



1. Code of Conduct

1.1 Overall Guidelines for Proper Conduct

KFH conducts its business with honesty and integrity, with respect for the interests of its business allies, and under Sharia compliance, and prevailing work principles.

Board members and employees of KFH will at all times conduct themselves in a manner that:

- Supports the objectives of KFH
- Serves the overall best interests of KFH rather than any particular constituency
- Brings credibility and good will to KFH
- Respects principles of fair play and due process
- Demonstrates respect for individuals in all manifestations of their cultural and linguistic diversity and life circumstances
- Respects and gives fair consideration to diverse and opposing viewpoints
- Demonstrates due diligence and dedication in preparation for and attendance at meetings, special events and in all other activities on behalf of KFH
- Demonstrates good faith, prudent judgment, honesty, transparency and openness in their activities on behalf of KFH
- Ensures that the financial affairs of KFH are conducted in a responsible manner
- Avoids real or perceived conflicts of interest
- Conforms with the Articles of Association and policies approved by the Board, in particular this Code, Confidentiality and Conflict of Interest policies
- Conforms in all aspects with the Laws of Kuwait, and all jurisdictions in which the bank and its employees may operate.

1.2 Integrity and Honesty

Employees are expected to act with integrity and honesty in their dealings with customers and other parties with whom KFH is connected and in all internal matters.

No director, officer or employee should act in a manner, which could lead to any damage to our reputation.

1.3 Conflict of Interest

The Board will take all reasonable measures to identify, and prevent or manage, conflicts of interest that could harm the interests of KFH.

In cases where the controlling shareholders have the influence to appoint Board members, the members of the Board should exercise their duties towards KFH apart from the entity that appointed them.

KFH expects its employees to avoid any personal activities and financial or non-financial interests which may conflict with their commitment to effectively perform their jobs.

Definition of Conflict of interest

Board members are considered to be in a “conflict of interest” whenever they themselves, or members of their family, business partners or close personal associates, may personally benefit either directly or indirectly, financially or otherwise, from their position on the Board.

- A conflict of interest may be “real”, “potential” or “perceived”; the same duty to disclose applies to each of these situations.
- Full disclosure in itself, does not remove a conflict of interest.

Conflict of interest – Board of Directors

Members of the Board of Directors shall act at all times in the best interests of KFH rather than particular interests or constituencies. This means setting aside personal self-interest and performing their duties in transaction of the affairs of KFH in such a manner that promotes public confidence and trust in the integrity, objectivity and impartiality of the Board. No director shall directly or indirectly receive any profit from his/her position as such, provided that directors may be paid reasonable expenses incurred by them in the performance of their duties.

Directors must avoid conflicts of interest with KFH. A conflict of interest occurs when:

- a Director’s private interests interfere in any way, or can reasonably be expected to interfere in any way, with the interests of KFH;
- a Director or a member of his or her immediate family receives an improper personal benefit as a result of the Director’s position as a Director of KFH; or
- A Director has other duties, responsibilities or obligations that run counter to his or her duty to KFH.

A Director must immediately disclose to the Chairman of the Audit and Compliance Committee and/or the Chairman of the Board any situation that involves, or may reasonably be expected to involve, a conflict of interest. While this Code does not attempt to describe all possible conflicts of interest that could arise, the following are some of the conflicts of interest that Directors must avoid:

- Receiving loans or guarantees of obligations as a result of one’s position as a Director;
- Engaging in conduct or activity that improperly interferes with KFH’s existing or prospective business relationships with a third party;
- Accepting bribes, kickbacks or any other improper payments for services relating to the conduct of the business of KFH; and

- Accepting, or having a member of a Director's immediate family accept, a gift from persons or entities that deal with KFH, in cases where the gift, considered in light of the totality of the circumstances, would reasonably be expected to influence the Director's actions as a member of the Board.

1.4 Related Party Transactions

KFH is committed to upholding the highest ethical and legal conduct in fulfilling its responsibilities and recognizes that related person transactions can present a heightened risk of actual or apparent conflicts of interest.

Related Party Transaction is transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Two or more parties are related parties when:

- One party has direct or indirect control of the other party; or
- The parties are subject to common control from the same source; or
- One party has influence over the financial and operating policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests; or
- They are close family.

Related Party Transaction is defined as the transfer of assets or liabilities or the performance of services by, to, or for a related party irrespective of whether a price is charged, or whatever that price is.

