



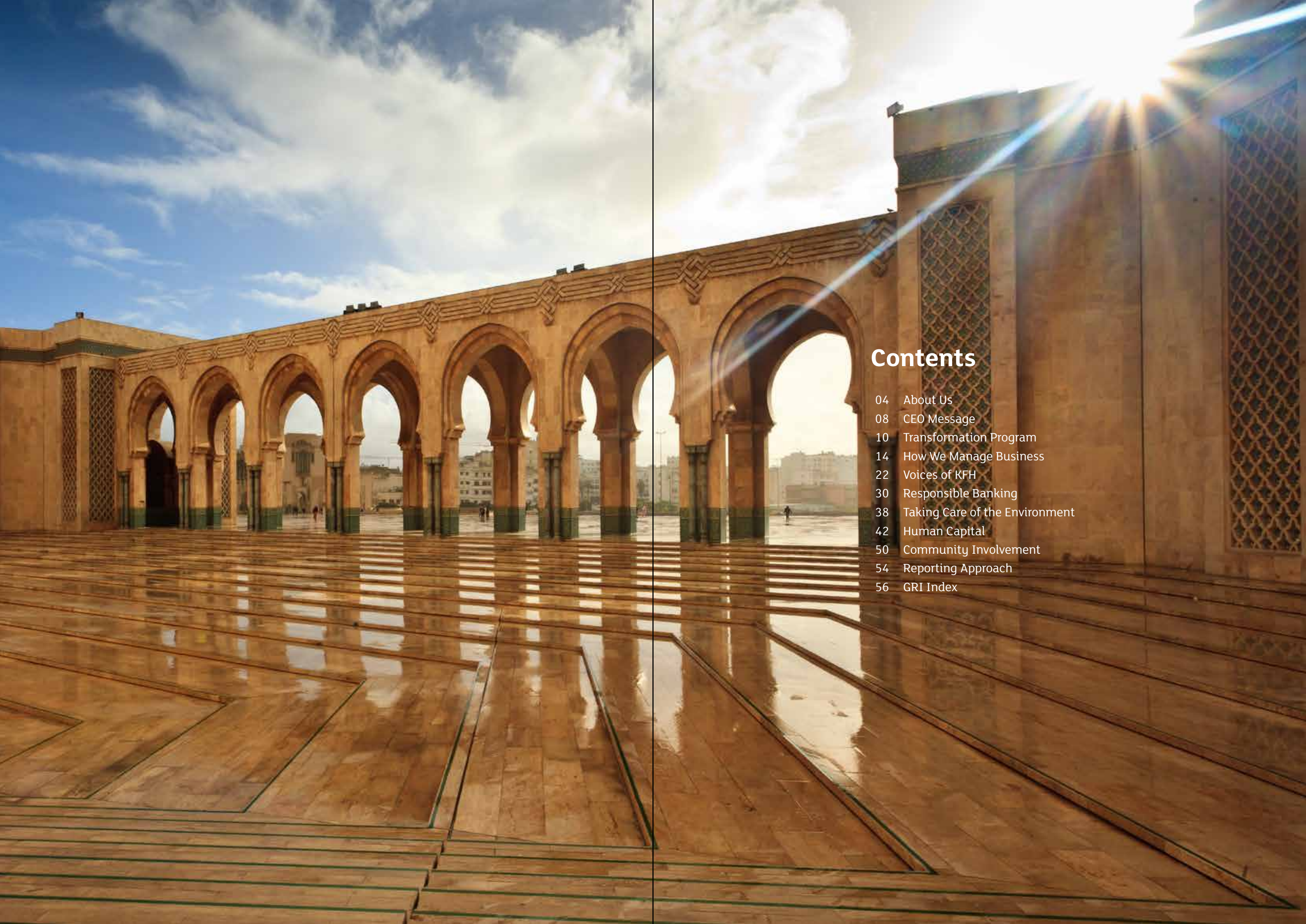
Kuwait Finance House (KFH)  
Group of Companies

# “Transforming & building responsibly”



Corporate Sustainability Report **2013**





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# About Us

Kuwait Finance House (KFH) is one of the leading Islamic Financial Institutions in the world. Since our inception in 1977, we have continued to strive to be at the forefront of Islamic finance and maintain the KFH ‘spark’. With the completion of our transformation program, we have re-energized our vision, re-built our thinking and have become more agile and efficient in the way we work. Through the alignment of numerous investment subsidiaries into three defined areas of work, we are better organized and more effective.

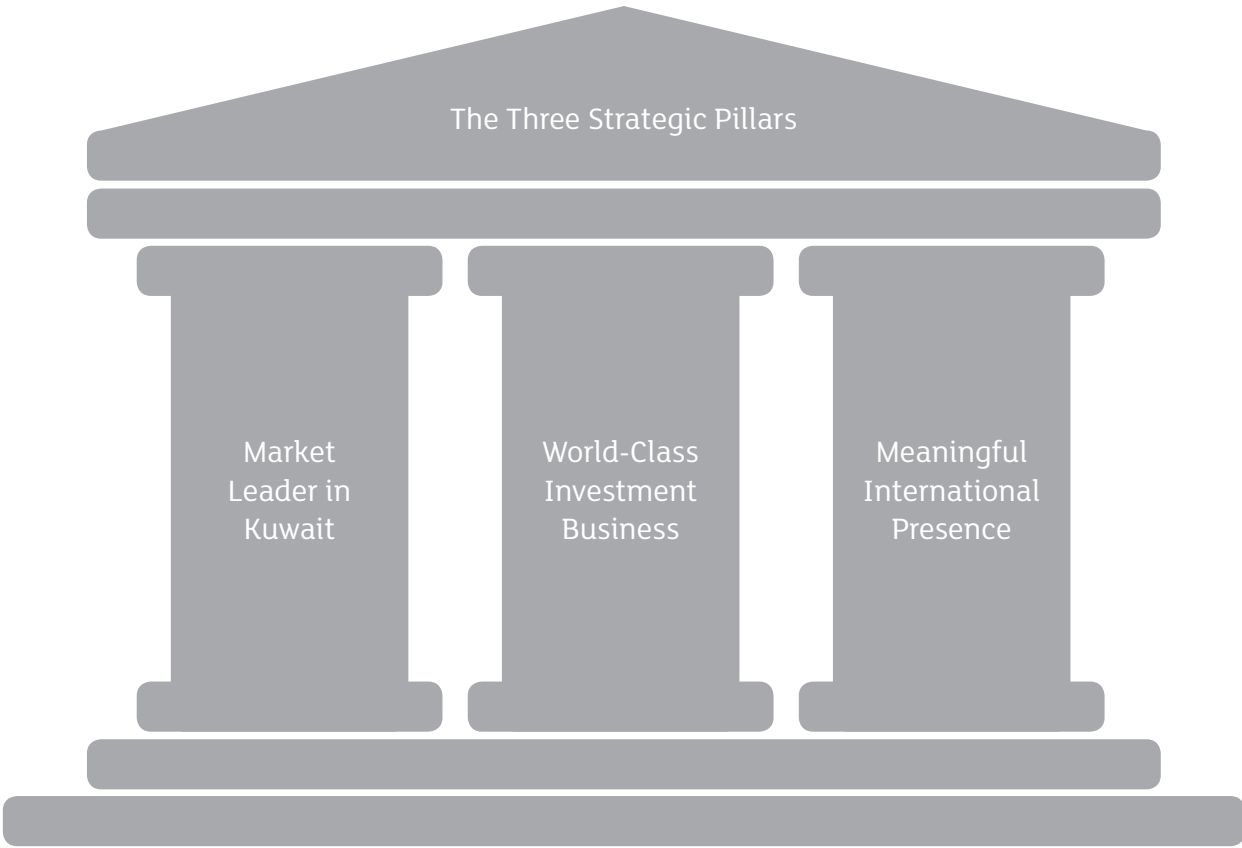
We believe that through our business strategy, we create value for our shareholders, we are proficient at taking care of the financial needs of our customers and clients, pay close attention to the needs of our workforce, and invest responsibly in the communities in which we operate. We aim to ensure that KFH remains an ever-more reliable and powerful force for a prosperous and healthy economy, society and environment in the areas where we operate or do business.

## Our Vision

To lead the international development of Islamic financial services and become the most trusted and sustainably most profitable Shari’a-compliant bank in the world.

## Our Mission

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



“We aim to ensure that KFH remains an ever-more reliable and powerful force for a prosperous and healthy economy, society and environment.”



## KFH Sustainability focus areas

Driven by a strong tradition of service provided to individual people and businesses alike and equally attentive to the wider world, KFH has always regarded its five focus areas as central to achieving its sustainability objectives.

### Our Values

Our banking system follows Shari'a law, and is guided by Islamic principles on economics. KFH's services have been modernized and standardized to meet the various needs of customers, while maintaining the ethical boundaries embodied in the beliefs of the Islamic faith that all investments need to be wholesome and for the good of the people, as well as contributing to developing the land.

### Our People

We firmly believe in investing in our people to nurture and enhance their skills and talents, while upholding the true tenets of Shari'a Principles. We have mutually benefitted in this partnership.

The majority of our people have said that the unique work culture and environment at KFH is the main attraction for them to seek employment with the organization. They also expressed their willingness to contribute wholeheartedly to the growth and success of our business.

### Our Customers

We strive on achieving business excellence to meet the expectations of all our customers. KFH values the trust with its clients it has built up over the years and considers this to be its number one asset.

### Our Deeds

We are dedicated to always doing the right thing, supporting not only our customers but also the communities where we function.

We aim to develop meaningful community programs focusing on health, youth and financial education.

We strive to touch as many lives as possible in communities where we operate by creating jobs and business opportunities.

### Our Environment

The Shari'a Principles which guide our bank include the belief that humans are guardians of nature and must at all times ensure that it is not harmed or unduly exploited.

Furthermore, Shari'a Principles promote the idea of moderation, discouraging over indulgence.

Green ethics is at the root of Islam wherein the welfare of the entire society is placed at the heart of every matter under consideration including finance.





## CEO Message



I am greatly honored to lead Kuwait Finance House (KFH), one of the foremost Islamic Financial Institutions in the world. Every year we remain true to our vision to be a market leader in the international arena of Islamic financial services and be one of the most trusted and sustainably most profitable Shari'a-compliant banks in the world. Indeed, the interests of our customers and stakeholders are paramount for us to establish a sustainably profitable business model for many years to come.

