



**GOVERNANCE REPORT**

**2023**

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

## **Governance Report:**

### **Governance**

Al-Tijaria is the first prominent company in applying governance standards "Corporate Governance" in the State of Kuwait. The Board of Directors has taken upon itself responsibility of adhering to the standards of governance that were announced at the Ordinary General Assembly for the financial year ending on 12/31/2011, through the application of best practices, and a package of policies, procedures and mechanisms. The company's eight-member Board of Directors has adopted the organizational structure and the governance guide that defines the responsibilities, authorities and channels of communication between the different administrative levels, as well as regulating the relationship between each of the shareholders, the board of directors, the executive management, and stakeholders.

Also, several committees were formed by the company's board of directors to follow up on the implementation of the best practices. The governance guide clarified the formation, tasks, authorities and responsibilities of these committees and their mechanism of work, as well as evaluating committees, executive management and the board of directors, determining shareholders' equity, setting ethical work charters and organizational policies for the company. The Board of Directors has set the system of financial, administrative, and operational authorities that defines the authority of the executive management, the committees derived from the board and the board of directors itself.

During 2023, Al-Tijaria committed to applying all governance standards in accordance with best practices and submits relevant reports to the regulatory authorities on the specified dates. The Corporate Governance Committee and the Board of Directors also supervised the implementation process through periodic reports submitted to the Committee and the Board through the Compliance and Governance Department. The Board did not detect any deviations in the approved policies and rules or supervisory instructions regarding governance applications.

## First Rule - Build a Balanced Board Structure

### Summary about the formation of the Board of Directors

The Board of Directors consists of eight members; their term of membership is three years, based on the meeting of the Ordinary General Assembly held on April 11th, 2021. The Board of Directors is responsible to the general assembly of shareholders; and it is entrusted with the responsibility of protecting the interests of the company, developing its business, achieving its strategy, and developing the company's vision, mission, objectives, and general strategy to achieve the shareholders' goals. The Board must also work to avoid conflicts of interest, with priority always being in favor of the company. The Board of Directors is committed to forming its committees within the framework of the requirements of the rules of governance, considering the diversity of expertise and specialized skills, which contributes to enhancing efficiency in decision-making. The majority of the company's board of directors consists of non-executive members, and the board includes independent members whose number does not exceed half of the board members, and this independence allows them to take decisions without being subjected to obstacles.

#	Names	Members Classifications/ Secretary	Qualification & Practical Experience	Date of Election/ Appointment of the Secretary
1	Abdulfatah M R Marafie	Chairman of the Board (Non-executive)	Bachelor of Commerce (Administrative Sciences / Industrial Management) 45 years in the real estate, banking and investment sectors	11th April 2021
2	Adwan Mohammad Al-Adwani	Vice Chairman of the Board (Non-executive)	Bachelor's degree in English Language and Literature 48 years in the real estate, banking and investment sectors	11th April 2021
3	Eng. Ibrahim M AlGhanim	Board Member (Non-executive)	Bachelor of Science in Marine Engineering 45 years in the real estate, hospitality, entertainment, services and oil sectors	11th April 2021
4	Hussain Abdullah Johar	Board Member (Non-executive)	Master of Business Administration and Bachelor of Commerce and Marketing 42 years in the real estate, hospitality, services, investment and development sectors	11th April 2021
5	Abdulaziz Mubarak Al Hasawi	Board Member (Independent)	Bachelor of Business Administration 37 years in the real estate, tourism, hospitality and banking sectors	11th April 2021
6	Eng. Abdulmutaleb A M Marafie	Board Member (Executive)	Master of Business Administration Bachelor of Civil Engineering 24 years in real estate, business development, projects, tourism and hospitality	11th April 2021
7	Talal J Al Bahar	Board Member (Non-executive)	Bachelor of Business Administration 18 years in the real estate, investment and hospitality sectors	11th April 2021
8	Yousef Y AlAwadhi	Board Member (Non-executive)	Bachelor of Business Administration (Accounting) 18 years in the banking, investment, education and real estate sectors	11th April 2021
*	Iman Amine El Mokaddem	Board's Secretary	Bachelor of Business Administration 24 years in the field of office management, executive management secretarial and senior management & compliance governance	11th April 2021

### Dates and attendance of the Board meetings 2023

The Board of Directors was formed on April 11th, 2021, and the Board held 6 meetings in 2023

#	Members, Positions & Classification	13th February	13th March	14th May	14th August	13th November	26 December	Attendees	Percentage
1	Abdulfatah M. R. Marafie Chairman of the Board (non-executive)	✓	✓	✓	✓	✓	✓	6	100%
2	Adwan Mohamad Al-Adwani Vice Chairman of the Board (non-executive)	✓	✓	✓	✓	✓	✓	6	100%
3	Eng. Ibrahim M AlGhanim Board Member (non-executive)	✓	✓	✓	✓	✓	✓	6	100%
4	Hussain Abdullah Johar Board Member (non-executive)	✓	✓	✓	✓	✓	✓	6	100%
5	Abdulaziz Mubarak Al Hasawi Board Member (Independent)	✓	✓	✓	✓	✓	✓	6	100%
6	Eng. Abdulmutaleb A M Marafie Board Member (Executive)	✓	✓	✓	✓	✓	✓	6	100%
7	Talal Jassim Al Bahar Board Member (non-executive)	✓	✓	✓	✓	✓	✓	6	100%
8	Yousef Yagoub Al Awadhi Board Member (non-executive)	✓	✓	✓	✗	✓	✓	5	83%
-	Iman Amine El Mokaddem Board's Secretary	✓	✓	✓	✓	✓	✓	6	100%

## Coordination of board meetings, recording and monitoring minutes of meetings

The Board of Directors is committed to discussing any topics included on the meeting agendas with the utmost transparency, provided that the members are given all information that allows for decision-making, and the decisions taken and all facts, including qualifications, are recorded in the minutes of the meeting (if any).

Mrs. Iman Amine El Mokaddem was re-appointed as Secretary of the Board of Directors from among the company's employees in her capacity as the Chairman's Office Dept. Manager by decision issued by the Board of Directors No. 4/2021 on 11/4/2021, and her job duties were determined in line with the level of responsibilities assigned to her, which includes the next:

1. Proper communication and distribution of information among members and other stakeholders, under the supervision of the Chairman.
2. Coordinating and preparing for the meetings of the Board of Directors, including the schedule, agenda, documents, and others, and providing the members with them three working days prior to the date of the meeting, taking into account emergency meetings.
3. Writing down and keeping all minutes of the board meetings, records, books, and reports submitted to and from the board.
4. Signing the minutes of the board meetings by the secretary and all the attending members of the board of directors.



## Second Rule - Proper identification of tasks and responsibilities

### Duties and Responsibilities of the Board of Directors

The company's board of directors sets all the controls and authorities necessary for management and this authority is only limited by what is stipulated by law, the company's articles of association or the decisions of the general assembly. The final responsibility of the company remains with the board even if it forms committees or delegates other entities or individuals to carry out some of its work. The board should avoid issuing general or indefinite mandates.

The following is an overview of how the company determines the policy of the tasks, responsibilities, and duties of each of the members of the Board of Directors and the Executive Management, as well as the authorities that are delegated to the Executive Management.

It includes the following tasks and responsibilities of the Board of Directors:

1. Approving the important objectives, strategies, plans, and policies of the company, as a minimum, the following shall be included:
  - The company's comprehensive strategy and main work plans, reviewing and directing them.
  - The optimal capital structure of the company and its financial objectives.
  - A clear policy for distributing profits of all kinds (cash / in kind) in a way that achieves the interests of shareholders and the company.
  - Objectives of performance and monitoring the implementation and comprehensive performance in the Company. Adopting the organizational and functional structures in the company and conducting periodic review thereof.
2. Approving the annual estimated budgets and approving the interim and annual financial statements.
3. Overseeing the main capital expenditures of the company and owning and disposing of assets.
4. Ensuring the company's compliance with the policies and procedures that ensure the company's respect for the applicable internal regulations and rules.
5. Ensuring the accuracy and integrity of data and information to be disclosed in accordance with the applicable disclosure and transparency policies and systems.
6. Providing effective communication channels that allow shareholders to be informed on a continuous and periodic basis of its various activities and fundamental developments.
7. Setting the system of governance and general supervision over it, monitoring its effectiveness, and amending it when needed in accordance with best practices.
8. Follow up the performance of each member of the Board of Directors and the Executive Management according to the main performance indicators (KPIs).
9. Preparing an annual report to be read at the company's annual general assembly that includes the requirements and procedures for completing the 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 of non-compliance, in accordance with governance requirements.
10. Forming specialized committees emanating from it in accordance with a charter that clarifies the committee's term, validity, responsibilities, and how the Board monitors them. The decision to form also includes naming members and defining their duties, rights and duties, as well as evaluating the performance and work of these committees and their key members.

11. Ensuring that the company's approved policies and regulations are transparent and clear to allow proper decision-making process and achieve the principles of corporate governance and separating of responsibilities and authorities between the Board of Directors and the Executive Management. Accordingly, the Board of Directors must:
  - Approve the internal bylaws and regulations related to the company's business and its development and defining the tasks, competencies, and responsibilities between the different organizational levels.
  - Approve a policy of delegation and implementation of the work entrusted to the executive management.
12. Determining the authorities that are delegated to the executive management, the decision-making procedures, and the duration of the delegation. The Board also determines the issues that it retains the Supervisory Board to decide on, and the executive management submits periodic reports on its exercise of the delegated authority.
13. Monitoring and supervising the performance of the executive management and ensuring that they carry out all their duties. The Board shall do the following:
  - Ensure that the executive management operates in accordance with the policies and regulations approved by the Board of Directors.
  - Hold periodic meetings with the executive management to discuss the course of work and any obstacles and problems, and to present and discuss important information related to the company's activity.
  - Set performance standards for the executive management that are consistent with the company's goals and strategy.
14. Determining the bonus segments that will be granted to employees, such as the fixed bonus segment, the performance-related bonus segment, long-term risks, and the bonus segment in the form of shares.
15. Appointing or dismissing any of the members of the executive management, including the CEO.
16. Developing of a policy that regulates the relationship with stakeholders in order to preserve their rights.
17. Establishing a mechanism to regulate transactions with related parties in order to reduce conflict of interests.
18. Ensuring periodically the effectiveness and adequacy of the internal control systems in force in the company and its subsidiaries, including:
  - Ensuring the integrity of the financial and accounting systems and the systems related to the preparation of financial reports.
  - Ensuring the application of appropriate control systems to measure and manage risks, by identifying the factors and types of risks that the company may face, creating an environment familiar with the culture of risk reduction at the company level, and presenting it transparently with stakeholders and related parties.
  - Approving the codes of conduct and work ethics and the company's work policies and procedures.
  - Recommending the appointment of independent auditors and the Shari'a Supervisory Board.
19. Developing a plan/policy to integrate sustainability factors in the company's overall strategy, main business plans, and risk measurement and management process, if necessary.

## Board of Directors Achievements

During the year 2023, the Board of Directors accomplished its tasks and responsibilities in accordance with the approved authorities. Here is an overview of the most important achievements:

1. Follow up the implementation of the objectives in accordance with the approved strategies and plans of the company.
2. Reviewing and approving the annual report, the governance report, and the governance requirements fulfillment form.
3. Reviewing and approving the interim and annual financial statements.
4. Reviewing and approving the estimated budget and comparing it with the achieved interim results.
5. Reviewing and approving policies, procedures, plans and reports related to the company's business and activities.
6. Recommendation to the Ordinary General Assembly regarding the appointment / re-appointment or change of the external auditor.
7. Follow up on the decisions of the committees emanating from the Board of Directors and the recommendations issued by it and follow up on their implementation.
8. Follow up the reports of the Internal Audit Department and ensure that the relevant committee takes corrective measures and follow up on implementation thereof.
9. Follow up the risk management reports and ensure that the competent committee takes corrective measures and follow up on their implementation.
10. Issuing a statement in the event of a conflict between the recommendations of the Risk And Audit Committee and the decisions of the Board of Directors and the reasons that led to the Board's decision not to comply with those recommendations, and that all recommendations issued by the Committee have been reviewed and approved by the Board of Directors.

## Formation of Board Committees

1. The Board of Directors forms permanent and temporary committees, with the aim of distributing the tasks and activities of the Board of Directors among the Board members and the executive management, providing sufficient time for detailed deliberations of all aspects of the work, and supporting the Board to carry out some specific tasks on its behalf, and to submit periodic reports and recommendations.
2. The committee members are appointed by the board, and a sufficient number of non-executive board members are appointed to the relevant committees, in addition to independent members, in accordance with best practices and regulations in this regard. Each committee shall have its own charter that defines the purpose of the committee as well as the qualifications necessary for committee membership.
3. The formation of the committees of the board of directors shall be in accordance with general procedures set by the board of directors, which include determining the committee's mission, the duration of its work, the authorities granted to it during this period, and how the board of directors monitors them with absolute transparency.
4. The Board of Directors should follow up the work of the committees periodically to verify that they carry out the tasks entrusted to them, and the work charters of all the committees are approved by the Board.

## Conditions to be met by Committee Members

1. To have the appropriate capabilities and qualifications, sufficient experience and honesty to perform the tasks and responsibilities.
2. To be Familiar with the financial, accounting, and administrative rules for membership of the Audit and Risk Committee.
3. To not have a direct or indirect interest in the business and contracts made for the company's account.
4. The members of the committee shall abide by the obligations of the member of the board of directors to fully maintain the confidentiality of information and not to disclose the company's secrets.

## Committee Membership

1. The number of members of each committee shall not be less than three and not more than five.
2. The term of the committee's membership shall be from one to three years, and it shall not exceed the remaining term of the membership of the Board of Directors.
3. The Board of Directors appoints a replacement member if the position of one of the committee members becomes vacant.
4. Each committee chooses from its members a chairperson at its first meeting or during the board of directors meeting. The committee's reporter/committee secretary is also chosen from among the company's employees.
5. The Chairman of the Board of Directors may not be a member of any of the committees imposed by the Capital Markets Authority on listed companies, except for the Nominations and Remuneration Committee.
6. Both the Remuneration and Nominations Committee and the Audit Committee must have at least one independent member.
7. The Chairman of both the Risk Committee and the Audit Committee must be a non-executive member.
8. Executive members are prohibited from joining the Audit Committee.
9. The members of the Audit Committee must include at least one member with academic qualifications and/or practical experience in the accounting and financial fields.

## Governance Committee

### Formation requirements, objectives, tasks and responsibilities

The Governance Committee was formed by the Board of Directors. The members of the Committee consist of three members of the Board. The Committee meets at least twice annually. The Governance Committee aims to verify the preparation, follow-up and control of the application of governance principles, compliance with the instructions, regulations and laws issued by the various regulatory authorities in this regard, and the appropriateness the policies, regulations and procedures applied in the company for those instructions and taking corrective and preventive measures and steps when necessary. The committee's duties and responsibilities include:

1. Reviewing and initial approval of the governance report in accordance with building a balanced structure for the Board of Directors and presenting it to the Board of Directors for final approval.
2. Reviewing and initial approval of the Governance Manual in accordance with the requirements received from the Capital Markets Authority and other regulatory authorities before submitting it to the Board of Directors for final approval.
3. Reviewing and initial approval of the Compliance and Governance Management Policies and Procedures Manual before submitting it to the Board of Directors for final approval.
4. Reviewing and initial approval of the Compliance and Governance Department work plan before submitting it to the Board of Directors for final approval.
5. Supervising the implementation of the principles and frameworks of governance that have been approved by the Board of Directors in accordance with the Governance Manual.
6. Permanent and continuous review of the decisions, laws and instructions issued by the supervisory authorities regarding the rules and practices of governance and submitting recommendations to the Board of Directors regarding the changes it deems necessary to develop and implement new standards and practices.
7. Forming subcommittees and work teams by decision of the committee chairman alone or by the committee members together to carry out specific tasks that will provide support and assistance for the optimal application of governance principles and frameworks and increase awareness among employees of the importance of governance goals and requirements.
8. Supervising the preparation and the initial plan of the social responsibility plan and submitting thereof to the Board of Directors for final approval.
9. Following up on implementation of the social responsibility plan.
10. Supervising the preparation of the annual social responsibility report and submitting thereof to the Board of Directors for final approval.
11. Coordinating with the Compliance and Governance Department to ensure compliance and optimal application of the Commercial Governance Manual procedures.
12. Informing the Board of Directors of the latest developments, decisions and laws issued by the various regulatory authorities.
13. Reviewing the report of the cases filed by and against the company, verifying their causes and the current situation, and making recommendations thereon.
14. Carrying out any other responsibilities entrusted to the Committee by the Board of Directors in accordance with the approved system of authority.

During the year 2023, the committee carried out its tasks and responsibilities in accordance with delegated authorities.

### Dates and Attendance of The Governance Committee

The Governance Committee was formed on April 11, 2021, the Committee held 2 meetings in 2023

#	Members' names and positions	1-2023 12th March	2-2023 25th December	Attendees	Percentage
1	Abdulfatah M. R. Marafie - Chairman (Non-Executive)	✓	✓	2	100%
2	Hussain Abdullah Johar - Vice Chairman (Non-Executive)	✓	✓	2	100%
3	Adwan Mohammad Al-Adwani - Member (Non-Executive)	✓	✓	2	100%
4	Yousef Yaqoub Al-Awadhi - Member (Non-Executive)	✓	✓	2	100%
-	Iman Amine El Mokaddem - Rapporteur / Secretary of the Committee	✓	✓	2	100%

### Governance Committee Achievements

The committee submits all its recommendations to the Board of Directors. Its achievements include the following:

1. Social responsibility plan.
2. Governance report and annual report.
3. Follow up compliance with governance requirements.
4. Providing the members of the Board of Directors and the executive management with all the company's disclosures.
5. Governance Manual update (Ninth Edition)
6. Compliance and governance management plan
7. Updating disclosure and transparency policies and procedures
8. Compliance and governance management policies and procedures

## Audit and Risk Committee

### Formation requirements, objectives, tasks, responsibilities, authorities and achievements

The Board of Directors has fulfilled the requirements for the formation of the Audit and Risk Committee, whose members consist of Four members and its chairman is a non-executive member of the Board and includes an independent member. The committee meets at least four times annually. It aims to assist the board of directors in carrying out its responsibilities to verify compliance with auditing standards and the effective application of the company's various policies. Moreover, it identifies weaknesses and takes corrective action in respect of them. Furthermore, it works on managing the risks that the company may be exposed to, setting the necessary controls to mitigate them, determining the risk appetite of the company and the acceptable ratios thereof compared to the expected benefits, and submitting relevant recommendations to the Board of Directors.

Some of tasks thereof:

1. Reviewing the interim and annual financial statements and report of the external auditor and approving them in principle before submitting them to the Board for final approval to ensure fairness and transparency of the financial reports.
2. Follow- up an ensuring the adequacy and comprehensiveness of the scope of the external audit, ensuring the independence of the company's external auditor, limiting the factors that may impair its independence.
3. Studying the external auditors' observations on the company's financial statements and following up on actions taken.
4. Studying the company's accounting principles and policies and examining any changes that may affect the company's financial position, while identifying the reasons for these changes.
5. Reviewing and approving the annual internal audit plan.
6. Technical supervising the internal audit task, reviewing and approving the scope and periodicity of the audit task in order to verify its effectiveness in carrying out the work and tasks specified by the Board of Directors.
7. Reviewing the internal audit reports of the company's various departments, discussing the observations received on them, taking corrective decisions, determining the persons responsible for their implementation, and the expected timeframe for implementation.
8. Evaluate the adequacy and effectiveness of the company's internal control systems and prepare a report that includes the committee's opinion and recommendations in this regard.
9. Preparing and reviewing risk management strategies and policies before they are approved by the Board of Directors and ensuring that these strategies and policies are implemented and that they are commensurate with the nature and size of the company's activities.
10. Follow up on the implementation of agreed-upon corrective actions according to a specific schedule.
11. Reviewing the reports of the regulatory authorities and ensuring that the necessary measures have been taken regarding them.
12. Reviewing the reports of the Shari'a Supervisory Board before submitting them to the Board of Directors for approval.
13. Reviewing and initial approval of the policies and procedures manuals for the Internal Audit and Risk management Departments.
14. Ensuring the company's compliance with the relevant laws and instructions.
15. Recommending the appointment, transfer, and dismissal of the Director of Internal Audit and evaluating his performance and the performance of the Internal Audit Department.
16. Recommending the Board of Directors to appoint, reappoint or change the external auditors and determine their fees. When recommending appointment, care must be taken to ensure their independence and review their appointment letters.

17. Reviewing deals and transactions with related parties and making appropriate recommendations thereon to the Board of Directors.
18. Holding periodic meetings with the external auditor at least four times annually, as well as when needed at the request of the committee.
19. Ensuring the availability of adequate resources and systems for risk management, reviewing the organizational structure for risk management, and making recommendations regarding it before it is approved by the Board of Directors, verifying that risk management staff have a full understanding of the risks surrounding the company, and ensuring their independence from operational activities.
20. Studying and submitting of recommendations to the Board regarding ensuring periodically 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 internal control report (ICR) annually.
  - Nominating of an accredited body to the Board to appoint an auditing office approved by the Supervisory Board to prepare a Quality Assurance Report (QAR) every three years.
  - Ensuring the integrity of the financial and accounting systems and the systems related to the preparation of financial reports.
  - Ensuring the application of appropriate control systems to measure and manage risks, by identifying the factors and types of risks that the company may face, creating an environment familiar with the culture of risk reduction at the company level, and presenting it transparently with stakeholders and related parties.
21. Assisting the Board in identifying and evaluating the level of risks acceptable to the company and evaluating the systems and mechanisms for identifying, measuring and following up on the different types of risks that the company may be exposed to; and ensure that the company does not exceed the risk appetite approved by the Board of Directors.
22. Studying and reviewing the company's risk assessment reports and the measures taken to reduce or confront risks within the acceptable and approved risk ratios of the company in exchange for the expected benefits and submit these reports to the company's board of directors.
23. Reviewing risk management strategies and policies before approval by the Board of Directors and ensuring that they are consistent with the company's activities.
24. Reviewing the adequacy and effectiveness of the company's internal control systems, including strategies, policies and procedures related to sound practices for managing and controlling various risks, and verifying the implementation of those policies and strategies.
25. Reviewing the remarks raised by the Audit and Risk Committee that may affect the company's risk management.
26. Submitting recommendations to the Board of Directors for review, information, and final approval.
27. Carrying out any other responsibilities entrusted to the Committee by the Board of Directors in accordance with the approved system of authorities.

During the year 2023, the committee carried out its tasks and responsibilities in accordance with its authorities.

