



BUILDING A SUSTAINABLE
FOUNDATION

SUSTAINABILITY REPORT 2021





HH Sheikh
Mishal Al-Ahmad Al-Jaber Al-Sabah
Crown Prince of the State of Kuwait



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Foreword

Introduction

As a bank whose fundamental value is to maintain the highest ethical standards, its business's success depends on the trust and confidence it earns from all its stakeholders. Through its second sustainability report, Gulf Bank affirms its transparency in communicating sustainability performance and outlines the resulting impacts, risks, and opportunities from the Bank's business activities with respect to Environmental, Social, and Governance (ESG) criteria.

At Gulf Bank, we adopt responsible practices with a proactive sustainable approach, using effective leadership and governance through the provision of financial and banking services, innovative digital solutions, talent acquisition, and youth empowerment. This report reinforces our commitment to sustainability and the inclusion of environmental, community, and governance elements within our business pillars.

Additionally, the report reinforces our contribution to the national and international sustainability agendas. The report highlights, in specific, the New Kuwait Vision 2035, UN Women Empowerment Principles (WEPs), the United Nations Sustainable Development Goals (SDGs) and the Global Reporting Initiative (GRI), ESG criteria, among others.

Addressed to all our esteemed stakeholders, this report complements our 2021 Annual Report, which provides further details on our corporate governance disclosures.

You may access our Annual Report through:

<https://www.e-gulfbank.com/en/investors/reports/annual-reports>

Report Scope

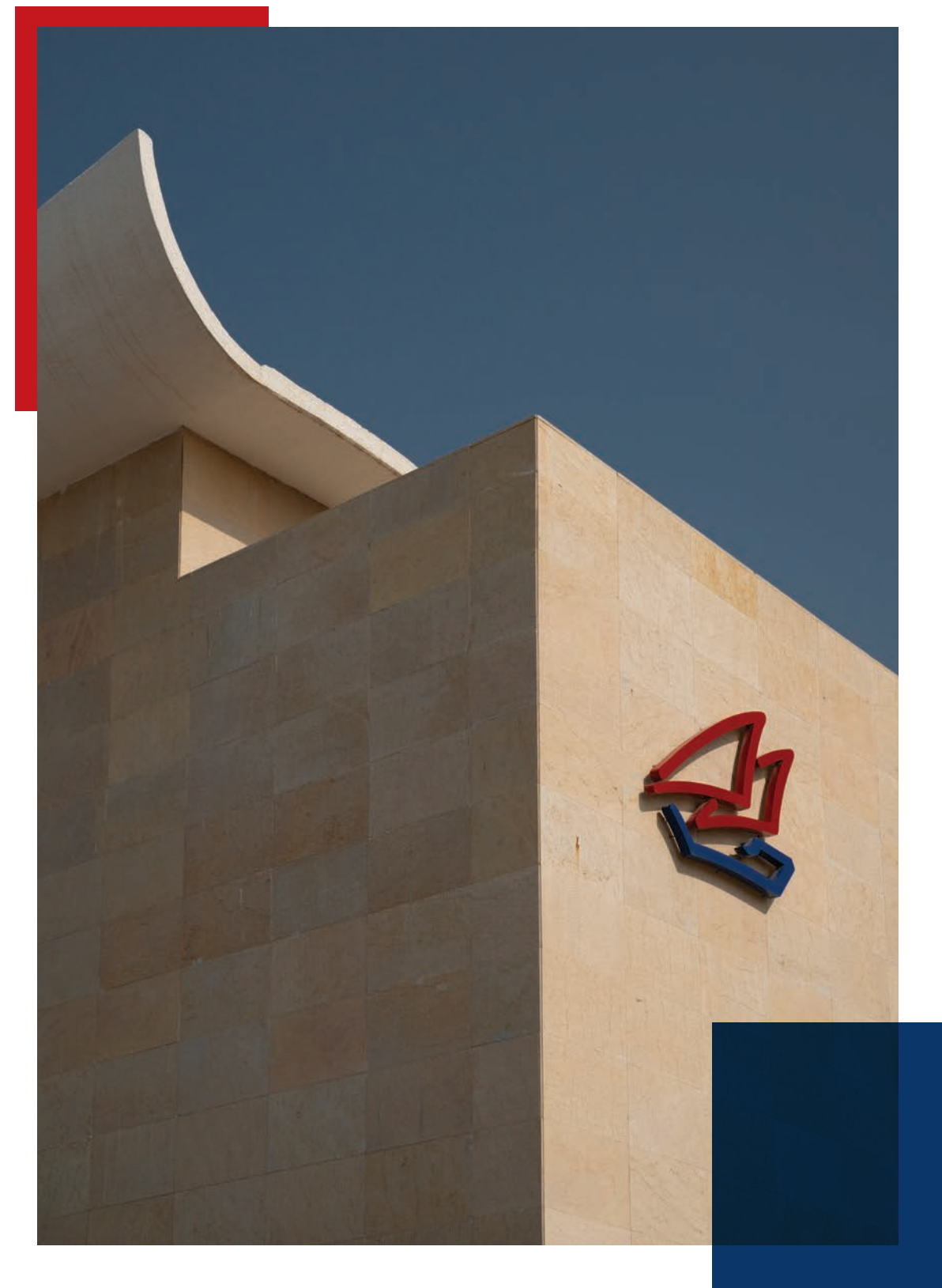
Gulf Bank's sustainability report highlights and discusses the Bank's sustainability performance and impact regarding the identified material ESG issues and opportunities prioritized by our stakeholders. The scope and boundary of this report covers Gulf Bank's operations in Kuwait. Throughout this report, any mention of "the Bank", "our", or "we" refers to Gulf Bank's establishment.

Reporting Period

This is Gulf Bank's second sustainability report and is for the year 2021. It covers the non-financial performance of the period from January 1, 2021, to December 31, 2021, unless stated otherwise.

Global Reporting Initiative (GRI) Compliance

This report has been prepared in accordance with the Global Reporting Initiative (GRI) standards: Core Option. This involves Gulf Bank's operational activities, impacts, and the substantive expectations and interests of its key internal and external stakeholders. The GRI Content Index can be found at the end of this report, with all GRI disclosures and statements referenced in accordance with their respective reported pages.



The GRI standards embody several principles, being a set of 4 reporting principles for defining report content (Stakeholder Inclusiveness, Sustainability Context, Materiality, Completeness) and a set of 6 reporting principles for defining report quality (Quality, Accuracy, Balance, Clarity, Comparability, Reliability, Timeliness). These principles were considered, aligned, and ensured in developing this report. As explained below:

Reporting Principles for defining report content

Stakeholder Inclusiveness This report clearly defines the Bank’s internal and external stakeholders, providing a detailed list of all stakeholders and engagement mechanisms in **Figure 1.2 a on page 29**. Stakeholder input has guided the development of this report through consultations and surveys.

Sustainability Context Gulf Bank follows GRI standards in its sustainability reporting practices, and aims to contribute to the New Kuwait Vision 2035, UN Women’s Women Empowerment Principles (WEPs), the United Nations Sustainable Development Goals (SDGs), and the GRI standards.

Materiality Gulf Bank prioritizes its material topics appropriately in the report, and has identified them based on the following 2 dimensions:

- The significance of the organization’s economic, environmental, and social impacts
- Material topics’ substantive influence on the assessments and decisions of stakeholders.



Completeness Gulf Bank has considered all the impacts it causes, contributes to, and that are directly linked to through its business relationships. Material information is covered and prioritized based on the principles of Materiality, Sustainability Context, and Stakeholder Inclusiveness. The information in the report includes all significant impacts during the reporting period.

Reporting Principles for defining report quality

Accuracy Data and information disclosure accuracy was ensured throughout the report development by utilizing a data collection tool in line with GRI standards. Calculation methods and estimations were also described in the report. Additionally, data and information were carefully reviewed to ensure consistency and accuracy.

Balance Report development took into consideration Gulf Bank’s sustainability performance unbiasedly, reflecting both positive and negative aspects. Emphasis on topics across the report is according to their relative priority.

Clarity The report presents information in a way that is understandable, accessible, and usable by Gulf Bank’s stakeholders, meanwhile, avoiding unnecessary and excessive information. The report will be available in both soft and hard copies.

Comparability The information throughout the report is presented in a manner that enables stakeholders to analyze changes in Gulf Bank’s performance over time, and that could support analysis relative to other banks.

Reliability Original sources of information are identified in the report. Assumptions and complex calculations are supported with reliable evidence.

Timeliness The report discloses information that is recent and relative to the reporting period. Gulf Bank reports on an annual basis.

Queries and Contact

As our esteemed stakeholders, your opinion is valuable to us, and we welcome your feedback on this report and on any aspect of our sustainability performance. Please contact us via any of the following communication channels:

 sustainability@gulfbank.com.kw

 [gulf_bank](#)

 [Gulf Bank](#)



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CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT



Jassim Mustafa Boodai
Chairman

Dear Valued Stakeholders,

I am delighted to welcome you to our Second Sustainability Report under the title "Building A Sustainable Foundation" highlighting our support to accelerate the national sustainability agenda and the implementation of the Kuwait Vision 2035. The report sheds light on implementing our robust sustainability program at the community, governance, and environmental levels through strategically selected sustainability initiatives.

At the community level, progress has been made as we continue to support youth empowerment, community wellness and social engagement through impactful initiatives. We continue to support the national economy by opting for local supplies attracting and hiring local Kuwaiti talent. In 2021, we sourced 82% of our supplies locally, and increased our Kuwaitization rate at managerial positions by 5%.

Today, the banking sector is heading towards a new era of digital transformation, and we are proud to have proven dynamism in responding swiftly to emerging digital demands. With our latest digital-driven strategy, we aim to transform into a full-fledged digital bank that will exceed the aspirations of future generations. As part of our strategy, we have launched the Gulf Bank application, which allows clients to conduct money transfers, online on-boarding and shop online, among other online banking features. Since the launch of the app until end of 2021, more than 1,700 accounts have opened, and 77% of our customers are currently using the app.

In recognition of every employee's role in delivering customer excellence and serving the community at large, the Bank is constantly engaging and empowering its employees as part of an inclusive and diversified workplace. In this regard, we have outrivaled fresh graduates' recruitment in 2021 with a staggering 175% increase in fresh graduates hired in comparison to 2020. We also increased our women employee percentage from 42% in 2020 to 44% in 2021, aiming to reach an equal gender ratio in the near future.

We pride ourselves to be contributing to a more sustainable national economy through the development of local skills, particularly through employee training and internships. Both representing two outstanding areas of advancement, as total training hours have more than doubled in 2021. Furthermore, 890 employees participated in our conducted training programs, accounting to 54% of our total workforce. Similarly, the number of interns participating in our Annual Internship Program are twice as much as those conducted in 2020.

As part of our contribution to the implementation of the New Kuwait Vision 2035, specifically to the sustainable living environment pillar, a range of environmental concerns have been identified, including climate change and resource conservation. Our HR, Procurement and CSR departments have developed clear internal plans to address these issues and have shown incredible efforts in this area. Key achievements in this area include a 61% reduction in our Scope I Greenhouse Gas (GHG) emissions, a reduction in paper consumption due to digitization and printers' consolidation, and environmental clean-up and waste reduction initiatives.

Conclusively, I am full of confidence that this report will provide a clear and transparent view on our sustainable performance and prospects. I would also like to take this opportunity to thank all our dedicated stakeholders who supported our 61 years of success. I am looking ahead to spearheading more efforts towards building a sustainable foundation.

Jassim Mustafa Boodai
Chairman

Marketplace



Active users of Mobile App banking



Active users of online banking



Procurement expenditure to Local



Procurement expenditure to foreign



Number of data loss / leakage incidents

Workplace



44% female

Gender diversity in the workplace



56% male

Gender diversity in the workplace



76.5%

Kuwaitization in the workplace



56%

Kuwaitization in Management



32%

Females in managerial positions and above



70%

Percentage of employees receiving training



Percentage increase in total employee training hours



Employee turnover rate



Total women in STEM positions



Percentage increase in employees under 30 years of age

Community



Fresh graduates recruitment increase



Internships



Number of students trained through INJAZ



Special needs employees



Number of Gulf Bank 642 Marathon participants

Environment



964 Sheets

Paper savings through ATM Paperless initiative

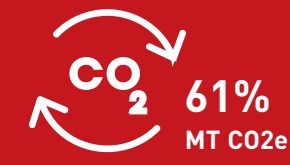


5,974 MT CO2e

Greenhouse Gas (GHG) Emissions - Scope II (mt CO2e)



Greenhouse Gas (GHG) Emissions - Scope III (mt CO2e)



Greenhouse Gas (GHG) Emissions - Scope I (mt CO2e)



Percentage of printers consolidated



Paper consumption reduction

Ahmad Al-Duwaisan

General Manager –
Corporate Banking



“As part of Gulf Bank’s strategic plan, the Corporate Banking Department is working to implement the digital transformation of all major operations and services that can support banking operations and contribute to the growth of small and medium-sized enterprises.”

An Overview on Gulf Bank

As we build our sustainable foundation, we are committed to maintaining a robust sustainability program concerning the three pillars of environment, social, and governance. Every year, Gulf Bank strategically selects sustainability initiatives that help the Bank serve its local communities and demonstrate the Bank’s larger commitment towards it.

Since its establishment in 1960, Gulf Bank has been recognized as one of the leading conventional banks in Kuwait, with over KD 6 billion in total assets as of 31 December 2021. Currently, the main services Gulf Bank provides are consumer banking, wholesale banking, and treasury. Through our large network of over 50 branches and over 300 Automated Teller Machines (ATMs) and Interactive Teller Machines (ITMs), we are able to provide financial services for a notably large customer base. The Bank remains an ‘A’ rated bank by major credit rating agencies, namely: Moody’s, Fitch Ratings, and Capital Intelligence.

Awards and Recognition

As a testament to our efforts in asserting our position as the leading Kuwaiti Bank of the Future, we have received several awards during 2021. The awards were in recognition of our recent digital transformation journey, our creativity and innovation across various fields, Gulf Bank 642 Marathon, and our flagship product, the AlDanah millionaire draw.

The awards were granted by the Future Enterprise Awards 2021, and the 9th edition of the Kuwait Innovation Award.

Future Enterprise Awards 2021:

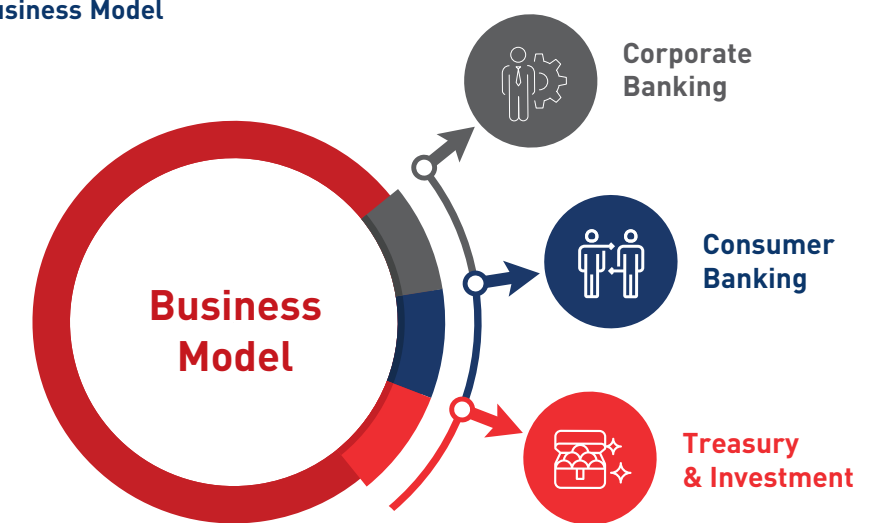


Our Business Model

To provide an exceptional experience to our valued customers, we have adopted a robust business model constituting of consumer banking, corporate banking, and treasury and investment.

Though the year 2021 formed a challenge to Gulf Bank as it has challenged most institutions. We continued to support our clients through the Bank’s seamless and optimized omni channel services, assisted by the digital transformation of most of our major activities. Gulf Bank managed to grow the business in both, corporate and consumer segments without hindering the quality of the Bank portfolio, which remained resilient. Further details about each of our business model segments are provided in this section.

Figure a. Gulf Bank’s Business Model



Corporate Banking

Gulf Bank is constantly striving to provide simpler, more convenient banking services compared to the traditional banking experience through its comprehensive Corporate Banking products and services. Serving both local and international clients, our corporate banking services and products include: advisory services, SME Banking, salary transfers, cash facilities, non-cash facilities, cards, transaction banking services and merchant banking, - all of which are explained in further detail in **Figure b**. Moreover, we extend our corporate banking services to reach local and international clients via the divisions listed in **Figure c**.

Figure b. Corporate Banking products and services

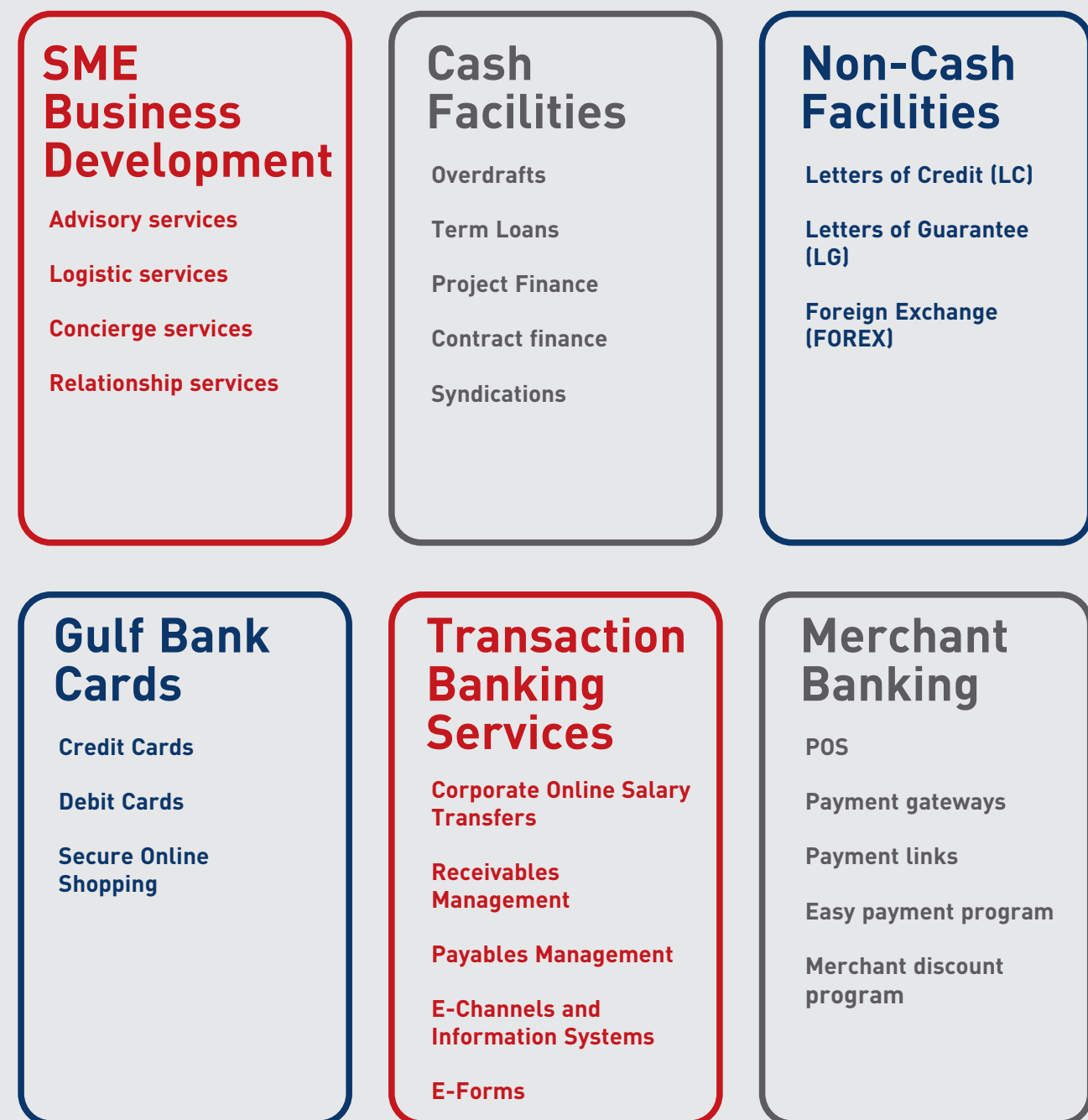


Figure c. Corporate Banking Divisions



SME Banking

Signifying the role of SMEs in realizing Kuwait's 2035 vision of increasing the private sector's role in generating economic growth, fostering innovation and creating large-scale employment opportunities. Gulf Bank provides support to Kuwaiti SMEs through its SME Banking Portal and SME Business Advisory Services.

SME Banking Portal

As a mean of ensuring equitable treatment to all SMEs, Gulf Bank has an accessible, informative online portal via Gulf Bank website, whereby SMEs may submit their inquiries pertaining to the Bank's offered services, products and advisory to different Bank units. Each inquiry is screened by the Bank and is delegated and addressed by the relevant contact person. This not only eases the SME engagement process but also enables SMEs to custom-tailor the Bank's services to be in line with their business type and needs.

Consumer Banking

Gulf Bank's Consumer Banking serves a broad range of customer-centric solutions, tailored to each segment. Our diversified product offering includes personal loan options, credit and debit cards, and deposits. These include the Rose Gold card for women, the red plus card, and the first prepaid cashback card in the Middle East, the Mouj card. Additionally, the Samsung Pay contactless payment offers smoother and safer purchasing transactions. A detailed list of all cards is provided in Appendix 7.5.

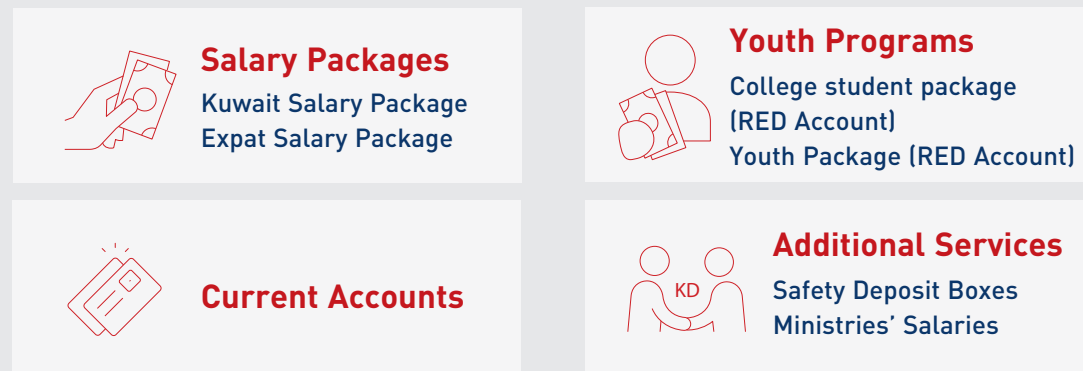
Gulf Bank Consumer Banking accounts constitute salary packages, current accounts, youth programs, and additional services, as displayed in the following figure.

AlDanah Millionaire Account

Since 1998, AlDanah Millionaire account continues to be the Kuwait's most popular draws and savings account, providing endless opportunities to win valuable cash prizes throughout the year. In order to enter the draw and open a AlDanah account, a minimum deposit of KD 200 is required.

The AlDanah Millionaire account provides customers with the opportunity to become millionaires in two grand draws worth KD1,500,000 and KD1,000,000. In addition to, two draws worth KD100,000 each, and monthly draws worth KD1,000 each for 10 winners.

Figure d. Gulf Bank Accounts



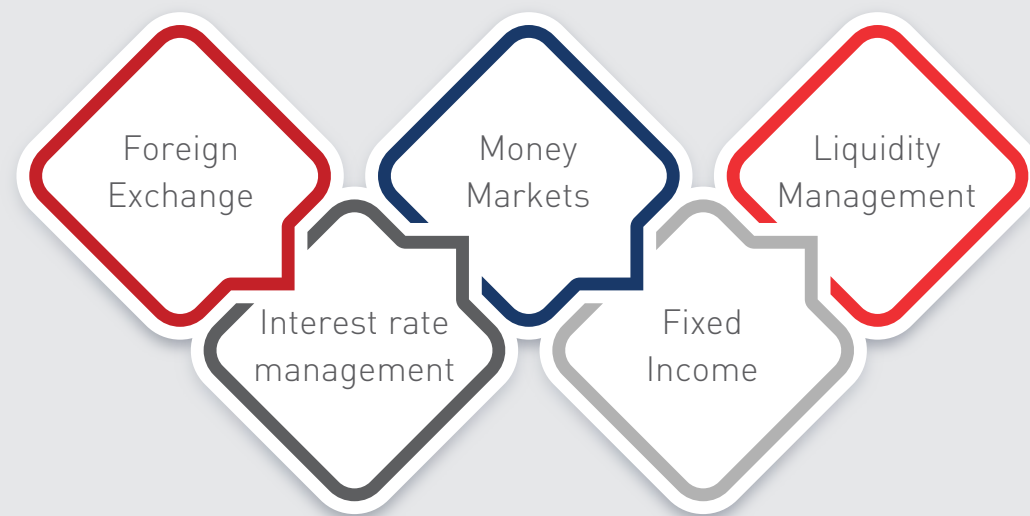
Treasury

The main objective of the Treasury Group is to optimize the Bank's balance sheet by supporting the bank's asset growth and providing sufficient funding that meets the Bank's obligation. In addition, the Treasury Group ensures that the bank has an adequate amount of high-quality assets to safeguard the Bank's liquidity. Moreover, the Treasury Group diversifies the Bank's sources of funds to sustain liquidity for the Bank's funding needs. One of the main functions of the Treasury Group is to comply with regulatory and internal ratios.

In order to provide excellence in our customer's services, the Treasury Group ensures to offer the best market prices to our clients and to continue our support to other businesses throughout working hours.

Treasury's main activities are outlined as follows:

Figure e. Treasury's Main Activities



Financial Institutions and Sovereigns

The FI and Sovereign Department acts as the gateway that connects Gulf Bank with a wide number of leading international partners to serve all our retail and corporate clients' cross-border needs. The Department acts as a link between Gulf Bank's clients and our global correspondent banking relationships, with whom we enjoy well-established partnerships. The department's key relationships with leading partners provides the Bank's Consumer and Corporate clients with efficient solutions, secured trade services and Straight Through Process (STP) global payments, while complying with local and global regulations.

