

1.0 KUWAITISATION

The Contractor, at all times during the Contract Period, shall, as part of the Works/Services, employ and have available on Contract Site Kuwaiti employees, suitably qualified and medically fit for the job, in the number and categories listed in **Kuwaiti Job Qualification Appendix**. The salaries including overhead for such Kuwaitis employees shall be included in the Contract Price without any additional cost to the Company.

1.1 Kuwaitisation Plan

The Contractor shall within one month of the Commencement Date of the Contract, and latest by completion of the Familiarization and Mobilization period, ensure that the total required number of Kuwaiti personnel as per **Kuwaiti Job Qualification Appendix** shall be in Contractor's Site organization. In this regard, the Contractor shall provide a list indicating numbers of all its Kuwaiti personnel, their job titles, and the actual recruitment date.

1.2 Selection of Personnel

1.2.1 Unless otherwise instructed by the Company, The Company shall be responsible for all the recruitment procedures including announcement of the jobs in local newspapers, receiving and screening of applications, conducting tests and/or interviews, identifying candidates for employment and supervising the contracting procedures. The Contractor shall depute its representative as a member in the interview committee.

1.2.2 The Contractor shall, as directed by the Company, employ selected Kuwaiti personnel as per the relevant categories and salary grades (Regular-Starting) stipulated in **Kuwaiti Job Qualification Appendix and Kuwaiti Monthly Salary Attachment**.

1.2.3 At all times during the Contract Period, the Contractor should not employ any candidate with age exceeding sixty (60) years old. The Company may in exceptional cases extend the service of an existing employee up to the age of sixty five (65) years old, or the end of the Contract Period, whichever comes first. Subject that the employee provides a medical fitness certificate from an approved medical center by the Ministry of Health, the cost of such shall be deemed included in the Contract Price. However, the previously mentioned condition is not applicable to Contract/Project Manager category.

1.3 Employment and Submittals

1.3.1 The Company shall furnish to the Contractor as soon as practical with the details of the accepted candidates. The Contractor shall finalize the recruitment process within 30 days from the date being notified by the Company, and shall submit to the Company the following:

- a) Copy of the Employment Contract signed by the Kuwaiti employees in accordance with Clause (1.28) hereof.
- b) Certificate from Public Institution for Social Security indicating employment of the Kuwaiti employee by the Contractor.
- c) Medical fitness certificate from an approved medical center by the Ministry of Health.
- d) Certificate of good conduct from the Ministry of Interior.

1.3.2 The Contractor shall inform the Company with the name of "not interested" candidates within seven days from the date of being notified by the Company.

1.3.3 If the Contractor does not complete employing any of the selected candidates within thirty (30) days from the notification informing the Contractor in writing by the Company, the Company shall issue a further notice advising the Contractor to complete the employment within five (5) working days thereafter. Failure by the Contractor shall warrant deductions by the Company as per Clause (1.4). If this situation continues for next thirty (30) days period and the Contractor does not submit justifiable reasons for non-compliance, the Company shall consider this as a "Contractor Default" under the relevant provisions of the Contract and shall have the right to terminate the Contract accordingly.

1.4 Deductions

1.4.1 Without prejudice to any other clauses hereof; for each Kuwaiti personal that the Contractor fails to employ pursuant to Clause (1.0), or where there is non-availability of Kuwaiti personnel without justifiable causes, or should the Contractor delay employment of the Kuwaiti personnel as notified by Company, or delay the registration of the Kuwaiti personnel with the Public Institution for Social Security beyond the period stipulated in Clause (1.3.3), the Company shall deduct from the Contractor's invoice/payments an amount equivalent to double the relevant daily rate calculated on pro-rata basis from the Total monthly rates quoted in **Kuwaiti Monthly Salary Attachment to Form of Tender** including overhead for the applicable category for the period of delay. This deduction shall be in addition to no payment for the absent Manpower. Such deduction shall be applied until the Kuwaiti employee commences work.

1.4.2 The above double deductions are, however, not applicable in the following cases; and the Kuwaiti employee shall be paid full net take-home salary:

- a) Any of the Contractor's Kuwaiti employee(s) is/are attending military compulsory service or a military refresher course, in which case the Contractor shall submit to the Company all supporting documents from the Conscription Department of the Ministry of Defense.

