

Corporate Governance Report 2023

About the Group

Independent Petroleum Group KSC (Closed) (IPG) was incorporated as a Kuwaiti Closed Shareholding Company on **11 September 1976**. On **10 December 1995**, its shares were listed on the Kuwait Stock Exchange. IPG's main objectives include the marketing of petroleum products and crude oil and establishing petroleum logistics facilities to achieve its objectives.

After the invasion of Kuwait on the **2nd of August 1990**, the Group established on **8th August 1990** a wholly owned subsidiary outside Kuwait, in the Commonwealth of the Bahamas, under the name of Independent Petroleum Group Limited, to proceed to achieve the objectives of the parent company. The subsidiary later became the international trading arm for all IPG operations.

Pursuant to a memorandum issued by the Department of Shareholding Companies under No. 207 dated **25 March 2014** and pursuant to a resolution of the ordinary and extraordinary General Assembly held on **10 March 2014**, approval was given to annotate the Commercial Register to the reconciliation of IPG's status in full and to the registration of IPG in the Commercial Register, in accordance with the provisions of the new amended Companies Law No. 97/2013 and the Resolution of the Minister Commerce and Industry No. 425/2013 issuing the Executive Regulations of Decree-Law No. 25/2012, as amended, rendering IPG a Kuwaiti Public Shareholding Company (KSCP).

IPG's issued and fully paid-up capital is KD 18,840,750, consisting of 188,407,500 shares with a nominal value of 100 Fils per share.

Main Shareholders

The main shareholders are the major shareholders who own 5% or more of IPG's capital as of **31 December 2023**.

No.	Shareholder's Name	Percentage (%)
1	<i>Markaz Energy Fund</i>	8.487
2	<i>Al Ahlia Insurance Company</i>	6.759
3	<i>Ali Mohammad Al-Radwan and his Group (Ali Al-Radwan and Sons General Trading Company) Direct and indirect.</i>	6.239
4	<i>Kuwaiti Financial Company (Markaz) – Clients 1</i>	6.128

Corporate Governance Framework, Rules and Regulations

Independent Petroleum Group K.S.C.P. (IPG) continuously works to develop the requirements of its corporate governance framework, seeking, since the enactment of corporate governance laws and rules, to achieve optimal application of these rules. IPG's efforts in this regard are deeply rooted in its belief in the principles and practices of sound governance, for the best protection and finest balance between the Group's interests and those of its shareholders, in order to enhance investors' confidence in its business efficiency and performance.

IPG is keen to promote the culture of governance and performance of its duties and responsibilities by adopting standards and practices that form the basis of the governance process, in addition to periodical follow up by IPG management of all decisions, and amendments thereto, issued by the regulatory authorities, with a view to achieving effective control and management and the consequent adoption of professional and ethical standards in all transactions and disclosures and in the transparency of information in an accurate and timely manner, thereby strengthening the confidence of shareholders, all related parties and stakeholders in the Group's performance.



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The following is a brief outline of the governance applications and mechanisms adopted by the Independent Petroleum Group for the fiscal year ended on 31 December 2023, including the requirements and procedures governing corporate governance as set forth in Part (XV) of the Executive Regulations amending the Capital Markets Authority Law for the year 2010, and subsequent amendment, and the extent of compliance therewith.

**Rule I
Construct a Balanced Board Composition**

• **Brief on the Composition of the Board of Directors:**

By means of a memorandum issued by the Shareholding Companies Department under No. 12136 on 20 February 2022, based on the extra-ordinary general assembly meeting held on 16 February 2022, agreement was given, and the Commercial Register was annotated with the amendment of the text of Article 14 of the articles of association of the company to read as follows:

“The Company shall be managed by a board of directors consisting of ten members to be elected by the general assembly by secret ballot” for a term of three years

(2022 – 2023 – 2024), of whom four shall be non-executive, including the Chairman of the board of directors and four shall be executive and shall participate in the daily activities of the Group, and two members shall be independent and shall possess specialized experience and qualifications thereby making up the number sufficient to form the necessary board committees within the requirements of corporate governance and so that the board of directors will have an organization structure appropriate to the size and nature of the Group’s activity.

The following is a list of the Board of Directors’ members’ names and positions, showing each member’s classification, academic qualification and date of election or appointment:

Name	Member Classification	Qualifications and Experiences	Date of Election / Appointment
Ali M. Al-Radwan Founder Chairman of the Board of Directors	Non-Executive	<p>Academic Qualification:</p> <ul style="list-style-type: none"> Bachelor of Law, Cairo University, 1961. <p>Work Experience:</p> <p>Currently:</p> <ul style="list-style-type: none"> Founder and partner in Ali Al-Radwan & Partners Law Firm, Kuwait Founder and current member of Kuwait Bar Association Founder and current Chairman of the Board of Directors of the National and German Company for Electronics and Electrical Services <p>Formerly:</p> <ul style="list-style-type: none"> Member of the Board of Directors of Kuwait Stock Exchange, Kuwait Member of the Board of Directors of the Kuwait Company for Fuel, Gas and Energy Industries Vice Chairman of the Board of Directors of Kuwait National Petroleum Company Secretary of the National Assembly, Kuwait 	<p>(Election) Joined IPG Board of Directors on 11 September 1976</p> <p>◆◆◆</p> <p>Re-Elected Chairman of the Board of Directors On 09 March 2022</p>

