

Human Resources Management Policy

March, 2022

Introduction

National Bank of Kuwait (NBK) is committed to responsible employment, managing, and developing our employees, who we view as one of our most important strategic assets and as the vital force through which we serve and build relationships with our clients, design and implement business processes, and achieve essential innovation. NBK also aims to incorporate humanitarian considerations into our business operations and decisions and we support the United Nations Sustainable Development Goals and other international and national goals, requirements, guidelines and voluntary standards that are relevant to our business and industry. NBK believes that our Human Resources function should support our organizational strategy and be responsive to changing conditions in our work environment.

NBK works to engage and motivate employees, promote labor and human rights, and develop our employees. This is undertaken through our comprehensive and responsible human resources policies and procedures, which protect employee rights, provide a work place free from any form of harassment, promote diversity, equity and inclusion, recruit and retain excellent talent, provide fair and competitive compensation commensurate with each job or task at hand, advance occupational safety, health and wellbeing, and build a responsible work culture that encourages ethical behavior and guides employees through formal procedures to deal with complaints and grievances.

Human Rights

Protection of human rights may be the most basic and fundamental element of human resource management. NBK is committed to adhering to all tenets of the basic Universal Declaration of Human Rights in both our internal operations and all projects in which we invest. All clients are expected to respect and promote human rights. NBK's commitment to protect Human Rights goes beyond compliance, to a commitment to do what is right to the extent possible within the law. NBK is committed to what we view as our corporate responsibility to respect human rights and will not engage in any relationships or activities when there is clear evidence of ongoing human rights violations or tolerate any human rights violations in our global operations. NBK Group acknowledges that, as a provider of financial assets and services, our business activities may potentially have adverse impacts on human rights, and recognizes that we may need remedy and grievance processes. NBK is committed to complying with legal human rights protections in all areas where we do business, as well as going further to draw on the principles and recommendations from international agreements, guidelines and voluntary standards. Please refer to NBK Human Rights Statement (2020) for additional details of NBK Human Rights commitment, which includes summary of our managerial practices.

Non-Discrimination, Diversity, Equity & Inclusion

NBK is committed to support employees by offering equal and fair opportunities without discrimination of gender, race, color, nationality, religion, political affiliation, or any other status (e.g., age, disability) in all of the Bank's practices. This includes but is not limited to recruitment, hiring, placement, promotion, transfer, termination of employment, training, and compensation and benefits along with all other terms and conditions of employment. NBK is focused on cultivating an environment built around diversity, equity, and inclusion where everyone feels valued and acknowledged.

Labor Rights

NBK abides by the core International Labor Organization (ILO) labor standards and is committed to employees' legal and human rights with respect to labor management relations, including but not limited to labor law and worker rights in all jurisdictions in which we operate, no child labor, no slave labor or human trafficking, freedom of association, collective bargaining, and all the elements covered in our human rights policy statement.

Compensation and Benefits

1. Compensation Policy:

The compensation policy at NBK aims to:

- Maintain a compensation program that will attract and retain highly qualified employees at all levels of responsibility.
- Ensure offers of competitive pay against the external market while maintaining internal equity.
- Provide the flexibility to reward employees based on individual performance and contribution to the achievement of the Bank's goals.
- Achieve equity in compensation.

2. Employee Benefits and Allowances:

NBK has established a variety of employee benefits and allowances designed to assist employees and their eligible dependents in meeting their specific needs. Some of the benefits and allowances offered are based on employee progression, job function and grade/managerial level:

Employee Benefits:

- Temporary Living Expenses – only for employees recruited from abroad
- Life Insurance
- Schooling Assistance
- Medical Insurance
- Interest Free Loans
- Credit Facilities
- Special Bonus Based on Management Discretion
- Employee Stock Option Plan (ESOP)
- Employee Referral Incentive Program (ERIP)
- Salary in Advance
- Annual Paid Leave
- Sick Leave
- Compassionate Leave
- Hajj Leave
- Maternity Leave
- Unpaid leave
- Employee Study Leave

Employee Allowances:

- Non – Recurring Shift Allowance
- Recurring Shift Allowance
- Recurring Transportation Allowance
- Non – Recurring Remote Branches Transportation Allowance
- Non – Recurring ATM Allowance
- Non – Recurring Teller Allowance
- Headphone Allowance
- Grade Allowance (Housing Allowance)
- Ticket Allowance
- Per Diem
- Overtime
- End-of-Service

3. Employee Secondment:

Seconding of employees from Kuwait to Overseas Branches may occur in collaboration with employees' needs and preferences in order to provide them with career development opportunities. This allows them to gain new skills and experience to expand their knowledge and expertise.

