



The Commercial Real Estate Co. K.P.S.C. الشركة التجارية العقارية ك.م.م.ع.



GOVERNANCE REPORT 2020



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Governance Report:

Governance

The Commercial Real Estate Company is the first and leading company in the implementation of the governance standards of "Good Governance" in Kuwait. The Board of Directors has taken upon itself the responsibility of complying with the governance standards which were announced at the Ordinary General Assembly for the financial year ending 31/12/2011, through the application of best practices and a package of policies, procedures and mechanisms. The Board of Directors, consisting of eight members (including two independent members), adopted the organizational structure and governance guide which defines the responsibilities, powers and channels of communication between different administrative levels, and also regulates the relationship between shareholders, board of directors, executive management and stakeholders.

Also, several committees emanating from the Board of Directors have been formed to follow up the application of best practices. The governance guide outlined the composition, functions, powers and responsibilities of these committees and their working mechanism, as well as the evaluation of the committees, the executive management, the board of directors, the determination of shareholders' rights, the development of ethical business codes and organizational policies of the Company. The Board of Directors of the Company has also set up a system of financial, administrative and operational powers that define the powers of the Executive Management, the committees emanating from the Board of Directors and the Board of Directors.

In 2020, the Company committed itself to implementing all standards of governance in accordance with best practices and submitted the reports to the regulatory authorities on the specified dates. The Governance Committee and the Board of Directors have also supervised the implementation process through periodic reports submitted to the Committee and the Board. The Board did not witness any deviations from the adopted policies and rules or regulatory directives on governance applications.

1st Rule - Building a balanced structure for the Board of Directors

Board of Directors

The Board of Directors is accountable to the general assembly of shareholders and is responsible for protecting the interests of the company, developing its business and achieving its strategy. The Board of Directors shall be fully responsible and aware of the company's vision, mission, objectives and general strategy to achieve shareholder expectations. The Board of Directors shall also work to avoid a conflict of interest provided that the priority shall always be for the benefit of the company.

#	Name	Position	Membership	Academic Qualification	Date of election / Appointment of the Secretary
1	Mr. Abdulfatah M.R. Marafie	Chairman	Non- Executive	Bachelor of Commerce / Industrial Management 37 years of experience	April 9th, 2018
2	Mr. Adwan Mohammad Aladwani	Vice Chairman	Non- Executive	Bachelor of English Literature 38 years of experience	April 9th, 2018
3	Mr. Ebrahim Mohammad Alghanim	Board of Directors	Non- Executive	Bachelor of Science in Marine Engineering 42 years of experience	April 9th, 2018
4	Mr. Hussain Abdulla Jowhar	Board of Directors	Non- Executive	Master of Business Administration 37 years of experience	April 9th, 2018
5	Mr. Abdulaziz M. A. Al Hasawi	Board of Directors	Independent	Bachelor of Business Administration 34 years of experience	April 9th, 2018
6	Mr. Faisal I. Al Musallam	Board of Directors	Independent	Bachelor of Accounting 27 years of experience	April 9th, 2018
7	Eng. Abdulmuttalib A.M. Marafie	Board of Directors	Executive	Bachelor of Engineering / Master of Business Administration 16 years of experience	April 9th, 2018
8	Mr. Talal J. Al Bahar	Board of Directors	Non- Executive	Bachelor of Business Administration 15 years of experience	April 9th, 2018
9	Mrs. Eman Amin Muqadem	Secretary	Secretary	Bachelor of Business Administration 20 years of experience	April 9th, 2018

Meetings Attendance Schedule

		1-2020	2-2020	3-2020	4-2020	5-2020	6-2020
Board Member	Title	Feb 11	Mar 10	Aug 11	Nov 11	Dec 9	Dec 23
Mr. Abdulfatah M.R. Marafie	Chairman	✓	✓	✓	✓	✓	✓
Mr. Adwan Mohammad Aladwani	Vice Chairman	✓	✓	✓	✓	✓	✓
Mr. Ebrahim Mohammad Alghanim	Non – Executive Member	✓	✓	✓	✓	✓	✓
Mr. Hussain Abdulla Jowhar	Non – Executive Member	✓	✓	✓	✓	✓	✓
Mr. Abdulaziz M. A. Al Hasawi	Independent Member	✓	✓	✓	✓	✓	✓
Mr. Faisal I. Al Musallam	Independent Member	✓	✓	✓	✓	✓	✓
Eng. Abdulmuttalib A.M. Marafie	Executive Member	✓	✓	✓	✓	✓	✓
Mr. Talal J. Al Bahar	Non – Executive Member	✓	✓	✓	✓	✓	✓
Mrs. Eman Amin Muqadem	Secretary	✓	✓	✓	✓	✓	✓

Coordination for board meetings, recording and archiving meeting minutes

The Secretary of the Board of Directors was appointed from among the employees of the company by a decision issued by the Board of Directors, and his duties were defined in line with the level of responsibilities assigned to him, which include the following:

- Coordinate and prepare for Board meetings, including appointments, agenda, documents, etc., and provide members with them three working days before the meeting.
- Record and save all board meeting minutes, records, and reports submitted to and from the board.
- Record the number of meetings of the Board of Directors in consecutive numbers for the year in which the meetings are held, meeting place, date, time of the beginning and conclusion, and registering the names of those present and absent from the meeting, with mentioning the reasons for absence, and mentioning the persons present from outside the Board.
- Recording the proceedings of the meetings in accordance with the agenda items and any other work, resolutions, recommendations and observations taken.
- Sufficient discussion of topics on the agendas of the meetings with the utmost transparency, provided that the members are provided with information that enables taking decisions, and the decisions taken and all facts including reservations (if any) are recorded in the minutes of meetings.
- Adoption of the agenda by the Board of Directors. In the event that a member objects to the schedule, details of such objection shall be written down in the minutes of the meeting.
- Approving and signing minutes of meetings by all members of the Board of Directors present and the Secretary.
- Keeping the original minutes of meetings and obtain copies of minutes of approved board meetings and related documents.
- Maintaining a special record to record the Board of Directors' summary, provided to include all the above information.

2nd Rule - Proper identification of tasks and responsibilities

Board of Directors Responsibilities

The board of directors of the company assumes all the powers and authorities necessary for management, and the ultimate responsibility for the company remains with the board, even if it forms committees or delegates other entities or individuals to carry out some of its actions. The board must avoid issuing general or unlimited mandates. The duties and responsibilities of the Board of Directors include the following:

1. Approve the Company's important objectives, strategies, plans and policies, including the following, at a minimum:

- The company's overall strategy and key business plans, with reviewing and directing them.
- The optimal capital structure of the company and its financial objectives.
- A clear policy for the distribution of profits of all kinds (cash / in kind) and in the interests of the shareholders and the company.
- Setting goals and monitoring performance and implementation.
- Adopting organizational and functional structures in the company and conducting periodic review thereon.

2. Approving annual estimated budgets and approving interim and annual financial statements.

3. Oversee the company's main capital expenditures, and possess and dispose of the assets.

4. Ensure the company's compliance with policies and procedures that ensure the company's respect for the applicable internal regulations and laws.

5. Ensure the accuracy and integrity of data and information to be disclosed in accordance with applicable disclosure and transparency procedures.

6. providing effective channels of communication that will allow the shareholders to have constant and periodic access to the various aspects of their activities and the significant developments.

7. To develop and supervise the system of governance and conducting general supervision over it, and to monitor its effectiveness and adjust it when needed in accordance with best practices.

8. Monitor the performance of each member of the board of directors and executive management according to objective performance indicators KPIs.

9. Preparing an annual report to be read in the annual general assembly of the company that includes requirements and procedures for completing corporate governance rules and the extent of compliance with them, provided that this report is included in the annual report prepared on the company's activities with a statement of the rules that have been adhered to and the rules that have not been adhered to with justifications for non-compliance According to the requirements of governance.

10. The formation of specialized committees emanating from it in accordance with a charter that clarifies the duration, powers and responsibilities of the Committee and how the Board monitors them. The formation decision also includes naming the members, defining their tasks, rights and duties, as well as evaluating the performance and work of these committees.

11. Ensure that the organizational structure of the company is transparent and clear so as to facilitate the decision-making process and achieve the principles of good governance, and separate the Powers and Authorities among the Board of Directors and the Executive Management. Accordingly, the Board of Directors shall:

- Adopt the internal regulations and laws related to the work of the company and its development and the subsequent determination of the tasks, competencies and responsibilities among the different organizational levels.
- Adopt the policy of delegating and implementing the works entrusted to the executive management.

12. Determining the powers delegated to executive management, decision-making procedures and duration of delegation. The Board shall also determine the subjects for which the power to decide is held and the executive management shall submit periodic reports on its practices of delegated authority.

13. Supervising and control over the performance of the members of the executive management and ensuring that they perform all their tasks. The Board of Directors shall carry out the following:

- Ensure that the executive management operates in accordance with the policies and regulations approved by the Board of Directors.
- Holding periodic meetings with the executive management to discuss the work progress and any obstacles and problems and to present and discuss important information related to the company's activity.
- Setting performance standards for executive management consistent with the company's objectives and strategy.

14. Defining the bonus segments to be awarded to employees, such as the fixed bonus segment, the performance bonus segment, and the bonus segment in the form of shares.

