



The Audit Committee's Report

for the Fiscal Year ended on the 31 st of December 2019

In compliance with the implementation of the good governance rules, the Board of Directors formed an Audit Committee to support the Board in its supervisory role; and that is by verifying the adequacy of the Internal Control Systems, supervising the Internal Audit Processes, and ensuring the independence of the Company's External Auditor.

Committee's Formation:

- The Audit Committee was reformed on 14/05/2018, and it consists of (3) members, including:

S.N.	Name	Committee's Membership
1	Mr. Nawaf Abdullah Al-Refae	Committee Chairman
2	Mr. Haitham Tawfiq Al-Furaih	Member
3	Mr. Saleh Abdulaziz Al-Sarawi	Member
4	Mr. Ahmed Bader Al-Aslawi	Secretary

Committee's Meetings:

The Committee held 10 meetings during 2019.

Committee's Tasks:

- Recommend to the Board of Directors to approve the appointment of the Internal Auditor and determine his fees.
- Recommend to the Board of Directors to reappoint the External Auditors, determine their fees, and review their appointment letters.
- Follow-up with the External Auditors' work and ensure that they do not perform other work for the Company other than the services required by the audit profession.
- Study the External Auditors' notes on the Company's financial statements and follow up with what has been done in their regard.
- Study the applicable accounting policies; give its opinion; and provide recommendation to the Board of Directors in their regard.
- Assess the adequacy of the Internal Control Systems applied within the Company, and prepare a report containing the Committee's recommendations in this regard.
- Review the periodic financial statements and submit them to the Board of Directors, along with expressing its opinion and recommending their adoption.
- Review and approve the audit plans proposed by the Internal Auditor and make notes on them.
- Review the results of the regulatory authorities' reports and ensure that the necessary measures have been taken in their regard.
- Ensure that the Company complies with the relevant laws, policies, regulations and instructions.



The Committee's Achievements During 2019

During the fiscal year that ended on the 31st of December 2019, the Committee achieved the following tasks:

Financial Statements and Reports

Review the financial statements and reports before submitting them to the Board of Directors, express its opinion and give recommendations on them; and the following are the financial statements that are submitted to the Audit Committee:

- Financial statements for the periods ended on the 31st of March 2019.
- Financial statements for the periods ended on the 30th of June 2019.
- Financial statements for the periods ended on the 30th of September 2019.
- Financial statements for the year ended on the 31st of December 2019.

Internal Audit

- Review and approve the Internal Audit action plan.
- Discuss the Internal Audit Reports and the corrective actions taken by the Management for these notes.
- Supervise the Internal Audit work and follow up with the internal audit achievements.
- Appoint an independent external office to assess the Internal Audit.

Internal Control Systems

- Appoint an External Auditor to examine and assess the Internal Control Systems, and an independent auditor office was appointed to examine and assess the Company's Internal Control Systems.

External Auditor

- The Committee reviewed the services carried out by the External Auditors and it reviewed and confirmed the independence and objectivity of the External Auditors.
- The Committee met with the External Auditors and discussed the nature and scope of the audit work that they performed in accordance with the International Standards of Auditing (ISA), the International Financial Reporting Standards (IFRS) and other regulatory requirements.
- The Committee also discussed the accounting policies with the External Auditor.

Nawaf Abdullah Al-Refae
Committee Chairman



Corporate Governance Report

for the period ended on the 31 st of December 2019

First Rule:

“Building a Balanced Structure for the Board of Directors”

A Summary of the Board’s Composition as follows:

