



Corporate Governance Report for 2019

Company profile:

Senergy Holding Company KSCP (Closed) was established in the State of Kuwait on March 22, 1983 and the company's shares were listed on the Boursa Kuwait in 1987 in accordance with the Companies Law and based on the decision of the Extraordinary General Meeting held on April 7, 2016, the shareholders agreed to change the company name from Al Safat Energy Holding Company K.S.C.P. to Senergy Holding Company K.S.C.P.

According to the decision of the Extraordinary General Meeting held on May 15, 2007, the company operates in accordance with Islamic Sharia. The main activities in accordance with the Memorandum of Association of the company are as follows:

- Owning shares of Kuwaiti or foreign joint stock companies, as well as owning shares or parts in Kuwaiti or foreign limited liability companies, and participating in founding, administering, lending and sponsoring these companies.
- Lending companies under its ownership or under others' sponsorship, provided that the company's participation share in the capital of these companies is not less than at least 20% .
- Owning industrial property rights such as patents, industrial trademarks, industrial fees, or any other related rights, and leasing them to other companies for use, either inside or outside Kuwait.
- Owning the movables and real estate necessary to start its activity as permitted by law.
- Using the financial surpluses available to the company by investing them in financial portfolios managed by specialized companies.

The company's business office is located in Hawalli, Beirut Street, the headquarters of Al Safat Group, floor 7, P.O 27728 Safat, 13138 State of Kuwait.

The authorized, issued and fully paid up capital is KWD 20,000,000, consisting of 200,000,000 shares, with a par value of 100 fils per share, and all shares are cash. The main shareholders of the company as of December 31, 2019 are as follows:

No.	Shareholder's name	Number of Shares	Percentage
1	Gulf Bank – Customers 3003	39,798,016	19.899
2	Al Safat Investment Company	33,645,991	16.823
3	KFH Capital Investment Company	15,314,563	7.657

Governance Framework for Senegy Holding Company K.S.C.P.

As the Board of Directors of Senegy Holding Company “The Company” realizes the importance of adherence to the rules of governance, its essential role and related practices, the company was keen to build a base on which the company’s business is relied through the “Governance Manual” approved by the Board of Directors in order to enhance the confidence of shareholders, investors and all stakeholders.

The company also aspired to implement all instructions and rules issued by the Capital Markets Authority as a work culture in the company in order to enhance administrative efficiency, commitment to justice and transparency, and achieve the interests of the company and the shareholders. The Board of Directors is committed to the continuous implementation of initiatives calling for the development of governance principles in the interest of all relevant parties, and in a manner that enhances the levels of confidence of its shareholders and stakeholders.

The company considers the implementation of corporate governance principles an essential part of its operations, and the company works to keep up with developments in governance by reviewing and following up on developments in best practices to meet the challenges that arise in the rules of governance.

Implementation of Governance Rules

First Rule

Forming a Balanced Board of Directors

● Forming Board of Directors:

Name	Job	Member type (executive/ non-executive/ independent/ secretary)	Academic qualification and work experience	Date of election/ appointment of secretary
Mr. Nasser Bader Al-Sharhan	Vice Chairman	Non-executive	Bachelor of Political Sciences and Marketing	21/06/2017
Mr. Mohammed Hamad Al-Salem	Board Member and Chief Executive Officer	Executive	Bachelor of Electrical Engineering	11/06/2019
Mr. Malik Maher Maarafi	Board Member	Independent	Bachelor of Finance and Financial Institution	21/06/2017
Mr. Ali Hussain Al-Moussa	Board Member	Non-executive	Bachelor of Mechanical Engineering	20/06/2019
Mr. Ahmed Fathi Abu Zaid	Board Member	Non-executive	Bachelor of Administrative Sciences	27/05/2019
Mr. Malik Mostafa Humoud	Board Member	Non-executive	Bachelor of Electrical Engineering	27/05/2019
Mr. Nashaat Naeem Daghmarsh	Board Secretary	Secretary	Bachelor of Economy- Business Administration Division	21/06/2017

- The members of the Board of Directors were elected through the Ordinary General Meeting held on 21/06/2017 according to the rules of governance, taking into consideration that the majority of the members of the Board of Directors are non-executives.
- 4 Board members in addition to the Chairman of the Board resigned due to personal reasons.
- Mr. Mohammed Hamad Al-Salem was appointed as the CEO, instead of Mr. Nasser Bader Al Sharhan.
- Current board members have diverse experiences in various fields to enhance efficiency in decision making.