15. The appointment or dismissal of any member of the executive management, including the chief executive officer and the like.

16. Develop a policy that regulates the relationship with stakeholders in order to preserve their rights.

17. Establish a mechanism to regulate transactions with related parties in order to reduce conflicts of interest.

18. Ensure, periodically, the effectiveness and adequacy of the internal control systems in force in the Company and its subsidiaries, including:

- Ensure the integrity of the financial and accounting systems and regulations relevant to the preparation of financial reports.
- Ensure the application of appropriate control systems to measure and manage risk by identifying factors and types of risks that the company may face, and establish a risk-sensitive environment at the corporate level and transparently communicate them to the related stakeholders and parties.
- Recommending the appointment of independent auditors.
- Recommending the appointment of the Shari'a Supervisory Board.
- Approving codes of conduct, work ethics and work policies and procedures of the company.

Executive Management

Name	Title
Mr. Saleh Ahmad Al-Aryan	C.E.O Admin & Legal Affairs Group
Eng. Abdulmutaleb A.M. Marafie	C.E.O Technical Affairs Group & Properties Group
Eng. Yousef Ghazi Al Saqabi	Assistant C.E.O Technical Affairs Group
Mr. Tamer Said Mansour	Finance & Strategic Planning Dept. Manager
Mr. Fuad Hassan Zaarour	Accounting Dept. Manager
Mr. Mansour Mohsen Kamal	Internal Audit Dept. Manager
Mr. Essam Mohamed Refaat Mahmoud	Legal Affairs Dept. Manager
Mr. Ahmed Esmaeil Elkalshy	HR & Admin Affairs Dept. Manager
Mr. Nisanth Kondiara Chandran	Facilities Management Dept. Manager
Mr. Emad Al Haniny	IT Manager
Mrs. Eman Muqadem	Chairman's office Dept. Manager
Eng. Fatemah Amin Marafie	Projects & Projects control Dept. Deputy Manager
Mrs. Eva Saaed Awwad	Property Management Dept. Deputy Manager
Mr. Ahmad Abbas Shakib	Investment Dept. Deputy Manager

Tasks and Responsibilities of Executive Department:

The activities of the company shall be carried out by the executive department under the supervision and guidance of the chief executive officers with the purpose of achieving a balance in the relationships between the company and its employees, investors and customers, and to ensure the work within the purposes of the company and devote its resources in a suitable manner to meet its objectives in line with the company's policy and strategy.

Tasks of Executive Management:

1. Implementing the strategy and all plans, policies, regulations, and internal systems of the company that are intentional by the Board of Directors.
2. Developing an integrated accounting system that maintains books, records and accounts that reflect accurately and in details the financial statements and accounts to maintain the Company's assets and preparing the financial statements in accordance with International Accounting Standards.
3. Managing all activities and human and financial resources effectively in order to maximize profits reduce expenses and achieves strategic goals of the company.
4. Implementing the company's strategic plans and all that is relating to them including internal policies and regulations and ensure their adequacy and effectiveness.
5. Effective participation in building and developing a culture of ethical values in the company
6. Bearing responsibility for the overall performance of the company and its business results through the establishment of a governance structure that promotes accountability and transparency.
7. Providing timely and accurate information and reports to the board of directors.
8. Providing recommendations regarding the strategy and plans pursued with the aim of improvement and development through deliberate plans to ensure their adequacy and effectiveness.
9. Submitting the proposals and reports about the powers and authorities granted to the executive department.
10. Following up the implementation of the powers and responsibilities granted in accordance with the approved terms of reference.
11. Developing, modifying and updating policies and procedures, discussing and approving them in order to ensure the best application.
12. Supervising and following-up in order to ensure the applicable implementation of the laws and regulations and policies including the governance manual by the employees in order to achieve the company's strategy and prepare reports containing the recommendations on the obstacles and the required violations based on the application results.

Achievements of Executive Department:

- Follow up on the implementation of the goals according to the company strategies and plans.
- Discuss and approve the estimated budget.
- Review and approve the company's intirm and annual financial statements.
- Study and approve the policies and procedures for all departments in the company.
- Following up the implementation of the requirements of the Capital Markets Authority for Corporate Governance, which required the following to be done:
 1. Follow up the work and decisions of the committees emanating from the Board of Directors.
 2. Follow up on the work and reports of the Internal Audit Unit and take the necessary corrective actions.
 3. Follow up on the work and reports of the risk management unit.
 4. Approving the corporate governance report.
 5. Monitor the progress of work.
 6. Carrying out a self-evaluation for both the Board of Directors and its members and the executive management.

Forming the Committees of the Board of Directors

The board of directors shall form permanent and temporal committees under the purpose of distributing the tasks and committees of the board of directors among the members of the board and the executive management and provide sufficient time to sufficient discussions for all the aspects of the work and support the board to act on its behalf in some of the limited tasks and raise the periodical reports and recommendations.

The members of the committees are appointed by the board of directors. The members take care of the alternation question periodically according to what is deemed as suitable by the board. A sufficient number of the non-executive board of directors is appointed in the concerned committees in addition to the independent members according to the best practices and instructions regulating it. Each committee shall have its private charter which identified the purpose of the committee not to mention the required qualifications for the membership of the committee.

The committees following the board of directors shall be formed according to the general procedures made by the board of directors including identification of the tasks of the committee, the period of its work and the powers granted to it during this period and how the board of directors controls it. The committee shall inform the board of directors with its activities or the results reached by it, or the decisions that are taken with absolute transparency. The board of directors shall follow up the works of the committee periodically in order to make sure that it will perform the works assigned to it. The board of directors certifies on all the work charters of the committees.

The requirements of the committee members:

- The member shall have the abilities, the suitable qualifications, sufficient experience and locality to perform the tasks and responsibilities.
- The member shall have full knowledge of the financial, accounting and administrative rules of the membership of risks and auditing committee.
- The member shall have no direct or indirect interest in the works and contract made for the account of the company.
- The committeeman shall adhere to the rules followed by the member of the board of directors including keeping secret of all information and not disclose the company's secret.

Membership of the committee:

- The number of the members of each committee shall not be less than three and not exceed five members.
- The period of the committee membership shall be from one to three years and shall not exceed the remaining period of the membership of the board of directors.
- The board of directors shall appoint an alternative member if he occupied the position of one of the committee member.
- Every committee chooses a chairman from its members in the first meeting or the meeting of the board of directors. The rapporteur / the secretary is selected from the company's employees.

Summary of how the members of the Board of Directors obtain information and data in accurate and timely manner

The company follows an accurate system of providing reports and information at all administrative levels at the level of executive management, committees, and board of directors, including many types of weekly, monthly and quarterly reports as well as reports of immediate nature, which are related to information that require immediate decision making. The company has developed several requirements in the reporting system:

- Briefness, accuracy and materiality in the presentation of information so that the information and data presented in the report are highly inclusive and consistent, to be concise and accurate, and to be material and important information to facilitate the decision-making process.
- Periodicity of the presentation of reports, where the report is updated with the latest information and updates, and is prepared according to specific time frames and sequential manner, which are provided at the appropriate time (three days before holding the meeting, with the exception of emergency meetings) to ensure the provision of adequate time to study the information.
- The IT infrastructure was developed for commercial purposes, in particular reporting systems, to ensure that all reports are prepared with a high degree of quality and accuracy, and that they are submitted to the members of the Board in a timely manner.

Governance Committee

Tasks and responsibilities:

The Governance Committee was formed by the Board of Directors and the committee members consist of three members of the Board and the Committee meets twice a year at least. The governance committee aims to achieve the policies, regulations and procedures applied in the company for these instructions and to take corrective and preventive actions and steps when necessary, in order to achieve balance and harmonization between the powers of the company's management and the protection of the rights of shareholders and stakeholders in the interest of the company.

1. Reviewing, modifying and approving principally the governance manual and its harmony with the stated requirements from the capital market authority and the other supervising authorities before submitting it for the board of directors for final approval.
2. Supervising and monitoring the application of governance principles and frameworks approved by the board of directors in accordance with the governance manual.
3. Permanent and continuous reviewing of decisions, laws and instructions issued by regulatory authorities regarding rules and practices of governance and submitting recommendations to the board of directors regarding the changes it deems necessary for the development and application of standards and new practices.
4. Supervising the preparation of the corporate governance and annual report and approving it for submission to the board of directors for final approval.
5. Supervising the preparation of the annual social responsibility plan and submitting it to the board of directors for final approval and supervising the implementation of the social responsibility plan.
6. Informing the board of directors with the latest developments, decisions and laws issued by the various regulatory bodies.
7. Reviewing the report of cases brought from and against the company and verifying the reasons and the current situation and making recommendations thereon.
8. Submit recommendations to the Board of Directors for information, information and final approval.
9. Carry out any other responsibilities assigned to the committee by the board of directors in accordance with the approved powers system.

The Committee Achievemnets

The committee submits all its recommendations to the board of directors, and its achievements include the following:

- Submit recommendations to the board of directors regarding the social responsibility plan.
- Submit recommendations to the board of directors regarding updating the Corporate Governance Manual of Al Tijaria.
- Submit recommendations to the board of directors regarding reviewing the corporate governance report and the annual report.
- Providing members of the Board of Directors and the Executive Management with all decisions and instructions issued by the Capital Markets Authority quarterly.
- Providing members of the Board of Directors and Executive Management with all the company's disclosures for both the Kuwait Stock Exchange and the Capital Markets Authority quarterly.