Name	Member Classification (Executive/ Non-Executive/Independent Member), Secretary	Educational Qualification and Practical Experience	Date of Election / Secretary’s Appointment
Fahad Abdullah Al-Saleh Chairman of the Board of Directors	Independent	Master of Business Administration (MBA) 20 years of experience	15/05/2016
Haitham Tawfiq Al-Furaih Vice Chairman	Non-Executive	Master of Business Administration (MBA) 16 years of experience	25/05/2016
Mansour Hamad Al-Mubarak Board Member	Non-Executive	Bachelor of Business Administration and Finance More than 30 years of experience	03/01/2011
Saleh Abdulaziz Al-Sarawi Board Member	Non-Executive	Bachelor of Business Administration in Information Systems (M.I.S) 16 years of experience	27/05/2012
Nawaf Abdullah Al-Refae Board Member	Independent	Bachelor of Business Administration - Marketing 23 years of experience	03/05/2017
Ziad Bin Fouad Al-Saleh Board Member	Non-Executive	Bachelor of Business Administration 23 years of experience	08/03/2012
Abdulaziz Zaid Al-Subaie Board Member & CEO	Executive	Bachelor of Finance 17 year of experience	03/05/2017
Ali Haroun Ibrahim Secretary	Secretary	Master of International Business Law 28 years of experience	13/05/2018



A Summary of the Company's Board Meetings Through the Following Statement: The Board's Meetings During 2019:

Member Name	Meeting No. (1/2019) held on	Meeting No. (2/2019) held on	Meeting No. (3/2019) held on	Meeting No. (4/2019) held on	Meeting No. (5/2019) held on	Meeting No. (6/2019) held on	Meeting No. (7/2019) held on	Meeting No. (8/2019) held on	Meeting No. (9/2019) held on	Number of Meetings
	31/3/2019	31/3/2019	9/05/2019	9/05/2019	24/07/2019	24/07/2019	7/11/2019	7/11/2019	29/12/2019	
Fahad Abdullah Al-Saleh	/	/	/	/	/	/	/	/	/	9
Haitham Tawfiq Al-Furaih	/	/	/	/	/	/	/	/	/	9
Abdulaziz Zaid Al-Subaie	/	/	/	/	/	/	/	/	/	9
Ziad Bin Fouad Al-Saleh	X	X	X	X	X	X	X	X	X	0
Mansour Hamad Al-Mubarak	/	/	X	X	X	X	/	/	X	4
Nawaf Abdullah Al-Refae	/	/	/	/	/	/	/	/	X	8
Saleh Abdulaziz Al-Sarawi	/	/	/	/	/	/	/	/	/	9

A Summary on the Application of the Registration, Coordination, and Maintenance Requirements for the Minutes of the Meetings of the Company's Board of Directors:

The Secretary, with the help of the Chairman of the Board of Directors, prepares the Board's agendas and sends invitations to the Board Members at least three days before the meeting; while providing them with all the documents and data proposed for discussion within the meeting's clauses. Afterwards, the Secretary records the minutes of the meetings and numbers it according to the meeting's convening date by year; he then records all the Board Members' decisions and discussions, records the results of the votes on the Board's decisions, and works on maintaining its documents, and then such documents will be signed and maintained by the Secretary and all the present members; provided that the information will be easily provided to the members who wish to access them. Furthermore, the Secretary provides information and coordination between the Board Members and the other stakeholders at the Company, including the shareholders and the Company's various managements.



Second Rule

Proper Identification of Tasks and Responsibilities

A Summary on How the Company Determines the Policy of the Functions, Responsibilities and Duties of Each Member of the Board of Directors and the Executive Management; In Addition to the Authorities and Powers Delegated to the Executive Management:

Tasks and Responsibilities

The Board of Directors adopted the Board's regulations, which explain in detail all of the Board's tasks, powers and specializations; as the Board adopted the job descriptions of the members of the Board of Directors and the Executive Management, which explain the separation of tasks and powers between the Board of Directors and the Executive Management in a manner that ensures the full independence and effectiveness for all the parties. In addition, the Company has a table for identifying the powers for approving the transactions; and the Board's main tasks include the following:

- Develop the Company's objectives, strategies, plans, and policies; its major business plans and financial structure and the Company's organizational and functional structures, while conducting periodic review on them.
- Approve the annual discretionary budgets and the interim and annual financial statements.
- Supervise the Company's main capital expenditures; as well as the ownership and alienation of shares and assets.