● Board Meetings during 2019

Member	Meeting no. 1/2019 on 25/03	Meeting no. 2/2019 on 12/05	Meeting no. 3/2019 on 27/05	Meeting no. 4/2019 on 11/06	Meeting no. 5/2019 on 17/06	Meeting no. 6/2019 on 20/06	Meeting no. 7/2019 on 7/08	Meeting no. 8/2019 on 22/09	Meeting no. 9/2019 on 11/11	Meeting no. 10/2019 on 23/12	No. of meetings
Talal Zain Al-Hathal (Chairman of the Board)	✓	✓	✓	✓	✓	✓	✓	✓	Resignation		8
Nasser Bader Al-Sharhan (Vice Chair)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
Abdulrazzaq Zaid Al-Dhabian (Board Member)	✓	✓	✓	✓	Resignation						4
Ahmed Mahmoud Al-Yahya (Board Member)	✓	×	✓	✓	Resignation						3
Malik Maher Maarafi (Board Member)	×	✓	✓	✓	✓	✓	×	✓	✓	✓	8
Hassan Hashim Sayed Al-Mosawy (Board Member)	✓	✓	Replacement								2
Mohammed Hamad Al-Salem (CEO)	Not a member during this period					✓	✓	✓	✓	✓	5
Ali Hussain Al-Moussa (Board Member)	Not a member during this period					✓	✓	✓	✓	✓	4
Ahmed Fathi Abu Zaid (Board Member)	Not a member during this period		✓	✓	✓	✓	✓	✓	✓	✓	8
Malik Mostafa Humoud (Board Member)	Not a member during this period		✓	✓	✓	✓	✓	✓	✓	✓	8
Bassam Mohamed Taleb Waheedi (Board Member)	×	×	Resignation								0

● Recording, coordinating, and archiving the Board meetings minutes:

The company appointed the Secretary of the Board of Directors, Mr. Nashaat Naeem Daghmash, and he was entrusted with the duties of writing down the Board meetings minutes which include discussions and deliberations that took place during the meetings and decisions that were taken and reservations (if any), and these records shall be signed by him and by all attendees.

The Secretary of the Board of Directors has also prepared a special record in which the minutes of the meetings are recorded in sequence numbers for the year in which the meetings were held, indicating the location of the meeting, its date, start and end hours, so that it is easy to refer to those meetings minutes.

The minutes of meetings, records, reports and other documents submitted to and from the Board shall be kept with the Secretary.

The Secretary also ensures that the Board members follow the procedures approved by the Board, and ensures that the Board meetings' timings are notified at least three working days before the meeting, taking into account emergency meetings, in addition to ensuring that the Board members can have full and rapid access to the minutes of the meetings, information and documents related to the company. In addition, under the supervision of the Chairman of the Board, the secretary shall ensure the proper delivery and distribution of information and coordination among members of the Board and other stakeholders of the company.

Second Rule

Proper Determination of Duties and Responsibilities

• **The policy of tasks and responsibilities of each of the Board members and the executive management, as well as the powers and authorities delegated to the executive management:**

The Board of Directors shall assume all the powers and authorities necessary for the management of the company, and the powers, tasks and responsibilities of the Board shall be determined in the company's articles of association and in the corporate charter approved by the Board, taking into account the powers of the general meeting of the company.

“Board of Directors Corporate Charter”

The company has also clearly defined the tasks and responsibilities of each of the board members and the executive management in the approved policies, regulations and job descriptions, which reflects the balance of powers and the separation of tasks between the executive management and the Board of Directors.

In addition to the obligations of the Board of Directors, the Chairman of the Board of Directors shall be responsible for representing the company before others, and for the proper operation of the Board of Directors in an appropriate and effective manner, including obtaining complete and correct information by members of the Board in a timely manner, and encouraging constructive relationships and effective participation between each of the Board of Directors Executive management, in addition to other responsibilities.

