



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

ACTION ENERGY COMPANY CONFIDENTIALITY POLICY

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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. Stakeholders:** refers to every person of interest to the Company such as employees, creditors, suppliers, clients, agents, and service providers thereto. An 'Insider' is any person that has access by virtue of his position to material non – public information or data on a listed company.
- 8. Insider information:** is the knowledge of Material information on a Company's activities, securities and transactions in securities that is unavailable to the general public and the disclosure of which could have a significant effect on the market value of the securities of the Company.
- 9. Insider trading:** refers to when any person, directly or indirectly, purchase, sell, or cause the purchase or sale of, any security while in possession of material non-public information concerning the issuer or its securities, if such person knows or recklessly disregards that such information has been obtained wrongfully or that such purchase or sale would constitute a wrongful use of such information.
- 10. Non-public information:** is any information about a Company that has not yet been disclosed to the public. For information to be considered public, it must be widely disseminated in a manner making it generally available to the public, and a sufficient period must have elapsed to allow the information to be fully absorbed by the market.
- 11. Material information:** is any information about a corporation or its activities that is likely to alter the perceived value of a security if it is disclosed to the public. Either positive OR negative information may be material. Material information may be 'material fact' or 'material changes'.
- 12. A material fact:** is a fact in respect to a Company or its entities that would be expected to influence the market price or value of the securities of the Company if disclosed to the public.
- 13. A material change:** is a possible change in Company operations or capital that would influence the price or value of the securities of the Company, if a decision for change were taken.
- 14. Related Party:**
a party is considered related to a company if:

1. the person has direct or indirect control over the Company.
 2. the party is a Subsidiary Company.
 3. the party is a member of the same Group in which the company is a party to.
 4. the party is a Board Member of the company or member of its executive Management.
 5. the person is a Relative of a related party referred to in paragraph (1) or (4).
 6. is a company under the control or combined control of or material influence of the related parties referred to in paragraph (4) and (5) through their direct or indirect voting power; When determining Related Parties, the provisions of the Law, Bylaws and International Accounting Standard No. 24 and amendments thereto shall be taken into account.
- 15. Confidentiality:** is the act of keeping Company 'Insider information' private from the public. A breach of confidentiality may affect the Company's reputation, which may lead to financial losses and/or legal action.
- 16. Non-Confidential:** Information' is the information that is publicly disclosed and discussed openly.

1. Introduction

1.1. Preface

Confidentiality of Insider information is critical to maintaining the integrity of Capital Markets. Trading on insider information is not only illegal, but also tarnishes a company's corporate credibility. Any appearance of impropriety, however inadvertent, on the part of anyone connected or deemed to relate to the Company could seriously harm its reputation, besides invoking penalties and disciplinary actions from the Regulatory Authorities.

Being a valued player in the Capital Markets, Action Energy Company (KSCC) (AEC) understands the importance of preserving the confidentiality of Insider information and preventing its misuse and is committed towards ensuring transparency and fairness in dealing with all stakeholders of the Company. The Company is further committed towards adherence to all applicable laws and regulations set forth by the Capital Markets Authority (CMA) with regards to preserving Insider information.

1.2. Purpose and Objectives

The purpose and objectives of the Policy are to:

- a) outline the governing policies and roles and responsibilities of the key stakeholders responsible for developing and maintaining sound practices in the handling and control of Insider information.
- b) In view of the special nature and importance of the content within the document, all AEC Board members, Senior Management and staff should have complete familiarity to ensure that all their actions confirm to the guidelines as laid down in the document, and always act in the spirit, rather than just the letter, of this document.
- c) If any entity within AEC considers that compliance with any of the guidelines, policies, instructions, and procedures set out in this document is not possible for any reason, it should refer the matter in writing to AEC Board of Directors for resolution.

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. Law No. 1 of 2016 on the Promulgation of the Companies Law.

