



National Petroleum Services Company K.S.C

Shareholder and Stakeholder Relationship and Rights Policy

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1 Preamble

The Capital Markets Authority Bylaw, Book 15 on Corporate Governance issued on 11 November 2015, as well as the Company's 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 Company's financial positions, and triggering their roles in serving community and economic development process. A Company'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 Company.

2 Objectives of the Policy

The objective of this policy is to ensure that National Petroleum Services Company K.S.C ("the Company" or "NAPESCO"):

- Protects the rights of its shareholders including minority shareholders as well as the Company's various stakeholders
- Provides timely and accurate information regarding the Company including the Company's financial position and major shareholders
- Encourages the effective participation of shareholders at General Assembly meetings and provide them their rights in line with the Company's Articles and By-Laws and the prevailing laws including the Commercial 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 Company and takes the necessary corrective actions where required
- Protects and recognizes stakeholders' rights, and enables them to receive compensation if there are any violations for their rights based upon the implemented laws issued in this regard
- Put in place the required controls, policies and processes to effectively implement this Policy

3 Policy Review

The ownership of this policy is with the Board of Directors. The Board of Directors shall review its policy on the protection of shareholder and stakeholder rights at least annually and shall make amendments, if deemed necessary.

4 Copyright Statement

The Company has a proprietary right over the Shareholders and Stakeholders Rights Policy and its contents. No part of the Policy should be copied nor is to be removed from the Company premises without the express written permission of the Policy owner.

The content of the Policy is to be treated as confidential and is not to be shown nor distributed to any non-authorized persons or customers, inside or outside the Company.

5 Policy Administration

All Policy administration requirements like access, review, update, approval authority for review, and amendments of the Policy and the register of amendments will be as per the Authority Matrix of the Company.

6 Definitions

Shareholders: The owner of one or more shares of stock in the Company, commonly also called a “stockholder”. A shareholder should have his/her name registered with the Company, 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 Company is its stakeholder. Stakeholders of the Company include the Company’s shareholders, creditors, customers, suppliers, employees, the society and the environment, and other related parties.

7 Basic Rights of Shareholders and Stakeholders

Shareholders

- The ability of registering, moving, or transfer the ownership of shares.
- Right to review and participate in the decisions related to amending the Company’s Article and Memorandum of Association, as well as the decisions related to non-ordinary transactions which might affect the Company’s future or activity, like mergers, sale of a substantial portion of its assets, or winding up of subsidiaries
- Right of meeting participation, comments and recommendations (if any) on any improvements required. Right to question the Board of Directors as well as the external auditor on the items listed on the agenda of the General Assembly Meetings.
- Right of contributing in the decision-making of any significant changes being made in the Company
- Right of expressing an opinion on the appointment of members of the Board of Directors and to elect them
- Right to control and monitor performance of the company, in general, and the Board of directors, in particular
- Right to have accurate, comprehensive, detailed, sufficient, and timely essential information including operational and investment strategies of the Company in order to evaluate the financial statements and performance of the Company
- Right for receiving dividends and for participating and voting at the General Assembly meetings

- Right for minority / foreign shareholders to be treated on equal basis and be given the opportunity to rectify any mistreatment in their rights
- Right to hold the members of the Board or the Executive Management responsible and to claim their responsibility in case of their failure to fulfill the duties assigned to them
- Right to inspect the register of the disclosures of the members of the Board and Executive Management at no cost
- Right to have accurate shareholding details in the Company's Shareholders Register
- Right to share in the Company's assets in case of liquidation
- Right to have the shareholders information updated in the Shareholders' Register which shall include: property of shares and include shareholders names, their nationalities, IDs, number of shares they own, and their contact information and home country. This shareholders register will also be maintained at a Clearing Agency
- Right to inspect the Register of Shareholders'
- Right to call for a General Meeting provided this meeting has been requested by shareholders owning at least 10% of the Company's capital and upon request, the meeting will be arranged within 15 days as of the date of such request
- Right to give a written proxy to another shareholder – other than board members and company's staff – to attend the general assembly meeting
- Right to have an explanatory memo detailing the reason in case of a modification to the agenda of the General Assembly
- Right to have a detailed statement of Shareholders' Equity as an attachment to the agenda of the ordinary and extra ordinary General assembly Meetings
- Right to request sufficient time prior to holding the General Assembly, to have access to all information and data related to the agendas, and in particular, the reports of the Board of directors and the Auditor and financial statements.
- Right to receive an agenda for the General assembly Meetings which should include the following as a minimum:
 - ✓ Reading the governance report and the Audit Committee report
 - ✓ The board report of the company activity, financial position, and outcomes of works thereof
 - ✓ Discussion of the report of the external Auditor about the results of the company financial data, approving the same, and the approval of the dividable net profit
 - ✓ Dealing with Parties of Relevance
 - ✓ Any breaches monitored by the regulatory body(s) and any penalties issued due to such breaches and led to (financial/ non-financial) penalties against the company, in a manner not contradicting with the applicable Laws and control conditions issued by the concerned regulatory body(s) in this regard, and discussing notes of the representative of such controlling authority if such representative attends
- Right of shareholders holding 5% and above of the capital of the Company to add items to the agenda of the General Assembly Meeting
- Right to review all data set out in the disclosure record of the Board Member and Executive Management members

