Ali Alghanim Sons Automotive
Company K.S.C.P.



Annual Report 2023



In Memoriam: Sheikh Nawaf al-Ahmad al-Sabah

As we reflect upon the year 2023 in this annual report, Ali AlGhanim Sons Automotive Company K.S.C.P take a moment to remember a visionary leader and a symbol of unwavering dedication, His Highness Sheikh Nawaf al-Ahmad al-Sabah, May Allah rest his soul in eternal peace and grant him the highest place in Jannah. An exceptional statesman, he had devoted his life to serving the people of Kuwait and building a prosperous and powerful nation. His legacy of wisdom, benevolence, and tireless service for the country will forever be etched in the hearts of every Kuwaiti citizen and its residents.

As we bid farewell to a remarkable era in Kuwait's history, we also extend our warm wishes to His Highness Sheikh Meshal al-Ahmad al-Sabah, the Emir of Kuwait. May his reign be marked by continued progress, unity, and prosperity for the people of Kuwait.

As we embark on a new era under the leadership of His Highness Sheikh Meshal al-Ahmad al-Sabah, Ali AlGhanim Sons Automotive Company pledge our wholehearted support to the Emir to create a future filled with peace and prosperity under his able guidance.





His Highness Sheikh

Meshal Al-Ahmad Al-Jaber Al Sabah

Amir of the State of Kuwait

Table of Content

08 Overview
Annual Report Introduction

10 Overview
A Recap to Key 2023 Highlights

11 Overview
About Ali Alghanim

12 Strategic Review
Statement from the Chairman

16 Strategic Review
Statement from the Chief Executive Officer

19 Strategic Review
Board of Directors

20 Strategic Review
The Milestones

24 Strategic Review
Corporate Social Sustainability & ESG

24 Strategic Review
Diversity & Inclusion

24 Strategic Review
Customer Experience

25 Strategic Review
Digital Capabilities

25 Strategic Review
The Expansion

25 Strategic Review

Talentism & Kuwaitization

26 Corporate Governance

Governance Introduction

27 Corporate Governance

Governance Report

50 Financial Statements

Auditor's Report

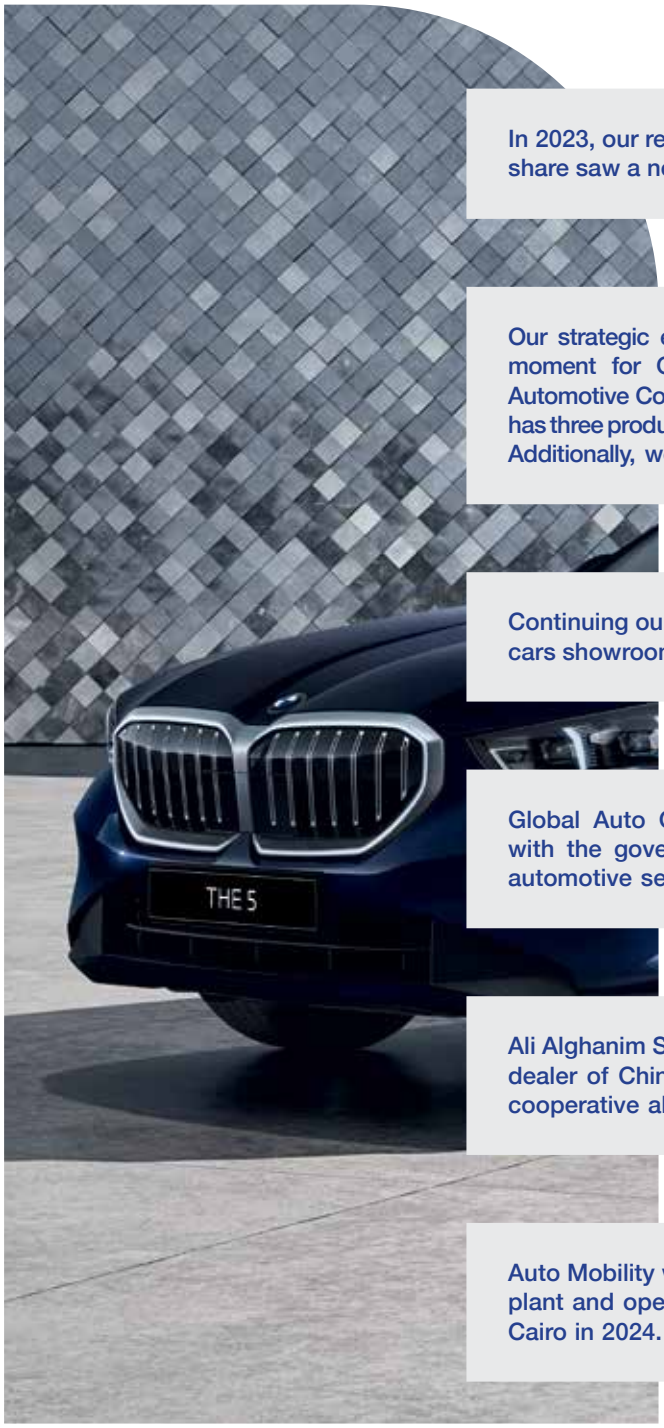
54 Financial Statements

Consolidated Financial Statements



Welcome to the Ali Alghanim Sons Story

Looking back at our performance in the financial year of 2023, Ali Alghanim Sons Automotive Company K.S.C.P. is thrilled to announce that we have charted outstanding results, achieving a record-breaking revenue of **262.8 million KD**. This remarkable accomplishment comes in the face of global economic challenges and geopolitical conditions, underscoring the dedication of the promoter family and the Board of Directors to excellence in business through strategic decision-making and seizing every opportunity. These milestones not only signify our commitment to growth and excellence but also our dedication to contributing to the advancement of the automotive sector on a global scale.



In 2023, our revenue soared to **262.8 million KD**, while the value per share saw a notable increase from **805 fils** in 2022 to **1056 fils** in 2023.

Our strategic expansion into Egypt in November 2022 marked a pivotal moment for Global Auto Group, an associate of Ali Alghanim Sons Automotive Company K.S.C.P. In 2023, we reopened a BMW factory, which has three production lines with the capacity to assemble 10,000 cars annually. Additionally, we inaugurated a BMW showroom in Obour City, Egypt.

Continuing our regional expansion, we proudly opened a second Geely cars showroom in Jahra Governorate, Kuwait.

Global Auto Group signed a major strategic partnership agreement with the government of Egypt to develop and enhance the nation's automotive sector by setting up an environment-friendly cars industry.

Ali Alghanim Sons Automotive Company officially became the exclusive dealer of Chinese car brand 'Geely' in Egypt through Auto Mobility, a cooperative alliance created in 2023.

Auto Mobility will invest $100 million USD to set up a car manufacturing plant and open a Geely showroom and maintenance center in eastern Cairo in 2024.



01 Key Highlights and Recap

The Achievements

The financial year of 2023 was a remarkable period for Ali Alghanim Sons Automotive Company K.S.C.P., which witnessed the organization achieving exceptional growth outcomes and successes across various domains of the business. After the successful accomplishment of an Initial Public Offering in 2022, the company's unwavering commitment to pursuing excellence and forward-looking strategy helped the business to further expand its market reach and cement its position as a leader in the regional automotive industry.

Despite the global economic and geopolitical challenges that shadowed the past year, Ali Alghanim Sons Automotive Company K.S.C.P. successfully posted a record revenue growth of **39.7 percent** in 2023 compared to **11.3 percent** in 2022 with a profit of **33.2 million KD.** With this, the market capitalization of the organization has soared by **31.2 percent** to touch **289.3 million KD.** These achievements of the organization underscore the commitment of the promoter family and the Board of Directors to deliver exceptional returns to the shareholders and propel growth in business through strategic expansion plans in the upcoming years. The company also aims to build a loyal clientele and reinforce it by providing an unparalleled customer experience through sophisticated support services.