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Name	Member Classification	Qualifications and Experiences	Date of Election / Appointment
<p>Ghazi F. AlNafisi</p> <p>Founder Vice Chairman of the Board of Directors</p>	Non-Executive	<p>Academic Qualification:</p> <ul style="list-style-type: none"> Diploma in Aeronautical Engineering, Chelsea College, University of London, June - 1965. Two-year special training course at British Petroleum on aviation fuel. <p>Work Experience:</p> <p>Currently:</p> <ul style="list-style-type: none"> Member of the Board of Directors of Arcapita Bank, Bahrain Vice Chairman of the Board of Directors, Al-Zad Group Trading Company, Kuwait Chairman and Managing Director of Sahlia Real Estate Company, Kuwait Chairman of the Board, Hotel Owners Association <p>Formerly:</p> <ul style="list-style-type: none"> Chairman and Managing Director of the National Investments Company, Kuwait Chairman of the Board of Directors, Gulf Investments Company, Bahrain Member of the Board of Directors, Kuwait National Petroleum Company Chairman and General Manager of Kuwait Aviation Fueling Company (KAFCO) 	<p>(Election) Joined IPG Board of Directors on 11 September 1976</p> <p>◆◆◆</p> <p>Re-Elected Vice Chairman of Board of Directors On 09 March 2022</p>
<p>Waleed J. Hadeed</p> <p>Founder, Member of the Board of Directors, CEO</p>	Executive	<p>Academic Qualification:</p> <ul style="list-style-type: none"> Bachelor's Degree in Economics and Mathematics, Central Missouri State University, USA, 1967. <p>Practical Work Experience:</p> <p>Formerly:</p> <ul style="list-style-type: none"> General Manager, International Marketing Department (London), Kuwait National Petroleum Company Manager, Middle East Office (Kuwait), International Marketing Department, Kuwait National Petroleum Company Manager of Middle East Office (Singapore), International Marketing Department, Kuwait National Petroleum Company. 	<p>(Election) Joined IPG Board of Directors on 11 September 1976</p> <p>◆◆◆</p> <p>Re-Elected Member of the Board of Directors On 09 March 2022</p>



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Name	Member Classification	Qualifications and Experiences	Date of Election / Appointment
<p>Samir S. Shammas</p> <p>Member of the Board of Directors and Deputy Chief Executive Officer</p>	<p>Executive</p>	<p>Academic Qualification:</p> <ul style="list-style-type: none"> Bachelor’s Degree in economics, University of California, Los Angeles, USA, 1976 <p>Work Experience:</p> <ul style="list-style-type: none"> Managing Director (Marketing) IPG KSCP and Board Member of IPG KSCP (2001-2013) Area Coordinator, Kuwait National Petroleum Company Executive Manager of Marketing, Middle East Oil Company (London Branch) Administration Manager, Kuwait Real Estate Company. 	<p>Joined IPG KSCP on 01 July 1992</p> <p>◆◆◆</p> <p>Elected Board Member on 09 March 2022</p>
<p>Abdullah A. Zaman</p> <p>Founder Member of the Board of Directors</p>	<p>Non-Executive</p>	<p>Academic Qualification:</p> <ul style="list-style-type: none"> Bachelor’s Degree in Mathematics, California University, Berkeley, USA, 1964. <p>Work Experience:</p> <p>Formerly:</p> <ul style="list-style-type: none"> Member of the Board of Directors of Spanish Kuwait Petroleum Company Member of the Board of Directors of Kuwait Aviation Fueling Company (KAFCO) Deputy Managing Director for Planning, Kuwait National Petroleum Company Planning Director, International Marketing Department (London), Kuwait National Petroleum Company Planning Department, Headquarters, Kuwait National Petroleum Company Systems Analyst, Kuwait National Petroleum Company 	<p>(Election)</p> <p>Joined IPG Board of Directors on 11 September 1976</p> <p>◆◆◆</p> <p>Re-Elected Member of the Board of Directors On 09 March 2022</p>

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Name	Member Classification	Qualifications and Experiences	Date of Election / Appointment
<p>Abdullah E. Al-Kandari</p> <p>Member of the Board of Directors and Managing Director (Finance)</p>	Executive / Secretary	<p>Academic Qualification:</p> <ul style="list-style-type: none"> Member of the American Institute of Certified Public Accountants, Washington State, USA, 1992 Masters in professional accounting from Miami University, 1986 Bachelors in accounting, Kuwait University, 1983 <p>Work Experience:</p> <p>Formerly:</p> <ul style="list-style-type: none"> Executive Finance Manager, IPG Finance Manager, IPG Costs and Budget Manager, Kuwait Petroleum Corporation, International Operations Auditor, Anwar Alqatami, Grant Thornton Internal Audit Officer, Burgan Bank Training Course specialized in Banking for 15 Months at Burgan Bank 	<p>Joined IPG on 28 March 2001 ◆◆◆</p> <p>Elected on 03 March 2010 ◆◆◆</p> <p>Re-Elected Member of Board of Directors on 09 March 2022 ◆◆◆</p> <p>Appointed Secretary of the Board of Directors on March 29, 2022</p>
<p>Mohammad A. Qasim</p> <p>Member of the Board of Directors and Managing Director (Marketing)</p>	Executive	<p>Academic Qualification:</p> <ul style="list-style-type: none"> Master's degree in international business, Sofia University, Tokyo, Japan, 1981 Banking Studies Diploma, Banking Studies Institute, Kuwait. Bachelor's Degree in economics, Kuwait University, 1972 <p>Work Experience:</p> <p>Formerly:</p> <ul style="list-style-type: none"> Deputy Managing Director (Sales), Kuwait Petroleum Corporation Deputy Managing Director, Marketing (Planning) Kuwait Petroleum Corporation Vice President, KPI-Q8 Member of the board of directors, KPI and KPE Aviation (UK) Ltd. and Kuwait Petroleum, Spain, Kuwait Petroleum Company, France, Kuwait Petroleum Company, Sweden, Kuwait Petroleum Development Company, Thailand, Kuwait National Petroleum Company Vice Chairman, Refinery / Milano, Joint Venture with AGIP, Italy. Chairman of the board of directors, Kuwait Petroleum, Western Hemisphere, USA Member of the Board of Directors, KAFCO, Kuwait Manager, Crude Oil Sales Department, Kuwait Petroleum Corporation Manager, Sales Manager, Q8 Lubricating Oil, Kuwait Petroleum Corporation Sales Management Department, Kuwait Petroleum Corporation Manager, Kuwait Petroleum Corporation (Coordination Office, Singapore) 	<p>Joined IPG KPSC On 05 December 2004 ◆◆◆</p> <p>Elected on 24 March 2013 ◆◆◆</p> <p>Re-Elected As Board of Directors' member on 09 March 2022</p>