The Executive Management's Tasks and Responsibilities:

The Company's Executive Management, which is represented by the Chief Executive Officer and the Senior Executives performs a set of tasks that can be summarized as follows:

- Implement the general strategy and the detailed plans approved by the Board of Directors.
- Work on implementing all the Company's internal policies, regulations and systems approved by the Board of Directors.
- Develop an integrated accounting system that maintains books, records and accounts that reflect the financial statements and income accounts in a detailed and accurate manner; in order to maintain the Company's assets.
- Develop the Internal Control and Risk Management Systems; ensure the effectiveness and efficiency of these systems manage the day-to-day work, and conduct the activity; in addition to managing the Company's resources optimally and working on maximizing the profits and reducing the expenses; in line with the Company's overall objectives and strategy.
- Prepare periodic (financial and non-financial) reports on the development of the Company's activities in light of the Company's strategic plans and objectives, and submit such reports to the Board of Directors.
- Prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) approved by the Kuwaiti Capital Markets Authority.
- Active participation in establishing and developing a culture of ethical values within the Company.

Board's Report During the Year:

In 2019, the Board of Directors has performed many tasks, and the following is a statement of the Board's main achievements:

- Following-up with the Company's performance and what has been achieved from the strategic plan.
- Entering and exiting a number of local and regional investments and projects.



- Reviewing the Company's interim and annual financial statements.
- Reviewing and adopting the decisions of The Nominations and Remunerations Committee and The Audit and Risk Committee.
- Reviewing and discussing the reports prepared by the Management.
- Reviewing and updating the Company's organizational structure according to the governance requirements.
- Ensuring that the Company complies with the laws and legislations related to the Company's activities.
- Discussing the risks facing the Company's business and the acceptable risk level.
- Following-up with the application of the corporate governance instructions.
- Studying the investment opportunities to diversify the Company's income sources.
- Exiting from the non-profit projects.

A Summary on the Application of the Board's Requirements for the Formation of Specialized Independent Committees; Taking into Account the Following:

In line with the CMA's 15th book "Corporate Governance", the Board of Directors has formed each of the following committees: The Audit Committee, The Risk Committee and The Nominations and Remunerations Committee.

First: Audit Committee

The Audit Committee consists of three non-executive members, including an independent member, and it is mainly responsible for reviewing the periodic financial statements before submitting them to the Board of Directors and giving opinions and recommendations on them; in order to ensure the fairness and transparency of the financial reports; as the Board of Directors delegates the Committee with responsibilities, powers and tasks related to the technical supervision of the Internal Audit Management in the Company; in order to verify its effectiveness in carrying out the work and tasks specified by the Board of Directors.

Among the Committee's Achievements:

- Reviewing the quarterly and annual financial statements and reports before submitting them to the Board of Directors and giving opinions and recommendations on them.
- Reviewing and approving the internal audit action plan.
- Discussing the internal audit reports and the Management's corrective actions on these notes.
- Supervising the internal audit work and following up with the internal audit achievements.
- Appointing an independent external office to assess the internal audit.
- Appointing an independent external auditor to make the internal control report.
- Following-up with the Company's compliance with the relevant laws and legislations.

The Audit Committee was reconstituted on 14/05/2018 and its validity is related to the current Board's term, and it consists of (3) members, namely:

Mr. Nawaf Abdullah Al-Refae	Committee Chairman
Mr. Haitham Tawfiq Al-Furaih	Member
Mr. Saleh Abdulaziz Al-Sarawi	Member
Mr. Ahmed Bader Al-Aslawi	Secretary

The Committee held (10) meetings.



Second: Risk Committee

The Risk Committee consists of three non-executive members, and it is mainly responsible for establishing effective internal control systems to monitor the integrity and accuracy of financial statements and the efficiency of the Company's business; in addition to assessing the compliance with the regulatory controls; as the Board delegates the Committee's responsibilities, powers and tasks that are related to identifying, assessing and monitoring all of the Company's risks and developing solutions for them; along with developing policies and regulations for the Risk Management in line with company to avoid occurring of risk.

Among the Committee's Achievements:

- Appointing a specialized risk management company.
- Approving the plan submitted on the risks and submitting it to the Board of Directors for approval.
- Submitting periodic reports to the Board of Directors on the nature of the risks faced by the Company.
- Reviewing the organizational structure and making recommendations about it, and then submitting it to the Board.

