

## Nomination and Remunerations Policy

### First: Nominations Policy:

#### 1) Conditions for nominating and electing board members:

The company adheres to the following conditions related to the nomination and election of board members:

1. The company shall publish an announcement on its website and the stock exchange to invite individuals wishing to run for board membership, with the nomination period to remain open for at least one month from the date of the announcement.
2. The company shall disclose the names of the candidates for the board of directors recommended by the company's remuneration and nomination committee to present their names to the general assembly in accordance with model No. (14) from the tenth book of the executive regulations of the Capital Markets Authority, clarifying the names of the nominated members and the position they wish to nominate themselves for (executive / non-executive / independent), and attaching a brief introduction for each candidate along with their resume.
3. No member may be nominated for the company's board after the period stated in clause (1) above has elapsed.

#### 2) Criteria for Selecting Board Members:

##### A- Main Criteria:

The following are the criteria to be adhered to for determining and evaluating candidates by the Remuneration and Nominations Committee:

1. Academic and professional qualifications.
  2. Assessment of the needs of the board and its current composition to ensure a diverse range of skills, including an understanding of the following:
    - o The sector and markets in which the company operates.
    - o The specialized technical knowledge required.
    - o Accounting, finance, and legal affairs.
    - o The knowledge and familiarity with the laws and regulations applicable to the company.
- B- If a current board member is nominated for membership in the new board, ensure that they meet the criteria for the annual performance evaluation they underwent during their membership term and their degree of commitment in attendance, participation, and performing responsibilities.

#### 3) Documents required for candidacy to the Board of Directors

- A. The documents of those wishing to run for membership in the Board of Directors must be submitted to the "Secretary of the Board of Directors" after the nomination period opens, either via email or in person at the company's headquarters.
- B. The candidate is obliged to provide the company with the following documents:
  1. A resume detailing academic qualifications, work experience, and past and current experience.
  2. An original certificate of criminal record issued by the General Department of Criminal Evidence – Ministry of Interior of the State of Kuwait stating that there is no judgment against them.
  3. A certificate relevant to the legal status issued by the Capital Markets Authority.
  4. A copy of the civil ID and passport.

5. A copy of the certificate relevant to any current or previous membership detailing the period of service (position/membership in boards or committees, etc.) for current and previous positions.
6. Aside from other positions that are not board or committee memberships, a certificate relevant to those positions must be attached.
7. Any other documents that may be requested.

**4) Criteria for nomination to the Board of Directors:**

1. He must not have received a final judicial ruling against him for a crime that is dishonorable or involves trust, or related to money laundering and terrorism financing, or crimes related to financial markets, or corruption crimes, unless he has had his honor restored. As stated in the Companies Law No. 1 of 2016, he must not have previously been convicted of a felony that carries a prison sentence or in a bankruptcy crime involving negligence, fraudulent behavior, or a crime that is dishonorable or involves trust, or be subject to a prison sentence because of a violation of the Companies Law No. 1 of 2016 and its amendments, unless he has had his honor restored.
2. He must be of good reputation and conduct.
3. He must not have previously been dismissed from his position or job by a disciplinary decision by regulatory authority or by a final judicial ruling.
4. He must not have declared bankruptcy unless he has had his honor restored or a decision has been made to imprison him to settle a debt.
5. Fulfill the special requirements regarding integrity and financial sound standards, which are:
  - A- A criminal record certificate issued by the General Administration of Criminal Evidence at the Ministry of Interior.
  - B- A certificate regarding the legal status issued by the Capital Markets Authority.
6. Consideration of the conditions required for membership in the Board of Directors in the Articles of Incorporation, the company's bylaws, the Companies Law, the Capital Markets Authority Law, their amendments, and related decisions.
7. Not holding membership in the Board of Directors of a similar or competing company.
8. Not to participate in any activity that would compete with the company or to trade for his/her own account or for the account of others in one of the areas of activity that the company operates in. Additionally, he/she or his/her spouse or any of his/her second-degree relatives should not have any direct or indirect interest in contracts and transactions concluded with the company or on its behalf, unless this is approved by the company's General Assembly annually.
9. A board member must not be a member of the board of directors of more than five joint stock companies in Kuwait.
10. The independent member must meet the conditions of complete independence as outlined in the instructions of the Capital Markets Authority regarding "Corporate Governance," throughout their membership on the board of directors.
11. Aside from independent board members, they must personally own or represent someone who owns a number of shares in the company.
12. The nominated member must have legal capacity and possess traits of integrity, honesty, and credibility.
13. They must have the appropriate qualifications, sufficient experience, and the necessary management and financial skills suited to the nature of the company's business.
14. They must not exploit the information obtained through their position for personal gain or for others.
15. They must commit to maintaining the confidentiality of information and not disclosing the company's secrets to any party, and this obligation remains in effect after their membership ends.

