



الشركة العملىة للطاقة (ش.م.ك.م)  
Action Energy Company (K.S.C.C)

**AEC - CORPORATE SOCIAL  
RESPONSIBILITY POLICY**  
ISSUE DATE: OCTOBER 2024

## Review & Approval

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## Key Definitions

1. **The Company:** refers to the Action Energy Company K.S.C.C. and does not include any of its subsidiary, associate, or partnerships.
2. **The Authority (CMA):** refers to the Capital Markets Authority in Kuwait.
3. **Board of Directors ('Board'):** refers to the governing council of the Company as required under the Kuwait Companies Law No.1 for 2016, and its Executive Bylaws as maybe amended from time to time.
4. **Board Members ('Directors' or 'Directors'):** refers to the natural person, or the representative of the natural person or the legal person elected to be a Board Member. The term covers Chairman, Vice Chairman, Executive Board Members, Non-Executive Board Members, and Independent Board Members of the Company.
5. **Chief Executive Officer ('CEO'):** refers to a person appointed by the Company's Board of Directors from amongst the Members of the Board (except the Board Chairman) or others, who shall be directly under the Board of Directors, who is in charge of managing all executive works relating to the Company's main activities, in accordance with the responsibilities and authorities granted to him.
6. **Executive Management:** refers to the C-suite executive positions directly subordinate/ reporting to the CEO in accordance with the organizational structure adopted by the Company. The Executive Management are appointed by the Board and are responsible for day-to-day business of the entity.
7. **Shareholders:** refers to an individual or legal entity (such as another corporation, a body politic, a trust or partnership) that is registered by the company as the legal owner of shares of the share capital of a public or private company.
8. **Stakeholders:** refers to every person of interest to the company such as employees, creditors, suppliers, clients, agents, and service providers thereto.
9. **Employee/ Employees:** refers to the employee/s of the company, including member/s of the Executive Management, part time employee/s, seconded employee/s etc.

# 1. Introduction

## 1.1. Preface

Today, success is not simply measured by financial gain, but by the positive impact an organization has on its stakeholders, the environment, and society. The Company believes in going beyond the bottom line and fostering a business model that is both purpose-driven and responsible.

This Corporate Social Responsibility Policy (Policy) serves as a cornerstone of this commitment. It defines the framework that guides the Company's actions, ensuring that the organization operates with integrity, transparency, and accountability. The underlying principle extends beyond compliance with regulations; and towards embedding social responsibility into the structure of the Company's business model. The Policy helps the Company be socially accountable to itself, its stakeholders, and the public including comply with the applicable regulations.

## 1.2. Purpose and Objectives

The purpose of the Policy is to establish a framework for the organization's practices, to ensure that they align with the Company's values and commitment to social and environmental responsibility.

The Policy seeks to:

1. Build trust and address the interests of all stakeholders (shareholders, customers, employees, etc.) through responsible actions.
2. Ensure financial success while minimizing environmental impact and contributing to social good.
3. Translate the Company's commitment to ethics, inclusivity, and sustainability into robust practices.

This policy should be read in line with the following regulations and policies of the Company:

### Regulations:

1. Capital Markets Authority Law (Law No. 7 of 2010).
2. CMA Executive Bylaws as maybe amended from time to time.
3. Other applicable environmental regulations.

### Company policy:

1. Human Resources Policy & Procedures
2. Procurement Policy.
3. Code of Conduct.
4. Whistleblower Policy.
5. Other internal policies and procedures, as applicable.

## 1.3. Scope of Application of Policy

The Policy applies to the Company including its Employees, the Executive Management, and the Board. Any exception to the Policy shall be approved by the Board.

## 1.4. Policy Custody and Distribution

The contents of the Policy are confidential and for internal use only. The Policy shall be maintained by the Compliance Department. The Policy will be circulated to the Board Members, Executive Management, and the Employees and/or published on the Company intranet for general access, as applicable. Any access to the Policy to interested third

parties shall be provided subject to their signing a standard non-disclosure agreement with the Company and the approval of the Compliance Department.

### 1.5. Policy Maintenance

The Policy shall be periodically reviewed (at least once in three years) and more frequently, if deemed necessary. Revision, if any, to the Policy shall be based on one or more or a combination of the following reasons:

1. Changes in applicable laws, regulations, and internal policies of the Company.
2. Gaps/ improvement opportunities identified by the Company's Internal Audit (IA) Department.
3. Any other change which necessitates amendment to this Policy.

All requests for revision to this Policy shall be submitted to Compliance Department and shall follow the steps mentioned below:

1. In the event of any request for revision to the Policy, the Compliance Department shall review the request and assess if the proposed changes are pertinent and justified considering any of the above-listed parameters.
2. If the proposed changes are not justifiable, the Compliance Department may reject such a request and notify the requester, accordingly, along with reasons for the rejection.
3. If requested changes are deemed to be justifiable, the Compliance Department shall escalate the change request to the CEO and the Board for approval.
4. Subject to endorsement by the CEO and approval by the Board, the Compliance Department shall amend/ update the Policy. The revised Policy shall be circulated to the Board Members, Executive Management, Department Heads, and the Employees of the Company.

### 1.6. Policy Maintenance Authorities

Authorities	Maintain	Update/ Amend	Review	Endorse	Approve	Publish
Compliance Department	✓	✓	✓			
Legal Department			✓			
Risk Management Department			✓			
Human Resources & Admin Department			✓			✓
CEO			✓	✓		
Board					✓	

Authorities	Maintain	Update/ Amend	Review	Endorse	Approve	Publish
IT Department						✓

### 1.7. Precedence of Laws and Regulations

In the event of a conflict between any statement and/or course of action in this document and applicable regulations, the relevant laws and regulations shall always take precedence.