The year 2013 was a remarkable year in KFH's history. Our company-wide Transformation Program has finally materialized and successfully been completed after two full years. The world of KFH has changed, parallel to enhanced changes in the market, stakeholder expectations and technologies. The restructuring program in KFH had come at an opportune time

and has helped us strengthen the KFH Group brand in this increasingly competitive local and international market. In our fourth year of corporate sustainability reporting to our valued stakeholders, we have expanded on KFH's continued commitment across the five key focus areas: Our Principles, Our Customers, Our Deeds, Our People and Our Environment. We want to ensure that our business flourishes as per the Shari'a principles, while keeping the best of interests of our society and the environment.

On the retail front, the introduction of meaningful products and services lies at the heart of KFH's ambitions. Through our new Gold Account, KFH serves as a safe and ideal platform for customers to own high-quality precious metals worldwide.

Combining education and finance, we have launched "My University Account" as well as a new product that allows customers to finance education in schools, colleges and universities on a monthly installment basis. Transforming into a more customer-centric way of working, KFH launched the "Customer Care Program", a new business model with the aim of providing service excellence to our customers.

We believe that our employees are our most valuable asset. Human Resources at KFH are a key and active component. This year, Human Resources embarked on carrying out job placements within the framework of the restructuring program. In this light, we are proud to have attained the "GCC Excellence Award" by the GCC Ministers of Labor for our active role in the job localization process.

We seek to build on experiences and prepare new generations of existing staff to develop, as well as attract the brightest talent from global markets. With this said, the national labor force is given the top priority as the highly-qualified locals of Kuwait, Saudi Arabia, Bahrain, Turkey and Malaysia have contributed great accomplishments in their respective economies, in general, and in Shari'a compliant banking in particular.

As an ode to Kuwait, and affirmation of our sustainability principles and the teachings of Shari'a, KFH set up the Zakat & Community Service Committee in 2013 to be tasked with overseeing donations and community service as part of its core activities.

Through this, KFH donated almost KD 4 million to finance community investments, which will be used to serve

humanitarian, relief, and community service causes. In terms of medical care, we continue to focus on diabetes with our contributions to local centers and through our Diabetes iPhone Application. Tackling a regional epidemic, KFH has contributed to the Unified GCC Traffic Week to promote safety and security on our roads. These are just highlights of the work KFH has done in 2013 as part of our responsibility to the sustainability of our economy, environment and society.

This report will take you through all KFH Group's main sustainability activities, written in compliance with the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines 3.1.

Our thanks to Almighty Allah for what we have managed to accomplish around the world. I would like to also thank and congratulate the executive management and employees who have brought us all where we are today, as well as the honorable Fatwa and Shari'a Supervisory Board, and KFH Board of Directors for their continued guidance and support.

I would also like to express my sincere gratitude to H.H the Emir Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah, H.H the Crown Prince Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah, our regulators, business partners and clients.

Finally, thanks to you, the reader, for your interest in the KFH story. Your contributions are valued greatly as always.

**Mohammed Sulaiman Al-Omar**  
Chief Executive Officer

We welcome your questions and comments which can be sent via email to: [sustainability@kfh.com](mailto:sustainability@kfh.com).



# Transformation Program

*“Indeed, Allah will not change the condition of a people until they change what is in themselves.”*

Holy Quran 13:11

KFH’s two-year company-wide Transformation Program, based on the five-year strategy (2012-2016) was successfully completed in 2013.

An important workstream within the Transformation Program was to develop an organization structure in line with leading best practices to be customer-centric, improve quality of service and customer satisfaction, foster collaboration and align with the aspirations and strategic priorities of the organization.

The new organization structure would improve the service to our customers, our employees, and our shareholders by delivering on the Bank’s strategic objectives. The Transformation Program was managed by the specifically established Transformation Program Office (TPO), which would later evolve in to the Strategic PMO function to continue Change Management once the initial Transformation Program had concluded. The Strategic PMO (SPMO) had the responsibility throughout the program’s lifecycle to deliver new capabilities and to coordinate the numerous initiatives within the Transformation Program as approved by the board. The Transformation Program initiatives were aimed at transforming KFH into a leader in the development of Islamic Finance Services, while retaining the trust of its shareholders.

The Transformation Program was built on KFH’s core competencies and strengths while making significant improvements and building new capabilities without compromising our Islamic values and Shari’a principles. During the Transformation Program, KFH implemented a holistic organisation-wide strategy, which encompassed detailed roadmaps for Human Resources, Wealth Management, Wholesale Banking, Retail Banking, Information Technology and the newly established area of International Banking.

A governance entity, consisting of senior task force members to ensure objectivity, transparency and consistency, was formed to oversee the 18 month workstream to develop and implement the new streamlined organization structure. The new organisation structure serves to protect our core product competencies, increase efficiency through consistent and streamlined processes, and maximize knowledge sharing and expertise among all staff.



# Transformation Program

Within the context of the Employee Value Proposition, the new structure is aligned to international best practice and will serve to retain talent and attract new employees to our KFH family.

KFH's vision to become a world-class financial institution with a meaningful international presence is materialized through the Transformation Program's initiative of establishing new business functions. KFH also strengthened oversight of its international subsidiaries by consolidating management under the International Banking area. A consolidation of investment holdings to three stand-alone investment subsidiaries, KFH Real Estate, KFH Investment and KFH Capital will ensure the necessary oversight and focus.

KFH has increased its focus to unleash synergies and build linkages across the international group. This is evident from the creation of several group level business units, which will serve to increase oversight. Furthermore, several committees have been set in place to increase coordination within the group.

To tap into the full potential of the customer base, KFH merged all of its retail banking activities under one area. KFH has now enhanced its seamless customer-centric banking service, delivering the high levels of service that customers demand. KFH now provides its valuable customers a range of new benefits and series of new award-winning offerings in the market.

A specific area of focus was also the area of IT, which began implementation of a new Target Operating Model to ensure alignment between business units, vendors and demand management.

With a program of such magnitude, communication of change with staff was key. The entire Transformation Program and the migration process was very transparent and managed well with open communications, ensuring that each and every KFH individual was included in this journey. Before the migration process, the CEO sent out personalized letters reassuring employees and informing them of the process migration which was to follow. TPO regularly sent out eNewsletters to share the Transformation Program updates. Managers met with each employee to provide clarifications, address their concerns and gather employee feedback. TPO responded to all feedback.

Personalized letter packages were sent out to employees to keep them informed of their job descriptions, responsibilities, performance expectations and benefits. Employees were encouraged to attend Town Hall meetings and participate in internal competitions with benefits to test their knowledge of tracking the changes that were taking place at KFH during the Transformation Program.

KFH, through the various Transformation Program initiatives, is well en route to linking People, Process and Technology with a strong internal capability which is very important for sustainable value and improving the business process. These changes at KFH were made while remaining a true Shari'a compliant bank, with continuously investing in our employees, and strengthening our brand value.

Now that the Transformation Program has successfully concluded, the Strategic Program Management Office (SPMO) will manage any residual transformation and ongoing change management for KFH Group.



All positions have new job descriptions & new job titles.

The new grading structure is in line with international best practices.

All roles were evaluated and assigned a grade based on an internationally proven and objective methodology while taking into account the unique features of our business as an Shari'a compliant bank.

## KFH Group distribution of economic benefits

		KD ('000s)
Economic value generated	Revenue	996,178
	Payments to providers of capital	333,805
Economic value distributed	Operating costs	213,187
	Employee wages and benefits	169,311
	Community investments*	3,971
Economic value retained		275,904

\*Kuwait Foundation for the Advancement of Sciences (KFAS), Zakat & National Labor Support Tax.







# How We Manage Business

## Our Industry Sectors

**Banking Business**

Kuwait Finance House K.S.C.P. (Headquarters)  
Kuwait Finance House (Bahrain) B.S.C.  
Kuwait Finance House (Malaysia) Berhard  
Kuwait Turkish Participation Bank

**Real Estate**

Kuwait Finance House Real Estate Company K.S.C.  
Al Enma'a Real Estate Company K.S.C.  
Baitak Real Estate Investment Company K.S.C.

**Aviation**

ALAFCO - Aviation Lease & Finance Company K.S.C.

**Energy**

Development Enterprises Holding Company K.S.C.

**Information Technology**

International Turnkey Systems Company K.S.C.

**Financial Sector**

Kuwait Finance House Investment Company K.S.C.  
KFH Financial Services Ltd  
KFH Private Equity Ltd  
KFH Research Ltd  
Al-Muthanna Investment Company K.S.C.  
Aref Investment Group K.S.C.  
Saudi Kuwaiti Finance House S.S.C.

**Health Care**

Al Salam International Hospital

**Human Resources Training**

Human Investment Company





2013 Awards

**Best Islamic Bank in the Middle East**  
- emeafinance

**Innovation Award in e-learning**  
- Track learning Solutions

**Kuwaitization Award**  
- GCC Ministers of Labour and Social Affairs

**Excellence Award in Training National Workforce and first place in Kuwait Private Sector**  
- State Manpower Restructuring Program

**KFH Bahrain received the Best Investment Advisory Service 2013 Award**  
- CPI Financial

Good Corporate Governance

KFH has redesigned the governance structure extensively to integrate KFH Group entities. The Board, Executive, Group and Interdepartmental levels of KFH’s governance structure align the banking operations and activities with the five-year strategic plan and the Corporate Governance requirements of the Central Bank of Kuwait and regulatory authorities.

Shari’a compliant banks differ from other conventional banks in many ways; perhaps the most notable difference is compliance with Islamic Shari’a rules and principles in the bank’s operations and activities. This assurance to the shareholders and depositors can be translated by the establishment of a Shari’a supervisory system within Shari’a compliant banks.

KFH’s Fatwa and Shari’a Supervisory Board operates independently and is responsible for the duties of ensuring all banking operations, finance, projects and products are in compliance with Islamic Shari’a rules and principles through specific rulings and guidelines issued by them.

KFH’s Zakat and Community Service Committee is an internal committee that is responsible for ensuring the social responsibility aspects are highlighted and enforced in all of KFH’s business.

