

Driven by You
Motivated by Sustainability.



You have stood by us for over 40 years, enabling us to act responsibly at every step. You encouraged us wholeheartedly when we embarked on a journey that has been close to our hearts - that of ensuring a sustainable world. With your continued support and our vast vision of attaining the Environmental, Social and Governance goals that we have set forth, we look forward to embedding a long-term resilience into our business and building a brighter future - together.

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H.H Sabah Al-Ahmad Al-Jaber Al-Sabah
Amir of the State of Kuwait



H.H. Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah
Crown Prince of the State of Kuwait



About the Report



This report is the first Sustainability Report published by Burgan Bank.

The Report captures Burgan Bank's operations, products and services, management approach as well as its economic, social, governance and environmental performance from 1st January 2019 to 31st December 2019. It also includes select business and sustainability initiatives that began in 2019 but implemented in 2020.

The Report has been prepared in accordance with the "Global Reporting Initiative (GRI) Standards: Core option" and meets the disclosure requirements of the Sustainability Accounting Standard for Commercial Banks, published by the Sustainability Accounting Standards Board (SASB). Aligned with the United Nations' Sustainable Development Goals (UNSDGs), the Report considers the priorities of Kuwait Vision 2035 "New Kuwait", the Central Bank of Kuwait, and Boursa Kuwait.

All the sustainability disclosures made in this Report pertain only to Burgan Bank's operations in Kuwait. The disclosures related to Burgan's financial performance, however, covers Burgan's operations across Kuwait and its subsidiaries, which include Gulf Bank Algeria - AGB (Algeria), Bank of Baghdad - BOB (Iraq & Lebanon), Tunis International Bank - TIB (Tunisia), and fully owned Burgan Bank - Turkey, (collectively known as the "Burgan Bank Group"). Unless specified otherwise, all monetary disclosures are in Kuwaiti Dinar (KD).

Burgan Bank welcomes your feedback and encourages you to share any comments, inquiries, or suggestions you may have on its sustainability journey at ESG@burgan.com. Please refer to the digital version of this report on the website: www.burgan.com

248.15
Million KD



Economic Value Generated

103.47
Million KD



Economic value Retained

7,081
Million KD



Total Assets

112,803
KD



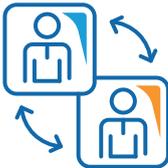
Spent on CSR Initiatives

11.68
Million KD



Loan Amount Outstanding from SMEs

45.55



GJ/employee specific energy consumption

23,737 hours



Job specific & skill upgradation training provided

100%



Employees received performance & career development review

26.8%



Share of women in Burgan's senior management

166



Branches

341



ATMs

767



Total Employees

45%



Women Employees

76%



Kuwaiti Nationals

The number of branches and ATMs is for the entire group including subsidiaries, the employee data is for our Kuwait operations only.



Message from our Chairman



As a growing organization, Burgan Bank has always been conscious of its responsibility towards its stakeholders in specific and the environment at large.

Over the years, there has been a rising concern around the impact of environmental changes on our lives and our future. The situation, if not accorded highest priority can lead to grave consequences for the planet and its inhabitants. Our stakeholders, as the major driving force in all our endeavours, resonate completely with this sentiment, thus leading to our journey towards sustainability.

We have taken our initial steps by understanding our roles and responsibilities as a sustainability supporter. We have sharpened our focus on areas where we can minimize our energy consumption, reduce environmental footprint and maximize our sustainability outreach. At the same time, we have aligned ourselves with the Sustainable Development Goals, set out by the United Nations and the vision of 'New Kuwait' adopted by the Kuwait government. We have also identified segments of society where we can contribute and accelerate prosperity and productivity.

We acknowledge our responsibility to manage environmental and social risks, and to proactively identify opportunities that will help secure the financial wellbeing of our customers and Kuwait for generations to come. We have remained consistent in our sustainability initiatives and are in the process of implementing our recently developed ESG (Environmental, Social and Governance) Framework. The Framework has four key areas – Financing Responsibly, Positive Community Impact, Endorsing Ethical Practices & Transparency, and Minimizing Environmental Impact. Emphasis on these key areas will enable us to further structure our journey towards a sustainable future.

It also gives me great pleasure to release our first Sustainability Report, along with the introduction of our new revised slogan, 'Driven by You. Motivated by Sustainability'. This Report is a culmination of our collective efforts over the years, and I would like to take this opportunity to thank all our stakeholders, without whom this journey would not have been possible.

We believe that sustainability is not just about protecting the environment, but is also about integrating positive elements into business decisions. This, in turn, can make our organisation resilient to a resource-constrained world, riddled with unprecedented challenges and uncertainties. Also, it can inspire responsible actions across our value chain and multiply the impact towards national and global sustainability imperatives.

With continued support, I envisage Burgan Bank devising innovative and creative ways to further ingrain sustainability in our organization's business strategy and create an impact in our society. With unwavering efforts, I envision us creating a better world for us and also for the future generations.

Majed Essa Ahmed Al-Ajeel
Chairman of the Board



Our Approach Towards Sustainable Banking





Mr. Masoud M.J. Hayat
Vice Chairman and Group Chief
Executive Officer

“Behind every product, service and process is our strong belief of ‘People come first.’ Backed with trust, commitment, excellence, and progression as our core values, we have grown consistently. To continue the momentum and to ensure long-term growth of all our stakeholders, it is eminent that we have a deep focus on our responsibilities towards Environment, Society and Governance. This thought has given way to our ESG Framework, which acts as a strong foundation on which we are committed to grow our sustainability efforts, consistently and persistently.”

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke, positioned below the name and title.

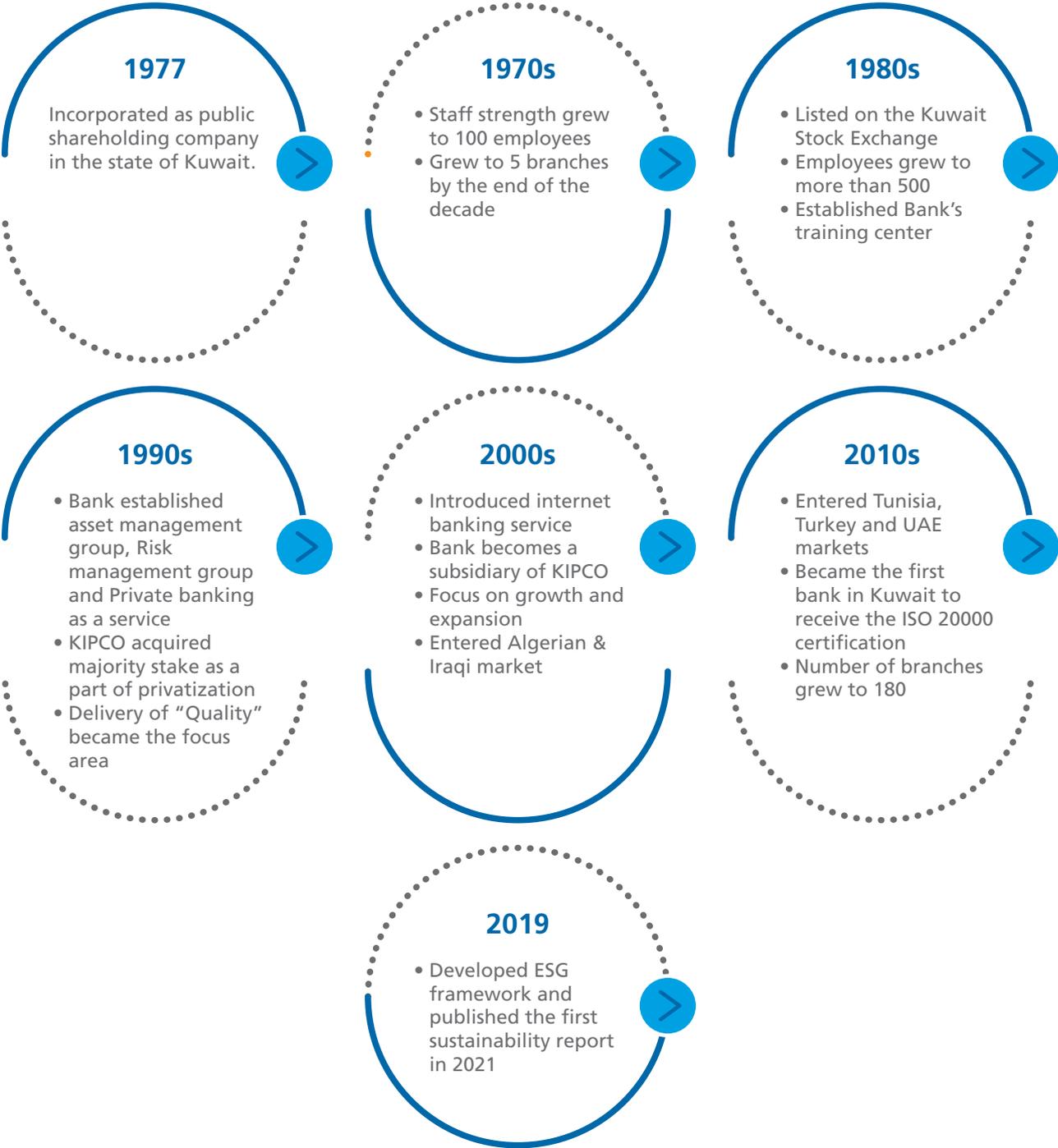
1.1 Our Story

Established in 1977, Burgan Bank is now the third largest bank by assets in Kuwait. The operation of the Bank is spread across retail, private and corporate banking.

The Bank has majority owned subsidiaries in the MENAT region, supported by one of the largest regional branch networks. The network includes Gulf Bank Algeria - AGB (Algeria), Bank of Baghdad - BOB (Iraq & Lebanon), Tunis International Bank - TIB (Tunisia), and fully owned Burgan Bank – Turkey, (collectively known as the Burgan Bank Group). Burgan Bank Financial Services Ltd (BBFS) is a representative office, based out of UAE.