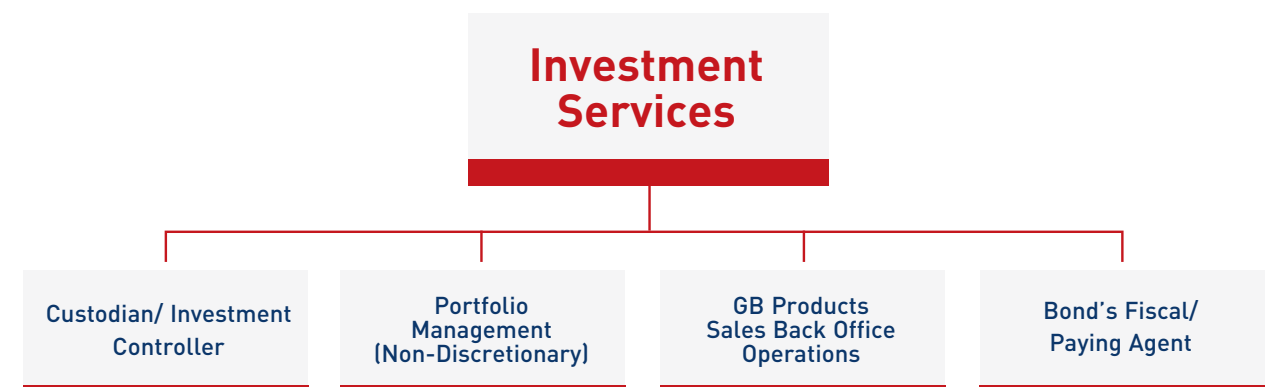
Figure f. FI and Sovereign Services



Investment

Through our proprietary investment activities, we support the liquidity needs of the Bank, diversify income streams, and generate returns within the Bank's risk appetite. Gulf Bank also acts as a selling agent, licensed by Kuwait's CMA, to offer investment products to our clients. Gulf Bank Investment products aim to achieve risk-adjusted returns to cater for the investment needs of individual and institutional investors. Figure f. depicts more details on our investment services.

Figure g. Investment Services



In addition to acting as a selling agent for several leading local investment houses, Gulf Bank has its own flagship investment digital platform, known as WISE. In alignment with Gulf Bank's vision of creating a seamless customer's journey embedded with technological solutions, "WISE" has introduced an international investment portfolio in compliance with the Shariah law, and an income generating portfolio. In 2021, WISE investment portfolios achieved record returns.

Gulf Bank Strategy 2025

Stemming from Gulf Bank's belief that strategizing our work is crucial for setting a clear path towards success, and cementing the Bank's position as the leading Kuwaiti Bank of the Future, we have developed the Strategy 2025. Gulf Bank seeks to elevate its competency, leverage its strengths, and mitigate its risks through implementing the adopted bank-wide strategy. The strategy is a 5-year plan, which aims at providing customers with an unprecedented banking experience in Kuwait, based on digital transformation processes both at the customer service and internal operational levels.

The strategy sets the stage for Gulf Bank's commitment to maintaining a robust sustainability program at the community, governance, and environmental levels through proactively selected initiatives to benefit and address the local community and the Bank's needs. Thus far, key targets have been achieved in relation to the Strategy 2025 with a focus on digital transformation.

From a governance point of view, technologies allow for improved data management, thus increasing the Bank's transparency in reporting and informed decision-making. In terms of the environment, digitization increases efficiency in operations and reduces paper waste that would otherwise be printed out. Within the Bank, digitization will ease communication across teams allowing us to better adapt to the rapid changes in scenarios and targets. Undoubtedly, digitization and ESG are both necessary transformations where the connection of both shall allow for increasingly strategic and beneficial action for Gulf Bank and for society.

To ensure the success of this strategy, Gulf Bank has set the foundation to foster a performance-driven culture, introduce new technology solutions and adopt world-class risk management practices. This is facilitated through new Core Values of being 'Ambitious' in providing the best solutions, engaging our 'People' to provide customer excellence and to serve the community, individually taking 'Ownership' to stand up to our challenges and by removing unnecessary complexities to make our banking enjoyable with 'Simple', efficient and accessible solutions.

Figure h. Strategic Pillars



Vision and Mission



Vision

To be the leading Kuwaiti bank of the future.



Mission

To provide customers with simple and innovative services, in order to enable sustainable growth.

Core Values



Ambitious

We are ambitious in meeting the challenges of the future, and in providing the best banking solutions.



People

We engage, empower and develop our people in order to provide customer excellence and to serve the community.



Ownership

We individually take ownership before we hold anyone else accountable, we stand up to our challenges and support each other as one family.



Simple

We strive to remove unnecessary complexities in our processes to make banking enjoyable for our customers. Solutions that are simple, efficient and elegant.

Strategy Alignment with New Kuwait 2035 Vision

The banking sector plays a vital role in implementing Kuwait's 2035 vision. Kuwait's 2035 vision focuses on transforming Kuwait into a regional and international financial and trade hub, making it more attractive to investors. According to the Vision, the private sector leads the economy, creating competition and promoting production efficiency. In this regard, we have aligned our strategy elements with New Kuwait 2035 Vision, as displayed in Figure i.

Figure i. Strategy Alignment with New Kuwait 2035 Vision

	New Kuwait 2035	Gulf Bank
Creative Human Capital	Reform the education system to better prepare youth to become competitive and productive members of the workforce	The launch of the Data Ambassadors program, as the first program in Kuwait targeting 10% of the bank's team on data science and prepare productive members for future industry changes with data and technology innovations.
Sustainable Diversified Economy	Develop a prosperous and diversified economy to reduce the country's dependency on oil export revenues	Gulf Bank strategy continues to support & engage with the SME sector in Kuwait through a "one-stop shop" by providing lending & non-lending products & services on a sustainable basis. Introduce world-class transaction banking, corporate finance and other new products.
Strong Progressive Infrastructure	Develop and modernise the national infrastructure to improve the quality of life for all citizens	Seeking to play an important role in providing financial advice and solutions for New Kuwait projects. Gulf Bank is a leading provider of financial services to the Engineering, Procurement and Construction industry with expertise in contract financing.
High Quality Healthcare	Improve service quality and develop national capabilities in the public healthcare system at a reasonable cost	Active in financing hospital construction, specialised medical institutions, medical equipment & medicine suppliers. Focusing on staff health & wellbeing by providing insurance, promoting sporting events & by engaging with medical bodies such as the Heart Institute & Diabetes Centre.
Sustainable Living Environment	Ensure the availability of living accommodation through environmentally sound resources and tactics	Gulf Bank has identified a range of environmental & social issues (climate change, conservation, customer protection, data privacy, etc.). Gulf bank has kicked off the digitization project of all bank reports to reduce printing of regular reports.

1. Capitalizing on our Sustainability Baseline



Ahmad Al-Amir

Corporate Communications
Deputy General Manager



“We are constantly striving to meet the needs of customers and investors, and provide services of long-term value financially, environmentally, socially and ethically. By applying sustainability practices effectively, we are proud to contribute to our society’s development, and enhance economic leadership in global markets.”



Banks can tap vast benefits by reassessing their business practices and engaging in sustainability-oriented risk management and product development. Among these benefits are revenue growth, risk management, access to capital, and cost savings and efficiency.

Bearing this in mind, Gulf Bank developed its inaugural report for the year 2020, whereby we adopted the GRI standards and set out a sustainability baseline to follow on a yearly basis. Capitalizing on last year’s efforts, we followed the GRI standards and identified key material topics to base our report on. These topics were developed and prioritized in close conjunction with our stakeholders and are reflected throughout the development of this report.

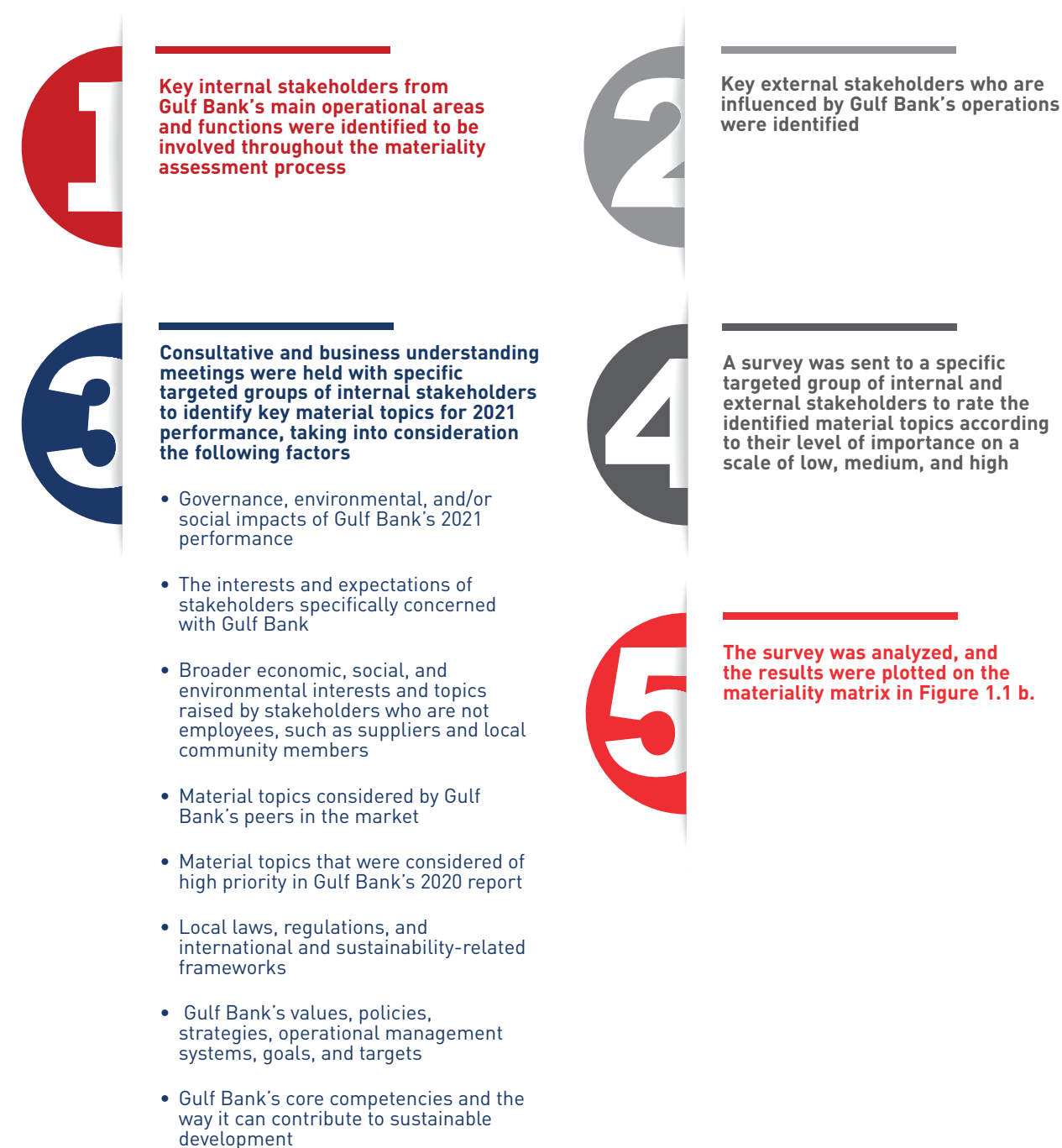
This chapter covers Gulf Bank’s materiality assessment approach, and stakeholder engagement.

1.1 Materiality Assessment

The Materiality assessment is an essential tool for identifying key topics that impact and influence an entity’s stakeholders; thus, at Gulf Bank, we ensure that such assessment is conducted annually. Our material topics are assessed to reflect the significance of the issues in the areas that concern the bank’s governance, environmental and social impacts, and their substantive influence on the bank and its relevant stakeholders’ decisions. The latter is conducted in line with the GRI standards and principles.

Like last year, our materiality assessment considered a combination of internal and external factors, which included our overall mission and strategy, and the concerns expressed directly by stakeholders. The materiality assessment considered broader societal expectations, including our influence on suppliers and customers. This year we have conducted an external stakeholder survey as part of our materiality assessment approach, where various stakeholders’ opinions were obtained regarding the Bank’s 2021 identified material topics.

A detailed representation of the Bank’s materiality assessment approach is provided as follows:



The materiality assessment approach resulted in 12 material topics, as in Figure.1.1 a. These topics were rated and prioritized by the Bank's internal and external stakeholders. Some of the highly rated subject issues in 2020, were seen in the year 2021, which included, Digital Transformation, Governance and Oversight, Business Conduct and Compliance, Talent Development and Retention, and Youth Empowerment. Though their ratings changed, such topics remained material as they are relevant to the Bank's 2025 strategic directions and the foundation of fostering a performance-driven culture, introducing new technology solutions, and adopting world-class risk management practices.

Figure 1.1.a. List of Material Topics and their Rating

Material Topics	Rating (Internal - External stakeholders)
Business Conduct and Compliance	Frequent-High
Community Engagement	Frequent - Medium
Customer Experience and Satisfaction	Frequent - Medium
Data Privacy and Security	Frequent-High
Digital Transformation	Frequent - Medium
Employee Wellbeing	Frequent - Medium
Environmental Aspects	Frequent - Medium
Financial Protection and Awareness	Frequent - Medium
Gender Equality	Frequent-High
Governance and Oversight	Frequent - Medium
Talent Development and Retention	Frequent - Medium
Youth Empowerment	Frequent - Medium

For internal stakeholders, topics were rated according to discussion frequency (i.e how frequently they arose during meetings). As for external stakeholders, topics were rated according to low, medium and high importance. Accordingly, as depicted in figure 1.1. b, all material topics were considered as "frequently" discussed topics by Gulf Bank's internal stakeholders, where the most frequently discussed topics by internal stakeholders are: Digital Transformation, Employee Wellbeing, Governance and Oversight, Talent Development and Retention, Business Conduct and Compliance, Customer Experience and Satisfaction, as well as Youth Empowerment. Comparing internal stakeholders' feedback in 2021 with that received in 2020, Digital Transformation remains the highest rated for both years. The topics of Governance and oversight as well as Privacy and Security remain highly rated in both years.

In comparison to our 2020 materiality assessment, this year's assessment is different as external stakeholders' input was received rather than performing a benchmarking analysis against high ESG-performing best practices of the banking sector. Comparing between last year's benchmarking results and this year's external stakeholders' survey results, both Data Privacy and Security as well as Business Conduct and Compliance remained of high importance. The newly introduced topic of gender equality is considered of high importance for external stakeholders and is a frequently discussed topic by internal stakeholders as well. In addition, Community Engagement is on the borderline of being a highly important topic. No topic was considered of low importance for external stakeholders.

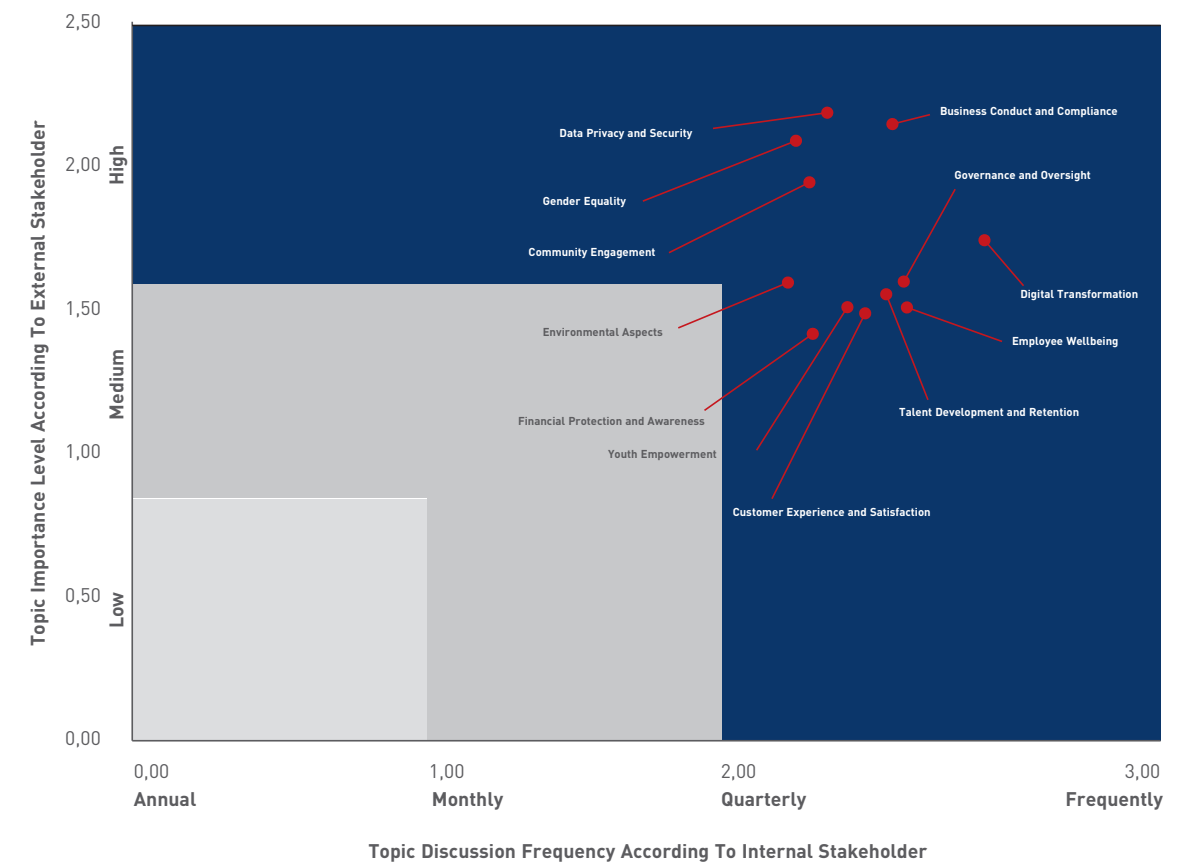
Materiality Matrix

Materiality Assessment findings are analyzed and visualized through a materiality matrix, which displays the relative material topics coordinates according to their importance to external stakeholders (Y-Axis) and internal stakeholders (X-Axis).

As depicted in the materiality matrix in **Figure.1.1 b.**, only 3 issues were considered of high importance to external stakeholders and medium importance to internal stakeholders. Located at the Apex of the materiality matrix are the topics of: Gender Equality, Data Privacy and Security, and Business Conduct and Compliance. Most of the topics conglomerate in the medium importance quartile for internal and external stakeholders, specifically, Talent Development and Retention, Environmental Aspects, Employee well-being, Community Engagement, Governance and Oversight. Only 3 topics were considered of low importance for internal stakeholders, and of medium significance for external stakeholders, which were: Digital Transformation, Consumer Experience and Satisfaction, and Youth Empowerment.

Similarly, the topic of 'Governance and Oversight' went from high importance to low importance for both internal and external stakeholders. The topic of 'Talent Development and Retention' went from high-very high to medium-medium according to internal and external stakeholders, respectively. As for 'Youth Empowerment', its importance decreased from high to medium for internal stakeholders, however, it increased from low to medium for external stakeholders.

Figure 1.1 b. Materiality Matrix



1.2 Stakeholder Engagement

Engaging with different stakeholders and understanding their perspectives provides learning opportunities and leads to more effective decision-making. Effective stakeholder engagement is also critical to building sustained credibility and trust, thus minimizing risks. Hence, we continuously seek to receive input from all stakeholders through accountable engagement tools that match their availability and areas of concern.

According to our Stakeholder's Rights Policy, a stakeholder is any person or party related to the bank, including depositors, shareholders, employees, creditors, suppliers, and other related parties. In a broader sense, stakeholders are entities or individuals that can reasonably be expected to be significantly affected by the Bank's activities, products, or services; or whose actions can reasonably be expected to affect the Bank's ability to implement its strategies or achieve its objectives. Valuing our stakeholders' input and realizing its significance to our success, we continuously engage with them through various mechanisms. For this reporting period, we identified certain key stakeholders. These were: shareholders and investors, regulators, customers, suppliers and service providers, local and correspondent banks, the community where the Bank operates, the Board of Directors and executive management, and employees. Stakeholder engagement mechanisms are provided in detail for each stakeholder in **Figure 1.2 a**.

Figure 1.2 a. Stakeholders Engagement Mechanisms

	Stakeholder	Areas of Interest and Concern	Methods of Engagement
External	Shareholders and investors	<ul style="list-style-type: none"> Financial performance Corporate governance Sustainable business model ESG criteria alignment and integration Transparency and disclosure Dividends and share price Voting rights and other shareholder rights Executive Management Communication channels 	<ul style="list-style-type: none"> Website Annual General Assembly Meetings (AGMs) Public reports and disclosures Quarterly financial results Roadshows
	Regulators	<ul style="list-style-type: none"> Compliance with all legal and regulatory requirements Financial literacy and awareness Cyber security and data privacy Support of SMEs and entrepreneurs Resilient risk management approach Effective business continuity plan Sound policies and standards Strict actions against financial ethics violations Ethical conduct Enhancing financial performance 	<ul style="list-style-type: none"> Quarterly meetings Public reports and disclosures Regulatory reporting and audits

	Stakeholder	Areas of Interest and Concern	Methods of Engagement
External	Customers	<ul style="list-style-type: none"> Accessible and secure banking services Innovative products Offers and discounts Management of complaints with quick turnaround time Effective communication and responsiveness Tailored services and advisory for SMEs and entrepreneurs Customized services and accounts for a range of segments Online Banking 	<ul style="list-style-type: none"> Bank branches Call Center Website Mobile applications Digital platforms Customer satisfaction surveys Social media accounts Public reports and disclosures Interactive Teller Machines (ITMs) Online trading
	Suppliers and service providers	<ul style="list-style-type: none"> Sustainable procurement practices Fair treatment Labor law compliance Timely payments Occupational health and safety Ethical work standards Transparent tendering process Efficient supply chain management 	<ul style="list-style-type: none"> Bidding and tendering Supplier audits Public reports and disclosures
	Community where the Bank operates	<ul style="list-style-type: none"> Employment opportunities Socioeconomic development Youth empowerment and internships Women empowerment Financial literacy and awareness Financial inclusion Responsiveness to community needs Sponsorships and donations Impactful campaigns Support to national development plans Effective communication channels 	<ul style="list-style-type: none"> CSR activities and initiatives Advertisements Social media accounts Website Public reports and disclosures Campaigns Sponsorships Partnerships Career fairs

	Stakeholder	Areas of Interest and Concern	Methods of Engagement
Internal	Board of Directors and executive management	<ul style="list-style-type: none"> Utilization of Capital Effective leadership and management Remuneration and compensation Transparent evaluation Equal opportunities and treatment Voting rights Empowered decision-making Availability of expertise Ethical conduct 	<ul style="list-style-type: none"> Board meetings Board committee meetings Annual General Meeting Executive management committees Evaluations Public reports and disclosures Policies and procedure manuals Internal digital channels and platforms
	Employees	<ul style="list-style-type: none"> Professional training and development Fair and equal opportunities and benefits Competitive salaries and benefits Employee recognition Work-life balance Ethical conduct Responsiveness to employee needs Compensation and timely pay Compliance with labor standards and employee rights Occupational health and safety Wellbeing Open and transparent communication with the management Fair evaluation and structured performance management 	<ul style="list-style-type: none"> Internal digital channels and platforms Website Annual assessment and evaluation Training sessions Employee-related surveys Events

2. Featuring our Marketplace Readiness

Mohammed Al-Qattan

Consumer Banking Group
General Manager



“At Gulf Bank, we are always keen to provide an unparalleled banking experience to customers, while achieving the highest levels of flexibility in service and the availability of transactions across various digital means to facilitate the lives of our customers and respond to their needs.”



In establishing our sustainable foundation, we go far beyond being a financial institution, rather, we seek to impose a positive influence on the daily lives of customers. We have an ambition to drive our customers' financial capabilities through our financial literacy and awareness campaign 'Diraya', as well as our user-friendly mobile application 'Visit Gulf Bank', and customized digital services.

This chapter explains in detail numerous ways through which we provide our customers an enjoyable banking experience, as well as simple, efficient, and elegant solutions tailored to their daily needs. We also provide a deeper insight into our efforts towards protecting our customers' finances and raising their financial literacy and awareness. Furthermore, we explain our data privacy and security procedures and how we ensure a sustainable supply chain.

2.1 Customer Experience and Satisfaction

Customer satisfaction is an indicator of our service quality and our ability to support customers in building their lives and businesses on a solid financial foundation. Realizing the close connection between customer satisfaction and retention, a Customer Retention Unit was formed with the responsibility to develop, implement, and manage retention initiatives in order to minimize customer attrition and achieve projected retention targets.

In our efforts to maintain customer satisfaction and experience at their utmost levels, we monitor customer satisfaction through phone call surveys or via our WhatsApp number dedicated to customer service. Furthermore, we conduct an annual benchmarking analysis that assesses the competitiveness of Gulf Bank's products amongst peers and best practices. Such analysis allows the Bank to update its services and keep up with recent technological advances in the banking sector to meet emerging customer demands. However, due to COVID-19 restrictions, the 2021 benchmarking analysis was postponed.

We aim to improve the customer experience and respond faster to changing customer demands by offering innovative digital propositions and product offerings tailored to our customer needs. Gulf Bank seeks to serve a range of community segments, including youth, women and people living with special needs. This is evident in our exclusive accounts such as 'ALAmil' account which targets our special needs customers. Furthermore, Gulf Bank's approach towards increasing its market share from a consumer banking perspective involves acquiring salaried individuals mainly to be targeted for lending and cross-selling of other add-on banking products and services with a focus on Kuwaiti youth.

Gulf Bank continues to engage with the SME segment and provide products and services that cater to their requirements. During the year, we continued to support SME businesses that remain adversely impacted by COVID-19. The Bank has communicated with the enterprises and advised them on the government guarantee loan program. Moreover, the Bank, for the first time, collaborated with a Kuwait business advisory SME to provide advisory support for SMEs, whereby clients can benefit from obtaining post-pandemic advisory services.

Likewise, since the staff who work directly with customers represent a key factor in customer experience and satisfaction, we provide continual staff trainings, especially to our front-line staff customer-facing employees, ensuring they act in the best interests of our customers. However, due to COVID-19 restrictions in 2021, such wide-scale training was not provided.

Our commitment to customer satisfaction is further affirmed by measuring customer satisfaction using the Customer Satisfaction Index (CSI) and the Net Promoter Score (NPS). For 2021, the CSI score was 71%. Regarding the NPS score, this has increased from the 32% in 2020 to reach 35% in 2021. Note that the CSI is a metric that reflects the overall customer satisfaction with the Bank in terms of product quality, customer service, price, etc. The CSI calculates customer satisfaction as a percentage according to different attributes and allows for determining the reasons for consumers' satisfaction and dissatisfaction. On the other hand, the NPS is a metric that measures customers' loyalty to a company.



Customer Satisfaction Index (CSI) for 2021

Net Promoter Score (NPS) for 2021

Being a customer-centric Bank means that customer care is one of the major issues to be considered at the board level. As such, a Strategic Unit exists at the board level to oversee consumer banking activities, regarding current and new products as well as service reviews.

Customer Complaints

At Gulf Bank, we embrace any negative feedback and perceive any complaints received as ways towards improvement. We acknowledge the significance of customer feedback in highlighting key areas that require improvement, building relationships with customers, and indicating areas that require staff training, among others. Therefore, the Bank has an independent unit that handles customer complaints, directly reporting to Gulf Bank's CEO.

The Customer Complaints Unit has its own policies and procedures, along with competent and professional employees, who have the required mechanisms to handle customer complaints in accordance with Central Bank of Kuwait's (CBK) instructions issued in this regard. The Unit is also responsible for supervising the "Customers Protection Manual (CPM)" implementation, developed in line with Gulf Bank's commitment to protecting customers and ensuring they receive financial and banking services with transparency and disclosure to enable them to make sound decisions. Complaints are further reviewed by the Internal Audit Department.

The following steps are followed in the event of filing a complaint:

1. The customer files a written complaint to the specific entity on a designated form available in all our branches. The respective client receives a dated receipt.
2. The entity hands in a receipt bearing the submission date, and responds to the complaint in writing within 15 business days of submission at a 100% resolution rate
3. If the entity does not respond or the response is not satisfactory, an appeal may be filed to CBK, attaching a copy of the entity's response and required documentation.

