

NBK Statement On Protecting and Advancing Human Rights

July, 2020

NBK is committed to respecting, protecting and advancing human rights across our enterprise, within our organizational practices, culture, operations and investment choices, and in all regions in which we do business.

Introduction

Since our founding in 1952 with the vision to create a bank that inspires trust and confidence across Kuwait and the world, NBK has worked to contribute to society, protect human rights, and serve the financial and investment needs of our clients and communities. One key pillar of NBK's sustainability platform is "Respecting and Developing People", which includes striving to advance Human Rights. NBK also engages in ongoing materiality assessments as part of our sustainability work to determine the priority expectations of key stakeholders, and for many, human rights are critical areas of concern.

NBK Understanding of Human Rights Principles:

NBK is now in the early stages of formalizing and operationalizing our commitment to respect and protect human rights. We are drawing on the principles and recommendations from the following international agreements, guidelines and voluntary standards:

- The UN Guiding Principles on Business and Human Rights (UNGPs), by following recommendations from "Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework"
- The Universal Declaration of Human Rights
- International Labor Organization's Fundamental Conventions
- United Nations Fundamental Conventions Protecting Rights of People
- Equator Principles
- Modern Slavery Act
- World Bank Group / IFC Environmental Health and Safety Standards or Voluntary Principles on Securities and Human Rights
- Human Rights-related regulations in Kuwait and all relevant regions
- The Global Reporting Initiative (GRI)
- UN Global Compact
- UN Principles of Responsible Investment (PRI)
- Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
- ILO Declaration on Fundamental Principles and Rights at Work
- International Bill of Human Rights
- The International Covenant on Civil and Political Rights

NBK also strives to be in alignment with international human rights treaties and conventions which the country of Kuwait is party to:

- International Covenant on Economic, Social and Cultural Rights
- International Covenant on Civil and Political Rights
- Convention on the Elimination of all forms of Discrimination against Women
- Convention on the Elimination of all forms of Racial Discrimination
- Supplementary Convention on the Abolition of Slavery, the Slave Trade, and Institution and Practices Similar to Slavery

NBK Statement On Protecting and Advancing Human Rights

- United Nations Convention Against Torture
- Convention on the Right of the Child
- Convention concerning the Prohibition and Immediate Action for the Worst Forms of Child Labour
- Convention concerning Forced or Compulsory Labour
- Freedom of Association and Protection of Right to Organize Convention
- Abolition of Forced Labour Convention
- Discrimination (Employment and Occupation) Convention
- Convention against Discrimination in Education

NBK's Human Rights practices are also informed by the Arab Charter on Human Rights.

Additionally, NBK actively aligns our ongoing sustainability work with five leading local and global sustainability frameworks, all of which include commitments to human rights:

- The Global Reporting Initiative (GRI)
- United Nations Sustainable Development Goals (UNSDG)
- Kuwait National Development Plan
- Kuwait Boursa Environment-Social-Governance (ESG)
- Equator Principles

NBK Commitment to Human Rights:

NBK is committed to our corporate responsibility to respect human rights and does not tolerate any human rights violations in our global operations. NBK Group acknowledges that, as a provider of financial assets and services, our business may potentially have adverse impacts on human rights, and recognizes that we may need remedy and grievance processes.

Basic Human Rights: NBK is committed to adhering to all tenants 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 will not engage in any relationships or activities when there is clear evidence of ongoing human rights violations.

Purpose and Scope of this Statement

NBK's Statement on Human Rights applies to our entire organization and across all of our business activities and relationships with third parties associated with those activities. We focus on ensuring that we conduct ourselves in a manner that is consistent with high ethical standards in employee relationships and working conditions, client and commercial business engagements, and vendor/supplier selection, contracts, and relationships. NBK's Administration division ensures all companies we deal with are compliant with Kuwait Labor Law, which covers human rights.

How does NBK put its standards into practice?

NBK Group Code of Conduct: Our Code of Conduct outlines the ethical standards expected of various stakeholders in the conduct of business. This specifically covers the Board of Directors, NBK Group employees and other stakeholders.

NBK Human Resources Policies: NBK promotes and respects the dignity and Human Rights of its employees through its committed and responsible human resources policies and procedures that provide fair and competitive compensation which is commensurate with the job or task at hand, provide a work place that is free from any form of harassment, and encourage employees through formal procedures to deal with complaints and grievances.

Labor Rights and Human Rights: In both internal operations and for the projects in which we invest, NBK adheres to all laws and regulations on human rights, such as indigenous rights and impacts on indigenous peoples and communities, protection of human health, protection of cultural properties, occupational health and safety, rights around involuntary resettlement, stakeholder engagement and participation. We are compliant with all laws regarding child and forced labor, freedom of association, collective bargaining, and non-discrimination. NBK strives to ensure companies we lend to follow the HSE guidelines (Health Safety and Environment) and to closely monitor the companies to make sure they abide by these guidelines.