Company policy:

1. Code of Conduct.
2. Whistleblowers' Policy.
3. Conflict of Interest Policy.
4. Other internal policies and procedures, as applicable.

1.3. Scope of Application of Policy

This Policy applies to but not limited to the following Stakeholders of the Company:

1. Employees.
2. Customers.
3. Suppliers.

4. Shareholders.
5. Investors.
6. Clients.
7. Other organizations, as applicable.

1.4. Policy Custody and Distribution

The Compliance Department shall maintain the Policy. The Policy will be circulated to the Board Members, Executive Management, and relevant Employees of the Company, as applicable. The Compliance Department shall grant access to the Policy to all interested stakeholders.

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1.5. Policy Maintenance

The Policy shall be reviewed periodically (at least once in three years) or 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. Relevant changes in Company's internal policies.
3. Gaps/ improvement opportunities identified by the Company's Internal Audit (IA) Department.
4. 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 submit a proposal to the Board for review and approval of the suggested changes.
4. Subject to 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 relevant Employees of the Company, as applicable.

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1.6. Policy Maintenance Authorities

Authorities	Maintain	Update/ Amend	Review	Endorse	Approve	Publish
Compliance Department	✓	✓	✓			
Human Resources & Admin Department			✓			✓
Audit & Risk Committee				✓		
Board			✓		✓	
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. Confidential Information – Sources, types and forms

2.1. Sources of confidential information

2.1.1 Company employees may acquire confidential information from:

- a) As part of their day-to-day work.
- b) Through disclosure for business purpose (e.g. Manager may share confidential information with colleague).
- c) An external third party.
- d) Inadvertently (e.g. overhearing a conversation, reading a memo or computer screen left unattended).

2.2. Types of confidential information

2.2.1. The following are the various types of information considered confidential (indicative but not limited to):

- a) Long term strategies, long term plans etc.
- b) Trade secrets, such as, project execution strategies
- c) Investments, plans, budgets, yearly plan, etc.
- d) Cash Flow, Working Capital, Expenses, Income etc.
- e) Colleague personal information
- f) Other information as decided by the Executive Management.

2.3. Handling confidential Information

2.3.1. All confidential documents shall be stamped as “CONFIDENTIAL” by respective Department Head or Executive Vice President.

2.3.2. Documents which are considered restricted shall be stamped “RESTRICTED”. Circulation and distribution of all such documents shall be done after approval of Department Head.

2.3.3. The following in-exhaustive pointers shall be considered while handling the confidential documents:

- a) Confidential documents shall be retained and stored in secure environment unless they are being worked on.
- b) Confidential documents shall not be left unattended or placed where they can be read by others.
- c) Filing cabinets where confidential documents are stored shall be kept locked when unattended.
- d) Copies of faxes and e-mails shall be stored securely.
- e) Confidential information shall only be passed on by secure means, e.g. in sealed envelope
- f) Confidential paperwork shall not be copied routinely and if required, shall be copied in a secured environment
- g) Letters addressed to a colleague by name shall not be opened by any other colleague.

2.3.4. The following in-exhaustive pointers shall be considered while handling confidential electronic documents:

- a) All document/files shall be password protected to open and edit

- b) Computer data shall not be left exposed to others to view.
- c) Screen savers with passwords shall be used when computers are unattended. All colleagues shall have individual passwords, which shall not be disclosed to colleagues.
- d) All work carried out on a computer shall be stored safely.
- e) Separate drives shall be used for confidential material.

2.3.5. Private and confidential meetings and phone calls should take place where they cannot be overheard.

2.3.6. Handling Colleague Information:

- a) Colleague personal files shall only be accessed by authorized personnel in Human Resource Department.
- b) Line Managers shall follow appropriate procedures for maintaining confidentiality of information relating to performance management, promotion interviews etc. Copies of the relevant paperwork shall be given only to the colleague concerned or placed on their personal file.
- c) Line Managers and other colleagues to whom a colleague may disclose confidential or personal information shall respect the context of such disclosure and maintain confidentiality. Where a file note is made or where the line manager or recipient colleague feels that confidentiality cannot be maintained, the respective colleague shall be made aware of the situation.