- b) Any of the Contractor's Kuwaiti employee(s) is/are on approved leave pursuant to Clause (1.9).
 - c) Where absence due to medical sick leave, as per provisions given under Clause (1.13) hereof.
 - d) Where the employee is absent with permission.
 - e) The Contractor is training any Kuwaiti employee(s), pursuant to Clause (1.5.3) hereunder;
- 1.4.3 A relevant rate "single deduction" including overhead shall apply for the following cases:
- a) During the "interim period" owing to termination of those Kuwaiti employees as specified in Clause (1.15) hereof, until recruiting a permanent Kuwaiti employee to fill the vacancy.
 - b) During the "interim period", from the Date for Commencement of the Contract until the Company provides the accepted Kuwaiti to the Contractor.
- 1.4.4 A relevant rate "single deduction" without overhead shall apply for the following cases:
- a) Delay in employment is due to reasons not attributable to the Contractor, subject to submission of documentary evidence by Contractor.
 - b) Where the employee absent himself without permission.
 - c) Where the employee is undergoing a pre-job training.
- 1.4.5 In which cases, except in (1.4.2.c,d,e, / 1.4.4.b), and as instructed by the Company, the Contractor shall promptly provide a substitute of any nationality to satisfactorily perform the job, after obtaining Company written approval. The Company shall pay the Contractor for such personnel at the rates stated in the relevant Attachment to the Form of Tender for the same position.

1.5 Training and Regularization

1.5.1 Pre-Job Training

Kuwaiti Candidates who do not have adequate experience and skills at the sole decision of the Company may undergo a training program under supervision of the Company or third party. Wherein a third party is utilized, the training program and all related aspects are subject to Company's approval. The Company shall reimburse all costs pertaining to the Training Program from the Kuwaitisation Provisional Sum at actuals.

1.5.2 Regularization

Upon completion of the pre-job training program, those Kuwaiti trainees whose progress and performance found to be satisfactory by the Company, will be regularized and placed in applicable Salary Grade with take-home salaries as given under the column “starting” for applicable categories in **Kuwaiti Monthly Salary Attachment**. The Contractor shall comply to Company’s directive in this regard and employ the successful trainees as regular employees.

1.5.3 On-Job Training for Newly hired Kuwaiti

1.5.3.1 A selected newly hired Kuwaiti employee may undergo an on-Job training; the Contractor shall make all necessary arrangements to deploy the Kuwaiti trainees on Site for undergoing an ‘on-job’ training program. The required period and other details will be as agreed by the Company.

1.5.3.2 The Contractor shall submit on a monthly basis an overall performance evaluation report as per the form supplied by the Company. Monthly assessment interviews/ tests may be conducted by the Company to ascertain progress of the trainees.

1.5.3.3 Unless otherwise instructed by the Company, the period for on-job training shall be for six (6) months. The cost of arranging and conducting such “on-job” training programs for the personnel will be fully borne by the Contractor until satisfactory completion of the same.

1.5.3.4 The Company will appraise the progress and performance of the trainees at the end of the six (6) month training period. The Company reserves the right to extend the training period for further six (6) months, if deemed necessary.

1.5.3.5 Daily timesheets of the Kuwaiti trainees shall be submitted to the Company countersigned by both, Contractor and training organization, highlighting any absence (specifying with or without permission), delays and medical sick leaves for each trainee.

1.5.4 On-Job training for Regular Employee

1.5.4.1 The regular employee may undertake an on-job training for short period. The cost of such training course shall be borne by the Contractor without any additional cost to the Company

1.5.4.2 The training programs for different categories shall be conducted by reputed certified and recognized training agencies/firms/instructors, duly approved in writing by the Company. The Company reserves the right to evaluate the instructor/training agency during the training program.

1.5.4.3 Prior to assigning the trainees for training, the Contractor shall submit complete details of the training program indicating clearly the course content, organizer/training agency, duration, training cost, and location

for the Company's necessary review and approval. The Contractor may only assign such trainees for the training program after obtaining written approval from the Company. The Company reserves the right to amend the schedule and/or course content as required, and the Contractor shall adhere to the Company's amendment.

1.5.4.4 For overseas training as directed and approved by the Company, an allowance of Two Hundred Kuwaiti Dinars (KD 200) per diem and return air tickets (economy class) shall be provided by Contractor to those trainees. The Company shall reimburse such costs from the Kuwaitisation Provisional Sum. The cost of such training course shall be borne by the Contractor as per Sub-Clause (1.5.4.1).

1.5.4.5 The Company may offer training courses to the Kuwaiti employees without any additional cost to Contractor.

1.5.5 Upon regularization, any on-job Training provided by the Contractor shall be entirely at Contractor's cost.

1.5.6 The Contractor shall appoint a qualified training coordinator to arrange and follow up the various pre-Job and on-Job training programs. The cost of such training coordinator shall be deemed included in the Contract Price.

1.6 Taking over Personnel from previous Contractor:

The Company may instruct the Contractor to take-over the selected or all the Kuwaiti personnel of various categories from the previous Contractor and employ them at a salary not less than the previous Contract salary. If instructed so, the Contractor shall make all necessary arrangements for a smooth takeover of such personnel on its payroll without any hindrances and/or disruption in their service. The Contractor shall be reimbursed as per Clause (1.7.3) hereunder.

