



CORPORATE
GOVERNANCE
REPORT

INTRODUCTION

Sound corporate governance constitutes a cornerstone for achieving sustainable success and reinforcing the confidence of investors and shareholders in the Company. In this report, Arzan Financial Group for Financing and Investment presents its key governance achievements and practices for the year 2024, underscoring its steadfast commitment to international standards and best-in-class practices in corporate governance.

1. RULE ONE: BUILDING A BALANCED STRUCTURE FOR THE BOARD OF DIRECTORS:

The role of the Board of Directors serves as the balancing point that ensures the achievement of shareholders' objectives while overseeing the performance of the Company's executive management. The Board of Directors of Arzan Financial Group affirms that its members possess the skills and expertise aligned with their responsibilities and the Company's strategic needs. Their collective expertise includes:

- International, regional, and local experience that provides a comprehensive and multi-dimensional perspective.
- Advanced technical knowledge of the business environment, as well as the relevant regulatory and economic frameworks.
- Deep expertise and specialized knowledge in the financial and investment sectors.

1.1 Formation of the Board of Directors

The decisions of the Board of Directors have a significant impact on the Company's performance and financial stability. To ensure adherence to best governance practices, a Board of Directors has been formed with a sufficient number of members to enable the establishment of the necessary sub-committees, thereby supporting effective management and the achievement of strategic objectives.

The Board comprises seven members, including two independent directors, for the term spanning 2023 to 2025.

The Nomination and Remuneration Committee conducted a thorough review of the documentation submitted by candidates for Board membership for the current term (2023–2025). It was confirmed that all nominees met the criteria stipulated by the Capital Markets Authority, particularly those relating to competence and integrity.

The Board includes two independent members, and the Nomination and Remuneration Committee has verified that their qualifications are in full compliance with the independence requirements set forth in the regulations of the Capital Markets Authority.



Name	Member Classification	Qualifications and Practical Expertise	Election Date
Talal Jassem Al-Bahar	Chairman of the Board of Directors (Non-Executive Member)	<ul style="list-style-type: none"> Bachelor of Business Administration, Loyola Marymount University (2001), USA. 19 years of experience in Real estate and investment sector. 	12 April 2023
Jassem Hasan Zainal	Vice Chairman of the Board of Directors and Chief Executive Officer (Executive Member)	<ul style="list-style-type: none"> Bachelor of Science - Civil Engineering, Miami University (1980), USA. BA in General Studies - Mathematics, Miami University (1981), Miami, USA. MA of Science - Civil Engineering, Kuwait University (1991), State of Kuwait. 41 years of experience in banking, investment and financial institutions 	12 April 2023
Ibrahim Saleh Al-Tharban	Board Member. (Non-Executive Member)	<ul style="list-style-type: none"> Bachelor of Commerce - Accounting, Kuwait University (1975), State of Kuwait. 46 years of experience in banking, investment, real estate and financial institutions. 	12 April 2023
Emad Abdullah Al-Essa	Board Member. (Non-Executive Member)	<ul style="list-style-type: none"> Bachelor of Science - Business Administration, Polytechnic University (1986), Pomona, California, USA 36 years of experience in investment, real estate and financial institutions 	12 April 2023
Bader Jassim Al-Hajri	Board Member. (Non-Executive Member)	<ul style="list-style-type: none"> Bachelor of Administrative Sciences, Marketing, Kuwait University, (1999), State of Kuwait. 23 years of experience in banking, investment, real estate, financial and internet services. 	12 April 2023
Issa Abdullah Al-Muzaini	Board Member. (Independent Member)	<ul style="list-style-type: none"> Bachelor of Science, Civil Engineering, St. Martins College, (1983), USA. 20 years of experience in banking, investment, educational and information technology institutions. 	12 April 2023
Dr. Sulaiman Tareq AL-Abduljader	Board Member. (Independent Member)	<ul style="list-style-type: none"> Ph.D. of Financial economics - La Trobe University (2009), Australia. MA of Business Administration - Specialization in finance and real estate - University of Hartford - (2004), USA. Bachelor of Civil Engineering, University of Hartford, (2002), USA. 19 years of experience in banking, investment, financial and academic institutions. 	12 April 2023
Ruba Ghanem	Secretary of the Board of Directors	<ul style="list-style-type: none"> Bachelor of Business Administration - Banking, Grant Town University (2014), USA. 24 years of experience in banking, investment and financial institutions. 	10 Jan. 2013

1.2 Meetings of the Board of Directors.

Six (6) Board meetings have been held during 2024, as follows:

Member Name	Meeting No. (1) on 28/03/2024	Meeting No. (2) on 05/05/2024	Meeting No. (3) on 30/06/2024	Meeting No. (4) on 31/07/2024	Meeting No. (5) on 29/10/2024	Meeting No. (6) on 18/12/2024	Total
Talal Jassem Al-Bahar	√	√	√	√	√	√	6
Jassem Hasan Zainal	√	√	√	√	√	√	6
Ibrahim Saleh Al-Tharban	√	√	√	√	√	√	6
Emad Abdullah Al-Essa	√	√	√	√	√	√	6
Bader Jassim Al-Hajri	√	√	√	√	√	√	6
Issa Abdullah Al-Muzaini	√	√	√	√	√	√	6
Dr. Sulaiman Tareq AL-Abduljader	√	√	√	√	√	√	6

1.3 Application of the requirements for registration, coordination and keeping minutes of the Board meetings.

The Board of Directors dedicates sufficient time to fulfilling its assigned duties and responsibilities, including preparation for Board and committee meetings, as well as ensuring active participation in these meetings. Board meetings are organized in sequential order based on the year of convening, with clear indication of the meeting location, date, start and end times. Detailed minutes are prepared, capturing the discussions, deliberations, and voting outcomes. These minutes are signed by all members and the Board Secretary. All minutes, records, registers, and reports received or issued by the Board are securely maintained, with full and prompt access granted to Board members.

To support the Board's functions, a Secretary has been appointed from among the Company's staff, with clearly defined responsibilities in accordance with governance rules and the accountability framework applicable to the role.

The Board convenes no fewer than six meetings per year, with at least one meeting held each quarter. Members are provided with sufficient documentation and materials to enable them to evaluate matters presented and make informed decisions.

Key documents submitted to the Board of Directors include:

- Quarterly financial statements
- Minutes of previous Board meetings
- Minutes of Board committee meetings
- Updates and developments within each department of the Company
- Reports and observations from regulatory authorities



1.4 Acknowledgment of the Independent Board Member:

Independent Board Member Acknowledgement

I, the undersigned, in my capacity as an Independent Member of the Board of Directors of Arzan Financial Group for Financing and Investment, hereby declare the following:

1. I do not own 5% or more of the Company's shares, nor do I represent any shareholder holding such a percentage.
2. I do not have any first-degree familial relationship with any member of the Company's Board of Directors, Executive Management, any company within the Group, or with any related key parties.
3. I am not a member of the Board of Directors of any company within the Group.
4. I am not employed by the Company, any of its subsidiaries or affiliates, or any stakeholders.
5. I am not employed by any legal entities that hold controlling interests in the Company.
6. I confirm that I meet the independence criteria as stipulated in Article (2-3), Chapter Three of Book Fifteen of the Executive Regulations of Law No. (7) of 2010 concerning the Establishment of the Capital Markets Authority and the Regulation of Securities Activity, as amended. I meet all the independence requirements and have no conflicts that would compromise my independence. The above is illustrative and not exhaustive.
7. As an Independent Member, I possess the qualifications, expertise, and technical skills relevant to the Company's line of business, in accordance with the Executive Regulations of the Capital Markets Authority.
8. I undertake to promptly notify the Company in the event that I no longer meet any of the independence criteria mentioned above or those specified by the relevant regulatory authorities (Ministry of Commerce and Industry and/or the Capital Markets Authority).