Related Party Transactions are governed by KFH's Related Party Transaction Policy which states the rules and procedures that govern such transactions. Any credit extension to KFH's related parties, including Board members, are made in accordance with the same terms and conditions as applied to other customers without any preferential terms and in conformity with the instructions issued by the Central Bank of Kuwait. Related Party Transactions must be disclosed in line with the requirements of the Central Bank and other regulatory authorities.

A Board member should refrain from participating in Board meetings that will involve discussing or voting on items related to private business of the concerned Board member.

All related party transactions are monitored and audited by Internal Audit to ensure that all such transactions are aligned with Related Party Transactions policy.

All Related Party Transactions must be disclosed according to the rules and regulations of the local governing body (Central Bank of Kuwait) and International Disclosure Standards.

1.5 Due Skill, Care and Diligence

The Board, while acting on behalf of KFH, will act with due skill, care and diligence. The Board should take the lead in establishing the "tone at the top" and in setting professional standards and corporate values that promote integrity for itself, senior management and other employees.

Senior management should also contribute to KFH's sound corporate governance through personal conduct, by providing adequate oversight of those they manage, and by ensuring

that KFH's activities are consistent with the business strategy, risk tolerance/appetite and policies approved by KFH's Board.

Each Director, officer and employee will endeavour to be adequately skilled and observe due diligence and care in any representation made by them to prevent any negative financial or reputation impact to KFH.

1.6 Confidentiality

Inside Information - Means information:

- Which is of a precise nature relating directly or indirectly to one or more security or securities. Which has not been made public, and if it were made public, would likely to have a significant negative/positive effect on the price of those securities or any related derivative security; and In the case of derivatives on commodities, which relate directly or indirectly to such derivatives which users of markets on which such derivatives are traded, would expect to be disclosed in accordance with the rules or accepted market practices on those markets.

Insider - All persons who come into possession of material inside information before its public release are considered insiders.

Directors, officers or employees may become aware of non-public information. Directors, officers or employees may never use Confidential Information for his or her own personal benefit or to benefit persons or entities outside KFH. Directors, officers or employees shall not disclose Confidential Information outside KFH either during or after their service, except with the express or implied consent of the Board or as required by law.

“Confidential Information” means all non-public information entrusted to or obtained by a Director, officer or employee by reason of his or her position at KFH. It includes, but is not limited to, non-public information that might be useful to competitors or harmful to KFH or its customers if disclosed, such as:

- Non-public information about KFH's financial condition, prospects or plans, its marketing and sales programs and research and development information, as well as information relating to mergers and acquisitions, stock repurchases and divestitures;
- Non-public information concerning possible transactions with other companies/banks or information about KFH's customers, suppliers or joint venture partners that KFH is under an obligation to maintain as confidential; and
- Non-public information about discussions and deliberations relating to business issues and decisions between and among employees, officers and Directors.

Observation to confidentiality is the cornerstone of trust and confidence as well as a legislated obligation. Board members must at all times respect the confidentiality of any client names and/or circumstances that might identify clients. Similarly, all matters dealt with by the Board during meetings and matters related to personnel, financial dealings, investments and business plans must be held in strictest confidence. Confidentiality means Directors may not relate such matters to anyone including immediate family members. The duty of confidentiality continues indefinitely after a Director has left the Board.

All employees, must not disclose, copy or use, during and after their employment with KFH, except in the proper course of employment duties with KFH, as permitted by KFH, as required by law, or where the disclosure is protected under corporate governance legislation, any:

- trade secret, intellectual property or any information concerning: the business, financial arrangements or position of KFH; client lists or prospective client lists; advices to clients or other documents provided to clients; methods of operation, source codes or computer systems; proposals or plans for marketing, promotion or other business activities; any of the dealings, transactions or affairs of the business of KFH or its clients; or any of the terms of contracts, arrangements or transactions between KFH and its clients and customers;
- technical information pertaining to KFH's business that is not in the public domain including, but not limited to, financial models, presentations, research activities and ideas;
- personal information including identity of employees, directors, consultants employed or engaged by KFH; and
- Any information, which KFH designates as being confidential or that might reasonably be expected by KFH to regard as confidential, to any person or for any purpose.

All employees must take reasonable and necessary steps to maintain the confidentiality and prevent the disclosure of Confidential Information, immediately notify KFH of any suspected or actual unauthorised use, copying or disclosure of Confidential Information, and provide any assistance required by KFH in relation to any steps KFH may take to protect Confidential Information.