**Dates and attendance of the Audit and Risk Committee meetings**  
**The Audit and Risk Committee was formed on April 11th, 2021, and held 9 meetings in 2023**

#	Members	1-2023	2-2023	3-2023	4-2023	5-2023	6-2023	7-2023	8-2023	9-2023	Attendees	Percentage
		12 <sup>th</sup> February	12 <sup>th</sup> March	13 <sup>th</sup> March	14 <sup>th</sup> May	1 <sup>st</sup> August	14 <sup>th</sup> August	12 <sup>th</sup> November	13 <sup>th</sup> November	25 <sup>th</sup> December		
1	Eng. Ibrahim M Al Ghanim Chairman (non-executive)	✓	✓	✓	✓	✓	✓	✓	✓	✓	9	100%
2	Adwan Mohammad Al- Adwani Vice Chairman (non-executive)	✓	✓	✓	✓	✓	✓	✓	✓	✓	9	100%
3	Abdulaziz Mubarak Al Hasawi Member (Independent)	✓	✗	✓	✓	✗	✓	✓	✓	✓	7	78%
4	Yousef Yagoub Al Awadhi Member (non-executive)	✓	✓	✓	✓	✓	✗	✗	✓	✓	7	78%
*	Hosam Samir Habib Rapporteur	✓	✓	✓	✓	✓	✓	✓	✓	✓	9	100%
*	Rawan Jalal Sabah Secretary	✓	✓	✓	✓	✓	✓	✓	✓	✗	8	89%

**Achievements of the Audit and Risk Committee**

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

1. Preparing the annual audit committee report and evaluating the internal control systems.
2. Review and recommend the approval of the interim and annual financial statements in accordance with the committee meetings in the presence of the external auditor.
3. Discussing and approving the internal audit plan.
4. Discussing internal audit reports, taking corrective actions, and following them up.
5. Discuss and approve the risk management plan, risk assessment reports, and risk operations record.
6. Review and recommend approval of updates to risk appetite and risk strategies.
7. Reviewing and recommending the approval of policies and procedures for relevant departments such as internal audit, risk, accounting and finance.
8. Recommending the appointment/reappointment or change of the external auditor. Ensure their independence and review the appointment letter.
9. Recommending the appointment/reappointment of an audit office to prepare a report on internal control systems (ICR) annually.
10. Recommending the appointment of an audit office to prepare a report on the quality of internal audit work (QAR) every three years.
11. Annual evaluation of the auditor, risk management, executive management and director of internal audit.
12. Other regulatory matters such as information security, IT auditing and recommending the appointment of ISO consulting services.

## Remuneration and Nominations Committee

### Formation requirements, objectives, tasks, responsibilities, authorities and achievements

The Board of Directors of the company has fulfilled the requirements for forming the Remuneration and Nomination Committee, which consists of four members and its chairman is a non-executive board member and includes an independent member. The committee meets at least twice annually and aims to assist the Board of Directors to carry out its responsibilities and supervisory duties to ensure the nomination of the necessary competencies for membership of the Board of Directors and executive and administrative positions in the company, verifying that it is carried out in accordance with an institutional framework that is characterized by efficiency and complete transparency and is mainly in the interest of the company and then achieves the goals of the shareholders, in addition to the supervisory tasks to ensure the soundness and correctness of the policy of calculating bonuses and allocations followed by the company for members of the Board of Directors and executive management and verifying that they are 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 authorities:

1. Recommending the acceptance of the nomination and re-nomination of the members of the Board of Directors and the Executive Management.
2. Developing a clear policy for remuneration for members of the Board of Directors and Executive Management, with an annual review of the required needs of skills appropriate for membership in the Board of Directors, studying and reviewing those requests, and determining the different segments of remuneration that will be granted to employees, such as the fixed remuneration segment, the performance-related remuneration segment, and the remuneration segment in the form of Shares, a tranche of end-of-service rewards, and setting up a system of incentives and rewards by evaluating the performance of both managers/executive management and company employees.
3. Developing job descriptions for executive members, non-executive members, independent members and the CEO.
4. Ensure that the independent member of the Board of Directors does not lack independence aspect.
5. Preparing a detailed annual report on all remunerations granted to members of the Board and the Executive Management, whether they are amounts, benefits or advantages, of whatever nature and name, provided that this report is presented to the company's general assembly for approval.
6. Follow up the performance of members of the Board of Directors and Executive Management according to objective performance indicators (KPIs).
7. Approving the scope of work of the company's departments and divisions.
8. Initial approval of the annual employment plan in accordance with the company's needs and the recommendations of executive management to be submitted to the Board of Directors for final approval.
9. Initial approval of a plan to rotate and replace executive positions to be submitted to the Board of Directors for final approval.
10. Provide recommendations to the Board of Directors to appoint members of the executive management and vacant leadership positions in accordance with approved policies and standards in a manner that does not conflict with the instructions and regulating laws.
11. Identify the strengths and weaknesses of the Board of Directors through self-evaluation and recommend taking the necessary measures to correct any failures in proportion to the company's interest.
12. Supervising the preparation of the training plan for all company employees and monitoring its implementation.
13. Supervising the turnover rate of employees to measure the degree of belonging to the company.
14. Approving the company's job grades and salaries' structure.
15. Display periodic updating of the organizational structure according to administrative decisions related to administrative changes and dependencies.
16. Supervision and initial approval of the insurance mechanism for risks related to the professional liability of members of the Board of Directors and executive management.
17. Carrying out any other responsibilities assigned to the committee by the Board of Directors in accordance with the approved system of authorities.

### Dates & Attendance of the Remuneration and Nominations Committee

Remuneration and Nomination Committee was formed on April 11, 2021  
The Committee held 2 meetings in 2023

#	Members	1-2023 13th March	2-2023 25th December	Attendee	
1	Talal Jassim Al-Bahar - Chairman (Non-Executive)	✓	✓	2	100%
2	Adwan Mohammad Al-Adwani - Vice Chairman (Non-Executive)	✓	✓	2	100%
3	Abdulaziz Mubarak Al Hasawi - Member (Independent)	✓	✓	2	100%
-	Nadia Attallah Ali Huraish- Rapporteur of the Committee*	✓	✓	2	100%
-	Fayouz Mahmoud Chahine - Secretary of the Committee	✓	X	1	50%

### Achievements of the Remuneration and Nominations Committee

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

1. Professional liability insurance for members of the Board of Directors and the Executive Management.
2. Policies and procedures related to the committee's tasks.
3. The training plan, the employment plan, and the job replacement plan.
4. The remuneration of members of the Board of Directors and the allowance for attending committee meetings.
5. The remuneration of the executive management and employees of the company and its subsidiaries.
6. Annual report on all remunerations granted to members of the Board of Directors and executive management, and those granted to CEOs who received the highest amounts from the company.

## Board members obtaining accurate and timely information and data

1. The company follows an accurate system for submitting reports and information at all administrative levels, whether at the level of the executive management, committees or the board of directors. It includes many types of weekly, monthly and quarterly reports in addition to reports of an immediate nature that are linked to urgent information.
2. As for the documents of the Council and committee meetings, they are provided with an electronic copy that they can keep permanently for reference when needed or necessary.
3. In the event that one, a number, or all members of the Board of Directors request any information, data, or reports, whether during Board of Directors meetings, committee meetings, or through e-mail, by official letter, or by telephone, coordination will be made with the relevant department to prepare the required requirements/information/reports and present them to Chairman of the Board of Directors for review and then send it to the members at the next meeting for discussion or as soon as possible according to the following:
  - Reports are characterized by brevity, accuracy, and materiality in presenting information, so that the information and data presented in the report are very comprehensive and consistent, and that they are material and important information that facilitates the decision-making process.
  - Periodic presentation of reports, where the report is updated with the latest information and developments and is prepared according to specific and sequential time frames and submitted at the appropriate time (three days before the meeting, excluding emergency meetings) to ensure sufficient time is available to study the information.
4. The infrastructure of information technology systems is constantly being developed, especially reporting systems, to ensure that all reports are prepared with a high degree of quality and accuracy and are submitted to the members of the Board of Directors in a timely manner.

## Third Rule - Choosing qualified persons for membership of the Board of Directors

### Summary of the rewards and incentives policy granted to members of the Board of Directors, executive management and managers

The Board of Directors has established a clear policy for the remuneration of the members of the Board of Directors and the executive management, with an annual review of the requirements required for the appropriate skills for membership of the Board of Directors, as well as attracting applications for those wishing to occupy executive positions as needed, studying and reviewing those applications, and determining the different segments of the rewards that will be granted to employees, such as fixed bonuses, performance-related bonuses, stock bonuses, and end-of-service remuneration.

1. **Policy of remuneration and incentives granted to members of the Board of Directors:**
  - The total estimated remuneration may not exceed 10% of net profits (after deducting depreciation, reserves, and dividend distribution of not less than 5% of the capital or any higher percentage stipulated in the company's articles of association).
  - The company's general assembly has the right to exempt the independent board member from the maximum mentioned remuneration.
  - The Remuneration and Nominations Committee is responsible for proposing recommendations regarding the remuneration of members of the Board of Directors and submits its recommendations or not to the Board of Directors for approval, which in turn presents them to the General Assembly to decide on them.
  - The Remuneration and Nominations Committee is responsible for proposing recommendations regarding the remuneration of members of committees emanating from the Board of Directors and submitting its recommendations to the Board for approval.
  
2. **Rewards and incentives policy granted to executive management and managers:**
  - Bonuses are linked to all performance levels of the company's employees.
  - The rewards must be consistent with the company's strategy and objectives in the short and long term.
  - The rewards should be commensurate with the experience and qualifications of the company's employees at various job levels, the company's size and nature, and the risks to which it is exposed.
  - Linking rewards to the soundness of the company's operations and financial position.
  - Balancing the salary and bonus structure to ensure factors that attract qualified people are in line with the company's business, activities, and business results appropriately, fairly and without exaggeration.
  - The reward system for executive management considers the environment in which the company operates, the results it achieves, and the degree of the company's risk tolerance. It includes the following main components:
    - A. **Fixed remuneration**
      - Fixed remuneration is determined in the company, considering the level of responsibilities assigned and the career path specified in the company.
      - Fixed remuneration and end-of-service are contractually agreed upon as compensation for their skills, competencies and experience used to perform their job role and in accordance with the requirements of the Labor Law in the Private Sector and other relevant regulatory requirements.
      - Fixed remuneration is reviewed periodically to re-evaluate the total remuneration package, market conditions, and performance at the individual and company levels in general.
      - Fixed remuneration, including salaries, allowances and benefits, are determined within the salary and job grade structure approved by the company's Board of Directors.
    - B. **Variable remuneration**
      - Variable remunerations are linked to the process of achieving pre-set goals and managing risks effectively.

- This type of remuneration is designed to motivate. Variable bonuses are allocated based on individual performance and the company's overall performance.
- Variable remuneration is offered in cash or in the form of shares if the company decides to adopt a stock options system. This matter is determined annually by the Nominations and Remuneration Committee before being approved by the Board of Directors.
- The company's variable remuneration system is based on the process of determining performance indicators for executive management. By adhering to these indicators, the value of the variable bonuses due to members of the executive management is determined, and these bonuses are distributed based on individual performance.

**C. Balance between fixed and variable remunerations**

- The company ensures that there is an appropriate balance between fixed and variable rewards, in order to be able to reduce variable rewards in the event of weak or negative financial performance. The percentage of fixed and variable remuneration is reviewed and determined annually by the Board of Directors based on the recommendation of the Nominations and Remuneration Committee.
- The Remuneration and Nominations Committee is responsible for setting the remuneration policy for the company's executive management, and its goal is to achieve a balance between competitive remuneration in the market to retain talent and develop current and future shareholder returns.
- The Remuneration and Nominations Committee works to benefit from analytical tools, qualitative and quantitative procedures, and studies provided by external companies specialized in the process of formulating rewards offers and incentive programs for the company's executive management, including annual performance rewards and short- and long-term incentives (upon request).
- In addition to this, the company has a system to monitor and evaluate the performance of the company's executive management and employees.

**3. Procedures and mechanism for disbursing rewards and incentives:**

- Evaluation forms (key performance indicators, goal indicators, and annual evaluation) are filled out for all the company's employees and approved by the company's CEO, in accordance with the procedures stipulated in the group's human resources management policies and procedures, and in accordance with the forms approved by the Remuneration and Nominations Committee and the Board of Directors.
- The Remuneration and Nominations Committee submits its recommendation to the Board of Directors for approval, either by distributing a percentage of the company's net profits or using the available allocation allocated to the company from previous years.
- The Board of Directors authorizes the Chairman of the Board of Directors or the CEO of the company to disburse these bonuses according to what it deems appropriate in terms of the method of disbursing them and the date of their distribution.