2.3.7. Confidentiality and Integrity of Insider information

- a) Proprietary information is AEC's most valuable asset, and it is the policy of AEC to prohibit the unauthorized disclosure of any such material information acquired in the normal course of business and the misuse of such information in activities detrimental to the interests of the company and integrity of capital markets.
- b) Material Information in this regard means "any information that a reasonable investor would consider important in making a decision to buy, hold or sell the Company's securities. Any information that could be expected to affect the Company's stock price, whether it is positive or negative, should be considered material. Some examples of information that ordinarily would be regarded as Material non-public information are:
 1. Projections of future earnings or losses, or other earnings guidance.
 2. Earnings that are inconsistent with the consensus expectations of the investment community.
 3. A pending or proposed merger, acquisition or tender offer.
 4. A pending or proposed acquisition or disposition of a significant asset.
 5. A change in dividend policy, the declaration of a stock split or an offering of additional securities.
 6. A change in management, or corporate structure.
 7. Changes in capital structure, business and operations.
 8. Development of a significant new product or process.
 9. Impending bankruptcy or the existence of severe liquidity problems.
 10. The gain or loss of a significant customer or supplier.
- c) No employee shall release, divulge or expose any 'Insider information' or information concerning anticipated company activities, prior to the company's public release of such information.
- d) The Compliance Department shall be responsible for managing the implementation of the policy across the company, with support from the Senior Management and Divisional Heads.

- e) AEC Senior Management and Divisional Heads shall be responsible for embedding the culture of transparency and ethical practices within their respective functions and monitoring any misuse of information.
- f) When in doubt about the materiality of 'Insider information' or its application, all AEC employees must obtain guidance or advice from his / her direct supervisor or from the Compliance Dept.
- g) The Compliance Department has the right to make inquiries and investigate an employee in case of suspicions of leakage of 'Insider information'.
- h) Appropriate measures and controls shall be put in place to ensure the security of material information and restrict the access to designated personnel.
- i) It will be mandatory for all AEC employees to attend or read all materials required by the Compliance Department in coordination with Human Resources and Admin Department related to maintaining the confidentiality of 'Insider information'.

2.3.8. Classification of Information:

- a) To guide employees in the handling of insider information, including that contained in e-mails, the following classifications shall be established:
 1. "AEC CONFIDENTIAL: INTERNAL USE ONLY"
Information with this classification is not highly sensitive and can be distributed within AEC without restrictions. Examples of information included in this category are internal telephone listings, e-mail address listings, and policy manuals.
 2. "AEC CONFIDENTIAL: NEED-TO-KNOW"
This information is more sensitive and valuable than "Internal Use Only" documents. Its dissemination is limited to employees who need the information to do their jobs. Information in this category might include product design information, project details, and personnel information.
 3. "AEC CONFIDENTIAL: SENSITIVE"
This is the most sensitive of all information. Sensitive documents must be numbered, and each copy assigned to a specific recipient. These documents must be always kept in a secure place and should not be duplicated, except by their originator. Information in this category may include pre-release financial information, financial forecasts, new product plans, and trading information.

2.3.9. Access to Insider information and Information controls

- a) Provisions shall be included in the Company's internal documents, employment contracts, and other contracts setting out obligations to comply with the Insider information procedures and the penalties for noncompliance.
- b) All information with respect to company affairs, whether sensitive and unless it is publicly available, is considered confidential. It should never be discussed with anyone outside AEC.
- c) Guidelines about maintaining confidentiality:
 1. There will be no discussion of any matter relating to office matters in social environments.
 2. Ensure computers are shut down when leaving your desk for the day.
 3. Monitor and enforce a clear desk policy to reduce the risk of non – insiders seeing papers left on desks.

