Introduction
Governance Report 2022

The Board of Directors of Ali Alghanim Sons Automotive Company K.S.C.P (ALG) realizes that the proper application of wise governance, promotion of a culture of code of conduct and the ethical standards, and the reinforcement of the principle of transparency and integrity to protect the rights of shareholders and stakeholders and achieve sustainable development. Accordingly, Ali Alghanim Sons Automotive Company K.S.C.P seeks to adhere to the best practices in corporate governance and to follow the regulatory standards enforced in the State of Kuwait.

ALG also believes that the proper application of governance policies is not merely demonstrated by respecting a set of rules and regulations, but rather a culture and approach in organizing the relationship between the Board of Directors, executive management, stakeholders and all employees of the company.



First Rule

Construct a Balanced Board Composition

The Board of Directors of Ali Alghanim Sons Automotive Company K.S.C.P has a balanced structure and is appropriate with the assigned roles and responsibilities. The Board structure takes into account the diversity of academic and professional experiences and specialized skills, in addition to a comprehensive understanding of the company's activities, which in turn contributes to enhancing efficient and effective decision-making process.

The members of the Board of Directors were elected in the Ordinary General Assembly held on 30/12/2020, with a three-year legal term. The Ordinary and Extraordinary General Assembly during 2022 approved an increase in the number of members of the Board of Directors and the election of two independent members of the Board of Directors. Accordingly, the Board of Directors was reconstituted, and a Chairman and Vice-Chairman of the Board of Directors were elected through a secret ballot. The current Board of Directors of the Company consists of seven members, most of whom are non-executive members, two independent members, and one executive member.

Brief on the composition of the Board of Directors, as follows:
The following provides an overview of the formation of the Board of Directors:

Name	Member Classification	Qualification	Election Date
Eng. Fahad Ali Alghanim	Chairman Non-Executive	Bachelor's degree in Civil Engineering, Kuwait University	30/12/2020
Mr. Yousef Abdullah Al Qatami	Vice Chairman and Chief Executive Officer	Bachelor of Science degree in Business Administration, Finance and International Management, Boston University - United States of America	30/12/2020
Mr. Ali Abduljaleel Behbehani	Board Member Non-executive	Master's degree in Business Administration and Finance, Kuwait University Bachelor's degree in Business Administration and Finance, University of California, USA.	30/12/2020
Eng. Ali Marzouq Ali Alghanim	Board Member Non-executive	Bachelor of Science, Industrial and Systems Engineering, University of Southern California - USA.	30/12/2020
Mr. Mohammad Khaled Alghanim	Board Member Non-executive	Bachelor's degree in Finance, Loyola Marymount University USA	30/12/2020
Mr. Jehad Mohammad Ahmed Al-Qabandi	Board Member Independent	Master's degree in Business Administration from City, University of London in the United Kingdom. Bachelor's degree in Engineering and Computer Science from California State University - USA	25/08/2022
Mr. Ahmed Meshari Abdulwahab Al-Fares	Board Member Independent	Master's degree in Business Administration, Kuwait University Bachelor's degree in Accounting, Kuwait University	25/08/2022
Mr. Ahmed Zamrawi Hassan	Board Secretary	Bachelor's degree in Commerce - Accounting Department Ain Shams University - Egypt	28/12/2022





Eng. Fahad Ali Alghanim
Chairman of Board of Directors

Bachelor's degree in Civil Engineering from Kuwait University.

Mr. Fahad Alghanim has 25 years of experience in business management within the automotive, banking, and financial sectors. He has held many prominent leadership positions, including CEO of Ali Mohammed Thunayan Alghanim & Sons Automotive Company, CEO of Al-Ahlia Heavy Vehicles Selling and Import Company , and CEO of Ali Alghanim & Sons Group of Companies.

Currently, Mr. Fahad Alghanim is the Chairman of the Board of Directors for Ali Alghanim Sons Automotive Company K.S.C.P. In addition, he holds memberships in many board of directors in banking, financial, and commercial institutions, currently he holds member of Kuwait Finance House, Chairman of the Investment Committee, member of the Executive Committee, and Audit and Compliance Committee in KFH, and Vice Chairman of Aayan Leasing and Investment company, and Chairman of the restructuring committee of Aayan, Chairman of Al Ahlia Heavy Vehicles Selling & Import Company, and Vice chairman of Ali Alghanim sons holding company, and Chairman of Global Auto for Cars - Egypt. Additionally, he is a member of Kuwait Building Materials Manufacturing Company, and member of Kuwait Society of Engineers, and board member and Treasurer at Kuwait Sports Club.

Mr. Fahad Alghanim previously held a board member of the Representatives board of the world agents of McLaren Motors company (Representatives of the Middle East), and Chairman of Aayan Leasing and Investment company, and Vice Chairman of Al Ahlia Heavy Vehicles Selling & Import Company, and board member of the International Company for Electronic Payment Services (UPS), and board member of Al Oula Slaughter House Company.



Mr. Yousef Abdullah Al-Qatami
Vice Chairman and Chief Executive Officer

Bachelor of Science degree in Business Administration, Finance and International Management from Boston University in the United States of America.

Mr. Yousef Al Qatami has approximately 22 years of experience in business management for international brands in the automotive sector and in the business management and investment sectors, he currently is a Chief Executive Officer of Ali Alghanim Sons Automotive Company K.S.C.P since 2018, and the General Manager of Ali Mohammed Thunayan Alghanim and Sons Automotive Company since 2007, he was a manager in the Asset Management Department at Global Investment House.

