# Sustainability **Report 2025**

Kuwait Finance House (K.S.C.P)

بيت التمويل الكويتي
KFH

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# Report Parameters

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 sixth Annual Sustainability Report and has been developed with consideration of stakeholder engagement. The Report covers the period from January 1, 2025, to December 31, 2025, 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 relevant and additional explanation to the activities of the reporting period.

## Referenced Reporting Guideline

The Report is prepared in accordance with the Global Reporting Initiative (GRI) Standards, aligned with the International Integrated Reporting Council (IIRC) Integrated Reporting Framework, and the Sustainability Accounting Standards Board (SASB) standards. Following the 2024 Sustainability Report, KFH continued its transition toward adopting the Integrated Reporting (IR) Framework.

## Date of Previous Sustainability Reports

The first Sustainability Report prepared in accordance to the GRI Standards: Core Options was published in 2021. Since then, we have continued to publish annual sustainability reports, maintaining our commitment to transparency and accountability.

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 |
|---|---|
| **AFAQ** | A regional payment platform that enables instant cross-border fund transfers between participating banks in GCC countries, enhancing financial connectivity and transaction efficiency. |
| **Average Intensity Value** | Intensity calculated by measuring the GHG emission intensity (e.g., per area or per employee) for each branch and then taking the average across all branches to provide an overall performance indicator. |
| **Contractors** | Individuals who perform work for the Bank but are not employees, and whose work is controlled by the Bank. |
| **Ecoinvent Database** | A global life cycle inventory database that provides standardized emissions data used to estimate the carbon footprint of products, processes, and services. |
| **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. |
| **Geopolitical** | Matters related to politics, especially international relations, as influenced by geography, including factors such as location, natural resources, borders and global power dynamics. |
| **Gharar** | Refers to the presence of uncertainty in a business transaction or contract. |
| **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 Shari'a-compliant sale contract in which the seller discloses the cost of the asset and sells it to the buyer at an agreed profit margin, usually with deferred payment terms. |
| **Mustahab** | Favorable or encouraged. |
| **Qard Hasan** | An interest-free loan. |
| **Sadu House** | AlSadu Society. |
| **Shari'a** | A group of rulings as prescribed by Allah to organize the life of individuals in two directions; their relation with Allah and their relations with others. |

## Glossary

| Term | Definition |
|---|---|
| **Sukuk** | Shari'a-compliant certificates representing ownership or beneficial interest in underlying assets, usufruct, services, projects, or investments. |
| **T360 system** | An integrated digital banking platform used to manage core banking operations and customer services efficiently in one system. |
| **Takaful** | Islamic insurance based on mutual guarantee and cooperation. |
| **Tawarruq** | A financing arrangement where a customer receives cash at the end of it for their own needs through a series of sale transactions. |
| **The arm's length principle** | An international standard for transfer pricing that requires transactions between related parties (such as parent and its subsidiary), to be priced and conducted under terms and conditions that would be agreed upon by independent, unrelated parties in comparable circumstances. |
| **Umrah** | Umrah is an Islamic pilgrimage to the Holy City of Mecca, performed by Muslims, which can be undertaken at any time of the year. |
| **Usury** | The lending of money with an interest charge for its use. |
| **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. |

## Abbreviation

| Term | Definition |
|---|---|
| **AAOIFI** | Accounting and Auditing Organization for Islamic Financial Institutions |
| **AI** | Artificial Intelligence |
| **AML** | Anti-Money Laundering |
| **AOC** | Attestation of Compliance |
| **AR6** | Sixth Assessment Report |
| **ATM** | Automated Teller Machine |
| **AUB** | Ahli United Bank Group |
| **BACC** | Board Audit and Compliance Committee |
| **BCM** | Business Continuity Management |
| **BCMS** | Business Continuity Management System |
| **BEC** | Board Executive Committee |
| **BGSC** | Board Governance and Sustainability Committee |
| **BIA / BIAs** | Business Impact Analysis / Business Impact Analyses |
| **BIC** | Board Investment Committee |

## Abbreviation

| Term | Definition |
|---|---|
| **BNPL** | Buy Now Pay Later |
| **BNRC** | Board Nomination and Remuneration Committee |
| **BoD** | Board of Directors |
| **BRC** | Board Risk Committee |
| **CBK** | Central Bank of Kuwait |
| **CIBAFI** | General Council for Islamic Banks and Financial Institutions |
| **CMA** | Capital Market Authority |
| **CRO** | Chief Risk Officer |
| **CSR** | Corporate Social Responsibility |
| **CSV** | Corporate Shared Value |
| **CX** | Customer Experience |
| **CX Index** | Customer Experience Index |
| **DTI** | Digital Transformation and Innovation |
| **EDR** | Endpoint Detection and Response |
| **EESG** | Economic, Environmental, Social, and Governance |
| **EF / EFs** | Emission Factor(s) |
| **ERM** | Enterprise Risk Management |
| **ESDD** | Environmental and Social Due Diligence |
| **ESG** | Environmental, Social, and Governance |
| **ESRM** | Environmental and Social Risk Management |
| **E&S** | Environmental and Social |
| **ETR** | Effective Tax Rate |
| **FI** | Financial Institution |
| **FinTech** | Financial Technology |
| **FSSB** | Fatwa and Shari'a Supervisory Board |
| **FTE** | Full-Time Employee |
| **GCEO** | Group Chief Executive Officer |
| **GHG** | Greenhouse Gas |
| **GRI** | Global Reporting Initiative |
| **GSAS** | Global Sustainability Assessment System |
| **GUST** | Gulf University for Science and Technology |
| **GWP** | Global Warming Potential |

## Abbreviation

| Term | Definition |
|---|---|
| **H.E** | His Excellency |
| **HR** | Human Resources |
| **HQLA** | High-Quality Liquid Assets |
| **ICAAP** | Internal Capital Adequacy Assessment Process |
| **IFN** | Islamic Finance News |
| **IPCC** | Intergovernmental Panel on Climate Change |
| **IIRC** | International Integrated Reporting Council |
| **IR** | Integrated Reporting |
| **IPO** | Initial Public Offerings |
| **iPOS** | Integrated Point of Sale |
| **KBA** | Kuwait Banking Association |
| **KD** | Kuwaiti Dinar |
| **KFAS** | Kuwait Foundation for the Advancement of Sciences |
| **KFH** | Kuwait Finance House |
| **KIA** | Kuwait Investment Authority |
| **KIBS** | Kuwait Institute of Banking Studies |
| **KNF** | Kuwait National Fund |
| **KPIs** | Key Performance Indicators |
| **K.S.C.P** | Kuwaiti Shareholding Company (Public) |
| **LEED** | Leadership in Energy and Environmental Design |
| **LED** | Light-Emitting Diode |
| **LG** | Letter of Guarantee |
| **MNE** | Multinational Enterprise |
| **MOCI** | Ministry of Commerce and Industry |
| **MoI** | Ministry of Interior |
| **MoU** | Memorandum of Understanding |
| **MSCI** | Morgan Stanley Capital International |
| **MSMEs** | Micro, Small, and Medium Enterprises |
| **NFR** | Non-Financial Risk |
| **NGOs** | Non-Governmental Organizations |
| **NPF** | Non-Performing Financing |
| **OTP** | One-Time Password |

## Abbreviation

| Term | Definition |
|---|---|
| **PACI** | Public Authority for Civil Information |
| **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 |
| **PMS** | Printing Management System |
| **POS** | Point of Sale |
| **PWM** | Professional Wealth Management |
| **RMC** | Risk Management Committee |
| **ROC** | Report on Compliance |
| **RPA** | Robotic Process Automation |
| **SASB** | Sustainability Accounting Standards Board |
| **SBLC** | Standby Letter of Credit |
| **SME** | Small and Medium Enterprise |
| **STEM** | Science, Technology, Engineering, and Mathematics |
| **TCFD** | Task Force on Climate-related Financial Disclosures |
| **TRA/RTP** | Technology Recovery Architecture / Recovery Time Plan |
| **$tCO_2e$** | Tonnes of Carbon Dioxide Equivalent |
| **UN** | United Nations |
| **UNCCD** | United Nations Convention to Combat Desertification |
| **UNESCO** | United Nations Educational, Scientific, and Cultural Organization |
| **UN SDGs** | UN Sustainable Development Goals |
| **UNFCCC** | United Nations Framework Convention on Climate Change |
| **UNDP** | United Nations Development Programme |
| **USD** | United States Dollars |
| **VPOS** | Virtual Point of Sale |
| **XTM** | eXtended Teller Machine |

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# Chairman Message

**Hamad Abdulmohsen AlMarzouq**
Chairman



## A Continued Dedication to Sustainable Islamic Banking

Building on the strong foundations established in previous years, 2025 marked a year of consolidation, resilience, and strategic progress for Kuwait Finance House (KFH).

The Group continued to strengthen its governance frameworks, enhance operational efficiency, and leverage synergies across its regional and international presence. This progress was further recognized in 2025 through prestigious international and regional accolades, including being named World's Best Islamic Bank 2025, Bank of the Year – Kuwait 2025, recognizing excellence in financial performance, innovation, and customer-centric growth. In 2025, KFH reinforced its financial strength and sustained its position as the largest private sector institution in Kuwait by market capitalization, while supporting our long-term ambition to rank among the world's top 100 banks. Sustainability remains a fundamental pillar of KFH and is fully aligned with our mission, values, Kuwait Vision 2035, and the United Nations Sustainable Development Goals (SDGs). In 2025, we continued to advance an integrated sustainability approach encompassing economic, environmental, social, and governance dimensions, supported by robust oversight from the Board-level Governance and Sustainability Committee and dedicated sustainability functions across the Group.

## Strengthening Governance and Risk Management

KFH's proactive approach to sustainable banking is grounded in strong governance and prudent risk management. Throughout 2025, the Group continued to enhance its governance framework by integrating risk systems, adopting international best practices, and maintaining transparency and accountability. These efforts supported sustained confidence from international credit rating agencies and reinforced the resilience of the Group's asset quality and financial performance. In parallel, KFH has established structured systems and processes to embed environmental, social, and governance (ESG) considerations within its corporate financing activities, ensuring alignment with Shari'a principles and international sustainability standards.

## Digital Transformation as a Driver of Sustainable Growth

Digital transformation continued to be a key enabler of sustainable growth in 2025. Guided by our vision of digital leadership, KFH further expanded its digital banking capabilities, automation initiatives, and customer-centric solutions, enhancing operational efficiency, improving customer experience, and contributing to responsible resource utilization. During the year, KFH achieved a significant milestone in its digital transformation journey by expanding its digital ecosystem to deliver more than 200 services online, enabling end-to-end digital banking solutions and reinforcing financial inclusion across multiple markets. These efforts were supported by the integration of advanced technologies, automation, and strengthened digital governance, positioning KFH as a regional leader in digital Islamic banking.

## Advancing Financial Inclusion and Human Capital Development

Financial inclusion and human capital development remain central to our sustainability agenda. Operating across multiple markets, KFH continued to serve diverse communities by providing inclusive financial solutions, supporting small and medium-sized enterprises, and investing in national talent. In parallel, we strengthened our adherence to diversity, inclusion, and women's empowerment by fostering a supportive work environment that enables professional growth, leadership development, and equal opportunities. These efforts were complemented by a continued focus on cultivating a culture of innovation across the Group, with employee-driven initiatives witnessing substantial growth and reflecting a strong organizational shift toward creativity, agility, and continuous improvement.

## Environmental Stewardship and Green Finance

Environmental responsibility remains a priority for the Group. In 2025, KFH continued to advance its environmental initiatives, building on the momentum of its carbon footprint reporting and green finance programs. The Bank maintained its focus on promoting Shari'a-compliant sustainable finance solutions, supporting climate-related initiatives, and aligning its operations with global efforts to address climate change and environmental challenges.

## Social Responsibility and Community Impact

KFH also reaffirmed its role through impactful social responsibility initiatives. Our programs in education, health, youth empowerment, environmental preservation, and support for vulnerable groups reflect the values of solidarity, giving, and Takaful that underpin Islamic finance values. Through strategic partnerships with public and private sector entities, KFH continues to deliver long-term value and positive impact across the communities it serves.

As we look ahead, we remain confident in KFH's ability to navigate evolving economic and sustainability challenges while creating shared value for our shareholders, customers, employees, and society at large. Our sustainability journey is a continuous one, guided by clear governance, innovation, and an unwavering prioritization of responsible banking.

In closing, I extend my sincere appreciation to my fellow Board Members for their guidance and support, to the Executive Management and all KFH employees for their dedication and professionalism, and to our valued shareholders and customers for their continued trust and confidence. Together, we move forward into 2026 with determination to further strengthen KFH's leadership in sustainable Islamic banking.

# Group Chief Executive Officer Message

**Khaled Al-Shamlan**
Group Chief Executive Officer



At KFH, sustainability continues to serve as a central driver of our strategy and day-to-day operations. We remain committed to building a resilient, future-ready banking model by embedding ESG considerations across our business, while maintaining full alignment with Shari'a principles. This report reflects our ongoing efforts to translate our sustainability priorities into measurable action and tangible impact.

As we present the Sustainability Report for 2025, we reaffirm our determination to advance responsible banking practices that support long-term economic growth, social development, and environmental stewardship. Our approach to sustainability is guided by a clear framework that balances value creation for our stakeholders with our responsibility toward the communities and markets we serve, in line with the UN SDGs.

## Advancing a Sustainable Banking Model

Sustainability at KFH is underpinned by a comprehensive strategy that integrates economic, environmental, social, and governance objectives. In 2025, we continued to embed ESG considerations across our core banking activities, including corporate financing, risk management, and investment decision-making. By aligning our financing activities with Shari'a and international sustainability standards, we aim to ensure that capital is deployed responsibly and contributes to sustainable development outcomes.

Our dedication to supporting the transition toward a low-carbon economy remains a priority across the Group's operations. We continued to advance green finance solutions, promote environmentally responsible practices, and strengthen partnerships with local and international institutions to support climate action and environmental preservation initiatives.

## Digital Transformation and Innovation

Digital transformation remains a cornerstone of KFH's sustainability journey and a key enabler of operational excellence. In 2025, we continued to expand our digital capabilities by enhancing online banking services, automating processes, and integrating advanced technologies to improve efficiency and customer experience. These initiatives enabled us to deliver seamless, end-to-end digital solutions while supporting financial inclusion and reducing reliance on physical processes. Our customers performed more than 600 million e-transactions during 2025, reflecting KFH's leadership in providing future-proof banking solutions. Innovation is not limited to technology alone. We continued to foster a culture that encourages creativity, agility, and continuous improvement across the organization. By empowering our employees and strengthening collaboration with FinTech partners, startups, and SMEs, KFH remains well-positioned to adapt to evolving customer needs and industry trends.

## Investing in People and Inclusion

Our people remain at the heart of KFH's success. In 2025, we continued to invest in human capital development by promoting diversity, inclusion, and equal opportunity across the Group. We maintained our focus on empowering women, developing national talent, and creating a supportive work environment that enables professional growth and leadership development. KFH secured nine global awards for human resources excellence, underscoring its leadership in talent development and organizational capability. We also continue to strengthen sustainability awareness and build organizational capabilities through targeted training and knowledge-sharing initiatives, ensuring that our employees are well-equipped to contribute effectively to KFH's long-term sustainability objectives.

## Looking Ahead

As we look to the future, we remain focused on accelerating the integration of sustainability into our operations, products, and services. Our priorities include strengthening ESG performance, expanding sustainable finance offerings, advancing digital innovation, and continuing to deliver positive social impact across the communities we serve.

In closing, I would like to extend my sincere appreciation to the Board of Directors for their guidance and oversight, to our employees for their dedication, and to our shareholders and customers for their continued trust and confidence. Together, we will continue to build a resilient, inclusive, and sustainable future for KFH.

# About this Report

KFH's Sustainability Report 2025 is the sixth 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 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.

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 sustainability 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 ESG performance, initiatives toward creating positive social and environmental impacts, to support the 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.

# 2025 EESG Highlights

## Economics

| | |
|---|---|
| **KD 1,833.3M** *in total operating income, a 8.3% increase compared to 2024* | **KD 632.1M** *in net profit attributable to shareholders, a 5% increase compared to 2024* |

## Environmental

| | |
|---|---|
| **KD 376M (USD 1.221B)** *in Sustainability and Green Sukuk Investment, a 30.66% increase compared to 2024* | **5 Branches** *with LEED Gold Certification, a 400% increase compared to 2024* |
| **85%** *of the credit cards issued were made from recycled plastic, a 66.67% increase compared to 2024* | **11** *KFH Go Digital Branches* |

## Governance

| | |
|---|---|
| **100%** *of Board members are Non-Executive Directors* | **29%** *of Board members are Independent Directors* |
| **7%** *female representation on the Board* | **100%** *of employees completed anti-corruption training* |

## Social

| | |
|---|---|
| **82%** *Customer Experience Index, a 8.03% increase compared to 2024* | **37%** *of KFH's retail finance portfolio was extended to female clients, a 5.13% decrease compared to 2024* |
| **24.05%** *female participation in the workforce, a 1.84% decrease compared to 2024* | **17%** *of management roles in revenue-generating functions are held by female employees, a 22.30% increase compared to 2024* |
| **260** *people with disabilities employed across KFH Group, a 6.56% increase compared to 2024* | **22%** *of employees are under the age of 30, a 14.73% decrease compared to 2024* |
| **26.1** *average training hours per employee, a 27.44% decrease compared to 2024* | **5.09%** *voluntary turnover rate, reflecting stronger employee retention, with a 7.62% decrease compared to 2024* |
| **90.46%** *of total procurement spending is directed to local suppliers, a 1.99% decrease compared to 2024* | |

# About KFH

## A Continuous Pursuit of Islamic Finance Leadership

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 Kuwait. Offering a comprehensive range of Shari'a-compliant products and services, we cater to various needs, including real estate, trade finance, investment portfolios, commercial, retail, and corporate banking.

Throughout our journey, KFH is committed to upholding the principles of Islamic finance and serving as a pioneer of Islamic banking practices. KFH's legacy as a leading Islamic financial institution continues to shape the industry and inspire excellence in the world of finance.

## Vision, Mission, and Values

### Vision

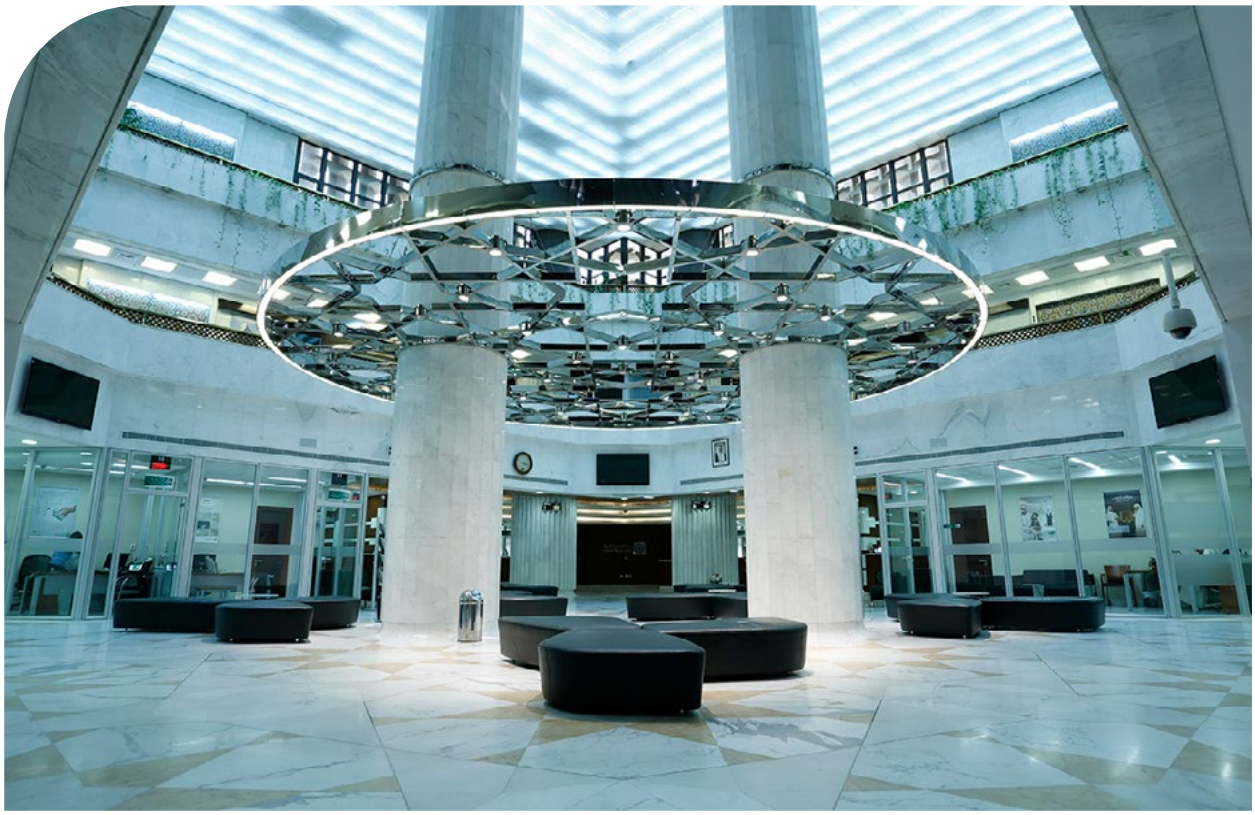
To lead the international development of Islamic financial services and become one of the most trusted and sustainably most technologically advanced Shari'a-compliant bank in the world.

### Mission

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

### Values

- Leadership
- Accountability
- Partnership



## Sustainability in KFH's Core Values: The Role of Shari'a Principles in Advancing Sustainability

Understanding Shari'a principles in banking and finance is essential from a sustainability standpoint. These principles are grounded in fairness, ensuring justice for all stakeholders.

Islamic finance is not solely about religious adherence; it is inherently connected to advancing social justice, economic well-being, and environmental sustainability, including the preservation of biodiversity. These values can be considered to align closely with the goals and targets of the UN SDGs.

Islamic finance encourages profit-and-loss sharing through equity-based and asset-backed structures. This model fosters a culture rooted in shared risk and reward, offering a distinctive and sustainable value proposition for society at large.

To fully appreciate the societal and economic benefits of Islamic finance, it is important to understand the following key aspects:

| | |
|---|---|
| 1. | **Foundations of Shari'a-compliant banking** |
| 2. | **The role and perception of money in Islamic finance** |
| 3. | **Treatment of time value in financial transactions** |
| 4. | **Prohibited practices under Shari'a guidelines** |

## Shari'a Compliance in Banking

Shari'a provides a comprehensive framework governing personal conduct and business interactions (Mu'amalat). Shari'a rulings on transactions are classified into five categories: obligatory (Wajeb), favourable (Mustahab), permissible (Mobah), undesired (Makrooh), and forbidden (Haram). Banking products and services are reviewed accordingly to ensure Shari'a compliance.

This framework includes specific inclusion and exclusion criteria designed to uphold ethical, responsible, and sustainable practices derived from Shari'a principles.

KFH actively excludes involvement in sectors deemed non-compliant with Shari'a, such as controversial weapons, gambling, alcohol, and other unethical industries.

## The Perception of Money

A cornerstone of Islamic finance is its unique view of money: it serves as a medium for exchanging goods and assets. Consequently, money itself cannot generate profit; instead, profit must come from the trade of tangible assets and services. This view encourages risk-sharing and tangible economic activity, creating an inclusive and supportive environment for our clients, specially SME, startups, and individuals transitioning into the formal financial system.

## Time Value in Islamic Finance

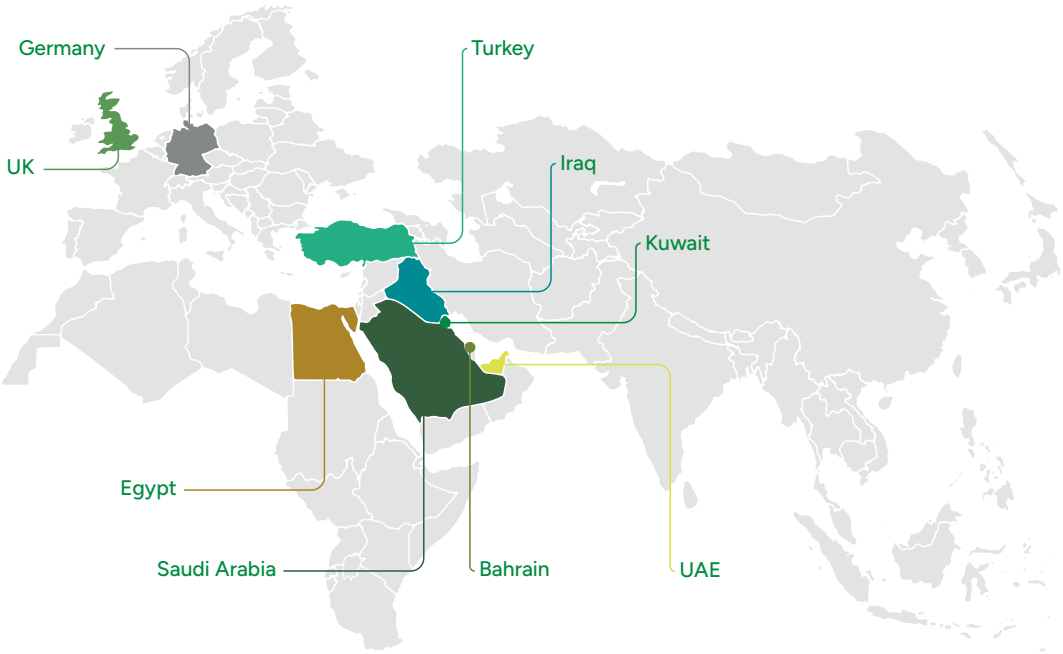
Islamic finance understands the time value of money in conventional finance, However, it is allowed in the context of credit sales, where goods may be sold at a higher price on deferred payment terms but charging interest on overdue payments is strictly prohibited, as it constitutes usury.

## 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 non-compliant with Shari'a principles 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 promoting financial disclosure are essential to KFH's commitment to financial inclusion. This ensures transparency in all product and service offerings.

## Global Reach



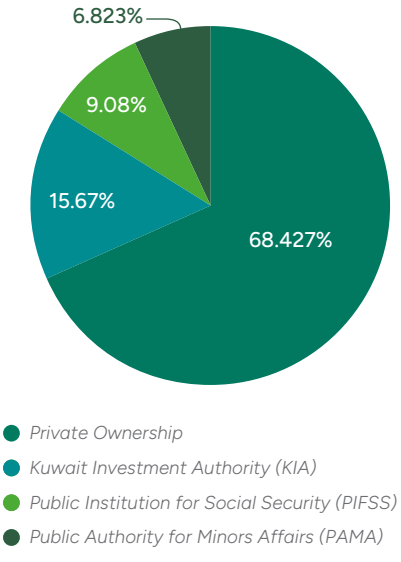

With international presence in three key regions, the Middle East, Europe, and Asia; we aim to lead the Islamic finance sector. By leveraging our extensive network and expertise in these regions and adhering to Islamic banking and finance principles, we strive to contribute to the well-being of individuals, businesses, and communities. With over 600 branches, 1,800 ATMs, and over 17,500 employees, we aim to positively impact the global financial landscape.

### Table 1: Ownership and Major Shareholders

| Full Name | Percentage |
|---|---|
| **Private Ownership** | 68.427% |
| **Kuwait Investment Authority (KIA)** | 15.67% |
| **Public Institution for Social Security (PIFSS)** | 9.08% |
| **Public Authority for Minors Affairs (PAMA)** | 6.823% |

*Table 1: Ownership and Major Shareholders presents the ownership stakes of shareholders holding 5% or more of the Bank.*

Figure 1: Ownership and Major Shareholders



# Leadership in Action: Ratings and Recognitions

## Ratings

| Fitch Ratings | Moody's | MSCI ESG Ratings | Sustainalytics |
|---|---|---|---|
| *Long-Term Issuer Default Rating A*<br>*Short-Term Issuer Default Rating F1*<br>*STABLE Outlook 24 November 2025* | *LT FC Bank Deposits Rating A2*<br>*ST FC Bank Deposits Rating P-1*<br>*STABLE Outlook 18 February 2025* | *As of 2025, the company holds an ESG rating of A from MSCI* | *ESG Risk Rating: 24.5*<br>*Medium Risk* |

**KFH received 58 Awards in 2025**

### Global Finance

1. *World's Best Islamic Bank*
2. *World's Best Islamic Retail Bank*
3. *World's Best Islamic SME Bank*
4. *World's Best Takaful Provider*
5. *World's Best Islamic Project Finance Provider*
6. *Best Islamic Bank in the Middle East*
7. *Best Islamic Bank in Turkiye (Kuveyt Turk)*
8. *Best Islamic Bank in Kingdom of Bahrain (KFH Bahrain)*
9. *Best Bank in Kingdom of Bahrain (KFH Bahrain)*
10. *Best Investment Bank in Frontier Markets*
11. *Best Investment Bank in Kuwait*
12. *Best Bank for Financial Institutions in the Middle East for 2025*

### The Banker

1. *Bank of The Year 2025*
2. *1st for Best Performing Bank in Kuwait (Top 1000 Global Banks Rankings 2025)*

### Euromoney

1. *The Middle East's Best Islamic Bank*
2. *Kuwait's Best Islamic Bank*
3. *Kuwait's Best Bank*
4. *Kuwait's Best Bank for SME's*
5. *Kuwait's Best Investment Bank (KFH Capital)*
6. *The Middle East's Best Bank Transformation*
7. *Bahrain's Best Islamic Bank*
8. *Bahrain's Best Digital Bank for Corporate*

### EMEA Finance

1. *Best Islamic Bank in the Middle East*
2. *Best Bank in Kuwait*
3. *Best Islamic Bank in Kuwait*
4. *Sustainability Award-Middle East Level*

### Islamic Finance News (IFN)

1. *Best Islamic Bank in Kuwait*
2. *Best Islamic Corporate Bank in Kuwait*
3. *Best Islamic Retail Bank in Kuwait*
4. *Most Innovative Islamic Bank in Kuwait*
5. *Best Islamic Investment Bank in Kuwait*
6. *Best New Islamic Bank Award (UK)*

### Global Private Banker Magazine

1. *Best Islamic Private Bank-Digital Innovation 2025*

### MEED MENA

1. *Best Investment Bank in Kuwait*
2. *MENA's Most Innovative Private Bank for 2025*

### Brandon Hall

1. *Best High Potential Development (Gold)*
2. *Best New Hire Onboarding Program (Gold)*
3. *Best Unique or Innovative Learning and Development Program (Gold)*
4. *Best Talent Acquisition Process (Silver)*
5. *Best Learning Experience Platform-LXP Implementation (Silver)*
6. *Best Talent Management Strategy (Silver)*
7. *Best Certification Program (Silver)*
8. *Best Governance model for Talent Management (Bronze)*
9. *Best Certification Program (KFH-EGYPT) (Gold)*

### Forbes

1. *(KFH Group CEO Khaled AlShamlan) The Middle East's Sustainability Leaders 2025*
2. *Most Sustainable Projects in the Middle East 2025*
3. *KFH Ranked at the top of the list of the Largest Companies Listed in Boursa Kuwait for 2025*
4. *(KFH Group CEO Khaled AlShamlan) One of the Top CEO's in the Middle East for 2025*

### Professional Wealth Management (PWM) magazine

1. *Best Private Bank for Islamic Services-Middle East*

### Microsoft AI Summit

1. *AI Excellence Award*

### VISA

1. *Best-in-Class CIF Growth in Kuwait*
2. *Best-in-Class Commercial Card Volume Growth in Kuwait*
3. *Best-in-Class Cross Border Ecomm Growth in Kuwait*

### GC Powerlist Kuwait 2025

1. *Most Influential Legal Institutions (KFH Legal Department)*
2. *Certificate of Excellence (GCLO)*
3. *Recognized Legal Professional*

### ISO Certificates

1. *Quality and Facilities Management*
2. *ISO 22301 Business Continuity Management System (BCMS)*

### Kuwait Builders Summit (KBS)

1. *Banking Excellence Award*

01.

# Strategic Sustainability Approach



# Sustainability Governance

Governance is a cornerstone of our dedication to sustainability, a "Core Value." 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 2025, 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 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 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.

# 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, promoting green products and sustainable operations within the environmental pillar, and maintaining a well established governance structure that integrates both corporate governance and Shari'a governance, ensuring transparency, accountability, and effective risk management across 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, people, and organizational capacity. This integration ensures that sustainability is seamlessly embedded in our strategic framework.



## Table 2: National and International Sustainability Alignment

| KFH Sustainability Strategy Pillars | Kuwait Vision 2035 Pillars | UN Sustainable Development Goals | KFH's Management Approach |
|---|---|---|---|
| **Economic Pillar** | Sustainable Diversified Economy |  ***Goal 8: Decent Work and Economic Growth*** | In line with our Islamic banking values, KFH offers customers green financing solutions.<br><br>Additionally, KFH provides financial support to initiatives that further sustainable development. KFH also actively supports local micro, small, and medium enterprises (MSMEs) and start-ups to stimulate the local economy. |
| **Social Pillar** | Creative Human Capital<br><br>High-Quality Healthcare |  ***Goal 1: No Poverty***<br> ***Goal 2: Zero Hunger***<br> ***Goal 3: Good Health and Well-being***<br> ***Goal 4: Quality Education***<br> ***Goal 5: Gender Equality***<br> ***Goal 10: Reduced Inequalities*** | KFH places significant emphasis on developing the skills and capabilities of employees as a core component of the continuous growth strategy.<br><br>This led to a notable increase in training hours, enhancing the Bank's overall efficiency and performance.<br><br>KFH also focus on fostering innovation to improve both internal and external operations through a digital transformation strategy, leveraging financial technology (FinTech).<br><br>KFH is committed to building strong relationships with the community and stakeholders through various social initiatives. |
| **Environmental Pillar** | Sustainable Living Environment |  ***Goal 7: Affordable and Clean Energy***<br> ***Goal 13: Climate Action***<br> ***Goal 14: Below Water***<br> ***Goal 15: Life on Land*** | KFH developed comprehensive plans to reduce carbon emissions and mitigate greenhouse gases, including a detailed roadmap for identifying GHG inventories, reducing emissions, and promoting sustainable development.<br><br>KFH demonstrated this commitment through the release of the first Carbon Footprint Report for 2022 and remains committed to strengthening environmental performance, reducing consumption, and advancing sustainable practices across services, products, and operations. |
| **Governance Pillar** | Effective Public Administration |  ***Goal 16: Peace, justice and strong institutions*** | KFH maintains a strong commitment to governance rooted in Islamic principles to deliver value to shareholders and foster trust and confidence in the Bank.<br><br>KFH continuously enhances and strengthens policies to effectively monitor and manage governance frameworks. |

# 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 one of the most trusted and sustainable Shari'a-compliant bank globally.

KFH acknowledges the significance of ESG in creating long-term value for stakeholders and aims to create positive ESG impact while offering diverse range of products and services. The Policy sets objectives that emphasize the integration of ESG with core business strategies while ensuring compliance with Kuwaiti laws, 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, and maintaining robust corporate governance.

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 employee and stakeholders, allocating resources for ESG training, and maintaining transparency in dealings with stakeholders.

**KFH is currently working on developing a Group-level ESG Policy.**

# ESG Plan

Our ESG Plan establishes a long-term roadmap toward achieving carbon neutrality in 2060, in alignment with the State of Kuwait's direction on carbon neutrality. The plan is anchored in three pillars: Environmental Practices, Social Practices, and Governance Practices. While the plan addresses a broad range of ESG practices, it prioritizes the achievement of carbon neutrality by 2060.

KFH defines carbon neutrality as balancing carbon emissions resulting from the Bank's operational activities within Scope 1 (direct emissions) and Scope 2 (indirect emissions from purchased electricity). This commitment is pursued through two integrated tracks:

- **Operational emission reductions** led by the General Services Department.
- **Carbon offsetting of residual emissions** coordinated by the Public Relations and Media Department through certified environmental initiatives.

To achieve this objective, KFH has set 2024 as the baseline year for Scope 1 and Scope 2 emissions and developed a structured five-year roadmap (2025– 2030) to guide implementation.

KFH continues to implement operational measures to reduce Scope 1 and Scope 2 emissions across its facilities and energy use, representing an early phase in the Bank's broader journey toward achieving carbon neutrality by 2060 as Kuwait's national target.

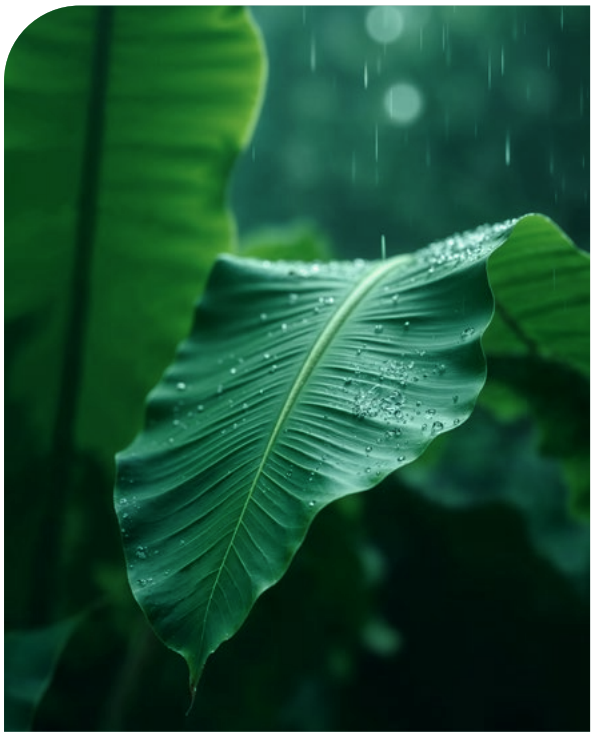
Supporting this carbon neutrality pathway, KFH will also strengthen environmental performance across its operations. Waste management efforts will focus on increasing the recycling of plastic, paper, and metal waste through the establishment of baselines, deployment of waste segregation systems, installation of recycling points, and enhanced reporting mechanisms. In parallel, sustainable building initiatives will drive further improvements through energy and water monitoring, LED lighting upgrades, water efficiency measures, air conditioning optimization, and broader operational enhancements.

By Year 5, sustainable building practices are expected to be integrated across 50% of branches.

Beyond environmental priorities, the ESG Plan advances key social objectives. Retail Banking will continue strengthening its Green Housing Finance offering, while Corporate Banking will further integrate ESG considerations into financing activities, embed ESG factors into credit assessments, and support SMEs in adopting sustainable practices. Financial inclusion and digital enablement remain central, with initiatives to expand access to digital services for underserved segments, enhance youth-focused solutions, and promote virtual-first card issuance, targeting digital wallet transactions to reach 60% over the next five years.

On the human capital front, KFH will promote workforce diversity employee wellbeing and increase women's participation in leadership and implementing an integrated mental health and wellbeing framework.

The ESG Plan is further supported by strengthened ESG governance, including enhanced risk integration, executive accountability through a plan to embedding the ESG performance into the executives incentives, and strategic global partnerships—reflecting a structured commitment to environmental responsibility, social value creation, and robust governance.



# Environmental and Social Risk Management (ESRM)

KFH has seamlessly integrated a range of environmental and social (E&S), including climate risk, to identify, assess, and monitor environmental and social risks arising from its financing activities. This framework forms part of the Bank's broader enterprise risk management approach and is designed to support the progressive integration of ESG considerations into credit risk management. KFH aligns with international ESG and climate-related risk management practices, including the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), reflecting the evolving nature of ESG regulatory requirements in Kuwait.

Currently, KFH is in the second phase, which involves the testing and implementation of the ESRM framework.

The framework currently focuses on:

- Identification of ESG and climate-related risks at portfolio and sector levels.
- Assessment of transition and physical climate risks using industry-based metrics and exposure analysis.
- Monitoring of ESG risk concentrations to support portfolio oversight and strategic decision-making.

The scope of these systems currently covers corporate and project financing activities at the group level and is applied on a portfolio-wide basis.

## E&S Risk Screening and Monitoring Procedure

KFH is developing a process in which the financial institution (FI) screens a proposed investment to determine if it will proceed with it. 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 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**

### High-Risk Investment

An in-depth assessment of the environmental, climate, and social requirements is necessary for "high-risk" investments to fully understand the potential environmental and social risks associated with the company's operations. This requires a site visit, and depending on the complexity of the company's operations and industry sector, the FI should retain the services of an external expert.

