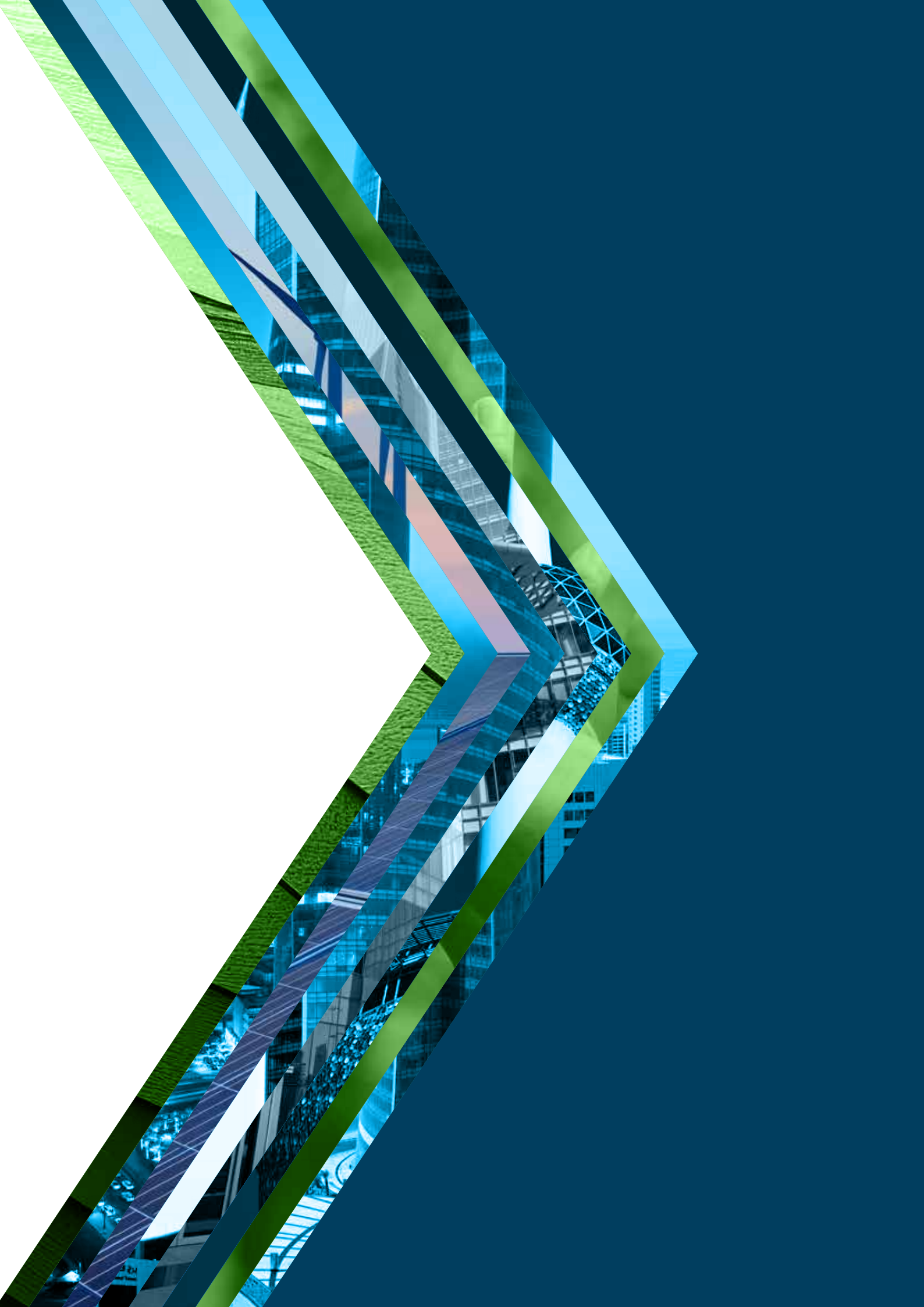
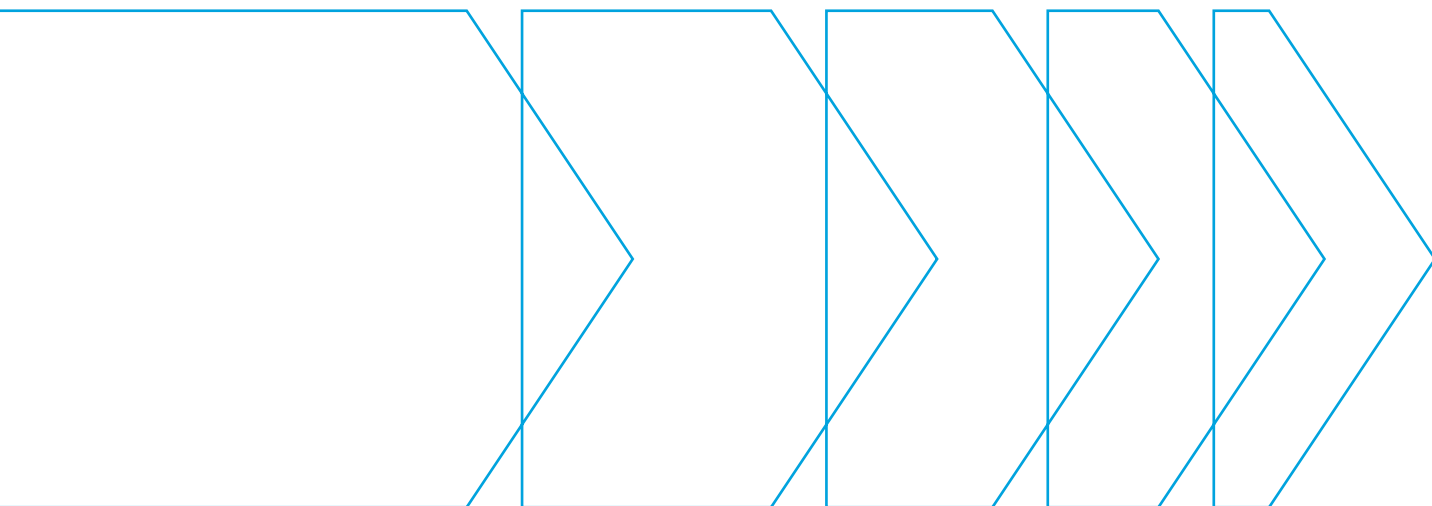


**COMMITMENT
TO ESG EXCELLENCE**
SUSTAINABILITY REPORT 2022



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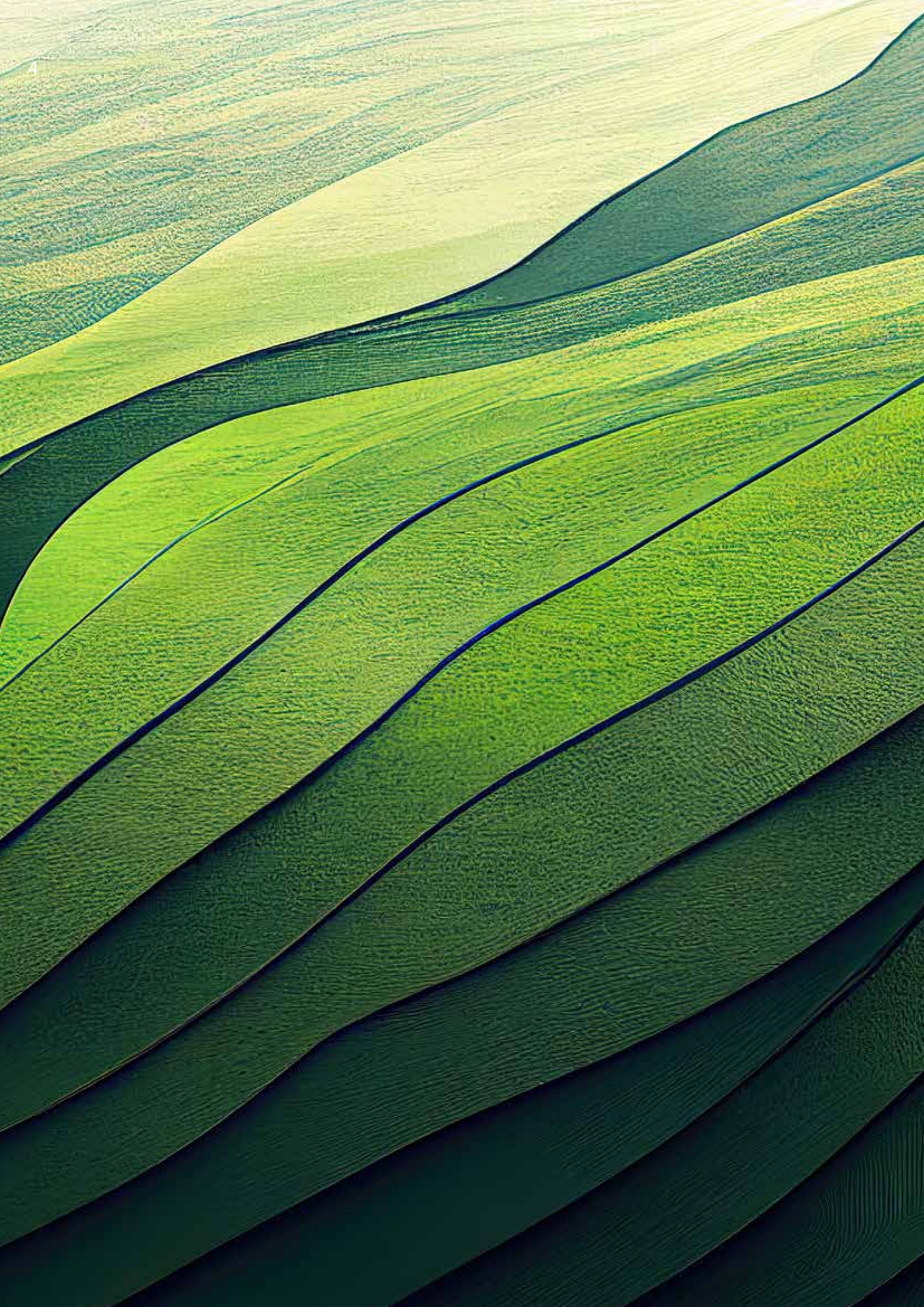




**H.H. Sheikh Nawaf
Al-Ahmad Al-Jaber Al-Sabah**
Amir of the State of Kuwait

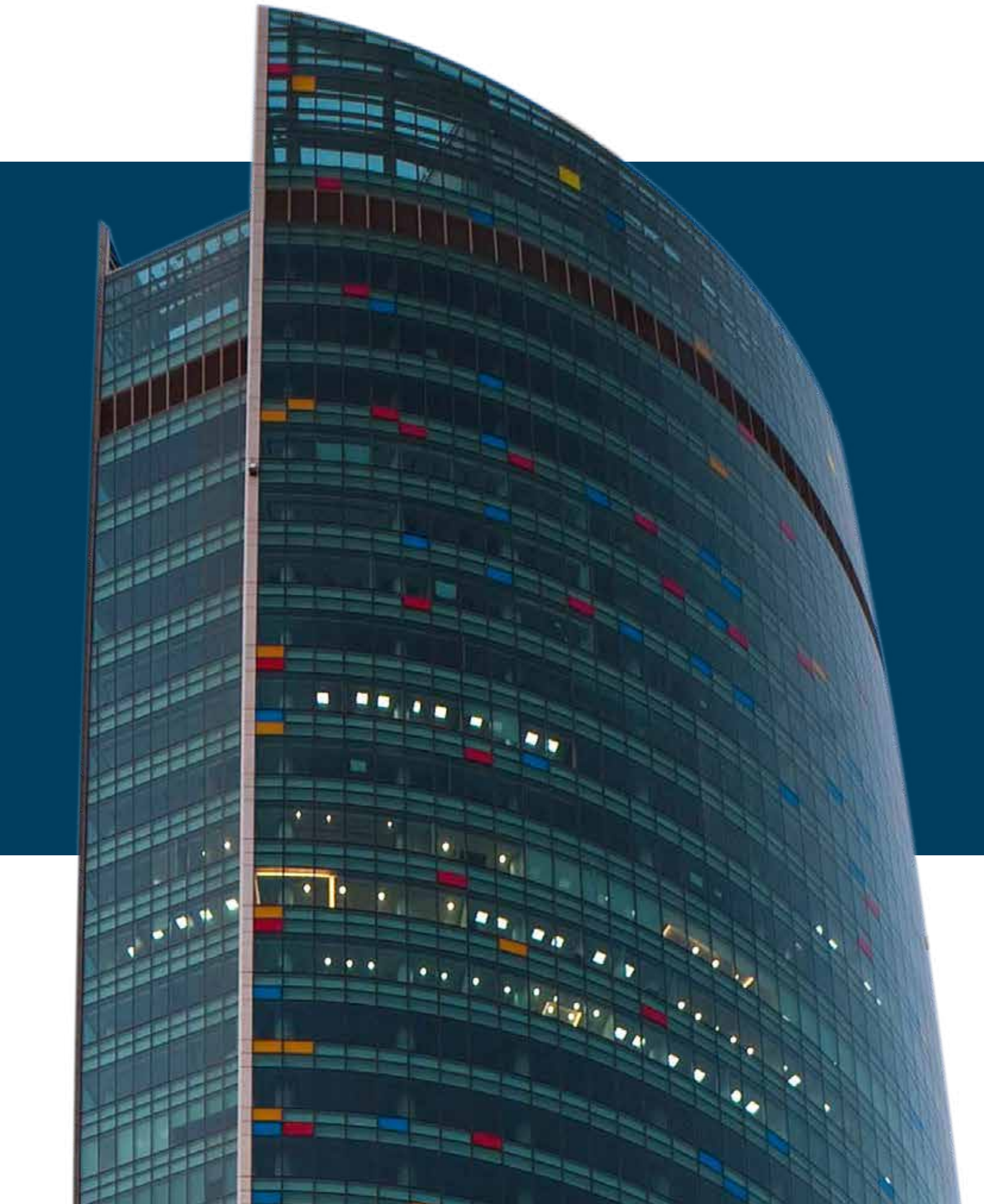


**H.H. Sheikh Mishal
Al-Ahmad Al-Jaber Al-Sabah**
Crown Prince of the State of Kuwait



An aerial photograph of a lush green agricultural landscape, showing curved rows of crops. A large, dark blue diagonal band runs from the top left towards the bottom right, partially obscuring the fields. The word "INTRODUCTION" is centered in white capital letters within the blue band.

INTRODUCTION





Introduction

We are pleased to present KIPCO's second annual Sustainability Report, outlining our commitment to Environmental, Social, and Governance (ESG) principles. This report highlights our progress, initiatives, and achievements in driving sustainable practices throughout our operations. With sustainability embedded in our core values, this report showcases our efforts to balance economic growth with environmental stewardship and social well-being.

Throughout this report we have taken into consideration the Global Reporting Initiative (GRI) reporting principles of Accuracy, Balance, Clarity, Comparability, Completeness, Sustainability context, Timeliness, and Verifiability. See Appendix 7.1 - GRI Standards Index for further details.

The report's scope covers the period from January 1, 2022 to December 31, 2022, with some comparisons to previous years wherever applicable or relevant. The scope boundary covers KIPCO as a holding company (referred to throughout the report as "KIPCO" or "the Holding" or "the Company"). There are also references and highlights in the report concerning a few selected KIPCO subsidiaries-in these cases, the subsidiary is mentioned by name.

Contact

We invite stakeholders to provide feedback on our Sustainability Report. Please share your comments or questions with our team through: esg@kipco.com





MESSAGE
FROM OUR
GROUP CEO



Message from our Group CEO



When KIPCO was established 48 years ago, one of its fundamental principles, which remains steadfast to this day, was the belief that our purpose is to contribute to the prosperity of the community. This Sustainability Report represents a clear reflection of our dedication to this honorable mission. By leveraging our ESG Strategy, implementing adaptive governance practices, prioritizing our employees, embracing environmental and social responsibility, and harnessing the power of digitization and technology, we strive to fulfill our enduring commitments as stewards of the communities in which we operate.

ESG Strategy

A major cornerstone in our ESG journey is the development of our comprehensive ESG Strategy. This strategy reflects our responsiveness to investor feedback and expectations, acknowledging the need to integrate ESG considerations into our operations. We are dedicated to meeting these expectations and utilizing ESG principles to drive responsible business practices, creating long-term value for our subsidiaries and stakeholders.

Adaptive Governance

At KIPCO, we understand the significance of effective governance and risk management in our diverse business portfolio. Our well-defined organizational structure ensures seamless collaboration, governance, and risk management across our subsidiaries. We prioritize professional conduct and maintain high standards of integrity to enhance investor trust in our company's financial stability. To fulfill this commitment, we adhere to a comprehensive Code of Ethics and Professional Conduct, combat corruption, and encourage stakeholder whistleblowing. Notably, we achieved a remarkable milestone in portfolio diversity through the successful merger with Qurain Petrochemical Industries Company (QPIC) in November 2022 - completing the integration process within a span of nine months.

Employee Focus

Our employees are the driving force behind our success, and we recognize their significance in achieving our objectives and those of our subsidiaries. To attract and retain top talent, we focus on providing internships, training programs, protecting human rights, promoting diversity and inclusivity, and offering attractive compensation and incentive strategies. Our efforts in employee attraction and retention resulted in a 18.6% increase in full-time employees this year, representing 13 diverse nationalities within our workforce. As a demonstration of our commitment to Kuwaitization, we continue to exceed the minimum requirement at a Kuwaitization rate of 27%. (40% in managerial positions). Additionally, we pride ourselves in being a company that empowers women, with a 10% women representation rate in managerial positions.

Environmental Responsibility

As a Kuwaiti investment company, we are committed to contributing to the country's climate change mitigation goals. In 2022, we successfully reduced both our Scope 1 and Scope 2 emissions. Our environmental protection efforts extend to minimizing waste sent to landfills, particularly through the reduction of paper waste via digitization initiatives and the promotion of reusable items among employees. As a result of our paper reduction efforts, we achieved a significant 90% reduction in total paper waste.

Social Responsibility

Community engagement is a fundamental part of our ESG strategic priorities. We recognize the importance of creating a positive impact on our stakeholders through social initiatives. Therefore, we actively support programs focused on education, youth development, and women empowerment. In 2022, we allocated a total of KD 132,422 as community sponsorships. Additionally, we believe in supporting the local economy and fostering community development by engaging with local suppliers, which constitute 68% of our total suppliers.


Digitization and Technology

We fully understand the transformative potential of digitization and technology in driving sustainable growth and enhancing our operations. Our digitization efforts encompass effective digital communication, privacy, and security, as well as the implementation of hardware and software systems that support emerging business requirements.

In closing, I would like to express my sincere appreciation to all our stakeholders for their continued trust and support in our sustainability endeavors. As we look towards the future, we remain committed to advancing ESG initiatives that contribute to a more sustainable and inclusive society.

Dana Naser Sabah Al Ahmad Al Sabah
Group Chief Executive Officer

2022 ESG Highlights



Female representation at Board level


20%



Total training hours recorded


224Hours






Total GHG emissions

2,942.26
mtCO2e




Total GHG emissions: Scope 1

14.61
mtCO2e



Total GHG emissions: Scope 2

2,124.39
mtCO2e



Total GHG emissions: Scope 3

803.25
mtCO2e



Increase in full-time employees

18.64%
Increase





Total paper sheets saved

144,000
Sheets



Increase in female employees

17.39%
Increase



Turnover percentage

0%



Kuwaitization rate

27.14%

Total amount invested in employee benefits

994,275KD



Recorded incidents of discrimination and harassment

Zero



Percentage of local suppliers

68.18%

Total amount invested in community and employee initiatives

132,422KD





01 STRATEGIC ESG APPROACH

- 1.1 > An Overview of KIPCO
- 1.2 > KIPCO's ESG Strategy
- 1.3 > The Basis of our Sustainability Reporting

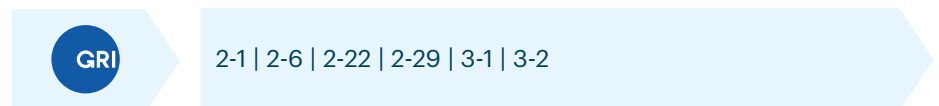


01 STRATEGIC ESG APPROACH

Relevant United Nations Sustainable Development Goals (SDGs) to this chapter:



Relevant Global Reporting Initiative (GRI) standards to this chapter:



Relevant ESG Strategy priorities to this chapter:



1.1 An Overview of KIPCO

Kuwait Projects Company (Holding) K.S.C.P., commonly known as KIPCO, is a prominent holding company listed on the Boursa Kuwait. Founded in 1975, KIPCO has its headquarters in Kuwait and operates through numerous subsidiaries and affiliates across the Middle East and North Africa (MENA) region.