In comparison with 2020, the year 2021 witnessed a significant improvement in terms of handling complaints. Our new complaints system has allowed us to decrease the average turnaround time for customers.

Figure 2.1 a. Comparison Table between Complaints in 2020 and 2021

	2020	2021
Average turnaround time	16.6 Days	15 days
Total number of complaints	7,755	3,974

2.2 Financial Protection and Literacy

Financial Protection

Financial protection and literacy are both interlinked, as raising awareness on financial issues shall protect customers against theft, fraud, cybercrime, bankruptcy, among other financial issues. At Gulf Bank, we protect our customers' finances by raising their awareness, following international best practices, and adopting technologies that serve this purpose.

With the vision of being the Kuwaiti leading Bank of the Future, we are committed to protecting our customers' finances and ensuring they receive the financial and banking services with transparency to enable them to make informed decisions.

In this regard, we have developed the "Customers Protection Manual (CPM)" which ensures high-level performance and transparency in Gulf Bank's banking services provided to customers. As mentioned earlier, the manual's implementation is overseen and supervised by the Customer Complaints Unit.

Moreover, Gulf Bank utilizes the most up to date technologies to provide its credit card customers with protection against potential online fraud.

Case Study: Know Your Customer (KYC) Service

As part of Gulf Bank's effort to increase security and provide an unparalleled online and mobile banking experience for our customers, and in compliance with CBK regulations, the Bank has introduced the "Know Your Customer" (KYC) service that allows customers to update their personal information via online and mobile banking.

Through KYC, customers can update their personal information quickly and easily as part of an already seamless online banking experience. The new KYC measure enables Gulf Bank customers to update their personal information online through the Gulf Bank website or mobile app. By simply logging into their bank accounts, Gulf Bank customers can update their civil ID information, mobile numbers, email address, home address, work details, and more. It is worth noting that once a customer has updated or confirmed their personal information online, there is no need to visit a branch to update any more information. Such measure increases security levels for customers' banking accounts, adding an extra level of security against fraud and high-risk banking transactions. KYC is available for all customer segments, individual and corporate.

Furthermore, KYC allows for an updated customer information database, thereby assisting the Bank in identifying different consumer segments, leading to a richer and more relevant banking experience for clients.

It is also important to mention that a specific Bank unit is responsible for KYC. The KYC unit is responsible for updating the Customer Information and performing quality checks for all customer details through any channels.

Financial Literacy

Financial literacy is the ability to understand and apply various financial skills, from budgeting to personal financial management. Nowadays, the importance of financial literacy has escalated as more customers are taking on the responsibility of managing their retirement accounts, student debts, mortgage debts, online trading accounts, savings, and investments.

As part of the Bank's commitment to economic sustainability and its keenness to educate customers about their banking rights and raise awareness about cybersecurity, we have participated in the Diraya Campaign in 2021. The campaign was initiated by the Central Bank of Kuwait and the Kuwait Banking Association, with the aim of raising public awareness of responsible banking behavior and financial crime.

The Diraya campaign involved publishing awareness videos, press releases and introductory materials across all the Bank's social media channels, as well as through various media outlets, including newspapers, radio and television.

Topics tackled in the Diraya campaign include: borrowing processes, bank cards, cybersecurity, security tips, and services for customers with special needs. The campaign also aims to clarify the mechanisms for raising official complaints in an effort to protect customers' rights. Also, it aims to highlight the banking sector's tasks and roles in stimulating and developing the economy.

In recognition of Gulf Bank's supporting role in the Diraya campaign, the Bank received 2 awards from the Central Bank of Kuwait, which were: "Distinguished Bank Award" and "Outstanding Awareness and Education Award".

As part of our prospects, the Bank aims to continue to raise awareness on new topics targeted by the campaign. These topics include the risks of fraud and cybercrime (especially through email, text messages, and phone calls).

2.3 Digital Transformation

Digital transformation is the process by which companies embed technologies across their businesses to drive fundamental change. A digital transformation adds value to companies and customers in terms of increasing operational efficiency, and business agility, enhancing data collection, and providing data-driven customer insights. Furthermore, a digital transformation offers new ways to approach work and reveal new solutions, which, in turn, can improve customer experience, drive employee innovation and spur company growth at the fundamental level.

Affirming the substantial added value of a digital transformation to our services and operational performance, we have embedded Digital Banking within our 2025 Strategy pillars and included several digitization initiatives. Board oversight is ensured on digital integration-related issues through periodic board updates on digital initiatives, monthly steering committee meetings for updates and direction, and weekly updates to management. Furthermore, Gulf Bank ensures the quality and data security of all its digital products post launching through periodic scanning and security reviews.

The launch of Gulf Bank new mobile application in 2021 was an outstanding digital banking achievement. This achievement allowed clients to conduct money transfers and shop online. Since the launch of the app, more than 1,700 accounts were opened, and 77% of our customers are currently using the app.

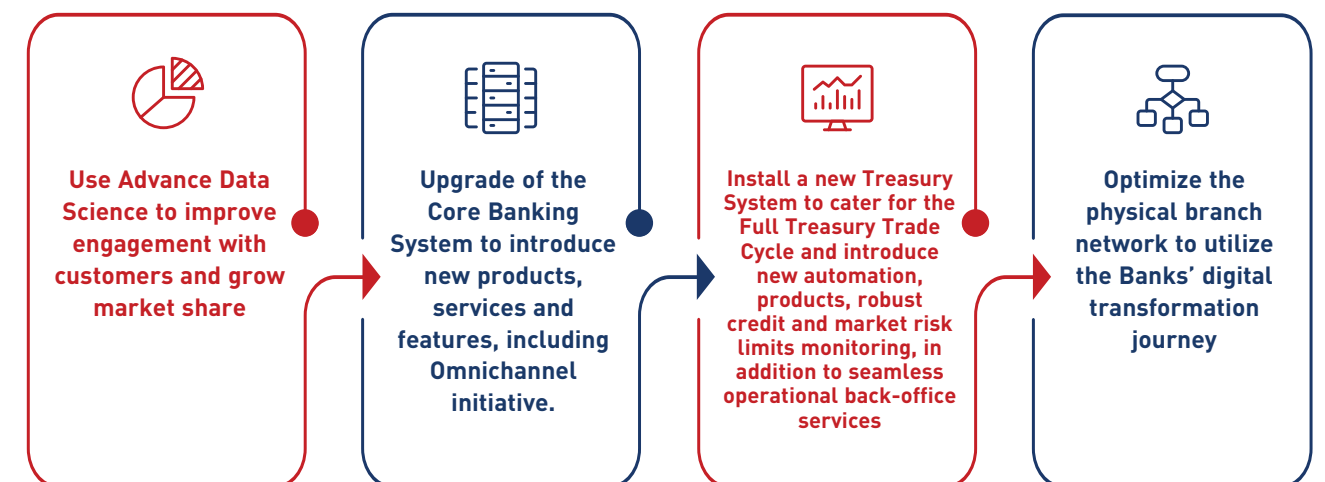


Digital Banking Department's overall direction:

In recognition of our enhanced digital services, Gulf Bank received "Best Innovation in Customer Experience" at the Future Enterprise Awards 2021 for enabling customers to open accounts online in less than a minute via the Bank's website or mobile application.

 **Implement next generation of market leading technology to transition the bank to be the leading Kuwaiti bank of the future**

Digital transformation strategic focus:



Corporate Banking Digital Transformation

As part of Gulf Bank’s overall efforts to provide the best customer experience, Corporate Banking has embarked on a digital transformation initiative across all banking channels, which will enable the Bank to transition from a multi-channel to a centralized omni-channel structure.

Our corporate online banking platform is undergoing a complete upgrade of its current functionalities and the introduction of new services, including the complete self-onboarding of corporate clients, the initiation of all trade finance services with a live status update of all requests and the launch of a mobile application dedicated solely to our corporate and SME segment. The upgrade will provide corporate clients with a secure and convenient electronic banking experience with the utmost ease and flexibility.

Digital Transformation Achievements

As part of its commitment to providing unparalleled levels of customer service, Gulf Bank has made multiple digital achievements and information technology (IT) enhancements that serviced both the Bank and its customers during COVID-19, and the post-COVID-19 period. Listed below are the Digital enhancements for both customers and businesses.

Figure 2.3 a. Digital Services and Enhancements for All Customers

“Visit Gulf Bank” App	The ‘Visit Gulf Bank’ mobile application allows customers to book appointments to visit their nearest branch, thus reducing their waiting times at branches. The app is available for download for all Gulf Bank clients on iOS and Android devices.
Bulk Cash Deposit Machines	Bulk cash deposit machines (CDMs) allow customers to deposit large sums of cash in 1 transaction. The new service is provided around the clock for added customer convenience.
Personal Data Updated Digitally	Gulf Bank allows customers to update their personal data through Gulf Bank’s Online and Mobile Banking services without the need to visit a branch.
Additional Self-Service Operations	Gulf Bank has activated more self-services that customers can conduct through Gulf Bank’s Online and Mobile Banking. These self-services include certificate requests and the ability to unlock accounts and access cards.
Updating the interactive voice recording (IVR) service	The IVR service is designed to enhance customer experience by connecting callers to their desired point of contact more efficiently. Gulf Bank callers can authenticate their mobile banking through the IVR system and activate their Gulf Bank cards.

Figure 2.3 b. Digital Services for Larger Businesses and SMEs

International Banking Operations Using Kuwaiti Dinars	Gulf Bank launched a new service, which allows businesses to initiate international bank transfers in Kuwaiti Dinars. Customers can transfer Kuwaiti Dinars to their international beneficiary account with this service.
Enhanced Bank Transfer Feature	Gulf Bank added the Arabic language function to the transfer request form, which is available on Gulf Bank’s website and application. To further ease the transfer process, Gulf Bank also provided a country-specific “Purpose” selection under the “Payment Transfer” screen for international transfers to the United Arab Emirates.
Launch of New “Al Raed” Fund	Gulf Bank launched the “Al Raed” digital investment portfolio to enable companies to benefit from Gulf Bank’s extensive experience in managing investments.
Salary Status Updates Available Online	Gulf Bank provides letters of guarantee for business activities that require a Bank Guarantee, and letters of credit that facilitate trading activities and help the secure payment of receivables. Due to the importance of these non-cash facilities, Gulf Bank made it possible for businesses to apply for them online, with end-to-end processing of international and domestic letters via the Society for Worldwide Interbank Financial Telecommunication (SWIFT)
Request Letters of Credit and Bank Guarantees Online	Gulf Bank allows clients to activate and unlock usernames using the Bank’s online portal. The updated service aims to facilitate the digital banking experience for businesses, allowing them to grant immediate access to employees and accountants who need to access the business bank account, without the need to notify or visit a branch.

Case Study: One-minute feature for opening a Gulf Bank Account

With its clients’ evolving needs in mind, Gulf Bank has redesigned its services to enable customers to open new accounts on their phones conveniently within 1 minute. Through the app, clients can access Gulf Bank Salary, “red”, AlDanah, savings, and all other accounts. As well as receive their account numbers and IBANs immediately, making it possible for clients to conduct money transfers, shop online, and more.

The launch of the new feature marks the beginning of a new era of digital banking services for Gulf Bank’s customers, as opening an account with Gulf Bank is now the simplest and fastest account registration process in Kuwait, and is the only full end to end process in Kuwait. The feature is available for all types of bank accounts at Gulf Bank and to all customer segments, both individuals and corporations.

To learn more about Gulf Bank’s various efforts and initiatives

Visit the Gulf Bank website at

www.e-gulfbank.com

2.4 Data Privacy and Security

The banking industry is one of the primary data breach targets, given the vast amounts of personal data processed by banks/financial services organizations and their third-party IT solution providers. The customer onboarding process in a bank entails capturing personally identifiable information, which can range from sharing non-financial data such as names, addresses, e-mail IDs, contact numbers to financial data in the form of savings, loans accounts and debit/ credit card numbers.

In addition to placing Banks under significant reputational risks, data breaches result in financial penalties. Therefore, it is essential to protect customer data due to such information's sensitivity and avoid any non-compliance with financial ethics (i.e. AML, fraud, corruption, etc.).

In this regard, Gulf bank has a publicly available privacy policy that ensures the protection of the Bank's data and its stakeholders' information.

Gulf Bank's privacy policy is available through the link:

<https://www.e-gulfbank.com/en/privacy-policy>

The policy underlines Gulf Bank's commitment to protecting the privacy and security of the personal data collected about customers and service users. The policy also sets out Gulf Bank's data protection obligations and responsibilities and defines key terms and principles in line with Kuwait's Central Bank Cybersecurity Framework. As part of Gulf Bank's privacy policy, we have set forth our privacy principles as follows:

When providing our products and services to customers, their personal data is:

- Processed lawfully, fairly, and in a transparent manner
- Collected for specified, explicit, and legitimate purposes and not further processed in a manner that is incompatible with those purposes; further processing for archiving purposes shall not be considered as incompatible with the initial purposes
- Processed in a manner that ensures it is adequate, relevant, and limited to what is necessary for relation to the purposes for which they are processed
- Kept accurate and, where necessary, up to date; steps shall be taken to ensure that personal data that are inaccurate, having regard to the purposes for which they are processed, erased or rectified without delay
- Kept in a form which permits your identification for no longer than is necessary for the purposes for which the personal data are processed; personal data may be stored for longer periods insofar as the personal data will be processed solely for archiving purposes to safeguard your rights and freedoms (storage limitation)
- Where relevant, collected by obtaining your consent for the purpose specified
- Processed in a manner that ensures appropriate security of the personal data, including protection against unauthorized or unlawful processing and against accidental loss, destruction, or damage, using appropriate technical or organizational measures

Rights are provided to Gulf Bank employees and stakeholders regarding the control of their data via two currently under signoff policies. Both policies were drafted under the guidelines of the CBK Cybersecurity Framework, as it states Gulf Bank must process lawfully, fairly and transparently. The policies are the Employee Privacy Notice and the Job Applicant Privacy Policy, explained as follows:

1. Employee Privacy Notice: This notice provides Gulf Bank employees with information, including purposes for processing employees' personal data, retention periods for those personal data, and with whom it will be shared.
2. Job Applicant Privacy Policy: This policy provides Gulf Bank's job applicants with information for processing their personal data, retention periods for those personal data, and with whom it will be shared.

Gulf Bank's data protection policy is embedded in the Information and CyberSecurity Policy which is managed under the mandates of the Chief Data Officer, outlining his/her responsibility to enforce policies around data privacy that the Legal Counsel and Risk Officer outline. The Executive body is the Technology Risk and Information Security Steering Committee (TRISCOM), responsible for all aspects of Customer and Data Security at Gulf Bank. The Board Risk Committee is responsible for all matters related to the bank's customer security, data security and privacy.

Proactive measures regarding data breaches include the Incident management plan and playbooks that provide mitigation approaches against various cyber breaches. Additionally, a Vulnerability Management Program for mitigating issues based on the criticality of vulnerability is deployed by the bank and is managed by the Information Security (IS) Compliance team.

Risks related to data breaches are measured through a Data Breach Assessment. Furthermore, a Personal Data Breach procedure has been outlined Under the CBK Cybersecurity Framework as Gulf Bank must communicate a personal data breach, without undue delay to data subjects. This allows the data subject to take necessary precautions, and is important, especially when the personal data breach is likely to result in a high risk.

Gulf Bank conducts regular internal and external audits to guarantee proper implementation of information security policies and systems.

Our security compliance program is a structured program built on the best practices of regulatory and non-regulatory security compliance. Gulf Bank's data security and privacy systems operations and reviews are in compliance with several international and national standards and frameworks, including:

- Payment Card Industry Data Security Standard (PCI-DSS)
- The Society for Worldwide Interbank Financial Telecommunication's Customer Security Program (SWIFT CSP)
- International Standards Organization (ISO) 27001 for Information Security Management
- Central Bank of Kuwait Cybersecurity Framework (CBK CSF)
- Central Bank of Kuwait Customer Protection Manual

Gulf Bank's Data and Analytics Program

Realizing the importance of proper data management and ethical analytics, as well as data monetization practices, Gulf Bank has established a standalone Data and Analytics department in 2021. The office consists of 3 units, Data Engineering, Data Governance, and Data Science and Monetization.

The department acts as a centralized business unit accountable for data governance, data strategy, analytics and monetization of data by formulating policies and processes and integrating tools to leverage information as an enterprise asset by aligning objectives of multiple functions. The Data Governance team is tasked with governing data and establishing data policies and quality standards (including privacy) along with information lifecycle.

Employee Training

Our business sustainability is rooted in our employees' performance, they are the main contact persons with our customers, and are at the forefront of our operations. Therefore, it is crucial that they are well aware of incidents that may result in data leakages and privacy-related risks. For that purpose, Gulf Bank takes proactive risk mitigation measures by providing employee training courses as well as initiatives to address cyber security.

Multiple regular trainings are mandatory for all staff, with few IT department-specific training and contractor-specific training. Examples of all-staff training include Data Privacy Awareness Training, and Cybersecurity awareness. In 2021, the IT Department-specific training held was under the title 'Administering System Center Configuration Manager', which accounted for a total of 40 hours, comprising of 14 staff. An example of training that enlists different types of data subjects, including contractors, is the 'Data Protection Training module 1'.

Data Privacy and Information Security Initiatives

One major initiative the Bank made in 2021 regarding data privacy and information security was the bank-wide DPIA (Data Privacy Impact Assessment). The DPIA helped us identify risks arising from the processing of personal data to minimize these risks as far and as early as possible. Another initiative was introducing the Data Protection Officer role as an internal subject matter expert for data privacy and protection. The Data Protection Officer would enforce the CBK framework requirements across internal practices and external engagements with vendors (for example: a DPIA was performed internally for all departments and then for every contract engagement with external vendors).

Gulf Bank employs stringent security and privacy measures, and implements proper technical and organizational measures to protect data processed from unauthorized disclosure, use, alteration, or destruction. Accordingly, we recorded zero data leakages.

2.5 Supplier Management

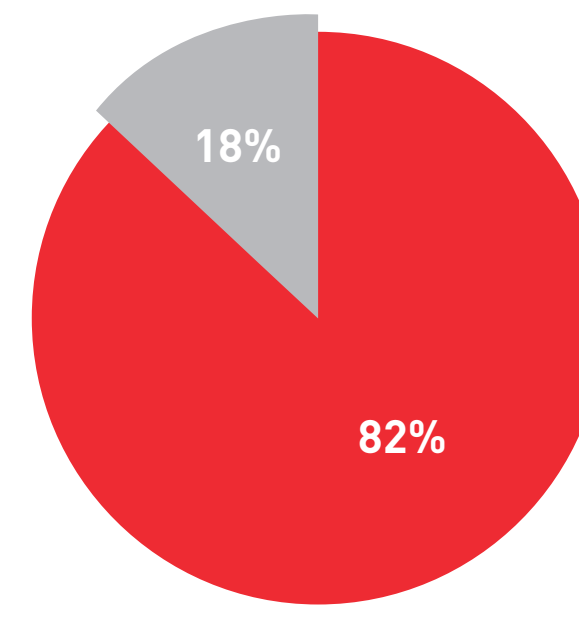
A sustainable supply chain is pivotal to a sustainable foundation. Hence, we take on the responsibility of building a sustainable supply chain and ensuring that our procurement processes comply with Kuwait's labour law and follow ethical practices. We realize the importance of raising awareness around sustainability within our supplier network and seek to source our supplies locally to support the local economy. With this in mind, it is imperative that our procurement decision-making also includes environmental and social considerations alongside financial factors.

Sourcing Locally

A preference for local suppliers will enable the Bank to attract additional investment to the local economy indirectly. It further enables us to reduce our carbon footprint by reducing travel distance, and supports the local community. For these reasons, one of the main criteria used for selecting suppliers is their use of local resources. As **Figure 2.5 a.** illustrates, 82% of our suppliers were local in 2021.

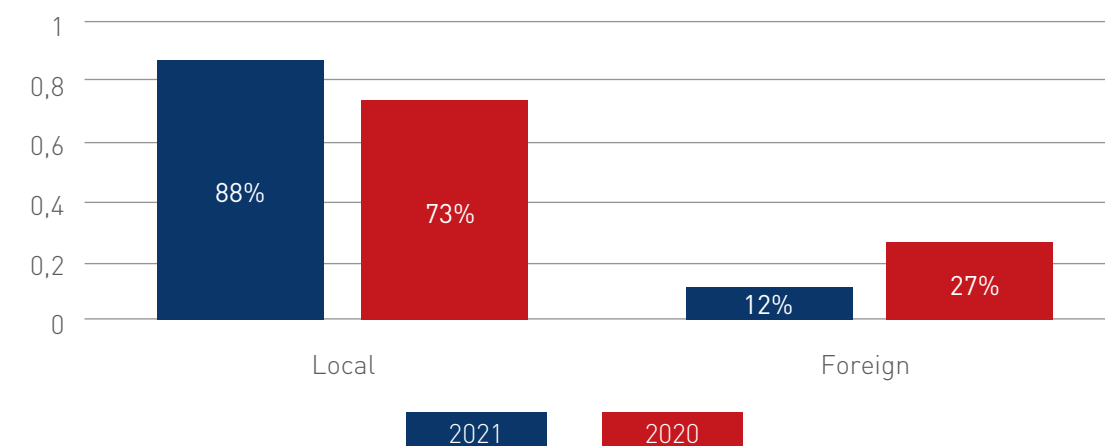
Figure 2.5 a. Percentage of Local vs Foreign Suppliers

Another indicator of our support to local suppliers is the percentage of procurement going to local suppliers vs. foreign suppliers. In 2021, the total expenditure to local suppliers amounted to KD 41,990,846, whereas the total expenditure to foreign suppliers amounted to KD 5,835,501. **Figure 2.5 b.** depicts the variance in local vs. foreign expenditure on suppliers showing the dominance for local suppliers for both 2020 and 2021, as well as the increase in expenditure on local suppliers going from 73% in 2020 to 88% in 2021. A significant decrease in percentage of expenditure going to foreign suppliers is also depicted in **Figure 2.5 b.** which has decreased by almost 50%.



■ Local Suppliers
■ Foreign Suppliers

Figure 2.5 b. Procurement Percentage for Local vs. Foreign Suppliers



Supplier Selection Criteria

The Contracts Management Procedure and Procurement Manual is the reference used while selecting the Bank's suppliers. The documents set clear criteria for selecting and screening potential suppliers to ensure compliance with our values, standards and code of conduct. The criteria consider suppliers' service quality, operational efficiency, use of local materials and prompt delivery turnaround time. Additionally, Gulf Bank has a due diligence approach with our new suppliers and vendors, and the process consists of supplier and vendor background checks and registration.

Supplier Ethical Conduct

The ethical conduct of suppliers is ensured by referring to the Key Performance Indicator (KPI) from the Businesses and the Contract Performance Evaluation, which indicates the level of ethical behavior that the vendor is practicing. In the event of any social-related misconducts such as human rights abuse, forced / compulsory labor, or a negative environmental impact on the supply chain, the supplier will be penalized as per contract.

3. Strengthening Corporate Governance

Dari AlBader

Corporate Affairs
General Manager



“At Gulf Bank, we recognize the importance of our role and our active contribution to establishing a more sustainable society by adopting responsible practices with a proactive and sustainable approach, in addition to demonstrating effective leadership and governance.”

Gulf Bank’s Corporate Governance is the guiding force that determines how the Bank is directed and controlled. Effective Corporate Governance, which is appropriately aligned with relevant local regulations and international best practices, is the basic tenet of Gulf Bank’s business philosophy. As such, we have developed policies that build a sustainable foundation for ethical business conduct and compliance.

This chapter addresses our Corporate Governance disclosures related to our Board of Directors, Executive Management, risk management, business conduct and compliance, as well as policies.

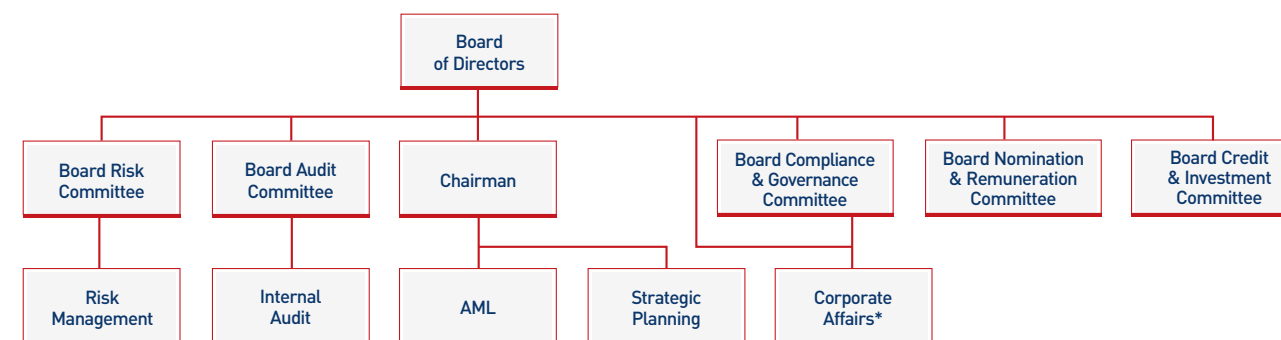
3.1 Board of Directors

Leading Gulf Bank’s sustainable foundation is our Board of Directors, who work unremittingly with the management to establish and promote business goals, organizational objectives, and a strategy that promotes businesses that synchronize with the broader environment. Through this section we outline details on our Board of Directors, their responsibilities, remuneration, and committees.

Governance Structure

The Bank has established an organization-wide governance structure aimed at providing a sound practice reflected in the reporting lines, clear segregation of duties, independence of opinion and action in areas such as Anti-Money Laundering, Legal, Compliance, Internal Audit and Risk Management. The structure also adheres to CBK’s regulatory instructions. The Governance structure follows a 3-tier approach: The Board level, The Board Committees’ level and The Executive Management level, through several committees.

Figure 3.1 a. Corporate Governance Structure



* GM Corporate Affairs to report to the Board Compliance and Governance Committee for Corporate Governance, Compliance and Disclosure responsibilities.

Board of Directors

Gulf Bank’s Board of Directors, hereafter referred to as ‘The Board’, comprises of highly experienced, and skilled individuals from various professional and academic backgrounds, who are fully committed to the Bank’s long-term sustainability. Board member familiarity with the Bank’s business structure and operational procedures, allows them to stay abreast of significant changes and act quickly to protect the Bank’s long-term interests when necessary. CBK criteria are used to nominate and select board members, who are elected every 3 years, where 100% of Board members are subject to re-election, the latest election was held in 2021.

Gulf Bank’s Board meets at least 6 times a year. In 2021, 8 Board meetings and 44 Board Committee meetings were held, with a total attendance percentage of board committee meetings at 90%, and average overall attendance percentage of board committee meetings at 85%.

In compliance with the latest amended CBK Corporate Governance regulations, The Board currently consists of 11 members. Board size is also in compliance with Gulf Bank’s Articles of Association. Among these, 3 members are independent, at a board independence percentage of 27%. There are 5 Board Committees. According to the new instructions from CBK, additional independent member will join the board by June 2022 , to comply with CBK instruction.

