



BOARD OF DIRECTORS CHARTER

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Glossary

Term	Definition
The Company or Mushrif	Mushrif Trading and Contracting Company
AOA	Articles of Association
The Chairman	Chairman of the Board of Directors
BOD or the "Board"	Board of Directors
BNRC	Board Nomination and Remuneration Committee
BAC	Board Audit Committee
BRC	Board Risk Committee
CEO	Chief Executive Officer
Executive Management	CEO of the Company, his/ her deputies and other positions within the "C" level (i.e. CFO)
CMA	Capital Market Authority

Board of Directors

1. Purpose and Mission

The Board of Directors (hereinafter the "BOD or the "Board") is responsible for the stewardship of Mushrif Trading and Contracting Company ("Mushrif" or "the Company") and providing effective leadership to supervise the management of the Company's business affairs to grow value in a profitable and sustainable manner as well as making all major policy decisions of the Company.

This charter identifies the responsibilities of the Board, both individually and collectively, and tasks delegated to Board Committees and Executive Management. For the purpose of enforcement of this charter, this document herewith shall constitute and be construed as binding on the members of the Board and shall govern their performance accordingly.

This charter has been prepared in line with the CMA regulations related to Corporate Governance and other related regulatory requirements and is considered as part of the Company's Corporate Governance Framework.

Wherever the provisions of this charter contradict with any newly issued statutory or regulatory requirements, the statutory and regulatory requirements will take precedence over the provisions of this charter till the charter is properly updated and approved.

2. Scope of Authority

The constitution of the Board will be governed by the Company's Memorandum and Articles of Association. This constitution authorizes the Board, within the scope of its responsibilities, to:

1. Perform activities within the scope of its Charter
2. Have unrestricted access to the Company's management, employees and relevant information. The Board may seek any information that it requires from any employee of the Company in coordination with Executive Management unless such coordination will negatively affect the purpose for this access.
3. Engage with an independent counsel and other independent professional advisors, as it deems necessary to carry out advisory duties.

4. The Board may delegate parts of the tasks related to its' role to board committees, certain function / executive committee within the Company, however, it may not delegate its ultimate responsibility for the decisions taken by these Committees /functions / executive committees.

3. Board Accountability

The Board is ultimately accountable and responsible for the affairs and performance of the Company. The Board's primary responsibility is to provide effective governance over the Company's affairs for the benefit of its shareholders and to balance the interests of its stakeholders and ensure that financial statements prepared, accurately disclose the Company's financial position. In all actions taken by the Board, board members are expected to exercise their business judgment in what they reasonably believe to be the best interest of the Company.

4. Membership

Qualifications and Requirements

Member qualifications below should also be considered based on the AOA of the Company, CMA Corporate Governance Regulations and other applicable regulations:

1. The candidate/member should possess the knowledge and skills required to provide leadership by setting the vision, principles, values and strategic plan, and to supervise management to ensure maximization of shareholder wealth.
2. The members should be able to commit time and effort necessary to fulfil all Board membership responsibilities, including a review of required reports, assessment of relevant performance, and attendance of meetings, as described in various sections of this Charter.
3. The Board collectively should have diversified backgrounds and experiences and specialized skills which would contribute in enhancing efficiency in decision-making. Members should hold characteristics such as integrity, enthusiasm, strong leadership traits, ability to work as a team member, and also eagerness and commitment to work for the benefit of the Company, in line with the Company's overall vision and the Company's Code of Ethics.
4. All candidates should meet the following conditions:
 - Be legally competent.
 - Not to have been convicted of a felony or imprisonment for committing a

crime or bankruptcy or fraud or breach of honor or dishonesty or imprisoned for crimes related to violation of the companies law unless such crimes were cleared.

- To be of ownership “personally or representatively” to a number of the Company’s shares. (This condition does not apply to independent members).

Should the member fail to fulfill any of the stated conditions the membership is withdrawn from the date of obstructing the condition

5. The Board member shall not:

- Hold positions in more than 5 shareholding companies located in Kuwait at one time.
- Hold a board membership in a similar or a competitive company.
- Be a Chairman in more than one Shareholding Company located in Kuwait.

6. The Board shall approve the nomination criteria of the Company’s representatives in the BOD of subsidiaries and investments.

Composition

1. The Board shall establish a transparent nomination process which is managed by the Board Nomination and Remuneration Committee.
2. The Company’s board may comprise of a combination of members falling within the following categories:

Executive Member

A member appointed by the Board to manage an executive activity(ies) of the Company in accordance to authorities granted to him/ her by the Board in addition to his/ her involvement in Board related matters.

Non-Executive Member

A member who is only involved in Board related matters and not involved in the managing any of the executive activities of the Company.

Independent Member

The independency of Board members is violated in the following cases:

- ✓ The member owns 5% or more from the share of the Company that he is candidate to be a board member of.