Spanning three decades of operation, KIPCO's strategy involves the acquisition, construction, expansion, and sale of companies in the MENA region. The Holding's primary emphasis is on governance and overseeing its subsidiary companies. Through this governance and oversight practice, KIPCO maintains equilibrium among its own interests, stakeholder concerns, community needs, shareholder value, employee outcomes, and other important factors.

As one of the largest holding companies in the MENA region, KIPCO has a diverse portfolio of investments spanning various sectors, including financial services, media, real estate, manufacturing, and education. The Group comprises over 60 companies and employs more than 16,000 people in 24 countries.

1.2 KIPCO's ESG Strategy

The year 2022 has witnessed a number of transformational achievements in our ESG progress. The first was the launch of our inaugural ESG Report, which is publicly available on our website. The second achievement was the development of our comprehensive ESG Strategy, serving as a guiding framework for KIPCO Holding's advancement in ESG initiatives. Specifically, such developments were a direct response to the growing feedback and expectations from our investors, recognizing the need to integrate ESG considerations into our operations. We are committed to meeting these expectations and leveraging ESG principles to drive responsible business practices.

KIPCO's ESG Strategy Overview

Guiding our ESG commitments and setting the baseline for our ESG monitoring and evaluation is integral to our ESG Strategy. Our ESG Strategy aims to build on our national, regional, and international positioning by embedding a sustainability foundation that ensures long-term value creation for the business spanning its subsidiaries and stakeholders. Formed on the basis of three ESG pillars, the Strategy considers the following aspects related to KIPCO:



Environment

KIPCO is committed to measuring, assessing, and transparently reporting our environmental performance across a range of indicators. We acknowledge our responsibility to contribute to a sustainable environment.



Social

KIPCO actively engages in social responsibility through various community activities. We foster sustainable elements within our workplace, such as promoting diversity, employee engagement, performance management, and nationalization efforts. We understand the significance of social aspects in creating a positive impact on our stakeholders.



Governance

Strong governance forms an integral part of KIPCO's operations. We maintain robust policies, processes, and procedures to ensure transparency, compliance, operational management, ethics, financial management, risk and opportunity management, and digital advancement. Our Board, Executive Management, and other governing roles strategically drive KIPCO towards effective governance practices.

KIPCO's ESG Strategy follows its vision, mission, and values described as follows:

KIPCO's ESG Strategy Vision, Mission and Values



VISION

Advance the role of ESG across KIPCO, operating businesses, and stakeholders.



MISSION

To govern consistent, collective value in a sustainable, compliant and impactful manner

Values



Proactivity

Reflects the value of proactively responding and taking actions to address and eventually improve across a range of ESG areas-especially evident in the measurement, assessment, and eventual improvement of KIPCO's performance against set targets.



Alliance

Reflects the value of allying with and collaborating among various stakeholders and parties in order to eventually realize the components of the Strategy. The value of collaboration is even more tangible once the ESG Committee is able to manage the implementation of the Strategy across KIPCO Group to other identified portfolio companies.



Commitment

Reflects the value of committing to sustainability and ESG through the development and implementation of the Strategy. By measuring performance via KPIs, and targeting improvements across those, KIPCO and any other parties involved in the Strategy emphasize their commitment and contribution to ESG and sustainability.



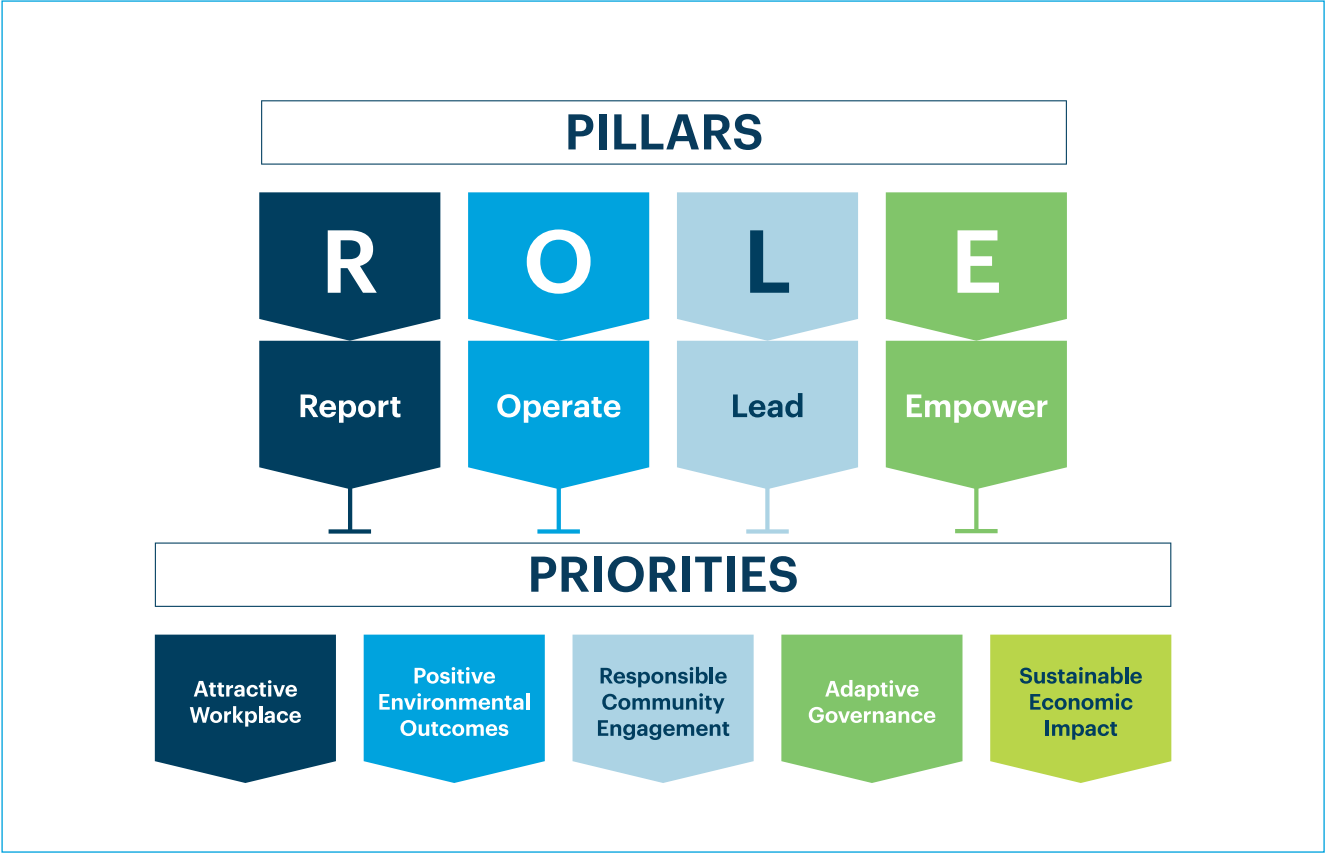
Transparency

Reflects the value of transparently assessing, communicating, and reporting ESG-related performance, engaging properly with a range of stakeholders.

In addition, the ESG Strategy is built on four main pillars, above which five main priorities are driven by a total of 22 strategic objectives, measured by 60 KPIs and their subsequent targets.



KIPCO’s ESG Strategy Pillars and Priorities



1.3 The Basis of our Sustainability Reporting








Our sustainability reporting approach is based on the GRI standards published on June 30, 2022, and it is in line with national and international sustainability frameworks. In addition, we follow the guidelines of Kuwait’s Capital Markets Authority (CMA), taking in consideration the legislative additions and amendments related to the controls of sustainable finance and its sustainability reporting guide. We further consider the Boursa Kuwait Sustainability Reporting Guide and Kuwait’s Vision 2035. In terms of ESG raters, the report addresses selected ESG disclosures in Appendix.7.5.

The report discloses information on the materiality topics developed according to a comprehensive materiality assessment process that considered the inputs of KIPCO’s key stakeholders.

Stakeholder Engagement

We recognize the crucial role played by each of our stakeholders, both internal and external, in shaping our operations and influencing our impact on society and the environment. In this regard, we actively engage with our stakeholders and seek to understand their expectations. The following table provides a summary of our understanding of each stakeholder’s interests, as well as our engagement mechanisms.

Stakeholder Engagement Mechanisms

Classification	Selected Stakeholders	Selected Approach to Stakeholder Engagement	Selected Stakeholder Interests	Engagement Frequency
External	Investors 	<ul style="list-style-type: none"> Online quarterly earnings calls Annual General Assembly meetings Conferences Official letters Emails Reports Website Press releases 	<ul style="list-style-type: none"> Return on Investment (ROI) ESG compliance Regulatory compliance Transparent and regular communication Sustainable investments 	High frequency
External	Shareholders 	<ul style="list-style-type: none"> Meetings / Annual General Meetings (AGMs) Official letters Phone calls Emails Reports Website Press releases 	<ul style="list-style-type: none"> Voting rights Robust governance Return on Investment (ROI) ESG compliance Regulatory compliance Transparent and regular communication Dividends Revenue growth 	Medium frequency
External	Governmental Entities 	<ul style="list-style-type: none"> Meetings Official letters Emails Reports 	<ul style="list-style-type: none"> ESG compliance Regulatory compliance Transparent communication Adhering and aligning to national plans Ethical conduct 	Medium frequency
External	Community 	<ul style="list-style-type: none"> Community events Website Press releases Reports Volunteer activities 	<ul style="list-style-type: none"> Transparent communication Community engagement Community empowerment 	Medium frequency
External	Non-Governmental Organizations (NGOs) 	<ul style="list-style-type: none"> Meetings Official letters Phone calls Emails Community activities 	<ul style="list-style-type: none"> Transparent communication Forming partnerships Sponsoring initiatives Common goals Impactful initiatives 	Medium frequency
Internal	Employees 	<ul style="list-style-type: none"> Meetings Emails Phone calls Training Employee events Social media platforms Press releases Reports Internal communication Website Contracts 	<ul style="list-style-type: none"> Regular and transparent communication Work-life balance Compensation Benefits Robust employee policies Non-discrimination and equal treatment Compliance with labor law 	High frequency
External	Suppliers and Vendors 	<ul style="list-style-type: none"> Meetings Official letters Phone calls Emails Contracts Website Reports 	<ul style="list-style-type: none"> Transparent communication Due diligence Payments 	Medium frequency



Materiality Assessment

On a yearly basis we reevaluate and assess material topics that have an impact and influence on our performance. The purpose of such assessment is to aid us in identifying and managing our impacts as they evolve.

Following the release of the updated GRI standards on June 30, 2022, our approach to determine and assess material topics this year is different from last year's. The first step of this year's materiality assessment was to determine our material topics which was conducted through understanding our company's context. This covers our business activities, strategy, business relationships, national and international sustainability and ESG frameworks, and our key stakeholders' feedback.

As a next step, we identified our actual and potential impacts on the economy, environment, and people. This was conducted through stakeholder meetings, as well as benchmarking against national regulatory frameworks, international raters and sustainability frameworks, and industry peers.

As a final step, the significance of impacts was assessed through a survey conducted for both internal and external stakeholders. A total of 30 stakeholders took part in the survey anonymously. Out of the 30 participants, 17 were internal stakeholders, and 13 were external stakeholders. Internal stakeholders comprised KIPCO's employees and management, whereas external stakeholders comprised 11 participants from KIPCO's subsidiaries and 2 participants from KIPCO's community partners. Survey results were plotted in the following materiality matrix, where the x-axis represents the significance of each topic to KIPCO's economic, social and environmental impacts, and the y-axis represents the topics' influence on stakeholders' assessments and decisions.

KIPCO Materiality Matrix 2022



As shown in the matrix, 2022 materiality assessment results indicate that the highest rated topics in terms of both significance and influence are: Community Engagement, Ownership and Control, Business Ethics, Compliance and Risk Management, and Digital and Technological Aspects. No topic was rated low. The lowest topics are the medium-medium topics and those are: Emissions and Waste Management, and Human Capital Development. As for the high-medium rated topics, those are: Responsible Investment, and Governance Oversight.

In comparison to the 2021 results, fewer topics were identified this year (9 topics), whereas 13 topics were identified in 2021, aiming for a more focused approach in 2022. At the upper end of the spectrum, Community Engagement, Ethical Business, Compliance and Risk Management, and Digital and Technological aspects were rated high in both years. Similarly, the topic of Responsible Investment remained at a medium rating.

Changes from last year's ratings are reflected in an increase in Emissions and Waste Management rating from low in 2021 to medium in 2022.

Material Topics' Ratings

Materiality Topics	Rating
Community Engagement	High-High
Ownership and Control	High-High
Business Ethics	High-High
Compliance and Risk Management	High-High
Digital and Technological Aspects	High-High
Responsible Investment	High-Medium
Governance Oversight	High-Medium
Emissions and Waste Management	Medium-Medium
Human Capital Development	Medium-Medium



02 COLLABORATIVE CULTURE

- 2.1 > Workplace Statistics
- 2.2 > Human Capital Development
- 2.3 > Employee Well-Being

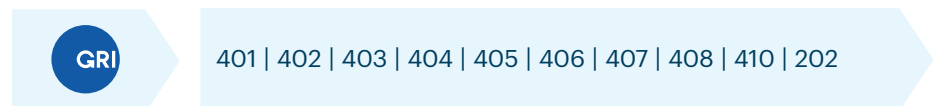


02 COLLABORATIVE CULTURE

Relevant United Nations Sustainable Development Goals (SDGs) to this chapter:



Relevant Global Reporting Initiative (GRI) standards to this chapter:



Relevant ESG Strategy priorities to this chapter:





2.1 Workplace Statistics

We realize the importance of attracting and retaining the right talent for our organizational needs, and so we provide internships, embrace diversity and inclusivity and prioritize attractive compensation and incentive strategies. We continuously monitor employee demographic composition and data. Further, we aim to manage and further minimize turnover rates.

As we are a holding company, our employees are the foundation for our success as well as that of our subsidiaries. Hence, we continuously engage with our employees through maintaining transparent communication, creating opportunities for feedback, and expressing gratitude for our employees' dedication and contributions.

Employee Attraction and Retention

Employee attraction and retention is vital to the stability and sustainability of KIPCO. To enhance employee retention, we adopt a proactive approach aimed at cultivating a positive and productive workplace culture. Our approach encompasses various aspects, including data gathering and analysis, conducting exit interviews, benchmarking against industry standards, and implementing retention strategies. Additionally, we attract talented individuals through internship programs tailored to meet our organizational requirements.

Our talent attraction efforts resulted in an increase of 16.39% in our overall employees in 2022 in comparison with 2021. This covers full-time, part-time and internship positions. The greatest increase was in full-time employees at 18.64%. Further details on employee numbers segregated per gender and employment type are provided in the following table.

KIPCO Employee Statistics Per Employment Type

Year	2021		2022		% Change
Type	Male	Female	Male	Female	
Full time	36	23	43	27	-
Total full time	59		70		18.64%
Part time	0	1	0	1	-
Total part time	1		1		0.00%
Internships	0	1	0	0	-
Total internships	1		0		-100.00%
Total	36	25	43	28	-
Total (All employment types)	61		71		16.39%

New Hires and Turnover

In 2022, new hires increased from both Kuwaiti and non-Kuwaiti nationalities. However, the majority of new hires were Kuwaiti nationals. Regarding turnover rates, in 2022 turnover rates for both Kuwaiti and non-Kuwaiti employees were 0%, as shown in the following tables.

Turnover Percentage Per Nationality

Year	2021		2022		% -Change	
Nationality	Kuwaiti	Non-Kuwaiti	Kuwaiti	Non-Kuwaiti	% Change Kuwait	% Change Non-Kuwait
Employee turnover	0%	5%	0%	0%	0.00%	-100.00%

Number of Employee New Hires Per Nationality

Year	2021		2022		% -Change	
Nationality	Kuwaiti	Non-Kuwaiti	Kuwaiti	Non-Kuwaiti	% Change Kuwait	% Change Non-Kuwait
New hires	2	2	8	3	300.00%	50.00%






Internships at KIPCO

Internship programs are a means of attracting talent at KIPCO. Such programs are designed to expose interns to the various disciplines across various departments, enabling them to gain a comprehensive understanding of department functions. Internships often have specific durations, ranging from a few weeks to several months, allowing interns to immerse themselves in the work environment and acquire hands-on experience. Recognizing the importance of mentorship, we assign experienced professionals as mentors to interns. These mentors provide guidance, support, and share their experience, helping interns navigate their roles and make meaningful contributions. Regular interactions and feedback sessions are planned to allow interns to seek advice and refine their skills under the guidance of professionals. These internship opportunities allow interns to expand their professional networks, build relationships, and gain insights into various career paths within KIPCO. In fact, we consider internships as potential pipelines for full-time employment at KIPCO and its group companies. We may end up offering job opportunities to exceptional interns based on their performance, skills, and the availability of suitable positions within the Company.

Nationality Diversity

As a testament of our diverse and welcoming workplace for various nationalities, our employees come from 13 different countries. Further details on our employees' nationalities are presented as follows:

KIPCO's Employees' Nationalities

					
American	Austrian	Bahraini	Bengali	Canadian	Egyptian
					
Indian	Jordanian	Kuwaiti	Lebanese	Syrian	Yemeni



Kuwaitization at KIPCO

KIPCO strives to play a part in building a diversified economy, offering employment opportunities for Kuwaiti citizens within the private sector. We continue to implement programs aimed at supporting talented and promising young Kuwaitis in their career paths. By investing in education and skills training initiatives, we equip Kuwaiti citizens with the necessary capabilities for in-demand job roles.

Moreover, we provide competitive compensation and benefits packages designed to attract and retain local talent. These comprehensive offerings include appealing incentive plans and other offers that hold significance for our local employees. As an indicator of our commitment to Kuwaitization, we reached a Kuwaitization rate of 27.14% in 2022, surpassing the minimum requirement of 20%. In managerial positions (managers and above), we have achieved a Kuwaitization rate of 40%.

Employee Numbers Per Nationality




	Year	2021	2022	Change %	Allocation 2022
Nationality	Kuwaiti	16	19	18.75%	27.14%
	Non-Kuwaiti	43	51	18.60%	72.86%
	Total	59	70	18.64%	100%

Gender Diversity

We realize the value added to our company by attracting and retaining talented female professionals. Therefore, we uphold gender equality as a fundamental value that is integrated into our HR policies and practices. This is affirmed by our Leadership team who embrace an inclusive workplace culture that places high value on diversity and equal opportunities. Our approach to fostering gender equality includes implementing best practices such as diverse hiring and promotions, ensuring equal pay and benefits for all employees regardless of their gender. Additionally, we have designed training and development programs specifically aimed at empowering women in the workplace. Moreover, we recognize the importance of work-life balance and have implemented policies that support employees with families.

Accordingly, female employees have increased in number in 2022 by 17.39%, whereas male employees have increased by 19.44%, as shown in the following table.

Employee Numbers Per Gender

Men		Women		Total	
					
2021	36	2021	23	2021	59
2022	43	2022	27	2022	70
Change	19.44%	Change	17.39%	Change	18.64%

Gender Diversity in Managerial Positions

We currently have a total of 7 women holding managerial level positions, encompassing roles at the Manager level and above. These women represent a percentage of 10% in relation to the overall number of managerial level personnel within the Company. Additionally, we are proud to have one woman serving as a member of our Board of Directors, who is also the Group Chief Executive Officer (CEO).

Age Diversity

Based on our hiring needs, we seek to have a diverse workforce in terms of age groups. The majority of our employees are in the age group of 30 to 50 years old. In second place lies the over 50 age group, and the lowest age category would be “under 30” consisting of only 6 employees. In 2022, employee numbers of both the under 30 age group and the 30-50 age group increased, while employees over 50 remained constant. Further details are depicted as follows.