The Board is intended to accomplish the Bank’s aspirations while always keeping shareholders’ interests in mind. In accordance with the Corporate Governance Principles, the Board approves and oversees the implementation of the Bank’s overall strategy, and it reviews the Bank’s Corporate Governance framework on a regular basis to ensure its relevance in light of changes in the Bank’s business strategy, the scope of activities, and regulatory requirements. Along with Executive Management, the Board is also responsible for determining the Bank’s risk appetite, considering the Bank’s risk exposure and long-term objectives.

Board members are properly and continuously trained to tackle the challenges facing the Bank. During the year, the Board completed an in-house induction program, and the members participated in several conferences and seminars about banking and financial activity. Additionally, Board members receive comprehensive guidance from the Board Secretary on the Bank’s governance framework and associated policies.

Board Performance Evaluation

As per Corporate Governance Rules, Gulf Bank conducts an annual Board effectiveness assessment and comprehensive evaluation through an external party. This evaluation covers a wide range of topics and includes a review of individual Board Member's performance, skills, and expertise at Board level, succession planning, development of the Bank's strategy, and the form and content of management information provided to the Board. The evaluation also addresses training requirements. In 2021, the Board received professional development in several areas, including Corporate Governance, Fraud, latest information and cyber security trends and threats, and Anti-Money Laundry (AML).

The following Figure provides the details on each board member, including name, independence status, industry expertise, non-industry expertise, gender, age, and tenure.

Figure 3.1 b. Board Member Details

Gulf Bank Board of Directors				
Name of Board member	Independence status	Gender type	Age	Tenure
Jassim Mustafa Boodai	Chairman of the Board of Director	Male	58	March 2012 - present
Ali Morad Behbehani	Deputy Chairman	Male	74	April 2009 - present
Bader Nasser Al Kharafi	Board Member	Male	45	March 2012 - present
Abdullah Sayer Bader Al Sayer	Board Member	Male	38	March 2021- present
Omar Hamad Youssef Al Essa	Board Member	Male	58	April 2009 - present
Fawaz Mohammad AlAwadhi	Board Member	Male	37	August 2019 - present
Adnan Shihab-Eldin	Board Member	Male	79	October 2020 - Present
Barrak Abdulmohsen AlAsfour	Board Member	Male	61	October 2020 - Present
Ahmad Mohammad AlBahar	Independent Board Member	Male	60	October 2020 - Present
Abdulrahman M. Al Taweel	Independent Board Member	Male	39	March 2021- present

Board Overall Responsibilities

The Board, assumes comprehensive responsibility for the Bank's activity, including setting, overseeing, and monitoring the implementation of the Bank's strategic objectives, risk strategy and corporate governance. The Board is also responsible for overseeing the Executive Management's performance.

The Board's core responsibilities include:

- Monitoring the Bank's business, financial soundness, and compliance with regulatory and legal requirements.
- Setting out the Bank's strategic objectives and overseeing the Executive Management's performance.
- Preserving the interests of shareholders, depositors, creditors, employees, and other stakeholders.
- Approving the internal control framework and ensuring its proper implementation.
- Ensuring that transactions with related parties are properly reviewed and vetted prior to being carried out.

- Ensuring that the Bank has adequate policies and processes in place for all areas of its activity.
- Disclosing reliable and timely information to the shareholders regarding the Bank's performance and forecasts.
- Setting criteria for the evaluation, compensation, and succession for key management roles.
- Carrying out a periodic review of the Corporate Governance practices to ensure their effectiveness.

Chairman Responsibilities

The Chairman of the Board plays a key role in the proper functioning of the Board and maintenance of mutual trust among its members. His responsibilities include:

- Ensuring that Board decisions are made on a sound and well-informed basis.
- Overseeing the implementation of the Whistle Blowing Policy and Program for the Bank.
- Building a constructive relationship between the Board and Executive Management.
- Ensuring a high level of corporate governance in the Bank, creating a culture during Board meetings promoting constructive critique in case of divergent views, and encouraging discussion and voting in such cases.
- In consultation with the Executive Management, the Chairman proposes items to be included in Board meetings agendas.

Organization of the Board's Business

The Board Secretary organizes the Board's business. The responsibility of the Board Secretary is to provide all stakeholders with confidence and comfort that the Bank is run openly. He also ensures that the Board members are provided with sufficient information and details well before the Board/ Committee meetings, enabling them to make enlightened decisions in respect of the matters to be discussed.

Furthermore, the Board Secretariat keeps a conflict of interest and related parties register which is annually updated by the Board Compliance and Governance Committee.

Board Committees



The Board accomplishes a substantial amount of its work through the five board committees: the Audit Committee, the Risk Committee, the Compliance and Governance Committee, the Nomination and Remuneration Committee, and the Credit and Investment Committee, where each has a written bylaw.

Each Committee regularly reports to the Board, summarizing the Committee's actions and any significant issues considered by the Committee.

As a minimum requirement, each Committee is composed of at least three members, whereby each Committee member satisfies the membership and governance requirements outlined in the relevant Committee bylaw. Noting that a committee member may serve on more than one committee.

Further details on Gulf Bank's 5 committees, are provided in **Figure 3.1 c.**

Figure 3.1 c. Gulf Bank Committees

Name of Committee	Description of committee's main responsibilities	Committee Members
Board Compliance and Governance Committee (BCGC)	<p>The BCGC oversees the overall structure of corporate governance in the Bank and ensures compliance with relevant CBK instructions on corporate governance.</p> <p>The Committee ensures that the depositors' and shareholders' interests are protected and that shareholders' obligations are met, considering the interest of the other stakeholders by implementing and monitoring processes to report any conflict of interest and related party transactions.</p>	<p>Mr. Jassim Boodai (Committee Chairman)</p> <p>Dr. Adnan Shihab Eldin (Committee Deputy Chairman)</p> <p>Dr. Abdulrahman Al Taweel (Committee Member)</p> <p>Mr. Dari Al Bader (Committee Secretary)</p>
Board Audit Committee (BAC)	<p>The BAC has been authorized to provide oversight and reasonable assurance on the financial reporting process and highlight the accounting issues of material impact on the financial statements, the integrity and adequacy of the Bank's internal control and risk management system, internal and external audit processes, effectiveness and assessment of performance, the Bank process for monitoring compliance with laws, regulations, and code of conduct, and the Internal Audit function.</p> <p>The BAC appraises the performance of the General Manager/Chief Internal Auditor and recommends to the Board the nomination, termination, appointment, and remuneration of the external auditors.</p> <p>Since its effectiveness is directly linked to that of the Board, the BAC works closely with executive management to obtain any information required to enhance the performance of the Board. As part of the committee, 2 members have financial expertise.</p>	<p>Mr. Talal Alsayegh (Committee Chairman)</p> <p>Dr. Adnan Shihab Eldin (Committee Deputy Chairman)</p> <p>Mr. Abdullah Al Sayer (Committee Member)</p> <p>Mr. Dari Al Bader (Committee Secretary)</p>

Name of Committee	Description of committee's main responsibilities	Committee Members
Board Risk Committee (BRC)	<p>The main duties of the BRC are to provide oversight of the Bank's risk management, ensure the autonomy of the risk management function and enhance the effectiveness of the Board's monitoring of risk issues facing the Bank.</p> <p>The Committee reviews significant risk exposures, provides the Board with an update on the Bank's current and future risk strategy and appetite, and oversees the executive management's implementation of the risk strategy.</p> <p>The Committee also evaluates the risk exposure, concentration, and tolerance limits and has the authority to approve the aggregate transactional and trading limits for extraordinary or new risks. Furthermore, the Committee reviews, on a quarterly basis, credit risks rated 6 or worse and exposures that constitute more than 10% of the Bank's capital.</p> <p>In addition, the Committee can review any specific transaction or risk exposures and the impact analysis of any potential risks or changes in the external environment that it deems relevant for the management of the risks facing the Bank and has the authority to accept such risks or to instruct actions to be taken to mitigate and manage risks to ensure conformity to the Bank's risk appetite.</p>	<p>Dr. Abdulrahman Al Taweel (Committee Chairman)</p> <p>Mr. Bader Alkharafi (Committee Deputy Chairman)</p> <p>Mr. Barrak Alasfour (Committee Member)</p> <p>Mr. Dari Al Bader (Committee Secretary)</p>

Name of Committee	Description of committee's main responsibilities	Committee Members
Board Nomination and Remuneration Committee (BNRC)	<p>The BNRC, is considered the bank's Pay Committee; it ensures that all components of granting financial remuneration are compliant with the framework for enhancing the effectiveness and management of the Bank's risk management. It also submits recommendations to the Board on the nomination of Board members.</p> <p>The Committee reviews the nominated members' skills, capabilities, and qualifications in accordance with the Bank's approved policies and standards while adhering to CBK's instructions.</p> <p>The Committee conducts an annual review of the Board's structure and draws up recommendations on the changes that can be made in line with the Bank's best interest.</p> <p>Furthermore, this Committee ensures that the Board Members are consistently informed about the latest banking updates and vet the soundness of the principles and practices upon which remuneration is granted.</p> <p>The Committee, with the Board Risk Committee, reviews the compensation and benefits of members of the executive management (as specified by CBK), including the principles and criteria used to assess their annual performance. This also includes an evaluation of the board members' authority and their leadership characteristics. In its role, the BNRC annually prepares and reviews a Remuneration Grading Policy for the Board.</p>	<p>Mr. Ahmad AlBahar (Committee Chairman)</p> <p>Mr. Omar Al Essa (Committee Deputy Chairman)</p> <p>Dr. Fawaz Alawadhi (Committee Member)</p> <p>Mr. Dari Al Bader (Committee Secretary)</p>

Name of Committee	Description of committee's main responsibilities	Committee Members
Board Credit and Investment Committee (BCIC)	<p>The overall purpose and scope of the BCIC is to review, approve, reject, or modify or conditionally approve credit proposals exceeding the authority delegated to the Executive Credit Committee and up to the legal lending limit of the Bank, except for credit facilities extended to the Bank's Board members as per CBK guidelines.</p> <p>BCIC is also empowered to approve all investments or divestments above the delegated authority of lower-level committees, discounts for settlements and write-offs for abandonment, and discounts exceeding the authority delegated to the Executive Credit Committee.</p>	<p>Mr. Jassim Boodai (Committee Chairman)</p> <p>Mr. Omar Al- Essa (Committee Deputy Chairman)</p> <p>Dr. Fawaz Alawadhi (Committee Member)</p> <p>Mr. Dari Al Bader (Committee Secretary)</p>

The Board plays a pivotal role in ensuring a culture and an environment of sound risk management. The Board, directly or through the BRC carries the ultimate responsibility for the awareness and understanding of the risks run by the bank's business activities and ensuring that they are properly managed. Furthermore, regarding climate-related risks, the Board has approved the Bank Strategy, which tackles such risks.

The Board will provide the Strategic Direction and oversight for the following duties relating to risk and compliance:

- Establish, approve and review the risk management philosophy and processes.
- Endorse and approve the bank's risk appetite and ensure it is well embedded in its corporate culture.
- Ensure that the bank maintains appropriate systems for risk management and control, including appropriate processes for conducting business in compliance with legislation, regulations, and internal policies and procedures.
- Provide oversight of the bank's risk management on the holistic basis.
- Approve the Risk Management Policies for managing the bank's risks, ensuring that all such risks are defined, measured, and managed, while maintaining continuous monitoring thereof in a proper manner.
- Notify the CMA whenever any material breach of the Bank's Risk Management Systems occurs, and report upon the procedures being followed to deal with such breach. The materiality of breach and the need for regulatory reporting will be the responsibility of the Compliance Department.

In addition to the aforementioned committees, the Bank has established Risk Management committees as shown in **Figure 3.1 d**.

Figure 3.1 d. Risk Management Committees

Committee	Description
Executive, Risk Committee (ERC)	Apex management Committee for Bank-wide Risk Governance.
Internal Controls Governance Committee (ICGC)	Reviews Bank's control framework; Provides oversight for implementation of operational risk, fraud risk, information security risk, and Technology risk framework as well as the effectiveness of business continuity and IT Disaster Recovery plans.
Policy and Procedure Committee (PPC)	Reviews and approves the Bank's policy and procedures.

3.2 Executive Management

Gulf Bank's operations are run through the executive management members appointed by the Board. As displayed in **Figure 3.2 a**, the executive management is chaired by the Chief Executive Officer (CEO). It constitutes the Human Resources, Finance, Deputy CEO, Legal, Acting Deputy CEO, Corporate Banking, and Complaints. Gulf Bank has 11 executive management members as listed in **Figure 3.2 b**, out of which 2 are female, making up 15% of the executive management composition. Furthermore, executive management committees are subdivided into 2 committees: Management Committees and Credit Committees as shown in **Figure 3.2 c**.

Figure 3.2 a. Executive Management Organization

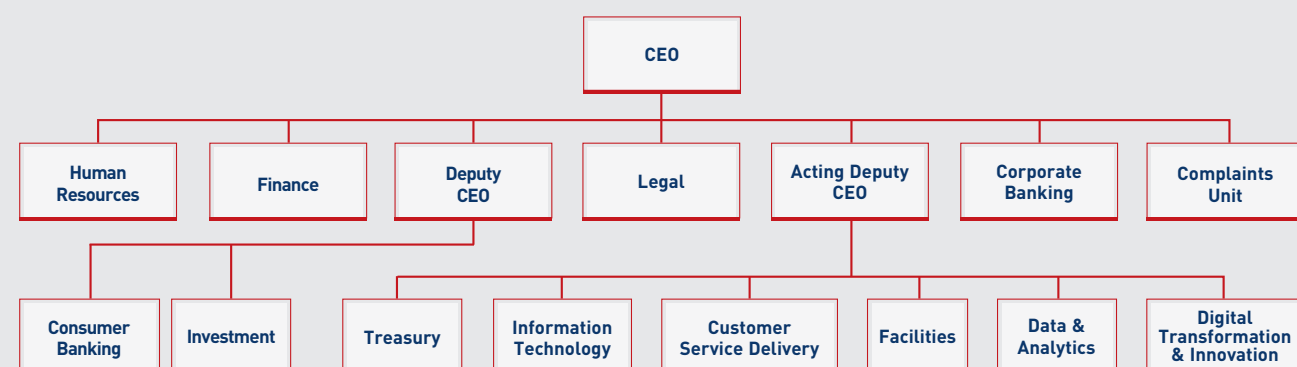


Figure 3.2 b. Executive Management List

Name of Executive	Position / Title	Gender	Date of joining
Antoine Daher	Chief Executive Officer	Male	7 July, 2013
Waleed Mandani	Deputy CEO	Male	5 September, 2021
Raghunandan Menon	Acting Deputy Chief Executive Officer	Male	15 May, 2016
Mona Mansour	General Manager	Female	15 August, 2004
Mohammed AlQattan	General Manager	Male	19 August, 2014
Sami Mahfouz	General Manager	Male	6 March, 2018
Dari Al Bader	General Manager	Male	21 October, 2019
Salma AlHajjaj	General Manager	Female	1 February, 2013
Farhan Mahmood	Chief Risk Officer	Male	29 June, 2014
Hussam Mustafa	Chief Internal Auditor	Male	10 August, 2014
David Challinor	Chief Financial Officer	Male	14 April, 2021
Shahzad Anjum	Acting General Manager	Male	1 August, 2019
Ahmad AlDuwaisan	General Manager	Male	1 September, 2001

Figure 3.2 c. Executive Management Committees

Management Committees:

- Executive Risk Committee
- Asset and Liability Committee
- Fraudulent Cases Review Committee
- Internal Controls Governance Committee (ICGC)
- Technology Risk and Information Security (Subcommittee of ICGC)
- IT Steering Committee
- Policy and Procedure Committee
- Wealth Management Governance Committee
- Executive Product Committee
- Tender Committee
- Project Governance Committee
- Suspicious Transaction Reports Review Committee

Credit Committees:

- Executive Credit Committee
- Management Credit Committee
- Remedial Credit Committee
- Classification and Provisions Committee
- Consumer Banking Credit Committee
- Wealth Management Credit Committee

Executive Management Roles and Responsibilities

To achieve our vision as the leading Kuwaiti Bank of the Future, our Executive management members exhibit full accountability, transparency, and leadership while maintaining full oversight over the Bank's operations. Executive management members are mainly responsible for procuring, installing, and implementing any systems, solutions, or controls that are in line with the Board's direction – and that ultimately will enhance the Bank's management of both financial and non-financial risks.

On a regular basis, financial and administrative reports are provided by executive managers to the Board. All reports must comply with the principles of transparency and objectivity set out by Gulf Bank – and each the department exercises its activities in accordance with the Bank's code of conduct, ethical standards, staff handbooks, credit committee standards, and corporate governance rules, etc.

Financial reports and statements are developed in accordance with International Financial Reporting Standards (IFRS), CBK instructions, and any other approved standards issued in this regard.

Remuneration

The Bank's Executive Remuneration is designed to attract, motivate and retain leadership responsible for the strategic growth of the Bank while ensuring sustained shareholder value. Executive remuneration is intended to be based on a philosophy of 'Distinction to establish an ethos of 'Meritocracy', create a strong alignment between business performance and executive payout as well as compliance with CBK and Capital Markets Authority (CMA) guidelines.

These fixed and variable rewards are an integral part of the Bank's total reward framework that:

- Is fully integrated with the Bank's strategic objectives and supports the core values.
- Enables the attraction of the desired profile of potential employees, retention of key talent, and internal mobility and differentiation based on performance and
- Is fair and equitable – ensures the mix of fixed and variable rewards relevant at the different levels of seniority. The Bank shall generally have a variable compensation based on 'At-Risk' approach for the senior executives whereby enough incentives are built-in to encourage outstanding performance notwithstanding that the variable remuneration pool encourages strengthening the Bank's capital base yet prevents undue and excessive risks.

The Remuneration policy is based on ensuring that the disclosure of payouts is clear, comprehensive, and timely to facilitate constructive engagement of all stakeholders and allow them to assess performance against clear targets, achievement of the Bank's strategy, and risk posture.

The Remuneration Policy is fully compliant with regulatory requirements, including the application of "claw back" regulations that will allow the Bank to withhold payout of a part of the deferred compensation of key executives due to certain performance conditions not being met, including misconduct, negligence, misstatement, exceeding credit approval and/or risk limits, and any other dubious business practices.

Salary Structure

The Bank seeks to recruit and retain employees in a manner that is externally competitive and internally adequate. The Bank's remuneration policy is applied consistently across all grades. The Bank's salary structure is designed to ensure internal and external salary equity whilst providing flexibility to acknowledge different degrees of individual performance and levels of responsibility. In 2021, the total remuneration paid to the top five senior executive was KD 1,961,000.

3.3 Risk Management

Risk management in banking is theoretically defined as “the logical development and execution of a plan to deal with potential losses”. In the following section we describe Gulf Bank’s approach to risk management, and identify types of risks that the Bank is exposed to, in addition to our risk appetite, risk management department responsibilities, risk monitoring process among others.

Risk Management Approach

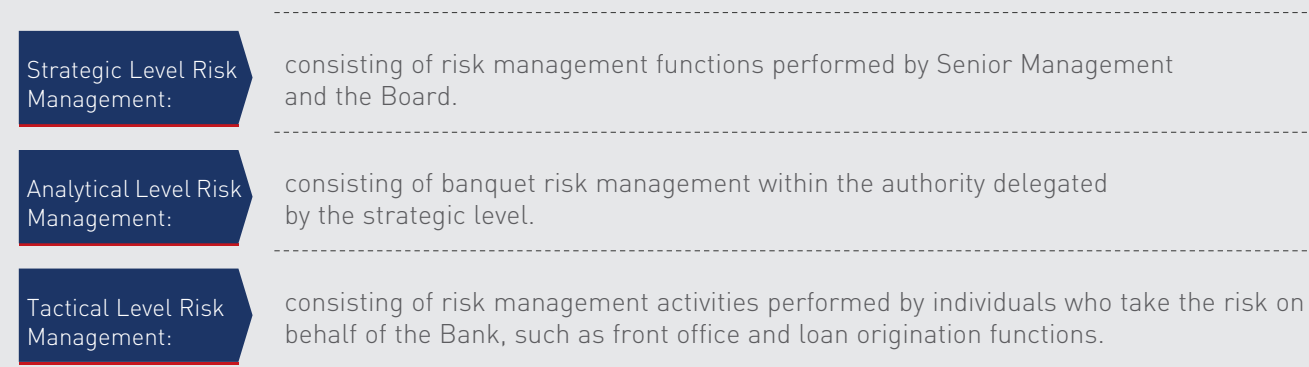
Gulf Bank’s approach to risk management is based on the Risk Management policies and risk appetite, approved by the Board. As per the Bank’s Policy and Procedure Standards, all policies and procedures including risk management, are mandatorily reviewed every 3 years.

Directing our Risk Management Department is the Chief Risk Officer (CRO), whereas Risk management oversight is the responsibility of the Board Risk Committee (BRC). The BRC is also responsible for reviewing and providing recommendations on all risk-related management policies and risk appetite for approval by the Board. Furthermore, an Executive Risk Committee (ERC), co-chaired by the Chief Executive Officer (CEO) and the CRO, represents the top committee for risk governance at the senior management level.

The Risk Management Department of the Bank provides regular reports to the BRC and ERC so that the committee members are well informed of all risk exposures of the Bank with utmost transparency.

Gulf Bank ensures the oversight of its higher management body and key persons are in place to address risk management-related topics. Risk issues are highlighted in the Bank’s monthly Chairman’s report, covering key achievements, issues, and actions, if any, are required to remediate and mitigate the identified issues. The CRO has direct access to the Chairman to escalate any significant risk concerns that demand Chairman’s oversight. The BRC and Risk Management Department prepare and present a quarterly report to the Chairman and the Board, which covers the quarterly performance summary of Gulf Bank’s risk management function.

Figure 3.3 a. Risk Management Hierarchy Levels



The Bank follows three lines of defense for risk governance. The first line of defense’s functions and activities underlie potential risks to the bank, with the primary responsibility of owning, assessing, and managing all risks. The second line of defense involves Risk Management and Compliance and Disclosure Unit teams whose role is to enhance and support activities of the first line of defense by monitoring and Reporting risks to the management and/or BRC. Furthermore, the second line of defense oversees the bank’s risks and assesses them independently from the first line of defense and includes the Compliance and Disclosure Unit, which controls the bank’s compliance with the laws, regulatory instructions, and governance principles. Lastly, the third line of defense is independent of the first and second lines of defense, and represents the internal audit function. The Internal Audit function assesses the adequacy and effectiveness of internal controls of the Bank, compliance with policies and procedures, and regulatory guidelines through a risk-based-audit approach.

Underpinning our risk management procedure are several standards and international frameworks followed by the Bank; those are:

- The Central Bank of Kuwait’s (CBK) Capital Adequacy Standard - Basel III for local conventional banks
- International Financial Reporting Standards (IFRS)-9
- The Central Bank of Kuwait’s (CBK) Cybersecurity Framework
- Payment Card Industry’s Data Security Standard 3.2.1 (PCI-DSS)
- ISO 27001
- SWIFT Customer Security Program CSP

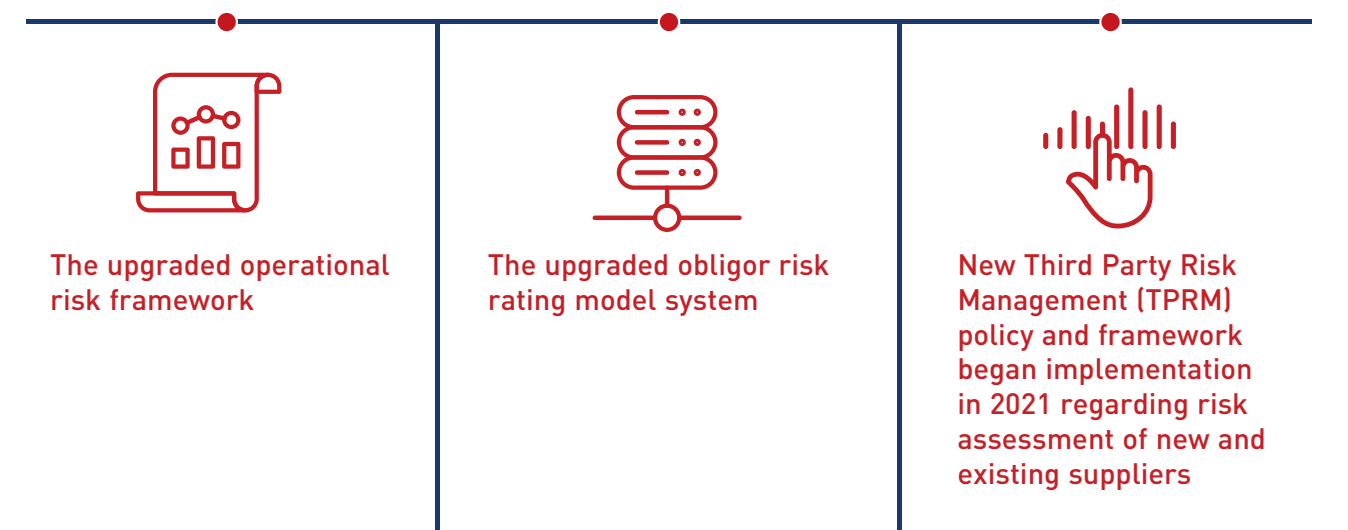
Moreover, the Bank has a Risk Management Policy Manual (RPM) covering the Bank’s policies on enterprise-wide risk management and other risk-related topics. The RPM sets our guiding principles and risk management philosophy, ensures a consistent approach to policies regarding various risks, and ensures engagement in those business activities where sound and effective risk management can be followed. The Bank also has a Credit Risk Policy Manual (CPM) for matters related specifically to credit.

Risk Management Department Responsibilities

The Risk Management department is responsible for identifying, measuring, monitoring, controlling, mitigating risks, and reporting on risk exposures. It also ensures that:

- Individuals who take or manage risks clearly understand those risks.
- Risk exposure is within the risk appetite established by the Board.
- Risk-taking decisions are in line with the business strategy and objectives set by the Board
- Expected payoffs compensate for the risks taken
- Risk-taking decisions are explicit and clear

Key Achievements in Risk Management during 2021:



Risk Appetite

Risk appetite is the amount of maximum risk the bank is willing to accept in relation to its business strategy to ensure that while implementing the strategy, internal and external events do not adversely impact its profitability, capital levels, market capitalization, and other intangibles such as reputation and brand image. Risk appetite can be articulated in the form of the following parameters: Target capital adequacy ratio (both regulatory as well as internal), and setting threshold levels across a range of metrics for individual risks.

Gulf Bank has a Risk Appetite document, formulated based on guidance provided by the Board. The risk appetite document enables close monitoring of various risks on an ongoing basis against the internally set thresholds. On a quarterly basis, the risk dashboard is presented and discussed with the Executive Risk Committee and Board Risk Committee. The Risk Appetite document is reviewed and amended in line with market and economic factors. The Bank has a detailed credit policy approved by the Board and periodically revised in response to changes in risk and market conditions.

Risk Identification

Signifying the building block for the remainder of the risk assessment process, this stage identifies and records (in a structured form) the risks to which the Bank is exposed, or which may hinder the Bank in attaining its strategic goals. At this point, the Risk Management Department identifies all material risks in the bank's proposed business strategy and carries out a periodic review covering changes in existing risks, the emergence of new risks in an existing business, or on account of the introduction of new products and/or business lines.

