4 to 5
2-4 Restatements of information	Restatements of Information There have been no restatements of information from previous reporting periods.	
2-5 External assurance	External Assurance Letter Our report is externally assured. KFH's highest governance body are involved in the external assurance.	161
2-6 Activities, value chain and other business relationships	About KFH	from 19 to 23
2-7 Employees	Human Capital: Nurturing an Inclusive & Empowered Workforce	from 96 to 109
2-8 Workers who are not employees	Human Capital: Nurturing an Inclusive & Empowered Workforce	from 96 to 109
2-9 Governance structure and composition	Governance, Business Integrity, and Compliance	from 39 to 74
2-10 Nomination and selection of the highest governance body	Nominating and Selecting the Board of Directors	from 54 to 55

DISCLOSURE	LOCATION	PAGE NUMBER
2-11 Chair of the highest governance body	Board Leadership Structure	from 41 to 44
2-12 Role of the highest governance body in overseeing the management of impacts	BoD Oversight Sustainability Governance	40 26
2-13 Delegation of responsibility for managing impacts	BoD Oversight Sustainability Governance	40 26
2-14 Role of the highest governance body in sustainability reporting	Sustainability Governance Board Governance and Sustainability Committee (BGSC)	26 49
2-15 Conflicts of interest	Conflicts of Interest – BoD	65
2-16 Communication of critical concerns	Whistleblowing Policy	from 70 to 71
2-17 Collective knowledge of the highest governance body	BoD Oversight Sustainability Governance	40 26
2-18 Evaluation of the performance of the highest governance body	Nominating and selecting the Board of Directors Board Nomination and Remuneration Committee (BNRC)	from 54 to 55 from 47 to 48
2-19 Remuneration policies	Remuneration Policy	56
2-20 Process to determine remuneration	Remuneration Policy	56
2-21 Annual total compensation ratio	Confidentiality Constraints. The total compensation for all employees, excluding the highest-paid individual, is confidential.	-
2-22 Statement on sustainable development strategy	Sustainability Overview Chairman message	from 26 to 29 from 12 to 14
2-23 Policy commitments	Throughout the Report	
2-24 Embedding policy commitments	Throughout the Report	
2-25 Processes to remediate negative impacts	Throughout the Report	
2-26 Mechanisms for seeking advice and raising concerns	Grievance Mechanisms	from 71 to 72

DISCLOSURE	LOCATION	PAGE NUMBER
2-27 Compliance with laws and regulations	Building Integrity and Compliance	64
2-28 Membership associations	Leadership in Action: Awards, Recognitions, and Memberships Supporting Local Communities	from 23 to 24 from 123 to 136
2-29 Approach to stakeholder engagement	Stakeholders Engagement	from 34 to 36
2-30 Collective bargaining agreements	Ethical Work Environment	160
Material topics		
GRI 3: Material Topics 2021		
3-1 Process to determine material topics	Materiality Assessment	from 37 to 38
3-2 List of material topics	Materiality Assessment	from 37 to 38
Economic performance		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Throughout the Report	
GRI 201: Economic Performance 2016		
201-1 Direct economic value generated and distributed	The 'Direct Economic Value Generated' could be found in the Financial Highlights, however, some of the numbers needed to calculate the 'Economic Value Distributed' are not disclosed for confidentiality constraints. As a result, the 'Economic Value Retained' for this reporting period is also not disclosed for confidentiality constraints.	
Indirect economic impacts		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Throughout the Report	
GRI 203: Indirect Economic Impacts 2016		
203-1 Infrastructure investments and services supported	Sustainable Finance	from 79 to 82