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Name	Member Classification	Qualifications and Experiences	Date of Election / Appointment
		<ul style="list-style-type: none"> Regional Sales Coordinator, Kuwait Petroleum Corporation Assistant Manager, Tokyo Office, Japan, Kuwait Petroleum Corporation Senior Sales representative, Kuwait National Petroleum Company, London Office Trainee Executive Office, Kuwait National Petroleum Company, Marketing Section Supervisor, Bank of Kuwait, and the Middle East 	
<p>Abdulaziz S. AlEssa</p> <p>Member of the Board of Directors</p>	<p>Independent</p>	<p>Academic Qualification:</p> <ul style="list-style-type: none"> PhD in Civil Engineering, University of Michigan, USA 1971 <p>Work Experience:</p> <p>Currently:</p> <ul style="list-style-type: none"> Chairman of the Board of Directors of Sultan Holding Company, since 1999 Chairman of the Board of Directors Q International Consultants, since 1991 Chairman of the Board of Directors Sultan Education Society, Kuwait since 1979 Chairman of the Board of Directors of Kuwait Bottling and Plastic Industries Company since 1976 <p>Formerly:</p> <ul style="list-style-type: none"> Chairman and Managing Director – Gulf Bank 1989-1992 Member of the Higher Studies Council, Kuwait 1986 Member of the Council of Higher Education, Kuwait 1986 – 1988 Member of the National Council for Education Evaluation 1980 – 1984 Member of the Board of Directors, Kuwait National Petroleum Company and Petrochemical Industries Company 1972 – 1975 Engineer, Ministry of Public Works 1963-1972 	<p>Elected As Board of Directors' member on 09 March 2022</p>

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Name	Member Classification	Qualifications and Experiences	Date of Election / Appointment
<p>Ibrahim Y. Alghanim</p> <p>Member of the Board of Directors</p>	Independent	<p>Academic Qualification:</p> <ul style="list-style-type: none"> Bachelor of Science in Business Administration, California State Polytechnic, Pomona, 1980 <p>Work Experience:</p> <p>Currently:</p> <ul style="list-style-type: none"> Chairman of the Board of Directors and Managing Director, Maseelah World Trading Company since 1999 Chairman of the Board of Directors of Securities House KSCP <p>Formerly:</p> <ul style="list-style-type: none"> Chairman of the Board of Directors of Aman Investment Company KPSC 2009 – 2010 Chairman of the Board of Directors of YIACO Medical Company 2000 – 2006 Chief Executive Officer of Alghanim Holding Company 1996 – 2000 General Manager, YIACO Medical Company 1991 – 1996 General Manager, Equipment Company 1986 – 1996 Assistant General Manager, Equipment Company 1981 – 1985 	Elected As Board of Directors' member on 09 March 2022
<p>Hamad S. Al-Dalali</p> <p>Member of the Board of Directors</p>	Non-Executive	<p>Academic Qualification:</p> <p>Bachelor of Mechanical Engineering, Pennsylvania State University State College, Pennsylvania, 1997 - 2002</p> <p>Work Experience:</p> <p>Currently:</p> <ul style="list-style-type: none"> Senior Sales Manager, Baker Hughes, A subsidiary of General Electric Corp., from 2017 <p>Formerly:</p> <ul style="list-style-type: none"> Operations Manager, Schlumberger Drilling and Measurement Company, Kuwait, November 2013 – October 2017 Project Manager, Schlumberger Business Consulting Company (Abu Dhabi, Kuwait, Saudi Arabia, Sudan, Pakistan) September 2009 – November 2013 Field Manager and Field Service Manager, Schlumberger Drilling & Measurement Company (Venezuela, Libya, USA, Saudi Arabia, Kuwait) December 2002 – August 2009 	Appointment of a representative of the coalition on 09 March 2022



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- **Brief on the Company's Board of Directors' meetings, through the following statement:**

Brief on the Company's Board of Directors' Meetings during the fiscal year ended 31 December 2023, IPG Board of Directors has held six (6) meetings, as below indicated:

Board Meetings Held During the Year 2023

Member Name	Meet. No. (246)	Meet. No. (247)	Meet. No. (248)	Meet. No. (249)	Meet. No. (250)	Meet. No. (251)	No. Of Meetings
	Held on 11.1.23	Held on 12.4.23	Held on 12.4.23	Held on 11.7.23	Held on 12.10.23	Held on 12.10.23	
Ali M. Al-Radwan Chairman	✓	✓	✓	✓	✓	✓	6
Ghazi F. AlNafisi Vice Chairman	✓	✓	✓	X	X	X	3
Waleed J. Hadeed Board Member & CEO	✓	✓	✓	✓	✓	✓	6
Samir S. Shammas Board Member & Deputy CEO	✓	✓	✓	✓	✓	✓	6
Abdullah A. Zaman Board Member	✓	✓	✓	X	✓	✓	5
Abdullah E. Al-Kandari Board Member & Managing Director (Finance)	✓	✓	✓	✓	✓	✓	6
Mohammad A. Qasim Board Member & Managing Director (Marketing)	✓	✓	✓	✓	✓	✓	6
Abdulaziz S. AlEssa Board Member -Independent	✓	✓	✓	✓	✓	✓	6
Ibrahim Y. Alghanim Board Member - Independent	✓	X	X	X	✓	✓	3
Hamad S. Al-Dalali Board Member	✓	✓	✓	✓	✓	✓	6

A summary of how to apply the requirements for registration & coordination & keeping the minutes of the meetings of the IPG Board of Directors:

The Secretary of the Board assists the Chairman and Members of the Board of Directors in all matters related to the Board of Directors including:

- Recording and keeping all minutes of the Board meetings, its records, books and reports submitted to and from the Board, provided that the minutes of the meetings shall be signed by the Secretary and all attending members.
- Ensuring that all Board members adhere to the procedures established by the Board and that they are being notified of the Board meetings three working days before the dates assigned thereto, taking into account emergency meetings.
- Ensuring that Board members have full and quick access to all Board meetings' minutes, information, documents, and records related to IPG.
- Ensuring proper communication and distribution of information and coordination among the members of the Board and other IPG stakeholders, including shareholders, the various IPG departments and employees, under the supervision of the Chairman.
- **Attached hereto is a copy of the declaration of the two independent members, both of whom fulfill the controls related to independence.**

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Rule II

Establish Appropriate Roles and Responsibilities

- **Brief on how the company defines the policy of the tasks, responsibilities, and duties of each of the Members of the Board of Directors and executive management members, as well as the powers and authorities delegated to the executive management:**

In accordance with the Memorandum of Association and the Articles of Association, IPG's Board of Directors exercises its functions and duties, devotes sufficient time to its responsibilities and tasks and works to serve the interests of the Group and its shareholders. Additionally, the Board of Directors performs a major role in maintaining a constructive relationship between the Board and the Executive Management and ensures the maintenance of trust among members, as well as the exchange of views within the Board to ensure that decisions are taken based on sound foundations and information. The tasks and duties of the Board members and the Executive Management are determined through a set of regulations established by the Board and the Board committees, as well as the Executive Management's approved table of delegation of authorities. Furthermore, IPG has developed specific job descriptions for each Board and Executive Management member, which clearly specifies the tasks and responsibilities of each Board member and each member of the Executive Management.

- **Board of Directors Responsibilities and Tasks:**

- Approving IPG's main objectives, strategies, plans and policies.
- Approving the annual budgets and interim and annual financial statements.
- Overseeing IPG's main capital expenditure and the ownership and disposal of assets and inventory.
- Ensuring IPG's observance of the policies and procedures.
- Ensuring the accuracy and validity of any data and information to be disclosed.
- Establishing effective communication channels to enable shareholders to access periodic and continuous information about IPG's activities and any other major developments related thereto.
- Establishing and overall overseeing and following up the Corporate Governance System.
- Monitoring the performance of each member of the Board of Directors and the Executive Management, using Key Performance Indicators (KPIs).
- Preparing the Annual Report to be presented to the General Assembly and forming specialized committees in accordance with the requirements of the regulatory authorities, defining their responsibilities, rights and obligations.
- Determining the powers and authorities delegated to the Executive Management, the procedures for making decisions and delegation terms.
- Following up on the performance of the Executive Management members and ensuring completion of all the tasks assigned thereto.
- Substitution plans approval.
- Determining the policy of regulating the relationship with stakeholders, with a view to protecting their rights.
- Preparing a mechanism to regulate dealings with all related parties to avoid conflict of interest.
- Adoption of the key risk indicators, their measurements, and the willingness to take risks at IPG to deal with these risks.
- Ensuring that IPG's approved policies and regulations are transparent and clear, allowing decision-making process, investigation, and separation of powers and interests between the Board of Directors and the Executive Management.
- Determining remunerations/bonus segments granted to the employees.
- Ensuring the integrity of the financial and accounting systems, including those related to the preparation of financial reports.
- Ensuring the effectiveness of the internal control systems as applied in IPG.



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• **Achievements of the Board of Directors during the year 2023:**

- The Board has reviewed and approved the various regulations pursuant to the requirements of the Capital Markets Authority.
- The Board has regularly monitored the progress of the Executive Management's work in implementing the various policies and procedures.
- Monitoring the activities of the Board of Directors' committees and evaluating their performance.
- The Board has regularly reviewed the progress of work in the various approved projects.
- The Board has reviewed the strategy implementation progress through approved key performance indicators.
- Applying the principles of transparency in the presentation of financial information related to IPG's operational performance and its reflection in the consolidated financial statements for the fiscal year ending 31 December 2023.
- Expanding IPG's relations with many banks and investors to achieve its strategic goals.
- Supporting the Executive Management with qualified national individuals capable of achieving the desired results and to maximizing the added value to IPG's shareholders.

• **Executive Management's Tasks and Duties:**

The Executive Management is responsible for implementing the Strategic Plan and Annual Plan, as determined and approved by the Board, as well as all related internal policies and regulations, ensuring their efficiency and effectiveness. It consists of individuals appointed by the Board of Directors to oversee IPG's operations and prepare periodic (financial and non-financial) reports. The Executive Management is a major contributor to the implementation of governance in the Group through the implementation of best practices, e.g., personal behavior and internal control over all IPG's operations. It acts in accordance with the directions issued by the Board, as indicated in developing integrated accounting systems for keeping books, records and accounts, setting up operative systems for internal control and business risk management in the Group, in a manner consistent with the policies established by the Board of Directors. Executive Management is made up of the group of officials entrusted with performing the functions of managing IPG's daily operations and participating in building and developing ethical values and works in the light of the powers granted thereto by the Board of Directors.

• **Brief about the application of the formation requirements of independent specialized committees by the Board of Directors:**

The Board of Directors has formed specialized independent committees, namely, the Audit and Risk Management Committee and Nomination and Remuneration Committee. The following is a detailed statement concerning each committee:

Committee's Name	Audit and Risk Management Committee
Committee's Tasks & Achievements during the year ended 31 December 2023	<p>The Committee is responsible for providing a culture of compliance within IPG by ensuring the validity and integrity of the financial reports of the group, ensuring the adequacy and effectiveness of the internal control systems being applied. The Committee reports directly to the Board of Directors and is responsible for risk management, preparing the policies and procedures related to the risk management function subject to IPG's risk appetite.</p> <ul style="list-style-type: none"> • Submitting recommendations to the Board of Directors regarding the appointment and reappointment of external auditors, changing them, determining their fees and reviewing their letters of appointment. • Studying the applicable accounting policies and principles and their amendments, enabling them to express their opinions and present their recommendations to the Board of Directors in this regard. • Reviewing the level of compliance with the relevant legal requirements related thereto, such as the regulations of the Capital Markets Authority, the Commercial Companies Law and other applicable laws.

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Committee Name	Audit and Risk Management Committee
	<ul style="list-style-type: none"> • Reviewing the internal audit regulations on an annual basis, ensuring the existence of open channels of communication with the Executive Management and other auditors. • Reviewing and approving the audit plans proposed by the internal auditor, providing observations thereon. • Recommending the appointment of the internal audit office and evaluating its performance. • Reviewing the results of the internal audit reports. • Ensuring IPG's compliance with relevant laws, policies, regulations and instructions. • Verifying the independence of the external auditor, reviewing the scope and methodology of the proposed work plan and following up on the performance of the external auditor. • Evaluating the adequacy of the internal control systems applied in IPG. • Preparing and reviewing risk management strategies and policies and ensure readiness to take risks. • Evaluate the systems and machines used for risks identification, measurement, and control. • Assisting the Board in identifying and assessing acceptable risk levels. • Reviewing the organizational structure of the Risk Management Unit and submitting recommendations in that concern. • Reviewing the proposed deals and transactions with related parties (if any). • Reviewing risk management-related data and reports, as published in IPG's Annual Report. • Reviewing and examining the periodic financial statements before submitting them to the Board. • Reviewing and studying risk appetite and levels of risk exposure in the countries in which IPG operates.
<p>Commission's Formation Date and Term</p>	<p>Audit and Risk Management Committee was formed on 11/07/2016 upon the approval of the Capital Markets Authority to merge the Audit Committee and the Risk Management Committee, according to the Authority's letter, dated 27/07/2016, for a term of three years.</p>
<p>Members and Chairman of the Committee</p>	<p>Ghazi F. AlNafisi: Chairman of the Committee / Non-Executive Abdullah A. Zaman: Committee Member / Non-Executive Abdulaziz S. AlEssa: Committee Member / Independent Ibrahim Y. Alghanim: Committee Member / Independent</p>
<p>Number of Meetings Held by the Committee During the Year 2023</p>	<p>The Committee meets on a regular basis, at least four times during the year and on a quarterly basis, or whenever required, as well as upon the request of the Committee Chairman or two of its members.</p> <p>Dates of Meetings:</p> <ul style="list-style-type: none"> • 11/01/2023 • 12/04/2023 • 12/10/2023 • 12/10/2023



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Committee's Name	Nomination and Remuneration Committee
<p>Committee's Tasks & Achievements during the year ended 31 December 2023</p>	<p>The Committee develops policies and submits recommendations to the Board regarding the nominations, appointments and reappointments of the members of Board of Directors and the Executive Management. The Committee oversees the implementation of remuneration policies set for the members of the Board and the Executive Management. The Committee is also responsible for examining all selection and appointment practices in the Group.</p> <ul style="list-style-type: none"> • Recommending the acceptance of the nomination and re-nomination of the members of the Board of Directors and the Executive Management. • Preparing a clear policy for the remuneration of the Board of Directors and the Executive Management. • Presenting the nomination and re-nomination of the members of the Board of Directors to the General Assembly. • Determining the mechanisms for evaluating the performance of the Board of Directors as a whole, as well as the performance of each of the Board and Executive Management members. • Continuously encouraging and developing the Board members' skills. • Supervising the procedures for Board of Directors' memberships nominations during the meetings of the General Assembly. • Preparing job descriptions for executive, non-executive and independent Board members. • Ensuring that the attributes of independence are enjoyed by the independent members of the Board of Directors. • Reviewing and studying the remuneration policy approved by the Board of Directors.
<p>Commission's Formation Date and Term</p>	<p>The Nomination and Remuneration Committee was formed on 11/07/2016 for a term of three years.</p>
<p>Members and Chairman of the Committee</p>	<p>Ali M. Al-Radwan: Chairman of the Committee / Non-Executive Waleed J. Hadeed: Committee Member / Executive Ibrahim Y. Alghanim: Committee Member / Independent</p>
<p>No. of Meetings Held by the Committee During the Year</p>	<p>The Committee meets periodically, at least once annually. The Secretary prepares the minutes of these meetings. The eighth meeting of the Committee was held on 14.01.2024.</p>

• **A summary of how to apply the requirements that allow the Members of the Board of Directors to obtain accurate and timely information and data:**

The Board of Directors has direct access to IPG management and receives all periodic reports as well as any information requested by the Board. Under the supervision of the Chairman, the Secretary of the Board periodically and regularly communicates with all Board members and meets their requests in coordination with the Executive Management and all concerned parties. Board members receive agendas for Board meetings, accompanied by all the necessary documents and information, at least three working days before the date of the meeting, so that the members would have sufficient time to examine the issues to be deliberated and take appropriate decisions.

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Rule III

Recruiting Highly Qualified Candidates for the Membership of a Board of Directors and the Executive Management

- **A Brief about the application of the formation requirements of the Nominations and Remunerations Committee:**

The requirements of the Capital Markets Authority in terms of forming the Nominations and Remunerations Committee were achieved by assigning three Board members to form that Committee, in addition to an independent member. The Committee is chaired by a non-executive Board member.

- **Report on the remunerations to the Members of Board of Directors, the Executive Management and the managers, provided that it shall include the following information for the year 2023:**

1. **Summary of IPG's Policy of compensation and Incentives, specifically that related to Members of a Board of Directors, the Executive Management and the managers:**

IPG adopts a policy approved by the Board of Directors regarding the remuneration of members of the Board of Directors, the Executive Management members, managers and all employees of the Company. The remuneration of the members of the Board of Directors is based on the performance of IPG and in accordance with the provisions of the Companies Law. Remunerations for executive management members, managers and all other employees of the Group, are calculated according to the Group's performance during the year and in accordance with its internal policy as approved by the Board of Directors, by allocating 10% of the annual net profit.