The Company reserves the right to take any necessary action should it be proven that any of the above declarations are inaccurate.

Name of Independent Board Member: Dr. Sulaiman Tareq AL-Abduljader

Signature:

A handwritten signature in blue ink, appearing to read "Dr. Sulaiman Tareq AL-Abduljader", written over a faint, illegible stamp or watermark.

Independent Board Member Acknowledgement

I, the undersigned, in my capacity as an Independent Member of the Board of Directors of Arzan Financial Group for Financing and Investment, hereby declare the following:

1. I do not own 5% or more of the Company's shares, nor do I represent any shareholder holding such a percentage.
2. I do not have any first-degree familial relationship with any member of the Company's Board of Directors, Executive Management, any company within the Group, or with any related key parties.
3. I am not a member of the Board of Directors of any company within the Group.
4. I am not employed by the Company, any of its subsidiaries or affiliates, or any stakeholders.
5. I am not employed by any legal entities that hold controlling interests in the Company.
6. I confirm that I meet the independence criteria as stipulated in Article (2-3), Chapter Three of Book Fifteen of the Executive Regulations of Law No. (7) of 2010 concerning the Establishment of the Capital Markets Authority and the Regulation of Securities Activity, as amended. I meet all the independence requirements and have no conflicts that would compromise my independence. The above is illustrative and not exhaustive.
7. As an Independent Member, I possess the qualifications, expertise, and technical skills relevant to the Company's line of business, in accordance with the Executive Regulations of the Capital Markets Authority.
8. I undertake to promptly notify the Company in the event that I no longer meet any of the independence criteria mentioned above or those specified by the relevant regulatory authorities (Ministry of Commerce and Industry and/or the Capital Markets Authority).

The Company reserves the right to take any necessary action should it be proven that any of the above declarations are inaccurate.

Name of Independent Board Member: Issa Abdullah Al-Muzaini

Signature:





2. RULE TWO: PROPER SPECIFICATION OF TASKS AND RESPONSIBILITIES

2.1 Company's policy for the tasks, responsibilities and duties of each of the Board members and the Executive Management, as well as the powers and authorities delegated to the Executive Management

The Board of Directors serves as the central axis of balance within the Company, aiming to fulfill shareholder expectations while overseeing the performance of executive management. The Board is committed to achieving the Company's strategic objectives by ensuring that executive management carries out its duties with the highest levels of efficiency, enhancing the Company's competitiveness, driving strong growth rates, and maximizing profitability in the best interest of shareholders. The Board also ensures that all decisions and actions taken by executive management are consistently aligned with this interest.

In this context, the Board has adopted a comprehensive governance policy that clearly outlines the roles and responsibilities assigned to both the Board and executive management. The policy includes a detailed authority matrix that reinforces a clear separation of powers between the Board and executive management, thereby ensuring the independence of both parties and enabling the Board to fulfill its duties efficiently and effectively. The policy also specifies the delegated authorities and powers granted to executive management, ensuring clarity and structure in the decision-making process.

2.2 Board achievements during the year.

The Board of Directors operates in accordance with an approved charter that outlines its core responsibilities and affirms its commitment to all applicable laws and regulations. The following are the key activities undertaken by the Board during the year 2024:

- Approval of the Group's comprehensive strategy for the years 2025–2027.
- Recommendation to the General Assembly for the distribution of cash dividends and bonus shares for the fiscal year ended 31/12/2023.
- Approval of financing and borrowing requirements for Arzan Financial Group.
- Approval of the annual and interim budgets and ensuring performance is measured in line with the approved budgets and business plans.
- Review and approval of the annual financial statements, interim financials, dividend announcements, and shareholder notifications, based on the recommendations of the Board Audit Committee.
- Assessment of the effectiveness of risk management systems, internal controls, and financial and operational frameworks.
- Verification of the Company's compliance with policies and procedures that safeguard shareholder rights and adherence to applicable internal regulations and the corporate governance framework.
- Discussion and approval of proposed related party transactions.
- Review and approval of amendments to the Company's Memorandum of Association and Articles of Incorporation.
- Monitoring the performance of individual Board members and executive management based on established Key Performance Indicators (KPIs).
- Evaluation of the performance of the Board, its members, Board committees, committee members, and the Chief Executive Officer.

- Approval of the Group's remuneration for the fiscal year ended 31/12/2023.
- Approval of the annual and semi-annual reports submitted to governmental and regulatory authorities.
- Approval of reports presented to the General Assembly.
- Review and approval of amendments to the Company's internal policies and procedures.
- Review of reports submitted by Board committees.

These activities reflect the Board's commitment to fulfilling its supervisory and strategic oversight role to ensure the achievement of the Company's objectives and the protection of shareholder interests.

2.3 Implementation of the requirements for the Board's formation of specialized independent committees and relevant information on each committee.

Arzan Financial Group's internal control and governance framework is built upon the directives and regulations issued by the Capital Markets Authority, the Central Bank of Kuwait, and Bursa Kuwait, in addition to the Company's Memorandum of Association, Articles of Incorporation, and internal corporate practices. The Board of Directors holds ultimate responsibility for the Company's operations, with the authority to delegate certain powers to specialized committees formed under its oversight.

In this context, the Board has established three primary committees to support it in overseeing key decisions and company functions. Each of these committees operates under a dedicated charter that clearly defines its responsibilities and authorities, as outlined in the Board Charter. These charters are developed in accordance with the Company's internal regulatory framework, ensuring full compliance with applicable supervisory standards and the highest levels of corporate governance.

The Audit Committee:

- The Audit Committee plays a critical role in supporting the Board of Directors in effectively discharging its responsibilities related to financial reporting, internal control systems, internal and external audits, and fostering a culture of compliance within the Company. The Committee ensures the independence of external auditors, the integrity of financial reporting, and the adequacy and effectiveness of the Company's internal control mechanisms. Its operations are governed by a charter approved by the Board of Directors.
- The following are the key activities and responsibilities carried out by the Audit Committee during 2024:
- Review and discussion of interim and annual financial statements prior to submission to the Board of Directors, including providing opinions and recommendations, and reviewing the external auditors' comments and following up on them.
- Review of the internal control systems evaluation report for the year ended 31/12/2023.
- Assessment of compliance with all legislative requirements under the Anti-Money Laundering and Combating the Financing of Terrorism Law for the fiscal year ended 31/12/2023.
- Evaluation of compliance with the rules and provisions outlined in Book Seven (Client Funds and Assets) of the Executive Regulations for the fiscal year ended 31/12/2023.
- Recommendation to the Board regarding the appointment or reappointment of external auditors, ensuring their independence and registration with the Capital Markets Authority.



- Approval of the Audit Committee's report for the fiscal year ended 31/12/2023 and submission of recommendations to the Board.
- Approval of the internal audit plan for the period 2024–2025.
- Evaluation of the performance of the Head of Internal Audit for the year ended 31/12/2023, and approval of the department's objectives for 2024.
- Review of internal audit reports and ensuring the implementation of corrective actions.
- Review of the internal audit performance evaluation report.
- Review of regulatory reports and ensuring that appropriate measures have been taken in response.