The Board of Directors determines also the powers that are delegated to the executive management, taking into account the achievement of a balance in powers and authorities between both the Board and the executive management, in order to ensure the non-exclusivity of absolute powers in order to facilitate the process of accountability.

• **The most prominent works of the Board of Directors during the year, including but not limited to:**

- Approving the estimated budget for 2019.
- Approving the financial statements for the fiscal year ending on December 31, 2018.
- Recommendation of appointment of a company external auditor for the year ended December 31, 2019.
- Approving the interim financial information for the first, second and third quarter of 2019.
- Increasing the ownership share in Senergy Services for Energy Services KSCC (Subsidiary) from 94.578% to 95.874%
- Nominating of the members of the Board Committees.
- Discussing the offers submitted for preparing the company's strategic plan.
- Following up to the subsidiary companies' business and discussing the latest developments.
- Following up the affairs of the Board Committees.

● **The Board of Directors formed specialized committees enjoying independence:**

Within the framework of establishing good governance in the company, the Board of Directors formed three independent committees emanating from it on June 21, 2017 and these independent committees were reconstituted on June 20, 2019 in order to enable it to perform its duties effectively and to supervise the implementation of corporate governance in its various axes.

These committees operate in accordance with approved charters by the Board of Directors, clarifying the duration of its work, its powers, tasks and responsibilities, and how the Board monitors them, according to the following:

Committee of Nominations and Remunerations									
Date of forming the committee and its duration	21 June 2017 – duration of membership – is the same duration of membership in the Board								
Formation of the Committee on 20/06/2019, the formation of the committee was changed as follows:	<table border="0"> <tr> <td>Former Committee</td> <td>New Committee</td> </tr> <tr> <td>Mr. Ahmed Mahmoud Al-Yahya – Chairman</td> <td>Mr. Nasser Bader Al-Sharhan – Chairman</td> </tr> <tr> <td>Mr. Bassam Taleb Waheedy</td> <td>Mr. Malik Maher Maarafi</td> </tr> <tr> <td>Mr. Nasser Bader Al-Sharhan</td> <td>Mr. Ahmed Fathi Mohamed Abu Zaid</td> </tr> </table>	Former Committee	New Committee	Mr. Ahmed Mahmoud Al-Yahya – Chairman	Mr. Nasser Bader Al-Sharhan – Chairman	Mr. Bassam Taleb Waheedy	Mr. Malik Maher Maarafi	Mr. Nasser Bader Al-Sharhan	Mr. Ahmed Fathi Mohamed Abu Zaid
Former Committee	New Committee								
Mr. Ahmed Mahmoud Al-Yahya – Chairman	Mr. Nasser Bader Al-Sharhan – Chairman								
Mr. Bassam Taleb Waheedy	Mr. Malik Maher Maarafi								
Mr. Nasser Bader Al-Sharhan	Mr. Ahmed Fathi Mohamed Abu Zaid								
Most significant committee works during the year	<ul style="list-style-type: none"> - Discussing the nomination of the company's CEO appointment. - Evaluating the work of the Nomination and Remuneration Committee (self-evaluation). - Discussing the remuneration report granted to members of the Board of Directors and Executive Management for 2019. - Electing of the Chairman of the Nomination and Remuneration Committee. - Appointing the Secretary of the Nomination and Remuneration Committee. - Performance report of the Nomination and Remuneration Committee. 								

● **Number of meetings held by the Nominations and Remunerations Committee during the year: 3.**

Member's name	Meeting 1/2019 dated 08/01/2019	Meeting 2/2019 dated 24/11/2019	Meeting 3/2019 dated 30/12/2019
Former Committee			
Mr. Ahmed Mahmoud Al-Yahya – Chairman	✓	×	×
Mr. Bassam Taleb Waheedy	✓	×	×
Mr. Nasser Bader Al-Sharhan	✓	×	×
New Committee			
Mr. Nasser Bader Al-Sharhan – Chairman	✓	✓	✓
Mr. Malik Maher MAarafi	×	✓	✓
Mr. Ahmed Fathi Abu Zaid	×	✓	✓

