



بيت الأوراق المالية
THE SECURITIES HOUSE

Shareholders of The Securities House Company K.P.S.C.

Corporate Governance Report for the year ended 31 December 2024

Greetings,

Within the framework of the keenness of the management of Securities House Company to comply with all the instructions and decisions of the Capital Markets Authority, especially the instructions of the Capital Markets Authority contained in the text of Article (7-3) in Module Fifteen (Corporate Governance) of the Executive Bylaws of Law No. 7 of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and its amendments, we are pleased to review to you below all the measures taken during the year 2024 .To implement all requirements and policies related to the application of governance rules in accordance with the instructions of the Capital Markets Authority in this regard:

Rule One: Building a Balanced Board Structure

1. Criteria for the formation of the Board of Directors

The Board of Directors of Securities House Company consists of 5 members, where the formation of the Board of Directors takes into account several factors, including the diversity of scientific and professional experiences of its members, in addition to the fact that all members of the Board are non-executive members, and the Board of Directors includes within its membership two independent members, which reflects a balanced structure that enables it to perform the role entrusted to it, by drawing the general strategy of the company and determining policies and objectives, in addition to monitoring the performance of the executive management, and the following table shows the names of Qualifications of all members of the Board of Directors:



Name	Member Classification (Executive/Non-Executive/Independent), Secretary	Qualifications and work experience	Date of Election / Appointment of the Secretary
Abdullatif Mohammed Al-Shaya	Chairman / non- executive	Bachelor of Accounting 19 years (Financial and Administrative)	May 23,2024
Yousef Ibrahim Al- Ghanim	Vice Chairman / Executive	Bachelor of Accounting 22 years (Financial and Administrative)	May 23,2024
Altaf Abdullah A- Ghanim	Board Member / Non- Executive	Bachelor of Administrative Sciences / Finance 16 years (financial and administrative)	May 23,2024
Meshal A KH Al Wazzan	Board Member / Independent	Master of Business Administration 19 years (Financial and Administrative)	May 23,2024
Musaed Adnan Al- Ajeel	Board Member / Independent	15-year Master of Laws (Legal Field)	May 23,2024
Madi Talal Al-Khamis	Secretary of the Board of Directors	Bachelor of Accounting 22 years (Financial and Administrative)	May 23,2024

1. Organization of Board Meetings

The meetings of the Board of Directors are held regularly at the invitation of the Chairman of the Board of Directors, where all members of the Board are provided with the agenda reinforced with the necessary information and data at least three working days before the date of the meeting, and the Board approves the agenda as soon as it is convened, and this is required for the validity of the Board meeting that the meeting is attended by half of the members, provided that the number of attendees is not less than three, and decisions are taken by absolute majority. The company's Memorandum and Articles of Association also regulate the process of attending meetings The Board of Directors, in addition to how to deal with cases of irregular attendance of members in those meetings, the company held 8 meetings during the year ended December 31, 2024 and their statement is as follows:



Board Meetings during 2024

Member Name	Meeting No. (1) held on the date of 22/01/2024	Meeting No. (2) held on the date of 28/03/2024	Meeting No. (3) held on the date of 25/04/2024	Meeting No. (4) held on 15/05/2024	Meeting No. (5) held on the date of 23/05/2024	Meeting No. (6) held on the date of 14/08/2024	Meeting No. (7) held on the date of 14/11/2024	Meeting No. (8) held on the date of 25/12/2024	Number of Meetings
Abdullatif Mohammed Al-Shaya (Chairman)	√	√	√	√	√	√	√	√	8
Ibrahim Yousef Al-Ghanim (Formal Vice Chairman)	√	√	√	√	-	-	-	-	4
Aisha Faisal Al-Mudhaf (Formal Board Member)	√	√	√	√	-	-	-	-	4
Yousef Ibrahim Al-Ghanim (Vice Chairman)	-	-	-	-	√	√	√	√	4
Altaf Abdullah Al-Ghanim (Board Member)	√	√	√	√	√	√	√	√	8
Meshal A KH Al Wazzan (Board Member)	-	-	-	-	√	√	√	√	4
Musaed Adnan Al-Ajeel (Board Member)	√	√	√	√	√	√	√	√	8



2. Recording, coordinating and keeping the minutes of the company's board of directors' meetings

The Board of Directors of the Company has appointed a Secretary of the Board from among the Company's employees, where the Secretary records and saves all minutes of the meetings of the Board of Directors in addition to the reports submitted to and from the Board, and also coordinates between the members of the Board.

The company's management shall keep a record in which the minutes of the meetings of the Board of Directors shall be recorded in sequential numbers for the year in which the meeting was held, and this record shall also include the place and date of the meeting and the time of the beginning and end of the meeting.