Fortifying Our Leadership Through Strategic Market Expansion

A leader in the regional automotive industry, Ali Alghanim Sons Automotive Company K.S.C.P. has built a formidable market footprint in Kuwait with a growing presence in Iraq. As part of its strategic expansion plans, the company entered into the promising market of Egypt in November 2022. The company ventured into the North African market through a joint venture initiative under the brand name Global Auto Group, by partnering with Saudi Arabia's Mohamed Yousuf Naghi Motors, Al-Organi Group, and Al-Safi Group of Egypt.

Global Auto Group acquired Bavarian Auto Group — the former importer of BMW and MINI in Egypt — in a deal that includes the existing network of service centers, showrooms, and the BMW assembly plant. In 2023, the company reopened the BMW factory in the Arab Republic of Egypt and opened an exclusive showroom for BMW in Obour City. This is the first showroom in Egypt that is equipped in accordance with the BMW identity.

The reopened assembly plant of BMW has three production lines with a capacity to assemble **10,000 cars** per year and other mechanical capabilities to cater to the diverse requirements of customers. The company also holds the official importer rights for BMW and MINI in the market. In addition to offering customers in Egypt the full range of BMW, BMW M, BMW I, MINI vehicles, and BMW Premium Selection pre-owned cars, Global Auto Group also provides various complementary services, including financing plans and insurance schemes.

Ali Alghanim Sons Automotive Company officially became the exclusive dealer of Chinese car brand 'Geely' in Egypt through Auto Mobility, a cooperative alliance created in 2023. Auto Mobility will invest **$100 million USD** to set up a car manufacturing plant and open a Geely showroom and maintenance center in eastern Cairo in 2024.

The year also witnessed Ali Alghanim Sons Automotive Company K.S.C.P. opening the second showroom for Geely cars in Jahra Governorate as part of its regional expansion strategy in Kuwait. The showroom spread across a sprawling **2,000 square meters** also has a service and spare parts center attached to it. Furthermore, in a major development Global Auto Group, the associate of Ali Alghanim Sons Automotive Company K.S.C.P. in Egypt, signed a landmark agreement with the government of Egypt to develop and enhance the nation's automotive sector. As part of the partnership, the company will play a pivotal role in setting up an environment-friendly car industry in the North African country.

Promoting Excellence in Customer Service

Over the years, Ali Alghanim Sons Automotive Company K.S.C.P has built up an unmatched network of vehicle showrooms and complementary service centers in Kuwait and beyond, comprising more than **30 sales, service, and spare parts facilities.** Further investment in expanding this network is an ongoing priority for the company. The company has recently expanded its network of quick service centers with the addition of Abdullah Al Mubarak, bringing the total number of centers to **15.**

The organization is committed to serving its clientele with exceptional customer care support services throughout its centers. The company has adopted various measures to improve its client servicing outcomes and aims to further invest in this domain in the upcoming years.

02 About Us

From humble beginnings in the early 1960s as a small family business venture, Ali Alghanim Sons Automotive Company K.S.C.P has grown into a market leader in the automotive sector in Kuwait and beyond. Today, the company has established a solid market presence in Kuwait, Egypt, and Iraq, representing top global luxury car brands, including Rolls-Royce, BMW, MINI, Land Rover, McLaren, Geely, GWM, and Man Trucks.

With nine subsidiaries and affiliates and boasting a highly diversified automotive portfolio of passenger and commercial vehicles ranging from entry-level to ultra-luxury brands and heavy commercial vehicles and equipment, Ali Alghanim Sons has evolved as a prominent Kuwaiti public company.

Besides import and distribution, our activities include after-sales and aftermarket products, certified used vehicle sales, rental and leasing, ride-hailing, car valuation, technical inspection, and vehicle registration renewal services. These are in addition to our extensive network of **over 30 sales, service, and spare parts facilities, including eight car showrooms and 15 new service centers, and several other upcoming facilities.**



03 Chairman's Address to the Shareholders

Fiscal Year ended on December 31, 2023

Dear Shareholders of Ali Alghanim Sons Automative Company K.S.C.P,
On behalf of myself and the members of the Board of Directors and Executive Management, I am pleased to present the annual report of Ali Alghanim Sons Automotive Company K.S.C.P. I take this opportunity to highlight the significant developments witnessed by the company during 2023, as well as its financial statements for the year ending on December 31, 2023.

Following the momentous official listing of Ali Alghanim Sons Automotive Company K.S.C.P shares on the premier market of Boursa Kuwait in 2022, the company went on to mark a series of further developments and successes. From its humble beginnings as a small family business venture in the early 1960s, the company has grown into a market leader within the Kuwaiti automotive market sector's business landscape, acting as an agent for a group of renowned luxury car brands such as Rolls-Royce, BMW, MINI, Land Rover, and McLaren.

The company proudly presents an exceptional array of after-sales products and services, complemented by our certified used car sales, both long- and short-term leasing options, passenger transportation services, car evaluations, technical inspections, and vehicle registration renewals. These services are delivered across an expansive network comprising over

30+ Facilities dedicated to sales, after-sales services

08 Car Showrooms

15 Service Centers



Financial Performance

The company witnessed notable growth in its total assets, with a remarkable increase of **18.66%**, culminating in a value of

KWD 223,182,468
as of December 31, 2023

This marks a significant rise from the previous year's total of

KWD 188,078,762
as of December 31, 2022

Shareholder equity within the parent company also saw a substantial rise of **13.11%**, reaching a total of

KWD 82,531,375
by the end of 2023, up from

KWD 72,963,961
at the end of 2022

Furthermore, the net profit attributable to the parent company's shareholders experienced a boost of **52.27%**, totaling

KWD 28,481,450
on December 31, 2023

an increase from the

KWD 18,704,850
reported at the end of the previous year

Additionally, there was a significant improvement in basic earnings per share for the shareholders of the parent company, which increased by **53.47%**, amounting to

103.93 fils
per share in 2023

compared to

67.72 fils
per share in 2022

The company's financial achievements have notably surpassed expectations outlined in the subscription prospectus, with profits profits attributable to parent company exceeding the forecasted amounts by **79.6%**.



Dividend Distribution

The company's Board of Directors has put forward a proposal for the General Assembly to approve the distribution of cash dividends to shareholders for the six-month period ending December 31, 2023, at a rate of **35%** of the nominal share value, equivalent to **35 fils per share**. This decision will result in the company issuing cash dividends totaling **70 fils per share** for the year 2023. This represents a growth of **21%** over the previous year and surpasses the initial promise made to investors and shareholders prior to the company's listing, which was set at **47.99 fils per share—an increase of 46%**. It's important to highlight that the company previously distributed dividends at a rate of **57.78%** of the nominal share value, translating to **57.78 fils per share** for the fiscal year that concluded on December 31, 2022.

Outstanding results and achievements

In the face of last year's global economic and geopolitical challenges, Ali Alghanim Sons Automotive Company has marked significant milestones, most notably the relaunch of the BMW factory in the Arab Republic of Egypt under the auspices of the Global Auto Group, an affiliate with exclusive rights to distribute BMW and Mini brands in Egypt. This resurgence saw the initiation of three production lines, boasting a collective annual capacity of 10,000 vehicles. Additionally, we unveiled state-of-the-art BMW and Mini showrooms in Obour City, Egypt, further solidifying our market presence.

In alignment with our local expansion objectives, we have also reinforced the Geely brand's footprint in Kuwait by inaugurating its second showroom complex in the Jahra Governorate. This facility, which features a prestigious design, is equipped with a modern service center and a spare parts hub. Further extending our service network, we recently added a quick service center in the Abdullah Al Mubarak District.

Promoting Environmental Safety and Making an Impact

In a significant stride towards environmental conservation and industry innovation, Global Auto Group proudly announces a groundbreaking partnership with the Egyptian government. This collaboration aims to revolutionize Egypt's automotive industry by prioritizing the development of an eco-friendly automobile sector in the region.

Boosting the Growth of the Chinese Market

The company has played a pivotal role in boosting the Chinese market's expansion, notably through the introduction of two rapidly ascending brands: Geely and Great Wall Motor (Haval). Taking into consideration that the Chinese auto segment that fulfils demand of a wide category of users, we've tapped into the demands of a broad customer base, resulting in an impressive growth rate of approximately 35% in 2023 compared to the previous year. This remarkable growth is attributed to the ongoing advancements in Chinese technology and a significant shift in consumer perceptions and preferences towards Chinese automotive brands.