Audit Committee									
Date of forming the committee and its duration	21 June 2017 – duration of membership – is the same duration of membership in the Board								
Formation of the Committee on 20/06/2019, the formation of the committee was changed as follows:	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">Former Committee</td> <td style="width: 50%;">New Committee</td> </tr> <tr> <td>Mr. Malik Maher Maarafi – Chairman</td> <td>Mr. Malik Maher Maarafi – Chairman</td> </tr> <tr> <td>Mr. Abdulrazzaq Zaid Al-Dhabian</td> <td>Mr. Ahmed Fathi Mohamed Abu Zaid</td> </tr> <tr> <td>Mr. Hassan Hashem Sayed Al-Mosawy</td> <td>Mr. Malik Mustafa Humoud</td> </tr> </table>	Former Committee	New Committee	Mr. Malik Maher Maarafi – Chairman	Mr. Malik Maher Maarafi – Chairman	Mr. Abdulrazzaq Zaid Al-Dhabian	Mr. Ahmed Fathi Mohamed Abu Zaid	Mr. Hassan Hashem Sayed Al-Mosawy	Mr. Malik Mustafa Humoud
Former Committee	New Committee								
Mr. Malik Maher Maarafi – Chairman	Mr. Malik Maher Maarafi – Chairman								
Mr. Abdulrazzaq Zaid Al-Dhabian	Mr. Ahmed Fathi Mohamed Abu Zaid								
Mr. Hassan Hashem Sayed Al-Mosawy	Mr. Malik Mustafa Humoud								
Most significant committee works during the year	<ul style="list-style-type: none"> - Recommending to the Board of Directors to appoint the company's external auditors for the year ended on 31 December 2019. - Approving the internal audit reports for the following departments (Department of Human Resources and Administration Affairs, Financial Department and Accounting, Corporate Governance and Compliance). - Reviewing the quarterly and annual financial statements. - Reviewing the evaluation report of the quality of internal audit work. - Evaluating the work of the internal audit unit. - The audit committee performance report for the year 2019. - Evaluating the work of the audit committee (self-evaluation). - Evaluation of the audit committee meetings for the year 2020. 								

Number of meetings held by the committee during the year: 5

Member's name	Meeting 1/2019 dated 18/03/2019	Meeting 2/2019 dated 05/05/2019	Meeting 3/2019 dated 01/08/2019	Meeting 4/2019 dated 07/11/2019	Meeting 5/2019 dated 31/12/2019
Former Committee					
Mr. Malik Maher Maarafi – Chairman	✓	✓	✓	✓	✓
Mr. Abdulrazzaq Zaid Al-Dhabian	✓	✓	×	×	×
Mr. Hassan Hashem Al-Mosawy	✓	✓	×	×	×
New Committee					
Mr. Malik Maher Maarafi– Chairman	✓	✓	✓	✓	✓
Mr. Ahmed Fathi Abu Zaid	×	×	✓	✓	✓
Mr. Malik Mustafa Humoud	×	×	✓	✓	✓

Risk Management Committee			
Date of forming the committee and its duration	21 June 2017 – duration of membership – is the same duration of membership in the Board		
Formation of the Committee on 20/06/2019, the formation of the committee was changed as follows:	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;">Former Committee Mr. Hassan Hashim Al-Mosawy – Chairman Mr. Ahmed Mahmoud Al-Yahya Mr. Malik Maher Maarafi</td> <td style="width: 50%; vertical-align: top;">New Committee Mr. Nasser Bader Al-Sharhan – Chairman Mr. Ali Hussain Moussa Mr. Mohammed Hamad Al-Salem</td> </tr> </table>	Former Committee Mr. Hassan Hashim Al-Mosawy – Chairman Mr. Ahmed Mahmoud Al-Yahya Mr. Malik Maher Maarafi	New Committee Mr. Nasser Bader Al-Sharhan – Chairman Mr. Ali Hussain Moussa Mr. Mohammed Hamad Al-Salem
Former Committee Mr. Hassan Hashim Al-Mosawy – Chairman Mr. Ahmed Mahmoud Al-Yahya Mr. Malik Maher Maarafi	New Committee Mr. Nasser Bader Al-Sharhan – Chairman Mr. Ali Hussain Moussa Mr. Mohammed Hamad Al-Salem		
Most significant committee works during the year	<ul style="list-style-type: none"> - Approving the committee's report for the year 2018 and submitting it to the Board of Directors. - Discussing the risks of change in the exchange rate of foreign currencies against the Kuwaiti dinar. - Evaluating the work of the Risk Committee (self-evaluation). - Electing the Chairman of the Risk Committee. - Discussing the appointment of the Secretary of the Risk Committee. - Discussing the risk register. - Reporting the performance of the work of the Risk Committee during 2019. - Evaluating the work performance of the risk unit. 		