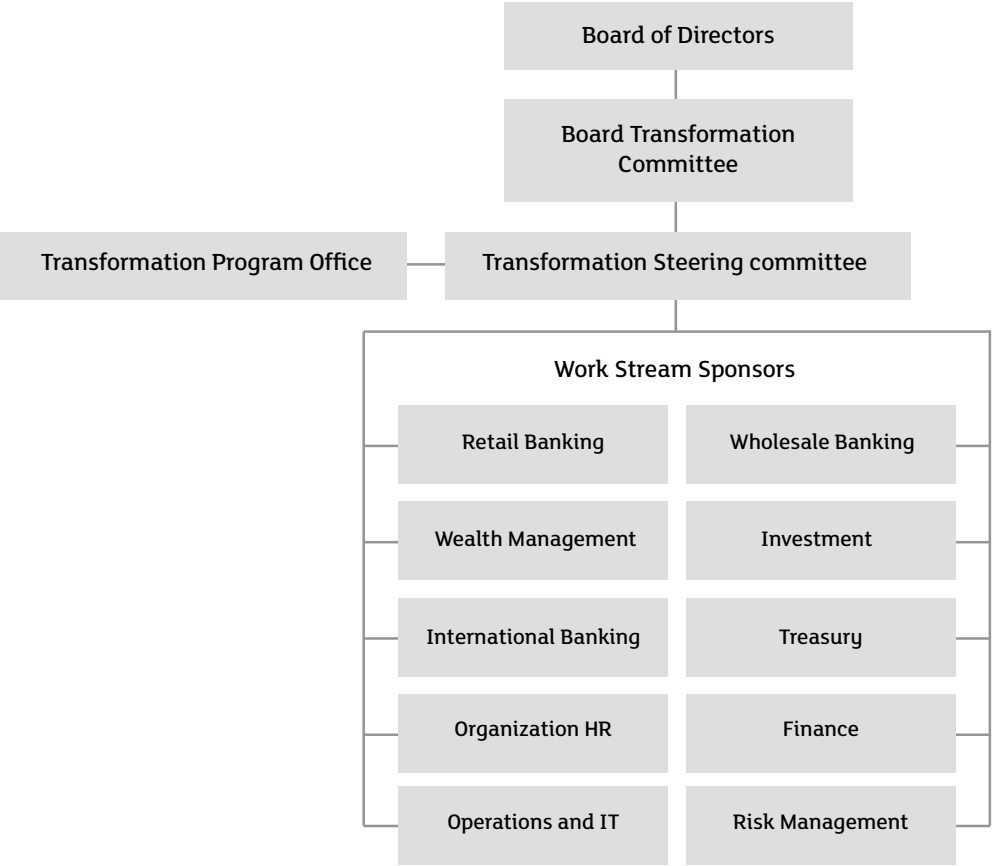
KFH’s Board of Directors are assisted by four Board Committees to carry out their duties and responsibilities of overseeing the diversified activities of KFH.

- KFH’s Audit Committee is responsible for overseeing the integrity of the bank’s financial statements and operational information. This committee monitors the bank’s activities to ensure that they are in compliance with the established legal and regulatory requirements.
- Nomination and Remuneration Committee (NRC) assists the Board of Directors in selecting qualified members for the Board and Executive Management. Further, NRC is responsible for ensuring that KFH’s remuneration policy is accurate, effective and that it is aligned with meeting the bank’s strategic objectives.
- The Risk and Assets Committee’s role is to assist the Board of Directors in establishing the risk management framework which ensures the appropriateness of risk appetite and identifies all major risks that KFH is likely to encounter.
- KFH’s Corporate Governance Committee was created from NRC to assist the Board of Directors in all matters of good governance practices. This committee is responsible for developing and updating KFH’s Corporate Governance Manual.

Transformation Program Governance Structure

The migration process during the Transformation Program had its own governance committee with various specifically appointed Task Force and Working Groups ensuring a smooth migration process.

Currently, there is a formal process in place for evaluating the highest governance body’s own performance – the subject of sustainability is increasingly becoming a common discussion in meetings with the Board and KFH committees.



Staying Compliant

KFH makes all efforts to uphold the positive image and consumer trust built over the years. During KFH’s Transformation Program, its internal control system has been strengthened to provide for a clear opinion on the extent of the bank’s compliance with local laws, ministerial resolutions and Central Bank of Kuwait instructions, as well as the bank’s extent of compliance with its own policies and controls.

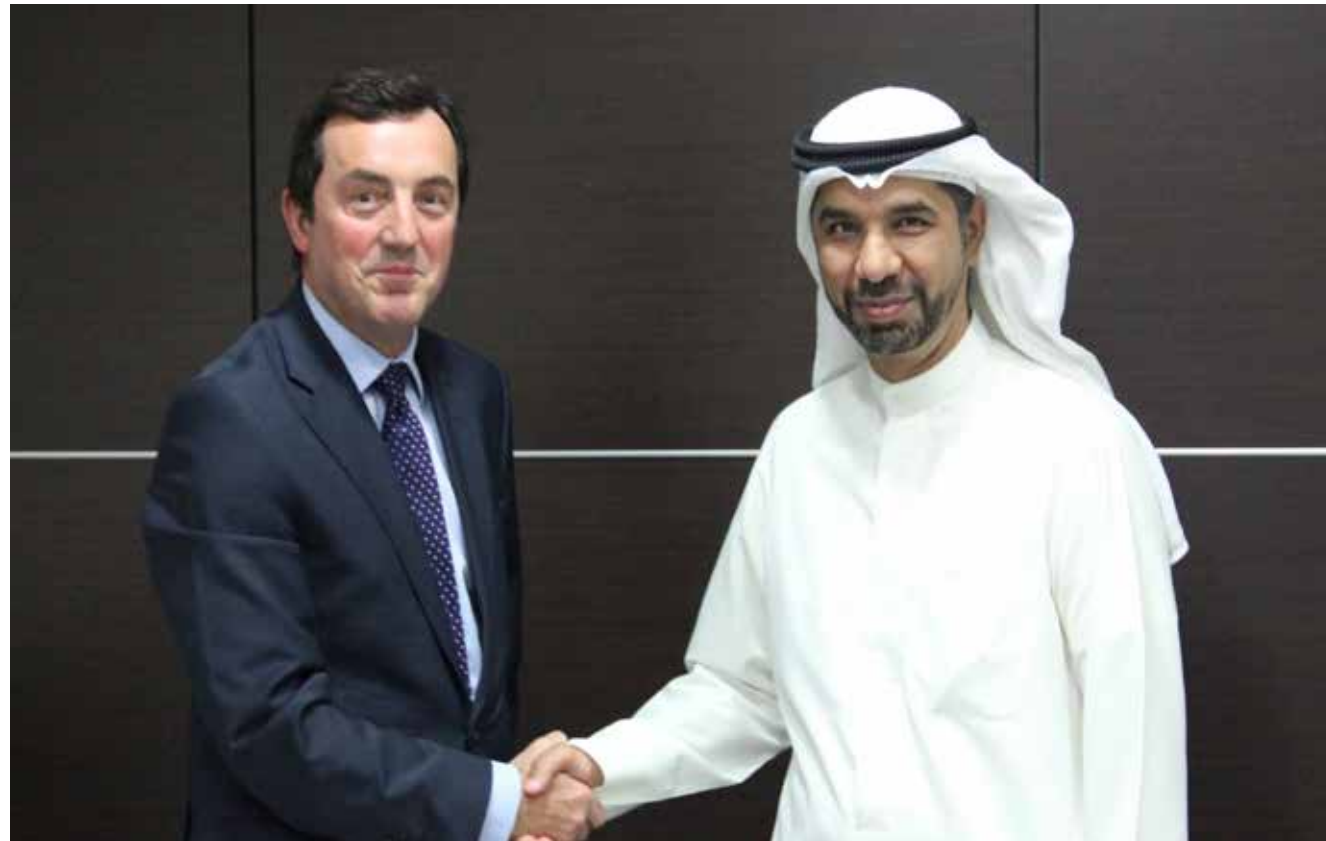
Reporting to the CEO, the Customer Complaints unit was established in 2011. KFH has streamlined its internal processes to assist the bank customers with their account related grievances in a time bound manner. KFH complies with Central Bank of Kuwait (CBK) directives and reports back every month the findings of their Customer Complaints unit.

KFH generates the function specific compliance performance reports every quarter to be reported to the CEO and the respective business functions. Board approved Policy Manual will soon be made available to KFH employees as well as detailed procedure manual.

The Internal Audit uses the Institute for Internal Auditors (IIA) guidelines for its processes and operations. All of KFH business units are categorized by a risk matrix, which then defines the frequency of the internal audits procedure carried out for them.



## Managing Risks



**Dr. Paul Quigley**  
Chief Risk Officer(EFQM)

**“Risk management is about building strong business”**

Risk Management is at the core of all banking activities at KFH and our new strategic plan has been devised to better equip the organization to make prudent risk management choices. The new Risk Management function is structured around four areas that are in line with the key risks undertaken by the Bank, namely, credit, investment, market liquidity, and operational risks. The dedicated Enterprise Risk Management function is responsible for driving risk policies and guidelines, performing risk analyses and providing transparency on risk profiles at Kuwait and group levels.

Each of these functions is specialized in its respective area and build the required expert capabilities. Overall, the new Risk Management structure will allow for clear accountability, delineated roles, centralized oversight and better integration of risk management with business activities, aimed at improving risk decision making at KFH.

This significant vision is made possible by the forward thinking mindset of our management and the active collaboration of KFH's business units to provide access to in-

formation and the right to challenge their business plans and activities with mutual trust and confidence.

At the Group level, Internal Capital Adequacy Assessments were completed in KFH Malaysia and in KFH Turkey with technology and assistance from KFH Kuwait. Common Risk management systems, policies and procedures are in place for the banking subsidiaries in Malaysia and Turkey and plans for the implementation for KFH Bahrain is in the pipeline.

Risk Management conducted a comprehensive analysis of asset quality in the financing portfolio in Kuwait, which resulted in significant improvements in asset quality metrics and enterprise-wide risk reporting to the Board.

We have successfully enacted an investment strategy and operating model to achieve target returns. By accomplishing that we now have a known risk appetite, investment strategy, asset allocation and guidelines to build specific country and sector areas of focus.