Future Goals

Under its strategy to grow within the Egyptian market, Auto Mobility Company has secured the dealership rights for the Chinese Geely brand, initiating local assembly operations backed by an investment of $100 million. This venture is set to propel the company into the African and Middle Eastern markets. The initial phase will see the assembly of two Geely car models at the Bavarian factory located in the 6th of October City, slated to commence in the final quarter of the year. Additionally, the company is dedicated to enriching the Egyptian market with a variety of Geely models, achieved through the launch of new showrooms and service centers in strategic locations across Cairo and Alexandria.

Establishing Partnerships

Ali Alghanim Sons Automotive Company is steadfast in fortifying its enduring partnerships with premier global entities, a strategy that ensures a robust inventory of highly sought-after models is always at hand. Our concerted efforts and the cultivation of exceptional relationships with key industry players have been instrumental in navigating the complex challenges plaguing global supply chains and production constraints affecting numerous manufacturers. Through proactive collaboration and strategic foresight, we have adeptly minimized the adverse effects of these hurdles by strategically increasing orders for vehicles with higher profit margins from our carefully curated vehicle portfolio.

A Supportive Strategy that Enhances Leadership and Fulfills Aspirations

To conclude, I extend my heartfelt thanks to the Board of Directors, the executive management team, and all employees of Ali Alghanim Sons Automotive Company for their invaluable contributions throughout 2023. The collective dedication and effort have been crucial in aligning with and advancing the national development plan's vision, significantly impacting our company's objectives.

Our achievements this year not only fill us with pride but also mark the start of an exciting path of progress that promises to enrich our shareholders and all community stakeholders. I am grateful to our shareholders for their unwavering support. We commit to continuing our diligent work to maintain our status as a leader in the automotive industry, both locally and regionally.

Mr. Fahad Ali Alghanim
Chairman of Board of Directors



04 CEO's Message

It is with great pleasure that I introduce the second annual report of Ali Alghanim Sons Automotive Company K.S.C.P, showcasing the significant achievements and latest developments of the company throughout 2023. We are proud to report remarkable growth, marking an exciting journey as we progress steadily toward our ambitious objectives, continuously expanding and evolving.

We take immense pride in our ongoing contribution to shaping the future of the automotive sector in Kuwait and the MENA region. Our commitment extends to meeting the diverse needs of our customers by providing access to premium global automotive brands and models, along with a host of comprehensive solutions.

Reflecting on our remarkable journey spanning over six decades, Ali Alghanim Sons Automotive Company K.S.C.P has continuously established itself as a pioneer in the industry, setting unprecedented benchmarks of excellence and forging new paths of growth. Despite the challenges we've encountered and the dynamic shifts in the socioeconomic and geopolitical landscapes of the region, we have remained steadfast in our pursuit of opportunities, ultimately reaching the esteemed position we hold today.

Throughout our journey, our fundamental strategy has remained unchanged: incorporating premium brands and innovative solutions into our portfolio, expanding our network of showrooms and service centers, and strengthening our strategic partnerships to launch portfolio companies, further solidifying our presence in Egypt and Iraq. Our consistent focus on this core strategy has been pivotal in maintaining our leadership position in the regional automotive market.
Today, our diversified portfolio includes passenger and commercial vehicles and heavy commercial vehicles and equipment, as well as after-sales and after-market products and services. We represent the top car brands in the world - including BMW, MINI, Rolls-Royce, Land Rover, McLaren, Geely, GWM, and Man Truck - as their official importer and distributor. The company has also been representing brands in the affordable segment, like Geely and Great Wall Motor – Haval, building a rapidly growing base of customers. These are in addition to our unmatched services across allied segments, including after-sales services, certified used vehicle sales, rental and leasing, ride-hailing, car valuation, technical inspection, and vehicle registration renewal, delivered through our growing network of over 30 sales, service, and spare parts facilities.



In 2023, Ali Alghanim Sons Automotive Company K.S.C.P marked a significant year, achieving milestones that spanned exceptional financial performance, the introduction of the latest models of luxury automobiles, the reopening of a factory, and the inauguration of a new showroom. Building on the momentum gained from the **27.5%** profit attributable to equity holders of parent company surge in 2022, totaling **KD 18.7 million**, we successfully sustained this trajectory with a remarkable **52.3%** year-on-year increase in profits attributable to equity holders of parent company, reaching **KD 13.4 million** in the first half of 2023. We were able to sustain this upward trajectory throughout the rest of the year, with our profits attributable to equity holders of parent company increasing to **53.5%**, reaching **KD 20.9 million** during the first nine months and subsequently to **KD 7.6 million** during the fourth quarter, representing a **52.3%** year-on-year increase.

During the year, we were also able to consolidate our market expansion with the reopening of the BMW production facility in Egypt and the opening of the second Geely showroom in Kuwait equipped with an on-demand service center and spare parts hub. Some of our exclusive launches during the year include the latest models such as BMW XM, BMW 740i M Sport, BMW 5 Series, McLaren 750S, Geely Okavango, and Geely Star Ray.

Thanks to our stellar performance, the company's total assets rose to **KD 223.2 million** in 2023, compared to **KD 188.1 million** in 2022. Additionally, our total equity and return on equity reached **92.4 million** and **36%** respectively, in 2023, compared to **79.67 million** and **24.2%** in 2022. These results underscore Ali AlGhanim Sons Automotive Company's continued emergence as a top conglomerate with success. Along with our remarkable financial performance, we have also been consistently expanding our footprint in the region, particularly consolidating our market presence in Egypt and Iraq.

Looking ahead, fueled by the strength of our strategic business approach and sustained leadership in the industry, we aim to expand even further in terms of our geographical presence, market influence, range of services, network capacity, and technological advancements. By strengthening our presence across the high-end as well as affordable automobile sectors and continuing to deliver unmatched after-sales services, we are confident of strengthening our market share even further.

Anticipating a year filled with achievements, in 2024, we aim to embark on a journey marked by the active launch of new models and the expansion of our sales and service network, all geared towards elevating our customer experience. We will also work toward building our digital capabilities to accelerate our growth and expansion and continue delivering superior value to all our stakeholders.

I extend my heartfelt gratitude to our esteemed Board of Directors, the dedicated senior management team, every member of our workforce, and our cherished customers, partners, and shareholders for their unwavering support throughout the past year. As we embark on the journey of 2024, I eagerly anticipate the continuation of your steadfast confidence in our endeavors. Rest assured, we are committed to achieving even greater success this year. With the enduring trust you place in us, I am confident that together, we will reach new heights of excellence.

Ali Alghanim Sons Automotive Company K.S.C.P: Year in Review

Total Revenues

soared by **39.7%** to

KD 262.8 million

in 2023

KWD 188.1 million

in 2022

Annual Net Profit

rose by **72.7%** to

KD 33.2 million

in 2023

KWD 19.3 million

in 2022

Mr. Yousef Abdullah Al-Qatami
Vice Chairman and CEO


9DHK470

05 BOD and Executive Management



Mr. Ali Mohammad Thunayan Alghanim

Founder



Eng. Fahad Ali Alghanim

Chairman



Mr. Yousef Abdullah Al-Qatami

Vice Chairman and CEO



Eng. Ali Marzouq Ali Alghanim

Director



Mr. Mohammad Khaled Ali Alghanim

Director



Mr. Ali Abduljaleel Behbehani

Director



Mr. Jehad Mohammad Ahmed Al-Qabandi

Director - Independent



Mr. Ahmed Meshari Abdulwahab Al-Fares

Director - Independent



Mr. Chavijit Singh Bawa

Chief Financial Officer

06 Milestones



1960

With the establishment of a steel factory specializing in the fabrication of steel sheds and water tanks in the early 1960s, Al Ghanim group set off on a distinguished journey that would later see it evolve and grow into a leading Kuwaiti shareholding company comprising of a group of businesses, along with a presence in Egypt and Iraq, and an automobile market leader that supplies some of the finest international brands and services.