For the purposes of identifying, measuring, aggregating, and monitoring the Bank's risks, the Internal Capital Adequacy Assessment Process ('ICAAP') is used. ICAAP enables the Bank to maintain an appropriate level of internal capital in relation to the Bank's overall risk profile and business plan. The ICAAP process involves an assessment of material risks such as Credit, Market, Operational, Credit Concentration (sector and name concentration) risk, Interest Rate risk, Liquidity risk, Legal risk, Reputational risk, etc. The Bank also runs a Stress Testing analysis to measure the impact on the value of collateral, income streams, downgrades of lending portfolio, etc., over a 1-year horizon for 3 plausible stress scenarios (mild, medium, and severe). The capital allocation for each of the risks and stress testing results are reviewed and discussed at ERC and BRC meetings to ensure sufficient capital is allocated for each risk, while considering both macro and micro economic factors. The Capital Adequacy Ratio under Pillar 1 (Basel III) as of 31 December 2021 is 16.72% (2020: 18.25%).

In 2021, the Bank submitted 2 semi-annual reports on ICAAP to the CBK 2 semi-annual reports on risk management to CBK, and 2 semi-annual reports to the Capital Markets Authority (CMA) Additionally, we received over 300 reports from CBK.

Stress Testing

On a quarterly basis, the Bank undertakes stress testing to assess its impact on capital and liquidity. The Board of Directors approves the internal methodology to undertake risk assessment and stress testing. Impact to Profit, Asset Quality, Balance sheet items are assessed, and the impact of these under various scenarios on capital and liquidity are evaluated to understand the stress and provide remedial and mitigation actions. The Board, risk committee, and senior management are involved in the formulation of the stress test framework, as well as in the implementation, review, and approval of the stress testing results on an ongoing basis.

Credit Risk

The Bank has a detailed credit policy approved by the Board which is periodically revised. The Credit Policy Manual sets out the guiding principles and credit risk standards governing the extension of credit, provides a structure around which banking business must be based and ensures a consistent approach to all its lending activities. It further defines the policy on acceptable country credit risk exposure.

Additionally, the Risk Adjusted Return on Capital (RAROC) Model is used to make right credit decisions and create shareholder value. The model assesses the net value created in the account after considering the cost of capital.

In addition to Credit Risk, the Bank has identified several risks highlighted in **Figure 3.3 b.**

Figure 3.3 b. Selected Types of Risks

Risk Type	Summary
Credit Risk	Credit risk is the risk that financial loss arises from the failure of a customer or counterparty to meet its obligations under a contract. It arises principally from lending, trade finance, and treasury activities.
Market Risk	Market risk is the risk that movements in market values or prices, including currency rates, interest rates and credit spreads will reduce the Bank's income or the value of its portfolios (assets and financial instruments).
Currency Risk	Currency risk is the risk that the fair value of a financial instrument will fluctuate due to changes in foreign exchange rates.
Interest Rate Risk (Banking Book)	Interest rate risk for the Bank arises from the possibility that changes in the interest rates will affect the fair value or future cash flows of the financial instruments.
Liquidity Risk	Liquidity risk is the risk arising from the inability of the Bank to meet its financial obligations on time without incurring high costs. Liquidity risk arises in the general funding of a bank's activities
Operational Risk	Operational risk is the risk of loss arising from the failure of people, processes, or technology or the impact of external events. It includes fraud, unauthorized activities, errors, omissions, inefficiencies, systems failures, and external events.

Risk Monitoring

The risk monitoring process ensures that the Bank's risk profile remains in line with its risk strategy. The Risk Management Department and finance department ensure regular reporting to the Senior Management and the Board regarding the Bank's capital adequacy. The limits established are monitored on a regular basis, and breaches are reported to the Senior Management or Board as appropriate.

Risk Management Training

As a key step toward continuous improvement in our risk management processes, our risk management team undergoes training on a yearly basis that tackles emerging risk-related topics. This is in conjunction with the Bank's 2025 strategy, which considers risk as part of its strategic foundations and seeks to mitigate risk by 'Increasing capacity, enhancing skills, implementing robust policies and procedures and creating bank-wide awareness for both staff and customers.'

In 2021, 2 trainings were conducted for Gulf Bank employees on risk-related topics. Further details including the number of staff trained and training hours are provided in **figure 3.3 c..** As an outlook, we seek to provide ESG and/or sustainability-related training for our risk management team.

Figure 3.3 c. Risk-specific Staff Training Held in 2021

Topic	Training hours	Number of Staff Trained	Department
Incident Management Reporting	3 sessions, 1 hour each	821	Bank-wide
Cyber Security	9 Training sessions, 1 hour each for 9 inductions	149	Consumer Banking

Business Continuity Planning

We have developed and implemented a Business Continuity Framework to ensure organization has the ability to maintain critical services in a crisis situation. Our business continuity plans ensure staff well-being is given the top priority and correct actions and safety procedures are adhered to in an emergency situation. In the bank we have established a people focused recovery plan intending to put people at the focus of our Business Continuity plans.

3.4 Business Conduct and Compliance

Over the years, compliance units in banks have evolved from being unknown and well-hidden to becoming professional, complex, and high-impact departments. Compliance Units represent a key component of banks' second line of defense for managing risks. Their role is to ensure that banks operate with integrity and adhere to applicable laws, regulations, and internal policies. Consequently, compliance protects the reputation and credibility of financial institutions and protects shareholders and depositors. In addition, provides safeguards for institutions against legal sanctions. According to the Basel Committee on Banking Supervision, compliance risk leads to statutory legal sanctions, material financial loss, or damage to the reputation a bank may suffer as a result of its failure to comply with all applicable laws, regulations, rules, circulars, instructions, and codes of conduct applicable to its banking activities.

As a Bank that takes ownership before holding anyone else accountable, we stand up to our challenges with our strong compliance culture and ethical business conduct, Leaving no room for risks related to misconduct, money laundering, and other forms of non-compliance. We consider compliance as a comprehensive multi-aspect responsibility involving all parties, starting with the Board, Executive Management, and ending with all employees, each according to the powers and tasks entrusted to them.

Gulf Bank's Compliance Manual

Gulf Bank has developed a compliance manual as part of its efforts to enhance the compliance culture and standardize the compliance processes across the Bank. Through our compliance manual, which was last updated in July 2020, our Compliance and Disclosure Unit follows the rules and regulations set by the Central Bank of Kuwait (CBK) and Capital Markets Authority (CMA). The Compliance Manual and all other departments' Policies and Procedures are posted on the Intranet and are accessible by all employees.

Gulf Bank's Compliance and Disclosure Unit

Gulf Bank's Compliance and Disclosure Unit is an independent unit that monitors, identifies, assesses, and reports on the Bank's compliance risk in accordance with the regular requirements. The Compliance and Disclosure Unit is primarily responsible for the implementation of compliance policy across the Bank. However, despite the importance of the role of the Compliance and Disclosure Unit in ensuring the Fulfillment of all the requirements under the legislation's instructions and Regulatory controls related to the bank's activities, this remains the responsibility of the Board and the Executive Management at the bank.

The Compliance and Disclosure Unit's main roles are to:

1. Report to the Board (via the BCGC) and the Executive Management on the Bank's compliance with legislations, instructions, and regulatory controls, and keep them updated on the latest developments in this regard
2. Identify and assess matters related to non-compliance risks faced by the Bank, at least once a year and assess the Bank's plans in its efficiency in managing risks.
3. Report to the Board via the BCGC about the Bank's efficiency in managing such risks.

Board Corporate Governance Committee (BCGC)

The objective of BCGC is to oversee the compliance risks in the Bank, to ensure that the Bank's management understands compliance risks to which the Bank may be exposed, and to have in place appropriate policies and procedures to manage such risks. Additionally, the committee reviews actions taken to ensure a robust and consistent compliance system is in place and promotes a high compliance culture

The BCGC's main responsibilities include:

- Approving the roles and responsibilities of the Compliance and Disclosure Unit and ensuring that the Board approves them.
- Reviewing the bank's Compliance Policy/ Manual periodically and ensuring that the Board approves it
- Approving the compliance testing risk-based methodology documents
- Overseeing the implementation of the Compliance Manual, including ensuring that compliance issues are resolved effectively and expeditiously by Senior Management with the assistance of the Compliance and Disclosure Unit.
- Reviewing and analyzing the material compliance issues raised by the Compliance Unit and directing the business group to take appropriate action to ensure security compliance along with prompt reporting of the same to the Board.

Board's Compliance Responsibilities

Gulf Bank's Board is responsible for overseeing the management of the Bank's compliance risk. It promotes the values of honesty and integrity throughout the Bank and establishes a comprehensive commitment to compliance with all relevant roles, rules, and standards.

The Board's main responsibilities in relation to compliance include:

- Approving the rules and obligations of the Compliance and Disclosure Unit.
- Approving the appointment of the Head of Compliance Unit/Department and ensuring that their qualifications and experience fit with the nature of their functions.
- Approving the Bank's Compliance Manual and reviewing it periodically to ensure the Banks compliance with all legislations related to the bank's activity.
- Ensuring that the Compliance and Disclosure Unit have been given adequate Independence and authority to ensure effective Compliance and Disclosure Unit in the Bank.
- Assessing the compliance program at least once a year to determine the effectiveness of the Bank's implementation of compliance.
- Ensuring that the Compliance and Disclosure Unit have been given adequate independence and authorities to ensure effective compliance and disclosure in the Bank.

At Gulf Bank, it is the responsibility of the business management (General Manager and Heads of the respective business function) to develop and maintain sound internal control systems and related operational processes and procedures in order to implement the policies as required by regulatory authorities, though the Compliance and Disclosure Unit will assist through their knowledge and expertise, the General Manager/ Division Heads are primarily responsible for ensuring compliance with all regulatory requirements applicable to their business function.

Compliance and Disclosure Unit Employee Training

Ongoing learning and training are essential for the development of professional skills of Compliance and Disclosure Unit employees with respect to laws, rules, and standards. Compliance and Disclosure Unit employees, in particular, should have the necessary qualifications, experience, and personal qualities to enable them to carry out their compliance duties.

Accordingly, our Compliance and Disclosure Unit liaises with the Human Resources Department in devising appropriate educational and training programs for Compliance and Disclosure Units employees. All Compliance and Disclosure Unit employees, including the CCO, receive continual education and training with well-reputed training organizations, enhancing their knowledge of all relevant compliance regulations and upgrading their skills and capabilities in compliance. Such training ensures that the resources of the Compliance and Disclosure Unit are adequate and suitable for ideal control of risks that may emerge in the bank.

Gulf Bank's Code of Ethics and Good Conduct

Governing our Board and Executive Management's daily interactions with employees, customers, and other stakeholders is our Code of Ethics and Good Conduct developed by the Human Resources Department. The Code of Ethics and Good Conduct is reviewed annually, with the latest review being in 2021. It is also communicated with all employees and circulated across Gulf Bank's branches, as it applies to all permanent and short-term employees, secondees, external consultants, contractors, and agency personnel while at Gulf Bank.

The Code of Ethics and Good Conduct tackles several topics, that include but are not limited to: customer relations, integrity in relationships, personal conduct, corporate governance, confidentiality of banking information, and employees engaging in businesses outside of Gulf Bank.

As part of the Code of Ethics and Good Conduct, Gulf Bank restricts borrowing, lending, and guaranteeing between employees; it also forbids sharing details on salary among employees. Additionally, Gulf Bank monitors employee accounts for any transactions that may be deemed in contravention of international banking standards and/ or laws, rules, and regulations stipulated by the Kuwaiti government and other regulatory bodies.

Customer Confidentiality

The Code of Ethics and Good Conduct enforces our employees to keep all customer information they deal with, or have access to, strictly confidential at all times. Sharing any customer information with any party may be a criminal activity. Employees are required to abide by the confidentiality and non-disclosure policy of Gulf Bank and promise not to disclose any information during the period of employment/association or after leaving work at Gulf Bank regarding the affairs of Gulf Bank or its customers, or with the customers, which they may have become aware of due to the activities inherent in their position as employees of Gulf Bank to anyone other than as permitted by Gulf Bank.

Disciplinary Procedures

The Code of Ethics and Good Conduct outlines the disciplinary procedures at Gulf Bank. It also ensures appropriate procedures are in place to act promptly, fairly, and consistently in any instance of unsatisfactory performance or conduct.

Malpractice

Gulf Bank seeks to develop a culture of openness and transparency. It is in the Bank's interests to make sure that any malpractice does not take place. Therefore, if any employee has any concerns about suspected malpractice (fraudulent behavior) within the Bank, it is their responsibility to communicate such act to concerned personnel.

Gulf Bank expects its employees to feel obliged to report on any circumstance where they reasonably believe malpractice has been committed, is being committed, or is likely to be committed. Such malpractices include (but are not confined to):

- Conduct likely to have a negative impact on the reputation of the Bank
- Breaches of internal rules and regulations (policies and procedures)
- Criminal offenses and/or Fraud
- Endangering the health and safety of any person
- Deliberately concealing any malpractice
- Legal or Regulatory non-compliance

Whistleblowing Policy

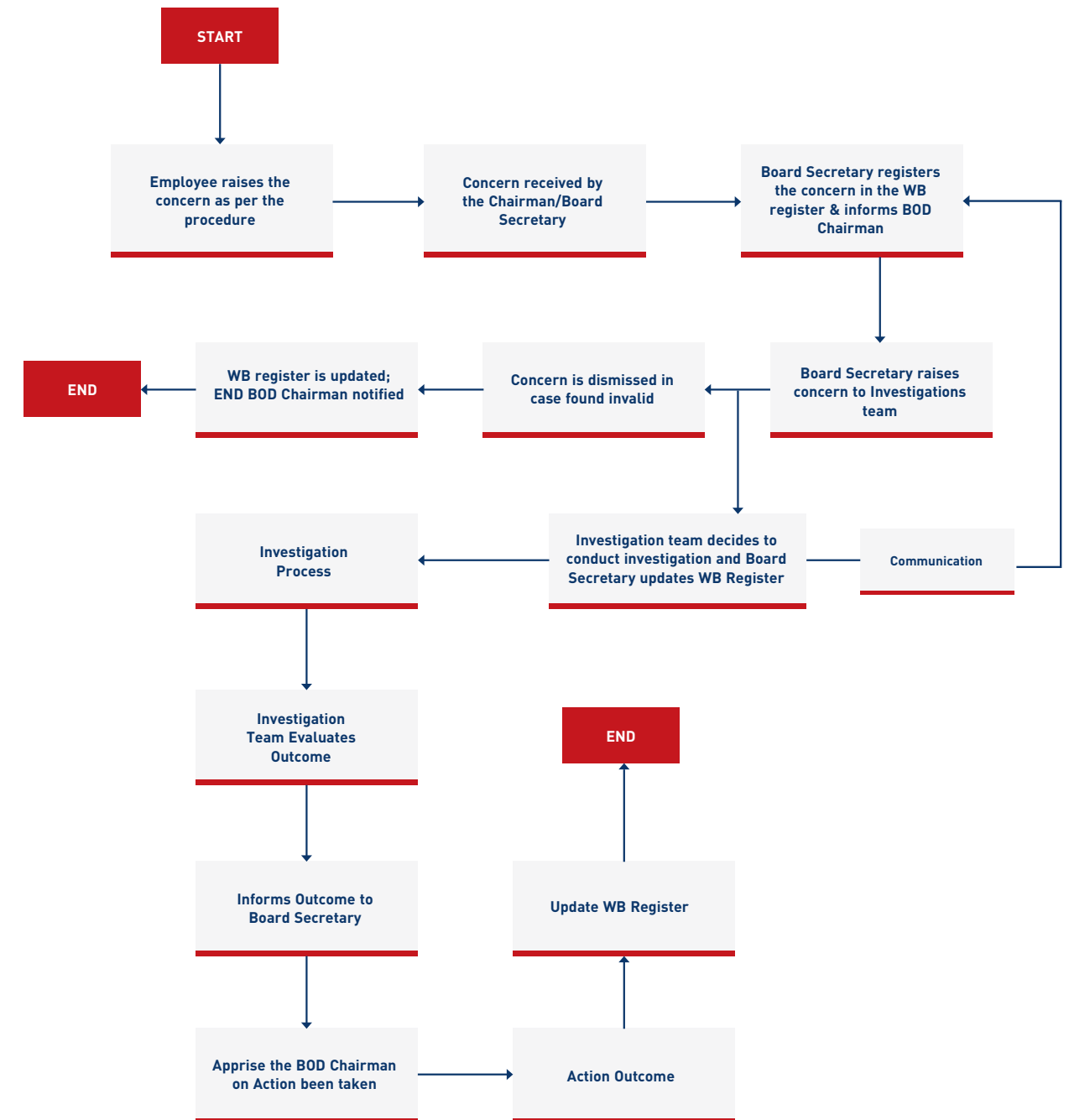
At Gulf Bank, a culture of openness and transparency is emphasized by our reliable Whistleblowing Policy and Procedural Manual, which allows third parties and Bank Personnel to confidentially flag cases of fraud, corruption, and any other misconduct by Bank employees and other persons across the Bank's branches. In applying its whistleblowing mechanism, Gulf Bank performs periodic reviews and follows CBK instructions concerning rules and standards of corporate governance in Banks to ensure that any malpractice does not occur.

The Whistleblowing Policy and Procedural Manual is intended to encourage and enable employees to raise concerns and/or potential violations to appropriate channels within the Bank, including a mechanism to contact the Board Chairman and communicate their concerns regarding any potential violations, therefore allowing an independent investigation and monitoring of these concerns. These procedures further aim at stressing the bank's protection of those employees to give them enough reassurance that they will not be subject to any threats or penalties in case these concerns are false.

Whistleblowing Reporting channels

There are 3 ways employees can raise concerns they might have under the Whistleblower Policy: by Email, Intranet, and by Letter. Concerns will be acted upon within 24 hours, and employees will receive a confirmation regarding the receipt of the concern. Clearly, reviewing each concern will take different lengths of time, depending on the nature and seriousness of the concern. **Figure 3.4 a.** provides an overview of the whistleblowing procedure.

Figure 3.4 a. Whistleblowing Procedure



Financial Ethics

Gulf Bank has zero tolerance for financial crime. Our Code of Ethics and Good Conduct clearly indicates our strict procedures in this matter. Financial crime constitutes acts of money laundering, fraud, bribery, and corruption and are all tackled within Gulf Bank's Code of Ethics and Good Conduct.

Within the Code of Ethics and Good Conduct, anticorruption is tackled in the sections of Employee Accounts Monitoring, Declaration of Secrecy, Whistle Blowing, Insider Trading, Money Laundering, Financing Terrorism, Conflicts of Interest. The topic of Anti Bribery is tackled in the section on Entertainment and Gifts, which sets clear limits to the value of business entertainment gifts an employee may receive, and the reporting process for receiving such gifts.

According to the Code of Ethics and Good Conduct, Money Laundering is the process by which banks are used as vehicles to disguise the proceeds of criminal activity. Such activities are illegal, undermine a bank's integrity, damage its reputation, deter honest customers, and expose the bank to severe sanctions. Gulf Bank fully supports the international drive (legal and operational) against this serious crime and is committed to assisting the authorities in preventing money laundering. Any employee of Gulf Bank found to be in contravention of this commitment shall be liable for legal and disciplinary action.

Shareholders Rights

In our efforts to safeguard our shareholder's rights, the Bank has developed a Shareholders and Stakeholders Rights Policy which is reviewed every 3 years. According to the Policy, a shareholder is defined as an individual, group, or an organization that owns 1 or more shares in the Bank. The responsibility of protecting shareholders' rights and addressing their interests is assigned to the Board. This includes maximizing shareholders' wealth and profit while maintaining an ongoing dialogue and promoting effective and timely dissemination of information to the shareholders and stakeholders through the General Assembly meetings.

Every shareholder has a priority right of subscribing to a number of the new shares commensurate with the number of shares they already had with a time limit of not less than 15 days.

Shareholders should have the right to:

- Vote on major issues
- Transfer ownership
- Access Shareholder Registration and records (as applicable)
- Access General Assembly minutes
- Sue the company for wrongful acts
- Review and participate in the decisions of amending the Articles and Memorandum of Association
- Receive dividends
- Participate in AGMs in accordance with the provisions of the Articles of Association

All shareholders have the right to take action by written consent with no limits. There are no voting rights limitations based on the number or percentage of shares held. However, a shareholder must have at least 10% of the Bank's Capital to call for a special meeting.

There is no limit for the percentage of shares to requisition a resolution at an AGM, as it depends on the majority attendance. The Bank's default percentage of required votes to amend a provision is 51% of the total attendance.

3.5 Policies

A solid sustainable foundation ought to be built on a clear set of policies. Gulf Bank's Corporate Governance framework is governed through strict policies that reflect our deep-rooted values and ethics. Policies are applied across the Bank with high accountability and transparency, ensuring adherence to human rights standards, confidentiality, and compliance to regulations. The aforementioned Bank policies include:

1. Corporate Governance Manual
2. Disclosure and Notification Manual
3. Risk Appetite Document
4. Whistle Blowing Policy and Procedure Manual
5. Conflict of Interest Policy
6. Related Party Transactions Policy
7. Customer Complaint Handling Policy and Procedures
8. Internal Audit Charter
9. Human Resources Manual
10. Compliance Manual
11. Confidentiality Policy
12. Shareholders and Stakeholders Rights Policy
13. Anti-Money Laundering (AML) and Counter Financing of Terrorism (CFT) Procedure Manual
14. Business Continuity Policy
15. Credit Policy Manual
16. Risk Management Policy Manual

4. Progressing our Human Resources



Salma Al-Hajjaj

Human Resources General Manager

“We are proud to be among the first leading banks that are investing in human capital to enhance both technical and financial competencies.”

Our employees' development is the essence of our success as a Bank and in addressing the “S” in ESG. Our core values affirm our eagerness to engage, empower and develop our people to provide customer excellence and serve the community.

In this chapter, we discuss the practices through which we cultivate a diverse culture and maintain equal opportunity for all employees across our branches. We also describe our approach towards talent development and retention. As well as how, as a Bank, we ensure the wellbeing and satisfaction of our employees.

4.1 Diversity and Equal Opportunity

Diversity and inclusion represent a key part of our core value ‘People’, which indicates engaging, empowering, and developing our people to provide customer excellence and serve the community. It stands to reason that organizations that effectively capitalize on the strengths of all employees and leverage their unique values have the most engaged employees, and excel in productivity, profitability, and innovation. Realizing all this, we deliberately encourage and leverage diversity and inclusion at Gulf Bank to develop a successful, diverse, and inclusive environment. The following sections will provide more details on our diversity and inclusion statistics and initiatives that ultimately increase employee satisfaction, reduce conflict and improve collaboration and loyalty. All this aids us in delivering top-quality services to our customers.

Equal Opportunity

Cultivating a diverse culture strictly imposes providing equal opportunity to all employees. Hence, we leave no room for discrimination at Gulf Bank in terms of benefits and pay. Specifically, we have removed any gender bias closures from all our policies. Furthermore, in line with the New Kuwait Vision 2035 goals and targets that support ending all forms of discrimination against women in Kuwait, both male and female employees receive the same benefits, including healthcare, airfare, and education, for their dependents. Our salary scale does not differentiate between genders. All employees are offered packages that are in line with their qualifications, overall experiences, and job levels.

Women Empowerment

At Gulf Bank, we realize the substantial value added in hiring female employees. Our gender equality efforts are emphasized through our strategic goals that aim to reach an equal gender employee ratio.

Furthermore, we assert our commitment to women empowerment by being signatories of the Women's Empowerment Principles (WEPs) since 2019, and by vowing to uphold the UN Sustainability Development Goals (SDG) #5 on Gender Equality. The WEP is a joint initiative of the United Nations Global Compact and UN Women that was developed in 2010 to provide a holistic framework to empower women in the workplace, marketplace, and community. As a signatory of the WEPs, we contribute to their 7 principles that aim to strengthen the gender dimension of corporate sustainability in terms of equality and to provide equal and fair treatment, to empower women in leadership positions, and through initiatives and advocacy.

Gulf Bank strives to ensure a fair representation of female vs. male employees and continuously encourages women empowerment. The Bank's ultimate goal is to lend its support to more women in their career paths as they strive for and reach leadership positions. Accordingly, Gulf Bank is gradually reaching a 50/50 split in gender ratio, going from 42% female employees in 2020 to 44% in 2021 as provided in Figure 4.1 a. The number of women in managerial positions totals to 136, representing 32% of the Bank's total employee count. Further emphasis on our commitment to the WEPs in relation to empowering women in leadership positions, we are anticipating female representation at the Board of Directors level. A more detailed split of the numbers of women in each managerial position is provided in **Figure 4.1 a**.

Figure 4.1 a. Female vs. Male Employee Percentages

	Year	2021	2020	% difference
Gender type	Male	56%	58%	-2%
	Female	44%	42%	2%

Figure 4.1 b. Percentage of females in all management positions

Executive level 1:	14%
Executive level 2:	26%
Executive level 3:	36%
Manager level 1:	20%
Manager level 2:	33%
Manager level 3:	41%
Overall:	32%

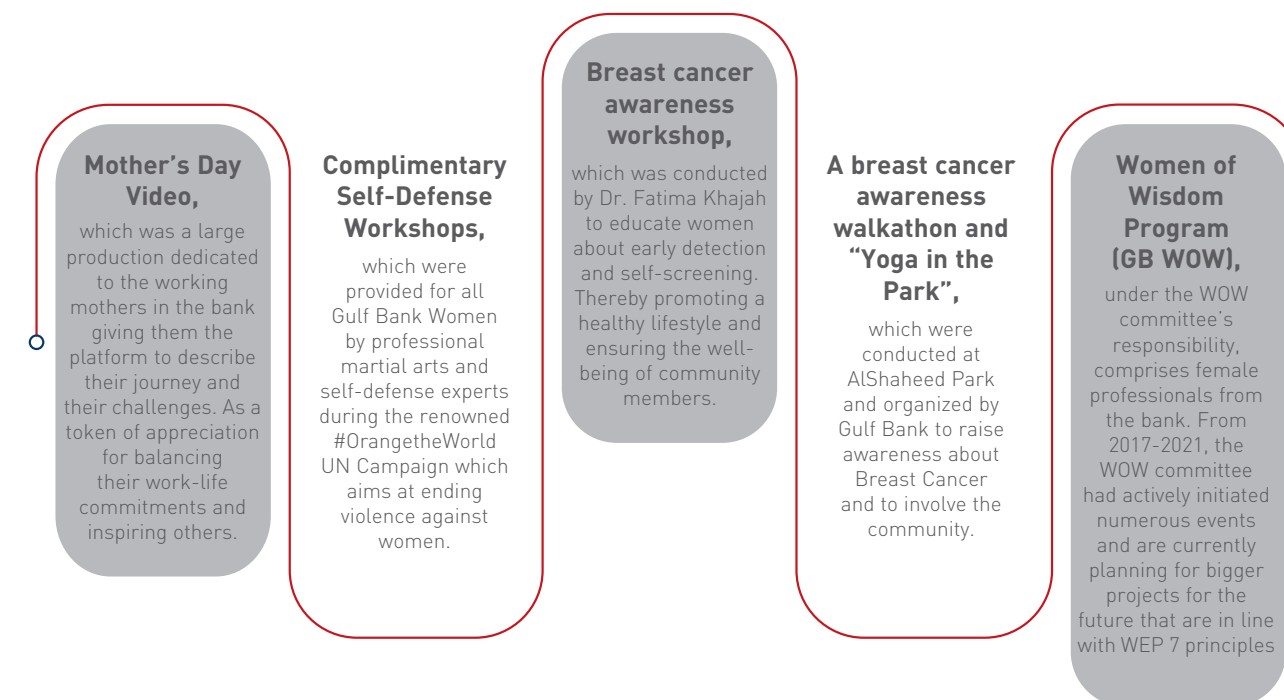
Furthermore, Gulf Bank supports placing women in Science, Technology, Engineering, and Math (STEM) Positions. As **Figure 4.1 c.** shows a total of 32 women who were placed in STEM positions in 2021.