16. They must comply with all regulations, decisions, and instructions issued by the relevant regulatory authorities regarding the company's operations, as well as what is stipulated in the articles of incorporation, bylaws and their amendments, internal regulations, policies, procedures, and acknowledgments.

5) **Disclosure of the General Assembly's results:**

The Capital Markets Authority and other relevant regulatory bodies are notified of the results of the General Assembly's meeting, including the election results of the board members, through a summary. A copy of the minutes of the General Assembly meeting is disclosed within a maximum period of 10 working days from the date of its convening.

6) **Formation of the Board of Directors:**

The formation of the Board of Directors is determined by the provisions of the Articles of Incorporation and the company's bylaws, in accordance with the Companies Law and its executive regulations, the Capital Markets Authority Law and its executive regulations, their amendments, and related decisions. It includes the following conditions:

1. Board members are elected through secret voting by shareholders during the general assembly.
2. The authority is notified of the names of the elected board members immediately after their election at the company's general assembly.
3. The number of members shall not be less than eight, as stipulated in the Articles of Incorporation and the Bylaws, allowing for the formation of the necessary number of committees emanating from it in accordance with the governance rules requirements.
4. The majority of the Board members must be non-executive, and at least 20% of the Board members must be independent; in the event of a fractional result in calculating the percentage, the result is rounded up to the next whole number, provided that the number of independent members does not exceed half of the Board.
5. Board members are re-elected and the board is reshaped after the membership term ends (every three years).
6. Diversity in members' practical and professional experiences and specialized skills is taken into account when forming the board, allowing each member to express their opinions in board discussions with complete independence.
7. There is a clear separation between the responsibilities of the board of directors and those of the executive management, ensuring full independence in decision-making.
8. The combination of the position of Chairman of the Board and any executive position within the company, such as the CEO, is prohibited.
9. The board appoints a secretary from the company's employees, and the appointment or dismissal of the board's secretary is made through a decision issued by it.
10. The board forms the basic committees stipulated by the relevant regulatory authorities, considering the formation conditions regarding independent and non-executive members in order to empower and support the board in carrying out its duties effectively. Additionally, the board may form other committees as needed by the company and its circumstances.

7) **Criteria for selecting the CEO and leadership positions in the company:**

- The CEO may be among the members of the board of directors or from outside.
  1. They must possess professional experience, skills, personal qualities, and ethical standards that correspond to their role, ensuring the financial safety of the company, significantly mitigating risks, effectively meeting company goals, and achieving balance among the interests of all stakeholders.

2. Leadership skills to evaluate, motivate, and develop employees by valuing diversity and respecting individuals, thus building a culture that enhances efficiency and transparency in processes.
  3. Optimal management of the company's resources, developing organizational capabilities to achieve results while upholding integrity and honesty, and the executive management should provide sound judgment and ethical values in decision-making.
  4. The ability to motivate and promote strategic thinking, by setting goals and the capacity to lead and guide, encouraging innovation, and finding effective solutions in managing problems and crises.
- The following conditions must be met by the CEO and the positions directly reporting to them in the company's organizational structure:
1. There should not be a final judicial ruling against them for a crime involving dishonor, trust, money laundering, funding of terrorism, financial market crimes, or corruption crimes, unless their honor has been reinstated.
  2. They must be of good reputation and conduct.
  3. They must not have been previously dismissed from their position or job by a disciplinary decision from a supervisory authority or through a final court ruling.
  4. They must not have declared bankruptcy unless their honor has been reinstated or a decision has been issued for their incarceration to settle a debt.
  5. Fulfillment of the specific conditions regarding standards of integrity and financial soundness, which are:
    - a. A certificate of criminal record issued by the General Department of Forensics at the Ministry of Interior.
    - b. A certificate for relevant parties regarding the validity of the legal status issued by the Capital Markets Authority.

## Secondly: The Rewards and Incentives Policy:

### 1) Introduction:

- A- The company's reward practices have been organized in a way that is competitive in the fields and activities in which the company operates, ensuring that the company can attract, motivate, reward, and retain individuals of major importance, while maintaining the capabilities and potential to manage the company effectively beyond the average performance in the sector.
- B- The company's approach to the rewards policy aims to ensure an appropriate balance between the following:
  1. The interests of shareholders.
  2. Operational and strategic requirements.
  3. Providing attractive and suitable packages of rewards for senior executives, top management, and employees.

### 2) Policy of remunerations and incentives granted to board members:

1. The total estimated rewards may not exceed 10% of net profits (after deducting depreciation, reserves, and dividend distribution of at least 5% of capital or any higher percentage stipulated in the company's articles of incorporation).
2. The general assembly of the company has the right to exempt an independent board member from the maximum limits of the remunerations.
3. The rewards and nominations committee is responsible for proposing recommendations regarding the rewards for board members and submits its recommendations, if any, to the board of directors for approval, which in turn presents them to the general assembly for a decision.
4. The rewards and nominations committee is responsible for proposing recommendations regarding the rewards for members of committees derived from the board of directors and submits its recommendations to the board for approval.