Employee Numbers Per Age Group

	Year	2021	2022	% Change
Age Group	Under 30	4	6	50.00%
	30-50	40	49	22.50%
	Over 50	15	15	0.00%
	Total	59	70	18.64%

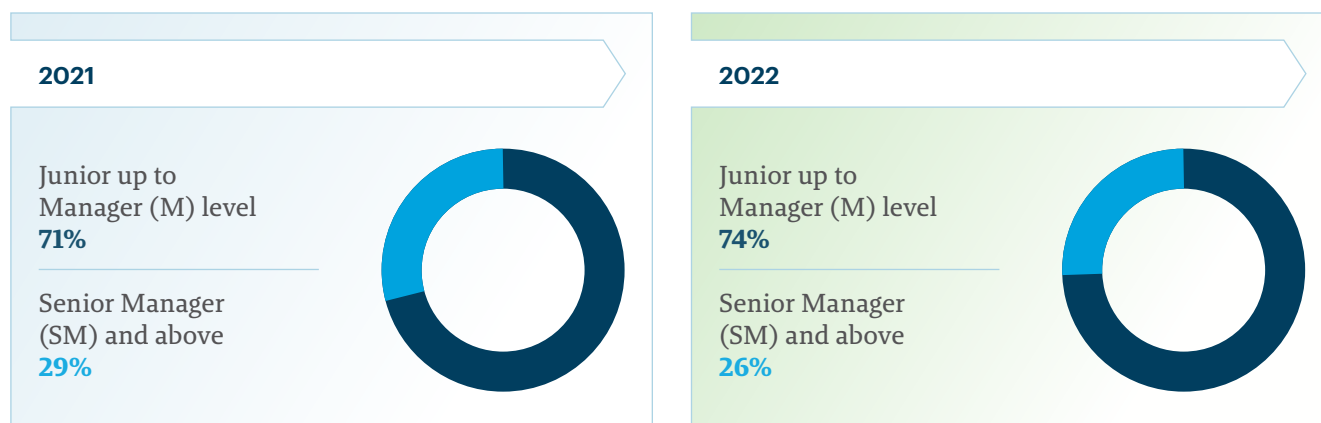
Grade Level Diversity

Our employee grade levels are composed of two categories: Junior up to Manager (M) level and Senior Manager (SM) and above. Most of our employees are in Junior to Manager level positions, with 74.29% of employees in this category. Between 2021 and 2022, the proportion of employees in Junior to Manager level positions has increased by 23.81%. Further details on employee numbers per grade level are depicted in the following table and charts.

Number of Employees Per Grade Level

	Year	2021	2022	Change%
Grade Level	Junior up to Manager (M) level	42	52	23.81%
	Senior Manager (SM) and above	17	18	5.88%
	Total	59	70	18.64%

Percentage of Employees Per Grade Level





Employee Engagement

At KIPCO, we continuously engage with our employees through, for example, maintaining open communication, organizing engagement events, and holding one-on-one meetings. Such engagement and communication allows us to address inquiries and gather feedback from our employees.

Our employee events include employee recognition programs, and employee volunteering events, as well as gatherings and family activities. Employee recognition programs range from simple gestures like thank-you notes to more elaborate events like our annual Gala Dinner, where outstanding employees are publicly honored. In 2022, two events were held for employees, namely the Family Day and the Ghabga. The Family Day was an open day for KIPCO Group and their families. It was a day of fun activities, games, prize draws and was fully catered. The Ghabga gathering was held for employees during Ramadan. Further details on those events are provided in the following table.

KIPCO's Employee Events

Event Title	Event Duration	Investment (KD)	Number of Participants
Family Day 2022	One day	66,940	6,000 (employees and their families)
Ghabga 2022	One day	1,350	50 (employees)
		68,290	6,050

Stewardship of our Subsidiaries

Jordan Kuwait Bank's (JKB) Record Breaking Completion of the "Jordan Trail"



Jordan Kuwait Bank (JKB) promotes and maintains the physical and mental health of its employees by supporting the local communities in Jordan, raising awareness of the importance of environmental preservation, promoting tourism culture, and discovering new sites. The Bank, in partnership with the Jordan Trail Association, organized the 675km "Jordan Trail" event from Umm Qais in the North to Aqaba in the South on Friday and Saturday, October 7 and 8, 2022. Over 150 employees participated in 15 groups to complete the trail within a record time. This makes JKB the first bank and institution to complete the trail in less than two days.



Compensation and Remuneration

To ensure fair compensation practices, we conduct a thorough analysis of compensation data across employee grades and levels. Our objective is to identify and address any disparities that may exist. This process involves comparing the pay of individuals based on their respective grades, regardless of gender, and taking into account factors such as skills, effort, responsibility, accountability, and results. In 2022, the total remuneration provided to employees was KD 3,000,765.



KIPCO's Total Remuneration (in KD)

3,000,765

Employee Benefits

In line with our commitment to promoting work-life balance and supporting the needs of our diverse workforce we provide our employees with certain benefits. Employee benefits include health insurance, parental leave, education allowances, bonuses, and flight tickets for employees and their family members. The extent of these benefits is determined based on each employee's grade and marital status, ensuring fairness and equity across our workforce.



Total employees who took parental leaves in 2022

3 employees





KIPCO's Parental Leave Policy

Our Parental Leave Policy entails the following:

- Pregnant female employees are entitled to maternity leave with full pay for a maximum of 70 days. Female employees can split the maternity leave: 30 days immediately preceding the expected delivery date and 40 days following the delivery date.
- A male employee is entitled to paternity leave of two working days with full pay.

Overall, we spent a total of KD 994,275 on employee benefits in 2022. The majority of this was in the form of bonuses, as shown in the following table.

KIPCO's Employee Benefits Payments

Employee Benefit*	Cost (KD)
 Health Insurance	127,670
 Staff Airfare	133,533
 Bonus	668,355
 Education Allowance	64,717
Total	994,275

*Note: These are contributions to employees apart from the normal salary.



2.2 Human Capital Development

Human capital development is the about continuously improving the skills and knowledge of our employees. KIPCO develops its employees by providing them with training programs and employee evaluations. Such programs maintain the necessary high standards of professional skills for strengthening the competencies and confidence of our valued stakeholders.

Training, Development and Feedback

At KIPCO, we highly encourage our employees to develop their skills, knowledge, and capabilities. Underpinned by our policies, employee skills development at KIPCO takes the form of job-specific training and professional development programs. In addition, we provide financial assistance or support for employees pursuing further professional certifications.

Our training programs encompass enrolment programs by the Kuwait Foundation for the Advancement of Sciences (KFAS), awareness of discrimination and harassment policies, training on gender bias awareness in marketing and advertising, job-relevant professional certifications, audit and human resources conferences, corporate governance training, among others. A total of 224 hours across selected training courses were provided to employees in 2022 at a total cost of KD 465. Further details on selected training courses provided are listed as follows.

Selected Employee Training at KIPCO

Selected Training Course	Hours per Employee	Number of Employees Trained	Total Training Hours per Course	Department	Employee Level	Virtual / Physical
Audit Conference	80	2	160	Group Audit	Executive	Physical
Human Resources (HR) Conference	24	1	24	HR	Executive	Virtual
Corporate Governance	4	10	40	Executive	Senior Executive	Virtual
Total selected training hours	224					

Stewardship of our Subsidiaries

United Real Estate Company's (URC) Partnership with the Australian University (AU)



Our subsidiary United Real Estate Company (URC) signed a Memorandum of Understanding (MoU) with the Australian University (AU).

The agreement touches upon a variety of topics that are of mutual interest to both the signatories, including providing opportunities for Diploma and Bachelor level students at AU to obtain field training and internship at URC or its subsidiaries. The agreement includes (but is not limited to):

- Hosting of international and local speakers by URC at AU events, where URC would be given the opportunity to market its offerings
- Hosting of a URC representative on the AU Industrial Advisory Board during the academic year
- Collaboration between URC and AU in research projects that would benefit AU and support Kuwait Vision 2035
- Joint training courses for fresh AU graduates interested in employment with URC, as well as training courses for URC employees provided by AU professors in coordination with the Corporate Training Department at AU

Stewardship of our Subsidiaries

Jordan Kuwait Bank's (JKB) Employees' Enrollment in "Skills for Global Leaders" Program



Jordan Kuwait Bank (JKB) in coordination with Coventry University (Britain) enrolled a number of its employees in Coventry University's summer program titled "Skills for Global Leaders". The program aims to foster cultural exchange among participants, identifying and learning modern working methods applied by a number of world-class institutions. The program included social events and field visits to several landmarks in the United Kingdom.





Employee Evaluation

KIPCO's Leadership team is actively encouraged to provide ongoing constructive feedback and guidance to their employees. This includes acknowledging and praising accomplishments while offering valuable guidance for areas that require improvement. Accordingly, line managers track their teams' progress, make necessary adjustments, and provide feedback on their performance to the Human Resources (HR) Department.

Succession Planning

In terms of succession planning, we have identified deputies within KIPCO who hold key positions and serve as the natural successors for those roles.

2.3 Employee Well-Being

Employee well-being is integral to our ESG strategic value of "Proactivity". We proactively safeguard our employees' well-being by respecting their human rights, and adhering to occupational health and safety standards. With a strong commitment to respecting human rights, we strive to create an inclusive and supportive work environment where employees are treated with dignity and equality. Moreover, we prioritize occupational health and safety through implementing procedures and protocols.

Occupational Health and Safety (OHS)

The safety and well-being of our employees, contractors, part-time employees, clients, and visitors is a priority for KIPCO. To fulfill this priority, we conduct regular workplace assessments to identify potential hazards and ensure compliance with the safety regulations specific to KIPCO Tower.

Furthermore, we emphasize the active involvement of our employees in implementing health and safety procedures. It is crucial that employees take part in this collective effort to prevent situations that may jeopardize their own well-being or that of others.

Recognizing our responsibility, we strive to provide a safe and healthy working environment, free from the risk of occupational injury or illness. This commitment is achieved by implementing necessary measures to comply with and enhance occupational health and safety (OHS) standards.



Recorded workplace injuries at KIPCO in 2022

Zero

In this regard, KIPCO is committed to:

- Managing health and safety risks to employees in the work environment, including the review of changes to work methods and practices
- Complying with all relevant legislation and other requirements pertaining to health and safety
- Maintaining work locations in a clean and hygienic condition, providing suitable lighting, and supplying potable water and adequate toilet facilities
- Making available sufficient first aid cabinets supplied with the necessary resources at work locations
- Eliminating smoking from all work areas
- Posting OHS instructions in prominent places in work locations in both Arabic and English languages
- Making available and maintaining safe systems of work and safe work premises, including: implementing systems to adequately manage an emergency response and ensuring an adequate supply of fire extinguishers and fire detectors
- Strictly prohibiting the possession, carrying, or use of prohibited weapons, including firearms, illegal knives, etc. on company grounds, facilities, or at events

Human Rights

Respect for human rights is a deeply entrenched value for KIPCO. We emphasize respect for human rights throughout our operations and this is reflected in our company's reputation.

KIPCO's Request for Proposals (RFPs) are drafted to explicitly incorporate and mandate external suppliers to adhere to our business code of conduct. Additionally, we are diligent in our selection process for contractors, ensuring that we commission only those with an impeccable reputation and a proven track record of adhering to good and fair business practices, as well as upholding human rights standards.

Within KIPCO's premises, human rights are well respected in line with our anti-discrimination and harassment policies. Our HR manual states that all employees have the rights and responsibilities to be protected in relation to unlawful discrimination, workplace harassment and bullying. Our employees are provided with guidance on recognizing and addressing any instances of discriminatory behavior and the available reporting mechanisms. These mechanisms include options for anonymous whistleblowing, enabling individuals to report concerns without fear of retribution. Moreover, employees have the option to approach our HR team for guidance and support on any matter of concern.



Recorded incidents of discrimination and harassment in 2022

Zero

KIPCO's Anti-discrimination and Harassment Guidelines

- Any form of harassment or bullying is unacceptable and KIPCO does not tolerate or condone such behavior. All employees are expected to treat each other fairly, with respect and dignity, and to provide a supportive working environment.
- Harassment is defined as unwelcome advances, requests for favors, and other verbal or physical conduct, which results in an individual feeling threatened or compromised in some way, through but not limited to insulting, intimidating or discourteous conduct, as well as derogatory jokes or comments. Bullying is characterized as offensive, intimidating, malicious or insulting behavior, an abuse or misuse of power through means intended to undermine, humiliate, denigrate or injure the recipient.
- Management and all employees should be made aware by HR of their rights and responsibilities in relation to unlawful discrimination, workplace harassment and bullying.
- After a full investigation, should an employee be found to be harassing or bullying a colleague, disciplinary measures would follow.



03 ENVIRONMENTAL OUTLOOK

- 3.1 > Emissions
- 3.2 > Waste Management
- 3.3 > Water Management

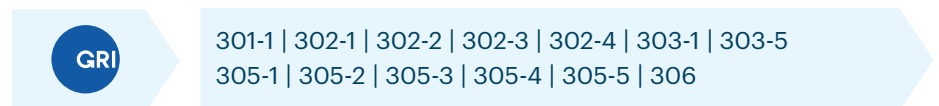


03 ENVIRONMENTAL OUTLOOK

Relevant United Nations Sustainable Development Goals (SDGs) to this chapter:



Relevant Global Reporting Initiative (GRI) standards to this chapter:



Relevant ESG Strategy priorities to this chapter:









3.1 Emissions

As a Kuwaiti investment company, KIPCO aspires to contribute to the country's climate change mitigation goals. We recognize the country's net-zero commitment in the oil sector by 2050 and in all other sectors by 2060, therefore we seek to contribute by continuously assessing and reducing our own company's emissions. In this section we elaborate on KIPCO's greenhouse gas (GHG) emissions in terms of the three scopes covering both direct and indirect emissions sources.

Scope 1 GHG Emissions

Scope 1 greenhouse gas (GHG) emissions pertain to the release of greenhouse gases directly from sources that an organization either owns or has direct control over. In assessing KIPCO's Scope 1 emissions we track the volume of fuel consumed by our owned cars, the total emissions and the intensity per employee. A comparison for the above with 2021 shows a notable decrease in emissions. Though the number of cars remained constant, the volume of fuel consumption has decreased by 34.86%. Similarly, the total GHG emissions decreased by 35.78%, and the intensity decreased by 45.87%.




Scope 1 GHG Emissions

Indicator	2021	2022	%Change
 Total number of cars	3.00	3.00	0.00%
 Total volume of fuel consumed (liters)	6,300.00	4,104.00	-34.86%
 Total GHG emissions (mtCO ₂ e)	14.61	9.38	-35.78%
 Intensity (mtCO ₂ e/employee)	0.248	0.134	-45.96%

Scope 2 GHG Emissions

Scope 2 greenhouse gas (GHG) emissions encompass the indirect release of greenhouse gases that arise from an organization's utilization of purchased electricity, heat, or steam. In KIPCO's case, Scope 2 emissions result from electricity consumption. In comparison with 2022, our electricity consumption decreased by 25%, leading to an decrease in total emissions of 25.86%, and an intensity decrease of 37.51%.

Scope 2 GHG Emissions

Indicator	2021	2022	%Change
 Total amount of electricity consumed (kWh)	3,333,333.33	2,500,000.00	-25.00%
 Total GHG emissions (mtCO ₂ e)	2,124.39	1,575.00	-25.86%
 Intensity (mtCO ₂ e/employee)	36.01	22.50	-37.51%

Scope 3 GHG emissions

While Scope 1 and Scope 2 emissions directly arise from an organization's operations and energy use, respectively, Scope 3 emissions provide a comprehensive view of the full environmental impact of an organization across its value chain. Specifically, Scope 3 emissions result from the activities of an organization, but occur from sources not owned or controlled by the organization. For KIPCO, Scope 3 sources encompass business travel, courier services and waste. It is important to note that there were no comparisons made between Scope 3 emissions in 2022 and 2021 due to varying emission sources used for each year, making them non-comparable.

Scope 3 GHG emissions - Travel

The total number of business trips during 2022 was 102. As a result, a total of 9.16 mtCO₂e were emitted at an intensity of 1.46 mtCO₂e/employee.



Scope 3 GHG emissions - Travel

Indicator	Amount
 Total number of trips	102.00
 Total GHG emissions (mtCO ₂ e)	9.16
 Intensity (mtCO ₂ e/employee)	1.46

Scope 3 GHG emissions – Courier Services

Another source for Scope 3 emissions is courier services. Courier delivery services are provided to KIPCO for the transportation and distribution of certain items. In 2022, a total of 344 courier trips were made emitting 57.31 mtCO₂e of GHG emissions.

Scope 3 GHG Emissions – Courier Trips

Indicator	Amount
 Total trips per year	344.00
 GHG emissions (mtCO ₂ e)	57.31
 Intensity (mtCO ₂ e/employee)	0.82

Scope 3 GHG emissions - Waste





Another source of Scope 3 emissions is that resulting from waste disposal in landfills. For KIPCO, this results from plastic and electronic waste disposal.



Plastic Waste

Aiming minimize plastic waste, KIPCO encourages the adoption of reusable or refillable items like mugs and water bottles. In 2022, a total of 48,400 plastic water bottles were disposed of at a total weight of 693 kg. Consequently, a total of 1.14 mtCO₂e of GHG emissions were emitted.



Plastic Waste Emissions at KIPCO

Indicator	Amount
 Quantity of plastic consumed (water bottles)	48,400
 Total weight for all plastic bottles (kg)	693
 GHG emissions (mtCO ₂ e)	1.14
 Intensity (mtCO ₂ e/employee)	0.02

Electronic Waste (E-waste)

We realize the detrimental environmental consequences associated with discarding e-waste in landfills. In order to minimize the amount of electronic waste generated, we deliberately opt for electronic devices and equipment that are specifically designed to be long-lasting, easily repairable, and durable. Additionally, we occasionally implement initiatives such as donation programs or take-back schemes, enabling us to donate or redistribute old electronic devices to our employees for personal use. Consequently, our efforts in 2022 led to a reduction of approximately 5% in e-waste generation. Throughout that year, a total of 13 e-waste units were disposed of, resulting in the emission of 0.25 mtCO₂e-comprising items that include backup batteries, personal computers, servers, and printers.



Total E-waste Emissions

Indicator	Units	Emissions (mtCO ₂ e)
 Total	13.00	0.05
 Intensity (mtCO ₂ e/employee)	0.0008	

Paper Waste

One of the major types of waste generated at KIPCO is paper waste. In total, 16,000 sheets of paper were disposed in 2022, resulting in 0.002 mtCO₂e of GHG emissions.








Total Paper Waste Emissions

Indicator	Amount
 GHG emissions from paper waste (mtCO ₂ e)	0.002
 Intensity (mtCO ₂ e/employee)	0.00004

Total Scope 3 GHG Emissions

Our overall Scope 3 greenhouse gas (GHG) emissions for the year 2022 reached a total of 67.66 mtCO₂e, with an intensity of 0.97 mtCO₂e per employee. Among our Scope 3 emissions, the largest proportion is attributed to courier services, while the smallest proportion originates from e-waste disposal.






Total Scope 3 GHG Emissions

Indicator	Amount
 Travel (mtCO ₂ e)	9.16
 Courier services (mtCO ₂ e)	57.31
 E-waste (mtCO ₂ e)	0.05
 Plastic waste (mtCO ₂ e)	1.14
 Paper waste (mtCO ₂ e)	0.0024
 Total (mtCO ₂ e)	67.66
 Intensity (mtCO ₂ e/employee)	0.97

Total GHG Emissions (All Scopes)

A summary of the above-mentioned emissions is provided in the following table. In total, KIPCO has emitted a total of 1,652.05 mtCO₂e in 2022 at an intensity of 23.60 mtCO₂e/employee. In comparison with 2021 emissions, both Scope 1 and Scope 2 emissions decreased. However, as previously stated, a comparison is not valid for Scope 3 emissions due to varying methods for calculation between 2022 and 2021, including varying sources of emissions.

Total GHG Emissions (All Scopes)




Indicator	Amount
 Scope 1 (mtCO ₂ e)	14.61
 Scope 2 (mtCO ₂ e)	2,124.39
 Scope 3 (mtCO ₂ e)	803.25
 Total (mtCO ₂ e)	2,942.26
 Intensity (mtCO ₂ e/Employee)	49.87

3.2 Waste Management

As we seek to adhere to global best practices in sustainability, we continue to implement various initiatives to reduce our carbon footprint. One of our key focuses is on waste minimization, which is achieved by encouraging our employees to adopt sustainable practices. These practices include embracing double-sided printing, prioritizing digital documentation, and promoting the use of reusable or refillable products such as mugs and water bottles. Additionally, we have established recycling programs throughout our office, with designated recycling bins. Whenever possible, these bins are collected and managed by KIPCO Tower's management company, through proper disposal and transfer to recycling facilities.