Diversity and Inclusion: NBK is committed to providing equal employment and advancement opportunities for all individuals without any distinction or discrimination based upon an individual's age, sex (including pregnancy), race, nationality or ethnic background, color, marital status, civil partnership status, disability, or religion or beliefs.

Fair Compensation and Working Hours: NBK is committed to providing fair compensation and stable and predictable working hours for all employees internally and within any projects in which we invest. Employees should also have a fair voice regarding required working hours. In our efforts towards transparency, NBK provides information on compensation of executives & board members in its annual reports.

Safety, Health and Wellbeing: NBK is committed to promoting health, safety, and wellbeing in our workplaces, and to ensuring that projects in which we invest adhere to safety and health regulations. We strive to ensure companies we lend to follow the HSE guidelines (Health Safety and Environment) and to closely monitor the companies to make sure they abide by these guidelines. All new recruits receive training in safety and security.** NBK has an active safety and health policy for all our workers. NBK works toward a safe working environment, and if an accident takes place, NBK provides full remuneration for the workers until they are fit enough to return to work.*** NBK has programs such as on-site clinic in our headquarter, CPR training, flu vaccines, hypertension prevention, and fire drills to address health, wellness and safety issues. NBK also runs safety campaigns such as preventing texting & driving. ** NBK is committed to providing a workplace and client and vendor interactions that are free from harassment or coercion.

NBK Group conducts crisis management programs four times in a year. These programs contribute to the maximum impact being made and precautionary actions being taken pertaining to any potential crisis that may happen in the future. Our crisis management planning facilitates rapid communication for the overall safety of employees, customers, and stakeholders.****

** Sustainability Report 2016

*** Sustainability Report 2019

**** Sustainability Report 2017

Forced Labor and Child Labor: NBK does not use child labor or forced labor in any of our own business practices. We require adherence to laws prohibiting use of child or forced labor in the projects in which we invest.

Compliance:* Within the context of the Environment Public Authority (EPA) of Kuwait's standards in both our internal operations and for the projects in which we invest, NBK is committed to protect human health, cultural properties, occupational health and safety, stakeholder engagement and participation. We are compliant with laws regarding child and forced labor, freedom of association, collective bargaining, and non-discrimination.

NBK complies with both Kuwait Labor Law and regulations from the Ministry of Social Affairs and Labor. The minimum level of workers' rights defined by Kuwait Labor Law applies to all workers in the private sector. The Law covers:

- Employment, Apprenticeship and Professional Training
- Employment of Juveniles (No child labor for persons under 15 years of age)
- Employment of Women (70 days paid maternity leave and job protection, 2-hour break for feeding infants, equal pay for equal work, protection from hazardous or exploitive work)
- Work Contract
- Obligations of Workers and Employers and Disciplinary Penalties
- Termination of Work Contract and End of Service Benefit
- Work Systems and Conditions (Remuneration, Working Hours and Weekends, Paid Annual Leaves)
- Rules of Safety and Occupational Health
- Collective Work Relations (Workers, Employers' Organizations and Syndicate Right, Collective Work Contract, Collective Work Disputes)
- Work Inspection and Penalties

* NBK's 2016 Sustainability Report

Whistle Blowing: NBK promotes a transparent and collaborative working environment for all employees. The Whistle Blowing practices include policy, guiding principles and procedures that enable the Group's employees to escalate to the Chairman any significant disputes, their concerns regarding any potential violations, malpractice, and "reportable" conduct, and allow independent investigation and monitoring of these concerns. We provide an avenue for reporting concerns and/or malpractice without fear of reprisal. [Reprisal is defined as a negative action, retaliation, or threat by an employer that occurs because a worker raises concerns or tries to enforce laws or codes of conduct.]

Corporate & State Clients: NBK is strengthening our processes for environmental and social risk assessment associated with projects for which the bank provides funding. Our contracts with corporate customers and the government of Kuwait are sometimes in sectors known for high risk of negative social or human rights impacts. We plan to integrate human rights considerations identified within this document into our broader risk assessment, avoidance, and management processes.

Asset Management: NBK provides financing for state and corporate client projects in many sectors with risks of negative human rights impacts. NBK is enhancing our due diligence process to further integrate human rights considerations within our risk analysis framework and process. NBK is also working with internal and external sustainability experts to integrate Environment-Social-Governance (ESG) considerations, including human rights risks, into our asset management, investment choices, and product and service offerings.

In closing, NBK is committed to robust human rights due diligence, tracking progress and performance, and reporting on these (typically in our annual Sustainability Report). We will continuously improve our business processes toward protecting against negative human rights impacts through any aspect of our business.

Finally, we will enhance the work we are doing with all stakeholder groups to ensure they have access to grievance processes designed using the UN Guiding Principles' effectiveness criteria and mechanisms for remedy. Our goal is not only compliance with regulations, but striving to do what is right and advancing protection of the human rights of everyone touched by our business activities.