DISCLOSURE	LOCATION	PAGE NUMBER
Procurement practices		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Ethical Procurement Practices	from 137 to 138
GRI 204: Procurement Practices 2016		
204-1 Proportion of spending on local suppliers	Ethical Procurement Practices	from 137 to 138
GRI 3: Material Topics 2021		
3-3 Management of material topics	Anti-Bribery and Corruption	from 66 to 68
GRI 3: Material Topics 2021		
3-3 Management of material topics	Anti-Bribery and Corruption	from 66 to 68
GRI 205: Anti-corruption 2016		
205-1 Operations assessed for risks related to corruption	Anti-Bribery and Corruption	from 66 to 68
205-2 Communication and training about anti-corruption policies and procedures	AML/CFT	68
205-3 Confirmed incidents of corruption and actions taken	Grievance Mechanisms	from 71 to 72
Anti-competitive behavior		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Information unavailable. The information will be available in our next reporting period.	
GRI 206: Anti-competitive Behavior 2016		
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No incidents have been reported in the reporting period.	
Energy		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Energy Consumption	142

DISCLOSURE	LOCATION	PAGE NUMBER
GRI 302: Energy 2016		
302-1 Energy consumption within the organization	Energy Consumption Information unavailable for Disclosure 302-1 a, b, c (ii, iii, iv), d, g. The information will be available in our next reporting period.	142
302-4 Reduction of energy consumption	Information unavailable. The information will be available in our next reporting period.	
Water and effluents		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Information unavailable. The information will be available in our next reporting period.	
GRI 303: Water and Effluents 2018		
303-5 Water consumption	Water Consumption Information unavailable for Disclosure 303-5 b. The information will be available in our next reporting period.	142
Biodiversity		
GRI 3: Material Topics 2021		
3-3 Management of material topics	The information will be available in our next reporting period.	
GRI 304: Biodiversity 2016		
304-2 Significant impacts of activities, products and services on biodiversity	The information will be available in our next reporting period.	
Emissions		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Natural Capital: Operational Efficiency	from 139 to 144
GRI 305: Emissions 2016		
305-1 Direct (Scope 1) GHG emissions	GHG Emissions	140
305-2 Energy indirect (Scope 2) GHG emissions	GHG Emissions	140
305-5 Reduction of GHG emissions	GHG Emissions	140

DISCLOSURE	LOCATION	PAGE NUMBER
Employment		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Human Capital: Nurturing an Inclusive & Empowered Workforce	from 96 to 109
GRI 401: Employment 2016		
401-1 New employee hires and employee turnover	Human Capital: Nurturing an Inclusive & Empowered Workforce	from 96 to 109
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employees' Benefits and Privileges	from 101 to 102
401-3 Parental leave	Employees' Benefits and Privileges	from 101 to 102
Occupational Health and Safety		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Health and Safety	from 109 to 110
GRI 403: Occupational Health and Safety 2018		
403-6 Promotion of worker health	Health and Safety Employees' Benefits and Privileges	from 109 to 110 101
Training and Education		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Training and Development	from 107 to 108
GRI 404: Training and Education 2016		
404-1 Average hours of training per year per employee	Training and Development Information unavailable for Disclosure 404-1 a ii. The information will be available in our next reporting period.	from 107 to 108
404-2 Programs for upgrading employee skills and transition assistance programs	Training and Development	from 107 to 108

DISCLOSURE	LOCATION	PAGE NUMBER
Diversity and equal opportunity		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Human Capital: Nurturing an Inclusive & Empowered Workforce	from 96 to 109
GRI 405: Diversity and Equal Opportunity 2016		
405-1 Diversity of governance bodies and employees	Human Capital: Nurturing an Inclusive & Empowered Workforce Information unavailable for Disclosure 405-1 a ii. The information will be available in our next reporting period. Our ESG Dashboard	from 96 to 109 From 30 to 31
Non-discrimination		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Ethical Work Environment	106
GRI 406: Non-discrimination 2016		
406-1 Incidents of discrimination and corrective actions taken	Ethical Work Environment	106
Child labor		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Information unavailable. The information will be available in our next reporting period.	
GRI 408: Child Labor 2016		
408-1 Operations and suppliers at significant risk for incidents of child labor	Human Capital: Nurturing an Inclusive & Empowered Workforce Ethical Procurement Practices Human Rights	from 96 to 109 from 137 to 138 70
Forced or compulsory labor		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Information unavailable. The information will be available in our next reporting period.	


DISCLOSURE	LOCATION	PAGE NUMBER
GRI 409: Forced or Compulsory Labor 2016		
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Human Capital: Nurturing an Inclusive & Empowered Workforce Ethical Procurement Practices Human Rights	from 96 to 109 from 137 to 138 70
Local communities		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Supporting Local Communities	from 123 to 136
GRI 413: Local Communities 2016		
413-1 Operations with local community engagement, impact assessments, and development programs	Supporting Local Communities	from 123 to 136
Marketing and labeling		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Information unavailable. The information will be available in our next reporting period.	
GRI 417: Marketing and Labeling 2016		
417-2 Incidents of non-compliance concerning product and service information and labeling	Prohibitions in Islamic Financial Transactions	78
Customer privacy		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Customer Data Protection Policies	74
GRI 418: Customer Privacy 2016		
418-1 Substantiated complaints concerning breaches of Customer privacy and losses of customer data	Customer Complaints Management Cybersecurity and Information Protection: Empowering Resilience at KFH	122 from 72 to 74

Integrated Reporting Framework



Guiding IR Principles	KFH's Approach	Reference
Strategic Focus and Future Orientation	This Report is designed to showcase KFH's forward-looking strategy and approach to value generation. It includes information about the execution of this strategy and the prospects for our performance.	02. Strategic Sustainability Approach In progress of showcasing our value creation model.
Connectivity of Information	This Report establishes a coherent link between KFH's operational context, strategy, and performance.	02. Strategic Sustainability Approach The following Principle is showcased throughout the Report.
Stakeholder Relationships	This Report acknowledges our primary stakeholder groups, delves into our relationship dynamics with those stakeholder groups, and examines the value generated or impacted for distinct stakeholders.	Stakeholder Engagement and Materiality Assessment
Materiality	This Report centers its focus on the areas that hold the greatest impact on KFH and its stakeholders. Our materiality assessment in the Report reflects the latest evaluation.	Stakeholder Engagement and Materiality Assessment
Conciseness	This Report serves as a self-contained document, offering stakeholders information to shape their perspectives and make informed decisions.	The following Principle is showcased throughout the Report.
Reliability and Completeness	All information in this Report is reviewed internally, approved by the Board, and has been externally assured before publication; ensuring a proper balance and emphasis on both positive and negative topics.	The following Principle is showcased throughout the Report.
Consistency and Comparability	This is KFH's first steps towards Integrated Reporting using the <IR> framework.	The following Principle is showcased throughout the Report.



Content Elements	Reference
Organizational Overview and External Environment	01. About KFH
Governance	04. Governance, Business Integrity, and Compliance
Business Model	Throughout the Report
Risk and Opportunities	Throughout the Report
Strategy and Resources Allocation	Throughout the Report
Performance	Throughout the Report
Outlook	Throughout the Report
Basis of Preparation and Presentation	Report Parameters About This Report




Boursa Kuwait Index


UN SDGs	GRI	Kuwait Vision	Metric	Calculation	KFH's Data
Environment					
	GRI 305: Emissions 2016	Living Environment	GHG Emissions	E1.1) Total amount, in CO2 equivalents, for Scope 1 (if applicable)	5,688.8 tCO2e
				E1.2) Total amount, in CO2 equivalents, for Scope 2 (if applicable)	35,408 tCO2e
				E1.3) Total amount, in CO2 equivalents, for Scope 3 (if applicable)	147.7 tCO2e
	GRI 305: Emissions 2016	Living Environment	Emissions Intensity	E2.1) Total GHG emissions per output scaling factor	N/A
				E2.2) Total non-GHG emissions per output scaling factor	
	GRI 302: Energy 2016	Living Environment	Energy Usage	E3.1) Total amount of energy directly consumed	52,456,326 kWh/year
				E3.2) Total amount of energy indirectly consumed	N/A
	GRI 302: Energy 2016	Living Environment	Energy Intensity	Total direct energy usage per output scaling factor	
	GRI 302: Energy 2016	Living Environment	Energy Mix	Percentage: Energy usage by generation type	100% from the National Grid
	GRI 303: Water and Effluents 2018	Living Environment	Water Usage	E6.1) Total amount of water consumed	30,225 m3/year

