



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

# **ACTION ENERGY COMPANY STAKEHOLDERS' POLICY**

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## Review & Approval

Approval	Date
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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 subsidiaries, 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.

# 1. Introduction

## 1.1. Preface

The Company is committed to protecting the rights of its Stakeholders and to encourage the stakeholders to have strong faith and commitment towards the Company by ensuring a stable and strong financial position.

As part of the Company's corporate governance framework, the purpose of the Stakeholders Policy (the "Policy") is to ensure that the rights of Stakeholders, as stipulated by relevant laws and regulations, are respected, and protected by the Company.

The Company's Board is responsible for setting the standards for the protection of the rights of all Stakeholders and for updating these standards as and when appropriate, to reflect changes in the provisions of the laws, bylaws and instructions issued by regulatory entities.

The Executive Management headed by the CEO is responsible for the day-to-day management of the Company's operations and the implementation of this Policy.

The Policy should be read in conjunction with the Code of Conduct, Conflicts of Interest Policy, Whistleblower Policy, and investor Relations Policy.

## 1.2. Purpose and Objectives

The purpose and objectives of the Policy are to:

- a) To protect the rights of the Stakeholders pursuant to laws that may entitle them to receive compensations if the rights thereof are breached by the Company following a court order.
- b) Develop and maintain long-lasting relationships with the Stakeholders.
- c) Ensure Stakeholder's expectations/ needs are managed effectively.
- d) Ensure Company's transactions with Board Members and related parties are entered in identical terms as with the Stakeholders without any discrimination or bias.
- e) Implement practices and procedures that contribute to sustainable development and generate shared value for the Company and the Stakeholders.
- f) Ensure key Stakeholders are well informed and have access to relevant information<sup>1</sup> and can provide their feedback on the business decisions and their experience with the Company.

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.

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<sup>1</sup> The Company shall provide its Stakeholders with timely and accurate information about the Company business.

2. Whistleblowers' Policy.
3. Conflict of Interest Policy.
4. Procurement Policy & Procedures<sup>2</sup>.
5. 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. Communities.
7. Government and appropriate regulatory bodies.
8. 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.

### 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 Related Party Transactions Policy.
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.

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<sup>2</sup> Procurement Policy Includes factors, which verify that dealing with the Board Members and Stakeholders is conducted in accordance with the same conditions applied by the Company with various parties of Stakeholders, without any discrimination of preferential conditions. The Procurement Procedures to be followed in case any party breaches the obligations thereof, in addition to those applied for paying compensation. In addition to ensuring that the agreements concluded between Stakeholders and the Company include and indicate such procedures in detail.

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	✓	✓	✓			
Risk Management Department			✓			
Human Resources & Admin Department			✓			✓
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. General Policy Statements:

- 2.1. The Company acknowledges and undertakes to respect and protect the rights of Stakeholders in accordance with the applicable laws, agreements concluded between the parties and/or any additional undertakings made by the Company to the Stakeholders. The Company is committed to maintaining a positive working relationship with its Stakeholders and meeting their requirements in a timely and effective manner. The Company treats all Stakeholders equally and without any discrimination and grants them access to information relevant to them, as deemed necessary. In particular:
- 2.1.1 The Company shall ensure all rights and obligations of every contractual party are clearly stipulated in contractual agreements. Such agreements shall clearly include the methodology of resolving any disputes arising out of such agreements.
- 2.1.2 The Company shall do its best endeavors to resolve amicably any disputes arising out of its contractual relationships. In the event of failing to resolve such disputes through acceptable amicable manners, the Company or stakeholder may seek litigation before the competent courts; judgment of which shall be fully adhered with by the Company.
- 2.1.3 The Company shall fully comply with any agreement and/or law/regulation when compensating stakeholders for defaults committed by the Company in case of any, following a court ruling or judgment.
- 2.1.4 The Company commits to respect the values and culture of each Stakeholder and when any disagreements with Stakeholders occur and cannot be resolved, the Company and its employees shall always demonstrate respect for the diversity of views presented and try to resolve issues as quickly as possible, in best interest of all concerned parties.
- 2.1.5 The Company shall deal with all its Stakeholder fairly, honestly and without any discrimination or preferential conditions.
- 2.1.6 The Company shall treat its Stakeholders with dignity and respect as well as protecting their privacy and the confidentiality of their information.
- 2.1.7 The Company shall ensure its employment practices are fair, provide equal employment opportunities for all, provide fair and equitable compensation to employees as well as provide equal opportunities for their professional development, promotion, and growth.
- 2.1.8 The Company shall provide a safe and healthy operating environment for its employees and its surrounding communities as well as contribute to enhancing the overall quality of life.
- 2.1.9 The Company shall constantly respect human rights, employee rights, and participate actively in civic, charitable, and other community activities to fulfil its social responsibilities.
- 2.1.10 The Company is committed to contributing in the overall quality of life wherever it operates and to using resources responsibly to preserve the environment. The Board aims through several means at fulfilling its social responsibilities.
- 2.1.11 The Board of Directors is committed to the highest ethical standards as the Company desires its stakeholders to have strong faith and commitment towards it. The framework of corporate governance practices shall include acknowledgment of the rights of Stakeholders and encourage the cooperation between the Company and Stakeholders in various fields, as contributions of Stakeholders is a very important resource in establishing Company competitiveness and in supporting the levels of its profitability.