The Risk Committee was reconstituted on 04/11/2018 and its validity is related to the current Board's term, and it consists of (3) members, namely:

Mr. Saleh Abdulaziz Al-Sarawi	Committee Chairman
Mr. Nawaf Abdullah Al- Refae	Member
Mr. Haitham Tawfiq Al-Furaih	Member
Mr. Ahmed Bader Al-Aslawi	Secretary

The Committee held (4) meetings.

Third: Nominations and Remunerations Committee

The Nominations and Remunerations Committee consists of three members; one of which is an independent member and it is chaired by a non-executive Board Member. This Committee is responsible for preparing recommendations regarding the nominations for the Board Members and Executive Management positions, along with providing remunerations on the policies and regulations governing the award of compensations and remunerations.

Among the Committee's Achievements:

- The Committee approved the succession plan.
- Development of the job descriptions for the executive, non-executive and independent members.

The Nominations and Remunerations Committee was constituted on 01/11/2018 and its validity is related to the current Board's term, and it consists of (3) members, namely:

Mr. Fahad Abdullah Al-Saleh	Committee Chairman
Mr. Mansour Hamad Al-Mubarak	Member
Mr. Abdulaziz Zaid Al-Subaie	Member
Ms. Shereen Abdelrahman Al-Abdullah	Secretary

The Committee held (2) meetings.



Third Rule

“Selection of Competent Persons for the Membership of the Board of Directors and the Executive Management”

- **A Summary on the Application of the Requirements for the Formation of the Nominations and Remunerations Committee:**
The Nominations and Remunerations Committee works on completing the Committee’s requirements by establishing a clear remuneration policy for the Board of Directors and the Senior Executives, and identifying the different segments for the remunerations to be awarded to the employees; in addition to conducting a periodic (annual) review for the remuneration awarding policy, and assessing its effectiveness in achieving its desired objectives.

- **Report on the Remunerations awarded to the Board Members and the Executive Management**

The Chairman of the Board of Directors of the General Assembly of the Company shall report on all transactions with senior management employees and Board Members, which shall include the awards granted to Board Members and Executive Management, and the General Assembly of the Company shall approve such transactions and the awards granted to board members and Executive Management.

Fourth Rule

“Ensuring the Integrity of the Financial Reports”

- **Written Undertakings from Both the Board of Directors and the Executive Management Regarding the Safety and Integrity of the Prepared Financial Reports:**

Mashaer Holding Company is keen on the integrity and safety of the financial statements before the shareholders and the regulatory authorities; as the Executive Management and the Financial Management have signed undertakings for the validity and integrity of these statements. Furthermore, the financial statements integrity and safety undertaking has been approved and signed by the Board members for the fiscal year ended on the 31st of December 2019.



The Finance Manager`s Acknowledgment of the Financial Statements` Integrity

As the Senior Manager – Finance Department of the Mashaer Holding Company, I, Anwar Ul-Haq Abdul Haq, acknowledge that I have viewed the financial statements of the Mashaer Holding Company (K.S.C. – Public) for the fiscal year ended on the 31st of December 2019. Based on the information in my possession, the financial statements and information contained in this report are shown in a fair manner in terms of all the material aspects; in addition to the reports related to the Company`s activity.

This is my acknowledgment in this regard.

Senior Manager – Finance Department

(Signed)



The Executive Management's Acknowledgment of the Financial Statements' Integrity

As the CEO and member of the Board of Directors of the Mashaer Holding Company, I, Abdulaziz Zaid Al-Subaie, acknowledge that I have viewed the financial statements of the Mashaer Holding Company (K.S.C. – Public) for the fiscal year ended on the 31st of December 2019. Based on the information in my possession, the financial statements and information contained in this report are shown in a fair manner in terms of all the material aspects; in addition to the reports related to the Company's activity.

This is my acknowledgment in this regard.