Formation of the Governance and Meetings Committee

The Governance committee has been formed with at least three members and one of its independent members, the board determines the terms of office and the method of work of the committee and the committee meets minimum twice a year

Name	Title	Date	Duration	1-2020 March 9	2-2020 December 21
Mr. Abdulfatah M.R Marafie	Chairman	9 April 2018	Duration of the board's work	✓	✓
Mr. Hussain Abdulla Jowhar	Vice			✓	✓
Mr. Faisal I. Al Musallam	Independent Member			✓	✓
Mrs. Eman Amin Muqadem	Rapporteur			✓	✓

Auditing and Risks Committee

Tasks and responsibilities:

The Audit and Risks Committee aims to assist the Board of Directors in carrying out its responsibilities to verify compliance with the auditing standards and the effective application of the various policies of the company, identify weaknesses and work to take corrective measures in this regard. As well as working to manage the risks that the company may be exposed to, setting the necessary controls to work to reduce them, and determining the risk tendency of the company and the acceptable proportions of it against the expected benefits and submitting the related recommendations to the Board of Directors.

1. Reviewing the interim and annual financial statements and the external auditor's report and approving them in principle before submitting them to the Council for final approval in order to ensure fairness and transparency of the financial reports.
2. Ensuring the sufficiency and comprehensiveness of the scope of the external audit, the extent of the independence of the company's external auditor, limiting the factors that may weaken his independence, and verifying the existence of coordination between the work of external auditors.
3. Study the remarks of the external auditors on the company's financial statements and follow up on what has been done in their regard.
4. Studying the company's accounting principles and policies and examining any changes that may affect the company's financial position, along with identifying
5. Reviewing and approving the annual plan for internal auditing.
6. Supervising the internal audit work, reviewing and approving the scope and periodicity of the audit work.
7. Reviewing the internal audit reports of the various departments of the company, discussing the observations received regarding them, making corrective decisions, and determining the persons in charge of their implementation and the expected time period for implementation.
8. Follow up the implementation of the agreed corrective measures according to a specific timetable.
9. Review the reports of the regulatory authorities and ensure that the necessary measures have been taken in their regard.
10. Reviewing the reports of the Sharia Supervisory Board before submitting them to the Board of Directors for approval.
11. Review and initial approval of the manuals of policies and procedures for the internal audit department.
12. Ensure that the company adheres to the relevant laws and instructions.
13. Recommending the appointment, transfer and dismissal of the Director of Internal Auditing, and evaluating his performance and that of the Internal Audit Department.
14. Recommending to the Board of Directors to appoint, reappoint or change the external auditors, and determine their fees.
15. Reviewing deals and transactions with related parties and making appropriate recommendations regarding them to the Board of Directors.
16. Hold periodic meetings with the external auditor at least four times annually, as well as when needed upon the committee's request.
17. Holding periodic meetings with the internal auditor at least four times annually, as well as when needed upon the committee's request.

18. Study and recommendations to the Board regarding the periodic verification of the effectiveness and adequacy of the internal control systems in place in the company and its subsidiaries, including:
 - Nominating an accredited body to the Board to appoint an auditing office to prepare the annual ICR report.
 - Nominating an accredited body to the Board to appoint an auditing office accredited by the Commission to prepare the QAR Quality Assurance Report every three years.
 - Ensuring the integrity of the financial and accounting systems and the systems related to the preparation of financial reports.
 - Ensure that appropriate control systems are applied to measure and manage risks by identifying factors and types of risks that the company may face, and creating an environment familiar with the culture of risk reduction at the company level and presenting it transparently with stakeholders and relevant parties.
 - Recommending the appointment of independent auditors.
19. Ensure the availability of adequate resources and systems for risk management, review the organizational structure of risk management and make recommendations regarding it before approval by the Board of Directors, and verify that the management personnel have a full understanding of the risks surrounding the company and ensure the independence of risk employees from operational activities.
20. Assist the Board in determining and evaluating the acceptable level of risks with the company and evaluating the systems and mechanisms for identifying, measuring and following up the different types of risks that the company may be exposed to.
21. Preparing and reviewing the company's risk assessment reports and the measures taken to reduce or confront risks within the acceptable risk ratios approved by the company in exchange for the expected benefits.
22. Prepare and review risk management strategies and policies prior to approval by the Board of Directors, and ensure that they are consistent with the size of the company's activities.
23. Reviewing the adequacy and effectiveness of the company's internal control systems, including strategies, policies and procedures related to sound practices for managing and monitoring various risks, and verifying the implementation of those policies and strategies.
24. Review the notes raised by the Audit and Risk Committee that may affect the company's risk management.
25. Review and initial approval of evidence of policies and procedures for risk management.
26. Submit recommendations to the Board of Directors for information, information and final approval.
27. Carry out any other responsibilities assigned to the committee by the board of directors in accordance with the approved powers system.

Audit and Risks Committee Achievements

The committee submits all its recommendations to the board of directors, and its achievements include the following:

- Submit recommendations to the Board of Directors regarding interim and annual financial statements according to the committee meetings in the presence of an external auditor.
- Submit recommendations to the Board of Directors regarding the internal auditing plan.
- Approving the internal audit reports, taking corrective actions and following them up.
- Submit recommendations to the Board of Directors regarding the risk management plan, risk assessment reports and risk process log.
- Submit recommendations to the Board on appointing the audit office to prepare a report on ICRs annually.
- Submit recommendations to the Board regarding appointing audit office to prepare a report on the quality of the internal audit work (QAR) every three years.

Audit and Risks Committee and Meetings							
<p>This committee was formed and the number of its members is not less than three, and one of its members is independent and the other is non-executive.</p> <p>The council determines the term of the committee's membership and its method of work. The committee meets minimum four times a year</p>							
Name	Title	Date	Duration	1-2020 March 9	2-2020 August 10	3-2020 November 9	4-2020 December 21
Mr. Ebrahim M. Alghanim	Chairman– Non Executive	9 April 2018	Duration of the board's work	✓	✓	✓	✓
Mr. Adwan M. Aladwani	Vice			✓	✓	✓	✓
Mr. Faisal I. Al Musallam	Independent Member			✓	✓	✓	✓
Mr. Mansour Kamal	Rapporteur			✓	✓	✓	✓
Ms. Rawan Sabbah	Secretary			✓	✓	✓	✓

Rewards and Nomination committee

Tasks and responsibilities:

The Rewards and Nominations Committee aims to assist the Board of Directors to carry out its supervisory responsibilities and duties to ensure the nomination of the necessary competencies for the membership of the Board of Directors and the executive and administrative positions in the company, and to verify that they are carried out according to an institutional framework characterized by efficiency and full transparency and mainly in the interest of the company and then achieve the goals of the shareholders in addition to supervisory tasks To ensure the integrity and correctness of the policy of calculating the rewards and allocations that the company applies to members of the board of directors and executive management and to verify that it is fair and contribute mainly to attracting human cadres with professional competence and High technical capabilities, as well as establishing the principle of belonging to the company. According to the following powers:

1. Recommending acceptance of the nomination and re-nomination for members of the Board of Directors and the executive management.
2. Establishing a clear remuneration policy for members of the Board of Directors and the executive management, with an annual review of the required skills needed for membership in the Board of Directors.
3. Attracting the requests of those wishing to occupy executive positions as needed, and studying and reviewing those requests.
4. Determining the different categories of bonuses that will be granted to employees, such as the fixed bonus segment, the performance-related bonus segment, the bonus segment in the form of shares, and the end-of-service bonus segment in the company and its subsidiaries.
5. Establish, review and approve job descriptions for executive members, non-executive members and independent members.
6. Prepare a detailed annual report on all remunerations granted to members of the Board and the Executive Management, whether they are sums, benefits or benefits, whatever their nature and name, provided that this report is presented to the company's general assembly for approval and read by the Chairman of the Board of Directors. The company must follow the standards of accuracy and transparency when preparing the remuneration report, so that all the rewards awarded, whether direct or indirect, are disclosed, and any attempt to conceal or mislead is avoided, provided that the report includes:
 - The rewards and incentives system followed by the company, particularly with regard to members of the Board of Directors and executive management.
 - Details of the remuneration granted to members of the Board of Directors and the executive management in terms of amounts
 - Benefits and benefits, and bonus segment analysis.
 - The value of the remunerations granted to the CEO and the executive management of those who received the highest amounts from the company, to which the financial director or his substitute should be added if he is not among them.
 - Any other bonuses awarded directly or indirectly by the company or subsidiary companies.
 - Any material deviations from the remuneration policy approved by the Board of Directors.
7. Follow-up and review to ensure that the independence of an independent board member does not exist.
8. Supervising and approving contracts regarding the professional responsibility of board members.
9. Supervising and adopting policies and standards for measuring performance and implementing them.
10. Supervising and approving the training plan for all company employees and monitoring its implementation.
11. Supervising and approving the annual employment plan in accordance with the needs of the company and recommendations of the executive management
12. Supervising and approving the company's job grading and salary structure.
13. Supervising and approving a plan for rotating and replacing executive positions.
14. Submit recommendations to the Board of Directors for information, knowledge and final approval.
15. Carry out any other responsibilities assigned to the committee by the board of directors in accordance with the approved powers system.