The Audit Committee shall consist of:

Four members were appointed pursuant to the resolution of the Board of Directors issued during its meeting No. 04/2023 held on 13/04/2023, for the term (2023–2025), as follows:

- Emad Abdullah Al-Essa - Chairman of the Committee (Non-Executive Member).
- Issa Abdullah Al-Muzaini - Deputy Chairman of the Committee - Independent (Non-Executive Member).
- Bader Jassim Al-Hajri – Committee Member (Non-Executive Member).
- Dr. Sulaiman Tareq AL-Abduljader - Committee Member - Independent (Non-Executive Member).

During the year 2024, the Audit Committee has convened four (4) meetings as follows:

Member Name	Meeting No. (1) on 27/03/2024	Meeting No. (2) on 05/05/2024	Meeting No. (3) on 31/07/2024	Meeting No. (4) on 29/10/2024	No. of Meetings
Emad Abdullah Al-Essa (Chairman of the Committee)	√	√	√	√	4
Issa Abdullah Al-Muzaini (Deputy Chairman of the Committee)	√	√	√	√	4
Bader Jassim Al-Hajri (Committee Member)	√	√	√	√	4
Dr. Sulaiman Tareq AL-Abduljader (Committee Member)	√	√	√	√	4
External Auditor	√	√	√	√	4
Internal Auditor	√	√	√	√	4

Risk Committee:

The Risk Committee is responsible for supporting the Board of Directors in overseeing the Company's risk management function. This includes the identification, assessment, monitoring, and mitigation of risks to which the Company may be exposed. The Committee assists the Board in setting the Company's risk management direction and strategy, establishing the overall risk management framework, and monitoring the executive management's implementation of that strategy. The Committee operates under a charter approved by the Board of Directors.

Key activities undertaken by the Risk Committee during 2024 included, but were not limited to, the following:

- Reviewing risk reports related to investment and credit proposals, services, activities, and strategic initiatives, and submitting recommendations to the Board.
- Reviewing periodic reports on the nature of risks faced by the Company and submitting them to the Board of Directors.
- Reviewing capital adequacy reports and forwarding them to the Board.
- Discussing proposed delegations of authority within the Company's organizational structure and submitting recommendations to the Board.
- Reviewing the annual Anti-Money Laundering (AML) risk assessment studies and submitting them to the Board for approval.
- Reviewing and recommending amendments to internal policies, procedures, and committee charters to the Board.
- Reviewing external penetration test reports and business continuity and data recovery test results, approving mitigation plans, and submitting them to the Board.
- Reviewing the results of business continuity and disaster recovery plan tests and reporting them to the Board.
- Discussing observations and issues raised by the Audit Committee that impact the Group's risk management function.
- Approving the risk management performance evaluation and related KPIs.
- Reviewing customer balance write-off proposals and submitting recommendations to the Board.
- Discussing the results of on-site inspection reports and forwarding them to the Board for review.
- Reviewing incident management reports and submitting them to the Board for review.
- Reviewing the Company's Risk Management and Information Security Strategy and recommending it to the Board.
- Reviewing the Group's Strategic Risk Assessment for the 2025–2027 period and submitting recommendations to the Board.



Risk Committee shall consist of:

Four members were appointed pursuant to the resolution of the Board of Directors issued during its Meeting No. 04/2023 held on 13/04/2023, for the term (2023–2025). They are as follows:

- Ibrahim Saleh Al-Tharban - Chairman of the Committee (Non-Executive Member).
- Jassem Hasan Zainal - Deputy Chairman of the Committee (Executive Member).
- Issa Abdullah Al-Muzaini - Committee Member - Independent (Non-Executive Member).
- Bader Jassim Al-Hajri – Committee Member (Non-Executive Member).

During the year 2024, the Risk Committee has convened four (4) meetings as follows:

Member Name	Meeting No. (1) on 28/03/2024	Meeting No. (2) on 30/06/2024	Meeting No. (3) on 25/09/2024	Meeting No. (4) on 17/12/2024	No. of Meetings
Ibrahim Saleh Al-Tharban (Chairman of the Committee)	√	√	-	√	3
Jassem Hasan Zainal (Deputy Chairman)	√	√	√	√	4
Issa Abdullah Al-Muzaini (Committee Member)	√	√	√	√	4
Bader Jassim Al-Hajri (Committee Member)	√	√	√	√	4

Nomination and Remuneration Committee:

The Nomination and Remuneration Committee is responsible for overseeing the compensation of the Board members and executive management of Arzan Financial Group, ensuring alignment with their performance and expertise. The Committee also supervises the nomination process in compliance with the regulations of the Capital Markets Authority and applicable laws. It operates in accordance with a charter approved by the Board of Directors.

The following are the key activities carried out by the Committee during 2024:

- Approval of the Remuneration Report for the fiscal year ended 31/12/2023, which includes details of the remuneration, salaries, and benefits granted to Board members and executive management, and submission of the report to the General Assembly.
- Recommendation to the Board of Directors regarding the proposed remuneration for the Group for the fiscal year ended 31/12/2023.
- Identification and approval of objective performance indicators and behavioral competencies for the Board, each of its members—including independents—the Nomination and Remuneration Committee, the Risk Management Committee, the Audit Committee, and the Chief Executive Officer for the year 2024.
- Approval of the evaluation report of the Board of Directors, its members, and its committees for the year 2023, and submission to the Board.
- Recommendation to the Board of Directors for the approval of proposed amendments to the performance evaluation framework for the Board, its committees, members, and executive management.

The Nomination and Remuneration Committee consists of four members who were appointed pursuant to the resolution of the Board of Directors issued during its Meeting No. 04/2023 held on 13/04/2023, for the term (2023–2025). They are as follows:

- Talal Jassem Al-Bahar – Chairman of the Committee (Non-Executive Member).
- Jassem Hasan Zainal – Deputy Chairman of the Committee (Executive Member).
- Ibrahim Saleh Al-Tharban – Committee Member (Non-Executive Member).
- Issa Abdullah Al-Muzaini - Member of the Committee (Independent Member).

During the year 2024, the Nomination and Remuneration Committee has convened one (1) meeting, as follows:

Member Name	Meeting No. (1) on 27/03/2024	No. of Meetings
Talal Jassem Al-Bahar (Chairman of the Committee)	√	1
Jassem Hasan Zainal (Vice Chairman)	√	1
Ibrahim Saleh Al-Tharban (Committee Member)	√	1
Issa Abdullah Al-Muzaini (Committee Member)	√	1

2.4 Implementation of the requirements for allowing Board members to obtain accurate and timely information and data.

Executive management is committed to providing complete, accurate, and timely information and data to all members of the Board of Directors, with particular attention given to meeting the needs of non-executive and independent directors. This is facilitated through the role of the Board Secretary, who is responsible for ensuring that all relevant documents required for Board discussions are delivered to members well in advance of meetings.

This mechanism enables Board members to access essential information and data, empowering them to carry out their duties and responsibilities efficiently and effectively. It reinforces their role in decision-making and supports the Company's performance in alignment with the highest standards of governance and transparency.

3. RULE THREE: SELECTING QUALIFIED PERSONS FOR THE MEMBERSHIP OF THE BOARD AND THE EXECUTIVE MANAGEMENT

3.1 Nomination and Remuneration Committee formation requirements

Following its election by the General Assembly, the Board of Directors formed the Nomination and Remuneration Committee, comprising four members, including one independent member. The Committee is chaired by a non-executive Board member. The Board has defined the term of the Committee's membership, its working procedures, and has clearly outlined its powers and responsibilities in a dedicated charter formally approved by the Board.

This formation aims to ensure that the Committee effectively supports the Board in matters related to nominations and remuneration, in line with the Company's objectives and in accordance with the highest standards of governance and transparency.