The Bank has always had a strong focus on maintaining steady growth in key markets, forging strategic partnerships, enhancing operating efficiencies and returns, deploying risk management policies across the group, and optimizing capital deployment. Throughout its growth journey, the endeavour of the Bank has always been to strive consistently to boost its performance and create a lasting impact on the society.

Snapshot of our Journey



In the reporting period, the Bank has been re-certified with the prestigious ISO 9001:2015, making it one of the few banks in the GCC and Kuwait to receive such certification for the fifth consecutive time. The Bank is also one of the first local banks to implement Anti-Financial Crime (AFC) Program across Burgan Bank in 2019.

Our Approach to Sustainable Banking

To be the best-in-class financial services provider, which has always been our aim, it is imminent that we develop a deep focus on our responsibilities towards Environment, Society and Governance. Doing so ensures that we are consistently developing and expanding our holistic approach in providing financially sustainable, relevant, secure, and innovative products and services to our customers and stakeholders, including employees, suppliers, regulators, industry associations, investors, and the community at large. Keeping all this in mind, the ESG Framework of the Bank has been drafted.

The ESG Framework reflects our commitment to creating trustworthy products that support local communities; to facilitating people towards the path of financial growth; and to contributing towards a greener environment. Held by four strong pillars - Financing Responsibly, Positive Community Impact, Endorsing Ethical Practices and Transparency, Minimizing Environmental Impact – our ESG Policy acts as a strong foundation on which we are committed to growing our sustainability efforts, consistently and persistently.

Four Pillars of our ESG Policy



Endorsing Ethical
Practices & Transparency



Financing
Responsibly



Positive Community
Impact



Minimizing
Environmental Impact

1.1 Endorsing Ethical Practices and Transparency

Good governance is the foundation that enables a business to deliver on its strategies, while generating sustainable shareholder value. Towards this, we have designed best practices that will foster ethical, transparent, and socially and legally compliant business operations. We seek to follow market leading practices that will bring in steady financial returns, higher growth and sustainability. Cognizant of the fact that as a responsible Bank we have to lead by example, we strive to be known for our ethical practices, transparency in our operations, and accountability in our actions.

1.2 Financing Responsibly

Assessing potential ESG risks of our investments and customers is key for delivering sustainable long-term investment outcomes. Responsible financing is a medium for Burgan Bank to apply environmentally and socially responsible policies for creating a positive impact.

As one of the largest financial institutions in the Kuwaiti market, we understand our duties and responsibilities towards our stakeholders. We strive to provide them with accessible, affordable, innovative and responsible financial products and services that meet their and our goals. Specially for the SMEs, we have developed products that are ESG risk-proof and can deliver sustainable long-term investment outcomes.

1.1.3 Positive Community Impact

Understanding our responsibility towards the local community, we take utmost care to ensure that all our initiatives and even the smallest action and decision that we take have a positive impact on them. We regularly monitor and improve our modes of operation throughout our broader value chain, and with caution try to negate or minimize the negative impacts, if any. Doing this over and over the years have gained us the trust in the community that we enjoy today.

The focus area, through CSR, aims at supporting local communities in the areas of health, youth development, environment, culture, and special needs. Our employees are also encouraged to participate in institution-wide CSR initiatives to give back to the communities in which we operate.

1.1.4 Minimizing Environmental Impact

Changing climate conditions and impacts of erratic weather patterns have the potential to disrupt business activities, damage properties, affect asset value, and ultimately bring down the ability of our customers to repay loans. Climate change is a driver for both financial and non-financial risks and has the potential to impact long-term financial wellbeing of Kuwait.

This understanding has propelled us to be prudent and reduce environmental footprint in our operations and businesses we support. We make it a point to manage our environmental footprint by ensuring our investments lead to the creation and stewardship of natural capital.

1.2 Philosophy and Values Guiding Our Sustainability Journey

Vision

To be a responsible banking institution that supports building a better future for our stakeholders, our people, and our communities.

Mission

We have established our mission in alignment with our four focus areas:

Financing Responsibly

Burgan Bank strives to promote financially and environmentally sustainable banking products and services that support customers at every stage of life embedding responsible financing and investing in its practices.

Positive Community Impact

Burgan Bank believes that social responsibility towards our community is an important pillar for the long-term sustainability of the Bank and the community at large. We believe in giving back to our community at an institutional and employee level, with time, effort, financial contributions and financial literacy outreach to all strata of society.

Endorsing Ethical Practices and Transparency

Burgan Bank is committed to the highest standards of governance, consistent with regulatory expectations, evolving best practices, and evolving our strategy and our risk appetite for ethical, transparent, and compliant business.

Minimizing Environmental Impact

Burgan Bank values its commitment to environment and aims at reducing the environmental footprint of its operations and investment portfolio. We will deepen our focus on energy efficiency initiatives to power our business with renewable energy, lower our emissions and reduce waste, among other efforts.

Our Values

Burgan Bank stands on the foundation of real human and universal values - of trust, commitment, excellence, and progression.



Our products, services and processes are developed with a 'People come first' approach, reflecting the customer-centric model that the Bank adopts. Trust coupled with commitment form the basis of everything that we do, leading us to excel and make definite progress, not just within the banking community but also in the society - as a trustworthy Bank committed to excellence.

1.3 Product Portfolio

Burgan Bank, through its customer centric model, tactical growth processes, improved efficiencies and lower credit costs, delivers a variety of services in the banking sector. They are as mentioned below:

1.3.1 Corporate Banking

Burgan Bank's Corporate Banking Group is one of the leading service providers in Kuwait, catering majorly to the business community. The Bank has a history of sound corporate banking practices and have nurtured, grown and strengthened relationships over the years. It finances most of the important infrastructure, petrochemical and industrial projects in Kuwait through syndicated loans.

With eight main units that provide tailored solutions to corporate and business entities, the Corporate Banking team delivers customer service excellence with a focus on portfolio growth. As a group, the Bank has consistently expanded its client base and achieved credit growth with improved asset quality metrics.

Due to proactive management of the credit portfolio and consequent asset recoveries, the Bank has seen a significant reduction in non-performing assets from 1.62% in 2018 to 1.00% in 2019. The Corporate Banking has also financed projects, domestically and across the border for over KD 343 million during the year, covering various sectors and activities such as construction, maintenance, infrastructure, services, oil, marine and real estate developments.

1.3.2 Retail Banking

Retail Banking has its focus on delivering exceptional and innovative services to its customers and growing the range of products, in order to maintain the market share. The products are highly competitive and made to satisfy the banking requirements of an evolving market.

In 2019, Al Thuraya Account was revamped to offer more attractive features to the customers, making it the strongest salary account in Kuwait in terms of value proposition and offering. The year also saw the launch of Qatar Airways co-branded card, which has been one of the principal drivers for the credit card business for the Bank in the last few years. This card has created a niche amongst the frequent travellers' segment and the success of the same reflects in the card numbers and in the overall usage of the card.

1.3.3 Private Banking

Burgan Bank's Private Banking Group has been one of the most well-established Private Banking service providers in Kuwait. With an expanding contribution to the profits of Burgan Bank Group, Private Banking has been keen on smart growth opportunities. It caters to high net worth individuals with diversified financial needs, in which financial solutions are customized, ensuring their needs are met locally and internationally.

The Private Banking Group has recently revamped its processes, placing more focus on efficiency, resource allocation and quality. It is also collaborating with Burgan Bank's business lines on many fronts, and is working to create more synergies at a local as well as international level. The Bank is also enhancing its product offering, services to create more value to its clients.

1.3.4 Financial Institutions

The Financial Institutions Division (FID) is mandated to service Burgan Bank's correspondent banking needs and relationship with the global financial institution community, as well as managing the Bank's wholesale products and services related to financial institutions.

Through the expansive list of correspondent banks across the world, FID is the direct link between the correspondent bank and Burgan Bank's main business lines that include Treasury, Corporate, Trade Finance, Private Banking and Retail. The division facilitates the Group's daily businesses and our clients' thus enabling sustainable, competent, and cost-effective access to the global international markets.

FID is also entrusted with setting countries' limits, as a means of prudently managing foreign country risks and to ensure that the Group's exposures are not concentrated in high-risk geographies, and to safeguard diligently the Bank's cross-border activities.



Our Stakeholder Engagement and Materiality Assessment





Mr. Raed Abdullah Al Haqhaq
Deputy Group Chief Executive Officer and Chief Executive Officer - Kuwait

“With People, Prosperity, Planet, Peace and Partnership as key focus areas, the Kuwait government is committed to United Nations Sustainable Development Goals and the vision under ‘New Kuwait’ of leaving no one behind. Completely aligning ourselves to this vision and keeping the interest of stakeholders and the growth of the Bank as central, we mapped our material issues, which will enable us to have a holistic approach towards sustainable development and corporate progress.”

1.4 Our Stakeholders

Stakeholders are at the center of everything Burgan Bank does. Driven by our core values of ‘Trust, ‘Commitment’, ‘Excellence’ and ‘Progression,’ every activity is directed towards creating value for them. We envisage specific strategic goals for our stakeholders, which we then set out to achieve through our inclusive approach and regular interactions with them.

Our key stakeholder groups are listed below.

Our stakeholder Groups



1.5 Our Material Topics

Guided by the Global Reporting Initiative (GRI) Standards, materiality assessment is a systematic approach to identify and prioritize Bank of Burgan’s material topics, risks, and opportunities that are of prime concern to our stakeholders and can impact the ability to execute our corporate business strategy.

Over the years, our stakeholders are laying greater emphasis on ESG parameters, along with the financial health of the bank. Recognizing this, we have given prime importance to ESG, while defining the materiality of the bank. We believe this will serve as the foundation for development of Burgan’s Sustainability Report (non-financial disclosures) and provide an impetus towards future corporate growth.