Number of meetings held by the Risk Management Committee during the year: 4

Member's name	Meeting 1/2019 dated 30/06/2019	Meeting 2/2019 dated 30/09/2019	Meeting 3/2019 dated 19/11/2019	Meeting 4/2019 dated 31/12/2019
Former Committee				
Mr. Hassan Hashim Al-Mosawy – Chairman	×	×	×	×
Mr. Ahmed Mahmoud Al-Yahya	×	×	×	×
Mr. Malik Maher Maarafi	×	×	×	×
New Committee				
Mr. Nasser Bader Al-Sharhan – Chairman	✓	✓	✓	✓
Mr. Ali Hussain Moussa	✓	✓	✓	✓
Mr. Mohammed Hamad Al-Salem	✓	✓	✓	✓

● **Mechanisms that allow board members to obtain information and data in an accurate and timely manner:**

The Executive Management provides information, data and documents in a complete, accurate and timely manner to all members of the Board of Directors to enable them to undertake and carry out their duties and tasks efficiently and effectively. It is also keen to ensure that all periodic and non-periodic reports are prepared to a high standard and in a comprehensive, consistent, concise and accurate manner.

Third rule

Selecting Competent Individuals for Membership in the Board of Directors and Executive Management

● Formation of the Nomination and Remuneration Committee:

The Board of Directors has formed a Nomination and Remuneration Committee in accordance with the requirements of the Capital Markets Authority and as mentioned above. The Nomination and Remuneration Committee's work charter defines all the conditions and requirements for forming the committee and its work mechanism according to the rules of governance.

The company has a policy approved by the Board of Directors to grant remuneration that includes determining remunerations of the Chairman and members of the Board of Directors, and determining the different segments of remunerations that are granted to employees in accordance with the applicable legal and regulatory requirements.

● The remuneration report granted to the Board members and Executive Management:

Based on the requirements of the Capital Markets Authority, the tasks and responsibilities of the Nomination and Remuneration Committee include preparing a detailed annual report on all remunerations granted to members of the Board of Directors and the executive management, and this report was prepared as follows:

* The annual remunerations are related to the company's performance during the year, taking into account the following:

- The applicable legal and regulatory requirements are taken into consideration when determining the remunerations of the chairman, Board members and employees.
- Employee remunerations are divided into: the fixed remuneration segment (including salary, allowances and other incentives), and the variable remuneration segment (related to the employee's annual performance evaluation); in addition to the end of service gratuity segment.

Structure of remuneration for the year 2019

No.	Job	Remunerations, salaries, incentives and other financial privileges (Parent Company and Subsidiaries)	Total remunerations, salaries, incentives and other financial privileges (Kuwaiti Dinar)
Members of the Board Members			
1	Chairman	Variable remuneration (Annual bonus, Committee remuneration), fixed privileges (Health Insurance)	N/A
2	Vice Chairman	Variable remuneration (Annual bonus, Committee remuneration), fixed privileges (Health Insurance)	N/A
3	Board Member	Variable remuneration (Annual bonus, Committee remuneration), fixed privileges (Health Insurance)	N/A
Members of the Executive Management			
1	CEO	Fixed remuneration and privileges (Salary, Health Insurance), Variable remuneration (Annual bonus)	125,721
2	Chief Financial Officer	Fixed remuneration and privileges (Salary, Health Insurance), Variable remuneration (Annual bonus)	55,036

Fourth Rule

Ensuring the Integrity of Financial Reports

- **Written undertakings by both the Board of Directors and the Executive Management of the soundness and integrity of the prepared financial reports:**