3.2 Report on the remunerations granted to the members of the Board of Directors, the Executive Management and Managers.

3.2.1 Summary of the Nomination and Remuneration Policy at the company, especially for the Board of directors, Executive Management and the Managers.

The Company's Articles of Association include a clear policy governing the remuneration of the Chairman and members of the Board of Directors, in addition to a comprehensive remuneration policy for the Company based on the following principles:

- **Compliance with Laws:** Adherence to the provisions of the Companies Law and all relevant legislation.
- **Attracting Talent:** Commitment to attracting and retaining top talent to enhance the Company's performance.
- **Promoting Equality and Competitiveness:** Ensuring internal equity and maintaining competitiveness with the external market.
- **Transparency:** Applying the highest levels of transparency in remuneration practices.

This policy reflects Arzan Financial Group's commitment to implementing best practices in human resources management and strengthening corporate governance.

- **Board Members' Remuneration:**

Arzan Financial Group is committed to implementing the Board of Directors' remuneration system in accordance with Article 198 of the Companies Law. Remuneration to Board members is granted only after obtaining the approval of the General Assembly.

- **Executive Management and Managers Remuneration and Incentives:**

Fixed Remuneration: This includes salaries and benefits (including end-of-service indemnity) and is determined based on the salary scale and grading structure approved by the Board of Directors. It also complies with applicable laws and regulations, as well as the Company's Human Resources Policies and Procedures Manual.

Variable Remuneration: This is performance-based and linked to the achievement of pre-defined objectives. It is designed to incentivize and reward executive management members. Variable remuneration is allocated based on both the individual performance of the executive and the overall performance of the Company. It may be awarded in cash or through the Company's approved stock option plan.

- **Remunerations and incentives of Company's employees**

1. Arzan Financial Group aims to foster a sense of belonging and motivate employees to contribute toward the Group's goals and advancement. The Group seeks to ensure that the remuneration system reflects the nature of assigned roles and responsibilities, and is characterized by fairness and equity.
2. Remuneration is awarded based on performance evaluations, in accordance with an approved policy designed to support the achievement of operational and financial objectives. Consideration is also given to each employee's individual contribution toward the Group's strategic goals.

The remuneration policy reflects Arzan Financial Group's commitment to transparency and fairness at all levels, with the objective of enhancing performance, achieving strategic goals, and upholding the highest standards of corporate governance.

3.2.2 Remunerations Schedule:

First: The Annual remuneration and sitting fees allowance for the Committees paid to all members of the Board during the period from 1st of January to 31 of December 2024

The rewards and benefits through the mother company		The rewards and benefits through the subsidiary companies					
Number	The fixed rewards and Benefits	The variable rewards and Benefits		The fixed rewards and Benefits		The variable rewards and Benefits	
	Medical Insurance	Annual remunerations	Sitting fees	Committee rewards	Annual remunerations	Sitting fees	Committee rewards
7	0	34,000	34,050	0	0	0	0

Second: The total remunerations and benefits granted to five senior executives who received the highest remuneration, in addition to the CEO and the Chief Financial Officer or his representative for the financial year from 1st of January to 31 of December 2024

The rewards and benefits through the mother company										The rewards and benefits through the subsidiary companies											
Number	The fixed rewards and Benefits					The variable rewards and Benefits					The fixed rewards and Benefits					The variable rewards and Benefits					
	Annual salaries	Social Insurance	Life Insurance	Medical Insurance	Air Tickets	Accrued leave	Business trips	End of Service Provision	Annual remunerations	ESS	ESOP	Business calls	Other Benefits	Annual salaries	Accrued leave	End of Service Provision	Medical Insurance	Air Tickets	Other Benefits	ESOP	Annual remunerations
5	323,182	10,058	4,398	4,195	9,217	44,048	1,400	52,705	161,445	29,930	70,496	2,521	436	93,942	10,637	14,543	0	0	360	170,673	47,351

3.2.3 There are no substantial deviations from the remuneration policy approved by the Board of Directors.



4. RULE FOUR: ENSURING INTEGRITY OF FINANCIAL REPORTS

4.1 Written undertakings by both the Board of Directors and the Executive Management of the soundness and integrity of the prepared financial reports

Board Responsibility for Financial Oversight and Ensuring Integrity

The Board of Directors holds the ultimate responsibility for overseeing and reviewing the accuracy and integrity of the financial statements, accounting policies, and the information disclosed in the annual report. To fulfill this responsibility, Board members receive continuous support through mechanisms aimed at identifying and assessing risks facing the Company. Independent oversight is carried out by the Internal Audit Department, the Risk Management Department, and the Board's sub-committees to ensure the effectiveness of executive management in achieving the Company's objectives.

Accuracy and Integrity of Financial Data

The accuracy and integrity of financial data are key indicators of the Company's transparency and credibility in presenting its financial position. This commitment reinforces shareholder and investor confidence in the information and reports disclosed by the Company.

Role of Executive Management

Executive management provides a written declaration to the Board of Directors affirming that the financial reports present a true and fair view of the Company's financial performance and position, including financial data and operational results. They also confirm that the financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as approved by the relevant regulatory authority.

Board Declaration in the Annual Report

The annual report issued by the Board of Directors to the shareholders includes a formal declaration confirming the accuracy and integrity of all financial data and related reports concerning the Company's operations. These declarations reinforce the principle of accountability—holding executive management accountable to the Board, and the Board accountable to the shareholders.

These governance mechanisms highlight Arzan Financial Group's commitment to the highest standards of transparency and corporate governance, further strengthening stakeholder confidence in the Group's ability to responsibly and ethically achieve its financial and operational goals.

4.2 Audit Committee formation requirements

The Board of Directors has established the Audit Committee, defining its term, working procedures, powers, and responsibilities in accordance with a charter formally approved by the Board. The Committee is composed of four members, including two independent members. The Committee does not include the Chairman of the Board or any executive members. It comprises individuals with academic qualifications and/or professional experience in accounting and finance. The Committee meets on a regular basis—at least four times per year on a quarterly basis—and maintains detailed minutes of its meetings. It also holds meetings with the external auditor and meets with the internal auditor no fewer than four times per year.

The Audit Committee is committed to supporting the Board of Directors by overseeing financial operations, evaluating internal control systems, and ensuring compliance with financial and accounting standards. The Committee's structure and operating procedures reflect Arzan Financial Group's dedication to implementing best practices in corporate governance and transparency.

4.3 During the year 2024, there were no conflicts between the Audit Committee's recommendations and the decisions of the Board of Directors.

4.4 Emphasizing the independence and impartiality of the external auditor.

The Company's Ordinary General Assembly is responsible for appointing or reappointing the external auditor based on a proposal submitted by the Board of Directors, which in turn is based on a recommendation from the Audit Committee. The Audit Committee ensures that the auditor is registered in the Capital Markets Authority's official registry and fully meets the requirements set forth in the Authority's resolution regarding the registration system for auditors. The Committee also verifies that the auditor maintains full independence from the Company and its Board of Directors and ensures that the auditor does not perform any non-audit services that may compromise their objectivity or independence.

The Audit Committee discusses the annual financial statements with the external auditor prior to submitting them to the Board of Directors for final approval. The Committee ensures that the audit process is conducted in accordance with the highest standards of professionalism and transparency, thereby enhancing the integrity of the financial statements and strengthening shareholder confidence.

Ms. Hind Abdullah Al-Suraie, from Al-Qatami, Al-Eiban & Partners (Grant Thornton), was appointed as the external auditor for the Group for the current fiscal year ending on 31/12/2024, pursuant to a resolution of the Ordinary General Assembly held on 12/05/2024.