- Right to vote during General Assembly Meetings ensuring the following:
 - ✓ All categories of the shareholders enjoy the voting rights and receive the same dealing by the company
 - ✓ The shareholders can vote either personally or by proxy. The same rights shall be granted to the shareholders whether on behalf of their selves or by proxy
 - ✓ To inform the shareholders of all rules that govern the voting measures
 - ✓ To provide all information about the voting rights of the current shareholders and potential investors. Such information shall be provided on continuous basis and to all categories of the shareholders
 - ✓ To provide all categories of the shareholders with the right of voting over any changes related to the shareholders' equity, through calling for the meeting of the general assembly of the shareholders
 - ✓ The voting for selecting the members of the board in the general assembly meetings shall be made through mechanisms stipulated for in the memorandum and articles of association, and within the framework of the stipulations of the companies law and its executive by-laws
 - ✓ All categories of the shareholders shall have the opportunity to hold the board of directors accountable for the duties assigned to them
 - ✓ Not to impose any fees against any category of the shareholders for attending the general assembly meetings, or grant any preferential advantage to any category compared to other categories of the shareholders.

Stakeholders

- Right to be treated on a just and equitable basis
- Right to be compensated in the case of any violations of their rights
- Right to open and clear disclosures of the relevant information
- Right to enjoy the same rights and privileges in dealings with the Company as enjoyed by the Board of Directors and related parties. This also includes the Company's adherence to the Procurement Policy amongst other policies and practices
- Right to have the bond and sukouk holders information updated in the Bond and Sukouk holders' Register which shall include: holders names, their nationalities, IDs, number of units they own, and their contact information, type and value paid and home country. This shareholders register will also be maintained at a Clearing Agency
- Right to have the following included in each contract between the stakeholders and the Company:
 - Measures and mechanisms to be followed in case of any party violating its obligations
 - Measures for paying compensation in case of violations
- The Company should adhere to the Data Privacy and Confidentiality Policy
- Right to inspect the Register of bond and sukouk holders'
- The Company should adhere to the Procurement Policy

- Right of access to relevant Company information which would be essential to the stakeholders. The level of access will be limited to the arrangement between the Company and the stakeholder on a case by case basis and this shall be documented in the contract between the Company and the stakeholder
- Stakeholders should be informed about the Whistle Blowing Program of the Company and should be offered adequate protection as entailed in the Whistle Blowing Policy
- The Stakeholders should be provided with an appropriate mechanism (through the Whistle Blowing Program) in case they would like to inform the Board of Directors of any practices that are inappropriate by the Company.

8 Roles and Responsibilities

Board of Directors

- The Board of Directors are accountable to the shareholders and stakeholders of the Company and are obligated to respond to queries raised by the Shareholders with respect to any item in the agenda of the General Assembly Meeting
- The Board of Directors must emphasize on the equitable and fair treatment of all shareholders, including minority and foreign shareholders, and give them the opportunity to question the Board and rectify any violations preventing them for exercising their rights
- The Board should ensure that the Company's bylaws, policies and practices accentuate the importance of respecting stakeholders' rights as per relevant laws, bylaws and instructions, and confirm their rights and to rectify any violations of their rights in line with the relevant laws
- The Board of Directors should oversee the Chief Executive Officer and other Senior Management in the competent and ethical operation of the Company 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 Company's business is managed in a prudent manner and is financially sound
- The Board must maintain a register for disclosures of the Board and the Executive Management. This register must be updated on a periodical basis. **(Period to be decided by the Company)**. This register should disclose the factual relation of the related party
- The Board should ensure that all risks which might affect the Company's business, particularly its shareholders and the stakeholders, are properly managed
- The Board should provide 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 Company'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 venue as per the Memorandum of the Company and agenda within three months following the end of the financial year 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.