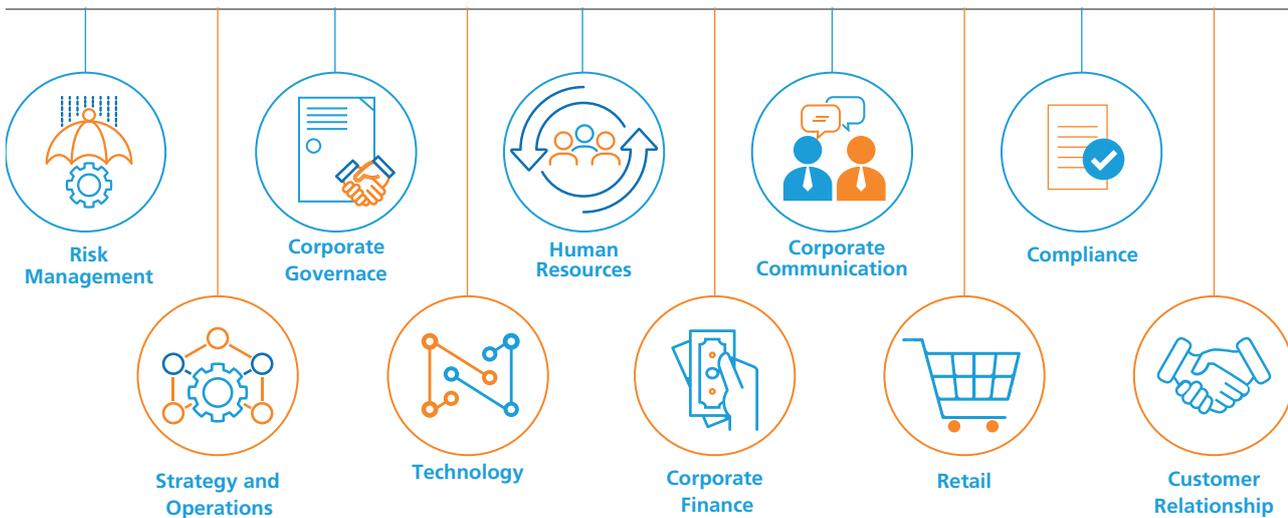
Our Approach to Materiality Assessment

To embark on our journey towards sustainability and to understand the most pertinent topics for our business and stakeholders, we conducted a comprehensive materiality assessment. We engaged with a diverse pool of representatives from various business functions, who interact regularly with our external and internal stakeholders. In light of COVID-19 pandemic, these consultations have been conducted on technology-based safe and secure web platform.

Our Materiality Prioritization Process



Stakeholder Group for Materiality Assessment



Our Materiality Matrix

Materiality matrix is a map that highlights topics most significant to us, based on two dimensions - Impact to Business and Influence on Stakeholders. Materiality matrix is a strategic business tool, with implications beyond corporate responsibility (CR) or sustainability reporting. The materiality process has provided us with an opportunity to apply a sustainability lens to business risk, opportunity, trend-spotting and enterprise risk management processes.

The assessment has helped us in identifying, refining, and assessing numerous potential environmental, social and governance issues that affect our business and stakeholders. The identified material topics have been reported in this sustainability report and have been instrumental for us in implementing our ESG Framework. As the Bank’s ESG Framework matures, and the strategic priorities for the Bank evolves, the material topics would further be periodically refined.

In line with our comprehensive assessment, the identified material topics have been integrated with our key focus areas, as illustrated.

Our Materiality Matrix



	Endorsing Ethical Practices and Transparency	Financing Responsibility	Positive Community Impact	Reducing Environmental Impact
High Priority	3. Business Integrity 5. Regulatory Compliance	6. Data Security & Privacy 7. Economic Performance	12. Employee Satisfaction 13. Customer Experience 14. Kuwaitisation	
Medium Priority	1. Diversity & Equal Opportunity 2. Anti-Corruption 4. Non-Discrimination	8. E-Banking 9. Responsible Lending & Investing 10. Financial Literacy	11. Training & Education 15. Corporate Social Responsibility	
Low Priority				16. Energy Consumption 17. Waste Management

Why these material topics are relevant to us

In 2015, the United Nations launched 17 Sustainable Development Goals (SDGs) also known as the Global Goals. These SDGs were adopted by United Nations Member States as a universal call-to-action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030.

The Government of Kuwait has been active in adopting the SDGs and has significantly invested in raising awareness regarding this among all partners. The ultimate purpose of the government is to leave no one behind. The country strives to contribute towards SDGs through seven pillars of Kuwait Vision 2035, and to incorporate the five critical SDGs dimensions of People, Prosperity, Planet, Peace and Partnership, and achieve them all under National Development Plan 2016-20.

In light of this, Burgan Bank has mapped its key material topics to relevant SDGs in order to contribute to this global vision.

Pillars	Material Topics	How it is related to us	Contribution to SDGs
Endorsing Ethical Practices and Transparency	Anti-Corruption	As a Bank we have strong systems and processes in place to prevent instances of corruption that helps us maintain trust among key stakeholders	SDG 16 Peace, justice and Strong Institutions SDG 17 Partnership for the Goals
	Business integrity	To realise our corporate vision, we have a well-established corporate governance structure that allows us to maintain business integrity and transparency	
	Non-discrimination	We believe equal treatment is one of the fundamental human rights and discrimination on the grounds of gender, race, caste and religion not only deprives the organisation of an opportunity to inculcate fairness and justice but also affects the goodwill and brand value, which may adversely affect the Bank's business	
	Regulatory compliance	Regulatory non-compliance has a potential to disrupt businesses, thus it is the Bank's constant endeavour to achieve complete compliance for all prevailing regulations	
	Diversity and equal opportunity	Believing in diversity and equal opportunity provides us the foundation to inculcate an inclusive approach in our everyday business operations with a diverse workforce, resulting in fostering sustainable growth	
Financing Responsibly	Data security and privacy	Our customers entrust us with personal details and private information. We take utmost responsibility in securing their data as we are cognizant of the fact that breaches can have a significant negative impact on the trust customers place in us and the future of our business	SDG 8 Decent Work and Economic Growth SDG 17 Partnership for the Goals SDG 5 Gender Equality SDG 7 Affordable and Clean Energy SDG 10 Reduced Inequality
	Economic performance	Our focus on economic performance goes beyond the financial returns we generate for our investors. It encompasses a wider impact that we create as an employer and generator of economic activity	
	E-Banking	Digitalization is the new normal across the world, thus E-Banking and technology helps us to serve our clients efficiently, while reducing our operating costs in the long-run	
	Responsible lending and investing	Focusing on green and sustainable banking, the Bank emphasises on investing responsibly in green projects, with a view to contribute towards the regional and global commitment to reducing GHG emissions	
	Financial literacy	We believe that it is our duty to support our stakeholders in increasing their financial literacy as informed stakeholders make informed decisions which works in the best interests of the Bank and the stakeholders in the long run	

Pillars	Material Topics	How it is related to us	Contribution to SDGs
Positive Community Impact	Training and Education	Talent management is crucial for fostering sustainable growth. Hence, we emphasise on continuous training and development to consistently deliver quality services to our clients	SDG 16 Peace, justice and Strong Institutions SDG 17 Partnership for the Goals SDG 4 Quality Education SDG 8 Decent Work and Economic Growth
	Employee satisfaction	Our employees' well-being and satisfaction is of utmost importance to us as it helps in improving employee efficiency, effectiveness and morale and reducing employee turnover	
	Customer experience	'Trust' and 'commitment' are the core values, which enable us in building a strong customer portfolio. The wants and needs of our customers enable us in providing quality services	
	Kuwaitisation	In alignment with Bursa Kuwait's focus on sustainability, the Bank's efforts are focused towards Kuwaitisation which further aligns with Kuwait's National Development Plan	
	Corporate Social Responsibility	Maintaining a healthy and positive impact in the communities we operate is critical to maintaining our social license to operate and to creating wider prosperity	
Minimizing Environmental Impact	Energy consumption	Even though our operations are not energy intensive, we do focus on optimizing our energy consumption in order to reduce emissions	SDG 7 Affordable and Clean Energy SDG 12 Responsible consumption and Production
	Waste management	Protecting our environment is crucial to us as well as our stakeholders, thus we focus on minimizing our waste generation and maximizing our efforts at recycling	



Endorsing Ethical Practices and Transparency





Mr. Majed E. Al Ajeel
Chairman of Burgan Bank
Group

“Nothing is more important to us than trust, commitment, excellence and progression. These are the tenets that drive our governance philosophy, which is ultimately reflected in all our Bank policies. Complete adherence to directives from regulatory bodies, absolute compliance with code of business conduct, zero-tolerance for unethical practices, and total support for diversity and non-discrimination allows us to endorse ethical practices across our operations and also give stakeholders a transparent insight into our progress and performance.”

