



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

**ACTION ENERGY COMPANY
NOMINATION AND REMUNERATION
COMMITTEE CHARTER
ISSUE DATE: OCTOBER 2024**

Review & Approval

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Key Definitions

1. **The Company:** refers to Action Energy Company K.S.C.C.
2. **The Authority ('CMA'):** refers to the Capital Markets Authority.
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 Board of Directors as a member. The term covers Chairman, Vice Chairman, Executive Board Members, Non-Executive Board Members, and Independent Board Members of the Company
5. **Non-Executive Board Member:** refers to a member of a Board of Directors who is not fully engaged in full-time management of the Company and does not receive a salary from it. The remuneration received as a Member of the Board of Directors is not deemed a salary.
6. **Independent Director:** refers to the non-executive Board Member meeting the key criteria for independence as described by the CMA in their Rules for Corporate Governance.

As per Article 2-3, Chapter Two, of The Executive Bylaws Module 15, the term "independent director" shall refer to a non-executive director, meeting the criteria for independence as described by the CMA in their Rules for Corporate Governance. The following criteria shall apply to an independent director of the Board. The independent director:

- a) Does not hold 5% or more of the Company's shares.
 - b) Does not have a first-degree relative relationship with any of the other Board Members or Executive Management in the Company or any other Company in its Group or the relevant main related parties.
 - c) Currently is not a Board Member in any Company of the group.
 - d) Is not an employee in the Company or any Company in the Group or employee for any of the interested person.
 - e) Is not an employee for corporate entities who own controlling shares in the Company.
7. **Executive Director:** refers to an Executive Management member/ officer of the organization participating in the Company's day-to-day operations. Executive Directors are responsible for steering the organization and managing its operations.
 8. **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.
 9. **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.
 10. **Shareholder:** 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.
 11. **Employee/ Employees:** refers to the employee/s of the Company, including part time employee/s, seconded employee/s etc.

1. Introduction

1.1. Preface

The Board of Directors (the "Board") of Action Energy Company K.S.C.C (the "Company") established the Nomination & Remuneration Committee ("the Committee") in compliance with Corporate Governance Regulations issued by Capital Markets Authority, Kuwait. This charter sets out the scope of the Nomination & Remuneration Committee's responsibilities in relation to the Company.

This Charter sets out the purpose, authority, composition and responsibilities of the Committee. It shall be approved by the Board of Directors. Any amendments thereto shall also be approved by the Board.

1.2. Purpose & Objective:

Purpose of the Nomination & Remuneration Committee is to assist the Board in fulfilling its Corporate Governance with regard to:

- a) Formulating policies and to make recommendations to the Board on nominations, appointment, re-appointment and removal of Directors, Committee Members and Executive Management.
- b) Effectively examining the selection and appointment practices of the Company, although the Board retains ultimate responsibility for these practices.
- c) Supporting and advising the Board in fulfilling its responsibility to shareholders, by ensuring that the Board is comprised of individuals who are best able to discharge the responsibilities of Directors.
- d) Developing remuneration policies of Board members and Executive Management including related systems to support the Company's wider objectives and strategies
- e) Ensuring that Directors' and Executive Management's remuneration is aligned to the long-term interests of Shareholders within an appropriate control framework.
- f) Establishing a clear relationship between the Executive's performance and remuneration.
- g) Reviewing and recommending the remuneration of Executive Management
- h) Ensuring that Members of a Board of Directors independency is valid.
- i) Preparing a report of the total remunerations granted to Members of the Board of Directors, the executive body and the managers; whether cash or benefits or privileges, of whatever nature and title, directly or indirectly through the Company or Subsidiary Companies, in accordance with CMA requirements.

1.3. Scope of Application of Charter

The Charter applies to the Company's Nomination & Remuneration Committee. The Charter is approved by the Company's Board.

1.4. Charter Custody and Distribution

The Committee Chairman shall maintain a printed version of the approved Charter, with appropriate version controls, for record and reference purposes. A copy of the Charter shall be provided to the Compliance Officer.