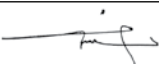
Acknowledgment and Undertaking (soundness and integrity of financial statements)

We, the undersigned, the Vice Chairman and members of the Board of Directors of Senergy Holding Company, hereby acknowledge and undertake the accuracy and integrity of the financial statements that have been provided to the external auditors, and the statement of the financial reports of the company has been presented in a correct and fair manner in accordance with the international accounting standards applied in the State of Kuwait and approved by the Capital Markets Authority and it represents the financial position of the company as of December 31, 2019, based on the information and reports that we received from the executive management and the auditors, and due diligence is taken to verify the integrity and accuracy of these reports.

Name	Job	Signature
Mr. Nasser Bader Ahmed Al-Sharhan	Vice Chairman of the Board of Directors	
Mr. Mohammed Hamad Al-Salem	CEO	
Mr. Ali Hussain Ali Al-Moussa	Board Member	
Mr. Malik Maher Maarafi	Board Member	
Mr. Ahmed Fathi Mohamed Abu Zaid	Board Member	
Mr. Malik Mostafa Humoud	Board Member	

Acknowledgment and Undertaking (Soundness and integrity of financial statements)

I, the undersigned, the CEO of Senergy Holding Company, hereby acknowledge and undertake the accuracy and integrity of the financial statements that have been provided to the external auditors, and the statement of the financial reports of the company has been presented in a correct and fair manner in accordance with the international accounting standards applied in the State of Kuwait and approved by the Capital Markets Authority and it represents the financial position of the company as of December 31, 2019, based on the information and reports that we received from the financial management and the auditors, and due diligence is taken to verify the integrity and accuracy of these reports.

Name	Job	Signature
Mr. Mohammed Hamad Al-Salem	CEO	
Mr. Nashaat Naeem Daghmarsh	Chief Financial Officer	

● **Formation of the audit committee:**

The Board of Directors formed the audit committee in accordance with the requirements of the Capital Markets Authority and as mentioned above, and the audit committee work charter specifies all the conditions and requirements for forming the committee in accordance with the rules of governance of the Capital Markets Authority.

● **Mechanisms used in the event of a conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors.**

In order to apply the highest standards of transparency, the Board of Directors recommends that in the event of a conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors, a statement should be included detailing and clarifying the recommendations and the reasons for the same.

It should be noted that up to the writing of this report there has been no conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors.

● **Ensuring the independence and impartiality of the external auditor:**

The external auditor of the company is nominated based on a recommendation from the audit committee to the board of directors, after ensuring that he is independent of the company and the board of directors, and that he is not doing any additional work for the company that is not included in the audit work that may affect his impartiality or independence, and that the auditor is registered in the private record at the Capital Markets Authority. At its annual meeting, the Ordinary General Meeting shall appoint the Company's external auditor upon the proposal of the Board of Directors. The external auditor attends the general assembly meetings and reads the report prepared by him to the shareholders.

Fifth rule

Developing Sound Systems for Risk Management and Internal Control

● **Formation of an independent department/ office/ unit for risk management:**

The company has an independent risk management unit through its direct subordination to the risk committee, and the company relies on the risk management unit to contract with a specialized external party to carry out what tasks, and the external entity identifies, measures and follows up the different types of risks that the company may be exposed to in accordance with the approved policies by the Board of Directors, preparing the necessary periodic reports in this regard and referring them to the relevant committees and the Board of Directors.

The tasks and responsibilities of the risk management employees have been defined. The management has also developed an effective policy and procedures guide to be in conformity with the company's activities

● **Formation of a risk management committee:**

The Board of Directors has formed a risk management committee in accordance with the requirements of the Capital Markets Authority and as mentioned above. The risk committee work charter defines all the conditions and requirements for forming the committee in accordance with the rules of governance of the Capital Markets Authority

● Internal regulation and control systems:

The company adopts a set of internal regulation and control systems that cover all the activities of the company through the preparation and approval of a set of structures, policies and procedures that aim to define powers and responsibilities and the separation of tasks, and the board of directors follows up on the internal control systems through the reports submitted by the committees and supervisory jobs in the company.