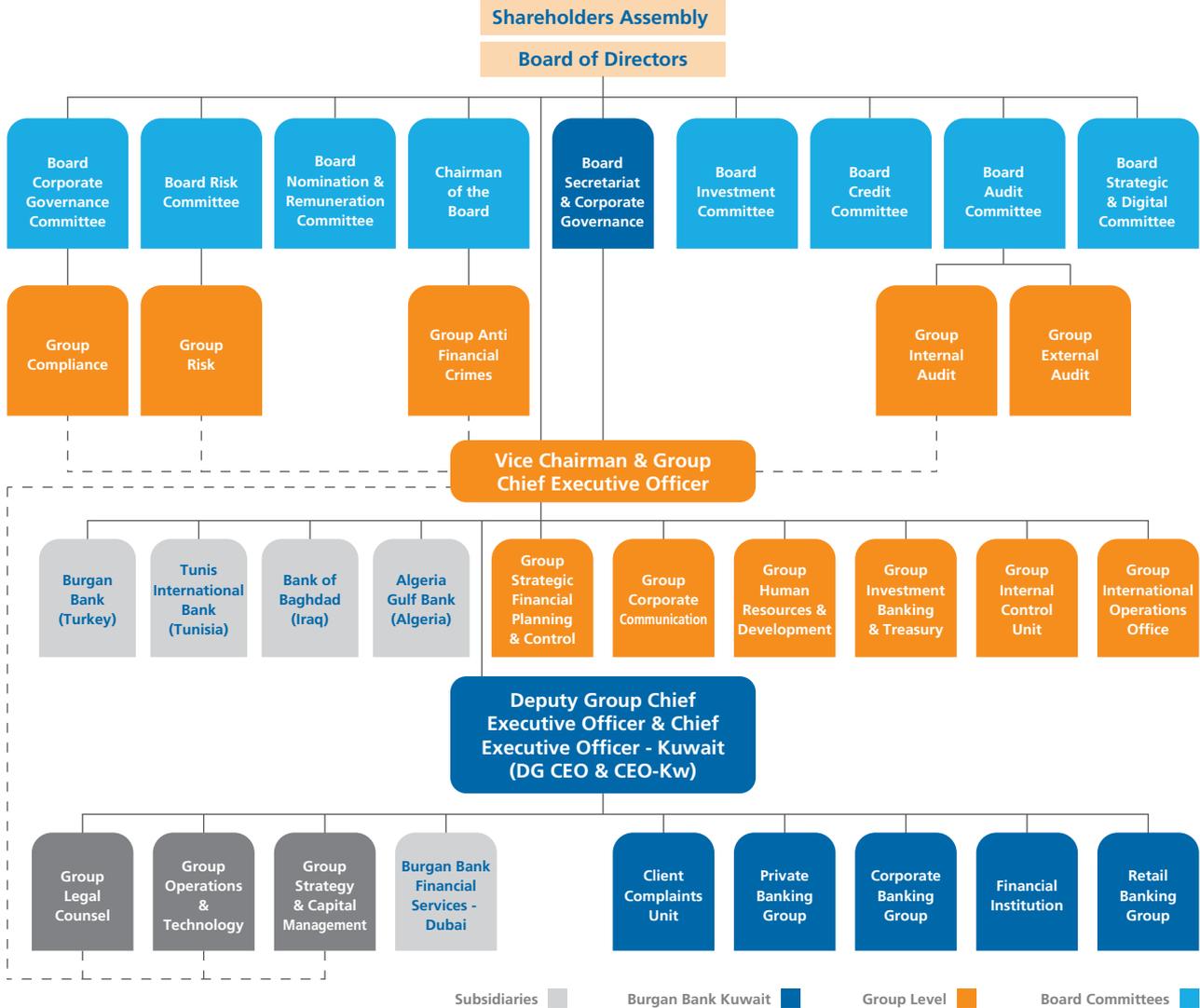
Based on a strong value system, Burgan Bank has been able to foster transparent, ethically-driven, socially and legally compliant business processes. The Bank also takes inspiration from market leading systems that ensure steady financial returns, higher growth, and sustainability.

1.6 Corporate Governance at Burgan

The Bank is led by the Board of Directors, whose prime responsibility is to promote the Bank’s long-term growth. They take objective decisions that will allow the Bank to fulfill its public and corporate responsibilities. The board sets strategic goals as well as risk appetite of the bank. They also put in place an organizational structure, responsible for drafting policies and procedures, and providing governance and support to execute the Bank’s strategies, at the same time keeping intact the culture, values and behaviours of people.

Below diagram depicts Bank’s current Corporate Governance Framework, including its Board Committees.

Our Governance Structure



The Board is cognizant of the fact that to sustain the Bank’s performance and to earn the trust of stakeholders and preserve shareholder value, sound governance is a must. During the year, the Board focused on strengthening corporate governance and staying committed to operating in a correct, principled and commercially astute manner, while being accountable to the stakeholders.

The Board comprises Non-Executive Directors, as elected by the General Assembly, and currently has 9 members. The Board is structured to ensure all its directors provide the Group with appropriate balance of skills, experience and knowledge, as well as independence.

Election and renewal of the Board membership is done in compliance with applicable rules and regulations. Each member serves a term of three years, at the end of which the Board is formed again, with new appointments and extension in membership tenures. As Per Central Bank of Kuwait’s (CBK) directives to all Kuwaiti local banks in its circular dated 10 September 2019, the total number of Board of Directors shall increase to 11 members within the year 2020.

Our Board Committees and their Responsibilities

Committees	Key Responsibility
Board Corporate Governance Committee	<ul style="list-style-type: none"> • Assists the Board in establishing and monitoring the Bank's corporate governance framework • Lays out the practices and policies for the conduct at the Bank • Monitors and assesses effectiveness of the framework
Board Nominations & Remunerations Committee	<ul style="list-style-type: none"> • Presents recommendations to the Board regarding nomination to Board's membership • Presents recommendations on the appointment of senior positions, and ensures these positions are occupied by qualified employees with optimal performance standards and succession plans • Manages and reviews the structure of the Board • Evaluates the performance of the Board, including each member
Board Audit Committee	<ul style="list-style-type: none"> • Sets and oversees the sufficiency of internal control and audit functions of the Bank • Ensures compliance with applicable laws, policies, instructions and code of business conduct and ethics
Board Risk Committee	<ul style="list-style-type: none"> • Provides review and report to the Board on the current and future risk strategy and appetite of the Bank • Supervises implementation of the strategy by Executive Management • Ensures existence of effective systems for risk management and independence of these functions
Board Strategic & Digital Committee	<ul style="list-style-type: none"> • An advisory and consultative body under the Board of Directors, this committee is responsible for providing strategic direction and monitoring the execution of the Bank's strategic plans and the digital delivery of its products and services • Ensures the Bank's strategic plans, the Digital Banking policies and standards are reflective of the best practices available in the market
Board Investment Committee	<ul style="list-style-type: none"> • Provides an oversight of the Bank's investment activities and makes decisions within its delegated authorities
Board Credit Committee	<ul style="list-style-type: none"> • Oversees the Bank's lending and credit recovery activities • Makes recommendations to the Board of Directors within its delegated authorities • Implements decisions made by the Board of Directors

1.7 Management of Legal and Regulatory Environment

The Bank believes that compliance is a comprehensive and multi-faceted responsibility that lies on all the parties - beginning from the Board of Directors and the top management, to all the employees.

The Bank's compliance model adheres to the supervisory instructions of Central Bank of Kuwait (CBK) and the applicable laws. The Bank follows leading practices as per the recommendations of Basel Committee on Banking Supervision's guidelines, which enables it to maintain its reputation and integrity, the interests of its stakeholders, and protect itself from regulatory issues.

The Group Compliance is responsible for reviewing the Bank policies and procedures and continuously assists the Board of Directors and the Bank's senior management in managing Non-Compliance Risks. It identifies the risks that the Bank might face and deals with it effectively by implementing the Group Compliance's Program. The Group also ensures all control functions exist and are available to avoid any violation of the regulations/instructions issued by concerned bodies and also circulates regulatory updates/instructions to all the business units.

The Bank leverages on the principles of the Basel Committee with regard to “Compliance and the Function of Compliance in Banks”. With an eye to improve effectiveness of compliance, the Group has tailored the compliance processes and procedures to be in-line with the local business environment and norms. The Group directly reports to the Board Governance Committee and makes its decisions in an independent manner so as to avoid any conflict of interest.

Tasks of Compliance Group



The Central Bank of Kuwait has emphasized on the importance of the role of the compliance function, through its instructions concerning the rules and regulations of Kuwaiti banks governance issued on 10 September 2019 as per CBK circular No. (RB/RBA / 446 - 447 / 2019). In the reporting period, there has been no cases of fines or non-monetary sanctions on the Bank for non-compliance with any environmental laws and/or regulations.

1.8 Our Code of Ethical Business Conduct

The Board Audit Committee, in addition to overseeing the sufficiency of internal control and audit functions, ensures compliance with policies, instructions and code of business conduct and ethics. The committee leverages on the Disclosure and Transparency policy for accurate and timely disclosure of any critical information related to the Bank. The Bank considers disclosure as an effective tool to influence the company’s behaviour and protect all stakeholders.

The Bank has zero tolerance for bribery and/or corruption. The policies and the governance mechanisms ensure that there is no breach in conduct by any employee of the Bank. The Bank also drives an ethical business conduct through its defined Code of Conducts and has formulated a separate Codes of Conduct for the Board members and employees.

The Code of Conduct for Board of Directors provides in-depth coverage on dealings with the stakeholders and sets the tone for an organization-wide conduct. The Code also covers issues related to ethics, bribery, corruption, conflict of interest, confidentiality, insider dealing, etc. Anti-Corruption ethics and means of conflict of interest and business integrity lie within the Code of Conduct and is communicated and adhered to by all the Board members upon appointment.

The Code of Conduct for employees provides guidance in recognising and dealing with ethical issues and helps foster a culture of honesty and accountability. The Code covers the principles and procedures for employees to deal with customers, businesses, personal account dealings, financial transactions and the like.

The Codes and policies are made available to all the stakeholders. Getting familiar with the Codes and policies is an integral part of the induction process.

1.8.1 Business Integrity

Trust and integrity are the basic tenets of governance philosophy and the Bank strives to operate ethically, with integrity, and in compliance with the laws. This adherence reflects in all the Bank's dealings. In the current reporting period, the Bank has zero cases of fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice, or other related non-adherence of financial industry laws or regulations.

In addition, the Bank has its whistle blowing policy and procedures in place. The Whistle Blowing Committee (WBC) is in charge of the dynamics of the policy. The committee consists of the Group Chief Human Resources and Development Officer, Group Legal Counsel and Group Chief Internal Auditor. The whistle blowing officer is the Group Chief HRD Officer and is accountable for the implementation of the policy.

For reporting any case of unethical conduct, the complainant can use any of the reporting Channels anonymously. The petitioner can highlight the issue through e-mail at WB@burgan.com or by calling our hotline at 1824030, or through online platform on the Bank's intranet. The WBC and procedures are in compliance with local regulations, which is also available on the intranet.

1.8.2 Diversity & Non-discrimination

The Bank believes that diversity and equal opportunity provides the foundation to inculcate an inclusive approach in its everyday business operations with a diverse workforce resulting in fostering sustainable growth. The Bank also believes in providing a safe and enabling environment for its employees, and ensures that there is no discrimination based on religion, ethnicity, gender, age, and disabilities.

The Bank leverages on the remuneration policy to attract, retain, motivate and reward qualified workforce, while ensuring fairness and consistency. This allows the Bank to provide an appropriate and balanced remuneration package based on the employee job grade, skills, experience, and his role in the Bank and the market.