Paper waste stands out as the primary waste generated within our operations. Consequently, our waste reduction endeavors primarily target the mitigation of paper waste. In 2022, paper reduction efforts have led to a significant decrease of 90% in comparison with 2021, as shown in the following table.

Overall Paper Consumption Reduction

	2021	2022	Reduction	Change %
 Quantity of paper sheets consumed	160,000	16,000	144,000	-90%
 Weight of paper saved	720 kg			
 GHG emissions saved from paper reduction	0.003 mtCO2e			

Stewardship of our Subsidiaries

Jordan Kuwait Bank's (JKB) Paper Recycling



As part of its social responsibility and in line with the Sustainable Development Goals, Jordan Kuwait Bank recycled outdated leaflets and paper in collaboration with “BE Environment”, a company that specializes in several recycling programs, including the recycling of plastic, wood, paper, and other recyclable material to be reused.

Paper Reduction Through Digitization

Digitization plays a significant role in KIPCO's paper use reduction. We have estimated specific paper reduction values for selected key digitization tools implemented during 2022. Accordingly, a total of 45 paper reams and 10-15 ledger books, which are physical records used for keeping track of financial transactions, were saved. This was in addition to a total of KD 990 in cost savings. In total, KD 29,000 was invested in the selected digitization tools. Further details are shown in the following table.

Outcomes From Key Digitization Tools

Name / type	Purpose of Use	Amount of Paper Saved	Amount Saved (KD)
SAP Business One - (Enterprise Resource Planning System) General Ledger	Accounting and finance software	10 - 15 ledger books	550
Fixed Assets Module	Managing fixed assets	10 white paper reams	120
Account Payable Module	Accounting for payment processing	10 white paper reams	120
Settlement Workflow System	Processing settlements through Workflow	25 white paper reams	200
Total	-	-	990

3.3 Water Management

Recognizing water as a shared global resource, we actively strive to conserve it. In our office facilities, we implement water-saving measures by installing water-efficient fixtures such as low-flow faucets, aerators, and dual-flush toilets. These fixtures are equipped with sensors that effectively regulate water flow while ensuring their practicality and functionality. To further conserve water, our Maintenance team conducts regular inspections of the plumbing systems. The goal is to promptly identify and repair any leaks that may be present. Even minor leaks can result in substantial water wastage over time. Thus, our proactive approach ensures early detection and timely repairs are carried out, effectively preventing unnecessary water loss.

In 2022, we consumed a total of 16,000 liters of water at KIPCO. This value is 9.93% higher than 2021. The total amount paid towards water consumption increased as well, going from KD 1,429 to KD 1,540.

Water Consumption at KIPCO

	2021	2022	%Change
 Total quantity of water consumed (Liters)	14,555.00	16,000.00	9.93%
 Total amount paid towards water consumption (KD)	1,429.00	1,540.00	7.77%



04 RESPONSIBLE COMMUNITY ENGAGEMENT

4.1 > Community Engagement

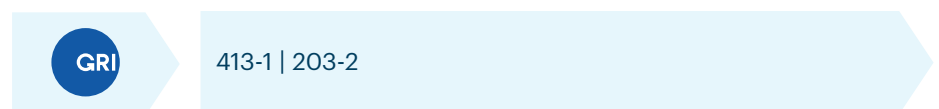


04 RESPONSIBLE COMMUNITY ENGAGEMENT

Relevant United Nations Sustainable Development Goals (SDGs) to this chapter:



Relevant Global Reporting Initiative (GRI) standards to this chapter:



Relevant ESG Strategy priorities to this chapter:





4.1 Community Engagement

Community engagement forms an integral part of our ESG strategic priorities. We understand the significance of social aspects in creating a positive impact on our stakeholders. Thus, we actively support programs that contribute to education, youth development, and women's empowerment, aligning with our commitment to corporate social responsibility.

Furthermore, we contribute financial support through Mashree Al Khair, an organization dedicated to human capital development. By funding their programs, we assist in providing essential support to students in need.

Within KIPCO Tower, we ensure accessibility for individuals with mobility challenges. Our premises are designed to accommodate their needs, incorporating wheelchair ramps, accessible parking spaces, and restrooms that adhere to accessibility standards.

In 2022, we held four community initiatives targeted mainly at youth. Overall, we spent a total of KD 132,422 on those initiatives. Further details on each initiative are provided in the following tables.

KIPCO's Conducted Community Initiatives

Name of initiative	Description	Third-party partner/s	Attendees	Duration	Type of initiative
The Future Creatives Mentorship Program	This program pairs and connects creative Art-industry professionals with interested high school students. This unique program aims to empower and inspire young students while nurturing the local creative community.	Visual Therapy	20	January - April 2022	Youth
Generation Alpha Season 3	This program focuses on young athletes between the ages of 7 and 13.	Eighty Percent, Alrai Group, and OSN	13	June 2022 - December 2022	Youth
Generation Alpha workshop for the parents of Generation Alpha Athletes	This workshop was held for the parents of Generation Alpha participants under the title "Sports Psychology". It was held in January in the "Chairman's Club" at KIPCO Tower.	Mr. Nawaf Al-Shalaan	12	January 15 (a two-hour workshop)	Youth/ Mental health
Generation Alpha Workshop for GA1, GA2, GA3 Athletes	This workshop, entitled "Believe in Yourself", was held for the young athletes of Generation Alpha program in the presence of their parents at the American University of Kuwait (AUK). The aim was to allow them to identify key confidence factors that would improve their skills, behaviour and boost their mental strength.	AlPassion	32	September 17 (one-day workshop)	Youth



Cost of KIPCO's Sponsorship Initiatives for Community and Employees*

132,422 KD

*Note: KIPCO co-sponsored the Oral History and Documentation Project (OHDP) at the American University of Kuwait (AUK). A total of 25,500 KD was paid in 2021, which is applicable for 2021 and 2022 calendar years.

Sidebar

KIPCO is associated with the Mashare'A Al Khair Good Charity Foundation projects



Employee Volunteering

Employee volunteering is highly encouraged at KIPCO. Throughout the year, 2 employees dedicated their time as volunteers, collectively contributing 35 hours of service.

Stewardship of our Subsidiaries

Burgan's Bank's Promotion of Health Awareness



As part of Burgan Bank's wellness initiatives, it organized campaigns during the year covering topics like breast cancer, prostate cancer and diabetes to increase awareness among its employees, and shed light on ways to prevent and manage the diseases.

An awareness workshop was organized in collaboration with Royale Hayat Hospital featuring Dr. Noha AlSaleh – General Surgery and Oncology Surgery Consultant – aiming to educate and inform staff on breast cancer and efforts to mitigate its risks and its spread.

Burgan bank further collaborated with Al-Mutawa Pharmacies to provide diabetes testing for the staff at the head office, and to deliver an awareness session that reinforces the Bank's efforts to promote a healthy lifestyle among employees.

In an effort to increase focus on men's health as well, the Bank held a prostate cancer awareness session in collaboration with Kuwait Hospital. The workshop was hosted by Dr. Nasser AlQuraini, a Consultant of Family Medicine, Geriatrics, Geriatric Oncology and Palliative Medicine at Kuwait Hospital.

Stewardship of our Subsidiaries

Jordan Kuwait Bank's (JKB) Partnership with Elia Nuqul Foundation (ENF)



Jordan Kuwait Bank (JKB) and Elia Nuqul Foundation (ENF) signed a partnership agreement, under which the Bank would provide scholarships to public universities in Jordan to bright students whose economic circumstances do not enable them to complete their studies, in addition to introducing them to the programs offered by ENF.

Under the terms of the agreement, the Bank would cover the eligible students' tuition and monthly transportation expenses for the entire university term, while the Foundation would engage the students in their development programs and systematic and non-methodological trainings to develop their skills and prepare them to enter the labor market.

Stewardship of our Subsidiaries

Jordan Kuwait Bank's (JKB) Support of Al Aman Fund

As part of its social responsibility and commitment towards sustainable development, and in supporting civil society institutions, Jordan Kuwait Bank (JKB) renewed its strategic partnership with Al Aman Fund for the Future of Orphans (2022 – 2025), aiming to support and empower the youth of Al Aman Fund. Within the strategic partnership, JKB supports a group of orphans who spent most or all their childhood in the Jordanian Ministry of Social Development orphanages, in addition to those who are supported by orphan associations registered under the Ministry of Social Development, and who are living with a parent or an extended family member in difficult circumstances.



Stewardship of our Subsidiaries

Gulf Insurance Group (GIG) Battle Fitness Festival leads Middle East Fitness Event

In December 2022, Gulf Insurance Group (GIG), a prominent insurance service provider in the Middle East and North Africa region, joined forces with Circuit+ Fitness, a fitness events organization in the region, to launch the 3rd edition of the GIG Battle Fitness Festival. Held at the Green Island, Kuwait City, this exhilarating event brought together over 2,500 athletes, spectators, and volunteers. Participants eagerly took part in various challenging games, including a CrossFit competition, the Saracen Race (a 5K obstacle race), a Powerlifting competition, a Calisthenics competition, as well as a Children's Race and Activities Corner.



Stewardship of our Subsidiaries

United Real Estate Company's (URC) Battle of the East

United Real Estate Company (URC) sponsored the "Battle of the East" sports tournament for the year 2022. The tournament took place on December 2 and 3, 2022 at Green Island.



Stewardship of our Subsidiaries

United Real Estate Company's (URC) Orange the World Day

URC illuminated Hessah Towers in orange light in solidarity with the global initiative "Orange the World Day", to raise awareness of the importance of living in a society free of violence.



Stewardship of our Subsidiaries

Saudia Dairy and Foodstuff Company (SADAFCO) Strategic Agreement

SADAFCO has signed a strategic agreement with the Social Responsibility Association, a licensed association specialized in CSR in the Makkah Province. The two organizations having successfully worked together in the past, and in 2022 the relationship took a broader and more strategic approach.



Stewardship of our Subsidiaries

Kamco Invest Opening Two Student Lounges at the College of Business Administration, Kuwait University

On October 2022, Kamco Invest opened two new student lounges, the "DLC Lounge by Kamco Invest" and "Kamco Invest Lounge", at the College of Business Administration – Kuwait University, Shadadiya Campus. The initiative, which was implemented as part of the Company's corporate social responsibility (CSR) program, included the complete renovation of the two lounges with appealing and modern designs, while including requirements set by the students.





05 ADAPTIVE GOVERNANCE

- 5.1 › Ownership and Control
- 5.2 › Governance at KIPCO
- 5.3 › Exhibiting Business Ethics
- 5.4 › Compliance and Risk Management

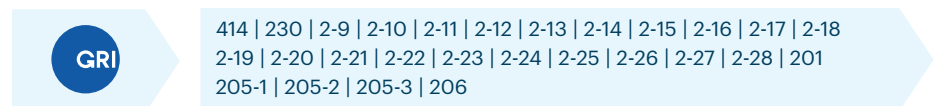


05 ADAPTIVE GOVERNANCE

Relevant United Nations Sustainable Development Goals (SDGs) to this chapter:



Relevant Global Reporting Initiative (GRI) standards to this chapter:



Relevant ESG Strategy priorities to this chapter:





5.1 Ownership and Control

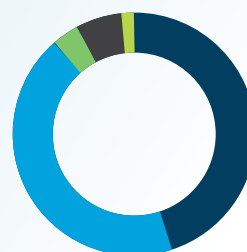
As a leading diversified investment company committed to long-term sustainability, KIPCO places great importance on its subsidiaries and the overall organizational structure. Our subsidiaries play a vital role in driving growth and contributing to our overall strategic objectives. With a well-defined organizational structure, KIPCO ensures effective governance, risk management, and collaboration across its diverse portfolio of businesses.

KIPCO's Ownership Structure

KIPCO's ownership is mainly dominated by Al Futtooh Holding Company and other investment companies and institutions, at 44.9% and 44.2% respectively. The rest of the Company's ownership is divided across investment funds, high net worth and retail investors, as well as treasury shares, as displayed in the following figure.

KIPCO's Ownership Structure

■ Al Futtooh Holding Company	44.9%
■ Investment Companies & other institutions	44.2%
■ Investment Funds	3.2%
■ High Net Worth & Retail Investors	6.0%
■ Treasury Shares	1.7%



KIPCO's Holdings

KIPCO's main business sectors are financial services, energy, media, real estate, manufacturing and education. KIPCO's financial service interests include holdings in commercial banks, insurance companies, asset management and investment banking.

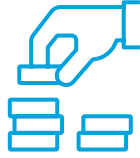
KIPCO's financial services sector holdings include Burgan Bank, Jordan Kuwait Bank (JKB), and First International Merchant Bank (FIMBank). The Company also has a holding in the Gulf Insurance Group (GIG), a large insurance groups in the region, as well as KAMCO, a regional investment bank and asset management firm.

In the real estate sector, KIPCO has a significant ownership stake in United Real Estate Company (URC), a renowned real estate development and investment company. Furthermore, KIPCO has a holding in SADAFICO, a food and dairy company based in Saudi Arabia. Another notable investment by KIPCO is in EQUATE, a Kuwait-based petrochemical manufacturer. EQUATE is one of the largest producers of petrochemicals in the Middle East and plays a vital role in the region's petrochemical industry. These are among KIPCO's various holdings and investments across portfolio companies in various sectors.

The year 2022 was transformational for KIPCO. With the successful completion of the merger with Qurain Petrochemical Industries Company (QPIC), the Company achieved a net profit of KD 25.2 million. Total revenue from operations increased 47% to KD 1.06 billion, compared to the KD 721 million reported in 2021. Shareholder equity increased 81% from KD 325.8 million to KD 590.5 million. KIPCO's consolidated assets came to KD 11.4 billion, compared to KD 10.2 billion reported at year-end 2021, an increase of 12%.

Financial Highlights:

Net profit



25.2

KD million (US\$ 82.3 million)

↑
44%

Total revenue from operations



1.06

KD billion (US\$ 3.5 billion)

↑
47%

Shareholder's Equity



590.5

KD million (US\$ 1.9 billion)



KIPCO Group Companies:





Financial sector



www.burgan.com



www.gulfinsgroup.com



www.jkb.com



www.kamcoinvest.com



Energy



www.equate.com



www.uopkt.com



www.napesco.com



www.kuwaitaromatics.com



Foodstuff



الشركة السعودية لصناعات الألبان والأغذية
SALDA DAIRY AND FOODSTUFF COMPANY

www.sadafco.com



Healthcare



Advanced Technology Company K.S.C.P.
شركة التقدم للتكنولوجيا - ك.س.م.ك.

www.atc.com.kw



Media



www.osn.com



www.un.com.kw



Manufacturing & Logistics



www.jtckw.com



www.inshaaholding.com



Real estate



www.urc.com.kw



Education



www.uec-kw.com

Stewardship of our Subsidiaries

Selected Awards Received by KIPCO's Subsidiaries



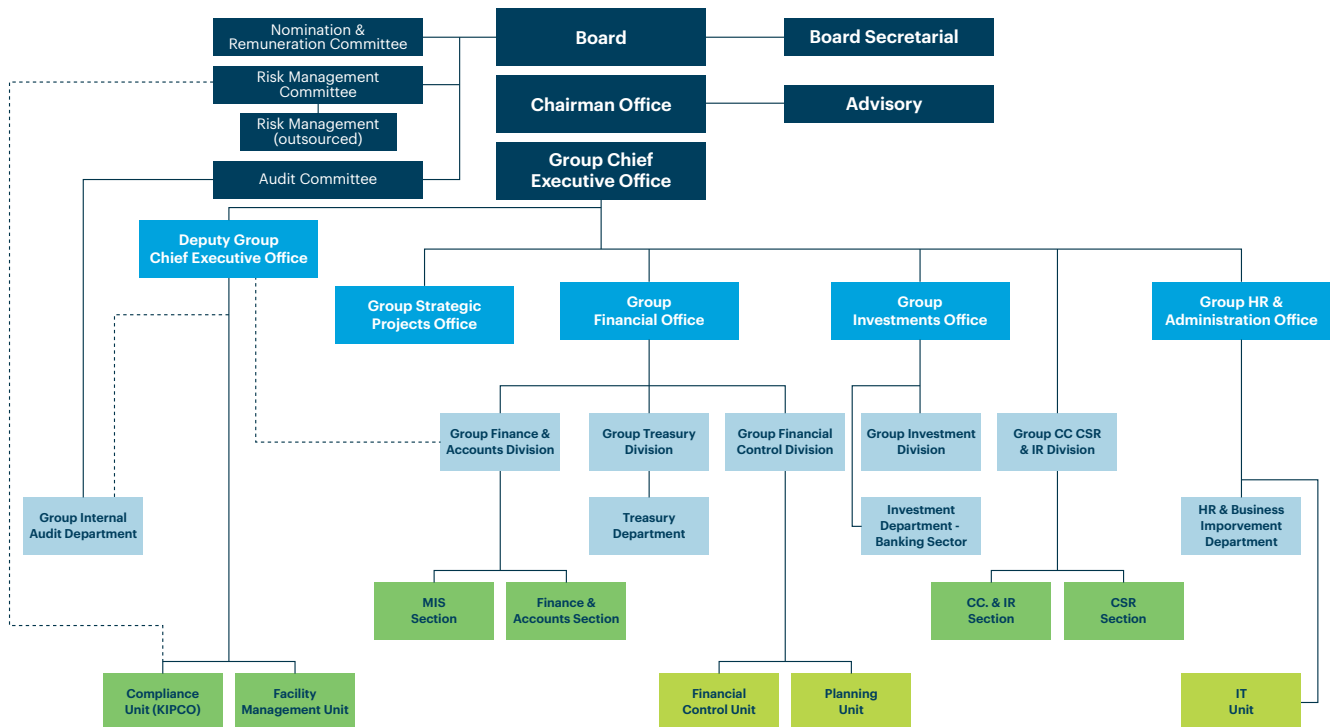
- Gulf Insurance Group (GIG) - Awarded “Insurance Brand of the Year” by the World Branding Forum
- United Real Estate Company (URC) – Awarded “Best for Kuwait” in 8 categories at the Arabian Property Awards 2022-2023 for its “Hessah District” project
- Jordan Kuwait Bank (JKB) - Awarded “Best Private Bank Jordan 2022” and “Best Corporate Bank Jordan 2022” by International Business Magazine



Organizational Structure

Governing KIPCO's operations across its various subsidiaries is a well-defined organizational structure. At the top of KIPCO's structure are the Board of Directors and their related committees. The Group Chief Executive Officer provides the main linkage between the Board and Group offices, divisions and departments. Two of the Board committees are directly linked to other departments. Those are the Audit Committee – linked to the Group Internal Audit Department, and the Risk Management Committee – linked to the Compliance Unit. The detailed Group organizational structure is provided as follows:

KIPCO's Organizational Structure





5.2 Governance at KIPCO

Adhering to both national and international standards, KIPCO aims to ensure robust corporate governance activities. In line with the corporate governance framework for companies listed on the Kuwait Boursa's Premier Market, KIPCO has established corporate governance principles to facilitate sustainable growth and safeguard the interests of its shareholders. These guidelines are outlined in KIPCO's Corporate Governance Guide, which has been endorsed by the Board of Directors in accordance with Module 15 of the Capital Markets Authority (CMA) amended bylaws.

Board of Directors

As per KIPCO's Board Charter, the Board is primarily responsible for the strategic direction and oversight of the management of KIPCO and is the ultimate decision-making body. The Board has the most extensive authority in the management of KIPCO as per its objectives.

Board Meetings

Board members are expected to meet at least six times annually. During 2022, nine board meetings were held and were attended by 100% of the Board members.

Board Evaluation

KIPCO's Board undergoes an annual evaluation process, which includes both self-performance evaluations and peer evaluations. This ensures that the Board operates independently and allows for a comprehensive assessment of each Board member's performance.

Board Composition

KIPCO's Board comprises of five Directors with a diverse set of skills and expertise. Currently, our Board has one independent member, which is in line with our company rules of having not more than half the members of the Board as independent.

The Board size and composition are reviewed annually in line with the CMA Law and Companies' Law. Board members are elected by the Company's General Assembly by the shareholders through a secret ballot. The maximum number of years a Board member can be on the Board, as stipulated by KIPCO policies/ Board Charter, is three years. However, a few of Board members have tenures exceeding 15 years.