### Remunerations and benefits of the Board of Directors and the Executive Management for the financial year ending 31/12/2023

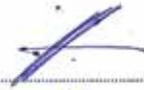
		Rewards and benefits for members of the Board of Directors* for the financial year ending on 31/12/2023 (Kuwaiti Dinars)															
		Rewards and benefits through the mother Company							Rewards and benefits through the Subsidiaries								
Total number of the members	8	Fixed Rewards and benefits			Variant Rewards and benefits				Fixed Rewards and benefits			Variant Rewards and benefits					
		Health Insurance	Life Insurance	Professional Liability Insurance	Annual Bonus	Board Members Remuneration	Committees Reward	Monthly Salary	Annual Leaves	End of Service indemnity	Health Insurance	Life Insurance	Professional Liability Insurance	Car Allowance	Board Members Remuneration	Committees Reward	Annual Bonus
		-	-	2,600	-	128,000	-	276,441	61,241	59,866	-	1,020	650	7,200	3,000	-	300,000
Total remunerations and benefits granted to five senior executives who received the highest remunerations, in addition to the Chief Executive Officer and the Finance Manager or whoever replaces them if they are not among them* for the fiscal year ending on 31/12/2023 (Kuwaiti Dinars)																	
The total number of executive positions	6	Rewards and benefits through the mother Company							Rewards and benefits through the Subsidiaries							Variant Rewards and benefits	
		Monthly Salaries	Annual Leave	End of Service indemnity	Health Insurance	Life Insurance	Professional Liability Insurance	Car Allowance	Annual Bonus	Monthly Salaries	Annual Leave	End of Service indemnity	Health Insurance	Life Insurance	Professional Liability Insurance	Car Allowance	Board Members Remuneration
		248,651	43,341	16,033	820	1,701	1,950	113,600	20,634	2,860	-	410	41	1,300	-	10,000	3,500

\*All details, segments, and types of rewards and benefits granted by Al- Tijaria Real Estate Company and its subsidiaries during the year 2023 have been added. The company did not record any essential deviations from the remuneration policy approved by the Board of Directors.

#### Fourth Rule - Ensure the Integrity of Financial Reports

##### Acknowledgment and pledge (safety and integrity of financial statements) For the financial year ending on 31/12/2023

The Chairman and members of the Board of Directors of the Commercial Real Estate Company (Al- Tijaria) acknowledge and undertake the safety and integrity of the financial statements that have been provided to the external auditor, and that the company's financial reports have been presented in a sound and fair manner, in accordance with the International Accounting Standards (IAS) applied in the State of Kuwait and approved by the Supervisory Board, and that they express the company's financial position As on December 31, 2023, based on the information and reports received from us by the executive management and the auditors, and by doing so the accounts, and doing due diligence to verify the integrity and accuracy of these reports.

Member's Name	Position	Signature
Abdulfatah M. R. Marafie	Chairman of the Board	
Adwan Mohammad Al-Adwani	Vice Chairman of the Board	
Eng. Ibrahim M Alghanim	Board Member	
Hussain Abdullah Johar	Board Member	
Abdulaziz Mubarak Al Hasawi	Board Member	
Eng. Abdulmutaleb A. M. Marafie	Board Member	
Talal Jassim Al Bahar	Board Member	
Yousef Yagoub Al Awadhi	Board Member	

**Acknowledgment of the Executive Management of safety and integrity of financial statements  
For the financial year ending on 31/12/2022**

We, the undersigned, acknowledge and undertake the safety and integrity of the financial reports of the Commercial Real Estate Company, which cover all financial aspects of data and operational results as per our knowledge, and in accordance with International Financial Reporting Standards (IFRS), and that the consolidated financial statements of the Al Tijaria Real Estate Company express fairly in all material respects, the financial position as of December 31, 2023, bearing in mind that the company's financial statements consist of:

- Consolidated statement of financial position.
- Consolidated income statement.
- Consolidated statement of comprehensive income.
- Consolidated statement of changes in equity.
- Consolidated statement of cash flows.
- The notes to the consolidated financial statements.

Abdulmutaleb A. M. Marafie  
CEO & Board Member

Fuad Hasan Darwish  
Accounting Department  
Manager

Walid Youssef Wizani  
Finance and Strategic planning  
Department Manager



**Annual Report of the Annual Audit Committee  
For the financial year ending on 31/12/2023**

**Dear Shareholders,**

On my own behalf and on behalf of committee members, I am pleased to present to you the Audit Committee's report on the work of the financial year ending on December 31, 2023, which includes its evaluation of the internal control and risk management systems and ensuring their effectiveness within the framework of the committee's responsibilities in accordance with the requirements of the executive regulations of the Capital Markets Authority Law (Corporate Governance Book). The committee played its role in the field of internal audit, control and risk management, and held periodic meetings during the year with the aim of assisting the company's board of directors in performing its duties and responsibilities.

Accordingly, the company's departments and divisions carry out their work in accordance with policies and procedures within the limits of the authorities granted and approved. In the field of control, the Risk, Compliance, Governance, Finance and Strategic Planning Department directs and assists the rest of the departments and divisions in monitoring risks and improving control and compliance. The Internal Audit Department also conducts independent reviews and discusses deficiencies in the application of controls and corrective measures thereon. The company has appointed an independent external audit office to submit an annual report on the evaluation of internal control systems. The results are discussed by the relevant committees, especially the Audit and Risk Committee and the Governance Committee, and recommendations are presented to the Board of Directors.

**Opinion of the Audit and Risk Committee**

Based on the tasks we have performed, and the confirmations and disclosures obtained from executive management, it has been confirmed that the internal control procedures are considered reasonably adequate in material respects and to a degree that balances cost and benefit. Given the risks inherent in any internal control system, it is not possible to provide absolute assurance that there are no control weaknesses. Please note that no violations were detected by the relevant regulatory authorities and no financial or non-financial penalties were applied to the company.

The Audit and Risk Committee confirms that all of the committee's recommendations submitted to the company's Board of Directors during the financial year ending on December 31, 2023, and up to the date of preparing this report have been approved, and the committee has not detected any conflict between its recommendations and the decisions of the Board of Directors.

Kind Regards,



Eng. Ibrahim M AlGhanim  
Head of the Committee.

## Independence and Impartiality of the External Auditor

The company is committed to complying with the instructions and regulations related to the appointment of the company's auditor, considering the following:

- Ensuring the independence and impartiality of the external auditor from the company and its board of directors.
- The annual ordinary general assembly appoints the company's auditor based on the proposal of the Board of Directors, considering the following:
  1. Nominating the auditor based on a recommendation from the Audit and Risk Committee submitted to the Board of Directors.
  2. Choosing the auditors registered in the special register with the Supervisory Board, fulfilling all the conditions stipulated in the requirements of the Supervisory Board's decision in this regard.
  3. Ensuring the independence of the external auditor, and not carrying out additional work for the company, except for review and auditing, to ensure that impartiality and independence.
  4. 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 comments, if any, along with the committee's recommendations are submitted to the Board of Directors to take a decision thereupon.
  5. Empowering the external auditor to attend the meetings of the general assemblies and read the report prepared by him to the shareholders, explaining any obstacles or interferences he faced from the Board of Directors during the performance of his work, and the external auditor must inform the supervisory Board of any fundamental violations or obstacles and their details.

## Fifth Rule - Apply Sound Systems of Risk Management and Internal Audit

### Roles and Responsibilities of the Risk Management Unit

The company has established an independent unit for risk management on the organizational structure, which maintains a complete independence, as it reports directly to the Audit and Risk Committee. In addition to appointing a specialized consulting office to carry out risk management work, the Commercial Real Estate Company is keen on risk management as an essential aspect of the company's strategic management. The company manages the risks and according to the philosophy of "Risk management is everyone's responsibility", therefore company has been keen to adopt a set of regulating policies and procedures to mitigate the risks associated with its activities, with the aim of achieving a balance between the degrees of risk tolerance and the expected return from each individual activity and then all of the company's activities in general. Continuing implementation of the company's conservative risk management policies over the past years, the company was eager to develop risk management policies and strategies and work to diversify its investments in terms of sectors and geographical locations. This diversification ensures to reduce the amount of exposure to market and concentration risks. In addition to following different methods to deal with the types of surrounding risks to which the company's business may be exposed, by transferring risks, sharing risks, avoiding risks or accepting controllable risks, and developing mitigation plans and reducing them in accordance with the objectives, returns, and cost-effective standards of the risk management process.

The company has worked to integrate the culture and tendency of risk management within the company's work environment through an effective policy and defining responsibilities within the company for every manager and employee to incorporate the concept and responsibilities of risk management as a part of the daily work's tasks. This leads to accountability and efficient performance across all functional levels, groups and departments of the company.

### An overview of the application of the requirements for forming a risk management committee

The Board of Directors formed the Audit and Risk Management Committee and approved its charter to meet the requirements for formation, roles, meetings, and their periodicity. The Audit and Risk Committee assists the Board of Directors in setting the strategy and general framework for risk management and supervising the implementation of this strategy by executive management, in addition to following up on the reports submitted by the party appointed to carry out risk management activities related to identifying, measuring, analyzing, and treating the risks associated with the company's activities. This is to ensure that the appropriate and effective corrective measures are taken to manage these risks to reduce their impact to the company's acceptable limits.

The committee also submits its periodic reports to the Board of Directors to ensure that the Board is informed of the types of risks to which the company may be exposed, and the measures taken to achieve the desired objectives within acceptable levels of risks. Below a list the types of potential risks and threats to which the company may be exposed according to the nature of its business and some of the precautionary measures taken by the company to ensure mitigation of those risks and preventing their occurrence or reducing their impact. These risks do not necessarily exist, but there is a possibility of them to seem if the vital measures are not taken to mitigate them.

	Risks That May Expose The Company	Risk Management Strategies
<p><b>Strategic Risk</b></p>	<p>This type of risk focuses on strategic risks and business efficiency, which are risks related to the implementation of the company's general 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"> <li>□ The possibility of not adopting and implementing a clear and defined strategy.</li> <li>□ The possibility of not providing the financial, technical and human resources necessary to manage the company's business and supervisory functions.</li> </ul>	<p>A comparison of the asset allocation strategy related to the sectoral and geographical classification and distribution of the company's assets and investments during the year 2023 was presented.</p> <p>The strategy is reviewed and approved when needed to conduct the required diversification of the company's assets and investments in accordance with changes and market, economic and political factors.</p> <p>The estimated budget for the next five years has also been prepared to ensure the availability of financial resources as well as employment plans and to update the company's organizational structure.</p> <p>Advanced systems in information technology are also being developed and applied to ensure the efficiency and flow of business.</p>
<p><b>Operational Risks</b></p>	<p>This type of risk focuses on all types of operational risks, which include inadequacy of internal control systems, technological risks, risks of inefficiency and/or effectiveness of processes and procedures in achieving the company's general objectives, and human error and failure of programs and inadequacy and efficiency of procedures and controls contribute to this. We list below some examples of operational risks:</p> <ul style="list-style-type: none"> <li>□ Possible deficiency in operational processes and internal controls of information systems and accounting records.</li> <li>□ The possibility of insufficient planning in information systems to face emergency calamities.</li> </ul>	<p>Manuals of operational policies and procedures have been developed, as well as internal audit and control systems for operational processes and administrative systems, as well as the application of technical systems necessary for the implementation and follow-up of operations, with the development of control mechanisms and the structure of authorities over those systems and work to develop them on an ongoing basis.</p> <p>Backups and protection measures are also being made to ensure data availability and systems continuity in work, as well as remote work techniques and procedures.</p>
<p><b>Financial Risks</b></p>	<p>This type of risk focuses on the various financial risks that the company may face, which are the risks of ineffective management and financial control in the company and the impact of external factors such as the ability to obtain credit facilities, currency exchange rate fluctuations, change in interest rates, and other market factors.</p> <p>Below are some examples of finance risks:</p> <ul style="list-style-type: none"> <li>□ The possibility of not adopting prudent and appropriate policies for financial management.</li> <li>□ The possibility of not making the necessary matching between what is planned according to the estimated budgets and the actual reality to measure achievement rates and deviation.</li> <li>□ The possibility of investing in high-risk sectors, fields and countries without taking into account taking the necessary steps to protect the company from the risks that it may be exposed to from those operations.</li> </ul>	<p>Financial risks are managed through a set of procedures and systems, which include setting estimated budgets at the level of departments, groups and the company as a whole, in addition to effective follow-up and control over the management of financial flows and making periodic comparisons between what is planned within the estimated budget compared to the actual reality to identify deviations and work to correct them to ensure efficient running of operations.</p> <p>Also, periodic reports are submitted to the Board of Directors to monitor the financial performance and compliance with the plans set at the level of operation and investment.</p>

