



Q8 Securities

The Governance Guide

Approved at the board of directors' meeting no. 10/2017 held on 22/6/2017

Q8 Securities	The Governance Guide	Issue date: June 2017
		Issue no. 1.0
		Approved by: Board of Directors

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General Terms

The terms and words used in this document shall refer to the corresponding meanings as listed hereunder, unless otherwise specified:

Guide: **The Company's governance guide**

Company: **Q8 Securities Company**

Board: **The Company's Board of Directors**

Authority: **The Kuwaiti Capital Markets Authority**

Companies law: **The Decree of law no.1 of 2016 for issuing companies law, its amendments and executive regulations**

Governance: **A set of regulations, standards, and procedures that achieves the regulatory commitment of the company according to the regulations and rules issued by the Kuwaiti Capital Markets Authority through identification of the responsibilities and duties of the Board members and the Executive Management of the Company with keeping in mind protecting the rights of shareholders and stakeholders.**

First: Introduction

The Company shall commit itself to apply the adequate governance and to support the principles of such governance as set by The Kuwaiti Capital Markets Authority and in line with the regulations of the applicable laws of the State of Kuwait. Governance is defined as the set of relationships between the Board of Directors, Executive Management, shareholders, and other stakeholders.

The governance aims at providing the structure by which the Company sets its business strategy and goals and determines the tools for achieving these goals and the standards for monitoring such performance. For this purpose, the Company seeks by applying the adequate governance regulations to fulfill the enhancement of transparency, disclosures, and proficiency levels and to improve the control and supervision which improve the interests of the Company, its shareholders, and other stakeholders. Therefore, it increases the trust of its shareholders and investors to reinforce the growth, success and development of its business and activities.

Second: Overview on Governance Guide

This guide covers the main framework and elements for establishing the governance system of the Company and it represents the philosophy of the Company in applying the principles of governance. The Company has issued a set of charters, policies, and procedures to reinforce this guide and give details to the roles, responsibilities, and policies to be followed. The guide, charters, and policies, as whole, represent a comprehensive framework to the structure of the right governance applicable to the Company.

The Board is responsible for ensuring that the principles and goals included in this guide, along with the governance system as a whole, are implemented in an efficient method at the Company through the Governance Committee which is headed by the Chairman and represented by its Board members. The Governance Committee shall maintain the original copy of the guide approved by the Board and shall work in coordination with the internal auditing

committee to forward the necessary reports and the follow up forms (attached) to the Board in respect of compliance and conformity.

Third: The Goals of Governance for the Company

The goals of the governance for the Company are listed as follows:

1. To provide the regulatory framework for the relationship between the Board, the Executive Director, and the Executive Management.
2. To develop efficiency of the Company operations and reinforce its administrative competence.
3. To ensure the compliance with the laws and resolutions issued by the legislative authorities and the regulatory bodies.
4. To enhance investors' trust and provide the sources of finance at a lower cost.
5. To ensure providing the internal monitoring systems and administer an efficient auditing to assist for minimizing the risks that may confront the Company.
6. To develop a framework to monitor the financial and operational performance for the Executive Management and the Company as whole, and to improve the principles of responsibility and accountability.
7. To enhance the goodwill and reputation of the Company through establishing justice, transparency, and fair treatment for all the parties; shareholders, investors and other stakeholders.
8. To avoid inappropriate practices that may lead to conflict of interests and other financial problems.
9. To reinforce the ethical behaviour and to ensure the compliance with the ethics and proper code of conduct.
10. To support the social roles of the Company.

Fourth: The rules of governance for the Company

The corporate governance is based on a set of rules which form the general framework to proper governance practices which the Company seeks to implement entirely through certain procedures and policies that define the method of such practice.

The rules that the Company adopts and shall develop continuously through persistent review for this guide, charters, and policies related to the governance of the Company are listed hereunder:

Rule one: The structure of Board

The Board is fully responsible for setting the general policies of the Company and to supervise its execution. In order to achieve its responsibilities in an efficient way, the Company shall make sure to create a balanced structure for the Boardmembers in which the majority of the Board should be non-Executives and to join sufficient number of independent members to ensure the neutrality of the resolutions without pressure neither obstacle.