**2.1.12** The Company shall develop policies including rules and measures to ensure protection and acknowledgment of the rights of Stakeholders and allow them to have access to compensations, in case of any breach of the rights thereof, as set forth by the laws issued in this regard.

**2.1.13** This Policy shall include the below factors, as a minimum:

- a) Factors, which verify that dealing with the Members of a Board of Directors and Stakeholders is conducted in accordance with the same conditions applied by the Company with various parties of Stakeholders, without any discrimination of preferential conditions.
- b) The procedures to be followed in case any party breaches the obligations thereof, in addition to those applied for paying compensation. In addition to ensuring that the agreements concluded between Stakeholders and the Company include and indicate such procedures in detail.
- c) Mechanisms of compensating Stakeholders if the rights thereof set out by the controls and protected by the agreements are breached.
- d) Mechanisms that show how the Company establishes good relationships with the Clients and suppliers and keeps confidentiality of the related information.
- e) Mechanisms of settlement of complaints or disputes, which may arise between a Company and Stakeholders. All complaints and disputes will be addressed promptly and within the guiding principles of transparency, fairness, respect and accountability.

**2.1.14** To prevent conflicts of interest between dealings of Stakeholders, whether they are agreements, transactions with the Company, and the interest of shareholders, the following shall be considered:

- a) Stakeholders shall not gain any advantages through dealings with agreements and transactions that take part in the Company's usual activities.
- b) The Company shall develop policies and regulations including a clear mechanism of awarding agreements and transactions of various types through transactions or various purchase orders, provided that such mechanism shall be fully disclosed.

**2.1.15** The Company shall develop mechanisms and frameworks that ensure maximum benefit from contributions of Stakeholders and encourage them to keep track of the Company activities, in a manner that is consistent with achieving the benefits thereof, as the Company shall as minimum:

- a) Allow Stakeholders to have access to information and data related to the activities thereof, in a timely and regular manner.
- b) Develop a mechanism (Whistleblowing) that allows Stakeholders to report to the Board of Directors of any unfair practices committed by the Company against them and provide a proper protection for whistle-blowers.

### **3. Stakeholder's Rights Policy Statements:**

#### **3.1 Shareholders:**

**3.1.1** The Company is committed to creating sustainable shareholders value and aims to provide prolific financial returns and act in the best interests of its shareholders.

#### **3.2 Suppliers and service providers:**

**3.2.1** The Company is committed to dealing with suppliers in a straightforward and honest manner. AEC seeks to build and maintain good relations with suppliers & Service Providers and shall ensure the confidentiality of information related to them is protected.

#### **3.3 Employees:**

**3.3.1** The Company is committed to treating people with dignity and providing equal employment opportunities for all employees in its employment practices, including recruiting, compensation, professional development and promotion.

**3.3.2** The Board of Directors believes in providing safe and healthy working conditions, respecting human rights and respecting employees' rights.

#### **3.4 Community:**

**3.4.1** The Company is committed to contributing to the overall quality of life wherever it operates and to using resources responsibly to preserve the environment. The Board of Directors wants communities to count on the Company's help in civic, charitable and other community activities by fulfilling its social responsibilities.