### Medium-Risk Investment

An in-depth assessment of the environmental, climate, and social requirements is necessary for "medium-risk" investments to fully understand potential environmental and social risks associated with the company's operations. This requires a site visit, and depending on the complexity of the company's operations and industry sector, the FI should retain the services of an external expert.

### Low-Risk Investment

The extent of the environmental, climate, and social assessment is limited to a simple review of the company's operations to confirm that there are no concerns with the operations and that national E&S regulations are complied with.

## 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.

## Operational Risk Identification, Assessment, and Mitigation

Operational risks are identified and assessed through a structured first-line-of-defense process embedded within each business function. Business functions are accountable for identifying risks arising from their products, services, and operational activities. Risk identification is informed by multiple inputs, including internal and external audit findings, historical incident data, regulatory reviews, Business Impact Analyses (BIAs), business continuity management (BCM) exercises and test results, executive BCM workshops, and incident tracking and reporting.

Identified risks are assessed on an inherent basis to determine potential impact prior to the application of controls. Risks are classified using a standardized impact scale ranging from very low to very high, supported by a severity impact matrix to promote consistency across the organization.

Following risk identification, each business function performs a comprehensive review of its control environment. Existing preventive and detective controls are identified, documented, and evaluated through a self-assessment process that considers both design adequacy and operating effectiveness. Control effectiveness ratings are categorized as effective, partially effective, or non-effective. Assessment results are consolidated and reported to senior management to support oversight and challenge.

Residual risk is assessed after factoring in the effectiveness of existing controls. Clear ownership is assigned to designated business owners, who are accountable for managing their respective risks and determining whether residual risk levels remain within the organization's defined risk appetite or require further treatment.

For residual risks rated High or above, control gaps and weaknesses are formally documented and addressed through remediation action plans. These plans specify required actions, accountable owners, implementation timelines, and associated costs where applicable. Mitigation strategies may include alternative site activation, remote working arrangements, enhanced testing plans, and technology recovery architecture or recovery time plan (TRA/RTP). Business owners are responsible for overseeing remediation activities and ensuring timely and effective resolution of identified issues.

02.

# Stakeholders' Engagement & Materiality Assessment



# Stakeholders' Engagement

As we progress in our materiality assessment process, stakeholder input will play a central role in shaping our future ESG priorities and aligning our Sustainability Strategy with broader expectations.

## Table 3: Stakeholder Categories' Engagement and Expectations

| Stakeholder Categories | Methods of Engagement | Expectations |
|---|---|---|
| **External Stakeholders** | | |
| **Shareholders and Investors** | • Quarterly financial results circulation.<br>• Regular communication with investors and analysts through conference calls, online and physical meetings, and Investor Relations events.<br>• Quarterly webcasts with analysts and investors.<br>• Annual general assembly meetings.<br>• Interactive and comprehensive disclosures on the website.<br>• Dedicated investor relations team. | • Maintaining financial performance.<br>• Delivering dividends.<br>• Transparently communicating opportunities, risks, and performance.<br>• Engaging with analysts, investors, research houses, and other stakeholders. |
| **Local Community** | • Non-governmental organizations (NGOs) and civil society organizations.<br>• CSR activities. | • Creating a positive impact on the community in Kuwait by collaborating with local community organizations in various initiatives. |
| **Regulators (CBK and CMA)** | • Regulatory reporting.<br>• Meetings, communication, and site visits are carried out as needed. | • Ensuring full compliance with laws and regulations. |
| **Suppliers and Other Business Partners** | • Pre-tendering meetings.<br>• Supplier screening.<br>• Briefings and feedback on new policies.<br>• Project-based satisfaction surveys.<br>• Tailored communications for major suppliers. | • Supply chain risks and performance.<br>• Fair tender process.<br>• Transparent vendors' assessment.<br>• Fair selection of suppliers.<br>• Sustainable contracting terms.<br>• Investment in local suppliers.<br>• Timely payments.<br>• Grievance mechanism.<br>• Green products and new installations for the Bank's renovation. |

| Stakeholder Categories | Methods of Engagement | Expectations |
|---|---|---|
| **Customers and Beneficiaries** | • Accounts and management.<br>• Customers advisory.<br>• Daily interactions at branches.<br>• Call centers.<br>• E-Channels<br>• Social media platforms.<br>• Emails.<br>• Press releases.<br>• Campaigns and Initiatives.<br>• Customer satisfaction surveys. | • Data privacy.<br>• Innovative segmented services.<br>• E-banking and digital services.<br>• Premium branches services.<br>• Financing entrepreneurship activities.<br>• Affordable banking solutions, targeting youth.<br>• Responsiveness through all customer touchpoints.<br>• Expanded outreach of branches and accessible services.<br>• Responsible communication on services. |
| **Rating Agencies** | • Publicly disclosed sources<br>• Email<br>• Specific rating agencies portals | • Transparency in financial and ESG performance<br>• Timely and accurate reporting |
| **Internal Stakeholders** | | |
| **BoD** | • BoD meetings.<br>• BoD committee's meetings. | • Capital positioning.<br>• Strategy implementation.<br>• Business continuity and crisis management.<br>• Business culture, ethical behavior, and integrity.<br>• Environmental practices.<br>• Reputational management.<br>• Employee excellence and commitment.<br>• Digital leadership. |
| **Management** | • Executive committee meetings.<br>• Internal reporting and follow-ups.<br>• Other Management Committees | • Business culture, ethical behavior, and integrity.<br>• Environmental practices.<br>• Reputational management.<br>• Employee excellence and commitment.<br>• Digital leadership. |
| **Employees** | • Performance appraisal meetings.<br>• Designated Human Resources (HR) business partners. | • Business culture, ethical behavior, and integrity.<br>• Health and safety.<br>• Talent acquisition and retention.<br>• Benefits and compensations.<br>• Equal opportunities.<br>• Diversity and inclusion.<br>• Learning and development. |

# Materiality Assessment

Creating value for our internal and external stakeholders lies at the core 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, input from the KFH management, 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.*

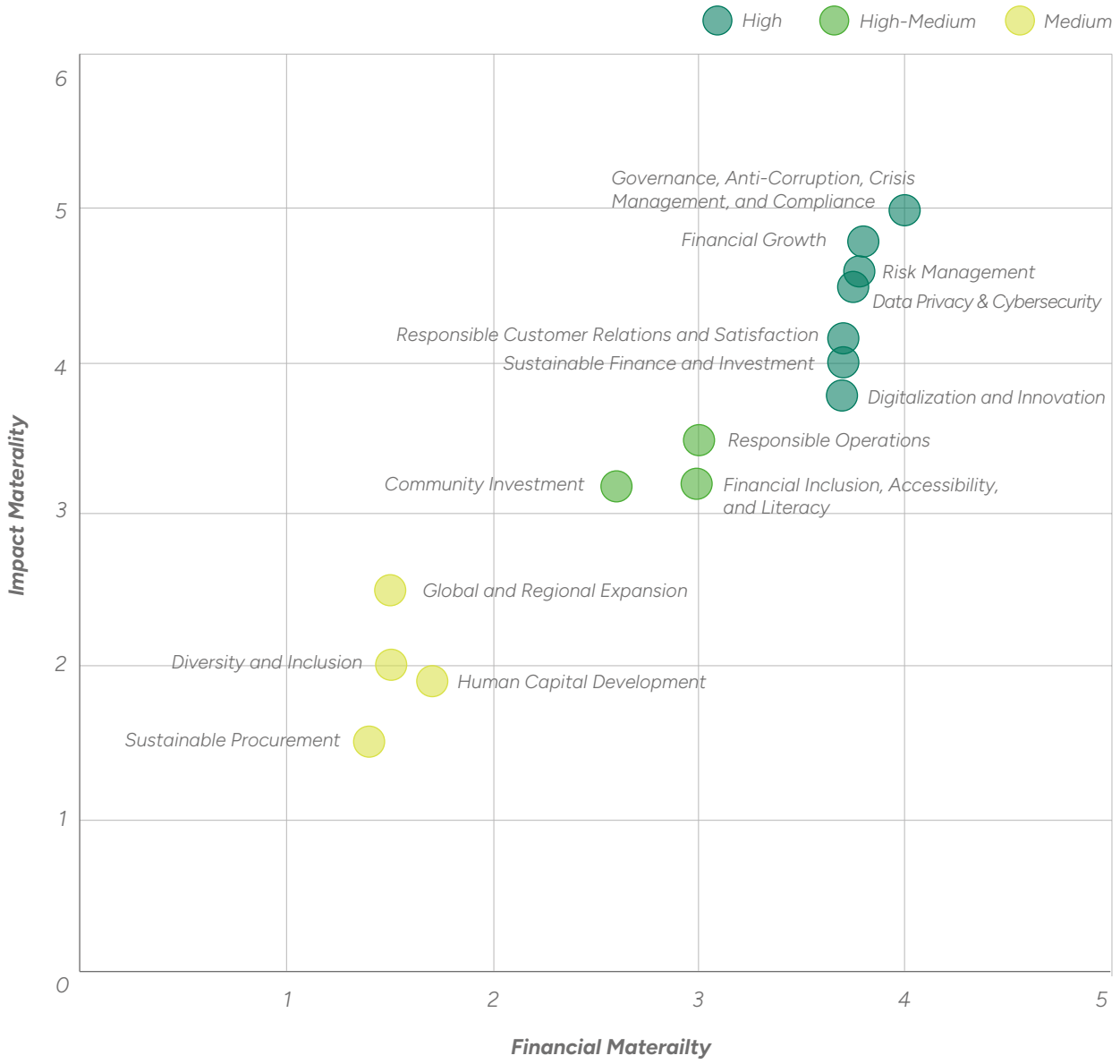
*Reviewing the results internally within the KFH management and the Governance and Sustainability Team to ensure that the list of material issues encompasses all stakeholder perspectives*

Each year, we review our list of material topics to ensure it accurately reflects the importance of each topic to KFH's stakeholders. In 2025, the list of material topics remained unchanged following the revisions conducted in 2024.

## Table 4: List of Material Topic

| Ranking | Category | Material Topic |
|---|---|---|
| 1 | Governance | Governance, Anti-Corruption, Crisis Management, and Compliance |
| 2 | Governance | Data Privacy & Cybersecurity |
| 3 | Governance | Risk Management |
| 4 | Economic | Financial Growth |
| 5 | Environmental & Social | Sustainable Finance and Investment |
| 6 | Environmental & Social | Responsible Customer Relations and Satisfaction |
| 7 | Governance | Digitalization and Innovation |
| 8 | Economic | Financial Inclusion, Accessibility, and Literacy |
| 9 | Environmental | Responsible Operations |
| 10 | Social | Community Investment |
| 11 | Economic | Global and Regional Expansion |
| 12 | Social | Human Capital Development |
| 13 | Social | Diversity and Inclusion |
| 14 | Environmental & Social | Sustainable Procurement |

**Figure 2: KFH's Materiality Matrix**



03.

# Governance and Ethics: Guiding Our Path



# Board of Directors Oversight

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

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

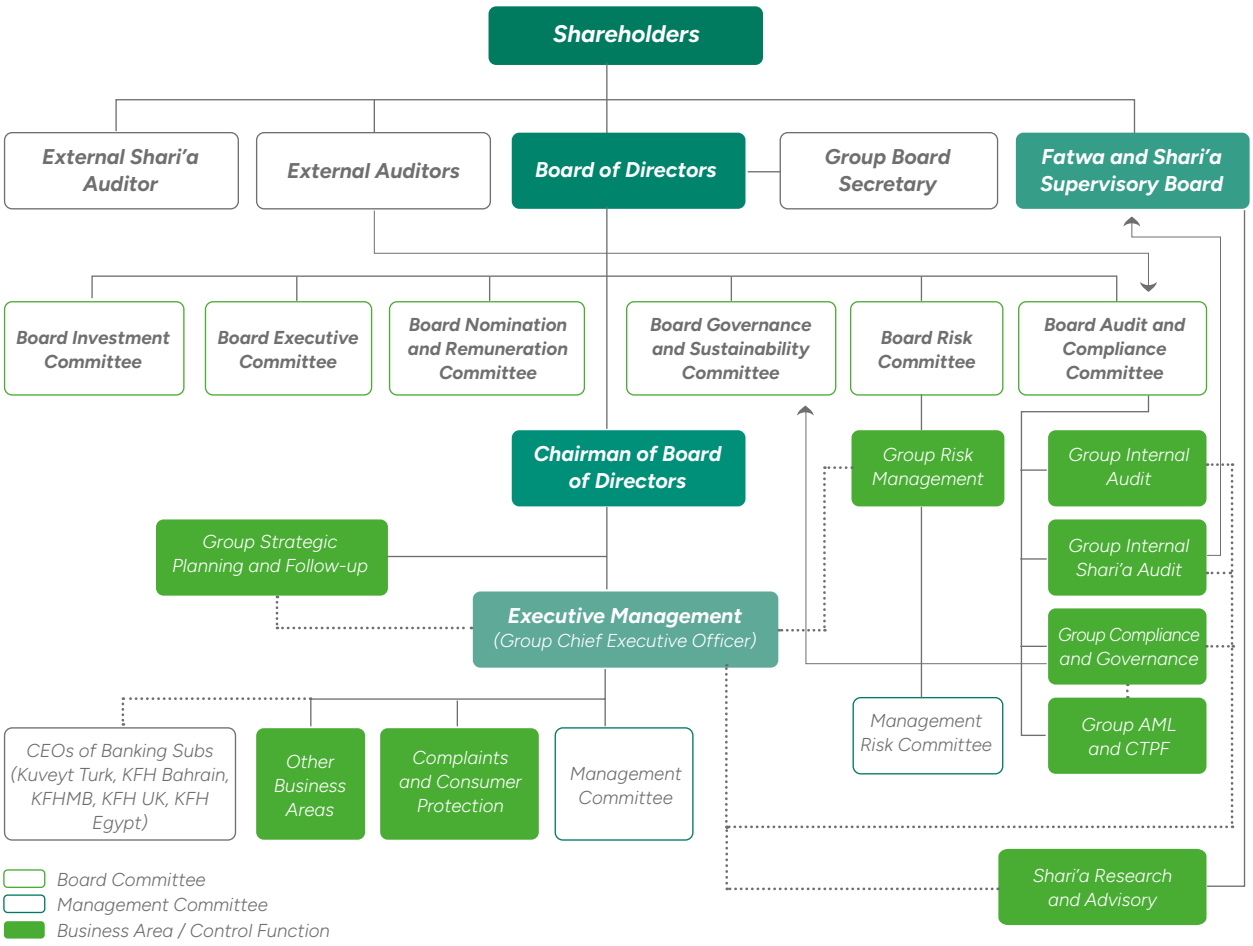
*For more details: the Enhanced Governance System in Kuwait Finance House.*

The BoD bears the overall responsibility of KFH, including the development of strategic goals, risk strategy, governance principles, and overseeing the proper application of these goals and principles.

The BoD supervises Executive Management, including the Group Chief Executive Officer (GCEO). The BoD also bears full responsibility for ensuring compliance with the CBK requirements and safeguarding the interests of shareholders, depositors, creditors, employees, and other stakeholders.

The BoD oversees KFH's prudent management and adherence to applicable laws, regulations, and bylaws. The BoD also periodically reviews governance policies to ensure full compliance with regulatory instructions and all mandatory requirements issued by relevant authorities.

**Figure 3: KFH Group Board Governance Structure**



# Board Leadership Structure

The BoD at KFH upholds a policy that separates the roles and responsibilities of GCEO and Chairman of the Board, as we believe this is vital for effective governance and the Bank's success. This separation ensures a clear division of responsibilities and strengthens the internal governance system.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.

Pursuant to KFH Articles of Association, the Board of Directors shall comprise fourteen (14) members including four (4) independent members. The Ordinary General Assembly shall, by a secret ballot, elect the members for a three renewable years term in the Board. The term of membership of the independent member shall expire upon the expiry of the Board's term for which the members were selected. The Ordinary General Assembly may select them for one another term subject to the Companies Law and its amendments in addition to the instructions of the other regulatory authorities. The Board of Directors shall, by a secret ballot, elect a Chairman and a Vice Chairman for a term of three years.

## Chairman's Role

Considering the significance of this role, the Chairman ensures the effective functioning of the Board, fosters mutual trust and collaboration among its members, and guarantees that decision-making is grounded on solid principles and accurate information.

Additionally, the Chairman promotes constructive discussions, encourages the exchange of diverse viewpoints within the BoD, and ensures timely communication of relevant information to all members. Furthermore, the Chairman plays a pivotal role in nurturing a productive and cooperative relationship between the BoD and Executive Management.

## Group Chief Executive Officer

The GCEO plays a vital role in driving KFH's growth by executing the Bank's strategy as approved by the BoD and ensuring sustainable growth and performance. The GCEO oversees and evaluates KFH's overall performance in alignment with the approved strategies, policies, and plans.

Responsibilities include executing KFH's strategic and business plans, referring to 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 Board 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. Accordingly, the BoD is responsible for providing guidance and oversight, while Executive Management takes responsibility for planning and implementing strategies and policies based on BoD's approval.

This structure ensures a clear separation of responsibilities and maintains the independence of the BoD from Executive Management. The BoD ensures that executive management adheres carefully to the policies designed to prevent and prohibit any activities or relationships that may conflict with or undermine sound corporate governance principles.

## ESG Reporting Oversight

KFH's BoD is responsible for reviewing and approving reported ESG information, ensuring that disclosures are accurate and aligned with the Bank's strategic objectives. The ESG reporting process is led by the Governance and Sustainability Unit, which is responsible for preparing Sustainability Report and Carbon Footprint. Report Once the Reports are completed, it is first reviewed by the Executive Committee, then by the Board Governance and Sustainability Committee, before receiving final approval from the BoD.

### *BoD Committee Membership Key*

- **BNRC** — *Board Nomination and Remuneration Committee*
- **BGSC** — *Board Governance and Sustainability Committee*
- **BACC** — *Board Audit and Compliance Committee*
- **BRC** — *Board Risk Committee*
- **BIC** — *Board Investment Committee*
- **BEC** — *Board Executive Committee*

## Our BoD

***Mr. Hamad Abdul Mohsen Al-Marzouq***
*Chairman, Non-Executive Director*
***Since:*** *2014* — **Chair BEC** **BGSC**

***Mr. Abdulaziz Yacoub Al-Nafisi***
*Vice Chairman, Non-Executive Director*
***Since:*** *2014* — **BNRC** **BEC**

***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* — **Chair BGSC**

***Mr. Noorur Rahman Abid***
*Board Member, Independent Non-Executive Director*
***Since:*** *2014* — **Chair BACC** **Chair BNRC**

***Mr. Salah Abdulaziz Al-Muraikhi***
*Board Member, Non-executive Director representing Kuwait Investment Authority*
***Since:*** *2018* — **BEC** **BACC** **BGSC**

***Mr. Mohammad Naser Al-Fouzan***
*Board Member, Non-Executive Director*
***Since:*** *2020* — **BRC** **BIC**

***Mr. Khalid Salem Al-Nisf***
*Board Member, Non-Executive Director*
***Since:*** *2014* — **BEC** **BRC** **BIC**

**Mr. Fahad Ali Al-Ghanim**
*Board Member, Non-Executive Director*

**Since:** 2014 — Chair BIC | BEC | BACC

**Mr. Ahmad Meshari Al-Fares**
*Board Member, Independent Non-Executive Director*

**Since:** 2020 — Chair BRC | BGSC

**Mr. Muad Saud Al-Osaimi**
*Board Member, Non-Executive Director*

**Since:** 2014 — BEC | BACC | BIC

**Ms. Alyaa Fahed Al-Saqer**
*Board Member, Non-Executive Director representing the Public Authority for Minors Affairs in alliance with Kuwait Awqaf Public Foundation since November 2025*

**Since:** 2025 — BACC | BGSC

**Mr. Naser Abdullateef Al-Rodan**
*Board Member, Non-Executive Director representing Kuwait Investment Authority*

**Since:** 2024 — BRC | BNRC

**Mr. Abdullah Falah Almdaires**
*Board Member, Non-Executive Director representing The Public Institution for Social Security (PIFSS)*

**Since:** 2025 — BNRC | BRC | BIC

**Mr. Ahmad Hamad Al-Thunayan**
*Board Member, Non-Executive Director representing the Public Institution for Social Security*

**Since:** 2023 — BNRC | BRC | BIC

** Replaced on 03 August 2025*

**Mrs. Dalal Mahmoud Abdulkhaleq Al-Nouri**
*Board Member, Non-Executive Director representing the Public Authority for Minors Affairs (PAMA) in alliance with Awqaf Public Foundation since November 2024.*

**Since:** 2024 — BACC | BGSC

** Replaced on 26 November 2025*

*The BoD includes four independent members, representing 29% of the total Board composition.*

**100%**
*of our BoD are Non-Executive members.*

**7%**
*of KFH's BoD are women.*

*(Read the BoD members' biographies in KFH's Annual Report 2025)*

## Board Committees and Meetings

### Table 5: Meetings in 2025

| Board/ Committee | Number of Meetings | Attendance Rate |
|---|---|---|
| **Board** | 14 | 96% |
| **Audit and Compliance Committee** | 5 | 92% |
| **Nomination and Remuneration Committee** | 6 | 97% |
| **Risk Committee** | 6 | 100% |
| **Executive Committee** | 8 | 98% |
| **Governance and Sustainability Committee** | 4 | 100% |
| **Investment Committee** | 4 | 100% |

KFH has six committees at the Board Level, and each of these committees has a written charter that has been approved by the BoD. During 2025, the Board of Directors held 14 meetings as part of its current 16th session. 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 as the BoD, which is three years.

In 2025, the Board of Directors adopted (24) resolutions by passing, while the Boards' committees adopted (21) resolutions by passing during the same period.

The Chairman of the Board consults with the Senior Executive Management on issues to be incorporated in the Board meetings' agenda and provides Board members with necessary information in advance of the meetings to facilitate necessary decision-making. The Board secretary records all Board discussions, recommendations, and voting results in the meeting. The responsibilities of the Chairman and Board members are set in writing and determined as per applicable legislations and regulations.



## Table 6: Formation of the Board Committees

KFH Board of Directors formed board committees to assist in carrying out the Bank's activities and enhancing control of the Bank's core operations. The committees were formed based on KFH's various lines of business, keeping up with the latest practices in the banking industry worldwide. All Board members are fully involved in these committees. The Board has also endorsed the committees charters, highlighting responsibilities, duties, and scope of these committees' functions.

### The Board Committees are:

- Audit and Compliance Committee
- Nominations and Remuneration Committee
- Risk Committee
- Governance and Sustainability Committee
- Executive Committee
- Investment Committee

| Formation of the Board Committees | | Board Committees | | | | | |
|---|---|---|---|---|---|---|---|
| Board of Directors | | BEC | BACC | BNRC | BRC | BGSC | BIC |
| Chairman | Hamad Abdulmohsen Al-Marzouq | • | | | | • | |
| Vice Chairman | Abdulaziz Yacoub Al-Nafisi | • | | • | | | |
| Members | Ahmad Abdullah Al-Omar | | | • | | | • |
| | Sheikh/ Salem Abdulaziz Al-Sabah | | | | | • | |
| | Noorur Rahman Abid | | • | • | | | |
| | Salah Abdulaziz Al-Muraikhi | • | • | | | • | |
| | Mohammad Naser Al-Fouzan | | | | • | | • |
| | Khalid Salem Al-Nisf | • | | | • | | • |
| | Fahad Ali Al-Ghanim | • | • | | | | • |
| | Ahmad Meshari Al-Fares | | | | • | • | |
| | Muad Saud Al-Osaimi | • | • | | | | • |
| | Alyaa Fahed Al-Saqer | | • | | | • | |
| | Nasser Abdullatif Al-Roudan | | | • | • | | |
| | Abdullah Falah Almdaires | | | • | • | | • |
| | Ahmad Hamad Al-Thunayan* | | | • | • | | • |
| | Dalal Mahmoud Al-Nouri** | | • | | | • | |

** Ahmad Hamad AlThunayan was replaced on Aug. 03, 2025*
*** Dalal Mahmoud Al-Nouri was replaced on Nov. 26, 2025*

## Board Audit and Compliance Committee (BACC)

| Number of Meetings: 5 | Committee Attendance Rate: 92% | Non-Executive Members: 100% |
|---|---|---|
| **Noorur Rahman Abid (Chairman)** | Independent Non-Executive Director | |
| **Salah Abdulaziz Al-Muraikhi** | Non-Executive Director | |
| **Fahad Ali Al-Ghanim** | Non-Executive Director | |
| **Muad Saud Al Osaimi** | Non-Executive Director | |
| **Alyaa Fahed Al-Saqer** | Non-Executive Director<br>* Joined the Board on 08 december 2025. | |
| **Dalal Mahmoud Al-Nouri** | Non-Executive Director<br>* Replaced on Nov. 26, 2025. | |

The Audit Committee consists of six (6) Board members and chaired by one of the independent members. At least two of the members must possess knowledge of financial matters to perform their duties as members of the committee.

Meetings are held whenever the need arises, provided that the number of meetings in one year is not less than four meetings.

The Audit and Compliance Committee is authorized to acquire any information from the Executive Management. Also, it is entitled to invite, through official channels, any executive or Board member to attend its meetings. The committee shall monitor the adequacy of internal controls at KFH.

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

Assisting BoD to 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 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 and systems allocated for control positions.
- Reviewing KFH's financial statements before presenting them to the BoD 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 function 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).
- Providing recommendations concerning external auditors' appointments, dismissal, fees, qualifications, and objectivity of their professional opinion and circulate auditing partners in accordance with regulatory requirements.

- Setting appropriate standards to ensure that the external audit process is carried out on Dual Audit basis, within the framework that fulfills the objective of appointing two external auditors.
- Ensuring an integrated accounting system for the Bank is in place and aligns with the International Accounting Standards (IAS).
- Recommending to the Board the appointment or dismissal of CIA, head of Compliance and Governance, and Chief of AML/CTPF Officer. As for the head of Internal Sharia Audit, BACC shall provide its recommendation after consulting with FSSB.

### Annual Performance Appraisal

The Committee conducts an annual performance appraisal of the Group Chief Internal Auditor, the Head of Regulatory Compliance and Governance, the Head of AML and CTPF. As for the head of Internal Sharia Audit, BACC shall provide its recommendation after consulting with FSSB.

## Board Nomination and Remuneration Committee (BNRC)

| Number of Meetings: 6 | Committee Attendance Rate: 97% | Non-Executive Members: 100% |
|---|---|---|
| **Noorur Rahman Abid (Chairman)** | Independent Non-Executive Director | |
| **Ahmad Abdullah Al Omar** | Independent Non-Executive Director | |
| **Abdul Aziz Yacoub Al-Nafisi** | Non-Executive Director | |
| **Nasser Abdullatif Al-Roudan** | Non-Executive Director | |
| **Abdullah Falah Almdaires** | Non-Executive Director<br>* Committee member since Aug, 12, 2025. | |
| **Ahmad Hamad Al Thunayan** | Non-Executive Director<br>* Replaced on 03 August 2025. | |

The Nomination and Remuneration Committee was formed to assist the Board of Directors in meeting its obligations regarding the selection of qualified individuals for the Board and Senior Management membership and assess the performance of the Board and its committees. The committee assists the Board in supervising short- and long-term remuneration systems.

The committee also recommends the remunerations of the Board members and employees. It is comprised of six (6) members and chaired by one of the independent members.

Committee meetings are held whenever the need arises, provided that the number of meetings in one year is not less than two meetings.

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

- Assisting the BoD in nominating members of each committee based on membership criteria and CBK criteria 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 Risk Committee, and the Chief of Audit and the Chief of Compliance, who shall be elected by the Audit and Compliance Committee.
- Providing suggestions on the Bank fixed and variable remuneration policy structure and raising the same to the BoD for approval.
- Providing recommendations to the BoD for the nomination or re-nomination of the Shari'a Supervisory Board membership, ensuring transparency in the appointment and reappointment processes, and evaluating the effectiveness of the Shari'a Supervisory Board.
- Conducting an independent annual review of the remunerations policy, whether by the internal auditors or external consultancy firm. This review aims at evaluating the Bank's adherence to the sound remunerations practices.
- Studying and preparing, on an annual basis, the Bank's proposed succession plan, applying the selection and evaluation standards to those likely to replace the Bank's senior officers or to be engaged in case of an emergency or vacancy, and submitting the plan to the Board for approval.

### *BoD Memberships*

- Giving recommendations to the BoD regarding nominations for BoD membership in accordance with approved policies, standards, and the 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*

- The Committee conduct separate annual assessments of the Board's overall performance and that of each member. This assessment covers the expertise and knowledge of the BoD, their authority, efficiency, effectiveness, and their leadership qualifications.

### *Critical Issues and Board Knowledge*

- Providing the BoD with the necessary information and reports on key matters related to the Bank's activities and operations, ensuring they remain informed of the latest banking developments. This may also include recommending that BoD members attend seminars and events on banking and financial topics.

## Board Risk Committee (BRC)

| Number of Meetings: 6 | Committee Attendance Rate: 100% | Non-Executive Members: 100% |
|---|---|---|
| **Ahmed Meshari Al-Faris (Chairman)** | Independent Non-Executive Director | |
| **Mohammed Nasser Al-Fouzan** | Non-Executive Director | |
| **Khalid Salem Al-Nisf** | Non-Executive Director | |
| **Nasser Abdullatif Al-Roudan** | Non-Executive Director | |
| **Abdullah Faleh Almdaires** | Non-Executive Director<br>* Committee member since Aug. 12, 2025 | |
| **Ahmad Hamad Al Thunayan** | Non-Executive Director<br>* Replaced on Aug. 03, 2025 | |

The Risk Committee was formed to support the Board in meeting its responsibilities of overall supervision of the risk conditions, risk strategies and the Bank's risk appetite towards credit, banking, real estate, and investment activities. The committee comprises (5) members, chaired by one of the independent members. It holds its meetings whenever the need arises provided that the total number of meetings in a year is not less than (4).

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

- Assisting the BoD in developing KFH's risk strategy and identifying its current and future risk appetite, as well as supervising Executive Management's implementation of the approved strategy, in addition to reviewing the adequacy of the Bank's risk management practices on at least quarterly basis.
- Ensuring the adoption of proper risk management framework, strategies, and allocation of resources across KFH, including risk strategies, risk appetite, policies, procedures, tools, exposure, 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. Additionally, the BRC reviews ICAAP & stress tests for capital and liquidity to ensure resilience of the Bank against emerging risks.
- The Committee reviews and supervises the Risk Department structure, duties, and responsibilities, in addition to assessing the performance of the department's head.
- The committee ensure that the CRO should not be dismissed or removed from their position for any reason without obtaining the Board's prior approval. Moreover, the reasons for such action must be discussed with the Central Bank of Kuwait (CBK) before their dismissal.

## Board Governance and Sustainability Committee (BGSC)

| Number of Meetings: 4 | Committee Attendance Rate: 100% | Non-Executive Members: 100% |
|---|---|---|
| **Sheikh/ Salem Abdulaziz Al Sabah (Chairman)** | Independent Non-Executive Director | |
| **Hamad Abdul Mohsen Al-Marzouq** | Non-Executive Director | |
| **Salah Abdulaziz Al-Muraikhi** | Non-Executive Director | |
| **Ahmed Meshari Al-Faris** | Independent Non-Executive Director | |
| **Alyaa Fahed Al-Saqer** | Non-Executive Director<br>* Committee Member since Dec. 08, 2025 | |
| **Dalal Mahmoud Al-Nouri** | Non-Executive Director<br>* Replaced on Nov. 26, 2025 | |

The Board Governance and Sustainability Committee was formed to assist the Board in meeting its supervisory responsibilities of implementing the Governance rules and standards, developing governance policies, monitoring compliance with these policies as well as monitoring compliance with the governance and sustainability frameworks adopted by the Board.

The Governance and Sustainability Committee comprises (5) members chaired by an independent member. Meetings are held whenever the need arises, provided that the number of meetings in one year is not less than two meetings.

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

- Developing a framework and preparing a comprehensive updated Enhanced Governance System 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 the governance section in the Annual Report regarding the extent of the Bank's compliance with the Enhanced Governance System.
- Performing an annual performance evaluation in terms of the BGSC and its duties as well as an annual review of the Committee's authority and functions.
- Overseeing the development and implementation of KFH's sustainability strategy and mitigating climate risks, in addition to overseeing and monitoring the Bank's performance against selected global sustainability indicators (FTSE4good, MSCI).
- Supervising and reviewing the Bank's Annual Sustainability Report and carbon footprint report prior to submitting it to the BoD for final approval.
- Ensuring KFH and its subsidiaries' compliance with the Group's Governance Policy.

## Board Executive Committee (BEC)

| Number of Meetings: 8 | Committee Attendance Rate: 98% | Non-Executive Members: 100% |
|---|---|---|
| **Hamad Abdul Mohsen Al-Marzouq (Chairman)** | Non-Executive Director | |
| **Abdul Aziz Yacoub Al-Nafisi** | Non-Executive Director | |
| **Salah Abdulaziz Al-Muraikhi** | Non-Executive Director | |
| **Khaled Salem Al-Nisf** | Non-Executive Director | |
| **Fahad Ali AlGhanim** | Non-Executive Director | |
| **Muad Saud Al-Osaimi** | Non-Executive Director | |

The BEC is made up of members from the Board of Directors and is appointed by the Board itself. While the BEC operates at the Board level, its members are not part of the Executive Management team. The Committee must have at least six members, including a Chair, who may also serve as the Chairman of the Board. The composition of the BEC is aligned with that of the Board of Directors to ensure consistency.

The Executive Committee is formed to assist the Board in fulfilling its supervisory obligations regarding investment and banking activities according to the authorities delegated by the Board.

The Board may assign to the committee any other duties that may assist the Board in performing its duties and responsibilities. The Executive Committee comprises (6) members and holds its meetings whenever the need arises, provided that the number of meetings in one year is not less than (4).

### 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 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.

## Board Investment Committee (BIC)

| Number of Meetings: 4 | Committee Attendance Rate: 100% | Non-Executive Members: 100% |
|---|---|---|
| **Fahad Ali Al-Ghanim (Chairman)** | Non-Executive Director | |
| **Ahmad Abdullah Al Omar** | Independent Non-Executive Director | |
| **Mohammed Nasser Al Fouzan** | Non-Executive Director | |
| **Khaled Salem Al-Nisf** | Non-Executive Director | |
| **Muad Saud Al-Osaimi** | Non-Executive Director | |
| **Abdullah Falah Almdaires** | Non-Executive Director<br>* Committee member since Aug. 12, 2025. | |
| **Ahmad Hamad Al Thunayan** | Non-Executive Director<br>* Replaced on 03 august 2025 | |

The Board Investment Committee was formed with the aim of assisting the Board in meeting its supervisory obligations on investment operations and the investment activities of KFH and its subsidiaries as per the authorities entrusted to the committee by the Board. The committee comprises (6) members and holds its meeting whenever the need arises, provided that the number of meetings is not less than (4) meetings in one year

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

The BIC is responsible for assisting the BoD 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 BoD, and ensuring compliance with the investment objectives of the Bank.

- Assisting the BoD in supervising the Bank's investment assets, including investment funds and portfolios. The Committee shall raise its recommendations to the BoD 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.
- Advising the BoD on any material changes to the investments of the Bank.
- Following up the implementation of the strategic policies and goals set by the BoD regarding investment activities.
- Reviewing all proposed new investments, verifying their compliance with the BoD 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 raising the same to the BoD.
- Forwarding its recommendations to the BoD 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 by the BoD.

*(For more details on duties, responsibilities, functions, and composition for each committee, kindly refer to the KFH's Annual Report 2025)*

# KFH Governance

KFH's BoD approved Enhanced Governance System outlines activities, responsibilities, and policies for managing and monitoring compliance, ethics, and risks across the Bank. KFH's employees are expected to be aware of the Bank's Code of Business Conduct and Ethics and to act according to our vision and principles .

## Key Principles

The following three principles were targeted in drafting the Bank's present Enhanced Governance System:

***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 BGSC 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 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 subsidiaries, and monitor governance implementation at the Group level.

***Disclosure and Transparency:***

At KFH, we adhere to a clear framework that upholds the principles of disclosure, transparency, and fairness, ensuring timely and equitable access to information for all stakeholders, aligning with regulatory authorities and international best practices.

Our first Sustainability Report, issued in accordance with GRI Standards, was a milestone in KFH's ESG disclosure journey. Building on this foundation, this year's report aligns with GRI (Global Reporting Initiative) standards, SASB (Sustainability Accounting Standards Board) and the IR (Integrated Reporting) standards, marking a significant step in KFH sustainability reporting.

By integrating financial and non-financial information, the report provides a holistic view of our value creation process and long-term impact. It also highlights the importance of stakeholder engagement in our decision-making, ensuring that their interests are effectively represented and protected.

This publication further strengthens our sustainability disclosures and paves the way for future advancements in responsible and transparent communication.

***Enhancing the Code of Business Conduct:***

At KFH, we rely on the highest standard of adherence to the Code of Conduct and Ethics, starting with the members of the BoD and extending to all employees of KFH. Therefore, the BoD has sought to strengthen the existing framework through policies to ensure that KFH upholds integrity and credibility and maintains the Group's strong reputation The Board conducts an annual review of the policies regulating the framework for professional behavior, which consists of the following policies:

- ***Conflict of Interest.***
- ***Related Party Transactions.***
- ***Information Security.***
- ***Whistleblowing.***
- ***Anti-Bribery and Corruption.***
- ***Insider Information.***
- ***Code of Business Conduct and ethics***

Each member of the BoD 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 Framework at KFH is based on four main pillars:

- *Fatwa and Shari'a Supervisory Board (FSSB)*
- *Group Internal Shari'a Audit*
- *Shari'a Research and Advisory*
- *External Shari'a Audit*

| 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 Jaza 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 Board for the year 2025. The Board consists of five members. It issues Shari'a opinions and decisions and ensures KFH's compliance with Shari'a regulations.

*During 2025, the Fatwa & Shari'a Supervisory Board held 27 meetings with an attendance rate of* **99%**



*(The FSSB members' biographies are available in KFH's Annual Report 2025)*

## Nominating and Selecting Board Members

The KFH Chairman of the Board is a Non-Executive member, a position distinct from that of the Group Chief Executive Officer. All BoD, including independent members, must be approved by the CBK and subsequently elected by shareholders at the annual general assembly. Shareholders exercise their voting rights based on the one-share-one-vote principle for all outstanding shares, excluding Treasury shares, and vote on the election, re-election, or dismissal of BoD during each tenure.

The BNRC supports the BoD in ensuring that membership criteria align with approved policies and CBK standards, with the aim of forming a Board that effectively achieves KFH's strategic direction.

Collectively, KFH's BoD, including independent members, possess the qualifications and expertise necessary to serve the interests of KFH, its shareholders, and other stakeholders.

## Board Training

In light of KFH's advancement to embed ESG in the Bank's culture across its entire ecosystem. Board members are always in continuous development through inductions and training that provide a more precise understanding for sound and objective opinions on the affairs of KFH.

Regular training and participation in conferences and seminars 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.

Building on the 2024 training programs focused on Sustainable Finance, ESG Risks, and Digital Transformation, the 2025 training agenda has been expanded to address emerging challenges and opportunities in the financial sector including Cyber Security Risks and Anti-Money Laundering and Counter-Terrorism Financing.

## 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:***

| | |
|---|---|
| *Fixed remuneration* | *Variable remuneration* |
| *Short-term incentives* | *Long-term incentives* |

*(For more details, please refer to the Remuneration Report in the KFH's Annual Report 2025)*

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.

## Top Executive Management Annual Compensation

The total remuneration charged for the year 2025 to the GCEO and his deputies was KD 5,338,550. 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.

### *Clawback Policy*

KFH 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 by 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.

This policy applies uniformly to the Executive level and includes a minimum clawback period of three years to ensure long-term financial stability.

## Compensation Assessment

KFH periodically reviews and reassess specific positions, ensuring that compensation remains fair, competitive, and aligned with industry standards. This practice enhances objectivity in remuneration decisions, promotes equity, and helps mitigate potential biases in the compensation structure.



## Shareholders and Stakeholders' Rights

At KFH, we protect 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 have 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 BoD.

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 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.

## General Assembly Notice Period

KFH typically provides shareholders with notice 21 to 30 days before the Ordinary and Extraordinary General Assemblies, allowing sufficient time to prepare, review relevant documents, and make arrangements to attend, ensuring transparency and active participation in the meeting.



### Disclosure of Shareholders Voting Results

KFH provides a clear and detailed breakdown of the voting results in the Minutes of Meeting for both the Ordinary and Extraordinary General Assemblies. This includes the number of votes cast in favor, against, and abstained for each resolution, the voting outcomes for each agenda item, the quorum of attendance, and any notices or concerns raised during the meeting.