1.7 Salary

1.7.1 Salary during Pre-Job Training Period

The Contractor shall pay the Kuwaiti trainees, who are undergoing the training program, pursuant to Clause (1.5.1), a fixed monthly stipend of three-hundred Kuwaiti Dinars (KD 300). The Company however shall reimburse the Contractor the exact amount.

1.7.2 Salary for Regular Employees and on-Job Training

The Contractor shall pay the Kuwaiti employees who are on-Job training or have the qualification, experience and skills as required by the respective job categories listed in **Kuwaiti Job Qualification Appendix**, and placed as Regular employees the applicable salaries stated under the column "Regular (starting)" in **Kuwaiti Monthly Salary Appendix**. The salaries including

overhead for such Kuwaitis employees shall be included in the Contract Price without any additional cost to the Company.

1.7.3 Monthly Take home Salary for transferred Personnel

The Company will provide a list containing the names and the prevailing salaries of the Kuwaiti employees to be transferred from the previous Contractor. The Contractor is obliged to pay to such Kuwaiti employees the take-home salary so intimated by the Company besides all other applicable allowances/benefits/compensation provision hereof. The Contractor will be compensated the differential amount between the take home salary stipulated under **Kuwaiti Monthly Salary Attachment to Form of Tender** for the applicable category (Regular-Starting) and the salary intimated by the Company for such transferred personnel.

1.7.4 Monthly Take Home Salary during Military Service

The Contractor shall continue to disburse the payable monthly salaries to those Kuwaiti employees performing military service and/or attending the military refresher course. Replacement personnel from any nationality shall be provided if instructed by the Company, to perform the job during the above period(s). The Company shall pay the salary for such substitute from the Kuwaitisation Provisional Sum as per the relevant **Minimum Take Home Salaries Appendix**. The Company shall continue to pay the Contractor's overhead during this period.

1.7.5 Social Security

The Contractor shall register its Kuwaiti personnel with the Public Institution for Social Security and shall produce evidence of such registration to the Company within one (1) month from the date being notified by the Company for recruitment.

The Contractor shall pay its own contribution portion which, including the Social Allowance portion and Education / Qualification portion Allowance to the Public Institution for Social Security attributed to Support National Manpower Law No. (19/2000), which shall be deemed included in the Contractor's overheads. In addition, the Contractor shall deduct the contribution of each of its Kuwaiti employees to the Public Institution for Social Security from the Kuwaiti employee's monthly salary and pay the same directly to the Public Institution for Social Security.

The Contractor shall submit the documentary evidence of such payments to the Company on annual basis or as directed by the Company. The Company has the right to deduct from the Contractor invoice, double the amount that the Contractor had deducted from Kuwaitis, in case the Contractor deducts from the Kuwaiti employee monthly salary more than the percentage specified by the Kuwaiti Law.

The Company shall compensate, from the Kuwaitisation Provisional Sum, the Contractor the differential amount of its contribution portion of Social Security in the following cases:

- a) Wherein the transferred employee is having a salary greater than the salary stated in the **Monthly Take Home Salary Attachment**.
- b) Wherein the child and family allowance of the Support of National Manpower is greater than a single person allowance, subject to providing supporting documents.
- c) Wherein the salary of the Kuwaiti employee is effected due to Promotion, or due to an Annual Merit Increment.

1.7.6 Other Benefits

- a) Any benefits stated herein represent the Contractor's minimum obligation towards its Kuwaiti employees under this Contract. Other benefits that the Contractor may offer shall be in addition to the minimum salaries stated herein without any deduction from the Kuwaiti salary, and without any additional compensation to the Contractor by the Company. The salaries stated herein are inclusive of cost of living, transport allowance, Site allowance etc.
- b) In addition to the minimum salaries paid by the Contractor to its Kuwaiti employees, the Company may decide to pay additional monies as per the provisions of Clause (1.18) through (1.22) to the experienced/regularized Kuwaiti employees at the Company's sole option and discretion. The Contractor shall comply with Company's directive in this regard and pay additional amounts as stipulated by the Company to the specified personnel and the Company shall reimburse the Contractor the exact additional payments made to the Kuwaiti employees.

1.7.7 The salary mentioned herein shall be considered lump sum salary exclusive of any Contractor related expenses. Moreover, shall be part of the Contract Price. The monthly salary rate will be calculated based on twenty-one (21) days per month.

1.7.8 The Contractor must furnish the Kuwaiti employee with a salary statement within two (2) working days from the day requested by the employee.

1.8 Working Hours

1.8.1 Normal working hours for Contractor's Kuwaiti employees shall be forty (40) hours/week except during Ramadan, which shall be thirty (30) hours/week for shift duty and five (5) days/week for day duty. The employment contract for the Kuwaiti employees (at any level) shall indicate this provision as well as the Kuwaiti employees' rights and duties as stipulated in the Contract.

1.8.2 Overtime, if any, shall be paid in accordance with the following:

- a) During daytime (From 7 am until 7 pm) shall be calculated based on (1.25) of the hourly rate.
- b) During nighttime (From 7 pm until 7 am) shall be calculated based on (1.5) of the hourly rate.
- c) Weekly rest day, shall be calculated based on (1.5) of the hourly rate.
- d) Friday's and official holidays, shall be calculated based on double the hourly rate.
- e) For employees working in shift cycle, overtime shall be calculated based on (1.25) of the hourly rate.

Only overtime directed in writing by the Company shall be compensated from Kuwaitisation Provisional Sum.

1.8.3 The Kuwaiti employee hourly rate shall be calculated from the "Monthly Take Home Salary" by dividing on twenty-one (21) days and eight (8) working hours. Such calculation shall be used for overtime and deduction.

1.8.4 All official holidays granted to Company employees shall be granted to Kuwaiti employees working under this Contract, as paid leaves by the Contractor.

1.8.5 Late reporting for duty of the Kuwaiti employees up to thirty (30) minutes per day and up to a total of five (5) hours per month is permissible. Late reporting beyond the said time limits, without a justifiable cause acceptable to the Company, shall warrant deductions from the Contractor's invoices an amount calculated on pro rata basis from the take-home monthly rates stated in **Kuwaiti Monthly Salary Attachment to Form of Tender**. In such an event, the Contractor shall deduct only an amount calculated on pro-rata basis from the prevailing take-home salary of the Kuwaiti employee.

1.8.6 The above-mentioned working hours can be reduced for employees providing a certificate from the Public Authority of the Disabled or General Medical Council.

1.9 Leaves

The leave stated herein as per Sub-Clauses (1.9.1, 1.9.2, 1.9.3, 1.9.4, 1.9.5, 1.9.6 and 1.13) are paid leaves for the Kuwaiti employee. All leaves shall be subject to Company's prior approval. The Company shall not compensate the Contractor the Kuwaiti salary nor the overhead as it is already calculated as part of the Contract Price.

The Contractor shall provide a suitable non-Kuwaiti substitute, if so directed by the Company, and the Contractor shall be reimbursed for such replacement personnel at the applicable total monthly rates on pro-rata basis.

1.9.1 Annual Leave

The Contractor shall grant forty-two (42) calendar days paid annual leave entitlement to all Kuwaiti employees throughout the duration of the Contract. Official holidays, medical sick leave days and Fridays falling within this period shall not be calculated as part of the leave. The leave entitlement can be granted only after lapse of six (6) months of consecutive work by the new Kuwaiti employee, however this shall not be applicable to Kuwaiti employees transferred from other Contracts. This leave may not be divided more than two (2) times/year unless it is approved by the Company.

The Kuwaiti employee is entitled to combine his/her leaves for up to a maximum of two (2) years and avail the same at one time with approval of Company. Annual leaves for more than two (2) years may be combined with prior approval.

Contractor should ensure that all the Kuwaiti employee clear the leave before the end of the Contract. No leave encashment shall be made by the Company for the accumulated leave upon end of the Contract.

The Contractor shall submit to the Company for approval an annual leave program for its personnel, which shall not be changed without Company's prior approval.

1.9.2 Compassionate Leave (In case of death of relatives)

In the event of death of any member of an employee's family of direct relative (parents, spouse, children and siblings), compassionate leave up to seven (7) calendar days shall be given. This leave shall be for three (3) days in case of indirect relative's (grandparents, grandchildren, spouse's parents, uncles and aunts) death.

In case of a Muslim woman Kuwaiti employee whose husband passes away is entitled to a waiting "Iddah" period with full salary for a period of four (4) months and ten (10) calendar days since the date of death. In case of non-Muslim woman Kuwaiti employee whose husband passes away, a paid leave for a period of twenty-one (21) days shall be granted.

1.9.3 Patient Escort Leave

The Kuwaiti employee may be granted leave to escort a direct relative patient for a period not exceeding ninety (90) calendar days with full salary during the contractual year, provided the delegation is by a government authority. In case of extending the leave after this period without Company approval, the Kuwaiti employee may use his accumulated and current leave balance. The above leave shall be subject to Company and Contractor's approval.

1.9.4 Haji Leave

The Muslim Kuwaiti employee shall be granted paid Hajj leave of twenty-one (21) calendar days during Hajj season, one time during his/her service under one of the Contracts of the Company, after completing service for two (2) consecutive years, subject to Company's and Contractor's approval.

1.9.5 Maternity Leave

1.9.5.1 The pregnant Kuwaiti employee is entitled to maternity leave with full pay for a period of thirty (30) days before delivery and forty (40) days after delivery, or seventy (70) calendar days from the date she stops coming to work in preparation for delivery.

1.9.5.2 The Kuwaiti woman employee can be granted half-paid leave up to four (4) months for childcare, after the end of the leave mentioned in Sub- Clause (1.9.5.1).

