

# COMPLIANCE

REGULATIONS

STANDARDS

TRANSPARENCY

## Corporate Governance Regulations for AL Mazaya Holding



MAZAYA

AIM TO LEAD

# CORPORATE GOVERNANCE REPORT

- **First Rule** : Building A Balanced Structure Of The Board Of Directors.
- **Second Rule** : Proper Identification Of Tasks And Responsibilities.
- **Third Rule** : Selection Of Competent Persons For The Membership Of The Board Of Directors And Executive Management.
- **Fourth Rule** : Ensuring The Integrity Of Financial Reports.
- **Fifth Rule** : Laying Down Proper Systems For Risk Management And Internal Control.
- **Sixth Rule** : Promoting Professional Conduct And Ethical Values.
- **Seventh Rule** : Accurate Disclosure And Transparency In The Right Time.
- **Eighth Rule** : Observing Shareholders' Rights.
- **Ninth Rule** : Recognizing The Role Of Stakeholders.
- **Tenth Rule** : Promoting And Enhancing Performance.
- **Eleventh Rule** : Focusing On The Significance Of Social Responsibility.

# Introduction

Corporate governance rules are represented in the principles, systems and procedures which achieve the best protection and balance between the Company's interests, its shareholders and other stakeholders related to it. The fundamental objective of implementing the corporate governance rules is underlined by the Company's being in line with the shareholders' goals which promotes the investors' confidence in the efficiency of the Company's performance and its ability to face crises, as the corporate governance rules regulate the methodology of taking all decisions within the Company and motivate the existence of transparency and credibility for such decisions.

Among the most significant corporate government rules are the protection of shareholders and separating the executive authority which directs the Company's businesses from the board of directors which prepares and reviews the Company's plans and policies, and thus adds assurance and promotes the feeling of confidence in dealing, as well as enable shareholders and stakeholders to efficiently control the Company.

On 27 June 2013, the Capital Markets Authority issued decree No.25 of 2013 in connection with issuing the governance rules for companies subject to its supervision. The issuing of such rules comes under the framework of the provision of article No.(40) of the executive regulation of law No.7 of 2010 in connection with establishing the Capital Markets Authority and Regulation of Securities Activity, that the Authority issues a special system for governance. This is in addition to the provisions of article No.217 of the decree law No.25 of 2012 promulgating the Companies Law and its amendments, which stipulated that "the concerned regulatory bodies shall lay down the corporate governance rules for companies subject to their control, in order to achieve the best protection and balance between the interests of the Company's management, its shareholders and other related stakeholders. Further, it illustrates the requirements which should be fulfilled by the independent members of the board of directors.

Such rules were amended by decree No.48 of 2015 passed on 30/ 6/ 2015, which have been re-enacted within Part Fifteen of the executive regulation of law No.7 of 2010 in connection with establishing the Capital Markets Authority and Regulation of Securities Activity. These rules have been applied on 30/ 6/ 2016 and the amendments thereafter.

The corporate governance rules addressed a number of fundamental principles and requirements upon which the principles of corporate government are established, as well as the methodology of implementing such rules and principles. The methodology illustrates the guideline methods for the mechanism of proper activation of the governance principles, including the existence of a balanced structure of the board of directors which comprises non executive and independent members, outlining the responsibilities and terms of reference of the members of both the board of directors and executive management, method of selection of candidates to the membership of the board of directors and executive management, ensuring the integrity of the financial reports, the necessity of availability of proper systems for risks management and internal control, keenness to foster professional conduct and ethical values, the significance of the existence of mechanisms for disclosure and transparency mechanisms, protection of the shareholders' rights, recognizing the role of stakeholders and controlling the conflict of interests, promoting and enhancing performance, as well as stressing on the significance of the social responsibility shouldered by companies.

Keeping in line with the positive moves taken by the Capital Markets Authority through the rules, regulations and decrees through which it seeks to enhance the work environment, transparency and protection of shareholders, and as the Company is keen to implement all the laws, legislations, decrees and practices which are in line with its principles and professional foundations leading the Company's work for the interest of its valuable shareholders, the Company always aims at focusing its efforts through the integrated team to implement all the laws and decrees in the required professional manner in the specified time.

# First Rule

## Building a Balanced Structure of the Board of Directors

• The board of directors' role represents the balance point which acts to achieve the objectives of the shareholders and follow up the executive management of the Company. The board of directors aims at achieving the Company's strategic objectives through the executive management's undertaking of the tasks entrusted to it in a perfect manner. Whereas the board of directors' decisions has a large effect on the Company's performance and the safety of its financial position, therefore the Company addressed concern that its board of directors consists of a sufficient number of members (five members) to permit it to form the required number of committees emanating from it under the framework of the corporate governance rules. The composition of the board of directors has taken into consideration the diversity in experiences and specialized skills to contribute in fostering competence in taking decisions. Further, all members of the board of directors are non executive members. The board comprises of two independent members (which fulfils 20% of the board of directors composition). The Company board of directors assigns the sufficient time to undertake its mandated tasks and responsibilities, including preparation for the meetings of the board and the board committees, keenness for attending these meetings, as well as organize meetings of the Company board of directors according to the provisions of the law and the corporate governance rules. Further, a special register has been created in which the minutes of the board meetings are written in serial numbers for the year in which the meeting was held, indicating the venue of the meeting, its date, starting and ending hour. The board has appointed the board secretary from among the Company personnel and determined his tasks according to the corporate governance rules in line with the responsibilities mandated to him. Further, the tasks and responsibilities of each of the board of directors and executive management were clearly outlined in the policies and regulations approved by the board which reflect the balance in the powers and authorities between each of the board of directors and executive management, and so that none of the parties has absolute authority, in order to facilitate the Company's operations.

The current board of directors consists of five members and one secretary as follows:

Name	Member classification	Academic qualification and work experience	Election date / Re-appointment of the secretary
Mr. Rashid Yaccoub Al Nafisi Chairman	Non executive	Bachelor's degree in accounting	17/ 03 / 2022
Mr. Eid Abdallah Al Rasheedi Vice chairman	Non executive	Bachelor in Economics, Management and Organization	17/ 03 / 2022
Mr. Ali Abdulrahman Al Shaya Board member	Independent	Technology Institute	17/ 03 / 2022
Mr. Abdulhamid Deeb Mihrez Board member	Non executive	Bachelor of Science and Master of Business Administration (Finance major)	17/ 03 / 2022
Mr. Mohamed Khaled Othman Al Othman Board member	Independent	Business Administration	17/ 03 / 2022
Eng. Ibrahim Abdulrahman Al Soqabi Group CEO	BOD Secretary	Bachelor of Civil Engineering and Master of Business Administration	17/ 03 / 2022

## Summary of the members of the Board of Directors, including the academic qualifications and work experience:

### 1- Mr. Rashid Al Nafisi (Chairman)

Received his Bachelors in Commerce Emphasis in (Accounting) from the Faculty of Commerce, Economics & Political Science - Kuwait University. In more than 44 years of business administration, real estate development and management, Mr. Rashid Al Nafisi has a track record of diverse achievements. The multiple roles he has taken on over the past decades underline the breadth of his scientific and practical experience, as well as his distinct management skills. He has previously served as the General Manager of Al Nafisi United Group and the Director of Real Estate Loans Administration at the Kuwait Real Estate Bank. He has also served on the board of a number of companies and banks, including Kuwait business town real estate Co., the Commercial Bank of Kuwait, Kuwait Asia bank, Kuwait Airways Corporation, Mr. Rashid Al Nafisi was also the Chairman of the Board of Directors of the National Investments Company.