These results are made publicly available through official communication channels, including regulatory filings and disclosures on KFH and Boursa Kuwait websites on KFH and Boursa Kuwait websites, ensuring all stakeholders have access to transparent and accurate information about the decision-making process.

# Compliance

The compliance department maintains independence and sufficient authority to ensure the effectiveness of its function within KFH. It is incumbent upon the Bank's executive management not to interfere with its operations.

## Governance

The BoD approves the roles and responsibilities of the Compliance and Governance Department and grants it full independence and sufficient authority to fulfill its duties effectively with the privilege of a direct access to the BoD.

A standalone Compliance Policy ensures that the Bank complies with all regulations applicable to the Bank's activities. The Policy is periodically reviewed, and the application of its rules is verified.

### *Duties of the Compliance Function*

- Advises the Board of Directors and Executive Management on the Bank's compliance with regulatory requirements and keeps them regularly informed of the latest developments.
- Identifies and assesses non-compliance risks facing the Bank at least once a year, along with evaluating how effectively those risks are being managed.
- Submits reports to the BACC on how effectively such risks are managed by the Bank, if identified. However, overall responsibility for compliance remains with the Board of Directors and Executive Management.

### *Compliance with Regulations*

KFH has policies and procedures in place to support its compliance with applicable laws and regulations, including a whistleblowing policy.

Additionally, KFH discloses regulatory penalties (if any) during the General Assembly.

## Conflict of Interest – BoD

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

- BoD shall avoid engaging in activities likely to create a conflict of interest.
- Establishing policies and procedures to prevent conflict of interest between Board members, Executive Management, and employees.
- Obtaining the BoD approval on any activity carried out by a Board member that may result in a conflict of interest.
- BoD shall disclose any matter that may result, or has already resulted, in a conflict of interest.
- BoD 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.

KFH has a strict Conflict of Interest Policy to ensure transparency and objectivity in the Bank's financing processes. Conflict of interest involving employees, BoD members, directors, and their immediate family members (spouse, children, and parents) must be avoided. The policy is reviewed annually by the KFH BoD and applies to all KFH operations.

## Prohibited Actions

Board members must avoid the following actions to prevent conflict of interest, including but not limited to:

- Using one's position as a board member or employee of the Bank to receive financing or guarantees in violation of approved policies.
- Engaging in conduct or activities that improperly interfere with the Bank's existing or prospective business relationships with a third party.
- Accepting, or allowing a board member or employee's immediate family member to accept, gifts from individuals or entities that have dealings with the Bank, where the gift could reasonably be expected to influence the board member or employee's actions
- Making or influencing decisions that would provide a personal benefit, such as approving financing to a company that directly or indirectly benefits the board member or employee.
- In the case of a potential conflict of interest in a transaction, the Board member or employee must refrain from participating in its processing, approval, or deliberations.

## Ethical Conduct and Fiduciary Responsibilities

KFH's BoD uphold the highest standards of integrity, professionalism, and ethical conduct in carrying out their fiduciary duties.

Board members must not misuse their position, or any confidential information acquired through their role at the Bank for personal gain or to benefit any related party. They are also responsible for ensuring that their personal interests or external affiliations do not create conflicts with their duties or compromise their objectivity in decision-making.

Board members must avoid actions that could effect the Bank's reputation or undermine public trust. The BoD should remain vigilant in identifying actual or potential conflicts of interest, particularly in transactions involving shareholders, related parties, or customers. Above all, each board member's primary obligation is to act in the best interests of KFH.

Each Board member must disclose any situation that could give rise to a conflict of interest or has already resulted in one. Any proposed activity that could potentially lead to a conflict must be presented to the Board for approval in advance.

## Approval and Delegation of Authority Guidelines

Proposals involving financing facilities for BoD must be approved by KFH's General Assembly. Any decision to grant, renew, or increase such facilities must receive the approval of at least 75% of the total Board membership, excluding the board members concerned, who must abstain from discussions and voting. The BoD retains exclusive authority over these decisions and is not permitted to delegate this responsibility to any other committee or body.



## Related Party Transactions

KFH is committed to upholding the highest ethical and legal conduct in fulfilling its responsibilities and recognizes that related party 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.

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.

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

## 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's BoD, employees, and those representing the Bank, 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.

## Anti Money Laundering (AML) & Combating of Terrorism and Proliferation Financing (CTPF)

We have developed and implemented a comprehensive suite of AML/CTPF policies and procedures that covers customer risk profiling, customer due diligence standards, transaction monitoring, sanctions screening (covering customers, related parties and payments) and an ongoing training program. To enhance operational effectiveness, the Bank is leveraging on advanced digital solutions to effectively monitor and detect potential suspicious activities.

KFH uses advanced automated systems to help identify and manage potential risks by monitoring customer activities and ensuring compliance with regulations. These tools also make the review process more efficient by helping employees quickly assess any potential unusual activity.

Moreover, KFH has embedded the Know Your Customer (KYC), Due Diligence, Enhanced Due Diligence (EDD), and sanctions screening requirements within the operational procedures of relevant Business and Support functions and does not establish relationships with sanctioned persons.

Additionally, the AML and CTPF Department collaborates with the Talent Development Unit to deliver annual AML/CTPF awareness training sessions to all employees, as well as tailored training for specific employees, including our Board of Directors.

In 2025, 100% of employees completed mandatory anti-corruption, AML, and CTPF training, as required by the Central Bank of Kuwait. Training completion was tracked across all employees. The training is supported by internal communications and awareness initiatives. Training completion was tracked across all employee categories in Kuwait, with full participation confirmed. Anti-corruption policies and procedures were communicated to all employees, members of the governance bodies, and key business partners.

## Fraud Prevention

In our efforts to prevent fraud, KFH's Non-Financial Risk (NFR) unit implemented use cases based on data analysis and fraud trends pertaining to external fraud for vishing and smishing cases. NFR 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 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.

## Human Rights

KFH aims to align with the UN Guiding Principles on Business and Human Rights and the International Bill of Human Rights, ensuring these principles are upheld throughout our operations and partnerships.

KFH 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.




## 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.

## Digital Transformation

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

## Whistleblowing Policy

KFH's Whistleblowing Policy is designed to ensure a safe and confidential environment for reporting suspected breaches of the Bank's Code of Conduct, policies, or other unethical behavior. BoD, all employees, customers, and business partners are encouraged to report such concerns anonymously and in good faith. The identity of the whistleblower will remain confidential unless disclosure is required by a judicial order or investigative authority.

The Policy guarantees that no adverse action will be taken against anyone who raises a concern in good faith, even if the concern proves to be unfounded. However, this protection does not extend to individuals who intentionally submit false or malicious reports. Any individual who retaliates against a whistleblower will be subject to disciplinary action.

To reinforce compliance, necessary whistleblowing declarations are communicated to employees. Employees are required to review and acknowledge these declarations upon joining KFH, whenever relevant policies are updated, and at least once annually.

Any individual making a disclosure retains their anonymity unless they agree otherwise. To report information, or whistle blow, employees may connect with the GCEO, the Chair of the BACC, or the Chairman of the Board through a whistleblowing email.

The whistleblower's concerns are reported to the Higher Administrative Investigations Committee without revealing the individual's identity. The Committee decides the most appropriate and fair investigation channels and resources to handle the complaints raised. If necessary, complaints are re-directed to the BACC 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 people are handling such matters, how they can contact them, and whether further assistance is required.

## Grievance Mechanisms

KFH ensures a fair and transparent workplace through its established clear grievance mechanisms, allowing employees to voice concerns related to performance evaluations and disciplinary actions. Grievance requests should be directed to the Human Resources Business Partners for timely review and response.

KFH has two types of grievances for our internal employees:

***1) Performance Management Grievance***

***Eligibility***

All KFH employees are eligible for grievance within 10 working days of sharing the final appraisal.

***Objective***

To reinforce fairness and transparency in the KFH performance cycle.

***Purpose***

The Grievance Process aims to give the employees the chance to officially speak to their management and HR about their concerns and worries.

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.

***2) Disciplinary Grievance***

***Eligibility***

KFH employees who 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 the employees.

***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 more clarity behind the disciplinary action taken against the 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, discuss the final decision on whether to accept or reject the request, and then inform the employee of the final decision.

## Employee Complaints

In 2025, complaints were filed by employees regarding instances of colleague misbehavior or misconduct. Following thorough review, disciplinary measures were applied in line with the Bank's Violations and Penalties Regulations for confirmed cases.

Moreover, as four confirmed cases of corruption were reported in 2025, thorough investigations were conducted and the employees involved were dismissed in accordance with internal disciplinary procedures. In parallel, internal procedures and controls were reviewed, amended, and further enhanced to minimize the likelihood of such risks recurring.

## Legal

KFH upholds the highest standards of legal compliance and governance across its operations, enhancing accountability and reinforcing its reputation as a trusted financial institution.

In 2025, KFH upheld strong anti-corruption measures, fair competition practices, and ethical workplace standards, with no recorded legal cases against the Bank in key areas, including:

- Corruption-related issues.
- Anti-competitive behavior, anti-trust violations, and monopoly legislation breaches.
- Business ethics controversies.
- Intellectual property disputes.
- Human rights violations, encompassing child labor, workplace discrimination or harassment, and inequities in opportunities and workforce diversity.
- Employee and public health incidents.
- Shareholder rights violations, insider dealings, and share price manipulation.
- Aggressive or non-transparent accounting practices.
- Product selling and servicing disputes.
- Customer privacy breaches.
- Environmental concerns.

## Cybersecurity and Technological Advancements

In response to the growing significance of information security in the Banking and financial sector and compliance with CBK's governance and regulations guidelines, KFH has 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 security threats.

As part of KFH's governance framework, the BoD oversees information security and cybersecurity risks. The BoD holds the authority to approve related strategies, policies, and rules. The Head of Cyber and Information Security Risk reports to the Head of Non-financial Risk, who then reports directly to the Chief Risk Officer (CRO).

## Adherence to Global Security Standards

KFH is committed to maintaining the highest standards of information security. The Bank holds ISO 27001:2022 certification, ensuring its information security management system meets international best practices.

Furthermore, KFH holds an Attestation of Compliance (AOC) and a Report on Compliance (ROC) in alignment with the Payment Card Industry Data Security Standard (PCI DSS v4.0), demonstrating its adherence to strict security measures for protecting payment card data.

To continuously evaluate and enhance its security posture, the Bank conducts both internal and external cybersecurity assessments on an annual basis. These assessments help identify vulnerabilities, mitigate risks, and ensure that KFH's cybersecurity practices remain strong and up to date.

## Information Security Audit Overview

KFH conducts both internal and external independent audits on its information security systems to ensure the integrity and effectiveness of its cybersecurity framework:



***Internal Audit***

Conducted annually, based on risk assessment levels, across various functions of the Information Security Management Unit. This audit helps identify areas of improvement and ensures compliance with internal security policies.



***External Audit***

Performed annually to assess and review the Bank's Cybersecurity Framework, ensuring it is aligned with industry standards and best practices. This independent review provides an objective evaluation of the Bank's cybersecurity measures.

In 2025, KFH continued to strengthen its cybersecurity resilience by upgrading its infrastructure and investing significantly in Artificial Intelligence (AI) based security technologies in compliance with local regulations.

The advanced Endpoint Detection and Response (EDR) solution was deployed to swiftly address and mitigate advanced cyber-attacks, enhancing threat detection and response. KFH has been a leader in adopting cutting-edge niche technologies, including AI, which plays a crucial role in detecting and analyzing cyber threats, thereby enabling a quicker response to cyber threats. Improvement and ensures compliance with internal security policies.

Additionally, the IT department successfully executed numerous projects aimed at enhancing both technological infrastructure and cybersecurity defenses.

Key projects included the Instant Payment Service, integration of the online corporate banking platform with the Public Authority for Civil Information (PACI), enabling Face ID authentication for eCorp users, and integrating the T360 system with eCorp.

The implementation of digital solutions under the CreditLense program, consolidated all digital solutions, brought several tools together on one platform, including virtual ESG forms, new forms for High-Net-Worth Individuals, updates to customer data-entry fields, and Early Warning Signs reports. These innovations are now active and available for use by the business and risk teams.

Successful system recovery simulation exercises were also conducted, ensuring preparedness for potential disruptions and further strengthening KFH's overall operational resilience.

## Enhancing Resilience and Protection

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 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.

## Incident Management and Response

KFH has executed a 24/7 Cyber Defense Center that continuously monitors, detects, and responds to cyber threats in real-time. In the event of a security incident, the Bank follows a comprehensive Incident Response Plan designed to contain, investigate, and swiftly mitigate the impact of such incidents.

This structured approach enables KFH to minimize potential disruptions and safeguard critical Banking operations. Additionally, we have an annual testing plan in place, conducting tests against the plan and retaining the test outcomes as evidence to ensure preparedness and enhance response effectiveness.



### Employee Training and Awareness

KFH mandates regular cybersecurity training for all employees to enhance awareness and readiness against cyber threats. These training programs are assigned to all employees and cover essential cybersecurity topics to mitigate potential risks.

## Customer Data Privacy

At KFH, we are dedicated to protecting customer data and maintaining privacy standards across all our operations. The Bank follows a strict Data Privacy Policy (KFH's Privacy Policy) that governs the collection, use, storage, and sharing of personal data in compliance with legal and regulatory requirements. All data is collected on a lawful basis, including customer consent, legitimate interest, contractual obligations, and legal compliance. All data is stored and processed using secure systems. The policy ensures fair and equal treatment of all clients and upholds principles of fairness and equity. It helps determine the measures and guidelines that ensure that all clients are treated impartially and equitably, regardless of their background or circumstances.

We ensure transparency by informing customers about the types of data collected, how it is used, and with whom it may be shared. Any data shared with third parties undergoes a Data Privacy Impact Assessment to identify, assess, and mitigate risks while ensuring strong security measures. Customers also have the right to access, correct, or request the deletion of their data.

To maintain compliance and adapt to evolving regulations, our Data Privacy Policy is reviewed and updated annually or as needed due to regulatory changes, audits, or business requirements.

Strict security measures, including encryption and multi-factor authentication, are enforced to protect customer data. Additionally, all third-party service providers must adhere to KFH's data protection standards through contractual agreements.



***Consent Policy for Use of Customer Data***

KFH has a strict Consent Policy governing the use of customer data for secondary purposes:

| | |
|---|---|
| 01 | *Customer consent is obtained whenever personal data is collected.* |
| 02 | *Customers are provided with a Privacy Notice detailing how KFH processes and stores data.* |
| 03 | *Data sharing is limited to trusted partners, regulators, and third parties, strictly for essential business purposes.* |
| 04 | *Regular audits ensure compliance with data-sharing policies.* |

## Data Retention

We retain personal data for as long as necessary to provide our products and services and to comply with regulatory and legal requirements governed by the State of Kuwait. The retention period is determined based on the nature of the data, the purpose for which it was collected, and applicable laws and regulations. Once the retention period expires, we securely delete or anonymize the data to ensure privacy is protected.

## Data Privacy Governance and Oversight

KFH has a well-defined data privacy governance framework that upholds data protection standards, ensures regulatory compliance, and safeguards customer information. KFH has a Data Privacy and Protection function under Technology Infrastructure and Information Security Management unit.

Key governance measures include:

### *Designated Privacy Officers*

KFH has assigned privacy officers responsible for overseeing privacy management and ensuring compliance with regulatory requirements.

### *Effective Privacy Management*

Defined roles and responsibilities are assigned to data privacy teams to ensure that privacy is effectively managed across all levels of the Bank. Additionally, Data Privacy focal points are appointed within various departments to promote collaboration, act as privacy liaisons, and ensure consistent adherence to privacy requirements.

### *Reporting and Annual Reviews*

Privacy matters are regularly reported to the BoD and Executive Management emphasizing the strategic importance of data protection at the highest levels of governance. Additionally, annual reviews, key metrics, and compliance assessments are shared with the Group Deputy CEO (Technology, Transformation, and Operations) through annual reports.



*KFH has not received any substantiated complaints concerning breaches of customer privacy, including leaks, thefts, or losses of customer data.*

### *Our Approach to Data Breach Management*

To maintain this strong track record, KFH has a well-defined Personal Data Breach Management Procedure and a Security Operations Center Incident Response Plan to address any identified data leaks, thefts, or losses. In addition, KFH employs both proactive and reactive measures to protect consumer data and minimize the impact of breaches:

***Proactive Measures:***

- Implementation of real-time monitoring systems for threat detection.
- Data encryption using Transparent Data Encryption and Transport Layer Security.
- Role-Based Access Control to restrict unauthorized data access.
- Regular security assessments and penetration testing.

***Reactive Measures:***

- Deployment of an incident response team for immediate investigation.
- Customer notification procedures in case of a breach.
- Coordination with regulatory bodies to ensure compliance.

In case of data breach or non-compliance with the privacy policy, disciplinary actions can range from warnings to termination, and legal consequences depending on the severity of the breach, as outlined in the Bank's internal policies.

## Ensuring Privacy Compliance in New and Existing Products and Services

To effectively manage privacy risks, KFH conducts Privacy Impact Assessments and Data Protection Impact Assessments for all new products and services before deployment.

Additionally, these assessments are regularly performed on existing products and services to identify potential risks and ensure ongoing compliance with privacy regulations and best practices. KFH has data protection programs that extend to its suppliers and business partners to ensure their compliance with privacy regulations and are included in the contractual agreement with suppliers and business partners.

## Customer Privacy Awareness

As part of our commitment to maintaining the highest standards of banking integrity and customer trust, KFH provides comprehensive educational resources to empower customers with a clear understanding of their rights, responsibilities, and data privacy protections.

Through the Banking Awareness section available on KFH's website, customers can access essential information designed to enhance financial awareness, promote secure banking practices, and ensure informed decision-making.

Additionally, KFH implemented a comprehensive Data Privacy Awareness Program to educate key stakeholders on privacy and security best practices. This program includes:

- Awareness campaigns through emails, posters, videos, and internal newsletters to reinforce key privacy and security principles.
- Annual training sessions to ensure all employees stay up to date on data protection policies, regulatory compliance, and security measures.

## Effective Handling of Customer Complaints

KFH aims to provide accessible channels for customers to voice their concerns, ensuring each complaint is handled with fairness, confidentiality, and efficiency.

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

1. Visit any KFH branch, where our employees are available to guide and support them through the process.
2. Access personalized assistance by visiting the "Customer Complaints" unit at our premises.
3. Utilize traditional correspondence by filling out complaint forms and mailing them to KFH.
4. Submit complaints via the KFH mobile application for a convenient and accessible option.

To effectively address customer concerns and complaints, KFH implemented a comprehensive framework that ensures timely, transparent, and efficient resolution through the following steps:



**Step 01**

***Complaint Receipt and Investigation***

When a customer submits a complaint, the Complaints Unit conducts an independent investigation to assess the issue thoroughly. The Unit has full authority to access customer files directly without requiring prior approval, ensuring an unbiased and efficient review.

**Step 02**

***Evaluation and Decision***

Within 15 business days, the Complaints Unit issues a written response outlining its findings. This response includes a clear justification for the decision and any necessary corrective actions, particularly in cases involving violations of CBK regulations and internal procedures.

**Step 03**

***Corrective Action and Resolution***

Based on the Unit's recommendations, the Bank promptly implements corrective measures to address the issue. This proactive approach ensures quick and effective resolution, demonstrating the Bank's commitment to customer satisfaction and regulatory compliance.

# KFH's Tax Policy

KFH's Tax Policy ensures full compliance with tax obligations while aligning with the KFH's governance framework, business strategy, and sustainability objectives.

## KFH's Tax Policy Approval, Review, and Oversight

KFH Group's Tax Policy is founded on three core pillars:

- Enhancing tax compliance and efficiency; reducing tax risks through increased awareness and accurate reporting; and promoting transparency.
- The policy clearly defines the responsibilities of head office and subsidiaries with respect to tax risk management, tax planning, accounting and reporting, compliance, tax controversy, communication, and tax considerations related to deals and transactions.
- Oversight of the Tax Policy is ensured through periodic reviews conducted by Group Financial Control and reported to the Board. This framework supports strong governance and accountability across the Group.

## Transfer Pricing and Transparency

KFH strictly applies the arm's length principle to all intercompany transactions. Transfer Pricing documentation, including Master Files and Local Files, is prepared in each operating country. In addition, the Group submits Country-by-Country Reports globally, providing tax authorities with a transparent and accurate view of its international tax profile.

The Group does not use offshore secrecy jurisdictions for tax planning purposes. All tax practices are aligned with genuine economic activity and comply with both the letter and the spirit of applicable local laws.

## Tax Compliance and Governance

Tax compliance is maintained across all jurisdictions through proactive monitoring by tax teams at both head office and subsidiary levels. Oversight of Tax Policy implementation is embedded in the Terms of Reference of relevant governance bodies, reinforcing a top-down commitment to responsible tax conduct.

The Tax Policy is periodically updated to reflect evolving business activities and regulatory developments, ensuring continued alignment with KFH's governance framework, business strategy, and sustainability objectives.

## Alignment with Global Tax Developments

KFH continues to closely monitor the global implementation of the OECD's Base Erosion and Profit Shifting (BEPS) Pillar Two framework.

Pillar Two introduces a global minimum effective tax rate (ETR) of 15% for multinational enterprise (MNE) groups with consolidated revenues above EUR 750 million.

In 2024, several jurisdictions in which KFH operates advanced the implementation of Pillar Two–related rules. Kuwait enacted Law No. 157 of 2024, introducing a Domestic Minimum Top-Up Tax (DMTT) effective from 2025. Similar rules have also been introduced or announced in several countries where KFH operates, including Malaysia, the United Arab Emirates, Bahrain, Guernsey, Gibraltar, and others.

In addition, Undertaxed Profits Rule (UTPR) measures are applied in 2025 in several jurisdictions such as UK, Germany, Cyprus and Turkey.

KFH will continue to evaluate the implications of Pillar Two and will update its tax governance, reporting and internal controls frameworks to ensure compliance with emerging global tax requirements.

## Tax Risk Management

The Tax Function operates in line with the KFH Group Operational Risk Management Guidelines, adopting a structured and proactive approach to managing risks across the entire tax lifecycle. This includes tax planning, accounting, reporting, compliance, controversy, and communication.

Tax risks are identified based on factors such as the probability of tax positions being correct, the value of tax involved, and the potential implications of transactions.

These risks are tracked through a monthly Tax Risk Register, enabling systematic identification, assessment, monitoring, and mitigation over time.

## Compliance and Accountability

Compliance with the Tax Policy is supported by a structured tax governance and control framework led by Group Financial Control – Tax & Zakat Accounting, in coordination with tax teams across KFH subsidiaries.

Compliance is monitored through periodic reporting templates that capture key tax activities across the Group, including tax payments, accruals, provisions, and identified risks. Financial and tax disclosures are prepared in accordance with applicable financial reporting standards, ensuring transparency and regulatory compliance.

Employees involved in tax-related activities receive ongoing training to ensure consistent understanding and application of the Tax Policy. Where necessary, KFH engages reputable external advisory firms, particularly for complex or technical tax matters.

Accountability is reinforced through regular subsidiary visits, as well as internal and external audits. These reviews help identify any gaps or misalignment with the Tax Policy and support continuous improvement in tax practices across the Group.

## Taxes by Continent and Country

KFH Group settles its corporate income tax obligations in Kuwait through contributions to the Kuwait Foundation for the Advancement of Sciences (KFAS). As of 2025, KFH Group is no longer subject to Zakat Tax or the National Labour Support Tax (NLST) in Kuwait due to the new Law No. (157/2024).

Internationally, the Group complies with corporate income tax regulations in 12 countries across the Gulf region, Europe, and Asia, including:

- **Gulf & MENA:** Kuwait, Saudi Arabia, UAE, Oman, Egypt, Jordan, Iraq
- **Europe:** Turkey, Germany, United Kingdom, Cyprus

Taxes are calculated and paid in accordance with local laws and reflect the economic substance and commercial reality of KFH's operations in each jurisdiction.

# Internal and External Audit

## Internal Audit

Internal Audit, along with Compliance and External Reviews, plays a key role in promoting effective governance, sustainability, ethical practices, risk management, and regulatory adherence through independent, objective, and technology-driven processes.

## Audit Committee Oversight

The BACC ensures the effectiveness of the internal audit function by regularly reviewing audit plans and reports, approving the annual audit plan and periodic updates, assessing key performance metrics and external quality reviews, and conducting annual evaluations of both departmental performance and the Group Chief Internal Auditor.

## Internal Audit Department Role

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 BACC and is authorized to have full, free, and unrestricted access to all the Bank's functions, records, property, and personnel.

***Duties:***

- Provides independent and objective assurance on the design and operating effectiveness of risk management, internal controls, and governance processes.
- Reviews the reliability and integrity of information, compliance with policies and regulations, safeguarding assets, economic and efficient use of resources, and established operational goals and objectives.
- Assessments by the Internal Audit department are conducted internally, with no outsourcing of core audit tasks. Any engagement of external parties for specific purposes and limited periods requires prior approval from the CBK.

***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 BoD, Committees, and Management, and provide relevant assessments



## Adaptive Audit Plan

KFH maintains a proactive and effective audit framework by regularly reviewing and updating its internal audit plans quarterly and procedures annually or as needed. This approach ensures sustained alignment with evolving key factors, including:

***Internal Factors:***

- Organizational Structure
- Operational Needs Products
- Weaknesses Identified in Prior Audits and Investigations
- Feedback from the Board Audit and Compliance Committee

***External Factors:***

- Risks
- Regulatory Requirements
- Industry Standards
- Technological Advancements
- Economic Conditions

## Independence and Objectivity

KFH adheres to the requirements of the Global Internal Audit Standards, ensuring the maintenance of independence and objectivity. To uphold these standards, KFH ensures functional reporting to the BACC and provides unrestricted access to the Chairman of the BoD. The internal audit team has full and unrestricted access to all departments, records, and personnel relevant to the audit function.

Independence is maintained by refraining from involvement in:

- Activities or operations under review,
- Designing or implementing procedures,
- Preparing records,
- Selecting and implementing internal control measures,
- Processing or approving accounting entries.

## Technology-Based Audit Process

The internal audit leverages various technological tools to enhance efficiency throughout its process phases.



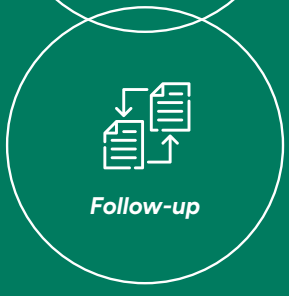

The planning phase involves brainstorming, opening meetings, business process understanding, risk control assessment, and audit program development.




Execution involves testing procedures, data analysis, evidence gathering, and factual accuracy meetings.




During the reporting phase, draft and final reports are prepared to present audit outcomes.




Finally, the follow-up phase ensures that all audit findings and recommendations are tracked and addressed.

High-risk observations must be resolved within the same quarter. Any changes to deadlines require justification and approval from relevant Chief Officers and are reported to the GCEO and BACC.

## Risk Management Audit

Annual internal audits are conducted to evaluate the effectiveness and efficiency of the risk management system and its processes. The audit covers various functions of the risk management system, based on their assigned risk assessment levels. Key areas of review include risk identification and assessment processes, the effectiveness of mitigation strategies, and compliance with regulatory requirements and internal policies.

KFH conducts comprehensive annual risk assessments to identify and prioritize potential audit areas, ensuring the effective allocation of resources based on assessed risk levels. These assessments encompass all audit entities, including business, IT, branches, and subsidiaries. Each entity is evaluated using tailored criteria that consider both the impact and likelihood of potential risks.

Key assessment elements include entity complexity, influence on the income statement, effectiveness and efficiency of internal controls, results of prior audits, IT application scope, exposure to regulatory requirements and international standards such as IFRS 9 and ISO, and ESG considerations. This approach ensures that audit efforts remain focused on the most significant risk areas.

## ESG & Ethics Audits

KFH integrates ESG considerations and ethical standards into its audit processes, ensuring alignment with regulatory requirements and industry's best practices.

Audit planning and testing procedures are designed to incorporate ESG criteria embedded within the Bank's policies. ESG risks are assessed in conjunction with operational and financial risks. ESG audit observations are systematically uploaded into the follow-up application, JIRA, where they are tracked in accordance with deadlines, ensuring timely resolution.

Ethical standards are periodically reviewed within the internal audit plan and scope to ensure consistent alignment with ethical practices. Independent assessments and benchmarking against ethical standards are conducted to strengthen this process. Audit findings drive the implementation of corrective actions and necessary policy updates, reinforcing KFH's commitment to ethical integrity.

## Privacy Audit

KFH established a comprehensive privacy governance framework, including regular privacy audits, to ensure compliance with privacy standards and the effective implementation of the Bank's privacy policy. The framework defines roles, responsibilities, and reporting structures for managing privacy matters.

To reinforce accountability, disciplinary actions for breaches of privacy policy range from formal warnings to termination of employment and legal consequences, depending on the severity of the incident and in accordance with the Bank's internal policies and regulatory requirements.

## Audit and Compliance Synergy

KFH established an assurance map to ensure effective coordination between the Internal Audit and Compliance Departments. This map defines the level of reliance that can be placed on the Compliance Department in various areas and guides how audit assignments are utilized to holistically assess compliance risks.

Transparent information sharing is facilitated by including the Head of Compliance in the distribution list of all internal audit reports. Likewise, the Compliance Department shares its reports with the Internal Audit team. Both departments report functionally to the BACC, ensuring a shared understanding of compliance-related issues and assessments, and fostering cohesive compliance management.

## Audit Quality Assurance

The Group Internal Audit Department conducts annual internal audit quality assessments to ensure adherence to the Global Internal Audit Standards, the department's policies and procedures, and feedback from stakeholders.

Additionally, KFH engages an external audit firm every five years to evaluate the overall effectiveness of its internal audit function. The selection criteria for external auditors include being a Big4 audit firm, the size and type of clientele in Kuwait, independence and objectivity, and compliance with regulatory requirements.

## External Audit

The External Audit ensures the accuracy and reliability of KFH's financial records and reports. The external auditor is selected and appointed by the shareholders upon the recommendations of the BACC and the Board.

External audit observations are integrated into internal action plans with committed deadlines, tracked, and followed up similarly to internal audit observations using the follow-up application. In 2025, KFH Group's total fees for external auditors amounted to KD 2.989M, covering both audit and non-audit services.

Audit fees accounted for KD 1.881M, exceeding the KD 1.108M allocated for non-audit services, such as other assurance and advisory engagements. The higher allocation towards audit fees underscores KFH Group's focus on transparency, financial accuracy, and adherence to international auditing standards.

The BACC 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:***

- Treasury
- Investment
- Corporate Governance
- Retail and Private Banking
- Group Corporate Banking
- Group Legal
- Information Technology
- Operations
- HR and General Services
- Strategy and Corporate Affairs
- Internal Audit
- Risk Management
- AML and CTPF
- Group Financial Control
- Shari'a Control and Advisiory
- Fraud
- Compliance and Governance
- Customer Complaints Unit

The external auditor provides and discusses the auditing report with the BACC. Such meetings are in the presence of the Executive Management. Furthermore, the BACC meets with the external auditor at least once a year in the absence of Executive Management.

To ensure the integrity and effectiveness of the external audit and in line with the decisions issued by the CBK, 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 and MOCI). The purpose of enforcing auditor rotation is to prevent any deterioration in supervisory effectiveness that may arise from auditors repeatedly covering the same areas over an extended period.

Through the rotation of external auditors, the Bank mitigates the risk of complacency and reinforces the objectivity and independence of the audit process.

# Risk Management

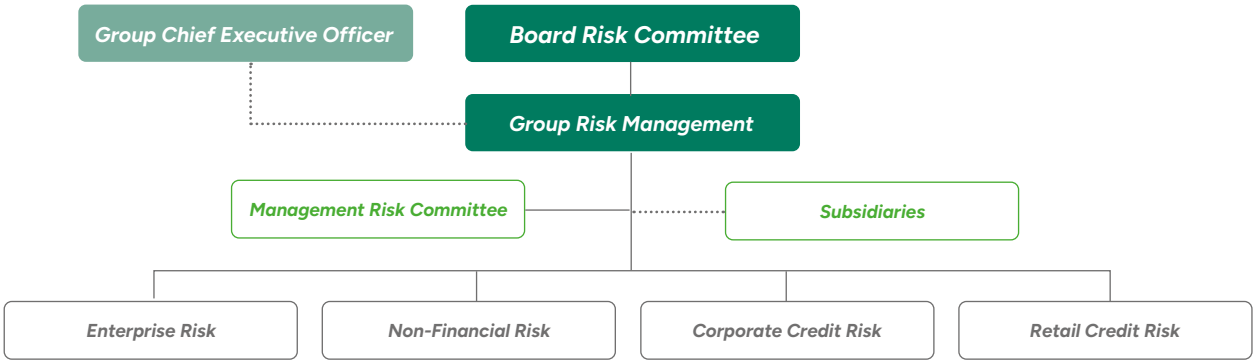
Identifying and proactively managing risk in all aspects of our business is essential to KFH's long-term success. We aim to minimize potential adverse effects on our financial performance and operations by balancing our exposure to risks and returns. Embedding a risk management culture in all our business processes ensures that ethics are adopted throughout our Bank.

## Risk Governance

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.

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. KFH does not engage in any activity or exposure that may pose reputational risks to the Bank.

**Figure 4: Risk Governance Structure**




## Risk Management Committee

The Risk Management Committee (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, regulatory requirements, and to embed and maintain a risk-aware culture within the Group.

The key role of the RMC 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 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 – Business Units*** 01

Own and manage day-to-day risks by identifying, assessing, mitigating, and ensuring effective internal controls.

***Second Line of Defense – Control Functions*** 02

***Risk Management:***

Provide oversight, set risk policies, monitor implementation, and support the first line to nsure risks are managed within the risk tolerance.

***Regulatory Compliance and Governance:***

Provide oversight, guidance, and monitoring to ensure adherence to laws and regulations.

***Third Line of Defense – Internal Audit*** 03

Provides independent and objective assurance to senior management and the board on the effectiveness of governance, risk management, and internal control systems across the first and second lines.

## Climate Change

KFH is proactively responding to the pressing challenge of climate change, acknowledging its profound impact and the opportunities it presents. KFH's focus on climate change adaptation is in line with regulatory expectations and reflects our commitment to integrating ESG principles into our operations. The CBK Circular No. (2/BS, IBS/500/2022) emphasizes the critical role of ESG principles in the banking sector, driving us to intensify our efforts in this area. Recognizing that climate change introduces both risks and opportunities to the Bank, we are actively aiming to identify and address these factors to effectively incorporate climate-related risks and opportunities into KFH's decision-making processes.

## Climate-Related Risks

At KFH, we recognize the growing impact of climate change on financial institutions and are assigned to identifying, assessing, and mitigating related risks.

These climate-related risks fall into two main categories: physical risks and transitional risks, both of which have significant implications for our operations, assets, and long-term strategy.

## 1) Physical Climate Risks

KFH could face several physical risks due to climate change, which can cause operational disruptions, asset damage, and environmental challenges. Extreme weather events, such as floods, storms, and rising temperatures pose direct threats to infrastructure, financial stability, and business continuity.

Additionally, long-term environmental changes like rising sea levels could impact real estate investments, branch operations, and economic activity in affected regions.

To manage these risks, KFH has implemented business continuity planning and conducts regular risk assessments to improve resilience. The Bank continuously evaluates the impact of climate risks on its assets and operations, ensuring that appropriate adaptation strategies are in place to protect its financial performance and service reliability.

## 2) Transitional Climate Risks

In addition to physical risks, KFH ought to also navigate transitional risks as the world moves toward a low-carbon economy. Changes in regulations, market dynamics, and technology require financial institutions to adapt to new sustainability standards and compliance requirements.

Some of the key transitional risks KFH faces include:

***Policy & Regulatory Risks:***

*Governments are introducing environmental laws, future carbon pricing, and mandatory climate-related disclosures.*

***Technological Risks:***

*Failing to adopt clean energy solutions or integrate sustainable innovations could lead to inefficiencies and reduced competitiveness.*

***Market Risks:***

*As consumer and investor preferences shift toward environmentally responsible financial products, demand for traditional Banking services may decline.*

***Reputational Risks:***

*Not aligning with sustainability goals could affect stakeholder trust, customer perception, and brand value.*

***Legal Risks:***

*Climate-related regulations are evolving, and institutions that fail to comply may face lawsuits or regulatory penalties.*

## Approach to Climate-Related Risk Management

As part of its long-term strategy, KFH aims to integrate climate considerations into its risk management framework. KFH leverages qualitative analytics and scenario modeling based on sectoral materiality, heatmaps, and emission-intensity proxies under ICAAP, while quantitative modeling is identified as a future enhancement. Furthermore, the Bank adopts compliance strategies to proactively manage climate-related risks and identify opportunities for resilience and adaptation.

KFH also engages continuously with stakeholders, regulators, and industry leaders to stay ahead of emerging climate challenges. Through this proactive approach, the Bank strengthens its ability to navigate evolving climate risks while ensuring long-term stability and preparedness.



## 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 mitigating potential risks. Integrating digital technologies has paved the way for increased efficiency, accuracy, and proactive risk management strategies.

Leveraging cutting-edge applications 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.

KFH succeeded in achieving a significant leap toward digital transformation in risk management, adopting the latest advancements in machine learning, and advanced analytics to enhance risk measurement, monitoring, and early detection capabilities. This was accomplished in accordance with the best global practices, allowing the Group to build effective and flexible measures to face unforeseen challenges.

## Business Continuity and Disaster Recovery

KFH has a Business Continuity and Disaster Recovery framework in place to ensure that critical operations continue uninterrupted during disruptions. The Bank conducts regular simulations and discussion based exercises to test recovery processes and updates its plans based on emerging risks, business changes, and regulatory requirements. Clear roles are assigned for incident response, and the framework aligns with risk management strategies to minimize downtime and ensure quick and effective recovery.

## KFH's Proactive Approach to Crisis Management and Risk Mitigation

KFH conducted a comprehensive crisis management simulation exercise, led by the Group's Risk Sector's Business Continuity Management Team. This exercise addressed various scenarios related to regional geopolitical developments, emphasizing the Crisis Team's role and coordination with essential departments.

Supported by Executive Management, the simulation tested KFH's response to exceptional geopolitical circumstances, focusing on rapid and positive engagement, resource mobilization, and ensuring the continuity of vital Banking operations. The exercise highlighted the effectiveness of professionally developed plans, adherence to regulatory guidelines, and operational resilience.

KFH builds its business and activities at the group level based on a precautionary policy, carefully assessing economic and geopolitical developments to mitigate potential risks. This approach ensures asset quality, rationalizes expenses and thoroughly evaluates market conditions to avoid areas prone to severe fluctuations.

Continuous risk assessment and scenario planning enhance efficiency, innovation, and growth while providing a secure and scalable environment. By monitoring market movements and implementing strict credit policies, KFH strengthens its ability to maintain high performance and resilience in the face of potential crises.

## 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, while enhancing Risk Management's capabilities.

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.

Noncompliance may result in disciplinary action. KFH's Risk Management department reinforces the risk culture by conducting collaborative risk awareness training sessions and workshops with 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 plays an independent role as a risk assessor and policy developer. To ensure alignment across the three lines of defense and proper implementation of risk mitigation measures, targeted risk training is provided annually to all bank employees.




## ESG Risks and Capital Planning

KFH acknowledges that ESG risks can significantly impact the Bank's operations, resilience, financial performance, and reputation. Therefore, KFH proactively aims to address ESG risks and integrates them into capital planning through a comprehensive assessment framework, with a particular emphasis on identifying and managing climate and environmental risks within the Bank's operations and financing activities.

This process begins with a materiality assessment, ensuring the identification and prioritization of the most significant ESG factors.

Central to this approach is the use of a heatmap methodology to categorize sectoral exposures and evaluate the potential impact of climate and environmental risks.

Each sector is assessed based on its emissions intensity (measured as CO2 emissions per amount financed).

Higher emissions intensities signal greater climate-related impacts and an increased vulnerability to transition risks, such as regulatory changes, technological advancements, and evolving market dynamics. Detailed analysis is conducted for sectors identified as having significant transition risk potential, such as energy and automotive, fostering more informed and strategic decision-making.

At present, climate and environmental risks are primarily assessed through qualitative methods, with no additional capital explicitly allocated for these risks, which aligns with early-stage climate risk integration and international practice.



04.