CEO and Board Member

(Signed)



Corporate Governance Report 31st of December 2019

Ensuring the Integrity of the Financial Reports

Board's Acknowledgement:

We, the Chairman and Members of the Board of Directors of the Mashaer Holding Company, acknowledge and undertake the accuracy and integrity of the Company's consolidated financial statements that have been provided to the External Auditor; and that the Company's financial reports have been submitted properly and fairly in accordance with the International Financial Reporting Standards (IFRS) applied in the State of Kuwait and approved by the Kuwait Capital Markets Authority; and that these reports reflect the Company's financial position as of the 31st of December 2019, based on the information and reports received by the Executive Management and the Independent External Auditor and the due diligence exercised to verify the integrity and accuracy of these reports.

Member Name	Position	Signature
Fahad Abdullah Al-Saleh	Board Chairman Independent Member	(Signed)
Haitham Tawfiq Al-Furaih	Board Vice-Chairman Non-Executive Member	(Signed)
Abdulaziz Zaid Al-Subaie	Board Member & CEO Executive Member	(Signed)
Mansour Hamad Al-Mubarak	Board Member Non-Executive Member	(Signed)
Nawaf Abdullah Al-Refae	Board Member Independent Member	(Signed)
Saleh Abdulaziz Al-Sarawi	Board Member Non-Executive Member	(Signed)



- **A Summary on the Application of the Requirements for the Formation of the Audit Committee:**
The Board of Directors formed the Audit Committee in accordance with the requirements of the 15th Book of Corporate Governance issued by the CMA, and the Committee has held 10 meetings to date.
- **In the Event of a Conflict Between the Audit Committee's Recommendations and the Board's Decisions, a Statement will be Included Detailing the Recommendations and the Reason(s) Behind the Board's Decision not to Comply thereto:**
There is no conflict between the Audit Committee's recommendations and the Board's decisions.
- **Confirmation of the Independence and Impartiality of the External Auditor:**
The Audit Committee made a recommendation to the Board of Directors to appoint an External Auditor and confirmed his independence and impartiality.

Fifth Rule

“Development of Sound Internal Control and Risk Management Systems”

- **A Brief Statement on the Application of the Requirements for the Formation of an Independent Department/Office/Unit for the Risk Management:**
An independent Risk Management Department has been formed under the Risk Committee and a specialized consulting firm has been appointed to study and assess the Company's activities and risks; as it submits its reports to the Risk Committee, which in turn makes recommendations to the Board of Directors in order to avoid their occurrence.
- **A Summary on the Application of the Requirements for the Formation of the Risk Committee:**
The Risk Management Committee aims to assist the Board of Directors in supervising the matters related to the current and future activity risks; as the Committee reviewed the periodic reports and confirmed that the corrective procedures were taken; and it reviewed the reports issued by the specialized external company that was contracted to manage the risks of the Company's activities; as it submitted its recommendations to the Board of Directors for approval and adopted some mechanisms to avoid risks.
- **A Summary on the Internal Control and Regulatory Systems:**
The Company has internal control and regulatory systems covering all its activities, which work on maintaining the integrity of the Company's financial position and the accuracy of its data; and that is through the existence of approved organizational structures that are based on the principle of separation of tasks and prevent the conflicts of interest. Furthermore, the Company has policies manuals and business procedures that clearly determine the tasks and responsibilities, and the Company has entrusted one of the independent audit offices to conduct the examination and assessment of the internal control systems for all of the Company's managements.
- **A Brief Statement on the Application of the Requirements for the Formation of an Independent Department/Office/Unit for the Internal Audit:**
An Internal Audit Unit has been established following the Audit Committee directly, along with contracting with one of the competent audit companies; in order to carry out the internal audit work on the Company's managements according to the approved plan; and then the Unit submits its reports to the Committee, which meets with the Internal Auditor on a periodic basis, and then the Committee submits its recommendations to the Board of Directors.

Sixth Rule

“Promoting Professional Conduct and Ethical Values”

- **A Summary on the Labor Charter, which includes the Standards and Determinants of the Professional Conduct and Ethical Value:**
The updated Labor Charter has been adopted within the Company to promote a culture of professional conduct



and corporate and ethical values, through the development of key guidelines representing the Company's policies in accordance with the governance rules. The Labor Charter aims to promote honest ethical conduct that reflects positively on the Company and maintains the institutional environment that preserves the value and integrity of each individual and provides an appropriate and effective work environment under the umbrella of the governance rules.