, a member of the Board of Directors of Mazaya Qatar Real Estate Company and Majan Development Company. He has extensive experience in the field of real estate development and contracting and he is managing his own business, Currently, Mr. Rashid is the Chairman of Al Mazaya Holding Company since its inception.

### 2- Mr. Eid Abdallah Al Rasheedi (Vice Chairman)

Mr. Eid Abdallah Alrayeres Al Rasheedi has obtained the bachelor's degree in Economic and Administration and Organization, from Kuwait University. Mr. Eid Al Rasheedi started his working with Kuwait Investment Authority at American Investments Department. He started his career by having training programs in New York USA with Morgan Stanley, Chase Manhattan, and Citigroup for three years in financial and investment analysis, asset management, risk management, financial engineering and global asset allocations. He is characterized by multiple positions that he held, where he held the position of the director of American Investments Department at Kuwait investment authority (KIA) - Kuwait, the president & CEO of Kuwait investment Office (KIO) in London UK (2003-2012-), the CEO of Al Asas Holding Group. He is currently the President and CEO of Rayyes Capital-Jersey ISLAND. Mr. Eid Al Rasheedi was a member of the Board of Directors of Companies, Banks, Cultural, Social and Economic Societies (American economic Societies, European economic Societies and Kuwait economic Societies) further, he has multiple memberships in various committees in Kuwait, London UK and USA.

### 3- Mr. Abdul Hamid Mihrez (Board Member)

Holds the designation for CFA Since 2005 and received his MBA (Emphasis in Finance) from the Lebanese American University (LAU) & holds a Bachelor of Science from the American University of Beirut (AUB).

Abdul Hamid is a seasoned C-level investment professional with more than 22 years of experience in asset management, investment banking, and wind-down management. he has a proven track record of value creation, exit strategies, and quality deliverables, leading and co-leading investment banking transactions worth -USO 800 million and winding down difficult assets in excess of USD 800 million. Mr. Mihrez is a solution-driven and well-focused professional, with a passion for working out businesses, innovation, and social impact. He also has been serving as a board member for a number of leading companies in the region.

**4- Mr. Mohammad Al Othman (Independent - Board Member)**

Mr. Al-Othman received his degrees in Business Management from the Australian College of Kuwait, and holds a number of professional Certificates Specifically related to the real estate sector such as Real-Estate evaluation, Theoretical Methods and Operational Implementation, International School of Professional Development, Effective Sales Tools and Techniques in Real Estate Perspectives, Strategic Sales Skills For Real Estate Professionals, and Essential Sales Skills For Real-estate Professionals from different professional real-estate institutions. Mr. Al-Othman is currently the Managing Director of Shether Group Company. Previously, Mr.Mohammad was the Marketing & Leasing Manager for Al Hamra Real-Estate Company responsible for marketing the commercial components of Al Hamra Project. Also, Mr.Al-Othman was a board member in Al Hamra Cinema Company. He conducted many Real- Estate market research and analysis in both the retail and office space segment for Ajial Real-Estate & Entertainment Company and Al Jal Real-Estate Services Company.

**5- Mr. Ali Abdulrahman Al Shaya (Board Member- Independent)**

Holds a diploma from the Institute of Technology. Mr. Ali Alshaya held a number of respectful positions, such as working in the Ministry of Commerce as Head of the Consumer Protection Department. He also held the position of Chairman of the Board of Directors of Qortoba Real Estate Company in Egypt (20062020-) and he is a member and founder of Alshaya Health Care Medical since 2010 until now, and Mr. Ali holds the position of founder and member of the Board of Directors of each of the Pearl Privatization Company for General Trading and Contracting, Pearl Al-Shaya Company for General Trading and Contracting, and Al-Shaya National Company for General Trading and Contracting.

**6- Eng. Ibrahim Abdulrahman Al Soqabi (Group CEO / BOD Secretary)**

Holds a Master of Business Administration (MBA) from Maastricht University and a Bachelor of Science in Civil Engineering from George Washington University, DC, USA, and He has further participated in several Executive Training Programs provided by Harvard Business School and INSEAD. Over all, he possesses a cumulative practical experience of 22 years, diversified among the fields of Civil Engineering, Real estate developing, Corporate and project management, Risk Analysis, Enterprise and Corporate Governance, within and outside kuwait; however, most notably, his strategic and leading role as a Chief Executive Officer during the past 16 years. Mr. Al Soqabi was successful in transforming Kuwaiti companies into leading companies operating inside and outside Kuwait, thus encompassing under numerous subsidiaries through both inorganic and organic growths, which have been undertaking several activities at the local, regional and international markets, such as Gulf Cooperation Council (GCC) States, Turkey, and Hong Kong. Currently, he holds the Group CEO position for Mazaya Holding. Mr. Al Soqabi held several board positions in reputable listed companies such as First Dubai Real Estate, Al Tijaria Commercial Real Estate, Al Enma' Real Estate (ERESCO), Kuwaiti Manager Co. for Contracting, Baitek Real Estate, and Al Masaken Real Estate. He is currently the Chairman of Mazaya Real Estate Development Co., KSC.

- The Company board of directors held 14 meetings during 2023 whereby meetings, all were held at the company premises and also through using the electronic communication tools . Total resolutions issued are (30) in addition to 5 resolutions by circulation detailed as follows:

Name	Board Meetings 2023													
	Meeting No.1 date on	Meeting No.2 date on	Meeting No.3 date on	Meeting No.4 date on	Meeting No.5 date on	Meeting No.6 date on	Meeting No.7 date on	Meeting No.8 date on	Meeting No.9 date on	Meeting No.10 date on	Meeting No.11 date on	Meeting No.12 date on	Meeting No.13 date on	Meeting No.14 date on
18/1/2023	06/02/2023	22/03/2023	05/04/2023	04/05/2023	14/06/2023	06/07/2023	03/08/2023	10/08/2023	31/08/2023	07/09/2023	18/10/2023	14/11/2023	03/12/2023	
<b>Mr. Rasheed Yaccoub Al Nafisi</b> Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<b>Mr. Eid Abdallah Al Rasheedi</b> Vice Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<b>Mr. Abdul Hamid Mihrez</b> - Board Member	✓	✓	✓	✓	✓	✓	✗	✗	✓	✓	✓	✓	✓	✓
<b>Mr. Mohamed Al Othman</b> - Board Member independent	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<b>Mr. Ali Al Shaya</b> - Board Member independent	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

- Implementation of the registration and coordination requirements and keeping the Company board of directors meeting minutes

The board of directors secretary assists the board of directors on continuous and constant basis to ensure that they receive all the required information. Further, he assists the chairman with all matters related to the preparation of the agendas of the board meetings, issuing invitations to the board members, forwarding all the documents and information relevant to the agenda through the Board vantage program or by Email or delivery by hand at least three working days in advance of the meeting date, registering all the decrees and discussions held between the members, registering the results of voting of the members on the decrees, and coordinate and keep all the documents discussed during the meetings.

#### The declaration of the independent member.

The independent member signed a declaration acknowledging that he meets the independence controls stipulated in the provisions of the executive regulations of the Capital Markets Authority Law.