1.9.5.3 The Kuwaiti woman employee shall be entitled for full paid two (2) hours reduction in working time for:

- a) Nursing, which shall end at the completion of two years after the date of delivery subject to providing supporting documents from the Ministry of Health.
- b) Starting from the sixth month of pregnancy, subject to providing supporting documents from the Ministry of Health.

1.9.6 Marriage Leave

The Kuwaiti employee is entitled to marriage leave of five (5) consecutive working days on his/her marriage for one time only after submission of marriage certificate. The Kuwaiti employee shall forfeit the right to claim this leave after one (1) year from the date of marriage.

1.9.7 Unpaid Leave

The Kuwaiti employee may be granted an unpaid leave for a period not exceeding twenty-eight (28) calendar days in a year for personal and exceptional reasons, after consuming up his/her annual leave. This shall be subject to Company and Contractor's approval. The Company shall reimburse the costs related to the Public Institution for Social Security resulting from this leave equivalent to employer's share while the Kuwaiti employee shall bear his/her subscription percentage for the Public Institution for Social Security corresponding to this period. The Company shall continue to pay the Contractor's overhead during this period.

1.10 Replacement

1.10.1 The Company shall have the right during the Contract Period to request the Contractor to remove any of its Kuwaiti employee(s) who prove to be unsatisfactory in their performance or conduct, and to replace the same with suitably qualified alternate Kuwaiti employee(s) as instructed by the Company under provisions of Clause (1.3), without any additional charges or costs to the Company. However, during the interim period the Contractor shall employ a substitute non-Kuwaiti, subject to Company's prior approval. The Contractor shall be paid at the relevant Contract rate(s) quoted in relevant attachment to Form of Tender for non-Kuwaitis until a suitable Kuwaiti substitute is provided.

1.10.2 The Contractor shall not terminate the employment service or transfer to another Contractor any of the Kuwaiti employees recruited under this Contract without obtaining prior written approval from the Company, following submission of adequate and acceptable justifications. Any violation in this regard shall be considered as a Contractor Default and a deduction as per the provision of Clause (1.4) shall be apply.

1.11 Notification

Without prejudice to the generality of the Kuwaitization Clause, the Contractor shall promptly notify the Company in writing:

- a) When the Contractor reasonably considers that it is unable to comply with any of the Kuwaitization requirements given herein.
- b) In respect of each of the events listed in Clause (1.4).
- c) In case where medical sick leave exceeds thirty (30) consecutive days.

Upon receipt of such notification, the Company shall instruct further actions that are required to be taken by the Contractor in accordance with the Contract to maintain continuity of the work by the Contractor. The Contractor shall comply with Company's any or all such instructions without any additional charges or costs to the Company.

1.12 Continuity

1.12.1 The Contractor shall give top priority and take measures to hire Kuwaiti employees as selected by the Company and from the previous Contractor as stated in Clause (1.6). The Contractor shall make all necessary arrangements for a smooth takeover of such personnel on its payroll without any hindrances and/or disruption in the service. The Contractor shall ensure that the salary for those selected Kuwaiti personnel should not be less than the last salary in the previous Company Contract.

1.12.2 Further, prior to expiry of this Contract, as instructed by the Company, the Contractor shall allow the transfer of those Kuwaiti employees who are selected by the Company, to the future Contractor to ensure continuity of

employment and experience. All required formalities for the transfer of those Kuwaiti employees shall be duly completed by the Contractor, at its own cost, at least one month before the completion of the Familiarization and Mobilization period of the new Contract, to ensure smooth transfer to the future Contractor.

1.13 Medical Sick Leaves

- 1.13.1 In case of absence due to sickness or maternity, the Kuwaiti employee shall submit medical sick leave document obtained from a government local clinic as per his/her Civil ID residency or approved medical clinic by the Ministry of Health and same to be counter signed by the Contractor.
- 1.13.2 The Contractor shall, if directed so by the Company, provide a replacement for any absent Kuwaiti who is on medical sick leave with employee from any nationality, the cost of which shall be reimbursed as per the relevant Contract rates.
- 1.13.3 All Kuwaiti employees are entitled to medical sick leaves as set forth in the Oil Sector Labor Law No. (28/1969) without any additional charges or cost to the Company. For any period in excess of thirty (30) days thereof, the Contractor shall refer the case to the Company for directives.
- 1.13.4 The Contractor shall submit to Company on quarterly basis a list for its Kuwaiti employees showing the numbers of medical sick leaves taken each month in that quarter, if any.