- ✓ The member is a first degree relative to any of the Board members or the executive management in the Company or any company within its group or any of the key related parties.
 - ✓ The member is a Board member in any company within the group.
 - ✓ The member is an employee in in the Company, any company within the group or any of the stakeholder.
 - ✓ The member is an employee in an entity which holds a controlling share in the Company.
3. The majority of the Board members shall be "Non-Executive" members and the Board should include at least one independent member and should not exceed 50% of the number of Board's members.
 4. The number of members should be sufficient to form the necessary number of board committees according to the Corporate Governance Rules issued by the CMA.
 5. Members of the Board of Directors shall be secretly elected for a period not exceeding 3 years renewable. Each shareholder; individual or institutional may appoint a representative in the BOD at the same percentage of ownership thus the number of assigned members will decrease as to the number of members elected.
 6. The shareholders that appoint its representatives in the Board of directors may not vote for selecting other members of the Board of directors, except for the extent which was used for the election. It is allowed for a group of shareholders to ally together and appoint one or more representatives in the Board with the percentage of ownership combined. The appointed representatives will possess the same rights and responsibilities as to elected members and the shareholder will be held responsible of the acts of its representatives towards the Company, its creditors and shareholders.
 7. The Board shall elect by secret ballot a Chairman and a Deputy Chairman for the full term of the Board.
 8. ~~The Chairman shall not hold or hold the position of the Chairman and CEO at the same time.~~
 9. If the post of one Board member becomes vacant, he/she shall be succeeded by whoever attained most votes of the shareholders who did not gain membership of the Board. If an impediment arises, the one who comes next shall succeed him/

her. The new member will continue the term of his predecessor only.

10. In case one quarter of the Board positions become vacant, the Board should call a General Assembly meeting within a period of 2 months from the last vacancy date to elect/ appoint replacement members.

Resignation

A Board member may resign from the Board on condition that appropriate timing and conditions are agreed with the Chairman. The general assembly may decide to change the Chairman or any of the Board members based on the recommendation of the absolute majority of the Board or a written request from shareholders holding at least 25% of the Company's shares.

5. Board Secretary

1. The Board Secretary shall be accountable to the Board through the Chairman on all matters relating to his/her duties as an officer of the Company.
2. The Board of Directors appoints/remove the Board Secretary.
3. The Secretary shall be appointed from the Company's employees by the Board.
4. The Board shall determine the remuneration of the Board Secretary.
5. The Board Secretary roles and responsibilities are documented and detailed in his/her respective Job Description document. The BOD Secretary's qualifications and experience shall be sufficient to handle assigned roles and responsibilities.

6. Quorum and Meetings

Meetings

1. The Board should meet at least six (6) times annually as minimum, with meetings taking place at least once in each quarter to enable it to discharge its responsibilities effectively.
2. The Chairman may call for emergency meetings based on the written request of two members, whenever requested. The Board may also call for meetings based on the request of Board Committees or Executive Management if needed.
3. Board meeting shall be considered invalid if not attended by at least half of the board members.
4. A new meeting shall be convened by the Chairman, if the quorum of the meeting has not been attained.

5. The Board Secretary shall call for the meeting and prepare the meeting agenda based on the instructions of the Chairman. The Board Secretary should coordinate with the Board members if they have items that they want to discuss in the meeting
6. Board members may suggest items for discussion during the meeting that were not included in the meeting agenda with the approval of the Board. Other Board members maintain their rights to postpone the decision on these items if they believe that additional information is required.
7. The meeting agenda along with the meeting information pack should be circulated at least 3 working days before the meeting's date excluding emergency meetings that is to enable members of the Board sufficient time to review the issues raised and take appropriate decisions. The Board shall approve the items of the meeting agenda during the meeting. Should any member object to any of the agenda items, such objection should be documented in the minutes of meeting accordingly.
8. The Board secretary shall maintain the Board's meetings register which includes all minutes of meetings with sequential numbers for the year the meetings were incurred, meeting venue, date, starting and ending time of each meeting.
9. The minutes of meetings should reflect all discussions and deliberations including voting, objectives and other ideas or thoughts. Minutes should be coded and stored for easy reference.
10. The minutes of meeting shall be promptly circulated to all members who attended the meeting. Once approved/ signed, the final minutes shall be circulated to all board members. The members who attended the meeting as well as the BOD secretary shall sign each and every page of the minutes of that board meeting.
11. A meeting of the Board may be held by various telecommunication means.
12. In urgent cases, the Board can approve the decision via circulation. In these cases, meeting of the Board shall be deemed valid.
13. The BOD may invite any member of the Executive Management, internal or external parties while discharging it's duties.

Resolutions

1. Board resolutions are decided by a majority vote of the attendees.
2. In case of a tie in the number of votes, the Chairman or his representative who is acting in the Chairman's capacity shall have a casting vote. Objections of

members should be recorded in the minutes of the meeting for future reference/potential resolution.

7. Board Responsibilities

The Board is responsible for setting up the Corporate Governance framework of the Company and monitors the effectiveness of implementing this framework in a way that protect the stakeholders' rights and maximize the corporate values.

The Board shall form it's committees and approves the charters which regulate the committees' duration, composition, responsibilities and more. The committees should report to the Board on its activities, findings or decisions in absolute transparency.

The Board shall form the following committees a minimum to take on the assigned roles and duties, the Board may decide to form additional committees deemed necessary according to Company's needs, activities and nature of work:

- Board Risk Committee
- Board Audit Committee
- Board Nomination and Remuneration Committee

The Board ensures that a sufficient number of non-executive board members are appointed in the formed committees.

The committees are held responsible for its activities to the Board, nonetheless the Board is not exempted from its oversight responsibility over the committees activities.

In this mean, the Board supported by its committees is responsible for the following:

Strategy, Policies and Planning

1. Set the strategic direction to Company by approving the Company's strategy, vision, mission, policies and objectives.
2. Review and approve the Company's business plans, significant company policies and the inherent level of risk in these plans in coordination with Board Risk Committee.
3. Approve the capital structure of the Company and set the financial objectives.
4. Approve a clear dividend policy setting different types of dividends, cash or securities, while ensuring the interests of shareholders.
5. Approve relevant Key Performance Indicators and monitor the overall performance of the Company.

Finance and Audit

1. Approve the annual budgets based on the recommendations of BAC.
2. Approve the annual and periodic financial statements.
3. Monitor the implementation progress of strategic plans and budgets.
4. Monitor the major capital expenditures of the Company and the process of acquiring and disposing assets.
5. Ensure that the Company maintains adequate levels of capital and reserves, according to sound commercial practices and applicable regulations.
6. Ensure the soundness of the financial and accounting systems and reports.
7. Nominate the External Auditor to the General Assembly and review Audit Reports from the External Auditor.
8. Discuss with the Board Audit Committee matters relating to internal audit, compliance, external audit, and financial statements related disclosures.
9. Submit to the General Assembly recommendations on dividend distribution.

Governance, Compliance and Risk Management

1. Approve the designed Corporate Governance Framework including, but not limited to, related policies, charters and other documentation. The Board shall also, through related stakeholders, conduct a comprehensive review of the framework on an annual basis and decide whether any enhancements are needed.
2. Approve the organizational structure of the Company defining roles, responsibilities, specializations and duties amongst different organizational levels. The structure should be clearly delineated, and reporting lines completely transparent to promote full disclosure
3. Ensure the existence of documented policies and procedures to govern the operation of the Company and approve the same.
4. Prepare an annual report to be recited at the annual general assembly including the requirement and procedures adopted to fulfil governance requirements and the Company's extent of compliance. The report is to be embedded in the annual report that is prepared regarding the Company's activities and should highlight pillars that the Company complies with and those that the Company is not in compliance with along with proper justification for non-compliance.
5. Periodically review any material legal cases brought by or against the Company.

6. The Board, in coordination with Board Risk Committee, is responsible to review the Company's Risk Management Framework.
7. The Board shall ensure that the Company has comprehensive management reporting programs through which the Board and Executive Management regularly receive information on the Company's risk exposures from business units, the Risk Management function and Internal Audit.
8. Approve the Business Continuity Plan and review its adequacy on an annual basis.
9. Review and approve the succession plan in coordination with the Board nomination and remuneration Committee.

Control Environment

1. Supervise and ensure proper implementation of internal control and risk management systems, mainly through the Board Audit Committee and Board Risk Committee.
2. Approve the appointment of the Head of Audit and the Head of Risk Management Function.
3. Ensure that the Internal Audit Department and the Risk Management Department are functioning adequately and independently in line with the risks faced by the Company.
4. Demonstrate that the Risk Management and Internal Audit functions are adequately resourced, independent of business lines and run by individuals not involved with the day-to-day running of the various business areas.
5. Ensure on a regular basis the effectiveness and comprehensiveness of the internal control system that is applied within the Company and its subsidiaries.

Responsibility to Shareholders

1. The BOD should ensure that a proper mechanism is in place to provide timely information to shareholders to enable them to take appropriate and informed decisions.
2. Ensure the fair treatment of all shareholders in accordance with the regulations.
3. Conduct the Annual General Assembly within 3 months from the last date of the Company's financial year based on the Board invitation and after obtaining approval from the relevant authorities.

4. The agenda of the General Assembly should be compiled by the Board Secretary according to the regulatory rules and requirements.
5. Board members are encouraged to attend the Annual General Assembly Meeting to respond to shareholders queries.