Mr. Yousef Al Qatami currently holds the position of Vice Chairman and CEO of Ali Alghanim Sons Automotive Company K.S.C.P, and Vice Chairman of Aayan Leasing Holding Company. He held a board member of Boubyan Bank, and a board member of the Boubyan Capital Investment Company.



Mr. Ali Abduljaleel Behbehani
Member of the Board of Directors

Master's degree in Business Administration and Finance from Kuwait University, a Bachelor's degree in Business Administration and Finance from the University of California, USA, and a Postgraduate Certificate from the University of Liverpool.

Mr. Ali Behbehani has over 18 years of experience in the field of business management for international brands in the automotive sector, business management, investment, and risk management ,currently he is a Director of Shared Services and Business Development at Ali Mohammed Thunayan Alghanim and Sons Automotive Group since 2011, and the General Manager of the Dwaliya Technical Inspection.

Mr. Ali Behbehani currently holds the position of Board Member of Ali Alghanim Sons Automotive Company K.S.C.P, and Member of the Audit Committee , and Chairman of the Risk Committee of ALG, additionally, he is a board member of Aayan Leasing Holding Company, and a board member, Chairman of the Audit Committee, and member of the Nominations and Remuneration Committee of the Arab Investment Company, and a member of the National Club for Development Leaders in cooperation with Cornell University (Thukher Club).

Mr. Ali Behbehani previously held positions of the General Manager of the JAC brand in Ali Mohammed Thunayan Alghanim & Sons Automotive Company, and a Manager of the Direct Investment Department, Portfolio Analyst and Risk Management of Kuwait International Bank, and Vice President of Project Management and Corporate Finance of the Arab Investment Company, and Head of the Corporate Responsibility Unit at Gulf Bank.



Mr. Mohammad Khaled Alghanim
Member of the Board of Directors

Bachelor's degree in Finance from Loyola Marymount University in the United States of America.

Mr. Mohammad Khaled Alghanim currently holds the position of General Manager of Al Ahlia Heavy Vehicles Selling & Import Company since 2018, and the position of Director of Sports Talents and Youth at Kuwait Sports Club.

Mr. Mohammad Khaled Alghanim currently holds a board member of Ali Alghanim Sons Automotive Company K.S.C.P, and Vice-Chairman of Al Ahlia Heavy Vehicles Selling & Import Company.



Eng. Ali Marzouq Ali Alghanim
Member of the Board of Directors

Bachelor of Science, Industrial and Systems Engineering, University of Southern California - USA.

Mr. Ali Marzouq Ali Alghanim currently holds the position of General Manager of MAKFM Company since 2018, and the position of Public Relations and Operations Consultant of Kuwait Sports Club.

Mr. Ali Marzouq Ali Alghanim currently holds a board member of Ali Alghanim Sons Automotive Company K.S.C.P.



Ahmed Meshari Abdulwahab Al-Fares
Board Member - Independent

Master's degree in Business Administration and a bachelor's degree in Accounting from the College of Administrative Sciences at Kuwait University. He also obtained a higher diploma in Islamic Finance from the College of Graduate Studies at Kuwait University and a postgraduate diploma in Business Administration from Maastricht School of Management in Kuwait.

Mr. Al-Fares holds several professional certifications, including Certified Compliance Officer (CCO), Certified Merger and Acquisition Specialist (CMAS), Certified Professional Internal Auditor (CPIA) from the United States of America, Certified Risk-Based Auditor (CRBA), and Certified Risk Analyst from Hong Kong.

Mr. Al Fares has over 18 years of experience in banking, supervisory business, and other fields, Mr. Al-Fares currently is Secretary of the Board of Directors of the Kuwait Telecommunication Company since 2018, Treasurer of the Board of Directors of the Kuwait Transparency Society.

Furthermore, he currently holds the positions of independent board member of Ali Alghanim Sons Automotive Company K.S.C.P, and a board member of Kuwait Finance House (KFH).

Mr. Al-Fares started his career as a bank inspector in the supervision sector at the Central Bank of Kuwait, and held various positions at Kuwait Finance House, including the position of Manager of Governance in the Regulatory Compliance Department. He also held positions at the Kuwait Telecommunications Company, including Manager of the Compliance Department and Head of the Internal Audit Department. Additionally, he previously held the position of Assistant Under-secretary for Corporate Affairs and Commercial Licenses at the Ministry of Commerce and Industry, Chairman and Board Secretary of the Kuwait Accountants and Auditors Association, Member of the Board of Directors of the Public Authority for Industry, and Member of the Board of Directors of the Central Bank of Kuwait.



Mr. Jehad Mohammad Ahmed Al-Qabandi
Board Member - Independent

Master's degree in business administration from City University of London in the United Kingdom, Bachelor's degree in engineering and computer science from California State University, Long Beach in the United States of America, Mr. Jehad Al-Qabandi also completed the Executive Program for Senior Managers for the Middle East from Harvard Business School in the United States of America.

Mr. Jehad Al-Qabandi has over 30 years of experience in business management financial, investment, and banking fields in Kuwait's leading institutions.

Currently, he holds the positions of independent board member and chairman of the Audit Committee at Ali Alghanim Sons Automotive Company K.S.C.P, and Vice Chairman of the Board of Directors at Afrah Al Khaleej General Trading & Contracting Company.

Mr. Jehad Al-Qabandi has prominent experience in banking and finance, he previously held the position of CEO at the Bank of Bahrain and Kuwait - Kuwait Branch. and the Executive Director at the Kuwait National Fund for the Development and Welfare of Small and Medium Enterprises. Additionally, he has extensive investment experience and founded Al-Ritaj Investment Company, where he served as CEO and Managing Director. Mr. Jehad Al-Qabandi held several leadership positions in prestigious international companies such as Solomon Brothers International, and the Kuwait Investment Office in London, and in local companies such as Investment Dar Company and Al Imtiaz Investment Group.

Brief on the Company's Board of Directors' meetings during 2022, through the following statement:

Name	Member Classification	Meeting No. (1) 9/3/2022	Meeting No. (2) 20/3/2022	Meeting No. (3) 10/5/2022	Meeting No. (4) 12/6/2022	Meeting No. (5) 26/6/2022	Meeting No. (6) 29/6/2022	Meeting No. (7) 31/7/2022	Meeting No. (8) 24/8/2022	Meeting No. (9) 18/9/2022	Meeting No. (10) 3/11/2022	Meeting No. (11) 28/12/2022	No. of meetings
Eng. Fahad Ali Alghanim	Chairman non-executive	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Mr. Yousef Abdullah Al Qatami	Vice Chairman and CEO	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Eng. Ali Marzouq Algha-nim	Member of the Board of Directors Non-Executive	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Mr. Mohammad Khaled Alghanim	Member of the Board of Directors Non-Executive	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Mr. Ali Abduljaleel Behbe-hani	Member of the Board of Directors Non-Executive	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓	✓	10
Mr. Jehad Mohammad Ahmed Al-Qabandi	Member of the Board of Directors Independent	✗	✗	✗	✗	✗	✗	✗	✗	✓	✓	✓	3
Mr. Ahmed Meshari Ab-dulwahab Al-Fares	Member of the Board of Directors Independent	✗	✗	✗	✗	✗	✗	✗	✗	✓	✓	✓	3

Summary of how to apply the requirements of registration and coordination and keeping the minutes of meetings of the Board of Directors of the company.

The Board of Directors has appointed a Secretary of the Board amongst the Company's employees. The Secretary acts as a fundamental link between the Board of Directors, the executive management and all stakeholders, including various departments across the Company and its shareholders. The Secretary ensures, delivers and distributes information, coordinates between all concerned parties, and ensures that members of the Board of Directors have complete and prompt access to the minutes of Board meetings, information, documents and records related to the Company.

Through the Secretary, the Company's Board of Directors records all the minutes of the Board's meetings and makes sure that the minutes of the meetings reflect the best practice of the Board of Directors' duties. The minutes and reports that are submitted to and from the Board are kept on record, whereby a special register is created in which the minutes of the Board of Directors meetings are recorded, including the meeting number, location, date and the start and end time of the meeting.

One of the Board Secretary's key duties is to ensure that all members are informed of the Board's meetings date at least three business days prior to the date of the meeting. It also includes the preparation of the minutes of meeting with discussions and deliberations, including the voting processes that have taken place, classified and saved for easy reference, and providing the members with all required documents (unless there is an emergency meeting that requires the members to be invited within a period of less than three business days). The Board Secretary works to sign the minutes of meeting by himself personally and all present members, and to ensure that the members of the Board follow the procedures approved by the Board.

An acknowledgment by the independent member that the controls of independence are available

The independent members declared that they have independence as stated in Article No. (2-3) of Chapter (3) of Book (15) (Corporate Governance) of the executive regulations of Law No. (7) of 2010 regarding the establishment of the Capital Markets Authority and the regulation of securities activity and their amendments, as shown below:

Independent Board Member Acknowledgement Ali Alghanim Sons Automative Company

I/ Ahmed Meshari Al-Fares, hereby acknowledge the below as an independent member in ALG's Board of Directors, that I have no controls of the Independency, stipulated in Article No (2-3) of Corporate Governance book of the executive bylaws of law No.7 of 2010 regarding the establishment of the Capital Markets Authority and the regulating securities activities and its amendments. According to the following:

1. I do not hold 5% or more of ALG's shares.

2. I do not have a first degress relation with any of the Members of a Board of Directors of executive management members in the Company or any other company in its Group or the relevant main parties.

3. I am not a Member of a Board of Directors in any company of the Group.

4. I am not an employee in the Company of any company in the Group or for any of the Stakeholders.

5. I am not an employee for corporate entities who own Control shares in the Company.

6. I have the qualifications, experience and technical skills commensurate with the company's activity.

7. I undertake to immediately notify the company's Board of Directors in the event of any change that may affect my independence as an independent member of the Board of Directors.

Name: Ahmed Meshari Al-Fares
Signature: 
Date: December 31, 2022

Independent Board Member Acknowledgement Ali Alghanim Sons Automative Company

I / Jehad Mohammed Ahmed Al-Qabandi, hereby acknowledgment the below as an independent member in ALG's Board of Directors, that I have the controls of the Independency, stipulated in Article No (2-3) of Corporate Governance book of the executive bylaws of law No.7 of 2010 regarding the establishment of the Capital Markets Authority and the regulating securities activities and its amendments. According to the following:

1. I do not hold 5% or more of ALG's shares.

2. I do not have a first degree relation with any of the Members of a Board of Directors or executive management members in the Company or any other company in its Group or the relevant main parties.

3. I am no a Member of a Board of Directors in any company of the Group.

4. I am not an employee in the Company or any company in the Group or for any of the Stakeholders.

5. I am not an employee for corporate entities who own Control shared in the Company.

6. I have the qualifications, experience and technical skills commensurate with the company's activity.

7. I undertake to immediatley notify the company's Board of Directors in the event of any change that may affect my independence as an independent member of the Board of Directors.

Name: Jihad Muhammad Ahmad Al-Qabandi
Signature: 
Date: 31 December 2022

Second Rule

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.

The Board of Directors' role is considered to be the main pillar in achieving the goals of shareholders and stakeholders. The Board is keen to have a clear segregation of tasks between the Board and the executive management to ensure complete independence and that neither of them has the full authority and to ensure a balance in the delegations and authorities between them.

The Board of Directors duties and authorities have also been clearly defined in the company's Articles of Association and within the company's authority matrix, and giving consideration to the General Assembly's specializations.

The Board of Directors' key roles entails the overall achievement of the company's strategic objectives, and ensuring the soundness of the company's financial position. The Board is also responsible for overseeing the Executive Management teams' performance, in terms of the tasks assigned to it, and that these tasks are executed to the fullest. The Board is also required to ensure that the Executive Management takes effective decisions in favor of its shareholders, to enhance the company's competitiveness, achieve high growth rates and maximize profits.

Achievements of the Board of Directors during the year:

Ali Alghanim Sons Automotive Company (K.S. C.P.) was listed on the Boursa Kuwait on June 7, 2022, where the board met eleven times during that year. The following are the Board of Director most important company's achievements for the year 2022:

- Approved the company's strategy and objectives.
- Approval of the company's organizational structure.
- Approval of the Memorandum and articles of Association amendments of the company and submission of a recommendation to the Extraordinary General Assembly.
- Calling for the Ordinary General Assembly to elect two independent members of the Board of Directors, and review of the letters of nomination for membership of the Board of Directors.
- Election of a Chairman and Vice-Chairman of the Board of Directors, re-composition of the Board of Directors and its committees, and appointment of a new Secretary to the Board of Directors.
- Presentation of an induction program for the new members of the Board of Directors.
- Approval of the authority matrix of the company.
- Approval of the company's estimated budget for the year 2023.
- Approval of the annual financial statements for 2021 and the interim for 2022, along with the approval of the distribution of interim cash dividends to shareholders and submission of a recommendation to the Ordinary General Assembly.
- Approval of the Board of Directors' report, by the Annual General Assembly, regarding the company's activities and its financial position for the year 2021.
- Approval of the Corporate Governance Policies and Procedures Manual and charters of the Board of Directors and its committees.
- Development and approval of internal by-laws and regulations related to the company's framework.
- Approval of the KPIs for the Board and Executive management.
- Approval of risk management strategies and policies, and determination and evaluation of the company's risk appetite.
- Follow up on the Board of Directors committees' performance and approve their recommendations.

Application of the formation requirements of independent specialized committees by the Board of Directors.

The Audit Committee

Tasks and achievements of the committee during the year 2022

- Election of the committee chairman and appointment of the committee secretary.
- Discussing the charter of the audit committee.
- Discussing the interim financial statements and providing recommendations to the Board of Directors.
- Approving the appointment of a consultant office to carry out internal audit tasks after reviewing the quotations submitted by them.
- Discussing and approving the internal audit plan.
- Approving the internal audit charter.
- Discussing and approving the internal audit report.
- Approving the appointment of a consultant office to carry out the tasks of preparing a report for evaluating and reviewing internal control systems (ICR) for the year ending on 12/31/2022 after reviewing the quotations submitted by them.

Committee members

- Mr. Jehad Mohammad Ahmed Al-Qabandi- Chairman of the Committee - Independent
- Mr. Ali Abduljaleel Behbehani- Member of the Committee - Non-Executive
- Mr. Ali Marzouq Ali Alghanim- Member of the Committee - Non-Executive

The number of committee meetings during the year 2022

- 5 meetings

The date of formation of the committee

The Board of Directors formed the committee on 06/29/2022, and later re-composited the committee on 09/18/2022

Committee term

- Three years, provided that the remainder of the term of membership of the Board of Directors, which ends on 12/30/2023, does not exceed.

Risk Management Committee

Tasks and achievements of the committee during the year 2022

- Election of the committee chairman and appointment of the committee secretary.
- Approving the risk management committee charter.
- Approving the appointment of a consultant office to carry out risk management tasks, after reviewing the quotations submitted by them.
- Approving the risk management plan.
- Approving the risk management policies and procedures manual.
- Approving the company's acceptable level of risk (risk apatite).
- Approving the risk register and the risk management report.

Committee members

- Mr. Ali Abduljaleel Behbehani - Chairman of the Committee
- Mr. Ali Marzouq Alghanim - Member of the Committee - Non-Executive
- Mr. Mohammad Khaled Alghanim - Member of the Committee - Non-Executive

The number of committee meetings during the year 2022

- 4 meetings

The date of formation of the committee

- The Board of Directors formed the committee on 06/29/2022, and later re-composited the committee on 09/18/2022.

Committee term

- Three years, and should not exceed the remaining period of membership of the current Board of Directors, which ends on 12/30/2023.

Nomination and Remunerations Committee

Tasks and achievements of the committee during the year 2022

- Election of the committee chairman and appointment of the committee secretary.
- Approving the nomination and remunerations committee charter.
- Review nomination requests for independent memberships and submit recommendations to the Board of Directors.

Committee members

- Mr. Ahmed Meshari Abdulwahab Al-Fares - Chairman of the committee
- Mr. Fahad Ali Alghanim - Member of the Committee - Non-Executive
- Mr. Yousef Abdullah Al Qatami - Member of the Committee - Executive

The number of committee meetings during the year 2022

- 2 meetings

The date of formation of the committee

- The Board of Directors formed the committee on 06/29/2022, and later re-composited the committee on 09/18/2022.