1.14 Medical Insurance

- 1.14.1 The Contractor shall, within thirty (30) days from signing the employment Contract, provide medical insurance for its Kuwaiti employees. The yearly cost of such insurance shall not exceed two-hundred and fifty Kuwaiti Dinars (KD 250/-), covering each employee or his/her dependents.
- 1.14.2 The Medical Insurance shall be subject to the following benefits and not less than the following coverage limits:

Benefits	Coverage Limits	
In Patient	KD	10,000.000
Out Patient	KD	2,000.000
Maternity & Delivery	KD	1,000.000
Dental	KD	500.000

- 1.14.3 The following limitations shall be applied:
- The coverage shall be husband/wife.
 - Employee's daughter shall be covered until she becomes married.
 - Employee's son shall be covered up to age of 26 years old or he becomes employed.

- d) The age limitation shall be sixty-five (65) years old.
- e) The disabled son or daughter shall be covered, unless he/she has been registered with the Public Institute for Social Security.

1.14.4 The Kuwaiti employee or his/her dependents may bear up to a maximum of fifteen percent (15%) of the medical consultation/treatment cost. Accordingly, the Contractor shall ensure that the Medical Insurance Policy agreement concluded between the Contractor and the Insurance Company shall not exceed this limit.

1.14.5 The Medical Insurance for Kuwaiti employees shall be reimbursed by the Company at actuals, or the maximum value stated in Clause (1.14.1), whichever is less, against submission of acceptable documentary evidence by the Contractor. Any additional cost shall be borne by the Contractor.

1.15 Absenteeism

1.15.1 The Contractor, after Company's written approval shall summarily terminate the employment of any Kuwaiti employee who absents himself without permission for a period of seven (7) consecutive or twenty (20) non-consecutive working days within one (1) year period. In such case, the Contractor shall promptly provide a substitute from any other nationality. For the non-Kuwaiti substitute, Contractor shall be reimbursed as per Contract rates for the applicable manpower category. The Contractor shall employ a replacement Kuwaiti employee as notified by the Company under provisions of Clause (1.3), failing which the deductions as per Clause (1.4) shall be applicable.

1.15.2 In case of the absence of a Kuwaiti employee, without permission, the Contractor may deduct an amount equivalent to the Kuwaiti employee's daily rate as specified in Sub-Clause (1.8.3).

1.16 Salary Remittances in Bank

The Contractor shall ensure remittance of payable salaries for its Kuwaiti employees on monthly basis into the designated bank accounts as per employee's choice. The Contractor shall submit monthly statement(s) with proof of evidence document(s) of such payment(s) to the Company. A transfer to account statement with attestation of the designated bank shall only be considered as proof. Cash salary, cheque and cash deposit to account cannot be accepted as proof of salary.

The Contractor shall not delay the said payments beyond the (fifth day) of the following month. In the event of Contractor's delay in effecting such payments, the Company reserves the right to pay directly to the Kuwaiti employees and deduct from the Contractor's invoices or from any money due to the Contractor, the monthly rates including overhead plus ten percent (10%). The Contractor shall not deduct any amount from its Kuwaitis' salaries without justifiable cause acceptable to the Company.

1.17 Yearly Performance Appraisal

The Contractor shall maintain and implement a yearly performance appraisal system for its Kuwaiti personnel in accordance with the format as provided by the Company, on the month of the Contract's anniversary date (Date for Commencement). The Company and the Contractor as per the following shall conduct the evaluation jointly:

- a) Employees in service for less than six (6) months will be evaluated as "Cannot Judge".
- b) Employees in services for six (6) months to nine (9) months will be eligible for evaluation, subject to the Controlling Team's approval.
- c) Employees in service for nine (9) months and above will be eligible for evaluation

1.18 Bonus

1.18.1 Incentive Bonus

Except for the Kuwaiti employees who are undergoing training (pre-job/on-job for newly hired), subject to necessary selection and approval by the Company, the Contractor shall provide incentive bonus, on an annual basis, for its Kuwaiti employees who have proved good standard of performance and discipline up to an amount equivalent to one month's net take home monthly salary. The Contractor shall grant such incentive bonus only after obtaining the Company's written approval.

1.18.2 Spot Bonus

At the Company's sole decision, the Contractor may grant any Kuwaiti employee a spot bonus with a maximum of one-month net take-home salary after obtaining written approval from the Company. The bonus shall not be repeated in the same contractual year to the same employee.

1.18.3 The Contractor shall be reimbursed the actual amounts paid to the respective Kuwaiti employees by the Company for such bonuses (Incentive/Spot Bonus).

1.19 Annual Merit Increment

1.19.1 Except for the Kuwaiti employees who are undergoing training (pre-Job /on-Job for newly hired), subject to necessary selection and approval by the Company and as per Clause (1.17), the Contractor shall grant an annual merit increment in Kuwait Dinars as follows:

Job Grade	Annual Performance		
	Excellent	Very Good	Good
13 and 14	20	15	10
8-12	35	25	15
1-7	50	35	25

The Contractor shall incorporate such annual merit increment in the salary structure of the Kuwaiti personnel concerned and make payments to such Kuwaiti employees in accordance with the provisions given under Clause (1.7) hereof, which shall be effective from the anniversary month of the Contract throughout the remaining duration of the Contract Period, unless instructed otherwise by the Company.