Relationship between the Board of Directors and Management

1. Although the Board is primarily responsible for overseeing the Company's affairs, the Board should not be managing the day-to-day operation of the Company.
2. The Board should review and discuss reports by Executive Management on the performance of the Company, its plans and products. Meetings with the Executive Management should be scheduled whenever deemed necessary in coordination with the CEO.
3. The Board is responsible to appoint and dismiss any of the Executive Management team including the CEO.
4. The Board through the Board Nomination and Remuneration Committee should approve the nomination criteria for the Executive Management positions.
5. The Board is responsible to evaluate the performance of the CEO as well as reviewing the results of the performance evaluation conducted by the CEO for the Executive Management working under his/her supervision in an annual basis.
6. Performance Evaluation should be based on clear performance evaluation guidelines that are approved by the Board.
7. The Board shall approve the authority limits to Executive Management, decision making procedures and the delegation duration. The Board also defines the topics of which it excluded from delegation.
8. Approve the annual remuneration structure in coordination with Board Nomination and Remuneration Committee.

Board Performance Assessment and Remuneration

1. Under the auspices of the Chairman, and through the Board Nomination and Remuneration (BNRC), the Board shall conduct, at least annually, a self-evaluation of its performance as well as the performance of each Committee which will address its composition, responsibility, structure, processes and effectiveness in accomplishing its remits and responsibilities.
2. This evaluation shall be based on an approved assessment matrix.

3. Each director shall provide his/her self-assessment evaluation to the Board. The Board shall ensure that the BNRC is effectively taking its role in administering the BOD and Board Committees assessment process and communicating related results to the Board. The results of the assessment should be discussed during the first meeting following the completion of the assessment.
4. The Board remuneration and related disclosures shall be governed by the Company's approved **Remuneration Policy** and **Disclosure Policy**.
5. The BNRC shall recommend training courses based on development needs identified during the assessment process. The Board members should always be keen to develop their skills and competencies through attending training courses as well as awareness and development sessions on key technical and non-technical subjects.
6. More details regarding the Board assessment and remuneration process are detailed in the approved **Board Nomination and Remuneration Committee Charter** and the **Remuneration Policy**.)

Conflict of Interest

1. The Board should approve policies and procedures to identify and manage potential conflicts of interest including matters such as related party transactions, the misuse of assets belonging to the Company, and the use of privileged information for personal advantage
 2. All potential and actual (if occurred) conflict of interest incidences should be discussed in the Board meetings and documented in the minutes of meeting. Any transaction involving conflict of interests must be authorized by the Board of Directors and the AGM where required and must be disclosed in the Conflict of Interest Register maintained by the Board Secretary (for more details, refer to the Company's approved **Conflict of Interest Policy**).
8. Code of Conduct for Directors
1. Each director understand that under the Company Law he/she is personally accountable to the Company and the shareholders if he/she violates his/her legal duty of loyalty to the Company, and that he/she can be personally sued by the Company or the shareholders for such violations.

2. The Board should approve the Company's corporate code of conduct, so that the Board, Executive Management and staff understand the importance of conducting business based on good corporate governance values and understand their accountabilities and fiduciary responsibilities to the various stakeholders of the Company (for more details, refer to the Company's approved **Code of Conduct**).

9. Transparency and Disclosure

1. The Board shall oversee the process of disclosure and communications with internal and external stakeholders.
2. The Board shall ensure compliance with disclosure requirements set by concerned regulatory authorities and by ensuring that a Disclosure policy is in place, approved by the Board and periodically reviewed to ensure compliance with disclosure requirements set by concerned regulatory authorities at all times (for more details, refer to the Company's approved **Disclosure Policy**).

10. Conflict of interest

1. The Board members should obtain the AGM approval prior to having a direct or indirect interest in the business and contracts made in favor of the Company.
2. Each member and officer shall make every practicable effort to arrange his personal and business affairs to avoid a conflict of interest with the Company.
3. Any Board member should also absent himself from any discussion or decision-making that involves a subject where he is incapable of providing objective advice, or which involves a subject, transaction or proposed transaction where there is a potential conflict of interest.
4. Board members should declare their interests to the board in accordance to the declaration of interests process stated in the Company's approved **Conflict of Interest Policy**.

11. Confidentiality

Members of the Board and other persons who attend the Board meetings must maintain the confidentiality of all documents they receive, on the contents of deliberations and on all confidential information and classified information of the Company and its clients; that are disclosed to them in the course of their work within the Board.

12. Amendments to the Charter

This Charter would be subject to an annual review by the Board in order to:

Mushrif Trading and Contracting Company

- Ensure compliance with regulatory requirements.
- Keep abreast of the latest developments in corporate governance practices and standards, both domestic and international.
- Any other required amendments.

Any proposed amendments to the Charter will be recommended to the Board for approval.