1986

Ali Alghanim and Sons Automotive Company K.S.C.P began its relationship with the BMW Group, the world's leading manufacturer of premium automobiles, and has been strongly associated with the brand ever since. The company has remained the exclusive importer of BMW Group in Kuwait for nearly four decades.

1990

The invasion of Kuwait by Iraq in 1990 caused massive destruction in the Gulf nation and brought profound challenges and disruptions to its economy. Ali Alghanim Sons Automotive Company K.S.C.P suffered heavy losses due to these events. However, the company weathered the tumultuous periods and restored its business with an investment of more than KD 85.92 million to rebuild damaged facilities and build new facilities.

1998

In yet another milestone that helped it position itself as the leading exclusive importer of premium vehicle brands in Kuwait, Ali Alghanim and Sons Automotive added Land Rover to its portfolio. Through this partnership, the company has made the British brand's upmarket and luxury sport utility cars, including the legendary Range Rover, available to consumers in the country.

2001

Ali Alghanim and Sons Automotive Company K.S.C.P became the authorized distributor of MINI. The same year saw the establishment of MAKFM Automotive Company, a market leader in providing flexible car lease services tailored to suit the customers' choices and needs.

2003

Rolls Royce found a partner for success in Ali Alghanim and Sons Automotive Company K.S.C.P, which then started exclusively importing the British luxury automobile maker's top-notch models to Kuwait.

2004

As part of its investments to expand its business in Kuwait, Ali Alghanim and Sons Automotive Company K.S.C.P opened a state-of-the-art 3S (sales, service, and spare parts) facility covering 22,500 sqm. The modern facility features split-level showrooms, in-house parking, and fully-equipped service centers.

2005

Ali Alghanim Sons Automotive Company K.S.C.P acquired shares in Al Ahlia Heavy Vehicles Selling & Import Company, which was awarded the exclusive dealership for MAN, a world-leading German manufacturer of commercial trucks, buses, and marine engines offering state-of-the-art transport solutions in Kuwait the same year. Within a few years since its establishment, Al Ahlia has become one of the leading companies in the field of selling and after-sales services for some of the top brands of trucks and heavy commercial vehicles, in its capacity as the authorized agent for many world-class brands including MAN.

2009

In line with its aims to expand its footprint beyond Kuwait by entering new and attractive markets within the MENA region, Ali Alghanim Sons Automotive Company K.S.C.P established its presence in Iraq through its subsidiary Ali Alghanim International General Trading S.P.C, which holds the official import and distribution rights for BMW and MINI brands in the country.

2012

Ali Alghanim Sons Automotive Company K.S.C.P acquired land in Abu Fatira for a new 6,000 sq. m. 3S facility. The same year, Ali Alghanim and Sons Automotive Company K.S.C.P signed exclusive import deals with British luxury automotive manufacturer McLaren Automotives and EXIDE, one of the world's most sold battery brands.

2013

Further deepening its presence in Kuwait and strengthening its market leadership, Ali Alghanim and Sons Automotive Company K.S.C.P established its first satellite quick service center in partnership with Oula Fuel Company at Mishref to serve nearby residential areas. The company also expanded its portfolio by entering the auto parts business becoming the distributor of Liqui Moly.

Corporate Governance

Preface

The rules of governance consist of principles, systems, and procedures that achieve the best protection and balance between the interests of the Company's management, shareholders and other stakeholders. The main objective of applying the rules of governance is to ensure that the Company's objectives are aligned with those of the shareholders, thereby enhancing investor confidence in the company's performance efficiency and its ability to withstand crises.

The Board of Directors of Ali Alghanim Sons Automotive Company K.S.C.P recognizes that the proper application of good governance, promoting a culture of professional behavior, ethical values, transparency and integrity ensures the protection of shareholders' and stakeholders' rights and achieving sustainable growth, and Alghanim Company believes that proper application of corporate governance does not mean merely respecting a set of rules and regulations. Rather, it is a culture and a way of regulating the relationship between the Board of Directors, Executive Management, stakeholders and all employees of the Company. Good governance also aims to enhance the Company's social responsibility role, taking into account the three pillars of sustainable development: economic growth, social progress and environmental protection. Accordingly, Ali Alghanim Sons Automotive Company K.S.C.P seeks to adhere to the best practices in corporate governance and follow the regulatory standards applicable in the State of Kuwait.



Rule One

Balanced Board Composition

The Board of Directors of Ali Alghanim Sons Automotive Company K.S.C.P has a balanced structure commensurate with the magnitude of the tasks and responsibilities it oversees. The Board structure takes into account the diversity of scientific and professional expertise and specialized skills, in addition to a comprehensive understanding of the Company's activities, which in turn contributes to more efficient and effective decision-making. The company's Board of Directors consists of a sufficient number of members to allow the Board of Directors to form the necessary number of committees emanating from it, the Board comprises seven members, mainly non-executive, including two independent members and one executive member.

The composition of the Board of Directors, as follows:

Name & Member Classification (Executive,Non-Executive, Independent). Secretary	**Academic Qualification**	**Date of Election** Appointment of Secretary
Eng. Fahad Ali Alghanim Chairman of the Board Non-Executive	Bachelor's degree in Civil Engineering, Kuwait University	30/12/2020
Mr. Yousef Abdullah Al-Qatami Vice Chairman and CEO	Bachelor of Science in Business Administration, Finance and International Management Boston University, United States of America.	30/12/2020
Eng. Ali Marzouq Ali Alghanim Director - Non-Executive	Bachelor of Science, Industrial and Systems Engineering, University of Southern California, USA.	30/12/2020
Mr. Mohammad Khaled Ali Alghanim Director - Non-Executive	Bachelor of Science in Finance, Loyola Marymount University - USA.	30/12/2020
Mr. Ali Abduljaleel Behbehani Director - Non-Executive	Master's Degree in Business Administration and Finance Kuwait University. Bachelor's Degree in Business Administration and Finance University of California - USA. Master's degree in Hospitality and Hotel Management from the University of Lausanne.	30/12/2020
Mr. Jehad Mohammad Ahmed Al-Qabandi Director - Independent	Master's degree in Business Administration from City University London, UK. Bachelor's degree in Engineering and Computer Science from California State University - USA.	25/08/2022
Mr. Ahmed Meshari Abdulwahab Al-Fares Director - Independent	Master's degree in Business Administration and a Postgraduate Diploma in Business Administration from the Kuwait Maastricht School of Management. Bachelor's degree in Accounting from the College of Administrative Sciences at Kuwait University. Higher Diploma in Islamic Finance from the College of Graduate Studies at Kuwait University.	25/08/2022
Mr. Ahmed Zamrawi Hassan Board Secretary	Bachelor of Commerce, Accounting Ain Shams University, Egypt	28/12/2022





Eng. Fahad Ali Alghanim

Chairman of the Board of Directors

Bachelor's degree in Civil Engineering from Kuwait University

Mr. Alghanim has 26 years of experience in commercial business management in the automotive field and in the 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 of 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 the Board of Directors of Kuwait Finance House, Chairman of the Investment Committee and member of the Executive Committee, and Audit and Compliance Committee of KFH, also he is Vice Chairman of A'ayan Leasing & Investment Co., and Chairman of Al-Ahlia Heavy Vehicles Selling and Import Company, Vice Chairman of Ali Alghanim Sons Holding Company, Chairman of Global Auto S.A.E., BMW Egypt., Chairman of Auto Mobility LLC, Egypt, Chairman of Ahli United Bank - UK, Board Member of Ahli United Bank – Egypt. Additionally he is a member of Kuwait Building Materials Manufacturing Company, Board Member of Kuwait Society of Engineers, and Board Member and Treasurer of Kuwait Sporting Club.