<p><b>Governance and Compliance Risks</b></p>	<p>The company's operations comply with the applicable laws and regulations.</p> <p>Below are some examples of compliance risks:</p> <ul style="list-style-type: none"> <li>□ The possibility of weak professional culture and experience in supporting and guiding workers to abide by laws and instructions.</li> <li>□ The possibility of weakness of internal compliance systems and training programs.</li> <li>□ The possibility of not activating the role of the legal department and legal consultation.</li> </ul>	<p>Specialized in risk management in order to verify the risks of the company's compliance with all laws and instructions issued by various regulatory authorities and provide the Board of Directors with periodic reports on the extent of the company's compliance.</p> <p>The company also prepared a comprehensive guide that includes all instructions, procedures, and policies for applying governance standards, and it was circulated to the relevant company employees to ensure efficient application and compliance.</p> <p>Training plans approved by the Board of Directors have also been developed to ensure that all employees are familiar with the requirements for compliance with laws and instructions and how to apply them. The company's contracts are subject to legal review by the company's legal advisor, in addition to contracting with specialized law firms for assistance when needed.</p>
<p><b>Information risks associated with decision-making</b></p>	<p>This type of risk focuses on those associated with the inaccuracy and inadequacy of the information used to support strategic, financial and operational decisions.</p> <p>These risks are related to the usability and timeliness of the information, whether it was obtained or summarized by applications to the software used, and the extent to which the information needs are understood.</p>	<p>An integrated system has been developed for the process of reporting and exchanging information between the different administrative levels to ensure the accuracy and integrity of information and the timeliness of information submission on the one hand, in addition to maintaining the confidentiality of information on the other hand, so that information is circulated to authorized persons only. Emphasizing the importance of information security, a specialized advisory body was appointed to establish the information security function in the company.</p> <p>Many review points have also been established and policies and procedures approved to increase the emphasis on the accuracy of the information submitted to the senior management and the board of directors, which are used in directing operations and decision-making.</p>
<p><b>Reputation Risk</b></p>	<p>These are the risks associated with activities that may take place or be carried out in contravention of accepted and recognized standards, which may tarnish the company's reputation in the market in which it operates.</p>	<p>A clear policy has been developed for the Ethical Work Charter to ensure that the company's employees adhere to the ethics and principles of the tolerant Islamic Sharia in line with the company's directions.</p> <p>Also, all the company's transactions are subject to the approval of the Sharia Supervisory Board to ensure the preservation of the company's reputation and its commitment to the principles of Islamic Sharia.</p>

### Illustrative Summary for internal supervisory and control systems

The company adopts a set of internal control systems to ensure and maintain the level of performance and control the operational and financial operations that cover all the company's activities and departments. This is done by adopting a set of policies, procedures and organizational structures and regulations include (proper definition of authorities and responsibilities - complete separation of duties and no conflict of interests - double examination and control - double signature). The Board of Directors follows up the internal control systems through periodic reports issued by the committees and departments, as the Board of Directors periodically verifies their impartiality and efficiency. The supervisory departments enjoy the necessary independence that allows them to carry out their work accurately and efficiently. It also ensures the provision of the human cadres necessary to carry out the work, which are characterized by experience and efficiency. In the event of any observations by any of the company's supervisory committees or departments, the Council takes immediate corrective action through the following channels:

- Preparing the Sharia Supervision Board's report on an annual basis.
- Preparing an annual report on the evaluation and review of internal control systems (ICR Report).
- Preparing the Internal Audit Review and Evaluation Report (Intern Audit - QAR Report) every three years.
- Audit and Risk Committee.
- Preparing periodic reports by independent departments (Internal Audit Department - Risk Management Unit - Compliance and Governance Department).

### A summary statement on implementing the requirements for forming an independent department/office/unit for internal audit

Al-Tijaria, in the field of internal audit relies on an independent department created for internal audit purposes. The Board of Directors verifies that the internal audit and control is a permanent process that covers all the activities and works of the company without excluding any department, unit or department of the company's departments according to the approved plan.

The Internal Audit Department prepares regular and periodic reports on the results of the risk-based audit according to the approved plan and verifies that the internal control processes and controls have been formulated by the management and are implemented to reduce the impact and likelihood of risks. Then the Audit and Risk Committee reviews the results of the internal audit reports during periodic meetings with Internal Audit and follows up on taking the necessary corrective actions regarding the observations contained in the reports.

## خطاب الرأي

السادة/ أعضاء مجلس الإدارة  
المحترمين  
الشركة التجارية العقارية ش.م.ك  
دولة الكويت  
تحية مليية وبعد،

**الموضوع: تقرير حول السجلات المحاسبية والسجلات الأخرى وأنظمة الرقابة الداخلية عن  
السنة المنتهية في 31 ديسمبر 2023**

بناء على خطابكم الخاص بتكليفنا بفحص سجلاتكم المحاسبية والسجلات الأخرى وأنظمة الرقابة الداخلية لشركة التجارية العقارية ش.م.ك عن السنة المالية المنتهية في 31 ديسمبر 2023 فقد قمنا بفحص وتقييم نظم الرقابة الداخلية للشركة وقد تضمن الفحص الإدارات التالية:

- وحدة ادارة المخاطر
- ادارة الإلتزام والحوكمة
- ادارة الإستثمار
- وحدة علاقات المستثمرين
- الإدارة المالية والتخطيط الإستراتيجي
- إدارة الموارد البشرية والشؤون الإدارية
- إدارة الشؤون القانونية
- إدارة تقنية المعلومات
- ادارة المرافق
- ادارة المشاريع وضبط المشاريع
- قسم شؤون المساهمين
- إدارة التدقيق الداخلي
- إدارة التسويق والاتصال
- إدارة العقار

لقد قمنا بأعمالنا وفقاً لمتطلبات الكتاب الخامس عشر "حوكمة الشركات" من اللائحة التنفيذية لقانون هيئة أسواق المال والمعايير الدولية المحددة في إطار الرقابة الداخلية.

وبصفتكم أعضاء مجلس إدارة الشركة فإنكم مسئولون عن إرساء نظم الرقابة الداخلية مع الأخذ في الاعتبار المنافع المتوقعة والتكاليف المتوقعة بتأسيس تلك الأنظمة والالتزام بمتطلبات هيئة أسواق المال المذكورة في الفقرة أعلاه. إن الهدف من التقرير هو إعطاء تأكيدات معقولة وليست قاطعة عن مدى انسيابية الإجراءات والأنظمة المتبعة بغرض حماية الموجودات ضد أية خسائر ناتجة عن أي استخدام أو تصرف غير مصرح به، وأن المخاطر الرئيسية يتم مراقبتها وتقييمها بشكل ملائم، وأن المعاملات يتم تنفيذها طبقاً لإجراءات التفويض المقررة وأنه يتم تسجيلها بشكل صحيح، وذلك لتمكينكم من القيام بأعمالكم بشكل سليم. ونظراً لنواحي القصور في أي نظام من أنظمة الرقابة الداخلية، فإنه قد تحدث أخطاء أو مخالفات ولا يتم اكتشافها. إضافة إلى ذلك فإن توقع التقييم للأنظمة على الفترات المستقبلية يخضع لخطر أن تصبح معلومات الإدارة وإجراءات الرقابة غير ملائمة بسبب التغييرات في الظروف، أو أن تقل درجة الالتزام بتلك الإجراءات. برأينا، وفيما يتعلق بطبيعة وحجم الأعمال خلال السنة المنتهية 31 ديسمبر 2023 فإن السجلات المحاسبية والسجلات الأخرى وأنظمة الرقابة الداخلية التي تم فحصها من قبلنا، قد تم إعدادها والاحتفاظ بها وفقاً لتعليمات هيئة أسواق المال باستثناء الأمور المبينة في الملحقين الثاني والثالث في هذا التقرير.

وتفضلوا بقبول فائق الاحترام والتقدير،



كريستون الكويت مكتب عبد اللطيف جوهر  
وشركاء محاسبون قانونيون

مراقب حسابات مرخص رقم 142 فنة "أ"



الكويت في 10 مارس 2024



Dar Al-Reqabah  
For Islamic Consultations

بسم الله الرحمن الرحيم

### تقرير الهيئة الشرعية

خلال الفترة من 2023/01/01م إلى 2023/12/31م

الحمد لله وحده، والصلاة والسلام على من لا نبي بعده، وعلى آله وصحبه.

المحترمون

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 2023/12/31م، 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.

الشيخ يوسف محمود علي

عضواً

أ.د. بدر عبد الرزاق الماص

عضواً

أ. د. سيد محمد الطيببائي

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الرمز ١١٣٠٤٢ الكويت  
هاتف: ٢٢٤٦١١٤١

## Sixth Rule - Promote Professional Conduct and Ethical Values

### Charter of Standards and Determinants of Professional Conduct and Ethical Values

Establishing a culture of professional behavior and ethical values within the company enhances investor confidence in the company's integrity and financial soundness, as the commitment of all company employees, whether members of the board of directors, executive management, or other employees, to the company's internal policies and regulations and legal and regulatory requirements, will lead to achieving the interests of all. Parties related to the company, especially shareholders, without conflict of interest and with a high degree of transparency. The Charter of Professional Conduct and Ethical Values is the charter of work values in Al-Tijaria and includes professional ethics and behavioral controls that must be followed by members of the Board of Directors, executive management, and employees of the company in accordance with the principles, teachings and ethics of the Nobel Islamic Sharia, and includes goals, principles and standards.

#### **A Objectives:**

1. Consolidating the moral concepts and values of the company.
2. A tool to refer to the company's behaviors and ethics.
3. Verifying the commitment of all employees of the company to ethical and behavioral standards that are consistent with the company's policies and vision.
4. Providing an appropriate and effective work environment within the framework of applying governance.
5. Considering the ideal employee who is committed to his duties and aware of his rights is the cornerstone of building "Al-Tijaria".
6. Building the foundations of cooperation and interaction, developing a team spirit, and consolidating the loyalty of Al-Tijaria's employees.
7. Respecting work and applying the teachings of Islamic law in all transactions between employees and clients.

#### **B Principles and Standards:**

1. The commitment of each of the members of the Board of Directors, the executive management and the company's employees to all laws and instructions, and a commitment to achieve the interest of the company, shareholders, and other stakeholders and not the interest of a specific category or group.
2. The members of the Board or the Executive Management shall not use the position's power to achieve any private interest or personal ends for him or for others.
3. Non- exploitation of the company's assets and resources to achieve personal interests and to use them in the best way to achieve the company's goals.
4. Establishing an appropriate and clear system and mechanism that prevents the members of the Board, the executive management, and the employees from exploiting the information by virtue of their job position for their personal benefit.
5. Setting the standards, procedures and policies needed to organize operations with related parties.
6. Setting the necessary standards, procedures and policies for the complete separation between the interests of the company and those related to the members of the Board of Directors.
7. The obligation 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 members of the Board of Directors are obligated not to participate, express an opinion, or vote on any issues presented to the Board in which they have a direct or indirect common interest.
9. Establishing the necessary mechanism for the company's employees to report their complaints about any improper practices or suspicious matters while ensuring an independent and fair investigation of these complaints, and ensuring confidentiality that ensures the protection of the whistleblower from any negative reaction or harm that may be caused to him as a result of reporting such practices.
10. The job includes reciprocal rights and duties between the employee and the company, and the employee's positive participation is through the constant pursuit of performing duties with full understanding and awareness of responsibilities honestly and faithfully in return for his rights that must be guaranteed by "Al-Tijaria" in accordance with the internal regulations and labor law.
11. Ensuring the freedom to differ in viewpoints between colleagues in seeing things and ideas is a natural matter as long as it does not conflict with the course of business and job tasks and does not lead, directly or indirectly, to obstructing or impeding the achievement of goals.
12. Ensuring equality between employees.
13. Ensuring respect, constructive dialogue, exchanging ideas, and avoiding controversy is the best and finest means of dealing among all employees, regardless of their job levels, and it is one of the main pillars of the work environment at "Al Tijaria".