التاريخ: 2022/03/17

**إقرار عضو مجلس الإدارة المستقل**

أقر أنا/ محمد خالد عثمان العثمان ببطاقة مدنية رقم 281121800606 المنتخب عضواً مستقلاً بمجلس إدارة شركة المزاييا القابضة ش.م.ك.ع (قابضة) بالجمعية العامة العادية للشركة المنعقدة بتاريخ 2022/03/17 بأنه تتوفر لدى شروط الاستقلالية على النحو الوارد في المادة (3-2) من الفصل الثاني من الكتاب الخامس عشر (حوكمة الشركات) من اللائحة التنفيذية للقانون رقم 7 لسنة 2010 بشأن إنشاء هيئة أسواق المال وتنظيم نشاط الأوراق المالية وتعديلاته وأقر بالآتي:

1. أنني لا أملك ما نسبته خمسة في المئة أو أكثر من أسهم الشركة.
2. أنه ليست لدى صلة قرابة من الدرجة الأولى مع أي من أعضاء مجلس إدارة الشركة أو إدارتها التنفيذية أو في أي شركة من مجموعتها، أو الأطراف الرئيسية ذات العلاقة بالشركة.
3. أنني لست عضواً بمجلس إدارة أي شركة من مجموعة شركات المزاييا
4. أنني لست موظفاً بالشركة أو بأي شركة من مجموعتها أو لدى أي من أصحاب المصالح
5. أنني لست موظفاً لدى أي شخص اعتباري يملك حصص سيطرة في الشركة.

كما أقر بأنه تتوفر لدى المؤهلات والخبرات والمهارات الفنية التي تتناسب مع نشاط الشركة.

وفي حال انتفت عن صفة الاستقلالية أتعمد بإخطار مجلس إدارة الشركة على الفور التزاماً مني بقواعد حوكمة الشركات.

المقر بما فيه

الاسم: محمد خالد عثمان العثمان

التوقيع: .....

التاريخ: 2022/03/17

**إقرار عضو مجلس الإدارة المستقل**

أقر أنا/ علي عبد الرحمن أحمد الشايح ببطاقة مدنية رقم 261112800032 المنتخب عضواً مستقلاً بمجلس إدارة شركة المزاييا القابضة ش.م.ك.ع (قابضة) بالجمعية العامة العادية للشركة المنعقدة بتاريخ 2022/03/17 بأنه تتوفر لدى شروط الاستقلالية على النحو الوارد في المادة (3-2) من الفصل الثاني من الكتاب الخامس عشر (حوكمة الشركات) من اللائحة التنفيذية للقانون رقم 7 لسنة 2010 بشأن إنشاء هيئة أسواق المال وتنظيم نشاط الأوراق المالية وتعديلاته وأقر بالآتي:

1. أنني لا أملك ما نسبته خمسة في المئة أو أكثر من أسهم الشركة.
2. أنه ليست لدى صلة قرابة من الدرجة الأولى مع أي من أعضاء مجلس إدارة الشركة أو إدارتها التنفيذية أو في أي شركة من مجموعتها، أو الأطراف الرئيسية ذات العلاقة بالشركة.
3. أنني لست عضواً بمجلس إدارة أي شركة من مجموعة شركات المزاييا
4. أنني لست موظفاً بالشركة أو بأي شركة من مجموعتها أو لدى أي من أصحاب المصالح
5. أنني لست موظفاً لدى أي شخص اعتباري يملك حصص سيطرة في الشركة.

كما أقر بأنه تتوفر لدى المؤهلات والخبرات والمهارات الفنية التي تتناسب مع نشاط الشركة.

وفي حال انتفت عن صفة الاستقلالية أتعمد بإخطار مجلس إدارة الشركة على الفور التزاماً مني بقواعد حوكمة الشركات.

المقر بما فيه

الاسم: علي عبد الرحمن أحمد الشايح

التوقيع: .....

# Second Rule

## Proper Identification of Tasks and Responsibilities

- **The corporate governance framework approved by the board of directors reflects the current tasks and responsibilities of the board of directors, in line with the corporate governance rules, which are summarized in the following:**
- The corporate governance framework approved by the board of directors reflects the current tasks and responsibilities of the board of directors, in line with the corporate governance rules, which are summarized in the following:
  - 1) Approval of the significant goals, strategies, plans and policies of the Company, including:
    - a) Laying down the comprehensive strategy for the Company for the main action plans, their revision and direction.
    - b) Preparation of the Company capital structure and its financial objectives.
    - c) Laying down performance objectives, control of execution and comprehensive performance of the Company.
    - d) Regular review and update of the organizational and job structures of the Company.
  - 2) Approval of the annual estimated budgets and approval of the interim and annual financial statements.
  - 3) Review of the periodical reports received from the executive management in connection with the progress achieved in the Company activity in light of the Company's strategic plans and objectives.
  - 4) Supervising the major capital expenditures of the Company, acquisition and disposal of assets.
  - 5) Verify the extent of the Company's compliance with the policies and procedures which ensure the Company's observance of the applicable internal systems and regulations, with support of the Board of Directors' Audit Committee and Risk Management Committee.
  - 6) Ensure the accuracy and soundness of the information and data which should be disclosed according to the applicable disclosure and transparency policies and rules.
  - 7) Overall supervision over the company governance system which is approved by the board of directors and controlling the extent of its efficiency and amending it if required in a manner which does not contradict with the corporate governance rules issued by the Capital Markets Authority.
  - 8) Follow up the performance of each member of the board of directors and executive management according to the objective key performance indicators (KPIs), with the support of the Board's Nominations and Remunerations Committee.
  - 9) Reading the Company Corporate governance report (Prepared by REMCO) in the annual general assembly of the Company, which comprises the requirements and procedures for completing the corporate governance rules and extent of compliance with them.
  - 10) The Board Audit Committee, Risk Management committee, Nomination & Remuneration committee and Strategic financial planning committee were formed on 31/2022/03/ and the charters of the committees were prepared which outline the committee's duration, authorities, responsibilities. Furthermore, the committees composition resolutions include the members names, outlining their duties, rights and tasks, in addition to the evaluation and performance and works of such committees and their key members according to the details set forth under this report.
  - 11) Follow up the work in accordance with the financial and administrative authorities delegated to the executive management.
  - 12) Revision of the corporate governance report templates and submission to CMA within the requested deadline.



• **The Company governance framework, approved by the board of directors, reflects the current tasks and responsibilities of the chairman for 2023 in line with the corporate governance rules, summarized in the following;**

- 1) Ensure the board's discussion of all fundamental matters efficiently and in the proper time.
- 2) Support and assist the executive management and almost daily coordination with the CEO to follow up the operations of the holding company and subsidiary companies.
- 3) Represent the Company towards third parties, as stipulated under the Company articles of association.
- 4) Encourage all members of the board of directors to participate completely and efficiently in transacting the Board affairs to ensure the Board's undertaking of actions in favour of the Company.
- 5) Ensure actual communication with the shareholders and submit their opinions to the board of directors.
- 6) Encourage constructive relations and efficient participation between each of the board and the executive management.
- 7) Create a culture encouraging constructive criticism on the issues on which there is a disagreement in views between the board members.