Mr. Fahad Alghanim previously was Chairman of the Merger Committee of Kuwait Finance House and Ahli United Bank, Member of McLaren Board of Regions (Global) (Middle East Representatives), Chairman of the Board of Directors and Chairman of the Restructuring Committee of A'ayan Leasing and Investment Company, Vice Chairman of the Board of Directors of Al-Ahlia Heavy Vehicles Selling and Import Company, Member of the Board of Directors of the Universal Payment Services Company (UPS), and Board Member of Alawla Slaughtering Co.



Mr. Yousef Abdullah Al-Qatami

Vice Chairman and Chief Executive Officer

Bachelor of Science in Business Administration, Finance & International Management, Boston University, United States of America

Mr. Yousef Al Qatami has approximately 23 years of experience in business management for global automotive brands in the automotive sector, business management and investment sectors. He is currently the Chief Executive Officer of Ali Alghanim Sons Automotive Company (K.S.C.P) since 2018 and previously held the position of General Manager of Ali Mohammed Thunayan Alghanim & Sons Automotive Company and a Manager in the Asset Management Department at Global Investment House.

Mr. 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 A'ayan Ijarah Holding Company. He held a Board Member of Boubyan Bank, and a Board Member of Boubyan Capital Investment Company.



Mr. Ali Abduljaleel Behbehani

Member of the Board of Directors

Master's degree in Business Administration & Finance from Kuwait University, a Bachelor's degree in Business Administration & Finance from the University of California, USA, a Postgraduate Certificate from the University of Liverpool, & a Master's degree in Hospitality & Hotel Management from the University of Lausanne

Mr. Ali Behbehani has more than 18 years of experience in sector of the automotive commercial business management, business management, investment and risk management, previously he held several leadership positions including Director of Shared Services and Business Development at Ali Mohammed Thunayan Alghanim & Sons Automotive Group, and the General Manager of Dwaliya Technical Inspection Company, General Manager of the JAC brand at Ali Mohammed Thunayan Alghanim & Sons Automotive Company, Manager of Direct Investment Department, Portfolio and Risk Management Analyst at Kuwait International Bank, Vice President of Project Management and Corporate Finance at Arab Investment Company, and head of the Corporate Responsibility Unit at Gulf Bank.

Mr. Behbehani is currently a Board Member, Member of the Audit Committee and Chairman of the Risk Committee at Ali Alghanim Sons Automotive Company K.S.C.P, additionally, he is a Board Member at A'ayan Ijara Holding Company, and a Board Member, Chairman of the Audit Committee and Member of the Nomination and Remuneration Committee at Arab Investment Company.



Eng. Ali Marzouq Ali Alghanim

Member of the Board of Directors

Bachelor of Science degree in Industrial and Systems Engineering from the University of Southern California, USA

Mr. Ali Marzouq 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 Alghanim has been a member of the Board of Directors of Ali Alghanim Sons Automotive Company (K.S.C.P) since 2020.



Mr. Mohammad Khaled Ali Alghanim

Member of the Board of Directors

Bachelor degree in Finance from Loyola Marymount University, USA

Mr. Mohammad Khaled Alghanim currently holds the position of General Manager of ALG Insurance Broker Company, He also occupied General Manager of the Al-Ahlia Heavy Vehicles Selling and Import Company and the position of Director of Sports talents and Youth at Kuwait Sports Club.

Mr. Mohammad Khaled Alghanim has been a member of the Board of Directors of Ali Alghanim Sons Automotive Company K.S.C.P since 2020, and he is the Vice Chairman of the Board of Directors of Al-Ahlia Heavy Vehicles Selling and Import Company.



Mr. Ahmed Meshari Abdulwahab Al-Fares
Board Member – Independent

Master's degree in Business Administration and a Postgraduate Diploma in Business Administration from the Kuwait Maastricht School of Management, a Bachelor's degree in Accounting from the College of Administrative Sciences at Kuwait University, and a Higher Diploma in Islamic Finance from the College of Graduate Studies at Kuwait University

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

Mr. Al Fares has more than 19 years of experience in banking, supervisory business and other fields, he is currently the Secretary of the Board of Directors of Kuwait Telecom Company since 2018, and the Treasurer of the Board of Directors of the Kuwait Transparency Society.

Furthermore, he currently holds the position of an independent board member and Chairman of Nomination and Remuneration Committee of Ali Alghanim Sons Automotive Company (K.S.C.P) and a member of the Board of Directors of Kuwait Finance House.

He started his career as a Banking Inspector in the Supervision Sector at the Central Bank of Kuwait, and then held several positions at Kuwait Finance House, the last of which was the position of Governance Manager in the Regulatory Compliance Department, then joined Kuwait Telecom Company and held both the position of Director of the Regulatory Compliance Department and the position of Head of Internal Audit Department, and previously served as Assistant Undersecretary of the Ministry of Commerce and Industry for Corporate Affairs and Commercial Licensing, Chairman and Secretary of the Board of Directors of the Kuwait Accountants and Auditors Association, Board Member of the Public Authority for Industry, and Board Member of Central Bank of Kuwait.



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

Master's degree in Business Administration from City University London, UK, a Bachelor's degree in Engineering and Computer Science from California State University - Long Beach- USA, and has completed the Middle East Senior Executive Program from Harvard Business School, USA

Mr. Al-Qabandi has more than 33 years of experience in commercial business, finance, investment and banking in leading in Kuwait's leading institutions.

Currently he holds the position of Independent Director and Chairman of the Audit Committee at Ali Alghanim Sons Automotive Company, and Vice Chairman at Afrah Al Khaleej General Trading and Contracting Company.

Mr. Al-Qabandi has distinguished banking and finance experience, he previously held the position of Chief Executive Officer at the Bank of Bahrain and Kuwait - Kuwait Branch, and Executive Director at the Kuwait National Fund for the Development and Welfare of Small and Medium Enterprises. Additionally, he has extensive experience in the field of investment, and founded Al Ritaj Investment Company and held the position of CEO and Managing Director.

Mr. Jehad also held several other leadership positions in prestigious international companies - 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

Member Name	Member Classification	Meeting No. (1)	Meeting No. (2)	Meeting No. (3)	Meeting No. (4)	Meeting No. (5)	Meeting No. (6)	Total Meetings
		20/02/2023	23/03/2023	09/05/2023	01/08/2023	06/09/2023	07/11/2023	
Engineer/ Fahad Ali Alghanim	Chairman - Non-executive	✓	✓	✓	✓	✓	✓	6
Mr. Yousef Abdullah Al Qatami	Vice Chairman and CEO	✓	✓	✓	✓	✓	✓	6
Engineer/ Ali Marzouq Ali Alghanim	Director - Non-executive	✓	✓	✓	✓	✓	✓	6
Mr. Mohammad Khaled Alghanim	Director - Non-executive	✓	✓	✓	✓	✓	✓	6
Mr. Ali Abduljaleel Behbahani	Director - Non-executive	✓	✓	✓	✓	✓	✓	6
Mr. Jehad Mohammed Ahmed Al-Qabandi	Director - Independent	✗	✓	✓	✓	✓	✓	5
Mr. Ahmed Meshari Abdulwahab Al Fares	Director - Independent	✓	✓	✓	✓	✓	✓	6




THE X6

A summary of how to apply the requirements for registration and coordination and keeping minutes of the Company's Board of Directors' meetings

The Board of Directors has appointed a Board Secretary from among the Company's employees. The Board Secretary acts as the primary liaison between the Board of Directors, Executive Management and all stakeholders, including shareholders and various departments of the Company, also, securing, communicating and distributing information, coordinating between all concerned parties and ensuring that the Directors have full and prompt access to Board meeting minutes, information, documents and records relating to the Company.

The Board, through its Secretary, shall record all minutes of the Board meetings and ensure that the minutes reflect the proper exercise of the Board's duties. Keeping the minutes and reports submitted to and from the Board, where a special register has been established to record the minutes of the Board's meetings, including the meeting number, place, date and beginning and end time.

The Board Secretary is responsible for ensuring that all members are informed of the dates of Board meetings at least three working days prior to the date of the meeting (unless there is an emergency meeting that requires members to be invited in less than three working days), in addition to preparing the minutes of the meetings with the discussions and deliberations, including the votes taken, categorizing and filing them for easy reference, and providing members with all required documents. The Secretary shall ensure that the minutes are signed by him/her and all attended members.