The external auditor participates in the Company's annual Ordinary General Assembly meetings and presents their audit report directly to the shareholders. This active participation enhances transparency and credibility, reinforcing shareholder confidence in the accuracy of the financial statements and the Company's overall performance.

This process reflects Arzan Financial Group's commitment to implementing sound governance practices and enhancing transparency in the selection and oversight of the external auditor to ensure the quality and impartiality of the audit process.

5. RULE FIVE: ESTABLISHING SOUND SYSTEMS FOR RISK MANAGEMENT AND INTERNAL CONTROL

5.1 Implementing the requirements for forming an independent risk management department/office/unit.

The Risk Management function at Arzan Financial Group operates with full independence and reports directly to the Risk Management Committee, and by extension, to the Board of Directors. This structure ensures effective governance across the Company and its related entities.

The Group has implemented a comprehensive risk management framework designed to enhance governance and structure the oversight of risk. The Board of Directors provides direction on the Group's risk-related policies and procedures and holds ultimate responsibility for risk management and the associated control systems.



The Board is committed to embedding a risk management culture throughout the Company, integrating it into policies, daily operations, and strategic decision-making. Risk Management officers are granted broad authority to perform their duties independently, without being assigned executive or financial decision-making powers.

The department is responsible for identifying, measuring, and assessing risks that may impact the Group, using a set of Key Risk Indicators (KRIs) tailored to relevant risk categories. It conducts regular risk monitoring and control activities and develops new review and oversight policies as necessary.

The Group continually enhances its risk oversight capabilities through the adoption of advanced IT solutions for risk evaluation and management, ensuring the effectiveness of its control systems and minimizing risk exposure—thus contributing to business sustainability.

The Risk Management Department submits quarterly reports to the Board of Directors, providing updates on risk developments, and submits semi-annual reports to the Capital Markets Authority, reflecting Arzan Financial Group's commitment to transparency and regulatory compliance.

This structured approach to risk management forms a key part of the Group's commitment to strengthening corporate governance, ensuring business sustainability, and safeguarding shareholder interests.

5.2 Risk Management Committee formation requirements

The Board of Directors has established the Risk Management Committee, which is composed of four members and chaired by a non-executive Board member. It is expressly confirmed that the Chairman of the Board does not serve on the Committee. The Board has defined the term of the Committee's membership and its operating procedures, and has outlined its powers and responsibilities in a dedicated charter approved by the Board of Directors. This charter is aligned with best practices in corporate governance and risk management.

The Committee plays a key role in supporting the Board in the evaluation and oversight of risks that may affect the Company. It ensures the implementation of a comprehensive and effective risk management framework across the Company and its related entities.

The establishment of the Committee reflects Arzan Financial Group's commitment to sound governance, and to ensuring the independence of oversight and supervisory bodies contributing to the protection of shareholder interests and the long-term sustainability of the business.

5.3 Internal Control and Monitoring Systems

The Company relies on a comprehensive set of elements to ensure the integrity and credibility of its internal control systems, including:

- **Clear Policies and Procedures:** Aligned with the Company's overall governance framework and approved internal policies.
- **Process Automation:** Implemented to enhance the efficiency of policy execution and minimize human error.
- **Careful Staff Selection:** Ensuring the recruitment of qualified personnel capable of adhering to the required standards.
- **Employee Awareness:** Promoted through training and awareness programs aimed at strengthening the culture of control and compliance.

- **Robust Organizational Structure:** Clearly defined responsibilities to prevent conflicts of interest and support transparency.

Internal control procedures are designed to safeguard the Company's assets and ensure that decisions and actions are validated through systematic and disciplined processes. Periodic risk assessments are conducted by the Risk Management Department to proactively identify and evaluate potential risks. In parallel, the Compliance Department carries out regular reviews to verify adherence to internal policies, procedures, and regulatory requirements.

This comprehensive internal control framework enhances confidence in the Company's management, protects shareholder interests, and ensures business sustainability in accordance with the highest standards of governance and transparency.

5.4 Implementing the requirements for forming an independent internal audit department/office/unit.

The Internal Audit Department at the Company operates with full professional independence, reporting directly to the Audit Committee, and by extension, to the Board of Directors. This structure ensures that the internal audit function performs its oversight role independently and effectively. Reports are submitted directly to the Audit Committee to maintain transparency in presenting findings and recommendations.

The Internal Audit team carries out audit activities in accordance with a pre-approved audit plan sanctioned by the Audit Committee. The internal auditor submits detailed reports to the Committee, outlining evaluation results and actionable recommendations. Where necessary, appropriate corrective policies and procedures are adopted to address findings and mitigate associated risks.

The audit function focuses on identifying and evaluating key control mechanisms within the Company to ensure their effectiveness. It also assesses the performance of the Risk Management Department and the efficiency of related systems to ensure compliance with regulatory standards and to promote higher levels of transparency and accountability.

The Internal Audit Department serves as a cornerstone in ensuring operational integrity, strengthening corporate governance, and supporting the Board of Directors and the Audit Committee in achieving the Company's objectives with the highest standards of efficiency and transparency.

6. RULE SIX: ENHANCING PROFESSIONAL BEHAVIOR AND ETHICAL VALUES

6.1 Code of Ethics that includes the standards and determinants of professional conduct and ethical values.

Arzan Financial Group, including its Board of Directors, executive management, and all employees, is committed to adhering to a Code of Professional Conduct that outlines the following core principles:

- **Compliance with Laws, Rules, and Regulations:** All members of the Group, including its subsidiaries, are required to fully comply with all applicable laws, regulations, and internal policies.



- **Insider Trading:** The use of undisclosed or material non-public information for personal gain or trading in the Company's securities is strictly prohibited.
- **Company Interests:** Company property, information, or positions must not be used for personal benefit. Any form of direct or indirect competition with the Company is not permitted.
- **Fair Dealing:** All stakeholders including customers, suppliers, competitors, and employees must be treated fairly. Unethical practices such as manipulation, misrepresentation, concealment of facts, or misuse of information are strictly forbidden.
- **Recordkeeping and Disclosure:** Financial and operational records must be detailed, accurate, and reflective of the Company's actual transactions. All disclosures must comply with applicable legal and regulatory requirements.
- **Confidentiality:** Board members, executive management, and employees are required to maintain the confidentiality of proprietary information related to the Company, its clients, and suppliers, unless disclosure is legally required or based on a "need-to-know" basis.
- **Protection of Company Assets:** This includes the safeguarding of both tangible and intangible assets, such as intellectual property, trade secrets, patents, trademarks, financial data, and business plans. Unauthorized use or disclosure of such assets constitutes a breach of Company policy and may lead to legal consequences.
- **Financial Reporting:** The Board of Directors and executive management are responsible for ensuring that financial reports are accurate and prepared in accordance with international standards. They are also responsible for responding to disclosure-related inquiries from shareholders, stakeholders, and relevant authorities.

This Code of Conduct supports a culture of integrity, reinforces strong corporate governance, and ensures adherence to the highest standards of professionalism and transparency across Arzan Financial Group.

6.2 Policies and mechanisms for limiting conflict of interest cases.

The Company's Board of Directors has established clear and well-defined policies and mechanisms for managing conflicts of interest, as part of its corporate governance framework and in accordance with applicable laws and regulatory requirements. These policies are designed to protect the Company's interests and ensure transparency and fairness in the conduct of business operations.

Conflict of Interest Mitigation Standards

- **Separation of Interests:** A clear distinction must be maintained between the Company's interests and the personal interests of any Board member.
- **Disclosure of Shared Interests:** Board members are required to disclose any direct or indirect shared interests related to matters under discussion or decision-making.
- **Prioritizing the Company's Interests:** The policies include mechanisms to ensure that the Company's interests take precedence over any personal interests of individual Board members.
- **Abstention from Participation:** Any Board member with a shared interest in a matter is prohibited from participating in its discussion, opinion-sharing, or voting process.

Reporting of Improper Practices

- The Company provides employees with a secure internal channel to report any improper practices, including issues related to financial reporting, internal controls, or any suspicious activity.
- Confidentiality is strictly maintained, and whistleblowers acting in good faith are protected from retaliation or adverse consequences.
- The Company ensures that all reported matters are subject to independent and fair investigation procedures.
- Importance of These Policies
- These policies aim to:
 - Promote transparency and integrity in the functioning of the Board of Directors.
 - Protect the Company from potential adverse effects resulting from conflicts of interest.
 - Encourage employees to report concerns with confidence, contributing to stronger internal controls and reinforcing trust among stakeholders.

These policies reflect Arzan Financial Group's ongoing commitment to upholding the highest standards of corporate governance, ensuring fairness and integrity in decision-making, and safeguarding the interests of all stakeholders.

7. RULE SEVEN: ACCURATE AND TIMELY DISCLOSURE AND TRANSPARENCY

7.1 Accurate and transparent presentation and disclosure mechanisms that define the aspects, fields and characteristics of disclosure.

Arzan Financial Group is committed to upholding the highest standards of transparency. The Board of Directors has adopted precise disclosure policies and procedures to ensure that information is presented clearly, accurately, and in a timely manner to shareholders and stakeholders.

Disclosure Policies

- **Accuracy of Information:** All disclosed information is verified to ensure its accuracy and to reflect the Company's true financial and operational position.
- **Timely Disclosure:** Information is provided to shareholders and stakeholders in a timely manner to enable informed and reliable decision-making.
- Role of the Compliance Department
- **Internal Coordination:** The Compliance Department coordinates with all departments across the Company to ensure the accurate preparation and submission of required information.
- **Regulatory Communication:** The department is responsible for disclosing information to the Capital Markets Authority and Bursa Kuwait in accordance with applicable laws and regulations.

This commitment to transparency fosters trust between the Company and its stakeholders, supports sound corporate governance, ensures regulatory compliance, and enhances the Company's market reputation while safeguarding the interests of all relevant parties.



7.2 Board of Directors, Executive Management members' and Managers Disclosure Register requirements.

The Company is committed to maintaining a dedicated register that governs all disclosures related to members of the Board of Directors, executive management, and senior managers.

This register includes comprehensive information on all forms of compensation—such as salaries, bonuses, incentives, and other financial benefits—whether granted directly or indirectly by the Company or any of its subsidiaries.

The register is regularly updated to ensure that all data accurately reflects the current status of the relevant parties, in full compliance with transparency and governance requirements.

All shareholders have the right to access the register during regular business hours, free of charge. This measure is intended to promote transparency and enable shareholders to access relevant and material information.

This disclosure register forms part of the Company's broader commitment to sound corporate governance and contributes to:

- Ensuring transparency in the disclosure of financial benefits
- Strengthening shareholder confidence in the Company's management
- Protecting shareholder rights by providing clear and accurate access to relevant information

7.3 Implementation of Investor Affairs Unit formation requirements

Arzan Financial Group has established an Investor Relations Unit with the objective of enhancing communication and transparency with shareholders and addressing their concerns in accordance with approved policies and procedures.

Unit Responsibilities

1. Shareholder Communication

- Establish effective communication channels that enable shareholders to access relevant information and receive timely responses to their inquiries.
- Handle complaints and feedback through a clear and transparent process that ensures fairness and accountability.

2. Oversight of Registrar and Share Transfer Agent

- Monitor the performance of entities responsible for maintaining share registers and managing share transfers, ensuring full compliance with approved standards and procedures.

3. Continuous Improvement

- Recommend measures to improve the quality of services provided to investors.
- Promote the adoption of best practices to enhance shareholder experience and satisfaction.

This initiative reflects Arzan Financial Group's strong commitment to implementing the highest standards of corporate governance. The Investor Relations Unit is designed to:

- Enhance transparency and build shareholder trust
- Improve the quality of investor services
- Ensure full compliance with regulatory policies and procedures

7.4 Information technology infrastructure development and reliance thereon in disclosures

The Company has established a dedicated Governance Section on its official website to enhance transparency and provide up-to-date information that enables current and potential shareholders and investors to exercise their rights effectively.

Section Contents

1. Company Information:

- Comprehensive details about the Company, its nature of business, and mission statement.

2. Board of Directors and Executive Management:

- Profiles of Board members, including their professional backgrounds and roles within the Company.
- Information about the executive management team and their expertise.

3. Corporate Governance Section:

- Policies and procedures related to corporate governance as approved by the Company.
- Insider Disclosure Form Link:
- Easy access to the insider disclosure form to ensure regulatory compliance.

4. Disclosures and Material Information:

- All material disclosures and related updates made available to stakeholders.
- Regular publication of the Company's financial statements, offering shareholders and investors a clear view of financial performance.

Importance of the Section

- **Enhancing Transparency:** Enables shareholders and investors to easily access key information.
- **Empowering Shareholders:** Facilitates the effective exercise of shareholder rights by providing relevant and timely data.



- **Supporting Governance:** Reflects the Company's commitment to implementing the highest standards of corporate governance.

This section serves as a vital tool for improving communication with shareholders and investors, reinforcing the Company's dedication to governance and transparency, and strengthening confidence in Arzan Financial Group's professionalism and practices.

8. RULE EIGHT: RESPECT FOR SHAREHOLDERS' RIGHTS:

8.1 Requirements to define and protect the general rights of shareholders, in order to ensure fairness and equality among all shareholders.

The Company is committed to protecting shareholders' rights through a policy approved by the Board of Directors that ensures equal treatment of all shareholders, without discrimination, in accordance with the Companies Law and the regulations of the Capital Markets Authority in the State of Kuwait. This policy aims to promote transparency and fairness while providing shareholders with all necessary information to effectively exercise their rights.

Policy Principles

- **Equality Among Shareholders:** All shareholders are treated equally, without any discrimination, and no information or rights are withheld.
- **Commitment to Disclosure:** The Company ensures that all information is disclosed accurately and in a timely manner.

Guaranteed Shareholder Rights

1. **Ownership Registration:** Ensuring shareholders' ownership is properly recorded in the Company's share registry.
2. **Share Transactions:** The right to register, transfer, and/or dispose of shares.
3. **Dividend Distributions:** The right to receive the allocated share of profits.
4. **Company Assets:** The right to receive a share of the Company's assets upon liquidation.
5. **Access to Information:** Regular and accessible disclosure of information regarding the Company's activities, as well as its operational and investment strategies.
6. **General Meetings and Voting:** The right to participate in General Assembly meetings and vote on resolutions.
7. **Board Elections:** The right to elect members of the Board of Directors.
8. **Monitoring Performance:** The right to monitor the Company's performance and the Board's activities.
9. **Accountability:** The right to hold Board members or executive management accountable and to initiate legal action if they fail to fulfill their duties.
10. **Approval of Major Transactions:** The right to approve any sale, purchase, or disposal of assets if the transaction equals or exceeds 50% of the Company's total assets.