The Committee Achievements

The committee submits all its recommendations to the board of directors, and its achievements include the following:

- Submit recommendations to the Board of Directors regarding professional liability insurance for board members and executive management.
- Submit recommendations to the Board of Directors regarding reviewing and approving the policies and procedures related to the committee tasks.
- Submit recommendations to the Board of Directors regarding approving the training plan, the employment plan, and the career replacement plan.
- Submit recommendations to the Board of Directors regarding the remuneration of members of the Board of Directors and the allowance to attend committee meetings.
- Submit recommendations to the Board of Directors regarding the remunerations of the executive management, the company's employees and subsidiaries.
- Submit recommendations to the Board of Directors a detailed annual report about all rewards given to board members, executive management, and executives who received the highest rewards from the company.

Formation of the Rewards and Nomination committee and Meetings

This committee was formed and the number of its members is not less than three, and one of its members is independent and the other is non-executive.

The council determines the term of the committee's membership and its method of work. The committee meets minimum four times a year

Name	Title	Date	Duration	1-2020 March 9	2-2020 December 21
Mr. Talal J. Al Bahar	Chairman – Non Executive	9 April 2018	Duration of the board's work	✓	✓
Mr. Hussain Abdulla Jowhar	Vice			✓	✓
Mr. Adwan M. Aladwani	Member			✓	✓
Mr. Abdulaziz M. A. Al Hasawi	Independent Member			-	✓
Mr. Ahmed Esmaeil A. Elkalshy	Rapporteur			✓	✓
Mrs. Fayrouz Shahin	Secretary			✓	✓

3rd Rule - Selecting persons with competence for board membership

The incentives and awards law in Al Tijaria Real Estate Company

The company grants its employees annual rewards in case of achieving the profits and the desired objectives of the company during the year taking into consideration the following:-

1. This reward shall not be obligatory on the company and shall be subject to annual investigation, the achievement of the company's objectives and acknowledgment by the company board of directors.
2. The reward payment is identified and approved by the company's board of directors based on the recommendations of the rewards committee.
3. The rewards and nomination committee submits the reward suggestion of the members of the board of directors provided that it shall be subject to the initial approval of the board and the final approval of the company general assembly.
4. The annual reward suggestion is prepared by the human resources department based on the specific allotments and assessment of company employees.
5. The reward proposal shall be studied by rewards and nominations committee.
6. The reward is calculated according to a fixed criteria for calculating the reward (whether it is a fixed amount for each job level, salary, salary multiplier)
7. A fixed rate is determined (percentage of salary - specific amount for each job level - salary multiplier - etc.) as an additional reward for the distinguished works.
8. The date of paying the reward shall be determined in case it is approved on the date specified by the senior management.
9. The determination of reward values depends on the percentage of the employee's assessment so that the employee who is rated (weak / acceptable) will not be entitled to receive the reward as a result of average performance of the year.

The job level of the evaluator:

- The employees are evaluated by the heads of the departments (the direct president) and approved by the departments' managers, the chief executive officer of the group and the chief executive officer of the administrative and legal affairs.
- The departments' managers are evaluated by department managers and approved by the group's chief executive Officer.
- The departments' managers are evaluated by the group chief executive officers.
- The performance of the chief executive officers is evaluated by the Chairman of the board of directors.
- The summary of the evaluation results is presented to the management committee to examine the presented evaluation and the status of the committee's assessment of the employee.
- The results of the evaluation shall be submitted to the reward and nomination committee for reviewing and approval.

Remunerations, benefits and benefits granted to members of the Board of Directors and executive management for the year 2020	Total (Thousand KWD)
Fixed Benefits (Health Insurance, Salaries, and Paid leaves)	680
Variable bonuses (annual bonus and committee bonus)	70
End of service indemnity	73
<p style="text-align: center;">During the year, the company recorded no deviations from the policy adopted in granting bonuses and benefits</p>	

4th Rule - Accuracy and the Integrity of the Financial Statements

Declaration and Undertaking (Accuracy and the Integrity of the Financial Statements for year ended 16/3/2021)

The Chairman and members of the Board of Directors of the Commercial Real Estate Company certify and guarantee the accuracy and integrity of the financial statements provided to the external auditor, and that the financial statements of the Company have been presented in a sound and fair manner and in accordance with the International Accounting Standards applicable in the State of Kuwait and approved by the Authority, and it expresses the Company's financial position as at 31 December 2020 based on information and reports which we received from the Executive Management and auditors and making the due diligence to verify the integrity and accuracy of these reports.

Member's Name	Position	Signature
Mr. Abdulfatah M.R. Marafie	Chairman	
Mr. Adwan Mohammed Al-Adwani	Vice Chairman	
Mr. Ibrahim Mohammed Al-Ghanim	Board of Directors	
Mr. Hussein Abdullah Jowhar	Board of Directors	
Mr. Abdulaziz Mubarak Al-Hasawi	Board of Directors	
Mr. Faisal Ibrahim Al-Musallam	Board of Directors	
Mr.Eng. Abdulmuttalib A.M. Marafie	Board of Directors	
Mr. Talal Jassim Al-Bahar	Board of Directors	
Mr. Tamer Said Mansour	Finance Dept. Manager	



The internal auditing department tasks and responsibilities

In the field of Internal Audit, Al Tijaria depends on an independent department established for the purpose of internal audit. The Board of Directors shall ensure that the internal audit is a continuous process that covers all the company's activities and business without exception of any department. The department prepares periodic and regular reports for the results of the risk based internal audit. It will also ensure that the management has established and implemented the internal control measures and operations to minimize the probability and mitigate the risk consequences. The risk and audit committee reviews the results of the internal audit report and ensure that necessary corrective actions are taken for the reported audit findings.

Audit and Risks Committee Report

The Audit and Risk Committee reports that there is no contradiction between the recommendations of the Audit and Risk Committee and the decisions of the Board of Directors.

The independence and impartiality of the external auditor

The company shall abide by the instructions and regulations related to the appointment of the company's auditor, and shall take into account the following:

- The nomination of the auditor based on the recommendation of the audit committee submitted to the Board of Directors.
- Selecting the auditors registered in the Special Register with the Authority, fulfilling all the requirements mentioned in the requirements of the Authority's decision regarding the system of registering the auditors.
- Ensure the independence of the external auditor from the company and its board of directors and not to carry out additional work for the company except for the audits and audits to ensure that impartiality and independence.
- Inviting the auditor to attend the meetings of the Audit and Risk Committee to discuss his views on the interim and annual financial statements with its members, so that his observations, if any, are presented with the recommendations of the Committee to the Board of Directors to take a decision thereon.
- Enabling the external auditor to attend the general assembly meetings and reading the report prepared by him to the shareholders, explaining any obstacles or interventions that he faced from the board of directors during the performance of his work, and the external auditor must inform the authority about any fundamental violations or obstacles and its details.

5th Rule - Establishing sound systems for risk management and internal controlling

The Internal Controlling and Regulatory laws

The company depends on a group of internal regulatory laws in order to make sure and keep the level of performance and control the operational and financial operations that cover all the activities and departments of the company through adopting a group of policies, procedures, organizational structures and laws that include (separation of tasks – investigation – double censorship and performance follow up reports). The board of directors shall follow up all the internal regulatory laws through the periodical reports issued by the following committees and controlling departments:

- Sharia Supervisory Board (Annual Report)
- Internal control and auditing (Annual Report)
- QAR Quality Assurance (Every 3 years)
- Audit and Risk Committee
- Risk, Compliance, and Control Unit
- Internal Audit Department