The formation of the Board

- The articles of association of the Company govern the formation of the Board, the nomination of the Board members, and their election. Such process shall be approved by the shareholders of the Company through the general assembly.
- Number of the Board members of the Company shall not be less than (5) five members; the majority shall be non-executives and it shall include independent members which their number shall not exceed half of the Board members.
- The Company shall separate the position of the Chairman from the Executive Director.
- The Company shall notify the authority about the end of membership of any of its members with specifying the reason(s).

- The candidates to the Board membership will submit declarations that they do not hold positions as board members in more than (5) five joint stock companies at the same time in the State of Kuwait and that they are not occupying Board memberships at competitive or similar companies. The member shall not also occupy a position of Chairman at more than a joint stock company located in Kuwait.
- The Company shall be committed to the right of the general assembly to dismiss the Chairman or any of the Board members upon suggestion from the absolute majority, or upon submitting a signed application from number of shareholders who own not less than quarter of the subscribed capital.
- It shall be considered, when forming the Board, to diversify the practical and professional experiences, and the specialized skills which enable each member to set out the opinion during the discussions of the Board independently. The Company shall ensure the persistence of the independence of the independent members all along their membership period.

Organization of the Board meetings

The Board shall grant sufficient time for practicing its duties and responsibilities by organizing the periodical meetings and responding to the invitations for the urgent meeting as well as recording the minutes of meetings. The Board shall be keen for the attendance of the independent member on the majority of its meeting. The Company shall bring to the independent member's notice any resolution which the Board seeks to pass with writing down the opinion of the independent member in the minutes of the meeting, if the member's opinion varies from the resolutions of the Board.

- The meetings of the Board shall not be less than (6) six meetings per year.
- The meeting shall be held upon the attendance of half of the members' number and such number shall not be less than three members and

also the attendance of one independent member provided attending not less than 75% of the held meetings.

- The dependent member shall attend no less than (4) four meetings a year.

In order to reach ideal coordination for such meetings and its minutes, the Board shall appoint a secretary to the Board and the emanated committees and shall define its tasks to cover providing and circulating the information, coordination between the Board members and the other stakeholders of the Company through developing job description for it with approve it. The secretary shall be appointed or dismissed upon a resolution from the Board.

The Board has approved the "Board Charter" which administers its affairs and such charter includes clear details on the following aspects:

1. Formation of the Board and the requirements of membership.
2. Detailed duties and responsibilities of the Board.
3. The defined capacities of the Board and its members.
4. The meetings of the Board and its minutes.
5. Review and assessment of the Board's performance.
6. The reports issued by the Board.

Related documents:

1. The memorandum of association and articles of association of the Company.
2. The Charter of the Board.

Rules two: The correct specification of the tasks and responsibilities

The Company ensures the proper execution of the duties by the Board and the Executive Management. For this reason the Company has defined the tasks,

responsibilities, and the capacities of the Board and the Executive Management through specified and clear job descriptions. The Company shall consider its commitment to limit such tasks and responsibilities.

General responsibilities of the Board

The Board shall be responsible for creating a sustained value for the shareholders of the Company through proper management for the Company's activities and by ensuring that the Executive Management, which is responsible for the daily operations, is committed to the balancing between the fulfillment of growth and achieving the short term goals within the drive of risks approved by the Board. The Board shall develop strategic goals of the Company which aim to achieve such sustained value and develop it on the long term, beside approving the control systems and the internal auditing after inspecting its effectiveness.

The Board is also responsible for creating the governance environment at the Company and to ensure that the practices of the Board, the activities of the Executive Management, the internal auditing, bonuses, the organizational chart of the Company, disclosures and transparency, all are based on the proper standards for the corporate governance.

The Board is responsible for all the operations of the Company and its financial safety, and to ensure meeting the interests of the shareholders, investors, stakeholders, and other related bodies. It has to ensure that the management of the Company is carried out properly and efficiently within legal framework, applicable instructions, and according to the internal policies of the Company.

The Board shall consolidate the principle of commitment for each member of the Board toward both the Company and all shareholders, and not toward specific shareholder through demonstrating the ethical leadership and reinforcing the common vision of the Company's purposes, values mission.