Objectives of the Policy

- Promote transparency and accountability
- Protect shareholders' rights and ensure their active participation in key Company decisions
- Strengthen shareholders' and investors' confidence in the Company

This policy reflects Arzan Financial Group's dedication to applying the highest standards of corporate governance and safeguarding the interests of all shareholders.

8.2 Clearing Agency's register to ensure continuous follow-up of shareholders data.

Arzan Financial Group places great importance on the continuous monitoring and maintenance of shareholder data through a dedicated register maintained by the Kuwait Clearing Company (KCC). This register includes shareholders' names, nationalities, addresses, and the number of shares owned by each shareholder.

Register Updates

- The register is updated to reflect any changes in the recorded data, based on information received by the Company or the Clearing Agency.
- Any interested party may request access to information from the register through the Company or the Clearing Agency.

Data Confidentiality

All data contained in the shareholder register is treated with the highest level of protection and confidentiality, in full compliance with applicable laws, executive regulations, and the supervisory rules and guidelines issued by the relevant regulatory authorities.

Call to Update Shareholder Information

Arzan Financial Group encourages all shareholders to contact the Kuwait Clearing Company to update their personal data. Keeping information current ensures the accuracy of the shareholder register and prevents any communication disruptions between the Company and its shareholders.

Kuwait Clearing Company Contact Information:

Boursa Kuwait Building
Mubarak Al Kabeer Street, AlSharq,
Kuwait
info@maqasa.com

Importance of the Shareholder Register

- Ensures the accuracy of share ownership records
- Enhances transparency and compliance with regulatory requirements
- Improves communication between the Company and shareholders, reinforcing trust and the Company's commitment to protecting shareholder rights



8.3 Encouraging shareholders' participation and voting in the Company's assemblies' meetings.

The Company is committed to implementing a clear and effective mechanism to ensure the active participation of shareholders in General Assembly meetings, while adhering to the following principles:

1. Shareholders are invited to attend the General Assembly meeting through an official notice that includes the agenda, date, time, and venue. The meeting is announced in accordance with the procedures outlined in applicable laws and regulatory requirements.
2. Shareholders have the right to authorize another person to attend the meeting on their behalf, either through a special power of attorney or a proxy form prepared by the Company for this purpose.
3. Board members are prohibited from voting on resolutions related to releasing them from liability or on matters where they, their spouses, or first-degree relatives have a personal interest, or where a conflict exists between them and the Company.
4. The Company provides shareholders with all relevant information and documentation related to the agenda items—including the Board of Directors' reports, external auditor's report, and financial statements—well in advance of the meeting.
5. Shareholders are enabled to actively participate in the General Assembly meetings, discuss agenda items, and raise questions regarding various Company activities. Board members and the external auditor are required to respond to such questions, provided that doing so does not compromise the Company's interests.
6. Shareholders holding at least 5% of the Company's share capital have the right to add items to the agenda of the General Assembly meeting.
7. Shareholders are granted the right to review all data recorded in the special register of disclosures made by Board members and executive management.
8. All matters presented to the General Assembly are accompanied by sufficient and relevant information to allow shareholders to make informed and sound decisions.

These procedures reaffirm Arzan Financial Group's commitment to the principles of sound corporate governance by promoting transparency, equality, and the protection of shareholder rights, while ensuring their effective participation in the Company's key decisions.

9. RULE NINE: RECOGNIZING STAKEHOLDERS ROLE

9.1 Systems and policies that guarantee protection and recognition of stakeholders' rights.

Arzan Financial Group is fully committed to recognizing and protecting the rights of stakeholders across all areas of its operations, in line with the principles of sound corporate governance. The Group ensures the protection of the rights of its stakeholders—including employees, clients, suppliers, and investors—through a clear and comprehensive policy approved by the Board of Directors.

Mechanism for Reporting Violations

- A dedicated link is available on the Company's official website, allowing stakeholders to report any actions that may constitute a violation or infringement of their rights.
- This mechanism is designed to ensure complaints and violations are addressed promptly and transparently, while maintaining the confidentiality of the whistleblower's identity.

Importance of the Policy

- **Building Trust:** Strengthens a transparent and sustainable relationship between the Company and its stakeholders.
- **Regulatory Compliance:** Aligns with legal standards and corporate governance requirements.
- **Effective Protection:** Provides stakeholders with a secure and reliable channel to report violations without fear of retaliation.

This policy reflects Arzan Financial Group's strong commitment to fairness and transparency, supporting long-term business sustainability and reinforcing its position as a responsible and governance-driven organization.

9.2 Encouraging stakeholders' participation in following up the Company's various activities.

Arzan Financial Group is committed to implementing internal policies and regulations that ensure stakeholder-related transactions—including contracts and deals in which the Company is a party—do not conflict with the interests of shareholders. Transparent and structured mechanisms have been established to achieve this objective.

Guiding Principles for Stakeholder Transactions

1. **Conflict of Interest Prevention:** Ensuring that no stakeholder derives undue advantage from contracts or transactions related to the Company's regular business activities.
2. **Contract Award Mechanism:** The Company has adopted clear policies and procedures outlining the mechanisms for awarding contracts and deals. These mechanisms are executed through tenders or various competitive practices to ensure fairness, transparency, and integrity.

Enhancing Stakeholder Engagement

- **Valuing Contributions:** The Company has developed mechanisms that encourage stakeholders to participate in monitoring corporate activities in alignment with the Company's interests.
- **Access to Information:** Stakeholders are provided with timely and reliable access to all relevant information and data related to their dealings with the Company, ensuring optimal and informed engagement.

Reporting Improper Practices

- **Reporting to the Board of Directors:** The Company facilitates the reporting of any improper practices experienced by stakeholders through accessible communication channels with the Board.
- **Protection of Whistleblowers:** The Company ensures appropriate protection for individuals who report violations, safeguarding their identity and shielding them from any form of retaliation.



Importance of These Policies

- **Promoting Transparency:** Builds trust between the Company and its stakeholders.
- **Ensuring Fairness:** Guarantees that all dealings are conducted equitably, without bias or exploitation.
- **Supporting Governance:** Reflects the Company's adherence to best practices in protecting the interests of all relevant parties.

These policies reinforce Arzan Financial Group's commitment to managing stakeholder transactions in a manner that aligns with shareholder interests, while fostering trust, accountability, and transparency across all aspects of the organization's operations.

10. RULE TEN: PERFORMANCE ENHANCEMENT AND IMPROVEMENT

10.1 Implementation of the requirements for establishing mechanisms to grant the Board and the Executive Management members continuous training programs and courses.

Arzan Financial Group is committed to developing comprehensive training plans targeting the Board of Directors, executive management, and employees across the organization. These training programs are implemented regularly in accordance with the Company's approved training plan.

The primary objective of these programs is to enhance the skills and knowledge of all target groups in alignment with the Company's strategic goals.

These efforts reflect Arzan Financial Group's strong commitment to human capital development and performance excellence, ultimately contributing to improved overall organizational performance.

10.2 Board of Directors performance evaluation and the performance of each Board of Directors and the Executive Management member

Board and Committee Performance Evaluation

Arzan Financial Group has adopted formal policies and procedures to conduct an annual performance evaluation of the Board of Directors and its sub-committees. The purpose of this process is to assess the effectiveness of the Board's oversight, review each member's contribution to the governance and strategic direction of the Group, and establish a structured mechanism to enhance Board performance and implement necessary development actions. The results of this evaluation also serve as a basis for the Board's recommendations to shareholders during the re-election process.

The evaluation process includes the completion of structured questionnaires by Board members, covering self-assessment, performance assessment of sub-committees, and an overall evaluation of the Board's effectiveness. The assessment is conducted in accordance with the Board Charter, the Charters of the respective committees, and the Company's Conflict of Interest Policy and Procedures.