The Charter ensures compliance with the laws, rules and systems governing the Company's activities and operations, and it ensures the proper use of the Company's assets, in addition to developing teamwork, establishing the employee's loyalty to the Company, and ensuring the retention of the experienced and competent employee; as these standards included the rules and ethics of conduct and explained how managers, officials or employees handle the Company's stakeholders or the public dealing with the Company. Furthermore, the Labor Charter included all the instructions that must be followed by the members of the Board of Directors and the Executive Management and the Company's employees; in order to achieve the interests of the Company, and its shareholders and stakeholders.

- **A Summary of the Policies and Mechanisms on the Reduction of the Conflicts of Interest Cases:**

Within the framework of the Board Members' keenness on ensuring the reliability, integrity and transparency of the shareholders' interests and to avoid actual conflicts of interest in the personal and professional relations between them, the Company adopted a conflict of interest policy and reviewed the policies of the dealings with the relevant parties in accordance with the nature of the Company's business and the regulatory developments in the markets. The Company adopted a general policy to report any violations or infringements, and this policy ensures that the Company's employees can report their complaint in relation to any improper practice by applying the appropriate mechanisms; in order to allow an investigation to be conducted in these matters, while ensuring that the amount is protected to avoid any adverse reaction or harm when reporting this practice.

Seventh Rule

“Accurate and Timely Disclosure and Transparency”

- **A Summary on the Application of the Accurate and Transparent Submission and Disclosure Mechanisms that define the Disclosure's Aspects, Fields and Characteristics:**

In compliance with the disclosure and transparency policy adopted by the Board to enhance the mechanisms of accurate disclosure of all the fundamental issues related to the Company's performance and financial position, the Company's relevant managements verify the Company's disclosure of the essential information and the information that the Company is legally committed to disclose to the Bursa Kuwait and the Capital Markets Authority; in addition to the disclosure through the Company's website, and all that is contained in the annual reports, the interim financial statements, and the information related to the Company's activities.

- **A Summary on the Application of the Requirements for the Disclosure Register of the Members of the Board of Directors and the Executive Management:**

The Company is obliged to follow the corporate governance rules regarding the Board Members and Executive Management declarations in this issue, declaration records has been effective through investors affairs unit; as the register can be viewed by all of the Company's shareholders. The Investors Affairs Unit is keen on updating the data of this register periodically to reflect the reality of the situation of the involved parties.

- **A Brief Statement on the Application of the Requirements for the Formation of the Investors Affairs Management Unit:**

The organizational structure includes the Investors Affairs Management Unit, which is responsible for providing the data, information and reports needed by the prospective investors through the accepted disclosure methods, including the Company's website.

- **A Brief Summary on the Development of the IT Infrastructure, and the Heavy Reliance thereon in the Disclosure Processes:**

The Investors Affairs Management Unit page was created on the Company's website entitled «Investor Relations» as it provides information and data about the Company and various reports that may be needed by the Company's shareholders, the economists and the current or prospective investors.



Eighth Rule “Respect for Shareholders’ Rights”

- A Summary on the Application of the Requirements for the Identification and Protection of the Shareholders’ General Rights, in order to ensure Justice and Equality among all the Shareholders:

The Company is committed to its responsibilities towards the shareholders; as it adopts the corporate governance standards; due to its belief that the proper application of the corporate governance enhances the confidence of its shareholders and others; as the Company treats all the shareholders equally without discrimination and it does not block any of the shareholders’ information or rights by any means. The Company adopts a special shareholders rights protection policy that shows the role of both the Board of Directors and the Executive Management in protecting the shareholders’ rights and ensuring that all the shareholders enjoy the same voting rights and the same treatment and have access to all the voting information, while giving them the opportunity to discuss it with the Board of Directors and ask it about any tasks or actions carried out by the Board.

- A Summary on the Establishment of a Special Register to be kept at the Clearing Agency, within the Requirements for Continuous Follow-up with the Shareholders’ Data:

The Company contracts with the Kuwaiti Clearing Company; in order to keep the shareholders’ names, nationalities, and homelands, and the number of shares owned by each of them; as the Company’s shareholders can view their contribution register, and the data contained in the mentioned register will be dealt with in accordance with the highest protection and confidentiality levels.