• **The Company has a qualified executive management team with a high standard of competence. The corporate governance framework reflects the current tasks and responsibilities of the executive management, with which it complies, in light of the powers and authorities granted and approved by the board of directors. The following are the major achievements of the executive management during the year 2023:**

- 1) Execution of all the Company internal policies, rules and regulations, as approved by the board of directors.
- 2) Execution of the annual strategy and plan approved by the board of directors which includes for example, the following tasks:
  - Selling all shares of the subsidiary (Ritim Istanbul) in the Republic of Turkey.
  - Distribution of interim dividends for the financial period ending on 31 /03/ 2023 as free bonus shares from Treasury shares at a rate of 2% to the shareholders.
  - Initiating and proceeding with the merger procedures by amalgamation between Al Mazaya Holding Company K.S.C.P. (Holding Company) (the merging company) and First Dubai Real Estate Development Company K.S.C.P. "First Dubai" (the merged company) and obtaining all necessary approvals from the relevant regulatory authorities.
  - Extending banking facilities granted to the company by some local banks.
  - Assisting in selling lands owned by a subsidiary in the United Arab Emirates.
  - Assisting one of the subsidiary companies in swapping the rights to purchase real estate (CREDIT NOTE) with (4) real estate units in the Palms Jabel Ali project in the Emirate of Dubai, United Arab Emirates.
- 3) Prepare periodical reports (financial and non financial) in connection with the projects and progress made in the Company's business, present such reports to the board of directors including feasibility studies, financial and technical reports on the company's current and emerging projects and activities, including:
  - Sky Court
  - Q-Point
  - Ritim Istanbul mall Project – Turkey.
  - Oman Residence Project Zone 1 & Zone 2 – Sultanate of Oman.
  - Mazaya Clinic 2 ( Sabah Al Salem )– Kuwait.
  - Mazaya Clinic 3 (Bnaid AlQar) -Kuwait
  - Mazaya Clinic 4 Hawally – Kuwait
  - Mazaya Clinic 5 Jabriya – Kuwait
  - Mazaya Clinic 6 Samiyah – Kuwait
  - Mazaya Clinic 7 Jahraa – Kuwait.
  - Mazaya Clinic 8 (Sabah Al Salem) – Kuwait
  - Mazaya Towers – Kuwait
  - Clover Center Jabriya – Kuwait
  - Mazaya logistics – Kingdom of Bahrain
  - Sky Gardens – UAE
  - Indigo – UAE
  - Almaather Towers – KSA
  - AlOlayya Tower – KSA
  - Jeleeb Al-Shuyoukh complex

- Lay down an integrated accounting system which keeps records, registers and accounts that reflect in detail and accurately the financial statements and income accounts, which permit preserving the Company's assets and preparation of the financial statements according to the international accounting standards approved by the Capital Markets Authority. The advanced accounting system (Microsoft D365 F&O) provides the ability to issue consolidated financial statements at the company and subsidiary level with high efficiency and quality.
- Manage daily work and direction of the activity, in addition to the management of the Company resources in the optimum manner, gratify profits and reduce costs, in line with the Company goals and strategy.
- Efficient participation in the building and development of ethical values culture in the Company.
- Lay down internal control systems and risks management, and ensure the efficiency and sufficiency of such systems, and concern for compliance with the risks appetite approved by the board of directors.
- Development of the infrastructure for information technology to provide the required data and information to take decisions in line with the Company expansion requirements and strategy The Company has developed an IR Application that allows them to quickly access information about the company's current performance, as well as access to historical information and latest development.
- Lay down a clear working mechanism in connection with following up the regulatory decrees and law relevant to the Company's nature of work in order to ensure strict compliance and implementation of the same.
- Prepare the key performance indicators (KPIs) for all the Company personnel and evaluate their accomplished tasks in a periodical manner.
- Form the Employees Relations Committee (ERC) which reviews the grievances submitted by personnel and submits recommendation in this respect to the Group CEO in the right time and in strict confidence.

#### • Board of Directors Committee

##### 1) Audit Committee:

The Audit Committee is formed of three members according to the board of directors decree dated 31 March 2022

Committee members	Post	Member classification	Committee Meetings							
			1/2023	2/2023	3/2023	4/2023	5/2023	6/2023	7/2023	8/2023
Mr. Abdulhameed Mohamed Mihrez	Committee chairman	Non executive	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Mohamed Khaled Al Othman	Committee member	Independent	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Eid Abdallah Al Rasheedi	Committee member	Non executive	✓	✓	✓	✓	✓	✓	✓	✓
<b>Committee duties</b>	<ul style="list-style-type: none"> <li>- Review of the periodical financial statements before presenting them to the board of directors, express the opinion and recommendation in this respect to the board of directors for the purpose of ensuring the fairness and transparency of financial reports, ensure the soundness and integrity of the financial reports and the Company internal control systems. The Committee held its periodical (quarterly) meetings in which the financial reports issued by the Company financial sector and the external auditor's office were discussed. The Committee submitted a recommendation for their approval to the board of directors. The financial reports guarantee and integrity mechanism forms were signed for each quarter</li> <li>- Follow up of the external auditors' works and ensure that they only submit the services required by the auditing profession to the Company.</li> <li>- Study the external auditors' remarks on the Company financial statements and follow up the developments in this respect.</li> <li>- Study the applicable accounting policies and express the opinion and recommendation to the board of directors in this respect.</li> <li>- Technical supervision over the Internal Audit Unit in the Company in order to verify the extent of its efficiency in executing the works and tasks outlined by the board of directors.</li> <li>- Evaluate the extent of adequacy of the internal control systems applied in the Company and prepare a report comprising the opinion and recommendation of the Committee in this respect.</li> <li>- Reviewing the internal audit reports submitted by the internal auditor and providing feedback. The committee reviewed the progress of the internal audit work for the various divisions / departments of the company. The Committee also reviewed the responses of the concerned divisions/departments and verified that the necessary corrective measures have been taken in connection with the observations raised in the reports</li> <li>- In connection with the reports of the regulators, there were no remarks issued.</li> <li>- Review of the annual report of the Legal and Compliance Department.</li> <li>- Recommend to the Board of Directors the appointment and reappointment of external auditors or change them and determine their fees. The committee recommended to approve appointing of (RSM Al-Bazie &amp; Co.) Certified Public Accountants as an external auditor to the company, taking into consideration the mandatory auditor rotation period.</li> <li>- Recommend the reappointment of Protiviti to the Board of Directors to conduct the internal audit service in accordance with the regulations and laws.</li> <li>- Recommend the appointment of Grant Thornton to the Board of Directors to conduct the ICR of the Company in accordance with the regulations and laws.</li> </ul>									

for a period of three years.

## 2. Risk Management Committee

**The Risk Management Committee is formed of three members according to the board of directors' decree issued on 31 March 2022 for a three years period.**

Committee members	Post	Member classification	Committee Meetings						
			1/2023	2/2023	3/2023	4/2023	5/2023	6/2023	7/2023
Mr. Eid Abdallah Al Rasheedi	Committee chairman	Non executive	✓	✓	✓	✓	✓	✓	✓
Mr. Ali Abdulrahman Al Shaya	Committee member	Independent	✓	✓	✓	✓	✓	✓	✓
Mr. Mohamed Khaled Al Othman	Committee member	Independent	✓	✓	✓	✓	✓	✓	✓
<b>Committee duties</b>	<ul style="list-style-type: none"> <li>- Prepare and review the Risk Management Unit's strategies and work methodology and submit them to the board of directors, ensure the execution of such strategies and policies and that they are suitable with the nature and size of the Company's activities.</li> <li>- Ensure the availability of the sufficient resources and systems for risk management.</li> <li>- Evaluate the systems and mechanisms for determining, measuring and following up the various types of risks to which the Company may be exposed, in order to determine their shortcomings.</li> <li>- Assist the board of directors to identify and evaluate the acceptable level of risks in the Company, ensure that the Company does not exceed this level of risks following its approval by the board of directors.</li> <li>- Review of the transactions and dealings with the related parties and submit suitable recommendations in this respect to the board of directors.</li> <li>- Review the organizational structure of the Risk Management Unit and lay down the recommendations in this respect and submit them to the board of directors. The Risk Management unit now reports directly to the Risk Management Committee in accordance to the latest amendment issued by the Capital Markets Authority. It has been recommended to mandate the tasks of the Risks management to Boubyan Consulting to prepare periodical reports concerned with the management and assessment of the Company risks.</li> <li>- To ensure that the entity in charge of management has full understanding of the risks surrounding the Company.</li> <li>- Prepare reports on the nature of risks to which the Company is exposed and submit such reports to the Company board of directors.</li> </ul>								

### 3. Nominations and Remunerations Committee:

The Nominations and Remunerations Committee is formed of three members according to the board of directors' decree issued on 31 March 2022 for a three years period.