## Summary of policies and mechanisms for reducing conflicts of interest:

- The Commercial Real Estate Company follows conservative policies to limit conflicts of interest, whether at the level of executive management and company employees or at the level of board members:
- The company established conflict of interest policy, which was approved by the Board of Directors.
- The company is committed to having members of the Board of Directors, executive management and employees sign conflict of interest acknowledgments in accordance with the relevant forms.

### Policies regarding conflicts of interest include the following:

- **Company obligations:**
  1. The company is committed to effectively managing and addressing potential conflicts of interest cases to ensure the actual implementation of operational and administrative processes and ensuring that all conflicts of interest cases are discovered and dealt with in a timely manner.
  2. The company is committed that none of its stakeholders will obtain any advantage through its dealings in contracts and deals that fall within the company's normal activities.
  3. The company determines a clear mechanism for awarding contracts and deals of various types, through tenders or various purchase orders.
  4. This policy applies to the company and its subsidiaries and to the Board of Directors and Executive Management, in a manner that does not violate the company's rules and standards of professional conduct in cases where a conflict of interest affects the interests of the company, stakeholders, and related parties.
  5. The Compliance and Governance Department is responsible for informing the Board of Directors, the Executive Management and various departments of the company of any decisions, laws or instructions regarding cases of conflict of interest and procedures for dealing with them.
- **Board of Directors' obligations:**
  1. The Board of Directors is committed to the company's responsibility for following the best standards of professional conduct and appropriate mechanisms to avoid or limit the occurrence of conflicts of interest, and to review cases of potential interests related to any member of the Board of Directors and determine procedures for dealing with them.
  2. Members of the Board of Directors and Executive Management are responsible for adhering to this policy while participating in transactions, contracts, or private investments for their personal account, whether with the company or others.
  3. A member of the Board of Directors is obligated not to be a member of more than five public joint stock companies based in Kuwait, or a Chairman of the Board of Directors in more than one joint stock company based in Kuwait, and his violation of this condition will result in the invalidation of his membership in companies that exceed the prescribed number according to the recentness of his appointment therein; the consequences that result from that, without prejudice to the rights of third parties in good faith. In the event of a violation of this condition, he is obligated to return to the company in which his membership has been revoked any rewards or benefits that he may have obtained.
  4. A member of the Board of Directors is committed not to exploit the information that he has accessed or viewed by virtue of his position for his personal benefit or to obtain a benefit for himself or for others, and not to make any kind of disposition in the shares of the Commercial Real Estate Company throughout the duration of his membership except after obtaining the approval of the Capital Markets Authority with his knowledge of the rules that regulate the trading of board members in the company's shares and the method of disclosing them.
  5. A member of the Board of Directors is obligated not to disclose to shareholders other than the General Assembly meetings or to third parties what he has learned of the company's secrets by virtue of his position. Otherwise, he must be removed and held accountable for compensation for damages resulting from the violation. He must also not disclose information and data related to the company except in cases where it is permitted. For disclosure or according to legal requirements.
  6. A member of the Board of Directors is committed not to combine his membership in the Board of Directors of the Commercial Real Estate Company with any company competing with it in the same field or areas of activity, or to participate in any work that would compete with the company, or to trade for his own account or for the account of others in one of the branches of activity practiced by the company, otherwise it may demand compensation from him or consider the operations he carried out on his behalf as if they were conducted for the company's account, unless this is with the approval of the Ordinary General Assembly on all or some of the above.
  7. A member of the Board of Directors is obligated to provide the Board of Directors Secret Service with an updated copy of the CV immediately if any amendment occurs.

8. A member of the Board of Directors shall undertake that neither he, his wife, nor his second-degree relatives shall have a direct or indirect interest in the contracts and transactions concluded with or on behalf of the company unless it is authorized by the Ordinary General Assembly. In this case, he is obligated to disclose the interest to the Board of Directors and abstain from voting.
9. A member of the Board of Directors is obligated not to participate in voting on the decisions of the General Assembly regarding the discharge of members of the Board of Directors from their management, or those related to a special benefit for him, his wife, or his first-degree relatives, or an existing dispute between them and the company.
10. A member of the Board of Directors is committed not to use the functional influence of the position to achieve a private interest or any personal gain for himself or others.
11. A member of the Board of Directors is obligated not to participate in discussing, expressing an opinion, or voting on any issues presented to the Board of Directors in which he has a direct or indirect common interest with the company.
12. A board member is obligated to disclose to the Board of Directors any common interests he has with the company, whether directly or indirectly.
13. A member of the Board of Directors is obligated to inform the Board of Directors of his personal interest in the business and contracts carried out on behalf of the company, and this notification shall be recorded in the minutes of the meeting. In this case, he is not permitted to participate in voting on the decision issued in this regard.
14. The company may not lend to any of the members of its board of directors, the CEO, their spouses, their relatives up to the second degree, or their subsidiaries companies, unless there is authorization from the ordinary general assembly of the company. Any action taken in violation of that shall not be carried out against the company, without prejudice to the rights of bona fide third parties.
15. The Board of Directors is committed to verifying that none of the potential parties exploits the company's assets and resources or the authorities granted to them in transactions to achieve personal interests.
16. The Chairman of the Board of Directors shall inform the General Assembly when it convenes of business and contracts in which a member of the Board of Directors has a personal interest, and a special report from the auditor shall be attached to this notification.

- **Obligations of the executive management and company employees:**

1. Not engaging in any activities that might lead to a conflict between the company's interests and his personal interests.
2. Disclosure to the Chairman of the Board of Directors and to the Compliance and Governance Department and Risk Management Department of any significant or influential stake in any company that supplies equipment or services to the company whether for himself, his wife, or his first- and second-degree relatives, the relevant committee and the Board of Directors will be informed to take the necessary action. He also pledges to adhere to the policies of transactions with related parties, conflicts of interest, and the instructions of the regulatory authorities in this regard.
3. There is no direct or indirect interest that conflicts with the company's interests in the contracts and deals concluded with the company or for its account, whether for himself, his wife, or his first- or second-degree relatives.
4. In the event of appointing, promoting, or rewarding any employee, complete impartiality must be considered in the event of a connection or relationships linking the decision maker to the employee and under the supervision and control of a neutral party or by the competent committee in accordance with the policies followed and approved by the Board of Directors. The company defines the term "close personal relationships" as including first- and second-degree kinship and any other relationships that may affect the employee's ability to make impartial decisions while exercising the duties assigned to him in the company.
5. Knowing that Al-Tijaria's policy prohibits employees from accepting paid/unpaid jobs with any other company, as the employment contracts with the company document this prohibition, the violation of which would expose the violating employee to strict disciplinary procedures, including termination of service. Also to obtain the approval of government agencies or competent authorities before recruitment of part-time employees.

## Seventh Rule - Accurate and timely disclosure and transparency

### Accurate and transparent presentation and disclosure mechanisms and policies that define aspects, areas and characteristics of disclosure

1. Al-Tijaria adopts a policy of disclosure and transparency by its Board of Directors and Executive Management towards shareholders and stakeholders on the one hand and towards the concerned and regulatory authorities in compliance with the laws and regulations followed in the State of Kuwait on the other hand through:
  - Disclosure of material information.
  - Financial and other disclosures in accordance with the regulation of dealing in securities for insiders and listed companies.
  - Disclosure of interests for both beneficiaries and listed companies.
  - Disclosure regarding the interests of the Board of Directors and abstaining from voting on such agenda items.
  - Preparing a register that includes all transactions with related parties that have been disclosed, and shareholders have the right to obtain a copy of the register.
  - Commitment to what is stated in the Authority's executive regulations and what is stated in Book Ten "Disclosure and Transparency" and the relevant annexes. For this purpose, a disclosure and transparency policy was prepared and approved by the Board of Directors.
2. Transparency creates an atmosphere of trust and reassurance internally and externally and ensures the elimination of conflicts of interest with relevant parties/relationships. Transparency also ensures clear communication between shareholders, the Board of Directors and executive management, and creating an effective credibility in the work environment, which is a responsibility borne by all parties. Al-Tijaria is committed to following all laws, regulations and instructions related to disclosure issued by various regulatory and supervisory bodies in a timely manner, out of its belief in the importance of transparency in enhancing the confidence of shareholders and stakeholders and preserving the company's reputation in the markets in which it operates.

### Record the disclosures of members of the Board of Directors, Executive Management & Managers

The Commercial Real Estate Company "Al Tijaria" sets a special record for the disclosures of the members of the Board of Directors and the Executive Management, provided that the record is available for viewing by all the company's shareholders. All shareholders of the company have the right to view this record without any fee or consideration, and the company must be committed to updating the data. The record periodically reflects the reality of the relevant parties' situations. This record and relations with shareholders in this context are followed up by the Shareholders Affairs Department.

### Duties and Responsibilities of the Shareholder Affairs Section

The Shareholder Affairs Section of Al-Tijaria Company is responsible for making available and providing the necessary information to shareholders regarding shareholder records, as well as maintaining a copy of the company's shareholder register and following up on updates to the register with the Kuwait Clearing Company to update shareholder information in the company. The Shareholder Affairs Section is entrusted with providing information to shareholders in many ways by responding to their inquiries in a transparent manner. The Section follows up on the delivery of all financial dues to shareholders by the easiest means and makes sure to invite the company's shareholders to attend the general assemblies.

### Duties and Responsibilities of the Investors Relations Unit

The Investor Relations Unit of the commercial company is the entity responsible for making available and providing the necessary data, information and reports to potential investors in a timely and accurate manner through recognized means of disclosure, including the company's website. This is with the aim of providing services that are in line with the instructions issued by the regulatory authorities. The unit is committed to holding a conference - on a quarterly basis - for analysts within 5 days of issuing the interim or annual financial statements. The analyst conference meeting is called as part of the disclosure of the results of the interim and annual financial statements sent to the Capital Markets Authority and the Kuwait Stock Exchange.

## Develop the infrastructure of information technology to rely on in the disclosure process

Material information is disclosed by the company making the disclosure on the stock exchange's website and addressing the Capital Markets Authority with the announcement containing the information to be disclosed in accordance with the relevant forms, in addition to the disclosure on the company's website.