The Charter shall be distributed to the Board Chairman, Committee members, and to other Board Members on request. The Committee Chairman may distribute a copy of the Charter to other officers of the Company on a need-to-know basis. Any other request for access to the Charter shall be subject to approval by the Board Secretary.

Any access to the Charter to interested third parties shall be subject to their signing a standard non-disclosure agreement with the Company and the approval of the Compliance Officer.

1.5. Charter Maintenance

- a) The Charter shall be reviewed and revised for any changes in its purpose or scope, the organization of the Company or in case of any new legal or regulatory requirements or in case of any applicable change in the Company's memorandum and articles of association.
- b) Every revision of the Charter shall be marked by a version change and the old document shall be retained for future reference.
- c) The Nomination & Remuneration Committee Chairman shall present the proposed revisions of the Charter to the Board for their approval.

1.6. Charter Maintenance Authorities

Authorities	Maintain	Update/ Amend	Review	Endorse	Approve	Publish
Compliance Department	✓	✓	✓			
Nomination & Remuneration Committee				✓		
Board			✓		✓	
Human Resources & Admin Department						✓
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. Guiding Principles

- 2.1. Remuneration of Independent members of the Board may be exempt by the General Assembly from the maximum remuneration limit.
- 2.2. The Company's Articles of Association shall set the manner of determining the remuneration of the Chairman & members of the Board.

3. Composition

3.1. The Committee shall be structured so that it:

- a) Has three members, one of whom is an independent member.
- b) Is chaired by a non-executive director.

3.2. The Board of the Company shall establish the rules and Charter of the Committee addressing:

- a) Selection of members for the Nomination & Remuneration Committee.
- b) Tenure of their membership. The recommended tenure of membership is 3 years from date of appointment, subject to approval of General Assembly.
- c) Methods in which it shall operate.

3.3. The Committee shall nominate a person to be the Committee Secretary.

3.4. In the absence of the Committee Chairman, the members shall elect one of the non-executive Directors among them as Chairman to be for that meeting.

4. Meetings

- 4.1. The Committee shall meet at least once a year and additionally as required.
- 4.2. The Committee Chairman will call a meeting of the Committee, as he considers appropriate or in case requested by any Committee member or any Director. The Secretary will be required to give notice of a meeting as far in advance as possible.
- 4.3. The Committee resolutions shall be passed by the majority of members present. If the votes are equal, the side of the Committee Chairman shall be preferred.
- 4.4. The secretary shall maintain a permanent record of the minutes to address any legitimate future requirements.
- 4.5. The Committee may invite any Executive Management team members or other individual to attend meetings of the Committee, as they consider appropriate.
- 4.6. A majority of the members of the Committee must be present at all Committee meetings and every effort should be made to hold meetings with all members present.
- 4.7. An agenda for the meetings shall be prepared and circulated to all members 2 days before the meeting, along with appropriate briefing materials.
- 4.8. A resolution in writing signed by all members of the Committee (as long as they constitute a quorum) shall be regarded as if it had been passed at a meeting of the Committee duly convened and held.
- 4.9. The Committee Secretary shall maintain an accurate written record of each meeting which will include the date, time, place, names of members present or absent, and the matters discussed, and decisions taken, if any, in each meeting. The meeting minutes shall be sufficiently detailed to provide a complete trail of discussions before a decision is made or resolution approved and shall be supported by details/reference or attachment of relevant documents presented or discussed during the meeting.
- 4.10. The Committee's minutes of meeting shall include:
 - a) The names of Committee members giving their assent and dissent to the decisions / resolutions presented before the Committee and reasons thereof.
 - b) Names of Committee members supporting and rejecting a motion and reasons thereof.
 - c) Details of documents supporting the discussions held during the meeting.
 - d) Details of members excluded from any discussion in the Committee meeting for the reason of that member's interest in the matter under discussion.
 - e) The meeting minutes shall be circulated and signed off by each Committee member after the meeting or added to the agenda of the next meeting. The minutes of the meeting may be signed off physically or digitally by each Committee Member, after the meeting.
 - f) The signed minutes shall be circulated and copied to all Committee members, irrespective of their attendance at the meeting. The Committee Secretary shall retain the minutes for such duration as required by regulation.
 - g) Meeting minutes shall be retained by the Committee Secretary for such duration as required by applicable regulatory authorities or at least for a period of 10 years.