# Financial Capital: Sustaining Financial Performance

# Financial Resilience

## Capital Strength

As of December 31, 2025, KFH's total assets increased by 16.50% YoY to KD 42,760 million, compared to KD 36,703 million in 2024, reflecting the Bank's continued growth and strong asset base. Financing Receivables also increased by 14.40% YoY to KD 21,817 million in 2025, compared to KD 19,070 million in 2024, demonstrating KFH's strong financing capacity and continued expansion of its financing portfolio. KFH maintained high asset quality in 2025, with the Non-Performing Finance (NPF) Ratio improving to 1.51%, compared to 1.78% in 2024, reflecting enhanced portfolio quality and prudent credit risk management.

In addition, the NPF Coverage Ratio increased to 286.64% in 2025 from 275.06% in 2024, highlighting the Bank's conservative provisioning approach and strong reserve coverage against potential financing defaults. KFH sustained a solid capital base and continued compliance with regulatory standards. The Basel III Common Equity Tier 1 Ratio stood at 15.05% in 2025, compared to 15.48% in 2024, remaining at a level that supports the Bank's long-term financial stability. Furthermore, the Tier 1 Capital Ratio increased significantly to 18.02% in 2025, compared to 18.05% in 2024, reflecting KFH's ability to maintain excess capital above the regulatory minimum, which further enhances financial stability.

The Capital Adequacy Ratio stood at 19.81% in 2025, compared to 19.89% in 2024, demonstrating enhanced financial resilience and the Bank's ability to absorb potential losses. Additionally, the Financial Leverage Ratio improved to 8.01% in 2025, compared to 8.70% in 2024. KFH's Return on Average Tangible Equity stood at 19.43% in 2025, compared to 19.95% in 2024, reflecting sustained profitability and efficient capital utilization. In terms of liquidity, KFH's Liquidity Coverage Ratio stood at 228.25% in 2025, compared to 143.07% in 2024, indicating that KFH has enough liquidity to meet its short-term obligations.

## Financially Trusted Bank

Customer and investor confidence remained strong in 2025, as reflected in KFH's deposit base and market capitalization, both of which recorded year-on-year growth compared to 2024. Depositors' Accounts increased to KD 21,029 million (2024: KD 19,220 million), underscoring sustained customer trust in KFH's banking services. Market capitalization rose by 17.41% YoY to KD 14.6 million (2024: KD 12,395 million), signaling heightened investor confidence and reinforcing KFH's solid market position.

## Enterprise Value Growth

KFH's ability to generate, distribute, and retain business value was evident in 2025, reflecting solid year-on-year growth across key financial indicators compared to 2024.

Total Operating Income increased by 8.3% YoY to reach KD 1,833.3 million in 2025, compared to KD 1,692.7 million in 2024, driven primarily by an 11.5% increase in Net Financing Income, which rose to KD 1,279.2 million from KD 1,147 million in 2024.

In addition, Net Operating Income increased by 10.7% YoY to KD 1,209.0 million in 2025 from KD 1,092.2 million in 2024, demonstrating the Bank's strong financial performance and sustained value creation.

At the same time, the Distribution of Value Added increased by 7.6% YoY to KD 1,018 million in 2025 from KD 946.3 million in 2024, reflecting the Bank's growing economic contribution to stakeholders. This increase was primarily driven by a 4.1% rise in Total Operating Expenses, which reached KD 624.344 million. Despite the increase in operating expenses, KFH maintained an efficient cost structure, recording a cost-to-income ratio of 34.1% compared to 35.5% in 2024. Tax expenses increased by 9.7% YoY to KD 190.450 million in 2025 compared to KD 173.640 million in 2024. Meanwhile, employee costs decreased slightly by0.3% YoY to KD 346 million in 2025 from KD 347 million in 2024.

Operating Profit Before Taxation and Directors' Fees reached KD 912.165 million in 2025 compared to KD 816.864 in 2024. After deducting tax expenses and directors' fees, Net Profit stood at KD 720.3 million compared to KD 641.9 million in 2024. Net Profit attributable to shareholders increased by 5.0% YoY to KD 632.1 million in 2025 from KD 601.8 million in 2024, reflecting continued profitability and enhanced shareholder returns.

Consequently, Earnings per Share amounted to 35.64 fils in 2025 up from 33.68 fils in 2024, reinforcing KFH's strong earnings performance and value generation for shareholders. Meanwhile, Net Profit attributable to noncontrolling interests totaled KD 88.1 million in 2025 compared to KD 40.1 million in 2024.

# Sustainable Finance & Sustainable Investment

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 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 investment and financing policies and portfolio management practices, 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 MSMEs 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.

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.

## Supporting Microfinance, Small, and Medium Enterprises

KFH maintains a deep-rooted commitment to the growth and development of Microfinance, Small, and Medium Enterprises (MSMEs) through a structured and strategic approach that aligns with national regulatory frameworks and internal objectives.

Beyond financing, KFH implements capacity-building initiatives, advisory services, and tailored financial solutions designed to strengthen the resilience and competitiveness of MSMEs across various sectors. These efforts underscore the organization role as a key enabler of inclusive economic growth and its continuous drive to empower small businesses with the tools, knowledge, and resources needed to thrive in an evolving market landscape.

In 2014, KFH established a dedicated SME Unit within the Group Corporate Banking Department to offer tailored Shari'a-compliant banking and financing solutions to SMEs. Recognizing the evolving needs of the market, this initiative was expanded in 2021 with the introduction of a Micro Enterprise Unit within the SME segment, specifically designed to support micro-enterprises and clients of the Kuwait National Fund (KNF). *In 2025, KFH's total microfinance financing reached KD 8.9 million, up from KD 6.2 million in 2024, reflecting a year-on-year growth of approximately 42.5%. This amount forms a subsegment of KFH's total SME cash financing portfolio, which reached KD 157.2 million in the same year.*

Our digital banking agenda is designed to strengthen the competitiveness and resilience of SMEs by providing them with seamless access to Shari'a-compliant financial solutions.

We offer a comprehensive range of digital products and services through our E-Corp online and mobile platforms, enabling corporate clients to manage their banking needs with greater efficiency and security.

Our digital solutions play a key role in enhancing SME access to finance by facilitating online applications, expediting credit assessments, and accelerating finance disbursement processes. These enhancements not only reduce turnaround times but also improve the overall customer experience. Furthermore, we recognize that the continued development of our digital ecosystem has supported increased SME financing activity and client engagement, as the flexible financing services available through E-Corp allow customers to submit, track, and manage their financing requests with clarity and ease.

To improve service accessibility and client engagement, KFH launched a comprehensive social media campaign to educate SME clients about available products and services. Complementing this initiative, the corporate client web page continues to support streamlined financing request submissions, including those from SME clients, through an internal logging system that expedites processing within the SME team. In parallel, the E-Corp team conducted a series of workshops to introduce and explain the new system, supporting clients' understanding and effective utilization of the platform.

*In 2025, KFH recorded a 2.8% growth in total cash financing to SME clients compared to 2024. Total cash financing reached KD 157.2 million in 2025, up from KD 152.9 million in 2024. This growth reflects KFH's active response to market dynamics and its strong capital and liquidity position that enables consistent SME support.*

KFH's SME support also extends to business advisory services, with each client paired with a dedicated relationship manager. These managers assist in identifying operational strengths and weaknesses while providing capacity-building programs and mentorship, ensuring clients receive support beyond financing. ensuring clients receive support beyond financing.

## Zaheb - Digital Innovation for SMEs

In response to the rising demand for digital financial solutions, KFH introduced Zaheb, a digital platform designed for merchants and SME owners.

Zaheb offers innovative e-payment tools such as invoice link generation and QR code payments, facilitating quick and secure transactions. Open to all business owners with current accounts at KFH, the platform supports a wide range of business sectors and customer preferences, enhancing financial inclusion and business agility.



## Sustainable Business SMEs Program

As the first initiative of its kind in the Kuwaiti banking sector, KFH delivered a three-week workshop tailored to our SME clients to support them build their awareness of ESG principles and provide practical guidance on integrating ESG considerations into their operations and decision-making. Additionally, we developed a comprehensive ESG Manual for SMEs **to receive upon completion of the workshop.**

This ESG Manual aims to equip small and medium enterprises with the knowledge, tools, and frameworks necessary to adopt robust environmental, social, and governance practices. The manual provides a detailed breakdown of ESG concepts, their relevance to business resilience, and their growing importance in local and global markets. It includes practical guidance on implementing energy-efficient operations, responsible resource management, labor and human rights standards, community engagement practices, and transparent governance mechanisms. Furthermore, the manual outlines sector-specific case studies, self-assessment checklists, and step-by-step action plans that help SMEs evaluate their current practices and formulate tailored improvement strategies.

By offering this structured ESG capacity-building resource, KFH enables SMEs to enhance operational efficiency, meet emerging regulatory requirements, access green financing opportunities, and strengthen their long-term competitiveness. This initiative underscores KFH's role in fostering a more sustainable and inclusive business environment while actively empowering SMEs to participate in Kuwait's national sustainability transition.

## Debt Collection Procedures for SMEs

As part of its commitment to responsible MSME support and prudent risk management, KFH ensures that client engagement extends beyond financing to include structured follow-up and, where necessary, appropriate collection and restructuring practices.

KFH applies a structured collection procedure for SME clients that governs debt collection and facility follow-up, ensuring a consistent, transparent, and responsible approach aligned with regulatory requirements. Collection and follow-up procedures vary based on the type of financing, utilization status, and the length of delay, and include proactive engagement by Relationship Managers for facilities approaching expiry or already expired.

For financial facilities nearing expiry or already expired, SME customers are contacted to assess business needs, and determine appropriate actions, including renewal, restructuring, settlement of outstanding balances, extension, or facility closure, as applicable. All related procedures are formally documented in the Group Corporate Banking Policy and communicated to relevant employees to ensure effectiveness and compliance.

## KFH's Investment Overview

KFH recognizes the strategic importance of managing HQLA Sukuk and Sukuk-based investment fund activities within a structured, risk-aware, and Shari'acompliant framework. This approach is outlined in our Sukuk Investment Policy, which governs KFH's Sukuk investments, with the primary objective of ensuring safe, efficient, and compliant utilization.

It is noted that the volume of KFH's investment portfolio reached KD 6.496 billion (USD 21.1 billion) recording a growth of approximately 40% from 2024 to 2025. For the year 2025, the portfolio is distributed across key sectors: Sovereign investments at 64%, Financial at 15%, Industrial at 3.3%, Real Estate at 1.8%, and other sectors totaling 4.1%. Notably, KFH continues to prioritize investments in HQLA Sukuk over sectorspecific Sukuk instruments.

We remain proactive in exploring opportunities with new and upcoming issuers to further expand its footprint in the Sukuk market, aiming to increase our investment portfolio in the upcoming years.

## Sustainable Investment

In 2025, KFH allocated its sustainable investments as follows: 44% was directed toward sustainability sukuk and 56% toward green sukuk, amounting to a total investment of USD 1.221 billion. KFH has recorded a 30% year-on-year increase in its investments in ESG sukuk from 2024 to 2025.

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, and increasing our ESG sukuk exposure.




### Sustainability Sukuk

*Financing projects aligned with sustainability principles*

### Green Sukuk

*Funding environmentally friendly projects such as renewable energy and sustainable infrastructure.*

# Corporate Financing

## Corporate Banking

KFH offers a customer segmentation framework that meets the diverse needs of businesses in Kuwait. Our corporate banking services cater to a wide range of clients, from large corporations to MSMEs, all of whom are provided with a variety of Shari'a-compliant financial products. In 2025, KFH continued to strengthen its corporate portfolio by expanding financing to priority sectors and increasing its focus on MSMEs, supporting business growth and economic diversification in line with national development priorities.

KFH specializes in delivering customized financing solutions that address the unique needs of each business. Additionally, the organization aims to maintain a well-diversified corporate portfolio, ensuring that its investments are spread across multiple sectors.

## ESG Screening in Corporate Banking

KFH constantly aims to align its corporate portfolio with global ESG practices. As part of our thorough due diligence, we carefully screen industries to ensure they align with Shari'a and ESG principles.

We exclude sectors involved in practices that are harmful to society, the environment, or ethical standards. This includes industries such as controversial weapons, gambling, and alcohol, which are not part of corporate financing portfolio due to their negative impact, thereby reinforcing our commitment to responsible, ethical, and Shari'a-compliant financing practices.

## Mega Projects & Syndication

KFH has played a key role in financing transformative mega projects across a diverse range of sectors. Through consistent participation in syndication, participating in the financing of two to three mega projects annually , KFH actively contributes to economic development and infrastructure growth both regionally and internationally.

KFH's financing efforts span key industries, including oil and gas, energy, aviation, telecommunications, retail, utilities, and environmental infrastructure. The projects supported by KFH integrate sustainability considerations, aligning with international best practices, including practices aligned with international sustainability considerations and environmental certification frameworks



## Debt Collection Procedures for Corporate Banking Clients

KFH uses a structured approach for debt collection and facility follow-up for corporate clients as part of the Group Corporate Banking Policy, ensuring consistency and transparency in alignment with regulatory requirements. Collection and follow-up procedures vary based on the product type, utilization status, and the length of delay, and include proactive engagement by Relationship Managers for facilities approaching expiry or already expired.

For facilities nearing expiry, customers are contacted to confirm renewal intentions, assess business needs, and determine whether renewal restructuring, settlement, or closure is appropriate. In cases where facilities have expired, KFH initiates immediate engagement to regularize the facility through renewal, extension, settlement of outstanding balances, or closure, as applicable.

All procedures are formally documented and communicated to relevant employees to support effective, compliant, and customer-centric implementation.

## Corporate Sectors

KFH's corporate financing portfolio consists of the following sectors including:

| | | |
|---|---|---|
| ***Real Estate*** | ***Services*** | ***Industry*** |
| ***Construction*** | ***Trade & Business*** | ***Crude Oil & Gas*** |
| ***Financial Institutions*** | ***Purchase of Securities*** | ***Agriculture & Fishing*** |

# Supporting Businesses Through Financial Guarantees

KFH provides Letters of Guarantee (LG), Standby Letters of Credit (SBLC), and Murabaha-based Letters of Credit as part of its commitment to enabling resilient economic activity and supporting real-sector trade flows.

These instruments serve as risk mitigation tools that strengthen trust between counterparties by ensuring that financial and contractual obligations are honored. By issuing irrevocable guarantees on behalf of clients, KFH supports the timely execution of projects, participation in public and private sector tenders, and the credibility of businesses operating in domestic and international markets.

Letters of Guarantee primarily support local economic activity, including infrastructure development, procurement, and service delivery. Standby Letters of Credit extend this function to cross-border transactions, enabling clients to engage in international trade while managing counterparty risk.

Through these trade finance solutions, KFH contributes to:

- Enhancing financial stability and reducing risks in commercial transactions and supply chains
- Supporting business growth, infrastructure delivery, and access to new market opportunities
- Promoting trust, transparency, and reliability in local and global trade ecosystems
- Strengthening financial inclusion for corporate clients, including SMEs, through structured financing solutions
- Supporting real economic activity through Shari'a-compliant, asset-backed financing mechanisms

KFH's trade finance framework supports sustainable economic development through risk managed financing, Shari'a-compliant structures, and inclusive access to financial services across local and international markets. All trade finance instruments are issued in accordance with approved frameworks, risk assessment, and Shari'a governance principles. This includes structured due diligence, credit evaluation, and compliance screening aligned with applicable regulatory requirements, including anti-money laundering and sanctions controls.

These measures mitigate potential risks such as financial crime exposure and counterparty default, while reinforcing outcomes including transparency, accountability, and responsible financial intermediation. Moreover, key trade finance practices, including support for the import and export of renewable energy products, the inclusion of ESG-related certificate requirements within LC shipping document mandates, and the role of LGs in supporting broader development and infrastructure-related activities is reinforced.

## Murabaha Letter of Credit - Shari'a-Compliant Trade Financing

KFH offers Murabaha-based Letters of Credit as part of its Shari'a-compliant trade finance solutions, enabling clients to finance the purchase of goods in accordance with Islamic principles.

Under this structure, the Bank purchases goods requested by the client and subsequently sells them at a pre-agreed profit margin on a deferred payment basis. This ensures that financing is asset-backed, transparent, and compliant with Islamic finance principles, avoiding interest-based lending.

The process is governed by strict documentation, verification, and approval controls covering shipment details, pricing, supplier information, and delivery terms. This strengthens governance, enhances transaction transparency, and reduces operational and financial risks across the trade cycle.

Murabaha Letters of Credit support responsible trade by enabling clients to access essential goods and services while maintaining compliance with regulatory requirements and Shari'a governance standards.

KFH Trade Finance supports the Bank's ESG objectives by enabling responsible trade flows, supporting essential sectors, and strengthening governance through structured documentary controls. Portfolio analysis shows clear ESG alignment across Letters of Credit and Letters of Guarantee. LCs recorded 126,064 transactions, of which 15,454 transactions (12.3%) were ESG-aligned. LGs recorded 89,635 transactions, with 68,899 transactions (76.9%) classified as ESG-aligned.

Within LCs, ESG contributions are mainly driven by food security and essential commodities at 9.5%, healthcare at 1.4%, social infrastructure at 0.9%, and environmental at 0.4%. Within LGs, ESG contributions are led by tender, regulatory and contract guarantees at 58.2%, followed by healthcare at 11.9%, social infrastructure at 5.6%, environmental at 0.9%, and food security and essential commodities at 0.3%.

05.

# Manufactured Capital: Ensuring Geographical Accessibility



# Branches & ATMs: Physical Accessibility

## Branches

KFH has consistently focused on expanding its branch network, ensuring that its services are accessible to customers across Kuwait. As of 2025, KFH operates a total of 71 branches and showrooms.

The Bank operates a diversified branch network designed to meet the needs of different customer segments through a range of specialized service models. This network includes branches that offer comprehensive banking services, digital branches that provide technology-driven, self-service solutions, and specialized branches dedicated to specific segments such as private banking, corporate clients, and people with disabilities, as well as a labor-focused branch. Each branch type is distributed across various locations and was established at different dates to support the Bank's expansion strategy and enhance accessibility for customers.

Branch locations are selected based on customer demographics, business potential, accessibility, competitor presence, and the importance of critical locations such as malls, airports, and commercial centers.

Over the past three years, the number of KFH branches has evolved in line with the bank's strategic objectives. These changes are primarily driven by factors such as mergers, profitability considerations, cost management, branch optimization, and the growing reliance on digital banking technologies. For example, the merger with AUB Kuwait led to the rationalization of branch networks to eliminate redundancies.

These identified factors directly align with KFH's overall strategy by supporting revenue growth through expansion in high-demand areas, reducing operational costs through the increased adoption of digital banking solutions, and strengthening customer satisfaction by enhancing convenience and accessibility. They also contribute to improving internal efficiency through automation and promoting innovation through fintechdriven service enhancements. Collectively, these shifts ensure that branch network changes remain consistent with the Bank's long-term objectives and competitive positioning.

KFH's expansion plan aligns closely with its commitment to financial inclusion, ensuring banking services are available to underserved and newly developed residential areas.

By expanding its branch network to meet increasing demand, KFH is fostering economic participation and providing essential services to a broader customer base. This approach supports KFH's mission to offer convenient, accessible banking options to all segments of society.



### Branches LEED Certifications

Following the LEED Gold certification obtained for KFH's Qadisiya Branch (Existing Building: Operations & Maintenance) in 2024, KFH secured four additional LEED Gold certifications in 2025 for the following branches:

*KFH – Bayan Branch*

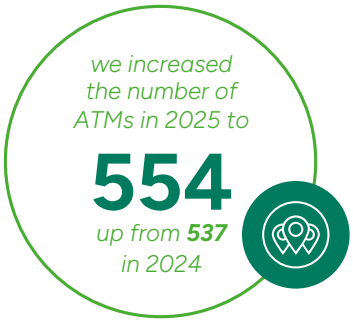
*KFH – Khaldiya Branch*

*KFH – Jahra 1 Branch*

*KFH – Jaber Al Ahmad Branch*

## ATMs

To enhance accessibility and convenience,




It is noted that KFH's strategy is to cover most areas in Kuwait, and KFH has already completed coverage for ATMs.

## Branches and ATMs Accessibility for People with Disabilities

We are dedicated to ensuring that all our customers, including customers with disabilities, 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 people with disabilities and wheelchair-accessible entrances to ensure easy, quick access upon arrival.

Our employees receive training in sign language to assist customers with hearing impairments. A total of 78 employees across branches received sign language training. 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:

- AlRawdah
- AlRehab
- Mubarak AlKabeer
- Saad AlAbdullah
- Aldaher
- AlZahra

KFH's 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. KFH's ATMs go beyond being accessible to wheelchair users.

They are designed to be user-friendly and are of an optimal height for easy access. 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.

KFH constantly aims to provide secure, convenient, and an 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

KFH's Point of Sale (POS) network represents a core component of KFH's payment acceptance ecosystem and reflects the breadth of its active merchant base across the State of Kuwait. The POS systems currently in operation includes all deployed terminals that are actively processing transactions across diverse merchant segments. This network is monitored regularly to ensure alignment with KFH's strategic objectives, including merchant growth targets, utilization efficiency, and the expansion of digital payment channels.

KFH recorded strong growth in its POS network, increasing the number of terminals from 13,988 in 2024 to 20,753 in 2025, representing a growth of 48.4%. This expansion is driven by a proactive merchant acquisition strategy as well as rising customer and merchant demand for convenient electronic payment methods. Additional contributing factors include the increasing preference for digital transactions over cash, the introduction of flexible solutions such as iPOS and VPOS, and regulatory initiatives that support the broader adoption of digital payments. The Bank also undertakes strategic portfolio optimization, reallocating or upgrading devices based on merchant performance to ensure efficient resource utilization.

KFH's POS network is geographically distributed across Kuwait in alignment with commercial activity concentration and merchant demand. Terminals are deployed across major business hubs and all Kuwait governorates. This distribution ensures broad market coverage, supports KFH's digital transformation strategy, and enhances accessibility to payment services across both central and suburban areas. Deployment decisions are driven by multiple factors, including customer density, sector-specific transaction volumes.

To maintain leadership in payment innovation, KFH continues to enhance and modernize its POS offerings. Recent upgrades have improved functionality, security, and flexibility for merchants. Key enhancements include:

- Digital and Mobile Wallet Acceptance across POS devices
- Soft-POS / iPOS / VPOS Enablement, allowing merchants to process transactions using mobile devices
- Enhanced Security Standards, including tokenization and end-to-end encryption
- Faster Transaction Processing and improved reporting tools
- Remote Device Management for greater operational efficiency

These advancements reflect KFH's commitment to adopting cutting-edge technology, strengthening the merchant experience, and supporting Kuwait's transition toward a more digitally integrated and inclusive payment ecosystem.

06.

# Intellectual Capital: Driving Digital Innovation



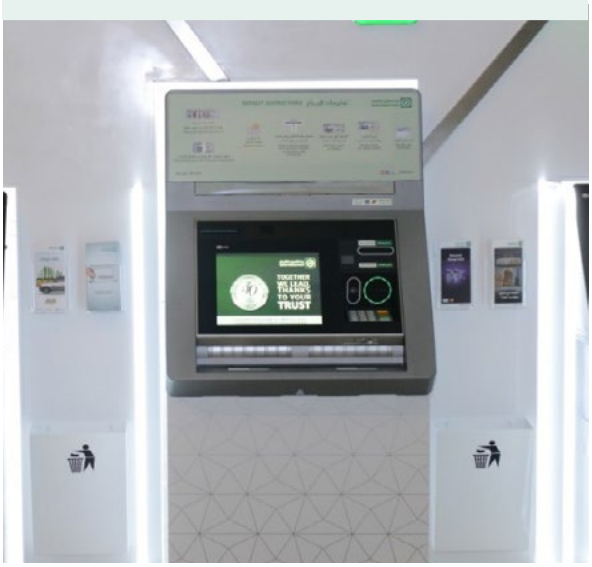
# Enhancing Digital Access for Customers

KFH continues to advance its leadership in digital innovation through a comprehensive ecosystem of digital channels designed to meet the evolving needs of customers seeking convenience, efficiency, and accessibility. A key component of this ecosystem is the KFH Go self-service device, which delivers an extensive suite of services available 24/7. Through XTM devices, ATMs, and kiosks, including card-printing services, customers across all segments can seamlessly complete a wide range of banking transactions.

To further elevate the digital experience, KFH introduced KFH Pay, enabling customers to request and transfer funds easily through the updated KFH Mobile Banking App. Additionally, Allo Baitak, KFH's secure interactive voice response service, provides uninterrupted access to essential banking features, including balance inquiries, ATM card activation, credit card payments, and the reporting of lost or stolen cards.

***Strategic collaborations with FinTech partners continue to play a central role in supporting KFH's financial and digital inclusion objectives. Notable initiatives include:***

- **Development of enhanced payment channels**
- **Exploration of new digital wallet solutions**
- **A Buy Now, Pay Later (BNPL) partnership**




KFH maintains its position as a leading provider of digital financial solutions by strengthening its technological infrastructure and expanding high, quality digital services. Through the integration of artificial intelligence, data engineering, FinTech applications, e-marketing, and advanced cybersecurity frameworks, KFH has automated several processes using RPA, optimizing resource utilization, enhancing operational efficiency, and reducing service turnaround times.

Currently, KFH online, accessible through both the mobile application and website, offers more than 150 digital services, while XTM devices and KFH Go smart branches provide approximately 50 services.

In 2025, KFH further advanced its internal digital transformation, most notably through its partnership with Gieom to implement the Digital Blueprint platform. This initiative focuses on the digitalization and standardization of internal policies and procedures, strengthening operational efficiency, governance consistency, and process transparency across the organization.

In parallel, KFH is expanding its customer-facing digital services, offering a range of free services accessible from multiple countries, including the United States, Canada, the United Kingdom, France, Germany, Turkey, and Spain. These enhancements reinforce KFH's commitment to financial inclusion by enabling customers from diverse backgrounds to manage their finances securely and seamlessly from anywhere.

Driven by its customer-centric vision, KFH continues to enhance its digital capabilities through ongoing collaboration with FinTech firms, startups, and SMEs. These partnerships support the integration of innovative technologies and business models that elevate product offerings, strengthen service quality, and enhance overall customer satisfaction. Complementing these efforts, KFH is also investing in digital literacy programs for both customers and employees, equipping them with the skills needed to navigate and benefit from the evolving digital banking landscape while ensuring alignment with best practices and regulatory requirements.

### *Taly BNPL Partnership*

One of KFH's key BNPL initiatives in 2025 is its strategic partnership with Taly, a Kuwaiti fintech company specializing in Sharia-compliant digital payment solutions. Through this partnership, KFH supports the rollout and expansion of Taly as a fully digital platform that enables customers to make purchases both in-store and online and split payments into four equal installments with zero profit or fees.

The service is seamlessly integrated across participating merchants, offering instant approval decisions and a smooth checkout experience that enhances customer convenience while maintaining financial discipline. Importantly, the platform operates under a strict Sharia-compliant framework, ensuring that all transactions align with Islamic finance principles.

This partnership also reflects KFH's broader strategy to foster fintech innovation, strengthen partnerships with emerging digital players, and contribute to the development of Kuwait's economy. By enabling flexible, transparent, and responsible financing options, Taly not only improves consumer purchasing power but also supports merchants by increasing sales conversion rates and customer retention, positioning it as a key driver in Kuwait's evolving digital payments ecosystem.



As part of its efforts to simplify transactions, KFH launched the "WAMD" service, which enables customers to send and receive money using mobile numbers around the clock. This feature enhances peer-to-peer transfers, making daily financial interactions faster, more secure, and more convenient.

Reinforcing its digital transformation journey, KFH participated in NEXUS 2025 – Kuwait, where it showcased its advanced digital banking solutions and transformative services. This participation underscores KFH's commitment to driving digital innovation, staying at the forefront of industry developments, and accelerating the adoption of cutting-edge technologies to enhance customer experience and operational excellence.

KFH continues to implement a clear, forward-looking strategy aimed at digitalizing operations to elevate customer experience and maximize convenience. KFH regularly introduces new features on KFH Online, enabling customers to access services and products that previously required visiting a physical branch.

Today, most of KFH's retail offerings are available digitally, positioning the Bank as Kuwait's leader in online services across platforms such as KFH Online, E-Corp, Rewards, and "Tam" digital bank. Retail Banking will continue providing detailed updates as new enhancements and features are released.

### *E-Corp Corporate Digital Platform*

KFH's E-Corp portal is the bank's dedicated digital platform designed to support corporate and SME clients in managing their financial operations securely and efficiently. It provides a centralized environment where businesses can access account information, initiate local and international payments, manage beneficiaries, monitor cash flows, and handle a wide range of corporate banking services without the need to visit a branch.

The platform also supports structured approval workflows, role-based access controls, and audit trails, strengthening governance, transparency, and operational continuity for corporate users.

In 2025, the platform was further enhanced with a comprehensive set of new features that expand its capabilities and improve the overall user experience. The upgrade introduces a modern interface, enhanced system performance, and full compatibility across desktop, tablet, and mobile devices.

New services include the ability to issue QR-coded IBAN letters, submit supplier disbursement requests, update corporate profiles, access and request credit facilities, view detailed deal information, and initiate new deal requests directly through the platform. These enhancements reflect KFH's ongoing commitment to strengthening its digital corporate banking capabilities and delivering more efficient, accessible, and user-centric financial solutions.

In line with broadening its digital capabilities, KFH introduced an online service that allows customers to obtain financing against cash collateral via its KFHonline platform, accessible through both the mobile app and website. This service enables customers to submit financing requests 24/7 without visiting branches. Eligible customers with investment deposits or savings accounts can secure financing for multiple purposes, with financing amounts determined by the value of their deposits or the blocked amount in their savings accounts. The service offers competitive profit rates and flexible credit periods of up to ten years, ensuring accessible and customer-friendly financial solutions.

Expanding its digital ecosystem further, **KFH's "Tam" digital bank** launched the **"Transfer Your Student Allowance"** campaign, encouraging students to rely on digital channels for managing their allowances. This initiative aligns with KFH's ongoing efforts to promote digital banking among younger demographics, emphasizing ease of access, user-friendly experiences, and financial empowerment.

KFH continued offering the **GCC Cross-Border Payment System (AFAQ)** on the KFHonline app, allowing customers to instantly transfer funds to GCC banks participating in the AFAQ network.

This service strengthens regional connectivity and reinforces KFH's commitment to expanding its portfolio of advanced, cross-border digital payment solutions.

By embracing technological advancements, expanding digital capabilities, and forging strategic partnerships, KFH continues to lead the digital transformation of the banking sector. These ongoing efforts ensure that customers across all segments benefit from seamless, efficient, and modern banking experiences tailored to their evolving needs.

## Driving Innovation and Excellence

KFH has actively driven its Digital Transformation & Innovation (DTI) agenda over the past three years, launching multiple strategic initiatives to enhance customer experience, operational efficiency, and innovation culture. These projects are aligned with the Bank's roadmap and vision to become a leader in digital banking.

DTI function comprises three key departments: Digital Transformation, Digital Operational Excellence, and Digital Innovation and Partnerships. Each department plays a vital role in driving and supporting KFH's digital strategy. KFH's digitalization journey is an ongoing process focused on enhancing customer experience by continuously adapting to emerging digital trends and implementing innovative strategies. Our digital transformation roadmap includes the following key focus areas:

| | | |
|---|---|---|
| *Establishing a clear vision and mission* | *Fostering a culture and mindset that embraces agility and innovation* | *Enhancing the customer experience with seamless digital solutions* |
| *Assessing the Bank's current position* | *Adopting automation and RPA* | |
| *Defining the desired future state* | *Improving turnaround time through process optimization* | |

*KFH has a clearly defined DTI Roadmap that outlines the strategic direction, phases, and key initiatives required to achieve full digitalization. Over the past three years, the Bank has actively advanced this agenda by launching multiple strategic projects aimed at enhancing customer experience, strengthening operational efficiency, and fostering a culture of innovation. These efforts are fully aligned with KFH's vision to lead in digital banking and deliver superior value to its customers.*

## Assessment of KFH's Digital Transformation Journey

KFH employs a structured and data-driven approach to assess its digital transformation journey, ensuring alignment with strategic objectives, customer needs, and industry standards. This assessment framework integrates multiple evaluation methods, tools, and feedback mechanisms for improvement.

### 01 Strategic Alignment and Planning

KFH begins its assessment by ensuring that digital transformation objectives are aligned with KFH's overall business strategy. This includes defining clear goals such as enhancing customer experience, reducing costs, and improving operational efficiency. A structured roadmap with milestones and timelines is established to guide digital initiatives effectively.

### 02 Governance and Oversight

The DTI team has transitioned from operating as an independent committee to actively integrating within KFH's primary governance structures. Instead of a separate committee, the DTI team now contributes as members of the Technology Steering & Digital Transformation Committee and the Artificial Intelligence Technology Program Steering. This change has empowered the team to oversee, report on, and participate in KFH's key initiatives, ensuring digital innovations align seamlessly with the organization's broader strategic activities.

### 03 Performance Measurement Framework

KFH utilizes a strong framework to measure and evaluate digital transformation success. This includes:

- ***Key Performance Indicators (KPIs):***
  Quantifiable metrics used to assess the effectiveness of an organization's strategies and operations, ensuring alignment with business objectives and driving continuous improvement.

### 04 Agile and Iterative Assessment Process

We adopt an agile approach to ensure seamless tracking and continuous optimization of digital transformation efforts. Key practices include:

- ***Incremental Evaluation:***
  Projects are divided into smaller, manageable phases, allowing for real-time monitoring and timely adjustments.
- ***Regular Review Cycles:***
  Regular monthly and quarterly assessments are carried out to monitor progress, gather feedback, and refine strategies for continuous improvement.
- ***Prototyping and Testing:***
  New digital products and services are piloted in controlled environments to gather insights, enhance functionality, and ensure effectiveness before full-scale implementation.

### 05 Feedback Mechanisms for Continuous Improvement

KFH integrates a multi-stakeholder feedback system to gather insights from customers, employees, and business partners. This ensures digital transformation initiatives are responsive to user needs and operational challenges, allowing for continuous refinement.

### 06 Risk and Compliance Monitoring

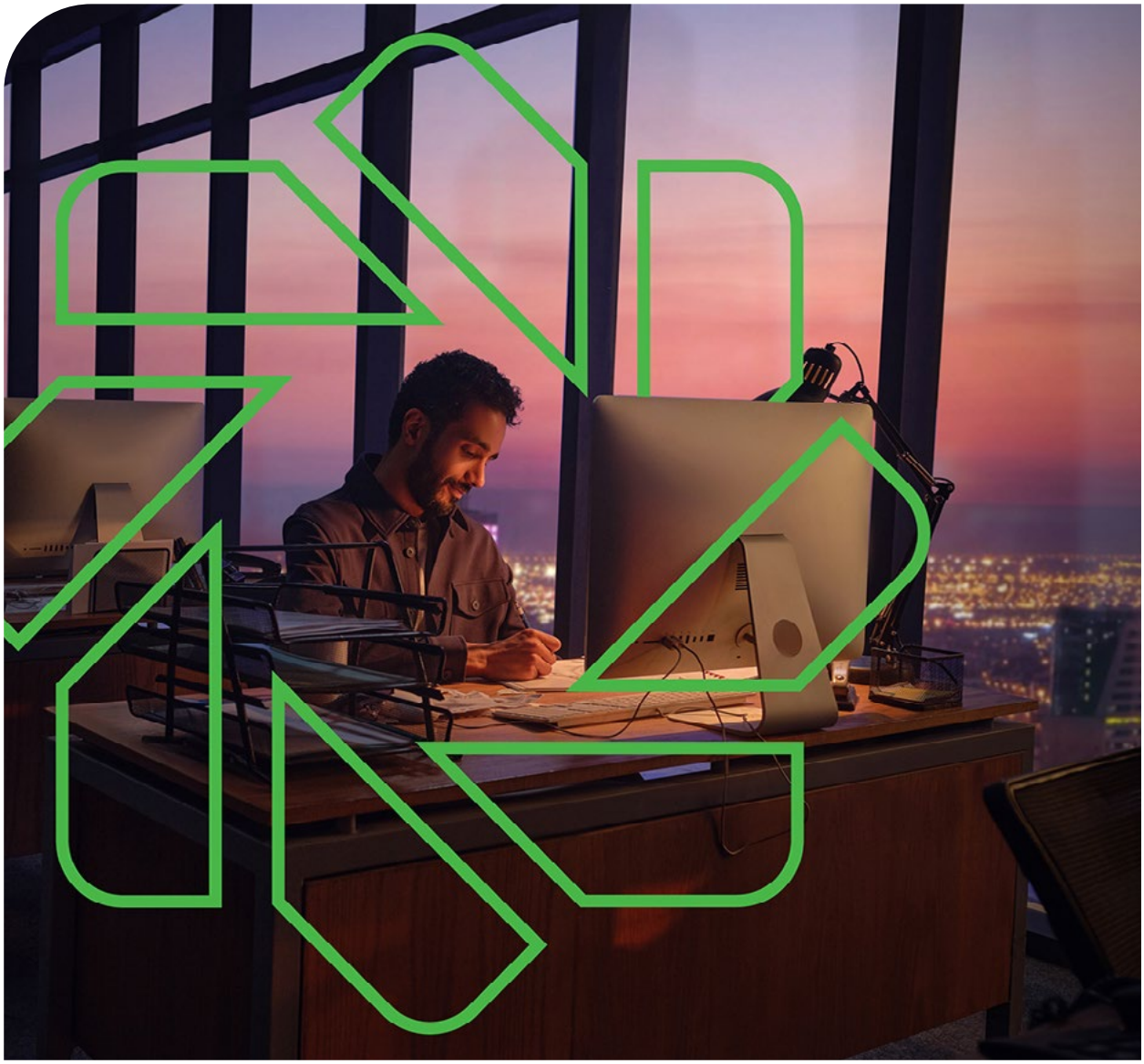
KFH integrates compliance and risk management into its digital transformation assessment. The Bank employs dedicated tools and frameworks to ensure:

- Cybersecurity readiness to safeguard digital assets.
- Regulatory compliance to adhere to legal and financial industry standards.
- Risk mitigation strategies to protect operations from potential digital threats.

### 07 Continuous Improvement and Innovation

To remain competitive and future-ready, KFH continuously explores and integrates emerging technologies. This proactive approach ensures the Bank stays at the forefront of advancement in digital Banking and maintains a leading position in the industry.

By following this structured and dynamic assessment approach, KFH ensures its digital transformation journey remains effective, customer-centric, and aligned with evolving market trends and regulatory requirements.



# Digitalizing Banking Processes

KFH continuously aims to achieve operational excellence and drive innovation through digitalizing its Banking processes to deliver a seamless Banking experience. This is achieved through the following:



### *Business Process Improvement Program*

KFH's Business Process Improvement Program is designed to streamline workflows by analyzing current processes, eliminating inefficiencies, and automating repetitive tasks. This program enhances productivity, minimizes operational costs, and improves overall performance by leveraging digital solutions for optimized Banking operations.



### *Role-Based Access Automation*

To enhance security and efficiency, KFH implemented Role-Based Access Automation, ensuring employees receive system privileges based on their job roles. This automation accelerates the onboarding process, reduces manual intervention, and strengthens access control, mitigating risks associated with unauthorized access.



### *Robotic Process Automation*

KFH's Digital Transformation and Innovation Department spearheads the Bank's RPA strategy. A dedicated RPA squad within the IT team identifies, develops, and deploys automation solutions to improve operational efficiency. By automating tasks such as data entry, reconciliation, and routine transactions, RPA minimizes errors, accelerates workflows, and allows employees to focus on strategic, high-value activities.



### *Case Management System*

KFH introduced a Centralized Case Management System to efficiently handle service requests, inquiries, and suggestions across departments. This platform seamlessly integrates with existing Bank systems, enabling streamlined operations and improving internal collaboration. The system also fosters employee engagement and strengthens brand loyalty within the organization. Additionally, built-in advanced analytics provide supervisors with real-time insights into team performance, allowing for proactive monitoring, data-driven decision-making, and improved service efficiency.



### *Digital Workspace*

KFH implemented a Digital Workspace initiative to create a seamless, technology-driven employee experience by integrating people, processes, and technology. This digital workspace ensures consistency, security, and efficiency across all devices, allowing employees to collaborate effectively and perform tasks from anywhere, at any time. This initiative enables remote work and enhances communication, optimizing agility and maintaining high productivity.

## Enabling Innovative Thinking

KFH is committed to fostering a culture of innovation by empowering employees to adopt a forward-thinking mindset. As part of its 2025 digital initiatives, KFH launched the Digital Innovation Competition – Cycle 2025, a Group-wide program designed to encourage employees to submit practical, high-impact ideas that reduce costs and enhance operational efficiency. The initiative reinforces KFH's commitment to fostering a culture of digital innovation and financial stewardship, with submissions evaluated against clear criteria including cost-optimization potential, feasibility, innovation, scalability, and clarity of presentation. Through this challenge, KFH empowers its workforce to contribute to smarter, more efficient ways of working across the organization.

### *Digital Academy*

Recognizing the importance of digital literacy, KFH established the Digital Academy, a structured training program designed to equip employees with essential digital skills. The academy offers three levels of training, covering various aspects of digital transformation and innovation. This initiative fosters a culture of continuous learning, empowering employees to adapt to technological advancements and contribute to KFH's growth in digital technology.

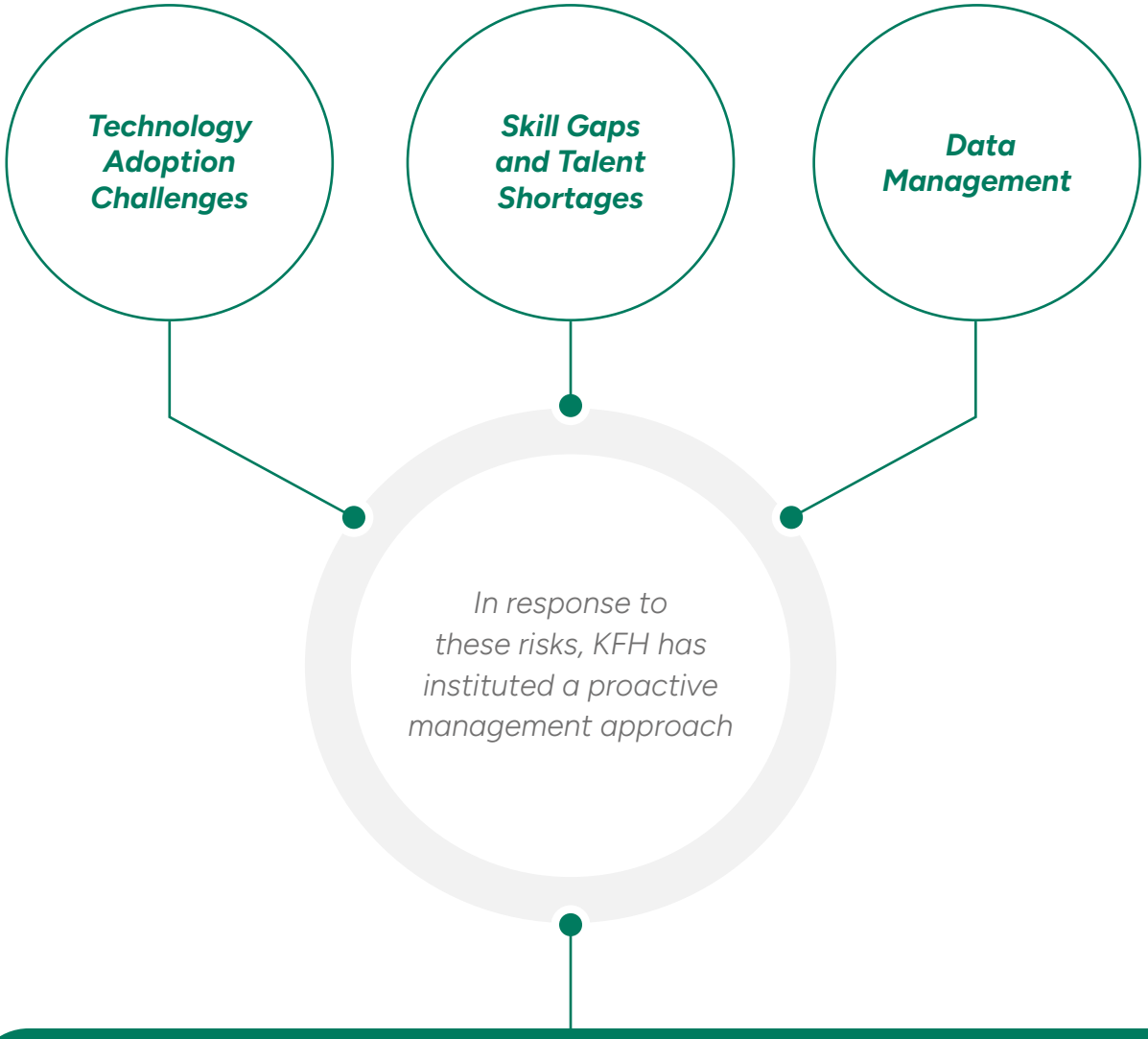
### *Innovation Center Platform*

KFH established the Innovation Center as a dedicated platform to foster creativity, drive cultural change, and promote continuous engagement across the KFH Group. As part of its ongoing evolution, the Innovation Center continues to expand and enhance its capabilities, enabling employees across the Group to submit and share ideas year-round and participate in the annual innovation competition cycle, thereby strengthening collaboration and innovation engagement.

The impact on KFH's innovation culture has been significant across the KFH Group, with innovation competition participation increasing threefold—from 35 ideas submitted in 2022 to 105 ideas in 2023—followed by a substantial surge to more than 480 ideas in 2024. This strong momentum continued in 2025, reaching 561 ideas submitted through the innovation competition, reflecting the sustained expansion and enhancement of the Innovation Center and reinforcing a deeply embedded culture of collaboration, creativity, and continuous improvement across the Group.



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 across.*

07.

# Human Capital: Nurturing an Inclusive & Empowered Workforce



# Inclusive and Diverse Workforce

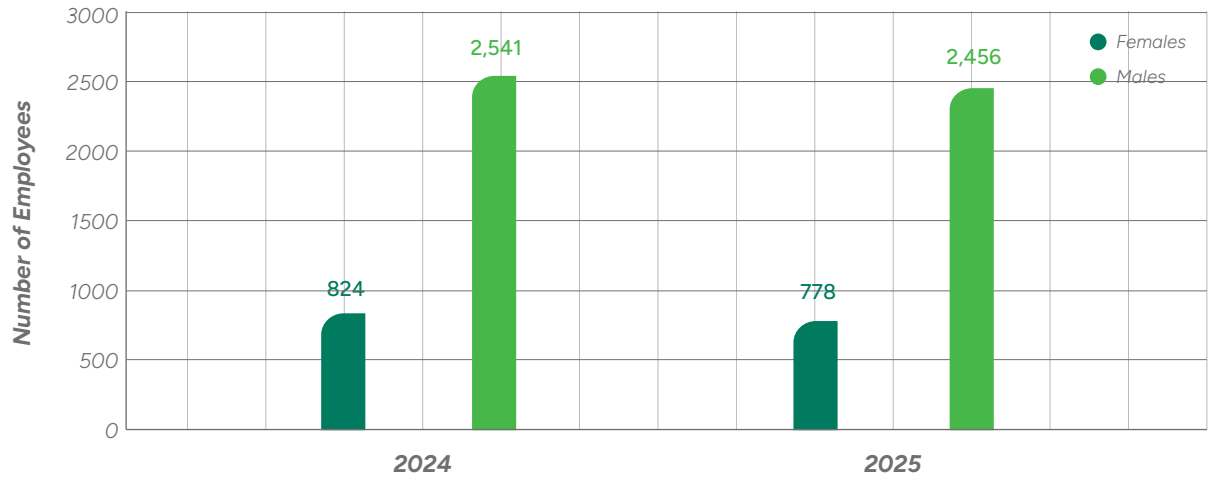
KFH firmly believes that diversity and inclusion are cornerstones of a resilient and innovative organization. The Bank is committed to fostering a workplace that embraces individuals from different backgrounds, perspectives, and experiences, ensuring that every employee feels valued, respected, and empowered to contribute their best. Through its inclusive policies and programs, KFH promotes equal opportunities in recruitment, training, and career advancement, with a focus on maintaining gender balance, supporting individuals with disabilities, and encouraging age and cultural diversity.

The Bank continually strengthens its diversity framework by implementing mentorship initiatives, awareness programs, and targeted development pathways designed to enhance representation across all levels of the organization. KFH also prioritizes transparency and accountability in its diversity practices, ensuring that its actions align with both ethical standards and Kuwait's national labor regulations. By cultivating an inclusive culture, KFH not only reinforces its social responsibility but also enhances collaboration, innovation, and sustainable growth across its workforce.

## Growth and Agility

In 2025, KFH's workforce reached 3,234 dedicated professionals. Additionally, KFH hires contractors and temporary employees to meet the dynamic business needs, which collectively represent 12.3% of the entire workforce, ensuring agility while upholding the highest standards of delivery service.

Figure 5: Total Number of Employees by Gender




During 2023 to 2025, the percentage of open positions filled by internal candidates reached 37%, reflecting the effectiveness of KFH's internal talent development and retention strategies. Meanwhile, KFH continued to attract top talent across all age groups, with a strong focus on youth employment.

Of the 126 new employees hired in 2025, female hiring was primarily within the 30–50 age group, with additional hires under 30 and none above 50. Male hires accounted for the majority of recruitment activity across lower, middle, and upper management levels.

**126** new hires joined the Bank, with **83** under the age of 30.

## Strengthening Women's Representation

KFH continues to prioritize gender inclusion across its operations, maintaining steady progress in empowering women in the workforce. In 2025, female employees accounted for 778 employees, representing 24.05% of the total workforce, reflecting the Bank's efforts to enhance women's participation across all employment categories.

Representation of women in upper and middle management positions stood at 84 employees, while their share in lower management reached 694 employees in 2025. Moreover, women occupied 17% of management roles in revenue-generating functions and 22.50% of positions in Science, Technology, Engineering, and Mathematics (STEM) fields, reinforcing KFH's ongoing efforts to advance female leadership and increase their presence in traditionally male-dominated areas.

## Women's Empowerment and Leadership Inclusion

KFH promotes women's empowerment and inclusive leadership as part of its broader commitment to equal opportunity and professional development. The Bank ensures balanced gender participation in its Leadership Development Programs, integrating inclusion into training and capacity-building initiatives. These programs provide equal growth opportunities for both men and women, helping to develop future leaders across the organization. KFH also monitors female representation in management roles to support continued progress and align with the UN Women's Empowerment Principles (WEPs).

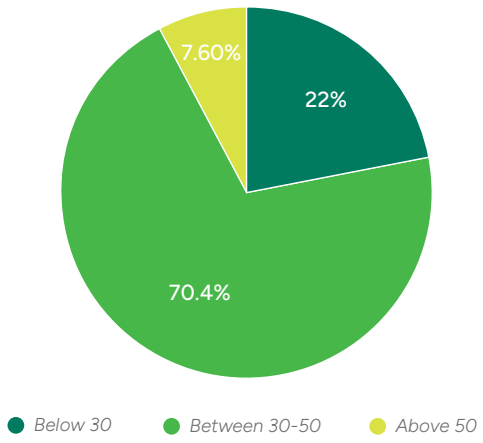
| | |
|---|---|
| **84**<br>*female employees in Upper and Middle Management Positions* | **17%**<br>*of Management Positions in Revenue-Generating Functions are held by female employees* |
| **22.50%**<br>*of STEM-Related Roles are held by female employees* | **694**<br>*female employees in Lower Management Positions* |

## Age Diversity

KFH places great importance on maintaining a balanced age distribution within its workforce, recognizing that diversity in age contributes significantly to creativity, collaboration, and organizational continuity. In 2025, 2,279 of KFH employees are within the 30–50 age range, representing a strong base of experienced professionals. Additionally, 709 of employees are under the age of 30, contributing fresh perspectives and innovation, while 246 are above the age of 50, offering valuable expertise and leadership.

This balanced age distribution underscores KFH's efforts to foster an inclusive workplace that values both experience and innovation while ensuring effective succession planning. KFH promotes age diversity by tracking employee demographics across different age groups and ensuring inclusive hiring practices. The Bank monitors age representation within its workforce and new hires through diverse CV screening and open programs supporting a multigenerational workforce and reinforcing sustainable growth through generational diversity.

Figure 6: Employees by Age Category



## Kuwaitization and Global Expertise

Aligned with Kuwait's Vision 2035 and the national Kuwaitization policy, KFH continues to advance the recruitment and development of Kuwaiti nationals across all organizational levels. During 2025, 83.67% of the workforce were Kuwaiti nationals. At the same time, KFH continues to maintain a multicultural work environment with employees from more than 30 nationalities. This diversity supports collaboration and innovation through a mix of local and international expertise.

**83.67%**

*of KFH's workforce is Kuwaiti.*

## Individuals with Disabilities Inclusion

The Bank offers internship opportunities for individuals with disabilities, reflecting its focus on fostering a supportive and diverse workplace environment. KFH continues to promote an inclusive work environment that ensures equal opportunities for all individuals, regardless of their abilities. As of 2025, the number of employees with disabilities across the KFH Group reached 260, compared to 244 in the previous year. In Kuwait, 24 employees with disabilities actively contribute to the Bank's operations, reflecting KFH's alignment with Kuwait's Vision 2035, which emphasizes empowerment and full inclusion in the workforce.

Over the past five years, KFH has maintained a partnership with the Kuwait Society for the Handicapped, offering more than 120 hours of training to students with disabilities across KFH's various departments and branches.

**260**

*individuals with disabilities are employed across the KFH Group.*

## Non-Discrimination and Equity

KFH promotes a fair, respectful, and inclusive work environment through a zero-tolerance approach to discrimination, ensuring equality in remuneration and diversity in hiring.

## Non-Discrimination Directives

The Code of Business Conduct and Ethics and the List of Violations and Penalties explicitly prohibit discrimination and harassment.

KFH's HR policy ensures equal opportunities and mandates that all individuals be treated fairly, regardless of race, color, ethnicity, gender, marital status, age, religion, political beliefs, or disability. These directives reinforce KFH's zero-tolerance approach to discrimination.

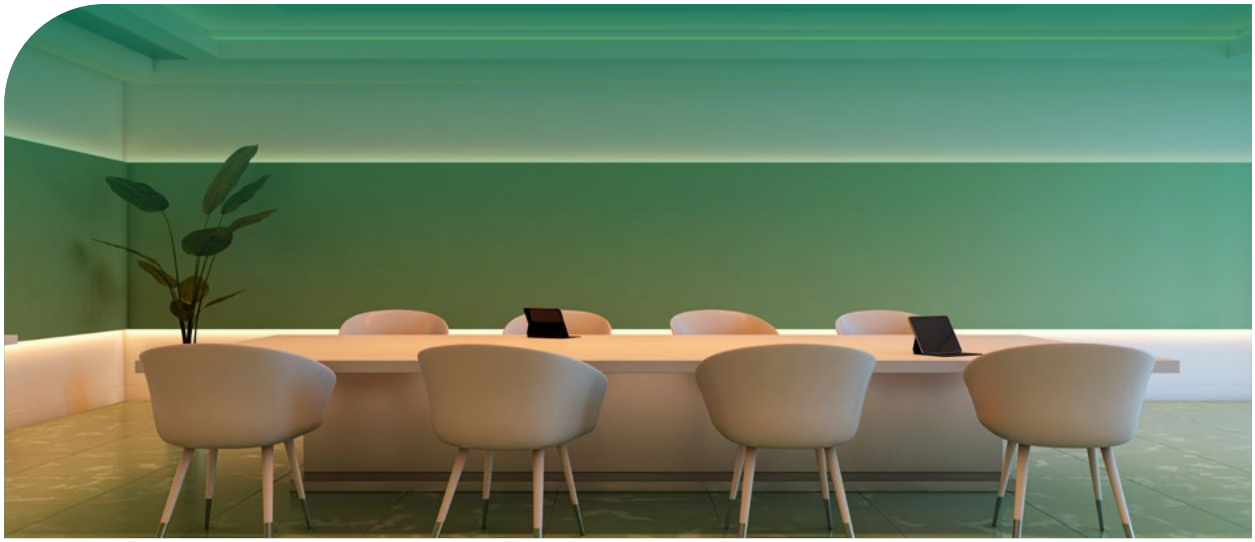
All reported incidents of discrimination are formally reviewed. Once a case is reported, an investigation is initiated to verify the incident, and if substantiated, appropriate corrective or disciplinary actions are applied in line with the established List of Violations and Penalties. In addition, the Bank maintains ongoing remediation efforts to address reported incidents and strengthen preventive measures, ensuring a respectful and inclusive workplace.



## Code of Business Conduct and Ethics

KFH is committed to upholding a Code of Business Conduct and Ethics that promotes integrity, transparency, and accountability across all levels of the Bank. The Code serves as a guiding framework for employees, ensuring that all actions align with KFH's core values and regulatory obligations. It emphasizes compliance with laws, fair treatment, and ethical behavior in all aspects of the Bank's operations. The Code also integrates human rights principles and sets out clear disciplinary measures for any violations, ensuring accountability and adherence to corporate values.

KFH continues to strengthen awareness and ethical compliance through ongoing supervision, transparent reporting, and internal communication channels. In recognition of its multilingual workforce, KFH makes its Code of Conduct available in both English and Arabic, ensuring accessibility and consistent understanding across the organization.



## Equal Compensation

KFH maintains pay equity, ensuring that gender does not influence remuneration or benefits. The Bank's compensation framework is built on fairness, transparency, and compliance with national labor laws. Regular market benchmark studies are conducted to ensure that compensation remains competitive, equitable, and reflective of employee performance and contribution.

## Discrimination Incident Management

In the event of a discrimination or harassment incident, the affected individual should immediately report the matter to their Line Manager and the HR Business Partner Department. KFH ensures that all cases are handled confidentially and professionally, respecting the rights of all parties involved.

All cases are handled with the utmost confidentiality and professionalism, ensuring that the rights of all parties are protected throughout the process. If disciplinary action is required, it is carried out in accordance with KFH's Disciplinary Code and Procedures, following the recommendations of HR and the Legal Department.

*KFH's Code of Business Conduct and Ethics: Here*

# Employee Development & Performance Management

## Talent Pipeline Development

Talent pipeline development is a key priority at KFH. The Bank adopts a structured approach to identifying and nurturing high-potential employees through systematic succession planning and performance evaluations. These initiatives ensure that KFH maintains a skilled, future-ready workforce capable of sustaining leadership continuity and driving long-term organizational growth.

### *Graduate Traineeship Programs*

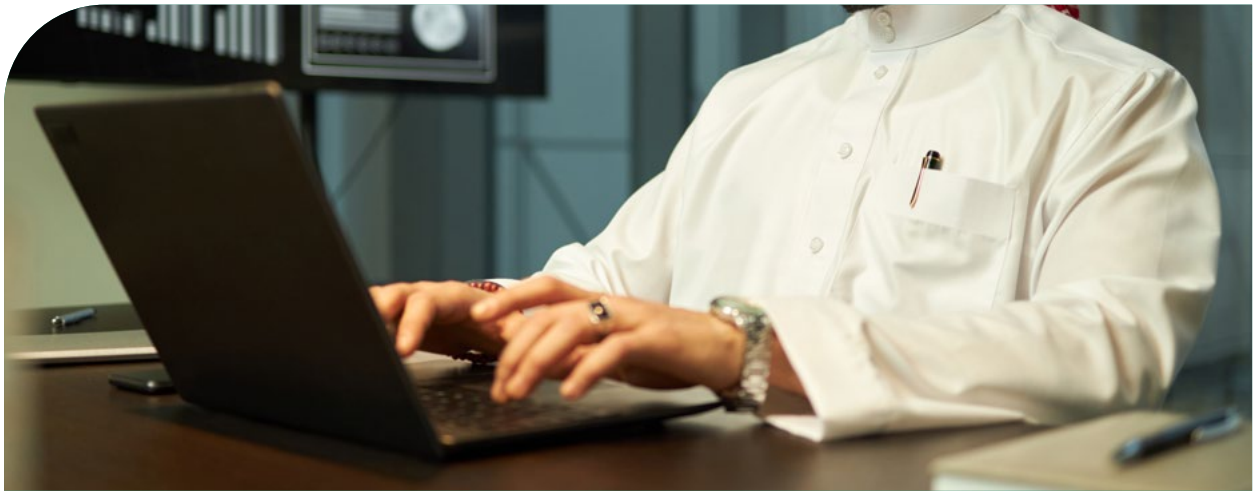
KFH continues to invest in developing young national talent through its graduate traineeship programs, which serve as a cornerstone of the Bank's talent pipeline strategy. These programs provide aspiring graduates with structured training, hands-on experience, and professional mentorship opportunities. Interns participate in comprehensive onboarding and orientation sessions before being assigned to departments aligned with their qualifications and career aspirations. Through these initiatives, KFH ensures that emerging professionals gain the skills, exposure, and practical knowledge necessary to succeed in the banking sector.

## KFH Talent Learning Path

The KFH Talent Learning Path is designed to equip employees with advanced professional and leadership skills, ensuring their continuous growth and readiness for future challenges. The program focuses on developing competencies in negotiation, personal branding, teamwork, and innovation.

It also places strong emphasis on leadership development by enhancing strategic thinking, decision-making, and people management capabilities, empowering employees to drive excellence and contribute effectively to KFH's long-term success.

Through the KFH Talent Learning Path, employees gain access to advanced development modules designed to build key competencies in critical areas, including advanced negotiation, personal branding, team building, and leadership skills. These modules aim to strengthen employees' ability to manage complex discussions, develop their professional image, foster collaboration, and prepare them for future leadership roles through training in strategic thinking, decision-making, and people management.



## Learning and Development

KFH empowers its employees by providing comprehensive training and development opportunities that foster growth, enhance expertise, and drive career advancement. The Bank continuously monitors and evaluates its learning programs through key performance indicators, such as the number of training hours delivered and the number of employees trained. These metrics, overseen by the Talent Development Department, ensure that all training initiatives align with organizational goals, support employee progression, and contribute to building a skilled, future-ready workforce.

KFH enhances employee capabilities through tailored, job-specific training programs that address the specialized requirements of each department. These initiatives ensure employees remain proficient, adaptable, and aligned with the latest industry trends and best operational practices. Satisfaction surveys are conducted to assess the effectiveness and impact of these initiatives.

### *KFH E-Learning*

KFH has partnered with a global digital learning and knowledge solutions company, to provide employees with an e-learning library of over 700 courses. These courses cover key banking and finance topics, including:

- Fundamentals of Banking & Finance
- Capital Markets
- Investment Banking
- Corporate Banking
- Banking Risk Management
- Investment Management
- Private Wealth Management
- Consumer Banking & Payments
- Securities Services
- Sustainability & ESG
- AI & FinTech
- Regulation & Compliance

In addition, LinkedIn E-Learning courses are assigned to employees in the early stages of their careers to promote continuous learning and skill development.

### *Job-Specific Training*

KFH enhances employee skills through tailored job-specific training programs that address the unique needs of each department, ensuring employees stay proficient and updated with industry advancements

### *Certification and Degrees*

KFH supports continuous professional development by funding job-related certifications and academic advancement opportunities. The Bank offers programs that fully cover bachelor's and master's degrees, empowering employees to enhance their qualifications and contribute more effectively to organizational excellence.

KFH promotes continuous professional growth by sponsoring all job-related certifications that enhance employees' expertise and performance. In addition, the Bank offers a comprehensive scholarship program that fully covers tuition and study expenses for bachelor's and master's degrees. As part of the **KAFAA** initiative under the umbrella of **KIBS** and in collaboration with the **Central Bank of Kuwait**, KFH also provides an **Abroad Master's Degree Program** for Kuwaiti nationals, reinforcing its commitment to developing highly skilled and globally competitive talent.

KFH demonstrates a strong commitment to employee development through extensive training and continuous learning initiatives across all employee categories.

Participation in training remains high, with 76 percent of employees receiving training in 2025, demonstrating sustained access to learning and development opportunities across the Bank.

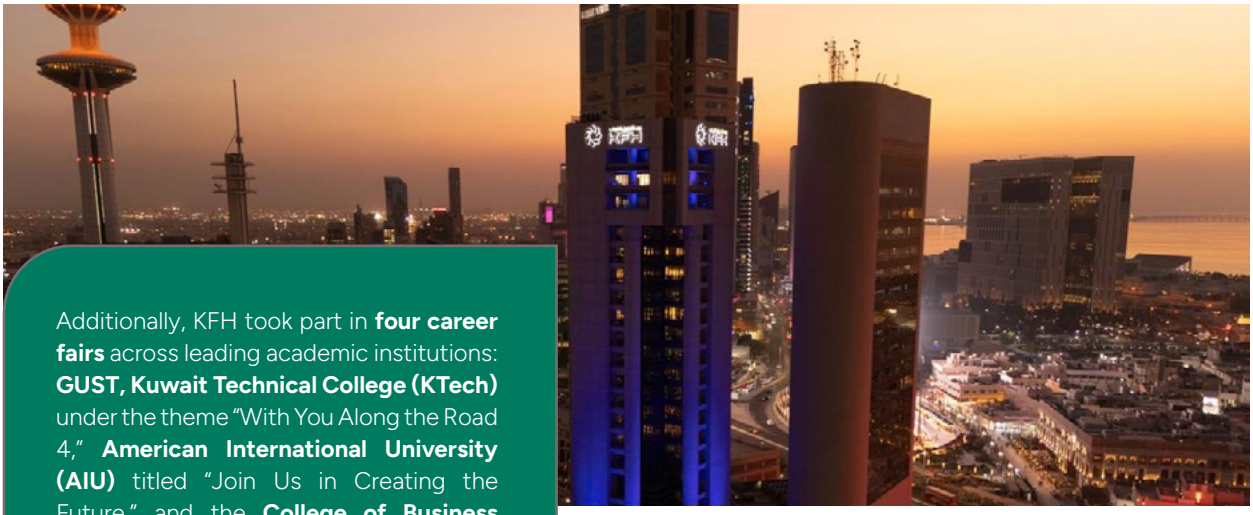
In total, employees completed 96,474 training hours, distributed across Upper management level 285 hours, Middle management level 36,291 hours, and Lower management level 59,898 hours.

Female employees accounted for 24,093 training hours, while male employees completed 72,381 hours. The average training hours per employee varied by category and gender, reflecting role-based development needs and responsibilities.

In 2025, the average training hours per employee reached 26.1 hours, corresponding to an average of 4 training days per employee annually.

Investment in training and development averages 406 KD per employee, with relatively consistent spending across gender and age groups.

KFH continues to enhance its talent recruitment and development initiatives, aiming to attract high-caliber national professionals and nurture their growth within the organization. In 2025, the Bank participated in several major career events, including the **26th Career Fair at the Gulf University for Science and Technology (GUST)** and the accompanying **G-Summit** held.



Additionally, KFH took part in **four career fairs** across leading academic institutions: **GUST, Kuwait Technical College (KTech)** under the theme "With You Along the Road 4," **American International University (AIU)** titled "Join Us in Creating the Future," and the **College of Business Administration at Kuwait University on 26 May 2025.**

These participations reflect KFH's continuous efforts to engage with young national talent, strengthen their employability, and build a future-ready workforce that supports both organizational excellence and national development goals.

In 2025, KFH hosted 35 interns, providing them with structured exposure to the Bank's operations and professional environment. The internship program is designed to support early career development by offering practical learning opportunities, skills enhancement, and workplace experience across relevant departments.

## Diverse Hiring Initiatives

KFH supports diverse hiring through participation in job fairs and recruitment events aimed at reaching a wide range of candidates. The Bank integrates diversity considerations into its talent pipeline and recruitment processes, with a focus on fair representation across roles and departments. KFH also participates in job fairs that offer opportunities to individuals from various demographic groups, including dedicated events for people with disabilities.

## Table 7: Risk Related Trainings and Awareness Sessions

| | |
|---|---|
| **Risk Management & Fraud** | KFH provides risk training and awareness programs to foster a strong risk management culture within the Bank. Employees have access to specialized training programs, including operational risk management awareness and fraud risk awareness. These programs are designed to help employees identify, assess, and mitigate potential risks in their daily operations while effectively upholding compliance standards. |
| **Data Privacy & Cybersecurity** | KFH provides Information Security and Data Privacy Training to equip all employees and contractors with the knowledge and skills needed to protect sensitive data. The training covers data protection regulations, best practices for securing information, and strategies to mitigate security risks. Participants learn to identify potential threats, implement effective security measures, and ensure compliance with relevant laws and standards.<br><br>In compliance with the Central Bank of Kuwait's requirements, KFH conducts regular, mandatory cybersecurity training for all employees. This ensures they remain informed about information secu-rity best practices and emerging threats. To further reinforce data security awareness, KFH regular-ly shares privacy-related communications, including awareness messages and videos on password security, protecting personally identifiable information, remote work security, and customer privacy. |
| **Anti-Corruption** | Anti-corruption and anti-money laundering (AML) policies and procedures are effectively communicated to all employees. The Bank provides awareness training on financial crimes, including money laundering, terrorist financing, and fraud. This training equips employees to identify and report suspicious activities, implement measures to prevent financial systems from being exploited for illegal purposes and comply with regulatory requirements. All employees are required to complete the training, as mandated by the Central Bank of Kuwait. |



### *Collaboration with Kuwaiti Universities*

KFH continues to strengthen its partnerships with leading educational institutions to enhance employee development and build specialized professional capabilities. In 2025, the Bank expanded its training collaborations with both local and international universities to deliver programs that promote leadership, innovation, and technical proficiency.

Through its partnership with the Gulf University for Science and Technology (GUST), KFH launched the Real Estate Evaluation Program, designed to equip employees and real estate professionals with expertise in the profession's code of conduct, international valuation standards, and assessment techniques for residential, commercial, and industrial properties. The Bank also offers Lean Six Sigma training with GUST, focusing on process improvement, workflow optimization, and operational excellence.

In collaboration with the American University of Kuwait (AUK), employees receive practical training in Microsoft Excel, Power BI, and Business Writing, supporting analytical and communication skill development. The American International University (AIU) partnership provides a General English Program to enhance language proficiency. These initiatives demonstrate KFH's integrated approach to talent development, ensuring that employees continue to acquire the skills needed to drive innovation, efficiency, and sustainable growth across the organization.

### *Human Rights Training*

In 2025, 85% of KFH's security personnel received training on human rights principles to prevent violations. The training content focuses on key areas such as non-discrimination and respect for individuals' rights and dignity.

### *Leadership Academy*

Leadership Academy is a leadership development initiative consisting of two programs: Building Leadership Excellence for Senior Managers and Enterprise Leadership Program for Executive Managers.

The development initiative is delivered in collaboration with IE Business School. It includes modules designed to strengthen leadership skills, foster career growth, and drive organizational success. Satisfaction surveys are conducted to assess its effectiveness in developing future leaders. In 2025, a total of 50 participants took part in the program.

### *Qadha Program*

The Qadha program is a key initiative at KFH, designed to recognize and reward the exceptional efforts of our employees. Rooted in our commitment to excellence, Qadha celebrates distinguished performance across all departments and functions, based on best global practices and research. Employees are recognized on a monthly, quarterly, annual, and even immediate basis.

This program plays a key role in supporting KFH's vision of driving innovation and delivering superior customer service. Through Qadha, we encourage a culture of high performance and continuous improvement, which strengthens the Bank's leadership in the Islamic financial services sector. It also supports our digital transformation journey by motivating employees to embrace and lead advancements in financial technology.

In 2025, KFH honored 381 employees through this program, 155 semi-annually and 226 annually, demonstrating the Bank's ongoing commitment to employee appreciation and empowerment.

## Performance Management

Performance reviews are conducted for all employees across the Bank, excluding new hires and employees for whom evaluations are not applicable. These assessments are carried out twice a year, mid-year and annually, through one-on-one meetings between managers and employees. The Bank's performance management system enables the Training and Development unit to gather data that informs learning, career path planning, and succession management. Using a five-tier performance rating scale, results are clearly communicated to employees, ensuring transparency, accountability, and continuous professional growth.

# Employee Stability And Continuity

## Succession Planning

KFH's succession planning is a structured process designed to ensure a continuous pipeline of high-potential employees ready to assume leadership roles. Succession planning at KFH follows a systematic, long-term approach aimed at meeting the Bank's present and future talent needs, ensuring continued achievement of its mission and business objectives. The program is designed to identify high-potential employees capable of assuming greater responsibilities, support their development to succeed key position holders, and maintain a continuous flow of qualified talent to meet leadership and management requirements.

Succession plans are established for leadership roles, including Deputy General Managers (DGMs), Area Heads, and other key positions, in alignment with the approved organizational structure. The Human Resources Department develops structured career development plans for identified successors to close competency gaps and strengthen readiness for future roles. Eligible candidates must meet performance rating requirements, align with the Bank's competency framework, and demonstrate readiness for their target role.

The Succession Team conducts annual reviews of the succession pool, updating it based on the latest performance data and organizational needs. Succession plans are also developed for Key Risk Positions and specialized technical roles requiring advanced expertise. For the High Potential (HiPo) Program, participants must consistently meet performance standards, demonstrate the capability to assume higher responsibilities, and maintain a "3 – Good" rating or above over the past three years. To further enhance objectivity, KFH may collaborate with external HR advisory firms and development centers to conduct psychometric assessments and leadership evaluations for potential successors.

## KFH's Retention Program

**KFH's Employee Retention Program** is a long-term financial and professional incentive designed to enhance motivation, strengthen engagement, and reduce voluntary turnover among high-performing employees. The program identifies and rewards individuals who demonstrate sustained excellence and alignment with KFH's core values and strategic objectives. Eligible employees receive an additional 10% of their monthly income, accumulated over five years, as part of a structured retention mechanism. In addition to financial rewards, the program incorporates career development opportunities, recognition initiatives, and engagement activities to further support talent growth and long-term commitment. Selection is based on predefined performance and eligibility criteria, ensuring that the program benefits those who consistently contribute to KFH's success and embody its culture of integrity, dedication, and excellence.

## Employee Turnover

In 2025, the employee turnover rate stood at 7.7%, with voluntary turnover declining to 5.09%, down from 5.51% in 2024, highlighting the success of our retention program.

When an employee submits their resignation through the human resources information system, the HR Business Partner engages all relevant stakeholders to conduct an exit interview.

During the exit interview, if the HR department recognizes underlying issues contributing to employee dissatisfaction, they may work towards resolving those issues to enhance retention and subsequently reduce the turnover rate. By addressing concerns and implementing solutions, the bank aims to create a more supportive and engaging work environment that encourages employees to remain committed to their roles and the organization.

Figure 7: Employee Turnover by Age

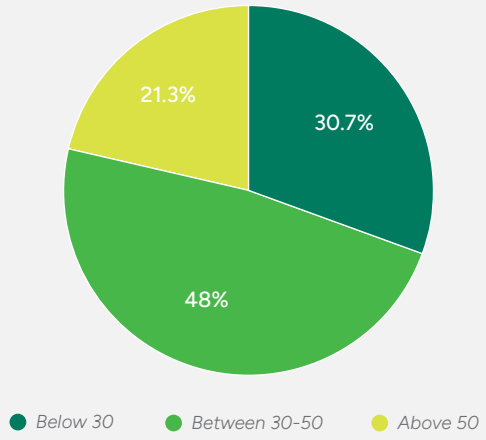



Figure 9: Employee Turnover by Nationality

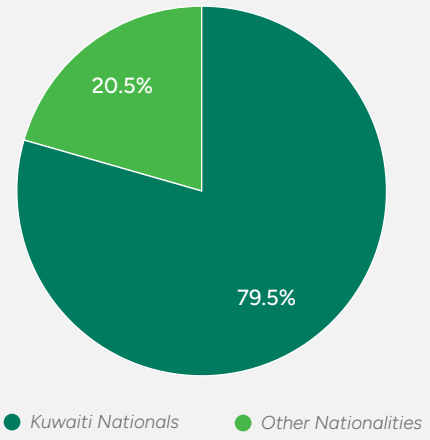
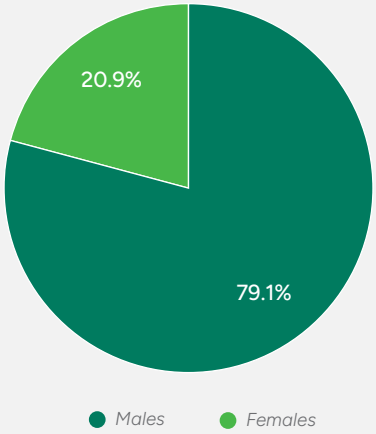



Figure 8: Employee Turnover by Gender




## Layoffs and Operational Changes

KFH had no significant layoffs were recorded during the past three years, reflecting the Bank's stability and dedication to maintaining workforce continuity. KFH upholds transparency and fairness in managing operational changes that may significantly impact employees by applying defined notice periods, approval requirements, and labor-law-compliant processes in cases such as restructuring, workforce optimization, internal transfers, role changes, and layoffs.

All such changes are carefully planned, reviewed, and authorized through approved procedures governed and overseen by the DoA, HR Policy, and Senior Management before implementation. This structured approach ensures employees are informed and adequately prepared, reinforcing KFH's commitment to fairness, employee well-being, and responsible business conduct during organizational transitions.

# Employee Benefits, Well-being, and Safety

## Employee Benefits

At KFH, all full-time employees receive equal pay and benefits aligned with their grade level, ensuring fairness and consistency across the Bank. KFH promotes pay equity and employee well-being, while contractors receive benefits according to their contractual terms, fostering a supportive and inclusive work environment.

### 01 *Health, Disability, and Life Insurance*

A comprehensive insurance coverage, including health, disability, life, as well as work-related injury and death insurance. All types of insurance coverage are provided to full-time employees, with only health insurance coverage extending to their spouses and up to three children.

### 02 *Educational Assistance*

Assistance is provided as per KFH HR policy to support all employees' continuous learning and professional development.

### 03 *Parental Leave*

KFH offers family-friendly benefits to support working mothers and promote a healthy work-life balance.

Nursing mothers are entitled to two hours of reduced working time daily until their child reaches the age of two years. In addition, KFH offers a dedicated Mother's Care Room, designed to provide a comfortable and private space for nursing mothers. These initiatives reflect the Bank's commitment to employee well-being, inclusivity, and a supportive work environment for all parents.

KFH offers female employees and contractors 70 calendar days of paid parental leave, while male employees and contractors receive 3 days of paid leave. In 2025, 66 females took parental leave. Among males, 1759 was entitled to parental leave, and 215 utilized it. The return-to-work and retention rates for both female and male employees who took parental leave was 100%.

### 04 *Flexible Work Hours and Benefits for Childcare Mothers*

KFH supports childcare mothers through flexible work arrangements, including a two-hour reduction in the regular workday for nursing mothers until their child reaches the age of two. The Bank has also established a dedicated mother's care room to provide a comfortable and supportive environment, reflecting its commitment to employee well-being and work-life balance.

### 05 *Qard Hasan*

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

### 06 *Accompanying Sick Leave*

KFH provides comprehensive employee benefits, including accompanying sick leave of up to 35 days. Employees receive 15 days' full pay, followed by 10 days at three-quarters pay, and an additional 10 days at half pay. This policy reflects KFH's dedication to employee well-being and its commitment to maintaining a supportive and compassionate work environment.

### 07 *Umrah Leave*

A paid religious leave is granted to employees and contractors to perform Umrah.

## Employee Engagement

***Wellness Initiatives***

KFH promotes employee well-being through comprehensive health and wellness initiatives designed to support both physical and mental health. KFH also provides workplace stress management initiatives through flexible permission hours and dedicated happiness teams that focus on social activities and overall wellness. KFH aims to foster job satisfaction, purpose, and happiness among employees, reinforcing its commitment to a safe, healthy, and motivating workplace.

KFH remains committed to investing in its people, fostering a culture of innovation, and maintaining an inspiring work environment that support the Group's objectives, and sustain its leadership in Islamic banking.

## Volunteering Activities

KFH collaborates with charitable and community partners to provide employees with meaningful opportunities to create a positive social impact. The Bank encourages volunteerism by recognizing employees' contributions through additional paid leave, further strengthening engagement and reinforcing KFH's commitment to social responsibility.

## 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 gather valuable insights into employee experiences through the Employee Engagement Survey and regular pulse surveys. Upon analyzing the results, we share them with the relevant business areas, identify key challenges and areas for improvement, and develop targeted action plans to address them effectively while continuing to enhance the existing plan. These efforts enable us to continuously enhance our workplace policies and practices, ensuring our team feels supported and valued. In parallel, KFH reinforces a culture of openness and communication through initiatives such as quarterly top management meetings and CEO coffee meetings, creating meaningful opportunities for dialogue and connection across the Bank. In 2025, 83% of KFH employees scored the highest levels of engagement, and 76% scored the highest levels of well-being.



## Health & Safety Management System

KFH places the highest priority on the health and safety of all its employees, including permanent and temporary employees as well as contractors. The Bank has established a comprehensive health and safety management system that applies to all workplaces. KFH fully complies with Kuwait's labor law and the requirements of national authorities such as the Central Bank of Kuwait (CBK), the Ministry of Interior (MOI), and Civil Defense, ensuring a safe, secure, and compliant work environment for all.