The remuneration components consist of all forms of payments or benefits in exchange of the services provided by the employee. The Bank offers a fixed remuneration based on employee's job role and the market conditions, and a variable remuneration depending on employee's performance, without any discrimination based on gender. The remuneration of all employees is dependent on a number of factors including experience, qualifications, job role, employee category, and is solely guided by the Bank's Remuneration Policy regardless of gender.

This has resulted in the Bank not having a single case of discrimination being reported by any of its stakeholders during the reporting period. The Bank policies and practices constantly monitor business conduct and provides corrective actions, if need be.

Snapshot of your Workforce



Total 767

* As on 31st December 2019

Celebrating International Women’s Day

Burgan Bank organized an engagement drive for its women staff, where a group of them were hosted to a movie of their choice at the Grand Cinemas in Al Hamra Luxury Center. Burgan Bank currently holds a strong record of active female engagement, contribution and participation. This includes training and development. In internal and external workshops, about 45% women took part.



Financing Responsibly





Mr. Khalid Fahad Al Zouman
Group Chief Financial Officer

“We understand how vital it is to make financially sound investments, while minimizing negative impact on the society and the environment. We also understand how critical it is to conduct business in an effective manner and make meaningful contributions to the communities. With all this, responsible financing becomes an integral part of our being. It motivates us to develop trustworthy products, give priority to data security and privacy, roll out innovative services designed to empower individuals’ financial status, and to integrate ESG considerations into everything that we do. This, in turn, allows us to deliver balanced and sustainable outcomes to all our stakeholders and to the community.”

Over the years, there has been an increasing focus among leading financial institutions to make sound investment decisions, while minimizing negative environmental and social impacts. As a leading Kuwaiti financial institution, we were quick to understand the crucial need of financing responsibly. And this led us to make ESG the center of everything we do. To ingrain deeper within the organization the idea of responsible financing, we developed a comprehensive ESG Framework and incorporated ESG elements in our organizational Vision and Mission.

In this section, we will provide a snapshot of our ESG Framework along with disclosures and case studies related to critical elements of responsible financing, such as ensuring data security and privacy, driving economic performance, and leveraging innovation.

1.9 Our Approach to Financing Responsibly

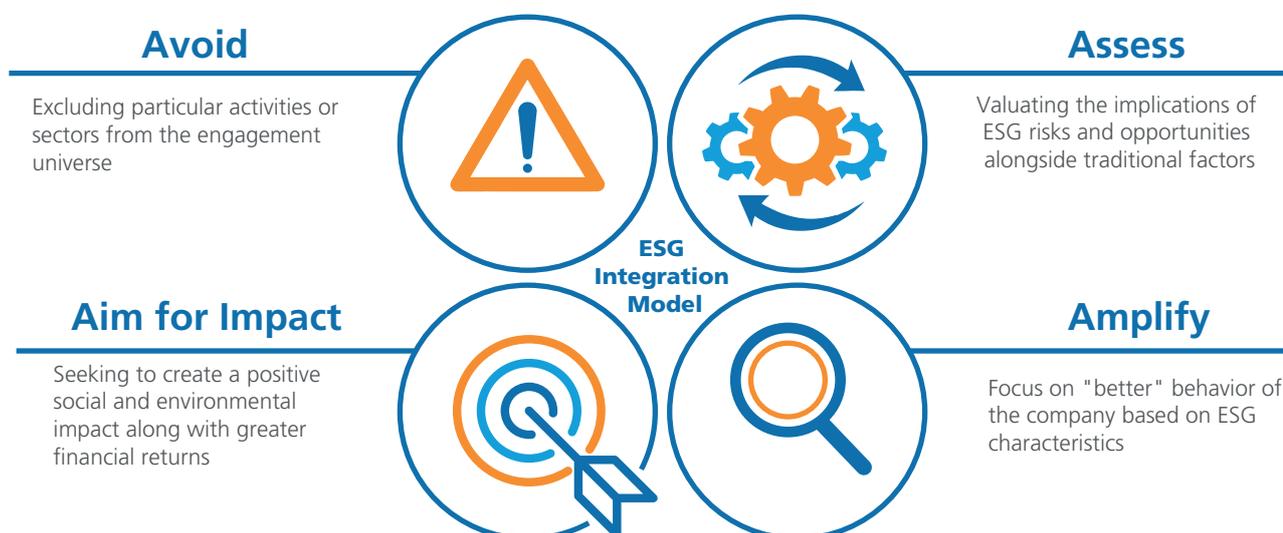
1.9.1 Our ESG Integration Model

A robust ESG Integration model, armed with policies and risk identification and mitigation methodologies, has been put in place. All the commitments laid out in our ESG Policy and Framework are underpinned by our Code of Conduct, which is the ultimate guide on how we conduct ourselves at Burgan Bank. The Code connects our purpose, values, expectations and the key policies to help us deliver balanced and sustainable outcomes to all our stakeholders.

Our ESG integration model is based on four principles - Avoid decisions with negative implications; Assess risks and opportunities; Amplify positive attitude towards ESG, and Aim for positive environmental and social impact. This model acts as a guide, enabling us to seamlessly integrate ESG considerations into our investment and engagement processes across our services.

Our ESG Framework is supported by our robust ESG policy that provides guidance on ESG matters at the Bank. The Policy seeks to strengthen our corporate governance in line with leading global practices, incorporating Environmental, Social and Governance factors into our strategy, risk management and governance processes. The Policy emphasizes on supporting tangible contribution to the creation of a sustainable environment and society through four ESG pillars at Burgan Bank.

Principles of our ESG Framework



1.10 Economic Performance

1.10.1 Economic Value Generated and Distributed

As a commercial Bank, we have a responsibility towards our investors to provide them with steady financial returns through our operations. At the same time, we also have a larger socio-economic responsibility to critical stakeholders like customers, local communities, and partners. The table below highlights the economic value generated and distributed by Burgan Bank during 2019.

Total economic value generated and distributed (EVG&D) for 2019*

Sr. No.	Particulars	Unit	2019
A	Direct economic value generated: Revenue	KD mn	248.150
B	Economic value distributed		
	Operating costs	KD mn	102.204
	Credit costs	KD mn	49.214
	Payments to providers of capital	KD mn	49.561
	Payments to government by country	KD mn	11.861
	Community investments	KD mn	0.113
C	Economic value retained	KD mn	35.197

1.10.2 Credit Risk Exposure

The Bank performs independent credit risk evaluation every time it extends or renews credit to its borrowers and also when it amends any approval terms and conditions to ensure that the risk is within the acceptable level. It has also developed a comprehensive credit policy, encompassing evaluation of the customer request, assessment of the purpose of request, business of the client, market, management, financials, conduct of the account and such other means to establish the credit worthiness of the counterparty.

Having said that, the Bank has implemented Moody's PD model for its wholesale banking portfolio.

* As mentioned in "About this Report", all disclosures in this table apply to Burgan Bank's operation in Kuwait and its overseas subsidiaries.

Based on the public ratings given to the clients/counterparties by recognized and approved External Credit Assessment Institutions, the exposures are risk-weighted in accordance with the Central Bank of Kuwait (CBK) regulations.

Our total credit risk exposure as on 31st December 2019** (in KD 000's)

Particulars	Gross credit exposure		Gross average credit exposure***	
	Funded	Unfunded	Funded	Unfunded
Claims on sovereigns	984,460	-	513,247	-
Claims on public sector entities	71,632	-	71,027	-
Claims on multilateral development banks	6,381	-	6,384	-
Claims on banks	733,971	1,417,976	735,852	708,103
Claims on corporates	3,410,311	1,698,130	3,397,396	1,385,699
Cash items	55,097		36,962	
Regulatory retail exposures	452,023	83,458	553,653	82,154
Past due exposures	107,980	1,544	95,727	1,077
Other exposures	1,426,618	99,195	917,122	72,097
Total	7,248,473	3,300,303	6,327,370	2,249,130

1.11 Data Security and Privacy

Breach in security, leading to vital customer data being compromised is a constant threat that looms large over every financial institution. The cyber-attacks and cyber-thefts are only increasing in number and style owing to sophisticated mechanisms.

To counter this threat, Burgan Bank has developed a multi-faceted and pro-active risk-management approach to identify and address cybersecurity risks. The Bank has a layered approach with overlapping controls to defend against cybersecurity attacks and threats on networks, end-user devices, servers, applications and Internet solutions.

It has also taken initiatives to bring about enhancements in areas such as identity and access management, data security, application security, network security and endpoint security. These initiatives and practices are governed by CBK's Information Security Working Group (ISWG) framework. The Bank also monitors its assets regularly and have periodic reviews to assess and check the status of any potential threats.

Due to this extensive effort, during 2019, the Bank has had no instances of data breaches and none of the customers have been affected.

1.12 Our Focus on Digitalization

Digitalization has emerged as one of the key strategic initiatives for the Bank in 2019. Now an overarching component, the Bank has gone through a digital transformation and has simplified and automated the end-to-end customer journey. Keeping up with rapid advancements in mobile and online banking, and driven by consumer demands and expectations, the Bank strives to embrace different digital solutions as it grows.

In 2019, the Bank launched Kuwait's first and biggest voice enabled Artificial Intelligence powered

** Information has been collated using the Annual Report and website accessed on 21st October 2020

*** Average exposure represents daily average outstanding except in the case of past due exposures, which show quarterly averages since the classification of past due exposures is done quarterly

banking chatbot, named 'BANKI', and the Digital Ambassador, named 'BiBi', a semi-humanoid robot that would assist customers at the branches with their banking requirements.

Contributing to the evolution of technological banking services

Burgan Bank sponsored Central Bank of Kuwait's 2019 International Banking Conference, themed "Shaping the Future", held under the patronage of His Highness the Amir Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah, and in the presence of the First Deputy Prime Minister and Minister of Defence Sheikh Nasser Sabah Al-Ahmad Al-Sabah, the Governor of the Central Bank of Kuwait, Dr. Mohammad Yousef Al-Hashel, and other local and GCC banks. Burgan Bank demonstrated its leadership as an innovative financial solutions trendsetter by displaying Kuwait's first and biggest voice enabled Artificial Intelligence powered banking chatbot, 'BANKI', followed by the digital ambassador, the semi-humanoid robot", "BiBi", and the added convenience provided through instant card production.