1.19.2 The Contractor shall be reimbursed by the Company for such annual merit increments based on the actual amounts paid to the respective Kuwaiti employees, in addition to the cost related to Social Security. The Contractor shall grant such annual merit increment only after obtaining approval of the Company.

1.20 Promotion Policy

1.20.1 Subject to availability of vacancy, selection and prior approval by the Company, Kuwaiti employees may be promoted to higher job categories/grades based on all following minimum eligibility criteria:

- a) Having at least two (2) years of continued service under any Company Contract.
- b) Having obtained "very good" performance in the annual evaluation of last year under the Contract.
- c) Having attained the relevant qualification/certification of the higher job category.
- d) Having passed any assessments/trade tests as conducted by the Company from time to time.

1.20.2 Wherein no vacancy is available, and subject to the sole decision of the Company, the Kuwaiti employee may be promoted to higher grade on the same job title, according to following criteria:

- a) Having obtained "very good" performance in the last year's annual appraisal.
- b) Having at least three (3) years of continued service in the current grade under the Contract.

1.20.3 The promoted employee shall be granted the "starting" salary of the promoted post/grade, or his current salary in addition to amount equivalent to (5.5%) of his current salary, whichever is greater. If the promoted employee's salary exceeds the promoted post/grade's mid-salary range before the promotion increment, an amount equivalent to (6%) of the current salary shall be incremented to the actual salary.

1.20.4 The Kuwaiti employee is not entitled for a promotion in case he/she has any disciplinary action, total medical sick leaves exceeding (33) days in one year, or absenteeism without permission for more than ten (10) days in the last year.

1.20.5 The Kuwaiti employee who has obtained a higher degree during his/her service may be promoted to higher grade without any obligation from the Contractor and the Company subject to:

- a) Having at least two (2) years of continued service under any Company Contract.
- b) Vacancy available matching his new degree.
- c) Having obtained "very good" performance or above in the last year's Annual Appraisal.
- d) Not exceeding twenty-one (21) days of medical sick leaves in the last year.
- e) Not having any disciplinary action.
- f) The degree is attested by the Ministry of Higher education, in case the employee is a graduate from as oversees educational institute or a private educational institute in Kuwait.
- g) Having passed any assessments/trade tests as required by the Company.

1.21 Merit Bonus

Should the net take home salary of the Kuwaiti employee have already reached the maximum limit because of annual merit increment entitlement, then the additional merit entitlement becomes a merit bonus. Accordingly, the merit increment entitlement shall be multiplied by twelve (12) months, and paid to the eligible Kuwaiti employee as a lump sum merit bonus at the end of each anniversary year of the Contract. The Contractor shall be reimbursed by the Company for such additional merit entitlement based on the actual amounts paid to the respective Kuwaiti employee from the Kuwaitisation Provisional Sum.

1.22 End of Contract Bonus

Each Kuwaiti employee shall be entitled to an allowance equivalent to half a month of net take home salary for each year of service without interruption, at the performance standards not less than "good". This allowance will be paid once at the end of the Contract Period. The Contractor shall be reimbursed by the Company for such additional entitlement based on the actual amounts paid to the respective Kuwaiti employee. The Contractor shall provide to the Company with a list of eligible Kuwaiti employees two (2) months prior to the expiry date of the Contract.

1.23 Termination/ Resignation Benefit

Upon resignation, termination, or retirement of the Kuwaiti employee, the Contractor shall make necessary arrangements for an immediate payment of the End of Service Indemnity in accordance with the Kuwait Oil Sector Labor Law No. (28/1969) in this respect at no additional cost to the Company. The last salary shall be used for calculating this benefit.

1.24 Compliance with State Laws

The Contractor at all times shall comply with all existing relevant laws of Kuwait, including those becoming enforceable from time to time, such as the Kuwait Oil Sector Labor Law No. (28/1969), Kuwait Labor Law No. (6/2010), Social Security Law No. (61/1976) and Support of National Manpower Law No. (19/2000).

It shall be the Contractor's responsibility to be acquainted with all such laws and their latest amendments and to submit evidence to the Company proving fulfillment of all its obligations under the same. Any discrepancy that may arise between the laws and this Contract shall be treated to the beneficial of the Kuwaiti employee without any additional cost to the Company. The Contractor shall be considered on a breach of Contract if his obligation to the Public Institute for Social Security is not fulfilled.

1.25 Social/Child Allowance

Child and Social allowance shall be paid as per Support of National Manpower Law No. (19/2000). Such allowance shall not be considered as part of the salary paid to the Kuwaiti employees as set forth in Clause (1.7) hereof.