4. Where practical hard copies of confidential information should be maintained in folders or turned facedown when staff are not present at their workstations.
5. Filing cabinets or drawers containing confidential information located at individual workstations are to be locked and accessed by authorized persons only.
6. Confidential storerooms are to be always locked when not in use.
7. Printed information should be collected promptly from shared printers and photocopiers.
8. Confidential information that must be retained should be archived as described previously. If the information is no longer required, it should either be shredded.
9. Employees must report any fraudulent attempt to obtain customer information to management.

2.3.10. Employee Personal Dealings:

- a) Employees should disclose to the Compliance Officer all securities deals on AEC's share that are intended to be executed by the employee as dictated by CMA rules by filling Appendix II: Declaration Form B.

2.3.11. Disclosure of 'Insider information' to third parties

- a) AEC's insider information should not be disclosed to the public under any circumstances.
- b) Reasonable care should be taken to ensure that where inside information is provided to a third party, the third party is aware of its obligations in relation to the use and control of the information. Where required the third party should sign a confidentiality agreement with the company which prevents the third party from utilizing the information during its dealing with the company for its or any other person's benefit.
- c) Financial information, other than that required by regulatory-reporting requirements, may not be disclosed without the prior approval of the CEO.
- d) All Communication with the Media should be through the designated public relations officer who will be responsible to maintain policies with regards to confidentiality of insider information.

2.3.12. Awareness and Training

- a) Fostering a culture that respects the sensitivity of 'Insider information' is critical to ensuring its confidentiality and preventing any misuse. In this respect, the company shall take appropriate measures to create awareness and communicate the importance of compliance with the guidelines stated in the policy through various appropriate means.

2.3.13. Insider Trading – Prohibited Activity

- a) It is AEC's policy that no member of the Board of Directors, Senior Management or other employee of the Company who is aware of Insider information regarding the Company may, directly or through a Related Person.
 1. Purchase or sell the Company's securities,
 2. Engage in practices that distort prices or artificially inflate trading volume with the intent to mislead market participants
 3. Engage in any other action to take advantage of that information or
 4. Provide that information on to others outside the Company, including Related Persons.

- b) AEC considers it improper and inappropriate for any Director, officer or other employee of the Company to engage in any transactions in the Company's securities based on insider information or information that is not publicly available to all investors.
- c) Insiders are prohibited from conducting any transaction on the securities of the company without following the set procedures of Kuwait Stock Exchange and Capital Markets' Authority of disclosure.
- d) This Policy is also applicable to all insider information relating to any other company with publicly traded securities obtained in the course of employment by or association with the Company.
- e) Employees and their Related Persons having access to insider information are prohibited to assist anyone else to trade in AEC stock by improperly disclosing / 'tipping' inside information to them, including making recommendations or expressing opinions concerning transactions in the Company's (or any other company's) securities.

2.3.14. Post Employment Restrictions

- a) The Confidentiality Policy continues to apply to employees even after termination of employment by Five years or as long as disclosure of information could result in personal benefits or /and damage to the company, whichever is longer.
- b) Employees in possession of material non-public information after termination may not disclose such information or perform trades in AEC securities until that information becomes public or is no longer material.
- c) Employees will be required to sign a Nondisclosure Agreement as part of the termination clearance procedures.
- d) Violation of the post termination policy grants AEC the right to pursue legal action against the accused party / parties.

3. Roles and Responsibilities:

Following is a summary of the roles and responsibilities of various stakeholders at AEC for managing the Confidentiality of Insider information:

3.1. Audit and Risk Committee

The Audit & Risk Committee have been delegated by the Board for effective Management and supervision over confidentiality of insider information, including:

- 3.1.1. Information procedures and the penalties for noncompliance are included in the Company's internal documents, employment contracts etc.
- 3.1.2. Manage the responsibility of this policy and monitor the adherence to the policy guidelines and report any observance of breaches or misuse of information, to the Audit & Risk Committee.
- 3.1.3. Providing oversight over the monitoring conducted by the Human Resources, Risk Management, and Compliance Departments.
- 3.1.4. Overseeing that policies and procedures are being implemented, in compliance with CMA regulations.