The Chairman:

The Chairman has an important role to establish constructive relationship between both the Board and the Executive Management of the Company and to represent the Company before its shareholders, besides creating a culture, during the Board meetings, to encourage the constructive criticism on the conflicting issues, and to reassure the discussions and voting on these issues. The Chairman shall work to ensure providing the highest standards of corporate governance at the Company.

The Board Committees

In order to assist it to carry out its duties, the Board has formed specialized committees based on basic, well-established systems. Such committees will be governed by the policies approved by the Board and will be granted the necessary independence to carry out its responsibilities. These committees are listed as below:

1. Nomination and bonuses committee.
2. Internal auditing committee.
3. Risk management committee.

The Company shall perceive the following conditions when forming such committees, except for the governance committee which shall be complied with specific terms):

- Their members shall not be less than three.
- To appoint sufficient number of non-Executive and independent members of the Board in such committees and one independent member at least shall be one of the committee.
- The head of the committee shall be non-Executive member of the Board.
- The Chairman shall not be a member of the committee.

Nevertheless the Board may assign the responsibilities to the emanating committees and to the Executive Management, but it remains responsible on the competency of the Company's performance before the shareholders.

The charters of different committees which the Company authenticated and approved cover all the data required for these committees relating the formation, missions, and responsibilities and all their details. It also describes the mechanism of its work and how to provide the Board with the necessary information and data accurately and in time to enable the Board issue the necessary decisions.

The Executive Management

The Executive Management comprises a group of qualified and experienced staff, including the Executive Director, its subordinates, and the Executive Managers who are responsible for the daily operations of the Company and shall ensure, under the supervision of the Board, that the activities and operations of the Company are in line with the strategy of work, risk drive, and the policies approved by the Board. The Board shall perceive the members of the Executive Management and that they are well qualified to carry out the resolutions of the Board efficiently and without direct interference from the Board.

The Executive Director is responsible before the Board for the performance of the Company, the outcomes of its operations, and for achieving the proposed goals. The Executive Director shall act as link between the Executive Management and the Board and shall ensure to efficiently and continuously inform the Board about the performance of the Company.

The performance of the Executive Director shall be reviewed by the Board on annual basis. The nomination and bonuses committee shall perceive granting bonus to the Executive Director and shall submit its recommendations to the Board after the annual assessment of performance according to the defined performance indications.

The Company shall perceive the development of the basic infrastructure of information technology systems of the Company in order to prepare accurate and qualitative reports to be presented to the Board members in time. The Executive Director shall submit reports on the performance and shall explain any deviations in the budget as well as achieving the strategic goals of the Company to enable the Board discuss the achievements and failures in proper method and to issue the convenient decisions in time.

The related documents:

1. The memorandum of association and articles of association of the Company.
2. The Charter of the Board.
3. The Charter of the specialized committees.
4. The job descriptions.
5. The Capacities tables.

Rule three: The competency of Board members and the Executive Management

The Company appreciates its commitment to provide the professional experiences, competencies, the necessary individual characteristics of its Board members as well as its Executive Management including the proficiency, the individual integrity, and the ethical merits as long as the skills and the awareness of the Board members concerning the business activities are considered basic elements for the efficiency of the governance system of the Company.

The nomination Committee:

An emanated committee was formed by the Board to perceive the nomination and to ensure that the nomination process for the Board membership, the emanating committees and the Executive Management are aiming the

interest of the Company and achieves the goals of its shareholders. Such committee is working to attract the qualified persons and to ensure that the nominees have the experience and skills required for occupying such positions and to carry out its responsibilities. Its main roles is to organize the nomination for the Board membership through mechanism specified in the nomination charter which was approved by the Board beside the commitment of the Company toward the instructions of the Authority concerning the rules of nomination.

The members of nomination committee will be elected according to rules issued by the general assembly of the Company according to suggestion from the Board. Such committee shall be met once in a year and shall authenticate its minutes of meeting.