Committee members	Post	Member classification	Committee Meetings	
			1/ 2023	2/ 2023
Mr. Rashid Yaccoub Al Nafisi	Committee chairman	Non executive	✓	✓
Mr. Mohamed Khaled Othman Al Othman	Committee member	Independent	✓	✓
Mr. Abdulhameed Deeb Mihrez	Committee member	Non executive	✓	✓
<b>Committee duties</b>	1) Recommend the acceptance of the nomination and re-nomination of members of the board of directors and executive management. 2) Review the remunerations policy of the board of directors and executive management members, determine the various segments of remunerations to be granted to employees such as the fixed remunerations segment, performance related segment, remunerations in the form of shares segment, end of service indemnities, benefits, advantages and other allowances segment, and review of the employees annual evaluation reports. 3) Lay down the job description for the non executive members and independent members. 4) Ensure that the independence status of the independent board member is maintained. 5) Prepare the corporate governance report on an annual basis including the total of the remunerations offered to members of the Board of Directors, executive management and managers, whether they are in the form of amounts, benefits or privileges, regardless of their type and name, direct or indirect, through the company or its subsidiaries			

### 4. Strategic Financial Planning committee:

The Committee has been composed of three members according to the board of directors' resolution issued on 31 March 2022 and for a period of three years.

Committee members	Post	Member classification	Committee Meetings			
			1/ 2023	2/ 2023	3/ 2023	4/ 2023
Mr. Rashid Yaccoub Al Nafisi	Committee chairman	Non executive	✓	✓	✓	✓
Mr. Abdulhameed Mohamed Deeb Mihrez	Committee member	Non executive	✓	✓	✓	✓
Mr. Ali Abdulrahman Al Shaya	Committee member	Independent	✓	✓	✓	✓
<b>Committee duties</b>	1) Assist in the development and implementation of strategy, operational plans, and budgets. 2) Review the operational and financial performance. 3) Contribute in prioritizing and allocating resources. 4) Study the feasibility of entering into Proposed new projects and approving them. 5) Study the exit from projects / investments. 6) Facilitate decision-making on matters of importance that require immediate decisions.					

The Board of Directors obtains the information and data of the company and the Board meetings from the Board Secretary and the Chairman through the board vantage program or through e-mail or delivery by hand at least three working days before the date of the meeting and at any time the board member wishes to obtain Information and data.

# Third Rule

## Selection of Competent Persons for the Membership of the Board of Directors and Executive Management

- Nominations and Remunerations Committee

The nomination mechanism to the membership of the board of directors and executive management ensures the continuation of attracting and selecting competent staff to join the membership of the board and executive management. Further, the Company's mechanism of offering remunerations was laid down by Hay Group Company, and approved by the board of directors and the Company general assembly, in order to keep competent staff and attract new competencies and to assist in fulfilling the Company's objectives and its progress. The Company board of directors has re-composed the Nominations and Remunerations Committee to consist of three non executive members of the Board, with one of its members as independent member. The board has specified the Committee membership tenure and its working method, as well as indicated the powers and responsibilities of the Committee in its charter, approved by the board. Further, the Company articles of associations stipulates a clear policy for offering remunerations to the chairman and members of the board of directors. Further, the Company remunerations policy is based on the following principles:

- Compliance with the provisions of the Companies Law and the relevant laws.
- Taking into consideration attracting and maintaining the best competent personnel.
- Ensure equality within the Company and competitiveness outside the Company.
- Transparency in offering remunerations

Board Members' Remunerations:

- The applicable remunerations and incentives system in the Company, particularly those related to the board members, has the highest transparency criteria, as stipulated by the governance rules, whereby the following are adhered to:
  - The Board remunerations system complies with the provision of article 198 of the Companies Law No.1 of 2016 that it is inadmissible to estimate the total remunerations of the board of directors members by more than ten percent of the net profit after deducting depreciation, reserves and distribution of a profit not less than five percent of the capital to shareholders or any higher percentage stipulated by the Company memorandum
  - The board members' remunerations shall be approved by the general assembly, pursuant to the recommendation of the Nominations and Remunerations Committee
  - The independent board of directors member may be exempted from the aforesaid remunerations maximum limit pursuant to the approval of the ordinary general assembly.

### **Executive management remunerations and incentives:**

The remunerations system of the executive management is associated with the key performance indicators (KPIs) for the executive management and the results realized by the Company, and includes the following:

Fixed remunerations:

- The level of the responsibilities entrusted to the employee, his/ her occupational progress, experiences and competences are taken into consideration.
- Fixed remunerations are determined, including the amounts, allowances, benefits and privileges, according to the job grades approved by the board of directors.

### **Performance related remunerations:**

- Performance related remunerations are associated with achieving predetermined goals for each of the executive management and the Company.
- Performance related remunerations were laid down to motivate the executive management to double up the efforts and achieve the required goals.
- Performance related remunerations are reviewed and determined annually

### Remunerations in the form of shares:

- As per the remunerations and incentives system approved by the general assembly, remunerations related to performance are offered to the executive management in the form of shares for specific job grades.

Remunerations given to the Board of Directors and executive management and managers:

Remunerations and benefits for board members						
Total number of members	Remunerations and benefits through the parent company			Remunerations and benefits through subsidiaries		
	Fixed Remunerations and benefits (KD)	Variable Remunerations and Benefits (KD)		Fixed Remunerations and benefits (KD)	Variable Remunerations and Benefits (KD)	
	Monthly car Rental (total during the year)	Annual Remunerations	Committees Remunerations	Monthly salaries and fixed remunerations (total during the year)	Annual Remunerations	Committees Rewards
5	3,787	-	80,000	-	-	-

The total remunerations and benefits granted to five of the senior executives who received the highest remunerations, in addition to the CEO and the Chief Financial Officer or whoever acts in their capacity if they are not among the senior executives.

Total number of executive positions	Remunerations and benefits through the parent company						Remunerations and benefits through subsidiaries					
	Fixed Remunerations and benefits (KD)					Variable Remunerations and Benefits (KD)	Fixed Remunerations and benefits (KD)					Variable Remunerations and Benefits (KD)
	Monthly salaries (total during the year)	health insurance	Annual tickets	Trans- portation allowance	Children's education allowance	Annual bonuses	Monthly salaries (total during the year)	health insurance	Annual tickets	Trans- portation allowance	Children's education allowance	Annual bonuses
5	412,560	8,800	13,000	12,000	17,000	168,530	-	-	-	-	-	-

There are no material deviations from the remuneration policy approved by the Board of Directors

# Fourth Rule

## Ensuring the Integrity of Financial Reports

- **Board of directors and executive management undertakings for the soundness and integrity of the financial reports**

The soundness and integrity of the Company financial statements are among the most significant indicators of the integrity and credibility of the Company in presenting its financial position, which increases the confidence of shareholders and investors in the statements and information provided and disclosed by the Company to its shareholders. The Company executive management undertakes to the Company board of directors in writing that the Company financial reports are presented fairly and properly, and that they reviewed all financial aspects of the Company for the operational data and results, as well as being prepared according to the approved international accounting standards by the Authority. Further, the annual report submitted to shareholders by the Company board of directors comprises the undertaking of the soundness and integrity of all the financial statement as well as the reports relevant to the Company's activity. The said undertakings contribute in fostering accountability, whether the executive management's accountability by the board of directors or the board of directors' accountability by the shareholders.