3. Approval of Independent Directors

I, Meshal A KH Al Wazzan, in my capacity as Chairman of the Board of Directors, acknowledge that I have all controls related to independence, in accordance with the instructions of the Capital Markets Authority contained in Module Fifteen (Corporate Governance) of the Executive Bylaws of Law No. 7 of 2010 regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and its amendments.

I, Musaed Adnan Al-Ajeel , in my capacity as a member of the Board of Directors, acknowledge that I have all controls related to independence, in accordance with the instructions of the Capital Markets Authority contained in Module Fifteen (Corporate Governance) of the Executive Bylaws of Law No. 7 of 2010 regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and its amendments.

Rule Two: Proper Assignment of Tasks and Responsibilities

1. Proper delineation of tasks and responsibilities

The tasks, responsibilities and duties of the members of the Board of Directors and the executive management of the company are determined through several forms, as the articles of association of the Securities House Company define the duties and responsibilities of the Board of Directors, and the Board of Directors work regulations define the tasks of the Board, including supervising the performance of the executive management, and ensuring its commitment to implementing the main strategies and action plans approved by the Board, and the Executive Committee's work regulations in addition to the work policies and procedures manuals approved by the Board define special tasks and duties. The table of authority and authority shall specify all the powers that are delegated to the executive management and those that the Board retains the authority to decide.



Board of Directors:

The Board of Directors is responsible for drawing up the company's overall strategy and master business plans, and the core functions of the Board include:

- ❖ Setting and defining the objectives and general strategy of the company and monitoring the overall performance of the company.
- ❖ Approving annual estimated budgets and monitoring any deviations.
- ❖ Ensure the extent of management's compliance with work policies and procedures and internal regulations.
- ❖ Approving the audited interim and annual audited financial statements.
- ❖ Forming specialized committees, monitoring the performance of these committees, and reviewing all reports issued by them.
- ❖ Monitor the performance of the executive management and ensure that they perform all the tasks entrusted to them.

The most important achievements during 2024:

1. Approving the estimated budget of the company
2. Follow up the financial performance of the company and its subsidiaries and sister companies
3. Studying a number of projects and investment opportunities and approving the exit from some of them
4. Adoption of all updates to business policies and procedures manuals
5. Review a number of inspection reports issued by the Capital Markets Authority and the company's responses to those reports

In order to be able to perform its duties effectively, the Board of Directors has formed several specialized committees that enjoy sufficient independence to enable them to perform the role entrusted to them, namely the Audit Committee, the Risk Management Committee in addition to the Nomination and Remuneration Committee.

The following is a brief overview of these committees:

Audit Committee:

The Audit Committee was reconstituted on May 23, 2024, and the committee is concerned with consolidating a culture of commitment within the company, by ensuring the integrity and integrity of the company's financial reports, as well as ensuring the adequacy and effectiveness of the internal control systems applied in the company, as this committee works under the supervision of the Board of Directors, and submits its reports and recommendations regarding the results of the exercise of its duties, and the basic tasks of this committee include the following:



- ❖ Review the financial statements before presenting them to the Board of Directors, and express an opinion and recommend them to the Board of Directors.
- ❖ Supervise the work of the external auditor, review the comprehensiveness of the audit, and recommend to the Board of Directors the appointment and reappointment of the external auditor and determine his fees.
- ❖ Study the accounting policies followed and express an opinion and recommendation to the Board of Directors thereon.
- ❖ Supervise the work of the External Sharia Audit Office, and recommend to the Board of Directors the appointment and reappointment of the External Sharia Audit Office and determine its fees.
- ❖ Assess the adequacy and effectiveness of internal control systems and submit recommendations in this regard to the Board of Directors.
- ❖ Supervise the internal audit activity in the company to ensure its effectiveness in implementing the approved annual audit plan.
- ❖ Review and approve the annual audit plan proposed by the internal audit activity.
- ❖ Recommending the appointment, transfer, dismissal and performance evaluation of the Internal Audit Officer.
- ❖ Review internal audit reports and ensure that action is taken to correct any observations or weaknesses in control, including adherence to the Governance Manual.
- ❖ Review the results of the reports of the regulatory authorities and ensure that the necessary measures have been taken in this regard.

The Committee shall be composed of:

1. Chairman of the Committee (Musaed Adnan Al-Ajeel)
2. Deputy Chairman of the Committee (Meshal A KH Al Wazzan) -
Independent Member
3. Member Committee (Altaf Abdullah A-Ghanim)

Committee Secretary: Madi Talal Al-Khamis

The membership of the Committee is valid throughout the members' tenure and ends with the termination of their membership in the Board of Directors, and the Audit Committee held 8 meetings during the year ended 31 December 2024.



The most important achievements during 2024:

1. Approval of the Internal Audit Plan for the year 2024
2. Review and approve the financial statements for the year ended 31 December 2023 and the interim statements for the year 2024
3. Review and approve quarterly internal audit reports and Sharia audit reports
4. Review and approve the reports of the Sharia Supervisory Board
5. Review and approve the reports of the external Sharia auditor
6. Review and approve the accounting policies followed
7. Review and approve a number of audit reports
8. Follow-up to existing internal audit notes
9. Review and approve the report of the External Audit Office to evaluate and review the company's internal control systems
10. Approval of the performance evaluation of the internal audit officer
11. Recommending to the Board of Directors the appointment of the external auditor for the financial year ended 31 December 2024 and determining his fees
12. Recommending to the Board of Directors the appointment of the External Sharia Audit Office for the financial year ended 31 December 2024 and determining its fees
13. Recommending to the Board of Directors the appointment of the Fatwa and Sharia Supervisory Board for the financial year ended 31 December 2024 and determining their fees

Risk Management Committee:

The Risk Management Committee was reconstituted on May 23, 2024, and the committee identifies and measures the nature and size of the various risks that may face the company's activities, to reduce them, determine the appropriate method to deal with them, identify the internal or external factors that may lead to the occurrence of such risks, and develop methods to confront them in light of the policies set in this regard, and in particular the degree of risk acceptable to the company (Risk Appetite). The core functions of the Committee include:

- ❖ Prepare and review risk management strategies and policies before being approved by the Board of Directors and ensure the implementation of these strategies and policies.
- ❖ Evaluate the systems and mechanisms for identifying, measuring and following up the different types of risks to which the company may be exposed.
- ❖ Assist the Board of Directors in determining and assessing the acceptable level of risk in the Company and ensuring that the Company does not exceed this level of risk.
- ❖ Review periodic reports on the nature of the risks to which the company is exposed and submit them to the Board of Directors.
- ❖ Review issues raised by the Audit Committee that may affect the Company's risk management.



The Committee shall be composed of:

1. President Committee (Meshal A KH Al Wazzan) – Independent Member
2. Deputy Chairman of the Committee (Altaf Abdullah A-Ghanim)
3. Committee Member (Yousef Ibrahim Al-Ghanim)

Committee Secretary: Madi Talal Al-Khamis

The membership of the Committee is valid for the duration of the members' tenure and ends with the termination of their membership in the Board of Directors, and the Risk Management Committee held 6 meetings during the year ended 31 December 2024.

The most important achievements during 2024:

1. Review updates to the risk policy and recommend it for approval by the Board of Directors.
2. Review and approve capital adequacy reports and ensure compliance with the rates required by the Capital Markets Authority.
3. Monitoring the company's risk profile through reports prepared by the company's risk department.
4. Review the comparative analysis of the actual investment position with the degree of risk acceptable to the company and prepare recommendations regarding any deviations.
5. Approving the performance appraisal of the risk management officer

Nomination and Remuneration Committee:

The Nomination and Remuneration Committee was reconstituted on May 23, 2024, and the committee is concerned with selecting qualified persons to fill the membership of the Board of Directors, Board Committees and Executive Management, where the process of selecting candidates with professional experience and technical capabilities as well as good personal and ethical qualities, in order to ensure that the nomination process is primarily in the interest of the company and its shareholders.

The Nomination and Remuneration Committee is also responsible for setting policies and regulations governing the granting of compensation and remuneration to all levels of the company, including determining the remuneration of the chairman, members of the board of directors and executive management, provided that they are consistent with the company's strategy and objectives, whether in the long term or in the short term, in a way that contributes to attracting human cadres with professional competencies and high technical capabilities, and motivating employees at all job levels to work to achieve the company's goals. The main objectives of the Committee are:



- ❖ Recommending nomination and re-nomination for membership of the Board of Directors, Board Committees and Executive Management, taking into account that the candidates meet all the requirements contained in the instructions of the Capital Markets Authority regarding the rules of efficiency and integrity.
- ❖ Annual review of the required needs of appropriate skills to occupy the membership of the Board of Directors and attract applications for those wishing to fill executive positions, where everyone wishing to fill these positions must have academic and scientific qualifications in addition to appropriate professional experience.
- ❖ Develop job descriptions for executive, non-executive and independent members.
- ❖ Proposing the nomination and re-nomination of independent members to be elected by the general assembly of the company and ensuring that the independent member of the board of directors does not disappear.
- ❖ Develop a remuneration policy consistent with the company's strategic objectives and applied at all levels of the company's career.
- ❖ Ensure that the remuneration granted to both the members of the Board of Directors and the executive management is fair and serves the company's long-term objectives.
- ❖ Identify the different segments of rewards to be granted, including the fixed rewards segment and the performance-related rewards segment.
- ❖ Ensure that the remuneration policy is applied and that there are no deviations.
- ❖ Periodically review the remuneration policy and evaluate its effectiveness in achieving the desired objectives.
- ❖ Prepare a detailed annual report on all remuneration granted to the members of the Board of Directors and the executive management, whatever their nature and name, provided that this report is presented to the General Assembly of the company for approval.