Dar Al Reqabah for Islamic Consultations

Members of the Fatwa and Shari'a Supervisory Board

Badr Abdel-Razzaq Al-Mas, PhD
Member of Shari'a Regulatory Board

Sayed Mohammed Al-Tabtaba'l, PhD.
Chief of Shari'a Regulatory Board

Sheikh: Yousef Mahmoud Ali
Member of Shari'a Regulatory Board

The Commercial Real Estate Co. K.S.C.P

شركة التجارية العقارية ك.س.ك.ب.ع



IN-0052-21/1/2021

بسم الله الرحمن الرحيم

تقرير الهيئة الشرعية

خلال الفترة من ٢٠٢٠/٠١/٠١م إلى ٢٠٢٠/١٢/٣١م



Dar Al-Reqabah
for Islamic Consultations

الحمد لله وحده، والصلاة والسلام على من لا نبي بعده، وعلى آله وصحبه.
السادة/ مساهمي الشركة التجارية العقارية
السلام عليكم ورحمة الله وبركاته.
وفقاً لعقد الارتباط الموقع مع مكتب دار الرقابة للاستشارات الشرعية، قمنا بتدقيق العقود
والمعاملات التي نفذتها الشركة خلال السنة المالية المنتهية في ٢٠٢٠/١٢/٣١م، لإبداء الرأي في مدى
التزام الشركة بأحكام الشريعة الإسلامية، كما تم بيانها في الآراء والإرشادات والقرارات الشرعية التي تم
إصدارها من قبلنا.
تقع مسؤولية الالتزام بتنفيذ العقود والمعاملات طبقاً لأحكام الشريعة الإسلامية على إدارة الشركة،
أما مسؤوليتنا فتتحدد في إبداء رأي مستقل في مدى التزام الشركة بذلك بناء على تدقيقنا.
لقد قمنا بتدقيقنا الذي يتطلب منا تخطيط وتنفيذ إجراءات التدقيق والحصول على جميع
المعلومات والتفسيرات والإقرارات التي نعتبرها ضرورية لتزويدنا بأدلة تكفي لإعطاء تأكيد معقول بأن
الشركة ملتزمة بأحكام الشريعة الإسلامية، كما تم بيانها من قبلنا.
إن تدقيقنا قام على أساس فحص عينات من كل نوع من أنواع العقود والمعاملات المنفذة خلال
الفترة، ونعتقد بأن أعمال التدقيق التي قمنا بها توفر أساساً مناسباً لإبداء رأينا.
وبناء على ما تقدم، نفيد بما يلي:
- إن الشركة خلال السنة المالية المحددة، ملتزمة بتنفيذ واجباتها تجاه تنفيذ العقود والمعاملات طبقاً
لأحكام الشريعة الإسلامية، كما تم بيانها في الآراء والإرشادات والقرارات الشرعية التي تم اعتمادها
من قبلنا.
- تقع مسؤولية إخراج الزكاة على المساهمين.
وصلى الله وسلم على نبينا محمد، وعلى آله وصحبه أجمعين.

دار الرقابة
للاستشارات الشرعية
ص.ب. ٤١٢٥ الصفاة
الرمز ١١٣٠٤٢ الكويت
هاتف : ٢٢٤٦١١٤١
فاكس : ٢٢٤٦١١٤٢

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الشيخ يوسف محمود علي

عضواً

أ.د. بدر عبد الرزاق الماص

عضواً

أ.د. سيد محمد الطبطبائي

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السادة أعضاء مجلس الإدارة المحترمين

شركة التجارة العقارية ش.م.ك

دولة الكويت

بناء على خطابكم الخاص بتكليفنا بفحص سجلاتكم المحاسبية والسجلات الأخرى وأنظمة الرقابة الداخلية لشركة التجارة العقارية ش.م.ك عن السنة المالية المنتهية في 31 ديسمبر 2020 فقد قمنا بفحص وتقييم نظم الرقابة الداخلية للشركة وقد تضمن الفحص الإدارات التالية:

- | | |
|--|--|
| (1) إدارة المحاسبة | (8) إدارة الموارد البشرية والشؤون الإدارية |
| (2) إدارة التسويق والاتصال | (9) إدارة الاستثمار |
| (3) إدارة العقار | (10) إدارة التدقيق الداخلي |
| (4) إدارة المرافق | (11) إدارة الشؤون القانونية |
| (5) إدارة المشاريع وضبط المشاريع | (12) وحدة المخاطر والالتزام |
| (6) الإدارة المالية والتخطيط الاستراتيجي | (13) قسم شؤون المساهمين |
| (7) إدارة تقنية المعلومات | |

قمنا بأعمال الفحص وفقا لتعليمات حوكمة الشركات الصادرة من قبل هيئة أسواق المال. نود أن نشير إلى إنكم وبصفتكم أعضاء مجلس الإدارة في الشركة تعتبرون مسئولون عن إعداد والاحتفاظ بالأنظمة المحاسبية والسجلات الأخرى وأنظمة الرقابة الداخلية لشركتكم مع الأخذ في الاعتبار أن التكاليف المتعلقة بتلك الأنظمة يجب أن تكون متناسبة مع العوائد المتوقعة من تطبيق تلك الأنظمة. وتجدر الملاحظة بأن الهدف من هذا التقرير هو تقديم تأكيدات معقولة ولكن غير قاطعة بأن الأصول قد تم حمايتها ضد الخسائر الناتجة عن أي استخدام أو تصرف غير مصرح به وأن المخاطر قد تم مراقبتها وتقييمها بشكل جيد وأن المعاملات قد تم تنفيذها وفقا لإجراءات الاعتماد الموضوعية وأنه يتم تسجيلها بشكل مناسب وفق إجراءات الموافقة المعتمدة، ولتتمكنكم أيضا من ممارسة أعمالكم بشكل جيد وبكل عناية ودقة.

نظرا للمحددات المتأصلة في أية أنظمة محاسبية وأنظمة رقابة داخلية، إلا أن الأخطاء أو المخالفات يمكن أن تحدث بالرغم من ذلك ولا يتم اكتشافها أو تتبعها. كما أن تقدير أي تقييم للأنظمة للفترات المستقبلية يخضع لمخاطر أن معلومات الإدارة والإجراءات الرقابية قد تصبح غير مناسبة بسبب التغيرات في الظروف، أو أن درجة التقيد بتلك الإجراءات يمكن أن تنخفض.

برأينا، وفيما يتعلق بطبيعة وحجم الأعمال خلال السنة المنتهية 31 ديسمبر 2020 فإن السجلات المحاسبية والسجلات الأخرى وأنظمة الرقابة الداخلية التي تم فحصها من قبلنا قد تم إعدادها والاحتفاظ بها وفقا لتعليمات هيئة أسواق المال باستثناء الأمور المبينة في الملحق الثاني بهذا التقرير.



خالد حسن الأحمد - CPA

سجل مراقبي الحسابات رقم 173 - أ / الكويت

عضو مستقل في جي جي أي - سويسرا

زميل مجمع المحاسبين القانونيين الأمريكي

Risks Management tasks and responsibilities

Al Tijaria Real Estate Company is very keen on managing the risks as a primary side in the strategic management of the company. The company manages the risks according to the philosophy entitled "risks are the responsibilities of all", so the company was very keen on approving a group of policies and organized procedures to face the risks accompanying its activities with the purpose of achieving balance among the degrees of bearing the risks and the expected revenues from every activity and all the activities of the company in general. In continuation to the application of the conservative policies of the company risks management in the previous year, the company was very keen on developing policies and strategies of the risks management and diversifying its investments in terms of the sectors and its geographical distributions in order to guarantee diversity and reduce the amount of exposition to the market and concentration risks in addition to following the different techniques to deal with kinds of the surrounding risks which the company's businesses are exposed to through transferring risks, sharing risks, refusing risks or accepting the controllable risks, putting the mitigation plans, and reducing the risks according to the objectives, revenues and standards of the active costs of the risks management operation as well as developing the risks management in the company in terms of providing support and the required training for the teamwork in order to guarantee the achievement of the targets. The company worked on integrating the culture and the trend of risks management within the company work environment through efficient policies and identifies the responsibilities inside the company for each manager and employee to make the concept and the tasks of risks management a part of the job description of his work and promote the responsibility bearing and the activity of working among all the job levels and the groups and departments of the company. The auditing and risks committee follows up the received reports from the risks and obligation unit that identify and measure the risks relating to the company activities and analyze and treat them in order to guarantee taking the required corrective measures for managing the risks, limit their effects and put them in the accepted range within the company. The committee presents also the periodic reports to the board of directors in order to guarantee that the board of directors is fully informed with kinds of risks which the company faces and the procedures taken to achieve the required targets during the low levels of risks. In the following we state kinds of risks and possible threats which the company may be exposed to according to the nature of the works and the preventive procedures taken by the company in order to guarantee facing these risks, prevent their occurrence and limit their effects taking into consideration that these threats are not necessarily existent, but it is probable to appear if the required procedures are not taken to face them.

Kinds of risks to which the company may expose

Strategic Risks	<p>This type of risk focuses on strategic risks and business efficiency, which are related to the implementation of the Company's overall strategy that threaten the achievement of long-term goals and strategies. Below are some examples of strategic risks:</p> <ul style="list-style-type: none"> • The likelihood of not adopting and implementing a clear strategy with a defined goals. • The Likelihood of not providing the necessary financial, technical and human resources to manage the company's business and regulatory functions. 	<p>The asset allocation strategy which include the classification, sectoral and geographic distribution of the Company's assets and investments has been updated in 2016. The strategy is reviewed and approved annually to carry out the required diversification of the Company's assets and investments in accordance with changes and market, economic and political factors. The estimated budget for the next five years has been prepared to ensure the availability of financial resources as well as employment plans and modernization of the organizational structure of the company.</p> <p>The development and application of advanced IT systems to ensure the efficiency of business process.</p>
Operational Risks	<p>This type of risk focuses on all types of operational risks, including inadequate internal control systems, technological risks, inefficiencies and / or effectiveness of processes and procedures in accomplishing the overall objectives of the company, contributing to human error, software failure and inadequate and efficient procedures and controls. Some examples of operational risks:</p> <ul style="list-style-type: none"> • Probability of a lack of operational processes and internal controls of accounting information systems and records. • Probability of insufficient planning in information systems for emergency disasters. 	<p>Policies and procedures manuals, as well as internal audit and control systems for operational processes and administrative systems, as well as application of technical systems for the implementation and follow-up of operations have been developed with developing control mechanisms and structure of the authorities on these systems with continuous monitoring and improvement.</p>
Financial Risks	<p>This type of risk focuses on the various financial risks that the Company may face, such as the risk of management ineffectiveness and financial control of the Company and the impact of external factors such as the ability to provide credit facilities, exchange rate fluctuations, changes in interest rates and other factors in the market. Finance:</p> <ul style="list-style-type: none"> • The likelihood of not adopting prudent and appropriate financial management policies. • The likelihood that the necessary reconciliations and reviews will not be made between the planned according to the estimated budgets and the actual figures in order to measure the company's performance. • The likelihood of investing in sectors, areas and highrisk countries without taking into consideration the necessary steps to protect the company from the risks it may exposed from such operations. 	<p>Financial risks are managed through a set of procedures and systems, which include budgeting at the departmental, groups and the company level, as well as effective monitoring and control of the management of financial flows and periodic comparisons between what is planned within the estimated budget actual figures in order to identify the deviations and taking corrective actions which gives an assurance on the efficiency of the operation.</p>