The Nomination and Remuneration Committee reviews the outcomes of the Board and committee evaluations and submits a summarized annual report with its recommendations to the Board of Directors.

Executive Management Performance Evaluation

Arzan Financial Group considers the performance evaluation of executive management a vital tool for achieving strategic objectives and fostering a culture of excellence. The evaluation is carried out through the Company's Human Resources system (MENAME) and is based on pre-approved Key Performance Indicators (KPIs) defined for each department at the beginning of the year.

Performance data is collected throughout the year to provide a comprehensive view of achievements. These data points are then consolidated into an annual performance evaluation report. The results help identify areas requiring improvement and guide efforts to enhance executive effectiveness in driving the Company's objectives.

These evaluation processes are essential tools for improving performance, supporting transparency, and reinforcing the trust of shareholders and stakeholders. Through these measures, Arzan Financial Group reaffirms its commitment to strong corporate governance and ensuring effectiveness across all leadership levels.

10.3 Efforts of the Board to establish corporate values within the Company's employees, through achieving strategic goals and improving performance rates.

The Board of Directors at Arzan Financial Group is committed to promoting and embedding institutional values across the organization. This is achieved through a range of initiatives aimed at supporting the Company's strategic goals and enhancing overall performance.

Mechanisms for Promoting Institutional Values

1. Achieving Strategic Objectives:

- The Board is responsible for developing and executing strategic plans that translate the Company's core values into measurable objectives.
- The Board demonstrates a clear commitment to institutional excellence, serving as a role model for employees.

2. Enhancing Performance Levels:

- A high-performance culture is fostered through the implementation of policies and systems that encourage innovation, accountability, and operational efficiency.
- Key Performance Indicators (KPIs) are established to guide employees in aligning their efforts with the Company's mission and values.

3. Annual Training Programs:

- Arzan Financial Group delivers regular training programs designed to strengthen employee capabilities and improve overall performance.
- These programs cover technical and managerial areas that reinforce employees' adherence to institutional values.

These efforts contribute to embedding corporate values into the day-to-day work culture, with training initiatives playing a key role in upskilling employees and reinforcing their commitment to organizational excellence. The result is a positive impact on institutional performance and the cultivation of a work environment that encourages innovation and supports the achievement of strategic objectives.



Through these mechanisms, the Board of Directors reaffirms its commitment to leading the Company toward excellence, promoting institutional values, and supporting the sustainable growth of both the Company and its employees.

11. RULE ELEVEN: FOCUSING ON SOCIAL RESPONSIBILITY

11.1 Setting a policy to ensure balance between the Company's and society's objectives.

Arzan Financial Group reaffirms its commitment to promoting sustainable development at both the societal and economic levels, with particular emphasis on the well-being of its employees. The Group has adopted a clear Corporate Social Responsibility (CSR) policy, approved by the Board of Directors, which is designed to ensure the Group's active contribution to sustainable social and economic development.

This policy aims to support initiatives that enhance the quality of life within the community, encourage sustainable practices that strengthen the local economy, and improve the working environment to promote employee well-being and skill development. It also seeks to strike a balance between the Company's institutional goals and the needs of its employees, ensuring that all initiatives undertaken align with internationally recognized standards of sustainable development.

Arzan Financial Group's CSR policy reflects its deep commitment to the principles of sustainability and its role as an active partner in building a better future for both society and the economy—while also fostering an ideal work environment for its employees.

11.2 Used programs and mechanisms that help highlighting the Company's efforts in the field of social work.

Arzan Financial Group employs various channels to highlight its social responsibility efforts and community engagement, including:

- **Social Media and Official Website:** To ensure broad public awareness and accessibility to information.
- **Local Newspapers and Magazines:** To promote its initiatives and raise community awareness of its contributions.

Key Community Initiatives in 2024

January 2024

1. **Sponsorship of the National Awareness Project Against Drug Abuse (Gheras):**
 - Contributed to the development of the project's new digital platform, reaffirming the Group's dedication to public well-being and efforts to combat social risks.
2. **Support for the National Cancer Awareness Campaign (CAN):**
 - Provided financial support and sponsorship to promote public health and disease prevention across the community.

February 2024

- **Support for National and Cultural Events:**
 - Sponsored the tribute event honoring the late artist Abdulhussain Abdulredha, in collaboration with the National Theatre and Sheikh Jaber Al Ahmad Cultural Centre, in support of local arts and culture.

March 2024

- **Partnership with Al-Najat Charity Association:**
 - Donated to the Ramadan campaign, including the “Iftar for the Fasting” initiative in Kuwait and Palestine, and supported underprivileged families.

May 2024

- **Support for the Kuwait Red Crescent Society:**
 - Donated to a variety of humanitarian and community campaigns within Kuwait, as well as relief efforts in Palestine.

September 2024

- **Support for Bayt Abdullah and the Kuwait Association for the Care of Children in Hospitals (KACCH):**
 - Sponsored initiatives dedicated to supporting children in need of specialized care, underscoring the Group’s commitment to all segments of society.

December 2024

1. **Hosting University Students in Collaboration with Boursa Kuwait:**
 - Introduced students to Arzan Financial Group’s services and career opportunities in the investment sector.
2. **Support for Students of Bayan Bilingual School:**
 - Sponsored a student-led charitable project in collaboration with local charities and leading companies, reinforcing the Group’s support for education and youth community engagement.



BOARD DECLARATION

on the integrity and fairness
of the consolidated financial
statements

March, 2025

We, the Board of Directors hereby certify that to the best of our knowledge and belief, the consolidated financial statements of Arzan Financial Group for Financing & Investment KPSC (“the Parent Company”) and its subsidiaries (collectively, the “Group”), which comprise:

- Consolidated statement of financial position,
- Consolidated statement of profit or loss,
- Consolidated statement of profit or loss and other comprehensive income,
- Consolidated statement of changes in equity,
- Consolidated statement of cash flows,

for the year ended 31 December 2024, and notes to consolidated financial statements, including a summary of significant accounting policies present fairly, in all material respects, the consolidated financial position of the Group, its consolidated financial performance, and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards.

Members Name	Position	Signature
Talal Jassim Al-Bahar	Chairman	
Jassem Hasan Zainal	Vice Chairman	
Ibrahim Saleh Al-Tharban	Member – B.O.D.	
Emad Abdullah Al-Essa	Member – B.O.D.	
Bader Jassim Al Hajri	Member – B.O.D.	
Issa Abdullah Al-Muzaini	Member – B.O.D.	
Dr. Sulaiman Tareq Al-Abduljader	Member – B.O.D.	

CEO AND CFO DECLARATION

on the integrity and fairness of
the financial statements

March, 2025

We, the CEO and CFO hereby certify that to the best of our knowledge and belief, the consolidated financial statements of Arzan Financial Group for Financing & Investment KPSC (“the Parent Company”) and its subsidiaries (collectively, the “Group”), which comprise:

- a. Consolidated statement of financial position,
- b. Consolidated statement of profit or loss,
- c. Consolidated statement of profit or loss and other comprehensive income,
- d. Consolidated statement of changes in equity,
- e. Consolidated statement of cash flows,

for the year ended 31 December 2024, and notes to consolidated financial statements, including a summary of significant accounting policies present fairly, in all material respects, the consolidated financial position of the Group, its consolidated financial performance, and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards.



Jassem Hassan Zainal
Chief Executive Officer



Mohammed Farid
Chief Financial Officer