Committee term

- Three years, and should not exceed the remaining period of membership of the current Board of Directors, which ends on 12/30/2023.

Summary of how to apply the requirements that allow the Members of the Board of Directors to obtain accurate and timely information and data.

One of the Executive Management's tasks is to provide information and data in a complete, accurate and timely manner to all members of the Board of Directors. During the year 2022, the Board of Directors approved a policy and procedures manual that defines the mechanism for members of the Board of Directors to obtain information accurately and in a timely manner. The policy also included the responsibility of members to maintain the confidentiality of this information. The company has developed the infrastructure of information technology, in particular reporting systems, in order to ensure that all reports are prepared with high quality and accuracy, and that they are submitted to the members of the Board of Directors in a timely manner in order to facilitate the decision-making process.

Third Rule

Recruit Highly Qualified Candidates for Members of a Board of Directors & the Executive Management

Application of the formation requirements of the nominations and remunerations committee.

The Nominations and Remunerations Committee developed a charter that has been approved by the company's Board of Directors, in accordance with the requirements of Chapter Four of Book Fifteen of the Executive Bylaws of Law No. (7) of 2010, regarding the establishment of the Capital Markets Authority and the regulation of securities activity and their amendments. The Nominations and Remunerations Committee is formed of three members, noting that the Chairman of the Committee is an independent member.

During the year, the committee reviewed the nomination applications for the independent members of the Board of Directors and provide a recommendation to the Board of Directors, after ensuring that the nominated members have the required professional and practical experience and appropriate academic background to perform their duties and responsibilities efficiently and effectively. The committee also made sure that they have full independence.

Accordingly, during the year, the Nomination and Remuneration Committee was re-composited after the election of two complementary independent members of the Board of Directors by the Ordinary General Assembly

Report of Remuneration granted to Members of the Board, Executive Management and the Managers

During the year, the Committee developed a clear policy for remuneration, which was approved by the company's Board of Directors. The following is a report on the Remuneration granted to Members of Board, Executive Management and the Managers:

Remunerations and benefits - of Members of the Board of Directors

Total number of members	Remunerations and benefits through the parent company			Remunerations and benefits through subsidiaries			
	Fixed Remuneration and benefits (KWD)	Variable Remuneration and benefits (KWD)		Fixed Remuneration and benefits (KWD)		Variable Remuneration and benefits (KWD)	
	Health Insurance	Annual Reward	Committee Reward	Health Insurance	Monthly salaries (total during the year)	Annual Reward	Committee Reward
7		35,000		1,788	306,346	448,777	

Total remunerations and benefits granted to five senior executives who have received the highest remunerations, in addition to the Chief Executive Officer and the financial manager or their deputy, if not included

Total number of executive positions	Remunerations and benefits through the parent company							Remunerations and benefits through subsidiaries						
	Fixed remuneration and benefits (Kuwaiti Dinar)						Variable remuneration and benefits (KWD)	Fixed remuneration and benefits (Kuwaiti Dinar)						Variable remuneration and benefits (KWD)
	Monthly salaries (total of the year)	Health Insurance	Annual Tickets	Housing Allowance	Transportation Allowance	Childrens Education Allowance	Annual Reward	Monthly salaries (total during the year)	Health Insurance	Annual Tickets	Housing Allowance	Transportation Allowance	Childrens Education Allowance	Annual Reward
7								533,540	5,662	7,949	6,000		9,705	853,748

Summary of the company's policy of compensations and incentives, specifically that related to Members of a Board of Directors, the Executive Management and the managers.

The performance evaluation of Board of Directors is through the methodology of the self-assessment, the evaluation is conducted annually and it is reviewed, and approved by the Board of Directors. The performance evaluation of the Board of Directors as a whole and the contribution of each member separately is through objective key performance indicators (KPIs).

The fixed and variable remunerations of the executive management are determined as follows:

- Fixed Remunerations (Salaries – benefits etc.)
- Variable Remunerations (Yearly Remunerations which based on the KPI and short- and long-term goals).

The annual remunerations of the Board of Directors is determined in a manner that does not contradict with the Law No. (1) of year (2016) issued by the Companies Law and its executive bylaw and amendments, the annual remunerations for the Board of Directors are approved by the Ordinary General Assembly, based on the recommendation of the Board of Directors and the recommendation of the Nominations and Remuneration Committee. The independent members of the board of directors may be exempt from the limits set for the remunerations.

Any substantial deviations from remuneration policy approved by Board of Directors.

There are no deviations in the remuneration policy approved by the Board of Directors.

Fourth Rule

Safeguard the Integrity of Financial Reporting

Written undertakings by both the Board of Directors and the Executive Management regarding the safety and integrity of the prepared financial reports.

The safety and integrity of the Company's financial statements is one of the most important indicators that reflect the integrity and credibility of the Company in presenting its financial position, the Executive Management undertakes to the Board of Directors that the company's financial reports are presented properly and fairly, and that they review all the financial aspects of the company, including data and results, and that it was prepared in accordance with international accounting standards approved by the Capital Markets Authority. The company's Board of Directors undertakes the safety and integrity of the financial statements towards the shareholders, as these undertakings enhance the accountability process, whether through the Executive Management, the Audit Committee, and the Board of Directors.

Brief about the application of the formation requirements of the audit committee.