The company's official website contains everything of interest to shareholders and potential investors, as it includes the following sections:

**A. Corporate governance, which includes the following topics:**

1. Committees derived from the Board of Directors
2. Shareholders' rights
3. Stakeholders
4. Internal control environment
5. Disclosure and transparency
6. Code of Business Ethics
7. Social responsibility
8. Sustainability report (ESG)
9. Whistle Blow

**B. Investor Relations, which includes the following topics:**

1. Disclosures
2. Share data
3. Shareholder affairs
4. Investor Relations Unit
5. Our investments
6. Annual reports
7. Sustainability report
8. Financial ratios and indicators
9. Financial Statements
10. Analysts Conference

## Eight Rule - Respect Shareholders' Rights

### Requirements to define and protect the general rights of shareholders

The current shareholders of Al-Tijaria are those who are registered in the books and records of the Kuwait Clearing Company. Each shareholder, regardless of his ownership percentage, is entitled to the following:

1. Recording the value of the ownership in the company's records.
2. Taking actions of shares from registration of ownership, transfer and/or waiver.
3. Obtaining the share in the distribution 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 the event 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. Monitoring the performance of the company in general and the work of the Board of Directors in particular.
7. Hold the company's Members of a Board of Directors of the executive management accountable and file tort cases if they fail to meet roles entrusted there to.
8. The right to participate in the meetings of the General Assembly and to vote on decisions and the same treatment.
9. Obtaining at least seven days before the ordinary general assembly meeting the company's financial statements for the past financial period, the board of directors' report, and the auditor's report.
10. Not to impose any fees in return for any class of shareholders attending the General Assembly meetings or granting a preferential advantage to any class over other classes of shareholders.
11. Informing shareholders of all the rules governing voting procedures and providing all information regarding voting rights to both current shareholders and prospective investors on a continuous and permanent basis for all classes of shareholders.
12. Election and dismissal of the Board members in accordance with the organizing laws.
13. Amendment to the company's Articles of Association.
14. Approval of any sale, purchase, or disposal in any way of the company's assets if their value reaches 50% or more of the total value of the company's assets.
15. Shareholders owning 5% of the company's capital have the right to add items to the agenda of the General Assembly meetings.
16. Establishing a mechanism that allows providing an introductory overview of the candidates for the membership of the Board of Directors before the voting place, which gives the shareholders a clear idea of the candidates' professional and technical skills, experiences and other qualifications takes place, which gives the shareholders a clear idea of the candidates' professional and technical skills, experiences and other qualifications.
17. Participating in the management of the company by nominate for membership in the board of directors, attending general assemblies, participating in its deliberations and voting on its decisions in accordance with the provisions of the law, the articles of association and the company's by laws.
18. It is not permissible for the Chairman of the Board of Directors of a public shareholding company to assume the Chairman of another public shareholding company, nor is it permissible to combine the position of Chairman of the Board of Directors with the position of Chief Executive Officer, and the position of Chief Executive Officer shall be a member of the Board of Directors or others.
19. Shareholders representing 25% of the issued capital have the right to request the replacement of the auditor during the financial year.
20. Shareholders owning 5% of the company's capital may request the Ministry to appoint an auditor to conduct an inspection of the company regarding what they attribute to the director, board members, auditor, or the company's chief executive officer of violations in the performance of their duties whenever they have reasons that justify this request.

### **Record of shares with the Kuwait clearing Company in order to continuously monitor the shareholders' data**

The shareholder register is kept at the "Clearing Company", which is updated regularly with each change. It can be accessed through direct contact and request from the "Al Kuwait Clearing Company" administration in accordance with the contract concluded between "Al-Tijaria" and "Clearing Company". In addition, "Al-Tijaria" maintains updated records of the names of its shareholders. The number of their shares, their ownership percentages, their identification numbers, and their contact information through the Shareholder Affairs Department. Any interested party may request the company or the clearing agency to provide him with data from this register. Shareholders have the right to view information and data from the shareholders' register, provided that the data contained in the register is treated in accordance with the highest levels of protection and confidentiality.

### **Encouraging shareholders to participate and vote in General Assembly Meeting and follow up on the company's activities**

Al-Tijaria is interested in encouraging all categories of shareholders to attend, participate and vote in the general assembly meeting. The General Assembly is held at the invitation and presence of the shareholders. It is considered the highest authority in the company. The General Assembly elects and appoints the Board of Directors, which is entrusted with the task of acting on behalf of the shareholders to protect their interests and achieve the company's goals and aspirations. The Board of Directors is committed to the following:

- Urging the shareholders to attend the general assembly meeting, at the time and place specified in the articles of incorporation and articles of association or the company's board of directors, so that the date and place of the meeting is arranged to facilitate and encourage them to attend.
- Each topic presented in the agenda of the ordinary or extraordinary general assembly shall be accompanied by a sufficient explanation and sufficient review of all its aspects to enable the shareholders to take their decisions based on the information provided to them, in a sound and thoughtful manner, and not merely to complete the formal aspects of the meeting.
- The general assembly is managed in a way that allows the shareholders to express their opinions.
- Each shareholder has a number of votes equal to the number of his shares. Resolutions are issued by an absolute majority of the shares represented. The Company guarantees the opportunity for all shareholders to exercise the right to vote without placing any obstacles that lead to a ban on voting, as follows:
  1. All shareholders enjoy the same voting rights granted to them and the same treatment by the company, regardless of their ownership of shares.
  2. The shareholder has the right to vote personally or by acting proxy, with the same rights and duties in both cases.
  3. Informing the shareholders of all the rules governing voting procedures before the start of the assembly.
  4. Providing all voting information to all current shareholders and prospective investors, while ensuring that this information is provided on a continuous and permanent basis for all classes of shareholders.
  5. All categories of shareholders who own the same type of shares have the right to vote on any changes related to shareholders' rights by calling for a meeting of the General Assembly of Shareholders.
  6. Voting to select the members of the Board of Directors is held in the General Assembly through the mechanisms stipulated in the company's articles of association and the company's by laws and within the framework of what is stipulated in the Companies Law and its Executive Regulations and Book Fifteen of the Executive Regulations of the Capital Markets Authority, taking into account what is included in the Companies Law regarding permission to follow cumulative voting system in this regard, considering that this is one of the best governance practices. This is in addition to developing

a mechanism that allows providing an introductory overview of the candidates for membership in the Board of Directors and the capacity on which he wishes to nominate himself (executive/non-executive/independent) before voting, which gives shareholders a clear idea of the candidates' professional and technical skills, experience, and other qualifications.

7. All classes of shareholders can hold the Board of Directors accountable for the tasks assigned to them.
8. No fees are imposed for the attendance of any class of shareholders at the General Assembly meetings, nor is any preferential advantage given to any class over other of shareholders.
9. The candidate, as an independent member, must submit a declaration to the Ministry of Commerce and Industry acknowledging that he meets the independence controls stipulated in this book.
10. If it is not possible to obtain the minimum required number of independent members of the Board of Directors through the elections of Board members at the General Assembly meeting, the required number will be met by replacing the non-independent members of the Board of Directors who received the least votes with independent members through a separate election process from among the non-winning candidates in this category, provided that the replacement process takes place at the same meeting.

In the event that the members of the Board of Directors are appointed in accordance with the provisions of Article (188) of Law No. 1 of 2016 issuing the Companies Law, shareholders who have representatives on the Board of Directors may participate with other shareholders in electing the remaining independent members of the Board of Directors within the limits of what exceeds the percentage used to appoint representatives to the Board of Directors.

**Electronic system for participation in AGM:**

It is the electronic system provided by the Kuwait Clearing Company for listed companies to enable shareholders of these companies to participate in the General Assembly without the need for these shareholders to attend in person, and their participation is counted within the quorum for attending and voting in the Annual General Assembly.

## Ninth Rule- Realizing the Role of Stakeholders

### Acknowledging the rights of stakeholders

Al-Tijaria complies with the standards for implementing governance and the laws and instructions issued by the regulatory authorities regarding stakeholders such as the Labor Law, the Companies Law and Executive Regulations thereof, contracts concluded with stakeholders, and internal systems and policies that ensure protection and recognition of stakeholders' rights and encourage them to pursue the company's activities, which provide them with the opportunity to obtain actual compensation in the event of a violation of any of their rights, as well as the standards stipulated by the Organization for Economic Cooperation and Development, which included the role of stakeholders or parties associated with the company, where it recommended the need to work to respect their legal rights and compensate for any violation of those rights, as well as the mechanisms of their effective participation in the follow-up of the company's business. The company guaranteed the rights of stakeholders through specific mechanisms, namely:

1. Providing information and opportunities to review it periodically and at the appropriate time through interim financial statements, continuous disclosures, and following a transparency policy, and allowing stakeholders to access information and data related to their activities so that they can obtain, refer to, and rely on that information in a timely manner, quickly, and regularly.
2. Developing mechanisms for employees' participation in improving performance by following the open-door policy and continuous evaluation and development of performance.
3. Allowing individuals with interests and the entities that represent them to communicate freely with the Board of Directors or the Executive Management to express their concerns about any illegal behavior or contrary to professional ethics in a manner that does not lead to prejudice or derogation from their rights if they do so while providing appropriate protection to reporting parties.
4. Applying equality in dealing with the various parties to all members of the Board, related parties and stakeholders, without discrimination or preferential conditions.
5. Stakeholders shall not obtain any advantages by dealing in contracts and transactions that are carried out within the normal activities of the company.
6. The company's commitment to contracts concluded with stakeholders, which ensure that any party receives appropriate and proper compensation in accordance with the stipulations of those contracts and in line with the regulating laws.
7. Developing policies and procedures manuals that regulate the relationship with customers and suppliers and a mechanism for maintaining confidentiality of information related to them through the concerned departments.
8. Establishing procedures that regulate the relationship with clients and suppliers and a mechanism for maintaining the confidentiality of information related to them, through the relevant departments. The company must conclude non-disclosure agreements with suppliers and clients.
9. The company is always keen to address stakeholders' concerns and complaints by improving communication with all stakeholders and addressing client complaints and responding to them in a timely manner.

### Encouraging stakeholders to participate in following up on the company's activities

The company has established mechanisms and frameworks to ensure the maximum benefit from the contributions of stakeholders and urge them to participate in following up on its activities, in accordance with the full realization of its interests:

1. Stakeholders are shared with information and data related to the company's activities through electronic advertisements to invite them to attend and participate in those activities and events in a timely manner. The company also has a mechanism that allows stakeholders to share their opinions and suggestions in various fields of development and development.
2. Establishing appropriate mechanisms to facilitate stakeholders' reporting to the company's Board of Directors of any improper practices to which they are exposed by the company, while providing appropriate protection to the reporting parties. The company has on its website the possibility of direct communication to report these violations (Whistle blowing).

## Tenth Rule - Enhance and Improve Performance

### **Mechanisms for Board members and executive management to receive regular training programs and courses:**

An induction program is provided for new board members and executive management, which includes a file that includes a description of the company's tasks and activities, strategic planning, risk management and control system, in addition to any other relevant information. Coordination is made to conduct a visit to the main sites of the company's assets. The induction program is reviewed and modified periodically, and its availability is ensured in the event that the Board or one of its members changes, provided that it includes the following matters as a minimum:

1. The company's strategy and objectives.
2. Articles of Association and the company's by laws.
3. The organizational structure of the company.
4. The responsibilities and tasks assigned to the members, as well as the authorities and rights.
5. The legal obligations of the company and the board of directors.
6. The role of the committees emanating from the board through the governance manual.
7. Financial statements for the last three years.
8. Statement of cash dividends/bonus shares for previous years.
9. Plans approved by the Board (career succession plan, training plan, internal audit plan, risk management plan...)
10. The estimated budget and the asset allocation strategy approved by the Board.
11. Contact guide (information card containing contact details for members, executive management, and the office of the Chairman of the Board of Directors, including names, job titles, phone numbers, mobiles, faxes and e-mails).

In addition to the above, an annual plan is drawn up and approved for training programs for members of the Board of Directors and the executive management regarding new standards, regulations, and updates, especially in the field of administrative and financial work, in order to develop their performance, develop their skills, and enrich their expertise, especially in the field of governance and risk management.