1.13 Financial Literacy

Financially literate customers make well-informed financial choices which act in the best long-term interests of the Bank, the customers, and the society at large. We strongly believe in this and are committed to providing our stakeholders with the necessary tools to make informed and responsible financial decisions.

We leverage our media platforms to raise awareness about customer protection and rights, and the procedures required to file and raise complaints. The platforms also provide tips to make our customers vigilant in their transactions and handle money matters effectively.

Our Financial Literacy Programs

Customer Protection Guide

The guide aims at creating a balanced environment that safeguards customer rights while protecting the banking sector

Security Alerts

A communication strategy aimed at spreading awareness about internet security and banking frauds



Customer Rights & Responsibilities

A comprehensive guide to spread awareness about customer rights and responsibilities

Tips & Guidelines

Guidelines as prescribed by the CBK on the using financial products and services

1.14 Promoting Financial Inclusion

Small businesses are the backbone of any vibrant economy. And Burgan Bank is committed to provide banking services to Small and Medium Enterprises (SMEs) as part of our focus on increasing financial inclusion and stimulating and diversifying local economies. Towards this, we have developed innovative products and services that will support the growth of the SMEs in the Kuwaiti market.

The table below summarizes the details of credit extended to SMEs during 2019. In special cases, we extend leeway to our SME customers when it comes to past due loans since we understand the challenges, they sometimes face from a cash flow perspective. Based on need and our discretion we sometimes extend deadlines to offer our SME customers the opportunity to avoid defaulting on credit payments.

Parameter	Unit	2019
Amount outstanding from SMEs	KD mn	11.68
Total number of loans past due that qualify to programs designed to promote small business	Number	14
Amount past due	KD mn	1.77

As on 31st December 2019



Positive Community Impact





Ms. Halah El Sherbini
Group Chief Human Resources
and Development Officer

“To promote social inclusion, contributing to community is essential. To have a positive impact on community, strategic interventions at different levels are a must. This philosophy has been at the center of all our initiatives, which have been designed not to exclude any part of the society from the nation’s growth. Our efforts thus are concentrated around nurturing capable leaders of tomorrow, enhancing customer experience, and fulfilling our corporate social responsibility. From a HR perspective, we focus on equal opportunities, productive working environment, continuous grooming of talent, and sensitizing employees towards environment. With this, we envisage to achieve constructive changes in the communities and national advancement of all.”

As a responsible organization, Burgan Bank considers driving positive change in the communities, in which it operates, as its prime duty. By enhancing efforts to contribute towards sustainable development and national advancement for the benefit of all, the Bank aims to bring about positive community impacts through strategic interventions.

Drivers of Positive Community Impact

Nurturing capable
leaders of tomorrow

Enhancing customer experience

Corporate Social Responsibility

1.15 Nurturing Capable Leaders of Tomorrow

Burgan Bank focuses on nurturing leaders of tomorrow, where emphasis is paid to attract, groom, and retain the best and brightest talent. The focus is to create a nurturing and positive working environment, where all employees can develop and excel in the long-term. This is pivotal for retaining employees and maintaining institutional knowledge and high morale. Regularly engaging and communicating openly with employees, improving employee experience, investing in learning and development, and incentivising high performance is, therefore, imperative for the Bank.

The Leadership Challenge Conference

Burgan Bank facilitated a one-day conference titled Burgan Bank Leadership Conference - The Leadership Challenge Edition. Organized by the Learning and Development department under the Human Resources Group leadership and Burgan Kuwait CEO, the conference was designed to inspire, engage and help leaders develop modern skills.

The conference brought together leaders and managers from Burgan and KIPCO Group, who provided the attendees a tangible method on how to practice, experience and put in use five key practices: “Model the Way”, “Inspire a Shared Vision”, “Challenge the Process”, “Enable Others to Act” and “Encourage the Heart”.

1.15.1 Evolving Human Capital

Our result-oriented culture requires a motivated workforce. Over the years, we have been able to create a blend of youth and experience that mirrors the evolution of the industry. Maintaining this balance, has helped us groom young talent and simultaneously leverage the expertise we have built over the years.

For recruitment, we follow a robust strategy that enables us to select the right fit for our company. The talent sourcing strategies include employee referrals, campus placements, internal job postings, and direct applications.

For the Bank's growth, enhancing employee capacity has always been a focus area and still continues to play a vital role in facilitating the growth of our employees. A variety of opportunities are made available to them to enhance their skills. The Bank also provides support to personal learning requests from staff under self-development initiatives. Employees also have the option of long-term programs, where they spend on an average six months at the Institute of Banking Studies. Under such circumstance, the employees report to office for on-the-job rotations.

Our career development programmes, learning opportunities, benefits and salary revisions are completely in line with the market, along with priorities of hire and transfer to Kuwaiti nationals. The workforce as on 31st December 2019 comprised 76% of Kuwaiti nationals, out of which 284 were men and 298 women.

Trainings offered at Burgan Bank

Training Program	Key training areas	Number of training topics	Staff trained	
			Number	Percentage
Compliance Programs	Areas as defined by the regulatory framework	3	999	100
Power Skills	Soft skills required for enhancing customer satisfaction	43	751	72.8
Awareness Trainings	Awareness of material issues to the staff	6	466	45.2
Technical Programs	Technical skills as per TNA and department needs	111	431	41.2

All our employees, irrespective of gender or employee category, receive regular performance and career development reviews. The reviews support in establishing the scope of training programs to be provided to them.

The programs entail multiple levels - building modern leadership and management capabilities, enhancing accountability, guaranteeing compliance with CBK regulatory frameworks, growing collaboration and interactivity, social and emotional awareness, improving language and IT capabilities. Employees of all ages and levels receive learning initiative invites that allow them to add value and give their best throughout their service.

In the form of on-the-job trainings that incorporate rotation and informal mentoring, the Bank provides transition assistance while employees are retiring. We also provide trainings to enhance community engagement that improve skills, targeting not just work but life too.

Snapshot of New Hires and Trainings during 2019

				New Employees Hired			
Male 83		Female 67		Below 30 103	30-50 37	Above 50 10	
				Employee Turnover			
Male 74		Female 55		Below 30 55	30-50 58	Above 50 16	Attrition Rate 17%
Training Provided to Employees							
 		Senior Management	Middle Management	Non-Management Employees			
13,299	10,438						
Total training hours		338	3,229	20,170			

World-class learning events to foster a positive workplace culture

We believe communication and collaboration are key to success at the workplace. Over the years, we have forged relations with market leading organizations, who support with us in organizing our team-building events.

In an event organized this year, our staff worked in teams, celebrated achievements and maximized interdepartmental collaboration through several interactive tasks. The activities enabled knowledge transfer, team synergy, effective listening skills, creativity, decision-making, leadership skills and the ability to work effectively under pressure.

1.15.2 Employee Welfare

Our people form the core of our operations, and we invest in our employees’ welfare and happiness to drive performance excellence. Our full-time employees are offered a wide range of benefits including career development plans and learning opportunities, benefits and salary revisions in line with the market.

Rewarding Top-Performing Employees

We believe motivation is the key to sustain and grow successful banking operations. Hence, we invest in advanced training and reward programs that felicitate performers and high achievers. In the reporting period, we held a series of ceremonies to reward the best branches and its employees, contact centers, direct sales and merchant sales for their outstanding work during the previous reporting period.

Divided into separate categories, the achievers were presented with titles like 'Top Performing Employee,' 'Best Branch', 'Best Customer Service Representative' and 'Best Merchant Sales officer' at Al Hamra Luxury Center. The event witnessed the attendance of senior management from the Bank and its branches, alongside top performing employees.

1.16 Enhancing Customer Experience

Burgan Bank is committed to creating long-term client relationships, while delivering outstanding customer experience across all touch points. To enhance customer experience, feedback and suggestions are regularly collected from them with a view to improve services, products and channels. To continuously listen to the customers and also take immediate actions whenever necessary, an online customer satisfaction survey has been made available on the Bank's website. All the feedback is analyzed by the Bank and high priority is given to complaints so that they are resolved in an optimal and satisfactory manner. Specialized training is offered to our Customer Care employees so that they can have effective customer engagement.

Owing to all these efforts, we have been recently felicitated with the Best Contact Center Award, in recognition of our outstanding work in providing exemplary customer service. This distinction was provided by INSIGHT Middle East, a Call Center dedicated professional services organization, which is also the regional benchmark for remote customer interaction. We were chosen from among 200 participating centers across the GCC/ Middle East region.

Special needs services

We have dedicated branches with latest services to accommodate and facilitate banking for our customers with special needs. The services provided in these branches include:

- Automate Teller Machines (ATMs) that have braille keyboards and earphones, enabling visually impaired customers to withdraw money. These ATMs have special branding and enclosures ensuring their privacy and physical wellbeing
- ATMs with audio reception, where the machine is placed in a glass room and opened via the card. This provides the required privacy to the user
- Staff trained to provide services in sign language for assisting impaired customers
- Wheelchair access to branches and wheelchairs availability (in all our dedicated branches)
- Reserved and clearly marked parking spaces

Engaging through social media

Social media and digital platforms have enabled us to have meaningful dialogues with our customers. We have been utilizing these channels to connect and engage with our customers, listen to them and develop strong relationships. It also acts as a way of continuously enhancing the Bank’s own digital strategy. The Bank currently has a significant presence on LinkedIn, Twitter, Facebook and Instagram.

Our Social Media Presence

			
80 k Followers	15 k Followers	14.9 k Followers	24.9 k Followers

1.17 Supporting Local Communities

Given our heritage, and the role we play in the economy and the community, it is imperative that we make a positive and meaningful contribution to the society. Towards this, we engage with the communities directly and also through partnership interventions that aim to maximize positive impact.

Burgan Bank is committed to collaborating with all concerned stakeholders for the benefit of our community. We aim at supporting the creation of a more prosperous and progressive society that looks into the future, while honouring its past. As part of this commitment, we support the community under four thematic areas.