The following list provides details on each Board member's independence status, expertise, attendance, nationality, age, gender and years of tenure. Further details on Board member qualifications and experience are provided in our annual report via: <https://kipco.com/investor-relations/annual-reports-financial-statements/>



KIPCO's Board of Directors List

Name	Board Position	Independent / Non-Independent	Executive / Non-Executive	Industry expertise	Non-Industry expertise	Nationality	Gender	Years Tenure
Sheikh Hamad Sabah Al Ahmad Al Sabah	Chairman	Non-Independent	Non-Executive	Yes	Yes	Kuwaiti	Male	N/A
Faisal Hamad Al Ayyar	Vice Chairman	Non-Independent	Non-Executive	Yes	Yes	Kuwaiti	Male	N/A
Sheikh Abdullah Naser Sabah Al Ahmad Al Sabah	Board Director	Non-Independent	Non-Executive	Yes	Yes	Kuwaiti	Male	N/A
Sheikha Dana Naser Sabah Al Ahmad Al Sabah	Board Director	Non-Independent	Executive.	Yes	Yes	Kuwaiti	Female	N/A
Abdullah Yacoub Bishara	Board Director	Independent	Non-Executive	Yes	Yes	Kuwaiti	Male	N/A

Roles of the Board of Directors

The roles of our Board include, but are not limited to, the following:

1. Adopting the objectives, strategies, plans and policies of KIPCO
2. Adopting annual budgets and interim and annual financial statements
3. Overseeing major capital expenditures for KIPCO and the ownership and disposal of assets
4. Approving and ensuring compliance to policies and procedures
5. Ensuring the accuracy and soundness of the information that should be disclosed and that is according to the applicable policies and laws of disclosure and transparency
6. Establishing effective channels of communication that enable KIPCO's shareholders to continuously and periodically be informed of the various activities of KIPCO and any substantial development
7. Implementing a corporate governance system for KIPCO and monitoring the effectiveness of its implementation
8. Monitoring the performance of each Board member and the Executive Management
9. Preparing annual reports to be presented at the AGM
10. Forming Board committees
11. Ensuring that the clarity and transparency of KIPCO's manuals and policies
12. Defining the authorities that are delegated to the Executive Management
13. Monitoring and supervising the performance of Executive Management members and ensure that they perform the roles entrusted to them
14. Defining employee remuneration
15. Appointing or dismissing of any Executive Management members
16. Ensuring that succession programs and plans are in place



Chairman of the Board of Directors

The Chairman is responsible for leading the Board of Directors, facilitating the operations and deliberations of the Board and ensuring effective execution of the Board's functions and responsibilities under its mandate. Specifically, the Chairman is responsible for the following:

1. Discussing agenda items in an effective and efficient manner, ensuring the Board's engagement
2. Representing KIPCO in different platforms
3. Encouraging active participation, contribution, and effective collaboration of Board members towards KIPCO's interests
4. Facilitating effective communication with shareholders and the Board
5. Cultivating constructive relations and promoting effective communication among Board members (including executives, non-executives, and independent members), as well as between the Board and Executive Management
6. Fostering a culture that embraces positive criticism regarding contentious issues and divergent views among the Board
7. Ensuring Board members are informed of and are invited to Board meetings
8. Convening emergency meetings based on a written request by two members of the Board
9. Supervising the Board secretary to facilitate information distribution and coordination between Board members and other stakeholders
10. Informing the General Assembly about the transactions and contracts in which Board Members have personal interest
11. Ensuring effective implementation of training programs for Board and Executive Management members
12. Ensuring that the performance of the Board, its committees, and individual Directors is evaluated at least once a year
13. Taking action based on the evaluation results, acknowledging strengths, and addressing weaknesses of the Board
14. Proposing the appointment of new Board members or recommending the removal of any member to the General Assembly through an absolute majority of the Board, as appropriate, via the Nomination Committee
15. Carrying out any other special mandates assigned by the shareholders

Board Committees

KIPCO's Board of Directors formed three committees in line with the CMA Law and its bylaws, as well as the Corporate Governance Framework. The committees meet regularly in line with regulations, with full legal quorum. The committee secretary records the minutes of meetings that includes the decisions made by the committee.

Board committees are composed of members with sufficient industry expertise. Specific committee responsibilities and representatives are provided in the following table. Further details on our committees are found in our annual report via: <https://kipco.com/investor-relations/annual-reports-financial-statements/>



KIPCO's Board Committees

Committee Name	Description of Committee's Main Responsibilities	Members	Independence Status of Representatives
Audit Committee	<p>The committee is responsible for auditing matters.</p> <p>The committee's responsibilities include:</p> <ul style="list-style-type: none"> Reviewing financial statements for soundness and integrity Making recommendations to the Board on the appointment of an external auditor and monitoring his/her performance Studying accounting policies and providing recommendations thereon to the Board Evaluating the internal control system and prepare a report on it Supervising the Internal Audit Department and recommending the recruitment and termination of contract of the Chief Internal Auditor Ensuring compliance with regulatory rules, policies and related instructions, and reviewing the reports of the regulatory authorities 	<p>Mr Abdullah Yacoub Bishara (Committee Chairman)</p> <p>Sheikh Abdullah Nasser Sabah Al Ahmad Al Sabah (Member)</p> <p>Mr Faisal Hamad Al Ayyar (Member)</p>	None
Nomination & Remuneration Committee	<p>The committee oversees various nomination and remuneration matters. It is an independent pay committee headed by an independent Board member. Stakeholders' views regarding remuneration are sought and taken into consideration by this committee.</p> <p>The committee's responsibilities include:</p> <ul style="list-style-type: none"> Recommending nominations and re-nominations for the membership of the Board and Executive Management Establishing a clear policy for the remuneration of Board members and the Executive Management Preparing job descriptions for the executive, non-executive and independent Board members Ensuring the independence of the independent Board member Preparing annual reports that contain details of the overall remunerations that are granted to the Board members and the Executive Management 	<p>Mr Abdullah Yacoub Bishara (Committee Chairman)</p> <p>Sheikha Dana Nasser Sabah Al Ahmad Al Sabah (Member)</p> <p>Sheikh Abdullah Nasser Sabah Al Ahmad Al Sabah (Member)</p>	None
Risk Management Committee	<p>The Committee is responsible for risk management matters. The Committee comprises three members, and is chaired by a non-executive Board member. The Chairman may not be a member of this committee for authority and independence purposes. The tenure of this Committee has been set at three years as defined by its charter, which defines how it functions.</p> <p>The committee's responsibilities include:</p> <ul style="list-style-type: none"> Assisting and recommending to the Board regarding establishment of risk management strategies and objectives appropriate to the nature and size of company's activities Reviewing the organization structure of the Risk Management Department Recommending its policies and procedures Managing any related party transaction matters that are presented to the Risk Committee and approved by the Board 	<p>Mr Abdullah Yacoub Bishara (Committee Chairman)</p> <p>Sheikha Dana Nasser Sabah Al Ahmad Al Sabah (Member)</p> <p>Sheikh Abdullah Nasser Sabah Al Ahmad Al Sabah (Member)</p>	None

Executive Management

KIPCO's Executive Management ensure that operations are performed in line with the Company's strategy and directions. KIPCO's Executive Management is diverse in terms of nationalities, gender and expertise. Nationalities range across 6 different countries, with 2 female members. Our Executive Management names, positions, industry expertise and nationalities are provided in the following table, with further details available in our annual report via: <https://kipco.com/investor-relations/annual-reports-financial-statements/>

KIPCO's Executive Management

Name	Position / Title	Industry expertise	Nationality
Sheikha Dana Naser Sabah Al Ahmad Al Sabah	Group Chief Executive Officer (CEO)	Education, media, real estate, insurance, investment	Kuwaiti
Samer Khanachet	Deputy Group CEO	Education, banking, real estate, investment	American
Sunny Bhatia	Group Chief Financial Officer (CFO)	Investment, financing	Indian
Sheikh Sabah Mohammad Abdulaziz Al Sabah	Group Chief Strategic Projects Officer	Industry, investment	Kuwaiti
Joe Kawkabani	Group Chief Investment Officer	Investment, media	Lebanese
Khaled Abdul Jabbar Al Sharrad	Group Chief Human Resources and Admin Officer, Board Secretary	Strategic planning, corporate Governance, organization design, business improvement.	Kuwaiti
Moustapha Samir Chami	Deputy Group CFO	Investment, financing, banking	Lebanese
Eric Schumacher	Group Treasurer	Banking	Canadian
Ghada Khalaf	Group Senior Vice President – Investments	Education, investment	Kuwaiti
Anuj Rohtagi	Group Senior Vice President – Financial Control	Investment, financing, data science	Indian
Eman Mohammad Al Awadhi	Group Senior Vice President – Corporate Communications and Investor Relations	Communications, media, branding	Kuwaiti
Riyad Mohammed Hanbali	Group Vice President – Internal Audit	Investment, financing, insurance, real estate	Austrian



5.3 Exhibiting Business Ethics

KIPCO places strong emphasis on establishing professional conduct in a fair and honest manner. This commitment is crucial in enhancing stakeholder trust in the integrity and financial stability of the Company. In fulfillment of this commitment, KIPCO adheres to a well-defined Code of Ethics and Professional Conduct, does not tolerate any act of non-compliance with financial ethics, and encourages whistleblowing by its stakeholders.

Code of Ethics and Professional Conduct

KIPCO places integrity as a top priority and considers it the guiding principle for its personnel. We aim to conduct business ethically and make decisions based on values. Throughout our operations, we consider both the interests of our business and stakeholders. To uphold these ideals, a Code of Ethics and Professional Conduct (referred to hereinafter as “the code of conduct”) is in place serving as a practical guide for KIPCO’s employees including the Board and Executive Management. The code outlines the principles and values that are integral to maintaining our corporate image and public trust. All members of the Board and Executive Management are expected to know, understand, and comply with the code, with an obligation to act and report any potential violations.

The following figure provides a summary of the review, applicability, monitoring and evaluation, among other key areas related to the code of conduct:

Code of Conduct Details

Applicability	The code of conduct is applicable to KIPCO’s employees including all Directors, all members of Executive Management, and all senior management personnel who have the opportunity to materially influence the integrity, strategy and operations of the business and financial performance of the Company.
Conduct violation procedures	The Board would take appropriate action against any officer whose actions are found to violate the code of conduct or any other policy of the Company, after giving him/her a reasonable opportunity of being heard. Where laws have been violated, the Company will cooperate fully with the appropriate authorities and regulators.
Responsible authority for implementing the Policy, including monitoring and review	The Board Audit Committee
Raising awareness of the code of conduct across KIPCO’s workforce	The Human Resource (HR) Department is responsible for ensuring that all personnel are aware of the Code of Conduct Policy and Procedures by including them as part of employee orientation.
Confirmation of code of conduct acknowledgement	All Senior Management employees are required to sign an acknowledgement form indicating that they have received, read and understood, and agreed to comply with the code of conduct.

Anti-Corruption

KIPCO realizes the importance of combatting corruption for its sustainability and integrity. Accordingly, certain policies and controls are in place to mitigate risks related to corruption. Those policies are applicable for all departments, and are reviewed periodically, as and when needed.



Corruption incidents

Zero



Instances of non-compliance with laws and regulations and financial penalties

Zero

Whistleblowing

KIPCO is committed to maintaining an open culture with high standards of honesty and accountability, where stakeholders, both internal and external, can report, in good faith, legitimate concerns in confidence.

Accordingly, KIPCO has established a Whistleblower Policy and developed procedures for receiving and addressing concerns regarding any questionable accounting, internal accounting controls, auditing and operational matters or any unethical conduct of business involving the Company. Such reported concerns are raised to the Audit Committee to look into and decide on further action.

The Policy is set up to preserve the anonymity of whistleblowers and protect them from any retaliation. When appropriate, information regarding an employee's concerns is kept confidential. In some cases, the Group Chief Operating Officer (COO) may need to be informed. The whistleblowing form is accessible via: [Whistleblowing Policy | KIPCO](#).

Grievance Mechanism

Generally, employee complaints are addressed and resolved within a week's time. It is worth noting that in 2022, our Board did not receive any significant concerns or complaints of an ethical or legal nature.

To report on their complaints, KIPCO's employees take the following steps:

1. If an employee has a work-related concern, the employee first discusses it with his/her Department Head.
2. If the matter is not resolved to the employee's satisfaction, or if the employee is uncomfortable discussing the particular issue with his/her Department Head, the employee is encouraged to take the matter to the next level of management in their structure.
3. If resolution is not achieved through these informal means, the employee may opt to submit an official grievance to the Human Resources (HR) Department, which will ensure that the issue is resolved in line with the Grievance Policy.

Transparency at KIPCO

As a long-standing regional champion of corporate governance, KIPCO has developed a reputation in the global financial community for openness and transparency.

This is further affirmed through KIPCO's annual Shafafiyah (transparency) Forum. As part of the meeting, stakeholders, financial analysts and media question the Company on past and future performance. In addition, regular briefings are provided to international financial analysts, credit ratings agencies and news organizations. In addition, KIPCO maintains current international accounting standards within its financial reporting, internal audit and risk management processes. Further information is available here: <https://kipco.com/investor-relations/investors-forum/>



5.4 Compliance and Risk Management

Compliance is ensured at KIPCO through a variety of internal policies and procedures that dictate and manage different parts of the Company's activities, whether workplace matters, compensation, compliance, ethics, procurement, finance, administration, or shareholder matters, among others. As a holding company, we also provide guidance and advice to our portfolio companies regarding compliance matters.

As for risk management, we have certain risk management procedures and policies in place, which is covered in this section.

Conflicts of Interest

In line with the Kuwait Capital Markets Authority (CMA) requirements, KIPCO's code of conduct includes the Conflict of Interest Policy especially applicable for Directors and senior executives. Conflicts of interest are disclosed to stakeholders, including, at a minimum, conflicts of interest relating to:

- Cross-board membership (i.e. Executive Management being members on other companies' boards)
- Cross-shareholding with suppliers and other stakeholders
- Existence of controlling shareholders
- Related parties, their relationships, transactions, and outstanding balances

Due Diligence

Our commitment to compliance and financial crime matters extends to our procurement practices, where we conduct due diligence on business partners, specifically addressing corruption and other financial crime concerns. Specifically, our Compliance Manager oversees business partners' due diligence to identify and manage our impact on the economy, environment, and people.

Our personnel are meticulous in selecting partners. This due diligence process applies to any new investment undertaken by KIPCO, involving a rigorous assessment of financial, operational, commercial, legal, and technological aspects. Furthermore, human rights due diligence is an integral part of our overall due diligence process, whether it relates to investments or our procurement practices. Additionally, we conduct regular ethical audits every three years to ensure ongoing compliance.

Risk Management

Risk management is one of the fundamental requirements for sound corporate governance. In line with the international best practices in risk management, KIPCO has developed its risk management framework in relation to its risk profile and activities.

As part of KIPCO's risk management framework, risks are managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls.

Each subsidiary of the Group is responsible for managing its own risks and has its own Board Committees, including Audit and Executive Committees that have sufficient experience in addition to other management committees.



Risk Mitigation Measures

KIPCO applies methods for mitigating risks and has a range of preventive, corrective, and detective risk controls in place. Each risk control is explained as follows:

- Preventive controls: These include a detailed policies and procedures manual, training and education, target range/limits for key risks, automated transaction processing, approval requirements, and information system controls, among others.
- Corrective controls: These include Business Continuity/Disaster Recovery Planning to ensure the Company's ability to operate and minimize losses in the event of severe business disruption.
- Detective controls: These include regular audits and monitoring.

Other methods for controlling and mitigating risks we employ include:

- Adequate systems of internal controls that have been established over the business processes and activities
- Fundamental components of the internal control system, which involve regular independent reviews and evaluation of the effectiveness of the system and, where necessary, ensuring that appropriate revisions or enhancements to internal controls are made
- Insurance
- Independent internal audits

Risk Management Process

Our risk management process has four phases:

1. Identification of risk - The broad categories of risks for KIPCO are classified as: Strategic Risk, Market Risk, Credit Risk, Operational Risk, Reputation Risk and Regulatory Risk.
2. Assessment of risk - The identified risks are analyzed to determine the probability of occurrence of the risk and the potential impact if the risk event occurs.
3. Addressing the risk - Based on the risks identified and their priority, the risk management strategy is clearly defined according to a risk map.
4. Monitoring and reporting - A system of regular monitoring and reporting of the risk exposure and the effectiveness of risk management function is established.

Risk Definitions

Key risks to which KIPCO is exposed range across strategic, market, credit, operational, reputation and regulatory risks. Each risk is considered in our risk management and mitigation procedures. Namely, the risks are defined as follows:

- Strategic Risk: This is the risk that business objectives are not achieved as per the management intent. Strategic risk is the current and prospective impact on earnings or capital arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes.
- Market Risk: This comprises risk factors that could arise on account of movements in financial market parameters, such as interest rates, equity prices, cashflow, liquidity, among others.
- Credit Risk: This risk comprises losses occurring due to the failure of the counterparty to a transaction to meet contractual debt obligations. This would also arise on account of assets held with third parties.
- Operational Risk: This is the risk of direct or indirect losses resulting from inadequate or failed internal processes, people and systems or from external events.
- Reputation Risk: This is the risk related to the current and prospective impact on earnings and capital arising from negative public opinion. This affects the Company's ability to establish new relationships or services or continue servicing existing relationships. This risk may expose the Company to litigation, financial loss, or a decline in its customer base.
- Regulatory Risk: This risk is associated with the potential for laws related to a given industry, country, or type of security to change and impact the business.



Risk Appetite

Risk appetite, at the organizational level, is the amount of risk exposure, or potential adverse impact from an event, that the organization is willing to accept/retain in undertaking various activities to achieve its objectives.

KIPCO's risk appetite takes into account the interest of primary stakeholders, including its shareholders, financial institutions (financiers/lenders), customers and government/ministries/regulators. The risk appetite is expressed in terms of tolerance level for risk impact. The potential impact of various risks has been categorized into the following for the purpose of specifying and communicating risk appetite:

- Direct financial loss or impairment of assets
- Loss of reputation
- Regulatory penal action

Risk Management Oversight

KIPCO's Board is responsible for establishing a sound risk management strategy that provides direction for implementing effective risk management through appropriate policies, procedures and other measures. The Risk Management Board Committee meets at least 4 times a year to ensure business continuity and risk oversight. The Committee presents its recommendations to the Board regarding any activity that needs their attention.

In addition, the Executive Management liaises with risk managers and/or the Risk Management Committee and is responsible for implementing the risk management framework, policies and procedures. Furthermore, the Executive Management communicates the Risk Management Committee's recommendations to relevant stakeholders through memos, filings, among other means.

Risk Management Manual

For the purpose of setting risk management guidelines to be implemented by the Risk Management Department, a Risk Management Manual was developed. The manual is revised on an annual basis and includes procedures for managing the various risks listed above, as well as a clear definition of the Risk Management Department's responsibilities. Such responsibilities include: identifying, measuring, monitoring, reporting and controlling various risks prevalent in the Company's operations.

Further details on the Risk Management Department's responsibilities are listed as follows:

- Recommending risk management strategies to the senior management
- Identifying the key risks in the Company's operations
- Developing tools for measuring or evaluating the risks
- Developing risk management models to monitor various risks
- Monitoring and controlling prevalent key risks, by establishing limits and conducting audits or review as necessary
- Suggesting various strategies to the senior management to avoid, mitigate or transfer the potential risks
- Reviewing new products, clients and transactions with respect to risk issues
- Reviewing various risk reports in connection with monitoring of risk exposures for KIPCO
- Reviewing cashflow/treasury analysis reports
- Periodic reviewing of cashflow reports in order to gauge KIPCO's ability to meet demands in an adverse liquidity environment



Risk Management Policies

KIPCO's risk management-related policies and procedures are reviewed annually and are presented in annual reports. Such policies and procedures include:

1. Risk Management Policies and Procedures Manual
2. Risk Appetite Statement and Indicators
3. Quarterly Risk Management Report – Quarterly risk reporting and evaluation of risk, periodic review of internal policies and procedures
4. Risk Register

Risk Management Standards

KIPCO adheres to risk management standards, such as the Committee of Sponsoring Organizations (COSO) and Enterprise Risk Management (ERM). In addition, KIPCO's subsidiaries comply with relevant risk management standards as required by regulations in their jurisdictions of operations.