<p>Governance and obligation risks</p>	<p>This type of risk focuses on the risk of non-compliance with the laws, regulations and decisions issued by the regulatory authorities, as well as the internal policies and procedures of the company such as, the risks of non-conformity of the company's operations with applicable laws and regulations.</p> <ul style="list-style-type: none"> • The likelihood of the weakness of professional culture and experience in supporting and directing employees to comply with laws and instructions. • The likelihood of weakness of internal compliance systems and training programs. • The likelihood of non-activation of the role of legal management and legal consultations. 	<p>An independent risk management and compliance unit has been established by the Board of Directors within the organizational structure of the Company, which is directly reporting to the Chairman and the committees, to verify the Company's compliance with all laws and regulations issued by the various regulatory bodies and to provide the Board of Directors with periodic reports on the Company's status and any amendments as required by Laws and regulations.</p> <p>The company has prepared a comprehensive guide that includes all the instructions, procedures and policies related to the application of the standards of governance and has been circulated to the relevant employees of the company to ensure the efficiency of implementation and compliance. The training plans approved by the Board of Directors have been developed to ensure that all employees are identified with compliance requirements and how to apply them. All contracts of the company are reviewed by the legal adviser of the company in addition to contracting with specialized legal consulting firms to assist the company at necessity.</p>
<p>Information risks relating to the decision making</p>	<p>This kind of risks focuses on the risks relating to the inaccuracy and inadequacy of the used information in order to support the strategic, financial and operational decisions. These risks relate to the usability and the information timing and whether it was obtained or summarized through applying the used programs and the extent of understanding the needs of this information.</p>	<p>An integrated system of reporting has been established to ensure the accuracy and safety, the timing of raising and the confidentiality of information. The company also developed a set of policies, To maintain the confidentiality of information, to use it optimally and to avoid conflicts of interest.</p>
<p>Reputational risks</p>	<p>This Risks associated with activities that may be carried out in contravention of accepted standards, which may discredit the company in the market.</p>	<p>A code of ethics has been established to ensure that the company's employees comply with the Shari'a principles and principles in line with the company's orientations. All transactions are subject to the approval of the Sharia'a Supervisory Board to ensure the company's reputation and adherence to Shari'a principles.</p>

6th Rule - Promoting professional behavior and ethical values

The work pact that includes standards and determining elements of the professional conducts and the moral values

The work pact in Al-Tijaria is the constitution of the values for all the employees and includes the professional ethics and behavioral controls that must be exercised by all the employees of the company in accordance with the principles, teachings and ethics of Islamic Shariah. It contains objectives, principles, standards and policies.

A - Objectives:

- Underpinning the moral concepts and values of the company.
- A tool that is used to indicate to the behaviors and morals followed in the company.
- Verify that all employees working in the companies adhere to the behavioral and moral standards that agree with the policy and the vision of the company.
- Provide a suitable and effective work environment within the framework of governance application.
- Consider the ideal employee, adhering to his duties and knowing his rights well, as the cornerstone of building Al -Tijaria
- Building the cooperation and dealing foundations, developing the teamwork spirit and underpinning the loyalty of Al-Tijaria employees
- Respect the work and apply the Islamic Sharia teachings among the employees and all clients.

B - Principles and Standards:

1. Adherence of all the members of board of directors, the executive management and all the employees of the company to all the laws and instructions and to what achieves the interest of the company, the shareholders and other stakeholders and not the interest of a certain class.
2. The members or the executive management shall not use the powers of the job position to achieve any interest or personal goals for him and for others.
3. Not to use the company's assets and resources to achieve personal interests and work to use them in the optimal way to achieve the company's goals.
4. Establish a suitable and clear system and mechanism that prevents council members, executive management, and employees from exploiting information by virtue of their career location for their personal benefit.
5. Setting the necessary standards, procedures and policies to organize operations with related parties.
6. Setting the necessary standards, procedures and policies to completely separate the interests of the company and those related to the members of the Board of Directors.
7. The commitment of the members of the Board of Directors to disclose to the Board of Directors any common interests it has with the company, whether directly or indirectly.
8. The commitment of the members of the Board of Directors not to participate, to express an opinion, or to vote on any issues submitted to the Board that have a direct or indirect common interest in them.
9. Provide the suitable mechanism for the workers of the company to report about their complaints about any unsound practices or any other matter that raise suspicion and guarantee separate and fair investigation procedures for these complaints as well as the secrecy that protect the informer from any negative reactions or damage that may occur as a result of informing about these practices.
10. The job includes mutual rights and duties between the employee and the company. The positive participation of the employees is achieved through the permanent endeavoring to perform the duties with complete understanding and realize the responsibilities honestly and truly in return for his rights that must be guaranteed by Al Tijaria according to the internal regulations and the laws of the work.
11. The difference in the viewpoints among the colleagues and the difference in the matters and ideas is something natural as long as it does not contradict with the work course and the job tasks and does not lead directly or indirectly to hindering and blocking the achievement of objectives.
12. Equality among employees is inevitable
13. Respect, constructive dialogue and avoiding controversy are the best and most advanced ways of dealing with all the employees whatever their job levels are. It is one of the main pillars in the work environment in Al Tijaria.

Summary of the Policies and the Mechanisms of Limiting the Interest Conflict Cases

Al Tijaria Real Estate Company adheres to conservative policies to limit the conflict of interest whether on the level of the executive management and company's employees or on the level of the board of directors and include:-

1. The Board of Directors shall have a policy regarding conflict of interests, so that this policy includes clear examples of cases of conflict of interests and how to deal with and deal with them, without prejudice to the cases mentioned in the Companies Law.
2. A member of the Board of Directors must inform the Board of Directors of his personal interest in the business and contracts that are made for the account of the company, and this notification shall be recorded in the minutes of the meeting.
3. The Chairman of the Board of Directors informs the General Assembly, when it is held, of the works and contracts in which a member of the Board of Directors has a personal interest, and a special report from the auditor is attached to this notification.
4. The company should assign an independent expert such as an asset valuer or an investment advisor to submit a report to the general assembly or the board of directors, as appropriate, regarding any deal between the company and any related party, or any arrangement whereby both parties enter into any project or asset or provide financing For him, whenever the value of the deal or arrangement is equivalent to 10% or more of the total assets of the company, provided that this report is submitted before agreeing to the deal or arrangement referred to in this article.
 - The employee or member of the board of directors has no right to practice any activity that may give rise to the appearance of the conflict of his interest and the company's interest in order to avoid exposing the company to the suspicion of the conflict of interest even if there is no real conflict in the interest. As for the employees taking over the responsibilities of issuing the purchase orders for fittings, equipment, transportation services and other services of the companies, they are not entitled to obtain a significant share in any company that supplies fittings or services for the company.
 - The family member of the employee or the member of the board of directors may not also have the right to obtain such interest. The significant share means any financial interest that influences the decision of the employee to practice the work for Al Tijaria Company. The possible or the real conflict of interest occur when the employee is in the situation that has effect on the decision that may lead to gain personal profits for his account or for the account of other employee or one of his family members or friends and acquaintances.
 - The policy limiting the conflict of interest states that it shall be notified about any interest of the employee, or the members of the board of directors or their relatives in any contracts or dealings with the companies and not take any decision or vote on any decision regarding this conflict in case of its existence.
 - The board of directors has made clear and approved policy to deal with the related party (if available) in a way that guarantees dealing with the related parties, approve it principally by the executive committee, review it by the Auditing and Risks committee and approve it finally by the board of directors provided that the agreement of non-ordinary general assembly to deal with the related parties at the end of the fiscal year.

The company has put a mechanism in order to guarantee that the members of the board of directors, the executive management and the company's employees adhere to the limiting policy of conflict of interests through signing on acknowledgment stating that they are fully aware of the policy and adhere responsibility.

7th Rule - Accurate and transparent disclosure in timely manners

Summary of the transparent and accurate mechanisms and policies of presentation and disclosure that identify the aspects, fields and features of the disclosure

Al Tijaria Company adopts the transparency and disclosure policy for its board of directors, shareholders and stakeholders on one hand, and the concerned and regulatory parties with adherence to the followed laws and regulations followed in the state of Kuwait on the other hand. It stipulates the necessity of adhering to the appropriate accurate organized internal and external disclosure regarding all the financial matters and the essential information relating to the company including the statement of the financial position, the performance, the property and any practices relating to controlling the company or its decisions. This transparency may create an atmosphere of confidence and assurance and serenity internally and externally and eliminate the conflict of interest with the related parties. Transparency guarantees also a clear communication among the shareholders, the board of directors and the executive management and create an atmosphere of credibility in the work environment which is a responsibility that must be borne by all parties.