Figure 4.1 c. Women in Science, Technology, Engineering, and Math (STEM) Positions

Group name	Organization	Total
Consumer Banking	Digital Banking	5
Consumer Banking	MIS	2
Corporate Affairs	The Economic Research Unit	1
Deputy CEO's Office	Data and Analytics	2
Finance	Data MIS and Reporting	1
Finance	Financial Accounting and Reporting	1
Finance	Financial Controller and Business Development Support	1
Finance	Financial Planning, Reporting, and Analysis	3
Finance	Investor Relations	1
Finance	Payment Processing	2
Finance	Retail Financial Planning, Reporting and Analysis	1
Finance	Treasury/International Financial Planning, Reporting and Analysis	1
Information Technology	BT Consumer Banking	2
Information Technology	Database Administration	1
Information Technology	Information Technology	1
Information Technology	Infrastructure and Security Engineering	1
Information Technology	Middleware	1
Information Technology	System Access Management	2
Risk Management	Management Information Systems (MIS) Reports and Post-fact Review	3
	Total Women in STEM Related Positions	32

Anchoring on its women empowerment values, Gulf Bank has engaged in several women empowerment initiatives. Many of these initiatives were not confined to our female employees, rather, they were open to the public. An overview of these initiatives is provided in the following Figure.

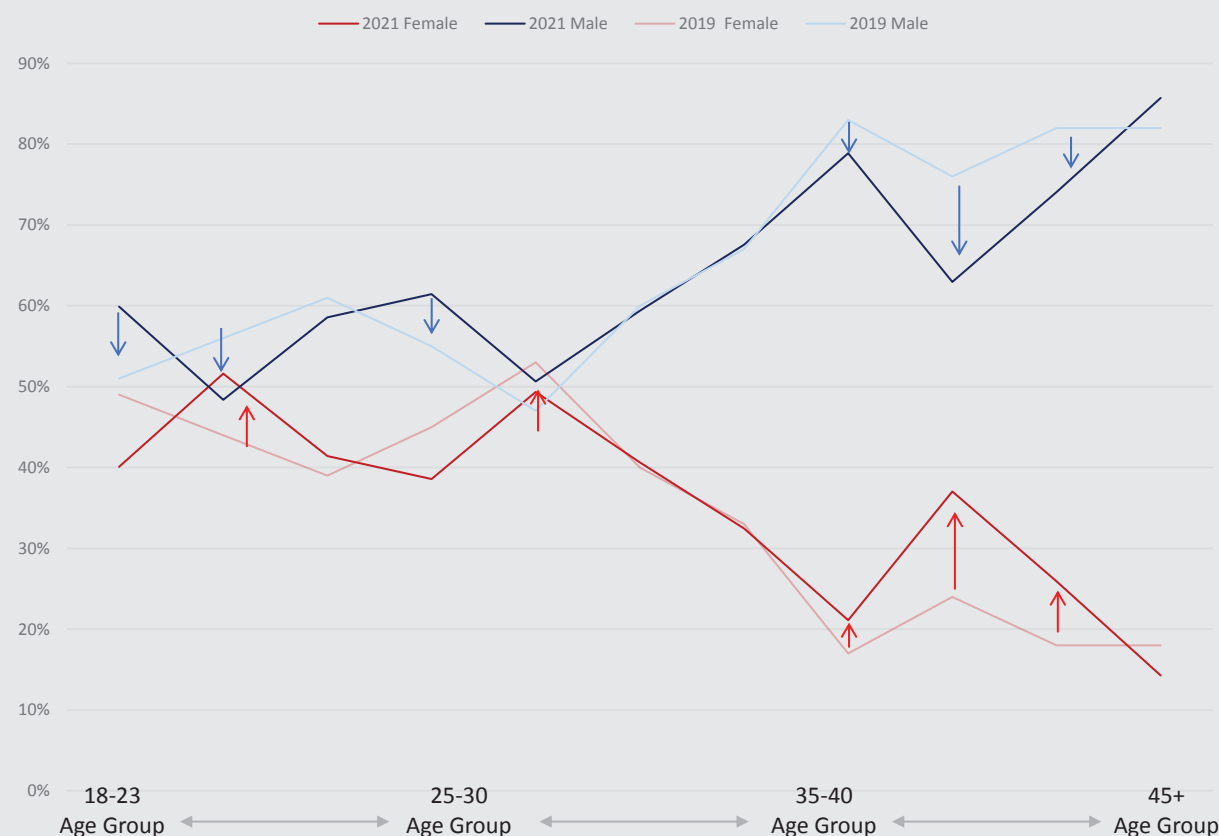
Figure 4.1 d. Women Empowerment Initiatives at Gulf Bank



Case Study: Research on Gender Distribution at Gulf Bank between 2019 and 2021

Gulf Bank has conducted research on gender distribution between 2019 and 2021, which gave insight into interesting trends. The research concluded that age group represents a key factor in determining gender progression into leadership roles. This is explained by the changes in a female's life that force her to leave the workplace and miss out on reaching mid-career positions. On the other hand, those who persist amidst challenging life changes and stay at work witness a surge post-mid-career. Yet they remain different from their male counterparts at their same level who did not have to sacrifice careers to attend to family and household needs. As a result of this research, Gulf Bank has altered its gender strategy, ensuring a solid pipeline of successors is created for the path to leadership roles. While we acknowledge the importance of hiring at 50/50%, we realized that retaining them a year or 2 into the role was even more important.

Figure 4.1 e. Gender Distribution at Gulf Bank



Age Diversity

This year, as means of ensuring age diversity, the Bank focused on appointing young nationals and encouraging them to join the banking sector by providing specialized educational programs and qualifying them to assume leadership positions in the Bank. We encourage young minds to join our workforce, as we believe that they will aid in better problem solving, creativity, and innovation. In fact, the number of fresh graduates employed at Gulf Bank has increased vastly, going from 63 in 2020 to 173 in 2021, as shown in **Figure 4.1 f**. The Figure additionally illustrates that the percentage of employee category (age under 30) increased by 1.6% in 2021, compared with the 2020. Whilst the percentage of employee category (age between 30-50) has decreased by 1.4%, those under the category (age 50 years and above) have decreased by 0.2%.

Figure 4.1 f. Number of Employees Per Age Group

	Year	2021	2020	% difference
Age Group	Under 30	30.2%	28.6%	1.6%
	30-50	66.0%	67.4%	-1.4%
	Over 50	3.8%	4.0%	-0.2%

Figure 4.1 g. Number of Fresh Graduates Employed by Gulf Bank

Year	2021	2020	%Change
Number of fresh graduates	173	63	175%

Nationalization

We realize the importance of employing nationals to our sustainable foundation as a Bank, and the sustainability of our community as whole. Our Kuwaitization rate within our employees and management is continuously rising each year. In comparison, between 2020 and 2021, the percentage of Kuwaiti's hired rose by 1.2%, and the percentage of Kuwaitis in managerial positions rose by 2.8%.

Furthermore, as a testament to our successful Kuwaitization efforts, we received the 'Best Nationalization Initiative in the Private Sector' award.

Figure 4.1 h. Kuwaitization rates at Gulf Bank

	Year	2021	2020	% difference
Nationality	Kuwaiti	76.5%	75.3%	1.2%
	Non-Kuwaiti	23.5%	24.7%	-1.2%
	Kuwaitization rate in managerial positions	56.0%	53.2%	2.8%

Special Needs

The concept of diversity is not confined to gender and nationality, it encompasses special needs employees as well. The Bank encourages diversity in terms of physical abilities, and provides opportunities for special needs individuals. As of December 2021, we had 4 staff from the special needs category.

4.2 Talents Development and Retention

Being ambitious in meeting the challenges of the future, and in providing the best banking solutions, entails that we continuously develop our employees to enable them to meet future challenges and provide innovative banking solutions. To keep our Bank up to date with technological advances, we provide state-of-the-art training in-house and attract high-potential candidates. In developing employee skills, we seek to uncover hidden talent within the Bank and empower high-potential employees to grow.

At Gulf Bank, we clearly understand the close relation between talent development and retention. Hence, we place concerted efforts into creating a culture of continual learning and improvement. In this section, we delve into more details concerning the Bank's talent attraction and retention efforts, learning and development initiatives, and performance management procedures.

Attracting Talent

Gulf Bank seeks to build a sustainable foundation upon top talents, and invests broadly in providing internships and career fairs. In 2021 investment in internships increased, this is apparent in the number of interns, which doubled between 2020 and 2021, rising from 22 interns to 44, as shown in **Figure 4.2 a**.

Figure 4.2 a. Number of Employees Per Employment Type

	Year	2021	2020	%Change
Employment type	Full time	1,615	1,543	5%
	Internship	44	22	100%
	Total	1,659	1,565	6%

In 2021, Gulf Bank offered employees an integrated training program for the youth segment, as part of its approach towards attracting talents. The training program encompasses the basics of banking, and prepares trainees for their future banking careers, highlighting the different functions of the Bank's various departments. The program also serves to bridge the gap between trainees' theoretical university training and the practical, hands-on work experience that the modern-day workplace requires. After successfully completing the training period, each candidate was matched with the department most suited for their prospective career paths, and the most aligned with their skills and aspirations.

Career Workshops for University Students

As part of the Bank's ongoing social sustainability program, we lead various educational initiatives designed to leave a positive impact on students and society. In this regard, two major events were organized by our Human Resources (HR) team in collaboration with Kuwait University with the aim of assisting local youth in their career development.

On December 1, 2021, the event "How to Elevate Your Career" took place at the College of Engineering and Petroleum at Kuwait University. At the event, our HR General Manager, Salma Al-Hajjaj gave a lecture on how students can elevate their careers post-graduation and the importance of flexibility in the student's life and work environment.

The next event took place on the following day under the title "INJAZ Volunteering with HR" at the Education College in Kuwait University. Hosted by Gulf Bank volunteers, the event benefitted 100 students, as they learned basic job interview skills, and ways of creating positive first impressions to prepare them for the competitive job market.

Career Fairs

In line with Kuwait Vision 2035, and as part of our commitment to champion Kuwaitization efforts and develop local job opportunities, we conducted and sponsored 5 career fairs in 2021. One of the career fairs we hosted took place at the Manpower and Government Restructuring Program (MGRP) building as part of our long-term strategic partnership with MGRP. We also were the Gold sponsors for the American University of the Middle East's first virtual career fair. At the AUM career fair, Gulf Bank held an educational webinar during the fair on career mapping and professional life structuring, which benefited beyond 200 participants.

Namely, the career fairs were:

1. American University of the Middle East (AUM) Virtual Career Fair
2. Australian College of Kuwait (ACK) Virtual Career Fair
3. Gulf University for Science and Technology (GUST) Virtual Career Fair
4. American University of the Middle East (AUM) on-campus Career Day
5. Manpower and Government Restructuring Program (MGRP) Career Day

In total, over 1600 people attended our career fairs, and over 600 candidates were interviewed on the spot. A total of 245 candidates were offered employment opportunities.

Talent Pipeline Development

The World Economic Forum predicts that as much as 50% of the global workforce will need reskilling by 2025. At Gulf Bank, we address this issue proactively through our talent pipeline development strategy, which encourages our employees to start honing their skills and developing new expertise proactively.

With our Talent Pipeline Development Strategy, we seek to improve performance and productivity, reduce skill gaps, retain and engage employees, and prepare our employees for their career paths and goals. The strategy identifies highly talented employees as "highflyers" who undergo a fast track and utilize their cross-functional skills.

Culture of Empowering and Collaborative Leadership

Our Internal Communications unit works closely with all Bank departments to ensure a smooth flow of information. In addition, the unit organizes branch visits by top management executives, recognition ceremonies, and competitions. Additionally, for large-scale projects, the Bank forms working groups consisting of cross-functional and departmental employees who have been empowered and nominated by their seniors to take decisions and impact the outcome and result of these projects and related workstreams.

Furthermore, Gulf Bank has a career development plan for employees, with a competency framework that tackles core, functional, and leadership competencies. The plan sets certain development areas and actions to be achieved across 2-year intervals for a period of 8 years. The plan specifies skills required, training development programs, cross-functional projects, mentorship programs, and rotations across the 8-year period and assesses progress accordingly to reach the required competency position.

Performance Management

Gulf Bank endeavors to create a pool of qualified and professionally trained bankers who focus on developing and nurturing Kuwaiti talent to ensure the bank's business's sustainability and enhance the Kuwaiti element. On an annual basis, we conduct our performance management cycle through 3 clearly defined phases: goal-setting, reviewing progress, and measuring results.

We consider performance management a necessary tool in creating our training and development strategy plans, rewarding and encouraging our employees and engaging them, and enforcing goal setting within the Bank. Guiding our performance management cycle is our Performance Management and Succession Planning Policy, which focuses on acquiring, developing, and maintaining a robust talent pool through a variety of work processes.

Regarding Gulf Bank's talent review, it involves a comprehensive assessment process that is headed by Gulf Bank's CEO and is undertaken twice a year for managerial level employees. This comprehensive assessment includes a performance appraisal for the last 3 years, potential assessment, 360° feedback, in addition to other relevant assessments.

Each respective Group GM bears the responsibility of preparing and presenting the assessment outcome to the Talent Review Committee as per their recommendation, with the assistance of the respective Human Resources Business Partner (HRBP).

The Talent Review Committee then issues decisions regarding their promotions, succession planning, development plans, and exit strategy.

Complementing our performance management culture is the recognition of employees' efforts through fair and transparent compensation schemes. Our Remuneration Policy outlines Gulf Bank's employee compensation, and we conduct a market survey to benchmark the market's compensation average in relation to all employee job levels.

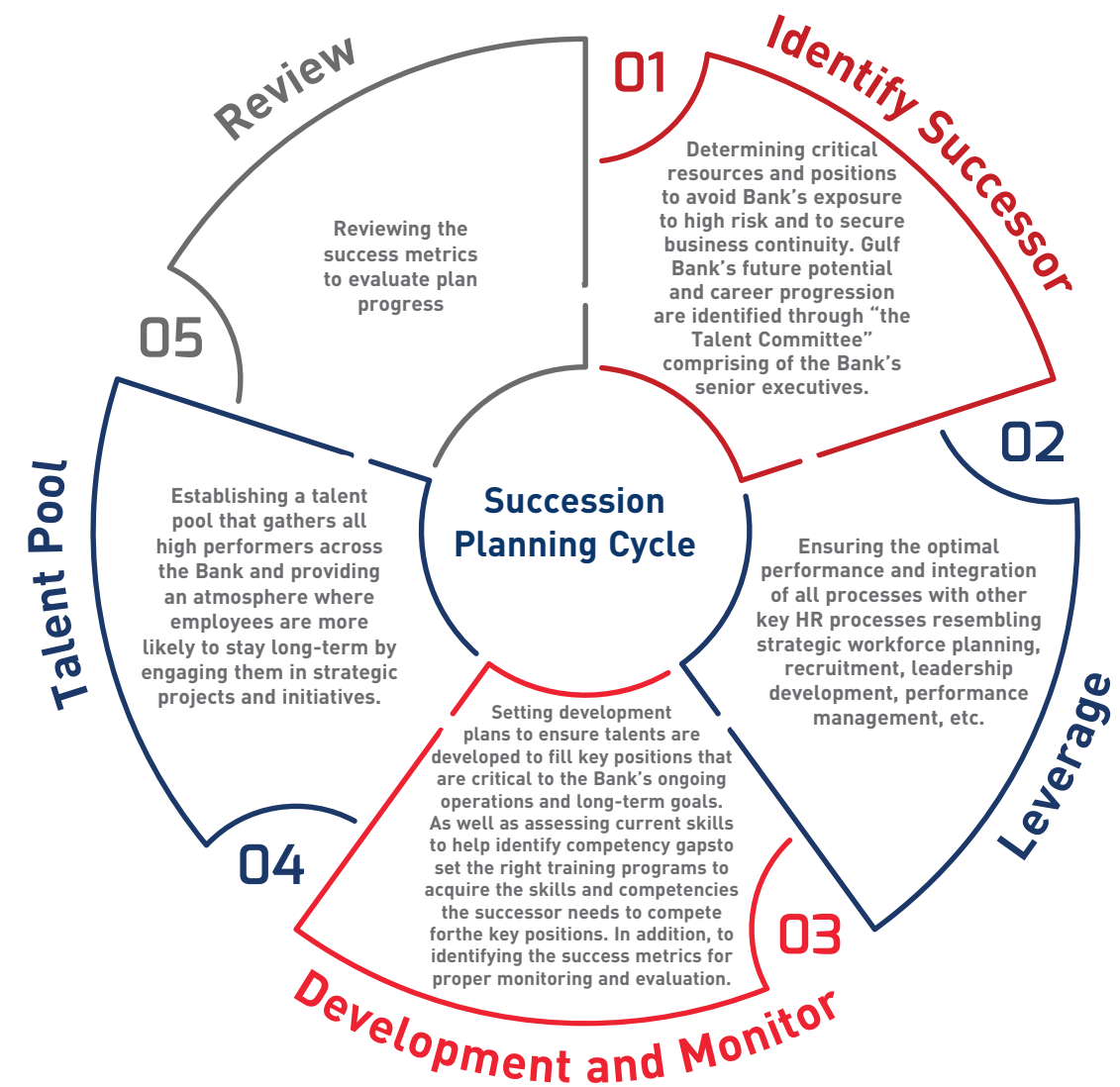
Succession planning

In line with our Succession Planning policy, Gulf Bank identifies and develops employees, with a special focus on nurturing and developing Kuwaiti talent, to fill future key leadership positions through a systematic succession planning process based on an objective assessment of potential and performance.

For senior management, a succession plan was prepared by the Board's Nomination and Remuneration Committee. The succession plan is reviewed and approved by the Board with the purpose of identifying critical roles across the organization, which, if not filled in a timely fashion would potentially place the organization at risk. Succession planning identifies a minimum of 1 successor for each key role.

Our succession planning cycle is a 5-step process starting with identifying successors, leveraging potential, developing, and monitoring, establishing a talent pool, and finally reviewing the success metrics. As shown in **Figure 4.2 b.**

Figure 4.2 b. Succession Planning Cycle



Training

Skill acquisition is a lifelong process for all Gulf Bank employees. Embedded within our Bank's culture is the valuation of knowledge transfer and continuous learning. We aim to motivate our team to remain curious, keep learning, and constantly aspire to grow intellectually.

Particularly, a total of 4,006 training hours were conducted in 2021, which is more than twice the total training hours conducted in 2020. Correspondingly, 54% of our workforce were trained in 2021. Training programs on ethical standards have covered all employees where 97% of staff have signed off the code of ethics online, whereas a total of 22 Entry Level Employee Orientation training were held in 2021, as shown in **Figure 4.2 c.**

Knowing that the sustainability of our Bank is analogous with our employees' retention, which is highly determined by employees' ability to learn and grow at the Bank, we continue conducting annual staff trainings in accordance with their job requirements, competencies, and training needs. Specifically, trainings conducted in 2021 tackled the topics of employee orientation, financial crime, women in leadership, and ethical standards, among others described further in this section. Further details on training provided to employees in 2021 are shown in **Figure 4.2 d,** regarding training topics related to policies, those are listed in **Appendix 7.4.**

Total hours of training received to all Gulf Bank employees in 2020

1,950 hours

Total hours of training received to all Gulf Bank employees in 2021

4,006 hours

Total Number of Employees Trained in 2021

890

Training Hours per Employee:

4.5 hours

Percentage of employees receiving training out of total employees in 2021

70 %

Figure 4.2 c. Trainings Provided to Employees in 2021

Training Topic	Number of Employees
Specific managerial / leadership development training	28
Women in Leadership Conference (NLI)	10
Women Transforming Leadership Program (KFAS – Oxford)	1
Fraud and Forensic Internal Auditing Excellence, for Risk Management Department	4
Global Digital Audit Transformation and Fraud Analytics Forum 2021 for Internal Control Department	1
Internal Auditing and Fraud Training for Audit Departments	13
Consumer financial protection training for branches	102

Figure 4.2 d. Inductions and Certifications Completed as Part of Employee Orientation Training

	Category	Number
Inductions	CCC CSR	1
	CCC	2
	CSR Branches	7
	CCC Part-time	1
	Central Sales	1
Certifications	PRM	1
	SCSR	1
	RO	1
	CRO	2
	CCC SCSR	2
	SRO	1
	CCC AOM and Team Leader	1
	AOM Certification	1

Euromoney Learning Orientation Session

Gulf Bank has partnered with Euromoney Learning to offer its employees access to industry-leading learning programs spanning various topics in the banking and finance sectors. Over the last 5 years, Euromoney has provided training programs for the world's top 10 largest banks, reaching over 25,000 professionals in over 80 countries. Access to Euromoney Learning's on-demand platform will encourage Gulf Bank employees to take ownership of their training with a simple-to-use, financial e-learning platform that encourages learning autonomy and provides on-demand education accessible anytime, anywhere.

As the world's first on-demand video learning platform, Euromoney Learning will provide Gulf Bank staff with a comprehensive, high quality and engaging video learning platform covering all areas of banking and finance, from fundamental concepts to advanced theory. The platform covers 8 categories: Banking, Innovation and Technology, Sustainability, Investment Management, Technical Foundations, Compliance, Competence and Culture, and Macro-Markets.



● First standalone Data and Analytics Program

Gulf Bank has launched its Data Ambassadors program which trains 140 employees across various departments in key data quality and analytics.

Talent Retention

Maintaining talents is beneficial to organizations in many ways, it ensures top-quality customer services coming from more satisfied and better-experienced employees, it also reduces hiring costs and increases business productivity and efficiency. Knowing this, Gulf Bank has developed the necessary strategies and processes to keep its top talent and mitigate turnover risks.

In this respect, we have a "Stay Interview Survey" in place, which is conducted for new hires to ensure employees' satisfaction with their Job, Culture, Teamwork, etc. Through this survey, we can identify and sort out issues, keeping employees engaged, and reducing turnover.

Additionally, our Human Resources team continuously measures and monitors Gulf Bank's turnover rates. We have a dashboard that visually reflects the captured data on our Human Resources Management System (HRMS), providing insights and analysis.

For employees who leave us voluntarily, we conduct exit interviews according to several KPIs classified under "Job Dissatisfaction" and "Working Conditions". Such interviews aid our Human Resources team in identifying resignation reasons and apply corrective measures accordingly.

As **Figure 4.2 e.** indicates, we had a 4.5% increase in the percentage of turnover employees in 2021. Both our new hires and turnover employees increased as well, by 96.4% and 37.3% respectively.

Figure 4.2 e. Number of Employees Per New Hires and Turnover Rate

	2021	2020	%Change
Number of new hires employees	332	169	96.4%
Number of employee turnover	276	201	37.3%

4.3 Employee Wellbeing

Employee wellbeing is a core value for Gulf Bank, which we strive to maintain with considerable efforts. Such efforts include employee engagement surveys, events, recognition ceremonies, providing equal benefits, and safeguarding their health, all to be discussed in this section.

Underlining our employee well-being efforts is our labor standards policy, which is communicated to all employees upon enquiry, as well as Code of conduct which employees annually sign off.

Employee Engagement

Employee engagement is mainly the responsibility of our Internal Communications Unit, which utilizes available platforms and media channels internally to educate employees and provide them with the resources. The Internal Communications Unit also organizes events, community initiatives, and competitions via social media, awareness, and digital campaigns, and provides all the critical information necessary to advance employees' job performance.

As employees represent the cornerstone of our success, we value their well-being and satisfaction. Realizing that an engaged workforce will have higher satisfaction levels and better performance outcomes that ultimately allow us to excel in serving our customers, we conduct employee engagement surveys that help us identify employee needs and perspectives. In 2021, we conducted The Glint Employee Engagement Survey, which included 14 questions covering various focus areas that include but not limited to: Engagement, Empowerment, Leadership, and Collaboration. In 2021, 2 cases of employee complaints were raised related to misbehavior with colleagues, which were resolved within 2 weeks to 1 month.

To ensure employees' health, our Internal Communications unit held 2 internal COVID-19 vaccination campaigns exclusively for Gulf Bank Employees, the first one was held in June 2021, and the second was held in January 2022 for the booster shot. A total of 500 employees received their vaccinations as a result of these campaigns. Gulf Bank also has a year-round ongoing social media campaign on health tips and sanitizing.

Annual Ceremony To Celebrate Employees

Gulf Bank held its annual end-of-year bank-wide recognition ceremony as part of its performance reward and recognition program. At the ceremony, the Bank recognized various team accomplishments in the fields of job performance, outstanding customer service, distinct commitment to high standards, and job integrity.

Recognition was granted to 400 employees from all departments. Additionally, The Internal Communications Unit assisted various units throughout 2021 in conducting their own recognition ceremonies, including providing certificates, media, and coverage. As a result, 200 employees were recognized throughout 2021.

Benefits and Compensation

The Bank provides a range of employment-related benefits. An employee may be eligible for certain benefits according to the eligibility criteria and job conditions, these include both Gulf Bank products/services at preferential terms, and non-Banking benefits in line with business needs and market practices.

Our compensation packages are highly competitive. We conduct market surveys every two years to ensure our alignment with market practice, and continuously review employee benefits to provide competitive packages compared to the market. In 2021, we introduced family benefits for female employees to align them with male employees, thereby closing the gap in benefits between female and male employees. Schooling assistance for up to 18 years at school has also been introduced for Executive Managers. **Figure 4.3 a.** provides insight on the numbers of staff receiving benefits, indicating an increase in the numbers of staff receiving salary and education benefits in 2021. Specifically, salary advances have increased by almost 3 times in 2021.

Figure 4.3 a. Numbers of staff receiving benefits

	2021	2020
Number of staff receiving education assistance	59	45
Number of staff receiving salary advances	116	40
Number of staff receiving personal advances	133	299
Total	308	384

Gulf Bank Employee Related events for 2021

Sustainable institutions are anchored upon the well-being and satisfaction of their employees. Gulf Bank employees are constantly engaged and empowered to unleash their potential through our wide range of annual employee events.

In 2021, our HR department worked collaboratively on plenty of internal events such as the breast cancer awareness workshop, and the Ramadan Ghabga, Instagram competitions, and more, as listed in **Figure 4.3 b.**

Figure 4.3 b. List of Employee-Related Events Held in 2021

- 1 | Gulf Bank Marathon
- 2 | Vaccination Campaign
- 3 | Internal Sports Tournament
- 4 | BCA a Walkathon and Workshop
- 5 | Padel Tournament
- 6 | Murex Project Appreciation Ceremony
- 7 | Breast cancer awareness workshop
- 8 | Ramadan Ghabga
- 9 | Employee annual recognition ceremony
- 10 | Self defense workshop

5. Impacting Society

**Lujain
Al-Qenaei**

Corporate Communications
Manager



“For the past 60 years, Gulf Bank has proudly been an integral part of Kuwait’s economic and social history, seizing every available opportunity to support society and ensure our community’s sustainability in health, security and peace.”

Gulf Bank’s 5-year strategy presents a distinguished model of sustainability in 2021, within the framework of the Bank’s keenness to support sustainability at the societal, governance, and environmental levels. The strategy portrays social responsibility as a key pillar whereby Gulf Bank supports the community, promotes awareness, and actively contributes to finding solutions to societal and environmental problems. In this respect, our CSR initiatives focus on three areas, namely, community wellness initiatives, youth empowerment initiatives, and social engagement and events, which will be tackled in detail throughout the following sections.

5.1 Youth Empowerment

Youth are at the center of absolute strength. When they are empowered, they can make informed decisions and implement change in their own lives and the lives of others. Representing around 15% of the Kuwaiti population, the youth have immense potential to sustain Kuwait’s economy, and increase the Gross Domestic Product (GDP) when equipped with the right skills.

As the leading Kuwaiti bank of the future, Gulf Bank places huge emphasis on youth empowerment, with the knowledge that empowering the youth of today will ensure better leaders and decision-makers for a sustainable tomorrow. Youth empowerment is also one of the key areas we contribute to the New Kuwait Vision 2035 - Creative Human Capital Pillar.

In 2021, we continued our youth empowerment initiatives, specifically, we focused on 4 main initiatives, namely, Injaz, AJYAL Tech Program, the National Union of Kuwaiti Students (NUKS) partnership, and “Let’s Talk Business” podcast.

We trained 3,024 Students and we have recruited more than 200 volunteers. Gulf Bank provided Injaz Kuwait with 47 volunteers for 3 programs:

- INJAZ Kuwait’s annual “Company Program” competition
- JAHEZ Forum
- “Head Start” Training Program

Gulf Bank’s Events in Partnership with INJAZ Kuwait

Gulf Bank provides ongoing support to INJAZ Kuwait, a non-profit, non-governmental organization for education and training in workforce readiness, financial literacy, and entrepreneurship. Gulf Bank has been partnering with INJAZ Kuwait for at least 16 years till now. On a yearly basis, Gulf Bank holds several events in partnership with INJAZ Kuwait. In 2021, we held 3 events with INJAZ Kuwait, namely, INJAZ Kuwait’s annual “Company Program” competition, Jahez Forum, and “Head Start” training competition, all explained in further detail below.

1. INJAZ Kuwait’s annual “Company Program” competition

As part of its commitment to encourage and develop professional work skills among young adults, Gulf Bank sponsored INJAZ Kuwait’s annual “Company Program” competition for the 16th year in a row. As is customary with the annual competition, participants pitched their business ideas to a panel of judges in hopes of winning “Best Company” at both high school and university levels.

In light of COVID-19 circumstances, this year’s competition was held virtually through video communications app, Zoom, and took place for 2 days from June 25-26. On the first day of the competition, the students’ various projects were scored by a panel of judges who met at the Chairmen Club in KIPCO. Dalya Al-Qassem, Head of Investment Management at Gulf Bank, represented the Bank on the judging panel this year. This year’s winners all received prizes sponsored by Gulf Bank.

The winner of the “Best Company of the Year” award at the high school level was Neowrap. Neowrap is an eco-friendly, reusable, biodegradable, and more durable alternative to regular plastic wrap, and aims to provide customers with a more sustainable food storage option. DriveMart, a machine that allows customers to make purchases from the comfort of their cars, took home the “Best Company of the Year” award at the university level.

2. JAHEZ Forum

Gulf Bank participated in the JAHEZ career forum launched by INJAZ Kuwait for high school and university students and recent graduates. The program showcases local and international community leaders' work experiences to the local youth, with the aim of educating them on the requirements for modern-day workforce.

The JAHEZ forum aims to increase the youth's awareness regarding future jobs and the modern workplace, especially considering recent and future developments across various industries and artificial intelligence. Through the program, participants will get a chance to discuss the various skills needed to boost workforce readiness and increase their added value when joining today's job market.

This year, JAHEZ forum was held virtually, for over 3 hours, with the participation of Alghanim Industries, Agility, Floward, and Gulf Bank, represented by Hamad Bahrouh from the Bank's Human Resources Department, and who presented the various opportunities available for recent graduates at Gulf Bank. The program was broadcast via video conferencing app, Zoom, as well as various social media channels, with the participation of over 250 students.

3. "Head Start" Training Program

Gulf Bank participated in the "Head Start" training program launched by INJAZ Kuwait. The program targets undergraduate college students and aims to train them in building their CVs and preparing for job interviews.

The program comes in response to the needs of the current job market, and provides participants with the social and personal skills needed to start a career. The training program includes instruction on basic concepts which allow participants to explore various career interests and opportunities, as well as develop key job skills and field training.

On Gulf Bank's part, 5 volunteers from the Bank also participated in sessions to provide Gulf University of Science and Technology (GUST) students with advice on building professional CVs and resumes. In addition, the Gulf Bank volunteers conducted a series of mock interviews with students to assist in building participants' confidence and helping them present themselves in the best possible way.

38 university students benefited from this program, which lasted for 2 days, and was held virtually considering COVID-19 circumstances and the interest of social distancing.

AJYAL Tech program

Gulf Bank has launched the AJYAL Tech program, with CODED, the first coding boot camp in the Middle East. The program aims to train and develop a select group of Kuwaiti youth with all the necessary technological tools and soft skills required to advance in their personal careers. The program also aims to train local youth in the latest technology trends to ensure future employees remain at the forefront of digitization. The Bank encourages and accepts applicants both, from within the Bank and outside who have majored in technology related fields, or who are passionate about technology.

Partnership with the National Union of Kuwaiti Students (NUKS)

Affirming its ongoing corporate social responsibility commitment to supporting and empowering Kuwaiti youth, Gulf Bank has partnered with the National Union of Kuwaiti Students (NUKS) in the United States of America.

As part of this partnership, the Bank sponsored the new student orientation for high school graduates who are planning to study in the United States, which was held in the Arena Kuwait in 360 Mall. During the event, the Bank offered all student attendees the opportunity to receive a paid internship opportunity in the fields of data science and cyber security.

Gulf Bank also sponsored the conference of NUKS in the United States of America, which was held in Chicago from 25th to 28th November. Gulf Bank participated in the conference by holding several activities and entertainment sessions for Kuwaiti expatriate students. It also granted the first place winning USD12,000 to cover his rent expenses for a year. Additionally, The 2nd and 3rd place winners received USD5,000 and USD2,500.

"Let's Talk Business" Podcast

In collaboration with Belmokhba, a local creative content creation, and production house, Gulf Bank launched a new podcast series consisting of interviews with local entrepreneurs under the title "Let's Talk Business". The podcast features interviews highlighting the stories behind the founding and expansion of some of the most popular local-born businesses. The podcast aims to foster a culture of entrepreneurship by highlighting the largely hidden aspects behind the success of a business, including the challenges modern business owners face, ways to manage a business, ways to diversify and expand a business, financing a business, and business acquisitions and exits.

The entrepreneurs are interviewed by Tareq Al-Saleh, Deputy General Manager of the Economic Research Unit at Gulf Bank, who presents each story with a relatable approach targeting young entrepreneurs striving to start businesses of their own.

5.2 Community Wellness

Community wellness and health are vital for a prosperous and productive population. Gulf Bank values community wellness and considers it key to our community's sustainability. As such, we heavily invest in this topic yearly through our sports and health awareness events. This section provides more details on community-wellness-related events.

Gulf Bank's 642 Marathon

For the 7th year in a row, the Gulf Bank 642 Marathon was held in partnership with Suffix Sports Management. The race is one of the biggest social and sporting events in Kuwait, and was held with more than 7,000 participants at the starting line, from 93 nationalities, and 350 organizing volunteers.

The marathon and routes were designed in a way to motivate participants to have a fun family day, even if they do not exercise regularly. The race consisted of 4 categories that were open to runners of all abilities, including: the 5K Family Fun Walk/Run, the 10K Souq Run, the 21K Half Marathon, and the 42K Full Marathon.

The Gulf Bank 642 Marathon is distinguished by its Bronze Label from World Athletics, which is only given to 128 marathons globally and is the only marathon in Kuwait with Bronze accreditation. Additionally, the marathon is recognized by The AbbottWMM Wanda Age Group World Rankings, a global age group marathon ranking system.

This year, the participants kicked off in small groups to maintain social distancing and ensure everyone's safety. Participants ran through the landmarks of Kuwait till they reached the finish line at Souq Sharq Mall on the Arabian Gulf, which is next to the Grand Mosque of Kuwait and Mubarakiya. Gulf Bank employees also participated in the Marathon and entertainment village.

Breast Cancer Walkathon

Breast Cancer Walkathon took place at Al-Shaheed Park, as part of the Breast Cancer Awareness Month. 250 participants joined the event activities, which were open to the public and included a stretching and breathing session, a walkathon, and a panel discussion that focused on the importance of mental health in the lives of breast cancer patients.

Padel Tournament

Gulf Bank held a 2-day padel tournament at the Oasis Courts in Bneid Al-Gar with a total of 48 teams participating, of which 16 were female doubles. The tournament was open to all who wished to participate, including customers and non-customers of Gulf Bank. At the end of the tournament, Gulf Bank presented cash prizes to the winners, with the winning team receiving KD 1,000, the 2nd place winners receiving KD 500, and the 3rd place winners taking home KD 300, in addition to trophies for all the players.

Gulf Bank's 642 Marathon Statistics

More than
7,000
Participants

93
Nationalities

350
Organizing
Volunteers

5.3 Social Engagement and Events

Complementing our sustainability efforts is our continuous communication and engagement with the local community, creating strong bonds with them. Such bonds have a crucial role in helping us better understand pressing community needs to eventually come up with the right banking solutions that address them. In our community events, we address sustainability and ESG in terms of safeguarding the environment, women empowerment, and social development, as summarized in **Figure 5.3 a.**

Figure 5.3 a. Main Community Events During 2021

Category	Event Title	Event Description
Environment	Environmental Month with the Scientific Center	Gulf Bank sponsored the "Environment Month 2021" program held in the Scientific Center. The Bank also participated in The Scientific Center's first virtual Eco-Summit held in the Scientific Center's IMAX theater while simultaneously being broadcast live on Instagram, offering all interested parties the chance to engage with local experts, activists, and professionals who are involved in leading Kuwait toward a more sustainable future. The speakers addressed critical environmental issues, including the challenges Kuwait faces in relation to environmental pressures, and shared attainable solutions, from those that can be easily implemented by people at home, to large-scale programs that can help create a more sustainable future for our country.
	Beach Cleanup	Gulf Bank led an extensive community and environmental clean-up campaign for Bnaider Beach in Kuwait, in cooperation with the international environmental organization, Trash Hero.

Category	Event title	Event Description
Community Engagement	SME collaboration for discounts and offers	As part of Gulf Bank's "GB Community" initiatives, we provided 360 Mall customers with discounts and activities in collaboration with V-Thru and restaurants available at the mall. This initiative took place to show our commitment to promoting economic sustainability and to supporting local businesses. Gulf Bank employees encouraged customers to participate in the video competition where the winner was given a cash prize, credited to their V-Thru account, to be used when paying to the participating cafes and restaurants.
	Ramadan Events	During the holy month, Gulf Bank organized many community activities and charity initiatives to support those in need.
	Supporting the United Nations High Commissioner for Refugees (UNHCR)	During the month of Ramadan, Gulf Bank's efforts included providing humanitarian aid and basic daily needs to refugees. Gulf Bank's support covered basic costs for refugee families, including housing rent, food, health services and debt repayment.
	Supporting Kuwait Red Crescent Society (KRCS)	Gulf Bank employees volunteered to support the KRCS team's efforts to distribute the electrical appliances to disadvantaged local families in Kuwait.
	Girgean Celebration	Gulf Bank celebrated girgean with several initiatives, from employees distributing treats to frontline workers, and handing out girgean to passersby on the walking paths in residential neighborhoods.
	Sponsorship of Hamad Alali's Ramadan Podcast	Gulf Bank sponsored "Stories with Hamad," a show hosted by social media influencer Hamad Alali during Ramadan. The show was an audio and video storytelling podcast highlighting true stories told by those who lived it over, in 15-minute daily segments.

Category	Event title	Event Description
Women empowerment	Lei Wa Lakom Sponsorship	Gulf Bank sponsored "Lei Wa Lakom," a digital talk show hosted by Taiba ALHumaidhi, who interviews women from all walks of life, highlighting their stories and the general challenges women face in the workplace, at home, and across social and community settings.
	Orange The World	Gulf Bank participated in "Orange the World," a global initiative launched by the United Nations to eliminate violence against women. Throughout the campaign, Gulf Bank has illuminated its main building orange in support of efforts to eliminate violence against women and champion broader human rights efforts.

Social Media – Community Engagement

Gulf Bank maintains continuous communication and engagement with customers via its various social media accounts using hashtags, posts, and stories. We utilize our social media platforms to inform our customers of all our initiatives and service updates. We are keen on monitoring our social media account content and linking our social engagement events with our sustainability goals.

Throughout the past three years, we have attracted followers and increased posts across main social media accounts. The social media platform with the highest number of followers across the past three years is our Instagram account, which reached 221,702,000 in 2021. Facebook and Twitter have similar numbers of followers (115,728,000 and 112,812,000 respectively), followed by LinkedIn with 53,944 followers. All of this is shown in **Figure 5.3 b**.

Figure 5.3 b. Social Media Accounts' Statistics for 2019, 2020 and 2021

	2021	2020	2019
Twitter	Number of followers: 112,812	Number of followers: 106,300	Number of followers: 99,200
	Number of posts: 1,785	Number of posts: 1,400	Number of posts: 1,500
	Number of post likes and shares: 17,648	Number of post likes and shares: 13,800	Number of post likes and shares: 8,800
Instagram	Number of followers: 221,702	Number of followers: 195,000	Number of followers: 163,000
	Number of posts: 1,605	Number of posts: 1,200	Number of posts: 1,100
	Number of post likes and shares: 573,701	Number of post likes and shares: 452,000	Number of post likes and shares: 240,000
Facebook	Number of followers: 115,728	Number of followers: 115,200	Number of followers: 113,900
	Number of posts: 2,662	Number of posts: 2,400	Number of posts: 2,600
	Number of post likes and shares: 35,484	Number of post likes and shares: 41,400	Number of post likes and shares: 33,300
YouTube	Number of followers: 421	Number of followers: 423	Number of followers: 429
	Number of Views- 1.7 M	Number of views: 1.3 M	Number of views - 5.1 M
LinkedIn	Number of followers: 53,944	Number of followers: 46,500	Number of followers: 35,000
	Number of posts: 163	Number of posts: 130	Number of posts: 89
	Number of post likes and shares: 8,990	Number of post likes and shares: 2,700	Number of post likes and shares: 1,300

6. Focusing on Environmental Aspects

Saoud Abdulaziz AlMusallam

Deputy General Manager of Facilities Management



“As with all steps toward positive change, we are starting from within, and hope to encourage everyone to take positive steps towards environmental preservation for the benefit of our communities and country.”

We recognize that we are facing many environmental challenges from abating climate change effects, to minimizing waste, resource conservation, and pollution reduction. We understand that the sustainability of our surrounding environment influences our sustainability as a Bank, hence we take on the responsibility of protecting resources by limiting our paper consumption to the maximum possible. We aim to reduce our carbon footprint and endorse initiatives supporting such efforts.

In this chapter we give an overview of our environmental initiatives, provide quantitative data on our Greenhouse gas (GHG) emissions, water and energy consumption, and waste reduction efforts.

6.1 Greenhouse Gas Emissions

With climate change being of the most pressing challenges of our time. Gulf Bank seeks to contribute to Kuwait's national commitments to emissions reductions by monitoring and assessing our Greenhouse Gas (GHG) emissions on a yearly basis. Furthermore, addressing climate change issues is on the Bank's agenda to support the implementation of the New Kuwait Vision 2035 and Global Sustainable Development Goals (SDGs).

Gulf Bank's approach to reducing our carbon footprint includes reducing power consumption, as well as finding alternative energy solutions which are efficient and reliable. In this section, we disclose our Scope I, II, and III emissions and any emission reductions as compared to last year.

Scope I Emissions

Scope I emissions are CO₂e emissions from sources owned or controlled by Gulf Bank. In our case, the main sources of such emissions are our owned cars and generators. As the Figures below clarify, most of our Scope I emissions come from our owned cars (59 mtCO₂e), whereas very few emissions resulted from our generators (2.67 mtCO₂e). Our total Scope I emissions have significantly decreased between 2020 and 2021, at 61%. This can be attributed to a decrease in car usage, from 18 cars to 7. This also resulted in a significant cost decrease of 72% compared to 2020 performance. Consequently, the intensity of Scope I emissions has decreased, going from 0.2 mtCO₂e to 0.05 mtCO₂e/employee.

Figure 6.1 a. GHG Scope I Emissions - Owned Cars

	2021	2020	%Change
CO₂ Emissions (mtCO₂e)	58.55	159.000	-63.18%
Intensity (mtCO₂e/employee)	0.04	0.10	-64.82%
Total Cars	7.00	18.00	-61.11%
Total Yearly Expenditure (KD)	2,760.00	9,720.00	-71.60%

Figure 6.1 b. GHG Scope I Emissions - Generators

	Total Yearly Consumption (Liters)	CO ₂ Emissions (mtCO ₂ e)
Amount	1,447.000	2.674
Intensity	0.896	0.002

Figure 6.1 c. Total GHG Scope I Emissions

	2021	2020	%Change
CO₂ Emissions (mtCO₂e)	61	159	-61%
Intensity (mtCO₂e/employee)	0.05	0.2	-75%

Scope II Emissions

Scope II emissions are indirect GHG emissions resulting from the generation of purchased or acquired electricity consumed by Gulf Bank. In 2021, our electricity consumption increased in comparison with 2020, which is largely due to the imposed COVID-19 restrictions, remote working conditions, and lockdowns 2020 being lifted. In parallel to the increase in consumption, a significant increase in the intensity of emissions per employee, at a rate of 1,750%, as illustrated in **Figure 6.1 d.**

Figure 6.1 d. Total GHG Scope II Emissions - Electricity

	2021	2020	%Change
CO₂ Emissions (mtCO₂e)	5,974	327	1,727%
Intensity (mtCO₂e/employee)	3.7	0.2	1,750%

Scope III Emissions

Scope III emissions are indirect emissions (not included in Scope II) that occur in the value chain of Gulf Bank. For this year, our Scope III emissions sources were from employee travels, non-owned cars, selected employee commute, and courier services. As **Figure 6.1 e.** shows, most of our Scope III emissions resulted from selected employee commute, calculated according to the CO₂ emissions resulting from the commute by selected employees, using 13 cars. Courier services emissions represent our second top source for Scope III emissions (255 mtCO₂e), while emissions from non-owned cars follow at 182 mtCO₂e. The Bank's least emitting source of Scope III emissions was air travel, accounting for only (32 mtCO₂e).

Figure 6.1 e. Breakdown of Scope III Emissions (2021)

2021 had a slight increase in Scope III emissions at 13% compared with 2020, following the end of the lockdown and the resumption of air travels and business trips.

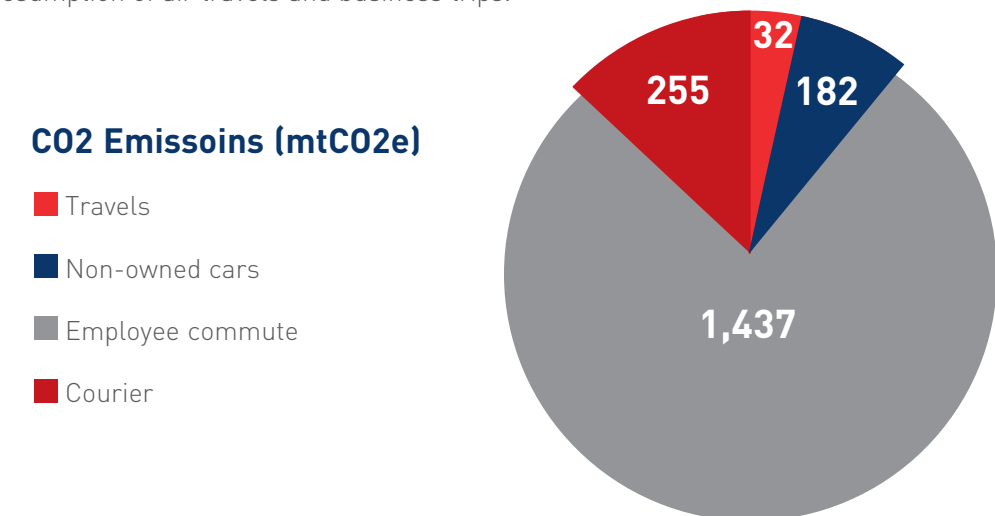


Figure 6.1 f. Total Scope III Comparison

	2021	2020	%Change
CO₂ Emissions (MT CO₂e)	1,906	1,692	13%
Intensity (mtCO₂e/employee)	1.2	1.1	8%

Comparing between all GHG scopes, the total emissions increased by 137% in 2021 as shown in **Figure 6.1 g.** The majority of the Bank's GHG emissions are attributed to Scope II emissions, while the least are from Scope I (which are owned and controlled sources).

Figure 6.1 g. Total Scopes Comparison

	2021	2020	%Change
Scope I (mtCO₂e)	61	159	-61%
Scope II (mtCO₂e)	5,974	327	1,727%
Scope III (mtCO₂e)	1,906	1,692	13%
Total	9,963	4,198	137%

6.2 Utilities Management and Consumption

Water Consumption

The Majority of the Bank's water usage is for cleaning and drinking purposes. The total water consumed in 2021 accounted for 4,389,920 liters across our branches, costing a total KD 8,780. The latter is considered to be an increase of (5,221%) in water consumption when compared with last year performance – which is mainly due to the return to business activities to normal post-COVID-19 restrictions.

Figure 6.2 a. Water Consumption at Gulf Bank

	2021	2020	%Change
Quantity of water consumed (Liters)	4,389,920	82,500	5,221%
Amount paid towards water consumption (KD)	8,780	1,650	432%

Electricity Consumption

Reducing power consumption is part of our visionary approach as a Bank, as they account for most of our GHG emissions sources (i.e., Scope II). One of our major achievements in this area is the installment of automated light programmers and HVAC throughout the Bank's facilities and branches, to better monitor and manage electricity consumption and achieve power savings. Additionally, we managed to convert 95% of our lighting systems to Light-Emitting Diodes (LED). Regarding cooling and heating, we are currently seeking to find renewable solutions to be implemented on a Bank-wide scale, for energy conservation purposes.

6.3 Waste Management and Consumption

Waste Management

Since the main composition of waste produced is paper and plastic, increasing recycling and reducing printing are essential elements of our facilities management department's visionary approach to implementing ESG and sustainability within the Bank.

Our waste management approach is summarized in **Figure 6.3 a.** we understand that waste management starts with waste reduction, this is achieved through our technology and digitization solutions that help reduce paper consumption. Produced waste is also segregated, where recyclables such as paper and plastic are sent to our vendor "Enviroserve" for recycling. Our janitorial services handle other types of waste such as food waste and non-recyclables.

Figure 6.3 a. Waste Management at Gulf Bank

- 1** Waste Reduction – Through technology and digitization solutions
- 2** Waste Segregation – At the Bank
- 3** Waste Recycling – Through the Bank's vendor

Waste Reduction Initiative

Distribution of Reusable Water Bottles to Gulf Bank's Employees In its efforts to reducing waste generation and minimizing the adverse effects of waste on the environment, Gulf Bank has distributed high-quality reusable water bottles to all employees across the Bank's various branches and departments. The bottles were from Klean Kanteen and were 100% recyclable, biodegradable, insulated, BPA-free, and leak-proof. The initiative's main aim was to reduce the use of single-use plastic and paper cups, encouraging employees to opt for reusable water bottles instead.

Material Consumption

Paper consumption is monitored annually at Gulf Bank to ensure that our waste reduction efforts are on track. As a result, the Bank's total paper consumption decreased from 35,000 reams consumed in 2020 to 33,000 reams in 2021, which is a net reduction equivalent to 1,000,000 sheets. Subsequently, 37,220 kWh of energy and 107,000 US water gallons were saved, while 41 mtCO₂e of GHG were avoided.

Figure 6.3 b. Environmental Savings due to Paper Consumption Reduction

Element	Environmental Savings
Paper (reams)	2,000
Paper (sheets)	1,000,000
Energy (kWh)	37,220
GHG (mtCO ₂ e)	41
Water (US gallons)	107,000

Digital Transformation Impact on the Environment

Another method of paper consumption reduction is digitization. In 2021, Gulf Bank spearheaded a new initiative to consolidate 417 printers into 114 printers, cutting down printers by 72%. With this initiative, wasteful printing was minimized by encouraging users to shift to digital practices whenever possible. Consequently, the initiative saved a total of 3,289,143 sheets from being printed. This resulted in various environmental savings as shown in **Figure 6.3 c.**

Figure 6.3 c. Environmental Savings due to Printer Consolidation

Element	Environmental Savings
Paper (sheets)	3,289,143
Energy (kWh)	24,559,349,800
GHG (mtCO ₂ e)	26,595,000
Water (US gallons)	70,400,000,000

Furthermore, Gulf Bank continued to reduce ATM printings through the Bank's ATM Paperless Initiative. Notification letters and Credit card statements are no longer printed, rather, they are sent to customers via SMS. This resulted in a total cost reduction of KD 2,853 in addition to several environmental savings, as shown in **Figure 6.3 d.**

Figure 6.3 d. Environmental Savings as a Result of the ATM Paperless Initiative

Element	Environmental Savings
Paper (sheets)	964
Energy (kWh)	7,209,547
GHG (mtCO ₂ e)	7,785
Water (US gallons)	20,600,000

7. Appendix

7.1 GRI Index

GRI Standard	Individual Disclosure Items	Page number(s) and/or URL(s)	Other details	Material Topics
GRI 102: General Disclosures 2016				
102-1	Name of the organization	1,5		
102-2	Activities, brands, products, and services	17 - 24		
102-3	Location of headquarters	17		
102-4	Location of operation	17		
102-5	Ownership and legal form		Alghanim Trading(32.8%), Public Institution for Social Securities (PIFSS) (6.8%), Behbehani Investment Co. (5.5%), Treasury Shares(1.2%), Other Shareholders(53.7%). 12.5% foreign investors.	
102-6	Markets served	17 - 24		
102-7	Scale of the organization	17		
102-8 *	Information on employees and other workers	67 -82		
102-9	Supply chain	41,42		
102-10	Significant changes to the organization and its supply chain	41,42		
102-11	Precautionary principles or approach	29-31		
102-12	External initiatives	70,73, (83 - 90)		
102-13	Membership of associations		Gulf Bank is Listed in Bursa Kuwait Under Premier Market, S&P DJI Emerging Market Index since December 2018, MSCI Emerging Market Index since November 2020, and FTSE Russell Emerging Markets Index since September 2017.	