The Audit Committee has developed a charter approved by the Board of Directors of the company, in accordance with the requirements of Chapter (5) of Book (15) of the Executive Regulations of Law No. (7) of 2010 regarding the establishment of the Capital Markets Authority and the regulation of securities activity and their amendments. The Audit Committee was formed of three members, including an independent member, and it was taken into consideration that its membership should not be occupied by the Chairman of the Board of Directors or the Executive Members. The term of the Committee is three years, and should not exceed the remaining period of membership of the current Board of Directors, and it has been taken into consideration that at least one of the members of the Committee should have academic qualifications or practical experience in the accounting and financial fields.

The Committee ensures the safety and integrity of the Company's financial reports and to ensure the adequacy and effectiveness of the Company's internal control systems. The Committee also meets regularly with the external and internal auditor. During the year, the Committee held five meetings periodically and quarterly, except the first quarter of the year, as the company was listed on the Boursa Kuwait on June 7, 2022.

In case of any conflicts between the recommendations of the audit committee and the resolutions of the Board of Directors, a statement shall be included detailing and clarifying the recommendations and the reason(s) of the Board of Directors non-compliance therewith.

There were no cases of conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors, during year 2022.

Verification of the independence and neutrality of the external Auditor

The Ordinary General Assembly for the fiscal year ended December 31, 2021 appointed Mr. Bader A. Al-Abduljader - Ernst & Young (Al Aiban, Al Osaimi & Partners) as an independent external auditor and from among the approved list of auditors at the Capital Markets Authority, based on a recommendation from the Board of Directors. The Audit Committee also ensures that the external auditor is independent of the Company and its Board of Directors, and that he does not perform additional tasks that conflicts with the services required by the auditing profession.

Fifth Rule

Apply Sound Systems of Risk Management and Internal Audit

Brief statement on the application of the formation requirements of a department/ an office/ an independent unit of risk management.

Ali Alghanim Sons Automotive Company (K.S.C.P.) has established an independent risk management unit affiliated to the Risk Committee and the Board of Directors, in accordance with the organizational structure approved by the Board of Directors. Based on the recommendation of the Risk Management Committee, the Board of Directors appointed an independent external advisory firm to perform the risk management tasks. The risk management policies and procedures manual was approved by the Board of Directors based on the recommendation of the Risk Management Committee, the effective risk management systems and procedures have been set in place to evaluate, measure and follow up the risks to which the company is exposed. The Board of Directors has approved the level of risks acceptable of the company (risk appetite).

Brief about the application of the formation requirements of the risk management committee.

The Board of Directors formed the Risk Management Committee and approved its charter. The Committee consists of three non-executive members, and it has been taken into consideration that the chairman of the Board of Directors is not a member of this Committee, as the term of the Committee is three years, and should not exceed the remaining period of membership of the current Board of Directors.

The role of the Risk Management Committee is to ensure the implementation of the strategies and policies approved by the Board of Directors and that they are appropriate with the nature and size of the company's activities, and assisting the Board of Directors in determining and evaluating the level of risks acceptable to the company, in addition to following up and reviewing risk measurement indicators on a regular basis.

Summary clarifying the control and internal audit systems.

The company has a set of control systems and regulatory rules that cover all the company's activities and departments. These systems and rules work to preserve the integrity of the company's financial position, the accuracy of its data, and the efficiency of its operations. The company's organizational structure reflects the dual audit (Four Eyes Principles), and the Board of Directors has approved clear matrix of authorities and delegation. The Board of Directors review the periodic reports issued by the Audit Committee, on the results of internal control activities.

On June 7, 2022, the company was listed on Boursa Kuwait. At the end of 2022, the Board of Directors, based on the recommendation of the Audit Committee, appointed an independent external advisory firm to review the company's internal control systems and issue the internal control report for the fiscal year ended 31 December, 2022, to be submitted to the Capital Markets Authority.

Brief statement on the application of the formation requirements the internal audit department/ office/ unit.

The company has established an independent internal audit unit that is affiliated to the Audit Committee and to the Board of Directors. The tasks are performed by an independent external advisory office appointed by the Board of Directors based on the recommendation of the Audit Committee; the Board has approved the charter for internal audit.

The independence of the internal audit unit is necessary for the effectiveness and success of the internal audit tasks. The role of the internal audit department is to identify and evaluate the internal control systems applied across the company, deficiencies in procedures and operations, to provide the necessary recommendations and directives, and to ensure the company's compliance with laws and control systems. The department, through the external consultant, issues periodic reports to the Audit Committee and the Board of Directors, based on the internal audit plan approved by the Committee and the Board of Directors.

Sixth Rule

Promote Code of Conduct and Ethical Standards

Summary of the business charter including standards and determinants of code of conduct and ethical standards

ALG believes that standards of professional behavior and ethical standards are an integral part of the company's core values. The Board of Directors has approved the code of conduct and the ethical standards manual. The members of the Board of Directors and the Executive Management are obligated not to use their positions or to exploit the assets and resources of the company in order to achieve the personal interests. The Board of Directors, the executive management and all the Company's employees are also keen to adhere to the implementation of such charter within the Company's daily activities.

The charter also regulates the whistleblowing policy, which allows the Company's employees and stakeholders to report any improper practices that conflict with the Company's internal policies and regulations, while ensuring that the whistleblower is granted good faith and confidentiality, which guarantees this individual's protection from any negative reaction or harm that he may incur as a result of reporting such practices.

Summary of policies and mechanisms on reducing the conflicts of interest

The code of conduct and the ethical standards manual approved by the Board of Directors includes a set of specific policies and procedures to reduce any conflict of interest, which aim to preserve the rights of shareholders and stakeholders. One of the most important components of this policy is the availability of effective procedures and measures to identify any conflict of interest and how to deal therewith, in accordance with the requirements of the Capital Markets Authority and Companies Law No. (1) of 2016 and its amendments. This policy also includes the role of the Board of Directors, Executive Management and the General Assembly in the event of a conflicts of interest.