2. **Two detailed statements of all remunerations and benefits for the members of the Board of Directors, the Executive Management members and managers:**

Remunerations and Benefits of Members of Board of Directors							
Total Number of Members	Remuneration and Benefits through the parent company			Remuneration and Benefits through the Subsidiaries			
	Fixed Remuneration and Benefits (KD)	Variable Remuneration and Benefits (KD)		Fixed Remuneration and Benefits (KD)		Variable Remuneration and Benefits (KD)	
	Health Insurance	Annual Remuneration	Committees' Remuneration	Health Insurance	Monthly Salaries (Total of the year)	Annual Remuneration	Committees' Remuneration
10	-	100,000	-	-	-	-	-

Total remuneration and benefits granted to five senior executives who have received the highest remuneration. This is in addition to the Chief Executive Officer and the financial manager or their deputy, if not included																
Total Executives Positions	Remunerations and Benefits by the parent company							Remunerations and Benefits through the subsidiaries								
	Fixed remuneration and Benefits (KD)							Variable Remuneration and Benefits (KD)	Fixed Remuneration and Benefits (KD)							Variable Remuneration and Benefits (KD)
	Monthly Salaries (Total of the year)	Health Insurance	Annual Tickets	Housing Allowance	Transportation Allowance	Children's Education Allowance	Annual Remuneration	Monthly Salaries (Total of the year)	Health Insurance	Annual Tickets	Housing Allowance	Transportations Allowance	Children's Education allowance	Annual Remuneration		
7	918,588	8,330	12,979	-	-	-	229,976	-	-	-	-	-	-	-		

3. **Any substantial deviations from the remuneration policy approved by Board of Directors:**

There are no deviations from the approved Remuneration Policy.



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Rule IV

Safeguarding the integrity of Financial Reporting

- **The Board of Directors and the Executive Management's Written Declarations of the Soundness and Integrity of the Financial Reports**

The IPG Board Chairman and members declare and undertake the accuracy and integrity of the financial statements provided to the external audit and that the financial reports of the Group have been properly and fairly presented, in accordance with the international accounting standards applied in the State of Kuwait and approved by the Authority, ensuring that they reflect the financial position of the Group as of 31 December 2023.

The Executive Management submitted to the IPG's Board of Directors a written undertaking on 14 January 2024 (the date of the meeting of the Board of Directors) that the financial reports of IPG provide a proper and fair presentation of all the financial aspects of the company and that these were prepared according to the applicable international accounting standards.

The Annual Report submitted to the shareholders by the Board includes an undertaking and guarantee to the correctness and integrity of all financial statements and reports related to the Group's activity.

- **A Brief on the rules governing the formation of the Audit and Risk Management Committee:**

The Audit and Risk Management Committee has been formed to consist of four Board members, including two independent Board members. The Committee enjoys independence in its work, as its membership does not include the Chairman of the Board of Directors or any of the Board's executive members.

The Audit and Risk Management Committee aims to assist the Board of Directors in carrying out its responsibilities related to ensuring soundness and integrity of financial reports, as well as verifying the adequacy and effectiveness of the internal control systems applied in IPG. This is in addition to working on managing the risks the Group may be exposed to and setting the necessary controls to reduce them and identify IPG's appetite to risk and the acceptable ratios thereof in light of the expected benefits, submitting relevant recommendations to the Board of Directors.

- **In case of any conflicts between the recommendations of the Audit and Risk Management Committee and the resolutions of the Board of Directors:**

No conflicts have occurred during the year between the Audit Committee and the resolutions of the Board.

- **Emphasizing the independence and impartiality of the external auditor:**

The Audit and Risk Management Committee recommends the appointment, reappointment and replacement of the external auditor, whose remuneration is determined by the Board of Directors, after assessing his independence and impartiality. The external auditor's appointment takes place in the annual general assembly meeting, based on a recommendation by the Board of Directors.

IPG gives high priority to the auditor's integrity and independence, attained by appointing a global company known for its sound professional practices and ethics. Hence, the Audit and Risk Management Committee recommended to the Board of Directors to reappoint the Group's external auditor, RSM Albazie & Co., for the year 2023, to present it to the annual general assembly meeting. The said external auditor was approved by the ordinary general assembly meeting held on 06 February 2023, in line with the requirements of the Capital Markets Authority.

The Committee also verifies the independence of the external auditor and that they have not provided any services to IPG other than those services required by the audit profession.

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Rule V

Apply Sound Systems of Risk Management and Internal Audit

- **Brief statement on the application of formation requirements for the Risk Management Department/ Office/ Independent Unit:**

IPG has a separate Risk Management Department, directly reporting to the Audit and Risk Management Committee. Its objectives are to identify, measure and control risks associated with IPG's activities. Risk management officers in-charge have significant independence and enjoy professional competencies as well as technical capabilities that enable them to perform their tasks efficiently and effectively.

The risk management function includes all methods and processes adopted to manage risks and seize opportunities related to achieving its objectives. It provides a framework for risk management, which usually includes identifying specific events or conditions relevant to the Group's objectives (risks and opportunities), assessing them in terms of likelihood and magnitude of impact, determining a response strategy and monitoring the progress achieved by identifying and proactively addressing risks and opportunities that protect the Group and create value for stakeholders, including owners, employees, customers, regulators and society at large.

The Group has identified financial and operational risks as a significant risk that requires continuous monitoring and review.