### 3) The incentive and rewards policy for executive management and directors:

1. Rewards are linked to all levels of performance of the company's employees.
2. Rewards should align with the company's strategy and its short-term and long-term goals.
3. Rewards should be proportional to the experience and qualifications of the company's employees at various job levels, the size and nature of the company, and the risks it faces.
4. Linking rewards to the soundness of the company's operations and its financial position.
5. Balancing the salary and rewards structure to ensure the attraction of qualified individuals in a manner that aligns with the company's business, activities, and performance results in an appropriate, fair, and non-exaggerated manner.

The executive management's remunerations system takes into account the environment in which the company operates, the results it achieves, and the company's risk tolerance. It includes the following key components:

#### A- Fixed rewards:

- 1- The fixed rewards in the company are determined considering the level of responsibilities assigned and the specific career path within the company.
- 2- Fixed rewards and end-of-service bonuses are contractually agreed upon as compensation for their skills, competencies, and experiences utilized in performing their job duties, in accordance with the requirements of labor law in the private sector and other relevant regulatory requirements.
- 3- Fixed rewards are reviewed periodically to reassess the overall reward package, market conditions, and performance at both the individual level and the company.

- 4- Fixed rewards, including salaries, allowances, and benefits, are determined within the salary structure and job grades approved by the company's board of directors.

**B- Variable Bonuses:**

- 1- Variable bonuses are linked to the achievement of pre-defined goals and effective risk management.
- 2- This type of bonus is designed to motivate. Variable bonuses are allocated based on individual performance and the overall performance of the company.
- 3- Variable bonuses are offered in cash or in the form of stock if the company decides to adopt a stock option system. This decision is made annually by the Compensation and Nominations Committee before being approved by the Board of Directors.
- 4- The variable bonus system in the company is based on the process of defining performance indicators for the executive management. According to these indicators, the amount of variable bonuses due to executive management members is determined, and these bonuses are distributed based on individual performance.

**C- The Balance Between Fixed and Variable Rewards:**

The company ensures that there is an appropriate balance between fixed and variable rewards in order to reduce variable rewards in cases of weak or negative financial performance. The ratio of fixed to variable rewards is reviewed and determined annually by the Board of Directors based on the recommendation of the Compensation and Nominations Committee.

- 1- The Compensation and Nominations Committee is responsible for establishing the compensation policy for the company's executive management, aiming to achieve a balance between competitive market rewards to retain talent and enhance current and future shareholder returns.
- 2- The Compensation and Nominations Committee utilizes analytical tools and qualitative and quantitative procedures, as well as studies provided by external specialist firms, to formulate compensation offers and incentive programs for the company's executive management, including annual performance bonuses and short and long-term incentives (upon request).
- 3- The company has a system for monitoring and evaluating the performance of its executive management and employees.

**4) Mechanism for Developing the Rewards and Incentives Structure:**

1. The Rewards and Nominations Committee is responsible for overseeing the development of the company's remunerations and incentives structure, and the company's Board of Directors reviews and approves the proposed rewards structure.
2. During the development of the rewards and incentives system, the Rewards and Nominations Committee defines the different tiers of rewards that will be granted to the Chairman and members of the Board of Directors.
3. The company's reward policy includes all aspects and elements that are part of the financial reward structure for executive management and other employees; the company also follows a consistent approach in applying the reward policy to all its employees.
4. Rewards are linked to the results rates of key performance indicators, target indicators, and annual evaluations.
5. Review and approval of the recommendations issued by the committee regarding the proposed level of rewards to be granted.

5) **Procedures and Mechanism for Disbursing Bonuses and Incentives:**

- A) The evaluation forms (Key Performance Indicators, Objectives, and Annual Evaluation) for all employees of the company shall be completed and approved by the CEO of the company in accordance with the procedures outlined in the group's Human Resources Management policies and procedures, and in accordance with the forms approved by the Compensation and Nominations Committee and the Board of Directors.
- B) The Compensation and Nominations Committee will raise its recommendation to the Board of Directors for distributing a percentage of the company's net profits or using the allocated amount available from previous years, subject to the approval of the company's General Assembly.
- C) The Board of Directors shall authorize the Chairman or the CEO of the company to disburse those bonuses as deemed appropriate regarding the method of disbursement and the date of distribution.

6) **Disclosure Requirements:**

The Remuneration and Nominations Committee is responsible for preparing a report on the compensation granted to members of the Board of Directors, executive management, and managers, whether in the form of cash payments, benefits, or perks, regardless of their nature and designation, either directly or indirectly through the company or its subsidiaries. This is in accordance with Rule 3 (Selecting Competent Individuals for Membership in the Board of Directors and Executive Management) of Appendix 2 of the 15th Book of the Executive Regulations of the Capital Markets Authority Law (Corporate Governance).