- The Board of Directors shall call the shareholder for the general assembly meeting upon the request of a number of shareholders who own 10% at least of the company's capital, or upon the request of the account auditor within fifteen days from the date of request.
- Disclosing the capital structure or any arrangements which might result in certain shareholders controlling the Company.
- 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 Company during the financial year according to Article (85) of Law No. 32 of 1968. Such statements will be read by the Company's Chairperson at the Annual General Assembly meetings.
- The date, time and venue of holding the general assembly meeting of the shareholders shall be announced twice in the modern mass media as specified by the executive by-laws of the Commercial Companies Law.
- The Board should ensure that there is an effective and efficient disclosure system in place within the Company to enable the shareholders and stakeholders to monitor the performance of the Company and its management and exercise their rights
- The Board should provide the shareholders with an undertaking included in the Annual Report of the Company stating that the financial statements presented to the shareholders are sound and fair.
- The Board should assure that dealing with the Board of Directors and any related party are on the same conditions as for dealing with various parties of stakeholders without any discrimination or preference as per the policies laid down in the Related Party Policy.
- The Board must ensure that the contract between the stakeholders and the Company includes a clarification in detail for the procedures to be followed if there any breach of commitments between any parties, and also the procedures and mechanisms for any compensation that may be paid in the event of violation of their recognized rights that are protected by such contract. The Board will establish clear policies and internal controls that include clear mechanisms for promoting contracts and deals of various types, through bids or various purchase orders and to disclose this mechanism fully in the Procurement Policy.
- The Board should ensure that the Shareholders' and Bond and Sukouk Holders' register is updated with the relevant details and is also kept with a clearing agency.
- The Board should also ensure that the Shareholders' and Bond and Sukouk Holders' register is protected to ensure its confidentiality without conflict with the CMA regulations.

Chairman

- The Chairman of the Board should act as the primary spokesperson for the Board and as a representative of the Board to shareholders and stakeholders
- The Chairman should preside over all shareholders' meetings and ensure that each shareholder and stakeholder is adequately and sufficiently informed of the performance of the Company and provided with the relevant information in a timely manner
- The Chairman should ensure that the Company has sound corporate governance standards in place in order to protect shareholder and the stakeholder rights

- The Chairman should ensure that shareholders meetings are efficiently and effectively organized with the assistance of the Board Secretary
- The Chairman should ensure that the Company's management is aware of any concerns of either the Board or other stakeholders
- The Chairman of the board shall inform the general assembly meeting about the business and contracts in which the board member has interests. A special report made by the external auditor shall be enclosed with such information

Deputy Chairman & Chief Executive Officer (CEO)

- The CEO should foster a high performance corporate culture within the Company that promotes ethical practices, encourages individual integrity/accountability, and social responsibility
- The CEO should ensure that all operations and activities of the Company are conducted in accordance with the applicable laws, regulations, the Company's Articles of Association, sound business practices and in accordance with the policies and practices approved by the Board
- The CEO should ensure that the Company's assets are adequately safeguarded and optimized in the best interests of the shareholders
- The CEO should establish a transparent and comprehensive management reporting mechanism to the Board of Directors and the shareholders and stakeholders on all activities and performance results of the Company
- The CEO should provide an explanatory memo including the details of each amended item of the agenda of the general assembly meeting, detailing the reason of amending the agenda. A memo should be published on the website of the company upon announcing the invitation for the general assembly meeting. In the announcement published in the newspapers, it should be mentioned that the above-mentioned memo is available on the company's website
- The CEO should ensure that a detailed statement of Shareholders' Equity has been attached to the agenda of the ordinary and extraordinary General Assembly Meetings

External Auditor

- The External Auditor should help the shareholders by assuring the accuracy of the financial statements of the Company
- The External Auditor should respond to any queries raised by the shareholders during the General Assembly pertaining to the financial statements
- The Chairman of the board shall inform the general assembly meeting about the business and contracts in which the board member has interests. A special report made by the external auditor shall be enclosed with such information.

9 Disclosures

The Company must make all disclosures to its shareholders and stakeholders as stated within the Company's Disclosure and Transparency Policy.