- **Brief Description of the Internal Control and Monitoring Systems:**

IPG is keen on adopting internal control and monitoring systems comprehensively covering all activities of IPG, in order to maintain the financial integrity of the Group and the accuracy of its data. In this regard, IPG has properly identified the powers and responsibilities adopted by its Board of Directors and Executive Management as designed to provide reasonable assurance regarding achieving the following purposes:

- Operational effectiveness and efficiency.
- Maintaining the safety of assets.
- Reliability of financial reports.
- Compliance with applicable laws and regulations.
- Timely detection and prevention of errors and violations.
- **IPG has appointed Ali Al-Hamad & Partners, an independent member of Baker Tilly International, to conduct a review and evaluation of the internal control systems for the year ended 31 December 2023. The Capital Markets Authority will be provided with the final report before 31 March 2024.**

- **Brief statement on the application of the requirements for the formation of an independent unit for Internal Audit Department/ Office/ Unit:**

IPG has appointed an external audit office to perform the internal audit function. Internal auditors enjoy independence through their direct reporting to the Audit and Risk Management Committee. They also have technical expertise that enables them to perform their tasks. The objective of the Internal Audit Department is to guarantee the operational effectiveness of the internal controls systems in addition to implementing IPG's policies and procedures, through periodic reporting of various findings. The internal audit function reports to the Audit and Risk Management Committee directly.

During the year, internal audit covered various departments of IPG, pursuant to the Internal Audit Plan approved by the Audit and Risk Management Committee. Regular internal audit reports are presented and submitted to the Audit and Risk Management Committee.



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Rule VI

Promote Code of Conduct and Ethical Standards

- **Brief on business charter, including standards and determinants of code of conduct and ethical values:**

IPG's Board of Directors has adopted the professional, ethical and behavioral standards required to be adhered to by all Board members and employees in their fields of work, regardless of the workplace and conditions. The Group is committed to the highest levels of ethical standards that represent the basic values of Code of Conduct and ethics that have been prepared for IPG to embrace the following values:

- Respect.
- Financial integrity and faithfulness.
- Diversity and equal opportunities.
- Health and safety.

- **Brief on the policies and mechanisms on reducing conflicts of interest:**

IPG exerts due diligence in implementing its policies in order to avoid conflict of interests, as the Group has adopted an approved policy to minimize such cases. This policy provides for reviewing all transactions with related parties, in accordance with the instructions of the Capital Markets Authority to ensure that any conflict-of-interest situation is properly addressed, in a timely manner.

Rule VII

Ensure Timely and High-Quality Disclosure and Transparency

- **Brief on the application of the mechanisms set for presentation as well as accurate and transparent disclosures that define the aspects, areas and characteristics of disclosure:**

- IPG is committed to provide accurate and clear disclosures of all substantial information of the Group and its subsidiaries, adopting a Disclosure and Transparency Policy approved by the Board of Directors, with a view to ensure that shareholders can access timely, up-to-date and consistent information.
- IPG undertakes to disseminate full and accurate information, so that stakeholders and investors can take decisions, as it is IPG's policy to provide real information about its business and strategic objectives on a regular basis.
- All reports, financial statements, auditors' reports, Board members holding IPG shares and any material information that allows shareholders to exercise their rights to the fullest and helps stakeholders to be fully aware of IPG's status.

- **Brief on the application of the Board of Directors, Executive Management disclosures and Directors' disclosure requirements:**

- IPG maintains a special record of the disclosures of the members of the Board of Directors, the Executive Management, and the managers in the Group, which includes all data and information required to be disclosed in accordance with the laws, instructions and policies adopted by IPG in this regard, where stakeholders are entitled to access that record during working hours.
- IPG's official website includes a record of all its disclosures for the previous five years.

- **Brief statement on the application of formation requirements for the Investors Affairs Unit:**

- IPG has established an Investor Affairs Unit with a view to providing an effective communication mechanism between it and all current shareholders, enabling them to obtain the Group's basic data

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and activities in a timely manner. All shareholders and investor inquiries are received through the email designated for the Unit.

- The Board of Directors has adopted a policy to regulate dealing and communication with shareholders and investors to ensure compliance with all legal and regulatory requirements. The most important principles of that policy deal with the protection of shareholders' rights, communication with and disclosures issued to them.
- The Investors Affairs Unit makes all key information available to shareholders through appropriate means of disclosure, e.g., financial reports, annual report, etc., as well as through IPG's website at www.ipg.com.kw
- **Brief on how to develop information technology infrastructure to be relied on heavily in disclosure processes:**
 - A dedicated section has been created on IPG's website (www.ipg.com.kw) on corporate governance, which includes information, data and news, updated on a regular basis, that help current shareholders to view and update any information related to the Group.
 - IPG's website includes all its disclosures to the market, in addition to key information about results, periodic and annual financial reports, information about the Board of Directors and Executive Management, and an overview of the Group.
 - IPG is keen to follow the automated disclosure system through Boursa Kuwait website, through updating its news and announcements.

Rule VIII

Respect the Rights of Shareholders

- **Brief on the application of the requirements set for the identification and protection of shareholders' general rights, in order to ensure fairness and equality among all shareholders:**

IPG is committed to ensuring that all shareholders exercise their rights fairly, pursuant to the Group's Memorandum of Association and Articles of Association, as well as the Companies Law and the resolutions of the Capital Markets Authority. These rights include:

 - * **Shareholders' rights related to IPG's general assembly:** Sending invitations to attend assembly meetings to all shareholders, informing them of all relevant issues.
 - * **Shareholders' voting rights:** Ensuring that all shareholders can exercise their voting rights in person or by proxy without any hindrance.
 - * **Shareholders' rights in share ownership and profits attained by the Group:** Providing shareholders with the right to dispose of shares, i.e., registration or transfer of shares ownership. IPG records shareholders' equities in its registers and accounting books.
- **Brief on creating special record at the Clearing Agency, as part of the requirements for on-going monitoring of shareholders' data:**

IPG maintains accurate and constantly updated records of all its shareholders at Kuwait Clearing Company, where the Shareholder Register features data that includes their names, number of shares owned by each, percentage of shareholding, etc.
- **Brief on how to encourage shareholders to participate and vote at IPG's general assembly meetings:**

IPG seeks to maintain a solid relationship with its shareholders and encourages them to attend and constructively participate in all discussions and deliberations at the shareholders' meeting. Ordinary