Acknowledgment of the Independents members

The Independent Directors have declared that they are independent as stated in Article (2-3) of Chapter 2 of Book XV (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 Automotive Company

I/Ahmed Meshari Al-Fares, hereby acknowledge 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 not 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 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
Date | 31 December 2023

Independent Board Member Acknowledgement Ali Alghanim Sons Automotive Company

I/Jehad Mohammad Ahmed Al-Qabandi, hereby acknowledge 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 not 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 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 | Jehad Mohammad Ahmed Al-Qabandi
Date | 31 December 2023

Rule Two

Appropriate Roles and Responsibilities

Brief of how the Company defines a policy on the tasks, responsibilities & duties of each of the Members of the Board of Directors & Executive Management member, as well as the powers & authorities delegated to the Executive Management.

The Board of Directors plays a pivotal role in the Company, serving as the primary pillar in accomplishing the objectives of both shareholders and stakeholders. The Board has ensured that there is a clear separation of duties between the Board of Directors and the Executive Management to ensure full independence and maintain a balance in authority between them. The responsibilities and authority of the Board are clearly defined in the Company's Articles of Association and the Company's Authority and delegation Matrix, taking into account the powers of the General Assembly.

One of the Board's main tasks is to achieve the Company's strategic objectives, maintain the financial health of the Company, and ensure that the Executive Management performs the required tasks and makes effective decisions for the benefit of the shareholders. This ultimately enhances the Company's competitiveness, drives higher growth rates and maximizes profits.

Achievements of the Board of Directors during the year

The main achievements of the Board of Directors for the year 2023 are as follows:

1. Approved the auditor's report and annual financial statements for 2022 and interim financial statements for 2023.
2. Approved the distribution of semi-annual cash dividends to shareholders.
3. Approved a future dividend policy for the financial year ending 31/12/2023.
4. Approved the Board of Directors' report on the Company's activities and financial position for the year ended 31/12/2022.
5. Approve the Corporate Governance Report and the Audit Committee Report for the financial year ended 31/12/2022.
6. Approved the Company's Integrated Report for the year ended 31/12/2022.
7. Adopted the Company's Disaster Recovery Plan and Business Continuity Plan.
8. Approved the risk report, assess and approve the risk Appetite of the Company.
9. Approved the internal audit reports.
10. Approved the internal control systems review report for the year ended 31/12/2022.
11. Approved the annual remuneration to the members of the Board of Directors, Executive Management and employees of the Company for the year ended 31/12/2022.
12. Approved the remuneration and benefits report for the members of the Board of Directors, its committees and the Executive Management for the year ended 31/12/2022.
13. Approved the report of the related parties transactions for the year ended 31/12/2022.
14. Approved of the Compliance Department's plan for the year 2023.
15. Re-appointment of the external auditor for the year 2023.
16. Re-appointment of the independent risk management consultant for the year 2023.
17. Approved the performance evaluation of the Board of Directors as a whole, each Board member and its committees, and the Executive Management evaluation for the year 2022.
18. Approved the performance evaluation of the consulting firms assigned to the external audit, internal audit and risk management functions for the year 2022.
19. Approved the training plan for Board members and Executive Management for the year 2023.
20. Following up on the work of the committees emanating from the Board of Directors and approving their recommendations.

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

Audit Committee

Tasks and Achievements of the Committee during the year

1. Approved the auditor's report and the annual financial statements for 2022 and the interim financial statements for 2023.
2. Reviewed the Executive Management's undertaking for the integrity of the financial statements for the financial year ended 31/12/2022.
3. Reviewed and approved the Internal Audit Charter.
4. Approved internal audit reports.
5. Approved internal control review report for the year 2022.
6. Approved the Audit Committee's report for the year 2022.
7. Approved the Compliance Department's plan for 2023.
8. Approved the non-assurance services of the external auditor.
9. Evaluated the performance of the Company's external auditor for 2022.
10. Evaluated the performance of the consulting firm assigned to the internal audit function for 2022.
11. Approved the re-appointment of the external auditor for the year 2023, set their fees and review their appointment letter.

Committee Members

Mr. Jehad Mohammad Al-Qabandi - Committee Chairman - Independent

Mr. Ali Abduljaleel Behbehani - Committee Member - Non-Executive

Mr. Ali Marzouq Ali Alghanim - Committee Member - Non-Executive

Number of Committee Meetings during the year

5 Meetings

Committee Formation Date

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

Committee Term

Three years, provided that it does not exceed the remaining duration of the Board of Directors membership.

Nomination and Remuneration Committee

Tasks and Achievements of the Committee during the year

1. Approved the performance evaluation of the Board of Directors as a whole, each Board member and its committees for the financial year ending 2022.
2. Approved the payment of the annual remuneration to the Board of Directors for the financial year ending 2022.
3. Approved the payment of the annual remuneration to the Executive Management and employees of the Company for the year ending 2022.
4. Approved the remuneration and benefits report for the members of the Board of Directors, its committees and Executive Management who received the highest remuneration for the financial year ending 2022.
5. Approved the training plan for the Board of Directors and Executive Management for 2023.
6. Approved the independent Board of Directors members' letters of undertaking and confirm the conditions of their independence.

Committee Members

Mr. Ahmed Meshari Abdulwahab Al Fares - Chairman of the Committee - Independent

Mr. Fahad Ali Alghanim - Committee Member - Non-Executive

Mr. Yousef Abdullah Al Qatami - Committee Member - Executive

Number of Committee Meetings during the year

One meeting

Committee Formation Date

The Board of Directors formed the Committee on 29/06/2022 and subsequently reconstituted the Committee on 18/09/2022

Committee Term

Three years, not to exceed the remaining term of the Board of Directors.

Risk Management Committee

Tasks and Achievements of the Committee during the year

1. Approved the Risk Management Register and risk management report.
2. Approved the Company's acceptable level of risk (risk appetite).
3. Approved the Related Party Transactions Report for the financial year ending 31/12/2022.
4. Approved the Company's Disaster Recovery plan and business continuity plan.
5. Evaluated the performance of the Consulting office assigned for risk management function the year 2022.
6. Recommended the reappointment the Consulting office assigned for risk management function for the year 2023.

Committee Members

Mr. Ali Abduljaleel Behbahani - Chairman of the Committee - Non-Executive

Mr. Ali Marzouq Ali Alghanim - Committee Member - Non-Executive

Mr. Mohammad Khalid Alghanim - Committee Member - Non-Executive

Number of Committee Meetings during the year

5 Meetings

Committee Formation Date

The Board of Directors formed the Committee on 29/06/2022 and subsequently reconstituted the Committee on 18/09/2022

Committee Term

Three years, not to exceed the remaining term of the Board of Directors.

Implementing requirements that allow the Members of the Board of Directors to obtain accurate & timely information & data.

One of the duties of the Executive management is to provide complete, accurate and timely information and data to all members of the Board of Directors. The Board of Directors has adopted a Policy and Procedures Manual outlining the process for Board members to access accurate, timely and complete information. It also delineates the responsibility of Board members to maintain the confidentiality of such information. The Company has developed its IT infrastructure, particularly its reporting systems, to ensure that all reports are prepared with a high degree of quality and accuracy. These reports are provided to Board members in a timely manner to facilitate decision-making.

Rule Three

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

Application of the formation requirements of the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee (BNRC) has developed a charter that has been approved by the Board of Directors of the Company. The Nomination and Remuneration Committee's charter includes a clear policy for determining the remuneration of the Board and Executive Management. The Nominations and Remuneration Committee consists of three members, headed by an independent member.

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 of the Board of Directors as a whole and the contribution of each Board member and Board committees are assessed annually based on approved objective performance indicators (KPIs).

Accordingly, the annual remuneration of the Board of Directors is determined in accordance with Law No. (1) of 2016 promulgating the Companies Law and its Executive Regulations and its amendments. This remuneration is ratified by the Ordinary General Assembly based on the recommendation of the Board and the recommendation of the Nomination and Remuneration Committee. Independent directors may be exempted from the above-mentioned maximum remuneration based on the approval of the Ordinary General Assembly.