UN SDGs	GRI	Kuwait Vision	Metric	Calculation	KFH's Data
	GRI 303: Water and Effluents 2018	Living Environment	Water Usage	E6.2) Total amount of water reclaimed	Not Disclosed
	GRI 305: Waste 2020	Living Environment	Environmental Operations	E7.1) Does your company follow a formal Environmental Policy? Yes, no	Yes
E7.2) Does your company follow specific waste, water, energy, and/or recycling polices? Yes/No				Yes, Our ESG Policy include principles that have been set to guide KFH operationally.	
E7.3) Does your company use a recognized energy management system? Yes/No				No	
	GRI 102: General Disclosures 2016	Living Environment	Environmental Oversight	Does your Board/Management Team oversee and/or manage climate-related risks? Yes/No	Yes
				Does your Board/Management Team oversee and/or manage other sustainability issues? Yes/No	Yes
		Living Environment	Climate Risk Mitigation	Total amount invested, annually, in climate-related infrastructure, resilience, and product development?	N/A
Social					
	GRI 405: Diversity and Equal Opportunity 2016	Human Capital	Gender Pay Ratio	Ratio: Median male compensation to median female compensation	KFH doesn't disclose the ratio of gender compensation, however, KFH upholds equality and equity in compensation practices, regardless of gender.

UN SDGs	GRI	Kuwait Vision	Metric	Calculation	KFH's Data
	GRI 401: Employment 2016		Employee Turnover	S2.1) Percentage: Year-over-year change for full-time employees	voluntary turnover 6.98%
				S2.2) Percentage: Year-over-year change for part-time employees	No Part Time Employees
				"S2.3) Percentage: Year-over-year change for contractors and/or consultants	N/A
	GRI 102: General Disclosures 2016 GRI 405: Diversity and Equal Opportunity 2016 GRI 405: Diversity and Equal Opportunity 2016	Human Capital	Gender Diversity	S3.1) Percentage: Total enterprise headcount held by men and women	Percentage of Females: 22.5% Percentage of Males: 77.5%
				S3.2) Percentage: Entry- and mid-level positions held by men and women	-
				S3.3) Percentage: Senior- and executive-level positions held by men and women	-
	GRI 102: General Disclosures 2016 GRI 401- Employment 2016		Temporary Worker Ratio	S4.1) Percentage: Total enterprise headcount held by part-time employees	No Part Time Employees
				S4.2) Percentage: Total enterprise headcount held by contractors and/or consultants	N/A
	GRI 406: Nondiscrimination 2016	Public Administration	Non-Discrimination	Does your company follow a sexual harassment and/or non-discrimination policy? Yes/No	Yes

UN SDGs	GRI	Kuwait Vision	Metric	Calculation	KFH's Data
	GRI 406: Non-discrimination 2016		Non-Discrimination	Does your company follow a sexual harassment and/or non-discrimination policy? Yes/No	Yes
	GRI 403: Occupational Health and Safety 2018	Public Administration	Injury Rate	Percentage: Frequency of injury events relative to total workforce time	0
	GRI 103: Management Approach 2016*		Global Health & Safety	Does your company follow an occupational health and/or global health & safety policy? Yes/No	Yes
	GRI 408: Child Labor 2016	Economy	Child & Forced Labor	S8.1) Does your company follow a child and/or forced labor policy? Yes/No	Yes, in accordance to the national laws
				S8.2) If yes, does your child and/or forced labor policy also cover suppliers and vendors? Yes/No"	Yes, in accordance to the national laws and our supplier code of conduct
	GRI 412: Human Rights Assessment 2016	Public Administration	Human Rights	S9.1) Does your company follow a human rights policy? Yes/No	Yes, in accordance to the national laws
				S9.2) If yes, does your human rights policy also cover suppliers and vendors? Yes/No	Yes, in accordance to the national laws and our supplier code of conduct
	GRI 202: Market Presence 2016	Economy	Nationalization	S10.1) Percentage of national employees	81%
				S10.2) Direct and indirect local job creation	New hires in 2023 totaled 405.

UN SDGs	GRI	Kuwait Vision	Metric	Calculation	KFH's Data
Governance					
	GRI 405: Diversity and Equal Opportunity 2016	Public Administration	Board Diversity	G1.1) Percentage: Total board seats occupied by men and women	All Board members are currently men.
				G1.2) Percentage: Committee chairs occupied by men and women	All Committees chairs' are currently men.
	GRI 102: General Disclosures 2016		Board Independence	G2.1) Does your company prohibit its CEO from serving as board chair? Yes/No	Yes
				G2.2) Percentage: Total board seats occupied by independents	31% of the total Board are occupied by independent members.
	GRI 102: General Disclosures 2016		Incentivized Pay	Are executives formally incentivized to perform on sustainability? Yes/No	N/A
	GRI 102: General Disclosures 2016 GRI 407: Freedom of Association and-Collective Bargaining 2016	Public Administration	Collective Bargaining	Percentage: Total enterprise headcount covered by collective bargaining agreement(s)	KFH upholds workers' rights including freedom of association and collective bargaining.
	GRI 102: General Disclosures 2016		Supplier Code of Conduct	G5.1) Are your vendors or suppliers required to follow a Code of Conduct? Yes/ No	Yes
	GRI-414-Supplier Social Assessment 2016			G5.2) If yes, what percentage of your suppliers have formally certified their compliance with the code?	100%

UN SDGs	GRI	Kuwait Vision	Metric	Calculation	KFH's Data
	GRI 102: General Disclosures 2016		Ethics and Anti- Corruption	G6.1) Does your company follow an Ethics and/or Anti-Corruption policy? Yes/No	Yes
	GRI 205: Anti-Corruption 2016			G6.2) If yes, what percentage of your workforce has formally certified its compliance with the policy?	100%
	GRI 103: Management Approach 2016		Data Privacy	G7.1) Does your company follow a Data Privacy policy? Yes/No	Yes
	GRI 418: Customer Privacy 2016			G7.2) Has your company taken steps to comply with GDPR rules? Yes/No	Yes
			Sustainability Reporting	G8.1) Does your company publish a sustainability report? Yes/No	Yes
				G8.2) Is sustainability data included in your regulatory filings? Yes/No	Yes
			Disclosure Practices	G9.1) Does your company provide sustainability data to sustainability reporting frameworks? Yes/No	Yes
				G9.2) Does your company focus on specific UN Sustainable Development Goals (SDGs)? Yes/No	Yes
				G9.3) Does your company set targets and report progress on the UN SDGs? Yes/No	No
	GRI 102: General Disclosures 2016 GRI 103: Management Approach 2016 is to be used in combination with the topic specific standards		External Assurance (Recommended)	G10) Are your sustainability disclosures assured or validated by a third party? Yes/No	Yes

Assurance Statement

Independent Assurance Statement to Kuwait Finance House

FBRH Consultants Ltd (FBRH Consultants) was engaged by Kuwait Finance House to provide assurance in relation to the information set out below and presented in Kuwait Finance House's 2023 Sustainability Report (the Report) covering the period from 1st January 2023 until 31st December 2023. FBRH is totally independent from Kuwait Finance House and did not perform any other sustainability-related work during the above-mentioned period.

Engagement summary

Scope of our assurance engagement: Whether the 2023 information and data presented in Appendix I are fairly presented, in accordance with the reporting criteria.

Reporting criteria: The GRI Sustainability Reporting Standards (GRI Standards)

Assurance standard: ISAE3000

Assurance level: Limited assurance

Respective responsibilities: Kuwait Finance House is responsible for preparing the Report and for the collection and presentation of the information within it. FBRH Consultants' responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and exercising our professional judgement.

Our conclusions

Based on our activities, nothing has come to our attention to indicate that the 2023 information and data are not fairly presented in accordance with the reporting criteria. This GRI in Accordance Report does meet all the requirements of the GRI Standards.

Our assurance activities

We planned and performed our work to obtain all the information and explanations that we believe were necessary to provide a basis for our assurance conclusions. A multi-disciplinary team of sustainability and assurance specialists performed assurance procedures as follows:
A review of the presentation of information in the Report relevant to the scope of our work to ensure consistency with our findings.