## Risk Management Workshops



**Latest updates in risk prevention and administrative studies.**

**Increased awareness of banking regulations and legislations adhering to the latest Basel standards.**

**Business operations compliant with the requirements of supervisory authorities.**

KFH's Risk Management organized a series of workshops for employees in an attempt to raise awareness regarding regulations and legislations followed in the banking field to make KFH businesses and operation compliant with the requirements of supervisory authorities.

The workshops serve to highlight the importance of adhering to the Basel standards and develop the necessary skills to appropriately manage operative risks of KFH business units.



## Information Security Function

KFH's Information Security function is the authority for security of flow of banking information. In 2013, KFH brought about the enforcement of Remote Access policy which further fortified security and ensured that only authorized staff had access to KFH resources. A Data Classification pilot program, in accordance to the regulatory authorities requirements, was undertaken in 2013.

The documents and electronic communications originating from KFH are carefully classified, scrutinized and filtered to safeguard client confidentiality.

**A comprehensive suite of new risk and corporate governance policies were written and approved by the Board. A world-class corporate credit rating system was introduced and credit risk management practices were significantly strengthened.**

## Looking ahead in 2014

Business Excellence will endeavor to introduce the EFQM Excellence model which aims to deliver outstanding practices and achieve favorable results through the following concepts:

- Achieving Balanced Results
- Adding Value for Customers
- Leading with Vision, Inspiration & Integrity
- Managing by Processes
- Succeeding through People
- Nurturing Creativity & Innovation
- Building Partnerships and
- Taking Responsibility for a Sustainable Future

**Transformation Program Office (TPO)**, as part of the Migration Workstream, lead the Infrastructure Working Group (IWG) to conduct a KFH-wide Office Space study. The IWG looked at the office space movements during the migration process and at the future demand for office space based on manpower requirement forecasts. The proposed Office Space Policy was approved by the Board. The IWG managed the workspace allocation and any required facility upgrades.

The well designed, organized and efficient use of office spaces is greatly appreciated by KFH staff members.

## KFH New Office Spaces





# Voices of KFH



We will demonstrate **Leadership** across all our business activities:

**Leadership** in furthering Shari’a compliant financial services across the globe through innovation.

**Leadership** in serving our customers and Leadership in developing our employees.

## Engaging with Stakeholders

We take pride in keeping our stakeholders “engaged” as we recognize the process to be not only an important function of stakeholder engagement but also it forms the basis for good corporate governance.

## Employee Engagement

Employees at KFH are identified as the primary stakeholder both from the normative and influential perspectives. KFH employees are not only our brand ambassadors, but also our customers having a unique outlook into our business model. KFH is aware that by having a strong, active employee engagement, we mutually benefit from this synergy.

At KFH, employees can openly communicate their grievances and concerns with any of the HR Business Partners that are deployed in each sector. KFH’s employees can also connect with stakeholders and ultimately give recommendations to the various governance committees either via the new HR whistle-blower policy or through the employee engagement surveys.

The employee engagement was performed this year by an external independent third-party. The confidential online survey collected information from all the KFH employees on eight major topics deemed relevant to the scope. The collated results from the surveys are shared in meetings with the Board & responses are relayed at their discretion. KFH’s values include strengthening leadership through all its businesses, including leadership in the Shari’a compliant banking services in the region and worldwide through innovation.

KFH believes in being a leader in delivering better service to its valued clients and in the development of its employees. In addition, KFH is committed to all its procedures, and to setting up long-life partnerships with the concerned authorities.

## KFH’s Employee Engagement Survey (EES)

A customized and confidential online EES questionnaire covering various demographic parameters and eight engagement drivers in English and Arabic were launched for all KFH employees.

The 2013 EES results were analyzed & shared with KFH’s top management. KFH had conducted EES several times in the past.

## 2013 Results

This year again, similar to previous results, the top three engagement drivers were found to be Organizational Pride, followed by Leadership Effectiveness and Teamwork and Collaboration.

Through this engagement, we have identified improvement opportunities which are being addressed by KFH internal processes.

## Survey Highlights

2424 survey invitations sent out

71% participation rate

8% increase in EES participation compared to previous EES

87% of employees responded favorably or neutral to the survey questionnaire engagement

93% of employees responded favorably or neutral to the Organizational Pride driver

## Top three reasons employees want to stay at KFH:

1. The perception of KFH being a Shari’a compliant company
2. KFH’s strong reputation
3. Great sense of job security



## Transforming with Employees

Throughout the Transformation Program, KFH's employees were kept abreast of the program progress and were given highlights of business units through the TPO's eNewsletters. The employees had numerous opportunities to get clarification, voice their opinions and concerns at the Town Hall meetings involving the CEO and executive management and at the one-to-one meetings with their managers. Personalized letter packages were sent out to each of the employees to keep them informed of their job description, responsibilities, performance expectations and benefits.



For the first time in KFH, a weekly intranet newsletter was published to enhance internal communications and provide an information exchange.



### Outstanding proposals by KFH employees lead to better performance and quality of service

KFH has a special committee that received 45 proposals from highly motivated KFH employees in various business units.

These outstanding proposals with innovative ideas had a positive impact on the organization both in the local and international markets.

The proposals contributed towards the development of the Bank's performance to serve clients in all sectors with new services and products that met their banking needs.

KFH interacts positively with all proposals and relies on them to improve the mechanisms of processes and operations.



# Customer Engagement



Mr. Abdullatif Al-Fadhli  
Manager, Customer Complaints

## Every Complaint Has Opportunity

“We feel that every complaint is a chance to improve.”

KFH’s mission is to achieve highest levels of excellence and innovation in the field of client service, while developing common interest for all those concerned with the financial institution.

Reporting to the CEO, the Customer Complaints unit was implemented in 2011. Since then, KFH has streamlined its internal processes to assist our bank customers with their account related grievances in a time bound manner.

KFH trains its employees to handle both the regulatory and customer care complaints. KFH conducts regular customer satisfaction surveys to get their valued feedback. KFH monitors these surveys and to better serve its clients, an ad-hoc study was undertaken in 2013 to critically analyze the nature of the customer complaints received.

The results were carefully considered and plans are underway to better serve our customers in the areas of concern.

## KFH Key Customer Feedback Qualitative Results

- Increased the number of banking staff in branches in order to minimize customer waiting times and improve the overall service experience.
- Opened new branches in residential areas and at the airport with extended banking hours offering customers more flexibility and convenience in accessing banking services.
- Offer high savings returns, which are among the most attractive in the market.
- Developing new processes and procedures to reduce transaction approval time.
- Utilizing new technologies to automate services giving customers access to banking services around the clock.

## Commitment to Customer Satisfaction

We do and will always continue our efforts to engage with our customers to understand their expectations and needs. Each of our subsidiaries has their own unique method of reaching out to customers, tailoring their systems based upon the local context, culture and nature of the KFH product or service.

On the whole, we conduct regular customer satisfaction surveys, provide feedback forms and questionnaires through our various local centers, whether it be via web-site, email, fax, phone or social media.

KFH Group ensures specific call centers for each bank and subsidiary. When it comes to surveying, KFH Group is capable of performing this on a daily, monthly, quarterly and on an annual basis. As we strive to keep innovating and connecting with customers on a personal level, each bank and subsidiary develops its particular way to do so. For example, at KFH Turkey, customers can send their suggestions through a special innovation platform [www.saglamfikir.com.tr](http://www.saglamfikir.com.tr). IT fully complies with ISO 9001-2008 clause No.8.2.1 to meet its objectives and in Al Salam International Hospital, an assigned committee meeting meets monthly to discuss the daily surveys conducted on inpatients and outpatients.



# Supplier Engagement

KFH’s commitment towards being a Customer Centric organization is well demonstrated when it held a supplier engagement to find solutions to better serve KFH’s valued clients.

KFH has strategic relationships with the local retail market aiming to facilitate clients with mutual interests of procurement. KFH took part in the 16th annual housing exhibition as a strategic partner committed to support the lines of communication between the suppliers in the local market and the clients. Customers had opportunities to visit and get acquainted with the products and services offered by suppliers.





Employee Name: **Humood Aljassar**  
Title: Investor Relations Coordinator  
Years at KFH: 1

**Q. What aspects of KFH appealed to you when making it your employer of choice when you first graduated?**

I graduated from Chapman Graduate School of Business at Florida International University with a highly specialized degree, a Master's of Science in Finance. I was also determined to work for an Shari'a compliant bank. These two factors along with the fact that KFH is considered to be the school of Shari'a compliant banking in the region, I approached KFH for starting my career and with the grace of god was able to successfully find an available position.

KFH's Investor Relations function was born during the Transformation Program and I was the first employee to be recruited into this function as the Investor Relations Coordinator.

**Q. Describe briefly your professional journey at KFH during the Transformation Program?**

I was among the first to join KFH during the stage of the Transformation Program when the new grading structure and benefits were just established. I also witnessed KFH transitioning from the old into the new organization structure.

I joined KFH's Investor Relations function with fresh ideas for accomplishing the world best practices and main responsibilities of Investor Relations. Right from the beginning of my employment, I was aware of my job functions and responsibilities. Furthermore, I was given the appropriate training and introduction to various aspects of KFH's business units with extensive training in Risk Management, Operational Risk, Corporate Governance and Compliance, Fraud and Counterfeit prevention, Products and Services, and Shari'a Principles just to name a few. Also having participated in the Think On Your Feet training program, I was able to fully develop my time management skills. I have been able to attend many relevant forums on behalf of KFH which have proven to be highly valuable engagements. KFH has also sponsored my PRINCE2 train-

# Employee Interviews

**A unique look into two different perspectives:** from that of a young graduate to one with a wealth of experience in the organization.

ing and certification to ensure I have the best skill sets in project management. PRINCE2 - "PRojects IN Controlled Environment" is an internationally recognized methodology for best practice guidance on project management.

**Q. Looking back the past one year, kindly share your views on KFH's working environment.**

I value and cherish the working environment at KFH. I am able to interact freely with intelligent and friendly people on a daily basis. While learning about the various aspects of the Shari'a compliant banking industry, I'm able to interact with the Executive Management whom have proven to not only be easily approachable but generous with their time. I treasure the strong, welcoming brotherhood ties that exist at KFH.

