



## BOARD OF DIRECTORS CHARTER

1. Purpose .....	3
2. Definitions .....	3
3. Composition.....	4
4. Appointment, Tenure, Resignation & Removal .....	4
5. Quorum & Meeting.....	5
6. Agenda, Voting and Minutes.....	5
7. Role & Responsibilities .....	6
8. Other Key Responsibilities of the Board .....	8
9. Obligations of the Board Members.....	9
10. Authority.....	10
11. Reporting.....	11
12. Review of the Charter .....	11

## 1. Purpose

The Board of Directors (hereinafter referred to as the “Board”) is elected by the shareholders and is accountable to shareholders. The Board is primarily responsible for the strategic direction and oversight of the management of Kuwait Projects Co. (Holding) (hereinafter referred to as the “Company”) and is the ultimate decision-making body of the Company except with respect to matters reserved to the shareholders in accordance with Company’s Articles of Association and / or the Commercial Companies Law No. 15 of 1960, No.25 of 2012 and its corresponding amendments as per Law No. 97 of 2013 & No.1 of 2016

## 2. Definitions

- 2.1 **Executive Director:** A Board member who is entrusted with the management of the Company and the board defines his responsibilities and authorities and provisions and delegations to sign on behalf of the company and receives a monthly or annual salary from the Company.
- 2.2 **Non-Executive Director:** A Board member who does not manage and does not receive monthly or annual salary from the Company. Remuneration received in the capacity of the Board member is not considered as salary.
- 2.3 **Independent Director:** A Board member having qualification, experience and technical skills that are suitable to the Company’s activities; and who qualifies to the minimum below criteria is considered as Independent Director:
- Holds less than 5% of the Company’s shares (himself or anyone of his representatives)
  - Should not be 1<sup>st</sup> degree relative to any of the Board members or Senior Executives of the Company or any company in its group.
  - Should not be a member in the board of directors of any company in its group.
  - Should not be an employee in the company or any of the companies in its group or any of the stakeholders.
  - Should not be an employee of any legal persons that owns controlling shares in the Company.

### 3. Composition

The Board will appoint the Chairman and Vice Chairman of the company's Board through secret ballot.

The Board shall comprise of at least 5 directors. The majority of the Board shall consist of Non-Executive and Independent directors of which Independent members shall not be more than half the members of the Board.

In light of this, it is necessary for the board to include one independent member at least provided that the number of independent members is not more than half the members of the board.

The level of diversified skills and expertise should be taken into consideration when forming the board.

The Board will review its size and composition annually. In reviewing the size and composition of the Board, Directors will consider, amongst others:

- the nature, size and complexity of Company; and
- the efficiency and effectiveness of the Board, balancing the need to have sufficient skills and expertise to fulfil the needs of the Board and all of its Committees, with the need to maintain a Board size where all Directors can participate and contribute.

### 4. Appointment, Tenure, Resignation & Removal

- 4.1 Any Board member shall be elected by the Company's General Assembly by the shareholders through secret ballot.
- 4.2 The directorship in the Board shall be for 3 years and is renewable every three years or as provided in the Bylaws.
- 4.3 Upon completion of the tenure of Board membership or resignation, or by death or any other reason the member vacates the office, the company should inform the authority immediately along with a statement of the reasons for this.
- 4.4 All board members are entitled to receive remuneration in accordance with the remuneration policy of the Board.

## 5. Quorum & Meeting

- 5.1 The presence of more than half of the members of the Board shall constitute a quorum for the meeting. Attendance by proxy is not authorized in the Board meetings. Participation by modern communication methods shall be permissible and the attendees should not be less than three.
- 5.2 The company's memorandum and the articles of association should include the process of organizing attendance of the board of directors' meetings, as well as how to deal with instance of non-attendance of members to these meetings.
- 5.3 The Board should hold regular meetings periodically by an invitation from the Chairman of the Board. The Board shall meet at least 6 times in a year (at least once every quarter)
- 5.4 The Chairman of the Board shall convene an emergency meeting based on a written request presented by two members of the Board when he is asked to do so.

## 6. Agenda, Voting and Minutes

- 6.1 An agenda for a Board meeting shall be prepared and circulated to all members at least 3 working days before the meeting, along with appropriate supporting documents, emergency meetings are exempted from the mentioned, so that the members of the board have the sufficient time to study the subjects at hand and take the proper decisions.
- 6.2 The Board will adopt the agenda when the meeting is convened and in the event of any objection from any member on the agenda, the same is documented in detail in the minutes of meeting.
- 6.3 The voting process should be documented in the Register of Board minutes.
- 6.4 The minutes of the meetings shall be documented including the discussions, deliberations and the voting process. The minutes shall be classified and safeguarded.