The Committee shall be composed of:

- | | | |
|-----------------------------------|--------------------------------|---|
| 1. Chairman of the Committee | (Abdullatif Mohammed Al-Shaya) | |
| 2. Vice-Chairman of the Committee | (Musaed Adnan Al-Ajeel) | – |
| Independent Member | | |
| 3. Committee Member | (Yousef Ibrahim Al-Ghanim) | |
| Committee Secretary: | Madi Talal Al-Khamis | |

The membership of the Committee is valid for the duration of the members' tenure and ends with the termination of their membership in the Board of Directors, and the Nomination and Remuneration Committee held 8 meetings during the year ended 31 December 2024.

The most important achievements during 2024:

1. Discussing and approving the results of evaluating the performance of the members of the Board of Directors as a whole and the contribution of each of its members and committees
2. Approving the employee performance appraisal and the proposal for bonuses and salaries for the year 2024
3. Approval of the training plan for employees and members of the Board of Directors for the year 2024
4. Review the updated remuneration policy and recommend it for approval by the Board of Directors
5. Approving incentive bonuses for incentive fees already achieved by the company during the year
6. Approval of the Corporate Governance Report including the Remuneration Report

2. The mechanism for Council members to obtain accurate and timely information and data

The executive management provides the members of the Board of Directors with many reports and data, which enable the Board to view all the course of work, and all the committees of the Board and the Executive Committee submit their reports to the Board, and the Board of Directors is also provided with all data and information on the topics on the agenda of the Board meetings, so that the Board of Directors can carry out its duties and take decisions based on sufficient and accurate information.

The company's management is currently developing the infrastructure of information technology systems through the development of the automated system used, which will lead to the development of reporting systems in terms of accuracy and quality of reports submitted to the company's board of directors.



Rule Three: Selection of Qualified Persons for Board of Directors and Executive Management

1. Application of the requirements for the formation of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of three members, chaired by a non-executive member of the Board of Directors, and includes an independent board member, and the Committee has adopted a clear policy for granting remuneration to both the Chairman and members of the Board of Directors, in line with the Companies Law No. 1 of 2016 and its Executive Regulations.

2. Report of the remuneration granted to the members of the Board of Directors and the Executive Management

The company implements an appropriate and easy-to-apply remuneration policy to achieve the goal of their participation, especially those with outstanding performances, in the profits achieved by the company in recognition of their commitment and to motivate them to dedicate themselves to achievement and achieve a minimum profit target. At the same time, this policy takes into account the creation of reassurance among shareholders by ensuring that a minimum annual profit is achieved before employees participate in that profit based on the approval of the Nomination and Remuneration Committee of the Board of Directors.

Employee Bonuses

At the end of each financial year, the general remuneration base for all employees, including the CEO, is determined as a variable percentage of the net profit realized in light of the ratio of that realized profit to the target profit at the beginning of the year. Employees are classified into segments according to the approved job grade structure and the amount of the reward is divided among those segments and then the reward of each employee is determined separately in light of evaluating the performance of all employees based on two criteria, first, the extent to which the goals set for the employee at the beginning of the year are achieved (and has a relative weight of 70%) and second, the skills and characteristics of the employee's performance during the year (and has a relative weight of 30%). Finally, remuneration is disbursed after the issuance of the company's audited annual financial statements.

It should be noted that it is possible to grant remuneration to some employees if they achieve the target performance even if the minimum required net profit is not achieved at the general level of the company, provided that this is approved by the Nomination and Remuneration Committee of the Board of Directors for the CEO and the Executive Management and the approval of the CEO for the rest of the employees.



Remuneration of Board Members

For the members of the Board of Directors, it is recommended to pay an annual lump sum remuneration after the approval of the annual general assembly of shareholders of the company's financial statements and in light of compliance with the legal and regulatory controls in this regard. Their annual remuneration is determined in light of some determinants such as the number of committees in which the Board member is a member, in addition to his membership in the Board, the number of annual meetings attended by the Board member, whether for the Board or the specific committees, in addition to the annual evaluation of the performance of the Board members according to the criteria of skills and subjective or technical attributes related to his knowledge of the nature of the company's activities.