## 2. Corporate Social Responsibility (CSR) Policy

The Company seeks to ensure a balance between its business goals and societal goals, to the extent achievable. CSR activities of the Company should focus on the areas that encourage and promote societal values.

The Company should take appropriate steps to highlight its significant efforts in the field of corporate social responsibility and include appropriate programs and mechanisms for this purpose.

The Company centralizes all CSR activities within the Human Resources and Administration Department (In coordination with Compliance Department). This strategic choice harnesses the department's expertise in:

1. Developing forceful narratives that connect stakeholders with the Company's purpose and CSR initiatives.
2. Cultivating a positive public image built on transparent and responsible practices.
3. Fostering trust and collaboration with stakeholders – customers, employees, communities, and partners – to amplify societal impact.
4. Effectively communicating CSR progress and achievements, demonstrating accountability and commitment.

All CSR activities of the Company shall be managed/ executed by the Human Resources and Administration Department (In coordination with Compliance Department).

### 2.1. Definition and Objectives of Corporate Social Responsibility

The Company defines corporate social responsibility as:

1. Conducting business in a socially responsible and ethical manner.
2. Supporting/ protecting and improving the environment and the health and safety of people.
3. Supporting human rights,
4. Engaging, learning from, respecting, and supporting the communities and cultures with which the Company conducts its business operations.

The objectives of the Company's corporate social responsibility program shall be:

1. Proactively engaging with all its Stakeholders.
2. Partnering with the community, where feasible, for socio-economic development initiatives.
3. Promoting/ achieving a positive perception of the Company in its areas of operations.
4. Demonstrating high level of leadership in corporate citizenship.

### 2.2. Key Guidelines

The Company should include the following processes to pursue its activities in the areas of corporate social responsibility:

1. Developing indicators through which the Company's performance is linked to social responsibilities achieved.
2. Developing mechanism that discloses the goals of its social responsibility activities to its Employees.
3. Conducting awareness programs for the different and relevant segments of the society to promote its social goals in a manner that enhances and highlights Company's contribution to corporate social responsibility and contributes to improving living, social, and economic conditions in the country.

4. Fulfilling the responsibility towards localization (Kuwaitization) and ensuring that more opportunities are created for the national workforce.

### 2.3. Management of Corporate Social Responsibility Activities

The Company shall manage its corporate social responsibility activities in the following manner:

1. The Company's Board shall be responsible for oversight and management of the Company's corporate social responsibility programs and its funding.
2. The Company's Human Resources and Administration Department (In coordination with Compliance Department) shall be responsible for managing and monitoring the Company's corporate social responsibility activities.
3. The Company shall budget adequate amounts for executing and monitoring its corporate social responsibility activities, which shall be approved by the Board.

At the beginning of each fiscal year the Human Resources and Administration Department (In coordination with Compliance Department) shall forecast and budget the funds needed for various corporate social responsibility initiatives that the Company will undertake during the year<sup>1</sup>. The budget for the corporate social responsibility programs shall clearly define the activities and the assumptions that were made in preparing the corporate social responsibility budget.

### 2.4. Selection of Corporate Social Responsibility Programs

The Company shall select corporate social responsibility programs based on the Company's corporate social responsibility objectives. The corporate social responsibility activities of the Company should lead to social value creation, environment protection and/or sustainable development, as decided. The Company shall ensure that its process for selection of corporate social responsibility programs is based on local needs and that the selected programs incorporate such aspects suitably. The Company management shall review and approve corporate social responsibility programs based on considerations of their feasibility and alignment to Company's business strategy.

In selecting corporate social responsibility programs, the Company shall:

1. Avoid carrying out an unorganized charitable activity, which does not contribute to creating societal value, protecting the environment or lead to sustainable development.
2. Prioritize activities that are related to the overall development of society, with a focus on the development of different and/or vulnerable segments of society, as well as enhancing protection of the environment.
3. Promote/ preserve local heritage, arts, culture, and social traditions, that constitute an act of social responsibility considering local needs and other relevant factors.

The feasibility of the selected program/s shall be studied and recommended by the Company's Executive Management based on its importance and alignment with the Company's overall strategy.

### 2.5. Corporate Social Responsibility Project Management Procedures

The Company shall prepare a detailed plan for its corporate social responsibility activities that shall include desired program objectives and outcomes including clearly defined milestones for each individual corporate social responsibility activity. The plan shall be approved annually by the CEO.

The selection of third parties for executing/ participating in corporate social responsibility activities or the selection of welfare funds for contribution by the Company shall be based on their relevance and suitability, as appropriate. The

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<sup>1</sup> The Company will allocate budget to the implementation of social services and corporate social responsibility projects, so that the amount allocated to it is commensurate with the nature and size of the Company's activities and the size of the resulting profits.

status of the corporate social responsibility programs undertaken by the Company shall be regularly monitored and a progress report presented annually to the Board. The Company shall carry out an impact analysis upon successful completion of each corporate social responsibility program, to assess the extent to which the planned objectives/ KPIs of the program were achieved.

## **2.6. Annual Reporting of Corporate Social Responsibility Activities**

The Company shall present/ disclose the details of its corporate social responsibility activities (related programs/ achievements) in its annual report. The corporate social responsibility report shall highlight the external and internal initiatives taken by the Company including those initiatives that were undertaken for the welfare/ development of its Employees. Such reporting shall be in line with CMA requirements.

## **2.7. Communication of Corporate Social Responsibility Programs**

The Company shall adopt one or more of the following approaches while communicating its corporate social responsibility activities:

1. Communicating corporate social responsibility initiatives, key messages, and statements to Company personnel through various meetings, forums, and other communication mechanisms.
2. Communicating with the surrounding society and external stakeholders through press releases, advertisements, corporate social responsibility reports, brochures, seminars, and related events.