4. Employee Promotion:

NBK fosters the advancement of our employees by encouraging and rewarding outstanding performance. Staff are eligible for promotions to higher positions and/or grades based on business needs, their job responsibilities, performance and required competency levels. Employees will be evaluated at periodic intervals based on their performance and job description. All promotions are considered as per management guidelines and promotion criteria. Further, NBK offers professional development and mentoring programs to improve the qualifications of women.

5. Performance Management:

NBK has a comprehensive Performance Management Process applicable to all employees, which links NBK's Strategy, Resources, Processes and Actions. This process assists the employees in developing their performance, enabling them to contribute to the achievement of the Bank's goals and gain personal and professional satisfaction. Additionally, NBK strives to eliminate gender, racial, and other forms of bias in performance assessment.

6. Annual Merit Increase:

Merit increases are applicable for all employees and distributed according to each employee's performance level (Outstanding-Exceeding Expectation- Meeting Expectation) and following the annual review process.

7. Salary Adjustment:

Employees are eligible for a salary adjustment to compensate for the following based on NBK policy:

- Change in the educational qualification
- Change in job description and/ or job responsibilities for staff selected through IHE and confirmed in their new position
- Obtaining professional certification (CFA, CCMP, CBBM and IBS Diploma)

Employee and Family Safety, Health & Wellbeing

At NBK, we care about the safety, health and wellbeing of our people and their families by providing programs to promote and monitor occupational safety and offering benefits, as described below. Further, we recognize that the safety and wellbeing of workers and their family's impact absenteeism and turnover, disruption to operations, cost of operations and insurance premiums, hence we strive to create a family-friendly work environment.

8. Occupational Safety, Health and Wellbeing:

Although threats to occupational safety are far less prevalent in the financial industry than other industries, they still exist. NBK is committed to the health, safety and wellbeing of our employees, to promoting a safe and healthy work environment, and to actions to keep the workplace free from hazardous conditions. Common occupational hazards in banks are workplace violence in the form of emotionally (and occasionally physically) violent interactions with customers or members of the public (ranging from irritation to bank robbery situations) or abusive colleagues or managers; repetitive strain injuries; and slips and falls. Other safety, health and wellbeing risks include exposure to germs and viruses, stress and performance pressure, harassment or discrimination, and accidents when commuting to work. NBK has programs and practices to address these hazards, promote safe and healthy practices, and work environment.

9. Health and Life Insurance:

NBK Medical Insurance and Life Insurance schemes cover all employees as follows:

Life Insurance

NBK's Group Life Insurance Policy pays 24 months' salary (basic salary +15% if any) in the event of natural death and 48 months' salary (basic salary 15% if any) in the event of accidental death. The proceeds are paid to the appointed heir(s).

Medical Insurance

All employees and their direct family (spouse and two children up to the age of 23) are entitled to medical insurance coverage according to the NBK Medical Insurance Scheme.

NBK Clinic

To actively support the health and safety of our employees, the bank has set up a fully equipped medical clinic in NBK's Headquarters. NBK hosts initiatives through inviting external professionals to provide consultation for employees in relation to mental health issues, stress and anxiety.

The campaigns included are but not limited to Family Health Campaign, Heart Health Campaign, Mental Health Campaign, Nutrition and Fitness Campaign, Sport and Fitness Campaign, Blood Test Campaign, e-Learning Challenges Awareness Campaign, Physiotherapy Campaign, Breast Cancer Campaign, Diabetes Campaign and Blood Donation Campaign, among others.

Our Culture

Our culture is built around a professional and positive environment where employees are respected and empowered and are expected to conform to appropriate legal, moral, ethical and professional standard of behavior and conduct. Employees are educated about and expected to follow NBK's Code of Conduct, Anti-Corruption and Bribery Policy, Anti-Money Laundering Policy, etc.

As such, with the safety of our employees in mind, harassment is not tolerated within the bank and all reported incidents are investigated and dealt with accordingly. NBK supports a healthy work life balance for their employees by offering a selection of healthy food options. Additionally, a fully equipped gym is located in NBK Headquarters dedicated for our employees.

10. Staff Complaints:

NBK is highly concerned with all staff complaints and works diligently in an effort to have each of them resolved appropriately.

The purpose of NBK's Complaints Procedure is to promote a healthy working environment in which all employees are treated with dignity and respect and where complaints, of any nature, are taken seriously and confidentially, and are dealt with promptly and with sensitivity.

We have a clear escalation process as shown below, that allows any employee to elevate any complaint to the next level if they have been unable to obtain resolution at the lower level:

Direct Manager / Group Head → HR Employee Relations → Head of Group Human Resources → Staff Complaint Committee.

11. Personal and Professional Behavior:

Employees should perform the duties associated with their position to the best of their ability, diligently, impartially and conscientiously. Furthermore, all employees must always bear in mind that their personal conduct may affect the standing of NBK, or the way in which the public perceives NBK. Employees should:

- Comply with legislative obligations and administrative policies;
- Strive to keep up to date with advances and changes in the knowledge and the professional and ethical standards relevant to their areas of expertise;
- Treat all people with courtesy and sensitivity to their rights and provide all necessary and appropriate assistance;
- Not take or seek to take improper advantage of any official information gained throughout their employment with NBK;
- Avoid any harassment or discrimination against employees in work practices on the grounds of sex, race (including color, ethnic background or national identity), marital status, disability, religious belief, age or other personal attributes.

12. Integrity In Inter-Personal Relationships:

In their day-to-day dealings, all employees act in accordance with the principle of treating others, as they themselves would wish to be treated. In particular, employees should avoid:

- Impugning or commenting negatively on the integrity or character of colleagues;
- Making statements about employee that they know to be untrue or are incapable of substantiating.

Training and Development

The Training and Development Division at Group Human Resources, is constantly committed in developing employees by focusing on "Accelerated Learning", through providing various learning opportunities that aim to unlock employee potentials and make them progress within their careers at NBK. NBK's Training and Development strives to evolve employees through soft and technical skills trainings that best suits employee's individual growth, skills advancement and development journey, whilst aligning with

NBK's strategies and objectives. Training and Development initiatives extend and spread across NBK group and International Locations, in order to leverage knowledge sharing, curriculums and resources amongst all employees within NBK Group. NBK offers programs that build interest and skills of youth in our communities and actively encourages our employees to develop both professional and personal skills and knowledge through providing various career development programs, such as:

- Anti-Money Laundering (AML)
- Fraud Awareness
- Anti-Bribery
- Code of Conduct
- Customer Protection Guide
- Data Protection
- Information Security
- Robotic process automation
- Communication Skills
- Decision making & Business Ethics
- HR Essentials
- Safety & Security

NBK puts particular emphasis on trainings related to required job skills, ethical conduct and decision-making, digital transformation mindset, career development, and teambuilding goals.

13. Internal and External Training:

The Training & Development Department at NBK offers a variety of trainings and workshops, designed specifically to develop staff both professionally and personally throughout their careers. With a state of the art training facility, all trainings and workshops are conducted with utmost standard and quality across multiple advanced learning methodologies. NBK is committed to providing our employees with essential training and development to constantly ensure they can perform their roles with the highest skills and competencies in a fully professional manner. Training needs are identified annually across the organization through implementing a thorough "Training Needs Assessment" process to constantly maintain highest qualification standards to align with market demand and advancements.

14. New Recruit Training

New recruits are trained to work with a high degree of accuracy, learn about the various financial products and services provided by the Bank to its customers, and are trained to serve customers in the best ways of dealing that are worthy of the bank's reputation.

All newly hired employees are required to attend an Induction Program once they join the Bank, to train them on all NBK mandatory trainings such as Code of Conduct, Compliance, Human Resources Policies, and Soft Skills etc.

15. Annual Training

NBK employees are eligible to attend relevant training courses offered throughout the year to develop new skills both professionally and personally. Training courses are provided through external vendors from renowned institutes and organizations both locally and internationally. Offered trainings cover various topics related to banking and other required development areas within the concerned scope.

Talent Management

In addition to job-specific training, as part of NBK's ongoing commitment to developing our people, we have created a number of strategic partnerships with local and regional universities. Through these partnerships, we are able to offer excellent educational initiatives designed to develop NBK's talented new recruits and support NBK's existing talented employees with advanced development, mentoring and coaching programs.