In addition, an independent audit office is assigned to evaluate and review the internal control systems and prepare a report in this regard. A copy of this report is submitted to the Audit Committee, the Board of Directors and the Capital Markets Authority.

● Formation of an independent department/ office/ unit for internal audit:

The company has an internal audit unit that enjoys independence through its subordination to the audit committee, and the company relies on the internal audit unit to contract with a specialized external entity to carry out such tasks, and the external entity reviews and evaluates the internal control systems applied in the company in accordance with the policies approved by the Board of Directors and prepares the necessary periodic reports in this regard and refers them to the relevant committees and the Board of Directors. The Board also defined the tasks and responsibilities of the Internal Audit Department.

An independent audit office - unlike the audit office assigned with evaluating and reviewing internal control systems - is assigned to review and evaluate the performance of the internal audit every three years, and a copy of this report shall be provided to the Audit Committee and the Board of Directors.

Sixth Rule

Promoting Professional Behavior and Moral Values

● Standards and determinants of professional behavior and moral values:

The company has a work charter approved by the Board of Directors that includes the standards and determinants that establish the concepts, values and ethical principles of the company, members of the Board of Directors, executive management and all employees.

● Reducing conflicts of interest:

The company has a policy regarding limiting conflict of interest cases, approved by the Board of Directors, that includes examples of conflict of interest cases and how to solve and deal with them, for members of the Board of Directors and the Executive Management.

The Board of Directors takes all possible measures to identify, prevent or manage conflict of interest cases in order to achieve interests of the company and shareholders.

Seventh rule

Accurate and Timely Disclosure and Transparency

● **Mechanisms for accurate and transparent disclosure:**

The company has a policy of disclosure and transparency towards shareholders, potential investors and other stakeholders approved by the Board of Directors, in conformity with the provisions mentioned in the Capital Market Authority Law and its executive regulations and the authority's instructions and best practices in this regard. This policy is reviewed periodically.

Senergy Company provides the disclosures of the essential information related to it on the company's website as well as the Kuwait Stock Exchange (Boursa Kuwait) website.

The company maintains an updated record of all the disclosures which is available for the concerned parties to view during normal business hours of the company without any fee or charge.

● **Disclosures Record of Board Members and Executive Management:**

The company maintains a special record for the disclosures of members of the board of directors and executive management, containing the information and data required to be disclosed in accordance with the requirements of laws, instructions and the company's policy in this regard, and this record is updated periodically. This record shall be available to the concerned persons to view during the company's normal business hours without any fee or charge.

● **Investors Affairs Unit:**

The Company's Investor Affairs Unit has the appropriate independence, and is responsible for providing the necessary information, data and reports to shareholders, potential investors and other stakeholders in a timely manner and through established methods and means of disclosure, including the company's website.

The company always seeks to improve the effectiveness of communication with shareholders, stakeholders and society in general and to publish the correct information related to the company and its operations as the company believes in the importance of continuous and regular communication that accurately reflects the financial position and performance of the company.

● **IT Infrastructure Development:**

The company is keen to rely on information technology to communicate with potential shareholders, investors and other stakeholders by creating a special section on the company's website for corporate governance, through which information and data of interest to them is displayed.

Eighth rule

Respecting the Rights of Shareholders

● Define and protect the general rights of shareholders:

A policy has been prepared to protect shareholders' rights in accordance with the company's articles of association, as well as its internal policies and regulations, to ensure that all shareholders exercise their rights in a manner that achieves justice and does not conflict with the laws and instructions of the Capital Markets Authority. The company's policies also ensure that all shareholders are treated equally and fairly without any discrimination. The most significant general rights of shareholders include:

- Disposing shares, Registering ownership, moving and transferring shares.
- Obtaining the determined share of the dividend.
- Obtaining the required share of the company's assets in case of liquidation.
- Obtaining information and data about the company's activity in a timely manner.
- Participating in General Meetings and voting on decisions.
- Monitoring the performance of the company in general.
- calling for of members of the board of directors and executive management if they fail to perform the tasks assigned to them.