#### **3.5 Regulatory Authorities**

**3.5.1** The Company shall comply with all applicable laws and regulations and implement prudent governance procedures and practices across its operational units.

**3.5.2** The Company shall disclose all information mandated under laws and regulations to relevant regulatory authorities accurately, completely, timely, transparently, and in an easily accessible manner.

**3.5.3** The Company shall ensure effective communication with the regulatory authorities to ensure compliance with relevant regulations and address comments, suggestions, or complaints/concerns that the regulatory authorities may have.

**3.5.4** The Company shall provide all necessary support to the regulatory authorities in carrying out their roles and responsibilities mandated under various applicable laws and regulations.

**3.5.5** The Company shall participate in meetings arranged by the regulatory authorities to share ideas and experiences, give opinions, and help, if needed.

#### **3.6 Creditors**

**3.6.1** The Company shall enter into agreements with its creditors, legally, equitably, fairly, and transparently and comply with all agreed terms and conditions, as applicable.

**3.6.2** The Company shall not suppress any material information from its creditors and shall provide all relevant information to creditors that is accurate, complete, transparent, and reliable.

**3.6.3** The Company, upon request and when it deems necessary, based on applicable laws and regulations, and as per the provisions of the applicable contract/s shall provide the Company's reports, operational results, and other information.

**3.6.4** The Company shall repay its financing facilities timely and in accordance with the agreement signed with the party providing it with financing facilities.

### **3.7 Furthermore, to develop successful stakeholder relations, the Company shall follow the following principles:**

- 3.7.1 Those affected by the Company's business have a right to be informed about the Company's activities, participate in a transparent stakeholder engagement process and be involved in issues and opportunities that affect them.
- 3.7.2 Stakeholders shall be provided with timely and accurate information about the Company business and the Company shall consider the needs and concerns of stakeholders when making decisions on the Company's behalf.
- 3.7.3 All the stakeholders shall be given an opportunity to provide feedback on the business decisions and on their experiences with the Company.
- 3.7.4 The Company shall encourage stakeholders to define the way they wish to be consulted and shall strive to remain flexible and responsive to stakeholder preferences.
- 3.7.5 The Company respects the values and culture of each stakeholder. When disagreement with stakeholders occurs and cannot be resolved, the Company employees shall always demonstrate respect for the diversity of views presented and try to resolve issues as quickly as possible.
- 3.7.6 No preferences shall be given to any BOD/ any related party dealing with the Company and shall be dealt with in the same way as any other stakeholder.
- 3.7.7 The Company commits to promoting contracts and deals of various types, through bids or various purchase orders, and to disclose it fully.
- 3.7.8 The stakeholders shall not receive any privilege for any deals or contracts that are a part of the normal activity of the Company.
- 3.7.9 The Company shall be committed to maintaining positive working relationships with its stakeholders and to meeting their requirements in a timely and effective manner.
- 3.7.10 The Company shall develop collaborative and two-way communication programs to improve the involvement of the stakeholders in the activities of the Company.
- 3.7.11 The stakeholders shall inform the Board of any inappropriate practices in line with the whistle blower policy.
- 3.7.12 The Company shall attract, develop and retain competent people by providing a fair working environment and involving them in prominent decision-making process.
- 3.7.13 The Company shall maintain and promote fair dealings with its stakeholders and contracts or projects shall be entered only after obtaining competitive quotes from various parties. The policies with respect to entering contracts shall be followed by the Company in all the cases.
- 3.7.14 The Company and the stakeholders are required to maintain confidentiality of information and an agreement shall be entered between the parties in this regard.

### **3.8 Stakeholders' Obligations**

- 3.8.1 All Stakeholders shall fulfill their obligation in accordance with their contracts and/or related laws and bylaws of regulatory authorities, as applicable, and comply with all applicable laws and regulations.

### **3.9 Stakeholder Engagement Principles and Mechanisms**

- 3.9.1 The Company participates in a transparent engagement process with its Stakeholders and is proactively involved in any issues and opportunities that affect them. The principles and mechanisms for Stakeholder engagement are as follows:

#### **a) Compliance with Laws and Regulations**

The Company complies with all applicable laws and regulations and expects its Stakeholders to also comply accordingly.