## 7. Role & Responsibilities

The roles and responsibilities of the Board of Directors include but are not limited to the following:

- 7.1 Adopt the objectives, strategies, plans and policies of the Company, and that includes, at a minimum:
  - a. The vision and comprehensive strategy of the Company, major action plans, reviewing and guiding.
  - b. The optimal capital structure of the Company and its financial objectives.
  - c. Dividend Policy for cash, stock and/or in-kind distribution, which is in line with the interests of the shareholders and the company.
  - d. Performance objectives, monitoring the execution and the overall performance of the Company.
  - e. The organizational and functional structures of the Company including a periodical review.
- 7.2 Adopt annual budgets and interim and annual financial statements.
- 7.3 Oversee major capital expenditures for the Company and the ownership and disposal of assets.
- 7.4 Approve and ensuring the compliance of the policies and procedures that ensure respecting the company's applicable bylaws and internal regulations.
- 7.5 Ensure the accuracy and soundness of the information that should be disclosed and that is according to the applicable policies and laws of disclosure and transparency.
- 7.6 Establish effective channels of communication that enables the Company's shareholders to continuously and periodically be informed of the various activities of the Company and any substantial development.
- 7.7 Implement a corporate governance system for the company – which does not conflict with these rules – and monitor the effectiveness of its implementation
- 7.8 Monitor the performance of each board member and the executive management.
- 7.9 Prepare annual report to be recited in the AGM that shows the Company's implementation progress of the Corporate Governance rules and the extent of adherence to the same. This report should be included in the Company's annual report that summarizes the activities of the

Company and it should detail the extent of adherence to the rules through illustrating the rules not complied with and justifications for non-compliance.

7.10 Form the following mandated Committees by defining their authority, roles and responsibilities. Periodically monitor and evaluate the Committees.

- a. Nomination and Remuneration Committee
- b. Audit Committee
- c. Risk Management Committee

7.11 Ensure that the manuals and the policies of the company are transparent and clear. There exists a clear segregation of authorities between Board and Executive Management by

- a. Adopting regulations and internal control systems relating to the Company by defining roles, duties and responsibilities at different organizational levels.
- b. Adopting the delegation of authority entrusted to the executive management.

7.12 Define the authorities that are delegated to the executive management and the procedures of decision making and the duration of the delegation. The board also defines the topics that it retains the authority to decide upon.

7.13 Monitor and supervise the performance of executive management members and ensure that they perform the roles entrusted to them by:

- a. Ensuring that the executive management is operating according to the policies and regulations approved by the Board.
- b. Holding periodical meetings with executive management to discuss the course of action and any obstacles or issues and reviewing and discussing the important information related to the company's activity.
- c. Implementing performance standards for the executive management which is in-line with the objectives and strategies of the Company.

7.14 Define the remunerations that will be provided to the employees, such as fixed remunerations, performance remunerations and remunerations in the form of shares.

7.15 Appoint or dismiss of any member of the executive management, including the Chief Executive Officer (CEO) or anyone under him.

7.16 Ensure that succession programs and plans are in place.

- 7.17 Implement a policy organizing the relationship with stakeholders in order to protect their rights.
- 7.18 Implement a mechanism to organize dealing with related parties, in order to limit conflict of interest.
- 7.19 Ensure on a periodical basis the effectiveness and adequacy of internal control systems applicable in the Company and the subsidiaries, and that includes:
- a. Ensuring the soundness of the financial and accounting systems, including the systems related to preparing financial statements.
  - b. Ensuring the implementation of proper internal control systems by
    - i. Identifying the risks;
    - ii. Measuring the risks;
    - iii. Establishing an environment to limit risks;
    - iv. Maintaining transparency with stakeholders and related parties.