1.7 Intellectual Property

Employees will assign all present and future intellectual property rights, including, without limitation, copyright in and to all documents prepared by them in the course of their employment and whether made or conceived to KFH (or its nominee):

- in whole or in part by them;
- alone or in conjunction with others; or
- in pursuance of specific instructions or not,

Employee must acknowledge to KFH (or its nominee) by virtue of this clause, all such rights are vested (or will vest) in KFH (or its nominee).

Employee will, at the expense of KFH and at its request, execute all such documents and do all such things as KFH deems necessary to vest such rights in KFH (or its nominee).

1.8 Fair Dealing

The Board will not resort to unethical or illegal activities in the conduct of Bank business including any improper dealing practice. Each director, officer and employee should endeavour to deal honestly and ethically with KFH's directors, officers, employees, auditors, advisors, customers, suppliers and competitors while engaged in business on behalf of KFH.

Non-compliance with this Code or the law or other unethical or dishonest business practices while acting on behalf of KFH are forbidden and may result in disciplinary action, including termination.

1.9 Corporate Opportunities

Directors, officers and employees are prohibited from accruing for themselves personally (or for members of their immediate family) any opportunity that may be of interest to KFH that is discovered through the use of corporate property, information or position unless such opportunity is first offered to KFH and KFH affirmatively determines not to pursue it.

Each director, officer and employee will be prohibited from engaging into business that would result in competition with KFH.

1.10 Business Relationships with Directors

Each Board member has a personal liability to direct the Board's attention to any direct or indirect monetary arrangement for goods and services between a Director or a member of the Director's immediate family and KFH or a member of KFH's senior management.

Credit shall be extended to the Board members and related parties in accordance with the same conditions applicable to KFH's customers without any preferential terms and in conformity with any instructions issued by the Central Bank of Kuwait in this respect.

A Board member should not be present for discussion of any point of agenda directly or indirectly relating to him/her in a meeting in which such points and the related transactions or contracts are discussed or on which voting is cast.

1.11 Protection and Proper Use of Bank Assets

The Board and each Director shall act as a guardian of KFH assets and ensure that Bank assets are used for legitimate business purposes only.

Directors, officers and employees are prohibited from using Bank assets, confidential or proprietary information or position for personal gain.

To secure KFH's physical environment and protect its information and staff, all directors, officers and employees must act as follows:

Do's	Don'ts
1) Visibly display their respective security pass at all times. 2) Be aware of people in their respective work area. Ask to see the security pass of anyone they are unsure of. 3) When traveling to unfamiliar locations, obtain up to date safety and security information. 4) Ensure they are aware of the confidentiality requirements within the Confidentiality, Chinese Walls and Privacy policies. 5) Ensure they keep confidential information secure at all times. 6) Remember to maintain the same confidentiality requirements if they were working from home.	1) Don't give their individual security card to non-Bank staff, whoever they might be. 2) Don't let people tailgate them through security doors or other control points. 3) Don't prop open security doors or other control points. 4) Don't send from or receive into KFH offices any items which may trigger security concerns or cause reputational damage to KFH. 5) Don't distribute, show or discuss confidential material with people unless they have a legitimate need to know. This includes reading documents in public places where they can be seen by third parties. 6) Don't dispose of confidential printed materials into non-secure recycling or rubbish bins, including home recycling boxes.

<p>7) If they are sending confidential material, in either hard or soft copy ensure they have the correct address, email, fax, phone number.</p> <p>8) If they lose their security card report the loss immediately so it can be cancelled and reissued.</p> <p>9) If they are aware of any security breaches or issues please report them to their superior immediately.</p>	<p>7) When working from home, don't leave their computer on or leave printed materials unattended for long periods.</p> <p>8) Don't leave laptops, files, briefcases, computer bags etc. visible in vehicles.</p> <p>9) Don't put their briefcase/laptop into luggage when traveling.</p>
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1.12 IT Security

KFH has a detailed and comprehensive Information Security Policy approved by the Board.

To secure KFH's IT Environment, all directors, officers and employees must act as follows:

Do's	Don'ts
<p>1) Shut down your workstation immediately if you suspect it to be infected with a virus. Switch off the power using the 'on/off' switch or pull the plug, then, contact your IT Helpdesk for assistance.</p> <p>2) Before connecting your home PC to KFH via remote access ensure anti-virus software is installed, up to date and working. Your IT Helpdesk can provide the latest versions.</p> <p>3) Change all your passwords regularly, at least every 2 months, or immediately, if you think they may have become known.</p> <p>4) Password protect all workstations, laptops, Personal Digital Assistants (PDAs) and other devices when left unattended at any time (use a 15 minute timeout).</p> <p>Ensure laptops are secured at all times.</p> <p>5) Shut down and reboot your work PC regularly, at least weekly.</p> <p>6) Be aware that email and Internet use is monitored by KFH.</p> <p>7) If emailing sensitive data externally, use KFH approved encryption software to password protect it.</p> <p>8) Back-up data on your hard drive regularly if you are using a laptop or if you are storing data on the c:\ drive of your workstation. As the majority of devices are stolen whilst traveling, always back-up your data before traveling.</p> <p>9) Report lost/stolen laptops and PDAs (e.g. Compaq, Blackberry) immediately to your local IT helpdesk.</p> <p>10) Report IT security breaches immediately to your IT helpdesk.</p>	<p>1) Don't access external email accounts (such as Hotmail) through KFH provided Internet Explorer.</p> <p>2) Don't automatically forward emails to an Internet email account, even your own accounts.</p> <p>3) Don't open emails from unknown sources and especially do not click on unknown attachments or links to the web. If unsure, delete it.</p> <p>4) Don't access inappropriate websites or forward inappropriate emails.</p> <p>5) Don't connect laptops etc. into KFH office networks without ensuring they have approved anti-virus software installed, up to date and working.</p> <p>6) Don't interfere with or attempt to overwrite virus protection software or settings on KFH workstations, laptops or other devices.</p> <p>7) Don't leave laptops unattended when traveling.</p> <p>Don't put your laptop in the luggage hold of a plane. It is likely to get damaged or stolen.</p> <p>8) Don't share or distribute pirated software, data, music or video files. Don't use free Internet-based file sharing, remote control or instant messaging programs.</p> <p>9) Don't share or give anyone your passwords under any circumstances.</p>

1.13 Communication

All information provided by the directors, officers and employees to KFH must be full, fair, accurate, and understandable.

1.14 Compliance with Laws, Rules and Regulations

KFH's procedures, policies and practices accentuate the importance of respecting stakeholders' rights as per relevant laws, Articles and regulations and confirm their rights to rectify any violations of their rights in line with the relevant laws.

KFH is committed to combating money laundering and, towards this end, implements all 'Prevention of Money Laundering Regulations' and other guidelines issued by the regulators including the Central Bank of Kuwait.

All directors, officers and employees of KFH must abide by the prevailing local laws and regulations in their dealings and activities.

Any transaction undertaken in the name of KFH that would violate the laws, rules or regulations of any country or its political subdivisions in which this Bank conducts business is prohibited.

Any form of bribery or attempt of bribery to gain business or financial advantages to a government official or any other persons by directors, officers and employees is strictly prohibited.

Directors, officers and employees must not engage in fraud or any form of infringement of the rights of others and neither should they involve themselves or KFH with contractors/clients intending to commit fraudulent or illegal activities.

All directors, officers and employees of KFH must be honest in all their dealings and communications with clients, auditors, superiors, and contractors.

Directors, officers and employees must not intentionally or recklessly mislead existing or prospective clients about the results that can be achieved through the use of KFH's services. Furthermore, directors, officers and employees may not suggest means that would violate the law in order to attain the requirements of the client.

Particular attention is directed to the laws, rules and regulations relating to discrimination, securities, and antitrust, civil rights, transactions with foreign officials, safety and the environment.

If any uncertainty arises as to whether a course of action is within the letter and spirit of the law, advice should be obtained from KFH's Legal Department.

Observing the law is a minimum requirement. KFH's Code envisions a level of ethical business conduct well above the minimum required by law.

1.15 Insider Trading

Directors, officers or employees in possession of material information about KFH must abstain from trading in its securities until such information is generally and publicly available by means of a press release or other public filing.

Such material “inside information” might include earnings estimates, stock and dividend activity, changes of control or management, pending mergers, sales, acquisitions, reserves numbers or other significant business information or developments.

Providing such inside information to others who then trade on it is also strictly prohibited.

1.16 Whistleblower Protection

Employees must report any suspected breach of the Code of Conduct, or of any Bank Policy. No adverse action will be taken against any employee for making a complaint or disclosing information in good faith, and any officer or employee who retaliates in any way against an employee who in good faith reports any violation or suspected violation of the Code of Conduct, will be subject to disciplinary action, including termination.

1.17 Acceptance of Gifts

Directors and employees should refrain from accepting any gifts, either monetary or otherwise, from clients or contractors. Small gifts of minor monetary value (not more than KD 100/-) such as corporate gifts, calendars etc. bearing the inscription of the giver may be accepted.