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and extraordinary general assemblies are called upon at the request of the Board of Directors pursuant to relevant laws. The Group sends invitations to the shareholders to attend the meeting, enclosing the agenda, time and venue of the meeting, financial data and other attachments, in addition to publishing the invitation on IPG's website and the Kuwait Stock Exchange website, as well as in local daily newspapers. IPG seeks to protect the rights of its shareholders, including:

- Ensuring the agreed-upon share of dividends.
- Providing a proper share in IPG's assets in case of liquidation.
- Providing regular shareholder-related data and information on IPG's activities, operations and investment strategies.
- Participating in shareholders' general assembly meetings and voting on the decisions suggested therein.
- Obtaining financial statements for the elapsed financial period, as well as the report of the Board of Directors and the auditor's report.
- Obtaining timely information about Board membership elections.
- Submitting a liability claim against members of the Board of Directors or the Executive Management in case they fail to perform the duties assigned thereto.
- Candidacy for membership of the Board of Directors.

Rule IX

Recognizing the Roles of Stakeholders

- **Brief on the conditions and policies that ensure protection and recognition of stakeholders' rights:**

IPG is fully responsible for protecting stakeholders' rights and for creating a stable business environment by ensuring that the Group enjoys a sound financial position. As part of the corporate governance framework, IPG has developed a Stakeholder Protection Policy that has been approved by the Board of Directors, with the aim of ensuring respect and protection of stakeholders' rights in accordance with the laws and regulations of the relevant Kuwaiti regulatory authorities. The compliance officer undertakes monitoring the implementation of this policy, noting that IPG's policy on protecting stakeholders' rights acknowledges all parties as stakeholders, including shareholders, regulatory authorities, customers, employees, suppliers, etc.

- **The Board of Directors is responsible for the following key responsibilities to protect IPG's stakeholders' rights:**

- Appointing an efficient executive management.
- Supervising IPG's affairs effectively and efficiently.
- Adopting effective policies.
- Knowledge of IPG's conditions and performance.
- Maintaining sufficient IPG capital.
- Compliance with laws, regulations, and instructions.
- Treating all stakeholders fairly and equally.
- Undertaking independent review of the transactions carried out by IPG with related parties (if any), providing appropriate recommendations in this regard to the Board of Directors.
- Providing reliable and sufficient information to stakeholders on an ongoing basis.
- Providing periodic reports to the Board of Directors on grievances (if any).

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- **Brief on encouraging stakeholders to follow up on IPG's various activities:**
- With a view to encourage stakeholders to participate in following up on its various activities, IPG actively works toward ensuring that stakeholders obtain accurate, sufficient and timely information on the topics raised through the website, including the annual report, governance report, audit and risk management committee report and all IPG's disclosures, as well as other matters that contribute to respecting the rights of stakeholders stipulated by law.
- IPG is committed to the principle of full transparency and disclosure of material information, which is updated on both Kuwait Stock Exchange and IPG's websites.

Rule X

Encourage and Enhance Performance

- **Brief on the application of the requirements set for developing mechanisms that allow Members of the Board of Directors and Executive Management to continuously attend training programs and courses:**

IPG strives to organize meetings with international banks and other key parties, and encourages participation in prominent seminars and conferences. The goal of these efforts is to ensure that directors and executive management are aware of the latest developments in a variety of aspects of the business and markets. Many periodic meetings were held with international banks and companies during the annual conferences held in London and Geneva. This contributes to staying in touch and constantly following the latest trends and opportunities in global markets.

- **Brief on the evaluation of Board's performance as a whole, as well as the performance of every Member of the Board of Directors and the Executive Management:**

- An annual performance evaluation of the Board of Directors, Board members and members of the Committees and Executive Management is carried out according to criteria approved by the Board of Directors.
- The Nomination and Remuneration Committee develops objective and quantitative performance criteria and indicators to evaluate the performance of the Executive Management, approved by the Board of Directors, where the latter evaluates the performance of the Executive Management on an annual basis.

- **Brief on the Board of Directors efforts to create corporate values among IPG employees, through achieving strategic goals and improving key performance indicators:**

- IPG is directly concerned with the creation of corporate values by preparing clear strategies and objectives that it seeks to achieve through working with world-class professionalism and providing required human and material resources to achieve such objectives and obtain proper performance rates in line with the Group's plans and the aspirations of its shareholders.
- IPG prepares consolidated reports that provide accurate information to the Board of Directors, helping to achieve the Group's objectives and improve its rates.

Rule XI

Focusing on the Importance of Corporate Social Responsibility

- **Brief on the development of a policy that ensures a balance between IPG's and society's objectives:**

IPG is committed to achieve alignment with its work and strategy, on the one hand, with responsibility towards the environment, society and the main stakeholders, on the other. The objective of this policy is



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to give the Group, in the context of its management, social responsibility, including achieving sustainable development for society and manpower, by contributing to reducing the level of unemployment and achieving optimal use of available resources. IPG also seeks to enhance knowledge and awareness of the importance of social responsibility programs among its employees through various communication programs and means with employees.

- **Brief on the programs and mechanisms that help highlight IPG's efforts in the field of social work:**

Being fully aware of its corporate responsibility toward society and its own employees, IPG has adopted a policy that ensures the achievement of the objectives of raising the level of knowledge and awareness of the importance of social responsibility programs among its employees and ensuring that they have a thorough knowledge of the social responsibility goals that IPG actively and continuously seeks to achieve, thereby contributing to enhance the performance of the Group as a whole. To this end, IPG launches a wide variety of programs in the following areas:

- Appointment of national competencies in IPG and its subsidiaries.
- Responsibility towards society.
- Protection of the environment.
- Providing a healthy and efficient work environment for its employees at all levels.
- Focusing on the importance of social responsibility and the desire to support donations for real social security initiatives, charitable activities, education programs, etc.
- Working to improve the living conditions of all employees.

Ali M. Al-Radwan
Chairman