The following table shows the remuneration, incentives and benefits granted to the members of the Board of Directors, Executive Management and Directors for the financial year ended 31 December 2024:

Remuneration and benefits for members of the Board of Directors							
Bonuses and benefits through affiliates				Bonuses and benefits through the parent company			Total Number of Members
Variable Rewards and Benefits (KD)		Fixed Rewards and Benefits (KD)		Variable Rewards and Benefits (KD)		Fixed Rewards and Benefits (KD)	
Bonus Committees	Annual bonus	Gross monthly salaries during the year	health insurance	Bonus Committees	Annual bonus	Health Insurance	
-	-	-	-	37,500	-	-	5

Total remuneration and benefits granted to five senior executives who received the highest remuneration, plus the CEO and CFO or their representative if not including												
Bonuses and benefits through affiliates						Bonuses and benefits through the parent company						Total number of executive positions
Variable Rewards and Benefits (KD)		Fixed Rewards and Benefits (KD)				Variable Rewards and Benefits (KD)	Fixed Rewards and Benefits (KD)					
Annual bonus	End of service allowance	Vacation allowance	health insurance	Social Insurance	Monthly salaries (total during the year)	Annual bonus	End of service allowance	Vacation allowance	health insurance	Social Insurance	Monthly salaries (total during the year)	
-	-	-	-	-	-	83,169	64,093	43,212	6,524	15,180	306,728	

During the year, the Company did not record any deviations from the approved policy in granting bonuses and benefits.



Rule Four: Ensure the Integrity of Financial Reporting

1. Written undertakings by the Board of Directors and the Executive Management of the integrity and integrity of financial reporting

The Executive Management shall undertake in writing, represented by the CEO, Chief Operating Officer and Financial Controller, to the Board of Directors that the Company's financial reports are presented properly and fairly. In this context, the Chairman of the Board of Directors also acknowledges and undertakes the accuracy, integrity 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 and in accordance with the international financial reporting standards applied in the State of Kuwait and approved by the Authority and that they reflect the financial position of the company as at 31 December 2023, based on the information and reports received by the executive management and the auditor and to exercise due diligence to verify The integrity and accuracy of these reports.

2. Application of the requirements for the formation of the audit committee

The Audit Committee consists of three members, and the committee includes in its composition an independent board member, and the membership of the committee is occupied by two non-executive members, and the chairman of the board of directors does not include in the membership of the committee, in addition to that, there are among the members of the committee members with scientific qualifications and / or practical experience in the accounting, financial and legal fields as well, and its minutes are recorded and kept by the secretary of the committee, and the committee holds periodic meetings with external auditors in addition to holding meetings Periodicity with internal auditor.

3. Conflict Between Audit Committee Recommendations and Board of Directors

The Company's management affirms that there have been no instances of conflict between the recommendations issued by the Audit Committee and the resolutions adopted by the Board of Directors.

4. Independence and impartiality of the external auditor

The Ordinary General Assembly of the Company's shareholders appoints the external auditor, based on the recommendation of the Board of Directors, and the Audit Committee works to ensure the independence and impartiality of the external auditor, and the external auditor does not provide any additional work to the company that does not fall within the audit and audit work, and he is completely independent of the company and its board of directors.

Rule Five: Establishing sound risk management and internal control systems

1. Application of risk management formation requirements

The company's risk management identifies and measures the various risks that the company may be exposed to, compared to the degree of risk acceptable to the company and determines deviations, in addition to reporting to the risk committee, and the company's risk management officer has independence, and the company has determined the degree of acceptable risk (Risk Appetite) and approved by the Board of Directors.



2. Application of the requirements for the formation of the Risk Management Committee

The Risk Management Committee consists of three members, and the committee is chaired by a non-executive member of the Board of Directors, and the Chairman of the Board of Directors is not included in the membership of the Committee, and the Committee ensures the implementation of risk management strategies and policies set by the Board of Directors, in addition to evaluating the systems and mechanisms for identifying, measuring and following up the different types of risks that the company may be exposed to, and its minutes are recorded and kept by the Secretary of the Committee.

3. Internal Control Systems

The company's internal control systems are based on basic pillars to ensure the dual control process, through the proper identification of powers and responsibilities, through several mechanisms, including the existence of an approved table of powers and powers, in addition to the existence of approved policies and procedures manuals, clarifying all levels of authority and authority, and there is a complete separation of tasks through the application of The principle of segregation of duties, in addition to monitoring all operations that may involve a conflict of interest and full disclosure of those operations, and the company's management adopts the principle of dual control over all operations and activities.

4. Applying the requirements for the formation of an independent internal audit department

The Internal Audit Department was established to evaluate the efficiency and effectiveness of the internal control systems applied within the company, and the Internal Audit Department enjoys independence through its direct subordination to the Audit Committee and subordinate to the Board of Directors, and the Internal Audit Officer has been appointed by a decision of the Board of Directors based on the nomination of the Audit Committee and the approval of the Capital Markets Authority. The Internal Audit Officer prepares his periodic reports and discusses them through the periodic meetings of the Audit Committee.

Rule Six: Promote Professional Conduct and Ethical Values

1. Standards and determinants of professional conduct and ethical values

The Company expects all directors and all employees to perform their work to the best of their ability and to act in a manner that reflects and enhances the image and reputation of the Company. The Code of Professional Conduct ("Code of Conduct") confirms the Company's policy and is a guide to:

- Promote honest and ethical behavior that reflects positively on the company
- Maintaining an institutional climate that preserves the value, integrity and dignity of each individual
- ensure compliance with the laws, rules and regulations governing the activities and operations of the Company, and
- Ensure the proper use of the company's assets



These codes and ethics outline the standards for how each director, officer or employee behaves with all stakeholders in the company and the general public. These rules ultimately aim to ensure that third parties view the company as an organization committed to high standards of integrity in all its dealings. These rules do not address all situations that may be encountered and are not a substitute for any member of the company to exercise good judgment and proper behavior.