Seventh Rule

Ensure Timely and High-Quality Disclosure and Transparency

Summary of the application of mechanisms for presentation and accurate and transparent disclosure that define aspects, areas and characteristics of disclosure.

ALG provides accurate and timely information to shareholders, investors and stakeholders, as the Board of Directors has approved detailed policies and procedures for disclosures and transparency through which the mechanism of disclosing information and financial and non -financial statements related to the Company is determined.

Obtaining of accurate and credible information would help the shareholders and investors in analyzing and comparing data and evaluating the company's performance, which contributes to attracting the capital and improving the levels of understanding of shareholders and investors for the company's operations and activities. It also leads to an increase in the connection to shareholders and stakeholders and access to the highest levels of the trust with all relevant parties, and the Company also emphasizes the balance between the confidentiality of the information of the Company's clients and the information required to be disclosed for shareholders, investors and stakeholders. The compliance department is responsible for supervising the process of disclosing information and coordinating with the executive management and all departments of the Company in order to ensure that the Company complies with the requirements of the Capital Markets Authority, the Boursa Kuwait Company and other regulators.

Brief about the application of the requirements of the Board of Directors disclosure and executive management disclosures, and the managers' disclosures.

The company maintains a special record for the disclosures of members of the Board of Directors, Executive Management and managers about their transactions on the company's shares on Boursa Kuwait. It also includes data on remunerations, salaries, incentives, and other financial benefits granted directly or indirectly by the company or its subsidiaries. All company's shareholders can review this record without any fees or consideration.

Brief statement on the application of the formation requirements of a unit of investors affairs.

The company has established an independent unit for investor affairs affiliated to the CEO of the company, and the Board of Directors has approved the investor affairs policies and procedures.

The unit provides the necessary data, information and reports for shareholders and potential investors accurately and at the appropriate time, through the recognized means of disclosures, including the company's website. The unit also enhances the credibility and trust between the company and the shareholders and achieves equality between all shareholders by responding to any questions or inquiries through generally accepted means of communication.

Brief on how to develop the infrastructure for the information technology on which it shall significantly rely on in the disclosure processes.

Ali Alghanim Sons Automotive Company (K.S.C.P.) was listed on June 7, 2022. The company has established a new advanced and effective website that meets the requirements of shareholders and other relevant parties. The Company's website contains a special section for the company's corporate governance and investor relations, including all the company's disclosures, data and information that help the shareholders and investors to easily access the information and data, exercise their rights and evaluate the company's performance.

Eighth Rule

Respect the Rights of Shareholders

Summary of the application of the requirements for the identification and protection of the general rights of shareholders, in order to ensure fairness and equality amongst all shareholders.

The Articles of Association of ALG company guarantee the rights and obligations of the shareholders specifically the right to obtain a share of the profits that the company decides to distribute, and the right to participate in managing the company through membership in the Board of Directors. It also grants them the right to attend the General Assembly shareholders meetings, to participate in its deliberations and to vote on its decisions, and other rights stipulated in the Articles of Association of the company, in accordance with the governance rules issued by the Capital Markets Authority and the companies' law. The company has developed a policy manual for the General Assembly and shareholders' rights, which has been approved by the company's Board of Directors. The company shall also protect the shareholders and ensure the exercise of their basic rights with a justice and equality, that guarantees equal treatment for all shareholders who own the same type of shares without discrimination. The Company also keen to disclose to the shareholders the minutes of the general assembly meetings.

Summary of the creation of a special record at the Clearing Agency as part of the requirements for on-going monitoring of shareholders' data.

The company has contracted with the Kuwait Clearing Company for the purpose of establishing a special register to be kept with the clearing agency, in which the shareholders' names, domicile, and the number of shares owned by each holder shall be recorded. The Kuwait Clearing Company shall provide ALG with daily updates on the data and information included in the shareholders' register. The shareholders and any concerned party shall have the right to request providing them with data from this register, in accordance with the laws and instructions issued by the regulators.

Brief on how to encourage shareholders to participate and vote in the company's general assembly meetings.

The company's Articles of Association, the General Assembly manual, and shareholders' rights stipulate the provisions related to the General Assembly of shareholders, which include the necessary procedures and precautions to ensure that all shareholders exercise their rights to participate and vote in the General Assembly meetings.

The Company shall implement the requirements of the Capital Markets Authority for companies classified within the 'Premier' market on the Boursa Kuwait by holding their General Assemblies according to the electronic voting system to facilitate the shareholders' exercise of their right to vote in the event that they are unable to attend physically. The company also encourages its shareholders to attend the meetings of the company's General Assembly or to authorize someone on their behalf to attend and vote in the event that they are unable to attend those meetings. The company shall disclose the notices of the General Assembly and the explanatory attachments to its shareholders in sufficient time before the assembly is held, through the electronic system of the Kuwait Clearing Company and the company's website, as well as through the website of Boursa Kuwait. The invitation to attend the General Assembly meeting, including the agenda, time and method of participation, shall be announced by advertising twice in two local daily newspapers. The shareholders are allowed to participate effectively in the meetings of the General Assembly, discuss the issues included therein and ask questions. The company will also ensure that all shareholders exercise the right to vote without any obstacles.

Ninth Rule

Recognize the Roles of Stakeholders

Brief about conditions and policies that ensure protection and recognition of the rights of stakeholders.