Therefore, Al Tijaria adheres to all the laws, regulations and instructions relating to the disclosure and issued by different regulatory and controlling authorities in the very opportune time in its belief to the importance of transparency in promoting the confidence of the shareholders and the stakeholders and save the company's reputation in the markets where the company works.

The disclosure record of the members of the board of directors and the executive management

The company keeps a disclosures record of the members of the board of directors and the executive management including all the data and the information required for the disclosure according to the laws, regulations and policies of the company in this regard. The record includes also the data relating to the rewards, salaries, incentives and other financial advantages included in the annual report that is presented to the general assembly. The related parties will have the right to review this record during the normal working hours.

Investors' Affairs Department tasks and responsibilities

The investors' and shareholders' affairs department in Al Tijaria Company is responsible for providing the data, information and reports required for the current investors and the probable shareholders as well as keeping a copy of the company's shareholders record and follow up the updates of the record with the clearing Kuwaiti company in order to update the information of the shareholders. The shareholders' affairs department is also the assigned authority for providing the data, information and reports for the shareholders in several methods either in official correspondences or through acknowledged means of disclosures in coordination with the concerned departments or through the company's website.

Developing the information technology infrastructure for dependability in the disclosure process

The essential information is disclosed through the company's disclosure on the electronic site of the stock market and addressing the authority with the statement including the information required for the disclosure according to the specified models in addition to the disclosure on the company's website.

8th Rule - Respecting shareholders' rights

Identifying and protecting the general rights of the shareholders

The current shareholders in Al Tijaria Company are registered in the books and records of Kuwaiti Clearing Company (Maqasa). Each shareholder, regardless of his percentage of ownership, is entitled to the following:

1. Record the value of the ownership contributed in the company's records.
2. Disposal of shares from registration of ownership, transfer and / or transfer.
3. Obtaining the determined share of cash dividends and bonus shares, in accordance with the recommendations submitted by the Board and approved by the General Assembly.
4. Obtaining a share of the company's assets in case of liquidation.
5. Obtaining data and information on the company's activity and its operational and investment strategy in a regular and easy manner.
6. Monitor the company's performance in general and the work of the Board of Directors in particular.
7. Holding members of the board or executive management accountable and filing liability claims in the event of their failure to perform the tasks entrusted to them.
8. The right to participate in the General Assembly meetings and vote on decisions and the same treatment.
9. Announcement in the daily newspapers seven days before the date of the General Assembly meeting approved and decided upon and approved by the concerned authorities with the provision of all data, reports and information related to the agenda.
10. Not to impose any fees in exchange for attending any class of shareholders to the General Assembly meetings, or granting a preferential advantage to any class vis-à-vis other categories of shareholders.
11. Informing shareholders of all the rules governing voting procedures and providing all information on voting rights for each of the current shareholders and prospective investors, on an ongoing basis and permanently, for all categories of shareholders.
12. Electing and dismissing members of the Council in accordance with the regulatory laws.
13. Amendment to the articles of association of the company.
14. Adoption of extraordinary transactions.
15. Approval of any sale, purchase, or disposal in any way in the company's assets if its value reaches 50% or more of the total value of the company's assets.
16. Shareholders owning 5% of the company's capital have the right to add items to the agenda of the general assembly meetings.
17. Establishing a mechanism that allows providing an introductory overview of candidates for membership of the Board of Directors before voting takes place, thus giving the shareholders a clear idea of the candidates' professional and technical skills, experiences, and other qualifications.
18. Participate in the management of the company by running for membership in the Board of Directors, attending general assemblies, participating in their deliberations and voting on their decisions in accordance with the provisions of the law, the articles of incorporation and the articles of association.
19. He may be the chairman of the board of directors of more than one closed joint stock company. It is also permissible to combine the position of chairmanship / membership of the board of directors and the position of CEO, or the position of the chief executive may not be a member of the board of directors.
20. A number of shareholders representing 25% of the issued capital are entitled to request the replacement of the auditor during the fiscal year.
21. Shareholders who own 5% of the company's capital may request the ministry to appoint an auditor to conduct an inspection of the company regarding violations attributed to the director, board members, auditor or CEO of the company in the performance of their duties if they have reasons that justify this request.

Record of the shares with the clearing agency with the purpose of continuous follow up for the shareholders' statement

The shareholders' records with " Al Maqasa" updated principally are saved on each change and they can be reviewed through direct communication and request from " Al Maqasa" in accordance with the convened contract between " Al Tijaria and Al maqasa", not to mention that " Al Tijaria" keeps updated records with the shareholders' names, number of their shares, their kind, the paid value of each share, rate of their ownership, their ID numbers and their contact data through the investors and shareholders' affairs department

Encouraging the shareholders to participate and vote in the meetings and follow the company's activities

Al Tijaria works also on encouraging all the classes of the shareholders to attend the meetings of the general assembly as the general assembly meeting is held under the call and attendance of the shareholders and shall be considered the higher authority in the company. The general assembly shall elect and appoint the board of directors assigned with the tasks of disposition on behalf of the shareholders in order to protect their interest and achieve the company's targets and ambitions. The board of directors adheres to the following:-

- Encourage the shareholders to attend the meeting of the general assembly in the time and place identified in the articles of association, the basic law or the company board of directors whereas the time and place of the meeting are identified in a way that facilitates and encourages attendance.
- Every subject presented in the agenda of the normal and non-normal general assembly shall be accompanied with sufficient explanation and presentation to all of its sides and aspects in order to enable the shareholders to take their decisions based on the information submitted to them in elaborate and sound way and not a mere completion to all the formal aspects of the meetings.
- The general assembly shall be managed in the way that allows the shareholders to express their opinions.
- Each shareholder shall have equal votes that are equal to the number of his shares. The decisions are issued by the absolute majority of the representing shares. The company shall provide the chance to all the shareholders to practice the right of vote without putting any obstacles that lead to banning the vote through:-
 - All the shareholders shall have the granted rights of voting with the same dealing of the company whatever shares they have.
 - The shareholder will have the right to vote either personally or by proxy and give the shareholders the same rights and duties in both cases.
 - Inform the shareholders with all the rules governing the procedures of voting before the assembly starts.
 - Provide all the information relating to voting for all the current shareholders and expected investors and ensure that this information will be provided continuously and permanently and for all the shareholders' classes.
 - No fees are charged for the attendance of any class of the shareholders to the meeting of the general assembly and no preferable advantage is granted for any class against the other classes of the shareholders.

9th Rule - Understanding the role of stakeholders

The laws and policies guaranteeing protection and acknowledgment of the rights of stakeholders and encourage them to follow up on the activities of the company

Al Tijaria Company adheres to the standards of applying governance, laws and instructions issued by the controlling authorities regarding the stakeholders such as the labor law, the company's law and its executive regulation and the contracts made by and between the stakeholders that provide them the chance to obtain real compensations in case of violating any right as well as the standards stated by the economic and development cooperation organization which included the roles of the stakeholders or the parties relating to the company. It also recommended the necessity to work on respecting the legal rights and compensation for any violation of these rights and the mechanism of active participation in following up the business of the company. The company guaranteed the rights of the stakeholders through certain mechanisms represented in the following:-

- Provide information and the chance to review this information periodically in the opportune time through the stage financial statements and the continuous disclosure and follow up the transparency policy.
- Develop the workers' participation mechanisms in improving the performance through following the open door policy, evaluation and performance continuous development.
- Allow the stakeholders of the individuals and the authorities representing them to communicate freely with the board of directors or the executive management to express their concerns about any illegal actions or any conducts that violate the ethics of the profession without prejudice to their rights or lessen them if they did so.
- Apply equality in dealing with different parties for all the members of the board of directors, the related parties and the stakeholders without any difference or preferable conditions.
- Adherence of the company to the contracts made with the stakeholders that include the party's right to obtain any suitable compensations according to what is stated in the contract and in compliance with the regulating laws.
- Developing manuals, policies and procedures regulating the relation with the clients, suppliers and the mechanism of keeping the secrecy of the information relating to them through the concerned departments.
- Putting certain mechanisms to protect the rights of the stakeholders according to what is stated in the contracts and the operational policies of the company.

10th Rule - Enhance and improve performance

Mechanisms for the members of the Board of Directors and Executive Management to receive training programs and courses on a regular basis

An induction program is provided to new Board members and Executive Management. Such program shall include a file describing the functions and activities of the company, strategic planning, risk management and control system, as well as any other relevant information. Coordination shall be conducted to visit the main sites of the company assets. The induction program shall be periodically reviewed, amended and guaranteed in the event that the Board or one of its members changed to include, as a minimum, the following:

- The company's strategy and objectives.
- Articles of Association and Articles of Association.
- The organizational structure of the company.
- The responsibilities and tasks assigned to the members, as well as the powers and rights.
- The legal obligations placed on the company and the Board of Directors.
- The role of the committees emanating from the board through the governance guide.
- Financial data for the past three years.
- Disclosure of cash dividends / bonus shares for previous years.
- The plans approved by the Council (succession plan, training plan, internal audit plan, risk management plan ...)
- The estimated budget and asset allocation strategy approved by the Board.
- Contact information (information card containing contact details for members, executive management and office of the chairman including names, job titles, telephone numbers, mobile, fax and e-mail).