## Health and Safety Policy

KFH's Health and Safety Policy is endorsed by Executive Management, ensuring full institutional support and effective implementation across all operations. The policy promotes a safe and hazard-free workplace for all employees, including contractors and visitors. It is accessible through the Business Library, providing employees with essential guidance on health and safety procedures and individual responsibilities outlined in the Bank's Code of Conduct.

To ensure compliance and continual improvement, KFH conducts regular internal inspections and risk assessments through a multi-layered approach that includes Health, Safety, and Environmental monitoring, Employee Security, and Closed-Circuit Television (CCTV) oversight. Emergency procedures and evacuation plans are integrated into the Bank's Business Continuity Management (BCM) framework and are readily available on the intranet for immediate access. In addition, a dedicated team conducts daily visits to all locations and submits weekly reports to management. On-site security guards carry out daily patrols, report any observations, and complete an annual survey covering all health and safety aspects in KFH's premises.

The annual surveys and safety reports are then used to assess the effectiveness of the health and safety management system in which findings are reviewed to identify areas for improvement, and prioritized action plans with clear follow-up mechanisms are developed and shared with relevant departments.

KFH also evaluates near-miss incidents and applies preventive measures to reduce potential risks, reinforcing its commitment to maintaining a safe and healthy workplace for all. Continuous improvement is further supported through regular updates to policies and procedures based on best practices and operational experience.

## Health & Safety Training Programme

KFH provides comprehensive health and safety awareness, and training programs designed to promote preparedness and a strong culture of safety among employees. Employees receive annual training courses, including specialized sessions and awareness campaigns covering Cardiopulmonary Resuscitation (CPR) and First Aid, Safety and Security Procedures, Fire Drills and Evacuation Protocols, and Civil Defense Measures.

These trainings ensure that employees are well-equipped to respond effectively in emergencies and contribute to maintaining a safe and secure work environment across all KFH premises.

08.

# Social & Relationship Capital: Building Community Connections

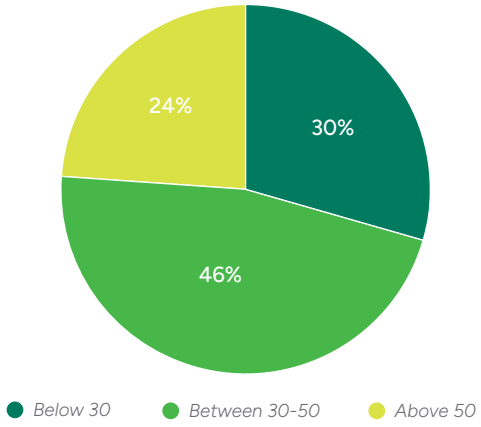


# Crafting Tailored Experiences

At KFH, our Retail Banking provides outstanding services that prioritize customer satisfaction and drive financial inclusion. In 2025, we maintained our commitment to supporting customers across all age groups and genders, as reflected in the diverse and inclusive distribution of our retail financing portfolio.

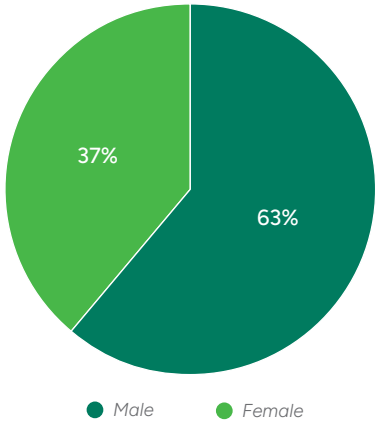
## Age Diversity in KFH's Retail Portfolio

Figure 10: Percentage of Retail Financing by Age in 2025




## Gender Diversity in KFH's Retail Portfolio

Figure 11: Percentage of Each Gender's Total Financing Value from the Total Retail Portfolio




## Diverse Financial Solutions: Personalized Investment Plans

At KFH, we provide exceptional customer satisfaction through a diverse range of financial solutions tailored to meet the unique needs of every individual. Our investment plans are carefully developed to support long-term financial objectives, empowering customers to reach their aspirations.

These plans demonstrate KFH's dedication to providing personalized solutions that help customers fulfill their long-term plans and build a secure, prosperous future. Each plan is designed with specific life goals in mind, integrating savings, returns, and Takaful protection to ensure comprehensive support. Among these plans are:

***Special Health Care Investment Plan:*** **Shifaa**

A plan that combines monthly savings with competitive investment returns and Takaful coverage. In case of serious health issues, the accumulated savings and Takaful coverage for specific illnesses help cover medical expenses.

***Achievement Investment Plan:*** **Injaz**

A plan that offers monthly savings with competitive investment returns. Upon reaching a specific milestone, customers can use the accumulated funds to pursue business opportunities or personal goals, supported by Takaful protection.

***Higher Education Investment Plan:*** **Jameati**
*University Savings*

A plan that focuses on monthly savings, generating competitive investment returns with Takaful coverage. Designed to assist customers in saving for their children's higher education expenses.

***Marriage Investment Plan:*** **Rafaa**
*Wedding Prosperity*

A plan based on monthly savings, offering competitive investment returns and Takaful protection. Upon reaching the designated age, the accumulated savings and investment profits are available to cover marriage-related expenses.

***Retirement Investment Plan:*** **Thimar**
*Returns Investment*

A plan that includes monthly savings, providing competitive returns on investment. Upon retirement, the accumulated funds provide financial support for living expenses, complemented by additional Takaful coverage.

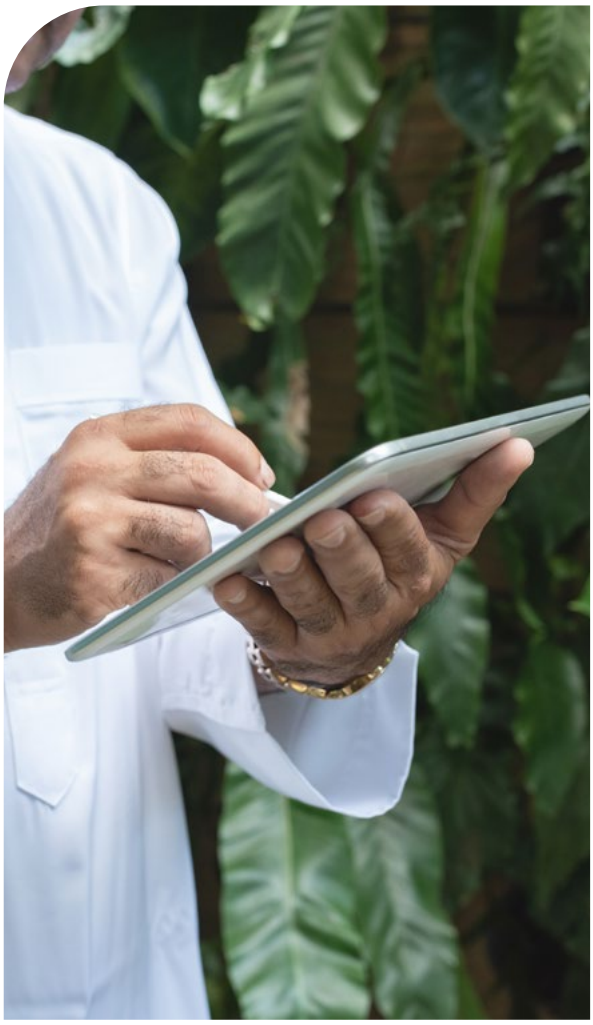
### *Zafafi Packages*

Zafafi marriage finance packages offer financing solutions developed to support customers at a key life stage by facilitating access to funding for marriage-related expenses. The packages bring together tailored products and services and preferential pricing, supporting effective financial planning and cash-flow management, and reducing the financial stress often associated with wedding preparation. By packaging financing and value-added services under one customer journey, Zafafi improves accessibility, enhances affordability, and deepens engagement at a pivotal moment, delivering a clear, practical value proposition that resonates with customers preparing for marriage.

## Green Financing for Retail Customers

KFH launched a personal financing campaign, the first of its kind in the Kuwaiti market, titled "Green Products Financing", 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, supporting more sustainable residential construction and consumption choices and environmental stewardship. KFH offers financing of up to KD 70,000 for a duration of up to 15 years for eligible citizens



## Financial Inclusion in Retail Banking

At KFH, our commitment to promoting financial inclusion is reflected not only in our financing distribution but also in the range of products and services designed to meet the diverse needs of our customers.

We have developed a multi-tiered framework that offers tailored Shari'a-compliant products for various demographic segments. The KFH Banking Tiers include:

Baiti

***"Baiti" Program***

*Tailored for children up to 14 years, fostering saving habits and financial literacy through the "Baiti Club" membership.*

Hesabi

***"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.*

***Personal Program***

*The Personal Program offers a wide range of services, products, and exclusive offers that meet their lifestyle and aspirations from diverse financing solutions, to savings and investment plans for a better future, as well as a comprehensive suite of accounts, credit cards, and digital banking services.*



## Debt Collection Procedure

KFH has a Retail Collection Policy that governs debt collection activities for retail customers. The policy sets out well-defined procedures based on a structured, staged approach, that varies depending on the product type and the length of the delay in repayment, beginning with early monitoring and customer engagement, progressing through formal follow-up actions, and escalating to legal measures where necessary, in accordance with applicable regulations.

These procedures are formally documented and communicated to relevant employees through the policy framework to support effective and compliant implementation.

## Marketing and Communication Approach

KFH is committed to delivering marketing and communication that reflect our core values while reinforcing our brand across diverse platforms. By leveraging both traditional and non-traditional channels, we aim to engage a wide audience and ensure seamless access to our services. Our approach embraces inclusivity and transparency, enabling us to meet the varied expectations of our customers and enrich their experience with every interaction.

KFH emphasizes messages of Leadership, Accountability, and Partnerships, reflecting its values as a financial institution operating under Shari'a principles.

## Responsible Marketing: Marketing Strategy, Policy, and Procedures

KFH's marketing strategy focuses on delivering communications that reflect KFH's core values and meet customer expectations. Through clear, consistent, and value-driven content, KFH reinforces its position as a leader in Islamic banking. **KFH maintains a Policy and Procedure manual, outlining key aspects including:**

01 Objectives and Approach: delivering communications that reflect KFH's values while ensuring they are as broad-reaching as possible to meet customer expectations, through the use of inclusive communication methods across multiple channels to effectively reach and serve all segments of the customer base.

02 Responsibility Matrix: detailing roles and responsibilities across the Marketing Department's hierarchy.

03 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.

04 Fair Advertising and Customer Oversight: reinforcing KFH's ethical marketing framework through additional oversight from the Customer Experience and Complaints departments, ensuring communications reflect customer feedback and needs. KFH strives for clarity and consistency in all messaging, guided by its established tone of voice. In addition to the regulatory and internal approvals outlined above, feedback from the Customer Complaints division and Customer Experience department is incorporated to ensure all communications are clear, accurate, complete, and easily understood.

05 Training and Capacity Building: Reinforcing effective marketing practices through employee training programs delivered in coordination with the HR department, in partnership with leading institutions such as the Kuwait Foundation for the Advancement of Science the Kuwait Institute of Banking Studies (KIBS), in addition to in-house training sessions.

## Products and Services Information and Labeling

KFH ensures that all its products and services are accompanied by clearly defined and comprehensive terms and conditions, which are applied and prominently displayed with every product and service marketed by KFH. Under its policies and procedures, the Marketing function works in close coordination with the Risk Management Department to identify potential risks associated with products and services, while strictly adhering to approved terms and conditions to ensure accurate, clear, and responsible communication with customers.

These terms and conditions undergo rigorous reviews by the Legal, Shari'a, and Compliance and Governance Departments to ensure they are clear, comprehensive, and fully outline the risks and responsibilities held between the KFH and its customers.

This commitment ensures that customers are fully informed about the proper and secure use of KFH's products and service offerings, with general and specific terms and conditions made accessible through KFH's website, depending on the nature of the promotional campaign or a standard product or service offering.

Any promotional campaign communicated to the public must be licensed by the Ministry of Commerce and Industry, with the corresponding license number included in all related advertising materials.



**Zero**

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

## Marketing Channels and Tools

KFH employs a multi-channel approach to reach and engage customers effectively, ensuring that all customer segments receive tailored communication aligned with their preferences and needs. KFH primarily leverages social media to promote its products and services, using traditional media strategically for large-scale campaigns to maximize reach and impact.

In addition, digital marketing tools play a key role in driving customer engagement and ensuring effective dissemination of information across all promotional efforts. To reach various customer segments, KFH employs advanced targeting techniques using demographic and spending patterns data. This allows the KFH to deliver tailored content to the right audiences, ensuring that each campaign is both relevant and impactful for its intended segment.

## 2025 Campaigns

KFH's marketing efforts in 2025 were centered around reinforcing brand identity following the rebranding initiative, while continuing to drive product awareness and customer acquisition through integrated, purpose-driven campaigns. Campaigns were structured around the following key categories:

***Rebranding & Brand-Led Campaigns***

These campaigns focused on introducing and embedding KFH's refreshed brand identity across all customer touchpoints. Emphasis was placed on strengthening brand engagement, enhancing emotional connection, and communicating a more inclusive, human-first visual and messaging approach. Through consistent deployment across digital, physical, and experiential channels, these campaigns ensured rapid brand recognition and familiarity among customers.

***Seasonal & Cultural Campaigns***

Aligned with national and religious occasions such as Kuwait's National and Liberation Days and the Holy Month of Ramadan, these campaigns leveraged culturally relevant storytelling while remaining fully aligned with KFH's Islamic values.

They played a key role in sustaining rebranding momentum, humanizing the brand, and reinforcing shared values of connection, appreciation, and national pride.

***Product & Service Awareness Campaigns***

These campaigns highlighted enhanced product and service landscape including new digital solutions, upgraded branch concepts, and updated card offerings.

By clearly communicating product features, benefits, and functionalities, the campaigns aimed to increase product knowledge, encourage adoption, and position KFH as a forward-looking Islamic financial institution. In line with its commitment to responsible practices, KFH utilized eco-friendly paper in its printed marketing materials, an initiative that was communicated to customers through digital campaigns, event coverage, and PR videos during the retail product launch.

***Acquisition & Conversion Campaigns***

Targeted campaigns were launched to attract new customers and encourage salary transfers to KFH. Strategically timed and benefit-driven, these initiatives focused on communicating KFH's competitive advantages and superior value proposition in a highly competitive market.

***Tactical & Educational Campaigns***

A series of smaller, tactical campaigns addressed specific customer needs and life moments, such as personal finance solutions, long-term investment planning, and back-to-school offers.

These campaigns were designed to educate customers, drive product uptake, and reinforce KFH's role as a trusted partner supporting customers' financial well-being through Shari'a-compliant solutions.

KFH launched a range of strategic campaigns focused on strengthening brand awareness following the rebranding initiative, while promoting its expanded portfolio of banking products, digital services, and customer acquisition offerings. To evaluate the impact of these campaigns, KFH utilized various metrics to assess the reach of marketing materials by tracking customer engagement, conversion into product usage, and the adoption of digital solutions within a defined timeframe. By analyzing these metrics, KFH assessed campaign effectiveness and supported ongoing progress in brand building and digital innovation.

## Customer Experience and Satisfaction

At KFH, we are committed to delivering exceptional customer experience. From the initial point of contact to the completion of each transaction, our goal is to provide a personalized and seamless service that surpasses expectations.

Our team places great importance on transparency, efficiency, and cultivating trust at every stage to ensure the satisfaction of our valued customers. To track our performance and consistently improve our services, we focus on two key performance indicators:

### *KFH Customer Care Score*

Customer Care Score reached 92.8% in 2025. 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.

### *Customer Experience Index*

Internally managed by our Customer Experience (CX) team, KFH's Customer Experience Index reached 82.0% in 2025, reflecting a 2.3% increase from 79.7% in 2024. This index measures customer satisfaction across different banking channels and is calculated based on the percentage of "extremely satisfied" customers versus total respondents, it excludes "satisfied" customers as we are committed to raising the standard of excellence by focusing solely on customers who rate their experience at the highest level. To ensure continuous enhancement of our services, our CX Unit employs a thorough process of analyzing customer feedback.

This process includes daily evaluations and comprehensive quarterly analysis to uncover patterns and pinpoint areas needing enhancement. We utilize a range of techniques such as correlation analysis, comparative analysis, and verbatim categorization to derive valuable insights from customer feedback.

These feedback trends are then prioritized and reviewed for the practicality of implementing changes that will elevate the overall customer experience.

## CX Hero Competition

Our CX Hero Competition is an internal initiative aimed at cultivating a strong customer-focused culture. Frontline employees compete in multiple categories, with performance measured through customer feedback collected via SMS surveys. At the end of the year, the highest-performing employee in each category are recognized with the "CX Hero" title, encouraging them to consistently go above and beyond in exceeding customer expectations.

# Community Empowerment

As an Islamic bank, KFH promotes a responsible financial system that upholds ethical principles, promotes inclusive social development, fosters social solidarity (Takaful), and preserves the environment.

KFH adopts a Corporate Shared Value (CSV) approach that relies on strategic collaborations with trusted public, private, and non-profit organizations to maximize social, economic, and environmental impact. Community investment focus areas are linked to KFH's business strategy and classified under five fundamental CSV pillars:

***Healthcare and Sports***

***Education and Youth Development***

***Social Development and Inclusion***

***Heritage Preservation***

***Environmental Protection***

KFH defines its CSV pillars based on the common needs of community and fundamental human rights while ensuring alignment with Kuwait Vision 2035, government development strategies, public trends, environmental factors, healthcare priorities, and humanitarian causes.

The CSR projects undertaken by KFH align with the Bank's overall CSR strategy, policy, and allocated budget as approved by the Board. Ongoing monitoring and evaluation play a crucial role in assessing the effectiveness of our initiatives. Impact measurement is conducted through key performance indicators, such as program continuity, financial contributions, the number of beneficiaries, event or activity attendance, media coverage, and social media reach.

In 2025, KFH implemented more than 200 initiatives and activities under its CSV pillars in partnership with multiple organizations, reinforcing its commitment to social responsibility and ethical development.



**Pillar 1:**

## Healthcare and Sports

KFH recognizes the importance of health and sports in fostering a thriving community. This pillar is dedicated to promoting public health, encouraging active lifestyles, and expanding access to essential healthcare services. Through strategic partnerships, KFH actively supports initiatives focused on disease prevention, physical fitness, and medical accessibility, ensuring a healthier society.

### Healthcare Initiatives

KFH's partnership with Al-Salam Hospital and the Ministry of Health encompasses:

- KFH's Annual Breast Cancer Awareness Campaign.
- World Diabetes Day.
- KFH's Annual Movember campaign.
- First Aid Courses.
- Numerous health awareness seminars.

### Inauguration of KFH-Funded Tenth Wing at Addiction Treatment Center

KFH contributed to the inauguration the tenth wing at the Addiction Treatment Center, as part of the Center's expansion plan. The first phase of the expansion plan was launched on January 15, 2025 by adding 304 new beds, increasing the Center's total capacity to 569 beds.

### Heart Disease Center

KFH pledged KD 18 million to the cardiac diseases and research center at Mubarak Al-Kabeer hospital. This initiative, in line with national guidelines, underscores KFH's leading role in serving Kuwait. It reflects the bank's commitment to social responsibility by supporting crucial sectors like healthcare.

### KFH's Annual Breast Cancer Awareness Campaign

The annual breast cancer awareness campaign "You Are Stronger" took place throughout the month of October. It featured a variety of supportive and ed-ucational activities that emphasized the importance of early screening, a crucial measure in breast cancer prevention. As part of this initiative, KFH provided its female employees with free examinations and dis-trib-uted gifts to encourage participation.

To further encourage women to take proactive steps in maintaining their health, KFH provided exclusive discounts at various establishments specializing in diet, fitness, and physiotherapy.

Additionally, KFH leveraged its social media platforms to amplify early detection awareness in collaboration with specialized medical professionals.






### *"Movember" Campaign*

The annual Movember campaign aimed to raise awareness about men's health, particularly prostate cancer, by providing tips on healthy living and encouraging early screenings for male employees. Throughout November, the campaign promoted preventive measures and included a variety of initiatives, such as discounts and special promotions at gyms, healthy food providers, dental clinics, supplement and nutrition stores, and physical therapy centers.

Additionally, the campaign hosted various sporting events, including the Padel Championship and the Strength Challenge, which promoted physical fitness.

KFH also leveraged its social media platforms to amplify awareness, publishing a series of informative videos and posts in collaboration with medical professionals and health experts.

### *Other Health Initiatives*

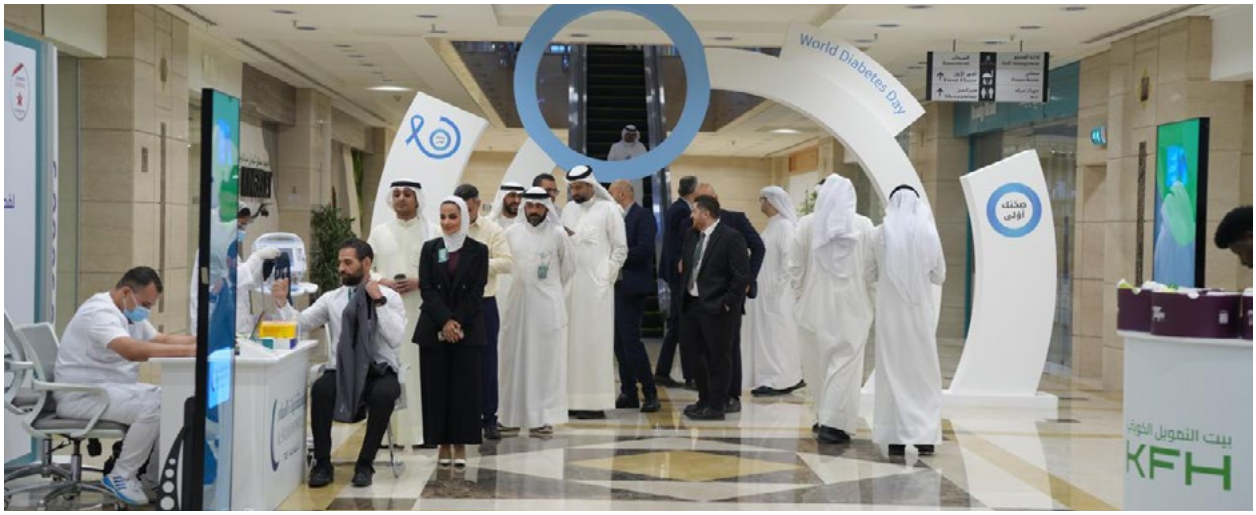
KFH conducted first aid courses for more than 100 employees and school teachers in collaboration with AlSalam Hospital.

### *Sports Initiatives*

**Sponsorships for Kuwait National Teams:** KFH renewed its strategic partnership with the Kuwait Sea Sport Club to support Kuwait's National Jet Ski Team in their participation in the World Championship held in the United States. Additionally, KFH extended its support to the Kuwait Padel National Team.

### *Diabetes Awareness Campaign*

On the occasion of World Diabetes Day, the campaign focused on providing diabetes education and preventive care.




***KFH Mubadereen Team:***

*KFH supported Kuwaiti athletes across various sports at local, regional, and international levels. KFH Mubadereen Team achieved a World Guinness record by winning more than 50 trophies and medals in 2025.*

**Pillar 2:**

## *Education and Youth Development*

KFH has a long-standing legacy of supporting education and youth development. The Bank has engaged with young Kuwaitis through various sponsorships and activities.

### *CODED Academy Partnership*

At the 5th edition of the Kuwait Codes 2025 Conference, KFH reaffirmed its collaboration with CODED Academy, aligning with its CSR strategy to promote technological literacy and nurture young talent.

With cybersecurity and AI gaining increased interest in local and global markets, KFH and CODED Academy redesigned their existing program to place a stronger emphasis on these rapidly growing fields, in collaboration with official governmental entities.

### *Financial Literacy*

To enhance financial awareness among students, KFH organized six seminars and workshops, reaching over 400 students, aimed at educating young individuals on responsible financial management and banking principles.

### *KFH Academy*

KFH launched the KFH Academy to empower undergraduate students and fresh graduates with essential knowledge and practical skills in public relations, General Services and engineering, and Digital Transformation. This initiative fosters professional development and equips participants with the expertise needed to meet industry demands effectively. A total of 20 high-potential students and fresh graduates were selected from over 300 applicants.

### *Participation in Job Fairs*

KFH actively participates in job fairs, including the Gulf University for Science and Technology job fair, held under the patronage of the Minister of Education, Higher Education, and Scientific Research. These events provide students and graduates with insights into career opportunities and the skills required to succeed in the job market.






### *Partnerships with Universities and Academic Institutions*

As part of its commitment to supporting academic institutions in preparing young national talents and enhancing their professional capabilities, KFH continued its long-standing partnerships with Kuwait University, the Public Authority for Applied Education and Training, GUST, and the Australian University, Abdullah AlSaleem University, and in 2025, signed a new agreement with Kuwait Technical College. KFH has sponsored and supported "Move to Improve" project to encourage students in universities on practicing sports with 3000+ participants in this year.

### *MoU with Sabah Al-Ahmad Center for Giftedness and Creativity*

KFH signed a MoU with the Sabah Al-Ahmad Center for Giftedness and Creativity, a center affiliated with the Kuwait Foundation for the Advancement of Sciences (KFAS). This partnership aims to integrate creativity, technology, and innovation into the community.



### *Student Clubs Partnerships*

KFH collaborates with student organizations at major academic institutions to support the educational and professional development of youth. Through these partnerships, the Bank contributes to building future talent and strengthening ties with the academic community. More than 180 children benefitted from the program in 2025.

### *Back to School Campaign*

In partnership with the MOI and the Ministry of Education, KFH launched the Back-to-School campaign. This initiative involved multiple visits to schools at the start of the academic year, providing gifts, and valuable advice, and conducting activities, including raising awareness on traffic safety.

The Back-to-School campaign brings safety awareness and positive habits to classrooms at the beginning of the academic year. Moreover, around 100 teachers have been trained and certified to perform Cardiopulmonary Resuscitation in case of emergency.

In 2025, key Initiatives included:

***Cybersecurity & Financial Literacy Awareness:***

- *Educated customers to avoid suspicious links, never share OTPs or passwords, ignore fraudulent calls and messages, and verify website authenticity before entering personal information.*
- *Conducted awareness programs for students and the public.*

***AI-Powered Fraud Awareness:***

- *Warned against advanced fraud attempts using AI voice cloning and urged customers to verify identities before making any financial transfers.*

***Participation in Public Forums and Events:***

- *Participated in the 12th eGovernment Forum titled "AI-Powered Information Security Services".*
- *Highlighted the concept of fraud in general and cyber fraud in particular, addressing its various forms that pose risks to individuals and society in the 3rd Kuwait Hackathon.*

***Digital Awareness Channels:***

- *Leveraged social media and digital platforms to publish awareness messages and educational videos on safe use of digital banking services and new financial solutions.*

***Kids' Financial Education:***

*Partnered with Hzaya Bookstore to deliver interactive programs that introduce children to early saving habits and fundamental financial planning, benefiting 180 children.*

*In 2025, KFH ranked first among all banks in Kuwait in Diraya Campaign, under the supervision of the CBK and the KBA.*

**Pillar 3:**

## *Social Development and Inclusion*

KFH is committed to fostering sustainable social development through strategic collaborations with public authorities and NGOs. By implementing impactful community programs, events, and initiatives, KFH actively supports underprivileged individuals and contributes to the well-being of the broader community.

### *Diraya Campaign*

KFH continues to support the Diraya Campaign, launched in 2021 by CBK in collaboration with the Ku-wait Banking Association (KBA) aiming to en-hance pub-lic awareness of banking services and solutions while fostering financial inclusion across all segments of so-ciety while also educating cus-tomers on their rights, banking regulations, and in-formation security, ensuring a more informed and financially literate community.

### *Kuwait Hackathon*

KFH sponsored the 3rd Kuwait Hackathon, Kuwait's largest cybersecurity competition, for the second consecutive year, reaffirming its commitment to youth empowerment and digital innovation.

Held in collaboration with CODED Academy and the National Cyber Security Centre under the patronage of H.E. Minister of Interior, the event featured an intensive cybersecurity bootcamp aimed at equipping more than 2500 participants with advanced skills in digital forensics and cybersecurity.




### *People with Disabilities Inclusion*

KFH promotes an inclusive society by partnering with initiatives such as "Partners in Employing Them" and collaborating with organizations like the Kuwait Society for the Handicapped. The Bank prioritizes creating employment opportunities and providing specialized training, and in 2025, KFH has trained 16 disabled students and offered them summer jobs.





### *Winter Wonderland Project*

KFH renewed its strategic platinum sponsorship with the Touristic Enterprises Company to support the Winter Wonderland entertainment initiative. This collaboration aligns with the country's efforts to enhance domestic tourism and provide enriching recreational experiences for the community, with 540,000+ visitors to winter wonderland in 2025.



### *KFH's Social Contributions in 2025*

As part of its unwavering commitment to social responsibility, KFH upholds the Islamic principles of zakat and charitable giving. In 2025, KFH made substantial financial contributions to support social development, national and humanitarian initiatives, professional development, and advancements in science, technology, and innovation across the country.

### *KFH Supports the Development Initiative of Al Wataniya Area in Kuwait City*

KFH declared its support for an initiative aimed at designing and developing the area between Baitak Tower and Souq Al Wataniya in Kuwait City. The initiative is implemented in collaboration with Kuwait Municipality and the College of Architecture at Kuwait University, and focuses on developing and executing selected design proposals in line with sustainability and ESG standards.

The project aims to enhance the urban environment of the area through innovative architectural and urban planning solutions that improve functionality, accessibility, and overall public space quality. This ongoing support reflects KFH's leading national and societal role, affirming its commitment to sustainability and environmental preservation.

### *Debt Relief for Vulnerable Individuals — KD 20 Million Debt Settlement Fund*

KFH continues its landmark initiative of allocating over KD 20 million to settle the debts of defaulting individuals, in cooperation with the Ministry of Justice. This program directly strengthens financial stability, protects households, and reintegrates individuals into the formal financial system — a direct example of financial inclusion with societal impact.

**Pillar 4:**

## Heritage Preservation

### Al Mubarakiyah Reconstruction

In 2025, KFH made major progress in reconstructing the buildings damaged by the Souq Al Mubarakiya fires, marking an important milestone in restoring this historic marketplace. Most of the essential rebuilding work has now been completed, including the main structures, architectural restoration, and the reinstatement of core infrastructure.

Progress also continued on the services needed to bring the souq back into full operation. The remaining internal systems are now in their final stages, with work focused on completing integration and ensuring the site is fully ready for reopening. Ventilation and cooling in the external corridors were also improved to enhance comfort for visitors and shop owners.

From a heritage perspective, all fire damaged debris has been cleared, and the surviving historic structures were carefully stabilized to preserve their cultural value. The museum concept was also upgraded from an open air layout to a fully enclosed, climate controlled facility, ensuring better protection of exhibits and a more refined visitor experience.

### Partnership with Al Sadu Society

KFH continued its partnership with Al Sadu Society (Sadu House) for the 5th consecutive year in efforts to promote and preserve Kuwait's cultural heritage through dedicated programs. Al Sadu Society is officially recognized as a non-governmental advisor to the United Nations Educational, Scientific and Cultural Organization (UNESCO).

A proud achievement enriching cultural development and national identity while promoting and preserving Kuwait's textile heritage. Under this partnership, KFH co-organized workshops and programs focusing on traditional textile arts and crafts using recycled materials. The workshops included various age groups from children to adults.

### Increase Good Deeds in Ramadan

As part of its immersive Ramadan initiative, "Increase Good Deeds in Ramadan", KFH distributed 18,000+ iftar meals to those in need. KFH collaborated with the Kuwait Food Bank to support 1,680 underprivileged families. Additionally, in partnership with the Kuwait Red Crescent Society, the program provided Ramadan food baskets and Eid clothing to families in need.

KFH extended its outreach by delivering iftar meals to essential service workers who continued their duties during the iftar period. KFH also offered hospitality services in mosques to create a welcoming environment for worshippers. KFH launched a series of awareness videos featuring doctors and nutritionists discussing health and wellness during Ramadan. In collaboration with the Ministry of Interior, the Bank promoted traffic safety, emphasizing responsible driving and the importance of avoiding speeding at iftar time.





### *Promoting Islamic Values in the Community*

KFH is dedicated to promoting Islamic teachings and values within Kuwaiti society by engaging with children, youth, and adults through key initiatives:

***13th Annual Holy Quran Recitation Competition - Qurra'a Baitek:***

*KFH continues to promote Quranic education through this long-standing initiative.*



### *Al-Kheir Card*

KFH offers the Al-Kheir Card, a prepaid card that provides exclusive discounts and promotions at some of Kuwait's most renowned stores.

With every transaction, 0.25% of the transaction value is donated to a dedicated charity fund, reinforcing KFH's commitment to social responsibility.

In collaboration with the Ministry of Islamic Affairs, KFH supports underprivileged individuals by facilitating their pilgrimage to Hajj and Umrah. This includes covering essential expenses such as travel tickets, visas, accommodation, and transportation. The amount gathered from Al-Kheir Card usage for donations in 2025 was KD 47,509.575.

### *Holy Quran Application*

KFH offers the Holy Quran Application, available for download on Google Play and the Apple Store. With enhanced features and a user-friendly interface, the application ensures accessibility to individuals worldwide, fostering a deeper connection to the teachings of Islam. The application has recorded over 10 million downloads across Android and iOS to date.



**Pillar 5:**

## Environmental Protection

KFH's environmental initiatives are deeply rooted in Islamic principles, prioritizing sustainability, efficient resource management, and proactive environmental stewardship. These efforts aim to safeguard natural ecosystems, ensuring a balanced and responsible approach to environmental protection.

### Environmental Initiatives

### Global Takaful Alliance with UNDP

KFH partnered with the United Nations Development Programme (UNDP) through the Global Takaful Alliance to promote sustainable development. This alliance aims to provide Takaful insurance to 100M farmers worldwide.

### Keep it Green Campaign

The Keep it Green campaign encompasses a range of impactful initiatives, programs, and projects dedicated to fostering sustainability, promoting greenery, raising environmental awareness, and cleaning campaigns in beaches and islands.




### Environmental Sustainability Award

KFH introduced the Environmental Sustainability Award to recognize innovative student engineering projects and conducted awareness campaigns to educate school and university students about environmental responsibility.

### Green Vision Volunteers Team Partnership

KFH collaborated with the Green Vision Volunteers Team to enhance green spaces by planting trees along Al Zour Road. KFH also supports the team's dedicated plant reserve, having contributed to planting over 12,000 trees and shrubs from 2021 to 2025. The total consists of 25 different plant species that are original to the land in efforts to preserve the biodiversity and natural habitat of Kuwaiti desert plants. Moreover, the "Continue the Walking" challenge engaged more than 10,000 participants. Individuals who successfully completed the challenge were awarded a 1 KD voucher, which could be donated toward tree-planting initiatives..

### Beach Clean-Ups

In 2025, KFH recorded more than 3,000 volunteer hours across various community initiatives, including beach and island clean-up activities.



### Ecosystem Conservation

KFH extended its environmental support to the Sheikh Sabah Al-Ahmad Natural Reserve, reinforcing conservation efforts to protect Kuwait's natural ecosystem and wildlife.

### Kuwait's Environment Public Authority Partnership

Through its strategic partnership with Kuwait's Environment Public Authority, KFH has made significant contributions to various projects and initiatives focused on environmental preservation and mitigating the adverse effects of climate change. An example of this is the "Keep it Green" competition, organized in partnership with the Environment Public Authority and the College of Life Sciences at Kuwait University, which took place on campus with the participation of over 300 students.

# Conferences and Exhibitions

KFH actively engages in local, regional, and international conferences and exhibitions as part of its commitment to supporting national development, strengthening institutional relations, and contributing to knowledge exchange across the financial and economic sectors. These engagements provide valuable platforms for networking, enhancing brand presence, and showcasing KFH's leadership in the Islamic banking industry.

Through strategic sponsorships and active participation, KFH reinforces its role as a key partner in events that advance financial literacy, sectoral innovation, and economic progress. These collaborations also broaden KFH's outreach to governmental bodies, private sector institutions, and global organizations.

## Some key initiatives

### *Sponsorship of Financial Conferences and Associations*

KFH sponsored several high-profile financial conferences in collaboration with public institutions, industry associations, and regulatory bodies. These include events organized by AAOIFI, CIBAFI, and other regional and international financial authorities, reinforcing KFH's leadership in Islamic finance and governance. In-line with the bank's direction to support development initiatives and enhance cooperation between the private and public sectors, KFH was the main sponsor for the GCC Forum for Water and Electricity Optimization 2025, which was organized by the Ministry of Electricity & Renewable Energy from 5th to 6th November 2025.

The event served as a platform to raise awareness of sustainability and the importance of cooperation between institutions and organizations across the GCC to encourage the adoption of innovative sustainability solutions. As a main sponsor, KFH was also invited to participate in a panel discussion titled "Transitioning Towards a Green Economy to Enhance GCC Sustainability," where KFH showcased its achievements and role in supporting this transformation and Kuwait Vision 2035.

### *University Sustainability Awareness Sessions*

KFH conducted sustainability award sessions at Kuwait University and GUST as part of its efforts to promote sustainability awareness among students. It also concluded its sponsorship of the International Conference on Sustainable Development, Social Responsibility, and Business Ethics, reinforcing its leadership in sustainability and social responsibility.

The Bank participated in a seminar session highlighting its comprehensive approach to sustainability, aligned with Kuwait Vision 2035 and the Sustainable Development Goals. During the session, KFH showcased key initiatives, including environmental programs such as "Keep it Green," green financial solutions like green Sukuk and eco-friendly bank cards, and strategic partnerships such as its collaboration with the United Nations Development Programme (UNDP) to support women's empowerment.

The session also highlighted KFH's achievements, including receiving the GSAS Gold Certification for KFH Auto building and multiple sustainability awards, in addition to its social impact initiatives such as the reconstruction of Al Mubarakiya area in line with sustainable practices.

### *Banking and Investment Forums*

KFH supported multiple financial and investment forums, including the Kuwait Investment Forum and other economic development events, that bring together experts, decision-makers, and industry leaders to address key trends and challenges shaping the financial landscape.

In addition, KFH engages in financial and economic forums across Kuwait and the Gulf region, contributing to discussions on banking sector developments, investment trends, and economic growth. These platforms further strengthen the Bank's role in regional financial dialogue and collaboration.




***Support for Exhibitions Benefiting Sales and Subsidiaries***

The Bank participated in exhibitions supporting the automotive, industrial, banking, and investment sectors, contributing to increased customer engagement, product visibility, and business development for KFH and its subsidiaries.




***Participation in Awards and Recognition Platforms***

KFH participated in the Forbes Middle East Top Advisors & Investors Summit, highlighting its strong performance and commitment to sustainable growth. During the summit, KFH was awarded the "Most Valuable Bank" by Forbes Middle East, ranking first in Kuwait and fifth regionally, with a market value exceeding KD 15 billion.

Moreover, KFH has also been featured in rankings published by Forbes Middle East, where it is consistently listed among the region's leading banks and companies. These recognitions reflect the Bank's strong financial performance, market position, and commitment to excellence. Forbes Recognition and Summit Participation

# Ethical Procurement Practices

At KFH, all procurement and supplier contracts are governed by and construed in accordance with the laws of the State of Kuwait. Our procurement framework embeds national labour and regulatory requirements into supplier contractual terms, ensuring that all vendors uphold standards related to working hours, minimum wage provisions, the prohibition of child and forced labour, occupational health and safety, and respect for workers' rights.

KFH maintains strict oversight of supplier compliance throughout the procurement lifecycle. Suppliers that fail to meet these legal or ethical requirements are subject to contract termination, and must undergo a re-qualification process before being considered for future engagement. Contracts may also be terminated for reasons such as discontinued service needs, breach of contractual obligations or confidentiality, government directives, quality or performance issues, or delays in delivery or response time. This approach ensures that KFH's procurement practices remain responsible, transparent and aligned with international practices

KFH 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 the best global practices. These standards cover vital aspects such as compliance with AML & CTPF regulations, alignment with expertise and resources, and a meticulous screening process.

As part of KFH's ongoing dedication to refining our procurement practices, we are currently preparing 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.

## Fair and Transparent Bidding

KFH ensures fair treatment in its bidding processes by adhering to various internal policies, including the Expenses Policy, Procurement and Contracts Policy, Procurement and Contracts Procedures, HR Policy, KFH DoA Matrix, and other relevant documents to ensure transparency and equality for all parties involved. The Bank follows a structured procurement policy that mandates a formal bidding process for significant procurements, including consultancy, auditing, or purchase activities.

This approach ensures transparency and guarantees equal treatment for all potential vendors and contractors. Moreover, a central procurement committee, oversees the tenders and bidding process. This committee ensures that all selections align with the best interests of KFH, maintaining impartiality and transparency.

By implementing standardized evaluation procedures, and enforcing oversight mechanisms, KFH upholds a fair and competitive bidding environment, free from conflicts of interest and favoritism.

## Anti-Corruption and Ethical Practices Assessments

KFH's anti-corruption policies are transparently communicated to vendors and partners and integrated into every contract. 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 practices. KFH is dedicated to upholding human rights and labor laws across our supply chain, where applicable.

## Suppliers Engagement Overview

Our supplier engagement involves a diverse network of 468 suppliers, with 81.4% being local entities, and the remaining 18.6% our foreign suppliers across around 24 countries. Despite the global reach of our supply base, 90.46% of total procurement spending is directed toward local suppliers, reflecting our strong commitment to supporting the national economy. The remaining 9.6% is allocated to international vendors.

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 sustainable plan. By prioritizing responsible sourcing and eco-friendly practices, we are actively contributing to our nation's sustainability efforts.

## Future Outlook: Sustainable Procurement

KFH is in the process of developing and implementing a Sustainable Procurement Roadmap and Action Plan. This initiative is aimed at equipping the procurement department with the knowledge, tools, and methodologies necessary to embed sustainability principles across all procurement activities. This reflects KFH's ongoing efforts to achieve measurable and impactful sustainable procurement practices.



## SMEs Sustainable Business Program

As part of its commitment to supporting local economic development and fostering a resilient and sustainable supply chain, KFH implemented the SMEs Sustainable Business Program, aimed at enhancing the capabilities of small and medium-sized enterprises (SMEs) and integrating them into the Bank's broader value chain. Within this framework, one session focused on how SMEs can position themselves as potential suppliers to large organizations such as KFH. KFH delivered targeted supplier induction sessions to build SME readiness and improve understanding of sustainable procurement and procurement processes.

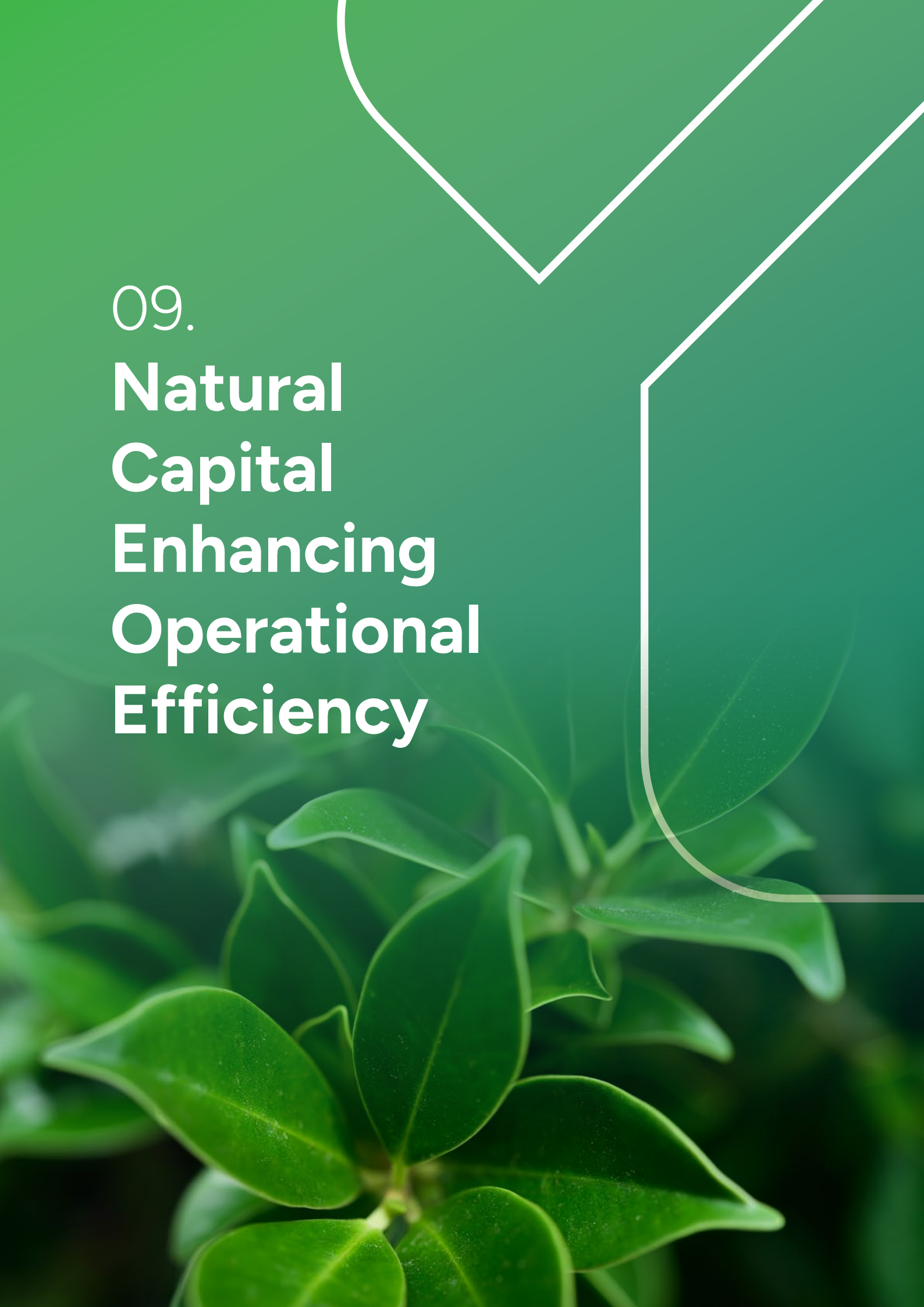
The sessions also introduced the "Five Rights" of procurement – obtaining the right quality, in the right quantity, at the right time, at the right price, and from the right source – and outlined the key sustainability and compliance requirements for suppliers, including relevant certifications. In addition, SMEs were guided on basic ESG expectations, such as managing environmental impacts and social responsibility, supporting the development of a more resilient, inclusive, and sustainable local supply chain.

## Suppliers and Business Partners Compliance

KFH is preparing to extend its data protection policies to suppliers and business partners through a Data Privacy Questionnaire. This questionnaire is shared with them to assess privacy compliance and ensure the effective implementation of controls. This process helps maintain compliance with privacy regulations and strengthens data security measures.

09.

# Natural Capital Enhancing Operational Efficiency



# GHG Emissions

Numerous internationally recognized methodologies and standards for calculating carbon footprint vary in their approaches, scopes, and focus. For KFH, the Carbon Footprint analysis and calculations are derived from the following methodologies and standards:

- The Greenhouse Gas Protocol Guidelines: Corporate Accounting and Reporting Standard.
- ISO 14064-1:2018: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals.
- Intergovernmental Panel on Climate Change (IPCC): Guidelines for Greenhouse Gas Inventories with 2019 Refinement.

## General Calculations Methodology

The approach for calculating GHG emissions is to multiply the activity by its corresponding emission factor based on unit analysis to convert the emissions into $tCO_2e$, according to the following equation:

> *GHG Emissions ($tCO_2e$)/year) = Activity Data (unit of activity) × Emission Factor × GWP*

## Activity Data

KFH's activity data, covering energy, electricity, and consumables consumption, was obtained using customized data collection sheets.

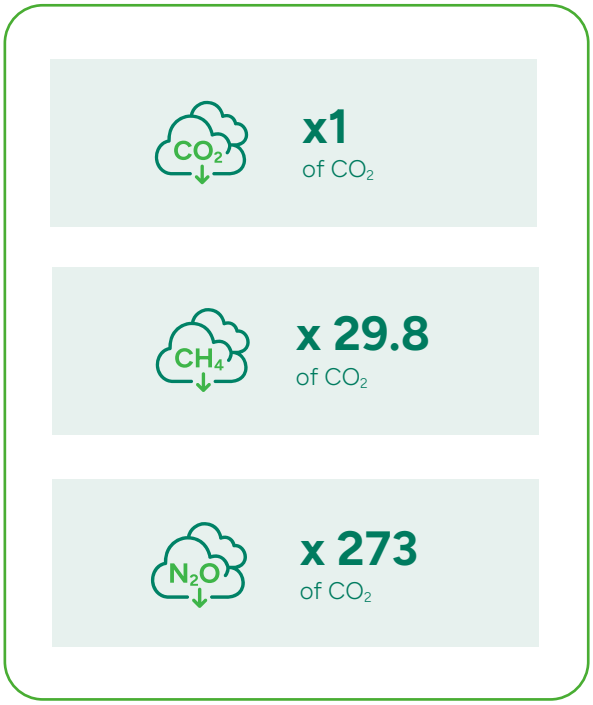
## Emission Factors (EFs)

EFs are values that represent the amount of gas released into the atmosphere per unit of activity associated with its emission. Each EF is measured in tons of a greenhouse gas per unit of activity, using either International System of Units (SI units) or U.S. customary units.

For Scopes 1 and 2, the Kuwait national grid EF was provided by UNFCCC. The other EFs used in the assessment were sourced from the IPCC. The emission factor for Scope 3 emissions is obtained from the Ecoinvent database. The analysis has considered EFs for several gases, including $CO_2$, $CH_4$, $N_2O$, and HFCs. More details about the data sources are provided in the Appendixes.

## Global Warming Potential (GWP)

GWP, is the heat absorbed by any GHG in the atmosphere as a multiple of the heat that the same mass of $CO_2$ would absorb. The GWPs of the IPCC Sixth Assessment Report (AR6) are shown below.



## Organizational Boundaries

To ensure clarity in reporting, it is important to first establish the organizational boundaries for the assessment. Following the GHG Protocol, organizational boundaries can be defined using operational control, financial control, or equity share approaches.

This report applies the operational control approach, under which KFH accounts for 100% of GHG emissions from activities and facilities it directly manages. The scope covers KFH's banking branches and offices located in Kuwait.

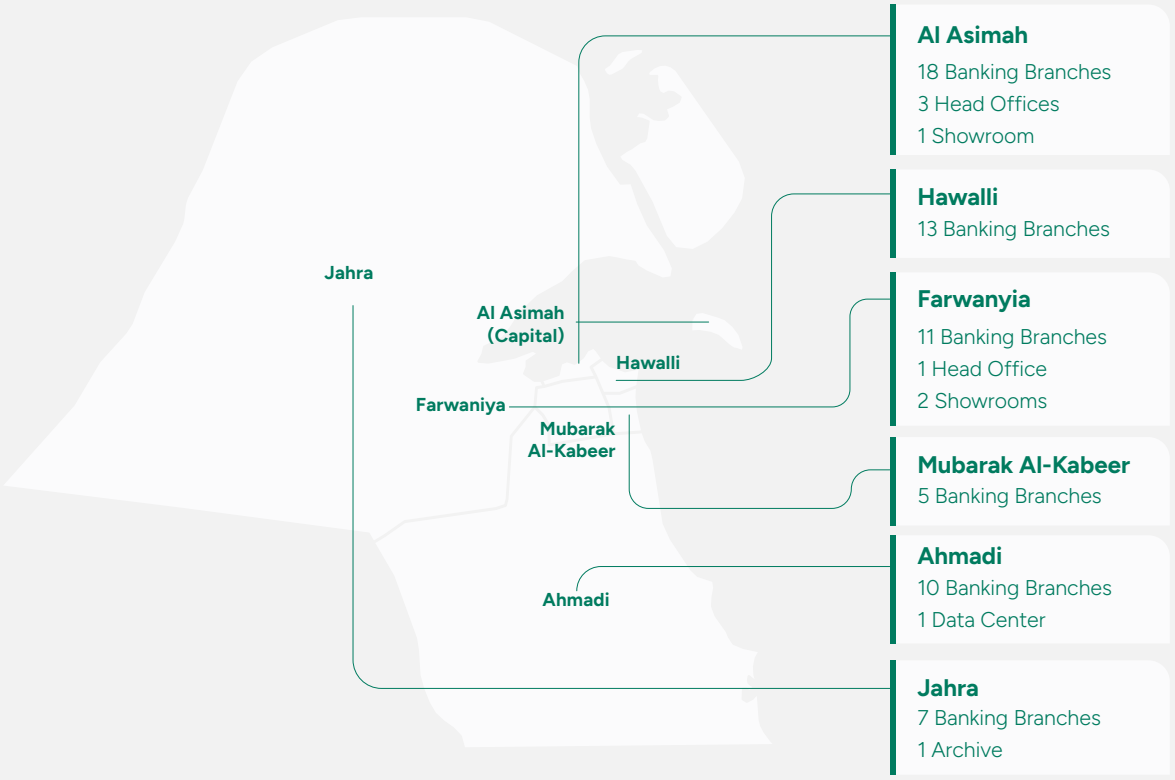
Emissions from these operations are included, while those from subsidiaries inside and outside Kuwait, whether banking or non-banking, are excluded. This ensures the reported emissions accurately represent KFH's operational footprint within Kuwait.

The organizational boundaries for this report cover a total of 73 facilities, including 64 branches, 4 head offices, 3 showrooms, 1 data center and 1 archive. These are distributed across Kuwait. Figure 12 presents the breakdown of these facilities by boundary type within each governorate.

| 64 | 4 | 3 | 1 | 1 | 3,234 | 158,990 |
|---|---|---|---|---|---|---|
| *Banking Branches* | *Head Offices* | *Showrooms* | *Data Center* | *Archive* | *Full-Time Employees* | *Total Area* |



**Figure 12: Number of KFH Branches by Type per Governorate**




## Operational Boundaries

The assessment includes GHG emissions from all relevant sources within the operational boundaries, covering Scope 1 direct emissions, Scope 2 indirect emissions from purchased electricity, and Scope 3 other indirect emissions. The breakdown below presents the emission sources and categories included under each Scope in this study.

**SCOPE 1: DIRECT EMISSIONS**

Emissions from sources that are owned or controlled by KFH. Scope 1 activities include the following:

- ***Stationary Combustion***
- ***Mobile Combustion***
- ***Fertilizers Emissions***
- ***Refrigerants Emissions***
- ***Fire Suppressants Emissions***

**SCOPE 2: INDIRECT EMISSIONS**

Emissions related to the consumption of purchased electricity from a source that is not owned or controlled by KFH:

- ***Purchased Electricity (Grid)***

**SCOPE 3: INDIRECT EMISSIONS**

Emissions resulting from other activities that are not covered in Scope 1 & 2. KFH Scope 3 activities include:

- ***Water Waste/ Consumption***
- ***Paper Consumption/ Landfill***

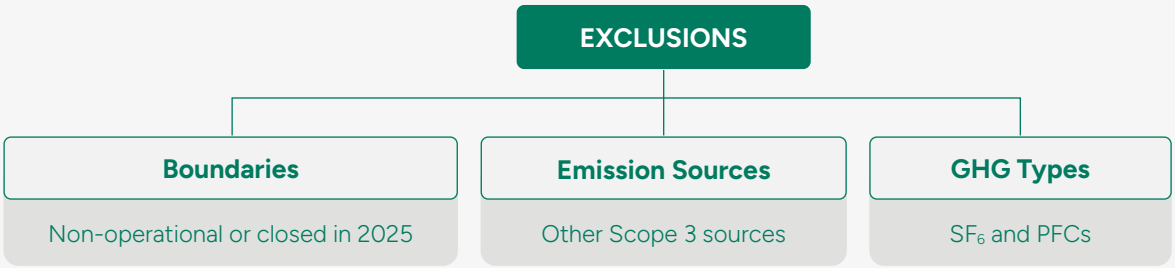
## Geographic Boundaries

The geographic scope of this report covers all KFH banking branches and offices operating within Kuwait.

## Exclusions

To ensure the accuracy and completeness of the GHG inventory analysis, it is essential to recognize and address any exclusions identified in the study. These exclusions can be categorized into three primary classes, as detailed in Figure 13.

Figure 13: Exclusions to the GHG Calculations




In terms of excluded boundaries, Branches that were non-operational or closed in 2025 were excluded from the assessment; all other offices and branches were included. No emission sources were excluded under Scopes 1 and 2. $SF_6$ and PFCs were not assessed, as they are not relevant to KFH's operations.

## Total Emissions ($tCO_2e$): 42,720.7

Figure 14: Total GHG Emissions by Governorate ($tCO_2e$)

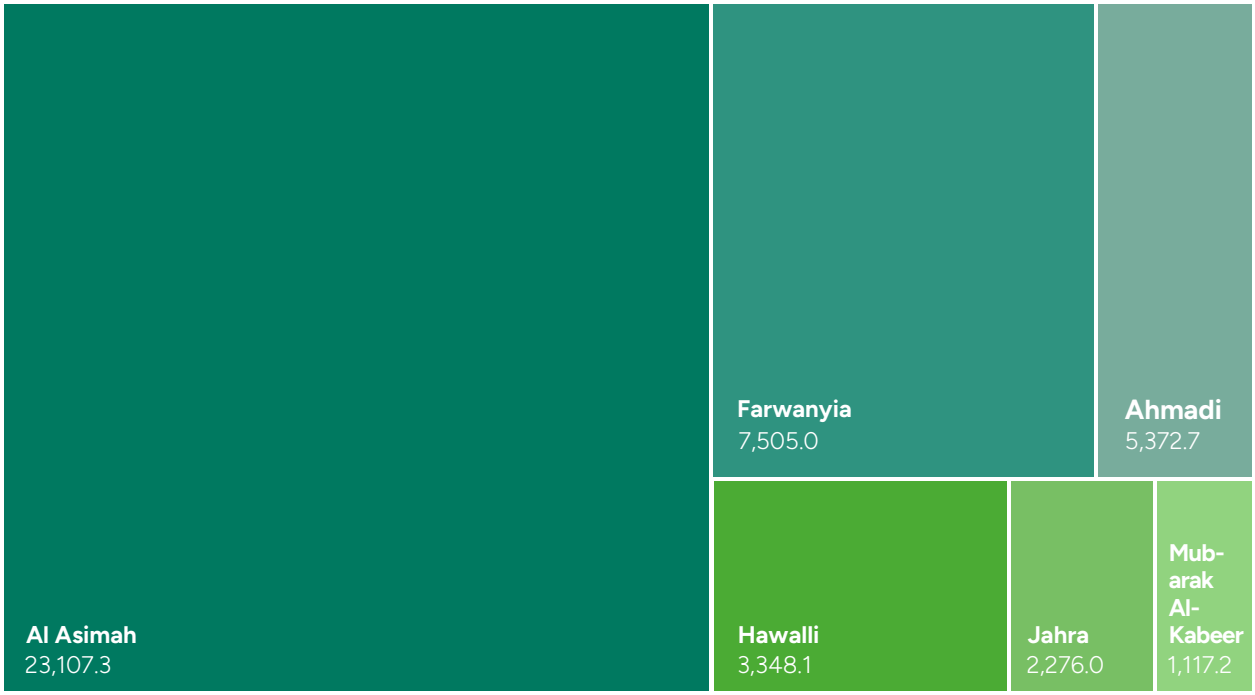



Figure 15: Total Emissions by Boundary Type ($tCO_2e$)

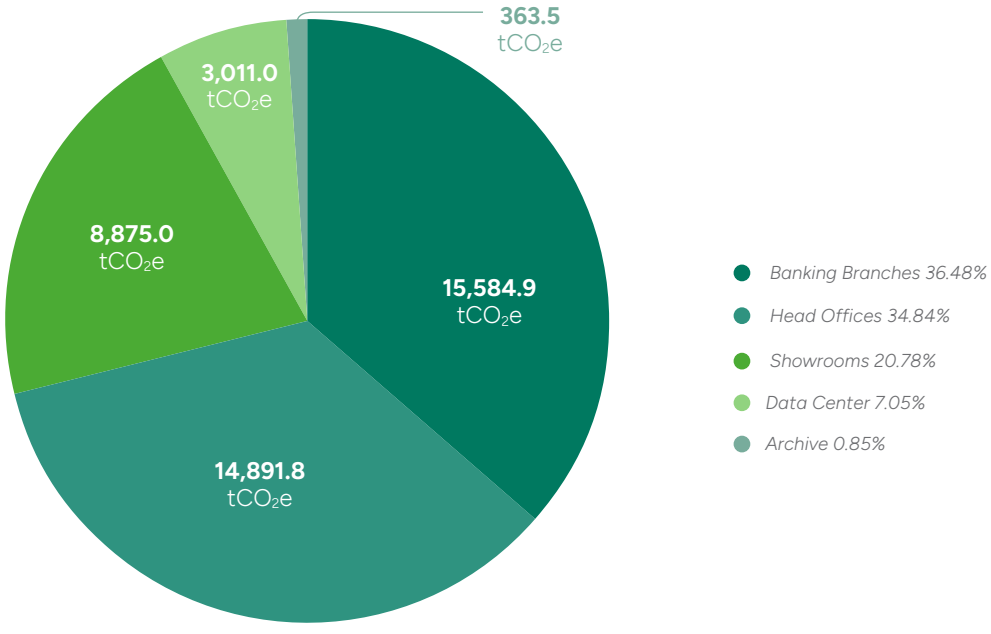


Figure 16: Total GHG Emissions by Scope ($tCO_2e$)

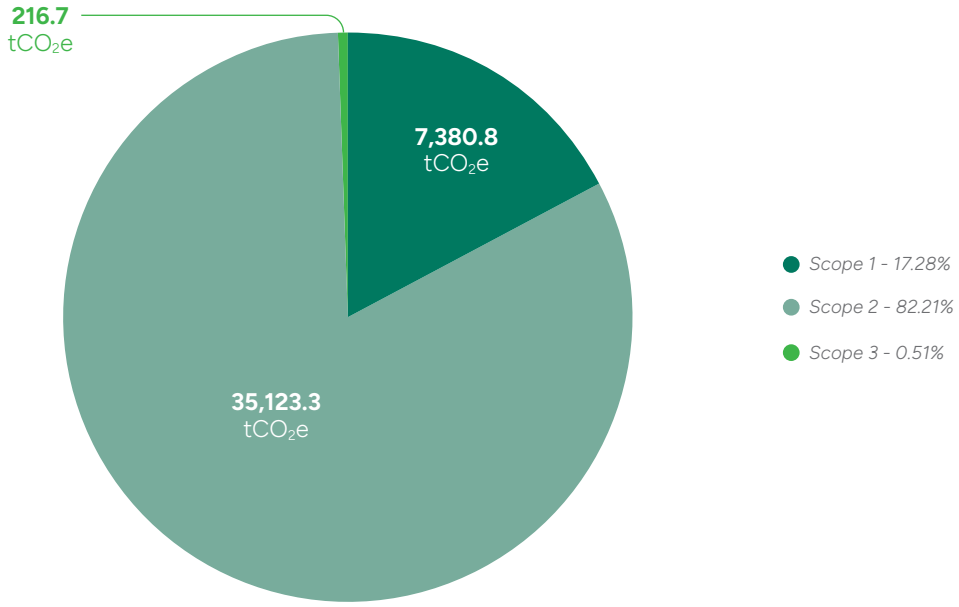



**Table 8: Total GHG Emissions by Source ($tCO_2e$)**

| Scope | Emission Source | GHG Emissions ($tCO_2e$) | Share % of Total Emissions |
|---|---|---|---|
| **Scope 1** | Stationary | 102.6 | 0.24% |
| | Mobile | 80.7 | 0.19% |
| | Refrigerants | 6,249.1 | 14.63% |
| | Fertilizers | 14.9 | 0.03% |
| | Fire Suppressants | 933.5 | 2.18% |
| **Scope 2** | Electricity | 35,123.3 | 82.22% |
| **Scope 3** | Water Used | 30.0 | 0.07% |
| | paper used | 185.1 | 0.43% |
| | paper waste | 7.0 | 0.02% |

The results of the 2025 analysis are organized by scope, emission source, governorate, and entity type. This detailed breakdown provides clearer insights into how emissions are distributed across different operational areas. It also allows KFH to identify specific trends and areas for improvement within its network.

Based on the greenhouse gas inventory covering KFH'sbranches, headquarters, showrooms, data centers and archive, total GHG emissions for the reporting period reached 42,726.2 $tCO_2e$. These results offer a solid foundation for tracking progress and informing future emissions reduction initiatives.

# Scope 1: Direct Emissions

| Percentage Contribution of Total Emissions | |
|---|---|
| 7,380.8 $tCO_2e$ | 17.27% |

Scope 1 emissions represent the direct greenhouse gas emissions that arise from sources an organization owns or controls. These emissions stem from activities that occur within the organization's physical or operational boundaries, including fuel combustion in equipment like generators, emissions from company-owned vehicles, and accidental releases from systems using refrigerants, fertilizers, or fire suppressants. As defined by the GHG Protocol, Scope 1 captures the immediate environmental impact of an organization's operations and is a critical category in understanding its carbon footprint.

In this assessment, Scope 1 emissions from KFH's operations totaled 7,380.8 $tCO_2e$, making up 17.27% of the organization's overall greenhouse gas emissions. The largest contributor within Scope 1 is refrigerant leakage, accounting for 84.67% of emissions. This is followed by emissions from fire suppressants at 12.65%, stationary combustion at 1.39%, mobile combustion at 1.09%, and fertilizers at 0.20%.

## Percentage Contribution of Total Scope 1 Emissions by Category

**1.39%**
***Stationary Combustion***

**1.09%**
***Mobile Combustion***

**84.67%**
***Refrigerants***

**0.20%**
***Fertilizers***

**12.65%**
***Suppressants***



# Scope 2: Indirect Emissions

| Percentage Contribution of Total Emissions | |
|---|---|
| 35,123.3 $tCO_2e$ | 82.21% |

### *IDENTIFIED EMISSION SOURCES AND CF CALCULATION METHODOLOGY*

Scope 2 emissions represent the indirect GHG emissions resulting from the generation of electricity purchased by the organization for its own use. These emissions occur at the utility provider's facilities, typically from sources such as coal or natural gas, and include all associated GHGs released during the generation process. At KFH, electricity is sourced entirely from the national grid to power its operations. To calculate the total Scope 2 emissions, the overall electricity consumption during the reporting period was multiplied by the applicable emissions factor for Kuwait's national grid, as shown in the equation below.

$$\text{Electricity Consumption } (tCO_2e/year) = \text{Electricity Consumption } (kWh/year) \times EF\ (tCO_2e/kWh)$$

### *DATA COLLECTION AND ASSUMPTIONS*

As shown in Table 9, the necessary data on electricity consumption for calculating emissions is available at KFH.

**Table 9: Data Collection and Assumptions of KFH Purchased Electricity**

| Identified Source | Required Data |
|---|---|
| **Electricity Sourced** | Consumption in kWh |
| **Assumptions** | |

Assumptions were made for unavailable data using average intensity of electricity consumed per area ($kWh/m^2$).



### *RESULTS AND INTERPRETATIONS*

As presented, Scope 2 emissions from purchased electricity account for 82.21% of KFH's total emissions, making it the primary contributor. The total electricity consumed during the reporting period and the corresponding GHG emissions, amounting to 35,123.3 $tCO_2e$, are shown below.

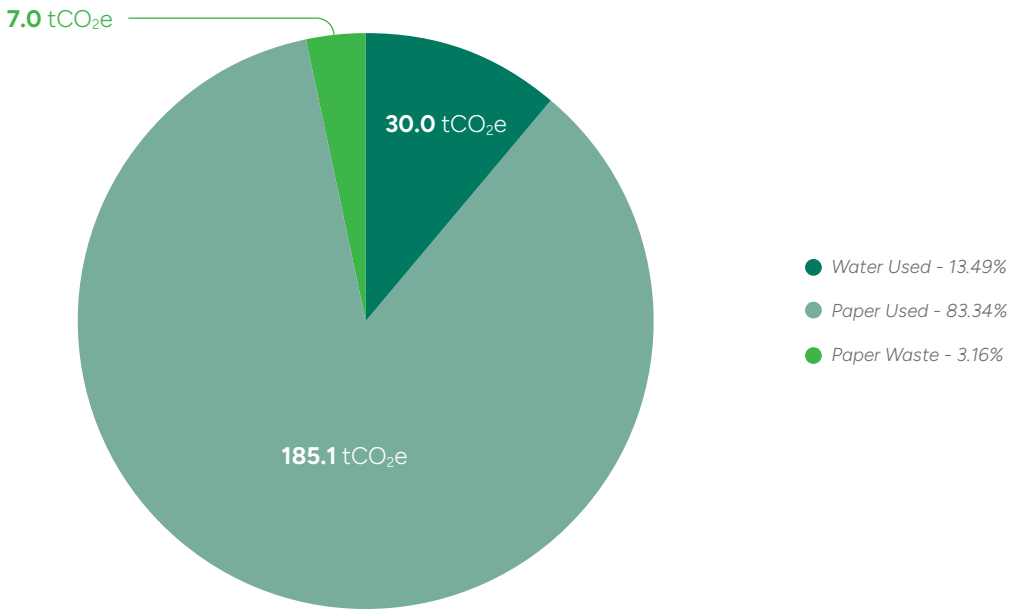
**52,034,486**
***kWh/year***

**35,123.3**
***$tCO_2e$***

# Scope 3: Indirect Emissions

| Percentage Contribution of Total Emissions | |
|---|---|
| 222.1 $tCO_2e$ | 0.52% |

Figure 17: Scope 3 Emissions by Source ($tCO_2e$)




Scope 3 of the GHG Protocol includes 15 categories of indirect emissions across the value chain. In this inventory, KFH reports on two categories: Category 1 – Purchased goods and services, which covers paper use and water consumption, and Category 5 – Waste generated in operations, which covers paper waste.

According to the GHG Protocol, Category 1 includes all upstream (cradle-to-gate) emissions of purchased goods and services. These emissions are associated with the production, transportation, and supply of goods and services acquired by an organization. Tracking them is essential for capturing the indirect environmental impacts of operational consumption. Emissions from Category 5 reflect the treatment and disposal of operational waste.

Total emissions from these sources reached 216.7 $tCO_2e$. Figure 17 breaks down the emissions by source, showing that the majority is attributed to paper use, followed by water consumption and paper waste.

# KPIs and Analysis

As part of KFH's carbon footprint assessment, total intensity and average intensity indicators are calculated to support performance monitoring and reporting. Total intensity measures the combined Scope 1 and Scope 2 emissions from all reporting entities relative to a selected operational metric, such as the total area ($m^2$) or total number of employees.

In parallel, average intensity is determined by first calculating the emissions intensity for each individual entity, based on its own emissions and operational metric, and then averaging these values across all entities. This provides a clearer view of performance variations between sites and operational units.

The results of this GHG inventory are used to establish key performance indicators (KPIs) for tracking future improvements in operational efficiency and emissions management. These KPIs support both internal and external benchmarking, allowing KFH to monitor progress over time and compare performance against industry peers. Table 10 presents the KPIs derived from the Bank's operational GHG emissions data for the reporting year.

**Table 10: KFH KPIs for All Entities**

| Scope 1&2 KPIs | |
|---|---|
| **Total Intensity per Area ($tCO_2e/m^2$)** | 0.27 |
| **Total Intensity per Employee ($tCO_2e$/FTE)** | 13.14 |
| **Average Intensity per Area ($tCO_2e/m^2$)** | 0.35 |
| **Average Intensity per Employee ($tCO_2e$/FTE)** | 22.32 |

Figure 18: Scope 1,2 & 3 Emissions by Governorate ($tCO_2e$)

Figure 18 illustrates the distribution of Scope 1, Scope 2, and Scope 3 emissions across all governorates where KFH operates. Al Asimah governorate records the highest emissions across all scopes, 5,084.2 $tCO_2e$ for Scope 1; 17,813.5 $tCO_2e$ for Scope 2 and 209.6 $tCO_2e$ for Scope 3, primarily due to its operational footprint, as it hosts the largest number of branches, three out of the four head offices, and one showroom.

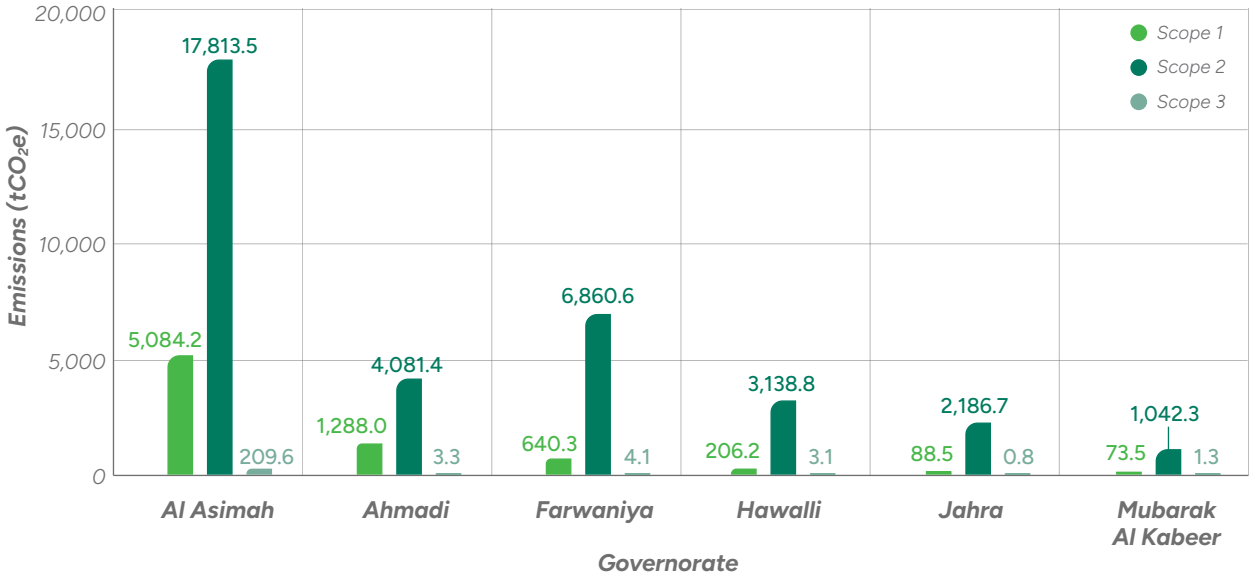
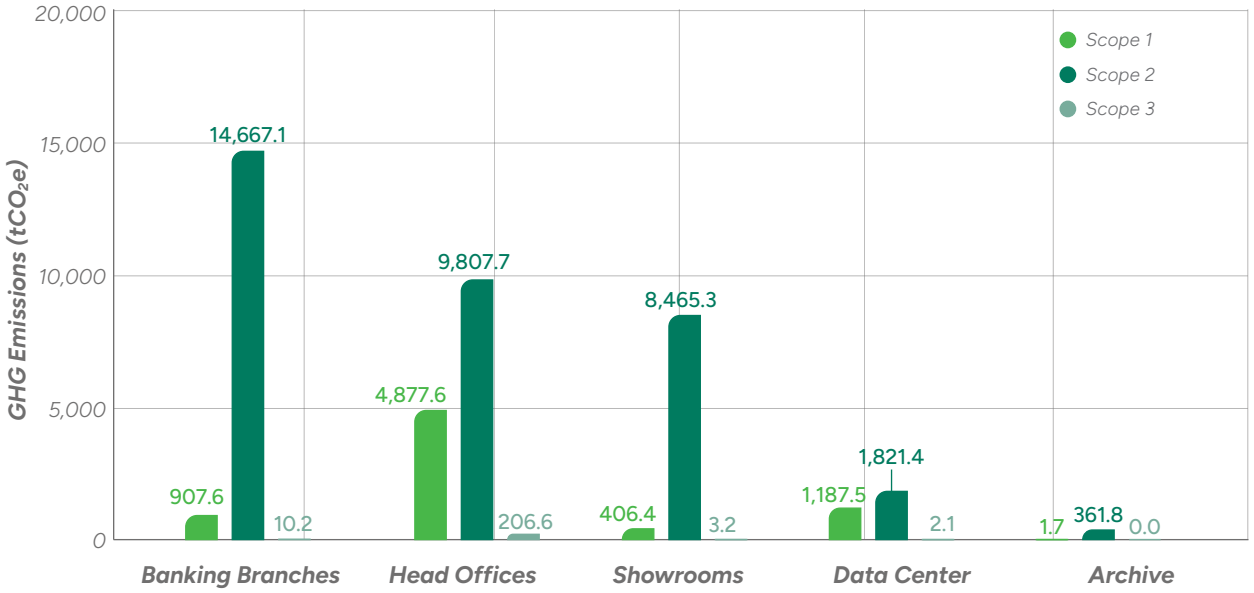
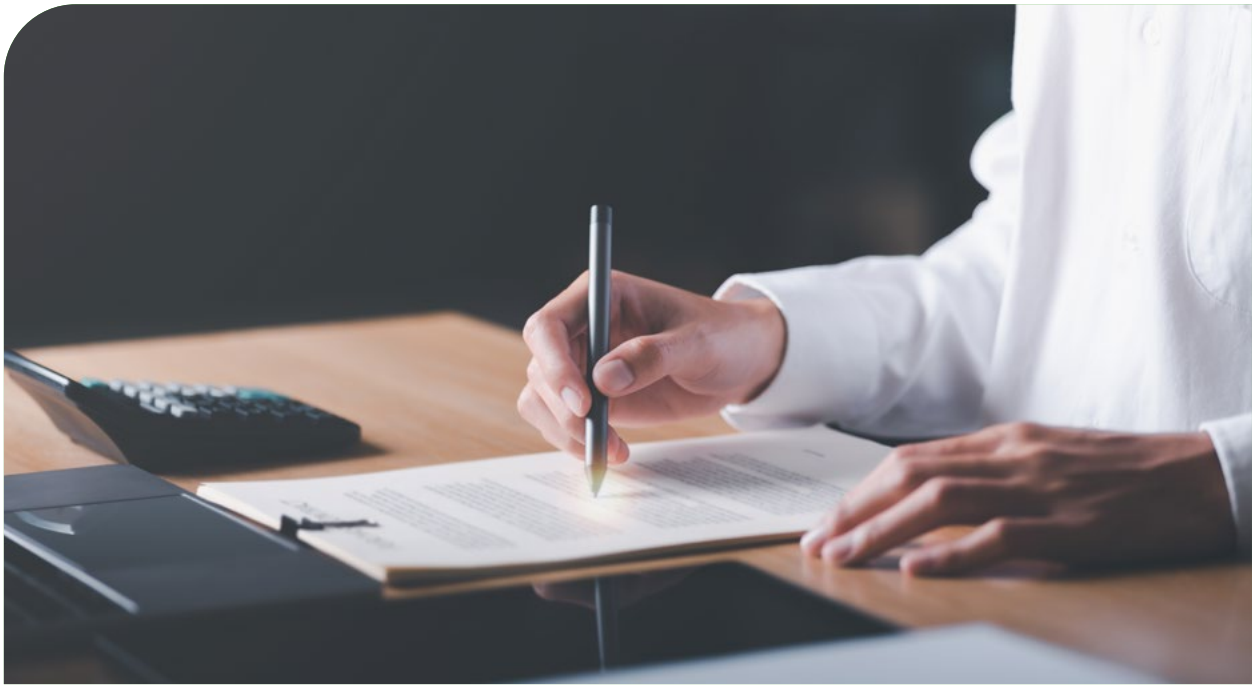


Figure 19 presents the GHG emissions for Scopes 1, 2, and 3 across different operational boundaries, including banking branches, head offices, showrooms, data centers and archives. The highest emissions are consistently associated with banking branches, which account for 907.6 $tCO_2e$ in Scope 1, 14,667.1 $tCO_2e$ in Scope 2, and 11.0 $tCO_2e$ in Scope 3. These are followed by head offices, showrooms, data centers and archives. This distribution emphasizes the significant contribution of banking branches to KFH's overall carbon footprint and reinforces the need to focus emission reduction strategies within this operational category. Concentrating efforts on improving energy efficiency and operational practices in branches will support more effective reductions in total emissions going forward.