This committee shall carry out, within its responsibilities, to ensure the following:

- New members shall undergo an integrated orientation course on the Company when joining the Board.
- An assessment shall be carried out to assess the current skills of the new members and their knowledge on the required skills and knowledge to supervise work.
- To enhance the skills and knowledge of the members continuously to perform their assigned missions under the Board and its committees.
- To provide the sufficient budget and time for improving and upgrading the skills of the members.
- To meet the specialized skills required for the members of specialized committees, like auditing, which requires a member with financial background.

The duties, responsibilities, capacities, roles, structure, and mechanism of the nomination committee shall be defined in details under the "nomination committee charter" which has been authenticated and approved by the Board. Such charter includes further details on the following aspects:

1. The role, duties, and responsibilities of the committee.
2. Formation and membership.
3. Capacities of the nomination committee.
4. The mechanism of nomination for the positions.
5. Meetings and minutes of the committees' meetings.
6. Review, assessment and the reports of the committee.

Remuneration Committee:

In order to attract the necessary qualified persons and to retain them, the Company has developed attractive policies for rewards and incentive in order to consolidate the loyalty principle at the Company, to retain the qualified cadres, and to encourage them. All these will be carried out by the remuneration committee emanating from the Board.

The remuneration committee shall work in coordination with the nomination committee to ensure that the approved policies of rewards and incentives are linked with the performance rates and in conformity with the strategies of the Company and its goals on the long or short term, as well as to ensure that such policies are compatible with the volume, nature, and risk level for such Company activities and with the experiences and qualifications of the employees according to their different levels.

The committee member shall hold a meeting at least once a year. It shall write down its minutes and prepare detailed annual report on all the bonuses, salaries, bonuses and all other privileges of the Board members and the Executive Management, whether related to amounts, interest, or privileges whatsoever its nature and terms. Such report shall be reviewed by the general assembly for approval.

The Company shall clearly define the missions, responsibilities, and capacities of the remuneration committee under the "remuneration es committee

charter" which shall be approved by the Board;it includes details on the following aspects:

1. The role of committee, its missions, and responsibilities.
2. Formation and membership.
3. Capacities of the remuneration committee.
4. Policy of granting the bonuses.
5. The meeting and its minutes.
6. The annual report for disclosure on the granted bonuses.
7. The assessment and the reports of the committee.

The Board bonuses

The Company shall perceive clear policy for granting bonuses for the Board members according to the following terms:

- The total estimate for such bonuses shall not exceed 10% of the net profit after subtracting the consumption, reserves, and distributing profit not less than 5% from the capital on the shareholders or any maximum percentage stated in the memorandum of association.
- Annual bonus not exceeding K.D 6000/- may be granted to the Chairman and each of the Board's member from the date of association until achieving the profits that permit the distribution of the profits according to the above stated percentages.
- The independent member may be exempted from the above maximum limit of bonus.

The related documents:

1. Nomination committee charter.
2. Remuneration committee charter.
3. Policy of bonuses and incentives.

Rule four: Ensuring the integrity of the financial reports

The members of the Board are responsible for monitoring and reviewing the credibility of the financial statements of the Company, the accountability policies, the data of the reports, and the periodical and annual statement of the Company. For this reason the company shall obtain written declarations from the Chief Executive Officer and the financial Director (or its substitute) that the financial reports are properly and fairly presented and that it covers all the financial aspects of the company related to statements and operational outcomes and that these statement were prepared according to the international accounting standards approved by the Capital Markets Authority. The Company has to attach the declaration of the Chairman that confirms the safety and integrity of the financial statements as well as the related reports of the Company's activities with the annual statement raised to the shareholders.

The internal auditing committee:

The Board has formed a committee for the internal auditing in conformity with the nature of the Company's activity provided one member at least shall have the educational qualification or the practical experience in accounting/financial fields. The internal auditing committee shall assist to meet the supervision on the activities related to the financial and accounting operations, internal auditing control systems of the Company, the annual independent auditing for the statements of the Company, the integrity of the financial statements of the Company, meeting the legal and control requirements that must be fulfilled, independence and qualification of the independent auditors of the Company, evaluating the performance of internal

auditing at the Company and the independence of the auditors, and presenting the recommendations of such issue to the Board concerning the competence and efficiency of the internal auditing systems applicable at the Company.

The committee shall held its meeting continuously once every three months at least and will meet the external auditors periodically and four times at least with the internal auditor of the Company. The committee shall write down its meetings minutes.

The Company shall clearly define the missions, responsibilities, and capacities of the internal auditing committee under "the internal auditing committee charter" which is authenticated and approved by the Board. It covers details on the following aspects:

1. The role of the committee, its missions, and responsibilities.
2. Formation and membership.
3. Capacities of the internal auditing.
4. The mechanism of the committee.
5. The meetings and the minutes of such meetings.
6. The assessment and the reports of the committee.

The external auditor

The Company shall appoint external auditors and they must be registered at the Capital Markets Authority. The Board shall ensure that the external auditors are independent, neutral, and efficient through the internal auditing committee. The Board shall present recommendations to the general assembly on appointing or dismissing the external auditors of the Company. The internal auditing committee shall assist in evaluating the qualification of the external auditor, or to suggest recommendation for new nominee for performing the external auditing role, whenever required. The Board shall

ensure that the auditing committee is carrying out the evaluation, measuring the qualifications, competition, effectiveness, and independence of the external auditor according to scientific and neutral method.

The Company shall cooperate with the external auditor through allowing it discuss its opinions with the auditing committee before presenting the annual accounting statement to the Board to take its decision on them. It shall also allow the external auditor attend the general assembly and recite its report before the shareholders.

Rule five: Setting the proper systems for risk management and internal auditing

In order to fulfill an efficient control to ensure the release of correct and proper financial statement, the Company has developed right systems to define and manage the risks that may confront the Company operations in addition to efficient internal control systems cover the financial affairs, investments, and the operational activities.

To reach right management for the risks, the Company shall ensure the existence of effective internal auditing systems and to carry out continuous assessment to measure how far the control systems are committed.

The risk committee:

The Company has a committee for risks emanating from the Board to be responsible for presenting the consultations to the Board on the strategy and the current and future risk drive of the Company, and shall supervise the application of such strategy by the Executive Management. This committee shall be met four times a year and shall write down its minutes.

The "risk committee charter" approved by the Board shall define the mechanism of this committee, its mission, its formation, capacities, and it shall cover details on the following aspects:

1. The role of the committee. Its missions, and its responsibilities,
2. The classification of risks.
3. The terms of policies of risk management.
4. The formation and membership of risk management committee.
5. The capacities of risk committee
6. The meetings of the committee and its minutes
7. The review, evaluation, and the reports of this committee.

Risk management unit:

The risk committee shall define the suitable structure for the risk management unit, and shall secure its independence to perform its mission. The risk management unit shall be responsible for defining, measuring, controlling, limiting the risks, and presenting reports on the exposure of the Company to such risks. The risk management unit has the sufficient capacities to access all the different information and data of the Company's activities in order to understand its nature and to assess any linked risks in proper method.

Internal audit unit:

The Company has ensured providing comprehensive control and internal auditing systems to cover all the Company's activities. For this reason it established a unit/department for the internal auditing to present reports to the Board and the internal auditing committee for reviewing and evaluating the applicable internal auditing systems, its effectiveness and its convenience. The Company shall ensure the existence of suitable independence for the internal audit unit to perform its mission properly, beside sufficient capacities to obtain the data and information required for performing the internal auditing operations properly.

The manager of the internal auditing unit shall be directly selected by the Board after reviewing the recommendations of the nomination committee.

The Board shall define the missions and responsibilities of the internal auditing unit through approving the policy of internal auditing for the Company.

The Company shall carry out periodical review (one time at least within a year) to assess the efficiency of the internal auditing systems of the company by an independent auditing office. The auditing shall cover all the methods of internal audit, including the financial and operational processes, electronic security operations, commitment, and the risk management. The Company has appointed another auditing office to carry out the review and the evaluation of internal audit unit performance on periodical basis every three years and to issue a report on this issue.

Rule six: reinforcing the professional conduct and the ethical principles

The Company realizes the importance to comply with the principles, the right professional conduct and ethics which create work environment based on correct ethics and principles which contribute to reinforce the reputation of the company and strengthen the trust with its shareholders, clients, and related stakeholders.