## 8. Other Key Responsibilities of the Board

The key responsibilities of the Board not limited to the following shall include:

- 8.1 The Board shall appoint a secretary from the company employees to be called 'Board Secretary'. The Board shall specify his duties in-line with the level of responsibility that he will be entrusted with. It is not permissible to appoint a secretary to the Board or remove him unless with a decision from the Board.
- 8.2 The Board shall recommend the name of the external auditor to the general assembly to be appointed thereupon.
- 8.3 The Board should appoint the Chief Internal Auditor and determine the roles and responsibilities of the Internal Audit Department.
- 8.4 The Board shall invite the General Assembly to convene whenever it is necessary. It is also required that the Board invites the General Assembly to convene based on a request specifying the reason, from shareholders holding at a minimum of 10% from the capital of the company or based on the request of the external auditor and that is within 15 days from the day of the request.
- 8.5 The extraordinary general meeting (EGM) shall meet at the invitation of the Board, or upon a reasoned request of shareholders representing 15% of the Company's issued capital or a



request of the Ministry. The BOD must call for the EGM to meet within 30 days from the date of submission of the request.

If the Board does not call the EGM during the period specified in the preceding paragraph, the Ministry shall call the meeting within a period of 15 days from the expiration of the date of the period referred to in the preceding paragraph.

8.6 Members of the Board and other persons who attend these Board meetings must maintain confidentiality on all documents they receive, on the contents of deliberations and on all confidential information of the Company and its customers, particularly operating and business information that are disclosed to them in the course of their work on the Board.

## 9. Obligations of the Board Members

- 9.1 The Board member should commit for disclosing to the Board of Directors about any direct or indirect mutual interest with the company.
- 9.2 The Board should commit itself to the code of conduct of the company and should not use their position or authority to their personal interest or to the interest of others.
- 9.3 The Board should commit itself to the Conflict of Interest and Related Party policies of the company and should not use their position or authority to their personal interest or to the interest of others.
- 9.4 Members of the Board and any of their relatives up to second degree shall not avail credit facilities of any type from the company. Board members of the Banking and Finance companies are exempted and should be in line with the standards established by the Central Bank of Kuwait.
- 9.5 The Board should commit in establishing adequate systems for disclosure and transparency.
- 9.6 Board members shall disclose their cross-directorship in other companies.
- 9.7 Board members shall attend training programs in line with training policy.

- 9.8 The Board should work on creating values inside the company in the short, medium and long term, by placing mechanisms and procedures that work to achieve the strategic objectives of the company, improve performance rates which contributes effectively to create the institutional values for the employees and motivates them to work continuously to maintain the financial safety of the company.
- 9.9 Board should put specific mechanisms and clear programs that assist in highlighting the Company rules in community service and disclose the CSR activities appropriately.
- 9.10 The Chairman and the members of the Board are responsible towards the Company, its shareholders and any third party for any acts of fraud or misuse of power, for any violations of the law and the Company Contract and any management errors.

A lawsuit for liability may not be precluded by a resolution of discharge of the members of the Board by the General Meeting. The members of the Board may not participate in the vote of the General Meeting regarding the discharge of their responsibility for their management or in decisions that pertain to a special benefit for them or their spouses or relatives of the first degree or relating to any dispute between them and the company.

## 10. Authority

- 10.1 The Board has the most extensive authority in the management of the company as per its objectives.
- 10.2 The above authority is subject to the limits, if any, specified in the applicable laws and regulations, Company's Memorandum and Articles of Association and resolutions of the General Assembly.
- 10.3 The Board may delegate its authority to other Board Committees (If any) and Chairman as it deems fit. Such delegation, however, does not restrict the overall authority of the Board in the management of the company.

## 11. Reporting

- 11.1 The annual report should include an undertaking from the board on the soundness and integrity for all financial statements and reports relating to the company's activity.
- 11.2 The Board should also design and disclose in the annual report, the company's communication strategy to promote effective communication with shareholders and encourage their effective participation at general meetings.
- 11.3 The members of the Board may not disclose to shareholders, other than through the General Meeting, or to any third parties any secrets of the company they come to know of during the course of their directorship, otherwise they shall be removed and be liable for any damages resulting from such violation.
- 11.4 The Board should consider how to use general meetings effectively to communicate with shareholders and allow reasonable opportunity for informed shareholder participation. Accordingly:
- The Company should arrange for the notice of the general meeting and related papers to be sent to shareholders at least 15 calendar days or other period determined by statute before the meeting.
  - The agenda for the ordinary and extra ordinary meetings of the AGM should be set by the Board of Directors.
  - The Board of Directors should present and discuss the Annual Report at the AGM.
  - The AGM must be convened at least once a year after the financial year end of the company in accordance with local laws and regulations.

## 12. Review of the Charter

The Board shall review and assess the adequacy of this charter and shall make any amendments it determines are necessary.