Figure 19: Scope 1,2 & 3 Emissions by Entity Type ($tCO_2e$)



# Benchmarking 2022-2025

Table 11: Benchmarking 2022-2025

| Reporting Year | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|
| **Organizational Boundaries** | **55 Entities**<br>4 Head Offices<br>51 Branches | **63 Entities**<br>4 Head Offices,<br>3 Showrooms<br>56 Branches | **71 Entities**<br>4 Head Offices<br>3 Showrooms<br>63 Branches<br>1 Data Center | **73 Entities**<br>4 Head Offices<br>3 Showrooms<br>64 Branches<br>1 Data Center<br>1 Archive |
| **Emission Source** | **GHG Emissions 2022** | **GHG Emissions 2023** | **GHG Emissions 2024** | **GHG Emissions 2025** |
| **Stationary Combustion** | 48.4 | 60.3 | 97.0 | 102.6 |
| **Mobile Sources** | 91.2 | 72.9 | 88.2 | 80.7 |
| **Refrigerants** | 8,060.8 | 5,541.8 | 6,486.4 | 6,249.1 |
| **Fertilizers** | 14.7 | 13.8 | 14.5 | 14.9 |
| **Fire Suppressants** | 0.01 | 0.02 | 330.2 | 933.5 |
| **Purchased Electricity** | 33,797.5 | 35,408.0 | 36,909.7 | 35,123.3 |
| **Paper** | - | 115.4 | 128.2 | 192.2 |
| **Water** | - | 32.3 | 34.1 | 30.0 |
| **Total Emissions** | 42,012.6 | 41,244.5 | 44,088.3 | 42,726.2 |

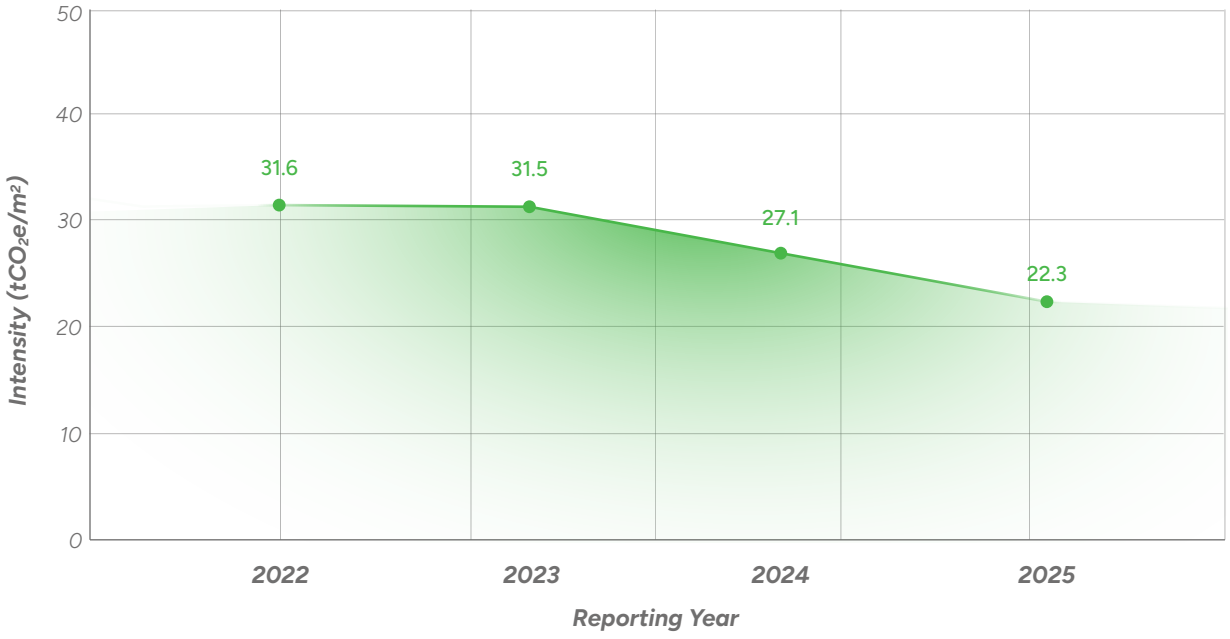
*Emissions data for 2024 has been restated due to a revision in water-related activity data. The figures presented in this table reflect the restated 2024 values.*

Benchmarking KFH's carbon footprint against the previous reporting year is essential for tracking progress, assessing operational changes, and identifying areas for improvement. Between 2024 and 2025, the organizational boundary expanded, with the total number of entities increasing from 71 in 2024 to 73 in 2025.

Despite the increase in operational size, total GHG emissions reduced, from 44,088.3 tCO2e in 2024 to 42,726.2 tCO2e in 2025; a 3.09% reduction. This reduction was primarily driven by initiatives outlined in the Energy Efficiency Measures section, as well as improvements in data accuracy.

Fire suppressant emissions rose significantly from 330.2 $tCO_2e$ in 2024 to 933.5 $tCO_2e$ in 2025, as shown in Table 11. This increase is primarily due to the inclusion of emissions from FM-200 fire suppression systems within Head Office 2 in 2025. The dominant contribution of FM-200 is attributed to its high emission factor, with a value of 3,600 compared to 1 for $CO_2$, resulting in a substantial rise in emissions despite relatively limited quantities released; this data was unavailable in 2024 and was therefore assumed. Refrigerant recharge emissions also decreased over the two years due to improved data quality. Purchased electricity emissions decreased notably from 36,909.7 $tCO_2e$ in 2024 to 35,123.3 $tCO_2e$ in 2025, reflecting the impact of implemented initiatives. In contrast, water-related emissions decreased from 34.1 $tCO_2e$ in 2024 to 30.0 $tCO_2e$ in 2025, primarily due to improved data quality.

Figure 20: Scope 1&2 Average Emissions Per Employee ($tCO_2e$/FTE)




Additionally, average emissions intensities per employee were compared over the two reporting years. As shown in Figure 20, Scope 1&2 emissions per full-time employee (FTE) decreased from 27.1 $tCO_2e$/FTE in 2024 to 22.3 $tCO_2e$/FTE in 2025. This improvement reflects KFH's continued efforts to enhance operational efficiency and manage its carbon footprint effectively, despite the organizational growth and expanded reporting boundary.

# Environment-Friendly Premises

As part of its broader sustainability efforts, KFH is dedicated to transforming most of 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.

### KFH's Environmental Protection Systems

KFH strives to achieve multiple objectives:

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

# Resource Efficiency

## Energy Consumption

At KFH, responsible energy management is a cornerstone of our environmental stewardship strategy. We have expanded our reporting boundaries to include newly added branches that were not operational during the previous reporting year. Despite the boundary expansion, total energy consumption has decreased, reflecting improved data quality and reduced consumption across our operations.

### Table 12: Energy Consumption

| | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|
| **Energy Consumption (kWh/year)** | 50,070,408 | 52,456,326 | 54,681,051 | 52,034,486 |

| | |
|---|---|
| **Electricity Intensity per Area (KWh/m²)** | 327.28 |

| | |
|---|---|
| **Electricity Intensity per Employee (KWh/employee)** | 16,089.82 |

## Water Consumption

The following tables summarize KFH's water consumption throughout the period of 2022 to 2025 and the water intensity metrics for 2025.

### Table 13: Water Consumption

| | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|
| **Water Consumption ($m^3$/year)** | 28,183 | 30,225 | 85,191 | 74,920 |
| **Water Intensity per Area ($m^3/m^2$)** | | | | 0.47 |
| **Water Intensity per Employee ($m^3$/employee)** | | | | 23.17 |

## KFH's "Water Maker" Technology

KFH introduced an Atmospheric Water Generator system across six of its branches to produce clean drinking water directly from air humidity. The technology extracts moisture from the air, purifies it through multiple filtration stages, and delivers high-quality water for daily branch use.

The system reduces reliance on conventional water supplies by generating up to 250 liters of purified water per unit each day, operating efficiently in a wide range of humidity conditions. It ensures consistent on-site access to clean water through an environmentally friendly process.

## Paper Management

In alignment with KFH's ESG Policy, we monitored paper usage across the Bank throughout 2025 to track and manage consumption. The table below provides a breakdown of our paper usage in 2025.

### Table 14: Paper Management

| | |
|---|---|
| **Paper Consumed (kg/year)** | 125,937 |
| **Paper Recycled (kg/year)** | 67,515 |

KFH continues to track and monitor paper usage in the Bank through the PMS. Through this system, the Bank is actively working to reduce paper consumption in line with its dedication to environmental sustainability.

## Reduction in Plastic Usage

KFH implemented measures to decrease the reliance on plastic bottles at its facilities. By installing water dispensers, the Bank has minimized the usage of plastic water bottles, thereby playing a role in reducing plastic waste.

## 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:*** 01

- We embrace digitalization in internal processes.
- We have replaced traditional lights with energy-efficient light-emitting diode (LED) lighting in our Head Office and branches.
- Our self-powered technology optimizes our electricity consumption.
- We have upgraded old air conditioning systems with more efficient models that consume less electricity.

***Low-Carbon Travel:*** 02

- We continue to raise awareness about low-carbon travel for business and commuting.
- Our improved video conferencing and teleworking tools reduce the need for physical travel.

***Engaging Business Partners:*** 03

- We involve our business partners in the transition to a low-carbon economy.
- We continue to increase the number of suppliers that align with circular economy principles.
- We ensure that our new catering procurement, repair, and maintenance services contracts contribute toward our sustainability goals.

*Water consumption figures for 2024 have been revised and adjusted. The figures presented in this table reflect the updated 2024 values.*

# Value-Creation Model

Our approach to sustainability is centered on creating value for stakeholders, including customers, employees, shareholders, and the broader community. As an innovation-driven sustainable bank, our value-creation model integrates six essential types of capital: financial, manufactured, intellectual, human, social and relationship, and natural capital.

## Inputs

### *Financial Capital*

Focused on generating sustainable returns while ensuring financial stability, KFH achieved a 8.3% increase in total operating income, reaching KD 1,833.3 million. Shareholder profits grew by 5%, amounting to KD 632.1 million, reflecting enhanced profitability and value creation.

### *Intellectual Capital*

Promoting innovation and digital transformation, KFH launched the "Tam Digital Bank" and "Zaheb Digital Platform" in 2023, and continued in 2025, with an aim of meeting the needs of businesses and small to medium enterprises. These services include online banking and unique banking card features.

### *Manufactured Capital*

Investments in technology, infrastructure, and physical assets enhance operational support and provide high-quality services.

### *Social and Relationship Capital*

By fostering strong community relationships, KFH supports local sports, culture, and innovation initiatives. In 2025, KFH continued the "Keep it Green" initiative and continued partnerships with governmental and private entities to support environmental activities, such as beach cleanups and tree planting.

### *Natural Capital*

Recognizing the significance of climate change and its impact, KFH aims to reduce its GHG emissions and is in the process of developing a carbon emissions reduction plan.

### *Human Capital*

Prioritizing employee development, in 2025, 76% of our workforce received training, with average of 26.1 hours of training per employee, an average of 4 training days per employee.

## Value-creating process

The Integrated Reporting Framework centers on a value-creation model where the six capitals employed by KFH create value through positive outcomes, guided by our strategy, governance, risk management, and business model.

## Outputs

### *Financial Capital*

- Achieved total operating income of KD 1,883.3 million, a 8.3% increase
- Increased shareholder profits to KD 632.1 million, a 5% rise

### *Intellectual Capital*

- Continued "Tam Digital Bank" and "Zaheb Digital Platform" for enhanced digital banking services
- Promoted innovation through FinTech and AI integration

### *Manufactured Capital*

- Increased the number of ATMs to 554

### *Social and Relationship Capital*

- Continued the "Keep it Green" initiative
- Continued strategic partnerships for environmental activities

### *Natural Capital*

- In process to develop greenhouse gas emissions reduction plan.

### *Human Capital*

- 76% of our workforce received training, with average of 26.1 hours of training per employee, an average of 4 training days per employee.

# 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, 2025, to December 31, 2025.

**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 | SECTION | Page Number |
|---|---|---|
| **GENERAL DISCLOSURES** | | |
| **GRI 2: General Disclosures 2021** | | |
| **2-1 Organizational details** | Report Parameters<br>About KFH | *4*<br>*18* |
| **2-2 Entities included in the organization's sustainability reporting** | Report Parameters | *4* |
| **2-3 Reporting period, frequency and contact point** | Report Parameters<br>Our financial reporting period is from January 1, 2025, to December 31, 2025. | *4* |
| **2-4 Restatements of information** | There have been no restatements of information from previous reporting periods. | |
| **2-5 External assurance** | External Assurance Letter<br>Our report is externally assured. KFH highest governance body are involved in external assurance. | *171* |
| **2-6 Activities, value chain and other business relationships** | About KFH | *18* |
| **2-7 Employees** | Human Capital: Nurturing an Inclusive & Empowered Workforce<br>There are no part-time employees in 2025.<br>Information unavailable for Disclosure 2-7-a (region), b-i, ii, iii, iv (region), and c. | *100* |
| **2-8 Workers who are not employees** | Human Capital: Nurturing an Inclusive & Empowered Workforce<br>Information unavailable for Disclosure 2-8-a ii, b | *100* |
| **2-9 Governance structure and composition** | Governance And Ethics: Guiding Our Path | *35* |
| **2-10 Nomination and selection of the highest governance body** | Nominating and Selecting Board Members | *51* |

| DISCLOSURE | SECTION | Page Number |
|---|---|---|
| **2-11 Chair of the highest governance body** | Board Leadership Structure | ***37*** |
| **2-12 Role of the highest governance body in overseeing the management of impacts** | Board of Directors Oversight | ***36*** |
| **2-13 Delegation of responsibility for managing impacts** | The Relationship between the Board and the Executive Management | ***37*** |
| **2-14 Role of the highest governance body in sustainability reporting** | ESG Reporting Oversight | ***38*** |
| **2-15 Conflicts of interest** | Conflicts of Interest – BoD<br>Code of Business Conduct and Ethics | ***54***<br>***104*** |
| **2-16 Communication of critical concerns** | Whistleblowing Policy | ***58*** |
| **2-17 Collective knowledge of the highest governance body** | Board Training | ***51*** |
| **2-18 Evaluation of the performance of the highest governance body** | Board Nomination and Remuneration Committee (BNRC)<br>Nominating and Selecting the Board of Directors | ***43***<br>***51*** |
| **2-19 Remuneration policies** | Remuneration<br>Information on how the remuneration policies for members of the highest governance body and senior executives relate to objectives and performance in managing KFH's environmental and social impacts is currently unavailable.<br><br>This information is incomplete because the process to align remuneration policies with sustainability performance indicators is still in consideration at KFH. Work is underway to integrate these considerations into the remuneration framework, with disclosure expected in the next reporting period. | ***51 - 52*** |
| **2-20 Process to determine remuneration** | Remuneration Policy | ***51*** |
| **2-21 Annual total compensation ratio** | Not disclosed due to confidentiality constraints. | |
| **2-22 Statement on sustainable development strategy** | Chairman Statement<br>Sustainability Strategy | ***11-13***<br>***24*** |
| **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 | |

| DISCLOSURE | SECTION | Page Number |
|---|---|---|
| **2-26 Mechanisms for seeking advice and raising concerns** | Grievance Mechanisms | ***58*** |
| **2-27 Compliance with laws and regulations** | Compliance | ***54*** |
| **2-28 Membership associations** | KFH is a member of the Gulf Capital Market Association | |
| **2-29 Approach to stakeholder engagement** | Stakeholders' Engagement | ***31*** |
| **2-30 Collective bargaining agreements** | KFH upholds workers' rights including freedom of association and collective bargaining in which all of KFH's employees are covered, in line with Kuwait's labour law provisions. | |
| **MATERIAL TOPICS** | | |
| **GRI 3: Material Topics 2021** | | |
| **3-1 Process to determine material topics** | Materiality Assessment | ***33*** |
| **3-2 List of material topics** | Materiality Assessment | ***33*** |
| **FINANCIAL GROWTH** | | |
| **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** | Financial Resilience<br>Economic value retained is not disclosed due to confidentiality constraints. This omission does not materially affect stakeholder understanding, as revenue and distributed value are disclosed. | ***77*** |
| **FINANCIAL GROWTH** | | |
| **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** | Financial Resilience<br>Sustainable Finance & Sustainable Investment | ***77 - 84*** |

| DISCLOSURE | SECTION | Page Number |
|---|---|---|
| **SUSTAINABLE PROCUREMENT** | | |
| **GRI 3: Material Topics 2021** | | |
| **3-3 Management of material topics** | Ethical Procurement Practices | ***135*** |
| **GRI 204: Procurement Practices 2016** | | |
| **204-1 Proportion of spending on local suppliers** | Ethical Procurement Practices | ***135*** |
| **GOVERNANCE, ANTI-CORRUPTION, CRISIS MANAGEMENT, AND COMPLIANCE** | | |
| **GRI 3: Material Topics 2021** | | |
| **3-3 Management of material topics** | Anti-Bribery and Corruption | ***56*** |
| **GRI 205: Anti-corruption 2016** | | |
| **205-1 Operations assessed for risks related to corruption** | Anti-Bribery and Corruption | ***56*** |
| **205-2 Communication and training about anti-corruption policies and procedures** | Anti Money Laundering (AML) & Combating of Terrorism and Proliferation Financing (CTPF) | ***56*** |
| **205-3 Confirmed incidents of corruption and actions taken** | Employee Complaints | ***59*** |
| **GOVERNANCE, ANTI-CORRUPTION, CRISIS MANAGEMENT, AND COMPLIANCE** | | |
| **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** | Legal | ***59*** |
| **RESPONSIBLE OPERATIONS** | | |
| **GRI 3: Material Topics 2021** | | |
| **3-3 Management of material topics** | Energy Consumption | ***151*** |

| DISCLOSURE | SECTION | Page Number |
|---|---|---|
| **GRI 302: Energy 2016** | | |
| **302-1 Energy consumption within the organization** | Energy Consumption<br>Information unavailable for Disclosure 302-1 a, b, c (ii, iii, iv), d, g. The information will be available in our next reporting period. | ***151*** |
| **302-4 Reduction of energy consumption** | Energy Consumption | ***151*** |
| **RESPONSIBLE OPERATIONS** | | |
| **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<br>Information unavailable for Disclosure 303-5 b. The information will be available in our next reporting period. | ***152*** |
| **RESPONSIBLE OPERATIONS** | | |
| **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 | |
| **RESPONSIBLE OPERATIONS** | | |
| **GRI 3: Material Topics 2021** | | |
| **3-3 Management of material topics** | Natural Capital: Enhancing Operational Efficiency | ***137*** |
| **GRI 305: Emissions 2016** | | |
| **305-1 Direct (Scope 1) GHG emissions** | GHG Emissions<br>GHG emissions are calculated in accordance with the GHG Protocol: Corporate Accounting and Reporting Standard (Revised Edition), ISO 14064-1:2018, and Intergovernmental Panel on Climate Change (IPCC): Guidelines for GHG Inventories (with 2019 refinements). All assumptions used in these calculations are outlined in KFH's 2024 Carbon Footprint Report, under the section GHG Results and Analysis.<br>No additional tools were used. | ***138*** |

| DISCLOSURE | SECTION | Page Number |
|---|---|---|
| **305-2 Energy indirect (Scope 2) GHG emissions** | GHG Emissions<br>Scope 2 GHG emissions are calculated in accordance with the GHG Protocol: Corporate Accounting and Reporting Standard (Revised Edition), ISO 14064-1:2018, and Intergovernmental Panel on Climate Change (IPCC): Guidelines for GHG Inventories (with 2019 refinements). Only the location-based method is currently applied. All assumptions used in these calculations are outlined in KFH's 2024 Carbon Footprint Report, under the section GHG Results and Analysis.<br>No additional tools were used. | ***138*** |
| **305-3 Other indirect (Scope 3) GHG emissions** | GHG Emissions<br>Scope 3 GHG emissions are calculated in accordance with the GHG Protocol: Corporate Accounting and Reporting Standard (Revised Edition), Corporate Value Chain (Scope 3) Accounting and Reporting Standard, ISO 14064-1:2018, and Intergovernmental Panel on Climate Change (IPCC): Guidelines for GHG Inventories (with 2019 refinements). All assumptions used in these calculations are outlined in KFH's 2024 Carbon Footprint Report, under the section GHG Results and Analysis.<br>No additional tools were used. | ***138*** |
| **305-5 Reduction of GHG emissions** | GHG Emissions | ***138*** |
| **HUMAN CAPITAL DEVELOPMENT** | | |
| **GRI 3: Material Topics 2021** | | |
| **3-3 Management of material topics** | Human Capital: Nurturing an Inclusive & Empowered Workforce | ***100*** |
| **GRI 401: Employment 2016** | | |
| **401-1 New employee hires and employee turnover** | Human Capital: Nurturing an Inclusive & Empowered Workforce<br>Disclosure 401-1-a, b (region): Information on new employee hires and employee turnover by region is not available, as KFH's reporting boundaries are limited to Kuwait, making regional segmentation inapplicable. | ***100*** |
| **401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees** | Employee Benefits, Well-being, and Safety | ***112*** |
| **401-3 Parental leave** | Employee Benefits, Well-being, and Safety | ***112*** |
| **HUMAN CAPITAL DEVELOPMENT** | | |
| **GRI 3: Material Topics 2021** | | |
| **3-3 Management of material topics** | Employee Benefits, Well-being, and Safety | ***112*** |

| DISCLOSURE | SECTION | Page Number |
|---|---|---|
| **GRI 403: Occupational Health and Safety 2018** | | |
| **403-6 Promotion of worker health** | Employee Benefits, Well-being, and Safety | ***112*** |
| **HUMAN CAPITAL DEVELOPMENT** | | |
| **GRI 3: Material Topics 2021** | | |
| **3-3 Management of material topics** | Employee Development & Performance Management | ***105*** |
| **GRI 404: Training and Education 2016** | | |
| **404-1 Average hours of training per year per employee** | Employee Development & Performance Management | ***105*** |
| **404-2 Programs for upgrading employee skills and transition assistance programs** | Employee Development & Performance Management | ***105*** |
| **DIVERSITY AND INCLUSION** | | |
| **GRI 3: Material Topics 2021** | | |
| **3-3 Management of material topics** | Human Capital: Nurturing an Inclusive & Empowered Workforce | ***100*** |
| **GRI 405: Diversity and Equal Opportunity 2016** | | |
| **405-1 Diversity of governance bodies and employees** | Our BoD<br>Human Capital: Nurturing an Inclusive & Empowered Workforce<br>Information unavailable for Disclosure 405-1 a ii. The information will be available in our next reporting period. | ***38***<br>***100*** |
| **DIVERSITY AND INCLUSION** | | |
| **GRI 3: Material Topics 2021** | | |
| **3-3 Management of material topics** | Discrimination Incident Management | ***104*** |
| **GRI 406: Non-discrimination 2016** | | |
| **406-1 Incidents of discrimination and corrective actions taken** | Discrimination Incident Management | ***104*** |
| **GOVERNANCE, ANTI-CORRUPTION, CRISIS MANAGEMENT, AND COMPLIANCE** | | |
| **GRI 3: Material Topics 2021** | | |
| **3-3 Management of material topics** | Information unavailable. The information will be available in our next reporting period. | |

| DISCLOSURE | SECTION | Page Number |
|---|---|---|
| **GRI 408: Child Labor 2016** | | |
| **408-1 Operations and suppliers at significant risk for incidents of child labor** | Child and Forced Labor<br>Human Capital: Nurturing an Inclusive & Empowered Workforce<br>Ethical Procurement Practices | ***57***<br>***100***<br>***135*** |
| **GOVERNANCE, ANTI-CORRUPTION, CRISIS MANAGEMENT, AND COMPLIANCE** | | |
| **GRI 3: Material Topics 2021** | | |
| **3-3 Management of material topics** | Information unavailable. The information will be available in our next reporting period. | |
| **GRI 409: Forced or Compulsory Labor 2016** | | |
| **409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor** | Child and Forced Labor<br>Ethical Procurement Practices | ***57***<br>***135*** |
| **COMMUNITY INVESTMENT** | | |
| **GRI 3: Material Topics 2021** | | |
| **3-3 Management of material topics** | Community Empowerment | ***123*** |
| **GRI 413: Local Communities 2016** | | |
| **413-1 Operations with local community engagement, impact assessments, and development programs** | Community Empowerment | ***123*** |
| **RESPONSIBLE CUSTOMER RELATIONS AND SATISFACTION** | | |
| **GRI 3: Material Topics 2021** | | |
| **3-3 Management of material topics** | Products and Services Information and Labeling | ***119*** |
| **GRI 417: Marketing and Labeling 2016** | | |
| **417-2 Incidents of non-compliance concerning product and service information and labeling** | Products and Services Information and Labeling | ***119*** |

| DISCLOSURE | SECTION | Page Number |
|---|---|---|
| **DATA PRIVACY & CYBERSECURITY** | | |
| **GRI 3: Material Topics 2021** | | |
| **3-3 Management of material topics** | Data Privacy Governance and Oversight | ***63*** |
| **GRI 418: Customer Privacy 2016** | | |
| **418-1 Substantiated complaints concerning breaches of Customer privacy and losses of customer data** | Data Privacy Governance and Oversight | ***63*** |
| **SUSTAINABLE FINANCE AND INVESTMENT** | | |
| **GRI 3: Material Topics 2021** | | |
| **3-3 Management of material topics** | Sustainable Finance & Sustainable Investment | ***79*** |
| **DIGITALIZATION AND INNOVATION** | | |
| **GRI 3: Material Topics 2021** | | |
| **3-3 Management of material topics** | Intellectual Capital: Driving Digital Innovation | ***90*** |
| **FINANCIAL INCLUSION, ACCESSIBILITY, AND LITERACY** | | |
| **GRI 3: Material Topics 2021** | | |
| **3-3 Management of material topics** | Community Empowerment<br>Manufactured Capital: Ensuring Geographical Accessibility<br>Crafting Tailored Experiences | ***123***<br>***86***<br>***116*** |
| **GLOBAL AND REGIONAL EXPANSION** | | |
| **GRI 3: Material Topics 2021** | | |
| **3-3 Management of material topics** | About KFH | ***18*** |
| **RISK MANAGEMENT** | | |
| **GRI 3: Material Topics 2021** | | |
| **3-3 Management of material topics** | Risk Management | ***72*** |

# Compliance with Integerated Reporting (IR) Framework

| Guidng 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. | ***01 - Strategic Sustainability Approach***<br>***Value Creation Model*** |
| **Connectivity of Information** | This Report establishes a coherent link between KFH's operational context, strategy, and performance. | ***01 - 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 stakeholders groups, and examines the value generated or impacted for distinct stakeholders. | ***02 - Stakeholders' Engagement & 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. | ***02 - Stakeholders' Engagement & 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 Report using the <IR> framework. | The following Principle is showcased throughout the Report. |

| Content Elemens | Reference |
|---|---|
| **Organizational Overview and External Environment** | About KFH |
| **Governance** | 03 - Governance And Ethics: Guiding Our Path |
| **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 |

# SASB Consumer Banks

| Topic | Metric | Page Number |
|---|---|---|
| ***Customer Privacy*** | Number of account holders whose information is used for secondary purposes | N/A |
| ***Customer Privacy*** | Total amount of monetary losses as a result of legal proceedings associated with customer privacy | 64 |
| ***Data Security*** | (1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected | 64 |
| ***Data Security*** | Card-related fraud losses from (1) card-notpresent fraud and (2) card-present and other fraud | N/A |
| ***Data Security*** | Description of approach to identifying and addressing data security risks | 60 - 64 |
| ***Selling Practices*** | Percentage of total remuneration for covered employees that is variable and linked to the amount of products and services sold | N/A |
| ***Selling Practices*** | Approval rate for (1) credit and (2) pre-paid products for applicants with FICO scores above and below 660 | N/A |
| ***Selling Practices*** | (1) Average fees from add-on products, (2) average APR, (3) average age of accounts, (4) average number of trade lines, and (5) average annual fees for pre-paid products, for customers with FICO scores above and below 660 | N/A |
| ***Selling Practices*** | (1) Number of complaints filed with the Consumer Financial Protection Bureau (CFPB), (2) percentage with monetary or nonmonetary relief, (3) percentage disputed by consumer, (4) percentage that resulted in investigation by the CFPB | N/A |
| ***Selling Practices*** | Total amount of monetary losses as a result of legal proceedings associated with selling and servicing of products | 59 |
| ***Activity Metrics*** | Number of unique consumers with an active (1) credit card account and (2) pre-paid debit card account | N/A |
| ***Activity Metrics*** | number of (1) credit card accounts and (2) pre-paid debit card accounts | N/A |

# SASB Commercial Banks

| Topic | Metric | Page Number |
|---|---|---|
| ***Data Security*** | (1) Number of data breaches, (2) percentage that are personal databreaches (3) number of account holders affected | 64 |
| | Description of approach to identifying and addressing data security risks | 60 - 64 |
| ***Financial Inclusion & Capacity Building*** | (1) Number and (2) amount of loans outstanding that qualify for programmes designed to promote small business and community development | 79 |
| | (1) Number and (2) amount of past due and nonaccrual loans or loans subject to forbearance that qualify for programmes designed to promote small business and community development | N/A |
| | Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers | N/A |
| | Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers | N/A |
| ***Incorporation of Environmental, Social, and Governance Factors in Credit Analysis*** | Description of approach to incorporation of environmental, social and governance (ESG) factors in credit analysis | 83 |
| ***Financed Emissions*** | Absolute gross financed emissions, disaggregated by (1) Scope 1, (2) Scope 2 and (3) Scope 3 | 143 |
| | Gross exposure for each industry by asset class | N/A |
| | Percentage of gross exposure included in the financed emissions calculation | N/A |
| | Description of the methodology used to calculate financed emissions | N/A |
| ***Business Ethics*** | Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, antitrust, anticompetitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations | 59 |
| | Description of whistleblower policies and procedures | 58 |
| ***Systemic Risk Management*** | Global Systemically Important Bank (G-SIB) score, by category | N/A |
| | Description of approach to integrate results of mandatory and voluntary stress tests into capital adequacy planning, longterm corporate strategy, and other business activities | N/A |

# Boursa Kuwait Index

| UN SDGs | GRI | Kuwait Vision | Metric | Calculation | KFH's Data |
|---|---|---|---|---|---|
|  | ***GRI 305: Emissions 2016*** | Living Environment | GHG Emissions | E1.1) Total amount, in CO2 equivalents, for Scope 1 (if applicable) | ***7,380.8 $tCO_2e$*** |
| | | | | E1.2) Total amount, in CO2 equivalents, for Scope 2 (if applicable) | ***35,123.3 $tCO_2e$*** |
| | | | | E1.3) Total amount, in CO2 equivalents, for Scope 3 (if applicable) | ***222.1 $tCO_2e$*** |
|  | ***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 | N/A |
|  | ***GRI 302: Energy 2016*** | Living Environment | Energy Usage | E3.1) Total amount of energy directly consumed | 52,034,486 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 | N/A |
|  | ***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 | 74,920 $m^3$/year |
|  | ***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. |
| | ***GRI 305: Waste 2020*** | Living Environment | Environmental Operations | E7.3) Does your company use a recognized energy management system? Yes/No | No |

| UN SDGs | GRI | Kuwait Vision | Metric | Calculation | KFH's Data |
|---|---|---|---|---|---|
| | ***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. |
| | ***GRI 401: Employ-ment 2016*** | | Employee Turnover | S2.1) Percentage: Year-over-year change for full-time employees | voluntary turnover 5.09% |
| | | | | 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*** | Human Capital | Gender Diversity | S3.1) Percentage: Total enterprise headcount held by men and women | Percentage of Females: 24.05%<br>Percentage of Males: 75.94% |
| | ***GRI 405: Diversity and Equal Opportunity 2016*** | | | S3.2) Percentage: Entry- and mid-level positions held by men and women | |

| UN SDGs | GRI | Kuwait Vision | Metric | Calculation | KFH's Data |
|---|---|---|---|---|---|
| | ***GRI 405: Diversity and Equal Opportunity 2016*** | Human Capital | Gender Diversity | S3.3) Percentage: Senior-and executive-level positions held by men and women | 84 female employees in Upper and Middle Management |
| | ***GRI 102: General Disclosures 2016*** | Living Environment | Temporary Worker Ratio | S4.1) Percentage: Total enterprise headcount held by part-time employees | No Part Time Employees |
| | ***GRI 401-Employment 2016*** | | | S4.2) Percentage: Total enterprise headcount held by contractors and/or consultants | 12.3% of KFH's workforce comprises of contractors and temporary employees. |
|  | ***GRI 406: Non-discrimination 2016*** | Public Admin-istration | Non-Discrimination | Does your company follow a sexual harassment and/or non-discrimination policy? Yes/No | Yes |
|  | ***GRI 406: Non-discrimi-nation 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 Admin-istration | 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 Admin-istration | 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 |

| UN SDGs | GRI | Kuwait Vision | Metric | Calculation | KFH's Data |
|---|---|---|---|---|---|
| | ***GRI 202: Market Presence 2016*** | Economy | Nationalization | S10.1) Percentage of national employees | |
| | | | | S10.2) Direct and indirect local job creation | New hires in 2025 totaled 126 |
| | ***GRI 405: Diversity and Equal Opportunity 2016*** | Public Administration | Board Diversity | G1.1) Percentage: Total board seats occupied by men and women | |
| | | | | 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 | 29% 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*** | 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 407: Freedom of Association-and-Collective Bargaining 2016*** | | | | |
| | ***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% |
| | ***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% |

| UN SDGs | GRI | Kuwait Vision | Metric | Calculation | KFH's Data |
|---|---|---|---|---|---|
| | ***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*** | | External Assurance (Recommended) | G10) Are your sustainability disclosures assured or validated by a third party? Yes/No | Yes |
| | ***GRI 103: Management Approach 2016 is to be used in combination with the topic specific standards*** | | | | |

*We help business gain value by operating in much cleverer, sustainable ways*

# Independent Assurance Statement to Kuwait Finance House

FBRH Consultants Ltd (FBRH Consultants) was engaged by Kuwait Finance House to provide independent limited assurance over the presentation of information in its **2025 Sustainability Report** (the Report), covering the period from **1st January 2025 to 31st December 2025**.

FBRH Consultants is an independent provider of sustainability assurance services and has not carried out any other work for Kuwait Finance House during the reporting period that could affect our independence or objectivity.

## Engagement Summary

- **Scope of the engagement:**
  To assess whether the Report is presented in accordance with the **GRI Sustainability Reporting Standards** (GRI Standards), specifically ensuring that the disclosures and information listed in **Appendix I** have been appropriately presented.
- **Reporting criteria:**
  The GRI Sustainability Reporting Standards (2021 update)
- **Assurance standard:**
  International Standard on Assurance Engagements (ISAE) 3000 (Revised)
- **Assurance level:**
  Limited assurance
- **Responsibilities:**

Kuwait Finance House is responsible for the preparation of the Report and the collection and presentation of the information within it. FBRH Consultants' responsibility is to express a limited assurance conclusion based on the scope of work described above.

## Our Conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention to suggest that the information and disclosures, as defined in the scope of our engagement, have not been presented in accordance with the GRI Standards.

## Work Performed

Our assurance work was conducted in accordance with ISAE 3000 (Revised) and involved the following activities:

- Review of the final version of the Report to confirm that the required disclosures, as per the GRI Standards, have been presented appropriately;
- Evaluation of the structure and content of the Report for consistency with GRI requirements;
- Examination of the GRI content index and cross-checking of selected disclosures to ensure that references are correctly aligned;

We did not verify the accuracy of data or perform data sampling or site visits. Our work did not include assurance of performance metrics or quantitative data.

## Limitations

This assurance engagement was limited to a review of the presentation of information in accordance with the GRI Standards and did not include verification of underlying data or assessment of the effectiveness of management systems or internal controls. The inherent limitations of assurance engagements and the use of sampling and selective review methods mean that absolute assurance cannot be provided.

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GRI Nominated Trainer, IEMA Trainer
GRI Certified Sustainability Professional
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FBRH CONSULTANTS 25 YEARS | GRI TRAINING PARTNER 2026 | Sustain case | ISO 9001:2015 | ISEP TRAINING CENTRE | CPD MEMBER The CPD Certification Service

*We help business gain value by operating in much cleverer, sustainable ways*

## 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 201-1 | Direct economic value generated and distributed |
| GRI 203-1 | Infrastructure investments and services supported |
| GRI 204-1 | Proportion of spending on local suppliers |
| GRI 205-1 | Operations assessed for risks related to corruption |
| GRI 205-2 | Communication and training about anti-corruption policies and procedures |
| GRI 205-3 | Confirmed incidents of corruption and actions taken |
| GRI 206-1 | Legal actions for anticompetitive behavior, anti-trust, and monopoly practices |
| GRI 103-1 | Energy policies and commitments |
| GRI 103-2 | Energy consumption and self-generation within the organization |
| GRI 103-3 | Upstream and downstream energy consumption |
| GRI 103-4 | Energy intensity |
| GRI 103-5 | Reduction in energy consumption |
| GRI 303-5 | Water consumption |
| GRI 102-1 | Transition plan for climate change mitigation |
| GRI 102-2 | Climate change adaptation plan |
| GRI 102-3 | Just transition |
| GRI 102-4 | GHG emissions reduction targets and progress |
| GRI 102-5 | Scope 1 GHG emissions |
| GRI 102-6 | Scope 2 GHG emissions |
| GRI 102-7 | Scope 3 GHG emissions |
| GRI 102-8 | GHG emissions intensity |
| GRI 102-9 | GHG removals in the value chain |
| GRI 102-10 | Carbon credits |
| GRI 401-1 | New employee hires and employee turnover |
| GRI 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees |
| GRI 401-3 | Parental leave |
| GRI 403-6 | Promotion of worker health |
| GRI 404-1 | Average hours of training per year per employee |
| GRI 404-2 | Programs for upgrading employee skills and transition assistance programs |
| GRI 405-1 | Diversity of governance bodies and employees |
| GRI 406-1 | Incidents of discrimination and corrective actions taken |
| GRI 408-1 | Operations and suppliers at significant risk for incidents of child labor |
| GRI 409-1 | Operations and suppliers at significant risk for incidents of forced or compulsory labor |
| GRI 413-1 | Operations with local community engagement, impact assessments, and development programs |
| GRI 417-2 | Incidents of non-compliance concerning product and service information and labeling |
| GRI 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data |

# GREENHOUSE GAS VERIFICATION STATEMENT

## for the inventory of 2025 Greenhouse Gas emissions of Kuwait Finance House K.S.C.P. (KFH Kuwait)

## Objective

Enviance Services Private Limited (hereinafter referred to as "Enviance") was commissioned by Kuwait Finance House (hereinafter referred to as "the Organization") to conduct independent verification based on ISO 14064-3:2019, regarding GHG emissions calculated by the Organization on the scope of verification (hereinafter referred to as "the GHG assertion"). The objective of this verification is to confirm that the GHG assertion in the Organization's applicable scope has been correctly calculated and reported in the GHG assertion in conformance with the criteria, and to express our views as a third party.

## Scope

The scope of verification is limited to the GHG assertion at the Organization and its 73 reporting entities in the State of Kuwait (4 head offices, 64 branches, 3 showrooms, 1 data center and 1 archive), consolidated under the operational control approach.

GHG emissions included in the GHG assertion are Scope 1: direct emissions from stationary and mobile fuel combustion, refrigerant leakage, fire suppressants and fertilizer application; Scope 2: indirect emissions from purchased electricity (location-based); and Scope 3: Category 1: Purchased Goods and Services and Category 5: Waste Generated in Operations.

The period subject to report is from 1 January 2025 to 31 December 2025.

## Procedure of Verification

The GHG assertion was verified in accordance with Criteria of Verification, and the following processes were implemented at a limited level of assurance:

- Verification of the calculation system: Interviews on the measurement, tabulation, calculation and reporting methods employed by the Organization as well as review of related documents and records
- Verification of the GHG assertion: Review of supporting records, including utility bills, meter readings and fuel transaction records, together with analytical procedures for the sites in the scope of verification

The criteria for this review are based on ISO 14064-1:2018, the GHG Protocol Corporate Accounting and Reporting Standard, the GHG Protocol Corporate Value Chain (Scope 3) Standard, and the IPCC AR6 100-year Global Warming Potential values, together with the calculation rules and procedures for Greenhouse Gas Emissions specified by the Organization.

## Level of Assurance and Materiality

Level of assurance: Limited.

Materiality threshold: 5% of the total reported GHG emissions.

## Conclusion

Within the scope of the verification activities employing the methodologies mentioned above, nothing has come to our attention that caused us to believe that the Organization's assertion (Scope 1: 7,380.78 t-$CO_2$e, Scope 2: 35,123.28 t-$CO_2$e, Scope 3: 222.12 t-$CO_2$e) was not calculated and reported in conformance with the criteria.

Enviance Services Private Limited affirms our independence from the Organization, being free from bias and conflicts of interest with the Organization.

**For and on behalf of Enviance Services Private Limited**

**Vidhya Muralikrishna**
Quality Manager
Enviance Services Private Limited

**Pankaj Kumar**
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