**Q. Which areas of sustainable development would you like KFH to focus more on and why?**

I believe that concentrating on the environmental aspects of sustainability would be a smart business plan. There is so much that can be done at a very low cost with great benefits such as recycling all of KFH's waste.

I would also like to see KFH focus on the social aspects of sustainability, similar to the recent engagement during Ramadan with Kuwait's Grand Mosque, where KFH personnel assisted Kuwait police to alleviate the traffic congestions during the night prayer and provided various refreshments to the attendees. I would like to see KFH assist similar government entities with more social events.

**What are your career growth visions at KFH?**

I am hoping to progress through the corporate ladder at a healthy pace, taking time to fully engage in all the career developmental opportunities offered to me at KFH. This exercise will enable me to develop holistically and make effective contributions to KFH's business growth.



Employee Name: **Talal Khaled Al-Nesef**  
Title: Deputy General Manager - Wealth Management  
Years at KFH: 25

**Q. What aspects of KFH motivates you to work for the organization?**

Having spent 25 years with KFH, Shari'a compliant banking has become my world. Over the years, I have created a team endowed with a family atmosphere. I continue to find happiness and contentment at work with a great sense of responsibility towards my employees.

**Q. Looking back the past years, kindly share your views on KFH's working environment.**

I started my career at KFH right after my graduation with little knowledge of Shari'a compliant banking. Over the years, I have built my name through KFH and now love Shari'a compliant banking which has become my life.

**Q. What are your aspirations for KFH's future?**

I would like to continue working with great faith in KFH's mission and pay greater attention to the shareholders needs and demands. I would like KFH to contribute more to society and Shari'a compliant banking.

**Q. How was the Transformation Program rolled out in your opinion across KFH?**

I found the Transformation Program to take place in a smooth and peaceful manner.

**Q. What motivational message would you like to share with the new recruits and other employees of KFH?**

It is a great opportunity for the new recruits to learn a great deal about Shari'a compliant banking, as KFH is a unique place known for 'Practical Shari'a Compliant Banking' experience. I would like to share a little secret with them – smiling has been the key to my success. The youngsters should be willing to learn and establish a personal relationship with the bank. I want them to have a positive attitude in life and urge them to be responsible for their client's financial needs.



## Shari'a and Investing in sustainable economic growth

KFH's vision is to spearhead the global development in Islamic financial services, and elevate the bank's operations to becoming the most sustainable and profitable Shari'a compliant bank in the world.

KFH financial indicators maintained a balanced growth during the last decade despite many challenges that faced the global economy and the local business environment. This reflects the strength of its financial position and its ability to continue to grow. This growth is an indication of the success of the bank's policy that expands qualitatively and geographically, and enters into investment sectors that are lucrative and have lower levels of risk.

As a proponent of Islamic economics and finance, KFH firmly believes that the philosophical foundation of an Islamic financial system goes beyond the economic and financial aspects of transactions. Although it can be a challenge at times for the Islamic system to be implemented in the current economic environment, we at KFH take pride in operating and basing our business partnerships and activities along the lines of Shari'a principles called Fiqh (deep understanding) transactions.

KFH is still the best bank in Kuwait in terms of returns on deposits, which led to gaining clients' confidence and constantly increasing the number of deposits. All our businesses at KFH are aimed at improving the living conditions of human life on earth. In order to enhance fairness and parity in the communities where we function, equal importance is placed on the religious, ethical, moral and social pillars. KFH specializes in consumer banking, real estate financing, lease financing, trade finance and portfolio investing. All of KFH's investments are structured and backed by an asset and approved by our financial and technical advisors.

At KFH, all of our community investments are Shari'a compliant, dedicated to supporting our communities, clients and customers. Widening access to finance is a core tenet of our strategy, as is our commitment to providing finance that helps businesses to set up, expand and trade across borders. We take care to align our investments with sustainable development by financing efficiently and responsibly contributing to economic growth and job creation in the local communities.

In keeping with KFH's vision to lead the international development of Shari'a compliant financial services, KFH organizes training programs for a number of worldwide delegations to introduce them to the concepts of Shari'a compliant banking.

## Major Banking Awards in 2013

### Best Islamic Bank in Kuwait

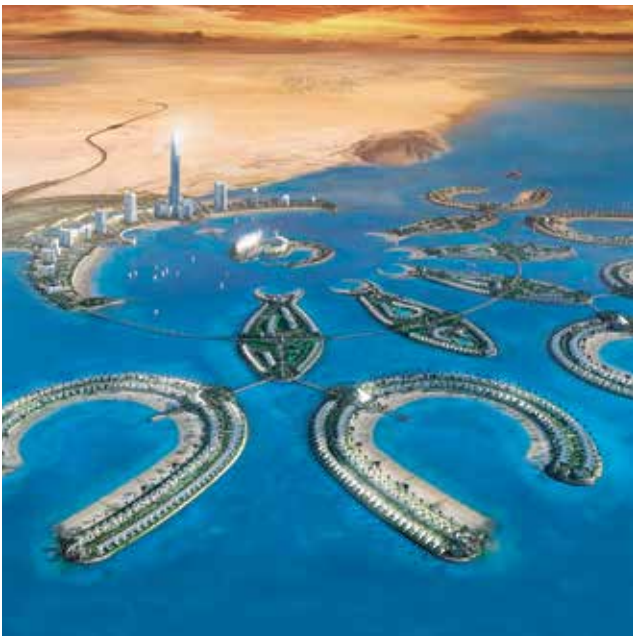
- Islamic Finance News (IFN) Malaysia

### Best Islamic Bank in Kuwait

- Euromoney

### Informatics Award for KFH Website

- KFH.com won His Highness Sheikh Salem Al-Ali Al-Sabah Informatics award



KFH believes that stability of the country is an inherent part of stability of the region. KFH rallied and promoted projects in Durrat Al-Bahrain to support all possible outbound businesses.



## International Banking



**Ufuk Uyan**  
CEO, KFH Turkey

“The bank’s strategy of cementing economic cooperation between Turkey and adjacent countries on the one hand, Kuwait and the GCC on the other prompts the bank to play a key role in various targeted markets in the Turkish neighboring countries.”

We welcome **Dato’ Sri Abdul Hamidy bin Abdul Hafiz** who was appointed CEO of KFH Malaysia. With thirty years in the financial industry, his task is to maintain a strong focus on the priority areas that KFH has determined and grow KFH Malaysia’s banking business and fund-based activities.

### Promoting Synergy

Through the International Banking function, KFH is able to promote synergy across the subsidiary banks, strengthen cross border trade flows, increase trust and assist business owner clients with improved business marketing and networking opportunities worldwide.

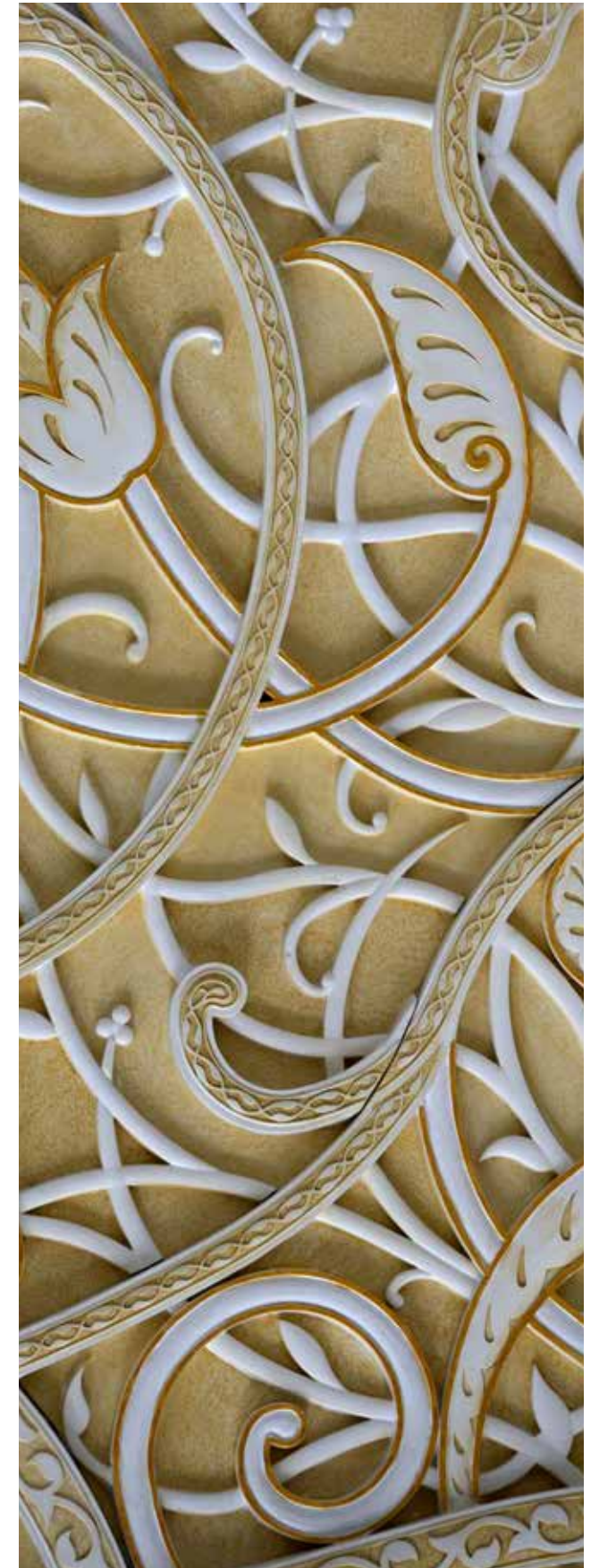


**Abdul Hameed Al-Khayyat**  
MD and CEO, KFH Bahrain

“We are committed to provide **the best financial services** to our customers. This initiative is very important for us in order to become a leading bank in providing the best financial products and services in the market.”

### KFH Malaysia participates in showing how Shari’a banking can adapt to the local and global developments and change

KFH-Malaysia actively contributed in the meetings held by Islamic Financing Services Board (IFSB) that have been hosted by the Malaysian Central Bank. KFH-Malaysia took part in forum discussions and workshops presented by researchers and executives from Shari’a compliant banks and institutions. The discussions showed how Shari’a compliant banking can adapt to the global developments and changes, which allows it to further prosper.