In case a Kuwaiti employee is eligible for payment by the government of Kuwait for social allowance/child allowance, based on the implementation of the State National Labor Support Law, becomes ineligible due to any reason attributed to the Contractor, the Contractor shall then pay such allowances to the entitled Kuwaiti employee based on the articles of the above law without any additional cost to the Company.

1.26 Annual Airfare

The Contractor shall, after obtaining Company's approval, pay on annual basis an airfare of two-hundred Kuwaiti Dinars (KD 200/-), per person, for each Kuwaiti employee and one (1) spouse only. The Kuwaiti employee will be entitled to the ticket after completion of one (1) year of service irrespective of yearly performance appraisal unless otherwise instructed by the Company. The Contractor shall maintain and present to the Company, as and when required, the record of such payments made for each Kuwaiti employee. Company shall reimburse this amount against documentary evidence that such disbursements have been made by Contractor to Kuwaiti employees.

1.27 Report

1.27.1 The Contractor shall provide to the Company information in the form of a report on the numbers of Kuwaiti and non-Kuwaiti Manpower on a monthly basis. The report shall include distribution of manpower as per the following:

- a) Skilled versus non-skilled Manpower.
- b) Technical versus administrative staff.
- c) Educational Degree (University, Diploma, Secondary, Intermediate).
- d) Job titles and the numbers of Kuwaitis and non-Kuwaitis for each title.
- e) Net take home salary.

- f) Proof of attendance for Kuwaitis employees duly signed by the Company's supervisor.
- g) Other details related to the manpower as requested by the Company.

1.27.2 The Contractor shall submit Kuwaitisation report by not later than the last working day of each month to the Company for updating Contractor's Kuwaiti manpower records and audit.

1.27.3 The Contractor shall make available for audit purposes at the Company's direction all records/documents related to Kuwaiti personnel employed under this Contract including payroll records, availability of personnel on-Site and the like.

1.28 Employment Contract

1.28.1 The Contractor shall sign an employment contract with each of its Kuwaiti employee, either open-ended or valid for the duration of the Contract Period. Such a contract shall contain the privileges and responsibilities of the Kuwaiti employee in accordance with all the relevant provisions in the Kuwaitization Clauses given hereof and include the following minimum salaries and benefits as applicable:

- a) Company Contract No.
- b) Payable monthly take home salary
- c) Regularization after training
- d) Social Security
- e) Salary during military service
- f) Working hours
- g) Medical Insurance
- h) Annual leave
- i) Continuity of Service
- j) Medical Sick Leave
- k) Absenteeism
- l) Incentive Bonus
- m) Annual Merit Increase
- n) Merit Bonus
- o) Termination Benefit
- p) Social/Child Allowance
- q) Annual airfare
- r) Employee's commitment that he/she will not be employed elsewhere during the Contract Period.
- s) Applicability of the Company's disciplinary code in case of any violation.
- t) Other benefits, if any

The Contractor shall ensure that the contents of the employment contract complies with the privileges and intent of the provisions given in the employment contract guideline provided by the Company. In case the Contractor misses out inclusion of any of the privileges, the Contractor shall be deemed to have agreed that the above-mentioned benefits are included in the employment contracts.

1.28.2 The Contractor shall undertake in writing not to cancel, omit, or edit any of the original information stated in the employment contract as related to the rights and benefits and entitlements of the Kuwaiti personnel, unless additional benefits and guarantees are required to be added. It is hereby, understood that any violation to this Clause on the Contractor's part shall be considered as a "Contractor Default".

1.28.3 The Contractor shall ensure conformity of its obligations stated in the employment contract with its respective Kuwaiti employees against those stated in this Guideline for Kuwaitisation within Company Contracts. The Contractor shall have the Company's written approval for such contract prior to employing any Kuwaiti personnel. The Company may also instruct the Contractor to effect changes as required.

1.29 The Contractor shall submit to the Company a copy of its Disciplinary Policy/Code, approved by the Ministry of Social Affairs and Labor for the Company's retention.

1.30 The Contractor agrees and ensures that Kuwaiti employees employed under this Contract will not be utilized to work under any other Contracts with the Contractor or other Contractors without prior written approval from the Company.

1.31 Kuwaitisation Provisional Sum

All reimbursable amount pursuant to this Guideline shall be catered from the Kuwaitisation Provisional Sum without the need for raising an Adjustment Order.

1.32 Non-Compliance

The Contractor acknowledges that the employment of Kuwaitis is of fundamental importance to the Company's present and future operational and strategic planning. In addition, the Contractor further acknowledges that non-compliance with the requirements of this Cause will disrupt the Company's present and future operational and strategic planning. The amount agreed to be deducted, pursuant to Clause (1.4), represents a reasonable pre-assessment of the losses and damages the Company shall suffer consequent upon the Contractor's breach of this Clause.