- **Audit Committee Composition**

The Company has re-composed the Internal Audit Committee of three non executive members of the board of directors, including the independent member, who enjoy specialized experiences which are consistent with the nature of the Company's activity and enjoys full independence. Further, the Committee members include a member holding academic qualifications and practical experience in the accounting and financial field. The board has determined the Committee membership tenure and method of its work, as well as outlined the powers and responsibilities of the Audit Committee in its charter approved by the Board. The Committee met eight times in 2023. Further, it met with the Company external auditors and internal auditor.

- **During the Committee's work, there was no contradiction between the Audit Committee's recommendations and the board resolutions.**

- **Independence and neutrality of the Company external auditor**

- The Company ordinary general assembly appoints/re-appoints the Company auditor pursuant to the board of directors' resolution. The nomination of the auditor is pursuant to the recommendation of the Audit Committee. The Audit Committee takes into consideration that the auditor is registered in the Authority's special register, whereby he satisfies all the requirements of the Authority decree in connection with the auditors registration system, as well as ensure that the external auditor is independent of the Company and its board of directors, and does not undertake additional works for the Company which are not included within the auditing works, which may affect impartiality or independence. The Audit Committee holds discussion with the external auditor before submitting the annual accounts to the board of directors to take the decision in this respect.

- The external auditor prepares the annual ordinary general assembly meetings of the Company and reads the report prepared by it to the Company shareholders.

# Fifth Rule

## Laying Down Proper Systems for Risk Management and Internal Control

### • Risk Management Unit

The Company contracted with Boubyan Consulting, which is an independent external office for risk management in order to identify and measure the risks to which the Company is exposed. The Company organizational structure (approved by the board of directors) comprises the independent unit for risk management, which operates basically for measuring, following up and controlling all types of risks facing the Company and is directly accountable for the Risk Management Committee. The external office laid down the effective systems and procedures for risk management by preparing the working methodology of the Risks Department and the job description of the risk officers in order for the Company to be capable of performing its main tasks represented in measuring and following all types of risks to which the Company is exposed. Further, the external office worked to develop the periodical reports system, as it is considered as one of the significant tools in the process of following up risks and controlling their occurrence. The personnel in charge of the external office enjoy independence as they are accountable directly to the board of directors. Furthermore, they enjoy a great extent of authorities in order to carry out their tasks in a perfect manner, and have no financial powers or authorities. The external office has available the qualified staff possessing the professional competencies and technical capacities. In the event of the existence of transactions or dealings carried out by the Company with related parties, the external office reviews the transactions and dealings and presents the suitable recommendations in this respect to the board of directors.

### • Risk Management Committee

The Risk Management Committee consisting of three non executive members of the board of directors, including 2 independent members, have been re-composed. The board has outlined the membership tenure of the Committee membership and its working method. Further, it has stipulated the powers and duties of the Risk Management Committee within its charter, approved by the board. The Committee met Seven times in 2023 and discussed several topics related to its powers and duties, including the review and study of risks related to a number of the Company projects and submission of reports in this respect.

### • Control systems and internal control:

- The Company has control systems and internal control covering all the Company's activities, which operate to preserve the financial integrity of the Company, accuracy of its data and efficiency of its operations from the various aspects. Further, the Company organizational structure considered the internal control principles for the double control process (Four Eyes Principles), represented in the sound identification of responsibilities and powers, complete segregation in duties and non conflict of interests, inspection and double control, and dual signature, by providing the financial and administrative authorities structure, policies and procedures for the Company's operations, in addition to the information technology systems prepared and designed pursuant to the principle of segregation in duties across the various departments and concerned functions.
- The Company contracted with an independent office Grant Thornton to evaluate and review the internal control systems and prepare a report in this respect (Internal Control Report), whereby the office will prepare the ICR report on the operations of year 2023, which will be submitted to the Capital Markets Authority within 90 days after the end of the fiscal year.
- The Committee has recommended to the board of directors to approve reappointing of Mr. Nayef Musaaed bazie Al Yaseen (RSM Albazie & Co.) as an external auditor to the company certified Public Accountants, taking into consideration the mandatory auditor rotation period.

### • Internal Audit Unit:

The company contracted with Protiviti to carry out internal auditing of the company in accordance with the rules and regulations. It is an independent and highly experienced office in the field of internal auditing. The Company organizational structure (approved by the Board of Directors) comprises of an internal audit unit that reports to the Audit Committee and hence to the Board of Directors. The assigned Audit Office had prepared internal audit reports on the operations of the Company's sectors and departments, including the observations, the resulting impact and the recommendations, in addition to the departmental responses and specific action plans and presented the same to the Audit Committee.



# Sixth Rule

## Promoting Professional Conduct and Ethical Values

- **Professional conduct and ethical values criteria and determinants:**

Establishing the professional conduct and ethical values culture within the Company reinforces the investor's confidence in the integrity of the Company and soundness of its financial statements. The board of directors and executive management, as well as all the Company personnel, complied with the internal policies, regulations, legal and regulatory requirements, leading to the fulfilment of the interests of all parties related to the Company, particularly shareholders, without conflict of interests, and with high level of transparency. The Company governance framework approved by the board of directors comprises a number of determinants and criteria addressing the establishment of the principle of the compliance of each of the board of directors and executive management's members with all the laws and instructions, represent all shareholders and compliance with achieving the interest of the Company, the interest of shareholders and interest of other stakeholders and not only the interest of a specific group. Further, it comprises the board of directors or executive management member's non use of the job influence of the position in order to fulfil a personal interest or any personal goals for him or others, as well as avoiding the use of the Company resources and assets to achieve personal interests, use such assets and resources in the optimum manner to fulfil the objectives of the Company. Further, the Company has laid down a tight system and a clear mechanism preventing the board members and personnel from exploiting the information they accessed by virtue of their position for their personal benefit, in addition to prohibiting the disclosure of information and data of the Company except in the cases permitted by the law, as well as confirming the laying down of procedures regulating operations with the related parties and that there should be a clear segregation between the Company's interest and those associated with the board of directors member through the board's laying down of mechanisms for having the Company interests dominate over the interests of its members. Further, the board member shall comply with disclosure to the board if he has any common interests with the Company, whether directly or indirectly. The board member is also prohibited from participating in the discussion or expressing the opinion or vote on any topics presented to the board in which he has a direct or indirect common interest with the Company. Furthermore, the Company personnel may internally report their doubts on any improper practices or matters raising suspicions in the financial reports, internal control systems or any other matters. The Company permits undertaking an independent and fair investigation of any matter presented to it and guarantee to offer the informer in good faith the confidentiality which ensures his protection against any negative reaction or damage which he may sustain as a result of his reporting of such practices.

- **Policies and mechanisms for controlling cases of conflict of interests**

The Company board has laid down the mechanisms and policies in connection with controlling the cases of conflict of interests, methods of addressing and handling them and updated them as part of the corporate governance framework, taking into consideration the content of the Companies Law.

The policies have indicated that member of the board may notify the board of his personal interest in the businesses and contracts concluded for the Company's account, and that such reporting is confirmed in the minutes of the meeting. The member holding the interest may not participate in voting on the decision passed in this respect.