In order to achieve this purpose, the Company has set out a charter for the professional behaviour and code of ethics; it includes many professional regulations and standards which constitutes the constitution of the Company. It is being ensured that all the employees are reading it and sign it and to sign also the other attached documents as a document of contracting for non-disclosure, for example, which bans the Board members, independent members, and employees from exploiting the information they grasp as a part of their posts for their personal interests.

The following principles are considered the base for the professional conduct and the ethical principles of the Company:

1. The committed employee and the qualified person is the base of the Company.
2. All the employees are alike in the Company, no difference except for the professional productivity and the competency.

3. The complete commitment to the entire laws and regulations of the government bodies and the legal authorities that control the business of the Company.
4. The position is a set of rights and duties. The balancing shall be achieved by presenting the rights, the professional competence, and the professional loyalty against obtaining the agreed rights as per laws and applicable policies.
5. The constructive positive discussion shall prevail. Communications of opinions between all citizens are the ideal method.
6. The ethics of work and its proper method must prevail inside and outside the work location.
7. The integrity and credibility while dealing with all clients and stakeholders should prevail. Exploiting the positions for achieving personal interests is prohibited.
8. The employees have the freedom to intimate their whereabouts to the concerned circles concerning any improper practices or suspicious issues in the financial reports, in the internal auditing systems, or any other issues.

Conflict of interest

The Company has developed the necessary policies that control the access of the Company in any contracting or any commercial dealing with relevant parties. Such policies shall prevent entering any commercial contracting with relevant party unless ensuring the compliance with the corporate laws, the executive regulations, the instructions of Capital Markets Authority, and the regulations of the Company in this respect. In general, any case of conflict of interest should be disclosed as well as the procedure which shall be taken by the Company within the annual report during the meeting of the general assembly.

The Company shall ensure whether a member of the Board has a direct or indirect interest generated from works or contracts which may be entered by

the Company if obtained prior permission from the general assembly of the Company, as well as ensuring that such permission is renewed every year as long as the interest stands. The Company prevents the member from voting for a resolution which shall be issued in this respect.

The Company bans presenting any credit facilities to any of the Board members, neither guarantee any loan which may be availed by any of them with other parties.

The policy of conflict of interest shall regulate such cases, discuss it, and define the terms and conditions which regulate it.

The relevant documents

1. The charter of the professional conduct and the ethical principles.
2. The policy of conflict of interest.
3. The policy of dealing with the relevant parties.

Rule seven: Disclosures and transparency accurately and in suitable time

The Company shall be committed to the disclosure policy approved by the Board which defines the scope of information to be disclosed for the public and according to the method of the Company concerning the disclosure for such information whether as routine one, new outcome, or upon the request of the shareholders or the stakeholders. The Company believes that the disclosure and accountability are basic elements to reinforce the general trust between the Company and its clients.

The Company through dealing external parties; clients, stakeholders, and official bodies, shall provide accurate and fair information, it also encourage its clients to be more transparent in respect of their work systems to assist them to understand their needs and their predesigned projects, in turn this shall reinforce the long term profitability for their investments.

The commitment of the Company is demonstrated within the authentication and approval of its "Disclosure and transparency policy" which regulates the disclosure of information, whether essential or periodical. Such policy has

been prepared in conformity with the regulations of the Corporate Law and its executive regulations, and the instructions of Capital Markets Authority in this respect. Such policy was approved by the Board.

The Company is providing periodical information, to be is available for public without separation, through various media like the annual report which includes the financial position of the Company, the outcomes of its business, the activities of the Company, and any change in the capital structure. Disclosure is carried out also through other media like newspapers, on the website of the Company, in special section, or through the stock market.

The Company is also maintaining special record for the disclosures of the Board members and the Executive Management; it includes also the bonuses, salaries, incentives, and other financial privileges to the Board members and the Executive Management. It updates it continuously. The Company allows all shareholders to look into such record without any fees or charges.

The Company is creating a unit to organize the investors' affairs to provide data, information, and reports for the current and expected investors. This unit shall be working in line with the policy of the investors' affairs unit which has been approved by the Board.

Hereunder some issues which are being disclosed and its details are stated in the policy of disclosure and transparency which was approved by the Company:

1. The financial statement and the operational outcomes of the Company.
2. The structure of the basic equities of the shares or those who control the management of the Company.
3. The Board member and the Executive Management.
4. The financial bonuses bundle for the Board members and the main executive employees.
5. The resolutions and policies of the management and the separation of authorities between the Board and the Executive Management.

6. The applicable systems and mechanisms of the Company for the purpose of management and control the different risks.
7. The nature and volume of dealing with the relevant parties who have influence or control within the Company, and any major issues relating the employees and other relevant parties which may affect the entire performance of the Company.
8. The policy of the professional conduct, the professional charter, and the obligations of the Company toward the environment and the public.
9. The mechanisms of publishing the information and the method to access such information by the beneficiaries in the suitable time.

The relevant documents:

1. The charter of the professional conduct and the ethical values.
2. The policy of disclosure and transparency.
3. The policy of investors' affairs.

Rules eight: Respect the shareholders' rights

The shareholders avail all the granted rights according to the laws, the relevant regulations, and the article of association of the Company. The Company ensures the right of the shareholders to practice their basic rights fairly and equally and protection from any denial for such rights. The Company is committed to treat all the shareholder of such equities fairly without any discrimination provided not leading to any damage for the Company and without contraction for the corporate laws and its executive regulations and within the instructions and controls issued in this respect.

The Company is working, according to goals set by the Board, to reinforce the competitive capability and to achieve higher growth rates to ensure the sustainability and the development of its business. In order to achieve this goal, the Company is ensuring that such goals are compatible with the goals of its shareholders which are achieving high returns for their investments at the

Company. For this reason the Company is defining the basic rights of its shareholders, clarifies it, explain the mechanism of dealing with the Company, and ensure their practicing for such rights. This can be achieved by setting and approving the policy of respecting the rights of the shareholders and stakeholders.

The equities records

The Company allows its basic shareholders look into the record of the shareholders which includes accurate and recent data on the equities, shareholders, nationalities, their identification numbers, their shares, its types, the paid value for each share, and the contact details. The company maintains also special records at the exchange agency. Such data are dealt with according to the highest protection and secrecy levels.

The General Assembly

The article of association of the Company includes all the articles which affirm the right of the shareholders to request a meeting for the general assembly, according to the relevant laws. The general assembly shall be held upon an invitation from the Board within three months next to the end of the financial year.

The shareholders who own a capital not less than 10% may demand justified application to hold general assembly, while the shareholders who own 5% of the capital may add items on the agenda of the meeting of the general assembly.

The Company allows the shareholders grant a written power of attorney to other members who are non-Board members and non-employee, to attend the general assembly meeting.

The Company shall be committed not to impose any charges against attending the general assembly meeting, neither to grant and privilege to any class of shareholders.

The voting

The shareholders of all classes may practice their voting right with all freedom and equality, with providing all the information necessary for taking the right decisions. The voting right is guaranteed for all shareholders, whether by itself or through granting this right of voting to other with all rights and duties to both self or to its deputy.

Distribution of the profits and asset of the Company

All the shareholders has the right for share equal to the stock and without any discrimination for the assets of the Company as well as in the profits which shall be distributed according to the same approved rights. The Company has approved the policy of distributing the shareholders which defines the mechanism of allotting the profits and its distribution.

The relevant documents:

1. The policy of protecting the rights of the shareholders and the stakeholders.
2. The policy of conflict of interest
3. The policy of disclosure and transparency.
4. The policy of distributing the profit among the shareholders.

Rule nine: Achieving the role of the stakeholders

The rights of the stakeholders shall be perceived according to the relevant applicable of Kuwaiti laws including the labour law, corporate law and its executive regulations, in addition to the contracts entered which ensure the explanation for the mechanism of compensation in case of violating the rights of the stakeholders.

The Company shall set the regulations and policies which guarantee the treatment of the employees according to the principle of the equal opportunities without any discrimination. The Company shall also set the policy that organize its dealing with its suppliers and service providers within

the policy of purchase and tenders in order to guarantee the non-conflict of the stakeholders' interest with the shareholders' interest.