The fixed and variable remuneration categories for Executive Management are determined as follows:

- **Fixed remuneration**
  (salaries, benefits, etc.).
- **Variable remuneration**
  (annual bonus according to job performance evaluation criteria and short- and long-term performance targets).



Report on the remunerations to the Members of the Board of Directors, the Executive Management and the managers

Remuneration & Benefits for Board Members

Total number of members	Remuneration & benefits through the parent Company			Remuneration & benefits through subsidiaries			
	Fixed remuneration & benefits (KD)	Variable remuneration & benefits (KD)		Fixed remuneration & benefits (KD)		Variable remuneration & benefits (KD)	
	Health Insurance	Annual Bonus	Bonuses for committees	Health Insurance	Monthly salaries (total during the year)	Annual Bonus	Bonuses for committees
7	-	85,000	-	701	142,099	29,142	-

Total remuneration and benefits awarded to the most highly compensated senior executives, including the Chief Executive Officer and Chief Financial Officer or their equivalent if they are not among them, and directors

Total number of executive positions & managers	Remuneration & benefits through the parent Company							Variable remuneration & benefits (KD)	Remuneration & benefits through subsidiaries						Variable remuneration & benefits (KD)
	Monthly salaries (total during the year)	Health Insurance	Annual Tickets	Housing Allowance	Transports Allowance	Child Education Allowance	Travel Allowance	Annual Bonus	Monthly salaries (total during the year)	Health Insurance	Annual Tickets	Housing Allowance	Transports Allowance	Child Education Allowance	Annual Bonus
7	-	-	-	-	-	-	-	-	513,662	6,072	1,406				1,240,940

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

There are no deviations from the approved Board remuneration policy.

Rule Four

Safeguard the Integrity of Financial Reporting

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

The integrity and fairness of the Company's financial statements are important indicators of its integrity and credibility in presenting its financial position. The Executive Management pledges to the Board of Directors that all financial reports are presented in a sound and fair manner, that they review all financial aspects of the Company's data and business results, and that they are prepared in accordance with the International Accounting Standards approved by the Capital Markets Authority. In turn, the Board pledges the same to the Company's shareholders, strengthening accountability through Executive Management, the audit committee, and the Board.

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 on the establishment of the Capital Markets Authority and the regulation of securities activity and their amendments. Comprising three members, including an independent member, the Committee ensures no membership is held by the Chairman of the Board of Directors or executive members of the Board. The term of the Committee is three years, not to exceed the remaining term of the current Board, and at least one member must have a scientific qualification or practical experience among the members of the Committee in accounting and finance fields.

The committee ensures the safety and integrity of the company's financial reports and ensures the adequacy and effectiveness of the company's internal control systems, and it meets regularly with the auditor and internal auditors, are conducted to ensure financial reporting integrity and internal control system adequacy. During the year, the Committee held five meetings on a quarterly basis.

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.

During the year 2023, there were no conflicts between the recommendations of the Audit Committee and the decisions of the Board.

Verification of the independence and neutrality of the external Auditor.

The Ordinary General Assembly for the financial year ending on 31 December 2022 reappointed Mr. Bader Adel Abdul Jader - Ernst & Young (Al Aiban, Al Osaimi & Partners) as the independent external auditor for the year 2023, based on the recommendation of the Board of Directors and the Audit Committee, as he is on the approved list of auditors with the Capital Markets Authority. The Audit Committee ensures that the external auditor is independent of the Company and its Board of Directors and does not perform additional works that conflict with the services required by the audit and review profession.



Rule Five

Apply Sound Systems of Risk Management and Internal Audit

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

In accordance with the organizational structure approved by the Board of Directors, Ali Alghanim Sons Automotive Company has established an independent risk management unit reporting to the Risk Committee and the Board of Directors. The Board, based on the recommendation of the Risk Management Committee, has re-appointed an independent external consultant with qualified human resources to perform risk management functions. The Risk Management Policies and Procedures Manual has been approved by the Board based on the recommendation of the Committee. Internal control systems and effective risk management procedures have been established to measure and monitor the risks to which the Company is exposed, and the Board has approved the acceptable risk level for the Company (risk appetite).

A brief about the application of the formation requirements of the risk management committee.

The Board of Directors has formed the Risk Management Committee and approved its charter. The Committee consists of three non-executive directors, taking into consideration that the Chairman of the Board is not a member of the Committee. The term of the Committee is three years, not to exceed the remaining term of the current Board of Directors.

The role of the Committee is to ensure that the strategies and policies approved by the Board are implemented and commensurate with the nature and size of the Company's activities, to assist the Board in determining and assessing the acceptable level of risk for the Company, and to monitor and review risk measurement indicators on a regular basis.

Internal Control Systems

The Company has a set of control systems and control rules that cover all the Company's activities and departments. These systems and rules work to maintain the integrity of the Company's financial position, the accuracy of its data and the efficiency of its operations. The organizational structure of the Company reflects Four Eyes Principles, with the Board of Directors adopting a clear matrix of authorities and powers. The Board is committed to reviewing periodic reports issued by the Audit Committee on the results of internal control activities.

Based on the recommendation of the Audit Committee, the Board contracted an independent external consultant to review the Company's internal control systems and issue a report of the internal control systems review for the financial year ending 31 December 2022. The Board approved said report during the year 2023 based on the recommendation of the Committee.

Summary statement on the implementation of the requirement to establish an independent internal audit department/office/unit

The Company has established an independent Internal Audit Department reporting to the Audit Committee and to the Board of Directors, whose work is performed by an independent external consultant appointed by the Board on the recommendation of the Committee. The Board has also adopted the Internal Audit Charter.

The independence of the Department is essential to the effectiveness and success of the internal audit function. The role of the Department is to identify and evaluate the internal control systems applied in the Company, identify deficiencies in procedures and processes, provide recommendations and guidance, and ensure the Company's compliance with laws and regulations. Through the external office, the Department issues periodic reports to the Committee and the Board, based on the internal audit work plan approved by the Committee and the Board.

Rule Six

Promote Code of Conduct and Ethical Standards

A summary of the business charter including standards and determinants of code of conduct and ethical standards.

Alghanim believes that standards of professional behavior and ethical values are an integral part of the Company's core values. The Board of Directors has adopted the Code of Conduct, whereby the Board of Directors and Executive Management are committed not to abuse their positions or use the Company's assets and resources for personal gain, and the Board, Executive Management and all employees are committed to implementing the Code in the day-to-day operations of the Company.

The Code also regulates the whistleblowing policy, which allows employees and stakeholders to report any improper practices that contradict the laws, policies and internal regulations of the Company, while ensuring that the whistleblower is granted confidentiality to protect him from any negative reaction or damage that may be caused to him as a result of reporting such practices.

Summary of the policies and mechanisms on reducing the conflicts of interest.

The professional and ethical code of conduct approved by the Board of Directors includes a set of policies and procedures to minimize conflicts of interest that 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 and deal with any conflict of interest, in accordance with the requirements of the Capital Markets Authority and Companies Law No. (1) of 2016 and its amendments, as well as the role of the Board, Executive Management and the General Assembly in the event of a conflict of interest.



Rule Seven

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.

Alghanim is committed to providing accurate and timely information to shareholders, investors and stakeholders. The Board of Directors has adopted policies and procedures for disclosure and transparency through which it determines the mechanism for disclosing financial and non-financial information and data related to the Company.

Access to accurate and credible information helps shareholders and investors to analyze and compare data and evaluate the Company's performance. This contributes to attracting capital and improving shareholders' and investors' understanding of the Company's operations and activities. Additionally, it improves relationships, fostering the highest levels of trust with all related parties. The Company emphasizes maintaining a balance between the confidentiality of customers' information and the disclosure required for shareholders, investors, and stakeholders. The Compliance Department is responsible for overseeing the disclosure process and liaising with the Executive Management and all departments of the Company to ensure that it complies with the requirements of the Capital Markets Authority, Boursa Kuwait and other regulatory authorities.

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 register for the disclosures of the Board of Directors, Executive Management and Managers on their dealings in the Company's shares on Boursa Kuwait, as well as the remuneration, salaries, incentives and other financial benefits granted directly or indirectly by the Company or its subsidiaries. All shareholders of the Company can access this register without any fees or charges.

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

The Company has established an independent Investor Relations Unit reporting to the Chief Executive Officer and the Board of Directors has approved the Investor Relations Policies and Procedures.

The unit works to provide the necessary data, information and reports to shareholders and potential investors in an accurate and timely manner through the usual means of disclosure, including the Company's website. The unit also promotes credibility and trust between the Company and shareholders and maintains equality between all shareholders by responding to any questions or inquiries through the usual 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.

The Company has a well-developed and effective website that meets the requirements of shareholders and other related parties. The Company's website contains a corporate governance and investor relations section that includes all Company disclosures, data and information that helps shareholders and investors to access information and data easily and conveniently, exercise their rights and evaluate its performance.

Rule Eight

Respect the Rights of Shareholders

A 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.

Alghanim's Articles of Association guarantee the rights and obligations of shareholders, in particular the right to receive a share of the profits that the Company decides to distribute, the right to participate in the Company's management through membership in the Board of Directors, attending the General Assembly meetings, participating in its deliberations and voting on its decisions and other rights contained in the Company's Articles of Association. In accordance with the corporate governance rules issued by the Capital Markets Authority and the Companies Law, the Company has developed a policy "General Assembly and Shareholders' Rights" and has been approved by the Company's Board. The company is committed to protecting shareholders and ensuring the exercise of their fundamental rights with a high degree of justice and equality, ensuring equal treatment for all shareholders owning the same type of shares without discrimination. Additionally, the company provides shareholders with sufficient opportunities to disclose the minutes of general assembly meetings.

A 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 Kuwait Clearing Company for the purpose of establishing a special register kept by the Kuwait Clearing Company in which the names of the shareholders, their nationalities, citizenship and the number of shares owned by each of them are recorded, and Kuwait Clearing Company provides the Company with daily updates to the data and information included in the shareholders' register. Shareholders and any interested parties have the right to request data from this register in accordance with the laws and instructions issued by the regulatory authorities.

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

The Company's Articles of Association and the General Assembly and Shareholders' Rights Manual stipulate the provisions relating to the General Assembly of Shareholders, which include the procedures and precautions necessary to ensure that all shareholders exercise their rights to participate and vote in the General Assembly meetings.

The Company is committed to implementing the requirements of the Capital Markets Authority (CMA) to hold its General Assemblies in accordance with the electronic voting system and facilitate the exercise of shareholders' right to vote if they are unable to attend in person. The Company encourages its shareholders to attend the General Assembly meetings or authorize their representatives to attend and vote if they are unable to attend such meetings. The Company discloses all Assembly notices and explanatory attachments to its shareholders well in advance of the Assembly through the electronic system at the Clearing Company and the Company's website and through the website of the Boursa Kuwait. The invitation to attend the general assembly meeting, including the agenda, time, and method of participation, is issued by advertising twice in two local newspapers, allowing shareholders to actively participate in general assembly meetings, discuss the listed topics, and ask questions. The company also ensures that all shareholders exercise their voting rights without any obstacles.

Rule Nine

Recognize the Roles of Stakeholders

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

Alghanim believes that the rights of its stakeholders - shareholders, investors, employees, creditors, customers, and suppliers - are protected and recognized. Stakeholder input is a critical resource for building a Company's competitiveness and profitability, and as part of the Company's corporate governance framework, the Board of Directors has established a policy to ensure that the rights of stakeholders are protected and respected. The Board, Executive Management and employees all have a role to play in protecting the rights of the Group's stakeholders.

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

The following are the key responsibilities towards stakeholders that encourage them to participate in the Company's various activities:

- Provide timely and appropriate information to help stakeholders make decisions based on correct and complete information through recognized means of communication, within the framework of the law.
- Supervise the Company's affairs efficiently and impartially, 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 regulatory bodies.
- Commitment to the banks and financial institutions with which the Company deals to ensure that commitments and conditions are not breached.
- Create sustainable added value for shareholders with the aim of maximizing their investments and achieving reasonable financial returns, always working for their benefit, and protecting their rights as stipulated in the Company's Articles of Association.
- Deal with stakeholders on the same terms that the Company applies to all stakeholders without any discrimination.
- Build good relationships with customers and suppliers and maintain the confidentiality of information related to them.
- Ensure that the contracts concluded between stakeholders and the Company include a detailed explanation in case of any disagreement or dispute.
- Compensate stakeholders in case of violation of their rights recognized and protected by their contracts.
- Provide mechanisms for reporting and resolving complaints or disputes that may arise between the Company and stakeholders.
- Select members of the Executive Management who are capable of efficiently handling these tasks.
- Establish mechanisms to develop the performance of employees to ensure their contribution to management and effective decision-making.
- Contribute to economic and social development.

Rule Ten

Encourage and Enhance Performance

A 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 expertise of the Board of Directors and Executive Management by keeping them updated with the latest developments in various related fields. During 2023, the Board and Executive Management attended training course on Corporate Governance.

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 adopted a set of indicators to measure and evaluate the performance of the Board as a whole and the performance of each member of the Board and the Executive Management, which are mainly related to the duties and responsibilities of the aforementioned and the achievement of the Company's strategic objectives. The Company has worked to assess the performance of the Board, committees, and the Executive Management in order to measure the efficiency and effectiveness of the Board, identify and evaluate weaknesses, and identify necessary training needs.

An 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 recognizes the importance of promoting and instilling corporate values in order to achieve the Company's strategic objectives, enhance performance, and bolster stakeholder confidence. This proactive approach effectively fosters corporate values among employees, inspiring them to innovate and appreciate initiatives. Motivation is fueled by aligning remunerations and promotions with performance, communicated through transparent evaluation criteria. Additionally, the provision of teamwork opportunities and a positive environment empowers employees to strive for excellence in achieving the Company's strategic goals while adhering to internal and external regulations and codes of conduct, and during the year 2023, the board also prepared and approved the integrated report for the year ended in 31/12/2022.

Rule Eleven

Focus on the Importance of Social Responsibility

A summary of the development of a policy to ensure a balance between each of the company goals and society goals

Alghanim has developed a Corporate Social Responsibility (CSR) policy that balances both corporate and societal objectives and has been 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 endeavors to provide suitable employment opportunities, encourage national employment, develop and train its employees, and organize events that allow it to interact with the community by sponsoring major public events. These uplifting events primarily encourage individuals to participate in sports, educational and recreational activities.

Below is a summary of the most important social activities that took place during 2023:

Sports:

- Alghanim organized a variety of activities aimed at supporting and promoting sports across all age groups, including men, women, or children. These activities encompassed a wide range of events and programs aimed at promoting health and fitness and encouraging active participation in sports activities. Various sports matches and tournaments were organized to cater to the different needs and interests of the participants, fostering cooperation and social interaction through joint sports activities. Highlights include:

- Organizing one of Kuwait's largest padel tournaments in 2023 for professional and amateur players of all ages and genders. Winners received material and in-kind prizes, showcasing the Company's commitment to nurturing local sporting talents.

- Organizing the English Premier League 'Fantasy' tournament in 2023, which attracted more than 12,000 participants. Football is a very popular sport in Kuwait and an important part of the local culture.

Education

Recognizing the importance of supporting education and youth development, Alghanim honored top graduating school students, awarding cash and in-kind prizes.

Humanitarian work:

Alghanim has established a humanitarian team, which annually prepares and distributes food items in Kuwait during the holy month of Ramadan in collaboration with charitable organizations.

Employees of the Company

Alghanim organized an entertainment day for the Company's employees and their families, which included various recreational activities with valuable prizes. This initiative aimed to foster a healthy work environment and underscore the Company's role and responsibility towards its employees and the community.

Community Awareness

Alghanim launched a social media awareness campaign to educate the community on road safety, providing guidelines and tips to prevent accidents and promote safe driving practices.


THE XM