## **b) Dealings with Board Members and Related Parties**

The Company ensures dealings with Board Members and Related Parties are carried out under the same conditions applied by the Company with respect to other different parties without any discrimination or preferential treatment<sup>3</sup>.

## **c) Stakeholders Communication**

The Company communicates regularly with Stakeholders to build greater understanding of the Company's mission, build enduring relationships as well as develop and retain their trust. The Company uses several channels to disclose material information to internal and external parties, including traditional and digital media such as the official website of the Company and social media. Further, the Company is committed to disclosing all material information as applicable by CMA and Kuwait Boursa rules and regulations to the market through disclosing it to the CMA and the Kuwait Boursa in a precise and timely manner. In addition, the Company is committed to providing time for Stakeholders, especially for shareholders, to communicate any questions through its annual general assembly meetings.

## **d) Integrity and Ethical Conduct**

The Company ensures impartiality, transparency, integrity, confidentiality, and ethical conduct in its engagement with its Stakeholders.

The Company conducts business with its Stakeholders in accordance with the highest standards of ethical behavior. Bribery, corruption, and other illegal practices, in any form, will not be condoned by the Company.

## **e) Disclosure of Information to Stakeholders**

The disclosure of information to the Stakeholders is done at an appropriate time, by appropriate means, and transparently, clearly stating the purpose and objectives of the disclosures being made. The Company adheres to its commitment to the principles of transparency by providing information about the Company's performance through periodic reports (annual and quarterly), which are prepared in accordance with the laws and regulations. The investor relations page on the Company's official website contains material information regarding the Company's performance. The Company's website includes all the disclosures and information related to the principles of corporate governance such as the Company's memorandum and articles of association.

The Company is in regular communication with the financial media and the investment community to ensure that it provides accurate and timely information about its achievements and performance. The Company lays a special focus on enhancing communication with and between employees through diverse communication channels that include Company intranet, employee notices, and communications via modern technology such as video calling etc.

The Company discloses relevant information to the Stakeholders upon their request or when it is deemed necessary or required by the applicable regulations. All such communication by the Company with the Stakeholders is in accordance with the applicable laws<sup>4</sup>.

## **f) Commitment to Health, Safety and Environment (HSE)**

The Company promotes HSE stewardship in the workplace and implements appropriate practices to ensure that HSE risks are effectively mitigated to an acceptable level.

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<sup>3</sup> The Company does not give any preference to any Board Member or any related party dealing with the Company and such entities are dealt in the same way as any other Stakeholder.

<sup>4</sup> The Company signs, as appropriate, a non-disclosure agreement with the concerned Stakeholder when disclosing information confidential to the Company.

The Company is committed to protecting the health and safety aspects of all Stakeholders affected by its operations and/or business activities.

**g) Encouraging Stakeholders Participation**

The Company encourages Stakeholders to participate in matters that affect them and provides appropriate channels/ mechanisms for receiving their suggestions, and complaints.

**h) Stakeholders Risk Management**

The Company anticipates, identifies, and prioritizes risks from Stakeholders' engagement to prepare a risk response plan and to manage Stakeholders' dialogue constructively. Common risks of Stakeholder engagement include unwillingness to engage, creating expectations that cannot be fulfilled, and conflicts between the Stakeholders.

**i) Monitoring and Reporting**

The Company monitors and reports its Stakeholder engagement activities and the overall outcomes as well as the impact of its various related initiatives in its annual report and/or in its integrated reporting.

**j) Continuous Improvement**

The Company shall seek to continuously improve its Stakeholder's engagement mechanisms. The Company shall periodically evaluate the overall quality of its Stakeholders' engagement process and develop action plans, to enhance its collaboration with its Stakeholders.

**3.10 Addressing Stakeholder Complaints**

Through the Company's redressal mechanisms (such as the AEC Whistleblower Policy) the Company's Stakeholders shall have the right to inform the Company of any inappropriate practices in the Company. During the investigation of such complaints the Board will ensure that the rights of Stakeholders are fully protected.

Please also refer to the AEC Whistleblower Policy for reporting concerns, in good faith, relating to suspicions of illegal, unethical, other inappropriate activities, or any type of misconduct without fear of punishment or retribution of any kind.