Business Continuity Planning and Disaster Risk Management

We prioritize the implementation of suitable Disaster Recovery (DR) and business continuity measures for seamless operation in challenging circumstances. Therefore, as part of the IT Department's mandates regular evaluations and checks of Disaster Recovery and Business Continuity Plans are made to verify their effectiveness and make any necessary updates.



06 RESPONSIBLE ECONOMIC IMPACT

- 6.1 > Our Diverse Portfolio
- 6.2 > Responsible Investment
- 6.3 > Procurement Practices
- 6.4 > Digitization and Technological Aspects

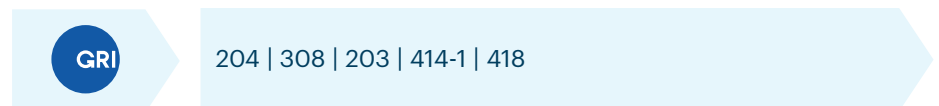


06 RESPONSIBLE ECONOMIC IMPACT

Relevant United Nations Sustainable Development Goals (SDGs) to this chapter:



Relevant Global Reporting Initiative (GRI) standards to this chapter:



Relevant ESG Strategy priorities to this chapter:





6.1 Our Diverse Portfolio

KIPCO possesses 18 assets spanning 6 distinct sectors, as stated previously. KIPCO's diversified presence continues to reflect dominant market positions in the financial services, energy and chemicals industries within the MENA region. By leveraging our diverse portfolio, we seek out various investment prospects that generate value for our stakeholders and the broader community. In addition, the diversified portfolio provides a certain level of natural hedging against volatility in macro-economic conditions.

KIPCO has achieved several significant milestones in its portfolio during 2022. These include the finalization of a USD 375 million backstop facility, and the completion of a KD 165 million bond issuance along with associated liability management. In addition, KIPCO gained a new Fitch BB (S) rating.

KIPCO achieved a notable milestone in terms of portfolio diversity by successfully completing the merger with QPIC in November 2022, within a period of 9 months. Starting from November 23, 2022, the merged entity began trading under a single ticker. The timely completion of the merger, meeting the target deadline, reflects KIPCO's strong governance and efficient execution practices. Moreover, KIPCO has set a precedent as the first company to achieve integration in the local investment sector.

6.2 Responsible Investment

At KIPCO, we are firmly committed to achieving competitive, risk-adjusted, ESG-compliant, sustainable returns on our investments. As a holding company, we base investment and divestment decisions on attractive prices and return on investment (ROI). We commit to supporting ESG principles in our existing businesses whenever feasible. Moreover, in our pursuit of new business opportunities, our focus and goals are on ESG-compliant ventures.

KIPCO's Investment Department assumes a pivotal role in managing the portfolio companies. To enhance transparency and foster continuous improvement, a set of Key Performance Indicators (KPIs) is tracked at the portfolio company level. This meticulous monitoring enables KIPCO to assess the performance of its investments through monthly, quarterly, and annual performance reviews.

As part of its sustainability commitment, KIPCO actively seeks investment opportunities aligned with environmental, social, and governance principles. Specifically, KIPCO endeavors to allocate its own assets towards clean technology, and one such avenue is through the Alternative Energy Projects Co.

Furthermore, KIPCO participates in the renewable energy sector through its investment in the Alternative Energy Projects Co. (AEP Co.). AEP Co., based in Kuwait, is dedicated to introducing innovative and sustainable energy solutions in the MENA markets. AEP Co. engages in diverse areas within the renewable and alternative energy fields, encompassing project development, engineering, procurement, construction, and consultancy services.

Stewardship of our Subsidiaries

KAMCO Invest Joining the United Nations Global Compact initiative



KAMCO Invest joined the United Nations Global Compact (UNGC) initiative, a voluntary leadership platform for the development, implementation, and disclosure of responsible business practices. Launched in 2000, the UNGC is the largest corporate sustainability initiative in the world, with more than 17,000 companies and 4,000 non-business signatories based in over 177 countries. It is a call to companies everywhere to align their operations and strategies with



United Nations
Global Compact

10 universally accepted principles in the areas of human rights, labor, environment, and anti-corruption, and to take action in support of UN goals and issues embodied in the UN Sustainable Development Goals (SDGs).

Stewardship of our Subsidiaries

Lecture on Green and Resilient Buildings Finance



Jordan Kuwait Bank (JKB) and the International Finance Corporation (IFC) hosted a “Green and Resilient Buildings Finance” workshop that was attended by Ejara Leasing Company, Jordan Housing Developers Association, and a number of JKB’s corporate clients.

The workshop aimed at defining and clarifying the investment opportunity for green and resilient buildings in Jordan and presenting new ways to assess, construct, and certify green buildings through an international certification system which follows a standardized certification process.





6.3 Procurement Practices

At KIPCO, we prioritize sustainable procurement practices and collaborate with socially responsible suppliers, with the objective of creating a resilient and responsible supply chain in line with our sustainability objectives.

KIPCO engages with a diverse range of suppliers as an integral part of our regular business operations. This encompasses various stakeholders, such as service providers, consultants, lenders, rating agencies, lawyers, telecom companies, courier services, stationery suppliers, travel agencies, airlines, car rental companies, furniture suppliers, and other suppliers for day-to-day purchase.

Supplier Evaluation

As part of our supplier evaluation process, we implement a scoring or ranking system that takes into account multiple criteria, assigning appropriate weights based on their relative importance. Sustainability factors, where applicable, are often included in this assessment.

Furthermore, we place significant emphasis on our suppliers’ social sustainability. We conduct a thorough mapping of our supply chain to identify and engage only with the top tiers of suppliers and subcontractors. These suppliers are selected based on their impeccable reputation, demonstrated social responsibility practices, commitment to quality, and adherence to human rights standards.

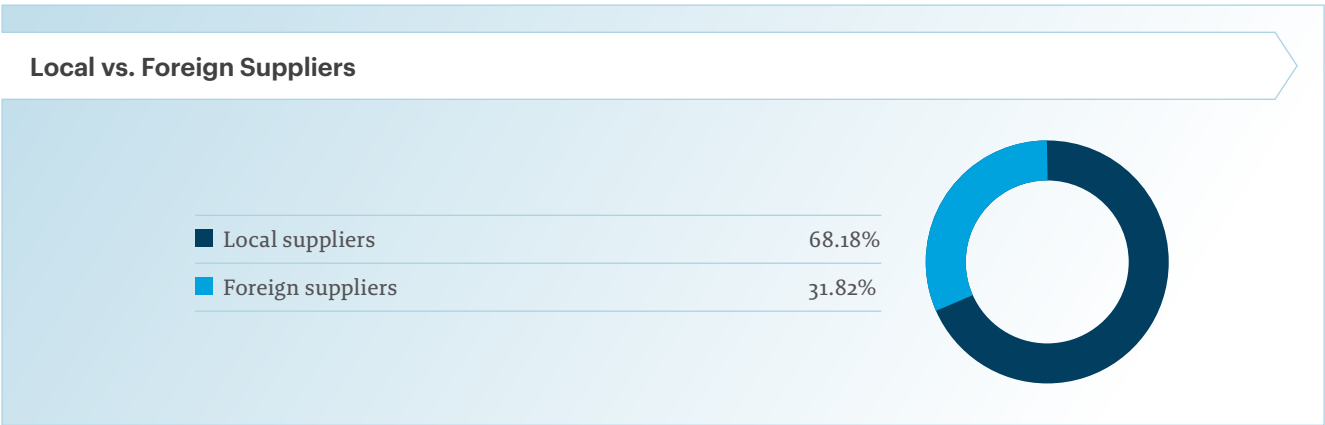
Sourcing Locally

As part of our sustainable procurement practices, strong emphasis is placed on sourcing locally. We firmly believe in supporting the local economy and fostering community development by engaging with local suppliers. Accordingly, out of a total of 22 suppliers, 15 are local and 7 are foreign. The percentages of this split are 68.18% vs. 31.82% respectively. This is displayed as follows:

KIPCO’s Foreign vs. Local Suppliers

Indicator	2022
 Local suppliers	15
 Foreign suppliers	7
 Total	22

Percentages of KIPCO’s Foreign vs. Local Suppliers



6.4 Digitization and Technological Aspects

We recognize the transformative power of digitization and technology in driving sustainable growth and enhancing our operations. Our digitization efforts extend to ensuring effective digital communication, privacy and security, and implementing hardware and software systems that support new business requirements.

In this context, we utilize various digital communication platforms such as our KIPCO Privilege Card application, Instagram account (@KIPCOsocial), and our official website (www.kipco.com).

In terms of digitization oversight, an executive body operates at the Board-committee level, to ensure that privacy and data security are given utmost attention and protection. To maintain the integrity and efficiency of our systems, we conduct periodic reviews of key components such as active directory, servers, databases, and network devices.

Moreover, technology is utilized for project management purposes through the Microsoft Planner tool. This tool enables us to effectively track and manage project tasks, resulting in improved coordination and timely delivery of project deliverables.

As our business grows, it is crucial for our hardware and software systems to adapt and support new requirements. In this regard, the following key digitization upgrades were made during 2022:

Key Digitization Upgrades in 2022

Upgrade	Expected Outcomes
Data center cooling system upgrade	<ul style="list-style-type: none"> Less power consumption Less usage of battery backup
Increased centralized common printers	<ul style="list-style-type: none"> Less usage of personal printers
Increased use of remote support (Help Desk System)	<ul style="list-style-type: none"> Support engineers capable of addressing help desk issues through remote desktop
Door access control (Face Recognition System)	<ul style="list-style-type: none"> Less usage of plastic door access cards
Software system for automation and process management	<ul style="list-style-type: none"> Less time spent for employees Less IT resources Reduced electricity usage
Upgraded IT infrastructure by selecting M.2 Solid State Drive (SSD) hard drives to servers and business user personal computers	<ul style="list-style-type: none"> Better efficiency and productivity
An upgrade from Oracle to SAP	<ul style="list-style-type: none"> New business requirements addressed. Increased user productivity Reduced costs

Digitization Initiatives Towards a Robust Cyber Security System

In our efforts to reinforce cybersecurity measures and mitigate the risk of email phishing attacks, the IT Department has introduced a new automated software update sourced from vendor cloud and implemented an enhanced cyber security system. As a result, there have been no instances of data breaches, no loss of data records, and no attacks from malicious vendors during the reporting period.

Stewardship of our Subsidiaries

"Tijarati" - Digital Innovation for the Merchant Community (by Burgan Bank)



"Tijarati" is the first of its kind Merchant Business Management Platform in Kuwait and GCC market.

Designed exclusively for the business community, the application, "Tijarati" provides real-time data feed and information to business owners and entrepreneurs of their cash flow through the point of sale machines / payment gateways provided by Burgan Bank across outlets. With this platform, merchants could:

- Get real time, complete overview of their business done on POS / PG on one tap ,anywhere, at any time remotely.
- Get real time feed of their business in form of number of transactions done, the value of sales across Debit card, Credit card, International and Domestic transactions, performance comparison across multiple outlets.
- Real time reports and aids in any service request and tracking of the same.
- Make a real time trend analysis of business all the way down to identifying repeat customers, high spending customers amongst others.



This platform is available in a user friendly mobile and web version, will continue to be enhanced in the coming months with additional features to make it the most comprehensive Merchant payment solution in the region. The solution provides the SME community tools that will help them in tracking and managing cash flows towards improving business efficiencies.

Digitization Initiatives Towards a Paperless Work Environment

Valuing our planet's precious resources, KIPCO is steadily advancing towards a paperless work environment. The measures we are currently implementing or planning in this regard cover:

1. Implementation of digital document management: We are incorporating a digital document management system to electronically store and organize files. This enables easy accessibility, searchability, and sharing of documents, eliminating the need for printing or physical storage.
2. Emphasis on electronic communication: We are promoting the use of electronic communication methods, such as email, instant messaging, and collaboration tools, to reduce reliance on paper-based communication. Whenever possible, we are encouraging the use of digital signatures instead of physical ones.
3. Utilization of online collaboration and file sharing: We are leveraging online collaboration platforms and file-sharing services to facilitate teamwork and document sharing. This eradicates the necessity of printing multiple copies and enables real-time collaboration on shared documents.
4. Adoption of electronic forms and workflow: We are replacing paper-based forms with electronic forms that can be filled out and submitted online. Additionally, we are implementing digital workflows to automate processes, minimize manual paperwork, and streamline approval procedures.
5. Encouragement of digital note-taking and documentation: We are promoting the use of digital note-taking tools, such as tablets or smartphones, as alternatives to traditional paper notebooks. Furthermore, we are exploring digital annotation and documentation tools to digitally mark up documents.

Stewardship of our Subsidiaries

Jordan Kuwait Bank's (JKB) Agreement to use Fintech's Digitization



Jordan Kuwait Bank (JKB) and Traydstream Limited signed an agreement to use the FinTech's digitization and trade automation platform to increase the Bank's capacity to manage large volumes of documents, thereby accelerating client delivery and turnaround times. Traydstream's business solutions incorporate the latest Optical Character Recognition (OCR) technology, significantly improving the efficiency of examining trade documents, including letters of credit, and complying with international banking standards and practices.



IT Complaints

Recognizing the significance of gathering IT complaints from employees to consistently improve our IT and digitization processes, we continue to prioritize their input. In the year 2022, we received and successfully resolved approximately 380 IT complaints.



Number of IT complaints received from employees

Around 380



IT complaints' resolution turnaround time

15-30 minutes

IT Policies

Guiding our IT processes is a set of comprehensive IT, data protection and information security policies. Those policies are available online for access by KIPCO's employees and comprise the following:

- Information Security Policy Manual
- Information Technology Policy Manual
- Information Technology Procedures Manual



07 APPENDIX

- 7.1 > Global Reporting Initiative (GRI) Index
- 7.2 > GRI 3-3 Table
- 7.3 > Boursa Kuwait ESG Disclosure Guide-Sustainability Metrics
- 7.4 > GCC Stock Exchanges ESG Metrics
- 7.5 > MSCI Disclosures
- 7.6 > Other ESG Disclosures



7.1 Global Reporting Initiative (GRI) Index

Statement of Use	KIPCO has reported in accordance with GRI Standards for the period January 1, 2022 to December 31, 2022.
GRI Standards Used	GRI 1: Foundation 2021 GRI 2: General Disclosures 2021 GRI 3: Material Topics 2021
Applicable GRI Sector Standards(s)	N/A for the investment sector

GRI Standard	Standard Disclosure	Report Section or Other Documentation
GRI 2	GENERAL DISCLOSURES	
	2-1: Organizational details	Sections 1.1, 5.1
	2-2: Entities included in the organization's sustainability reporting	Introduction
	2-3: Reporting period, frequency and contact point	Introduction
	2-4: Restatements of information	There is no significant information restated in this report.
	2-5: External assurance	KIPCO has not made an external assurance for this report
	ACTIVITIES AND WORKERS	
	2-6: Activities, value chain and other business relationships	Sections 1.1, 5.1 2022 Annual Report
	2-7: Employees	Chapter 2
	2-8: Workers who are not employees	Section 2.1
	GOVERNANCE	
	2-9: Governance structure and composition	Section 5.1
	2-10: Nomination and selection of the highest governance body	Section 5.2
	2-11: Chair of the highest governance body	Section 5.2
	2-12: Role of the highest governance body in overseeing the management of impacts	Section 5.2
	2-13: Delegation of responsibility for managing impacts	Section 5.2
	2-14: Role of the highest governance body in sustainability reporting	Section 5.2
	2-15: Conflicts of interest	Section 5.4



GRI 2	2-16: Communication of critical concerns	Section 5.3 Note that the total number and the nature of critical concerns that were communicated to the highest governance body during the reporting period is not available.
	2-17: Collective knowledge of the highest governance body	Section 5.2
	2-18: Evaluation of the performance of the highest governance body	Section 5.2
	2-19: Remuneration policies	Section 5.2
	2-20: Process to determine remuneration	Section 5.2 Note that the results of votes of stakeholders (including shareholders) on remuneration policies and proposals are confidential.
	2-21: Annual total compensation ratio	Section 2.1, Note that the ratio of the percentage increase in annual total compensation for the organization's highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) is not disclosed due to confidentiality concerns.
	2-22: Statement on sustainable development strategy	Section 1.2
	2-23: Policy commitments	Sections 2.1, 5.3, 5.4,6,4,7,5
	2-24: Embedding policy commitments	Sections 2.1, 5.3, 5.4,6,4,7,5
	2-25: Processes to remediate negative impacts	Chapters 1,2,3,4,5,6
	2-26: Mechanisms for seeking advice and raising concerns	Section 5.4, 2.3
	2-27: Compliance with laws and regulations	Section 5.4
	2-28: Membership associations	Section 5.1



GRI 2	STAKEHOLDER ENGAGEMENT	
	2-29: Approach to stakeholder engagement	Section 1.3
	2-30: Collective bargaining agreements	The nature of KIPCO's operations do not apply collective bargaining agreements.
	MATERIAL TOPICS	
	3-1: Process to determine material topics	Section 1.3
	3-2: List of material topics	Section 1.3
	3-3: Management of material topics	Appendix 7.2

Topic	Explanation	Material Topic	Report Section or Other Documentation
GRI 201: ECONOMIC PERFORMANCE 2016			
201-1	Direct economic value generated and distributed	Ownership and Control	Section 5.1
201-2	Financial implications and other risks and opportunities due to climate change	Emissions and Waste Management, Compliance and Risk Management	Climate change is not assessed to be material risk for KIPCO. KIPCO aims to impose minimal negative impact on the environment through its business operations. Thus, it has adopted the concepts of reduce, reuse and recycle in its waste management practices.
201-3	Defined benefit plan obligations and other retirement plans	Human Capital Development	Appendix 7.6
201-4	Financial assistance received from government	Ownership and Control	None
GRI 202: MARKET PRESENCE 2016			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Human Capital Development	N/A
202-2	Proportion of senior management hired from the local community	Community Engagement	Section 2.1



GRI 203: INDIRECT ECONOMIC			
203-1	Infrastructure investments and services supported	Responsible Investment	Section 6.2
203-2	Significant indirect economic impacts	Responsible Investment	Section 6.2 Section 4.1
GRI 204: PROCUREMENT PRACTICES 2016			
204 -1	Proportion of spending on local suppliers	Community Engagement	Section 6.3
GRI 205: ANTI-CORRUPTION 2016			
205-1	Operations assessed for risks related to corruption	Business Ethics, Compliance and Risk Management	Section 5.3
205-2	Communication and training about anti-corruption policies and procedures	Business Ethics	Sections 5.3, 5.4
205-3	Confirmed incidents of corruption and actions taken	Business Ethics	Section 5.3
GRI 206: ANTI-COMPETITIVE BEHAVIOR 2016			
206	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Business Ethics	Section 5.3
GRI 207: TAX 2019			
207-1	Approach to tax	N/A	Not a material issue regarding KIPCO's operations
207-2	Tax governance, control, and risk management	Compliance and Risk Management	Not a material issue regarding KIPCO's operations
207-3	Stakeholder engagement and management of concerns related to tax	N/A	Not a material issue regarding KIPCO's operations
207-4	Country-by-country reporting	N/A	Not a material issue regarding KIPCO's operations


GRI 301: ENVIRONMENTAL MATERIALS 2016

301-1	Materials used by weight or volume	Emissions and Waste Management	Chapter 3
301-2	Recycled input materials used	Emissions and Waste Management	None, recycled input materials do not apply to KIPCO's operations
301-3	Reclaimed products and their packaging materials	Emissions and Waste Management	None, reclaimed products do not apply to KIPCO's operations

GRI 302: ENERGY 2016

302-1	Energy consumption within the organization	Emissions and Waste Management	Section 3.1
302-2	Energy consumption outside of the organization	Emissions and Waste Management	Section 3.1
302-3	Energy intensity	Emissions and Waste Management	Section 3.1
302-4	Reduction of energy consumption	Emissions and Waste Management	Section 3.1
302-5	Reductions in energy requirements products and services	Emissions and Waste Management	N/A

GRI 303: WATER AND EFFLUENTS 2018

303-1	Interactions with water as a shared resource	Emissions and Waste Management	Section 3.3
303-2	Management of water discharge-related impacts	Emissions and Waste Management	N/A
303-3	Water withdrawal	Emissions and Waste Management	N/A
303-4	Water discharge	Emissions and Waste Management	N/A
303-5	Water consumption	Emissions and Waste Management	Section 3.3