In addition to the above mentioned, an annual plan of training programs for members of the Board of Directors and Executive Management shall be developed and adopted on the latest standards, regulations and updates, especially in the field of administrative and financial work to develop their performance and develop their skills and expanding their expertise, especially in the field of governance and risk management.

Measuring 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 self-assessment of the performance of the Board members shall be carried out, including the performance of the Chairman and Vice- Chairman. The self- assessment is performed annually and the assessment is reviewed and approved by the Governance Committee and the Board of Directors. Performance should be assessed through objective Key Performance Indicators (KPIs) to assess the Board of Directors as a whole, and the contribution of each member of the Board of Directors and each of its committees. The evaluation of the Board of Directors and the committees shall include a set of indicators:

A - Quality Indicators:

- The degree of deviation between the company's estimated budget and the actual figures achieved.
- The extent of progress made towards achieving the desired objectives.
- The extent of the response to the correction of observations received from regulators.
- The extent of the rapid response to the perception of problems and the ability to solve them.
- The turnover rate of employees to measure the degree of belonging to the company.
- Training courses obtained and its relation to the nature of work.

B - Quantitative Indicators:

- Return on average assets.
- Return on average equity.
- Net profit margin.

An annual assessment of the performance of each member of the Board of Directors is also carried out by all Board members to determine the level of performance and the need for development on the individual level based on the model prepared for this purpose, which includes the following indicators:

- The degree to which the member has sufficient skills and experience to carry out his duties.
- The extent of due diligence and efforts in carrying out the tasks assigned to him and active participation in meetings of the Board of Directors and the Committees.
- Attendance ratios and degree of compliance with Board of Directors meetings and committees.
- The extent to which the member enjoys neutrality, integrity and compliance with the company's laws and policies.

Value Creation Methodology of the Company

Vision

"The Commercial Real Estate Company is in the ranks of the first and largest companies operating in the real estate industry in the State of Kuwait and the regional and global markets".

We seek to maintain a leading position among the best companies in the real estate sector at the local, regional and global levels by creating a competitive and ambitious work environment and providing ideas and projects that support the growth and development of the company and the real estate sector in general.

Mission

"Increasing the profits of the company in order to maximize shareholder rights and serve the Kuwaiti community". The Company is committed to following a low risk strategy that ensures the alignment of cost and value added and the sustainability of returns and cash flows to meet the company's commitments and shareholder aspirations and translate them into actionable annual work plans and follow up the process of implementation and verification of the completion of tasks in accordance with the plans, powers and responsibilities.

The Strategy

The acquisition of good assets and maintaining the balance and diversity of our real estate portfolio between income-generating properties and strategic assets in the local, regional and global markets, in addition to maximizing the share of the company in the provision of real estate services and facilities management, which will increase growth and create a sustainable added value for our shareholders and partners.

Future Plan

The Commercial Real Estate Company is keen to continue to diversify its real estate investments both in terms of sectors and markets, especially in light of the economic situations, conditions and changes experienced by the world in general and the Middle East Countries in particular, by maintaining investments with profitable operational returns by the local market and politically and economically stable markets and working on their development, with the persistent and continuous follow-up of the economic conditions and changes and the extent of their implications on the markets so that the plans and strategies of the company are updated and amended in a timely manner, in parallel with the support and development of the management of third-party property and the provision of facilities services to ensure the provision of excellent services to the customers of the company.

Optimal Income

Implementing an active internal mechanism to ensure optimum profitability from Al-Tijaria assets through effective management of assets and resources, to enhance the optimal income of the company's assets and obtain good returns to ensure cash dividends, given that the rates of returns and distributions are subject to increased revenue and profitability.

11th Rule - Focusing on the importance of social responsibility

Social Responsibility policy

Under the slogan 'Al Tijaria We Care' the company contributes to social responsibility initiatives in implementing its strategic objectives and launches programs and social activities on a continuous basis. The importance of Al Tijaria with the social responsibility has increased in the last years till it became one of the basic performance standards for the company which deems the social responsibility as non- volunteering issue to help the society, but it became a basic matter for the long term success through different activities (charity, cultural, scientific, health, environmental and social activities) starting from the principle of compliance and dealings in accordance with the teachings and provisions of the noble Islamic sharia that encourage dealing according to the best standards and within the framework of social security.

Standards of applying the social responsibility policy in Al Tijaria Company:

- Respect and responsibility: means respecting the internal environment of the company (the workers) and the external environment (members of the society).
- Support and assist the society.
- Protect the environment through the initiative that provides service to the society and improve the environmental circumstances in the society and solve the environmental problems with their different types such as (health and education) in accordance with the projects and activities exercised by the company.
- The programs and the used mechanisms that help showing the exerted efforts by the company in the field of social work.

- A group of programs and organized mechanisms have been developed in order to guarantee the continuity of the social responsibility policies application as:
 1. An approved annual plan has been put by the board of directors with all the contribution, events and activities during the year.
 2. An annual special approval has been put in order to implement the social responsibility plan.
 3. Continuous supervision by the Governance Committee on the implementation of the social responsibility plan.
 4. Present periodic reports to the governance committee about the implemented activities in addition to periodic news circulation that shows the events that were implemented by the company and the nature of the contributions.

In addition to the events and contribution of the annual plan, the company made organized and continuous campaigns during the year such as "plant a tree in my country", sponsoring the projects of students of the College of Engineering and Petroleum, and "Rafad" campaign that distributes meals to the needy.

Social Responsibility Initiatives

The “Lobby Expo” is the first of its kind on the Boulevard

The Commercial Real Estate Company organized an exhibition to support small and medium enterprises entitled “Expo Lobby” in Boulevard Ballroom in the Salmiya area. This exhibition is the first of its kind, as it included more than 75 participants from various activities, including clothing, accessories, food, children’s toys, and others.

This exhibition came from the commercial real estate company’s belief in supporting young people and providing an integrated platform as a starting point to reach their goal. The aim of the “Lobby Expo” exhibition, which lasted for two days, was to provide a family entertainment event that serves all family members. It included points of sale, restaurants and cafes, children’s games, entertainment and music programs, car shows, and an exhibition of art paintings by students of the Institute of Fine Arts. .



“Donate a Toy ... Share the Joy” Campaign

In 2019, the Commercial Real Estate Company, in cooperation with the Salmiya Group for Projects Development, launched the campaign “Donate a Toy... Share the Joy” to collect toys and donate them for the benefit of children from low-income families in the State of Kuwait. So that a huge box was placed in the Boulevard Mall to collect toys, and more than 5,000 toys were collected, cleaned and packed in February 2020, in cooperation with the LOYAC team and the Enjaz team, and distributed to children from needy families in the Jleeb Al-Shuyoukh area amidst overwhelming joy.



This campaign aimed at making the less fortunate children happy and bringing joy to their hearts. It was also keen to urge parents to teach their children altruism and generosity and share blessings.

“Don’t worry... Al Tijaria is with you” Campaign

The campaign “Don’t worry... Al Tijaria is with you” was launched, through which the affected tenants were exempted from paying the monthly rent. As the shops, health clubs, salons, restaurants, and cafes have been exempted from paying the rent during the period of closure prescribed by the state.

This step came out of the company’s support for its investors in light of the current economic conditions, especially after the cabinet’s decision to close all commercial complexes, restaurants and cafes, and believing in the importance of cooperation.



Social Responsibility Initiatives

“Al-Tijaria Cares for its Family” Campaign

The Al-Tijaria Real Estate Company launched a campaign entitled “We Care for Al-Tijaria family”, which deals with the distribution of priorities for prevention and sterilization of the Corona virus to all tenants of its residential, commercial and office properties. This idea came to reinforce the principle of corporate governance and the belief in Al-Tijaria’s important role in serving society in light of the circumstances the country is going through.

Approximately 1,500 boxes have been prepared to be distributed to the tenants of Al-Manar, Thatcher, Juman, Lothan, Al-Tijaria Tower, Symphony Tower, Al-Rehab Complex, and others. The campaign met with the approval of the tenants and their sense of the company’s care for them under these circumstances.



PCR test for Al Tijaria staff

Al-Tijaria organized a PCR test to detect the emerging corona virus (Covid 19) for all employees of the company and its subsidiaries and associates. This campaign was carried out under the auspices and supervision of the Ministry of Health in Boulevard Ballroom in the Salmiya area, while adhering to all social distancing standards and the recommended preventive measures.

This campaign aimed to raise the level of reassurance among employees in the workplace in addition to contributing to monitoring existing cases of those who do not show symptoms in order to speed treatment and limit the spread of the epidemic.





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Boulevard Ballroom



شركة المتاجرة
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Al Sharouq

DINEZONE



التجارة
AL-TIJARIA



بوليفارد
boulevard



جمان
juman



جمان
juman



زرع شجرة في وطنك
PLANT A TREE RYAN COUNTRY



THATCHER
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