ALG affirms that the rights of stakeholders and related parties including shareholders, investors, employees, creditors, clients and suppliers are all protected and respected, the contributions of stakeholders constitute a very important resource in establishing company competitiveness and supporting its levels of profitability. As part of the company's governance framework, the Board of Directors has developed a policy that guarantees the protection and respect for the rights of stakeholders. This policy applies to the company, the Board of Directors, Executive Management and employees, and each of them has a role in protecting the rights of stakeholders in the Group.

Brief on how to encourage stakeholders to keep track of the company's various activities.

The following are the main responsibilities towards stakeholders, which in turn encourage them to participate in following up on the company's activities:

- Provide appropriate information in the time manner in order to assist the stakeholders in making the decisions based on correct and complete information through generally accepted means of communication, within the law.
- Oversee the company's affairs efficiently and impartially, and respecting the values and culture of each stakeholder.
- Respect the laws and regulations issued by the Capital Markets Authority, the Ministry of Commerce and Industry and any other relevant regulators.
- Implement the obligations towards banks and financial institutions that the company deals with, to ensure not prejudice of undertakings and conditions.
- Create sustainable value added for shareholders with the aim of maximizing their investments and achieving the reasonable returns, and provide their favor and protecting their rights stipulated in the company's Articles of Association.
- Deal with stakeholders on the same terms that the company applies with the different stakeholders without any discrimination.
- Building good relationships between clients and suppliers, and maintain the confidentiality of information related to them.
- Verify that the contracts concluded between stakeholders and the company include a detailed explanation in the event of any disagreement or dispute.
- Compensate the stakeholders in the event of violation of their rights, which are protected by contracts concluded with them.
- Ensure the availability of mechanisms for reporting and settling the complaints or disputes that may arise between the company and its stakeholders.
- Select the members of the executive management who are capable of assuming these tasks efficiently.
- Put in place mechanisms to develop the performance of employees to ensure their participation in management and effective decision-making.
- Contribute to economic and social responsibilities.

Tenth Rule

Encourage and Enhance Performance

Summary of the application of the requirements for the development of mechanisms that allow Members of the Board of Directors and Executive Management to attend the training programs and courses regularly.

The company is keen to develop the experiences of the members of the Board of Directors and the executive management by informing them of the latest developments in the various related fields. During the year 2022, the members of the Board of Directors and the executive management attended an external training course in corporate governance and the latest amendments to the laws and decisions of the Capital Markets Authority. During the year, the induction programs were provided to the new independent members of the Board of Directors to ensure they have a proper understanding of the activities and operations of the Group. An internal workshop was also held for the Board of Directors and Executive Management.

Brief on how to evaluate the performance of the Board as a whole, and the performance of each Member of the Board of Directors and the Executive Management.

The Board of Directors, through the Nomination and Remuneration Committee, has approved a set of indicators to measure and evaluate the performance of the Board of Directors as a whole and the performance of each member of the Board of Directors and the Executive Management, which are mainly related to the tasks and responsibilities of the Board and the Executive Management with the extent to which the strategic objectives of the company are achieved. The company evaluated the performance of the members of the Board of Directors, committees and executive management, for the purpose of measuring the efficiency and effectiveness of the Board, identifying and evaluating weaknesses, and identifying the necessary training needs.

Overview of the Board of Director's efforts in asserting the importance of corporate value creation with the employees at the company through achieving the company's strategic goals and improving key performance indicators.

The Board of Directors understands the importance of promoting and creating the corporate values of the Company, in order to achieve the strategic objectives of the Company, improve the performance and enhance the confidence of stakeholders. This also contributes effectively to creating the corporate values for employees and encourages them to present new creative ideas and appreciate the initiatives, and motivate them by connecting the rewards and promotions to their performance, through clear evaluation criteria that they are informed of. It also provides opportunities for teamwork and a positive environment that encourages them to do their best, in order to achieve the strategic objectives of the company and to comply with the internal and external laws and instructions issued by the regulators and the code of ethical and professional conduct.



Eleventh Rule

Focus on the Importance of Corporate Social Responsibility

Summary of the development of a policy to ensure a balance between each of the company goals and society goals.

ALG developed a corporate social responsibility policy that ensures to achieve a balance between the company's objectives and those of society, which was approved by the company's Board of Directors.

Brief about the programs and mechanisms helping to highlight the company's efforts exerted in the field of social work.

In line with the company's strategy and objectives and its commitment to its responsibilities towards society, the Group seeks to provide the suitable job opportunities, encourage the national employment, and develop and train its employees, in addition to its commitment to organizing the events that allow it to interact with society by sponsoring the major community events, especially those that promote the positive trends and encourage individuals to participate in sports activities.

The following is a summary of the most important social activities that took place during the year 2022:

Sports:
Alghanim organized various activities to support and spread engagement in sports activities for different categories and ages among men, women and children, through the following:

- Organized of two of the largest Padel tournaments in Kuwait for the professional and amateur players during the year 2022, with the participation of several teams of females and males of different ages. The winners received the material and in-kind prizes, as part of the company's contribution to supporting the local talents in the sports activities.

- Organized of the "Fantasy" the Premier League tourney during the year 2022, in which more than 12,000 players participated, due to the popularity of football in Kuwait, as it is an important part of the local culture.

Education:
- Believing in the importance of supporting the educational activities and encouraging young people, the company has sponsored many graduation ceremonies for students.

Humanitarian Action:
- Alghanim Company has established humanitarian aid team, who annually in cooperation with some charities prepares and distributes food supplies inside Kuwait during the holy month of Ramadan.

Chairman of the Board of Directors


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