4.11. The Chairman of the Committee shall attend Annual General assembly meeting to answer any question of shareholders relating to Committee's activities.

4.12. The Committee has the authority to:

- a) Obtain independent professional or other advice in the fulfillment of its duties at the cost of the Company; and
- b) Obtain such resources and information from the Company in the fulfillment of its duties as it may reasonably require.
- c) The Committee shall have access to advisors and to obtain such outside information including market surveys and reports as well as legal opinion and independent advice of any Remuneration Consultant at the expense of the Company. To enable the Committee to discharge its duties and responsibilities competently, it can in this context:
 1. Select, retain, and terminate external counsel or other experts as it deems appropriate; and
 2. Approve the fees and other retention terms of such counsel or other experts; and
 3. Arrange a meeting with the Company's officers or external counsel as required, without seeking approval of the Board or management.

5. Responsibilities

Nomination

- 5.1. Recommends nominations and re-nominations for the membership of the Board, Committees and of Executive Management. Ensures that the persons nominated, fulfill the requirements set out in the regulatory instructions.
- 5.2. Conducts an annual review of the requirements for the appropriate skills in order to attract applicants seeking to fill executive positions whether as member to the Board or to Executive Management as needed.
- 5.3. Prepares job descriptions for the executive, non-executive and independent members. The Committee while developing job descriptions should ensure that the criteria it sets meet acceptable levels concerning qualification, experience, integrity and competency.
- 5.4. Ensure that the Directors are not contravening the conditions of cross-Directorship (No impairment to Independence), as restricted by CMA.
- 5.5. Recommends Board members and independent members for nomination and re-nomination through election at the general assembly. In such cases the Committee also ensures the independence of such members.
- 5.6. Makes announcement to invite candidates to Board through newspapers and at Kuwait Boursa website, if applicable.
- 5.7. Ensure the induction, orientation and training provided to new and existing Directors.
- 5.8. Ensure there is succession planning in place for CEO, and other critical executive positions.
- 5.9. **Review the process and criteria used in assessing the director's ability to commit enough time for discharging their responsibilities.**
- 5.10. Assess the mix of competencies, skills, diversity and gaps in the Board.

Remuneration

- 5.11. Establish a clear policy for remuneration of the Board members and Executive Management in line with other applicable laws, regulations, and guidance.
- 5.12. Determine the remuneration which will be granted to the employees, such as fixed, performance based and in the form of shares and end-of-service benefits.
- 5.13. Ensure that the remuneration granted is in accordance with the prescribed policy in this regard.
- 5.14. Perform annual revision of the remuneration policy and evaluation of its effectiveness in achieving the objectives in line with expectations, such as attracting and retaining highly qualified and technical manpower for improving corporate performance.
- 5.15. Preparing the annual corporate governance report including an annual remuneration report containing the details of remunerations (fixed, bonus or other benefits) granted to the BOD& Executive Management to be read to the General Assembly by the Chairman in the General Assembly meeting for approval, in line with CMA requirements.

6. Performance Evaluation

- 6.1. The Committee may annually carry out a self-appraisal of its performance and its effectiveness when compared against its objectives and duties as set out in its Charter.

7. Reporting

- 7.1. The Committee Chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 7.2. The Committee shall produce a report to be included in the Company's annual report about its activities, including the process used to make appointments. It shall also make recommendations to the Board it deems appropriate for any area within its remit where action or improvement is needed.
- 7.3. The following shall be included in the Corporate Governance section of the Company's annual report:
- a) Details of the remuneration to the Board and Executive Management in whatever form.
 - b) The names of the members of the Committee and their attendance at Committee meetings