The offer of invitations, gifts, payments, services, hospitality or other benefits which could be seen to affect the concerned director or employee’s ability to exercise independent judgment should in all cases be notified to the Chief Human Resources Officer.

As a general rule, meals and refreshments of reasonable value, should only be accepted on the basis that the expense would be deemed to be an appropriate business expense if it were to be charged to KFH.

Employees must not solicit or accept gratuities, directly or indirectly, from clients, or other parties dealing with KFH in connection with work that the employee is responsible for. Gifts, sponsorships or invitations may not be accepted by an employee, where such could be deemed to influence or compromise the employee’s position or any business decision by KFH.

1.18 Serving in Other Organizations

Each officer and employee is expected to devote his or her full time and efforts during normal working hours to the service of KFH. No officer or employee shall engage in any business or secondary employment that interferes with his or her obligations and responsibilities to KFH.

No officer or employee of KFH may serve on the Board of Directors of any corporation not owned or controlled by KFH, other than a non-profit, charitable, religious, civic or educational organization, without the prior written approval of KFH’s Chief Executive Officer, or, for the Chief Executive Officer, without the prior approval of KFH’s Board of Directors. Officers and employees should notify the Chief Executive Officer or his designee prior to joining a non-profit, charitable, religious, civic or educational organization.

1.19 Health and Safety

KFH places maximum value on the safety of its employees and the cleanliness of the environment in which it operates.

Employees and their line managers must take the initiative to spread awareness and also adhere to the relevant safety rules and instructions provided by KFH. They should also be aware of the location of the safety and emergency equipment as well as appropriate safety

contact phone numbers. A copy of the Emergency Procedures will also be posted on KFH's intranet.

Employees have a duty to comply with the safety rules of KFH to assist in maintaining the hazard free environment, to report any accidents or injuries - including any breaches of safety - and to report any unsafe equipment, working condition, at once to their line manager.

Any deliberate or on-going safety violation, or creation of a hazard by an employee will be dealt with through disciplinary action by KFH, up to and including termination.

1.20 Sexual Harassment

KFH believes in providing its employees an environment free from all forms of discrimination and conducts which can be considered harassing, coercive, or disruptive, including sexual harassment.

Anyone engaging in harassing conduct will be subject to discipline, ranging from a warning to termination.

Any unwanted physical, verbal or visual sexual advances, requests for sexual favours, and other sexually oriented conduct which is offensive or objectionable to the recipient, including, but not limited to: epithets, derogatory or suggestive comments, slurs or gestures and offensive posters, cartoons, pictures, or drawings would be considered as an act of Sexual Harassment.

Unwelcome sexual advances (either verbal or physical), requests for favours and other verbal or physical conduct of a sexual nature constitute sexual harassment when:

- submission to such conduct is either an explicit or implicit term or condition of employment (e.g., promotion, reward, training, timekeeping or overtime assignments)
- submission to or rejection of the conduct is used as a basis for making employment decisions (hiring, promotion, termination)
- the conduct has the purpose or effect of interfering with an individual's work performance or creating an intimidating, hostile, or offensive work environment

Sexual harassment does not refer to occasional compliments of a socially acceptable nature. It refers to behaviour that is not welcome, that is personally offensive, that debilitates morale, and that, therefore, interferes with work effectiveness.

Any employee who feels that he/she has been the recipient of sexually harassing behaviour, he/she must report (either written or oral) it immediately to the Chief Human Resources Officer / Area Head / Line Manager.

The complaint would be investigated and appropriate action will be taken by the management of KFH.

1.21 Customer Complaints

Banks should give due attention to complaints raised by clients and customers, and should look into the matter accurately and professionally and provide their response at the earliest. All complaints must be routed through KFH's Customer Complaints unit.

2. Compliance and Implementation

Each director, officer and employee is responsible for knowing the contents of this Code of Conduct and adhering to the standards as detailed herein.

Questions of interpretation or application of this Code with respect to a particular situation should be addressed to KFH's Chief Executive Officer or his designee. Such requests may be made in writing or orally and will be handled discretely.

Any suspected violation of applicable laws, rules or regulations or this Code, including any transaction or relationship that reasonably could be expected to give rise to a conflict of interest, should be reported promptly to KFH's Chief Executive Officer or his designee, without regard to the usual lines of reporting. Every reasonable effort will be made to ensure that all questions and information will be handled discretely.

Internal Audit will review compliance with the Code on a regular basis.

3. Breaches/Misconduct

Any violation of this Code of Conduct will be grounds for immediate disciplinary action likely to range from a reprimand, or a decision not to reappoint the Board member for another term, to possible termination.