# KFH Products & Services

## Major Accomplishments in 2013

- E-Corporate – Managed to successfully enroll 1350 corporate clients for online banking facilities. This was accomplished by providing training and other incentives to the clients.
- X-com – Centralized the signatory process at the banks to improve customer service. This process decreased customer waiting periods to gain access to their accounts. Now the bank branches have automatic signature pads installed.
- KFH's first of its kind financing product allows its clients to cover their medical expenses.
- KFH launches Gold Account for first time in Kuwait.



## KFH Gold Account

KFH launched the Gold Account for the first time in Kuwait, in order to strengthen Islamic products and services offering unique benefits to customers. KFH customers can store or sell the gold bars they have purchased directly through KFH. This step serves to underscore KFH's keenness to offer its clients a wide array of investment instruments with associated minimal risks.



## Taking Care of our Young Customers

KFH believes in shouldering the societal responsibility of cultivating good saving habits among our children.

KFH has on numerous occasions hosted students from schools and educational institutes to raise their awareness of the importance of the banking business.

It also stresses the importance of savings as an essential value in the life of the individual and society. The youngsters were familiarized with KFH Shari'a compliant banking services and the 'Baitii' and 'Jameati' accounts, which cater to their financial needs.

KFH is confident and looks forward to building a bright and promising future for the children through these excellent investment saving accounts, allowing higher profitability for children.

## Our Social & Moral Responsibility

### Al-Tamayoz Customers

KFH's commitment to serve its clients in all occasions is evident by special services during national holidays, when KFH takes the responsibility of delivering Eid money to Tamayoz client relatives' home.

### Al-Kheir Customers

KFH donates 0.5% of the value spent by customers using Al-Kheir prepaid cards into a special fund account through-out the year. This fund is used to sponsor 700 needy people for Hajj and Umrah as part of the bank's social and moral responsibility.



## Exceling in an Array of Markets



Hyundai dealership, North Gulf Company honors KFH for its role in the car market  
"KFH is one of **the most successful** financial institutions worldwide."

- Hyundai North Gulf Company



## Improving Internally

### **KFH's Capital Plan was implemented resulting in raising funds worth KWD319m from shareholders and KWD224m release for internal efficiencies.**

KFH in 2013, received necessary approvals by supervisory and regulatory authorities to summon capital increase by 20%. This approval was based on the results of the internal assessment of capital adequacy ratio, stress tests, and supervisory authorities requirements. KFH's capital is utilized to develop the local market share, create new investment opportunities for shareholders, and finance and execute major development projects aimed at boosting the national economy.

In addition, KFH's overseas the bank's execution of expansion plans in those countries and other neighboring markets, in order to seize rewarding investment opportunities. This allows the bank to diversify its investment field, increase profits, and sustain returns.



### **KFH is the first bank in Kuwait to establish a Business Excellence function unit.**

Business Excellence's main purpose is to safeguard KFH's information assets, establish a standard excellence model for continuous improvement, and ensure the continuity of KFH's business operations.

KFH established an ISO compliant program, Business Continuity Management system (BCM) to manage the risks that may threaten the smooth running of our business and to ensure its survival in the event of any potential disruption.

In 2013, about 300 KFH staff were trained as Wardens and Business Continuity Management Champions.

Looking ahead, KFH plans for ISO certification for its Business Continuity Management (ISO 22301:2012) and for Information Security Management System (ISO 270001).

### **KFH merges its Commercial and Banking sector to be a Market Leader with positive results**

The first Strategic Pillar at KFH focuses on Market Leadership in Kuwait. KFH's retail banking sector accounts for most of transactions throughput and customer base.

By strategically merging its Commercial and Banking Sectors into one robust Retail banking sector, KFH has emerged as a Customer Centric Bank providing seamless, competitive world-class products and services to our customers.

KFH launched a new first of its kind financing product allowing its clients to finance their medical expenses at the premier hospitals and specialized clinics in Kuwait.

This comes as part of KFH's efforts to reinforce its financing products, and diversify its services to meet the requirements of its customers. The customers can pay back with flexible monthly installments.





# Caring for the Environment

## Caring for the Environment

“O Children of Adam! Wear your beautiful apparel at every time and place of prayer: eat and drink; But waste not by excess, For Allah loveth not the wasters.”

- Quran chapter 7:31

The nature of our core business combined with rigorous regulatory enforcements aimed at transparency and credibility necessitates detailed documentation of all types of communications sent out.

It is of great importance that all of KFHs business operations maintain an open line of communication with its customers, employees, and that they document all the proceedings as per the sector regulations.

## Water Use

KFH Group is aware that overconsumption of water has serious implications on the global supply of water.

The per capita usage of water in the Middle East region is several times higher than the global average.

We also agree that by reducing water consumption in our regional operations, not only will we be able to do our part in preventing environment degradation, but also see financial benefits as a result of lower operational costs.

## Energy Consumption

KFH Group has numerous initiatives, policies and practices in place to reduce electricity usage in its business operations.

KFH employees take all possible proactive measures to conserve electricity and water in our offices and other business units.

At the end of the working day, all equipment and lights in unoccupied rooms are turned off.



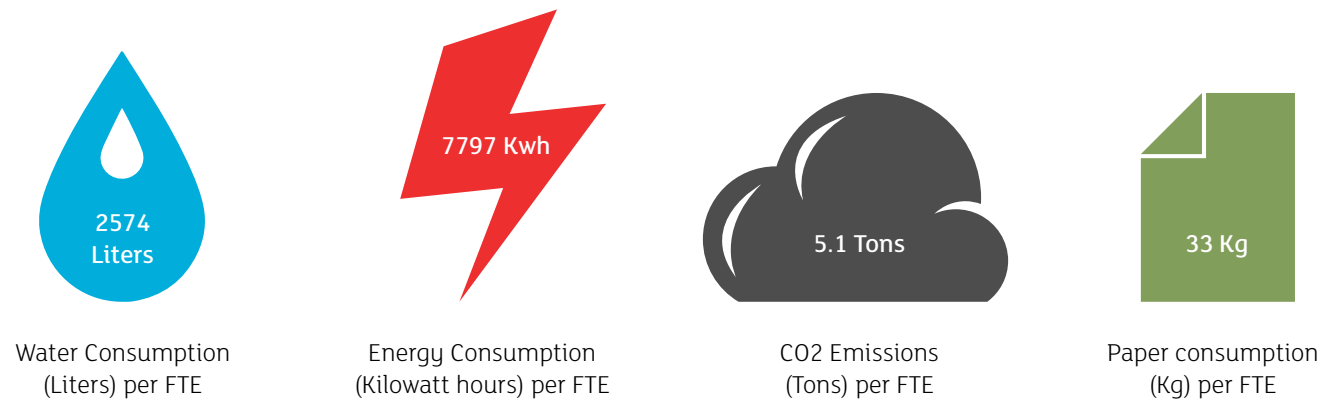
In an effort to support farmers, KFH Turkey has created a personalized financial support payment plan for agriculture, dairy farming, stockbreeding, beekeeping and poultry raising through the Tohum Kart (Seed Card).

## KFH took efforts to conserve energy and water during the peak summer months by

- Switching off office lights after working hours.
- Replacing all building lighting with energy saver compact fluorescent lamp (CFL) bulbs.
- Using the latest technology for electrical appliances.
- Conducting regular checkups for water leakages.



Monitoring our environmental performance at KFH Kuwait



KFH Kuwait is taking key steps in its mission to conserve the environment. Our active involvement in the Tarsheed campaign organized by the Ministry of Electricity and Water during the summer months has been well received, with our very own Eng. Younis Khan being awarded a certificate for ourstanding performance and lasting contribution.



“Outstanding performance and lasting contribution towards the success of National Project to Rationalize Water and Electricity for the year 2013.”

- Certificate of Appreciation from Ministry of Electricity and Water

Recycling Initiative at KFH Kuwait

KFH Kuwait is committed to the reduction of paper usage in all of its business units from an environmental stewardship and cost saving perspective. In this respect, the headquarters has undertaken the initiative to recycle used office paper. As a result of this recycling program, KFH Kuwait was able to save 161 trees in 2013<sup>1</sup>. Paper usage is at a minimum within the IT business unit as 90% of the communication is done electronically.



1. The number of trees saved due to recycling was calculated taking into consideration that 1 ton of uncoated virgin (non-recycled) printing and office paper industry uses 24 trees.

Future Sustainable Operations: KFH Zero-Waste

KFH Kuwait has embarked on an initiative to commit all of its operations to the Zero-Waste Strategy. Currently in progress, this initiative aims for KFH to recycle and re-use all the waste from its banking operations potentially including paper, plastic and e-waste.

Environmental data for KFH Group by region

	Units	GCC	EMEIA	SEA
Full time employee (FTE)	Persons	5307	4430	615
Paper Usage	Kg	461154	461710	1303
Water Usage	Liters	37401812	88516880	6528037
Energy Usage	Kwh	52131802	15456	3598790
CO2 Emissions/FTE	Ton	8.64	0.00	4.38

KFH Malaysia tree planting at Kepong Botanical Gardens

KFH Malaysia organised a tree planting program at the Forest Research Institute Malaysia (FRIM) recently as part of its CSR contribution to the environment. Over 100 KFH Malaysia employees and their families turned up to plant 100 trees at Kepong Botanical Gardens, an area developed as the centre for living plant collections, mainly for Malaysian plant species.

Through its CSR flagship “Creating Footsteps” the Bank has been implementing various initiatives which include promoting education, providing assistance for the community, supporting Islamic-related efforts and organising activities towards a healthier environment.

It signifies the Bank’s commitment to make both small and giant steps towards the creation of a better society, as well as the Bank’s intention for all its initiatives to pave the ways for others to emulate in order to help reconcile the economic, social and environmental ambitions for the country.





### KFH Employees

KFH Group integrated operations employs 10,621 people at the various sites and offices across the Gulf Cooperation Council (GCC), Europe, Middle East, India and Africa (EMEIA) and South East Asia (SEA).<sup>2</sup>

The majority of KFH staff (96.53%) in the three regions are full time employees of which approximately 76% are males. The following table gives the breakdown in numbers and percentage representing full-time equivalent number of employees by the region.