Furthermore, the chairman shall notify the general assembly upon convening of the businesses and contracts in which one of the board members has a personal interest. This notification shall be enclosed with a report from the auditor.

# Seventh Rule

## Accurate Disclosure and Transparency in the Right Time

- **Mechanisms of accurate and transparent presentation and disclosure which outline the aspects, fields and features of disclosure**

Accurate disclosure is one of the fundamental features and methods for follow up of the Company activities and evaluate its performance, as it contributes in informing the shareholders and investors of the Company structures and activities, as well as the applicable policies by the Company, in addition to evaluating the Company's performance in connection with the ethical criteria. Through the corporate governance framework, the Company board laid down the mechanisms for accurate and transparent presentation and disclosure which outline the aspects, fields and features of disclosure, whether in connection with the topics or elements which should be disclosed. The disclosure method comprise the financial and non financial information and data related to the Company financial position, performance and equity, through disclosure to Boursa Kuwait, the Capital Markets Authority, Dubai Financial Market and the Securities and Commodities Authority (Dubai), in a manner assisting stakeholders to view the Company status in an integrated manner. Further, the Company discloses with complete transparency and accuracy all the information and data in the right time for all the parties and stakeholders without discrimination, as per the disclosure forms approved by the Capital Markets Authority. The board is keen to review all the Company applicable disclosure and transparency systems and mechanisms periodically, and ensure that they are in line with the best leadership practices applicable in this respect, in addition to being consistent with those applicable by the Capital Markets Authority. Further, the Company has prepared the compliance checklist which comprises the identification of the information which should be disclosed, their classification mechanism in terms of their nature or in terms of the periodicity of disclosing them, as per the disclosure and transparency mechanisms and systems of the Company.

- **Board of directors and executive management members' disclosures:**

The Company has a register for the disclosures of the board of directors, executive management members and managers, whereby it includes the disclosures of the percentages of equities and dealing on the Company's shares in addition to the declarations and undertakings submitted in their capacities as insiders, which are updated according to the provisions of the executive regulation of the Capital Markets Authority Law. This register includes all data related to remunerations, salaries, incentives and other financial benefits that were granted directly or indirectly by the company or its subsidiaries. All the Company shareholders are entitled to access this register during the company's working hours. without any fee. Further, the Company updates the details of this register periodically which reflects the reality of the positions of the related parties.

- **Investors Affairs Regulation Unit**

The Company has an Investors Affairs Regulation Unit, which is responsible for providing and making available the required financial data and information and reports to the potential investors. The Investors Affairs Unit enjoys the appropriate independence in a manner permitting it to provide the reports, data and information in the right time and accurately, by directly contacting the Unit through the Company website and the website of Boursa Kuwait and Dubai Financial Market.

- **Development of the information technology infrastructure and reliance on it extensively for disclosure processes**

The Company developed the infrastructure of the information technology it uses and relies upon for all its operations, whereby it uses several programs in its various departments, including for example (Microsoft D365 F&O) in the Finance Department, (Menaitech) in the Human Resources and Administrative Affairs Department, (CRM- Property Management), (Primavera) in the Projects Department, (Boardvantage) program in connection with the board of directors meetings (TEAM-WORK) program in all departments, (Sharepoint) program in the Documents Control Department and purchasing management, it has also been updated by adding the facilities management application, where the application is designed to collect complaints and requests from tenants and for preventive maintenance tasks for building maintenance employees. The application can be used on a computer browser or on a mobile phone., also the DIEHL metering software is used to read electricity consumption electronically in addition to other programs for the use by the Information Technology Department. Further, the Company has a dynamic and effective website which comprises all the information, data and disclosures in connection with the Company's businesses and the latest developments, in addition to a special section on corporate governance as the Company maintains and updates the website periodically.

# Eighth Rule

## Observing Shareholders' Rights

- **Protection of the general rights of shareholders to ensure justice and equality among all shareholders.**

The implementation of the governance rules achieves balance between the Company's objectives and the objectives of its shareholders, protects the rights of shareholders and establishes justice and equality among them. The Company treats all shareholders equally without any discrimination. Under no condition the Company conceals any information or any of the shareholders' rights. In this respect, the Company complies with all the provisions of the law and executive regulation, as well as the instructions and regulatory conditions. Further, the Company's articles of association and the corporate governance framework approved by the board of directors, its internal regulations, procedures and controls required to ensure that all the shareholders exercise their rights to achieve justice and equality, in a manner which does not contradict with the applicable laws and regulations, decrees and instructions issued in this respect. Among the general rights of shareholders guaranteed by the Company are the following:

- Register the value of the shareholders' equity in the Company's records.
- The shareholders' right to transact with the shares including the registration of ownership, its transfer and/or assignment.
- The right of shareholders to obtain the determined share in the profits distributions.
- The right of shareholders to obtain a share of the Company assets in the event of liquidation.
- The right of shareholders to obtain the data and information concerned with the Company activity, operational and investment strategy in a regular and convenient manner.
- The right of shareholders to access the shareholders' register.
- The right of shareholders to participate in the meetings of the general assembly of shareholders and voting on its decrees.
- The right of shareholders to elect members of the board of directors.
- The right of shareholders to control the Company's performance generally and the board of directors' operations in particular.
- The right of shareholders to hold the members of the Company board of directors or executive management accountable, in the event they fail to perform the tasks entrusted to them.

- **Taking into consideration precision and continuous follow up of the shareholders' data**

- For the purpose of continuous follow up of all matters related to the shareholders' details, the Company keeps a register kept with the clearing agency, in which the names of shareholders, their nationalities, domicile and the number of shares owned by each one of them are recorded. The shareholders' register is marked with any changes on the details recorded therein according to the details received by the Company or clearing agency. Every concerned party may request the Company or clearing agency to furnish it with details from this register.
- The details set forth in the Company shareholders' register are dealt with the maximum degrees of protection and confidentiality, in a manner which does not contradict with the law and executive regulation and the instructions and regulatory controls issued by the Authority.

- **Encourage shareholders to participate and vote in the Company general assembly meetings.**

The Company regulates a mechanism of participation in the shareholders general assembly meetings, whereby it takes the following into consideration upon organizing the general meetings of shareholders:

- Address the invitation to shareholders to attend the general assembly meeting, comprising the agenda, time, and venue of organizing the meeting, through announcement according to the mechanism outlined in the executive regulation of the Companies Law.
- The Company illustrates and indicates to shareholders that the shareholder is entitled to authorize another person to attend the general assembly meeting according to a particular power of attorney or authorization prepared by the clearing agency for this purpose.
- The Company permits shareholders before convening the general assembly meeting by a sufficient time to obtain all

the information and details relevant to the agenda items to enable shareholders to take their decisions properly.

- The Company permits the shareholders to effectively participate in the general assembly meetings and discuss the topics listed on the agenda with the associated inquiries related to the aspects of the various activities and address questions in connection with them to members of the board of directors and external auditor. The board of directors or external auditor shall answer the questions by the extent which does not expose the Company interests to damage.

- To enable shareholders holding five percent of the Company capital to add items on the agenda of the general assembly meetings.