3.2. Senior Management

- 3.2.1. Providing support to the Human Resources Department, and Compliance Department in implementation of Confidentiality Policy.
- 3.2.2. Ensure that the company creates a tone at the top, which emphasizes the importance of compliance with the policy and bring in such a culture across the company.

3.3. Compliance Department

- 3.3.1. Creating awareness and communicating the importance of compliance with the guidelines stated in the policy across the company, through various appropriate means.
- 3.3.2. Conducting periodic check on the access rights granted to the employees in the system by the Heads of the relevant Departments and confirmation that the rights are in accordance with the Access rights Privileges.
- 3.3.3. Providing guidance to the staff and addressing any queries related to the disclosure of material information during the normal course of business and personal dealing in Company's securities or of related companies.

3.4. Employees

- 3.4.1. Read and understand the contents of this manual and sign the declaration form appended to this policy "Appendix I: Staff Understanding Acknowledgement".
- 3.4.2. Disclose to the Compliance Officer all securities deals on AEC's share that are intended to be executed by the employee as dictated by CMA rules by filling Appendix II: "Staff Personal Dealings Declaration Form".
- 3.4.3. Strictly abiding by the applicable policy guidelines as stated in the manual, with regards to maintaining the confidentiality of Insider information and preventing its misuse.

- 3.4.4. Prudently attend all training/workshops related to Insider information and take note of all related clauses within their employment contracts.
- 3.4.5. If in doubt about the materiality of the information, the Employee must consult with the Company's Human Resources Department, and the Compliance Department.

3.5. Internal Audit

- 3.5.1. Providing independent assurance on the effectiveness of the implementation and observance of the policies and procedures across AEC business divisions.

3.6. Human Resources Department

- 3.6.1. Introduce and create awareness regarding the company policy on confidentiality of Insider information at the time of hiring new employees.
- 3.6.2. Assist in scheduling various trainings/workshops conducted by the Compliance Department to create awareness on guidelines stated in the policy.
- 3.6.3. In case of investigations on the employees of the company; Compliance Department must request employee information through Human Resources Department.
- 3.6.4. The Human Resources Department should take the necessary actions to address any violations done by any employee.
- 3.6.5. Provide guidance to the employee in case of inquiries regarding the materiality of insider information or its applications.

3.7. Information Technology Department

- 3.7.1. Provide Access rights in the system to the employees as approved by the Head of the relevant Department.

APPENDIX

Appendix I: Declaration Form A

Staff Understanding and Acknowledgement Form

Date:

Attention: Human Resources Department

Action Energy Company (KSCC) (AEC)

Dear Sirs,

I hereby confirm that I have received and read a copy of **AEC's Confidentiality policy** and have understood and commit to abide to:

- AEC's confidentiality of information policy.
- AEC's personal dealing and other rules applicable to all members of staff.
- AEC's Compliance Principles.

Also, I hereby undertake and commit to submit a written disclosure to the company's Compliance Officer disclosing all and any security deal I will be executing whether through any portfolio account I may have with a Licensed investment company or through my account with the Kuwait Clearing Company as soon as such transaction takes places.

Staff Name:

Staff Position:

Signature Date:

Appendix II: Declaration Form B

Staff Personal Dealings Declaration Form

Date:

Attention: Compliance Department
Action Energy Company (KSCC) (AEC)

Dear Sir/Madam,

I, the undersigned, in compliance with the requirements **of the Confidentiality Policy, hereby** declare that I intend to execute the following transaction on AEC's securities:

.....
.....
.....

And I hereby commit to informing the company about details of the deal once concluded.

Staff Name:

Staff Position:

Signature Date: