

Corporate Governance

Al Manar Financing & Leasing Company

1. Purpose

Al Manar Financing & Leasing Company is committed to maintaining an effective corporate governance framework that protects shareholders' interests and supports institutional stability through an appropriate separation of authority between the executive management responsible for the day-to-day conduct of the Company's business and the Board of Directors responsible for setting, approving, and overseeing the implementation of the Company's strategy, policies, and internal controls.

The Company further aims to promote stakeholder confidence by enabling effective oversight, embedding ethical conduct, strengthening accountability and transparency, and ensuring sound administrative and financial organization consistent with the nature of the Company's financing and leasing activities, while safeguarding the rights and legitimate interests of customers, financiers, shareholders, and other stakeholders.

2. Definition of Corporate Governance

For the purposes of this document, corporate governance refers to the system of rules, practices, and processes by which the Company is directed and controlled, to ensure an appropriate balance among the interests of the Board of Directors, executive management, shareholders, and stakeholders, and to support the integrity of decision-making, compliance with applicable laws and regulations, and the effective identification, assessment, monitoring, and mitigation of risks—particularly those arising from financing and leasing activities, including credit risk, default risk, liquidity risk, and leased-asset valuation risk.

3. Regulatory and Compliance Basis

The Company's corporate governance framework is established and maintained in accordance with the applicable corporate governance requirements and instructions issued by the Capital Markets Authority of the State of Kuwait ("CMA"), including the corporate governance instructions issued pursuant to **CMA Decision No. 72 of 2015** and **Law No. 7 of 2010** regarding the establishment of the CMA and the regulation of securities activities, as amended from time to time (together, the "Applicable CMA Requirements").

The Company shall review and update its governance practices periodically to ensure continued alignment with the Applicable CMA Requirements and any other relevant laws, regulations, and supervisory directions.

4. Governance Principles and Scope

Without limitation, the Company's governance framework is designed to ensure, among other matters, that:

- the Company's relationship with customers is governed by clear standards of fairness, transparency, and proper disclosure.
 - financing approvals are conducted in accordance with documented, objective criteria and approved credit standards.
 - the Company's assets—particularly those subject to leasing contracts—are adequately protected and managed.
 - defaults and collections are managed through a balanced approach that supports sustainability and preserves rights; and
 - contracting, documentation, agreements, and collateral/guarantees related to financing and leasing are properly executed, maintained, and controlled.
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5. Corporate Governance Rules

In line with the Applicable CMA Requirements, the Company adopts and applies the following corporate governance rules (the "Governance Rules"):

Rule 1: Balanced Board Structure

The Company shall maintain a Board structure that promotes independence, an appropriate balance of authority, and effective supervision and oversight over the Company's activities, particularly in relation to financing, investment decisions, and leased-asset management.

Rule 2: Proper Definition of Duties and Responsibilities

The Company shall ensure a clear allocation of authorities and responsibilities between the Board and executive management. Responsibilities relating to financing approvals, product pricing, collections management, asset management, and compliance shall be documented and implemented through approved policies and procedures.

Rule 3: Appointment of Qualified and Competent Persons

The Company shall select and appoint members of the Board and executive management who possess appropriate experience, competence, and integrity relevant to **financing, leasing, risk management, compliance, and corporate governance**.

Rule 4: Integrity of Financial Reporting

The Company shall ensure the integrity of its financial reporting through compliance with applicable accounting standards and requirements, accurate revenue recognition related to financing and leasing, and appropriate disclosure regarding the financing portfolio, default ratios, and provisions.

Rule 5: Sound Risk Management and Internal Control Systems

The Company shall maintain effective risk management and internal control systems, including controls addressing, at a minimum:

- **credit and default risk** (creditworthiness assessments, financing limits, provisions);
- **liquidity risk** (cash-flow and obligation management);
- **operational risk** (fraud prevention, procedural controls, information security);
- **leased-asset risk** (insurance, maintenance, tracking, residual value management); and
- **compliance risk** (regulatory compliance, contractual compliance, disclosure controls).

Rule 6: Professional Conduct and Ethical Values

The Company shall adopt and enforce a code of conduct and ethics that, among other matters, addresses conflicts of interest, prohibits misuse of confidential and/or insider information, and ensures fair treatment of customers, particularly in collections, restructuring, and rescheduling practices.

5.7 Rule 7: Accurate and Timely Disclosure and Transparency

The Company shall ensure accurate and timely disclosure of material information in accordance with applicable regulatory requirements. The Company shall also ensure clarity of financing products, leasing terms, costs, and fees, and provide shareholders with relevant information within the prescribed timeframes.

Rule 8: Respect for Shareholders' Rights

The Company shall protect shareholders' rights by ensuring the timely provision of relevant information, facilitating participation in general assemblies, and enabling oversight and inquiries in accordance with applicable laws and regulations.

Rule 9: Recognition of Stakeholders' Role

The Company shall recognize the rights and interests of stakeholders, including customers, employees, suppliers, regulators, and partners, and shall observe fairness, data protection, and privacy requirements.

Rule 10: Enhancement and Improvement of Performance

The Company shall establish appropriate performance indicators and conduct periodic evaluations of governance effectiveness, control functions, risk management practices, and the quality of the financing portfolio and collections performance.

Rule 11: Social Responsibility

The Company shall adopt policies reflecting its commitment to social responsibility, sustainability, community service, and financial awareness, and shall apply responsible practices in financing and in the management of default cases.

6. Shareholders' Rights and Access to Information

The Company acknowledges the rights of actual and potential shareholders and is committed to providing them with relevant data, information, and reports, subject to the Company's legitimate interests and confidentiality obligations. Such information shall be made available through the Company's premises (in-person) and/or via email, in accordance with the Company's approved controls, disclosure policies, and applicable regulatory requirements.