● Create a special record to be maintained at the clearing agency:

According to the agreement signed between the company and the Kuwait Clearing Company, the shareholders' record is maintained at the clearing agency, in which the information and data of the shareholders are recorded, and the company maintains a copy of this record and the information and data contained in it are dealt with according to the highest levels of protection and confidentiality and shall be notated of any changes in the data registered therein, according to what the company or the clearing agency receives, and this record shall be available to the concerned persons to view during the company's normal business hours.

● Encourage shareholders to participate and vote in the company's general meetings:

The company encourages shareholders to attend and participate in the company's general meetings and vote on its decisions, as the company announces and discloses the invitation to the general meeting, including the agenda, the time and place of the meeting, during the scheduled dates and through the specified means and mechanisms.

The company also allows shareholders prior to the general meeting to obtain information and data related to agenda items. The company also allows shareholders to assign others to attend the general meeting and vote on its decisions under a special power of attorney or authorization that the company prepares for this purpose. The company does not charge any fees for shareholders attending the general meetings.

Ninth rule

Understand the Role of Stakeholders

- **Systems and policies that protect and recognize the rights of stakeholders:**

The company is keen to protect and recognize the rights of stakeholders, and the company's board of directors has adopted a policy to protect the rights of stakeholders that includes rules and procedures that ensure protection and recognition of the rights of stakeholders and allow them to obtain compensation in case any of their rights are violated, in accordance with the relevant laws in force in the State of Kuwait, such as the Companies Law and the Labor Law in addition to the contracts concluded between the company and the stakeholders, and any additional undertakings the company makes towards them.

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

The company is keen to take advantage of the stakeholders' contributions and encourages them to participate in following its activities in a manner consistent with the achievement of its interests, as the company works to provide the necessary information, data and reports to the stakeholders in a timely manner and through the established methods and means of disclosure, through the Investor Affairs Unit as mentioned above. It also allows stakeholders to inform the Board of Directors of any improper practices to which they are exposed by the company, while providing confidentiality and appropriate protection to parties that report in good faith about those practices.

Tenth rule

Enhance and Improve Performance

- **The mechanisms that allow the members of the Board of Directors and the Executive Management to obtain continuous training programs and courses:**

An introductory program is provided for new board members and executive management about the company's activities, and this includes providing them with the company's articles of association, strategy, organizational structure, annual report, financial statements, board work charters, approved committees and policies, as well as any other information, data, reports, or documents deemed necessary.

In addition, a plan is prepared for the appropriate training programs for members of the Board of Directors and Executive Management regarding new developments in areas related to the company's work.

- **Evaluate the performance of the board of directors as a whole, and the performance of each member of the board of directors and executive management:**

The company has put in place a mechanism to periodically evaluate the performance of each member of the board of directors and executive management, through a set of objective performance indicators, as well as identifying weaknesses, strengths, and suggestions for addressing them in line with the company's interest. The performance of board members and executive management has been evaluated, as well as the performance of board committees.

● The efforts of the Board of Directors to create institutional values for employees in the company:

The Board is keen on Value Creation for employees in the company through achieving strategic goals and improving performance rates and adherence to relevant laws, regulations, decisions and instructions that contribute to motivating workers to work continuously in order to maintain the financial integrity of the company.

Eleventh rule**Focus on the Importance of Social Responsibility****● A policy to ensure a balance between both the company's objectives and the society's objectives:**

The company's board of directors has adopted a social responsibility policy that aims to link the company's objectives to the objectives that society seeks to achieve, taking into account the social and economic aspects of society in terms of job opportunities, project support, awareness-raising programs, charitable initiatives, health aspects, environmental protection, etc.

● The programs and mechanisms used that help highlight the company's efforts in the field of social work:

The company has established a set of programs that ensure the continuity of the implementation of the social responsibility policy, as the company works to contribute to social and economic activities continuously (charitable - cultural - educational - health - environmental).

The company is keen on continuous commitment to social responsibility through social behaviors that aim to achieve sustainable development for society in general and its employees in particular. This is achieved through improving the living conditions of workers and their families, and supporting and encouraging national workers and raising their efficiency and competitiveness.

The company also undertakes the continuous commitment of the company to act ethically in accordance with the provisions of public laws and customs.