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	Emissions and Waste Management	None
304-2	Significant impacts of activities, products, and services on biodiversity	Emissions and Waste Management	None

304-3	Habitats protected or restored	Emissions and Waste Management	N/A
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Emissions and Waste Management	N/A
GRI 305: EMISSIONS 2016			
305-1	Direct (Scope 1) GHG emissions	Emissions and Waste Management	Section 3.3
305-2	Energy indirect (Scope 2) GHG emissions	Emissions and Waste Management	Section 3.3
305-3	Other indirect (Scope 3) GHG emissions	Emissions and Waste Management	Section 3.3
305-4	GHG emissions intensity	Emissions and Waste Management	Section 3.3
305-5	Reduction of GHG emissions	Emissions and Waste Management	Section 3.3
305-6	Emissions of ozone-depleting substances (ODS)	Emissions and Waste Management	Reported indirectly as part of CO2 equivalent emissions.
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Emissions and Waste Management	Reported indirectly as part of CO2 equivalent emissions.
GRI 306: WASTE 2020			
306-1	Waste generation and significant waste-related impacts	Emissions and Waste Management	Section 3.2
306-2	Management of significant waste-related impacts	Emissions and Waste Management	Section 3.2
306-3	Waste generated	Emissions and Waste Management	Section 3.2
306-4	Waste diverted from disposal	Emissions and Waste Management	Section 3.2
306-5	Waste directed to disposal	Emissions and Waste Management	Section 3.2
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016			
308-1	New suppliers that were screened using environmental criteria	Compliance and Risk Management	Section 6.2
308-2	Negative environmental impacts in the supply chain and actions taken	Compliance and Risk Management	None


GRI 401: EMPLOYMENT 2016

401-1	New employee hires and employee turnover	Human Capital Development	Section 2.1
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Human Capital Development	Section 2.3
401-3	Parental leave	Human Capital Development	Section 2.3

GRI 402: LABOR/MANAGEMENT RELATIONS 2016

402-1	Minimum notice periods regarding operational changes	Human Capital Development	Our notice periods comply with Kuwait Labor Law
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GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018

403-1	Occupational health and safety management system	Human Capital Development	Section 2.3
403-2	Hazard identification, risk assessment, and incident investigation	Human Capital Development	Section 2.3
403-3	Occupational health services	Human Capital Development	Section 2.3
403-4	Worker participation, consultation, and communication on occupational health and safety	Human Capital Development	Section 2.3
403-5	Worker training on occupational health and safety	Human Capital Development	N/A
403-6	Promotion of worker health	Human Capital Development	Section 2.3
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Human Capital Development	Section 2.3
403-8	Workers covered by an occupational health and safety management system	Human Capital Development	Section 2.3
403-9	Work-related injuries	Human Capital Development	Section 2.3
403-10	Work-related ill health	Human Capital Development	Section 2.3

GRI 404: TRAINING AND EDUCATION 2016

404-1	Average hours of training per year per employee	Human Capital Development	Section 2.2
404-2	Programs for upgrading employee skills and transition assistance programs	Human Capital Development	Section 2.2
404-3	Percentage of employees receiving regular performance and career development reviews	Human Capital Development	100%

GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016

405-1	Diversity of governance bodies and employee	Human Capital Development	Section 2.1
405-2	Ratio of basic salary and remuneration of women to men	Human Capital Development	Not disclosed

GRI 406: NON-DISCRIMINATION 2016

406-1	Incidents of discrimination and corrective actions taken	Human Capital Development	None
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GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING 2016

407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Business Ethics, Compliance and Risk Management	None
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GRI 408: CHILD LABOR 2016

408-1	Operations and suppliers at significant risk for incidents of child labor	Compliance and Risk Management	N/A
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GRI 409: FORCED OR COMPULSORY LABOR 2016

409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Compliance and Risk Management	N/A
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GRI 410: SECURITY PRACTICES 2016

410-1	Security personnel trained in human rights policies or procedures	Compliance and Risk Management	N/A
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GRI 411: RIGHTS OF INDIGENOUS PEOPLES 2016

411-1	Incidents of violations involving rights of indigenous peoples	Compliance and Risk Management	Section 2.3
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GRI 413: LOCAL COMMUNITIES 2016

413-1	Operations with local community engagement, impact assessments, and development programs	Community Engagement	Chapter 4
413-2	Operations with significant actual and potential negative impacts on local communities	Community Engagement	None

GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016

414-1	New suppliers that were screened using social criteria	Business Ethics	Section 6.3
414-2	Negative social impacts in the supply chain and actions taken	Business Ethics	None

GRI 415: PUBLIC POLICY 2016

415-1	Political contributions	N/A	None
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GRI 416: CUSTOMER HEALTH AND SAFETY 2016

416-1	Assessment of the health and safety impacts of product and service categories	Business Ethics	N/A
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Business Ethics	None

GRI 417: MARKETING AND LABELING 2016

417-1	Requirements for product and service information and labelling	N/A	Not relevant to our operations
417-2	Incidents of non-compliance concerning product and service information and labeling	Compliance and Risk Management	None
417-3	Incidents of non-compliance concerning marketing communications	Compliance and Risk Management	None

GRI 418: CUSTOMER PRIVACY 2016

418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Compliance and Risk Management	Section 6.4
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7.2 GRI 3-3 Table

Material topics list	Material topic's actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on KIPCO's human rights	KIPCO's involvement with negative impacts through its activities or as a result of its business relationships	Policies or commitments regarding the material topic	Actions taken to prevent or mitigate potential negative impacts	Actions taken to address actual negative impacts	Actions taken to manage actual and potential positive impacts	Processes used to track the effectiveness of the aforementioned actions	Goals, targets, and indicators used to evaluate progress of the aforementioned actions	Effectiveness of the actions, including progress toward the goals and targets	Lessons learned and how these have been incorporated into KIPCO's operational policies and procedures	Stakeholders' involvement
Community Engagement	Section 4.1	None	N/A	Section 4.1	N/A	Section 4.1	Section 4.1	Section 1.2	Section 4.1	Section 4.1	Section 1.3
Ownership and Control	Section 5.1	N/A	Section 5.4	Section 5.1	N/A	N/A	N/A	Section 1.2	N/A	N/A	
Business Ethics	Section 5.3	Section 5.3	Section 5.3	Section 5.3	Section 5.3	Section 5.3	Section 5.3	Section 1.2	N/A	Section 5.3	
Compliance and Risk Management	Section 5.4	Section 5.4	Section 5.4	Section 5.4	Section 5.4	Section 5.4	Section 5.4	Section 1.2	N/A	Section 5.4	
Digital and Technological Aspects	Section 6.4	Section 6.4	Section 6.4	Section 6.4	Section 6.4	Section 6.4	Section 6.4	Section 1.2	N/A	Section 6.4	
Responsible Investment	Section 6.2	Section 6.2	N/A	Section 6.2	Section 6.2	KIPCO addresses actual negative impacts from its investments through several actions such as screening, monitoring, and voting.	N/A	Section 1.2	N/A	N/A	
Governance Oversight	Section 5.2	Section 5.2	Section 5.2	Section 5.2	Section 5.2	Section 5.2	N/A	Section 1.2	N/A	Section 5.2	
Emissions and Waste Management	Section 3.2	Section 3.2	N/A	Section 3.2	Section 3.2	Section 3.2	Section 3.2	Section 1.2	Section 3.2	Section 3.2	
Human Capital Development	Sections 2.2, and 2.3 Due to the nature of our business and size of KIPCO's workforce, social factors such as labor rights and human rights are applicable, but not to the extent of other lines of business and larger workforces.	Sections 2.2, and 2.3 Potential negative impacts on people includes occupational health and safety risks, human rights violations, or negative impacts on communities, violations of labor rights, and discrimination among others. There have been no confirmed incidents of discrimination.	Sections 2.2, and 2.3	Sections 2.2, and 2.3	Sections 2.2, and 2.3	Sections 2.2, and 2.3	Sections 2.2, and 2.3	Section 1.2	Sections 2.2, and 2.3	Sections 2.2, and 2.3	



7.3 Boursa Kuwait ESG Disclosure Guide- Sustainability Metrics

Metric	Calculation	Disclosure / Page Number
Environmental		
GHG Emissions	E1.1) Total amount, in CO2 equivalents, for Scope 1 (if applicable)	Section 3.1
	E1.2) Total amount, in CO2 equivalents, for Scope 2 (if applicable)	Section 3.1
	E1.3) Total amount, in CO2 equivalents, for Scope 3 (if applicable)	Section 3.1
Emissions Intensity	E2.1) Total GHG emissions per output scaling factor	Section 3.1
	E2.2) Total non-GHG emissions per output scaling factor	N/A
Energy Usage	E3.1) Total amount of energy directly consumed	Section 3.1
	E3.2) Total amount of energy indirectly consumed	Section 3.1
Energy Intensity	Total direct energy usage per output scaling factor	N/A
Energy Mix	Percentage: Energy usage by generation type	N/A
Water Usage	E6.1) Total amount of water consumed	Section 3.2
	E6.2) Total amount of water reclaimed	N/A
Environmental Operations	E7.1) Does your company follow a formal Environmental Policy? Yes/No	No
	E7.2) Does your company follow specific waste, water, energy, and/or recycling policies? Yes/No	No
	E7.3) Does your company use a recognized energy management system? Yes/No	No
Environmental Oversight	Does your Board/Management Team oversee and/or manage climate-related risks? Yes/No	Not directly
Environmental Oversight	Does your Board/Management Team oversee and/or manage other sustainability issues? Yes/No	Yes
Climate Risk Mitigation	Total amount invested, annually, in climate-related infrastructure, resilience, and product development?	N/A
Social		
Gender Pay Ratio	Ratio: Median male compensation to median female compensation	Not disclosed
Employee Turnover	S3.1) Percentage: Year-over-year change for full-time employees	Section 2.1
	S3.2) Percentage: Year-over-year change for part-time employees	Section 2.1
	S3.3) Percentage: Year-over-year change for contractors and/or consultants	N/A



Gender Diversity	S4.1) Percentage: Total enterprise headcount held by men and women	Section 2.1
	S4.2) Percentage: Entry- and mid-level positions held by men and women	Section 2.1
	S4.3) Percentage: Senior- and executive-level positions held by men and women	Section 2.1
Temporary Worker Ratio	S5.1) Percentage: Total enterprise headcount held by part-time employees	Section 2.1
	S5.2) Percentage: Total enterprise headcount held by contractors and/or consultants	Section 2.1
Non-Discrimination	Does your company follow a sexual harassment and/or non-discrimination policy? Yes/No	Yes
Injury Rate	Percentage: Frequency of injury events relative to total workforce time	Zero
Global Health and Safety	Does your company follow an occupational health and/ or global health and safety policy? Yes/No	Yes
Child and Forced Labor	S9.1) Does your company follow a child and/or forced labor policy? Yes/No	KIPCO follows Kuwait's Labor Law
	S9.2) If yes, does your child and/or forced labor policy also cover suppliers and vendors? Yes/No	KIPCO follows Kuwait's Labor Law
Human Rights	S10.1) Does your company follow a human rights policy? Yes/No	Yes
	S10.2) If yes, does your human rights policy also cover suppliers and vendors? Yes/No	Yes
Nationalization	S11.1) Percentage of national employees	Section 2.1
	S11.2) Direct and indirect local job creation	Section 2.1
Governance		
Board Diversity	G1.1) Percentage: Total board seats occupied by men and women	Section 5.2
	G1.2) Percentage: Committee chairs occupied by men and women	Section 5.2
Board Independence	G2.1) Does your company prohibit its CEO from serving as board chair? Yes/No	Yes
	G2.2) Percentage: Total Board seats occupied by independents	Section 5.2
Incentivized Pay	Are executives formally incentivized to perform on sustainability? Yes/No	No
Collective Bargaining	Percentage: Total enterprise headcount covered by collective bargaining agreement(s)	0%
Supplier Code of Conduct	G5.1) Are your vendors or suppliers required to follow a Code of Conduct? Yes/ No	No
	G5.2) If yes, what percentage of your suppliers have formally certified their compliance with the code?	N/A



Ethics and Anti-Corruption	G6.1) Does your company follow an Ethics and/or Anti-Corruption policy? Yes/No	Yes
	G6.2) If yes, what percentage of your workforce has formally certified its compliance with the policy?	N/A
Data Privacy	G7.1) Does your company follow a Data Privacy policy? Yes/No	No
	G7.2) Has your company taken steps to comply with GDPR rules? Yes/No	No
Sustainability Reporting	G8.1) Does your company publish a sustainability report? Yes/No	Yes
	G8.2) Is sustainability data included in your regulatory filings? Yes/No	No
Disclosure Practices	G9.1) Does your company provide sustainability data to sustainability reporting frameworks? Yes/No	Yes
	G9.2) Does your company focus on specific UN Sustainable Development Goals (SDGs)? Yes/No	Yes
	G9.3) Does your company set targets and report progress on the UN SDGs? Yes/No	Not directly through the sustainability report is aligned with the SDGs
External Assurance (Recommended)	Are your sustainability disclosures assured or validated by a third party? Yes/No	No

7.4 GCC Stock Exchanges ESG Metrics

Category	Metric	Calculation	Corresponding GRI Standard	Notes	Location/ Disclosure
Environment	E1. GHG Emissions	E1.1) Total amount in CO ₂ equivalents, for Scope 1 E1.2) Total amount, in CO ₂ equivalents, for Scope 2 (if applicable) E1.3) Total amount, in CO ₂ equivalents, for Scope 3 (if applicable)	GRI 305: Emissions 2016	Actual or estimated atmospheric emissions produced as a direct (or indirect) result of the Company's consumption of energy.	Section 3.1
	E2. Emissions Intensity	E2.1) Total GHG emissions per output scaling factor E2.2) Total non-GHG emissions per output scaling factor	GRI 305: Emissions 2016	Dividing annual emissions (numerator) by relevant measures of economic output (denominator). Scaling factors set by reporting company. Examples include revenues, sales, production units, employee headcount, physical floor space.	Section 3.1
	E3. Energy Usage	E3.1) Total amount of energy directly consumed E3.2) Total amount of energy indirectly consumed	GRI 302: Energy 2016	Typically measured in megawatt- hours (MWh) or gigajoules (GJ). Direct energy is produced and consumed on company-owned or operated property. Indirect energy is produced elsewhere (i.e., utilities).	Section 3.1



Environment	E4. Energy Intensity	Total direct energy usage per output scaling factor	GRI 302: Energy 2016	Dividing annual consumption (numerator) by relevant measures of physical scale (denominator). Examples include revenues, sales, production units, employee headcount, physical floor space.	N/A
	E5. Energy Mix	Percentage: Energy usage by generation type	GRI 302: Energy 2016	Quantifying the specific energy sources most directly used by the Company. "Generation type" set by reporting company; examples include renewables, hydro, coal, oil, natural gas.	Section 3.1
	E6. Water Usage	E6.1) Total amount of water consumed E6.2) Total amount of water reclaimed	GRI 303: Water and Effluents 2018	Water consumed, recycled, and reclaimed annually, in cubic meters (m3).	Section 3.2
	E7. 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 policies? Yes/No E7.3) Does your company use a recognized energy management system?	GRI 103: Management Approach 2016*	Publish a commitment, position statement, or a policy document that covers this subject. Examples of management systems: ISO14001: Environmental management system. ISO 50001: Energy management system.	E7.1) No E7.2) No E 7.3) No

Environment	E8. Environmental Oversight	Does your Management Team oversee and/or manage sustainability issues? Yes/No	GRI 102: General Disclosures 2016	Does your company cover sustainability issues in senior management (as part of the official agenda) or has it a management committee dedicated to sustainability-related issues?	Not officially or directly
	E9. Environmental Oversight	Does your Board oversee and/or manage sustainability issues? Yes/No	GRI 102: General Disclosures 2016	Does your company cover sustainability issues in Board meetings (as part of the official agenda) or has a Board committee dedicated to sustainability-related issues?	Not officially or directly
	E10. Climate Risk Mitigation	Total amount invested, annually, in climate-related infrastructure, resilience, and product development		Companies measure the total AED amount invested in climate-related issues, including R&D spend, if any.	N/A
Social	S1. CEO Pay Ratio	S1.1) Ratio: CEO total compensation to median Full Time Equivalent (FTE) total compensation S1.2) Does your company report this metric in regulatory filings? Yes/No	GRI 102: General Disclosures 2016	As a ratio: the CEO Salary & Bonus (X) to Median (FTE - Full Time Equivalent) Salary, usually expressed as "X:1" Use total compensation, including all bonus payments and incentives.	N/A



Social	S2. Gender Pay Ratio	Ratio: Median male compensation to median female compensation	GRI 405: Diversity and Equal Opportunity 2016	As a ratio: the median total compensation for men compared to the median total compensation for women. Reported for Full Time Equivalent (FTEs) only; Use total compensation, including all bonus payments and incentives.	N/A
	S3. 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/ consultants	GRI 401: Employment 2016	Percentage of total annual turnover, broken down by various employment types. Turnover includes all job changes, whether due to dismissal, retirement, job transition, or death.	Section 2.1
	S4. 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	GRI 102: General Disclosures 2016 GRI 405: Diversity and Equal Opportunity 2016	Percentage of male-to-female metrics, broken down by various organizational levels.	Section 2.1

Social	S5. 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	GRI 102: General Disclosures 2016	Percentage of Full-Time (or FTE-equivalent) positions held by non-traditional workers in the value chain.	N/A
	S6. Non-Discrimination	Does your company follow non-discrimination policy? Yes/No	GRI 103: Management Approach 2016*	Publish a commitment, position statement, or a policy document that covers this subject.	Yes
	S7. Injury Rate	Percentage: Frequency of injury events relative to total workforce time	GRI 403: Occupational Health and Safety 2018	Total number of injuries and fatalities, relative to the total workforce.	Zero
	S8. Global Health & Safety	Does your company follow an occupational health and/or global health & safety policy? Yes/No	GRI 103: Management Approach 2016*	Publish a commitment, position statement, or a policy document that covers this subject.	Yes
	S9. Child & 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	GRI 103: Management Approach 2016*	Publish a commitment, position statement, or a policy document that covers this subject.	KIPCO follows Kuwait's Labor Law



Social	S10. Human Rights	S10.1) Does your company follow a human rights policy? Yes/No	GRI 103: Management Approach 2016	Publish a commitment, position statement, or a policy document that covers this subject.	Yes
		S10.2) If yes, does your human rights policy also cover suppliers and vendors? Yes/No			
Governance	G1. Board Diversity	G1.1) Percentage: Total Board seats occupied by men and women G1.2) Percentage: Committee chairs occupied by men and women	GRI 405: Diversity and Equal Opportunity 2016	The percentage of women at the board. The percentage of committee chairs held by women.	Section 5.2
	G2. Board Independence	G2.1) Does company prohibit CEO from serving as Board chair? Yes/No G2.2) Percentage: Total Board seats occupied by independent Board members			
	G3. Incentivized Pay	Are executives formally incentivized to perform on sustainability?		Describe links between executive performance and sustainability performance, if any.	No



Governance	G4. Supplier Code of Conduct	G4.1) Are your vendors or suppliers required to follow a Code of Conduct? Yes/No G4.2) If yes, what percentage of your suppliers have formally certified their compliance with the code?	Publish a commitment, position statement, or a policy document that covers this subject.	G4.1) Yes G4.2) 100%
	G5. Ethics & Prevention of Corruption	G5.1) Does your company follow an Ethics and/ or Prevention of Corruption policy? Yes/No G5.2) If yes, what percentage of your workforce has formally certified its compliance with the policy?	Publish a commitment, position statement, or a policy document that covers this subject.	G5.1) Yes G 5.2) N/A
	G6. Data Privacy	G6.1) Does your company follow a Data Privacy policy? Yes/No G6.2) Has your company taken steps to comply with GDPR rules? Yes/No	Publish a commitment, position statement, or a policy document that covers this subject.	G6.1) Yes G6.2) No
	G7. Sustainability Reporting	Does your company publish a sustainability report? Yes/No	A company can publish a stand-alone sustainability report or integrate sustainability information in its annual report.	Yes