## Evaluate the performance of the Board of Directors, each member thereof and the Executive Management

1. The performance of the Board of Directors and Executive Management of The Commercial Real Estate Company (K.P.S.C.) is evaluated to support the company's strategy and monitor its performance using specific performance indicators. Key performance indicators are important for the company's success as measuring performance is linked to achieving strategic objectives and the adequacy of internal control systems.
2. The company develops objective performance indicators to evaluate the Board of Directors as a whole, the contribution of each member of the Board and each of its committees and evaluates the performance of executive directors on a periodic basis (annually), in addition to identifying strengths and weaknesses and proposing means to address them in a way that is consistent with the company's interest.
3. The company sets key performance indicators (KPIs) to measure performance, and KPIs are used to measure and evaluate the performance of a specific job or activity towards its contribution to achieving the company's goals.
4. When evaluating performance according to the specified key performance indicators, an increase or decrease in the performance indicator is considered a negative or positive result according to the nature of each indicator.
5. To evaluate the Board of Directors, its derived committees, and the executive management members. The commitment to applying the governance principles issued by the Capital Markets Authority and the Corporate Governance Book. The performance evaluation of the committees and the Board is carried out by filling out the fields for the forms and factors in accordance with standards (1-5).
6. The Board of Directors also evaluates the performance of the Board Secretary on an annual basis through performance measurement indicators related to the tasks carried out by the Board Secretary and approved by the Board of Directors.

### 1) Objective performance indicators for the Board of Directors:

The Board of Directors' performance is self-evaluated annually, and the evaluation is reviewed and approved by the Board of Directors, provided that the performance is evaluated through objective performance indicators (KPIs) based on the model prepared for that purpose, and the Board of Directors is evaluated according to the following:

#### A. Qualitative indicators:

1. Developing and approving the company's important strategies, plans and policies, and reviewing and directing them annually.
2. Establish a clear policy for distributing cash and/or in-kind profits to achieve the interests of shareholders and the company.
3. Setting goals and monitoring implementation and overall performance in the company.
4. Approving the company's organizational and functional structures and conducting periodic review of them.
5. Adopting appropriate investment policies that are consistent with the established strategy.
6. Ensuring periodically the effectiveness and adequacy of the internal control systems in place in the company and its subsidiaries.
7. Ensuring the implementation of appropriate control systems to measure and manage risks by determining the scope of risks facing the company and creating an environment familiar with the culture of risk reduction.
8. Developing the policies and procedures required by the company's management to achieve balance and avoid risks when entering into new investments or projects.
9. Reviewing and approving the company's financial policies and ensuring their compliance with international accounting standards for financial reporting.
10. Reviewing and approving allocations, reserves, financial control systems and their reports.
11. Discussing and approving the company's annual estimated budget and interim and annual financial statements.
12. Comparing actual performance with the approved estimated budget, identifying deviations and their causes, and following the necessary corrective measures.

13. Having clear information and data about the activities and investments of the company and its subsidiaries and associates, allows him to evaluate the performance of the company and its CEOs.
14. Developing a governance system for the company in line with the principles of corporate governance issued by the Capital Markets Authority and regulatory authorities, supervising it and amending it when needed.
15. Supervising the preparation of an annual report on following the company's governance systems to prove compliance with the governance guide and the regulations and laws.
16. Approving the company's social responsibility plan and program on an annual basis and providing the necessary resources to implement it.
17. Authorizing his representative to communicate effectively with shareholders and other stakeholders.
18. In making its decisions, it considers the treatment of all shareholders fairly and equally to ensure the preservation of the rights of small shareholders.

**B. Quantitative indicators:**

1. Return on average assets.
2. Return on average shareholders' equity.
3. Net profit margin.

**2) Objective performance indicators for members of the Board of Directors:**

An annual evaluation of the performance of each member of the Board of Directors is conducted by all members of the Board to determine the level of performance and the extent of the need for development at the individual level based on the model prepared for this purpose. All members of the Board of Directors are evaluated according to the following:

1. The member has the necessary skills and experience to carry out the tasks assigned to him by the Board of Directors or the committees of which he/ she is a member.
2. The member shall exercise due diligence in carrying out the tasks assigned to him and make decisions at the appropriate time.
3. The member has the financial skills and experience necessary to read financial statements and the ability to analyze them.
4. The member actively participates and submits proposals aimed at making decisions regarding important issues in the company.
5. The member reviews the documents related to the meetings and expresses an informed opinion regarding what is contained therein.
6. The member is committed to attending all meetings of the Council or committees of which he is a member, whether in person or through modern means of communication.
7. The member is obligated to apologize if he is unable to attend a meeting before sufficient time to avoid postponing the meeting due to lack of a quorum.
8. The member is committed to attending at least 75% of the total meetings of the Board of Directors and the committees in which he participates.
9. The member is obligated to abstain from voting on issues that are related to him or one of the parties related to him in any way.
10. The member shall hold impartiality, integrity and transparency in discussions and decision-making.

**3) Objective performance indicators for executive management:**

The executive management is evaluated annually according to the form prepared for this purpose, and according to the following:

- A. Qualitative indicators: strategy, leadership, evaluation, control and auditing, governance, appointment, and training.
- B. Quantitative indicators: financial.

## The Corporate Values - Company methodology

### The Corporate Values

The Board of Directors works to create values within the company in the short, medium and long term, by establishing mechanisms and procedures that work to achieve the company's strategic objectives and improve performance rates, which effectively contributes to creating institutional values among employees and motivates them to continuously work to maintain Company finances safety.

### Vision

Providing the highest level of excellence and enriching the real estate market in the State of Kuwait and expanding to the world through distinctive real estate designs and high-quality standards and the adoption of governance and our experts in the company as essential elements to maximize the wealth of our shareholders.

### Message

Developing a business strategy to reach the optimal income to achieve growth rates, returns and stable cash flows, of which in turn increase the value of each project to provide the best results for shareholders and stakeholders, in addition to acquiring high-quality assets and maintaining the balance and diversity of real estate portfolios in the local, regional and global markets.

### The Strategy

- Reconciliation of allocated budget and deadlines.
- Maintain maximum occupancy and rent collection rates.
- Make every effort to develop performance and achieve the desired goals to ensure the interest of shareholders and achieve growth in their rights.
- Maximizing the company's share in providing real estate services and facilities management.
- Commitment to periodic maintenance.
- Maintain a low financing cost commensurate with the financial strategy of the business.
- Maintain high quality and low risk of the project by applying best practices.
- Ensure that recent market studies are carried out as an indicator for monitoring local and global trends and financial markets.
- Provide effective internal training platforms in order to retain highly experienced employees.
- Provide a suitable workplace and environment for employees and clients.
- Maintaining an innovative work environment.
- Ensure that the 5T's form is applied.
- Developing the company's real estate according to the applicable building regulations and systems to achieve the highest rates of safety and optimum return.
- Obtaining and maintaining international certificates to comply with international standards.

### Future Plan

The Commercial Real Estate Company (Al-Tijaria) is keen to continue diversifying its real estate investments, both in terms of sectors and markets, especially in light of the economic conditions, circumstances and changes that the world in general and the Middle East in particular is going through by maintaining investments with profitable operational returns in the local market and the politically and economically stable markets and work on its development, with continuous and diligent follow-up of economic conditions and changes and the extent of their repercussions on the markets so that the company's plans and strategies are updated and amended at the appropriate time, in parallel with the support and development of third party property management and the provision of utility services to ensure the provision of distinguished services to the company's clients.

### Optimum income

Implementing an active internal mechanism to ensure optimal profitability of commercial 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 distributions, knowing that the percentages of returns and distributions are subject to increased revenues and profitability.

### Values

- The 5T's Model: Cognition Time Management, Trust, Transparency, Teamwork, and Task.
- Sustainability: Al-Tijaria operates its business to the best serve of the interest of our economy shareholders and stakeholders by maintaining revenue and driving prosperity.
- Innovation: We are committed to continually enhancing our services by embracing creativity and encouraging the pursuit of new opportunities.
- Integrity: Honesty is essential to the way we do business and how we interact with stakeholders, clients, and tenants.
- Governance - the conscience within everyone. It grows and matures to the extent of compliance with the laws and instructions issued by the company and regulators and its impact reflected positively on both personal and professional levels.
- Ethics - Respect for the work and colleagues, and discipline.

## Our Values and Principles

we  
BELIEVE IN THE  
5T's  
OUR RECIPE FOR SUCCESS



مع خالص تحياتي  
With my best regards  
عبدالفتاح معرفي  
Abdulfatah Marafie

## Eleventh Rule - Focus on the importance of social responsibility

### Achieving a balance between the company's goals and society's goals

Under the slogan "We Care", Al-Tijaria works to contribute to social responsibility initiatives in implementation of its strategic objectives, as it launches programs and social activities on a permanent and continuous basis.

Al-Tijaria's interest in social responsibility has grown in the past years until it has become one of the basic performance criteria, especially since the company believes that social responsibility is no longer a matter of volunteering to help the community, but rather has become an essential for long-term success through various activities (charitable, cultural, scientific, health, environmental and social) based on the principle of commitment and dealing in accordance with the teachings and provisions of the tolerant Islamic Sharia, which urges dealing in accordance with the best standards and within the frameworks of social solidarity. Al-Tijaria has developed a social responsibility policy, through which it ensures achieving a balance between both the company's objectives and the objectives of society.

#### **Standards for implementing the social responsibility policy in Al-Tijaria:**

The success of the commercial real estate company in carrying out its role of social responsibility depends on giving sufficient attention to the concerns of society and the environment, and considering the three dimensions of sustainable development: economic growth, social progress, and environmental protection, by adhering to the following standards:

1. Respect and responsibility, meaning the company's respect for the internal environment (employees), and the external environment (community individuals).
2. Supporting and enhancing the community.
3. Protecting the environment by taking the initiative to provide what serves the environment, improves the environmental conditions in the community, and addresses environmental problems of all kinds, such as (health and education) in line with the projects and activities practiced by the company.

Programs and mechanisms used that help highlight the company's efforts in the field of social work.

Al-Tijaria has developed a set of programs and mechanisms that ensure the continuity of implementing social responsibility policies on a permanent basis and in accordance with organized and consistent mechanisms where:

4. An annual plan approved by the Board of Directors for all contributions, events and activities during the year is developed.
5. An annual allocation to implement the social responsibility plan is approved.
6. Continuous supervision by the Governance Committee of the implementation of the social responsibility plan is fulfilled.
7. Periodic reports to the Governance Committee on the activities implemented, in addition to a periodic news publication explaining the activities carried out by the company and the nature of contributions are prepared.

## Social Responsibility Programs and Events

### “Donate a toy... share the Joy” Campaign

Commercial Real Estate Company (Al Tijaria) launched the third edition of the “Donate a Toy-share the Joy” Campaign to collect toys and stationery and donate them for the benefit of children from needy families inside the State of Kuwait in Boulevard Mall for four weeks. This campaign aimed to make the needy children happy and bring joy to their hearts. It was also keen on urging parents to teach their children altruism and generosity, and to share the blessings that Allah bestowed upon them with those who are less fortunate than them. The process of distributing the toys inside the Boulevard Mall was carried out by the marketing and communication team of the Commercial Real Estate Company, in addition to volunteers from the Amir Al Ensaniyah team, where all the toys were distributed amidst the overwhelming joy of the children.



### “Plant a Tree in My Country – we want it Green” Campaign

A campaign was launched under the title “Plant a Tree in My Country – we want it Green ” and implemented twice during 2023 to plant plants in the Boulevard Park in cooperation with volunteers, schools and private hospital in the State of Kuwait. This initiative aims to encourage citizens and residents of Kuwait to create a greener environment, to work on increasing oxygen, and to motivate them to launch similar initiatives, to set a good example for neighboring countries and the rest of the world to follow in the long term.



### Blood Donation Campaign

Under the slogan “We Care,” Al-Tijaria Real Estate Company organized the “Blood Donation” campaign in Symphony Style Mall, Boulevard Mall, and Al-Tijaria Tower. The campaign aims to save a life through blood donation.

Cooperation took place with the Central Blood Bank of Kuwait over a period of three days, and many employees of the Commercial Real Estate Company and many visitors of commercial malls participated in donating blood.





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عنة التجارة  
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شركة المتاجرة  
AL MUTAJARA



الشروق  
AL SHOROUQ



التجارة  
AL-TIJARIA



بوليفارد  
boulevard



بلدنا  
PLANT A TREE IN MY COUNTRY



جمان  
juman



THATCHER  
Complex  
SYMPHONY STYLE  
RESIDENCES



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