Our CSR Thematic Areas

Education	Sport & Health	Art & Music	Philanthropy
<ul style="list-style-type: none"> • Provide avenues for learning of international best practices • Enhance understanding of and interest in financial institutions among students and young graduates 	<ul style="list-style-type: none"> • Promotion of adopting an active lifestyle • Focus on fitness to improve quality of life • Raise awareness on current challenges affecting individual and public health 	<ul style="list-style-type: none"> • Encourage multi cultural exchange to enrich local communities • support initiatives and new platforms to empower local talent • Preserve and share Kuwaiti cultural traditions 	<ul style="list-style-type: none"> • Encourage and celebrate participation of special needs groups • Seek out change creators and accommodate social advocacy of youth • Embrace inclusiveness among all segments

1.17.1 Education

Burgan Bank considers education as a steppingstone for a brighter and prosperous future of the nation. Our initiatives are aimed at providing opportunities and exposure to the youth to grow and engulf leadership qualities.

Burgan's Summer Young Bankers Program

Burgan Bank provides opportunities for young achievers to shine and progress through the Young Bankers Program. We provide them both practical and theoretical training under the supervision of branch managers and staff. These trainings are aimed at equipping them with the necessary skills to advance in the world of banking, and the young aspirants reap immense benefits from these real-life lessons.

In the reporting period, we selected and trained 24 girls and boys from secondary school as interns during the summer. Organized by the bank's Learning and Development Center, the annual summer training program was an extensive two-week course. In the duration of the program, the interns were exposed to the importance of teamwork, optimal level of customer service, different banking methods, ways to avoid possible issues and solution-driven methods and cross selling techniques.

Enabling easier transition into the banking sector

We have a dedicated Academy program aimed at facilitating the transition of young graduates to the banking sector. The annual training led by the Learning & Development department develops the skills of young graduates and equips them with practical banking experience.

In the reporting period, a batch of 39 trainees graduated from the dedicated Academy program. The program included a two-week field training exercise across the Banks' branches and consisted of extensive introduction to various banking products and services and trainings on customer service. Towards the end of the program, the Bank's trainers were commended on their training techniques and effective methods.

Job Shadow

Job Shadow is a program for reinforcing the mission of building strong leaders of tomorrow. As a sought-after career destination, we seek to develop the skills and expertise of future leaders in the market.

In the reporting period, we hosted the 2nd Job Shadow program through the aid of the Bank's Human Resources & Development Department. The Department, in close coordination with other internal departments hosted 15 students majoring in Economics from the Australian College of Kuwait. The students explored individual sectors, departments and the overall banking realm. Attended by the representatives of the Learning and Development Center, International Operations Office, Corporate Banking, Economy Research Unit, and Investor Relations, the students were made aware of the Bank's corporate culture, organizational objectives and goals through an interactive Q&A session.

1.17.2 Sports and Health

We consider sports and sporting events as facilitators of good health among the nation's youth. Towards this, we have developed interventions that support in uplifting the health of the nation and have partnered with organizations that support us in spreading the message of good health. Our CSR strategy places sports and active living at the core of our operations.

Night run

Reflecting the Bank's vision to enable a healthier and happier future for all, Burgan Bank sponsored the 2019 edition of the 5 km KBA Night Run, which is organized by the Kuwait Banking Association. This Night Run aims to promote impactful fitness and improved lifestyle by encouraging all segments of the society to experience this unique sporting challenge.

This event took place with the help of special gears and saw active participation from a large number of marathoners, athletes and avid runners, both men and women, from different age groups who were committed to finishing the race at Murooj complex. The event was also attended by families, who cheered the runners constantly.

Sponsoring sporting icons

We believe that youth sporting icons have the capability to influence and encourage millions to adopt healthy lifestyle, and also support the next generation in uplifting sports.

In this regard, Burgan Bank sponsored the Wheelchair Fencing Titleholder, Tareq Al-Qallaf, for the fifth consecutive year in 2019. The home-grown World Champion who is a symbol of local pride, patriotism, and inspiration for the special-needs community, represented Kuwait in four championships across the globe during the first half of 2019.

Burgan Bank and KIPCO jointly sponsored Alamir Albaz Nabil Alayyaf, who competed in the BMX Freestyle World Cup in France. He is the first Kuwaiti to compete in a global BMX freestyle competition. In this manner, the Bank's support directly reflects its commitment to raise the profile of the local sports community and also Kuwait's reputation worldwide.

Burgan Bank also sponsored activities at Equestrian Sports Club for season 2019-20. The sports club will execute a comprehensive schedule of activities and multiple tournaments such as jumping competitions and the Amir's Cup, which is the largest event in the equestrian sports arena, witnessed in the presence of prominent and distinguished guests.

Supporting healthy lifestyle

In collaboration with Al-Mutawa Pharmacies, the Bank organized an awareness campaign marking 'World Diabetes Day' at its headquarters. Annually celebrated worldwide on 14 November, a certified pharmacist examined our staff and customers, measured their blood pressure and blood sugar levels and inquired about their overall health. The team of experts held a capacity building session and provided comprehensive overview of the symptoms, treatments, causes and diagnoses of Type 1**** and Type 2***** diabetes.

We also organized a Blood Donation drive at our headquarters in partnership with the Kuwait Central Blood Bank. The drive under the theme of "You too can save a life", was aimed at raising awareness on the need for blood and the difference it can make to people's lives. The initiative gathered a number of volunteers from the Bank staff to deliver a total of 45 blood bags. The Bank highlighted that donating blood is a noble act, for both the donor and the recipient as it enhances community culture and wellbeing.

1.17.3 Encouraging Art and Music

Art and Music are a reflection of the society and we believe it is essential to preserve our traditions in a globalizing world. Through our initiatives, we support organizations in the mission of preserving our culture.

Summer Workshop for Youth Account Holders

Keeping up with the latest creative interests of the community, we, in collaboration with Floward, engaged with our Youth Account holders in an innovative manner. Ensuring that they are exposed to diverse, modern trends and preferences, we organized a one-of-a-kind workshop on the art of flower arrangement at the Residence Inn by Marriott in Kuwait City. The three workshop sessions were specially organized due to high demand from youth customers during their annual summer vacation period.

Sports & International Arts Carnival 2019

We sponsored the British Academy of Sport and International Arts annual Carnival 2019, which was an open event including a diverse range of activities. Both engaging and rewarding for the families and their kids, the activities ranged from kickboxing, karate, zumba, gymnastics, a magic show followed by stage performances, games and a raffle draw. The event, which was open to children and nationalities from all schools in Kuwait, provided an opportunity for children and their parents to learn about the different sports and arts courses available, while meeting with professional coaches and teachers.

TEDxAUK 2019

Aimed at widening opportunities for the local youth and building a brighter tomorrow, Burgan Bank sponsored the American University of Kuwait's second TEDxAUK, organized by AUK's Center for Research in Informatics, Science and Engineering (RISE) which was held at the Salwa Sabah Al Ahmad Hall. Following last year's successful TEDx platform, this year, Burgan Bank supported RISE Center under the umbrella of KIPCO. The 2019 TEDxAUK saw vibrant discussions among student and non-student participants, spearheaded by eight motivational speakers who shared their experiences. The theme of TEDxAUK was around voyages, concepts of perseverance, learning, personal growth and self-actualization.

**** A type of diabetes under which the pancreas does not produce adequate amount of insulin. (Center for Disease Control & Prevention)

***** Type 2 diabetes is a lifelong disease that keeps body from using insulin the way it should. (Center for Disease Control & Prevention)

1.17.4 Philanthropy

We believe that it is essential to contribute to the community in order to promote social inclusion. Our initiatives are designed to ensure that no part of the society is excluded from the nation's growth.

Deepening ties during Ramadan

Every Ramadan, we at Burgan Bank have a custom of visiting the residents of the Care Center of the Ministry of Social Affairs and Labor. This year too, we distributed Girgean gifts to the children, elderly, and people with disabilities with the aim of spreading joy and happiness and celebrating the 'giving spirit' of Ramadan.

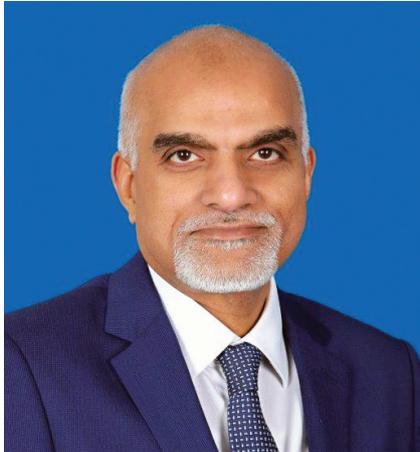
Our Public Relations representatives, in coordination with volunteering team, also visited Kuwait Center for Mental Health, Kuwait Association for the Care of Children in Hospital (KACCH), Abeer, Kuwaiti Disabled Sport Club, and The Palliative Care for Cancer Patients. We also celebrated Girgean with children in its branches at The Avenues Mall and Discovery Mall. With the help of popular 'BuBa' Kids Account mascot, Burgan Bank staff distributed Girgean gift boxes and provided entertainment for children and their families.

We also gathered to celebrate "Graish", the annual occasion with our employees at the Safir Al Fintas Hotel. The pre-Ramadan tradition was successfully led by the Internal Communication unit under the Human Resources & Development group. To honour our Kuwaiti heritage, the staff enjoyed the special Graish meal to welcome the fasting season. Joining in the spirit of Ramadan and addressing the importance of valuable team initiatives, Burgan Bank's Chairman, Mr. Majed Eisa Al-Ajeel, wished every employee and their families a blessed Holy month.



Minimizing Environmental Impact





Mr. Venkatakrisnan Menon
Group Chief Operations and
Technology Officer

“Striking a fine balance between driving financial growth and protecting the environment is crucial to us, so is managing resource consumption and driving energy efficiency. Not to mention climate change, which we acknowledge as an environmental issue with huge economic impacts. Our endeavour is to put steady efforts in these areas that are critical and of concern to us, with an aim of reducing environmental footprint, creating a long-lasting impact and moving towards a greener economy, a greener earth.”