Governance	G8. Disclosure Practices	G8.1) Does your company provide sustainability data to sustainability reporting frameworks? Yes/No G8.2) Does your company focus on specific UN Sustainable Development Goals (SDGs)? Yes/No G8.3) Does your company set targets and report progress on the UN SDGs? Yes/No	Does your company publish a GRI, CDP, SASB, IIRC, or UNGC based report?	G8.1 and G8.2) Yes G8.3) No
	G9. External Assurance	Are your sustainability disclosures assured or verified by a third-party audit firm? Yes/No	* GRI 103: Management Approach 2016 is to be used in combination with the topic--specific Standards	Please specify whether your sustainability data has been verified by a third party. Please highlight the Key Performance Indicators (KPIs) that have been verified, if any. No

7.5 ESG Disclosures

Disclosure	Relevant Chapter
Percentage of long-tenured, aging Directors does not suggest a problem with Board entrenchment	Adaptive Governance
CEO and chair are not combined	Adaptive Governance
There are no concerns on having a leader with excessive influence, including where there is an executive chair serving alongside a CEO, where the chair is a former CEO or CFO, where a founder or co-founder remains on the Board but not as chair or CEO, or where there are unregistered directors providing leadership direction	Adaptive Governance
The non-executive chair is not classified as not independent of management or not independent of other interests (links to employees, government or major owners)	Adaptive Governance
Less than a majority of Board Directors are independent of management	Adaptive Governance
Less than a majority of Board Directors are independent of other interests	Adaptive Governance
30% or more of the Board of Directors do not comprise executive directors	Adaptive Governance
Management board does not include eight or more executive directors	Adaptive Governance
The Board is composed entirely of Directors who do not meet the criteria for independence from management	Adaptive Governance
KIPCO disclosed related-party transactions (RPTs) in either of the two most recently reported financial years	Adaptive Governance
Non-executive Board members are serving on the boards of three or more additional issuers (i.e., four total boards, including the rated company) (whether included as an equity or debt issuer)	Adaptive Governance
Executive Board members are serving on the boards of two or more additional issuers (i.e., three total boards, including the rated company) (whether included as an equity or debt issuer)	Adaptive Governance
The Board of Directors or the supervisory board does not include a high number of Directors that suggests obstacles to effective oversight and decision-making	Adaptive Governance
There are more than four Directors on the Board of Directors or supervisory board	Adaptive Governance
Members of the Board did not fail to attend at least 75% of all Board and committee meetings held during the last reported period	Adaptive Governance
Board composition does not involve more than 30% of currently active corporate CEOs from other companies	Adaptive Governance
Composition of the Board includes one female Director	Adaptive Governance
Composition of the Board fails to include at least 30% female Directors	Adaptive Governance
Board is lacking at least one non-executive member of the Board who has general expertise in risk management	Adaptive Governance
KIPCO has established an Audit Committee (or audit board) comprising only Directors who are independent of management	Adaptive Governance



Company executives serve on the Audit Committee or audit board	Adaptive Governance
The Audit Committee has at least one non-executive member with general expertise in accounting or financial management	Adaptive Governance
The Audit Committee has at least one non-executive member who has substantial industry knowledge	Adaptive Governance
No independent members of the Audit Committee serve on the boards of three or more additional companies (i.e., four total boards, including the rated company) (whether included as an equity or debt issuer)	Adaptive Governance
Some of the non-independent members of the Audit Committee serve on the boards of two or more additional companies	Adaptive Governance
KIPCO has not established a pay committee with directors who are not independent of management	Adaptive Governance
Disclosures on company executives serving on the pay committee are not applicable to KIPCO	Adaptive Governance
Disclosures on having a standing pay committee is not disclosed	Adaptive Governance
Composition of the pay committee raising concerns about the presence of active CEOs on the committee or in relation to the past record of the pay committee is not applicable to KIPCO chair	Adaptive Governance
KIPCO has a standing Nomination Committee	Adaptive Governance
The Nomination Committee chair is independent of management or other interests	Adaptive Governance
More than a majority of Nomination Committee members are independent of management and other interests	Adaptive Governance
No current or recent member of the Board or a senior executive of the Company (and while serving at this company) has allegedly failed to act with honesty and integrity, engaged in actions contrary to the interests of the Company and its shareholders, breached trust or confidence, engaged in criminal actions or engaged in actions that caused damage to reputation	Adaptive Governance
There were no situations that may distract the Board from focusing on business operations and strategic matters	Adaptive Governance
Major questions have been raised as to the quality of past Board decisions	Adaptive Governance
There is no evidence of governance failures at the Company	Adaptive Governance
The number of shares held by the CEO (after adjustment for any corporate actions) has not decreased year over year by 10% or more	Adaptive Governance
CEO's equity pay does not fail to reflect the Company's total shareholder return (TSR) performance over the last three and five years	Adaptive Governance
CEO's equity pay does not fail to reflect total shareholder return (TSR) performance over the last three and five years relative to Pay Peer Group	Adaptive Governance
Potential dilution in traded shares is not 10% or greater	Adaptive Governance
Current run rate is not 2% or more	Adaptive Governance
The Company is not currently experiencing a reporting delay or lateness in the filing of its quarterly, half-year (or interim) or annual reports, or its annual proxy/notice of annual meeting of shareholders	Adaptive Governance



There are shareholder / shareholder bloc controlling more than 30% of the voting shares, and is able to elect more than 50% of the Company's Board	Adaptive Governance
Company's ownership structure or governance arrangements do not indicate special concerns for minority public shareholders	Adaptive Governance
KIPCO is not widely held principal shareholders or other large-bloc holders	Adaptive Governance
At least 5% of the Group's revenue does not come from Variable Interest Entities (VIEs) where the Company has no/minimal voting stake	Responsible Economic Impact
KIPCO has not issued more than one class of equity shares	Adaptive Governance
KIPCO's capital structure does not include a single share class where the voting rights vary based on the duration of ownership (or extra voting rights are granted via "loyalty shares")	Adaptive Governance
Voting rights are not capped at a certain percentage, no matter how many shares the investor owns	Adaptive Governance
Voting rights are not different for foreign or non-resident shareholders	Adaptive Governance
Company's capital and ownership structures do not include a "golden share" provision, or there is an equivalent provision in national or state laws, or the government has the right to nominate government representatives to the Board	Adaptive Governance
Company has not adopted a takeover defence such as a poison pill, shareholder rights plan, or equivalent provision	Adaptive Governance
The Board does not have the unilateral right to amend the Company's bylaws / Articles of Association without shareholder approval	Adaptive Governance
Shareholders have the right to requisition an extraordinary general meeting (EGM) or the threshold required to request an EGM exceeds 10% of the voting rights	Adaptive Governance
Shareholders are not limited in their ability to make changes at the Company due to the nature of provisions in the governing documents	Adaptive Governance
KIPCO did not fail to implement regular say-on-pay votes	Adaptive Governance
KIPCO did not fail to implement a confidential voting that bar reasonable exceptions	Adaptive Governance
Qualified shareholders are allowed to nominate Directors for election at the annual general meeting	Adaptive Governance
Shareholder-elected Directors stand for re-election at intervals greater than one year	Adaptive Governance
KIPCO does not have a classified or staggered Board in combination with other limitations on shareholder rights that further limit shareholders' ability to affect the makeup of the Board	Adaptive Governance
KIPCO did not fail to use or adopt binding majority voting in the election of Directors (with immediate resignation, if the Director does not receive a majority of the votes cast)	Adaptive Governance
The Company with a controlling shareholder does not use a plurality vote standard for Director elections, and yet does not allow cumulative voting (whether as the default election standard or at the request of shareholders)	Adaptive Governance



Shareholders do not lack the right to remove individual Directors without cause	Adaptive Governance
None of the Board Directors received a negative or withheld shareholder vote in excess of 10% in the most recently reported election	Adaptive Governance
There is no exposure to business activities or geographies facing a higher incidence of corruption and involvement in ongoing corruption-related controversies	Adaptive Governance
KIPCO actively monitors anticompetitive and business ethics controversies	Adaptive Governance
KIPCO does not have a "Bribery and anti-corruption" policy or commitment statement and explanation	Adaptive Governance
There is a whistleblower policy that provides whistleblowers with protection from retaliation.	Adaptive Governance
Scope of policy on anti-money laundering and know your customer is not applicable to KIPCO	Adaptive Governance
Engagement and proxy voting policy that addresses ESG issues are not applicable to KIPCO	Adaptive Governance
There are no policies to address environmental impact	Environmental Outlook
KIPCO performs regular environmental impact audits that: a) Cover the full geographic scope of operations b) Occur on an annual basis	Environmental Outlook
There are no measurements nor quantitative indicators related to service quality.	Adaptive Governance
KIPCO does not have certifications of operations to independent quality standards (e.g., HACCP, ISO 9001 or equivalent) or to an internally developed standard	Adaptive Governance
KIPCO performs product / service testing	Adaptive Governance
There exists no quality control/product safety training program for employees	Adaptive Governance
No regulatory warnings have been given to KIPCO	Adaptive Governance
KIPCO is free from controversies related to product safety and quality	Adaptive Governance
KIPCO is free from controversies related to customer fraud and billing	Adaptive Governance
KIPCO is free from controversies related to false marketing	Adaptive Governance
Past economic losses due to: extreme values, percentage of population exposed to climate-related hazards, value of assets exposed to climate-related hazards are not applicable to KIPCO	Adaptive Governance
There are no insurance premiums derived from: a) Property and casualty insurance lines (for both primary insurance and reinsurance) b) Life and health insurance lines (for both primary insurance and reinsurance)	Adaptive Governance
Fair price protection under applicable law is not applicable for KIPCO	Adaptive Governance
Disclosures related to unvested equity awards are not applicable to KIPCO	Adaptive Governance
Business combination provisions are not applicable to KIPCO	Adaptive Governance



Stock ownership guidelines adoption is not applicable for KIPCO	Adaptive Governance
There is no evidence of material weakness in the Company's internal control systems	Adaptive Governance
There is no constituency provision or subjection to constituency protection under applicable law	Adaptive Governance
KIPCO upholds responsible marketing practices based on best practice	Adaptive Governance
KIPCO provides training on gender bias awareness in marketing and advertising.	Human Capital Development
KIPCO does not perform audit/control procedures on responsible marketing	Adaptive Governance
KIPCO Holding operations have low carbon intensity	Environmental Outlook
KIPCO operates in Kuwait which has a target of net zero by 2060	Environmental Outlook
KIPCO Holding does not operate in toxic or hazardous material	Environmental Outlook
KIPCO ensures that governance factors are incorporated in the following investment vehicles: listed equities, private equity, and real estate investments of own assets in clean tech, microfinance, global health or other environmental, social or governance opportunities and/or mitigants in Alternative Energy Projects Co. and Advanced Technology (ATC)	Adaptive Governance
KIPCO is free from controversies related to controversial investments	Adaptive Governance
There are no allegations that investors have not been given access to certain basic facts about the Company, whether in the process of issuing new securities or following issuance.	Adaptive Governance
KIPCO is involved in a series of cross-shareholdings with other (related or unrelated) companies	Adaptive Governance
KIPCO is not traded as a tracking stock or similar trading-based entity	Adaptive Governance
KIPCO has no breach of continuing obligations that apply to the listing of its securities, which may threaten the continued listing or trading of those securities.	Adaptive Governance
Given KIPCO is an investment holding company, environment risk is assessed as low for KIPCO. Despite this, the Company monitors few relevant KPIs related to financial crimes.	Adaptive Governance
Climate-related risk analysis is not applicable to KIPCO	Environmental Outlook
Climate change is not a material risk for KIPCO. KIPCO aims to impose minimal negative impact on the environment through our business operations. Thus, it has adopted the concepts of reduce, reuse and recycle in our waste management practices.	Adaptive Governance
Research related to climate change insurance risks is not applicable to KIPCO	Environmental Outlook
Statistical or mathematical models to model climate change effects in actuarial assessments are not applicable to KIPCO	Environmental Outlook
KIPCO maintains contingency and business continuity plans to ensure the Company's ability to operate as going concern and minimize losses in the event of severe business disruption. This ensured un-interrupted business performance during the times of Covid-19.	Adaptive Governance



Percentage of revenue from business segments facing elevated product and service quality-related risks, include: <ul style="list-style-type: none"> • Segments focusing on products that carry health risks (e.g., through injury, contamination or intoxication) - 0% • Segments targeting vulnerable populations - 0% • Segments providing public services - 0.05% • Segments relying heavily on government spending (Oil services healthcare) - 1.05% 	Adaptive Governance
KIPCO's treasury only manages cash balances as assets; to date no ESG deposits are managed	Responsible Economic Impact
No material subsidiary is currently in receivership, under bankruptcy protection, or facing liquidation	Responsible Economic Impact
No material subsidiary, recently: <ul style="list-style-type: none"> a) breached the terms of debt covenants b) had a test of debt covenant terms deferred or waived c) been reported to be in danger of breaching debt covenants 	Adaptive Governance
No concerns been identified by the Board or been reported in the press in relation to the going-concern assumption, nor is there other evidence that the Company, or a material subsidiary, may be facing financing difficulties.	Adaptive Governance
No concerns have been raised as to the treatment of security holders in relation to the raising and/or return of capital	Adaptive Governance
KIPCO encourages continuous learning by promoting opportunities for ongoing development beyond the initial training programs. We do encourage employees to pursue additional certifications, attend conferences or workshops, or participate in professional networks relevant to their job role. We have a special leave for people taking their exams if the certification being pursued is relevant and in line with the job requirements. We support employees to stay abreast of emerging practices and technologies in the field by hosting or sending them to special seminars, masterclasses and conferences.	Responsible Community Engagement
KIPCO has regular executive meetings. There are a number of events that include employees and their families attending, which bring people closer together and help relationship building, hence a more collaborative culture. We believe that leadership training and talent management programs are essential for an organization's growth and success. They help identify and develop potential leaders and equip employees with the necessary skills to take on higher responsibilities.	Adaptive Governance
KIPCO ran a cross-functional projects through the "Innovation Challenge Program" by KFAS, and often included opportunities for participants to present their ideas and projects to senior leadership. The goal was to expose these employees to different aspects of the business and develop their leadership skills. KIPCO has targeted programs for senior-level executives to heighten their strategic thinking, decision-making skills, and understanding of global business trends.	Human Capital Development
KIPCO does not have dedicated staff responsible for analyzing ESG issues or training financial analysts on ESG issues as this is not applicable to KIPCO	Human Capital Development



KIPCO focuses on recruiting for talent and does not discriminate against any nationality, religion and race. Diversity and inclusion are part of our company DNA.	Collaborative Culture
KIPCO has formal grievance reporting and escalation procedures in place to address employee concerns and complaints effectively. These procedures aim to ensure that employees have a safe and confidential way to report grievances and that appropriate actions are taken to resolve them. We maintain confidentiality when reporting grievances. We also seek to follow the right escalation procedures after adequate review of the reported case until it completely resolved.	Adaptive Governance
Due to the nature of a holding company, we rely on coaching and special assignments for talent development and continue to promote people from within the organization.	Human Capital Development
External recognition as employer of choice (last three years) is not applicable to KIPCO	Human Capital Development
KIPCO's non-compensation benefits include: Medical, dental, and vision coverage provided by the employer Paid vacation days, holidays, and personal leave for employees to rest, recharge, and attend to personal matters Support for professional development, including reimbursement for courses, workshops, or conferences to enhance skills and knowledge Paid time off for new parents to care for a newborn or adopted child. Free parking is provided for every employee at KIPCO Discounts on company products or services, as well as partnerships with external vendors	Human Capital Development
Variable component to pay 20%	Responsible Economic Impact
KIPCO's CEO does not hold shares with a value below 5x salary	Responsible Economic Impact
KIPCO had a successful financial year in comparison to the previous year. Our performance-driven incentives for the CEO were in line with expectations.	Responsible Economic Impact
KIPCO includes information about sustainability performance in its annual reports, website, and other marketing materials. This can help to raise awareness of our sustainability efforts and attract investors who are interested in sustainability. KIPCO also offers non-monetary rewards to employees who contribute to sustainability efforts.	Responsible Economic Impact
KIPCO has a clawback policy for our long-term incentive plan.	Responsible Economic Impact
KIPCO does not provide golden hellos to executive recruits.	Responsible Economic Impact
None of KIPCO's pay policies or practices attracted adverse public comments from stakeholders (including shareholders, government, regulators, etc.)	Responsible Economic Impact
KIPCO had no negative vote in excess of 10% on pay policies and practices	Responsible Economic Impact
Specific pay totals are competitively aligned with market compensation practices for top executives, including the CEO	Responsible Economic Impact



The most recently reported total realized CEO pay figure is competitively aligned with market compensation practices	Responsible Economic Impact
The most recently reported total awarded CEO pay figure is competitively aligned with market compensation practices	Responsible Economic Impact
The most recently reported total fixed CEO pay figure is competitively aligned with market compensation practices	Responsible Economic Impact
The most recently reported CEO prerequisites (perks) and other pay figure are competitively aligned with market compensation practices	Responsible Economic Impact
The pension contribution rate made by the Company on behalf of the CEO is according to Kuwaiti Labor Law	Responsible Economic Impact
The most recently reported CEO accumulated pension figure (divided by the number of years of pensionable service) is competitively aligned with market compensation practices	Responsible Economic Impact
KIPCO's CEO total awarded pay for the last reported period did not exceed the median pay for the other named executive officers by more than 3x	Responsible Economic Impact
KIPCO's CEO potential cash severance pay did not exceed five times their annual pay	Responsible Economic Impact
KIPCO's corporate communications and investment relations department oversees ESG issues	Responsible Economic Impact
KIPCO is working on a new ESOP incentive plan which would be initiated in 2024	Responsible Economic Impact
KIPCO has no labor management controversies	Human Capital Development
KIPCO requires high-level of specialization in areas related to finance, treasury, HR, corporate communications, investment and real estate	Adaptive Governance
In highly specialized roles, KIPCO provides a higher level of compensation to be able to attract and retain talent in those areas of specialization	Adaptive Governance
Incidence of layoffs in the last three years that affect more than 10% of workforce or more than 1,000 employees is not applicable to KIPCO	Human Capital Development
KIPCO has undergone a merger with one of its subsidiary companies. There was some level of restructuring that affected less than 10% of total workforce combined	Adaptive Governance
KIPCO does not provide a Certification program for suppliers	Adaptive Governance
KIPCO has no membership in any industry-wide partnership on supply-chain risk mitigation	Adaptive Governance
KIPCO does not provide supplier training on quality assurance	Adaptive Governance
KIPCO does not have a bribery and anti-corruption policy in place for suppliers	Adaptive Governance
KIPCO does not provide training on quality assurance scope and frequency	Adaptive Governance
KIPCO did not implement any strategy to reduce: Air emissions, Water effluents, Non-hazardous waste, or Hazardous waste	Environmental Outlook
KIPCO does not have carbon or energy efficiency improvement targets	Environmental Outlook



KIPCO has programs and actions to reduce the emissions intensity of core operations	Environmental Outlook
HAZWOPER certification or ISO 14001 is not applicable to KIPCO	Adaptive Governance
Warranty payments are not applicable to KIPCO	Responsible Economic Impact
None of KIPCO's auditors are under investigation for issues related to their work on the audit of the Company	Adaptive Governance
None of KIPCO's independent auditors expressed any of the following: a) A qualified, adverse or disclaimer of opinion b) Concerns via an emphasis of matter paragraph	Adaptive Governance
KIPCO had to restate previously published financial statements. However, this was not due to fraud, error or the mis-application of accounting standards	Responsible Economic Impact
KIPCO has not announced or reported special charges or write-offs that might raise questions as to the stewardship of the Company by the board	Responsible Economic Impact
KIPCO does not pay its external audit firm less for audit and audit-related services than for other services in the last fiscal year	Responsible Economic Impact



7.6 Other ESG Disclosures

Audit partners	KIPCO commits to the regular rotation of audit partners. Average auditor tenure at KIPCO is three years, after which the audit firm is rotated.
Actual expenditure went towards foreign suppliers (KD).	N/A
Actual expenditure went towards local suppliers (KD).	N/A
Office supply and materials used	Paper, glass, plastic
Board independence	There is a form that needs to be completed and analyzed for what determines that a Board member is "independent" KIPCO is planning for and is targeting at least 20% percentage of independent Board members
Total shareholder dividends	KD 9.77 million
Total spent to National Labour Support Tax (NLST)	KD 174,464
Total spent on employee retirement and indemnity	KD 2.449 million