Strategy				
102-14	Statement from senior decision-maker	13,14		
102-15	Key impacts, risks and opportunities	55 - 60		
Ethics and Integrity				
102-16	Values, principles, standards, and norms of behavior	23,24		
102-17	Mechanisms for advice and concerns about ethics	62		
Governance				
102-18	Governance structure	44		
102-19	Delegating authority	75,76		
102-20	Executive-level responsibility for economic, environmental, and social topics	53		
102-21	Consulting stakeholders on economic, environmental, and social topics	29 - 31		
102-22	Composition of the highest governance body and its committees	46 - 50		
102-23	Chair of the highest governance body	45		
102-24	Nominating and selecting the highest governance body	44,49		
102-25	Conflicts of interest	65		
102-26	Role of highest governance body in setting purpose, values, and strategy	46		
102-27	Collective knowledge of highest governance body	44		
102-28	Evaluating the highest governance body's performance	45		
102-29	Identifying and managing economic, environmental, and social impacts	26, 27		
102-30	Effectiveness of risk management processes	(47-50), (55-59)		
102-31	Review of economic, environmental, and social topics	60,61, 62, 63, 65, 75, 76,81		
102-32	Highest governance body's role in sustainability reporting	31		
102-33	Communicating critical concerns	81		
102-34	Nature and total number of critical concerns	81		
102-35	Remuneration policies	54, 75		

102-36	Process for determining remuneration	54, 75		
102-37	Stakeholders involvement in remuneration	47,49,54		
102-38	Annual total compensation ratio	81, 82		
102-39	Percentage increase in annual total compensation ratio	81, 82		
Stakeholder Engagement				
102-40	List of stakeholder groups	29- 31		
102-41	Collective bargaining agreements	106		
102-42	Identifying and selecting stakeholders	29		
102-43	Approach to stakeholder engagement	29 - 31		
102-44	Key topics and concerns raised	29 - 31		
Reporting Practice				
102-45	Entities included in the consolidated financial statements	** (annual report)		
102-46	Defining report content and topic boundaries	7, 8, 27		
102-47	List of material topics	27		
102-48	Restatements of information	**		
102-49	Changes in reporting	27		
102-50	Reporting period	5		
102-51	Date of most recent report	25		
102-52	Reporting cycle	5		
102-53	Contact point for questions regarding the report	8		
102-54	Claims of reporting in accordance with the GRI Standards	5-8		
102-55	GRI content index	97		
102-56	External assurance	N/A	Gulf Bank has not conducted an external assurance for this report	

Management Approach – Material Topics				
103-1	Explaining of the material topic and its Boundary		Impact boundaries are provided for all material topics throughout the report, and are linked to GRI standards. Impact boundaries cover, environment, employees, suppliers, local communities, contractors, customers.	
103-2	The management approach and its components		For each material topic details are provided on how GBK manages the topic as per the pages provided below. This includes: Relevant policies; Commitments; Goals and targets; Responsibilities; Resources; Grievance mechanisms; Specific actions, such as processes, projects, programs and initiatives. The purpose of the management approach is to avoid, mitigate, or remediate negative impacts, and to enhance positive impacts.	

103-3	Evaluation of the management approach	42,45,49, 76,107	For each material topic details are provided on how GBK evaluates the management approach. GBK assesses and responds to stakeholder feedback and expectations in relation to the areas that relate to economic, social and environmental performance. Results of the management approach are evaluated for each material topic and adjustments are made accordingly.	
103	Business Conduct and Compliance			
103-1	Explaining of the material topic and its Boundary	59		
103-2	The management approach and its components	60 -62		
103-3	Evaluation of the management approach	60 -62		
103	Community Engagement			
103-1	Explaining of the material topic and its Boundary	83		
103-2	The management approach and its components	83 -90		
103-3	Evaluation of the management approach	83 -90		
103	Customer Experience and Satisfaction			
103-1	Explaining of the material topic and its Boundary	32		
103-2	The management approach and its components	32-34		
103-3	Evaluation of the management approach	33,34		
103	Data Privacy and Security			
103-1	Explaining of the material topic and its Boundary	39		
103-2	The management approach and its components	39,40		

103-3	Evaluation of the management approach	39,40		
103	Digital Transformation			
103-1	Explaining of the material topic and its Boundary	36		
103-2	The management approach and its components	96, (36-38)		
103-3	Evaluation of the management approach	36		
103	Employee Wellbeing			
103-1	Explaining of the material topic and its Boundary	81		
103-2	The management approach and its components	81,82		
103-3	Evaluation of the management approach	81,82		
103	Environmental Aspects			
103-1	Explaining of the material topic and its Boundary	92		
103-2	The management approach and its components	92- 96		
103-3	Evaluation of the management approach	93 -96		
103	Financial Protection and Awareness			
103-1	Explaining of the material topic and its Boundary	34		
103-2	The management approach and its components	34,35		
103-3	Evaluation of the management approach	34,35		
103	Gender Equality			
103-1	Explaining of the material topic and its Boundary	68		
103-2	The management approach and its components	68 -71		
103-3	Evaluation of the management approach	68,69		
103	Governance and Oversight			
103-1	Explaining of the material topic and its Boundary	43		
103-2	The management approach and its components	43 -66		
103-3	Evaluation of the management approach	45,54,56, 57,59		
103	Talent Development and Retention			

103-1	Explaining of the material topic and its Boundary	73		
103-2	The management approach and its components	73- 80		
103-3	Evaluation of the management approach	73 -80		
103	Youth Empowerment			
103-1	Explaining of the material topic and its Boundary	84		
103-2	The management approach and its components	84 -86		
103-3	Evaluation of the management approach	84 -86		
Topic Specific Standards				
GRI 200: Economic				
GRI 201: Economic Performance 2016				
201-1	Direct economic value generated and distributed	107,93,20, 54,87, 95		N/A
201-2	Financial implications and other risks and opportunities due to climate change	92 -96		Environmental Aspects
201-3	Defined benefit plan obligations and other retirement plans	81		Employee Wellbeing
201-4	Financial assistance received from Government		GBK does not receive financial assistance from the government	N/A
GRI 202: Market Presence 2016				
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	106	Gulf Bank adheres to the Kuwaiti Labor Law for minimum wage standards. Accordingly, our policies stipulate a minimum salary for each grade level, as well as a minimum salary for national hires based on their qualification.	Employee Wellbeing
202-2	Proportion of senior management hired from the local community	15, 72		Community Engagement
GRI 203: Indirect Economic Impacts 2016				
203-1	Infrastructure investments and services supported	22,23		N/A
203-2	Significant indirect economic impacts		Throughout sustainability report	N/A

GRI 204: Procurement Practices 2016				
204-1	Proportion of spending on local suppliers	15,42		Community Engagement
GRI 205: Anti-corruption 2016				
205-1	Operations assessed for risks related to corruption	63, 65		Business Conduct and Compliance
205-2	Communication and training about anti- corruption policies and procedures	77	Gulf Bank does not provide training to employees regarding anti-corruption. However, Training programs on ethical standards have covered all employees where 97% of staff have signed off the code of ethics online.	Business Conduct and Compliance
205-3	Confirmed incidents of corruption and actions taken	106	Gulf Bank does not have concerns related to any controversies related to corporate behavior and bribery, and corruption, exhibits relatively low perceived level of corruption	Business Conduct and Compliance
GRI 206: Anti-competitive Behavior 2016				
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	65,66		Business Conduct and Compliance
GRI 207: Tax 2019				
207-2	Tax governance, control, and risk management	55 -59		Business Conduct and Compliance
GRI 300-Environmental GRI 301: Materials 2016				
GRI 301: Materials 2016				
301-1	Materials used by weight or volume	96		Environmental Aspects
301-2	Recycled input materials used		Gulf Bank does not use recycled materials	Environmental Aspects
301-3	Reclaimed products and their packaging materials		Gulf Bank does not produce reclaimed products	Environmental Aspects

GRI 302: Energy 2016				
302-1	Energy consumption within the organization	93,94,96		Environmental Aspects
302-2	Energy consumption outside of the organization		There are no records of energy consumption outside of Gulf Bank	Environmental Aspects
302-3	Energy intensity	93,94		Environmental Aspects
302-4	Reduction of energy consumption	93,94,96		Environmental Aspects
302-5	Reduction in energy requirements of products and services	96		Environmental Aspects
GRI 303: Water and Effluents 2018				
303-1	Interactions with water as a shared resource	95		Environmental Aspects
303-2	Management of water discharge-related impacts		Gulf Bank does not discharge hazardous effluents.	Environmental Aspects
303-3	Water withdrawal		Gulf Bank's operations do not require water withdrawal.	Environmental Aspects
303-4	Water discharge		Gulf Bank does not discharge hazardous effluents.	Environmental Aspects
303-5	Water consumption	95		Environmental Aspects
GRI 304: Biodiversity 2016				
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		Gulf Bank does not operate in areas considered as protected areas nor high in biodiversity.	Environmental Aspects
304-2	Significant impacts of activities, products, and services on biodiversity		Gulf Bank's operations do not pose significant impacts on biodiversity	Environmental Aspects
304-3	Habitats protected or restored		Gulf Bank has not protected nor restored any areas	Environmental Aspects
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations		Gulf Bank does not have records of IUCN red list species and national conservation list species with habitats in areas affected by its operations	Environmental Aspects

GRI 305: Emissions 2016				
305-1	Direct (Scope 1) GHG emissions	93		Environmental Aspects
305-2	Energy indirect (Scope 2) GHG emissions	94		Environmental Aspects
305-3	Other indirect (Scope 3) GHG emissions	94		Environmental Aspects
305-4	GHG emissions intensity	93,94		Environmental Aspects
305-5	Reduction of GHG emissions	93,94		Environmental Aspects
305-6	Emissions of ozone-depleting substances (ODS)		Gulf Bank does not have records of 'ozone depleting substances' emissions	Environmental Aspects
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions		Gulf Bank does not have records of Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Environmental Aspects
GRI 306: Waste 2020				
306-1	Waste discharge by quality and destination		Gulf Bank does not disclose the wastewater discharge quantities	Environmental Aspects
306-2	Waste by type and disposal method	95		Environmental Aspects
306-3	Significant spills		Gulf Bank operations do not involve any spills	Environmental Aspects
306-4	Transport of hazardous waste		Gulf Bank operations do not produce hazardous waste	Environmental Aspects
306-5	Water bodies affected by water discharges and/or runoff		Gulf Bank operations do not produce hazardous effluents	Environmental Aspects
GRI 307: Environmental Compliance 2016				
307-1	Non-compliance with environmental laws and regulations		Gulf Bank complies with relevant socio-economic and environmental regulations and strives to meet international sustainability standards across its branches	Environmental Aspects

GRI 308: Supplier Environmental Assessment 2016				
308-1	New suppliers that were screened using environmental criteria	42		Environmental Aspects
308-2	Negative environmental impacts in the supply chain and actions taken		There were no negative environmental impacts in the supply chain during the reporting period	Environmental Aspects
GRI 400: Social				
GRI 401: Employment 2016				
401-1	New employee hires and employee turnover	80		Employee Wellbeing
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		Gulf Bank does not have part-time employees	Employee Wellbeing
401-3	Parental leave		Gulf Bank does not disclose information about parental leaves	Employee Wellbeing
GRI 402: Labor/Management Relations 2016				
402-1	Minimum notice periods regarding operational changes		Gulf Bank notifies employees on operational changes; however, there are no specific minimum notice periods reported.	Employee Wellbeing
GRI 403: Occupational Health and Safety 2018				
403-1	Occupational health and safety management system	81		Employee Wellbeing
403-2	Hazard identification, risk assessment, and incident investigation	81		Employee Wellbeing
403-3	Occupational health services	81		Employee Wellbeing
403-4	Worker participation, consultation, and communication on Occupational health and safety	81		Employee Wellbeing
403-5	Worker training on occupational health and safety		Gulf Bank does not train employees on occupational health and safety	Employee Wellbeing
403-6	Promotion of worker health	81,82		Employee Wellbeing
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	81,83		Employee Wellbeing

403-8	Workers covered by an occupational health and safety management system	81,84		Employee Wellbeing
403-9	Work-related injuries		There were no work-related injuries during the reporting period	Employee Wellbeing
403-10	Work-related ill health		There were no work-related ill health incidences during the reporting period	Employee Wellbeing
GRI 404: Training and Education 2016				
404-1	Average hours of training per year per employee	77		Talent Development and Retention
404-2	Programs for upgrading employee skills and transition assistance programs	77,78		Talent Development and Retention
404-3	Percentage of employees receiving regular performance and career development reviews	75		Talent Development and Retention
GRI 405: Diversity and Equal Opportunity 2016				
405-1	Diversity of governance bodies and employees	45,69		Gender Equality
405-2	Ratio of basic salary and remuneration of women to men	54		Gender Equality
GRI 406: Non-discrimination 2016				
406-1	Incidents of discrimination and corrective actions taken	68		Gender Equality
GRI 407: Freedom of Association and Collective Bargaining 2016				
407-1	Operations and suppliers in which the right to freedom of association and bargaining may be at risk	106		Business Conduct and Compliance
GRI 408: Child Labor 2016				
408-1	Operations and suppliers at significant risk for incidents of child labor	42	Gulf Bank's operations and suppliers do not involve child labor risks	Business Conduct and Compliance
GRI 409: Forced or Compulsory Labor 2016				
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	42	Gulf Bank's operations and suppliers do not involve forced or compulsory labor risks	Business Conduct and Compliance
410-1	Security personnel trained in human rights policies or procedures		Gulf Bank does not train its security personnel on human rights procedures	Talent Development and Retention

GRI 411: Rights of Indigenous Peoples 2016				
411-1	Incidents of violations involving rights of indigenous peoples		Gulf Bank does not have recorded incidents of violations involving rights of indigenous peoples	Business Conduct and Compliance
GRI 412: Human Rights Assessment 2016				
412-1	Operations that have been subject to human rights reviews or impact assessments	65		Business Conduct and Compliance
412-2	Employee training on human rights policies or procedures		Gulf Bank does not train employees on human rights policies or procedures	Talent Development and Retention
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	42		Business Conduct and Compliance
GRI 413: Local Communities 2016				
413-1	Operations with local community engagement, impact assessments, and development programs	83 -91		Community Engagement
413-2	Operations with significant actual and potential negative impacts on local communities		Gulf Bank's operations do not pose significant actual and potential negative impacts on local communities	Business Conduct and Compliance
GRI 414: Supplier Social Assessment 2016				
414-1	New suppliers that were screened using social criteria	42		Business Conduct and Compliance
414-2	Negative social impacts in the supply chain and actions taken		Gulf Bank does not have recorded negative social impacts in its supply chain	Business Conduct and Compliance
GRI 415: Public Policy 2016				
415-1	Political contributions		Gulf Bank does not have any political contributions	N/A

GRI 416: Customer Health and Safety 2016				
416-1	Assessment of the health and safety impacts of product and service categories		Gulf Bank does products and services do not have health and safety impacts	Customer Experience and Satisfaction Customer Health and Safety
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		There are no records of incidents of noncompliance concerning health and safety impacts of products and services	Customer Experience and Satisfaction
GRI 417: Marketing and Labeling 2016				
417-1	Requirements for product and service information and labeling	32		Business Conduct and Compliance
417-2	Incidents of non-compliance concerning product and service information and labeling		There are no incidents of non-compliance product and service information and labeling	Business Conduct and Compliance Customer Health and Safety
417-3	Incidents of non-compliance concerning marketing communications		There are no incidents of non-compliance concerning marketing communications	Customer Experience and Satisfaction
GRI 418: Customer Privacy 2016				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	34		Customer Experience and Satisfaction
GRI 419: Socioeconomic Compliance 2016				
419-1	Non-compliance with laws and regulations in the social and economic area		There are no incidents of non-compliance concerning marketing communications	Business Conduct and Compliance

7.2 Boursa Kuwait Index

Metric	Calculation
Environmental	
GHG Emissions	E1.1) Total amount, in CO2 equivalents, for Scope 1 (if applicable)
	E1.2) Total amount, in CO2 equivalents, for Scope 2 (if applicable)
	E1.3) Total amount, in CO2 equivalents, for Scope 3 (if applicable)
Emissions Intensity	E2.1) Total GHG emissions per output scaling factor
	E2.2) Total non-GHG emissions per output scaling factor
Energy Usage	E3.1) Total amount of energy directly consumed
	E3.2) Total amount of energy indirectly consumed
Energy Intensity	Total direct energy usage per output scaling factor
Energy Mix	Percentage: Energy usage by generation type
Water Usage	E6.1) Total amount of water consumed
	E6.2) Total amount of water reclaimed
Environmental Operations	E7.1) Does your company follow a formal Environmental Policy? Yes, No
	E7.2) Does your company follow specific waste, water, energy, and/or recycling polices? Yes/No
	E7.3) Does your company use a recognized energy management system? Yes/No
Environmental Oversight	Does your Board/Management Team oversee and/or manage climate-related risks? Yes/No
Environmental Oversight	Does your Board/Management Team oversee and/or manage other sustainability issues? Yes/No
Climate Risk Mitigation	Total amount invested, annually, in climate-related infrastructure, resilience, and product development?
Social	
Gender Pay Ratio	Ratio: Median male compensation to median female compensation
Employee Turnover	S3.1) Percentage: Year-over-year change for full-time employees
	S3.2) Percentage: Year-over-year change for part-time employees
	S3.3) Percentage: Year-over-year change for contractors and/or consultants
Gender Diversity	S4.1) Percentage: Total enterprise headcount held by men and women
	S4.2) Percentage: Entry- and mid-level positions held by men and women
	S4.3) Percentage: Senior- and executive-level positions held by men and women
Temporary Worker Ratio	S5.1) Percentage: Total enterprise headcount held by part-time employees
	S5.2) Percentage: Total enterprise headcount held by contractors and/or consultants
Non-Discrimination	Does your company follow a sexual harassment and/or non-discrimination policy? Yes/No
Injury Rate	Percentage: Frequency of injury events relative to total workforce time
Global Health and Safety	Does your company follow an occupational health and/ or global health and safety policy? Yes/No

Child and Forced Labor	S9.1) Does your company follow a child and/or forced labor policy? Yes/No
	S9.2) If yes, does your child and/or forced labor policy also cover suppliers and vendors? Yes/No
Human Rights	S10.1) Does your company follow a human rights policy? Yes/No
	S10.2) If yes, does your human rights policy also cover suppliers and vendors? Yes/No
Nationalization	S11.1) Percentage of national employees
	S11.2) Direct and indirect local job creation
Governance	
Board Diversity	G1.1) Percentage: Total board seats occupied by men and women
	G1.2) Percentage: Committee chairs occupied by men and women
Board Independence	G2.1) Does your company prohibit its CEO from serving as board chair? Yes/No
	G2.2) Percentage: Total board seats occupied by independents
Incentivized Pay	Are executives formally incentivized to perform on sustainability? Yes/No
Collective Bargaining	Percentage: Total enterprise headcount covered by collective bargaining agreement(s)
Supplier Code of Conduct	G5.1) Are your vendors or suppliers required to follow a Code of Conduct? Yes/ No
	G5.2) If yes, what percentage of your suppliers have formally certified their compliance with the code?
Ethics and Anti-Corruption	G6.1) Does your company follow an Ethics and/or Anti-Corruption policy? Yes/No
	G6.2) If yes, what percentage of your workforce has formally certified its compliance with the policy?
Data Privacy	G7.1) Does your company follow a Data Privacy policy? Yes/No
	G7.2) Has your company taken steps to comply with GDPR rules? Yes/No
Sustainability Reporting	G8.1) Does your company publish a sustainability report? Yes/No
	G8.2) Is sustainability data included in your regulatory filings? Yes/No
Disclosure Practices	G9.1) Does your company provide sustainability data to sustainability reporting frameworks? Yes/No
	G9.2) Does your company focus on specific UN Sustainable Development Goals (SDGs)? Yes/No
	G9.3) Does your company set targets and report progress on the UN SDGs? Yes/No
External Assurance (Recommended)	Are your sustainability disclosures assured or validated by a third party? Yes/No

7.3 Material Topics Alignment

		SUSTAINABLE DEVELOPMENT GOALS	New Kuwait Vision 2035	Boursa Kuwait standards
1	Digital Transformation		3.Developed Infrastructure 7.Global Positioning	Sustainability Reporting
2	Governance and Oversight		1.Effective Public Administration	Board Diversity, Board Independence
3	Business Conduct and Compliance	 	1.Effective Public Administration	Ethics and Anti-Corruption, Supplier Code of Conduct
4	Talent Development and Retention	 	6.Creative Human Capital	Employee Turnover
5	Data Privacy and Security		1.Effective Public Administration	Data Privacy
6	Customer Experience and Satisfaction		3.Developed Infrastructure	Sustainability Reporting

7.3 Material Topics Alignment

		SUSTAINABLE DEVELOPMENT GOALS	New Kuwait Vision 2035	Boursa Kuwait standards
7	Gender Equality		7. Global Positioning	Gender Diversity, Non-Discrimination
8	Youth Empowerment	 	6.Creative Human Capital 7. Global Positioning	Sustainability Reporting
9	Community Engagement	 	7. Global Positioning	Sustainability Reporting
10	Financial Protection and Awareness		1.Effective Public Administration	Data Privacy
11	Environmental Aspects	 	4. Sustainable Living Environment	GHG Emissions, Emissions Intensity, Energy Usage, Energy Intensity, Energy Mix, Water Usage, Environmental Operations, Environmental Oversight
12	Employee wellbeing	 	5.High Quality Healthcare 7.Global Positioning	Inquiry Rate, Non-Discrimination, Human Rights, Global Health and Safety

Women's Empowerment Principles

Principle

1

Establish high-level corporate leadership for gender equality. %32 of Gulf Bank female employees are in managerial level positions (i.e. manager and above).

Principle

2

Treat all women and men fairly at work – respect and support human rights and non-discrimination.

Principle

3

Ensure the health, safety and wellbeing of all women and men.

Principle

4

Promote education, training and professional development for women.

7.4 Training Courses Related to Bank's Policies

Training	Number of Training Sessions	Topics Covered	Total Hours	Total Employees completed Training
Inductions	10	Internal Control Internal Audit Cyber Security SQM Security HR Business Partner CCU AML	101	178
Certifications (SCSR, RO, AOM, SRO, CRO) (RPM) (CRO, AOM, SCSR)	9	Internal Control SQM Operation Manager	50	160
Data Classification Guideline Training	Bank-wide	Data Classification	664	1329
Incident Management Training	Bank-wide	Raising Incidents	3	823
Cyber Security Training	Bank-wide	Cyber Security	212	1413

7.5 Gulf Bank Cards

Credit Cards	<ul style="list-style-type: none"> • Visa Infinite • Mastercard World • Visa Signature • Mastercard Platinum • Visa Platinum 	<ul style="list-style-type: none"> • Mastercard Titanium • Visa Platinum Cashback • Mastercard Titanium Cashback • Mastercard Rose Gold • FIFA World Cup Qatar 2022™
Prepaid Cards	<ul style="list-style-type: none"> • Kuwait Flag Prepaid Card • Gift Prepaid Card 	<ul style="list-style-type: none"> • MOUJ Prepaid Cashback Card • red plus Prepaid Cashback Card
Debit Cards	<ul style="list-style-type: none"> • Mastercard World Debit • Mastercard Platinum Debit • Debit Card 	<ul style="list-style-type: none"> • red Debit Card • Nassour Debit Card
Additional Services	<ul style="list-style-type: none"> • Concierge • Travel Insurance • Card Payment • Easy Cash on Credit Cards 	<ul style="list-style-type: none"> • Easy Pay • Credit Card Statement • Samsung Pay

7.6 Other ESG Disclosures

Disclosure	Information
Board Related Disclosures	<ul style="list-style-type: none"> Gulf Bank does not have a Board level committee with oversight on customers' complaint and reviews Gulf Bank does not have concerns related to having an entrenched Board Gulf Bank does not have concerns related to board attendance failures Gulf Bank does not have concerns related to Board Nomination and Remuneration Committee attendance Gulf Bank does not have concerns related to having industry expertise in the Board Audit Committee Gulf Bank is free of Board of Director tenures that exceed 15 years On the Bank's Annual General Meeting held on June 25th, 2022, Ms. Reem AlSaleh was elected as the first independent female director. Note that though this event has taken place in 2022 (outside the reporting boundary), it is important to report on this progress, as the report would be issued in 2022.
Mandatory Bid Provisions	<ul style="list-style-type: none"> A mandatory bid provision is not available at the Bank as part of takeover provisions
Voting Rights	<ul style="list-style-type: none"> Gulf Bank does not have a "Say on Pay" vote requirement Gulf Bank does not have concerns related to voting rights limiting shares held Gulf Bank does not have concerns related to voting rights limits residency Shareholders must vote during the Annual General Assembly meeting on the Board Remuneration.
Non- executive Shareholding Data	<ul style="list-style-type: none"> There is no sufficient disclosure available to present non-executive director shareholding data
Minimum Wage	<ul style="list-style-type: none"> Gulf Bank adheres to the Kuwaiti Labor Law for minimum wage standards. Accordingly, our policies stipulate a minimum salary for each grade level, as well as a minimum salary for national hires based on their qualification.
Collective bargaining agreements	<ul style="list-style-type: none"> No employees are covered by collective bargaining agreements
Anti-corruption	<ul style="list-style-type: none"> Gulf Bank does not have concerns related to any controversies related to corporate behavior and bribery, and corruption, exhibits relatively low perceived level of corruption
Shareholder rights	<ul style="list-style-type: none"> The Bank does not have concerns related to shareholder rights, shareholder rights to convene meetings, and dispersed ownership.
Auditor Reports Disclosures	<ul style="list-style-type: none"> The auditor report and auditor report opinion, as well as any emphasis of matter or irregularities in the auditor report are publicly disclosed by Gulf Bank for current year and beyond 2 years back on our website. In addition, auditor tenure and auditor change frequency is determined by regulatory authorities. The Bank is subject to fair price provision.

Disclosure	Information
Board Remuneration	<ul style="list-style-type: none"> The Board Nomination and Remuneration Committee recommended to the Board of Directors, subject to the approval of the shareholders at the Annual General Assembly Meeting, that the total remuneration of the Board of Directors for 2021 be equal to KD 179.167 thousand (2020: KD 113.542 thousand).
Human Capital Development	<ul style="list-style-type: none"> Our Human Resources Department has established a solid and fair ground for assessment, development, and evaluation all structured with scientific methods starting from identifying the talents' potential to grow till development and promotability. Consequently, Gulf Bank is free from any controversies linked to human capital development.
Related Party Transactions	<ul style="list-style-type: none"> Certain related parties (major shareholders, Board members and executive management of the Bank, their families and companies of which they are the principal owners) were customers of the Bank in the ordinary course of business. The terms of these transactions were approved as per the Bank's policies. Related party transactions are disclosed in detail in the Bank's 2021 Annual Report. In this regard, Gulf Bank does not have concerns related to related party transactions
Executive Management	<ul style="list-style-type: none"> Gulf Bank does not have concerns related to executive pay disclosure Gulf Bank is free from having non-executives meet in the absence of executives as all the Board Members are non-executive.
Corporate Governance	<ul style="list-style-type: none"> Gulf Bank does not have concerns related to corporate governance
Director Elections	<ul style="list-style-type: none"> Director elections take place every 3 years
Mergers or Acquisitions, and their effects on employees	<ul style="list-style-type: none"> No major merger or acquisitions were affecting a large proportion of Gulf Bank employees in 2021.