- The Company provides the opportunity to all shareholders to exercise the right of voting without placing any hurdles leading to the prohibition of voting, as voting is a genuine right of the shareholder and may not be canceled by any means. The Company guarantees the exercise by all shareholders of this right through the following:

- Shareholders enjoy the rights of voting granted to them, and with the same treatment by the Company.
- The shareholders are able to vote personally or by proxy and giving the same rights and duties to shareholders whether personally or by proxy.
- Inform the shareholders of all the rules controlling the voting procedures.
- Provide all the information concerned with voting rights to each of the current shareholders and potential investors.
- All shareholders are permitted the right of voting on any changes relevant to the shareholders' rights by violation to the meeting of the general assembly of shareholders.
- Voting to select members of the board of directors takes place in the general assembly through the mechanisms stipulated by the Company memorandum and articles of association under the framework stipulated under the Companies Law and its executive regulation, in addition to the Company 's provision of a profile on the candidates to members of the board of directors and the capacity on which he/ she wishes to nominate himself/ herself (executive / non-executive / independent) before voting, which provides to shareholders a clear idea on the professional and technical skills of the candidates, their experiences and other qualifications.
- All categories of shareholders are provided with the opportunity to call into account the board of directors for the tasks entrusted to them.
- Not impose any fees for the attendance of any category of shareholders of the general assembly meeting or offer any preferential advantage to any category over the other categories of shareholders.
- The candidate, as an independent member, must submit a declaration to the Ministry of Commerce and Industry acknowledging that he meets the criteria for independence.
- If it is not possible to meet the minimum required number of independent members of the board of directors through the board of directors members elections at the general assembly meeting, the required number shall be met by replacing the non-independent members of the board of directors who obtained the least votes with independent members who have lost in the election process and this should be completed through a separate election process and the replacement should take place during the same meeting. In case that the members of the Board of Directors were appointed in accordance with the Article 188 of Law No. 1 for the year 2016 of Companies Law, the shareholders who have representatives on the Board of Directors may participate with other shareholders in electing the remaining independent members of the Board of Directors only within the limits of what exceeded the percentage used in appointing their representatives to the board of directors.

# Ninth Rule

## Recognizing the Role of Stakeholders

The Company observes and protects the rights of stakeholders in all its dealings, internal and external transactions. Thus, the Company laid down under the framework of the corporate governance framework policies which include the rules and procedures guaranteeing protection and recognition of the stakeholders' rights, and permit them to obtain compensations if any of their rights are abused, as established by the laws passed in this respect.

The policy approved by the Company in this respect includes the following:

- Dealing with members of the board of directors and stakeholders is carried out according to the same conditions applied by the Company with the various parties of stakeholders without discrimination or preferential conditions.
- The unity and ease of the procedures followed in the event of any default on any parties of its obligations. There is no discrimination between one contract and the other between the stakeholders and the Company.
- Compensate stakeholders if their rights determined by the regulations and protected by the contracts are abused.
- Maintain good relations with the clients and suppliers and preserve the confidentiality of information.
- The mechanism of settlement of any complaints or disagreements which may arise between the Company and stakeholders.

- **Encourage stakeholders to participate in following up the Company's various activities**

For avoiding the conflict of the transactions of stakeholders, whether contracts or transactions with the Company, with the interest of shareholders, it should be taken into consideration that none of the stakeholders receive any advantage through dealing in contracts and transactions which fall within the Company's normal activities. Further, the Company lays down internal policies and regulations which comprise a clear mechanism for awarding contracts and transactions of various types, through the various tenders or purchase orders.

The Company has also laid mechanisms and frameworks to ensure maximum benefit from the contributions of stakeholders in the Company and urge them to participate in following up its activity, in line with fulfilling its interests in a perfect manner. The Company permits stakeholders the ability to obtain all the information and data relevant to their activities, whereby they may be relied upon in the right time and on regular basis. The Company has also facilitated to stakeholders informing the Company board of directors of any improper practices to which they may be exposed by the Company, and provide the suitable protection to the reporting parties.

# Tenth Rule

## Promoting and Enhancing Performance

- Training courses and programs of members of the board of directors and executive management

Continuous training and qualification of members of the board of directors and the executive management is among the cornerstones of the rules of corporate governance, as it largely contributes in promoting the Company's performance, through the board of directors and executive management's exercise of the duties and responsibilities entrusted to them in a perfect manner.

- The Company laid down a clear policy under the framework of corporate governance to permit members of the board of directors and the executive management to obtain internal and external training programs and course on continuous basis. For promoting and enhancing performance, it presented an orientation report to the board members in order to ensure that they have appropriate understanding of the Company's progress of work and operations. This statement included the Company's strategy and objectives, in addition to the financial and operational aspects of all the Company's activities. Further, the Company has submitted an orientation report on the legal and regulatory obligations shouldered to the members of the board of directors and the Company, a statement of the responsibilities and tasks entrusted to them, in addition to the authorities and rights available to them and a clarification of the role of the committees emanating from the board of directors.

The company facilitated a training program to the board members and the executive management about corporate

governance rules and the most prominent violations of the Capital Markets Authority in order to develop their skills and expertise and keeping them updated with the latest developments to help them to perform their assigned responsibilities.

- Performance evaluation of members of the board of directors and executive management:

The Company laid down systems and mechanism for performance evaluation of members of the board of directors and the executive management on periodical basis, through a number of key performance indicators (KPIs), connected with the extent of achieving the strategic objectives of the Company, the quality of risk management, and sufficiency of the internal control systems. Such procedures are written clearly and characterized by transparency and disclosed to all personnel, whereby it laid down the key performance indicators (KPIs) for the evaluation of each board member separately, the contribution of each member of the board of directors and each of its committees, as well as the key performance indicators (KPIs) to evaluate the executive management and all the Company personnel, on periodical basis, in order to indicate and determine the weaknesses and strengths and propose addressing them in a manner conforming with the interest of the Company.

- Institutional value creation among the Company personnel

The board of directors creates values in the Company on the short, medium and long term, by laying down and providing the mechanisms and procedures to achieve the Company strategic objectives, as well as enhance the performance rates to efficiently contribute in creating the institutional values among personnel and motivate them to work continuously in order to preserve the financial integrity of the Company.

# Eleventh Rule

## Focusing on the significance of social responsibility

- **Develop a policy that ensures achieving a balance between each of the company's goals and the goals of society.**

The company has a policy aimed to achieve a balance between the objectives of the company and the objectives that the community seeks to achieve as per the framework of corporate governance, which includes the enhancement of the social and economic conditions of the community in which it operates in accordance with the corporate governance rules.

- **Programs and mechanisms that highlight the company's efforts and role in the social work field.**

The corporate governance framework stipulates the continuous obligation of the Company to act ethically according to the requirements of the laws and general customs, and sustainable contribution by the Company to achieve social and economic development by attracting national manpower and enhance the quality of living conditions for the workers and their families in the local community and the society as a whole. The social responsibility has become one of the main pillars within the policies of "Al Mazaya Holding" and its annual practices, and as a belief in the social responsibility, the company supported the persons in need from the society members and the employees and their relatives by participating in paying the costs of their medication and study expenses for their family members as well as providing settlement of some of their financial obligations. And based on our societal responsibility during the current circumstances that people in Gaza are going through as a result of the Israeli aggression on the occupied Palestinian territories, Al Mazaya Holding Company was keen to support the afflicted families in Gaza and contributed with the aim of providing relief and medical supplies, fuel and support to our brothers by participating in a donation campaign through Kuwait Red Crescent Society and Al-Safa Humanitarian Charitable Society.

The approval of the General Assembly has been taken to allocate a special amount to be utilized towards social services and projects. The Company is keen to educate its employees on the social responsibility objectives of the company, which contributes to the improvement of the performance of the company and respects all applicable laws and regulations and abide by them.

The company also highlights all its efforts in the field of social work, through press releases and presentations on the social networking sites of the company.