Code and ethics of professional conduct

All members of the company are always committed to maintaining the company's good reputation and must do the following:

1. Providing responsible, effective and high-quality service with integrity
2. Not to abuse the authority granted to him as an individual of the company when dealing with any person, complainant or entity
3. Act fairly and impartially towards all when exercising any discretion in the performance of duties
4. To exercise the powers granted to him in a responsible manner and in particular:
 - Perform all their duties with integrity without favoritism and without regard to social status, gender, race, religion, political beliefs or aspirations
 - Act honorably, honestly, respectfully, transparently and responsibly
 - Treat all people equally with objectivity
 - Use any discretion vested in him rationally, impartially and impartially
5. Refrain from disclosing any information received in the context of his work and duties unless the performance of duties or needs otherwise requires
6. Resist and report any bribes or other forms of corruption resulting from any source; and behave in their private lives in a manner that does not tarnish or undermine the reputation and honor of the company
7. Respect and apply these rules In the event that they have reason to believe that a violation of these rules or the law has occurred or is about to occur, the matter shall be reported to the Chief Executive Officer or the Chairman of the Board of Directors, as the case may be.



2. Policies and mechanisms to reduce conflicts of interest

A conflict-of-interest policy has been prepared to ensure that the highest degree of transparency is maintained to cover all of the Company's operations. Conflicts of interest between employees and members of the Company's Board of Directors, their immediate family members (i.e. spouse, children, parents, brothers and sisters) and the Company regarding their commercial and economic interests should be avoided.

Although this policy does not attempt to describe all potential conflicts of interest that may arise, the following are some conflicts of interest that directors and employees should avoid:

- Gain any benefit as a result of a person's position as a board member or employee of the company
- Engage in any conduct or activity that inappropriately interferes with the Company's current or prospective business relationships with third parties
- Accept bribes, hidden commissions or any illegal payments for services related to the conduct of the Company's activity
- Accepting or instructing a member of the immediate family of a member of the Board of Directors or employee to accept a gift from people or entities dealing with the Company in cases where the gift is expected to affect the actions of the Board Member in his capacity as a member of the Company, in light of the overall prevailing circumstances.

Conflict of Interest – General Provisions

The Board of Directors shall take all reasonable measures to identify, prevent or deal with conflicts of interest between the members of the Board of Directors, an employee of the Company, one of his relatives, a subsidiary of the Board or one of his relatives and between his clients, employees and agents, or the exploitation of the confidential information of such clients, in particular in the following cases:

1. Concluding transactions on securities to which one of the company's clients is a party.
2. Conclude transactions on securities by exploiting confidential information of clients.
3. Provide inappropriate advice or recommendation to the client to carry out an operation or conclude a transaction on securities for the benefit of one of the company's employees or agents
4. Provide any confidential information that may have reached one of the Company's employees or agents with the aim of concluding a transaction on securities, to which one of the Company's clients is the other party, or to advise or recommend to another person to conclude such transaction.



Conflict of Interest – Board Members

The members of the Board of Directors shall act at all times in the interests of the Company and not the interests or specific parties, and this means putting personal interest aside and performing their duties in the conduct of the Company's affairs in a manner that enhances public confidence and confidence in the integrity, objectivity and impartiality of the Board of Directors.

No member of the Board of Directors shall directly or indirectly receive any profit from his position in this capacity.

Disclosure of Conflict of Interest by a Board Member

A member of the Board shall promptly disclose to the Chairman of the Board any situation that includes or is reasonably expected to involve a conflict of interest.

Interest in business and contracts concluded for the benefit of the company

A member of the Board of Directors may not, without the approval of the General Assembly (provided that such approval is renewed annually), have any interest (directly or indirectly) in the works or contracts concluded in favor of the Company, except for works executed through a public tender, if the member of the Board of Directors submits the best offer.

A member of the Board of Directors shall inform the Board of his personal interests in the business and contracts concluded for the benefit of the Company and such notification shall be recorded in the minutes of the meeting, and the member who has such interests may not participate in voting on the resolution to be issued in this regard. The Chairman of the Board of Directors shall also inform the General Assembly of the works and contracts in which the Board Member has interests and shall attach to this notification a special report prepared by the Company's auditor.

Interest in businesses that compete with the company's business and providing credit facilities or guarantees

A member of the Board of Directors shall not engage in any business or activities that may constitute competition with the business and activities of the Company, nor shall the Company provide credit facilities of any kind to the members of its Board of Directors or guarantee any loan granted under any Board member's contract with third parties.



Conflict of Interest – Employees

The Company expects its employees to avoid any personal activities or financial or non-financial interests that could interfere with their commitment to perform their job duties effectively.

Employees must not engage in an external business activity or project that, by its nature, scope, or time requirements, can:

- Includes a conflict of interest that distracts the employee from performing his duties in an honest and impartial manner
- Interferes with the satisfactory performance of work for the company or distracts the employee from taking care of his daily work
- Entails risk or abuse of power or information
- Negatively affects the interests or reputation of the company

Rule Seven: Accurate and Timely Disclosure and Transparency

1. Accurate and transparent presentation and disclosure mechanisms

The management of Securities House Company is keen to follow the highest standards of disclosure and transparency, in order to ensure that the company's management treats all its current and potential shareholders and all stakeholders fairly and without discrimination, and the presentation and disclosure mechanisms have been approved by the Board of Directors, and the presentation and disclosure mechanisms followed by the company take into account the accuracy and transparency in the presentation of data and information, whether financial or non-financial, and the disclosure of material information is disclosed in a timely manner and in accordance with the instructions of the Authority. In this regard, the company's management also reviews the mechanisms and systems of disclosure and transparency periodically, to ensure that they keep pace with the best international practices in this regard.

2. Board of Directors and Executive Management Disclosures Record

The company's management has prepared a special record for the disclosures of the members of the Board of Directors and the executive management, and all shareholders of the company have the right to view that record without any fee or consideration, and the register data is updated periodically based on the disclosures of the members of the Board of Directors or the executive management.

3. Investors Affairs Unit

The company's management has established a unit to regulate the affairs of investors, and the unit enjoys the appropriate independence and works to provide all the necessary data and information to shareholders and potential investors through the recognized means of disclosure, including the company's website.



4. IT infrastructure development

The company's management pays special attention to the development of the information technology infrastructure, as the company's website includes a section dedicated to the governance system followed within the company, and the website contains interim financial statements as well as the annual audited financial statements of the company, in addition to all disclosures of material information and events related to the company, and many data and information that help shareholders or potential investors and stakeholders to exercise their rights. and evaluate the company's performance.

Rule Eight: Respect for Shareholders' Rights

1. Define and protect the general rights of shareholders

Article (15) of the Articles of Association of Securities House Company stipulates the general rights of shareholders to ensure that all shareholders exercise their rights fairly and without discrimination, and the investor and interested parties relationship policy, approved by the company's board of directors, stipulates all the rights due to the company's shareholders, and that all shareholders who own the same type of shares must be treated equally and without discrimination between any of them, and this includes among those rights stipulated in the articles of association and the company's internal regulations the following:

- Disposition of shares from registration, transfer and/or transfer of ownership
- Participate in making decisions related to the amendment of the articles of association and memorandum of association of the company, as well as decisions related to unusual transactions that may affect the future or activity of the company, such as mergers, sale of a large part of its assets or liquidation of subsidiaries
- Monitor the performance of the company in general and the work of the Board of Directors in particular
- Obtain accurate, comprehensive, adequate and timely background information, including the Company's operational and investment strategies in order to evaluate the Company's financial statements and performance
- Hold members of the Board or Executive Management responsible and demand accountability in the event of their failure to perform the tasks entrusted to them
- Receiving dividends, participating and voting in the General Assembly meetings
- Obtaining a share of the company's assets in case of liquidation
- Election of the members of the Board of Directors

2. Continuous follow-up of shareholder data

For the purposes of continuous follow-up of the data of shareholders, the company has contracted with Kuwait Clearing Company, in order to keep the shareholders' register, which includes the names of shareholders, their nationalities and domicile, in addition to the shares owned by each of them, and any changes to the data contained therein are noted in that register, and all shareholders are allowed to view the shareholders' register, and the data contained in the register are dealt with according to the highest levels of protection and confidentiality.



3. Encouraging shareholders to participate and vote in the meetings of the General Assembly

The meetings of the General Assembly of Shareholders are invited by the Board of Directors, through the mechanism contained in the Companies Law No. 1 of 2016 and its Executive Regulations, where the invitation is made including the agenda, time and place of the meeting by announcing twice, where the announcement is made the second time after a period of not less than seven days from the date of publication of the first announcement and at least seven days before the meeting, and the announcement is made through two local newspapers in addition to Publish the announcement on the company's website as well as on the company's page on Boursa Kuwait's website.

The company provides and provides all data and information related to the agenda items, well in advance of the general assembly meeting of shareholders, which provides an opportunity for all shareholders of the company to view such data and information and thus participate effectively in those meetings, and each of the chairman of the board of directors or the company's auditor answers all questions and inquiries of shareholders, whether those related to the company's financial position and business results, or related to the company's operational activity and future plans.