The limitations of our engagement

The reliability of the assured information is subject to inherent uncertainties, given the available methods for determining, calculating or estimating the underlying information. It is important to understand our assurance conclusions in this context.



Simon Pitsillides MBA, FCIM, FIEMA
GRI Nominated Trainer, IEMA Trainer
GRI Certified Sustainability Professional
FBRH Consultants Ltd, London, UK

Appendix I: Scope of our assurance engagement

General Disclosures

Disclosure #	Disclosure Title
2-1	Organizational details
2-2	Entities included in the organization's sustainability reporting
2-3	Reporting period, frequency and contact point
2-4	Restatements of information
2-5	External assurance
2-6	Activities, value chain and other business relationships
2-7	Employees
2-8	Workers who are not employees
2-9	Governance structure and composition
2-10	Nomination and selection of the highest governance body
2-11	Chair of the highest governance body
2-12	Role of the highest governance body in overseeing the management of impacts
2-13	Delegation of responsibility for managing impacts
2-14	Role of the highest governance body in sustainability reporting
2-15	Conflicts of interest
2-16	Communication of critical concerns
2-17	Collective knowledge of the highest governance body
2-18	Evaluation of the performance of the highest governance body
2-19	Remuneration policies
2-20	Process to determine remuneration
2-21	Annual total compensation ratio
2-22	Statement on sustainable development strategy
2-23	Policy commitments
2-24	Embedding policy commitments
2-25	Processes to remediate negative impacts
2-26	Mechanisms for seeking advice and raising concerns
2-27	Compliance with laws and regulations
2-28	Membership associations
2-29	Approach to stakeholder engagement
2-30	Collective bargaining agreements

Requirements	Title
GRI 1	Foundation 2021

Disclosures	Disclosure Title
3-1	Process to determine material topics
3-2	List of material topics
3-3	Management of material topics

Topic-Specific Disclosures

Disclosure #	Disclosure Title
GRI 201	Economic Performance 2016 GRI 201-1 Direct economic value generated and distributed
GRI 203	Indirect Economic Impacts 2016 203-1 Infrastructure investments and services supported
GRI 204	Procurement Practices 2016 204-1 Proportion of spending on local suppliers
GRI 205	Anti-corruption 2016 205-1 Operations assessed for risks related to corruption 205-2 Communication and training about anticorruption policies and procedures 205-3 Confirmed incidents of corruption and action taken
GRI 206	Anti-competitive Behavior 2016 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices
GRI 302	Energy 2016 302-1 Energy consumption within the organization 302-4 Reduction of energy consumption

Topic-Specific Disclosures (cont.)

Disclosure #	Disclosure Title
GRI 303	Water and Effluents 2018 303-5 Water consumption Water Consumption
GRI 304	Biodiversity 2016 304-2 Significant impacts of activities, products and services on biodiversity
GRI 305	Emissions 2016 305-1 Direct (Scope 1) GHG emissions 305-2 Energy indirect (Scope 2) GHG GHG Emissions emissions 305-5 Reduction of GHG emissions GHG Emissions
GRI 401	Employment 2016 401-1 New employee hires and employee turnover 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees 401-3 Parental leave Employees' Benefits and Privileges from
GRI 403	Occupational Health and Safety 2018 403-6 Promotion of worker health Health and Safety
GRI 404	Training and Education 2016 404-1 Average hours of training per year per employee 404-2 Programs for upgrading employee skills and transition
GRI 405	Diversity and Equal Opportunity 2016 405-1 Diversity of governance bodies and employees
GRI 406	Non-discrimination 2016 406-1 Incidents of discrimination and corrective actions taken
GRI 408	Child Labor 2016 408-1 Operations and suppliers at significant risk for incidents of child labor
GRI 409	Forced or Compulsory Labor 2016 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor
GRI 413	Local Communities 2016 413-1 Operations with local community engagement, impact assessments, and development programs
GRI 417	Marketing and Labeling 2016 417-2 Incidents of non-compliance concerning product and service information and labeling
GRI 418	Customer Privacy 2016 418-1 Substantiated complaints concerning breaches of Customer privacy and losses of customer data

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