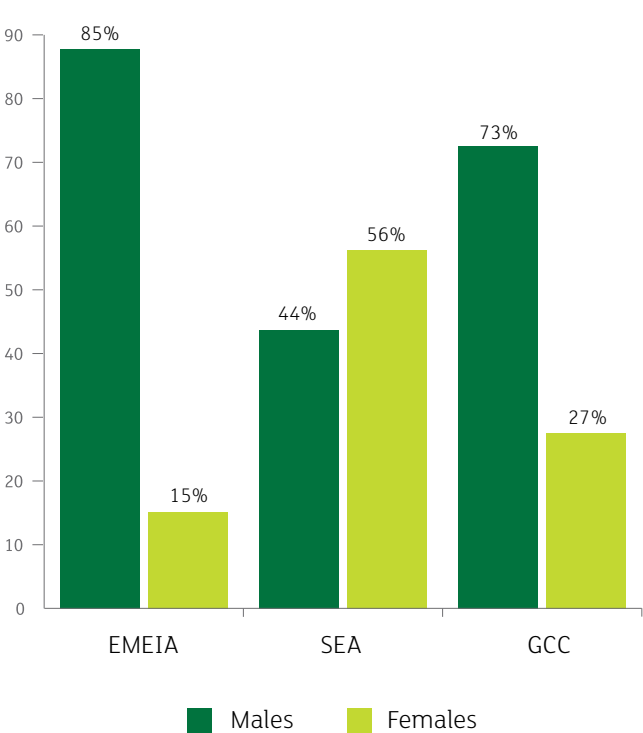
	GCC	EMEIA	SEA	TOTAL KFH GROUP	%
Total number of employees	5315	4679	627	10621	100
Full Time	5307	4330	615	10252	96.53
Part Time	8	349	12	369	3.47
Males	3856	3970	274	8100	76.26
Females	1459	709	353	2521	23.74

### Diversity at KFH Group

KFH believes in attracting, hiring and retaining talented employees from various parts of the world. We are able to enrich our business with fresh talent, ideas and skills. Our workforce represents many nationalities and cultural backgrounds, but is unified by the common KFH business culture and shared values.

KFH's employees are its most valuable asset that reinforces its status among other Shari'a compliant banks worldwide. At KFH, we strive to make our workplace a more welcoming and inclusive place for people of different ethnicities, ages, abilities, orientations and skills. We are happy to note that 24% of KFH employees are female, which underlines our keenness to support female employees and clients through offering them their own dedicated branches.

The chart to the right illustrates KFH Group employees by gender across the regions. Although KFH Group employs a higher percentage of men compared to women, it is important to note that about 56% of KFH in the SEA region are women.



<sup>2</sup> Through-out this report, KFH Kuwait, KFH Bahrain, Al Salam International Hospital and International Turnkey Systems (ITS) are grouped under GCC, KFH Turkey is EMEIA and KFH Malaysia and KFH Research are under SEA.

“We are able to enrich our business with fresh talent, ideas and skills.”



# Employee Diversity

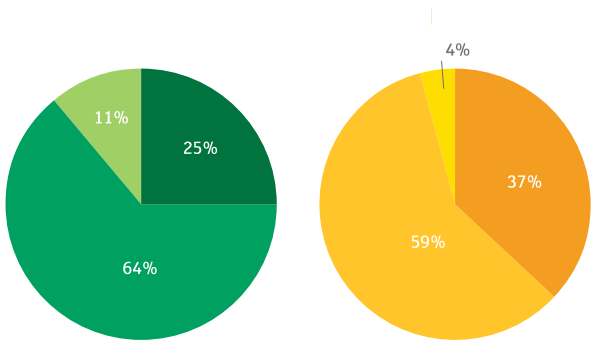
## An equal opportunity employer

KFH Group ensures that women and men of all age groups in the workforce are provided with equal opportunities. In this respect, employees in the same grade draw the same salary irrespective of their nationality or gender. At KFH we aim to attract and retain the brightest talent. We have a competitive benefits package and the standard entry salary is indeed on par or above the local minimum wage as per the labor laws in the respective country of operation.

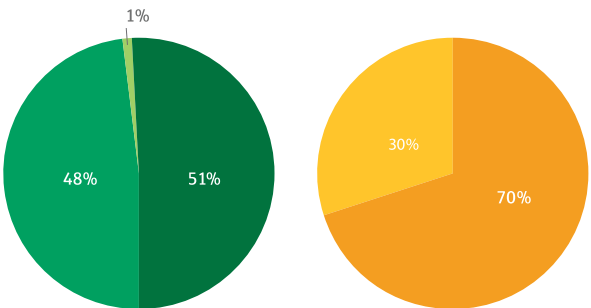
### Breakdown of workforce by age, gender & region

	Males			Females		
Age Group	Under 30	30-50	50+	Under 30	30-50	50+
GCC	981	2449	426	541	859	59
EMEIA	2018	1925	27	493	216	0
SEA	41	208	25	97	244	12
Total KFH Group	3040	4582	478	1131	1319	71

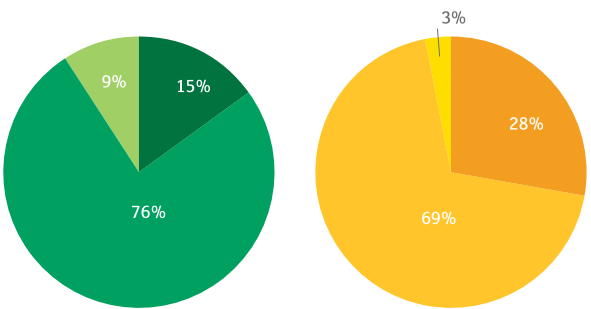
### GCC



### EMEIA



### SEA



- Males under 30
- Males 30-50
- Males 50+
- Females under 30
- Females 30-50
- Females 50+



Ziad Al-Omar  
General Manager, Human Resources & General Services

## Localization

KFH has a committed approach to increasing the representation of local people in its workforce.

We seek to provide appropriate training, work-place experience and ultimately job opportunities to help local residents into sustainable employment.

Employees hired locally across all regions (%)					
GCC				EMEIA	SEA
KFH Kuwait	KFH Bahrain	ITS	SIH		
61	93	2	1	100	99

## Kuwaitization

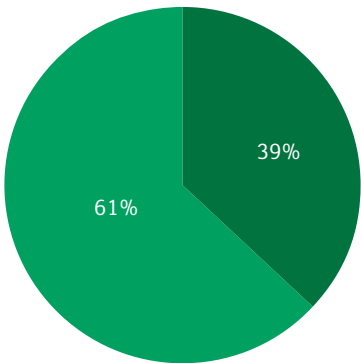
In recent years, Kuwaitization within the Shari'a compliant banking workforce in Kuwait has been occurring on a wide scale.

We at KFH strive to encourage the recruitment and training of young Kuwaiti graduates and encourage them to play an active role in the development of the economy.

KFH's new recruits are given a career boost right out of college by introducing them to hands-on training programs as well as introducing them to banking practices.

KFH hopes that these young talented individuals progress and become future leaders working at Islamic financial institutions in the region and worldwide.

We trust that KFH's significant strategy to support and provide employment opportunities for the promising Kuwaiti young nationals in the Shari'a compliant banking sector would prove to be a successful investment factor that would reflect positively on the labor market in the near future.



- Non Kuwaitis
- Kuwaitis

KFH received an award in Kuwaitization at the conference of the GCC ministers of labor and social affairs



# Employee Relations

## Employee Turnover

Employee turnover is a normal part of any business cycle where an employee could be replaced by another for any reason, be it to retire or relocate, or just in response to changing circumstances in their lives.

A high turnover rate would also indicate the employee's dissatisfaction with the organization's structure and working environment. KFH firmly believes in investing in its employees and has immense interest in enhancing and retaining talented employees of the organization.

During the transformation program, KFH has kept an open line of communication with each employee and they were assured of full support from management through and post transformation. The above table illustrates that overall KFH has been successful in retaining its employees in 2013.

Turnover rate by age, gender and region

Turnover Rate (%)	Males			Females		
Age Group	Under 30	30-50	50+	Under 30	30-50	50+
GCC	3	< 1	< 1	1	< 1	2
EMEIA	1	< 1	< 1	2	< 1	< 1
SEA	10	1	< 1	3	1	< 1
Total KFH Group	2	< 1	< 1	2	< 1	1



## Supporting Learning & Development



In 2013, KFH granted scholarships to four Kuwaiti employees to pursue their Undergraduate and Master's studies in Kuwait universities. KFH supported these employees by paying for their tuition and books. These employees were granted reduced working hours to enable them to fully concentrate on their studies. In addition, KFH arranged for full pay days off for these candidates to appear for the examinations during the scholarship period.

Employees at KFH are viewed as the most important asset, and KFH has managed to train consecutive generations of leaders in the field of Shari'a compliant banking in various fields and specialties, which supports the common claim that KFH is the "Harvard of Islamic banks".

Newly hired employees attended induction training sessions which included special focus on Ethics and Core Values. Training sessions were held for all KFH employees to improve their technical skills, enhance their competency to implement the environmental and social policies and procedures as applied to business lines. In addition, employees were given awareness training on the bank's anti-corruption policies and procedures. Employees also have access to Shari'a compliance e-learning tools.

### KFH grants scholarships to 4 Kuwaiti employees for pursuing higher studies

- Highest training hours in history of KFH was achieved in 2013
- KFH is the only Shari'a compliant bank to send its female employees for training overseas with a male relative accompanying them with all their expenses paid by KFH

### KFH Training Sessions aimed to build up a strong workforce

- KFH held money laundering workshops for its employees to raise their awareness and develop skills regarding the regulations concerning money laundering and terrorism funding, in compliance with the terms of the Central Bank of Kuwait and other international banking legislations.
- KFH employees trained in Shari'a compliant banking products, Islamic economy principles, and conditions of sales operations, to embody the bank's approach in being the best Shari'a compliant bank in Kuwait and also to add distinctive characteristics and significant values to employees, through this, 600 employees trained across e-learning



# Talent Management and Career Development

Average employee training hours for KFH Group

		KFH Kuwait	KFH Bahrain	ITS	SIH	KFH Turkey	KFH Malaysia	KFH Research
Males	Senior Management	32	31	13	1	6	61	14
	Non Seniors	53	44	17	0.4	7	51	16
Females	Senior Management	22	2	17	0.13	NA	60	24
	Non Seniors	61	35	14	0.10	6	45	13

Talent management is a critical process that ensures organizations have the right **quantity and quality** of people in place to meet their current and future business priorities.