Under this framework, we have designed several developmental programs to meet the human capital development needs of NBK at various levels.

16. NBK Academy

Launched 2008, NBK Academy was the first private sector educational initiative in Kuwait to offer exclusive training to employee members. A 5-month program aims to introduce young fresh Kuwaiti university graduates into the banking sector and prepare them for their career at NBK. The objective of the program is to hire and prepare qualified nationals into the NBK Culture, training them technically and practically through classroom lectures, on-job training, and rotations across various departments to fill possible future vacancies. The academy includes several activities as part of a harmonious learning journey that these young talents undergo such as coaching, on the job learning and working with their colleagues on an innovation project challenge to be presented to management by the end of the academy.

1. Business Development

- This initiative will be an excellent business development opportunity to establish and foster long-term relationships with NBK Top Talents. The joint efforts with participants give exposure and will allow us to build both strong personal and professional relationships which we can leverage on for future business collaborations.

2. Market Awareness & Brand Recognition

- NBK Academy is a legacy that already generates large market awareness through both media coverage of the initiative and through word of mouth.
- Adding this to the program will enhance the Academy market reputation as a leading fresh graduate program and will also play a leading sustainable role as a value-creation program in the Kuwait market.

3. Education / Knowledge Transfer

- It includes active involvement in mentoring and guiding the teams in idea generation and in the entire thought process up until their final deliverables.
- As a result, it will include a considerable amount of knowledge transfer and mentoring which will benefit the wave as well as the coaches
- We will be able to develop their soft skills in presenting, influencing and coaching and as a result this will build a coaching culture at NBK.

4. Future Recruitment / Business Selection

- The initiative may help Business identify potential recruits for the future for both and will instill a positive image and association in the minds of the business and external potential future staff about the Academy which is important raising market awareness and maintaining the image that we are global professional services and thought leaders.

17. NBK 'High Fliers' Program

The NBK 'High Fliers' Program is delivered in partnership with a recognized business school. Targeted to a small group of talented NBK Employees with proven records of high performance and leadership potential, the program focuses primarily on management and leadership disciplines. It is designed to provide the participants with knowledge, skills and behaviors they need to fulfill their potential as the next generation of NBK Leaders.

18. Middle Management Program

The Middle Management Program provides the participants with the necessary skills to better manage others, while being more productive and effective as managers. The program targets middle managers in addition to potential Kuwaiti employees. A well-known external training vendor delivers the program.

19. Leadership Development Program

NBK's Potential Leaders participate in different leadership development programs that are delivered by well-known top tier business schools. These programs are sponsored by Kuwait Foundation for the Advancement of Sciences (KFAS) or the Institute of Banking Studies as well as various other providers. The main objective of such programs is to speed the leadership skills, quality of decision-making and productivity of potential leaders. These programs also focus on leadership agility, driving innovation and identifying growth opportunities.

20. Most Valuable Team Players:

Employees have the chance to vote for those colleagues in their same business groups whom they consider the Most Valuable Team Players and the Most Collaborative Teams. These colleagues receive awards from NBK's Top Management and are recognized for their efforts in a bank-wide staff event.

21. Communication with Group Human Resources (GHR):

HR requests at NBK are only a click away. Self-Service Human Resources (SSHR) is an automated HR system within NBK that allows employees to perform all their HR-related processes and transactions on the self-service website. Any victim of harassment can directly call the Head of Security department in the Bank. For any whistleblowing incident, the Group Human Resources will conduct or assist in the investigation and human resources concerns and results are reported to the Chairman of the Board through the Board Secretary.

Reference Page:

- Employee Handbook (Code of Conduct)
- Group Human Resources Policies
 - Allowances Policy
 - Benefits and Rewards Policy
 - Employee Promotion and Transfer Policy
 - Leaves Policy
 - Manpower Planning Policy
 - Performance Management Policy
 - Recruitment Selection and Placement Policy
 - Salary Administration Policy
 - Staff Compliant Policy
 - Termination and Disciplinary Action Policy
 - Training and Development Policy
 - Work Schedule and Overtime Policy
 - Talent Management Policy
 - Secondment Policy
- Group Human Resources Standard Operating Procedures
- NBK Sustainability Report 2020.
- NBK Statement on Protecting and Advancing Human Rights 2020.
- Whistleblowing Policy