Driving financial growth while protecting the environment – this is what we always strive for. Through various initiatives, including managing resource consumption and energy efficiency, we make it a point to take care of the environment. We also actively seek to reduce the environmental footprint of our operations and investment portfolio. Climate change, we understand is a major environmental issue. Recognizing its impact on economy and long-term financial well-being, we try to ensure our actions and pursuits are directed towards better climatic conditions and a greener environment.

1.18 Optimizing Energy Consumption

A large portion of our environmental footprint is generated through our energy usage, which is electricity that we purchase from the grid for our corporate headquarters, regional offices and branches. In addition, we also use diesel generators for emergency power requirements. Acknowledging the consequences our energy consumption will have on the environment, we initially sought to manage its negative impacts effectively and then we began to actively seek interventions to optimize the energy use within the organization.

Our direct and indirect energy consumption consists primarily of high-speed diesel and purchased electricity respectively. By emphasising on optimizing our energy use throughout our operations, we have been able to increase the energy efficiency of our operations, even while raising the share of renewable energy in our energy mix, as a means to reduce our net GHG emissions.

Energy Consumption at Burgan Bank

Parameter	Unit	2019
Direct energy consumption (diesel)	GJ	19.56
Indirect energy consumption (electricity)	GJ	45,347.96
Total energy consumption	GJ	45,367.53
Specific energy consumption	GJ/ Employee	45.55

1.19 Sustainable Management of Waste

Our sector, like other service industries, produces waste at multiple touch points. To achieve our goal of minimizing our environmental footprint, it is important that we manage the waste efficiently.

Towards this, we segregate our waste in electronic and municipal waste (waste generation at Burgan Bank in 2019 is shown in figure beside). The nature of operations at the Bank ensure that no hazardous waste is generated at any of the facilities. The electronic waste generated at our facilities is recycled through collection and sale to authorized dealers in the local market. The municipal waste includes municipal and paper waste, which is collected by the municipality and disposed-off into municipal landfills. Complying with local regulations, we are also developing initiatives to reduce waste generation within our operations.

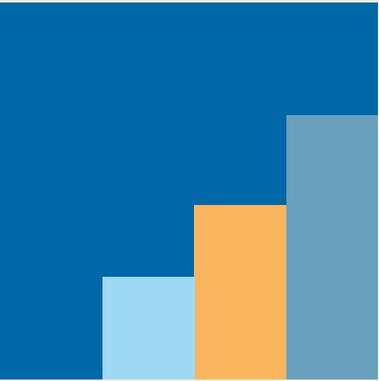
Waste by type (kg)



Celebrating Earth Day

At Burgan bank, we encourage 'green behaviour' as part of everyday lifestyle. To enable our employees to incorporate environmentally responsible behaviour, we participated in World Earth Day. We switched off every light and cut off electricity from all of the equipment throughout the Head Office and Bayan Branch for 60 minutes.

The exercise that was led by Burgan Bank's Internal Communication unit in the Human Resources and Development Department is part of the on-going mission to integrate healthy practices among our employees, even while supporting them to preserve nature and its resources.



Annexures



1.20 Abbreviations

AGB	Gulf Bank Algeria
ATM	Automate Teller Machines
BOB	Bank of Baghdad
CBK	Central Bank of Kuwait
CEO	Chief Executive Officer
COVID-19	Coronavirus
CSR	Corporate Social Responsibility
EMS	Environmental Management System
ESG	Environmental, Social, and Governance
EVG&D	Economic Value Generated and Distributed
GCC	Gulf Cooperation Council
GHG	Greenhouse Gases
GJ	Gigajoule
GRI	Global Reporting Initiative
HRD	Human Resources and Development
ISWG	Information Security Working Group
IT	Information Technology
KACCH	Kuwait Association for the Care of Children in Hospital
KBA	Kuwait Banking Association
KD	Kuwaiti Dinar
KIPCO	Kuwait Projects Company (Holding)
MENAT	Region comprising of Middle East, North Africa, and Turkey
RISE	Research in Informatics, Science and Engineering
SASB	Sustainability Accounting Standards Board
SDG	Sustainable Development Goals
SME	Small and Medium-sized Enterprises
TIB	Tunis International Bank
TNA	Training Needs Analysis
WBC	Whistle Blowing Committee

1.21 GRI Content Index

GRI Standard	Disclosure	Page Reference & Explanation
GRI 102: General Disclosures, 2016		
GRI 102: Organisational Profile		
102-1	Name of the organization	Page 1
102-2	Activities, brands, products, and services	Page 15
102-3	Location of headquarters	Page 6
102-4	Location of operations	Page 6
102-5	Ownership and legal form	Annual Report
102-6	Markets served	Page 6
102-7	Scale of the organization	Page 6
102-8	Information on employees and other workers	Page 30
102-11	Precautionary principle or approach	Burgan Bank undergoes environmental and social assessments as per regulatory requirements
102-12	External initiatives	Page 42
GRI 102: Strategy		
102-14	Statement from senior decision-maker	Page 9 & 11
102-15	Key impacts, risks, and opportunities	Burgan Bank is currently undertaking the assessment and will start reporting from the upcoming reporting periods
GRI 102: Ethics and integrity		
102-16	Values, principles, standards, and norms of behavior	Page 25
102-17	Mechanisms for advice and concerns about ethics	Page 29
GRI 102: Governance		
102-18	Governance structure	Page 26
102-19	Delegating authority	NA
102-20	Executive-level responsibility for economic, environmental, and social topics	NA
102-21	Consulting stakeholders on economic, environmental, and social topics	Page 12
102-22	Composition of the highest governance body and its committees	Annual Report

GRI Standard	Disclosure	Page Reference & Explanation
102-23	Chair of the highest governance body	Annual Report
GRI 102: Stakeholder Engagement		
102-40	List of stakeholder groups	Page 12
102-42	Identifying and selecting stakeholders	Page 12
102-43	Approach to stakeholder engagement	Page 12
102-44	Key topics & concerns raised	Page 20
GRI 102: Reporting practices		
102-45	Entities included in the consolidated financial statements	Annual Report
102-46	Defining report content and topic boundaries	Page 6
102-47	List of material topics	Page 20
102-48	Restatements of information	This is Burgan Bank's first Sustainability Report
102-49	Changes in reporting	This is Burgan Bank's first Sustainability Report
102-50	Reporting period	1 st January 2019 to 31 st December 2019
102-51	Date of most recent report	This is Burgan Bank's first Sustainability Report
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	Page 6
102-54	Claims of reporting in accordance with the GRI Standards.	Page 6
102-55	GRI Content Index	Page 52
Topic Specific Standard: Economic		
GRI 103: Management Approach, 2016		
103-1	Explanation of the material topic and its boundary	Page 33
103-2	The management approach and its components	Page 33
103-3	Evaluation of management approach	Page 33
201-1	Direct economic value generated and distributed	Page 33

GRI Standard	Disclosure	Page Reference & Explanation
Topic Specific Standard: Environment		
GRI 302: Energy, 2016		
103-1	Explanation of the material topic and its boundary	Page 48
103-2	The management approach and its components	Page 48
103-3	Evaluation of management approach	Page 48
302-1	Energy consumption within the organization	Page 48
302-3	Energy intensity	Page 48
GRI 306: Effluents and Waste, 2016		
103-1	Explanation of the material topic and its boundary	Page 49
103-2	The management approach and its components	Page 49
103-3	Evaluation of management approach	Page 49
306-2	Waste by type and disposal method	Page 49
Topic Specific Standard: Social		
GRI 401: Employment, 2016		
103-1	Explanation of the material topic and its boundary	Page 40
103-2	The management approach and its components	Page 40
103-3	Evaluation of management approach	Page 40
401-1	New employee hires and employee turnover	Page 40
402-1	Minimum notice periods regarding operational changes	NA
GRI 404: Training and Education, 2016		
103-1	Explanation of the material topic and its boundary	Page 39
103-2	The management approach and its components	Page 40
103-3	Evaluation of management approach	Page 40
404-1	Average hours of training per year per employee	Page 40
404-2	Programs for upgrading employee skills and transition assistance programs	Page 39
GRI 405: Diversity and Equal Opportunity, 2016		
103-1	Explanation of the material topic and its boundary	Page 30
103-2	The management approach and its components	Page 30
103-3	Evaluation of management approach	Page 30
405-1	Diversity of governance bodies and employees	Page 30

1.22 Kuwait Boursa Index Sustainability

Sustainability Dimension	Sustainability Topics	Sustainability indicators	Disclosure	Page No.
Economy	<ul style="list-style-type: none"> Market efficiency Economic contribution Local economy Workforce 	1. Annual report	Yes	Annual Report
		2. Sustainability report	Yes	All
		3. Local procurement spending (%)	No	N/A
		4. Full time employees	Yes	Page 30
		5. Employee wages and benefits (KWD)	Yes	Page 29
Environment	<ul style="list-style-type: none"> Environmental management Energy management Atmospheric emissions Water management Waste management 	6. Environmental policy	No	N/A
		7. Energy use	Yes	Page 48
		8. Carbon emission	No	N/A
		9. Water use	No	N/A
		10. Waste generated	Yes	Page 49
		11. Waste recycled (%)	No	N/A
Social	<ul style="list-style-type: none"> Kuwaitisation Employment Health and Safety Diversity and inclusion Training and development Human rights Business integrity Community initiatives 	12. Kuwaitization (%)	Yes	Page 7
		13. Youth employment (%)	No	N/A
		14. Injury rate	No	N/A
		15. Women in the workforce (%)	Yes	Page 30
		16. Training hours per employee	Yes	Page 40
		17. Employee turnover (%)	Yes	Page 40
		18. Human rights policy	No	N/A
		19. Code of ethics	Yes	Page 28
		20. Community investment	Yes	Page 42
		Governance	<ul style="list-style-type: none"> Board of directors Audit and internal controls Shareholder rights Executive remuneration 	21. Board independence (%)
22. Risk management committee at the board level	Yes			Page 27
23. Non-audit fees (%)	Yes			Annual Report
24. Voting results	Yes			Annual Report
25. Links between executive pay and Performance	Yes			Annual Report
26. Compliance with the CMA's Corporate Governance regulatory requirements	Yes			Annual Report



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