

The Industrial Bank of Kuwait

Protection of Shareholders' and Stakeholders' Rights Policy

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Preamble

The Law No. 32 of 1968 concerning Currency, the Central Bank of Kuwait (CBK) and the Organization of Banking Business, the rules and regulations issued to banks concerning practicing their various activities including the Corporate Governance instructions issued by the CBK in June 2012, as well as the banks' Articles and Memorandum of Association and internal policies, include the controls and basis for protecting stakeholders' rights, particularly, depositors, borrowers, and shareholders. This aims at safeguarding the banks' financial positions, and triggering their roles in serving community and economic development process. A bank's final success is the outcome of the joint efforts of many parties including depositors, borrowers, staff, investors and other parties having business relationships with the bank.

Objective of the Policy

The objective of this policy is to ensure that The Industrial Bank of Kuwait ("IBK" / the "Bank"):

- Protects the rights of its shareholders including minority shareholders as well as the Bank's various stakeholders
- Provides timely and accurate information regarding the Bank including the Bank's financial position and major shareholders
- Encourages the effective participation of shareholders at General Assembly meetings and respect their rights in line with the Bank's Articles and By-Laws and the prevailing laws including the Companies Law
- Makes timely disclosures to the shareholders, regulatory bodies and the general public as per the requirements of the various regulatory bodies and relevant laws
- Provides appropriate means for shareholders and stakeholders to report any matters where their rights may have been violated by the Bank and takes the necessary corrective actions where required
- Puts in place the required controls, policies and processes to effectively implement this Policy

Effective Date

The policy shall be effective from the date it is approved by the Board of Directors.

Definitions

Shareholders

The owner of one or more shares of stock in the Bank, commonly also called a “stockholder”. A shareholder should have his/her name registered with the Bank, and may hold a stock certificate which has been signed over to him/her.

Stakeholders

Any person or entity that has a relation with the Bank is its stakeholder. Stakeholders of the Bank include the Bank’s depositors, shareholders, creditors, customers, suppliers, employees, the society and the environment, and other related parties.

Basic Rights of Shareholders and Stakeholders

Shareholders

- Rights to review and participate in the decisions related to amending the Bank’s Article and Memorandum of Association, as well as the decisions related to non-ordinary transactions which might affect the Bank’s future or activity, like mergers, sale of a substantial portion of its assets, or winding up of subsidiaries
- Rights of meeting participation, comments and recommendations (if any) on any improvements required
- Rights of contributing in the decision-making of any significant changes being made in the Bank
- Rights of expressing an opinion on the appointment of members of the Board of Directors
- Rights to have accurate, comprehensive, detailed, sufficient, and timely essential information in order to evaluate investments and make informed decisions
- Rights for receiving dividends and for participating and voting at the General Assembly meetings

Stakeholders

- Right to be treated on a just and equitable basis
- Rights to open and clear disclosures of the relevant information

Roles & Responsibilities

Board of Directors

- The Board of Directors are accountable to the shareholders and stakeholders of the Bank
- The Board of Directors must emphasize on the equitable and fair treatment of all shareholders, including minority, and give them the opportunity to question the Board and rectify any violations preventing them from exercising their rights
- The Board ensures that the Bank’s bylaws, policies and practices accentuate the importance of respecting stakeholders’ rights as per relevant laws, bylaws and instructions, and confirm their rights to rectify any violations of their rights in line with the relevant laws
- The Board of Directors oversee the Chief Executive Officer and other Senior Management in the competent and ethical operation of the Bank on a day-to-day basis and assure that the long-term interests of shareholders and the stakeholders are being served

- The Board of Directors have the ultimate responsibility to protect the legitimate interests of the shareholders and the stakeholders by ensuring that the Bank's business is managed in a prudent manner and is financially sound
- The Board ensures that all risks which might affect the Bank's business, particularly its shareholders and the stakeholders, are properly managed
- The Board provides an assurance that the role of the Board is not restricted only to profitability but also takes into account the risk impacts on the interests of depositors and the Bank's financial stability
- The Board encourages the shareholders to actively participate at General Assembly meetings and vote for or against any proposal put forward in such meetings. This includes, but is not limited to:
 - Notifying the shareholders of the General Assembly's date and time and agenda sufficiently before the meeting and apprising them of voting rules and procedures. Furthermore, the location and timing of the meeting should be announced for the public as per related laws, rules and regulations.
 - Disclosing the capital structure or any arrangements which might result in certain shareholders controlling the Bank.
 - Enabling the shareholders to read and review the minutes of meetings of the General Assembly meetings.
 - Preparing a statement of financial and non-financial penalties imposed on the Bank during the financial year according to Article (85) of Law No. 32 of 1968. Such statement will be read by the Board Chairperson at the Annual General Assembly meetings.
- The Board ensures that there is an effective and efficient disclosure system in place within the Bank to enable the shareholders and stakeholders to monitor the performance of the Bank and its management and exercise their rights

Chairman

- The Chairman of the Board acts as the primary spokesperson for the Board and as a representative of the Board to shareholders and stakeholders
- The Chairman presides over all shareholders' meetings and ensures that shareholders and stakeholders are adequately and sufficiently informed of the performance of the Bank and provided with the relevant information in a timely manner
- The Chairman ensures that the Bank has sound corporate governance standards in place in order to protect shareholders' and the stakeholders' rights
- The Chairman ensures that shareholders meetings are efficiently and effectively organised with the assistance of the Board Secretary
- The Chairman ensures that the Bank's management is aware of any concerns of either the Board or other stakeholders

Chief Executive Officer (CEO)

- The CEO fosters a high performance corporate culture within the Bank that promotes ethical practices, encourages individual integrity/accountability, and social responsibility
- The CEO ensures that all operations and activities of the Bank are conducted in accordance with the applicable laws, regulations, the Bank's Articles of Association, sound business practice and in accordance with the policies and practices approved by the Board
- The CEO ensures that the Bank's assets are adequately safeguarded and optimized in the best interests of the shareholders
- The CEO establishes a transparent and comprehensive management reporting mechanism to the Board of Directors on all activities and performance results of the Bank

External Auditor

- The External Auditor helps the shareholders by assuring the accuracy of the financial statements of the Bank

Disclosures

The Bank must make all disclosures as stated within the Bank's Disclosure Policy.

Policy Review

The Board of Directors shall review its policy on the protection of shareholders' and stakeholders' rights annually and shall make amendments, if deemed necessary.