The company also provides the opportunity for all shareholders to vote on the resolutions of the General Assembly, whether in person through physical attendance or through electronic voting, in addition to voting to elect members of the Board of Directors, where no fees are imposed on the company's shareholders for attending the General Assembly meetings or granting a preferential advantage to any category against other categories of shareholders.

Rule Nine: Recognizing the Role of Stakeholders

1. Systems and policies that ensure the protection and recognition of the rights of stakeholders

Securities House has developed several systems and policies to ensure the protection of the rights of stakeholders, as one of the main pillars in the company's success in achieving its objectives is the result of the joint efforts of many parties including customers, suppliers, employees, investors and other parties that have business relations with the company.

These systems and policies have been prepared to achieve the following objectives:

- Treatment on a fair and equitable basis.
- Obtain compensation in the event of any violations of their rights recognized by the regulations and protected by the contracts concluded with them.
- Enjoy the same rights and privileges as the Board of Directors and related parties in dealing with the Company, which also includes the Company's commitment to the procurement policy among other policies and practices.



- The company's commitment to the privacy and confidentiality policy of data.
- Obtain the following listed in each contract between the stakeholders and the company:
 - Procedures and mechanisms to be followed in the event of a breach by any party of its obligations
 - Procedure for payment of compensation in case of irregularities
- Obtain relevant company information that is necessary for interested parties.
- Explicit and clear disclosures of relevant information.
- Notify them about the Company's whistleblowing program and should be adequately protected in accordance with the requirements of the whistleblowing policy.
- Provide them with an appropriate mechanism (through the whistleblowing program) in case they wish to notify the Board of Directors of any incorrect practices carried out by the company.

2. Encourage stakeholders to participate in the follow-up of the company's various activities

The company's management encourages stakeholders to participate in following up the company's various activities through an approach based on transparency and dealing on a fair basis with all stakeholders, and the company's management works to create a culture among employees to link their performance and career development to achieve the company's strategic objectives, which leads to encouraging employees to actively and continuously participate in following up the company's various activities.

Rule Ten: Enhance and Improve Performance

1. Applying the requirements for both members of the Board of Directors and the executive management to obtain training programs

Securities House Company pays special attention to the continuous training and qualification of both the members of the Board of Directors and the executive management, as the company's management believes that continuous training operations contribute to achieving the company's objectives, through the exercise of both the Board of Directors and the executive management of the tasks entrusted to them to the fullest, where the Nomination and Remuneration Committee approves the annual training programs and workshops in cooperation with the company's human resources department, where the training needs of the candidate are taken into account through these courses, whether he is a member of the Board of Directors or a member of the executive management of the company.

2. Evaluating the performance of the Board of Directors and Executive Management

The company has developed basic performance indicators (KPIs) to measure the performance of the Board of Directors as a whole and the contribution of each of its members, in addition to developing performance indicators for all board committees and members of the executive management as well, where the company carried out performance evaluations in light of performance indicators and set goals, and with the aim of identifying any deviations and treating them to ensure the outstanding performance of both members of the board of directors and executive management, thus achieving the company's goals.



3. **The efforts of the Board of Directors to create institutional values (Value Creation) among the company's employees**

The Board of Directors of Securities House is keen to create institutional values within the company, by developing mechanisms and procedures that work to achieve the company's strategic objectives and improve performance rates, and the company's management is continuously working on the continuous development of integrated reporting systems within the company to become more comprehensive, which helps both members of the Board of Directors and the executive management to make decisions systematically and soundly.

During 2024, the Department submitted all reports that comprehensively, periodically and accurately review the following aspects:

1. Company strategy.
2. Overview of the company structure and business model:
3. Risks facing the company.
4. Direction and future expectations.

The company presented the previous reports separately during the year without being placed in a consolidated report called "Integrated Reports".

Rule Eleven: Focus on the Importance of Social Responsibility

The corporate social responsibility policy is developed to ensure a balance between both the company's goals and the goals of society, and the company's commitment to social responsibility is one of the essential elements of any organization's success. The company's management aims to operate under a sustainable business model that produces value by building in-depth, broad-based and long-term relationships with our customers and other members of the community in which we operate, and social responsibility is embodied in the values adopted by the company and forms the basis for how the work is done where products are developed and services are provided in accordance with our goals and commitments.

Iftar Initiative: Instilling the Values of Giving in Children

Last Ramadan, the company organized the Iftar initiative in cooperation with one of the volunteer teams, believing in the importance of social participation and helping those in need.

The initiative aimed to instill the values of giving and solidarity in the hearts of children, as they reacted enthusiastically to this initiative, helping prepare and pack food, and then distributing it to workers and needy people on the streets.

This initiative helped to promote children's sense of social responsibility and showed them the importance of sharing food with others, especially in the holy month of Ramadan.

Abdullatif Mohammed Al-Shaya
Chairman