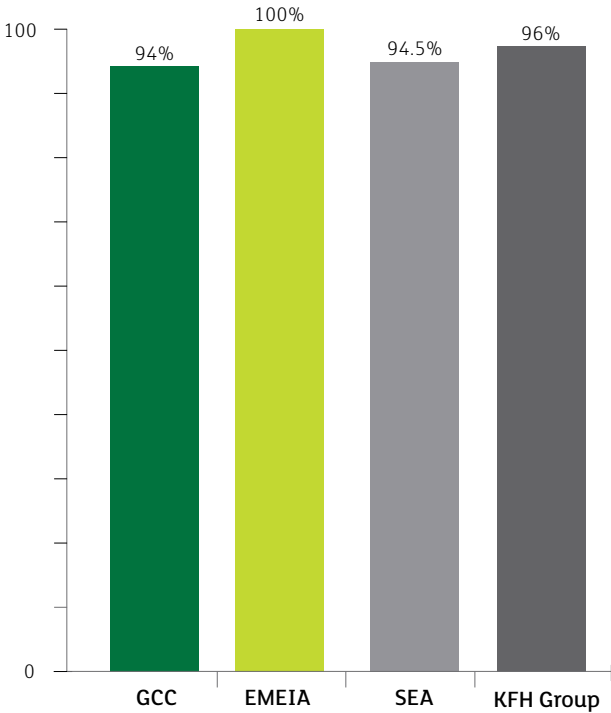
KFH understands that along with the need to hire, develop, and retain talented people, it is vital that the existing talent is identified and better managed to achieve the best possible business results.

KFH Group regularly conducts formal reviews of its most talented people and closely monitors their progression within the organization.

KFH aims to increase the number of experienced, skilled and mobile workforce across the organization, hoping that our talented employees achieve leadership positions more quickly than their peers.

Overall in 2013, about 96% of the KFH employees received their annual performance reviews. The remainder 4% employees who missed the performance reviews were either new recruits, outsourced or on suspension.

KFH employees receiving annual performance reviews



KFH sees the value in upgrading the capacity of human resources and encouraging the employees to further their career development and performance, for which they are duly appreciated and awarded.



Peter Verhoeven  
General Manager, Wholesale Banking

“Wholesale banking believes in attracting, hiring and retaining talented employees from various parts of the world. All new employees in the function undergo hands-on training to better understand how the bank works and cater towards customer financial needs.”

## KFH Honors Employees

KFH honored employees who excelled among their peers, which in turn, motivates their colleagues to improve their performance. These employees appreciated KFH for honoring them, and underscored their determination to continue to exert sterling efforts. The synergy shared between the management and the employees creates a dynamic team work environment at KFH.

- 14 distinguished employees received highest certifications in all fields
- 6 employees received Certified Branch Manager certificates
- 5 employees received Certificates in Shari’a compliant Banking
- 3 employees received Certified Credit Professional (CCP) certificates arranged in collaboration with the Institute of Banking Studies, the General Council of Shari’a compliant banks and Institutions, and the Arab Academy for Banking.
- Nisar Khan of the Business Excellence unit was “Highly Commended” for Business Continuity Manager for the year.



# Supporting Youth & Knowledge

**KFH is inspired by its clients** to assist in contributing to numerous national programs and events, which promote a sense of national pride and awareness of societal responsibilities in the fields of economy, youth oriented programs, education and health.

KFH was applauded by the Ministry of Commerce and Industry for its efforts in assisting the government in supporting small projects undertaken by Kuwaiti youths. KFH recognizes the long-term benefit of supporting and encouraging young entrepreneurs.

These efforts also play an important role in addressing unemployment and contributing to a strong, diverse economy. KFH recognizes and supports the role that education plays in the development and prosperity of a society.

KFH regularly participated in job fairs to recruit new graduates granting them the opportunity to have a career growth in various banking and commercial sector, real estate, investment, and information technology. KFH plays an active role in creating skillful Kuwaiti employees who are capable of adding value to the society and the national economy.

KFH has regularly taken part in honoring many distinguished Kuwaitis who have made significant accomplishments for their country. This year, KFH's CEO Mohammed Al-Omar honored WHO awardee Dr. Leila Bastaki for her research contribution in the field of hereditary diseases.

## KFH Turkey provides paid internships to many college students

The Bankada Kampus project offers paid internship to many college students in Turkey where students gain valuable working experience and skills in the financial field.

## KFH Bahrain Student Finance Card

KFH Bahrain introduced the Ijara Card to assist Bahraini high school graduates and university students to apply for student financing for pursuing their University education.

## KFH Malaysia part financed the development of almost 100 schools in the State of Johor

- The Johor State government had decided to build specific standalone schools to cater to the high demand for newer schools in the region.
- The construction subcontractors for the project were selected from the 'bumiputera' (local) status to spur an increase in participation of local players within the state and country.
- The construction project would benefit the economic activity within the Johor State and indirectly the country.





## Taking Care of your Health & Safety

Currently Kuwait ranks 6th in the world among the nations with the highest rates of diabetes. According to the International Diabetes Federation, there were 407,530 cases of Diabetes in Kuwait in 2013. KFH supported the World Diabetes Day by organizing various activities for its clients and employees to raise awareness and encouraging them to get checked for diabetes. We are constantly upgrading the KFH Diabetes app, which has been downloaded heavily and applauded by users around the globe.

**Al Salam International Hospital (SIH)** contributes to raising health awareness in the community. SIH ensures to effectively support and encourage the society's low income strata to benefit from general and breast-cancer checks.

Year on year, KFH sponsors numerous activities to raise awareness and educate the employees in health & safety. Highlights of 2013 include: the secretaries given CPR training; a medical screening day for its employees and the public; sponsoring diabetes specialists to attend international health centers to receive updates on diabetes prevention and organization of a blood donation campaign on World Blood Donation Day.



**Adel Al-Were**  
General Services Manager

## Your Safety Is Our Goal

KFH sponsored the 29th Unified GCC Traffic Week for the fourth year in a in collaboration with the Ministry of the Interior. This event targets ways to reduce traffic accidents, saving lives of people and strengthening the cooperation among GCC members. Building a healthy society KFH believes that a healthy nation is closely linked to sustainable and social development. KFH used the opportunity during the 8th Gulf Run sponsorship to raise Road Safety awareness among young drivers. KFH's efforts to make the tournament a success were appreciated and applauded by the participating youths.

## Shouldering Humanitarian Responsibility

As part of its charitable activities that underline its Islamic identity, KFH is an active participant during the Holy Month of Ramadan.

The KFH team visits several mosques and Ramadan tents to distribute Iftar meals to those fasting. This initiative highlights the bank's role in the field of social responsibility in assisting and caring for people in low income groups. The team also contributed to organizing Qiyaam al-Liyal prayers at Grand Mosque and distributed beverages to the congregation.

KFH's gesture of participating in the gathering for the Kuwaiti Association for Down Syndrome highlights the efforts of the organization in brightening the day by spreading joy and laughter among the hospitalized children and their families.

**KFH Turkey uses the penalty pool funds (fees for late payments which cannot be included in income due to Shari'a restrictions) for restoration of historical mosques, education and training programs for financial awareness and management skills for the customers and organizing Small and Medium Enterprises.**

## KFH Quran App

KFH's iPhone and Android Quran application users has reached 2 million users, which reflects the high demand worldwide.

This new version of the Quran App provided interpretation and commentaries in multiple languages - Arabic, English, French and Turkish.





# Reporting Approach

## Scope of Report

This Sustainability Report covers the performance of Kuwait Finance House (KFH) Group of Companies for the 2013 calendar year, from January 1, 2013 to December 31, 2013.

During this particular reporting period, significant changes regarding the structure of KFH have been implemented in the form of the KFH Transformation Program. As far as we are concerned, within the context of the boundary of the report, there are no specific limitations.

Since we have used the same subsidiaries as previous reporting years, the basis of reporting on our subsidiaries does not affect the comparability for 2013.

There are no restatements of any information provided in earlier reports. This report serves as an in-depth resource for our stakeholders interested in our sustainability data, information and approach.

We issue our Sustainability Report annually; our previous report, the 2012 Sustainability report was released in March 2012.

## Materiality

The contents of this report are largely guided by KFH's Sustainability Pillars for business ethics, environment, community, customers and employees, as well as the corporate mission and vision. The development of the indicators were selected based on the results of KFH's materiality assessment integrating the sustainability context of Kuwait, Bahrain, Turkey and Malaysia as well as key interests expressed by stakeholders, relevant regulatory requirements and concerns expressed by society.

## Data Collection & Report Development

We collect and report accurate data, supported by a sound underlying methodology. Unless otherwise indicated, the data in the report reflects KFH Group data (KFH Kuwait, KFH Bahrain, KFH Turkey, KFH Malaysia, KFH Research, International Turnkey Systems and Al Salam International Hospital).

In the narrative portion of the report, we discuss events and performance of KFH and its subsidiaries on a primarily individual basis. We report in compliance with the Global Reporting Initiative (GRI) framework.

KFH Group collects information for this report through a uniform system that has been developed to meet specific data collection requirements which ensures accountability and maintains integrity.

All data concerned with KFH Group requires sign-off from the data-owner, and is taken through Strategic PMO for quality assurance.

Once written and included in the report, all data quantitative and qualitative are sent back to data owners for final approval before publishing.

## Compliance to GRI Guidelines

This GRI Report is our fourth report launched using the Sustainability Reporting Guidelines 3.1. For more information on the GRI, please visit [www.globalreporting.org](http://www.globalreporting.org). This year, KFH Group has self-declared an application level of B per the GRI G3.1 guidelines.

## External Assurance

External assurance was not obtained for the development of this report. However, KFH has policies and internal practices to enhance and provide assurance about the integrity of the report.

KFH has contracted a third-party verifier to review previous Sustainability Reports and aims to do the same in future reporting.



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\* Does not include ITS data



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