As for the strategic shareholders, they will disclose any changes in their shares to the Company and the Boursa Kuwait.

- A brief Summary on How to Encourage the Shareholders to Participate and Vote in the Meetings of the Company’s Assemblies:

The Company follows a set of procedures that allow the shareholders to participate, discuss and vote in the Company’s Ordinary and Extraordinary Assembly meetings, as follows:

S.N	Procedure	Tool
1	Publish (4) invitation announcements to attend the General Assembly at intervals.	Press Announcements
2	The General Assembly’s date will be announced on the Company’s website.	Website
3	Achieve direct communication with the shareholders to confirm their attendance, and provide them with the necessary and relevant financial statements regarding these meetings.	Phone Calls

Ninth Rule “Recognition of the Stakeholders’ Role”

- A Brief Summary on the Systems and Policies that ensure the Protection and Recognition of the Shareholders’ Rights:

The Company adopted an internal policy and regulations to protect the stakeholders’ rights in all its internal and external transactions; in line with the laws and instructions issued by the relevant regulatory authorities; as the Policy clarified who are the parties whose interests conflict with the Company, and the roles and responsibilities that the members of the Board of Directors and the Executive Management are committed thereto under this policy.



This Policy also clarified the role played by the Company's Conformity and Compliance Management in verifying the adequacy of the systems and mechanisms and their ability to detect conflicts. This Policy also demonstrated the role played by the Secretary in coordination with the Internal Audit Management towards the responsibility of pursuing the implementation of the Conflicts of Interest Policy. Furthermore, the Policy also explained how to disclose the conflicts of interest and verify their existence, and the Board's Secretary keeps a record of conflicts of interest.

- A Brief Summary on How to Encourage the Stakeholders to Participate in the Follow-up with the Company's Various Activities:

The Company follows a series of procedures that allow the stakeholders to follow up with the Company's various activities, through press releases and the news to be included on the website.

Tenth Rule

“Performance Enhancement and Improvement”

- A Summary on the Application of the Requirements for the Development of Mechanisms that Allow the Members of the Board of Directors and the Executive Management to Receive Continuous Training Programs and Courses:

Through its strategic plan, the Company aspires to train the members of the Board of Directors and the Executive Management in training programs and workshops; in order to achieve their desired goals towards the Company in accordance with the CMA requirements. To this end, the Company organized a training course for the Board Members; in order to raise their efficiency in relation to their business tasks as Board Members.

- A Summary on How to Assess the Board's Performance as a Whole, and the Performance of Each Member of the Board of Directors and the Executive Management:

The Company prepared the mechanisms for assessing the members of the Board of Directors and the Executive Management; and that is by developing a set of objective performance measurement indicators that are related to the extent to which the Company's strategic objectives are achieved.

- A Summary on the Board's Efforts in Creating the Institutional Values for the Company's Employees:

The Company has policies and procedures that contribute in achieving the strategic objectives and promoting the employees' institutional values; in order to contribute in maintaining the Company's financial integrity.

Eleventh Rule

“Focus on the Importance of Social Responsibility”

- A Summary on the Development of a Policy that Ensures the Achievement of a Balance Between the Company's Objectives and the Community's Objectives:

For quite some time, the Mashaer Company has always been proactive in carrying out many initiatives in the social responsibility field, and the Company's Board has adopted a Social Responsibility Policy that aims to achieve a balance between the Company's objectives and the objectives that the community seeks to achieve; as the Mashaer Company seeks to improve the skills of its employees and develop their performance in a manner that suits the requirements of their jobs. Furthermore, the Company seeks – through the Human Resources Management – to obtain the resumes of the job seekers; in order to choose those who meet the required conditions to fight unemployment.

As part of its community initiatives, the Company makes field visits to orphanages or nursing homes from time to time; in order to provide them with moral support and inform them that others feel them, along with providing them with some souvenirs.

Fahad Abdullah Al-Saleh

Chairman of the Board of Directors