The Company shall perceive the charter of the professional conduct and the ethical valued to maintain the secrecy of the information clients and the suppliers of the company and all the stakeholders. It also includes the mechanism of the complaints on the suspicious and the illegal practices to protect the secrecy of such notifications and its presenters from any side reactions.

The relevant documents:

1. The policy of protecting the rights of the shareholders and the stakeholders.
2. The policy of conflict of interest
3. The policy of disclosure and transparency.
4. The charter of the professional conduct and the ethical values.

Rule ten: Reinforcing and enhancing the performance:

The Company believes that the training and the continuous rehabilitation become one of the basic cores of the right governance regulations, for this reason the Company shall develop it operations through developing the skills and knowledge of the Board members and the Executive Management in the relevant financial, administrative, and economic fields. The Company is encouraging its employees for developing their personal skills beside providing the awareness and training programs to them.

Training and continuous development:

The company is keen to set appropriate training programs for each of the members of the Board and Executive Management to develop their skills and knowledge, which has an impact on the development of their performance and increase their ability of strategic planning and to achieve the goals of the Company. One of the company's policies is to provide induction and orientation programs for elected members or newly appointed directors on

subjects that assist them in the performance of their duties, as well as planning and developing their continuous education programs.

Each year, the Board conducts a self-assessment for its members to identify their strengths and weaknesses and to develop appropriate training plans for them in collaboration with the nominations committee.

Monitoring the performance of the Board, its committees, and the Executive Management:

The Board, in cooperation with the nominations committee, shall specify the performance mechanisms for the Board members, committees, and Executive Management of the Company, as well as to review the mechanism of its application. In addition, the Board will discuss the Executive Director's performance indications as well as its bonuses and incentives based on its performance in achieving the company's strategic goals.

The Executive Director of the Company shall perform a periodic report on the general performance of the Company to explain the deviations from the budget and the achievement of the company's strategic goals. The members of the Board shall discuss the achievements and failures on all subjects properly and shall issue the corrective decisions that the management should take the necessary action, if necessary.

Integrated reporting system:

The Company has integrated internal reporting systems that provide up-to-date and comprehensive information to help the Board and Executive Management make systematic and right decisions, create corporate value and achieve shareholders' interests. These reports are prepared periodically according to time frames that serve the short, medium and long terms.

These reports include an explanation of the Company's strategic goals, the ways in which these goals are achieved, besides the corporate model of its operations, the external factors affecting its financial position, and future prospects. These reports also include a review for the risks associated with the Company's activities and the mechanisms for identification, review and evaluation.

Related Documents:

1. The charter of the professional conduct and the ethical values.
2. The job descriptions.
3. The procedure of the annual evaluation and objective performance indications.

Rule eleven: Importance of the social responsibility

The company recognizes that it is a part of the society in which it is active and is aware of the importance of ethical conduct and contribution to the sustainable development of the society in general and the employees of the Company in particular through working to improve the living conditions and social and economic levels and reduce the levels of unemployment and optimal utilization of available resources in addition to preserve the environment. The Company contributes to support and encourage the national manpower and provide opportunities for them, and working to raise their efficiency and competitiveness, in addition to their contributions in supporting small projects.

In order to achieve a balance between the goals of the Company and the community goals, the Company had adopted the Company's social responsibility policy, which includes the activities and programs in which the Company contributes social responsibility, as well as the mechanisms that help the Company to highlight its efforts in the field of social work and how to measure its performance in this field.

Fifth: Monitoring compliance

The Company has established the governance guide in force once it is approved by the Board of the Company. Compliance with the governance system, including the guide and all policies, charters and procedures, is monitored through periodic review using the attached checklist (Appendix A). Cases of breach of obligation shall be held accountable by the governance committee and the internal audit committee, where appropriate disciplinary

action is taken in accordance with the degree of importance associated with the offense.

Sixth: The governance references in the Company

The principles in this guide are based on the following laws and regulations:

- 1- Commercial companies'law and its executive regulations.
- 2- The laws governing the Kuwait Stock Exchange.
- 3- The instructions and decisions of the Capital Markets Authority.
- 4- The memorandum of association, articles of association, and the charters adopted by the Company.
- 5- Optimum corporate practice.